

Russia's unpragmatic turn in its near abroad: Is Putin's insecurity handicapping Russia's foreign policy in Ukraine?

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The announcement of a deal between Ukraine and Russia, putting an end to the hopes of Ukraine signing the EU's offer of an association agreement (AA) for the foreseeable future, has been championed in some circles as a geopolitical victory for Moscow. Certainly, in relation to the battle that has commenced over the past few months between the EU and Russia in offering their mutually exclusive deals to Ukraine, Russia has unequivocally come out on top, for now.

Despite the heartening Euromaidan movement (pro-EU demonstrations) which has been strongly embraced by the Ukrainian populace, Putin's assuaging of Yanukovich never really seemed in doubt, even with the propensity of the incumbent regime to send out mixed messages. However, while Russia may have won a battle, the war is far from over and the likelihood of us talking about a Russian victory in the long run is highly doubtful.

Russia's foreign policy strategies since the collapse of the Soviet Union have often been hard to pigeonhole as there have been a number of discernable periods. Despite the somewhat anomalous Westernist orientation of Russia in the initial post-Soviet years, since then, the common characteristic of Russia's foreign policy, particularly since the ascension of Putin in 2000, has been one of pragmatism.

The overarching pragmatism of Russia's foreign policy shows that there is an acknowledgement, despite rhetorical assertions to the contrary, of Russia's subordination in an American-led international order (although this is slowly changing with the emergence of multipolarity). In essence, Russia has shelved its great power strategies common to the Soviet Union during the Cold War, and become a far more opportunistic international actor; generally employing assertive foreign policies where other powers have had a weaker stake.

While the pragmatism and opportunism of Russian foreign policy is still observable in its broader global policy, the brokering of a deal in Syria is a prime example, in its near abroad, particularly since the colour revolutions and the Russo-Georgian war, this pragmatism has been replaced with a far more emotional and arguably ideologically-influenced foreign policy. Russia's near abroad encompasses all of the territories, save for the Baltic three, that were once part of the Soviet Union, an area defined by the Kremlin as a sphere of "privileged interest".

Leon Aron argues, in his conceptualisation of the Putin doctrine, that the reestablishment of Russian hegemony (cultural, economic and political) in the former Soviet territories is a key foreign policy objective for Putin. This sentiment was echoed by an EU foreign policy wonk recently, who in an interview with me, brazenly accused Putin of attempting to revive the Soviet Union, albeit through more indirect measures.

Putin's quest to re-establish Russian primacy in the near abroad illustrates a re-engagement of ideology (a kind of Eurasianism in order to restore Russia's great power status) in Russia's foreign policy not seen since the Soviet Union. Indeed, it is no secret that Putin has attempted to rehabilitate the Soviet period of Russian history, turning it from a black mark into a source of pride, through aggrandizing the achievements of Soviet Union (particularly its place as a great power) as well as its leaders, even Stalin.

Unsurprisingly, terms such as 'nationalistic', 'neo-Soviet' and 'proto-fascistic' have been commonly used to describe this development. However, an alternative, more cynical argument is that Putin's nationalistic stance is more rhetoric than reality, aimed at garnering and maintaining strong domestic support for his reign. Certainly, the pursuit of grand, national causes is arguably symbiotic with strong direct leadership, on which Putin clearly models his statecraft.

Putin's desire to solidify Russia's indirect control in erstwhile Soviet space, by creating a Customs Union (or even a deeper Eurasian Union), perhaps shows that his use of ideology is moving beyond mere rhetoric; showcasing the adage that actions speak louder than words. Certainly, Putin's domestic support waned considerably after his return to the Presidency in 2010, which surely makes his restoration project a sign of creeping insecurity on his grip on power.

The problem is that the Customs Union makes little pragmatic sense for Russia at this point in time. Russia's economic revival in the 2000s was nothing but a smokescreen fuelled by favourable oil and gas prices. In reality, the Russian economy has serious flaws, the largest being the volatility inherent to being a resource-dependent emerging market. The need for diversification of the economy is paramount, particularly as the forecast for 2014 isn't confidence-boosting: the official growth outlook for 2014 is an *optimistic* 2.8% of GDP (comparatively Russia grew at 7.9% in 2009). Thus, spearheading a Customs Union, which most have argued would not add much dynamism to the Russian economy (even with Ukraine on board), should not be prioritised ahead of the painful but necessary reform needed to safeguard Russia's economy in the long term.

In light of the dire economic situation, an argument can be made that Russia's wooing of Ukraine represents a massive overstretch. Indeed, Russia outmatched the EU in terms of geopolitical acumen and capability; its ability to better use short term carrots and sticks left the EU's greater long term offer void. No doubt Putin and company will take great pride in their ostensible victory over the EU, although we shouldn't forget that the EU is something of a "hobbled giant" when it comes to its international action. However, one should ask whether Ukraine was the great geopolitical prize some have argued.

Ukraine has great potential, that is a given as it has a large, well-educated population and decent long term economic potential. However, in its current state, Ukraine is nowhere near the prize it has been talked up to be. Various metrics and statistics illustrate that Ukraine's

economic outlook is dire. Not only has Ukraine's economy shrunk in 2013 and the budget deficit is a hefty \$6.1 billion (with the current-account gap reaching 8% of GDP), there is an external funding gap of \$17 billion in 2014. Such harrowing economic conditions show why Yanukovich desperately needed the \$15 billion "loan" and reduction of gas price from Russia in order to stave off the threat of default.

Russia's largesse towards Ukraine, which undoubtedly requires something in return, does little more than temporarily stem the flow of blood, with Ukraine remaining in a critical situation. That is what is perplexing about Russia's courting of Ukraine to join the Customs Union. Ukraine is still strangely seen by Russia as the key ingredient in getting the Customs Union off the ground, but when you consider the poor health of both the Russian and Ukrainian economies, with little prospect of positive turnaround in the near future for either, it seems that Russia has seriously miscalculated.

The inherent flaw in Russia's foreign trade policy is that Putin unequivocally uses trade as a geopolitical tool to achieve foreign policy goals. The truth is that the Customs Union in reality is not really an economic project; it is rather a geopolitical one which uses trade as the tool to achieve its ends. Restoring a loose Soviet Union represents something of a neo-imperialist strategy for Russia. It solidifies Russia's sphere of influence giving it greater control of its neighbours, partly in order to guarantee like-minded, pro-Russian regimes. Indeed, Putin's fear of a liberal, pro-EU Ukraine on the doorstep of Russia has been plain to see.

Putin's utilisation of ideology and his foreign policy of propping up "friendly" and illiberal regimes in the near abroad certainly solidifies his grip on power in Russia, but one must ask at what cost? The pragmatist would look at the Ukrainian conundrum for Russia and see that in reality it shouldn't be a conundrum at all. In fact, in relation to trade, the EU-Russian-Ukraine triangle should be a positive-sum game which produces win-win outcomes for all three parties.

Consider the current trade numbers. Two-way trade between the EU and Russia in 2012 amounted to €335 million; Russia is the EU's third most important trade partner, while the EU is unquestionably Russia's most important. Add to this that both the EU and Russia have corresponding levels of trade with Ukraine: 27.1% of Ukrainian exports go to the EU (21.1% to Russia) while 33.7% of Ukrainian imports come from the EU (28% from Russia). Such numbers illustrate trade interdependence between the EU and Russia (although asymmetrically tilted in favour of the EU) with Ukraine representing a mutually important third partner.

Deepening trade links with the EU would offer both Russia and Ukraine a pathway out of the economic abyss both currently reside in. While the various internal economic crises which have engulfed the EU in the last few years have hurt its credibility somewhat, the EU is still the unquestionable economic hegemon in Europe and is a better bet to overcome its issues

than either Russia or Ukraine. Jumping in the EU's slip-stream, in conjunction with the necessary economic reform, would undoubtedly be a better long-term option for Ukraine, and ultimately for Russia.

Putin's resistance to the EU's proposed Deep and Comprehensive Free Trade Agreement (DCFTA) with Ukraine can arguably be traced all the way back to his own self-preservation. Putin's insecurity seems to be founded on a fear that EU-Ukrainian association could have insidious implications for his rule in Russia. Of course, the EU's self-perception as something of a norms entrepreneur in its neighbourhood is conspicuous in the language of the AA. Officially, the EU demanded that Ukraine improves its democracy as well as addressing issues with the rule of law and corruption.

Perhaps though, Putin is giving the EU too much credit as a normative power. Arguably, the EU's normative mission is more about internal "nation-building" than actually being a driver of EU foreign policy. There is strong evidence that the EU is actually far more calculated and self-interested when it comes to its external trade policy; embracing strong normative rhetoric in its language but less so in its action on the ground. Indeed, the EU's success as a normative actor has been extremely limited outside of enlargement. Therefore, perhaps Ukrainian association with the EU isn't the threat Putin believes it to be.

Ultimately, Russia's assertive (arguably desperate) foreign policy tactics in preventing Ukraine from signing an AA with the EU points to a situation where Putin's insecurity, particularly regarding his own grip on power and the EU's geopolitical threat, has handicapped Russia's international action. His unpragmatic decision to cajole Ukraine away from the EU has turned a potential positive-sum game where everyone wins into a zero-sum game where there are no winners, except perhaps the EU in the long run.