

60th Anniversary Edition

THE BEST OF FPRI'S ESSAYS ON Democratic Transitions

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The Best of FPRI's Essays on Democratic Transitions, 2006-2015

**Project on Democratic Transitions
Edited by: Maia Otarashvili**

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FOREWORD

By Ambassador Adrian A. Basora

Director of FPRI's Project on Democratic Transitions

July 2015

We launched the Project on Democratic Transitions a decade ago in reaction to the fifteen years of dramatic change that followed the fall of the Berlin Wall. The communist dictatorships of Europe and Eurasia had crumbled and been followed by encouraging movements towards democracy, culminating in Ukraine's 2004 "Orange Revolution."

At the time, numerous analysts saw this as the wave of the future, not just in Europe/Eurasia but globally. In sharp contrast with the prior 15 years, the past decade has produced disappointed hopes and, in several countries, significant regression. This is true not only in the post-communist region but also in the Arab world and elsewhere.

Based on these developments, one might even ask whether the Project should focus on authoritarian regression and the failures of democracy promotion abroad instead of "democratic transitions." Certainly, the global picture today is far less rosy than in the 1990s. Yet, viewed in the longer sweep of history, the post-communist transitions of the past 25 years represent a significant net progression.

As eminent political scientist Samuel Huntington has documented, the story of democracy since the American and French revolutions has involved multi-decade waves of democratization as well as long "reverse waves." Just as we have seen recently in post-communist Europe, these pull-backs have undone some – but by no means all – of the earlier progress. History also makes it clear that the road from autocracy to democracy is long and difficult, and that there is nothing inevitable about any given society choosing that road at all.

External encouragement and support can at times make an important difference, as we saw in the spectacular democratization progress of 1989-2004 in most of the post-communist countries. But the ultimate task of democratic consolidation is mainly internal and there are thus major limits on what the U.S and other democracies can accomplish, even in the best of circumstances. And the present global context is substantially less favorable than it was in the 1990s.

Currently, the Putin regime in Moscow is deeply committed to stifling democracy in its "Near Abroad," most notably via its undeclared war in Ukraine, but also through less direct (but often

effective) methods elsewhere. This counter-offensive explains some of the regression of the past decade, as well as the PDT's increasing focus on geopolitics.

The Project's consistent goal has been to analyze the successes and failures of attempted democratization in the post-communist region and in selected nearby countries, and to disseminate the practical policy conclusions that flow from this research. As a glance at our index will show, with the changing geopolitical and economic situation of the past few years, we have begun to focus increasingly on the external forces influencing these transitions.

In honor of FPRI's 60th anniversary, the present compilation provides a sampling of the work that the Project on Democratic Transitions has done over the past decade. The essays reprinted here are selected from among those published directly by FPRI, but I would also like to draw your attention to our numerous journal articles listed below.

If these essays pique your interest, then I invite you to visit our website at <http://www.fpri.org/research/transitions> to learn more about our project, or to contact us. Please also consider becoming a member of FPRI, or a contributor at a higher level, and thus support the sustained production of high quality scholarship on these key issues.

Volumes of Related Interest

FPRI's Project on Democratic Transitions has produced several articles of related interest over the years, published with FPRI's journal *Orbis* and other scholarly journals. Readers of this volume on democratic transitions may also be interested in the select PDT publications below:

Bunce, Valerie and Sharon Wolchik. "Youth and Electoral Revolutions in Slovakia, Serbia, and Georgia." *SAIS Review of International Affairs* 26 (Summer-Fall 2006): 55-65.

Bunce, Valerie and Sharon Wolchik. "Favorable Conditions and Electoral Revolutions." *Journal of Democracy* 17 (October 2006): 5-18.

Bunce, Valerie. "Global Patterns and Postcommunist Dynamics." *Orbis* 50 (Fall 2006): 601-620.

Mitchell, Lincoln A. "Democracy in Georgia Since the Rose Revolution." *Orbis* 50 (Fall 2006): 669-676.

Basora, Adrian A. "Must Democracy Continue to Retreat in Postcommunist Europe and Eurasia?" *Orbis* 52 (Winter 2008): 1-24.

Bunce, Valerie. "The Tasks of Democratic Transition and Transferability." *Orbis* 52 (Winter 2008): 25-40.

Bunce, Valerie and Sharon Wolchik. "Getting Real About 'Real Causes'." *Journal of Democracy* 20 (January 2009): 69-73.

Bunce, Valerie and Sharon Wolchik. "Postcommunist Ambiguities." *Journal of Democracy* 20 (July 2009): 93-107.

Basora, Adrian A. and Jean F. Boone. "A New U.S. Policy Towards Democracy in Postcommunist Europe/Eurasia." *Problems of Post-Communism* 57 (January 2010): 1-19.

Bunce, Valerie and Sharon Wolchik. "Defeating Dictators: Electoral Change and Stability in Competitive Authoritarian Regimes." *World Politics* 62 (January 2010): 43-86.

Wolchik, Sharon. "Can There Be a Color Revolution?" *Journal of Democracy* 23 (July 2012): 63-70.

Basora, Adrian A. "Can the Post-Communist Democracies Survive a Continuation of the Euro-Crisis?" *Orbis* 57 (Spring 2013): 217-231.

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UNDERSTANDING DEMOCRATIC TRANSITIONS

By Adrian A Basora

October 2006

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Fall 2006 marks the fiftieth anniversary of the Hungarian Revolution. It is thus fitting that we renew our focus on the history and geopolitics of Europe and on the role these factors should play in Western strategy. The transatlantic strategic consensus that guided foreign policy in Western Europe and North America during the Cold War has largely dissolved. Once again, it is easy for policymakers to succumb to the temptation to focus on the present and the politically expedient, given popular concerns with terrorism, energy prices, immigration, and other sources of insecurity. Accordingly, Western leaders tend to focus on Iraq, counterterrorism, and short-term cures for political and economic instability. And yet it is as essential today as it was fifty years ago to ensure that American and European foreign policies are firmly based on the lessons of the history, geopolitics, and political economy of the past fifty years.

The Soviet suppression of the Hungarian revolution epitomized the broad reach of communism throughout Europe. Life behind the Iron Curtain was grim, and Cold War tensions characterized not only the 1950s but also much of the three subsequent decades. During that period democracy seemed fragile in most of continental Europe, where a few non-democratic regimes were viewed as essential allies in the West's attempt to halt the spread of communism. The authoritarian governments of Greece, Turkey, Spain, and Portugal have since become a distant memory, but as recently as twenty years ago, the communist dictatorships of Eastern Europe and the Soviet Union still seemed firmly entrenched. Even as late as 1986 it would have seemed wildly optimistic to predict that in less than a generation Eastern Europe would be largely democratic and integrating rapidly with the West.

Yet today, in the landmass once controlled by just nine Marxist-Leninist dictatorships (the nearly-monolithic Soviet empire--the USSR, Poland, Czechoslovakia, East Germany, Hungary, Romania, and Bulgaria--plus Yugoslavia and Albania), there are 28 noncommunist states, many of which are either emerging or consolidated democracies with prospering market economies and a high degree of association with Western institutions. This is a remarkable historic achievement involving a profound set of transformations.

In the space that had been the western phalanx of the Warsaw Pact (plus a sliver of what was once Tito's Yugoslavia), there are now eight fully consolidated democracies: the three former Baltic republics (Estonia, Latvia, and Lithuania), four Central European countries (Poland, Czech Republic, Hungary, and Slovakia), and the one former Yugoslav republic left relatively unscathed by the civil war that erupted in the early 1990s (Slovenia). All are now stable democracies with prospering market economies, and all are established members of both NATO and the EU.

Close behind these eight frontrunners in the transformation process are five other emerging democracies--Bulgaria, Romania, Croatia, Serbia (from which Montenegro just gained independence this year), and Macedonia--that seem likely to move towards full democratic consolidation within the next few years. Bulgaria and Romania are already members of NATO and will become EU members in 2007; Croatia is an EU candidate. Serbia and Macedonia are somewhat further behind, partly as a result of the prolonged warfare that followed the break-up of Yugoslavia. Nevertheless, while the democracies of these two countries are less robust than the others, Belgrade and Skopje have entered negotiations with Brussels, and both countries seem headed in a positive direction.

Five additional countries have also made significant progress in creating pluralistic societies and more open economies. This group, rated by Freedom House as "transitional governments," includes most notably Ukraine and Georgia, whose Orange and Rose revolutions make reversion to full authoritarianism unlikely. The other three--Albania, Bosnia-Herzegovina, and Moldova--also appear to have good momentum. While each has a considerable distance to go before attaining a fully functioning and stable democracy, major regression is unlikely.

In sum, 19 of the 28 formerly communist countries of the region are either solidly democratic or at least well along the path to pluralism and unlikely to revert to authoritarianism. Lest this tour through the former Soviet and Eastern European communist space seem too rosy, however, it is important to discuss the nine remaining postcommunist countries, which Freedom House rates as either semi-consolidated or fully consolidated authoritarian regimes. These include Russia, Belarus, Armenia, Azerbaijan, and the five Central Asian republics (Kyrgyzstan, Tajikistan, Kazakhstan, Uzbekistan, and Turkmenistan). While all of these countries are now officially noncommunist and some have taken important steps towards pluralism, several have recently manifested serious regression toward stronger authoritarianism. An antidemocratic trend has taken hold over last few years, perhaps most blatantly in Belarus, but also in Russia. This should not be surprising, given the antidemocratic "counter-waves" that Samuel Huntington documented in his study of democratization trends.¹ But the fact that this reaction now includes and is abetted by Russia is ominous. This underlines the need for a concerted strategy to protect

¹ Samuel Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: University of Oklahoma Press, 1991).

the gains in democracy and stability achieved since 1989 and, we can hope, to build upon these gains over time.

There are two fundamentally divergent perspectives as to whether lessons of post-authoritarian transition learned in one country can successfully be applied in another. One view holds that each country is unique, and thus that attempts to transfer successful approaches from one country to another are misguided. The contrary view, to which we at the Project on Democratic Transitions generally subscribe, is that both the challenges and the keys to success in building effective democracies and market economies are parallel in important ways from one country to another. These parallels are particularly striking for the postcommunist transitions of countries in Europe and Eurasia because of their similar communist legacies and experiences. Since 1989, when the West initiated a policy of systematic support for these countries' political and economic transformations, they have also been subject to similar influences from the West and from international financial institutions.

As one looks more closely at the consolidated and emerging democracies of Eastern Europe and their transition experiences, several similarities emerge. A few of them are worth noting in particular.

BREAK WITH PAST. The countries that have made the transition successfully managed to engineer a sharp break with the past. This has generally involved episodes of mass mobilization and/or “electoral revolutions” sufficiently powerful to oust the prior communist ruling elite at least temporarily. Breakthroughs of this type have in most cases been critical in accelerating the pace of democratization and in helping to anchor its sustainability.

ELITES. New or reformed elites have played major roles. These “counter-elites” have both helped to instigate the key mass mobilizations and electoral movements that produced a break with the past and themselves been further shaped by these movements. In some cases, the new reformist elites had their origins in splits within the former communist leadership. In other cases, the popular emotions that drove mass protests brought forth new champions or empowered older leaders who had previously languished after earlier dissident movements were suppressed.

FORMER COMMUNIST PARTIES. Some former communist parties have played a positive role, most notably in the case of Hungary. While in some cases communists have remained unreconstructed and marginalized, in others they have changed tack and evolved into Western-style social democratic parties. Thus, one important phenomenon throughout much of the region is the reshaping of the former communist parties and their leaders through elections. An electoral loss that leaves open the possibility of a comeback in the next election can thus produce a healthy transformational dynamic.

MEDIA. The rapid emergence of free and diverse media is important, particularly in the early stages of transition and in the consolidation phases. However, maintaining sufficient readership and relatively neutral sources of financial support has often proven to be a challenge in the later, “post-euphoric” stages of democratic consolidation.

CIVIL SOCIETY. While an essential underpinning of a strong democracy, the emergence of the not-for-profit, nongovernmental sector has generally proven a slow and difficult process in this region. Developing an independent and well-rooted civil society where none existed before is inevitably an arduous task. A few countries that had been able to retain or regain some degree of domestic pluralism during the communist period, such as Poland and Hungary, had an important head start. Others, such as Romania, Belarus, or other post-Soviet states, inherited much less of a foundation to start with, given the extent to which their societies had been atomized by harsher communist regimes.

POLITICAL PARTIES. As with the NGO sector, durable political parties have in most cases developed only slowly and tend to be consolidated only in the later phases of transition. Often they have been built up from the fragments of the prior regime: mass movements, splits within prior elites, and defeated communist parties. External assistance, while sorely needed, is hard to deliver effectively.

EARLY ECONOMIC REFORMS. While economic reforms are not of themselves sufficient to ensure democracy’s success, a society that enjoys some degree of private ownership, entrepreneurship, and individual wealth is better able to support free media and a vigorous civil society than a society based upon a state-dominated economy. Conversely, continuing government control of the economy and the absence of privatization and other economic reforms can severely undercut prospects for democratization. Belarus and the Central Asian republics are notable examples of the latter phenomenon, and over the past few years Russia itself has taken several significant steps backwards in this area.

NO ESSENTIAL PRECONDITIONS. Democratization can move ahead reasonably well even in states lacking prior democratic legacies or a strong middle class. While Western cultural, religious, and historic traditions and prior democratic experience are helpful, they are not essential preconditions for democratic consolidation if other factors are propitious. Romania and Bulgaria exemplify promising transitions involving largely Orthodox countries that had long been a part of the Ottoman Empire; Albania and Bosnia are largely Islamic countries that also offer promising examples.

INTERNATIONAL COMMUNITY. The international community can play a crucial role in fostering successful transitions to democracy and viable market economies. The lure of NATO membership has been a powerful factor in accelerating Eastern Europe’s reforms, particularly so

in the 1990s. By the latter part of that decade, as Brussels gradually geared up for its eastward expansion, the EU became an even more powerful magnet than NATO, and prolonged EU accession negotiations became an effective source of leverage for accelerated reform. Even now, with the EU suffering from “enlargement fatigue,” the United States and Western Europe are still able to exert considerable influence by promptly recognizing and rewarding effective steps towards democratic reform.

“STICKINESS.” A further positive conclusion is that democracy has proven quite “sticky” once the transition has moved past a certain threshold. Regression towards authoritarianism has occurred mainly in countries where the initial reforms were inadequate. In countries where the conditions outlined above have been largely met, the democratic trajectory has so far proven difficult to reverse. Vladimir Meciar’s attempt to do so in Slovakia is a case in point.

These lessons are encouraging. Unfortunately, however, experience to date has also produced important lessons on the negative side. Two of these merit particular comment.

DOMINANT PRESIDENTS. As the cases of Russia and Belarus vividly demonstrate, regression towards authoritarianism can move ahead quickly where there is a president with strong powers and an absence of any strong counterbalance in the legislative or judicial branches of government, or in civil society. Similar dynamics are apparent in the Central Asian and Caucasian republics. The threats to success of the Rose Revolution represented by a strong concentration of presidential power. Therefore, in promoting enduring democratization, it is important that firm constitutional limits on presidential power are set and that strong legislatures are established.

MINERAL RICHES. Excessive mineral riches in the hands of the state can prove a strong negative factor. Not surprisingly, autocracy seems to thrive particularly well in countries with rich oil or gas reserves or other extractive wealth that is easily controlled by the state. Russia, Kazakhstan, and Azerbaijan demonstrate how ample flows of easy cash into the state treasury can be used to consolidate increasingly autocratic rule.

On balance, however, there is a good case for cautious optimism, particularly if reformers in the post-communist countries themselves, and those in the West who wish to aid them, apply the lessons derived from the best practices of the past decade and a half. Numerous promising opportunities for further democratic consolidation remain, particularly in “hybrid cases”: countries such as Ukraine, Georgia, Moldova, Croatia, Macedonia, and Serbia, which are not yet consolidated democracies but do have regular elections, some degree of press freedom, emerging civic sectors, and openness to outside assistance and advice. Even the region’s more entrenched autocracies offer opportunities for gradual evolution, particularly if both domestic reformers and Western governments and NGOs play their hands carefully.

It is clearly in the strategic interest of both the United States and the EU and its member states to continue to work systematically to foster democracy and open economies throughout post-communist Europe and Eurasia. However, for some of these countries the timeframe will be a very long one. Just as democratic consolidation has taken nearly a generation even in frontrunner countries such as Poland, Hungary, Slovenia, and Estonia--and much work still remains to be done even in these countries--so it is likely that countries in the region that are much further behind in their transitions will require at least another ten, fifteen or twenty years to consolidate.

Focusing the attention of policymakers in Washington, Brussels, and other Western capitals on such a prolonged project will be a challenge. But success would have enormous potential strategic benefits. Just as the West is dramatically better off today than in 1986 when it still faced massive Warsaw Pact armies based in Eastern Europe, so in 2026 it could be distinctly better off than is the case today, especially given the economic and strategic importance of the transatlantic relationship to both Europe and the United States. Even though democracy is not a cure-all, the combination of democracy with a viable security system and open-market economies that we have nurtured over the past fifty-plus years in the transatlantic space has worked remarkably well. Within the next twenty years it seems quite reasonable to project the emergence of stable, responsive governments and viable market economies in Ukraine, Belarus, the Balkans, and the Caucasus. To the extent that this endeavor proves successful, one can also imagine progress in Russia and the Central Asian republics over the coming decades.

However, even if democracy were to be consolidated only in the European and Caucasian regions of the former Soviet Union, there would be major benefits to the stability, security, and prosperity of Europe and the entire transatlantic region. A less direct, but no less important, effect would be the spread of greater political stability and prosperity, through the process of democratic diffusion, to the next concentric circle of countries. This could well include important parts of the greater Middle East. In sum, U.S. and Western European persistence in long-term support of the post-communist democratic transitions would make an important contribution to addressing many of the problems that currently most concern Europeans and Americans.

THE CONTINUED RETREAT OF DEMOCRACY IN POST-COMMUNIST EUROPE AND EURASIA?

By Adrian A. Basora

November, 2007

By the end of 2004, five new electoral revolutions seemed to constitute the leading edge of a second major wave of transformation destined to sweep through much of postcommunist Europe and Eurasia. December 2004 saw the election of reformist Victor Yushchenko's as Ukraine's president, the highpoint of that country's Orange Revolution. One year earlier, Georgia's Rose Revolution had triumphed in the streets of Tblisi. And, leading up to these two revolutions, there had been similar democratic breakthroughs in Slovakia (1998), Croatia (2000) and Serbia (2000). Most Western analysts saw these five regime changes as building upon and extending the postcommunist reform model that originated in 1989 in Poland and Czechoslovakia. By 2004, successful democratic reform had already transformed the four "Vysegrad" countries of Central Europe (Poland, Hungary, and the Czech and Slovak Republics), the three Baltic states (Estonia, Latvia and Lithuania), and Slovenia.

Over the past three years, however, this second democratization wave has dissipated, and much of the optimism of the first fifteen years of postcommunist transformation has disappeared. Some analysts conclude that democracy in the region is in retreat; others argue that, even if most of the democratic gains of 1989-2004 can still be preserved, the democratization model that worked so well in the past is no longer applicable and new breakthroughs are unlikely in the foreseeable future.

Despite setbacks, recent elections in Ukraine and Poland make it clear that further democratic progress remains achievable in many of these countries--particularly if we learn and apply lessons from the earlier transition experiences and recognize that Europe and Eurasia have entered a markedly new phase, a "post-postcommunist era" that presents more difficult challenges than those of the 1990s. But a reinvigorated strategy--better coordinated joint efforts, bringing together regional expertise on transition issues with Western institutional support--will be needed. If the West fails to make this effort, the vision and the promise of 1989 may be lost indefinitely.

What Went Wrong?

The old democratization model has either stalled or lost ground in many of the ex-communist states. Moldova, which showed promise in the 1990s, has generally regressed in recent years, as have Ukraine, Georgia, and other intermediate-stage postcommunist countries. For example, the leaders of Kiev's Orange Revolution split among themselves, thus permitting the Revolution's nemesis, Viktor Yanukovich, to become prime minister and to gain increased power at the

expense of the reformist camp. In Georgia, President Mikheil Saakashvili's autocratic tendencies and ineffectiveness in fighting corruption have marred the Rose Revolution's early promise.

Democracy and economic liberalization have suffered setbacks even in some of the frontrunner states. Recent elections in Slovakia, and the Czech Republic have produced governments that are either less reformist or less effective than their predecessors. And in April 2007, just three months after Romania's accession to the EU, the government of Prime Minister Calin Popescu Tariceanu was purged of its key reform ministers. There was also an unsuccessful attempt to remove President Traian Basescu, the country's most visible reform advocate.

Most menacingly, autocratic rulers in Russia (Vladimir Putin), Belarus (Alexandr Lukashenko), and the Central Asian republics (Kazakhstan's President Nursultan Abishuly Nazarbayev) have steadily consolidated their power, and others have moved quickly, systematically, and sometimes brutally to inoculate their societies against what they see as the "democracy virus." Having drawn clear lessons from the region's earlier revolutions, they are determined not to permit similar developments in their own countries.

The Post-Communist Paradigm

Underlying the current pessimism is a paradigm shift involving the fundamental geostrategic and economic influences affecting the region. Russia has taken an aggressive new stance, the EU is experiencing "expansion fatigue," U.S. democracy-promotion efforts have diminished in effectiveness, and disillusionment with democracy has grown within the transitional countries themselves.

For Moscow, Ukraine's Orange Revolution was a galvanizing shock. Putin and the Kremlin's "political technologists" interpreted events in Ukraine, Georgia, and their precursors as the result of foreign (largely American-sponsored) subversion. Since then, Moscow regularly has condemned Western efforts to support democracy in Russia or its "near abroad." This is not the weak Russia of the late 1990s speaking. By 2004, Russia had rebounded from its earlier economic and political crises (with a strong assist from energy prices), and Putin had consolidated his power. The Kremlin is making it clear that Russia is back and determined to minimize Western influence in the region.

The emerging Russian model of "sovereign democracy" is tightly controlled, characterized by strong state manipulation of the sources of wealth. This model has provided a welcome example for other autocratic leaders in the Soviet successor states and has proven attractive to many in Russia, as well, due in part to Russia's recent prosperity. Additionally, many citizens simply seek order and security after the turbulence they experienced under Putin's predecessor, Boris Yeltsin. As a result, Putin is highly popular in Russia. Indeed, in a majority of the former Soviet authoritarian republics, the perceived trade-off between prosperity and stability, on the one hand, and political pluralism, on the other, has produced popular quiescence to authoritarianism.

Further reinforcing this trend is increased cooperation between the Kremlin and other like-minded regimes. This includes not only bilateral efforts to strengthen anti-democracy strategies, but also multilateral efforts such as the Shanghai Cooperation Organization. Participating autocrats can now mutually defend each-others' forms of nominal democracy and jointly invoke the principle of non-interference by outsiders in their domestic affairs.

Russia's reemergence as a negative factor for democratic progress in its former empire has coincided with the decline of the two positive factors for reform in the region: U.S. and EU efforts. During the early 1990s, the U.S. took a strong lead in encouraging market reform and democratization in Eastern Europe and the former Soviet Republics. Furthermore, for those who feared that their new-found independence might not last, NATO membership loomed as an essential bulwark against the possibility of a Russian return. Under Washington's lead, the opening of NATO to former communist countries created a powerful transformational lure. Then, starting in the latter half of the decade, the EU took over much of the economic assistance effort and began to assert greater leadership in the democratic transformation overall. Most crucially, Brussels opened up the possibility of EU membership to these countries, subject to their reform success. Even as Western Europeans' role grew, however, the U.S. remained actively engaged in the region, both bilaterally and through its influence in multilateral organizations such as the World Bank, the IMF, and the European Bank for Reconstruction and Development.

Since the Iraq intervention, however, the U.S. has suffered a sharp loss of credibility in the region. While some of the "new Europe" countries have been willing to participate militarily in Iraq (or earlier in Afghanistan), they have done so for reasons other than aligning with the new U.S. approach to democracy promotion. The U.S.'s tarnished image as a democracy advocate is now lending superficial plausibility to denunciations of American-supported democracy initiatives.

Washington's intense focus on the war on terror has also diverted its resources away from Europe and Eurasia, and most American private foundations have tended to follow suit. The result has been a decline in educational and leadership exchanges, less assistance by American NGOs to civil society organizations in the region, and cutbacks in other long-term programs that had proven valuable both during the Cold War and thereafter.

Meanwhile, by the late 1990s, after the first round of NATO expansion had been completed and with NATO's role in driving democratization receding somewhat, the EU emerged as arguably the most important external force guiding the transition to democracy and market economics regionally. During the first round of EU expansion (which involved Poland, Hungary, the Czech and Slovak Republics, Lithuania, Latvia, Estonia and Slovenia), accession negotiations proved to be a powerful incentive and mechanism for promoting reform, and once these eight countries

became formal EU members, their leaders' interaction with Brussels provided additional consolidating influence.

In Bulgaria and Romania, the two most recent former communist countries to be admitted to the EU (in January 2007), many observers viewed the preparatory process as too hurried, with reforms not sufficiently embedded in the acceding countries' political institutions and cultures. It remains to be seen whether Brussels retains sufficient leverage to ensure that the unfinished reforms in these two countries are completed.

In contrast with the ten new EU members, the other 18 post-communist countries face an uncertain future relationship with Brussels. The spring 2005 defeat of the proposed new EU constitution in France and the Netherlands has halted further EU expansion, which is a major setback for the forces of reform in these countries. Brussels has an alternate mechanism, its European Neighborhood Policy (ENP), to address the needs of these countries through means other than accession negotiations, but this has so far proven inadequate to its task. The ENP covers not only countries in Eastern Europe, but also North African and Near East states such as Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, the Palestinian Authority, Syria and Tunisia. This least common denominator thus has a powerful diluting effect.

In the Balkans (Serbia, Macedonia, Bosnia or Albania), the EU's expansion halt may have a less severe impact than in the former Soviet republics, because the EU and the West more generally have been engaged deeply in the region's post-conflict stabilization. The groundwork is being laid down for the eventual assimilation of these four countries into the family of Western democracies.

The split between Washington and several Western European capitals after the 2003 Iraq invasion has also meant a less united approach to the formerly communist region as a whole. This dissonance has not only made for less effective democracy-promotion coordination, it has also weakened earlier joint U.S.-European efforts to ensure continued focus by the multilateral financial institutions. Moreover, NATO membership, while still highly attractive to a country like Georgia that sees an imminent Russian threat, is now a less compelling goal for many postcommunist countries.

The fourth significant change making this post post-pcommunist period more difficult stems from the imperfections of democracy and market economics as experienced in the region itself. For many Russians, the Yeltsin period now symbolizes all the ills of what the Kremlin depicts as a Western-imposed capitalist democracy model. For many, Yeltsin's rule meant chaos, corruption, the growth of mafias and crime, and the stripping of state assets by the new oligarchs. Even in Central Europe, positive results came slowly during the early post-communist years. While capable leaders in Poland, Czechoslovakia, and Hungary initiated more complete reforms

than did Yeltsin, their efforts were far from satisfactory to the citizens' expectations. Moreover, negative memories from the communist period have faded. Some are too young to remember, and those of the older generation who are not among the "winners" in the post-communist economies tend to look back with nostalgia. Thus the powerful internal push for democratic reform that led to the breaching of the Berlin Wall and the democratic breakthroughs of the early 1990s is now less intense than in the early post-communist years.

How Much Gained/ How Much Lost?

The 28 former communist countries can be looked at in four categories: moderately advanced democracies, emerging democracies, hybrid regimes, and autocracies. Trend analysis within these four major groupings is an essential basis for assessing these countries' potential for future democratic progress and for developing the most effective strategies and approaches to avoid further regression and to encourage progress wherever feasible. Analyzing the rankings in Freedom House's Nations in Transition reports, which it has produced since 1997 (published by Rowman & Littlefield; see www.freedomhouse.org for the current year), which, though imperfect, are the best available rankings, one sees strikingly divergent--and quite suggestive--characteristics among these four groupings.

Moderately Advanced Democracies

Slovenia, Estonia, Latvia, Hungary, Slovakia, the Czech Republic, Lithuania, and Poland have scores well above the 3.00 threshold that Freedom House uses to define "Consolidated Democracies." Since 1989-91, all of these countries have had several free elections, resulting in genuine alternation of power. For several years, all eight have maintained free press and media, an active civil society, reasonably good human rights records, largely privatized and prospering market economies, plus strong ties to the West. By 2004, all had achieved full membership in both NATO and the EU.

However, with the notable exception of Slovakia, as of a decade ago most of these countries were already close to their current level of democratic performance. Three of them--Poland, Hungary, and the Czech Republic, all front-runners in the early 1990s--are less advanced today than they were ten years ago. Four others--Slovenia, Estonia, Latvia and Lithuania--had already achieved most or all of their progress by 1997. Only Slovakia has progressed dramatically, and this progress occurred after the 1998 elections that replaced Vladimir Meciar with a committed and effective reform government. Thus, under the right conditions, substantial and enduring democratic progress can be achieved in a relatively short time if competent leaders move quickly to implement a thorough reform program. After this initial sprint, however, the full consolidation of democracy is a much longer-term endeavor, and the road can be quite bumpy.

Emerging Democracies

This second group of countries is quite disparate. Two of them, Bulgaria and Romania, have already achieved NATO and EU membership. However, as noted above, many believe that the reforms on which these accessions were based were less complete and less consolidated than those of the eight frontrunners.

The next four of these countries--Serbia, Croatia, Macedonia and Montenegro--are all products of the former Yugoslavia's break-up. They have all been handicapped by ethnic tensions and the fallout of civil war. The seventh country, Albania, entered the post-communist period as the most isolated and least developed country of the Balkan region and still has serious problems of social development, crime and corruption.

What these countries share is location in the same protected corner of Europe, surrounded by democracies. And they have all made progress, which is particularly encouraging considering the devastating civil war that marked the break-up of Yugoslavia. These states have benefited from major assistance from the West for years, and they already have close ties with the EU and other Western entities. Of the five non-EU members in this group, only Croatia has been given strong encouragement as to its prospects for EU accession, but the other four continue to benefit from substantial EU assistance and have presumably received enough "winks and nods" to remain hopeful that their turn for EU and NATO membership will eventually come. In the meantime, all of these countries benefit from increasing commercial, cultural, tourist, educational and other exchanges with their democratic neighbors.

On balance, reasonable prospects for progress towards further democratization exist in all seven of these emerging democracies, but risks remain. Serbia's politics are still deeply roiled by nationalism, Macedonia's fragile multi-ethnic structure could easily break down, and each of the others contains its own vulnerabilities that could trigger political regression.

Hybrid Regimes

These four countries--Bosnia-Herzegovina, Ukraine, Georgia, Moldova--make a more disparate group. Bosnia seems destined to join the Emerging Democracy category soon, but the other three are all former Soviet republics where Moscow maintains strong interest and significant leverage. Ukraine is the clear heavyweight among the hybrids. Even including the seven Emerging Democracies in the comparison, it is far and away the transitional country most likely to have the broadest impact throughout the post-communist region. It has made significant progress over the past few years, even if that progress appears to be largely a recapturing of gains made a decade earlier. The question is whether these gains will now be consolidated and lead to further democratization progress.

The September 30, 2007 elections in Ukraine shed light on both the strengths and weaknesses of democracy in the country. Although the standoff between the president and parliament that led to these elections had threatened to destabilize the country, the crisis was in the end resolved by constitutional means and Ukrainians once again demonstrated that they have confidence in the democratic process. The election gave Ukraine's democratic reformers a unique chance to learn from their mistakes, and on October 15, 2007 the Orange Coalition agreed to create a reformist government, albeit one based on only a three-vote majority in parliament. While regression remains a distinct danger, progress remains a real possibility.

Georgia is yet another special case. Despite the considerable publicity and enthusiasm created in the West by Tblisi's Rose Revolution, the country's 2007 Freedom House score is virtually identical to that of 1997. This is because, after a promising start in the early 1990s, there was significant political regression in the later Schevarnadze years. The Saakashvili regime has made only minimal progress since the 2003 election that brought it to power. Georgia's desire for NATO membership is matched by Russia's desire to avoid having yet another NATO presence on its borders, and Moscow retains considerable potential for harm via its support for de facto breakaway governments in the provinces of Abkhazia and South Ossetia. Georgia's future is thus very hard to predict.

Moldova, the smallest of these three former Soviet republics, is also an interesting case of retardation after a promising start. As of 1997, it had rated a score on a par with "semi-consolidated democracies" such as Bulgaria and Romania. However, it has fallen to the bottom rung among the hybrid regimes and is very close to joining the Authoritarian grouping. The country's regression since 1997 derives from several factors, including the Moscow-supported breakaway of its trans-Dniester region. Although the election in June 2007 of a young reformist as mayor of Chisinau introduced a ray of hope, it is hard to see reform succeeding at the national level as long as Russia continues to back the separatist "Republic of Trans-Dniestria."

Bosnia-Herzegovina has made steady albeit slow progress towards democracy since the end of its civil war in 1995 and is now furthest along among the four Hybrids on the Freedom House scale. This progress has required massive U.S. and Western European military and diplomatic intervention and maintaining a de facto Western protectorate for the past several years. However, assuming Western willingness to sustain several more years of assistance and tutelage, Bosnia may well follow in the positive footsteps of its Balkan neighbors. Nevertheless, given the deep scars of its civil war and the jerry-rigged, duplicative, ethnically based federal structure, one can imagine continued political gridlock or even a descent back into ethnic violence if these issues are not properly managed with the benefit of Western commitment.

Autocracies

All nine of these countries--Russia, Belarus, Armenia, Azerbaijan, Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan and Tajikistan--have one critical trend in common over the past several years: increasing consolidation of autocracy.

Russia appeared to start out more promisingly than the other eight Autocracies. With Yeltsin's advent in 1991, Russia experienced a rapid opening up of political freedoms and extensive industrial privatization. By the latter years of his presidency, most of this reform impetus had been lost and some regression had begun. With Putin's election in 2000, the democratic regression accelerated, and with his reelection in 2004, it was clear that Putin's goal was full authoritarian consolidation.

Most of the other eight Autocracies started out on an authoritarian footing from the moment the Soviet Union was dissolved in 1991. When they gained independence, power devolved upon the same autocratic communist-era republic leaders, some of whom initiated significant economic changes and permitted a degree of political freedom. In Central Asia, however, none of the new rulers relinquished the levers of autocratic power. State bureaucracies remained in place and the old communist nomenklatura continued to hold positions of power. Elections were rigged, and what little freedom did emerge was kept within careful limits. Men like Nazarbayev, Lukashenko, Aliiev, and "Turkmenbashi" became the focus of new cults of personality. Since 1991, some of these leaders have died or otherwise fallen by the wayside. In Azerbaijan, Aliiev succeeded in passing on power to his son; in other cases, the ruling apparatus has chosen a successor behind the scenes. Discounting the initial brief glimmers of hope surrounding the "Denim Revolution" in Kyrgyzstan, none of these regimes has shown any major chinks in its authoritarian armor.

Conclusions

While democracy has suffered significant retreats in the post-communist region since 2004, those retreats are far from being a rout. Compared to the situation in 1989, overall progress towards democratization has been remarkable.

On the positive side are the eight Moderately Advanced Democracies, along with Bulgaria and Romania. Although the latter two countries are not yet as far along as the eight frontrunners, they will almost certainly get there in time by virtue of their geographic location and their full integration into NATO and the EU. More tentatively, one could put the other six Balkan countries (Croatia, Serbia, Montenegro, Macedonia, Albania, and Bosnia) on the positive side. While their progress continues to be slow and uneven, their location and high levels of Western assistance make prolonged regression unlikely. These 16 countries, with a total population of

130 million, add a major new dimension to both democratic Europe and to the transatlantic alliance.

Hanging in the balance between authoritarianism and further democratization are the three strategically located former Soviet republics of Georgia, Moldova and Ukraine, with a total population of 57 million. As discussed earlier, these countries could go either way, and given the size and location of Ukraine, however, the impact would be particularly devastating if it were to join the ranks of the confirmed autocracies.

The most serious--and hardest to reverse--setbacks have been in Russia and in its eight "sister autocracies" already discussed. Their total population is 220 million, and their landmass and resources are far larger than those of the non-autocracies. By these measures, therefore, the democratization glass is still more than half empty.

It is not yet time for excessive pessimism or loss of resolve. Despite the slippage, it should be possible to preserve most of the democratization achieved since 1989. Furthermore, in at least some countries of the region, lessons of the post-1989 period can help to create further progress towards democratization. The above analysis suggest the following premises for policymakers and opinion-molders in the U.S. and in Europe's old and new democracies alike.

First, democracy must be further consolidated and reinforced in the 15 Already Democratic or Emerging Democracy countries. The efforts that Western governments, NGOs, and multilateral institutions have made to assist democratic reformers in these countries since 1989 have already laid solid foundations. Continued attention to their consolidation should pay significant dividends. The methods used to help bring ten of these countries to NATO accession and EU membership should be applied to the remaining five countries in this group. Success in this endeavor would have important repercussions.

With respect to Ukraine, Moldova, Georgia and Bosnia, the West should devote major attention and resources to encouraging and assisting the forces of democratic reform. Although the post-post-communist paradigm makes the task more difficult, it also makes the challenge more compelling and urgent. Nevertheless, these four countries have already had enough exposure to democracy and to the transatlantic community to make the task feasible. The payoffs would be high, and the consequences of failure severe indeed.

As to the nine Autocracies, the timeframe for any potential democratic evolution must be measured in decades rather than years. The West can and should lay the groundwork for possible future democratic breakthroughs, while realizing that it is a long-term endeavor. Today's policymakers and democracy-promoters have much to learn from the forms of long-term

engagement that were pursued with such patience and foresight during the latter decades of the Cold War.

Democracy in the formerly communist countries of Europe and Eurasia is neither triumphant nor defeated, but the job is still less than half done. Positive momentum was an important factor in the spread of democracy in the 1990s and even through 2004, and this positive momentum can be regained if the West looks to the lessons of history.

THE GEORGIA CRISIS AND CONTINUING DEMOCRATIC EROSION IN EUROPE/EURASIA

By Adrian A. Basora and Jean F. Boone

November, 2008

It is by now widely agreed that Moscow's invasion of Georgia and virtual annexation of South Ossetia and Abkhazia represent severe setbacks for both democracy and for U.S. and Western European interests. Less widely understood is that the basis for this Western policy failure was evident long before August 8, 2008. It runs far wider and deeper than the immediate issues surrounding Georgia's territorial integrity and political autonomy.

The Georgia crisis is in fact a dramatic new manifestation of the longer-term trends underlying the erosion of democracy and Western influence in the post-communist region. Reversing these trends will require more than simply outmaneuvering Russia in Georgia. It will require bolstering the foundations of democratic governance and values throughout much of the post-communist region.

Long before the Russians entered Georgia, democracy was clearly on the retreat in post-communist Europe and Eurasia, as was the leverage of both the United States and the democratic European powers. Despite the extraordinary democratic breakthroughs that produced the fall of the Berlin Wall in 1989 and continued through the Rose and Orange Revolutions of 2003-04, today only 30 percent of the people of the region live in countries identified by Freedom House as democratic, while 56 percent live in the resurgent authoritarian states of Russia, Belarus, and Central Asia.¹ Critically hanging in the balance are four key countries – Ukraine, Georgia, Moldova and Bosnia – whose democratic transitions remain uncertain and whose persistent political weakness leaves them vulnerable to both domestic conflicts and external pressures.

The Georgian events are a wake-up call. The U.S. and its European allies must act now to provide leadership in restoring democratic momentum not only in Georgia but throughout the post-communist region. For the U.S., this will mean replacing its now-discredited, unilateralist brand of “democracy promotion” with a new policy paradigm focused on broader democratic values and partnership: sustained partnerships with the regions' civil society groups and elected officials, and renewed partnerships with key European allies to integrate the post-communist nations into wider regional and international frameworks.

¹ Jeannette Goehring, ed., *Nations in Transit*, 2007 (Washington, DC: Freedom House, 2007).

The Deeper Causes of Democratic Regression in Europe/ Eurasia

Although the region's movement towards market economies and democratic political systems accelerated throughout the 1990s and seemed to retain momentum even into the early years of the current decade, by 2004 this positive trend had peaked. Since then, a variety of factors have challenged further democratic consolidation and diffusion.

A resurgent Russia. With its energy wealth and re-centralized power, Russia is asserting potent economic and political influence along its periphery – and well beyond. Moscow is also proving adept at dividing Western Europe and at undercutting the U.S., while actively promoting its own alternative vision of “sovereign democracy,” even as its leaders systematically eliminate genuine democratic rights and freedoms at home.

Reduced U.S. credibility and resources. Since the Iraq intervention, the U.S. has lost much of the good will, credibility and leverage that it enjoyed in Europe/Eurasia from 1989-2001. Compounding the problem, Washington has downgraded its attention and cut back on resources in support of the post-communist democratic transitions. Eleven USAID missions in Central Europe and Eurasia have closed since the late 1990s, the remaining missions have seen their budgets cut substantially, and U.S. democracy assistance spending under the Freedom Support Act dropped by 30 percent in dollar terms and much more in purchasing power terms.²

A weaker Western European role. For a full decade starting in the mid-1990s, the European Union exercised invaluable support for democracy in the former communist countries, largely through negotiations for EU membership. However, expansion fatigue has since set in, with the French/Dutch defeat of a new European constitution in 2005 and the Irish “no” vote in June 2008. Except for a few small Balkan countries, the EU no longer offers the lure of membership as a reward for deep and often difficult reforms. Furthermore, Brussels has so far failed to develop an effective alternative means of persuasion and partnership for its remaining Eastern neighbors.

Popular disillusionment and loss of trust. In many of the post-communist countries, early hopes and expectations have been replaced by widespread disappointment in governments and living standards. This trend has been fed by incompetent or dishonest leaders; faulty or incomplete reform programs, including “nomenklatura privatization”; exploitative new oligarchies; widespread corruption; and non-responsive mechanisms of governance. As a result, even in the countries where democratic and market reforms have been most comprehensive, public participation is low and cynicism about democracy and market economies is high.

² USAID (http://www.usaid.gov/locations/europe_eurasia/index.html and http://www.usaid.gov/policy/budget/cbj2007/summtabs/st_5abcd.pdf).

Weak democratic institutions. The new states of the region remain weakly developed, and their institutions are often unable to manage pressures from competing societal groups. These states suffer from unclear divisions of authority among parliament, the executive branch, and the judiciary; unstable coalition governments, often comprised of sharply differing or patronage-driven political parties; and weak mechanisms for public participation in policy development and for government accountability. Thus, political stagnation or instability are not uncommon, most notably in Ukraine, but even in new EU member countries such as Romania and Bulgaria.

Challenges to “nationhood.” Although the breakup of the Soviet Union took place with surprisingly little military conflict, the legacy of Stalinist administrative boundaries has continued to haunt many post-Soviet states. In Georgia and Moldova, the challenge of separatist territories has handicapped the fragile new states both economically and politically, breeding illicit trade, illiberalism, and inability to integrate into international associations. Unresolved ethnic and linguistic disputes also threaten to derail democratic political integration and nation-building with Bosnia as a prime example.

Economic pressures. Despite increasing growth rates, many in the former Soviet republics and Southeast Europe have yet to experience the economic prosperity promised by reform advocates and their supporters in the West. In Georgia, real GDP in 2007 stood at only 60 percent of its 1989 level; in Moldova, it remained even lower. In recent surveys, 60-80 percent of respondents in Georgia, Ukraine, and Moldova felt their household wealth had deteriorated since 1989.³ While a few oligarchs have become billionaires and privileged elites have prospered, most people have in fact lost ground economically. These countries have also suffered in their trade relations, caught between punitive restrictions and reduced subsidies from Russia and higher EU tariffs imposed by their East European neighbors.

A New Paradigm Is Needed: From “Democracy Promotion” To Societal Partnership

Urgent action is necessary to regain the lost momentum of democratization in Europe/Eurasia and to restore U.S. and Western influence. To avoid snatching defeat out of the jaws of victory, the next American president should restore the high priority and strategic focus accorded to the post-communist region by both Republican and Democratic administrations in the 1990s. He will need to redesign and re-brand U.S. policy and reconstitute a bipartisan consensus on America’s long-term strategy towards Europe/Eurasia, drawing careful distinctions among the requirements for U.S. policy towards what is now a very differentiated group of nations.

The highest priority must go to supporting indigenous democratic forces in Ukraine, Georgia, Moldova, and Bosnia. In these fragile transitional countries, long-term U.S. security interests and our support of democracy strongly coincide. An increased investment now in helping to strengthen and consolidate these semi-democratic governments and incipient market economies

³ EBRD, *Transition Report 2007: People in Transition* (London: EBRD, 2007) pp. 135, 159, 50.

will pay major dividends in the long term. Conversely, democratic failure in these countries would tilt the region's balance of power decisively in the wrong direction with severe consequences not only for the democratic aspirations of the people of the region, but also for U.S. and European security, energy and other strategic interests.

For the Baltics, Central Europe, and the Balkans, we need to recommit to a continuing long-term involvement in order to help strengthen emerging democratic cultures, processes, and institutions, even when specific governments are unappealing. We should vigorously support local initiatives to reduce corruption, to build public trust in government and to improve the lot of transition's losers so as to restore support for democracy in the region and to provide success models that can be emulated further afield.

For Russia and Central Asia as well as Belarus and the Caucasus, where political development has taken such a strongly authoritarian path, U.S. policy should realistically give major weight to security, energy and other global interests. While the U.S. has only limited opportunities to support democratic change directly in most of these countries, we should patiently build the foundations for future breakthroughs. Much as we did with the Helsinki process during the 1970s and 1980s, the U.S. should pursue long-term engagement with these societies through trade, investment, people exchanges, an emphasis on basic human rights, and continuing dialogue on issues of global interest. Here, too, a highly differentiated country-by-country strategy is required – and one that builds on these countries' emerging sense of national identity and destiny independent of Russia.

What resources and tools can the U.S. effectively bring to bear on these problems? U.S. and NATO military power can play an important role in providing the safe space and time in which these other developments can take root. But no amount of military firepower can substitute for the long-term, slow and patient work of building participatory societies, accountable governments, and strong linkages between them.

The prospect of membership or some lesser but still genuinely protective relationship with NATO can be part of the solution for some of the remaining transitional countries. But making NATO membership per se the centerpiece of U.S. policy for countries like Ukraine and Georgia could in fact complicate these fragile states' efforts to consolidate democratic processes by heightening hostility from Russia, intensifying domestic dissension, and adding budgetary pressures through modernization requirements. While the U.S. and its NATO allies should certainly counter Russia's attempts to undercut the territorial integrity and democratic reform movements in these countries, we would recommend that the next U.S. administration base its policies towards post-communist Europe/Eurasia on the following central themes:

Reclaim the vocabulary of democracy. The United States needs to more effectively communicate the intrinsic appeal of democracy's underlying values. We must emphasize concepts like rule of law, pluralism, responsive government, citizen participation, free media, robust civil society, truly fair electoral competition, and economic progress for all. And these concepts should be defended and promoted as universal values rather than as a U.S.-centered or Western ideology.

Support processes, not leaders. Our assistance will have a longer, more stabilizing impact if it is associated with building the processes of democratic governance rather than strengthening a particular, friendly leader. As we have seen, apparent supporters of democracy may not always carry through on their promises. Healthy institutions that provide checks and balances, and active mechanisms for public participation and oversight are the best guarantees of lasting democratic governance.

Support both state-building and society-building. A balance should be struck between assistance that contributes to a strong and capable state, including development of an effective legislature and mature political parties, a professional civil service, accountable but independent courts, strong financial management capabilities, and assistance aimed at building a well-developed civil society and culture of civic participation.

Work closely with European allies. It is also essential that we return to a much closer strategic and operational working relationship with the EU and with individual European allies, including Poland, the Czech and Slovak Republics, and other committed post-communist democracies. Through joint action, the allies could strengthen old forms of association, such as the OECD and NATO's Partnership for Peace, and create new ones, including perhaps an organization based on the model of the European Free Trade Association offering tangible benefits and benchmarks to those working to consolidate democracy even where full membership in the EU or NATO are not an immediate prospect.

Promote trade as well as aid. Both the U.S. and its European allies need to address market access and foreign investment incentives as components of support for this region's development. Creating opportunities for increased trade with the U.S. and EU will contribute not only to the long-term prosperity of these countries, but also to their autonomy in the global market.

Sustained interest and attention by the United States *can* make a difference in restoring positive democratic momentum in the formerly communist area, but only if our programs are seen as demand-driven and non-intrusive. Rather than appearing to impose our own model of "democracy-promotion," our appeal should be based on the prospect of building a better life for people in the transitional countries themselves. A close partnership with European democracies

in this endeavor will not only add greater credibility to this approach but also will reinforce it through additional practical assistance.

In sum, while the U.S. must return to a position of leadership in support of democracy in formerly communist Europe/Eurasia, it must do so in new ways. Success will require a different, more collegial form of leadership that stresses close transatlantic ties and shared universal values.

COUNTERING DEMOCRATIC REGRESSION IN EUROPE AND EURASIA

Findings from an FPRI-SAIS Conference. October 16, 2009

November, 2009

Organizers: Adrian A. Basora and Mitchell A. Orenstein

Conference Co-Sponsor:

Foreign Policy Research Institute

S. Richard Hirsch Chair of European Studies (JHU SAIS)

German Marshall Fund of the United States

Center for Transatlantic Relations (JHU SAIS)

George Washington University (IERES)

Executive Summary

Contrary to the early euphoria and very real progress towards democratization during the 1990s in most of post-communist Europe and Eurasia, democracy is now on the defensive throughout much of the region. The geographic area comprising the twenty-nine countries that emerged from Soviet Union, Central and Eastern Europe and the formerly communist Balkan countries is significantly less democratic, less secure, and less aligned with the West than it was at the end of the 1990s or at the start of the 2000s.

This regression should be of serious concern to both the United States (U.S.) and to the twenty-seven European Union (EU) member states. These anti-democratic trends can and should be reversed, drawing upon the lessons of the last twenty years of post-communist transition experience. To restore lost democratic momentum, however, Washington and its allies must give higher priority to the post-communist countries, both in terms of high-level attention and in the quantity and quality of resources devoted to supporting democracy in the region. High-level U.S. visits to the post-communist countries by President Barack Obama, Vice President Joseph Biden and Secretary of State Hillary Clinton around the 20th anniversary of the fall of the Berlin Wall indicated a policy opening and good will, but need to be followed up by a concerted long-term policy response.

Why does the post-communist region merit a higher priority—despite the admittedly compelling demands posed by crises in Afghanistan, Pakistan, Iraq, Iran and the Palestinian-Israeli conflict? First, for its own security, the United States cannot afford to ignore democratic backsliding in key parts of Europe. Outbursts of European instability over the past century have repeatedly proven their potential to draw the United States into armed conflict or other very costly forms of engagement. European democracy and unity are the best assurance against such negative

consequences. Secondly, the United States needs a strong, stable, united and friendly Europe as a partner in managing the extraordinary global challenges that face both continents – including the ideological warfare currently being waged against Western values. Conversely, deterioration of democracy in Eastern Europe could severely damage Europe’s stability, its alignment with the U.S. and its ability to act as an effective partner on the global stage.

It would therefore be a serious mistake to ignore the recent democratic regression in Russia and several other former Soviet republics. Nor should the stagnation and even backsliding since 2005 in countries like Ukraine, Moldova, Georgia and Bosnia be dismissed as issues of lower-order strategic import. Their fate is a core issue facing European security, stability and unity today – and the United States has a strong interest in the outcome.

Building on past successes, the United States should renew its commitment and strengthen its support of democracy throughout the post-communist space. This is particularly crucial, however, in the fragile “in-between” countries that are currently the object of a tug-of-war between Russia on the one hand, and the U.S. and EU on the other. To be effective in supporting post-communist democratization, Washington and Brussels must work together more closely and devote substantially increased attention and resources to the region. Washington must also revamp its pro-democracy rhetoric and some of its programmatic and tactical approaches. This renewed “Post-communist Democracy Phase II” effort should be guided by the following five changes of strategy:

Increase democracy support levels with a long-term perspective

The United States has tended to view democratization as a short-term process that starts with a break-through to free and fair elections and ends when such elections are repeated and lead to alternation of governments. Yet twenty years of post-communist experience shows that this perspective is short-sighted and that democratization requires a long-term approach.

Change the rhetoric of U.S. support for democracy

Support for democracy should focus on promoting universal values, such as the rule of law, pluralism, responsive government, citizen participation, free media, robust civil society, truly fair electoral competition, and equal opportunity. We must avoid the appearance of advocating regime change or adoption of a U.S.-based model of governance.

Partner more closely with the European Union in support of democracy

U.S. support for democratization has been most effective when conducted in tandem with the European democracies. When the U.S. and the EU are visibly working together on the same side, the lure and the pressure are difficult to resist.

Support institutions and processes, not leaders

Perhaps the greatest mistake of U.S. democracy assistance in the post-communist region after 1989 has been to support individual “democrats” rather than the processes and institutions that are essential to building democracy over the long run. The United States needs to renew and refocus its democracy assistance in areas such as rule of law, independent media, government accountability, effective regulation, social welfare, party financing, anti-corruption and other measures to build stable institutions over the long term that do not rely on any individual leader.

Redesign assistance programs in collaboration with local activists

After twenty years of post-communist democratization, several Central European countries have developed a solid core of democracy activists and civil society groups with whom we can work to help spread democratization further to the East. Assistance programs should be redesigned in close consultation with local civic leaders, not imposed according to U.S. agendas or regional “templates.”

Countering Democratic Regression in Europe and Eurasia

Introduction

This report is based on the findings of an October 16, 2009 conference in Washington, D.C. on “Countering Democratic Regression in a Newly Divided Europe/Eurasia.” The conference was held at Johns Hopkins University SAIS and co-organized by the FPRI Project on Democratic Transitions and the S. Richard Hirsch Chair in European Studies at Johns Hopkins SAIS. It was also sponsored by the German Marshall Fund of the United States, the Center for Transatlantic Relations at Johns Hopkins SAIS, and the George Washington University Institute for European, Russian and Eurasian Studies.

The conclusions and policy recommendations outlined below reflect the two principal co-organizers’ view of the main analytical themes and policy recommendations that emerged from the conference. An initial draft report was circulated for comment to all conference speakers and several other active participants. This final version has been enriched by their comments, and the authors believe that it reflects the views of a solid majority of the conference participants. Nevertheless, not all participants agreed, and this report does not purport to be a consensus document. The authors thus take full responsibility for the judgments and policy recommendations contained herein.

Contrary to the widespread perception by the U.S. public and on Capitol Hill that “Europe is fixed,” the cumulative loss of momentum towards democracy in the post-communist region has now become a matter of serious concern. It is not true that the formerly communist area no longer requires the high priority and sustained attention that they received in 1990s. While that

decade saw notable successes with democratization and economic reform in Central Europe and the Baltics, even many of these early democratic front-runners are now struggling politically and economically.

Since 2005, there has been stagnation and even slight regression in several of the ten emerging Central European democracies. The problem is much more serious, however, in “hybrid regime” countries like Ukraine and Georgia that are still hovering “in between” democracy and authoritarianism. And, more ominously, a large authoritarian camp has formed under the guise of “sovereign democracy.” Moscow has begun working actively to undercut true democratic governance in the region; and China is encouraging the Central Asian republics in a similar direction.

Today, new strains and fault lines increasingly divide the European/Eurasian landmass as a result of strong competition between Russia on the one hand and the European Union, NATO and the United States on the other. The Russia/Ukraine gas pipeline disputes of 2006 through 2009, and the short but destabilizing Russia/Georgia war of August 2008, provide evidence of this region’s fragility and its potential to generate serious confrontations that will inevitably involve the United States. The recent “Open Letter to the Obama Administration” from former Presidents Vaclav Havel, Lech Walesa and other prominent leaders of the 1990s democratic transitions further underlines the insecurities and uncertainties felt throughout much of the post-communist region.

Mission Not Accomplished

During the 1990s, the early stages of post-communist transition seemed to bear out the hope that “a Europe whole and free” would emerge from the rubble of the Berlin Wall and the dissolution of the Soviet Union. Most of the 29 states that resulted from the collapse of European communism did indeed initially launch market reforms and make some moves towards greater political pluralism. However, it has become increasingly clear since 2005 that many of these transition efforts have now either stagnated or regressed. Some are currently on sharply divergent paths that lead away from democracy or alignment with American or Western European interests and values.

Now, as we mark the 20th anniversary of the revolutions of 1989, the accession to EU membership of ten post-communist nations stands in sharp contrast to the authoritarian consolidation of the past few years in Russia, Belarus and Central Asia.

Some scholars and policy analysts have concluded that the post-communist transitions are over, with the end-point being democracy for some, re-centralized dictatorships for others, and varying degrees of competitive authoritarianism for the remaining countries “in between.” The authors

of this report disagree with this analysis. Instead, we are convinced that the whole story has not been written, and that the outcome will depend critically upon the actions of the United States and its allies over the coming decade and beyond.

In analyzing both the current situation and the disturbing recent trends in the post-communist region, it is useful to divide these countries into three rough groupings:

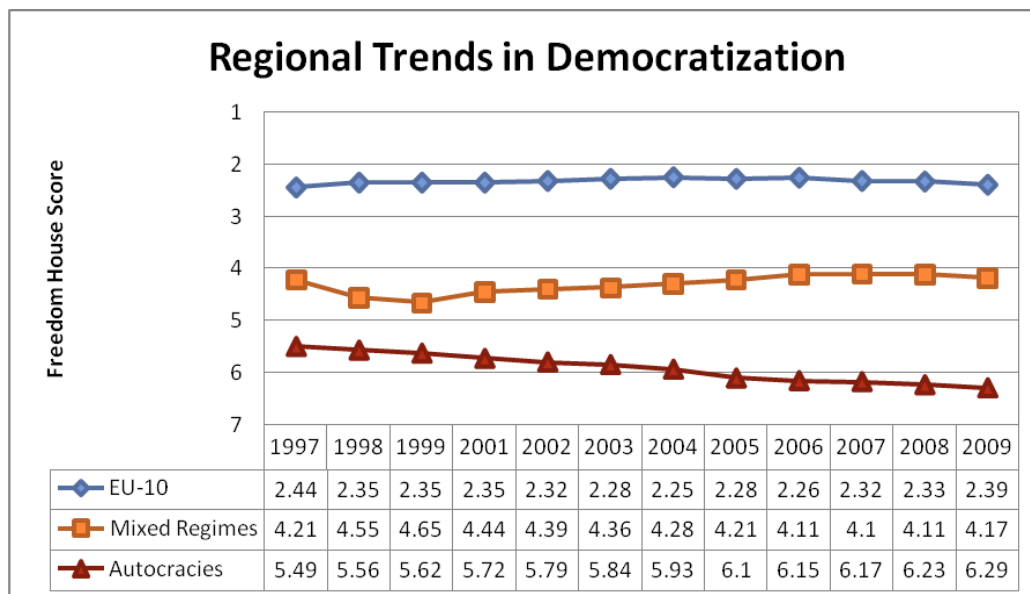
The emerging democracies: essentially the ten new EU member states, whose Freedom House¹ democracy scores average 2.12 on a scale of 1 to 7 (with Romania occupying the outer edge at 3.36);

The regressive autocracies: Russia, Belarus, Armenia and Azerbaijan plus the five former Soviet republics of Central Asia, with Freedom House scores averaging over 6.00. Notably, Russia, Kazakhstan, and Azerbaijan – the most oil-rich Eurasian nations – have regressed on every democracy measure since 1999.

The mixed regimes: these countries “in between” include Ukraine, Georgia, Moldova, Bosnia and several other Balkan countries with Freedom House scores ranging from 3.64 to 5.21. A diverse group, we combine them here based on the continuing uncertainty and fragility of their political trajectories.²

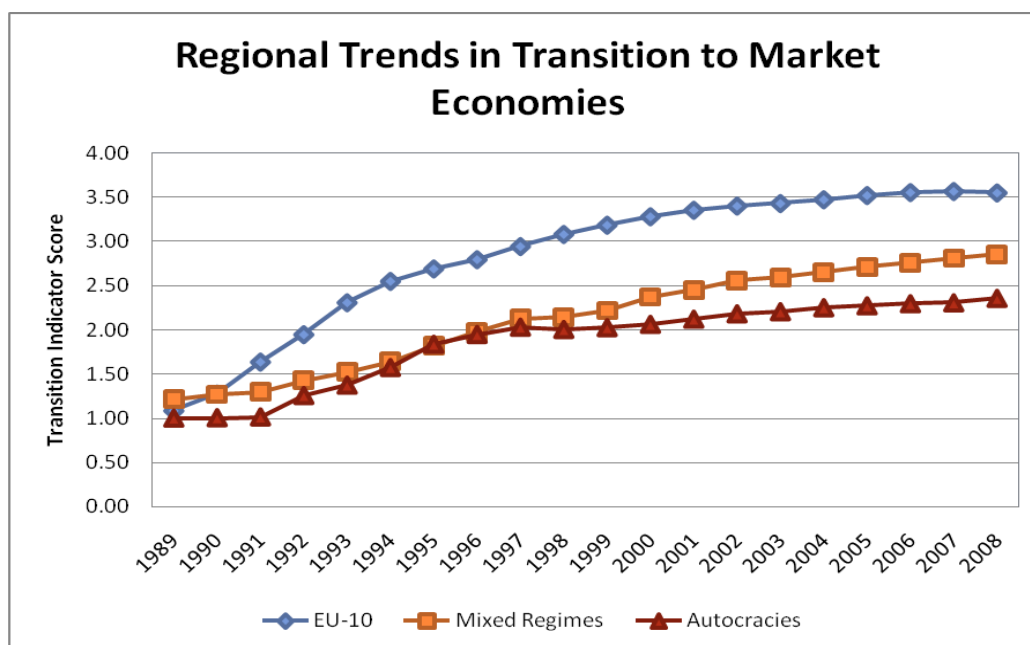
¹ Freedom House, in its annual publication, *Nations in Transit*, evaluates the progress in democratization for 29 countries and administrative units in the former communist region using a seven point scale where 1.00 embodies the best practices of liberal democracy and 7.00 indicates a totally closed, autocratic society.

² Specifically we include here Serbia, Croatia, Macedonia, Albania, Montenegro, Bosnia, Ukraine, Georgia, Moldova and Kosovo. Moldova and Kosovo are brought up from FH’s “semi-consolidated authoritarian category” as their proximity to the EU and other emerging democracies may enhance their democratization prospects and their impact on the European region.



Data from Nations in Transit 2009, www.freedomhouse.org

Market reforms in the post-communist countries also show three tiers of implementation and a roughly similar regional pattern, according to transition scores produced by the European Bank for Reconstruction and Development (EBRD). As the chart below indicates, the former Soviet autocracies ended the period with the lowest scores, averaging 2.5 (with 4.3 being the highest score for market reform), while the new EU members appear to have reached a plateau at about 3.6. The mixed regimes fall squarely in between with an average of 2.85.



Data derived from EBRD Transition Reports at <http://www.ebrd.com/country/sector/econo/stats/index.htm>

The state of transition differs for each of these three groups of states. Ominously, however, the recently released Freedom House report Nations in Transit 2009 downgraded 18 of the 29 post-communist countries. Threats to democratic development haunt even the relatively successful EU-10 countries; populism, illiberal politics, electoral stalemate and public disillusionment are all on the rise. According to the European Bank for Reconstruction and Development's Life in Transition survey in 2006, prior to the current economic crisis, majorities in Hungary, the Czech Republic, and Poland believed that the political situation had worsened compared to 1989. These nascent democracies will require continued nurturing and encouragement to prevent backsliding and political crisis.

On the other end of the spectrum are the eight increasingly autocratic regimes that have emerged in the former Soviet republics mentioned above. After an initial burst of change in some of these countries during the 1990s, most have regressed steadily for the past decade. Although it is possible that in the longer term autocracy may not be as inevitable as their recent trajectories suggest, they show little promise in the near term. As of 2009, Freedom House considers all eight countries to be "consolidated authoritarian regimes."

In between these two groupings are the "mixed" or "hybrid" regimes. It is here that the stakes are currently the highest and most fragile democratic forces are in greatest need of support. The Freedom House downgraded Bosnia, Georgia, Moldova, and Ukraine in 2009, and none of these countries have foreseeable prospects of EU membership, previously a powerful force for democratization in the region.

The mixed regime countries (Georgia, Moldova, Ukraine and some of the Balkan countries) are teetering "on the edge," and marginal changes in political development could substantially affect the future trajectory of these countries. Although we know that authoritarian regimes are much more likely to produce another authoritarian regime rather than a democratic break-through, mixed regimes tend to be less predictable, and could move either towards or away from democracy. At this critical moment, U.S. support or its absence might thus exert considerable influence on political outcomes.

Policy Recommendations

A Renewed Commitment to Democracy in Europe

Starting with the Marshall Plan and the creation of NATO, the United States has made massive investments in support of democracy and stability in Europe. With the end of the Cold War in 1989, the United States followed up these investments for over a decade with sizeable efforts to help foster democracy in the postcommunist countries. The United States helped greatly in laying the groundwork for the peaceful addition of ten new emerging democracies from Eastern

Europe and the Baltics into NATO and the EU in 2004 and 2007, thus helping to create an expanded zone of democracy and stability in Europe.

Despite a record of considerable results during the 1990s and early 2000s, a very substantial amount of work still remains to be done. Unfortunately, U.S. democracy assistance to postcommunist Europe peaked in 2002 at \$1.6 billion and has since plummeted to the \$800 million range, as Washington has diverted resources to the Middle East and elsewhere. This represents well over a 50 percent decrease, even before adjusting for inflation and the decline of the U.S. dollar. In some countries such as Bulgaria, Croatia, and Romania, U.S. democratization assistance was reduced to zero in 2007 (see data at <http://www.state.gov/p/eur/rls/fs/c25138.htm>).

Although other crises across the globe do indeed require larger amounts of democracy assistance, generating these resources at the expense of post-communist Europe and Eurasia has proven shortsighted. Our initial relatively modest investments during the 1990-2002 period helped to build successful market economies, free media, more responsive government, an active civil society and other institutions that have transformed these countries into viable democracies. Surely, given the stakes in the “hybrid” countries and some of the other less consolidated transitional countries, it would make sense to return to our earlier levels of assistance – an annual level of \$1.6 billion. Investing in a free and secure Europe carries financial benefits, helps avert future wars, and enables the United States to deal with numerous global issues with the benefit of a stronger European alliance, despite, and partly because of the US’s own economic crisis. In addition to increasing funding, the United States should also take a qualitatively new approach towards democratization in Europe and Eurasia. This includes sustaining the high-level attention to the region which began to take place during the first year of the Obama administration. As additional resources are devoted to these countries, it is important to use them in ways that take account of the significant insights gained during the past twenty years of postcommunist transition experience. “Postcommunist Democratization Phase II” needs to incorporate the lessons of “Phase I.”

Implementing Lessons Learned

Assuming a commitment to renewed support for democratization in Europe, numerous lessons have emerged from the successes and failures of twenty years of postcommunism that should be incorporated in a renewed and expanded approach. Here are some illustrative examples of the new policy direction that we recommend:

Increase democracy support levels with a long-term perspective

The United States has tended to view democratization as a short-term process that starts with a break-through to free and fair elections and ends when such elections are repeated and lead to

alternation of governments. Yet twenty years of postcommunist experience shows that this perspective is highly short-sighted.

By the late 1990s, when most of the former Warsaw Pact countries had held repeated free elections and passed basic laws embodying democratic and market-based principles, U.S. policymakers began to conclude that the battle for democracy was being won in the entire postcommunist region. By the start of the 200's, the United States began to phase out much of its democracy assistance in the early reform countries. After the 9/11 attacks and the subsequent Afghanistan and Iraq interventions, democracy assistance was sharply scaled back in many post-communist countries so that these resources could be shifted to the Middle East and Central Asia.

Yet in recent years, we have learned that democracy faces significant challenges even in the relatively successful Central European and Baltic nations. These emerging democracies merit our continued support not only as part of an effort to counter negative trends in the region such as increased corruption, mafia-style crime and trafficking, and the rise of populist right parties, but also as a means of strengthening their “democratic diffusion” effect upon nearby countries.

Continuing support for democratization is needed even more urgently – and on a larger scale – in “hybrid” transitional countries such as Ukraine, Moldova, Georgia and Bosnia. The U.S. and its European allies must avoid having defeat snatched from the jaws of victory in these countries that experienced promising initial breakthroughs, but have since bogged down or regressed. Although the United States has continued to provide assistance to the “second-wave” transitional countries, including those that experienced “color revolutions” in 2003-2005 (Georgia, Ukraine and Kyrgyzstan), these efforts were not as large, relative to the challenges, as the programs of the 1990s. Democratic backsliding in countries like Georgia and Kyrgyzstan has given clear notice that successful democratization will require a larger and longer-term effort.

Furthermore, the groundwork should be laid for continuing the effort for at least another decade or two – which is the minimum timeframe for the more difficult cases to show serious promise of effective and sustained democratic governance. Although the largest share of this support should go to the “in-between” countries currently struggling with very weak democratic institutions, we should also be prepared to respond if there are unexpected democratic breakthroughs – for example in Armenia or Belarus – in countries that currently seem unpromising.

A long-term commitment to democracy support is vital to consolidating the successes that U.S. policy has had in this region. While some argue that this is unrealistic given the challenges facing the United States in Afghanistan, Pakistan, Iraq and elsewhere, in fact these challenges make it all the more important for democracy to demonstrate its staying power in post-communist Europe and Eurasia. Since democracy cannot be won in a day, a program of long-term support is needed. Building upon the strong foundations laid in the 1989-2004 period, the

United States, working closely with Europe, should be able to generate significant new successes on a par with those of the first wave of post-communist democratization.

Change the rhetoric of U.S. support for democracy

The “democracy promotion” rhetoric that the United States has been using in recent years has become widely discredited. U.S. support for democracy must no longer be seen as a guise for forced regime change in countries out of favor with Washington. Nor should they be seen as the imposition of a model designed in the United States. Thus, both the U.S. government and American non-governmental organizations that work in the region need to change the way they communicate the intrinsic appeal of democracy’s underlying values.

U.S. support for democracy should be clearly demand-driven, and it should be about promoting the practice of universal values, such as the rule of law, pluralism, responsive government, citizen participation, free media, robust civil society, truly fair electoral competition, and equal opportunity. By going back to basics and promoting such universal aspirations as accountable government, the United States will gain more support for its democracy support projects worldwide.

The United States also needs to reconsider its strategies for promoting these values. The United States should, for instance, make better use of international forums and should leverage the treaty commitments of transgressors, much as was done in the 1970s and 1980s via “the Helsinki Process.” It is important to distinguish the genuine freedoms that we support from authoritarian models clothed in democratic rhetoric such as Moscow’s “sovereign democracy” or China’s autocratic fast-growth model. Support for democracy should not be framed as anti-Russian, nor as a contest for regional spheres of influence. It should instead be framed in terms of basic human rights and the quality of life aspirations of the people themselves.

Partner more closely with the European Union in support of democracy

U.S. support for democratization has been most effective when conducted in close tandem with U.S. allies, in particular the countries of the European Union. When the United States and the European Union are consistently on the same side, the lure is difficult to resist. EU expansion has been one of the most effective democracy promotion mechanisms in Eastern Europe, the Baltic Republics and the Balkans. Pre-accession conditionality for EU membership, when firmly applied to countries like Slovakia and Croatia, has reinforced democratic institutions and practices at times when they were challenged by illiberal leaders.

After accession, however, the European Union loses much of its ability to affect governance practices in its new member states. This has proved to be a problem in fighting high-level government corruption and mafia-style criminality in Bulgaria and Romania in recent years. While in extreme cases, the EU can use its “nuclear option” and shut off structural funds to an

individual country, it does not have many other tools to advance democratic governance, in part because of the lack of *acquis communautaire* in key areas such as anti-corruption efforts and protection of minority rights. The EU does, however, retain significant leverage over candidates for membership. If used properly, this provides a major opportunity for positive influence on the remaining transitions in the small Western Balkan countries.

European Union conditionality is weaker in the former Soviet republics. Thanks to the “expansion fatigue” that has characterized Brussels since the 2005 constitutional referendum, countries like Ukraine have no clear prospect of EU membership, rendering the prospects of accession too distant to be a major driving force.

Here is where complementary support from the United States is most crucial. One initiative would be for the U.S. to support, and to participate as an external partner in, the EU’s Eastern Partnership Proposal (EPP). The EPP is a joint Polish-Swedish initiative that so far has limited momentum. It is designed to channel resources and expertise to countries like Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine – countries that have no current prospect of EU membership, but could be given the prospect of much closer affiliation with the EU over the long term. Just as was the case with the successful “Group of 24” effort in the 1990s to mobilize major resources in support of the early post-communist transitions, U.S. involvement could make an important difference in the success of this important initiative.

The Organization for Security and Co-Operation in Europe (OSCE) is another mechanism that could become far more effective in supporting democratic values and institutions if there were closer U.S.-EU strategic collaboration. After the Helsinki Agreements of 1975, the OSCE process helped to promote human rights, educational exchanges and other openings that helped to lay the groundwork for military *détente* and for greater pluralism in the then-communist countries. With stronger U.S.-European coordination and leadership, it might be possible to counter Moscow’s increasingly successful recent efforts to neuter the OSCE. The Helsinki principles might thus once again become a valuable tool in nurturing the underpinnings of democracy in the post-communist countries.

Support institutions and processes, not leaders

Perhaps the greatest mistake of U.S. democracy assistance in the post-communist region after 1989 has been to support individual “democrats” rather than to stress those processes and institutions that are essential to building democracy over the long run. In the 1990s, the United States put enormous faith in Boris Yeltsin to bring democracy to Russia. After the color revolutions of 2003 and 2004, Mikhail Saakashvili and Viktor Yushchenko became poster boys for democratic change in these former Soviet republics. But democracy is not about one leader, it is about investing in processes and institutions independently from individual leaders. Furthermore, insisting on the democratic credentials of particular leaders can harm the credibility

of U.S. democracy assistance, if and when they fail to advance democratic agendas.

Long-term democracy support thus needs to focus on rule of law, independent media, government accountability, effective regulation, social welfare, party financing, anti-corruption measures and other practices and institutions that require dozens of years to nurture and perfect. These are some of the areas where U.S. resources and political effort need to be focused, if the post-communist countries are to achieve more accountable governance over the long term.

This implies that the United States needs to take a broader view of democracy. It is not just a system of elections, but a system of accountable government that is multi-faceted in its implications, a government accountable to the people in more ways and at more times than in elections every four or five years. The symbol of democracy should not be the display of purple thumbs, celebrating a first election, but rather the smooth functioning of administrative offices of the state in the interest of the population. In many countries, democratic accountability is closely linked to economic and social development, for instance in the expansion of health facilities in areas of shortage or the development of institutions to include minorities in political and social life. These features of societal democracy should be more central to U.S. concerns, as they are essential to how populations view the success or failure of democratic institutions.

Redesign assistance programs in collaboration with local activists

U.S. assistance in these areas can best be achieved in partnership with authentic local civic and other non-governmental organizations. It must be demand-driven, and the local partners need to have genuine indigenous roots. Such cooperation has been an important facet of democratic breakthroughs in the postcommunist Europe and Eurasia since 1989. It now needs to be part of a sustained effort to improve, enhance, and consolidate democracy for the long term. Postcommunist Democratization Phase II requires redesigning many programs and approaches in conjunction with local civil society leaders and organizations.

In addition to involvement in project redesign, the United States can and should partner with Central and East European civil society leaders to spread democratization further East. The new “EU-10” countries have deep expertise in postcommunist democratization; they have been successful in the past, and they are largely free from the stigma of U.S. democracy promotion. They may be more effective than traditional U.S. agencies, contractors, and non-governmental organizations in the current ideological climate, particularly in countries where anti-American sentiment is prevalent.

Many analysts give partial credit for the relatively successful breakthroughs of Central Europe and the Baltics to the demonstration effect of well-functioning democracies and market economies immediately to their West during the later years of the Cold War. A similar

demonstration effect can be mobilized to support democratization in the mixed regime countries of Europe and Eurasia.

Conclusion

Most Central and Eastern European countries have made great advances towards democracy since 1989. Despite recent setbacks and lingering faults, some of these nations are now among the better-performing democracies in the world. Their evolving institutions and citizen commitments to the values underlying democracy give considerable promise for the long term. Even in less institutionalized and less democratic parts of the former communist region, there are still solid reasons for hope that their earlier achievements can be parlayed into truly representative and accountable government. There are great opportunities to restore democratic momentum and to build upon the impressive progress of the 1990s. To do this, however, the United States needs to recommit to this vital region and work harder to advance democracy, particularly in those in-between countries that have not yet fully institutionalized democracy or reverted to hard authoritarian regimes.

The reasons for renewing this commitment are clear. Twenty years after the revolutions of 1989, we still do not have “a Europe whole and free.” Only with such a Europe – a Europe vibrant, democratic, secure and stable – can the United States and the other established democracies succeed in dealing with the many daunting challenges ahead. We now know that successful post-communist transitions take not years but decades. Thus some of these countries will require greater time and effort to acquire well-functioning democratic institutions. With an updated and re-invigorated strategy, and in close cooperation with our European partners, we can and should persist in fostering democracy in this vital region of the world.

If we fail in post-communist Central and Eastern Europe, despite all the favorable circumstances and the democratic momentum in which the West invested so heavily in the 1990s, then how can we succeed elsewhere?

THE VALUE OF VISEGRAD FOUR

By Adrian A. Basora

March 2011

Relations between the United States and Central Europe have stabilized after a period punctuated by tensions over Iraq, fears of a resurgent Russia and uncertainty about U.S. policy toward the region. Critical to this outcome was sustained outreach by the Obama Administration over the past year-and-a-half, including support for NATO contingency planning and military exercises in the Baltics—all designed to provide highly sought “strategic reassurance.” At the same time, it is clear that the full potential of the relationship has not been realized. What had once seemed like immutable ties have frayed through mutual inattention, plus factors ranging from Central Europe’s deepening integration into European structures to America’s intense focus on the Middle East and South Asia. However, the time is now ripe to explore avenues for deeper cooperation.

The year 2011 is without precedent in terms of Central European¹ leadership, with Hungary and Poland holding the rotating European Union (EU) presidencies and Lithuania taking up the OSCE Chairmanship-in-Office in the Organization for Security and Cooperation in Europe (OSCE). This “Year of Central Europe” coincides with recent efforts by Poland, Hungary, Slovakia and the Czech Republic to revitalize the “Visegrad” cooperation framework, in the hope of gaining greater influence in Europe and a renewed channel for U.S.-Central European dialogue. Although skeptics might wonder whether this initiative can realistically make a significant contribution to transatlantic relations, U.S. officials are in fact engaging with the “Visegrad Four” at senior levels. So are leading policy thinkers outside of government, whose parallel efforts to engage the region have played a role in reassuring Central European partners of U.S. commitment.

Visegrad at Twenty: A Mature Partner?

The Visegrad group was launched in February 1991 by the first generation of Central Europe’s post-communist transition leaders: Lech Walesa, Jozsef Antall and Vaclav Havel (before Czechoslovakia’s “Velvet Divorce” in 1993). At that point, Poland, Hungary and Czechoslovakia had emerged as the clear front-runners of democratization in the post-communist region. Their leaders wanted to strengthen the reform momentum by working together. And,

¹ Author’s note: Although this article focuses largely on the Visegrad Group and recent U.S.-V4 consultations, many of the issues pertain to U.S. relations with a more broadly construed Central Europe, i.e., the post-communist members of the EU.

despite strong initial U.S. and Western European support for their transitions, they also feared that Moscow might once again become a threat to their newly-won freedoms.

A decade later, with internal reforms far more consolidated and NATO and EU membership either imminent or already achieved, Visegrad cooperation lost momentum. By the mid-2000s, however, Central European perspectives had once again begun to change—as Vladimir Putin consolidated his power and sought to undercut Western-style democracy in Russia’s “near abroad.” The Russian military intervention in Georgia in August 2008 and what the Central Europeans saw as a weak NATO and EU responses sharply heightened their concerns. These renascent fears of potential abandonment by the West were exacerbated just a few months later, when the Obama Administration announced its “reset” policy toward Moscow and its decision not to deploy ground-based anti-ballistic missile systems in Poland and the Czech Republic.

These concerns led former Presidents Havel, Walesa and several other respected leaders of the early stages of Central Europe’s transformation to co-sign an open letter to President Obama in July 2009. They said, in effect: “Do not abandon us now, after all you have done to enable our successful democratization, and after all we have done to prove ourselves loyal allies when you needed us” (read: Iraq and Afghanistan). In this context, regional leaders undertook to reinvigorate the V4 – efforts given further impetus by the election of center-right, Atlanticist governments in Hungary, the Czech Republic and Slovakia.

A year-and-a-half later, following consistent U.S. engagement, V4 Political Directors came to Washington in December 2010 for high-level meetings with U.S. government officials. The list of issues that they brought to discuss bespoke progress and confidence. Rather than dwelling primarily on fears of Russia and a desire for more emphatic U.S. security guarantees (along the lines of the 2009 open letter to President Obama), the Political Directors’ agenda and approach were forward looking and results-oriented. They addressed a range of issues including Afghanistan and Turkey, energy security for all of Europe, potential U.S.-EU cooperation regarding the EU’s Eastern Partnership, and integration of the Western Balkans into NATO and the EU.

Another “Special Relationship”?

Despite the enthusiasm surrounding these meetings, questions remain as to whether there is a realistic basis for the kind of “special relationship” that the four Visegrad countries seek with the United States. The answers revolve around four key issues:

Can the Visegrad Four hope to gain significantly more by working with the United States *as a group* rather than by dealing with Washington separately?

From a Washington perspective, would the potential benefits justify the efforts that overburdened senior U.S. government officials would have to expend on this new “special cooperative framework” for it to produce a real impact?

Could the V4 countries, by acting together, become a more significant factor inside the European Union and thus exert leverage within the overall transatlantic community that is disproportionate to their countries’ size?

Do the V4 have common long-term interests that are sufficiently compelling to sustain their current cooperation through future electoral cycles and changes of government? (Recent efforts to re-energize the V4 have been undertaken by four relatively new center-right governments with Atlanticist leanings.)

The Gains of a Group

On the first question, the answer would seem to be a clear “yes.” Given Washington’s fiscal crisis and the many urgent challenges that the United States faces around the world, American policymakers will inevitably have fewer resources and less time than in the past to devote to small, individual European countries. This is true even for a country the size of Poland, with its traditional special ties to the United States and strategic location. But the Poland-Plus-Three combination embodied in the Visegrad Four initiative might have a chance for greater resonance—particularly if the V4 are also seen as often speaking for like-minded countries in Central Europe and beyond.

The Value to Washington

The second question is the potential value for Washington. That will depend in large part on the extent to which the Visegrad countries can gain support for their own positions within Europe, and on how complementary these positions are with U.S. goals. In other words, the V4 countries are much more likely to have an impact on Washington if they focus their attention on issues on which they have some traction within Europe, which are of significant interest to the United States, and on which U.S. and V4 goals overlap substantially.

Recent events in Belarus, disturbing trends in Ukraine, the Russia-Georgia war and the Russia-Ukraine gas confrontation serve to remind that the work of creating a Europe “whole and free” is unfinished, and that the stakes involved in the post-communist space are of global import. The region today is less settled, less secure, and less in synch with the United States than it was in the 1990s. Thus, the United States should pursue any promising opportunity to reinvigorate and

consolidate democratic progress in the post-communist regions of Europe.² This means working more closely with those, such as the V4, who place a high priority on these goals. In fact, given budgetary trends, leveraging such partnerships may be the best way for the United States to remain meaningfully engaged.

Greater Leverage

Regarding the third question—the V4’s potential to exert greater influence on selected EU policies—it is less than evident that four new members with a combined population of 65 million can exercise broad influence in a European Union of 500 million. However, the V4 are not without assets. Under Council of Ministers’ rules, if Poland, Hungary, Slovakia and the Czech Republic vote as a bloc, their total voting weight equals that of France and Germany combined. Obviously, voting rights are not the sole determinant of political influence within the EU, and additional leverage would be needed. For starters, it would be helpful if the V4 were frequently able to speak for like-minded countries such as the Baltic States, Romania and other post-communist EU members. And they would also need to gain support among some of their Western European partners. (There have in fact already been successful “V4-Plus” meetings to coordinate positions on specific topics of clear common interest.)

While it is hard to imagine the V4 carrying the day against France and Germany on major controversial issues, many of their priorities in fact seem unlikely to provoke such opposition. Integration of the Western Balkans into Western structures (Kosovo aside) meets with little opposition within the EU; and diversification of Europe’s energy supplies has begun to garner broader support as well. These are both areas of considerable interest to the United States—and areas in which the United States can make a contribution complementary to that of the EU. To the extent that the V4 can enliven the European Union’s interest in pursuing these goals, U.S. interests will be served, all the more so if the resources Washington has available to support democracy and other reforms in the region continue to decline.

For similar reasons, the EU’s Eastern Partnership Program (EaP) is an area of particularly strong complementarity between V4 and U.S. objectives. What started as a Polish/Swedish initiative to offer Ukraine, Moldova, Belarus and the Caucasian republics an attractive alternative to near-term EU membership has gradually gained wider support, not only among the ten new post-communist members of the Union, but also in Scandinavia and elsewhere. The United States maintains substantial democracy-assistance programs in several of these countries. Closer U.S.-

² Although it is outside the scope of this paper, examples of democratic backsliding and reform fatigue are occurring not only on Europe’s margins, but in the EU’s ten newest members, including the V4. Problems with corruption, rule of law, media freedom and the treatment of minorities. These phenomena argue for more, not less U.S. engagement with Central European allies.

V4-EU cooperation could help encourage their movement toward Western political and economic systems.

While successful U.S.-V4 coordination along the lines of these two examples would require a careful choice of issues, skillful diplomacy, and a bit of patience, the payoff could be highly worthwhile.

How Long Will It Last?

This leads to our fourth question: the likelihood of long-term policy consensus among the four Visegrad countries themselves. To gain and retain the type of influence discussed above, the V4 countries would have to remain united on certain key issues over time.

Based on their track record of the past 21 years, however, it is not a given that the V4's current united front will survive changing electoral coalitions in coming years. While post-communist Poland has consistently pursued strongly Atlanticist policies under both conservative and social democratic governments, this has not always been the case with Slovakia. Bratislava's interest in pursuing a close relationship with the United States and NATO has waxed and waned as governments have alternated between strongly Western-oriented center-right coalitions and Slovakia's more nationalistic and populist political parties. Hungary and the Czech Republic, while more consistent in their Western orientation than Slovakia under populist governments, have not always been quite as energetically Atlanticist as Poland.

Fortunately, the current center-right Slovak coalition government is strongly committed to transatlantic cooperation, as are the Czech and Hungarian governments, which explains the current high degree of consensus and enthusiasm of the Visegrad Four. Slovakia holds the rotating presidency of the V4 into summer 2011, and the recently-installed Radicova government has given high priority to making a success of its current V4 presidency. In a small country like Slovakia, considerable prestige attaches to foreign policy achievements, and this could prove to be a classic opportunity of "success breeding success."

The present Visegrad constellation is also blessed with a tantalizing short-term opportunity: this year's back-to-back EU presidencies of Hungary and Poland. This combines with the V4's current high internal cohesion and commitment to use their "trifecta" presidencies to full effect to give them a unique advantage. If the Slovaks and Hungarians can parlay their presidencies into even a few tangible results during 2011, this would demonstrate the V4's potential for impact in the longer term. Such success, in turn, could be used to help mold domestic opinion in its favor of close Visegrad cooperation, particularly in Slovakia and Hungary, thus creating a positive political dynamic that might further consolidate longer-term cohesion among the V4 and between the V4 and the United States

A positive and creative U.S. response to V4 policy initiatives would also be very helpful. Furthermore, a forthcoming U.S. government response would be further amplified if there were similarly positive engagement by non-government circles in the United States. This could take the form of new business investment; increased educational, cultural and leadership exchanges; high-profile conferences, and other events that put the spotlight on the V4 and on their mutual interests with the United States.

Conclusion

In sum, for the V4-U.S. relationship to take on lasting momentum, many things would have to go right over the coming year. However, 2011 seems to offer abundant possibilities. Given that the Visegrad Four have identified key areas of shared interest and conveyed their desire to use the EU's "Year of Central Europe" to enhance transatlantic relations, a reciprocal effort on this side of the Atlantic, to include a broad range of non-governmental actors, might well prove worth the effort.

President George H.W. Bush stated in his famous "Europe Whole and Free" speech of May, 1989: "If we are to fulfill our vision—our European vision—the challenges of the next 40 years will ask no less of us." As we begin the second half of these 40 post-Cold War years, we should refocus on this challenge. The V4-U.S. dialogue looks like a good place to start.

DO THE POST-COMMUNIST TRANSITIONS OFFER LESSONS FOR THE ARAB WORLD?

By Adrian A. Basora

August 2011

When the Arab uprisings were just beginning in Tunisia and Egypt in early 2011, few “experts” on the Middle East predicted the speed and extent of their spread. Still fewer analysts made analogies to the post-communist revolutions of 1989-91. More recently, however, as tremors have shaken most of the region, that comparison has come into vogue. President Obama pointed up the analogy during his May 28 visit to Warsaw, and numerous policy analysts and commentators have echoed a similar theme.

Such comparisons to the post-communist transitions are indeed useful in dispelling the facile assertion that “Arabs are incapable of democracy” or that “this region is unique.” While there are very significant differences between the Arab region and the Eastern Europe/Eurasia of 1989, there are also many striking similarities between their respective revolts.

History makes clear that it is too early to predict whether the current uprisings in North Africa and the Middle East will become full-fledged revolutions resembling those of post-communist Europe/Eurasia—even though that is precisely what most of the protesters in the region are calling for. (For a useful perspective on how rare it is for full-fledged revolutions to succeed, see “Understanding the Revolutions of 2011 by Jack A. Goldstone in *Foreign Affairs*, May/June 2011.) Nevertheless, given the striking parallels in the early stages of these two region-wide movements, comparisons with the post-communist transitions should be thoroughly explored. This essay represents an initial consideration of those parallels and of their potential implications.

Striking Similarities

Notwithstanding the obvious differences between the two regions, there are at least 12 important similarities between the Arab uprisings of 2011 and the revolts of 1989-91 that so profoundly transformed the communist Europe/Eurasia.

In both regions, the existing regimes that were the object of revolts were typified by *multiple decades of strongly authoritarian rule*. Governments in both regions had developed a virtual monopoly of power, highly repressive techniques of control, and a self-perpetuating—and blatantly privileged—inner circle surrounding the top leader and his family or closest associates. Although the communist regimes had instituted a greater degree of totalitarianism than have the

Arab autocracies, the latter have taken many key pages from the same book and developed rather advanced systems of control.

Similarly, by the time of the revolts there was *widespread disillusionment or cynicism* about official regime ideologies and programs of government. In most cases, government institutions had become highly corrupt, were failing to provide adequate public services, and often abused and humiliated citizens. The hypocrisy of the rulers was increasingly transparent, and the affronts to human dignity became too much to bear.

In terms of material and social well-being, both the pre-1989 communist governments and the Arab autocracies had state-dominated economies that *failed to provide the quality of life aspired to* by a majority of their citizens. For the communist countries, and for the non-oil-rich Arab countries, *economic performance visibly lagged* relative to those economies with which the population tended to make comparisons. The example of East Germans looking invidiously across the Iron Curtain to the Federal Republic of Germany comes immediately to mind. Analogously, Egyptians and Syrians have long seen greater prosperity and freedom in nearby Europe and Turkey than at home, as have the Tunisians and other North Africans when they look northward across the Mediterranean. Although unemployment *per se* was not a problem in the communist economies, there remains considerable analogy in that truly productive employment leading to the production and availability of attractive goods and services was scarce in both regions.

In both regions, there was also *a growing, educated middle class* for whom their state-dominated economy was *failing to generate commensurate job opportunities* or adequate material rewards even for those who did have work. And, as a result of increased travel and access to electronic media, these educated younger generations gained *increased exposure to the West*, with its greater freedoms and prosperity.

Both sets of autocracies regularly ran *elections that were neither free nor fair*. While the communist regimes were more blatant in eliminating virtually all opposition, most of the Arab autocrats have permitted only token opposition and created an electoral playing field almost as blatantly tilted as the communist systems. Furthermore, in both regions succession planning and recruitment for top leadership positions was generally either opaque or visibly nepotistic rather than being based on merit or on public preferences.

Another important similarity: in both regions the uprisings started with *spontaneous and peaceful popular protests* characterized by the absence of widely recognized opposition leaders or organized political movements or parties. There was also little or no organized civil society, and what non-government groups did exist worked largely underground and used non-traditional means of communication. As with the post-communist revolutions, what is being demonstrated

in the Arab world today is what Czech playwright/president Vaclav Havel called “the power of the powerless.” The impact of this popular power has been accelerated by the speed of contemporary social media, but the kind of networking that created the Prague’s Velvet Revolution and later revolutions in Belgrade, Tbilisi and Kiev was similar in its essentials to what brought so many young Egyptians together so forcefully in Tahrir Square.

In the post-communist revolutions, just as in the recent Tunisian, Egyptian, Libyan and Yemeni uprisings, *internal security and military forces proved non-monolithic*, with significant numbers of officers and troops reluctant to fire on their own citizens. One obvious explanation of this unwillingness to shoot was the massive and peaceful mobilization of so many citizens, such that soldiers would inevitably have ended up killing kinsmen or neighbors. It is too soon to tell whether this phenomenon will hold for Syria or certain other Arab states, although the Arab monarchies so far seem better able than the region’s republican dictatorships to retain control of their security forces—and perhaps of their subjects.

A further important similarity in the transition dynamics of these two regions is the *unwillingness or inability of major external powers to intervene forcefully* to preserve the status quo. Mikhail Gorbachev’s decision not to intervene militarily in the Warsaw Pact countries was a critical factor in enabling the Eastern European revolutions to succeed. Conversely, the absence of U.S. and European support for Zine El Abidine Ben Ali, Hosni Mubarak, Muammar Qaddafi and Ali Abdullah Saleh helped to speed their demise. In the case of the Arab uprisings, however, certain regional powers *have* been willing to intervene. Saudi troops in Bahrain dampened prospects for major change there, and Iran has escalated its support to the Assad regime in Syria.

In addition to the eleven points of similarity mentioned above there is, not surprisingly, a twelfth commonality: a strong “*democratic contagion*” effect. The early uprisings in Poland, Hungary and Czechoslovakia spread quickly throughout Central Europe and then, more slowly, to the Soviet Union and former Yugoslavia. Similarly, once the initial sparks were struck in Tunisia and Egypt, Arab democratic movements quickly multiplied and spread from one country to another—helped by geographic proximity, a common language, regional media, and a sense of shared Arab identity. “If they can do it, we can do it.”

Significant Differences

There are, of course, also many obvious differences between the current Arab world and the communist Europe/Eurasia of two decades ago. The following seem most salient:

Historic experience.

Prior to the uprisings of 1989-91, most of the communist regimes of Europe/Eurasia had experienced the same ideology and highly similar forms of government for at least 40 years and, in most of the USSR, for 70 years. Although many of the Arab regimes have similar longevity, they vary sharply in their official ideologies and internal organization, ranging from long-established monarchies, to theocracies, to military-based dictatorships. Some Arab countries have relatively well-developed government institutions, whereas others have highly personalized one-man rule as in the cases of Qaddafi and Saleh. Ideologically, these countries run the gamut from Baathist secularism to Wahabi Islam and other forms of Sunni, Shiite and Sufi religious doctrine, combined with some vestiges of Arab nationalism, Nasserite statism, and “Third World-ism.”

Regional relationships.

Whereas the European and Eurasian communist countries formed a single geopolitical bloc dominated by Moscow (with the exceptions of Yugoslavia and Albania), today’s Arab countries have had only the weakest of supranational ties through the Arab League. In contrast with the bipolar competition between Moscow and Washington that had characterized Europe and Eurasia until 1991, the Middle East and North Africa have experienced a greater variety of competing sources of power and influence. Although Moscow has played a much lessened role since the demise of the USSR, the United States and the EU countries continue to exercise significant influence from outside the region. In addition, there are also important mid-level powers attempting to exercise influence from within the region, most notably Saudi Arabia, Iran and Turkey.

Furthermore, individual Arab countries have widely varying alliances and affinities with powers outside the region (for example, Egypt-U.S., Tunisia-France, Syria-Iran). And these rival power-brokers link into and attempt to exploit the various competing ideologies and theologies—most notably the Sunni-Shiite schism and the divides between fundamentalism, religious moderation and secularism. A further complicating factor is the Palestinian-Israeli conflict, whose dynamics have had a powerful impact both within the region and with respect to the policies of the U.S. and other external players.

Alternative role models.

The early reformers in post-communist Europe had attractive European democratic role models that they could point to right at their Western doorstep. In contrast, the Arab countries have no *Arab* role models for democracy—although Turkey does provide a good nearby example of an Islamic democracy with a successful market economy (though, admittedly, recent developments in Turkey, including the arrests of journalists and military officers, give cause for concern about its democratic future). However, Iran right next door aggressively promotes a very different

model—an authoritarian theocratic state that uses varying combinations of fundamentalism, Shiism and anti-Israel tactics to advance its agenda.

Poles of attraction/external assistance.

In the case of the early revolts in Eastern Europe, NATO and the European Union beckoned invitingly, with both organizations at the time open to eastward expansion. Thus, the westernmost post-communist countries were quickly wooed into a ready-made “democratic club”—a system of alliances and economic affiliations that was a very attractive alternative to the Warsaw Pact and COMECON. Furthermore, gaining membership in this club involved strong conditionality, thus requiring the deep and difficult political and economic reforms required to create sustainable democracies.

In addition to the attractions of these “clubs,” the United States, the EU and other democratic allies made available generous financial and technical assistance over long periods, in some cases stretching beyond two decades, in order to encourage and facilitate the post-communist transitions. This, along with the attraction of joining a successful club right next door, made the domestic political task of reform-minded leaders substantially easier when it came to enacting reforms that were unpopular politically.

In contrast, for the Arab countries of today there is no democratic club available to join in any foreseeable future even if these countries meet the most rigorous pre-conditions. And it is not clear to what extent Arab reform leaders can count on the West to provide them with prolonged financial and political support that was so helpful in encouraging and accelerating Eastern Europe’s political and economic reforms.

Moreover, Eastern Europe had no precise counterpart to the forces represented by the Muslim Brotherhood, which in the Middle East is both anti-regime and, arguably, anti-liberal.

Analogies and Relevant Lessons

Given these important differences, along with the many similarities noted earlier, what useful perspectives can the post-communist transitions provide for the current Arab uprisings?

First, it seems likely that there will be an even wider dispersion of outcomes than what we have seen so far in the post-communist world. The two decades elapsed, since the fall of the Berlin Wall in 1989, have led to remarkably disparate results—despite the many similarities mentioned above, and the strong democratization momentum that seemed to prevail in the early 1990s.

The nine communist countries that existed in 1989 have now become 29 independent states. Eight of these countries, including Poland, the Czech and Slovak Republics, Slovenia and the

Baltic countries have become well-consolidated democracies and prosperous market economies. However, another nine post-communist countries (on average, larger in size and population than the eight democracies) are currently at the opposite end of the political spectrum. Countries like Belarus, Kazakhstan and, most notably, Russia have either reverted to or never ceased to be hard-core autocracies. The remaining twelve post-communist countries currently fall at various points along the political spectrum, ranging from emerging democracies like Romania and Croatia to “hybrid” regimes such as Georgia, Bosnia, Moldova and Ukraine. (These assessments of democratization levels are based on the thorough annual assessments provided by Freedom House, most recently in its Nations in Transit 2010.)

Why such a wide variety of outcomes after such seemingly similar beginnings? Based on the extensive scholarship now available on this 20-year experiment in post-communist transition, here are some of the main factors that explain the success stories of post-communist democratization:

- Extensive exposure to Western democratic societies
- Prior direct experience with democracy or, at least, with partial freedoms
- Vestigial “civil society” institutions or other forms of pluralism
- Development of underground opposition movements
- Absence of ethnic or religious conflicts
- A substantial middle class
- High educational levels
- A fair and transparent approach to privatization
- Leaders of high caliber in the early or intermediate stages of transition
- History of prior existence as a state or a strong sense of national identity

Conversely, factors such as the lack of prior experience with pluralism, lesser Western exposure, and lower educational and economic development levels help to explain continued autocracy or failed efforts at democratization, most notably in several of the post-Soviet republics. And, where civil wars and even less violent forms of inter-communal conflict have occurred, these have also retarded democratization.

The so-called “oil curse” seen in the post-communist world may well also apply to certain Arab countries. Russia’s authoritarian regression under Vladimir Putin and autocratic consolidation in countries like Kazakhstan, Turkmenistan and Azerbaijan demonstrate how an abundance of oil and gas easily controlled by the state can be used to buy the population’s acquiescence and the loyalty of the security forces—while still satisfying the greed of the rulers and their inner circle. The analogy to Saudi Arabia and other oil-rich Arab states is striking.

Given the much greater variation among regime types, economic and social development levels and other differences among the Arab countries, the dispersion of outcomes in the Middle East and North Africa will no doubt equal and perhaps exceed that of the post-communist region.

A second conclusion from these cross-regional comparisons is that, even for those Arab countries that do make a successful transition to democracy, this result is likely to take a long time to consolidate. In Eastern Europe, it took at least a decade and in most cases considerably longer to produce consolidated democracies. Since there are only a few Arab countries in which conditions seem as propitious as they were in Poland, Hungary or Czechoslovakia in 1989, it is reasonable to expect the emergence of full-fledged, stable democracies to take at least a generation. Continuing the analogy, even in the most successful cases, for each two steps forward there may be one step backward—and presumably even more halting progress in some of the less propitious cases.

A third conclusion is that, external political support and technical assistance can be extremely helpful for democratic transitions, even though this is by no means sufficient, nor even the primary factor in determining success. However, when other major factors for success are present, such the decay of the old regime, strong internal demand for reform, and early reform leadership of reasonable quality, then prolonged, high-quality external support can make an important difference.

A fourth conclusion from the post-communist comparison is that it is hard to predict winner and losers at this early stage. Based on the indicators of democratic potential discussed above, Tunisia, Morocco and Egypt would seem to be among the countries with the highest potential for a successful democratic transition, just as Poland, Hungary or Czechoslovakia seemed the most promising in 1989. However, Slovakia regressed for several years after it split from the Czech Republic. Also, after the fall of the Berlin Wall but before the implosion of the Soviet Union and Yugoslavia, few foresaw that Estonia and Slovenia would be near the head of the democratization pack only a decade later. Nor, in 1997, was it at all clear that Russia would regress as much as it has from its Boris Yeltsin-era reforms.

On the negative end of the spectrum, Yemen looks particularly unpromising because of its tribalism, low education levels, severe economic problems, and lack of solid institutions of government—now compounded by increasing levels of violence. And one could argue that Saudi Arabia, because of the survival skills of its hereditary ruling class, its vast oil riches, and its well-developed security services and social welfare system is likely to evolve slowly at best and to continue discouraging democratic reforms in its “Near Abroad.”

Such projections are tantalizing, and they may be useful for tactical policymaking in the short term. However, for the longer term, one must be prepared for a wide variety of potential outcomes given the large number of factors that can affect a democratic transition's success or failure—including the difference that a single individual leader can make at a key moment of inflection.

The next few years are likely to be challenging and hard to predict, although potentially very fruitful in terms of U.S. relations with the Arab world.

Those who wish to see democracy succeed in the region would do well to review carefully the lessons of history, to keep an open mind and a close watch on developments, and to remain nimble in the short term while keeping a determined focus on strategy for the long term.

THE ARAB UPRISINGS OF 2011: IBN KHALDUN ENCOUNTERS CIVIL SOCIETY

By Theodore Friend

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The journalistic notion of an “Arab Spring” is faulty on two counts. Climatologically, from Morocco to Yemen, it is absurd; there is no such season. It is also misleading, because analogy with the “Prague Spring” of 1968 runs into the unhappy fact that protests by Czech citizens against their imperial masters were crushed by Soviet tanks. The Cold War did not thaw out until two decades later.

In speaking instead of the “Arab uprisings,” I find much cause for hope in the current regional dynamics, especially in Tunisia and Egypt. Even if strangled by armed force (Syria) or suffocated by money (in Saudi Arabia, the \$130 billion unloaded into the social economy was described to me by a Turk as a “royal bribe”), present time in the Arab world is unforgettable. In many places it remains open-ended. But what is being *risen against*?

Arab Dynastic Cycles

Ibn Khaldûn is of help here. This 15th century North African traveler, scholar, diplomat, and judge reflected on the troubles of his own times. Going far beyond customary chronicles, he attempted to show the dynamics of social organization and urbanization that underlay them. So doing, he generated an Arab philosophy of history three and a half centuries before Vico and four centuries before Gibbon produced works in Europe of equal ambition. Key to the thinking of Ibn Khaldûn is the concept of *asabiyyah*: group solidarity or social cohesion. It was vital to overcome the savage pride of the Bedouins in order to generate cooperation, establish dynasties, and cultivate urban civilization, as distinct from the raw survival of desert life. Once the principle of group solidarity was established, Ibn Khaldûn saw dynasties going through predictable cycles of five phases: (1) successful overthrow of a royal predecessor; (2) gaining of complete control; (3) leisure and optimal expression of rule; (4) contentment succumbs to

lassitude and luxury; (5) squandering breeds hatred in the people and disloyalty among the soldiers, and dynastic senility becomes an incurable disease.¹

Ibn Khaldûn's cycle helps to describe the authoritarian continuities found in recent Arab history: three rulers across sixty years in Egypt; two across fifty years in Tunisia; one for more than forty in Libya; one for more than thirty in Yemen; father and son for more than forty years in Syria. The most continuous line of authority in the region of course is in Saudi Arabia, where the clan of Al-Saud has been preeminent for over a hundred years, testing the elasticity of Ibn Khaldûn's theory and buying the patience of the people with social subsidies.² In contention with royal modes of ruling are democratic recognitions that all leaders are flawed; and that term limits both minimize the chances of peculiar flaws becoming endemic, while they also maximize the chances of systemic flaws becoming identified and treated.

Egyptians grew alarmed when they recognized that Hosni Mubarak was attempting to create an actual bloodline dynasty. Now he must answer for ordering the shootings of protesters that marked his last days in power; and his sons in jail cells must also answer for the greedy amassing of wealth that characterized the last years of that regime. The Egyptian revolt will be the most important model for the rest of the Arab world, even though the Tunisian one, which preceded and inspired it, may reach a further point of development and stabilize at a more secure level of democracy. But here we broach an idea that was unknown to Ibn Khaldûn. The sovereignty of the people would have struck him as a wondrous and dangerous extravagance. But precisely because that idea now exists, the Arab political dynamics in our own time do far more than replicate royal cycles. Beyond democracy they summon other modern concepts—human rights, rule of law, pluralism, transparency, and accountability. These define health and disease in the body politic, attention to which may allow continuous renewal rather than recurring declines into the senilities that Ibn Khaldûn predicted.

Tunisia and Egypt

Such multiple values came suddenly into play in Tunisia, which had been the first Arab nation to outlaw slavery (1846, a year before Sweden did so), and among the first to enact women's suffrage (1959). There, on December 17, 2010, a 27-year-old fruit vendor in the town of Sidi Bouzid had his wares confiscated. He was allegedly slapped in the face by a female inspector and beaten by her aides. After being denied interview by the town governor, Mohamed Bouazizi set himself on fire in the town square. He died in a coma, January 4, 2011. His dramatic suicide

¹Ibn Khaldûn, *The Muqaddimah: An Introduction to History*, Frank Rosenthal, trans.; N.J. Dawood, ed. (Princeton University Press, 1967); *asabiyyah*, xi; 152; stages, pp. 140-42 and *passim*.

²Excellent articles: Peter Turchin, "Scientific Prediction in Historical Sociology: Ibn Khaldûn meets Al Saud," in Peter Turchin, Leonid Grinin, Andrae Korataev, and Victor C. de Munk, *History and Mathematics: Historical Development of Complex Societies* (Moscow, Kom Kniga, 2006); pp. 9-38; William R. Polk, "Encounters with Ibn Khaldûn," www.williampolk.com/pdf/2001/Encounters....

was picked up by Al Jazeera and became a national symbol—a furious expression of frustration with a regime going rapidly from Ibn Khaldûn’s fourth stage (hateful luxury) into its fifth and final condition (incurable senility). Demonstrations mounted rapidly. Zine El Abidine Ben Ali, twenty-four years in power, fled his own country with his family on January 14, 2011 and took refuge in Saudi Arabia. Tunisia, backed by Interpol, issued a warrant for his arrest, and the arrest of his wife, on multiple and grand counts of illegal seizure of properties; and dozens of other charges. Swift conviction in absentia led to 35-year sentences for each and \$66 million in fines. The Tunisian example of revolt, despite its 300 deaths, gave courage to the young-and-fed-up as well as the under-fed and angry in several countries, most notably Egypt. Controlled as that great nation was, its media had some grasp of critical reality and were allowed occasional gasps of truth. A presidential election in 2005, although marred by low turnout and many irregularities, was won by Mubarak with 89 percent of the vote. Ayman Nour, runner-up, obtained only 7 percent and was then jailed for a five-year term, apparently for the effrontery of opposing the autocrat. His example of daring nevertheless sank into popular consciousness.

For January 25, 2011, not long after Ben Ali fled Tunisia, a protest in Cairo was scheduled on National Police Day—intentionally targeting police abuse. The killing of Khaled Said had stirred thousands of young people for many months, and now they could focus their feelings. Said was a 28-year-old who had filmed police in the act of profiting from the sale of drugs. In retribution, two policemen repeatedly slammed him against stone steps and an iron door just one block from his home, and dumped his body in front of an Internet café. The bloody visage of his corpse in the morgue with its fractured skull and broken bones, snapped by his brother on a mobile phone, went viral on Facebook.

Young leaders of many kinds brewed up revolt, such as Asmaa Mahfouz, a 26-year-old female activist who, in eloquent videos, urged a turnout in Tahrir Square. As one Egyptian who responded emotionally observed, the protests gathered momentum, calling for dignity (the freedom *to be*), freedom (the opportunity *to do*), and social justice (things that *must be done*). Egyptians began to break through their fear and to end it with growing demands like “drumbeats...you start soft, then go louder.”³

For eighteen consecutive days, they protested massively and nonviolently in Tahrir Square. In retrospect, a young activist summarized new lines of communication: “We use Facebook to schedule the protests, Twitter to coordinate, and YouTube to tell the world.” A Google executive, Wael Ghonim, was critical to administration of the social links that expressed desires for a better life, while summoning righteous anger as a motivation. “We are all Khaled Said” became a powerful slogan.

The masses protesting in Tahrir Square and elsewhere—later estimates put their accumulated total at six to eight million – hit at unemployment, food prices, corruption, and outrages taken as

³Heba Ramzy, e-mail correspondence with the author, 28-29 June 2011.

insults to personal dignity. They were unappeasable, and further aroused by Mubarak himself in two condescending and rambling speeches on TV. On February 11 he resigned. During many of the days of protest Wael Ghonim himself was in jail. Abroad, however, he stood for the revolt to a degree captured in a remark by President Obama. In answering a question from a staff member, Obama said, “What I want is for the kids on the street to win and for the Google guy to become president....”⁴

In fact, the young crowds in Egypt found Obama’s own posture indistinct and insufficiently supportive; and American public opinion influenced them little. When Obama sent his personal representative, retired Ambassador Frank Wisner, to talk Mubarak out of office, he came back instead urging continued support of the dictator. Thus Wisner clouded his own previous reputation by failure to understand what was going on in Egypt, and what had to happen there. The eventual tally of the Egyptian dead went well over 800, mostly civilians. Those who died did not intend to pay a price for a Gandhian principle of nonviolence. It was common sense to see that a weaponed regime led by an ex-general could not be overthrown by ordinary demonstrations. The uncommon sense that made history was to maintain civil discipline in resistance to that regime, returning to the squares not in an idolatry of peace, but in determination to win major goals by unarmed struggle in solidarity. Resort to even minor acts of violence would have played into the hands of the regime, which seemed to entice such an error. Discipline prevailed.⁵

The real question for Egypt became what further goals could be achieved after Mubarak was gone, and his ominous subaltern, Lt. Gen. Omar Suleiman, was refused as a successor. The crowds achieved a civilian prime minister at last. But that still left the Supreme Council of the Armed Forces, thirty-six generals, at the apex of power in Egypt. Accommodating in tone but paternal in determination, they accepted as national strategy that the constitution must be rewritten and elections held. But entrusting such matters to a council of generals is not the same as handing it over to Jeffersonian yeomen. The referendum submitted to the populace in March 2011 contained a necessary minimum of constitutional change, while scheduling parliamentary elections for the following September. That is not time enough, many protesters declared; not adequate to organize and educate the electorate. The military did not budge; they likely did not want and do not want an electorate overeducated.⁶

⁴New York Times, 12 May 2011, p. A10.

⁵ And prevailed despite enormous national frustration, already symbolized in 2010 by the performance artist Ahmed Basiony. He had publicly run in place an hour a day for thirty days, while sensors on his suit used his sweat to project a flush of colors on video screens around him. On January 30, 2011, in Tahrir Square he was shot dead. His artistic career subsequently became the centerpiece of the Egyptian exhibit at the Venice Biennale, breaking the tradition of previously academic submissions by Egypt. www.thenational.ae/arts-culture/art/egypt-displays-an-artful-legacy-at-the-venice-biennale

⁶Lally Weymouth interviewed generals for washingtonpost.com/world/middle-east/Egyptian-generals-speak... 18 May 2011. The evaluative language is mine.

For upper-middle class Cairenes, longer deliberation appeared the better course, so that Egypt would lay down surer guidelines for the future. By one account, listening to his employer's family dinner table conversations convinced their chief manservant, who had to return to his rural village to vote. He persuaded a great majority of the village to his views. Then the Salafis, hyper-traditionalists of the neighborhood, began to sound off. They said, "A 'no' vote is *atheism*." They threatened fines of thousands of Egyptian pounds to those who so voted. What regulation they pretended to did not matter. Nor did invasion of the secret ballot matter. "We will *know* if you vote 'no.'"⁷ The servant came back to Cairo and told his employers of pressures that could not be surmounted. He and his followers in the village had chosen to abstain.⁷ Nationwide the result was 77 percent "yes."

Such powerful manifestation of Salafi opinion will affect the probabilities for September's national election. [This is written in June 2011.] The neutered NPD, the tame majority party for Mubarak, will get new life and credibility from context alone, rather like ex-Communists in post-1989 Eastern Europe.⁸ The oft-penalized Muslim Brotherhood has declared that it will not seek the presidency, and will not offer candidates in more than half of the races for parliamentary seats. But this apparent forbearance is a careful calculation. In many constituencies they can make a deal *not* to run, and thereby affect the outcome. Their organization, developed since 1928, gives them power far beyond the impact of their social service organizations. Under three authoritarian regimes they have aimed to Islamize society from the ground up. Now they are ready to reap their rewards.⁹ They appear likely to win, or otherwise to "own," at least 40 percent of the seats. In coalition politics they can be imagined to ally with blocs of Salafis (perhaps 10 percent of the electorate) and with progressive Muslims (perhaps 5 percent), for clear working control of the national legislature, which will generate a new constitution, followed by a presidential election. Thus Hassan Al-Banna's dream will in some manner be realized seven dozen years after he founded the Muslim Brotherhood. The chance for an Obama option, some variant of a "Google guy" being elected president, is of course none at all.

The Military

We cannot yet see the outcome of the numerous and momentous movements in the Arab region, which are greater even than the Nasserite upheavals half a century ago. But enough is evident to note some patterns. One-party governments, despotic at their worst, feel threatened by localized protests. From tear gas to rhetorical kisses there is a great range of options, in which the military

⁷Interview, Heba Ramzy, 19 May 2011.

⁸I am grateful to Ambassador (ret.) Adrian Basora, Director of the Project on Democratic Transitions at the Foreign Policy Research Institute, Philadelphia, for his essay, with Jean F. Boone, "A New U.S. Policy Towards Democracy in Post-Communist Europe/Eurasia," January 2010; and for his personal notes, "Arab Revolutions of 2011 vs. Post-Communist Transitions of 1989-91."

⁹Here I owe perspective to three scholars who presented a seminar on "Egypt, Regime Change, and the Muslim Brotherhood" at the Foreign Policy Research Institute, Philadelphia, 24 May 2011: Samuel Helfont, Aaron Rock, and Eric Trager.

and police are critical, and not always coordinate. The army may be deployed systematically and brutally with tanks and helicopter gunships (Syria); or it may take sides with the people (Tunisia); or it may shatter along tribal and geographic lines (in civil war, Libya; or in anti-establishment anarchy, Yemen).

There is no true or sustained neutrality possible for an army in such times. Egypt's military was not charmed into democratic solidarity with demonstrators by the popular chant, "The people and the army are one." No: a conscript army simply did not wish to fire into large crowds, because their own relatives could be there; and officers were unwilling to give such an order. The top senior generals finally judged Mubarak, one of their own, to have become unsupportable. They removed him to his villa at Sharm al-Sheikh and later put him under custody in a hospital nearby. Then they consented to a trial beginning in August 2011. Though it would mask their own complicity in previous oppression, it would promise to give the public symbolic satisfaction for long-felt injustices.

Comparison with Indonesia is interesting. There, too, in the crisis of 1998, the army finally tilted against its own three-decade autocrat, but afterward protected Suharto at home in Jakarta until he died ten years later. Even now, they guard his reputation, as part of a massive national syndrome of undigested history. Indonesia, nevertheless, would be an excellent standard were any Arab nation to care about Muslim Asia. After toppling their dictator, Indonesians proceeded to constitutional revisions, administrative reorganization, and to two free, open, and direct presidential elections (2004, 2009). They also achieved some curbs on corruption, and between 2000 and 2010 increased per capita income from \$500 to \$3000.

Civil Society

One of the most broadly informed American experts on Islam observes summarily that "Civil society in Egypt has never been—and I would argue, can never be—free from significant government interference, constraints, and outright oppression."¹⁰ Although Islamist activists and secular intellectuals both have been allowed their latitudes in the last sixty years, there was always an implicit leash by which the authoritarian regime (whichever one; the characteristic in Egypt is by now innate) could yank them back or even, metaphorically, strangle them.

Nowhere in the region is civil society in the North Atlantic sense guaranteed. Tunisia may be the closest, but Ben Ali trimmed it back.¹¹ In fully flowered development, civil society is guaranteed by a constitution, unhindered by police, and defended by a military. With a constitution supplying the skeleton of national organization, and laws in continual play and counterplay more

¹⁰Bruce B. Lawrence, "Islam and Civil Society – Perspectives from Egypt before and after Mubarak," talk prepared for Philadelphia, 2 May 2011 (but not formally given, displaced by news of the death of Osama bin Laden), p. 2.

¹¹Christopher Alexander, "Authoritarianism and Civil Society in Tunisia," Middle East Report, October-December, 1997.

important to its protection than the muscle of weaponed forces, then civil society may complete the anatomy of an evolving nervous system. It must be free to inquire into whatever it chooses, and manifest whatever it legally can, so that the creativity of a people will count more than its capacity to be policed. At an opposite extreme, the nervous system barely matters at all, and the armed muscle of the organism can break its own bones.

With regard to civil society, social networking may be seen in proper perspective. Its prevalence in Egypt and elsewhere is important, and the late, failed effort of the Mubarak government to suppress it proves its consequentiality. The grim successes of the Assad government of Syria in keeping out foreign reporters and shutting down the Internet demonstrate by absence the importance of such communication. Social networking may further become key to the nervous systems of civil societies; but talk of “Facebook revolutions” is exaggerated and misplaced. The motivations for what occurred in Tunisia and continues to happen in Egypt come from the gut; from humiliation and the desire to connect in fighting against it. Social networking then provides *speed* in connection, and in this year of tumult it has massively surprised some despots. But swiftness of communication does not transform the persons that for a while it brings together in common motivation and constructive action. The nodes of the network are still human beings. The long-term impact for peace of new techniques in communication may be judged by asking: Did invention of the telephone prevent World War I? Did invention of the radio prevent World War II?

The norm of North Atlantic societies is peculiar to itself and revealing in its origins. In the era of the Holy Roman Empire, perhaps, state and church and society could be said to have been inseparable. But Western Europe developed in a manner that made state and church distinct and contending entities. The Protestant Reformation then added another dimension of society in which individual conscience became preeminent.

Islam and the Muslim world, however, proceed from different premises. There is no “church.” Regardless of the state to which one may pay taxes, the broadest entity to which one owes allegiance is the *umma*, or the global community of believers. Invoking “civil society” therefore does not have the muscle tone historically developed in France or the United States, nor does it have the same powerful claim on personal values. Nonetheless, educated persons in the Arab worlds, professionals and intellectuals often proclaim “civil society” to justify and advance their vision.

As they do so, they may or may not be aware that the present currency of the term derives from its use before and after 1989, in the Eastern European countries throwing off Soviet imperial rule and internal exploitation by Communist autocrats and elites. Its use was meant to signify votes that counted, consciences that mattered, and organizations—both for business and not-for-profit—that were allowed independent roles in creating a new national vitality. Not all the nations that redesigned themselves are stories of success; the best may not yet be exuberantly

productive, and the worst still contain some police repression. But none would seek to return to the Communist era, with its citizen-automatons, glorified bureaucrats, state-controlled media, and schools with dogmatic curricula. Something new has emerged: not error-free by any means, but in principle tolerant of error, and willing to proceed by the public contest of opinions.¹² Those are essential characteristics of society becoming civil. Whatever the historical background or the present circumstances of the Arabs desiring something new, they are not wrong to express their yearning as “civil society.”

By being youthful and peaceful, the majority of those participating in present uprisings radiate more hope than Nasserite pan-Arab nationalism ever contained. Their peacefulness conveys promise to non-Arab nations, and their youthfulness supplies promise to their own cultures. What matters still more are the concepts of society they bring forward to their citizenry. The best of those are anti-dynastic, non-patriarchal, and democratic. They reflect Alexis de Tocqueville far more than Ibn Khaldûn. They may be based on neither, but instead arise from a 20th century vocabulary of hope. They ignore the elite lockjaw that shuts down argument, and plunge instead into a pluralistic discourse that will engage whole populations.

Shi'ite Absolutism, Sunni Royalty

Some societies of West Asia (“Middle East”), nevertheless, are markedly averse to concepts of civil society, most notably Iran and Saudi Arabia. Iran, of course, projects Persian values, and is therefore unlikely to adopt Arabian trendlines. More basically still: the ideology of its revolution against the Shah in 1979 has replaced a hereditary secular autocrat with his ecclesial equivalent, a Grand Ayatollah. Jurist-theologians are ascribed a Shi'ite infallibility, supreme in faith, practice, and policy. Their Supreme Leaders have consigned thousands to death in the 1980s (Khomeini) and treat articulate liberal democrats today to prison and torture (Khamenei). Faith and the state are also interlocked, but differently, in the richest kingdom of the region. Saudi royalty and Wahhabi theocracy linked up a quarter of a millennium ago. No parliament threatens to contest the king; consultative councils are royally appointed; petitions come less from subjects than from those who might be called “abjects”; and women, half the population, have no legal standing at all. King Abdullah and his government have pumped the equivalent of \$5000 per person into the social economy. While upheavals proceed elsewhere, the Saudi people appear lulled or even stupefied. When adventurous women proclaimed June 17, 2011 a day for themselves to drive in defiance of custom and police, only thirty or forty were estimated to have done so across the country. Twenty years previous, more women—47 exactly—had gone briefly to jail in Riyadh for taking the wheels of their cars.¹³

¹²My outlook here was informed by numerous trips, as President of Eisenhower Fellowships, to Poland, Hungary, Czechoslovakia, Romania, and Bulgaria, 1985-1992.

¹³The figure “47” comes from my own interviews in Riyadh with two female drivers of 1991. Other information: [//www.guardian.co.uk/world/2011/jun/17/Saudi-arabia-women-drivers-protest...](http://www.guardian.co.uk/world/2011/jun/17/Saudi-arabia-women-drivers-protest...) [//English.aljazeera.net/indepth/opinion/2011/06/201161694746333674.html](http://English.aljazeera.net/indepth/opinion/2011/06/201161694746333674.html).

These two neighboring absolutisms, Iran and Saudi Arabia, loathe and fear each other. Upon the Persian/Arab divide is built Shi'ite/Sunni antipathy; and upon both is loaded national competition for regional influence. Their tensions recently came to a head in Bahrain, when the majority Shi'ite population arose to protest felt discrimination by King Isa Al-Khalifa and his Sunni elite advisors. Fearing that the meager freedoms already allowed would become the basis for further agitation, the government shut down the media, closed off the social networks, and physically obliterated the Pearl Square monument, so that no symbol or place might remain for the dissidents who camped there. Twenty-eight Shi'ite mosques were completely leveled, of which ten had been counted as historic structures.¹⁴ Saudi troops and forces from the Gulf Cooperation Council were invited in as reinforcements where an estimated 100,000 people—one-seventh of the native population—had demonstrated. Even though organizers like Muniro Fakhro, with decades of feminist experience, stressed national unity, many of Bahrain's Sunnis and neighboring Saudis want no event like Tahrir Square in the Gulf, fearing it would play to the advantage of Iran.

In the vortex of the Arab uprisings, royalty itself began to project its concerns. The Gulf Cooperation Council, a nest of rich familial kingdoms, extended invitations to membership far beyond its region, to Morocco and to Jordan. This hope of turning the affinities of monarchy into a wider political solidarity may be reckoned as one of the effects of the uprisings of 2011. But it appeared to have less potential as a decisive trend than piquancy as a defining moment in the endangered history of Arab royalties. The most effective monarchical coping comes from King Mohammed VI of Morocco, who from the beginning of his reign in 1999 has tried to anticipate the people's needs, liberalizing the family code and rights for women, and incrementally devolving his powers under the constitution.

Libya, Yemen, Syria

Libya, Yemen, and Syria complete the list of major national actors in the Arab convulsions. Their civil war, anarchy, and extreme repression respectively do not foster the creative discourse from which modern societies are built. Libya, even though its population of six million is less than a third of the other two countries, has long attracted attention because of the antics of its dictator, Muammar Qaddafi. His ruthless killing of protesters triggered an intervention by NATO forces, which remained conflicted in motive and mission. To what degree was the intervention humanitarian (as Obama pictured it) and to what degree anti-immigrant (by fearful European countries)? To what degree protective of Libyan civilians, and in what measure protective of oil flow to the West? After a half-year of Arab uprisings, there was no sure answer to such questions, nor a clear outcome of the struggle. All the elements of civil war were

¹⁴On mosques: www.mcclatchydc.com/2011/05/30/114980/bahrain's-official-tally-shows.

present, including geographic split between status-quo government in Tripoli and rebel government in Benghazi.

Yemen's troubles were embodied in its autocrat of three decades, Ali Abdullah Saleh. When he seemed an obstacle, agreements were brokered by the Gulf Council and encouraged by the United States that he withdraw from power in return for immunity from prosecution. Three different times on the verge of accepting them, he publicly reneged. He finally departed for Saudi Arabia for treatment of wounds received in an attack on his palace mosque. His country was in the grips of urban battle in Sana, Taiz, and elsewhere, colored by tribal divisions between his followers and the allies of the clan Ahmar. Blood feuds persist in Yemen, and are not conducive to solving its problems. At the bottom of the Arab League in GDP per capita, its 22 million people were "awash in weapons" while its oil reserves were emptying out and its water supplies were drying up. "Water stress" has been growing intense as annual demand exceeds renewable supply, with ground water seriously declining. Some urban housewives cannot wash dishes or flush toilets. Here human dignity was challenged in a fundamental way: compromised personal cleanliness. Could a new national culture emerge from the protests? After five months of campout, marches, lectures, and demonstrations focused in University Square, a detectible fusion was emerging of hip, academic, feminist, and liberal oppositionist values. But a similar long-term cultivation of solidarity was going on among nearby pro-government forces, implying continued conflict.

Syria's government has its own unique and uncompromising style in suppressing protest. Saudi Arabia has done so by taming its people with a flow of social funding, while Iran does so again by clubbing and jailing those who demonstrate. Iran, however, has recent historical leverage from its revolution of 1979, by which it can brand any dissident as a counter-revolutionary. This charge benefits from the theological undertone conveyed by being the world's leading Shi'ite power, and the political overtone of having deposed the corrupt Westernizing Shah. The Syrian government has no such psychic resources. It is held together in its presidential family and its top military echelons by Alawites—a religious minority that may be characterized as Shi'ite or syncretist, depending on who is articulating its beliefs. And those Alawite leaders have, instead of a revolutionary heritage to draw on, the ugly memory of the father and uncle of the current leaders stomping down revolt of Muslim Brotherhood members in 1982 with thousands of deaths.

The family clique of Al-Assad, involved in many businesses and entwined in the apex of government, wield power for the interests of the military, intelligence, arms trade, and repression of protest.¹⁵ As a family corporate conglomerate, their form of security-obsessed power replaces the old idea of dynasty. The regime of the Al-Assads does not believe in freedom of information. An American journalist friend of mine, in Damascus during the regime of the father, Hafez, witnessed a failed attempt to assassinate that president, and he accordingly filed a report to his

¹⁵bbc.co.uk/news/world/middle-east-13216195—"Bashar Al-Assad's Inner Circle," May 18, 2011.

wire service. He was then arrested, interrogated, and told he was disseminating lies. “But I *saw* it,” he said. “No, you didn’t,” was the reply. With rubber hoses they beat the naked soles of his feet until he recanted; then let him crawl into a prison cell with dozens of other men and two buckets, one for drinking water and one for excrement.

Foreign correspondents in Syria have been disallowed since first demonstrations in March 2011. Social networking is severely truncated. Under those conditions, nonetheless, crowds gathered in Dera’a to protest the imprisonment of boys eight to fifteen years old who had scrawled anti-regime graffiti on the walls of their schoolhouse. When a thirteen-year-old youth, Hamza Al-Khateeb, was allegedly tortured to death and his penis cut off, photos of his corpse further stoked the fires of civil rage.

The regime replied through a careful account by the president of the Medical Examiners of Syria, who nervously testified on video that three bullets (“life-wounds, not torture”) caused Hamza’s death, that there were no signs of torture, and that his penis was undamaged, although the body had decomposed in the weeks that it had remained unidentified.¹⁶ This death has nonetheless been made into a symbol of Syrian protest in the pattern set by the case of Khaled Said in Egypt: “We are all Hamza Al-Khateeb.”

To this the regime’s reply is more tanks, helicopter gunships, and loyal troops with machine guns. Elite brigades have gone to rebellious cities west and east along the northern border with Turkey, and “pacified” them with violence or preemptive presence. These heavily Sunni tribal areas mutter darkly against the Alawite leaders of the country, and their own Alawite neighbors. No city wants the honor of being Hama, where in 1982 government forces under President Hafez Al-Assad’s brother, Rifat, killed 10,000 (some say 20,000). As a showdown intensifies a generation later, it is another pair of brothers, Bashar and Maher, poised to do the same, against demonstrators lightly armed or weaponless but willing to look death in the eye. Blood feuds run deep; still deeper when fueled by religion.¹⁷

Gender Justice and Justice in General

For over a century, feminisms in the Arab regions and across the Muslim world have been produced by women, for whom stakes are higher than men in rethinking gender, religion, and culture.¹⁸ In the uprisings of 2011, women are even more intensely than before registering those

¹⁶This video appears on YouTube as “Hamza Al Khatib-Truth of his Death.” I cite it despite its unpersuasive tone and its unpopularity. Several other videos on Hamza are dramatically sympathetic to him, highly political, and much more often visited.

¹⁷For historical ideology and emotion on this subject, see <talismanigate.blogspot.com/2007/05/new-syrian-group-delivers-anti-alawite-calling-card>.

¹⁸Margot Badran, *Feminism in Islam: Secular and Religious Convergences* (Oxford, Oneworld, 2009), p. 310 and *passim*.

dynamics and seeking new definitions. It is far too early for conclusive summary, but not premature to look at specifics.

Tunisia, which abolished slavery more than a century before Saudi Arabia, remains a social leader among Arab nations. Even as their independent electoral commission postpones a national election for three months to ensure adequate registration, all participating parties are required to list as many women as men candidates, and to alternate them on the ballots. The liberal Progressive Democratic Party, with co-leaders, male and female, says it had already planned to field gender in equal numbers. Al Nadha, which is a liberal Islamist party by regional standards, even if conservative in the Tunisian value spectrum, supports the requirement, declaring that it had already developed a strong cadre of women to pursue its work when Ben Ali put many of its party's men in jail.¹⁹

Egypt, with over eighty million people, is by size and length of tradition closely watched, even if the phenomena permitted by the supreme military council are neither supple nor subtle. Young women such as the Coptic physician, Dr. Sally Tooma Moore, were leaders of the youth groups who took over Tahrir Square and made all the world hold its breath. Even a near-octogenarian slept out there, the aged and tested feminist, Nawal al-Saadawi, whose novels and books had been banned. As a physician herself, psychiatrist, and long-time leader (first a victim at age six) in the campaign against female genital mutilation, her eminence had won her international notice. Then by the Sadat regime she was dismissed from her fourteen-year job in the Ministry of Health. When she wrote a memoir about her time in jail, she began it using a prostitute's eyebrow pencil and toilet paper. In Tahrir she knew she belonged. Her American friend, Islamicist Bruce Lawrence, managed to reach her there by cell phone. "Bruce, Bruce," she exclaimed in delight at the young people all around her, "they are *reading my books!*"

There were notable reversals as well. The male mob groping of Lara Logan of CBS was a frightening spontaneous incident. Systematically ugly, however, was the post-Mubarak incident of "virginity tests," as demonstrations continued for diverse causes. Young women were taken in by the military and, as alleged defense against false charges of rape, were stripped, photographed, and required to submit to medical proof (or disproof) of their virginity, restrained by female soldiers while a man in a white coat examined them. Widespread outrage in Egypt moved the military to disown this illogical and humiliating practice.²⁰ Rotten masculine intimidation arose again when a "Million Women March" was planned for March 8, International Women's Day, especially to protest non-inclusion of any women on the constitution reform panel then at work. Fewer than a thousand women appeared, and they were taunted and quickly disrupted by aggressive men.

¹⁹New York Times, 9 June 2011, p. A10.

²⁰Isobel Coleman, <cnn.com/2011/OPINION/06/01/coleman.egypt.women/index>.

Libya, in its civil war, has women far more prominent as victims than as leaders. Iman al-Obeidi, who complained of gang rape by Qaddafi soldiers, was then forcibly abducted by agents of the government from a hotel lobby where she was meeting with journalists.²¹ After release from imprisonment, she left the country. A human rights group says that Hillary Clinton has helped arrange a flight to the United States for her and her father. Will the National Transition Council in Benghazi focus on countering such barbarities against women? The Council has only one female member.

A timeline of opposition in Syria bulges with religious contention and brutal repression, but not with female heroes. The government uses Bouthaina Shaaban, a British-educated scholar of Arab women and literature, to reach out to old oppositionists while young ones are disinclined to talk. Who will preserve the “canopy” of religious and cultural variety that has survived, even flourished, in Syria under minority sectarian power?²² Gunships are not good for canopies. Fourteen hundred have already died, activists say, and over 10,000 have been arrested. Perhaps a lost provincial event will have to stand for female courage in Syria. When hundreds of men were rounded up in the villages of Bayda and Beir Inad, to crush dissent, two thousand women and children the following day blocked the coastal highway, demanding their release. “We will not be humiliated,” they cried. And the authorities freed about a hundred men, some bruised and with apparently broken bones, to cheers and cries of triumph from the protesters.²³

Yemen has been absolute last in the world in the Global Gender Gap Report ever since it was first published in 2006. It is likely to remain there, significantly below Chad and Pakistan. Sixty-seven percent of its women are illiterate. Of its 301 parliamentarians, just one is female. Above this data, a mother of three stands out. Tawakkul Karman is chair of Women Journalists Without Chains, which addresses national issues not just of women, but of unemployment and corruption.²⁴ She has also orated to crowds for four years, in weekly protests against the rule of Ali Abdullah Saleh; and she astonishes men that they are not only spoken to by a woman, but roused by her remarks. One woman does not make a political revolution, nor can one alone spark a gender transformation. Where there is one such as Karman, however, there are many others hoping for change and willing to do something about it. But does Yemen have sufficient cohesion in its makeup to prevail over its combustibility? The prospect of Saleh coming back as

²¹The abduction appears on <yahoo.com/video/play?p+iman%20%20obeidi&tnr...>. More offensive detail is conveyed, compellingly, on YouTube, “Eman Al-Obeidi to Anderson Cooper (complete).”

²²Quotation from Malise Ruthven, “Storm over Syria,” *New York Review of Books*, 9 June 2011, pp. 16-20. “Women and the Rise of Religious Consciousness,” by Anonymous, is a brave attempt, necessarily controversial, to open up the subject for Syria and the region: Joshua Landis, Syria Comment, 28 September 2010

²³<huffingtonpost.com/2011/04/13/Syria-protest-women-block-highway+n_848475>.

²⁴Alice Hackman, <mideastposts.com/2011/03/03/tawakkul-karman-the-woman-leading-yemens-protests/. Further on Karman, on Asmaa Mahfouz, and Munira Fakhro, is found in Natana DeLong-Bas, “Women of the Arab Spring....” Common Ground News Service, 20 June 2011.

president touches in Tawakkul Karman a self-destructive anger. “If [he] returns and is president, people will blow themselves up. We will not care about our lives.”²⁵

Margot Badran has been surveying feminisms in Egypt and throughout Islam across four decades. The eighteen days of protest in Tahrir Square, getting millions beyond fear, have given her “jet fuel” of renewed optimism. Exclusion of women from the drafting committee of the interim constitution was a blow, but female lawyers and judges are freshly energized. She sees senior women as having the networks, standing, and skills for new achievement; middle-generation women as experienced and sensitized in development and human rights; and young women as “hell-bent” on getting things done, working together with young men.

The sequence ahead on the Nile appears to be: elections in September (if Tunisia’s delay does not influence a similar one in Egypt); constitutional matters percolating forward into 2012; with revisions of the Personal Status Law and family law reform only possible after changes in the constitution. Everything is up for grabs. But not everything will be transformed. Politically, Badran realizes, idealists will lose to hard religious forces and stiff patriarchalism if they insist too fiercely on gender justice. But this is the time to determine what is critical and to press for it. In a paper entitled “The Sovereignty of Equality,” she lays out her conviction that the egalitarian readings of Islamic text are the compelling ones. Persons of either gender and of all religions have equal rights.²⁶

Such views, I believe, do not require a miracle to be realized. They require work, today, tomorrow, and the next day. Time has shown that Ibn Khaldûn’s philosophy of history is far from adequate to the present Arab era. *Asabiyyah* may explain how cities and civilization arose from Bedouin savagery. But cities are now a given, and civilization emerges variously in new dimensions. To evolve in the Arab regions, a new and greater cohesion is necessary beyond desert tribalism and between genders; and there must also be a new civil sensibility, accessible to minorities. Accompanying both, to ensure against Ibn Khaldûn’s tedious cycles, probity is required in management of resources and in delivery of benefits to whole populations, not just to narrow elites and self-indulgent princelings.

²⁵New York *Times*, 11 June 2011, p. A6.

²⁶Margot Badran to the author, 7, 8 June 2011.

HAS DEMOCRACY MET THE STRESS TEST IN POST-COMMUNIST EUROPE?

By Adrian A. Basora

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The global financial crisis and its European aftermath have created, in effect, a major stress test for democracy in the ten post-communist countries of the European Union. The good news is that a majority of the “EU-10” nations have passed the test, some with flying colors. The bad news is that Hungary, one of the early front-runners of democratic transition, has so far failed the test—with potentially ominous consequences—and that three others have so far rated only a weak “pass” on the political side despite their positive economic results.

When the economic crisis began in 2008, many observers feared that the looming trauma might devastate these ten fledgling democracies just recently admitted to EU membership. Now, four years into the crisis, nine of the countries in question (Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Romania, Bulgaria and Slovenia) have for the most part done remarkably well on the economic portion of the stress test, particularly considering the relative newness of their democracies and of their market economies.

All nine have regained their financial viability and restored economic growth. Their success stands in sharp contrast to the southern tier of the EU: Greece, Italy, Spain and Portugal, even though these four countries have much longer-established democracies. This accomplishment is all the more striking in that most of the EU-10 nations initially faced sharper and deeper recessions than did their Western European counterparts.

On the political side, it is also striking that a solid majority of these countries have weathered the crisis without significant damage to their democratic political systems. For six of the ten (Estonia, Latvia, Lithuania, Poland, Czech Republic and Slovenia), the current level of democratic performance, as measured by Freedom House, remains essentially consistent with pre-crisis levels. A couple of them have arguably even strengthened their democracies by virtue of meeting such a major challenge successfully.

Unfortunately, the other three EU-10 countries that did well on the economic side of the stress test (Slovakia, Romania and Bulgaria) merit only a mediocre “pass” on the political side. They have since 2007 experienced some slippage of their Freedom House democracy scores, although the erosion has so far proven more limited than many analysts had feared, and all three continue to be rated as democracies. Nevertheless, the situation merits careful monitoring. Given the continuing fragility of these three new democracies, there could be significant regression if the

current economic stagnation in the western EU countries continues long enough to create new recessions in these three trade- and investment-dependent states.

The one major outlier among the EU-10 is Hungary, which just a few years ago was widely seen as a well-established democracy and market economy. Under Prime Minister Viktor Orban, the country has over the past two years experienced an ominous undermining of its democratic institutions. Hungary now faces a significant threat of return to autocratic rule. Taking advantage of the strong electoral mandate that he received in the 2010 elections, Orban has consolidated power in his own hands to an unprecedented degree. And he has used his 67 percent “constitutional majority” in the parliament to take numerous autocratic initiatives that threaten to severely undercut key Hungarian democratic institutions.

Hungary has also done poorly on the economic aspects of the stress test. The country’s finances and growth were by far the weakest among the EU-10 as of 2007, and its performance in re-establishing financial viability and economic growth remain sub-par for the region. Orban has focused more on maneuvering in what he sees as his own short-term political interest than on making difficult but necessary economic reforms.

On the political front, Orban has backed away from or watered down a few of his autocratic measures thanks to considerable pressure from the EU, the IMF and others. However, a great majority of these measures remain in place and could threaten the integrity of Hungary’s next elections, which are due in 2014. Thus, the next two years could prove a make-or-break challenge for Hungarian democracy. (For a fuller discussion of the situation in Hungary, go to the Project on Democratic Transitions page on the FPRI website, at <http://www.democratictransitions.net/hungary>.)

The following table highlights the economic impact of the crisis in each of the EU-10 countries:

TABLE I

EU-10 GDP Growth								
	2000- 2005 Avg	2006	2007	2008	2009	2010	2011	2012
Slovenia	3.6	5.5	6.3	3.4	-8.8	0.9	1.8	-1.4
Estonia	8.8	10.8	7.1	-5	-13.9	3.1	6.5	1.6
Latvia	8.7	12.8	10.6	-3.8	-17.5	0.4	4	2.2
Poland	3.5	6.3	6.8	5.1	1.5	3.9	3.8	2.7
Czech Rep.	3.8	6.5	5.5	1.6	-4.7	2	2	0
Lithuania	7.6	8.5	10.4	3.5	-14.3	2.9	6	2.4
Slovakia	4.4	8.3	10.4	5.7	-5.1	4	3.2	1.8
Hungary	4.4	4.1	0.3	1.1	-6.7	1.5	1.8	-0.3
Bulgaria	6.5	7.1	6.9	6.7	-5	0.9	2.5	0.5
Romania	5.8	8.1	6.2	9.6	-8.4	1.1	1.5	1.4

Table II below shows the overall pattern of EU-10 political evolution from pre-crisis levels to the present, as measured by Freedom House:

TABLE II

Freedom House Democracy Scores			
EU 10	2012	2006	Change*
Slovenia	1.89	1.75	-0.14
Estonia	1.93	1.96	0.03
Latvia	2.11	2.07	-0.04
Poland	2.14	2.14	0.00
Czech Republic	2.18	2.25	0.07
Lithuania	2.29	2.21	-0.08
Slovakia	2.50	1.96	-0.54
Hungary	2.86	2.00	-0.86
Bulgaria	3.14	2.93	-0.21
Romania	3.43	3.39	-0.04

**The “Change” column uses negative numbers to represent a decline in scores, and positive numbers represent an improvement for ease of interpretation. Technically, the Freedom House scoring system uses lower numbers to categorize more democratic systems, and thus a higher numerical score connote deterioration, but it was felt that using a “plus” sign to denote deterioration in the above chart could lead to confusion. In the FH approach, scores between 1.00 and 2.99 classify a country as a “Consolidated Democracy” and scores between 3.00 and 3.99 define a “Semi-consolidated Democracy.” Scores from 4.00 to 7.00 correspond to Hybrid, Semi-Authoritarian, and Authoritarian regimes, respectively.*

Success Factors for Passing the Stress Test

While many factors have influenced both economic and political outcomes in the EU-10 countries over these past four years, here are some of the main drivers that appear to explain the successful outcomes (or, in the case of Hungary, regression):

In general, the EU-10 states with more strongly embedded democratic institutions demonstrated a higher capacity for effective policy-making and implementation in confronting the economic crisis. Thus, with the exception of Hungary, higher levels of pre-crisis democratic consolidation largely correlated with more effective handling of the economic crisis per se.

States with higher pre-crisis democratic institutions generally experienced either no damage or only minimal damage to their democracy scores, even in the Baltic countries, where the impact of the economic crisis was most severe. Again, the exception is Hungary, although Slovakia also deviated somewhat from the general pattern, as described below.

Individual leaders made a major difference in several countries. Some of the best results involved strong, assertive leaders with a solid commitment to democracy and a penchant for courageous behavior (e. g., Prime Ministers Ansip of Estonia, Kubilius of Lithuania and Radičova of Slovakia, and President Zalters of Latvia). In Hungary, Viktor Orban has also made a major difference politically, albeit in this case on the negative side.

The leverage that attaches to external financial assistance, along with additional political pressures from the EU, were important factors for success on both the economic and political fronts. Brussels, often working in tandem with the IMF, the EBRD and the World Bank, provided critical financial support, strong economic policy advice and, in some cases, political suasion. And the EU/IFI framework also provided political cover for needed reforms as well as greater security for investors, both foreign and domestic.

Political, strategic and cultural linkages to the West were also significant factors favoring positive political performance. In most of these countries, the widespread public desire to be a part of the West was a strong factor favoring democracy. Again, Hungary is the exception. However, the power of this linkage appears to decline as one moves away from the EU core and from Scandinavia (with whom the northern tier of the EU-10 have close ties). The measures of democratic performance decline as one moves southeast. They are particularly weak for Romania and Bulgaria, two countries with arguably lesser linkages to the West than those enjoyed by the other new post-communist EU members.

Policy Implications

It is encouraging that a majority of the EU-10 nations remain well inside the democratic camp despite the severe economic challenges of the past four years. However, there are certainly no grounds for complacency. Three of the ten (Hungary, Romania and Bulgaria) currently show significant shortfalls in their democratic performance, despite their membership in the EU, NATO and other Western organizations. This should be a matter of serious concern in both Brussels and Washington.

Hungary's rapid regression—from having been one of the post-communist transition's earliest success stories, to now being on the verge of sliding back into the group of semi-consolidated democracies—is highly worrisome. The Hungarian case shows that even a full generation of post-communist transformation and a high degree of economic integration with the West are not enough to ensure that democracy advances to the point of virtual irreversibility. It also demonstrates how much damage can be done by one strong-minded leader—in this case Viktor Orbán—who combines strong demagogic political appeal with autocratic personal tendencies. It is thus imperative for the U.S. and the EU to employ maximum leverage and diplomatic skill to maneuver Hungary back onto the path of democratic consolidation.

Romania and Bulgaria also remain worrisome. While they have handled the economic crisis reasonably well and—in contrast with Hungary—have regressed only marginally in their democratic performance, they remain democratic laggards. The concern is based not on their minor political regression since the economic crisis, but rather on the low levels of democratic consolidation that they had achieved before the crisis. Although some of the foundation-stones of democracy in these two countries remain in place (such as a relatively free electoral process and an active civil society), their governance structures are still highly deficient. Both countries suffer from pervasive corruption, politically-manipulated media, and political leaders who see government primarily as a spoils system for their own benefit.

Both Romania and Bulgaria are thus far from meeting the democratic standards to which their governments professed a commitment at the time of their EU accession in 2007. In retrospect, it is clear that their accession was based more on promises than on actual achievements. Although the economic crisis that struck them in 2009 fortunately did not result in a significant setback to democracy, neither did the promised and much-needed political progress materialize. Both countries still have the potential to become consolidated democracies, but getting them there will require tough-minded and persistent pressure from Brussels, Washington and other Western powers.

Slovakia is the one other country among the EU-10 that merits some extra attention. As of 2004, Slovakia had joined the ranks of front-runners in terms of post-communist economic and

political reform. However, as detailed in the PDT [Country Report](#), Slovakia experienced significant democratic erosion from 2006 to 2010. A coalition government led by Social Democrat Robert Fico, but beholden to two smaller xenophobic and undemocratic parties, undercut some of the exemplary reforms that had been put in place over the previous eight years. However, the center-right government of Iveta Radičová that followed Fico quickly re-instituted the same reform agenda that had made Slovakia a front-runner when a similar coalition ruled in the 1998-2006 period.

Through political maneuvering related to the Euro-crisis, Fico was able to force early elections, and he once again became Prime Minister as of March 2012. This time, however, he has an absolute Social Democratic majority in parliament and is thus no longer burdened with his former unsavory coalition partners. Given Fico's desire for respectability in Brussels and for the material benefits that the European Union can provide to new members in good standing, there is reason to hope that Slovakia's status as a consolidated democracy will be re-affirmed. However, the situation merits careful vigilance by Brussels and by Washington, along with a willingness to use all available leverage if needed.

Conclusion

With much of Western Europe once again either in recession or virtually stagnant, and with the euro crisis still not fully resolved, the EU-10 countries are faced with the prospect of at best slow economic growth in 2012 and a possible recession in 2013. This, in turn, would translate into new stresses on their political systems. Although a majority of these young democracies have so far proved more resilient than many had feared, the Hungarian case shows that they are far from invulnerable.

At the end of the long and costly Cold War the United States and its NATO allies, in close partnership with the EU, made extraordinary—and extraordinarily successful—investments aimed at democratizing post-communist Europe. Despite the spectacular gains of the 1989-2004 period, developments over the past few years mean that the task is not yet fully completed. The recent regression of Hungary and the remaining democracy deficits in Romania and Bulgaria instead make it clear that some of the early successes could still unravel.

Washington and Brussels should therefore work together to finish the job and to consolidate these historic advances in building democracy and viable market economies. The alternative would be to permit, through neglect, a broadening of the regression that we have seen recently in Hungary, not to mention Ukraine, Belarus and all too many of the other post-Soviet states.

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GEORGIA'S ELECTIONS: LESSONS FOR DEMOCRATIC TRANSITIONS

By Michael Hikari Cecire

November 2012

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The results from Georgia's October 1 parliamentary elections have overturned the conventional wisdom. Contrary to most expectations, the opposition Georgian Dream coalition, led by billionaire Bidzina Ivanishvili, captured a commanding 85 seats in the country's 150-person parliament. For its part, the United National Movement, the party of the still-powerful President Mikheil Saakashvili, is heading into the opposition.

The opposition win, which took all but a few observers by surprise, appears to have undone the stability of the "competitive authoritarian" regime established by the UNM. This turn of events point to major miscalculation by the ruling party and serve as strong lessons for democracy promoters elsewhere in the post-communist space, even if Georgia's own future remains an open question.

In the months leading up to the poll, expectations favored a dominating UNM win. Regional analysts and Western embassies seemed to pivot from calls for a fair vote to appealing to the Georgian opposition to concede in the inevitability of defeat. This emphasis on continuity and stability—rather than on the unfair political environment that had been erected by the then-ruling UNM—not only underscored prevailing international forecasts of the election outcome, but was also a profound misread of Georgian public attitudes. Contra the ruling party narrative of a referendum over a UNM-led path Westward versus a Russia-looking Georgian Dream, kitchen table issues topped voters' concerns and the Georgian Dream was seen as a better bet by the crucial core constituency of rural poor. These voters, until now reliably pro-UNM, were largely left behind by the government's economic development agenda that put a premium on glitz but less attention to the more mundane work of workforce development and facilitating an environment for job creation.¹ Prior to the elections, Georgia seemed to have largely developed a durable "competitive authoritarian" state, which maintained an extensive infrastructure of

¹For more discussion on why so many "got it wrong," see: Cecire, Michael. "Commentary: How the West Got Georgia." The National Interest. <http://nationalinterest.org/commentary/how-the-west-got-georgia-wrong-7566> (accessed October 14, 2012).

democratic trappings as a means of burnishing its liberal bona fides in the West. But the model did not anticipate political upheavals of the kind the October 1 election in the end produced.²

Georgia's government seemed the archetype for competitive authoritarian stability with its modernized government and impressive physical infrastructure; neither classically authoritarian nor democratic, it sought to navigate a third course in-between that seemed durable for the long term. But the UNM's economic policy shortcomings, in concert with a variety of other contributing factors, provided just the fulcrum that the newly-united opposition needed to overcome a severely adverse political environment and pull out a convincing win.

Yet, the surprise Georgian Dream win also exposes the uniqueness of the situation. The Georgian opposition, newly-united and financed by a curiously untainted Forbes-listed billionaire,³ was able to overcome a political environment that structurally favored the ruling UNM and achieve victory against strong odds. For embattled opposition democrats across the post-communist space—or worldwide, for that matter—the Georgian case on its face appears to offer few reasons to hope for breakthroughs of their own.

Indeed, the Georgian opposition's multivariate path to success seems hardly replicable outside of Georgia without the benefit of a spare free-spending billionaire, a regime that permits a relatively liberal degree of free expression and organization, and the outsized attention that Georgia's little election generated in Washington and other Western capitals—including disproportionate aid packages and strategic support from Western Europe and North America. At first blush, that hardly seems a scalable blueprint for democratization in places like Azerbaijan, Kazakhstan, or Venezuela.

But the idea that Georgia's experience was so unique and so context-dependent as to offer no practical lessons is misleading. Though a confluence of factors did well-align to enable the opposition victory, the Georgian parliamentary elections experience does highlight some key lessons that may apply internationally: leadership, international engagement, and messaging.

Lessons for Democratic Transitions

Leadership matters. In the ways it counted, Georgian Dream benefited from Bidzina Ivanishvili's large, if reportedly eccentric, personality. Ivanishvili is indeed a billionaire, but the customary

²“Competitive authoritarianism” is roughly coterminous with Freedom House's “transitional or hybrid regime” designation, though the former has explicitly non-teleological connotations. See: Levitsky, Steven, and Lucan Way. *Competitive authoritarianism: hybrid regimes after the Cold War*. New York: Cambridge University Press, 2010.

³ Like many who made fortunes in Russia in the 1990s, Ivanishvili's wealth is often assumed to have been acquired questionably. But despite a concerted search by political opponents, no specific evidence has been released to implicate Ivanishvili in any malfeasance or wrongdoing. This lack of “dirt” is considered unusual among Russia-monied oligarchs.

use of this qualifier perhaps overstates the importance of the Prime Minister-in-waiting's vast fortune to the opposition's victory. While Ivanishvili's personal riches were indeed a critical factor—it is hard to imagine how an unfunded opposition could have united and galvanized support in the same manner—wealth is hardly a guarantee of success. And perhaps more importantly, how that money is used makes an even bigger difference.

Few remember now, but Ivanishvili is not the first or even the richest billionaire to support the Georgian opposition in post-Soviet Georgia, as Columbia University's Lincoln Mitchell correctly notes in a recent (and much-recommended) panel discussion on Georgia's post-election future.⁴ Arkady "Badri" Patarkatsishvili, the late Georgian media tycoon, has claims to both these distinctions as an active supporter and financier of the Georgian opposition up until his death in 2008. Patarkatsishvili, whose estimated net worth at death was in the \$12 billion range—almost double that of Ivanishvili—was somehow decidedly less successful in galvanizing public support. Unlike with Patarkatsishvili, Ivanishvili's money was less a campaign tool than a force multiplier. For his part, Patarkatsishvili relied upon and funded a class of opposition leaders that often squabbled with one another rather than present a united front against the UNM. The brief moment when it did unite in November 2007—which featured extensive opposition rallies that were brutally dispersed by the government—was the closest that opposition ever came to unseating Saakashvili.

By contrast, Ivanishvili chose not to outsource the fate of the opposition to the cadres of professional oppositionists like 2008 presidential candidate Levan Gachechiladze and pro-Moscow ex-speaker Nino Burjandze. Instead, and unlike his camera-shy reputation, Ivanishvili himself burst onto the scene in fall 2011 and announced his own intention to lead a new opposition coalition.⁵ In what then seemed like an odd tactical move to many, Ivanishvili turned his criticisms not only on Saakashvili and the UNM but also other elements of the opposition—many of whom had gained reputations as disaffected former nomenklatura badly outclassed by the UNM's sleek brand. And while Ivanishvili's new coalition was certainly a diverse bunch, its vanguard led by Ivanishvili himself, former UN Ambassador Irakli Alasania, retired AC Milan soccer star Kakha Kaladze, and the universally respected former foreign minister Tedo Japaridze broadcast a new brand of opposition that contrasted with the staid, Soviet-hued one it displaced.

While the particulars of Ivanishvili's strategy may not be easily replicable in other countries seeking forward progress in their attempt for democratic transition, the net result of Ivanishvili's actions show that leadership, and not necessarily money, is the decisive factor. Gachechiladze,

4 Mitchell, Lincoln. "Billionaires in the Georgian opposition." Address, Georgia After the Elections: What Happens Next? from Harriman Institute, Columbia University, New York, NY, October 12, 2012.

5 Ivanishvili has claimed that—in the face of UNM government pressure, which had a reputation for its informal control over the economy—he was forced to choose between leaving the country or going into politics, and chose the latter. See: Buckley, Neil. "Georgia's Billionaire Premier." *Financial Times* (London), October 26, 2012. <http://www.ft.com/intl/cms/s/2/57de74bc-1e37-11e2-8e1d-00144feabdc0.html> (accessed October 26, 2012).

Burjanadze, ex-prime minister Zurab Noghaideli, Labor Party leader Shalva Natelashvili, and others of the old guard had little credibility with the Georgian public and could not rally the opposition in the way Ivanishvili did.

International engagement matters. Robust international, and especially American and other Western, attention to Georgia played a critical role in assisting with the transition process. Though much of the international community expected a resounding UNM win, its emphatic calls for a genuinely free and fair process—and the deployment of a robust international monitoring apparatus to back it up—made extensive vote rigging and some of the more blatant types of fraud harder to engineer for the ruling UNM.⁶

Strong and sustained Western engagement, with particular interest in the quality of Georgia's political institutions, created breathing room for a more competitive electoral environment. And while the Georgian opposition undoubtedly benefited from Georgia's critical geostrategic location and the uncanny fascination it evokes in many Western capitals, so too did the UNM, which continuously sought to incubate a form of clientitis among its international counterparts both in Tbilisi and abroad. Nonetheless, the UNM's acquiescence to defeat might well not have occurred in the absence of strong Western leverage. The October 1 election may not have been entirely free and it may not have been fully fair, but Georgia's elections show that just the ability to meaningfully compete—which Georgian Dream did successfully—can go a long way.

Though not every country can take international engagement for granted, it is incumbent on democracy-promoting Western governments and nongovernmental organizations to cultivate a brokering role in non-democratic states. At the same time, opposition groups might seek to emulate the Georgian opposition's focus on achieving competitiveness rather than outright parity—a level inherently disallowed in non-democratic polities—and identifying ways to attract and sustain international attention.

While Georgian Dream's public relations apparatus was qualitatively less impressive than that of their rivals in the UNM, the coalition's emphasis on publishing consistently and regularly in clear, international English made it simple for journalists, analysts, and policymakers in the West to get the story from the "other side." A political movement needn't invest millions in blue chip strategic communications firms to achieve the same result.

Campaign messaging matters. To their credit, Georgian Dream did not allow itself to be defined by the UNM's characterization of the coalition as a shadowy, Kremlin-orchestrated fifth column.

⁶ The role of internationally-funded nongovernmental organizations played a crucial role. Transparency International was able to uncover and disseminate instances of fraud. See: "Fraudulent protocol decides majoritarian race in Sighnaghi, TI Georgia finds." Transparency International Georgia. <http://transparency.ge/en/post/general-announcement/fraudulent-protocol-deci> (accessed October 14, 2012).

Instead, Georgian Dream stuck to a core message of economic development and jobs and did not get pulled into the downward spiral of constantly defending against charges of secret pro-Russia sentiments. While the coalition did issue regular pronouncements reiterating its pro-West stance—remarkable policy consistency in a campaign that was mostly anything but on both sides—its primary campaign message stayed focused on domestic issues, which both overwhelming statistical and anecdotal evidence showed were Georgian voters’ top issues.

Another area that could have posed a fatal distraction was the unbalanced electoral environment. While the opposition was diligent about underlining the disadvantages it faced in its uphill battle for parliament, it did not make the mistake of putting it forth as a central campaign theme. Previous opposition leaders, by contrast, made UNM structural advantages and allegations of fraud the centerpiece of their messaging, which found little traction outside of some quarters of the urban elite and their own patronage networks.

Critically, Georgian Dream was able to balance a large and sometimes self-contradicting coalition and still maintain a main focus on those domestic issues that most resonated with voters. While questions of Euro-Atlantic integration and the quality of the electoral process burned in the minds of Western analysts and diplomats, Georgian Dream targeted its real audience—the Georgian people—with the issues that mattered most to them. Though controlling campaign messaging is something that can elude even the best-oiled campaigns in developed liberal democracies, the Georgian election shows just how major a difference it can make for an out-gunned and ideologically fractured opposition front.

The Future of Georgian Political Development

For the West, the Georgian elections also elucidate areas that demand improvement. Most glaringly, Western observers’ widespread confidence of an impending UNM victory and, in some quarters, acceptance of UNM campaign propaganda as fact illustrates the dangers of overly-personalized relationships. This tendency was even on display after the election results were finalized, as Western friends of the outgoing government took to the op-ed pages and social media channels to hail the UNM’s concession as proof of a level playing field, in spite of extensive conclusive evidence to the contrary.

By the same token, the Georgian Dream victory should certainly not be seen as a final triumph of democracy in Georgia, however attractive a narrative it seems. As momentous an occasion as Georgia’s first peaceful, legal transition of power by the ballot box is, it should not be confused as the culmination of some teleological journey. Many questions still remain: will the Georgian Dream, a highly factionalized coalition at best, survive its victory? Will the UNM, which has been perpetuated more by access to patronage than defined and consistent ideology, itself

survive? And more importantly, will whatever emerges from this electoral context and future politicking be representative of voters' wishes?

On the latter question, political scientist Ilia Roubanis' now near-legendary characterization of the Georgian political system in 2009 as "pluralistic feudalism" remains a fair descriptor.⁷ Whether and, if so, how Georgia manages to evolve from this system—with its constant clash of personalities and their clients—into an identifiable form of representative democracy is a particularly compelling question. Ivanishvili, who has repeatedly stated that he will step away from politics after just 18 months on the job, probably leaves himself only enough time to solidify his coalition and pursue a slate of new legislation, but perhaps not enough to establish himself as a Georgian Dream patriarch. If Ivanishvili keeps to his promises, and considering many of his cabinet picks' solid stature in their own right, Georgia might have a chance to jettison the baggage of its political system's quasi-feudalistic moorings.

There are other interesting developments: six UNM parliament deputies who won single-mandate districts have decided not to caucus with their fellow party members. While UNM spokespeople have complained that Georgian Dream is trying to bribe their way into a constitutional supermajority, the likelier explanation is that these deputies, including an ethnic-Armenian deputy from an Armenian-majority region in Samtskhe-Javakheti, are positioning themselves as legislative swing votes. With six votes, the minimum needed to form a parliamentary grouping, the independent MPs have formed their own parliamentary bloc.⁸ Evidence of the growing independence of single mandate "majoritarian" deputies bode well for voter representation; party machinery may have secured votes before, but October showed that the voters themselves are in charge.

Western friends and partners of Georgia should encourage positive development in Georgia and hold the new government to its commitments. And moving forward, engagement remains as important as ever. Not just to hold the new government to its promises, but to help in consolidating the gains realized by the October elections and ensuring that democratic practices are cultivated and institutionalized for the long term.

Breakthroughs

Overall, the Georgian elections do illustrate that while competitive authoritarian regimes can be stable for prolonged periods, their very nature also makes them susceptible to challenge. Maintaining even "Potemkin" facades of democratic institutions can provide just enough space

7 Roubanis, Ilia. "Georgia's pluralistic feudalism: a frontline report." openDemocracy. <http://www.opendemocracy.net/article/georgia-pluralistic-feudalism> (accessed October 17, 2012).

8 "Former UNM members to create new faction in the Georgian parliament." Georgia Online. <http://georgiaonline.ge/news/a1/politics/1351571619.php> (accessed October 29, 2012).

to exploit for would-be democratizers to survive openly, however uneasily. While one of the greatest challenges for democracy promoters will be translating the lessons of the Georgian elections to varied international contexts, the Georgian Dream victory shows that it can be done.

It is essential that the West continue to ensure competitive contests, even if true balance cannot be attained, and maintain a pragmatic view of political realities. Despite the opposition's fundamental makeover with Ivanishvili's entrance—and the extent by which opposition fervor swept regional strongholds of UNM power—Georgian Dream was treated little differently than its antecedents, which had lacked the organic support or capacity that Georgian Dream wielded. At the same time, Western engagement—through democracy promotion efforts and international pressure on UNM leadership—did manage to play a crucial part in making a transfer of power possible.

It remains unclear whether or not the October elections represent a lasting break-through towards a democratizing path, or just another chapter in the Eurasia region's long history of unkept promises. But for now, Georgia's political model appears to have been resuscitated and may hold some promise. A bright spot in an otherwise dour firmament of democratic stagnation and regression in the post-communist space, it is especially important to learn the lessons from this experience and build on them—in Georgia and elsewhere—to restore momentum to democratization and progress. To that end, the West should offer Tbilisi a definable path towards Euro-Atlantic structures and continue robust aid for Georgia's economic and political development. By keeping its promises to Tbilisi, the West can signal its seriousness about global democratization while laying the foundations for democratic consolidation, through concrete incentives, in Georgia itself. If the West can keep both Ivanishvili and Saakashvili to their commitments in the critical year ahead, an important democratic breakthrough could be consolidated, with powerful implications for transitions throughout the post-communist region and beyond

REFORMING THE DEMOCRACY BUREAUCRACY

By Melinda A. Haring

June 2013

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Executive Summary

U.S. democracy assistance, which began in earnest in the 1980s as a means to support democratization in Eastern Europe and encourage liberalization in the Soviet Union, enjoys bipartisan support and has become an institutionalized part of U.S. foreign policy.

Democracy assistance is a national security issue. Scholars have posited that democratic states by and large do not fight with their neighbors. For this reason, supporting democrats is an important part of safeguarding U.S. national security.

Democracy assistance has grown into a \$3 billion industry that encompasses non-profit and for-profit organizations.

Two main institutional models exist for promoting democracy—field-based and independent grant-making organizations. Field-based organizations, like the National Democratic Institute, are headquartered in Washington, DC, but maintain numerous field offices. Independent grant-making organizations, like the National Endowment for Democracy, have only a central headquarters and work on the ground almost exclusively through local partners.

This division of labor can serve as the basis for a number of simple reforms that can enhance the effectiveness of U.S. democracy promotion.

Donor organizations without field offices are less vulnerable to pressure from authoritarian regimes because they do not need to maintain field offices. As a result, they are better suited to working in countries rated by Freedom House as “not free.” Field-based organizations, by contrast, are susceptible to strong-arm tactics by repressive regimes.

Field-based organizations should focus their efforts on countries where democratic transitions are already underway because they are better able to function in freer environments and more likely to have a positive impact there.

Noncompetitive practices for awarding program funds—like USAID’s Consortium for Elections and Political Processes Strengthening (CEPPS) mechanism—have stymied innovation and should be phased out.

Transparency is a vital aspect of competition. All proposals including detailed budgets, quarterly reports, final reports and evaluations for USAID-funded programs in countries ranked “partly free” should be publicly available on a single website that Congress, scholars and citizens can monitor.

Democracy promotion requires more than simply injecting funds into not-free countries in the hope that assistance will eventually transform them into robust democracies. Resource allocations should be strategic, funding mechanisms competitive, and operating practices transparent.

TERMS OF REFERENCE

CEPPS	Consortium for Elections and Political Processes Strengthening
CIPE	Center for International Private Enterprise (one of the core institutes of the National Endowment for Democracy)
NDI	National Democratic Institute (one of the NED’s core institutes)
NED	National Endowment for Democracy, an independent grant-making organization
IRI	International Republican Institute (one of the NED’s core institutes)
IFES	International Foundation for Electoral Systems
Solidarity Center	Solidarity Center (one of the NED’s core institutes)
USAID	United States Agency for International Development (government agency that distributes the bulk of U.S. democracy dollars)

Grant-making organization:

The NED is an independent grant-making organization that does not maintain field offices and distributes grants directly to indigenous NGOs.

Field-based organization:

Non-profit or for-profit organization with local offices that deliver programs; it is the dominant model; most organizations implementing democracy and governance programs are field-based. Also called implementers.

Introduction

This paper examines how the U.S. supports democrats and democratic movements and offers recommendations to improve the delivery of U.S. democracy assistance. U.S. democracy assistance, which began in earnest in the 1980s as a means to support democratization in Eastern Europe and encourage liberalization in the Soviet Union, enjoys bipartisan support and has become an institutionalized part of U.S. foreign policy. Today the U.S. supports democrats on every continent rhetorically and through assistance dollars. U.S. democracy dollars are distributed through the United States Agency for International Development (USAID), the Department of State, the National Endowment for Democracy, and several other government agencies. U.S. assistance provides funding for independent newspapers, coaches political parties, trains citizens how to monitor elections, supports business associations, among many other examples.

Democracy assistance has been a U.S. foreign policy priority—albeit a secondary one, relative to defense, diplomacy and development—for moral and pragmatic reasons. From President Ronald Reagan to Barack Obama, official rhetoric on the importance of democracy has largely remained the same: Humans long to be free, and democracy is the system that provides the most freedom for human flourishing. Pragmatically, democratic states make better neighbors. Scholars have posited that democratic countries by and large do not fight with their neighbors; thus, a world dominated by democratic governments would experience less tension and limit the potential for confrontation. For this reason, supporting the growth of democracies contributes directly to safeguarding U.S. national security.

From its modest beginnings in the Reagan administration, the idea that outside actors can encourage democratic change overseas has grown into a \$3 billion industry encompassing a vast array of programs.¹ Scholars and practitioners have argued convincingly² that the “democracy bureaucracy”³ remains uncoordinated, is often counterproductive, contains redundancies, “and

¹ In 2013, the U.S. government plans to spend \$2.8 billion to support democracy, good governance and human rights overseas, according to the State Department/USAID Foreign Assistance Dashboard. The FY2010 figure was \$3.4 billion. From *Investing in Freedom: Analyzing the FY2012 International Affairs Budget Request: Special Report*, Freedom House, May 2011, p. 3. Available: http://www.freedomhouse.org/sites/default/files/inline_images/Investing%20in%20Freedom%20Analyzing%20the%20FY%202012%20International%20Affairs%20Budget%20Request.pdf

² Cohen, Michael A. and Maria Figueroa Küpçü, *Revitalizing US Democracy Promotion: A Comprehensive Plan for Reform*, April 2009. Washington, DC: New America Foundation.

³ Melia, Thomas O. “The Democracy Bureaucracy,” *The American Interest*, 1 June 2006. Available: <http://www.the-american-interest.com/article.cfm?piece=75>

[is] characterized by scant strategic thinking and a cumbersome management system.”⁴ Yet supporting democrats is an important plank of U.S. influence and national security that can be improved with three reforms.

First, the U.S. government should leave democracy assistance in authoritarian countries like Uzbekistan and Zimbabwe to the independent grant-making model exemplified by the National Endowment for Democracy (NED). Second, field-based organizations like the National Democratic Institute (NDI) and International Republican Institute (IRI) should focus on partly free places already on the road to change like Kyrgyzstan and Tunisia. Finally, non-competitive mechanisms for awarding funds to democracy-promotion organizations should end.

The first two reforms entail a strategic approach to a natural division of labor within the democracy-promotion community. Field-based organizations implement programs through field offices staffed by expatriates and locals, while the grant-making organization being discussed maintains its headquarters in Washington, DC, but does not support field offices. The NED is the best-known grant-making organization, while most partners of the United States Agency for International Development, like NDI and IRI, are field-based organizations.

Background

It is difficult to measure the effects of a democracy and governance program, unlike in the more traditional subfields of development such as health, where monitoring and evaluation are more straightforward: This program immunized 5,000 people or brought 5,000 liters of clean drinking water to a village. The results of democracy programming are often imperceptible at first and may take years to become apparent. While acknowledging the difficulties of measuring program efficacy, the U.S. should not continue to spend \$3 billion annually if it cannot demonstrate that its democracy programs are having an impact.

This paper is the result of graduate school study, and then work as a practitioner focusing on Azerbaijan and the Republic of Georgia. Like many in the field, I arrived with high hopes that smart development specialists with regional knowledge could design effective programs to enable democratically minded individuals to push for reform. What I observed was disheartening: Cookie-cutter programs that did not take into account a country’s specific circumstances or incentive structure into program design. As a result of formal study and as a practitioner, I offer this report in the hopes that the second generation of democracy specialists

⁴ Michael A. Cohen and Maria Figueroa Küpçü call for a “bureaucratic brush clearing” and suggest that the Obama administration working with Congress “make a concerted effort to identify and eliminate the many redundancies in the assistance bureaucracy.” Cohen, Michael A. and Maria Figueroa Küpçü, *Revitalizing US Democracy Promotion: A Comprehensive Plan for Reform*, April 2009. Washington, DC: New America Foundation, p. 3.

will skeptically evaluate the efforts of the last 30 years and reform a field that truly has the potential to better the lives of millions abroad and enhance the security of Americans at home.

Models Matter

The delivery of non-profit democracy assistance almost always takes one of two basic institutional forms: a field-based organization that carries out programs in country through offices in country and local staff, or a grant-making organization with a centralized office that normally does not have field offices. While both models are tax-payer funded, their ability to operate and carry out meaningful programs, especially those in authoritarian and semi-authoritarian countries, varies dramatically.

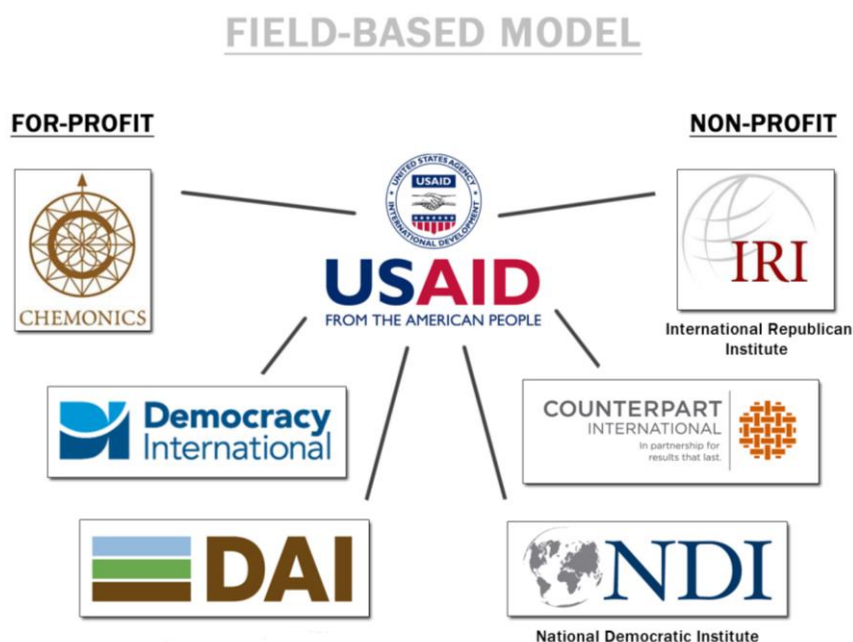
The U.S. government overwhelmingly distributes its democracy assistance dollars through USAID, which selects field-based organizations to implement its program ideas; these field-based organizations are nonprofit and for-profit.⁵ USAID itself does not implement the actual programs, which led Senator Patrick Leahy to memorably (and accurately) describe it as “a check writing agency for a handful of big Washington contractors and NGOs.”⁶ Examples of non-profit organizations that implement USAID programs include the International Republican Institute, National Democratic Institute, Counterpart International and dozens of others. For-profit contractors that specialize in democracy and governance programs include Chemonics International, Democracy International, Development Alternatives, Inc. (DAI) and many others. These field-based implementers are structurally similar and operate along roughly the same lines: a large office in Washington, DC, sets the overall strategy, while field offices scattered throughout the world execute the actual programs. In many of the field offices, an American serves as the director and locals provide administrative support. The field-based model provides a continuous U.S. presence on the ground and can provide different kinds of assistance that can be hard to do through externally based grants. Field-based operations can bring technical knowledge, oversight, local information and access to decision-makers.

The field-based model is often inefficient, as a larger footprint leaves fewer assistance dollars to fund actual programs. Overhead costs, including salaries, rent, and expatriate perks in an organization with field offices can reach up to 70 percent, while overhead at an independent

⁵ Of the \$2.25 billion the U.S. government spent on democracy programs in 2008, 87 percent was allocated to USAID. *Democracy Assistance: U.S. Agencies Take Steps to Coordinate International Programs but Lack Information on Some U.S.-funded Activities*, U.S. Government Accountability Office, GAO 09-993, September 2009, p. 14.

⁶ “Statement of Senator Patrick Leahy, State Foreign Operations Subcommittee Hearing on Fiscal Year 2009 USAID Budget Request,” 4 March 2008.

grant-making organization like the NED is 16 percent.⁷ It is telling that field-based organizations do not make their detailed program budgets publicly available. By contrast, the NED makes its grant recipients and the amounts they receive publicly available in its annual report and on its website, allowing one to calculate what percentage of the organization's budget goes to the upkeep of its own infrastructure and what percentage goes to actual programs.



Field-based organizations often justify their presence in closed societies as a way to help crack open the door to reform, reasoning that this will pave the way to implement real programs and work with genuine political parties once political space becomes available. That argument is shortsighted, however. If and when political change comes, for example, to Uzbekistan, where President Islam Karimov has ruled for over two decades without a whiff of democratization, having had a field office in Tashkent under the Karimov regime is not likely to enable an organization to take better advantage of a hypothetical political opening. If anything, implementing democracy programs with the permission of a clearly authoritarian regime only tarnishes the credentials of the organization. Moreover, when they allow them in, authoritarian regimes often use the presence of democracy-promotion organizations to bolster their own

⁷ The political party institutes (National Democratic Institute and International Republican Institute) define “overhead” narrowly in order to keep the number artificially low; if one were to add all the salaries and rent, the figure would be much higher. Officially, overhead at the political party institutes is somewhere between 20 to 25 percent. The political party institutes define overhead as staff salaries for the accountants, technical experts and executive-level staff as well as rent in the Washington office. Their definition of overhead does not include program staff salaries in Washington, local staff salaries, the expatriate director’s salary, the expatriate’s apartment, the expatriate’s biannual international airfare, private school tuition for the expatriate’s children (if applicable) or office rent in an expensive building with Western amenities. Some field offices have more than one expatriate as well. In sum, only a *fraction* of the total grant amount funds programs in a field-based organization.

“democratic” credentials. If and when a democratic awakening occurs in Uzbekistan, real reformers may even be unwilling to work with an organization that had cooperated with the old regime.

Having relationships with civil society activists, not maintaining field offices, puts organizations in the best position to take advantage of newly opened space.⁸ In Tunisia, organizations like NDI and Freedom House, which had built relationships outside of Tunisia with civil society activists during the Ben Ali era, were able to get on the ground and start working immediately after the revolution (NDI is overwhelmingly but not entirely field-based; Tunisia was an exception to its general modus operandi). However, they did not have field offices in Tunisia prior to the Arab Spring.⁹

One scholar suggested that this paper draw a distinction between in-country work in closed societies with governments versus in-country work that tries to reach the NGO sector in assertive and realistic ways. However, USAID’s work with NGOs in semi-authoritarian and authoritarian countries is often not assertive or realistic. USAID’s \$3.5 million civil society program in Azerbaijan, implemented by the National Democratic Institute, tried to reach the NGO sector but it was not assertive in the least bit.¹⁰ The program, in part, gave small grants to local NGOs that were intended to empower youth and women, two powerless constituencies in Azerbaijan. The idea that the empowerment of women and youth is a key component in effecting positive change runs through statements by NDI’s president and chairwoman, and programmatic documents on the organization’s website.¹¹ They strongly imply that if we empower women and youth, they might convince their friends to pick up trash and start computer centers. All well and good, but hardly the stuff of real and meaningful social change. Even if programs could be implemented in closed countries in ways that tried to reach the NGO sector assertively and realistically, the arbiter would likely be USAID, which is highly problematic. USAID’s Democracy and Governance officers often do not know the local environment or language well enough to decide if programs are assertive and realistic.¹² The implementer may have the local knowledge, but it is

⁸ Bush, Sarah. *The Taming of Democracy Assistance* (unpublished manuscript).

⁹ *Ibid.*

¹⁰ “USAID/Azerbaijan – Our Programs: Democracy and Governance,” Strengthening Civic Engagement in Political Processes in Azerbaijan. Available: <http://azerbaijan.usaid.gov/node/9>

¹¹ *Democracy and the Challenge of Change: A Guide to Increasing Women’s Political Participation*, 2010.

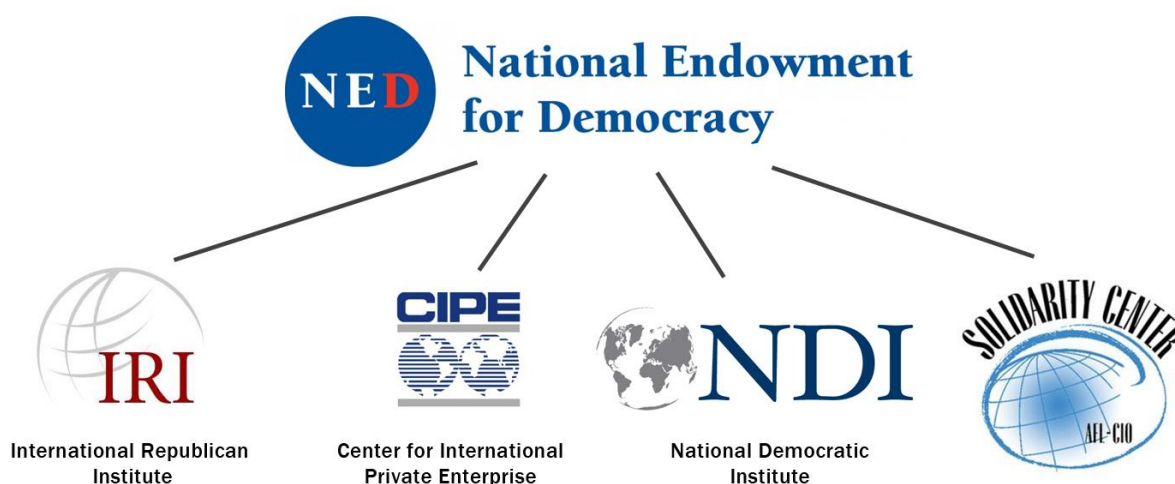
Washington, DC: National Democratic Institute, p. 12. Available:

http://www.ndi.org/files/Democracy_and_the_Challenge_of_Change.pdf “Women as Change Agents: Advancing the Role of Women in Politics and Civil Society,” Statement by Kenneth Wollack, President of the National Democratic Institute, House Committee on Foreign Affairs, 9 June 2010. Available: http://www.ndi.org/files/Women_As_Change_Agents_Testimony_090610_0.pdf. See also <http://www.ndi.org/womens-political-participation> and <http://www.ndi.org/citizen-participation>.

¹² Cohen, Michael A. and Maria Figueroa Küpçü, *Revitalizing US Democracy Promotion: A Comprehensive Plan for Reform*, April 2009. Washington, DC: New America Foundation, p. 10.

always in their bureaucratic self-interest to argue that there is sufficient political space to conduct meaningful programs. Thus, this paper draws a tight distinction between working in not-free countries with NGOs through field-based operations and the independent grant-making model. As noted above, the U.S. government also supports democracy abroad through an independent grant-making approach. In institutional terms, this is the National Endowment for Democracy. The NED was created to do two things. First, it provides funds to the four “core” institutes: [National Democratic Institute](#), [International Republican Institute](#), [Center for International Private Enterprise](#) (CIPE), and the [Solidarity Center](#). Congress established the NED, in part, to fund these institutes, which transfer expertise from business, labor, and politics.

CORE FUNDING



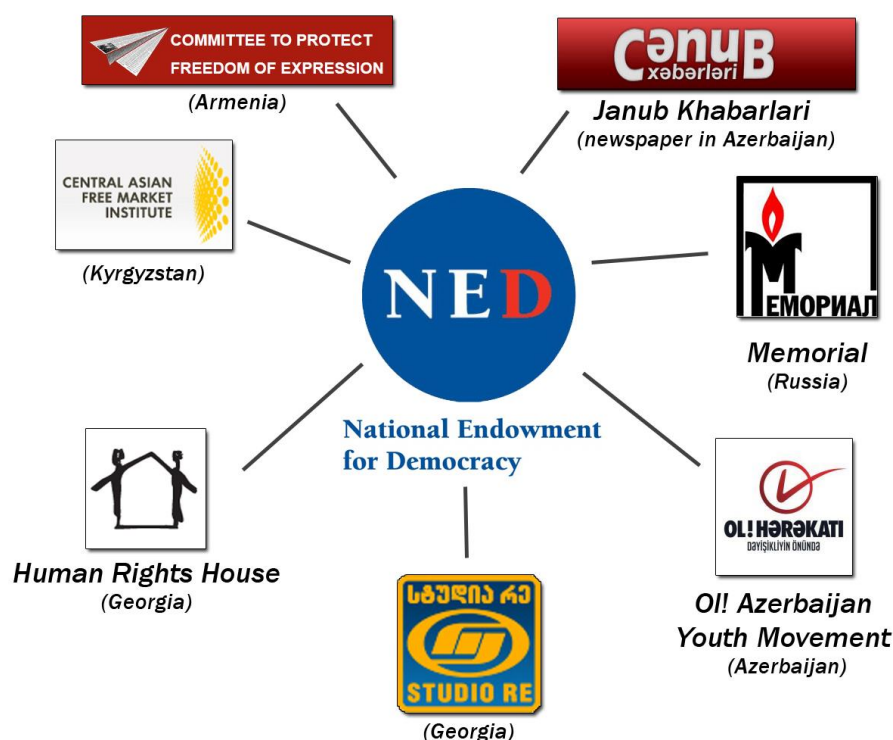
The NED also provides small grants directly to domestic civil society organizations overseas. NED staff receive grant applications from small indigenous organizations and they select and fund the most promising ideas. For example, in 2011 the NED gave the OL! Azerbaijan Youth Movement a small grant to support a biweekly series of seminars and lectures that promote democratic values among young people.¹³ The events were videotaped and made available on the organization’s website to any interested party. There is no field office that might worry whether the content of these events will draw regime censure. Azerbaijanis organize the activities, manage the funds, provide progress reports to Washington, design the program from the outset, and decide how far to push the envelope in dealing with their own government. In marked contrast to the field-based model, the NED’s grants are conceptualized, overseen and implemented by locals; they are driven by the needs and interests of local activists, who know their societies far better than any Western development expert. NED program staff who speak

¹³ “Azerbaijan,” taken from the 2011 Annual Report, National Endowment for Democracy. Available: <http://www.ned.org/where-we-work/eurasia/azerbaijan>

relevant local languages visit their grantees often to monitor the projects. Furthermore, NED's grants tend to be very small, thereby reducing the risk that funds might be misused.

In not-free countries, the NED approach is superior because it does not require field offices that depend on the ongoing permission of the government. An organization with a field office in an authoritarian state like Russia, for example, is more vulnerable to strong-arm tactics than a foreign organization that does not seek to maintain a foreign presence. We saw this first hand in September 2012 when the Russian government ordered USAID to close all of its programs in the Russian Federation.¹⁴ Consequently, all USAID-funded partners with offices in Russia are scrambling to remain active from a neighboring country or are in the process of closing. The crucial point to remember is that field-based organizations in closed societies tend to implement cautious and anodyne programs because their dependence on field offices makes them more vulnerable to pressure from authoritarian regimes.

GRANT-MAKING MODEL



Congress has acknowledged the superiority of the grant-making model in a current bill pending before the Senate, S.3241. The Senate Committee on Appropriations "recognizes the comparative advantages of the NED in the promotion of democracy and human rights abroad,"

¹⁴ "Russia Expels USAID Development Agency," BBC World News, 19 September 2012. Available: <http://www.bbc.co.uk/news/world-europe-19644897>

citing its “unparalleled experience in promoting freedom during the cold war, and continued ability to conduct programs in the most hostile political environments.”¹⁵ The Senate Committee on Appropriations recommended that Congress increase the NED’s budget from \$104 million to \$236 million for FY2013, “recogniz[ing] the NED as a more appropriate and effective mechanism to promote democracy and human rights abroad than either the Department of State or USAID.”¹⁶

The independent grant-making model acknowledges that outsiders have a limited role to play in democratic transitions. Because of its unique model, the NED is able to operate throughout the world and in some of the most challenging environments. In the Eurasia region, the NED supports civil society organizations in the North Caucasus; no other American organization is able to work in Dagestan or Chechnya. The grant-making model of the NED is unique, and it should be bolstered. A modest 20-percent increase to its current budget, spread over the next 10 years in small annual additions intended mainly to keep pace with inflation, would be appropriate. As the NED’s budget grows, there should not be an assumption that its funding to the four core institutes will automatically increase, to ensure that the core institutes maintain political creativity and interesting programming.

There are three downsides to working through indigenous NGOs that should be acknowledged. First, indigenous NGOs tend to be less professional and have less capacity. They constantly struggle with retaining talent, raising sufficient funds, reflect the politics and personality of the NGO’s leader, and are often a single grant-cycle away from insolvency. Second, domestic NGOs may not have sufficient monitoring and evaluation capabilities. Finally, the grant-making approach offers a much smaller financial pipeline than the field-office alternative, but this is a virtue. A small country awash in donor dollars is an invitation to the unscrupulous, as myriad accounts from Afghanistan attest. Societies produce only so many democratic activists, and too many assistance dollars can create an artificial cottage industry. The NED cannot pump as much money into a country as USAID, but that is hardly a bad thing.

In sum, the NED has a flexible model that enables it to assist democrats directly in repressive or sensitive political environments where U.S. government support, even if channeled through intermediary institutions, would be diplomatically or politically unfeasible. For example, the NED funds independent print newspapers in Azerbaijan, a country with virtually no independent media and active surveillance of its citizens on the web. USAID would be unlikely to fund such an “aggressive” project. The field-based model, especially the political party institutes, is too

¹⁵ “U.S. Senate, Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2013,” U.S. Senate Report 112-172, 112th Congress, 2d Session, 24 May 2012, p. 34. Available: <http://www.gpo.gov/fdsys/pkg/CRPT-112srpt172/pdf/CRPT-112srpt172.pdf>

¹⁶ *Ibid.*

cautious in closed societies and too few dollars actually reach the field.¹⁷ Policymakers ought to work exclusively through the U.S.'s most agile organization in not-free countries.

Get Smarter About Where We Work

USAID and its field-office partners should only work in countries where a democratic outcome is likely, or in countries clearly undergoing political transition. The U.S. should curtail current USAID programs in semi-authoritarian and authoritarian regimes like Azerbaijan, Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan. None of these countries has real politics, a viable opposition, a vibrant civil society, an independent press, or free and fair elections, nor are they likely to in the foreseeable future.

USAID should fund programs only in countries that Freedom House ranks as “partly free” according to its annual Freedom in the World index. First published in 1973, Freedom in the World is a widely referenced index. Freedom in the World’s methodology is rigorous, with country-experts providing quantitative evaluations of the state of political rights and civil liberties in countries along with a qualitative narrative describing major trends over the year the study covers. The index is so highly regarded that the Millennium Challenge Corporation (MCC) uses Freedom in the World’s scores as one of its selection indicators to determine country eligibility for MCC assistance.¹⁸

Triage—the allocation of resources according to strict criteria of priorities—makes sense in a resource-constrained environment. The 10 Eastern European members of the European Union have already realized the need to be strategic in their giving priorities. The Eastern EU members do not spread their extremely limited democracy dollars thin—they put most of the money into Georgia, Moldova, Serbia and Ukraine, all countries where change is either underway or feasible.¹⁹ (Belarus is an admitted exception to this rule; the Eastern EU members support change there for historical and geographic reasons.) The Eastern EU members do not work in Central Asia, having reasonably concluded that a failure to hold regular and fair elections, high levels of corruption, closed media environment, murky judiciaries and elite disinterest in reform make these countries poor investments for scarce democracy dollars.

¹⁷ It should be noted that the International Republican Institute wisely closed its offices and programs in Azerbaijan and Kazakhstan after concluding that there wasn’t sufficient political space to operate. IRI tends to be far more pragmatic and strategic than NDI. NDI, for instance, is the only Western-funded NGO still on the ground in Uzbekistan. All other U.S. and European NGOs left in 2005 after the Andijion massacre.

¹⁸ “Selection Indicators,” Millennium Challenge Corporation. Available: <http://www.mcc.gov/pages/selection/indicators>

¹⁹ Petrova, Tsveta. *The New Role of Central and Eastern Europe in International Democracy Support*, Washington, DC: Carnegie Endowment for International Peace, p. 12. Available: http://carnegieendowment.org/files/east_eur_democracy.pdf

USAID—which distributes more than 85 percent of U.S. democracy dollars—does not apply the concept of triage to assistance, however.²⁰ USAID spent \$5.6 million through Development Alternatives, Inc. (DAI) from 2007 to 2011 attempting to “enhance the overall effectiveness” of the Parliament of Azerbaijan—a parliament that has never been freely elected. Every deputy in parliament is a member of the ruling Yeni Azərbaycan Partiyası (New Azerbaijan Party). Yet U.S. taxpayers paid for an orientation program for new members of the Azerbaijani parliament, all of whom were elected in 2010 parliamentary elections that the U.S. Embassy in Baku described as “not meet[ing] international standards.”²¹ The U.S. Embassy also noted the pre-election period’s lack of balanced media coverage, continued restrictions on freedoms of assembly and expression, and an unfair candidate registration process. U.S. Embassy staff spotted ballot box stuffing and other serious election violations.

In other words, the U.S. government found serious fault with the 2010 parliamentary elections and then trained the winners. USAID even paid for a new website to make the illegitimate parliament more efficient. A final assessment carried out by two outside experts found that the parliamentary program “did not change how the [Parliament of Azerbaijan] functions or how ordinary people in Azerbaijan relate to and understand the parliament.”²² After the orientation for members of parliament, they “may be better prepared to do their jobs, [but] there is little debate in the [Parliament of Azerbaijan], indicating that the [Parliamentary Program of Azerbaijan] has not changed the core characteristics of the parliament.”²³

Since Azerbaijan’s independence in 1991, USAID has spent more than \$55 million on programs to make the country more democratic.²⁴ Meanwhile, the Aliyev family has governed since 1993, passing the baton from father to son. The regime has jailed young people for making satirical videos, made it increasingly difficult for NGOs to operate, imprisoned hundreds of religious

²⁰ Of the \$2.25 billion the U.S. government spent on democracy programs in 2008, 87 percent was allocated to USAID. *Democracy Assistance: U.S. Agencies Take Steps to Coordinate International Programs but Lack Information on Some U.S.-funded Activities*, U.S. Government Accountability Office, GAO 09-993, September 2009, p. 14.

²¹ “Statement by Philip J. Crowley, Spokesman, Assistant Secretary of State for Public Affairs,” Embassy of the United States to Azerbaijan, 8 November 2010. Available: http://azerbaijan.usembassy.gov/pr_110810.html

²² Mitchell, Lincoln and Rashad Shirinov, “Parliamentary Program of Azerbaijan Evaluation: Final Report,” July 2011, USAID Azerbaijan, p. 7. Available: <http://www.democracyinternational.com/sites/default/files/Azerbaijan%20Parliamentary%20Programs%20Evaluation%20Final%20Report.pdf>

²³ *Ibid.*

²⁴ “USAID/Azerbaijan – Our Programs: Past Projects,” USAID Azerbaijan. Available: <http://azerbaijan.usaid.gov/node/86>

believers it has branded as “extremists,” and failed to hold a single election that met international standards.²⁵

In spite of the country’s obvious negative trajectory and resistance to reform, the U.S. government continues to operate and authorize new multi-million dollar democracy programs in Azerbaijan. In August 2012, USAID issued a \$1.5 million call for the Azerbaijan Rights Consortium Project, which would “enable key civil society organizations to better respond to President Aliyev’s vision and to calls for more meaningful state and civil society partnerships fulfilling the government’s commitments to various international human rights instruments.”²⁶ The idea of U.S. taxpayer dollars going to implement the supposedly democratic “vision” of Azerbaijan’s authoritarian president is deeply troubling.

In Turkmenistan, a regular denizen of Freedom House’s “Worst of the Worst” list of most repressive countries, USAID through the for-profit QED Group seeks to strengthen governance policies and practices. The program promises to “increase knowledge of effective governance practices, increase the practice of inclusive dialogue and information sharing, and assist the government to better develop and implement legislation and policies.”²⁷ This language might be appropriate for a country with a freely elected parliament that is independent of the executive, but Turkmenistan has never held elections that meet international standards and its leadership does not appear to have any inclination to do so in the foreseeable future.

In Kazakhstan, USAID, working through a contractor, seeks to “increase the capacity” of Kazakhstan’s leading civil society organizations so that they might better represent their constituents’ interests to the government.²⁸ The design of the program presumes that Kazakhstan has a parliament that derives its legitimacy from constituents who have an opportunity to “throw the bums out” every few years. Kazakhstan does indeed have a parliament and regular elections, but international bodies such as the Organization for Security and Cooperation in Europe/Office for Democratic Institutions and Human Rights consistently find fault with them.²⁹ The Kazakh

²⁵ Azerbaijan has held one clean election, in 1992, that brought Abulfaz Elchibey to power albeit briefly. Svante Cornell described the 1992 election as “one of the freest elections in the post-Soviet sphere,” although the fairness of the 1992 election was partly a result of a law that prevented persons from over the age of 65 from running for president. The law was undoubtedly meant to prevent Heydar Aliyev from running again. Cornell, Svante E., “Democratization Faltering in Azerbaijan,” *Journal of Democracy*, 12.2, April 2001, p 119.

²⁶ “USAID/Caucasus Request for Applications (RFA) No. 112-12-000002. Azerbaijan Rights Consortium (ARC) Project,” USAID Caucasus, 21 June 2012.

²⁷ The project is a \$2.5 million one. “Turkmenistan Governance Strengthening Project,” QED Group. Available: <http://www.qedgroupinc.com/project/turkmenistan-governance-strengthening-project>

²⁸ The cost of the program is \$1,750,000. “Kazakhstan Civil Society Strengthening Program,” USAID/Kazakhstan. Available: <http://centralasia.usaid.gov/kazakhstan/627>

²⁹ “Republic of Kazakhstan: Early Parliamentary Elections 15 January 2012. OSCE/ODIHR Election Observation Mission Final Report,” Warsaw: 3 April 2012. Available: <http://www.osce.org/odihr/elections/89401> “Republic of Kazakhstan: Early Presidential Election 3 April 2011. OSCE/ODIHR Election Observation Mission Final Report,” Warsaw: 16 June 2011. Available: <http://www.osce.org/odihr/elections/78714>

election authorities routinely prevent opposition candidates from registering. There are indeed civil society organizations in Kazakhstan, many of whom do commendable work, but what incentive does the Government of Kazakhstan or its MPs have to listen to constituents and NGOs if an election can easily be easily manipulated? Under these circumstances, the concept of a “constituency” in Kazakhstan is highly problematic.

Also in Kazakhstan, USAID recently commissioned the National Democratic Institute to assess whether the new parliament might play a more important role in the political life of Kazakhstan.³⁰ USAID commissioned this project after Kazakhstan’s unsatisfactory parliamentary elections in January 2012, which the U.S. State Department acknowledged as falling “short of the international standards to which Kazakhstan has committed itself.”³¹ The experience of Kazakhstan’s 20 years of independence strongly suggests that the new parliament is unlikely to be given any independence by a president who has ruled with a firm grip and few gestures of reform since the fall of the Soviet Union.

In Uzbekistan, another regular on Freedom House’s “Worst of the Worst” list, USAID’s political party assistance program, implemented by the National Democratic Institute, claims to enhance “dialogue and communication between political parties and their constituents.”³² Since independence, Uzbekistan has been governed by a man who crushes dissent, boils his opponents in oil, and has decimated all signs of political life in the country. There are no opposition parties in Uzbekistan. It is difficult to grasp why it would be in the U.S. national interest to promote dialogue between pro-government political parties within Uzbekistan. As was the case in Kazakhstan, the language of the USAID program misconstrues the political system in Uzbekistan, where an absence of real elections translates into a lack of true “constituents” in the political system.

The NDI program also claims to “contribute to the familiarity of government and election officials with internationally recognized democratic principles and practices.” Members of the Uzbek parliament visited Washington, DC,³³ and the North Carolina State Legislature in April 2012.³⁴ Even if this illegitimate parliament were open to learning “internationally recognized

³⁰ The cost of the program is \$300,000. “Governance Institutions Initiative,” USAID Kazakhstan. Available: <http://centralasia.usaidallnet.gov/kazakhstan/1164>

³¹ “Parliamentary Elections in Kazakhstan” U.S. Department of State, Office of the Spokesman, 16 January 2012. Available: <http://kazakhstan.usembassy.gov/st-01-17-12.html>

³² This program is a \$1.32 million program. “Political and Civil Development,” USAID Uzbekistan. Available: <http://centralasia.usaidallnet.gov/uzbekistan/355>

³³ “Current Developments in Uzbekistan’s Parliament,” Carnegie Endowment for International Peace, 26 April 2012. Available: <http://carnegieendowment.org/2012/04/26/current-developments-in-uzbekistan-s-parliament/acih>

³⁴ “Uzbek Parliamentarians Visit Raleigh,” 24 April 2012. International Affairs Council. Available: <http://iacnc.org/blog/?p=421>

democratic principles and practices,” what they could learn in North Carolina was not applicable to the Uzbek context. The rules and customs that govern the parliament of Uzbekistan and the North Carolina General Assembly are so fundamentally different that it is hard to imagine what of use could come from comparing the two.

As Thomas Carothers, a leading scholar of democracy assistance, has observed, “Most study tours...serve little purpose beyond relationship building. In far too many cases, the wrong participants are selected (because they speak English, or because the party leader owes them a favor), the tour is a grab-bag of superficial meetings in which people in the host country who know little about the visitors’ specific context give generic presentations on ‘how things work here,’ and the participants devote their primary attention to meals and finding opportunities to shop using their travel per diem.”³⁵

Why, then, does USAID continue to fund misguided programs in authoritarian and semi-authoritarian countries that display no interest in reform? The reason is as banal as it is galling—bureaucratic self-interest, inertia and the assumption that more is always better. We can end the waste with a strategic approach to programs and an emphasis on triage, allocating more money where there is a greater chance of real change, not just spending wherever there is a mandate and a mechanism to do so.

The aforementioned USAID programs in Azerbaijan, Kazakhstan, Turkmenistan, and Uzbekistan never should have been approved. If the U.S. government discontinued these and other programs like them in similarly unpromising environments, nothing would change in those countries; the only negative consequence would be for the democracy bureaucracy and its employees. Scarce U.S. dollars to promote democracy should go toward countries where real and genuine progress is possible, such as Georgia and Tunisia.

End Noncompetitive Mechanisms For Assistance

Democracy is an inherently competitive system, but the democracy bureaucracy has allowed itself to fall into a number of non-competitive practices that have had negative consequences. All implementers, regardless of their for-profit or non-profit status, should have to compete, and non-competitive mechanisms for awarding program funds should be phased out.

USAID is a large, slow bureaucracy that takes months to start programs and allocate funds. Recognizing its own need to respond to changing political circumstances in a more expeditious manner, in 1995 USAID formed the Consortium for Elections and Political Processes Strengthening (CEPPS), which includes the [National Democratic Institute](#), the [International](#)

³⁵ Carothers, Thomas. *Confronting the Weakest Link: Aiding Political Parties in New Democracies*, Washington, DC: Carnegie Endowment for International Peace, 2006, p. 122.

[Republican Institute](#) and the [International Foundation for Electoral Systems](#). The consortium accelerates USAID's response time by circumventing what is normally a competitive application process for program funds. While the intent behind the consortium may have been a noble one, these three organizations have not felt sufficient pressure to develop effective and innovative programs because the CEPPS mechanism guarantees them million-dollar awards without real competition for every award.

USAID has internally discussed ending the CEPPS mechanism, according to some development professionals, but the unhealthy lack of competition has already taken its toll. When IRI, NDI and IFES compete, they often lose to contractors or other non-profits. In El Salvador, the for-profit contractor Democracy International beat IFES for a program to provide technical assistance to the election commission.³⁶

Noncompetitive bidding is also present in the for-profit world. In a non-competitive bid that many practitioners described as "raising questions," USAID selected Development Alternatives, Inc. (DAI), another for-profit implementer, to carry out a parliamentary strengthening program in Kyrgyzstan, a country where DAI had no prior experience.³⁷

Transparency is a vital aspect of competition. Congress can encourage the democracy bureaucracy to become more transparent. The NED discloses to whom it give funds, the amount of the grant and a general description of the program, unlike many USAID implementers. Funded proposals including detailed budgets, quarterly reports, final reports and evaluations for USAID-funded programs in countries ranked "partly free" or better should be publicly available on a website administered by the Government Accountability Office. A separate, more secure protocol should exist for storing and sharing information about programs in repressive regimes, where activists often face reprisals.

Conclusions & Policy Recommendations

To sum up, the promotion of democracy is an important tool for advancing universal values and U.S. interests, but the democracy bureaucracy is in need of reform. In a time of declining budgets, it makes sense to use scarce resources as strategically as possible. The division of labor in the democracy-promotion community between field-office and grant-making institutions points the way to a more effective way of coordinating our efforts.

³⁶ "DI Launches New Elections Program in El Salvador," Democracy International. Available: <http://www.democracyinternational.com/news/di-launches-new-elections-program-el-salvador> "Technical Assistance to the 2012 El Salvador Legislative and Municipal Elections," Democracy International. Available: <http://www.democracyinternational.com/category/country-region/latin-america-and-carribean/el-salvador>

³⁷ "Kyrgyzstan Parliamentary Strengthening Program," Available: <http://centralasia.usaid.gov/kyrgyzstan/328>

USAID programs that are executed through field-based institutions like the National Democratic Institute and International Republican Institute should be focused primarily on countries that are already on the road to reform or at least show significant potential for reform. Only grant-making institutions like the National Endowment for Democracy, which does not maintain field offices and is thus less vulnerable to pressure from authoritarian regimes, should operate in countries ranked by Freedom House as “not free.” The field-office approach is better suited to work in “partly free” countries.

The National Endowment for Democracy is our most flexible tool for working in tough authoritarian regimes. It deserves support, but too great an infusion of funds could have a negative impact on its effectiveness.³⁸ A modest 20-percent increase to its current budget, spread over the next 10 years in small annual additions intended mainly to keep pace with inflation, would be appropriate. To ensure that the NED’s four core institutes maintain political creativity, increases in the NED budget should not result in automatic increases to the NED’s core institutes.

Competition and transparency are integral democratic values. USAID should end non-competitive bidding, including the CEPPS mechanism, and non-competitive bidding in contracting. Successful proposals including detailed budgets, quarterly reports, final reports and evaluations for USAID-funded programs in countries ranked “partly free” should be publicly available on a single website that Congress, scholars and citizens can monitor.

Democracy promotion is a noble endeavor, but it requires more than simply injecting funds into closed societies in the hope that assistance will eventually transform them into robust democracies. Hope and change are fine political slogans, but insufficient if we are, as President Ronald Reagan succinctly put it, to “stand...with all those who love freedom and yearn for democracy, wherever they might be.”

(Editor’s Note: In the interest of full disclosure, we note that FPRI received funds in the 1980s and 1990s from NED, USAID, and Pew Charitable Trusts for democracy promotion activities. These activities included publication of a Romanian-language journal with essays by exiles or dissidents, circulated within Romania from 1987 to 1993; cooperation with a think tank in Czechoslovakia; and a lecture series on democracy and development.)

³⁸ Carothers, Thomas. *Revitalizing Democracy Assistance: The Challenge of USAID*, Washington: Carnegie Endowment for International Peace: 2009, p. 46.

REVAMPING THE NAGORNY KARABAKH PEACE PROCESS

By Thomas de Waal

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On June 18, at the G8 summit in Northern Ireland, Presidents Francois Hollande, Barack Obama and Vladimir Putin issued what has become an annual statement about an ignored conflict. The three are the presidents of the three countries which have since 1997 been co-chairs of the so-called Minsk Group of the Organization for Security and Cooperation in Europe that mediates the Armenian-Azerbaijani conflict over Nagorny Karabakh. Despite the eminence of the men issuing the declaration, it received virtually no international media coverage. In Armenia and Azerbaijan it was met by a collective shrug of cynicism or apathy.

The indifference is unfortunate, but not so surprising when you consider that the statement repeats much of the language of its predecessors from past G8 summits. For the third year in a row the three presidents have urged that there be “no delay” in implementing a peace agreement for Nagorny Karabakh. At Deauville in 2011 the statement said, “Further delay would only call into question the commitment of the sides to reach an agreement.” What will they say in 2014 if there is still no agreement?

The protracted struggle over Karabakh must rank as Europe’s most dangerous and most forgotten conflict. It has now entered a new phase of intractability. It began in 1988 as a Soviet-era political dispute over the autonomy of one region, then escalated into an inter-state war between Armenia and Azerbaijan in 1991 and was halted, but not resolved, by an Armenian victory on the ground and a ceasefire in 1994. Conflicts that last this long are not liable to easy resolution.

The increasingly tired language of the international statements reflects a power-shift that has taken place over the years in the relationship between the Armenian and Azerbaijani leaders and the mediators. In the 1990s, the parties in the conflict were prostrate from war and more

susceptible to international leverage. That is no longer the case. In retrospect the most auspicious moment for untying the knot was probably 1997-8, when it was still recognizably a post-conflict situation, President Heidar Aliyev had unquestioned authority in Azerbaijan and Armenian President Levon Ter-Petrosian was supporting a deal. Unfortunately, most of Ter-Petrosian's inner circle (led by Karabakh Armenians) mutinied and not only sabotaged the peace plan but deposed Ter-Petrosian as well.

Since then it has got progressively harder. The states in the region have grown more sovereign. This has generally been a good thing for their citizens, but it has also strengthened the capacity of the elites to resist pressure to compromise on the conflict. Vested interests have gotten entrenched, Nagorny Karabakh has built up its own quasi-statehood, societies have got used to the situation of "no war, no peace." And the international actors have had other urgent international issues land on their desks—Kosovo, Afghanistan, Iraq, the Eurozone crisis, to name but a few. On several occasions they have tried what might be called a "diplomatic blitz" of foreign ministerial visits and presidential phone-calls. But the locals have considered what was on offer, calculated it was not worth the risk, played for time and politely said no—paying no price for their stubbornness. Each time, lacking the will or capacity to apply more pressure, the Minsk Group mediators have expressed disappointment, taken a time-out and then returned to the negotiating table a few months later, as if nothing had happened.

Another way to say this is that the Nagorny Karabakh conflict is "managed." That is not a small thing. The Minsk Process has achieved two important things over the years. First, it has established a mechanism to monitor the ceasefire along the Line of Contact, which has helped keep casualties low (if not low enough) along what is potentially one of the most dangerous military front-lines in the world.

Secondly, it has come up with what is – on paper – a sophisticated and workable peace plan: a framework document to be based on the six so-called "Basic Principles," a draft of which was lodged with the OSCE secretariat as long ago as 2007. To all appearances, the mediators and the parties have spent the past five years discussing the finer points of a two- or three-page document consisting of around 14 points. It has been serious enough to keep them at the negotiating table—even if they never actually agree to it.

Is this enough—or at least as much as we can expect? Some would argue that this is an essentially intractable conflict which can only ever be managed and that the Minsk Group co-chairs are doing their job if they keep the two sides talking and not fighting. As Winston Churchill put it, "To jaw-jaw is always better than to war-war."

That would be too simple. Karabakh is not a "frozen conflict." It is not Cyprus, where the situation could easily stay in the same place for a number of years and there is almost no chance

of new fighting. Here there are a number of factors that keep this conflict “stably unstable” and suggest that the status quo must break at some point – in favor of either peace or war.

One of these is the issue of the seven Azerbaijani “occupied territories” around Nagorny Karabakh. As noted, the dispute began in 1988 in the late Soviet era as a quarrel solely over the status of the autonomous region of the Armenian-majority Nagorny Karabakh Autonomous Region. When the dispute turned into a full-scale war, the Armenians captured, in part or whole, seven Azerbaijani regions outside Karabakh. They were ordinary regions of Azerbaijan that just had the misfortune to be strategically important geography in the battle over Karabakh. They constitute twice as much territory as Nagorny Karabakh and were home to around 550,000 Azerbaijanis, compared to just 40,000 in Karabakh itself. (All of the Azerbaijanis from these territories are now displaced refugees).

If it wants a peace agreement, Baku will need to accept the possibility of a de facto loss of Nagorny Karabakh—although it is unlikely it will do so as a formal surrender. And it will also need to concede some kind of arrangement for the so-called “Lachin corridor” which connects Karabakh to Armenia. But Azerbaijan will never accept a loss of sovereignty of these seven occupied regions.

Armenian officials say they have agreed in the course of the negotiations to give up these lands in return for a deal that gives them sovereign control over Karabakh—and blame Azerbaijani intransigence for their non-return. But much of the Armenian public now calls these seven districts not “occupied” but “liberated” territories. And the distinction between Nagorny Karabakh and the surrounding regions is gradually blurring on the ground. There are no longer sign-posts to tell you where one begins and the other ends. This factor alone is enough to keep the conflict smoldering.

The other reason that this conflict is not “frozen” is the rise of Azerbaijan as a petro-state much wealthier than Armenia. In the last 18 years, thanks to new oil and gas revenues from the Caspian Sea, Azerbaijan’s GDP has risen more than 20 times and now stands at more than \$70 billion. Over the last few years, the Azerbaijani government has spent more than \$4 billion a year on the military—a sum deliberately arrived at for being more than the entire Armenian state budget. This has caused a new arms race, with the Armenians buying cut-price weapons from Russia in order to keep up.

The Armenians argue that “possession is nine tenths of the law” and that the Azerbaijani boom is a flash in the pan which is already dissipating. But the numbers are real. And, perhaps even more important, Azerbaijan’s new *perception* of its status is real.

President Ilham Aliyev is careful to include a “let-out clause” in his many belligerent speeches against the Armenians, insisting that he prefers a peaceful solution to the dispute—but this is a distinction lost on the Armenian side. At some point—more likely in a few years’ time than imminently—there is a risk that rising expectations and the gap between Azerbaijan’s self-perception and its continued lost territory, could trigger a new conflict. The U.S. scholar Wayne Merry now says that what he sees in Karabakh is no longer a “post-conflict situation” but a “pre-conflict situation.”

The arms race is also putting pressure on what is perhaps the most militarized zone in Europe, the so-called Line of Contact north and east of Karabakh that marks the ceasefire line between the two sides. The line is around 160 miles long, heavily fortified, dug with trenches, with more than 20,000 troops on each side. In the years after the 1994 ceasefire, this zone came to resemble a World War I battle-theater. But the weapons concentrated on each side—heavy artillery, multiple-rocket launchers, airplanes and anti-aircraft systems—tell us that if a conflict were to break out, it would be a 21st century one capable of wreaking greater destruction in a few days than the previous fighting did over three years.

Just six international monitors from the OSCE make twice-monthly inspections of the ceasefire line. This means that the truce persists due to the good sense of the two parties. But, despite its name, there is very little contact across the Line of Contact between the commanders on either side, which raises the risk of military miscalculations, big or small. Over the last few years around three dozen soldiers and occasional civilians have died annually in shooting incidents or explosions in the military zone.

There is another reason to fear a flare-up here this summer. The Armenians have rebuilt the old airport in Nagorny Karabakh, which will enable them to connect Yerevan and Karabakh by airplane. Although, there is currently communication by road and helicopter, the Azerbaijani side declared that this was a “red-line issue” in contravention of the Chicago Convention. Both sides have boxed themselves in on the airplane issue. The Armenians have a newly refurbished airport and seem determined to use it, even if this provokes a military response. One possibility is that they might use some kind of incident—perhaps a “medical emergency” in Karabakh—to launch an inaugural flight from Yerevan to their new airport. The Azerbaijani government has backed down from an initial threat to shoot down an airplane, but will feel compelled before its public to make a response to an Armenian flight. They might decide to fire a missile at the air-strip in the middle of the night or launch mortars across the Line of Contact. In short, it could get very dangerous very quickly – and also expose how limited are the international instruments of response.

All of this shows that the current Minsk Group model, both at the negotiating table and on the ceasefire line, is insufficient.

The Minsk Group format, which dates back to 1992, has come in for much criticism, especially in Azerbaijan, where it is perceived as an ineffective body that has failed to deliver peace. There are of course grounds to criticize the Minsk Group co-chairs, like any mediating mission for a conflict—although the diplomats could equally be praised for having devised solutions that have close to resolving an extremely difficult problem.

What is beyond dispute is that the Minsk Group mediators look beleaguered and tired after more than two decades of unsuccessful diplomacy. Doing less and walking away from the process cannot be an option, given the fragile situation on the Line of Contact, which leaves only the option of doing more.

There is much that can be done if the outside powers want to invest the effort and resources into a stronger Karabakh peace process. They could be blunter with the conflict parties and threaten diplomatic consequences in return for failure to cooperate with a peace plan. They could invite the European Union, with its huge expertise from the Balkans, to play a more active role. They could draw up a more proactive post-conflict settlement that would promise tens of thousands of soldiers and billions of dollars to the conflict zone, if the two sides commit to make peace. But given that one or both sides in the conflict will strongly resist each of the items on this wish list, it is hard to imagine Moscow, Paris or Washington following through with it. The political will is simply not there to invest so much in this obscure and intractable conflict.

The worry with this conflict is that concerted international attention to solve it might only come if the Minsk process breaks down and the two sides begin a slide towards renewed fighting. If that does happen, it is only to be hoped that there is sufficient warning so that the diplomats can move faster than the military commanders to solve the smoldering Karabakh conflict.

CAN THE EU RESCUE DEMOCRACY IN HUNGARY?

By Alexandra Wiktorek and Maia Otarashvili

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The European Union always takes steps to ensure that a prospective member state meets certain criteria¹ regarding democratic practices. But what happens when a state that meets those criteria is accepted into the EU, only to regress later on? That is the question that the EU faces with Hungary, once a democratic front-runner among the post-communist states of Central and Eastern Europe, but now a country that has seen a palpable erosion of democracy. The Hungarian case raises questions about the EU's current governance mechanisms, and whether it can handle further expansion effectively. How should the EU and the wider international community use their leverage to promote democratic practices in post-communist EU states? What role should the United States play?

Europe is suffering from internal divisions, economic weakness, and a loss of legitimacy, even as it officially welcomed another new Central and Eastern European (CEE) state—Croatia—this July 1. In the wake of severe austerity programs, between 2010 and 2012 more than half of the governments in the EU's 28 member states fell or were voted out of office. This instability may have serious consequences for the CEE states, where democracy and the rule of law are newer arrivals. Before these states gained European membership, conditionality pressure was a strong incentive for reform. However, the EU has less leverage over fully-fledged member states. According to scholars Jacques Rupnik and Jan Zielonka, while it was once believed that EU pressure would “make the lands of East-Central Europe safe for democracy,” we are now witnessing a pattern of “erosion of the EU as a democratizing constraint on its old and new members” alike.²

¹ The European Union membership criteria are determined by three main documents: the 1992 Treaty of Maastricht, the Copenhagen Criteria and the framework for negotiations with a particular candidate state.

² Jacques Rupnik and Jan Zielonka, “Introduction: the State of Democracy 20 years On: Domestic and External Factors,” *East European Politics and Societies* 27:1 (2013), 3-25.

Hungary, in particular, is proving to be a test of the EU's ability to prevent the erosion of democracy, and Europe's performance so far raises the question of whether further European expansion at this stage is wise. Since his election in April 2010, Prime Minister Viktor Orbán has overseen a swift and aggressive weakening of democratic freedoms in his country. With a two-thirds majority in parliament, Orbán's Fidesz party pushed through a new constitution, the Fundamental Law (in effect since January 2012). The Fundamental Law solidifies the power of the ruling party on several key fronts. It weakens the Constitutional Court, harms the free press, makes political dissent in Hungary more difficult, and promotes nationalist values that encourage far-right elements at the expense of minorities. Orbán's aggressive extension of his political power has coincided with erratic and shortsighted economic policies designed to maintain public support during the economic crisis. These policies have led the economy into its second recession in four years. International organizations such as the International Monetary Fund, global media organizations, and the human rights watchdog Council of Europe which works closely with the EU, have criticized Hungary's political direction—so far, to little avail.

In March 2011, the Council of Europe's Venice Commission criticized the newly written constitution because its drafting had excluded the political opposition. Further amendments weakened opportunities for political competition and loosened checks on executive power. The Commission has reiterated those concerns in a June 2013 report.

In April 2013, the Monitoring Committee of the Council of Europe's Parliamentary Assembly recommended that Hungary be subject to a monitoring procedure, usually begun when a country first joins the Council of Europe. Officially monitoring Hungary would have put this country in the company of Russia and Turkey, which are often criticized for failing to meet democratic standards. It would have been the first EU member state to have its democracy scrutinized in this fashion. On June 25th the Parliamentary Assembly voted not to subject Hungary to the monitoring procedure, but its report echoed many of the concerns that the Venice Commission had expressed. The Assembly set out specific actions that Hungarian authorities should take in order to restore the system of checks and balances in Hungary. On July 3, the European Parliament adopted a resolution written by Green MEP Rui Tavares, stating that according to Article 2 of the Treaty on European Union, Hungary's actions are incompatible with EU values.³

³ "Hungary: EP Says Legal and Constitutional Changes in Hungary Incompatible with EU Values," The Greens European Free Alliance in the European Parliament, July 3, 2013, <http://www.greens-efa.eu/hungary-10253.html>.

The Roots of Hungary's Crisis

The crisis over the Hungarian constitution originates in the government's failure to write a new constitution after Hungary's communist regime fell in 1989. The current government has, in turn, used the constitution as a power grab while claiming to be completing the de-communization process. Meanwhile, the roots of Orbán's current popularity and political platform rest in his first-term policies, as well as the incompetence of previous leaders.

In most post-communist transitions, debate over constitutional change occurred during early stages of the political transformation, establishing new “rules of the game” for emerging democracies. Constitutional provisions have had far-reaching and unexpected consequences. For example, the Russian Constitution, which President Boris Yeltsin pushed through hastily in 1993, granted overwhelming power to the executive and provided a legal framework within which current Russian President Vladimir Putin has pursued his agenda with little viable opposition. The new Hungarian constitution similarly constrains opposition forces.

The development of Hungary's constitution followed a unique path—distinct from other CEE states. According to János Kis, Hungary's transitional parliament significantly altered the old constitution in 1989. However, the government remained dominated by the forces of the old ruling party which modified many agreements and reduced the transparency of this process. In the ensuing years, no party held the two-thirds majority required to create a new constitution. Given its ties with the past, the 1949/89 constitution's legitimacy was frequently questioned. In fact, between 1990 and 2010 it was modified 23 times, far ahead of the next most modified constitution of the region (the Czech constitution, amended five times).⁴

Although during this period the West praised Hungary for its democratic development, the country was deeply divided along left-right lines. Orbán served a first term as Prime Minister between 1998 and 2002, an era of greater right-wing influence. Economically, Orbán's first term was generally successful, despite criticism of his government's efforts to combat corruption and inflation. His major accomplishments included implementation of health, education and agricultural reforms, as well as stabilization of the economy. Economic conditions appeared promising enough that some hoped Hungary would join the Eurozone by 2009. Orbán's government also oversaw Hungary's accession to NATO in 1999. Although the Fidesz government displayed no significant authoritarian tendencies during its first term, it strengthened the Prime Ministerial role, moving towards more centralized control. Media manipulation also appeared occasionally during this first term.

⁴ János Kis, “From the 1989 Constitution to the 2011 Fundamental Law,” and Andrew Arato, “Regime Change, Revolution, and Legitimacy,” in Gábor Attila Tóth, ed., *Constitution for a Disunited Nation: On Hungary's 2011 Fundamental Law* (Budapest: Central European University Press, 2012).

Hungarians consistently kept the Socialist Party in power between 2002 and 2010, but Fidesz retained significant influence in parliament, as well as 12 out of Hungary's 24 seats in the European Parliament. The socialist governments became unpopular and significantly mismanaged the economy. In 2009, Prime Minister Ferenc Gyurcsány resigned after numerous corruption scandals, including his 2006 confession that he had lied repeatedly about the state of the economy in order to remain in power.

As an opposition leader, Orbán accused the government of allowing the Hungarian economy to fall under foreign control—a threat he continues to warn against—and the economic crisis eventually helped Fidesz, along with its close coalition partner, the Christian Democratic People's Party, to create the two-thirds majority in Parliament necessary to modify the constitution.

Fidesz thus bases its political appeal on an image of rescuing the country from an incompetent and corrupt Hungarian Socialist Party. Orbán's government argues that the Fundamental Law and its many amendments are simply a necessary completion of the post-communist transition process: with the Fundamental Law "Hungary also closed the door on the past...since our country was the last one among the states of the former communist bloc to replace its Soviet model-based constitution." Moreover, the new constitution is portrayed as necessary to create "the constitutional guarantees required for economic renewal and for reducing and controlling the national debt."⁵

European Reactions to Hungary's Weakening Democracy

To much of Europe, as well as to many Hungarians in the opposition, Hungary's new constitution weakens key checks and balances in government. It also erodes elements of liberal democracy by manipulating electoral districts, restricting media freedoms, restricting religious freedom, and promoting a version of ethnic nationalism that may harm minority groups. For example, the new constitution specifically privileges Christianity as a fundamental feature of the Hungarian nation, raising fears among non-Christian minorities, such as the Jewish community. Moreover, it defines the Hungarian nation ethnically, and makes reference to the former imperial Hungary, irritating neighboring states who were once dominated by Hungarian rule.

Recently, the radical right-wing party Jobbik—the third-largest party in Parliament—has also grown in influence. Orbán's failure to control Jobbik and his defiant attitude against the EU, combined with the new constitution's nationalist elements, play into Jobbik's ultranationalist agenda. Recently, Jobbik supporters protested against the World Jewish Congress conference in Budapest, and the party's parliamentary delegate called for Hungarian Jews to be listed publicly because he believes they may be disloyal. Orbán gave only a weak speech in response.

⁵ "The Fundamental Law," Hungarian Government at <http://www.kormany.hu/en/hungary/the-constitution>

In its request to put Hungary under a special monitoring regime, the Council of Europe had cited in particular the recently passed 4th Amendment to the Hungarian constitution, which weakens the Constitutional Court and restricts political advertising during campaigns, as well as several specific problematic laws which have been made possible by the new constitution:⁶

- 1) The Act on the Right to Freedom of Conscience and Religion and the Status of Churches, Denominations, and Religious Communities gives Parliament the right to decide what is or is not a legitimate religious body, and has stripped all but 14 of Hungary's 358 religious groups of their official status.
- 2) The Act on Elections of Members of the Parliament has raised concerns about the method by which election districts are drawn.
- 3) The Act on the Constitutional Court and other Cardinal Acts on the Judiciary significantly weaken the Court by limiting its ability to review state budget and economic laws.
- 4) The Act on the Media creates a Media Council, which controls radio frequencies, monitors content, and operates on vague standards that can be manipulated to silence critics of the current government.

Most importantly, according to the June 2013 Venice Commission report, the newest amendment to the constitution is being used to gut the power of the Constitutional Court. The Venice Commission noted the Hungarian government's pattern of taking unconstitutional laws and reintroducing them at the constitutional level so they would be beyond challenge. This politicization of the constitution poses serious threats to democracy and the rule of law.⁷

While these developments should be a cause for deep concern, the EU's response has revealed divisions that make a strong resolution unlikely. At its June 25 Parliamentary Assembly debate, the Council of Europe could have demonstrated a strong commitment to preventing the failure of democratic consolidation in member states. However, the debate descended into partisan politics,

⁶ "Fourth Amendment to Hungary's Fundamental Law," February 2013, Program in Law and Public Affairs, Princeton University, <http://lapa.princeton.edu/hosteddocs/hungary/Fourth%20Amendment%20to%20the%20FL%20-Eng%20Corrected.pdf>.

⁷ "Opinion on the Fourth Amendment to the Fundamental Law of Hungary," European Commission for Democracy through Law (Venice Commission), Adopted by the Venice Commission at its 95th Plenary Session (Venice, 14-15 June, 2013). Opinion 720/2013. CDL-AD(2013)12. Strasbourg, June 17, 2013.

with left-leaning representatives being more in favor of monitoring Hungary, and center-right representatives largely rejecting that option. The main arguments against monitoring Hungary included concerns over setting a precedent by deciding to monitor a “mature democracy.” The opponents of monitoring also argued that Hungary’s constitutional problems are mostly technical issues, and the threats to democracy in Hungary are not as severe as those in several other Council of Europe states. Ultimately, the Council of Europe adopted a resolution with a mixed message. While it assertively criticizes the undermining of European democratic standards in Hungary, it resolves only “to closely follow” the situation in Hungary.⁸ The Hungarian government has agreed to a few constitutional changes after the latest Council of Europe Venice Commission report, but many problematic provisions remain, including those on political advertising and recognition of religious groups. The Venice Commission response has been cautiously optimistic, and it is taking a conciliatory route.

The European Parliament also has not sent a clear message. As a representative body that reflects the spectrum of political views throughout EU member countries, the Parliament is divided according to political orientation. Although the EU Parliament recently voted in favor of the Tavares Report, which calls for greater scrutiny of Hungary and for the establishment of a new EU body to monitor member states’ compliance with EU values, significant dissent came from the center-right bloc. From this perspective, the left-leaning elements of the EU Parliament who have been critical of Hungary are guilty of holding double standards: strict for Hungary, and more lax for Socialist-leaning Bulgaria and Romania.⁹

The European Parliament could decide to sanction Hungary for its actions. One potential powerful approach would be to use the EU’s Article 7, in which Hungary’s parliamentary voting rights as an EU member could be suspended for a serious breach of democracy and human rights. Given the divided state of parliamentary opinion, however, it is unlikely that Orbán’s policies will receive this decisive condemnation.

Financial Aid as Leverage?

In addition to concerns over the state of democracy in Hungary, Orbán’s economic policies also have received scrutiny. The Fidesz government has tried to deal with the financial crisis through a variety of unorthodox economic measures and delay tactics. These measures include the nationalization of private pension funds to offset the budget deficit, mandatory utility price cuts, and retroactive industry taxes. New taxes and the lack of a credible long-term solution to Hungary’s fiscal situation have caused major drops in foreign direct investment.

⁸ Request for the opening of a monitoring procedure in respect of Hungary. Resolution 1941 (2013). Parliamentary Assembly, Council of Europe, June 25, 2013.

⁹ “EP Report on Hungary: EPP Group Rejects the Use of Double Standards,” EPP Group in the European Parliament, July 3, 2013, <http://www.eppgroup.eu/press-release/EPP-Group-rejects-the-use-of-double-standards>.

During the early stages of the current crisis, international financial institutions provided a partial rescue package. Hungary received a bailout of over \$25 billion jointly from the EU, the IMF and the World Bank. This helped the economy recover temporarily. However, ongoing aid talks with the IMF began to fail, partly as a result of Orbán's authoritarian tendencies and his unwillingness to make difficult structural reforms (such as severe cuts in public spending) that might undercut public support. Orbán was also unwilling to compromise with the IMF by keeping the Central Bank autonomous and free of Fidesz control. Because of these factors, the IMF declined to provide the requested flexible credit line for Hungary.

During the time of the unsuccessful aid negotiations with international financial institutions, Orbán and his Fidesz confidant Gregory Matolcsy, the former Minister of Economy and current head of the Central Bank, had been pursuing what Orbán called "economic self-rule." Their attempt to bypass the Constitutional Court by narrowing its scale of competence to review and annul most unconstitutional budgetary measures has garnered some of the boldest criticism in the Venice Commission's June 2013 report: it "results in reducing the position of the Constitutional Court as guarantor of the Fundamental Law and its principles, which include European standards of democracy, the protection of human rights and the rule of law."¹⁰

Hungary's current economic outlook is grim. Exports, consumption, investments and overall GDP growth are expected to continue to stagnate while government debt is expected to stay at almost 80 percent of GDP (the highest among the EU's post-communist member states) along with gross external debt at 121 percent of GDP, and unsustainably high borrowing costs on government bonds. Meanwhile Hungary's per capita EU funding for 2013 is expected to be higher than ever despite the shrinking EU budget. In a February 2013 speech, Orbán referred to this allocation of funds as "historic compensation for the former Communist states for their economic losses suffered during the Communist era." Besides Orbán's apparently misplaced sense of entitlement to EU funds, he appears to believe that his government has been rewarded for its actions. Orbán sees the EU funding as "a financial framework which Hungary may receive if we are working hard."¹¹ It was approximately a month after this speech that Fidesz passed the new constitutional amendment, considered Hungary's biggest step backward in years.

¹⁰ "Opinion on the Fourth Amendment to the Fundamental Law of Hungary," Paragraph 113.

¹¹ "Prime Minister: Hungary's per capita EU Funding Higher than Ever," EU.kormany.hu, *The EU Policy Website of the Hungarian Government*, February 11, 2013, <http://eu.kormany.hu/prime-minister-hungary-s-per-capita-eu-funding-higher-than-ever>

Conclusions and Policy Implications

As the EU expands to include an ever more diverse array of countries at different stages of democratic consolidation, it must face the challenge of reinforcing its economic, social, and political values.

The European response to Hungary's direction starkly shows that there is no consensus on European democratic standards. While some European bodies investigate developments in Hungary and question its new constitution and policies, they are also plagued by conflicting political interests.

European leaders must take Hungary's direction seriously, however, because the country serves as a "test case" showing other EU members, both new and old, what reaction awaits countries that violate democratic values or other major European principles. The EU Parliament's adoption of the Tavares Report is a step in the right direction, but problems remain. It is not clear where the right of individual states to determine their own paths while receiving economic and other benefits of EU membership ends, and the EU's responsibility to make sure its members uphold specific values begins. The EU and related international organizations must tread carefully so as not to alienate Hungary and further encourage fears that the EU violates national sovereignty. At the same time, if Hungary succeeds in using sovereignty as a justification for passing laws that directly contradict important democratic and human rights principles that the EU supports, this may further undercut the concept of a truly democratic European Union.

The 2014 elections are the next opportunity for the Hungarian people to choose new leaders, so in the run-up to these elections, EU and other international attention should be focused particularly on the Orbán government's treatment of the media and on its election campaign laws. Laws that restrict information from reaching the public or that manipulate voting districts will skew election results even if actual voting procedures pass as free and fair, technically speaking.

Crafting a united EU response to Hungary's troubles might be difficult, but individual states and groups of states could work with the Hungarian government to ensure that no further erosion of democracy occurs. One such group is the Visegrad 4, which counts Hungary among its four Central European members. This alliance was originally established in 1991 as a means for the Czech Republic, Poland, Slovakia and Hungary to cooperate and ensure their further European integration. Now that they are full-fledged EU members, these states are eager to establish themselves as equal participants in EU policy-making and to distinguish themselves as credible democratizers outside the EU. Thus the three other Visegrad countries might have the potential to persuade Orbán and Fidesz to compromise. This would both keep the reputation of the alliance strong, and benefit democratic politics in Hungary.

The United States should also pay close attention to Hungary. Despite Orbán's authoritarian tendencies, Hungary is still seen as a role model for the EU's Eastern Neighborhood Policy countries including Ukraine, Georgia, Moldova and Armenia. If the EU and the United States do not effectively address Hungary's political direction, it could further encourage the authoritarian direction taken by leaders such as Prime Minister Yanukovych of Ukraine and Georgia's President Saakashvili. In particular, Saakashvili has looked to Orbán as a source of European support. With this in mind, the United States should work actively with its European allies to counteract the democratic deterioration in Hungary through financial leverage, external pressure and talks with the Hungarian leadership. Failure to do so may result in the further spread of skepticism towards the West, a greater role for ethno-nationalist politics, and increased disregard for democratic principles in the newer EU states and the non-EU former Soviet states.

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UKRAINE AND THE FUTURE OF THE WESTERN DEMOCRATIZATION AGENDA

By Adrian A Basora, Maia Otarashvili, and Hannah Lidicker

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Ukraine currently dominates the headlines, with most of the attention focused on the struggle for influence between Moscow on the one hand, and Brussels and Washington on the other. However, there is much more at stake than just localized spheres of influence. The outcome in Kiev (and in Lviv and Donetsk) could have major implications for the fate of democracy throughout the post-communist region and quite possibly on a more global scale.

Although the demonstrations in Ukraine had been slowly escalating over the past three months, the situation reached a new peak of violence the week of February 17. Scores of Ukrainians are dead, hundreds injured, and the toll is still mounting. Lurid media coverage of violent clashes between riot police and protesters in the streets of Kiev have finally compelled the Western democracies to act. But policy responses in Washington and Brussels need to become still firmer – and they must be based not only on a proper understanding of the protest movement and of the power struggle between Russia and the West, but also of the broader stakes in the global fight for democratic freedoms.

Ukraine reached a critical crossroads on November 21st 2013 at the European Union summit meeting in Lithuania. At the Vilnius Summit, Ukrainian President Viktor Yanukovych unexpectedly balked at signing an Association Agreement that would have led to greatly increased investment and trade with the 28 EU countries and their 500 million citizens. His public rationale for not signing was that the agreement would jeopardize trade and political relations with Russia – a much less affluent country of 140 million people. In actuality, he was driven primarily by his reluctance to release opposition leader Yulia Tymoshenko as demanded by Brussels and by his fear of taking other liberalizing steps required for a closer association with the EU.

The very next day thousands of protesters took to Independence Square (Maidan) in Kiev, demanding the resignation of the President and his government. The protest was based partly on Yanukovych's campaign platform three years earlier in which he had promised to work towards closer relations with the EU. Within weeks, the number of protesters in Independence Square reached hundreds of thousands – the largest since Ukraine's Orange Revolution in 2004.

In defiance of the protests, Ukraine and Russia in mid-December 2013, announced a new economic agreement between the two countries that would move Ukraine solidly into Moscow's orbit. Due to government economic mismanagement and widespread corruption under Yanukovich, Ukraine is nearly bankrupt. Russia agreed to purchase \$15 billion in Ukrainian debt and to cut gas prices to Ukraine by about one-third. The first \$3 billion of Russia's loan was in Ukraine's accounts by Christmas. But Moscow has since made it clear that the remaining \$12 billion will be doled out in stages only if and as Yanukovich is able to suppress the pro-democracy protests and to steer his country away from the West. As part of Moscow's quid pro quo, Ukraine is now an "observing candidate" for membership in the Russia-led Eurasian Union, a project that has become an important symbol of Moscow's efforts to counteract EU expansion and to rebuild its leverage in Russia's "Near Abroad."

On January 28th, however, Prime Minister Azarov and the rest of his pro-Yanukovich government resigned – thus giving the Ukrainian opposition movement its most visible success to date. This followed closely upon the repeal of recently instituted laws against demonstration and public assembly. That legislation, passed only twelve days earlier on January 16th, had triggered an escalation of the protests and violence that attracted major attention from worldwide media.

In the weeks leading up to these major concessions, Yanukovich had seemed receptive to the idea of forgoing some, though not all, of his power and reaching a negotiated solution with the opposition. He offered the Prime Ministership to a major Fatherland Party leader, Arseny Yatsenyuk, as well as the Deputy Prime Minister role to Vitaly Klitschko of the UDAR party. These two leaders and their parties currently represent the two largest entities representing the aspirations of the 2004 Orange Revolution. Both opposition leaders wisely declined the offer, demanding further negotiations. They refused to be part of a government that would have in effect, legitimized Yanukovich and left him in control of many of the levers of power. Instead, they demanded constitutional changes and new elections.

The demonstrations reached a new peak the week of February 17, when parliament failed to pass constitutional changes to satisfy the opposition's demands for a return towards greater democracy and a roll-back of Yanukovich's increasing authoritarianism and corruption. Scores of demonstrators were killed and hundreds injured in multiple clashes between the protesters and an increasingly aggressive riot police. Ominously, police violence was also starting to beget violent tactics on the anti-Yanukovich side.

Recent reports of EU-mediated negotiations between Yanukovich and the opposition, along with new developments in Parliament, could conceivably lay the groundwork for resolving the crisis. However, Yanukovich has in the past repeatedly made verbal offers of compromise, only to back away from them in a matter of days or even hours. Ukrainians demanding a democratic future in

Kiev (and increasingly in Lviv and numerous other provincial cities), are unfortunately confronting forces larger than Yanukovych's greed and his desperation to maintain power and the impunity that comes with it.

Vladimir Putin correctly sees the stakes in Ukraine as critical for the survival of his own brand of authoritarianism in Russia and in like-minded states. If Ukraine becomes a consolidated democracy and begins to reap the economic benefits of closer association with the EU, its example could well spill over to other post-Soviet republics. The potential for impact starts with Ukraine's fellow "hybrid states" of Georgia and Moldova, which already enjoy much greater political freedoms and ties with the West than do the Central Asian republics or Belarus. Moscow had tried to intimidate even these two countries into foregoing Association Agreements with the EU. Instead, they held firm at the Vilnius Summit despite Russian pressures.

If Ukraine does succeed, subsequent rings of democratic "contagion" could then also plausibly spread outward to Armenia and Azerbaijan, and possibly in the longer term to Russia itself. Conversely, if Ukraine can be maneuvered back to its strong prior linkage to Moscow, and if Yanukovych consolidates his Putin-style crony authoritarianism, the status quo will be more easily preserved in Russia and in its "Near Abroad."

Furthermore, the outcome in Ukraine could have impact well beyond the boundaries of the former Soviet Union. If Putin and Yanukovich were to succeed in suppressing such a strong pro-democracy movement in Ukraine through the violence and blatant outside intervention, this would have a chilling effect on democratic forces beyond the region.

For example, there are worrisome analogies to Syria. One sees a similar pattern of a legitimate democratic opposition initially pursuing peaceful demonstrations, but then being goaded into violence by an authoritarian regime's violent provocations and systematic distortion of reality through its propaganda. And the analogies continue with Assad's resort to Russian economic assistance and political support, and his government's labeling of all opposition forces as "terrorists" – a theme already being echoed by the Yanukovych government.

Both Brussels and Washington will need to act firmly, promptly, and in close concert. The United States, and the European Union and its member states, have a strong long-term strategic interest in avoiding the scenario that Moscow is attempting to create. If the West wishes to restore momentum towards democratization in the post-communist region, it should implement a far more robust approach to supporting democratic forces in Ukraine.

This is a highly crucial time in the history of Ukraine and of the post-communist region in general. Despite the initial promise of the 2004 Orange Revolution, Ukraine's political culture and institutions failed to prevent the country from authoritarian backsliding. Now, ten years after

the Revolution, a vibrant Ukrainian civil society has re-launched the democratic momentum in the same Independence Square. The will of the Ukrainian people is clear, but their demands for a democratic and European-oriented future will not be satisfied without immediate and efficacious support from the EU and the US.

We must support Ukraine with firmness and with a commitment to address the longstanding problems that engendered the protests in the first place. This should involve continuing to escalate the direct pressure on Yanukovych and those members of his inner circle responsible for the corruption, deception, and brutality. However, the West will need to go much further than visa denials and freezing of assets. To ensure the success of Ukraine's second democratic uprising, the U.S. and its European allies must be prepared to go "all in" by putting together a strong package of economic support to help enable the deep structural reforms needed to put Ukraine on the path to prosperity. Such a support package was already hinted at by President Obama in his Mexico City statement of February 20. It should be spelled out and confirmed as soon as possible.

A Western failure to efficaciously assist Ukraine's democrats would lead to devastating levels of disillusionment of the Ukrainian people, and a severe tarnishing of the West's credibility. Conversely, success in Ukraine would mean a major win both for democracy and for the standing of the West – not just in Russia's back yard, but also with regard to the global credibility of the U.S. and of its trans-Atlantic allies.

GEOPOLITICAL IMPLICATIONS OF THE UKRAINE CRISIS: WHAT IS AT STAKE FOR GEORGIA AND MOLDOVA?

By Maia Otarashvili and Hannah Lidicker

March 2014

With Russia's military occupation of Crimea and the obvious threat that Putin's stealth invasion implies for other parts of eastern Ukraine, far more than Ukraine's autonomy is at stake. Should Russia consolidate its control in Crimea and gain de facto hegemony in other eastern provinces, the shock waves could change Eastern Europe and the Black Sea region as we currently know it.

Russian control of eastern Ukraine could ultimately have a negative impact even on some of the strongest post-communist democracies such as the Baltic states, Slovakia and the Czech Republic and possibly even Poland. In addition to this, Hungary's regression towards authoritarianism could be accelerated. If before the invasion of Crimea Putin's intentions were not clear, his agenda of restoring Soviet-style influence on the former communist countries is now fully manifest. Putin's blatant disregard for outside pressure, including that of the US and the EU, is intended to demonstrate a diminished West and to aggrandize Russian power on the world stage.

In the short term, however, the most tangible, direct and immediate consequences of the crisis in Ukraine are bound to be experienced by its two fragile and partly democratic neighbors--Moldova and Georgia. Although Ukraine is much larger in size and carries far greater geopolitical importance, it has a lot in common with Georgia and Moldova in terms of its internal political evolution since the fall of communism. Aside from the special case of the Baltic states, these three countries are the only former Soviet republics that are anywhere close to emerging as democracies. All of the others have become either consolidated or semi-consolidated authoritarian states.

Russia nevertheless continues to exercise significant influence in all three countries, and Moscow has been particularly targeting these "hybrid states" in order to fulfill Putin's agenda of resurrecting a 21st century version of the Russian Empire.

Developments in each of these three states have in the past proven to have reciprocal effects on the others. Georgia, Moldova and Ukraine share very similar geopolitical roles between Europe and Asia, between East and West. The three countries provide something of a buffer zone between Europe and Russia. Should they stop looking Westward and align themselves with Russia, Europe will find itself uncomfortably close to Putin's sphere of influence and leverage. This is something Georgia and Moldova understand very well, as they rightfully brace themselves for a potentially devastating impact from events in Ukraine.

Much of the recent US commentary on the Ukraine crisis draws parallels between the August 2008 war between Russia and Georgia and the current situation in Crimea. As a matter of fact, the 2008 war is receiving nearly as much press attention today as it did at the time it happened. Wrapped in the cloak of Russia's "need to protect its citizens" in South Ossetia, the war began in the breakaway region but spread well into other Georgian sovereign territory leaving thousands dead or displaced, with reinforced de facto Russian control over South Ossetia and Abkhazia. This scenario is now being repeated in Crimea and is leaving Georgians and Moldovans with understandably uneasy feelings. One might even argue that it has taken the West 6 years to see what Georgia, Moldova and Ukraine were made aware of back in 2008: the war with Georgia was not a single isolated incident, but rather a manifestation of Putin's grand strategy of reestablishing Russian hegemony in the region. The attack on Georgia was Putin testing the waters. Although a belated international response did save Georgia from full dismemberment or subjugation at the time, most of the West's condemnations and sanctions faded within a couple of years of the conflict. This weak international response convinced Putin that the West was disunited and ineffectual. Putin thus correctly anticipated some of the West's early weak reactions to his initially veiled—but swift and decisive—actions in Crimea and eastern Ukraine.

Nearly all Georgians, regardless of their political views, seem to be united in support of Ukraine and against Russian domination. The nation has not come together to take a stand this unified since the Rose Revolution in 2003. This is not only because Georgians care deeply about Ukraine, but also because Georgians know that should Ukraine lose this fight for sovereignty and democracy, their own aspirations of joining the EU and pursuing a democratic future independent from Russia would be severely threatened.

While Georgian civil society and the media have been openly condemning Russian actions in Ukraine, the government has been widely criticized for not making bold enough statements in support of Ukraine. This is quite understandable, however, as the Georgian government has to walk a fine line at the moment, hoping to support Ukraine without unduly provoking Russia.

Moldovan media and civil society groups have also been apprehensive about the implications that Russian military actions in Ukraine will have for their national security and political autonomy. Like Georgia and Ukraine, Moldova also suffers from problems of territorial integrity. The majority of the population in its autonomous republic of Gagauzia and the conflict zone of Transdnistria are Russian-speaking and generally of anti-Western orientation. This issue was once again brought to light after a recent referendum in Gagauzia (denounced as illegal by the central government) in which the voters expressed overwhelming support for the Eurasian Union (Putin's new initiative that is meant to counteract the European Union's growing influence in the region) versus closer integration with the EU and Moldova's participation in the EU's Eastern Partnership initiative.

Moldovan analysts are understandably worried about Transdniestria. They believe that if Russian “peacekeeping” forces located in that breakaway region were given the order, they could take over Moldova’s capital city in a matter of hours. Unlike Georgia, Moldova would likely go down without much of a fight.

In addition to this significant military vulnerability, Moldovan politics have long been prone to Russian influence. The Communist Party of Moldova still continues to enjoy a high level of support, receiving 35% of the votes at the last parliamentary elections. With its close ties to Russia, the Moldovan Communist Party has repeatedly prevented the opposition parties from forming strong and effective coalitions and implementing crucial democratic and economic reforms. And, thanks to the Communist party’s boycott, the country was left without a president for three years, from 2009 to 2012.

Having initialed the same EU Association Agreement that Yanukovich refused to sign at the Vilnius Summit last November, Moldovans are also very concerned about being forced to join the Russia-led Eurasian Union, thus sabotaging their chances for a more prosperous economic future linked to the EU and to the West more generally. For the present, however, Moldova appears to be closer to the EU than ever before. Just last week, Moldovans were celebrating the European Parliament's vote to approve an end to visa requirements for Moldovans traveling in Europe. But the successes that Moldova (and Georgia) have so far had in integrating more closely with the EU is easily reversible, and that is a vulnerability that the West should remain keenly aware of.

Discussions of Ukraine and Russia in the Moldovan press are filled with references to the role of the EU and NATO. Both the independent news media and official statements from the Moldovan government advocate a diplomatic solution. Major Moldovan news sources like IPN and Tribuna reiterate phrases like “respecting sovereignty” and “territorial integrity” when condemning Russia's actions in Ukraine, and they champion the principle of international law in any crisis.

Several political parties have spoken out against Russia's actions, with the Green Ecologist Party going as far as to call the Kremlin “fascist”, and several news sources have criticized President Timofti's statements on the situation as being “sterile” and not nearly as critical or as assertive as they should have been. Like the Georgian government, Moldovan officials are also walking a fine line and realize that, despite their recent progress, this long-coveted process of closer integration with the EU and the West could easily evaporate should Russia get involved.

Thus, the degree of anxiety regarding the Russia-Ukraine conflict is very high in both Georgia and Moldova. While the West should stand up to Russia’s challenge for Ukraine’s sake, it should not forget that much more than Ukraine’s territorial integrity is at stake. The US and the EU as

well as the UN must do everything they can to avoid dismemberment or bloodshed in Ukraine. But they should also be proactive in protecting Georgia and Moldova from Russian aggression or intimidation.

While Georgia and Moldova may not face the immediate threat of direct military invasion that Ukraine now faces, these two countries are particularly vulnerable to possible worsening of relations with their breakaway regions that Russia could help escalate.

South Ossetia, in particular, is going to need close monitoring, given that Russian troops have started putting up barricades along the border lines with Georgia. This process was stopped while the Sochi Olympic Games took place, but recent reports say the “borderization” of South Ossetia resumed immediately afterwards. Also, Putin’s economic sanctions (embargoes on Georgian and Moldovan products) have in the past proven devastating to the financial stability of the two countries. In addition to this, Moldova heavily relies on energy imports from Russia.

This anxiety in Georgia and Moldova won’t be relieved until the Ukraine crisis is over. However, if the West shows a commitment to making their EU integration process irreversible, they will be less prone to falling under Russian influence. One way to do this would be to continue to engage with both governments and show them clear and firm support. Tblisi and Chisinau will need continued reassurances from the West that they will not be abandoned if faced with Russian threats and that we have learned important lessons from the 2008 Russia-Georgia war—and now again from the Crimean crisis.

(The authors would like to thank Ambassador Adrian Basora for his support throughout this research.)

THE RUSSIAN INVASION OF UKRAINE

By Michael Cecire

March 2014

Events in Ukraine are moving fast. What at first appeared to be a token show of force in the Crimea¹ has rapidly evolved into what appears to be an ongoing Russian military intervention into Ukraine² -- which only days ago was the subject of optimism after its kleptocratic ex-president, Viktor Yanukovich, was driven from power by Ukrainian revolutionaries. Yanukovich's forced abdication may have been a positive development in isolation, and may still yet, but it also apparently set wheels into motion that appear to be in the throes of culmination: the Russian invasion of Ukraine's Crimea region.

If it were to happen anywhere, it was always going to start in the Crimea. The jutting Black Sea peninsula is the site of a major Russian naval base -- the anchorage for the venerable Russian Black Sea fleet and host to some 15,000 Russian military personnel. Most of its population are ethnic Russians, the most acute exception being its substantial, pro-Ukraine Tatar minority. Russia's initial moves appeared to include only its troops from the base and a mingling of pro-Russia Crimean militias -- technically in violation of its basing agreement with Ukraine, yes, but hardly a Red Dawn remake either. But then the situation rapidly escalated: aircraft from the nearby Russian province of Krasnodar Krai began to appear; Crimean airports and the surrounding airspace was closed; telecommunications and highways were blocked off. In essence, textbook prep work for an armed intervention.

Why the Crimea?

And an armed intervention did come. By February 28, it was already clear that the Russians were arriving in force. Armored columns were sighted, reports circulated of 2,000 Russian troops landing, and Russian military helicopters were arrayed throughout Crimean airspace. A day later, that number has been upped to 6,000 troops as the Russian government, ever the legally adroit, passed a bill justifying its invasion of Ukraine.³ Hopes that Russia will confine its aggression to the Crimea, which was part of Russia until it was transferred to Ukraine in 1954, look to be threatened by reports that similar patterns are being repeated elsewhere in east Ukraine -- Donetsk, Odessa, and Zaporozhye, among others.

¹ <http://www.thedailybeast.com/articles/2014/02/28/exclusive-russian-blackwater-takes-over-ukraine-airport.html>

² <http://www.google.com/hostednews/afp/article/ALeqM5jc7PAEVi4b7R2mTduQAf7r8ssOAA?docId=a8f772b3-506a-44c8-9c99-68112b1f0037&hl=en>

³ <http://www.kyivpost.com/content/ukraine/tensions-rise-in-armed-standoff-in-crimea-between-ukrainian-and-russian-backed-forces-337942.html>

Putin's rationale for a Crimea grab in many ways is counter-intuitive. By seizing the Crimea, Moscow has essentially guaranteed that western Ukraine, already predisposed towards the West, will recoil at the idea of any future Russian involvement in the country. Even without deploying its military forces, Russia already possessed a rich array of options for destabilizing Ukraine. Ukraine depends on Russia for energy, trade, and even the occasional bailout. And as recent events have demonstrated, Russia has few qualms about using its influence among its local compatriots as levers to be exercised. Yet despite these considerable mechanisms, Moscow has chosen intervention.

Why? The likeliest explanation is fear, not strength. From the Peloponnesian War to the First World War, great powers have often gone to war more out of a fear of the future rather than the present. In Ukraine, the toppling of Yanukovich -- which Moscow blamed on the West rather than the bravery of Ukrainians themselves -- seemed to signal that the country would be moving back towards Europe. This was anathema to the Kremlin, which has long counted on Ukraine as an essential component, perhaps *the* essential component, to its Eurasianist integration project. If there were ever a time to gobble some Ukrainian real estate on the cheap, this was it. And the Crimea was the lowest hanging fruit.

In the Crimea was a largely pro-Russia population, a massive Russian military installation (any comparisons to Tartus in Syria are misplaced, the latter being little more than a pier by contrast), and only a tiny distance across the Strait of Kerch from Russia itself. It's defensible, with little more than a chokepoint connecting it to the Ukrainian mainland, and easily supplied by preexisting supply routes for the naval base. It was, in effect, the most logical place to make a move.

Precedents to Keep

But by no means should the world regard the Crimea as necessarily the frontier of Russian ambitions. Other pro-Russia areas of eastern Ukraine are reportedly also agitating for Russian reinforcements. There are even unconfirmed reports that Russian troops have already crossed into the mainland.⁴ If this is true, or becomes true, it will almost certainly demand the involvement of the Ukrainian armed forces, which could rapidly escalate into a full-blown conflagration between west and east Ukraine and Ukraine and Russia -- all with the potential for spillover. This is a possibility that is as deeply worrying as it appears increasingly plausible.

⁴ <http://tyzhden.ua/News/103674>

But even falling far short of a full-scale invasion, the Russian move into Crimea has some circuitous logic to it. On one hand, Russia's invasion signals a kind of Russian abdication. Kyiv, Moscow has decided, is lost. The western parts of the country are also lost. Western Ukraine has, for all intents and purposes, gone outside of its reach.

Russian President Vladimir Putin may not be able to keep a united Ukraine from continuing its Westward drift, but it can certainly cause enough trouble to make Western integration a much more difficult proposition. Just as it did in Moldova and in Georgia in the 1990s, Russia is establishing zones of contestation within Ukraine that it can use as leverage. Eastern Ukraine is that leverage. Neither NATO nor the European Union, Russia calculates, will not invite a country that is torn asunder, with wide swaths pledging allegiance to Russia (or some Moscow-appointed, minor local potentate).

It's too early to tell what Russia's ultimate designs are. Like it did with Transdnistr, Abkhazia, South Ossetia, and Nagorno Karabakh, Russia may be content to allow the Crimea to remain an "official" part of Ukraine -- albeit one under strict Russian influence and in open defiance of the capital. Or it's possible that the Crimea may be "recognized" and become a de facto province of Russia. Or it may actually be absorbed within Russia, *de jure*. Similar questions surround other regions of eastern Ukraine, which are themselves in varying stages of rebellion from Kyiv.

Readying for War

Even as news of Russian marines being disgorged onto Ukrainian territory circulated, the new Kyiv government was surprisingly silent. One almost wonders if Kyiv's newly ruling opposition was being counseled to keep restrained in the hope that a diplomatic settlement could be found. Yulia Tymoshenko, last seen confined to a wheelchair in Kyiv's Maidan square, has reportedly found the energy to fly to Moscow for negotiations. It remains unclear, however, if she is going there to save her country or be the recipient of demands. Time will tell.

There are signs that the Ukrainian government is beginning to find its voice amid the crisis. Kyiv government leader Vitaly Klitschko, the charismatic ex-heavyweight boxer, has called for a "national mobilization" to resist Russian aggression.⁵ And recent reports indicate that the Ukrainian military has been put on high combat alert,⁶ bringing the two big neighbors on the brink of what would surely be a ruinous war. On paper, Russia may have a considerably larger military, but a full-scale invasion of Ukraine would be an operation of a scale not seen since the Soviet invasion of Afghanistan -- a capability that many analysts are skeptical Moscow could prosecute, let alone durably sustain. Ukraine, by contrast, has a smaller military but has home

⁵ <http://www.youtube.com/watch?v=Sgqp21VG0uo&feature=youtu.be>

⁶ <http://www.voanews.com/content/ukraine-refuses-to-act-against-russian-provocation/1861937.html>

court advantage -- it would be conceivably committing the bulk of its forces to any engagement, which Russia will not.

Of course, war is not a foregone conclusion. There's a fair chance that the crisis will remain confined primarily to the autonomous Crimea region, which may look like the best of bad options to both Kyiv and most of the West. But even if that happens, Russia's brazen intervention has surely roused Europe and NATO to the ever-present danger of Russian revanchism. In 2008, the Russian invasion of Georgia was widely seen less as a violation of international law than a demonstration of Georgian intemperance. Indeed, all told, there is little about current crisis has much in common with the 2008 conflict. But the West will have little choice but to see the Russian military intervention of Ukraine as exactly what it is: an invasion.

The Baltic States, who are certainly thanking their lucky stars for having joined NATO in time, have already invoked Article IV of the NATO treaty, which obligates Alliance members to jointly confer.⁷ This is a serious step -- only one level removed from the collective defense clause of Article V -- and was only last used when a Turkish fighter was reportedly shot down over Syrian airspace in mid-2012. This does not indicate that the Alliance intends to rush to Ukraine's aid, but it certainly conveys the seriousness by which Alliance members see the unfolding situation in Ukraine.

Policy Options

The Russian invasion of Ukraine is not merely an unfortunate series of events in a faraway land, but a serious threat to European stability and, more broadly, the rules-based international order. Moscow's contravention of international norms by intervening in Crimea signals a belief that it can blatantly and unilaterally manipulate regional dynamics as it sees fit. Equally troubling is Russia's apparent flouting of the 1994 Budapest Memorandum, to which it is party along with the U.S., the U.K, and Ukraine. The Memorandum guarantees Ukraine's territorial sovereignty in exchange for Kyiv's transfer of its nuclear arsenal to Russia. That Russia's Crimea intervention may have a deleterious effect on the global non-proliferation regime may be a major understatement. Russia's unsanctioned and illegal commitment of forces into Ukraine also threatens the very fabric of the Euro-Atlantic Security architecture, which is premised on the primacy of state sovereignty and NATO as the guarantor of that system. No, Ukraine is not a NATO member, but it is unquestionably a part of Europe.

⁷ <http://euobserver.com/tickers/123321>

Unfortunately, there are not many good options for dealing with Russia's latest act of aggression. It would take a major and as yet-unforeseen spiraling of events for there to be even the consideration of committing Western forces of any kind to the conflict. So far, the extent of a U.S. response appears to be cancelling President Obama's trip to the planned G8 summit in Sochi. Reportedly, Congress is in the process of discussing "targeted sanctions," and just about everyone can agree that Russia's membership in the G8 has been a frivolous allowance tolerated for far too long. Yet, as reported, these responses are unsatisfying and fail to correspond to the weight of Moscow's transgression. However, there are several meaningful, and substantial, steps that the U.S. and Europe ought to consider.

First, while it is currently unclear what "targeted sanctions" looks like, Western states should be prepared to give them some genuine bite. In-force Magnitsky List legislation already provides mechanisms for sanctioning Russian human rights violators. The List's current membership is embarrassingly small, but it could be rapidly expanded to include a much more representative cross-section of the Russian leadership. Europe, for its part, ought to adopt similar legislation on the national or trans-national level to give the List a necessary multiplying effect. Other, broader economic sanctions should also be considered and employed. That would be a start.

Second, as Admiral James Stavridis counsels, NATO should be put on high alert and be prepared to assist Kyiv with intelligence and logistics, particularly in the event of a full-scale Russian invasion into mainland Ukraine.⁸ As an added measure, NATO should also reinforce its regular Baltic Air Sovereignty mission with additional, frontline fighters such as the F-22 or Eurofighter Typhoon. This would at once reassure our Baltic allies while broadcasting Alliance resolve to defend its members.

Third, NATO should begin immediate preparations to bring Georgia into NATO.⁹ While involving Georgia may not at first appear to be an especially meaningful response to events in Ukraine, beginning the process of Georgian accession would send a clear message to Moscow that it cannot use its military forces as a de facto veto over its neighbors' foreign policy choices. Georgia is a strong friend to the West: it is among the largest contributors to the Afghanistan mission, its well-regarded forces have recently agreed to join the EU military mission in Central African Republic, and it has already begun integrating into NATO's rapid reaction force. By just about any measure, Georgia is ready to join the Atlantic alliance. It's past time to make that happen, particularly in light of Russia's aggressive moves in Ukraine.¹⁰

⁸ http://www.foreignpolicy.com/articles/2014/03/01/nato_needs_to_move_now_on_crimea

⁹ http://www.huffingtonpost.com/edward-p-joseph/after-ukraine-nato-must-g_b_4875263.html

¹⁰ <http://nationalinterest.org/commentary/yes-nato-should-let-georgia-8906>

But perhaps above all, the most important Western takeaway from Moscow's actions in Ukraine is the simple realization that a new age in Russia relations is upon us -- and all that it implies. It will be extremely difficult, if not wholly impossible, for the U.S. or Europe to pretend that Russian relations are salvageable in the near term. Make no mistake, the West has been in competition with Russia for some time -- given tensions over Syria, push-pull in the Black and Caspian Seas, and energy blackmail in Europe, to name a few -- whether or not our governments were able to admit it. But as Ukraine so clearly demonstrates, Russian revanchism is not a hypothesis, but a challenge the West must acknowledge and address proactively.

PUTIN'S "GREATER NOVOROSSIYA" – THE DISMEMBERMENT OF UKRAINE?

By Adrian A. Basora and Aleksandr Fisher

April 2014

On April 17, Vladimir Putin introduced a dangerously expansive new concept into the Ukraine crisis. During his four-hour question and answer session on Russian TV that day he pointedly mentioned "Novorossiya" – a large swath of territory conquered by Imperial Russia during the 18th century from a declining Ottoman Empire. This historic Novorossiya covered roughly a third of what is now Ukraine (including Crimea).

Subsequent comments and actions by Putin and his surrogates have made it clear that the Kremlin's goal is once again to establish its dominance over the lands once called Novorossiya. Furthermore, it is clear that Putin hopes to push his control well beyond this region's historic boundaries to include other contiguous provinces with large Russian-speaking populations.

Most commentators and media are still focusing on Putin's annexation of Crimea and on the threatened Russian takeover of the eastern Ukraine provinces (oblasts) of Donetsk and Luhansk. But the far more ominous reality, both in Moscow's rhetoric and on the ground, is that Putin has already begun laying the groundwork for removing not only these, but several additional provinces from Kiev's control and bringing them under Russian domination, either by annexation or by creating a nominally independent Federation of Novorossiya.

Unless the U.S. and its European allies take far more decisive countermeasures than they have to date, [Putin's plan](#)¹ will continue to unfold slowly but steadily and, within a matter of months, Ukraine will either be dismembered or brought back into the Russian sphere of influence.

Putin's convenient and expansive (though historically inaccurate) 'rediscovery' of Novorossiya now appears to include the following provinces in addition to Crimea: Donetsk, Luhansk, Kharkiv, Dnepropetrovsk, Zaporizhia, Kherson, Mikolaiv and Odessa. If he can turn this vision into a reality, Moscow would dominate the entire northern littoral of the Black Sea and control a wide band of contiguous territory stretching all the way from Russia's current western boundaries to the borders of Romania and Moldova (conveniently including the latter's already self-declared breakaway province of Transdnistria).

¹ For further information see: Kraemer, Richard, and Maia Otashvili. "Geopolitical Implications of the Ukraine Crisis." Foreign Policy Research Institute. <http://www.fpri.org/articles/2014/04/geopolitical-implications-ukraine-crisis> (accessed May 1, 2014).



Map Credit: Dim Grits

If all of these provinces are either annexed by Russia or form a nominally independent federation of ‘Greater Novorossiia’, the population of Ukraine would drop from 46 million to 25 million. This would not only subtract nearly 45% of Ukraine’s 2013 population but also roughly two thirds of its GDP, given that the country’s eastern and southern provinces are far more industrialized than those of the center and west.²

So far, neither financial sanctions nor international condemnation of Russia’s aggressions against Ukraine have had the slightest deterrent effect against Putin’s strategy. Instead, he is now steadily undermining Kiev’s control of the country’s eastern oblasts in small slices – currently at the rate of two or three strategic centers per day – the same pace and playbook that enabled Russia to establish total control of Crimea within a matter of weeks.

Given its track record so far, the weak government in Kiev and its even weaker military and security forces are obviously powerless to put a stop to Putin’s Novorossiia strategy.

² Eastern Ukraine is much more productive than its western counterpart. Donetsk, Kharkiv, Dnipropetrovsk, Zaporizhia, and Odessa all have much higher rates of export and higher average salaries than the western regions. Donetsk and Dnipropetrovsk alone make up 35% of the total share of Ukrainian exports while the seven most western regions make up only 7% of the total share of exports. Vegte, Nils van der. "Everything is annihilated": the split of Ukraine on the basis of economic data (important text)..." Da Russophile. <http://darussophile.com/2014/02/everything-is-annihilated-the-split-of-ukraine-on-the-basis-of-economic-data-important-text/> (accessed May 2, 2014).

Meanwhile, the western powers continue to talk but take actions that are patently having no deterrent value. Unless the U.S. and its European allies can manage a quantum leap in their sanctions and counter-measures, Putin's strategy seems likely to continue to unfold, slowly but steadily, likely without need for any overt large-scale Russian military intervention other than menacing moves on Ukraine's borders.

If this happens, not only will the map of Ukraine be dramatically redrawn, but the entire geopolitical balance of Europe will be decisively altered. And, needless to say, the fate of democracy in the region, which has already suffered worrisome erosion in several post-communist countries over the past few years, will be severely compromised.

And, beyond Europe, Putin will have taken a giant step towards creating his new Moscow-dominated Eurasian Union. This is a potentially massive geopolitical and economic bloc stretching through the Caucasus into post-Soviet Central Asia – with obvious negative global repercussions.

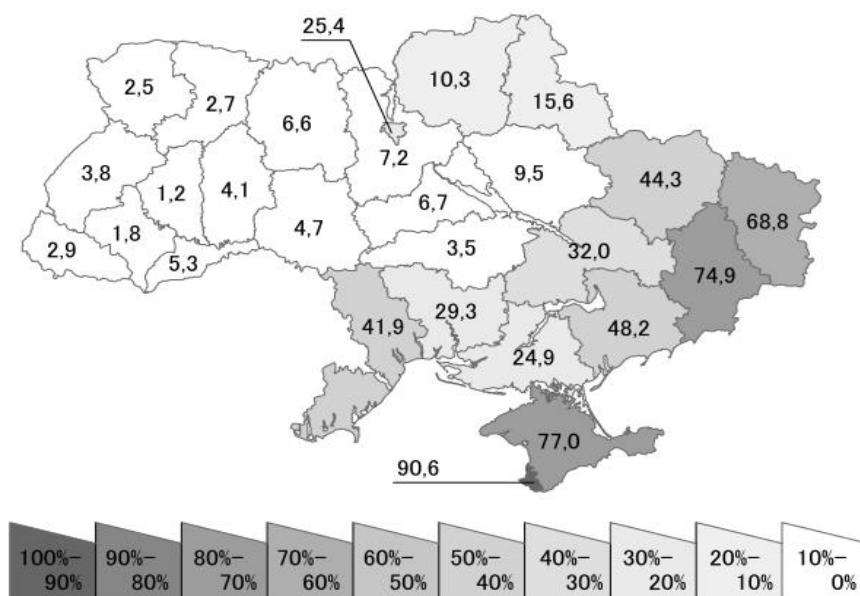
Putin's Vision of "Greater Novorossiia"

Novorossiia (literally, New Russia) refers historically to a very large section of present-day Ukraine lying north of the Black Sea and stretching from Luhansk and Donetsk in the east to Odessa in the west. Russia, and subsequently the USSR, controlled this region from the 18th century until the break-up of the Soviet Union in 1991. But in the Soviet period it was part of the Ukrainian Soviet Socialist Republic rather than directly part of Russia.

Ominously, however, on April 17, when Putin evoked the memory of historic Novorossiia, he also exclaimed that only "God knows" why Russia surrendered this region in 1922 to Ukraine. Just a few weeks earlier, Putin had described Nikita Khrushchev's decision to incorporate Crimea into Ukraine in 1954 in a remarkably similar vein. The analogy seems all too obvious.

Furthermore, as if Putin's concept of correcting historic anomalies were not sufficiently threatening, he quickly expanded his description of Novorossiia to include territories that lie well beyond its actual historical boundaries, most notably by explicitly including Kharkiv – a major city and important oblast that was never part of that historic region.

Furthermore, Putin and his hard-line Foreign Minister Sergei Lavrov, along with the Kremlin's prolific propaganda machine, also regularly attempt to legitimize Russian intervention by focusing on the high number of "Russians" in Ukraine overall. Lavrov has also repeatedly claimed that Moscow has a right to protect Russian "citizens" in Ukraine – thus adding a further argument in favor of defining the new version of Novorossiia quite expansively.



[Map credit: Alex Tora](#)

Putin’s Moves and Russian Grand Strategy

Vladimir Putin’s Ukraine strategy is driven by three goals: survival, empire and legacy.

First and foremost, Putin sees the fate of Ukraine as an existential issue both for himself and for the authoritarian regime that he and his inner circle have gradually rebuilt over the past fifteen years. The Orange Revolution of 2004 was a deep shock to Putin because of the echoes it created in Russia and because Ukraine seemed to be on the brink of becoming a major source of longer-term “democratic diffusion” right on Russia’s long southwestern border. Fortunately for Putin, however, the luster of this revolution quickly wore off once its leaders gained office and failed to live up to their reformist promises. From the start there was infighting between Ukrainian President Viktor Yushchenko and Prime Minister Yulia Tymoshenko; reforms were postponed; the Ukrainian economy spiraled downward and corruption remained rampant.

By the time Yushchenko’s presidency ended in 2010, many voters had come to see Viktor Yanukovich as a preferable alternative. Yanukovich also reportedly benefited from substantial financial and “political technology” support from Moscow. For Putin, Yanukovich was a promising alternative to the western-oriented “Orange” leaders, since he seemed likely to maintain strong trade and financial ties with Russia, show proper deference towards Moscow and, above all, keep Ukraine out of NATO. But it turned out that too many Ukrainians were unwilling to follow the Putin/Yanukovich script.

When Yanukovich fled Kiev on February 21, it must have seemed to the Kremlin that a second wave of the Orange Revolution had taken control of Ukraine. Putin no doubt trembled with fury – but also with fear.

Putin's second driving motive for going all out to reassert as much dominance as possible in Ukraine combines his goals of restoring a Russian empire and of burnishing his personal legacy. It is abundantly clear that Putin seeks to restore Russia to its former imperial glory, and in so doing to secure for himself a place in history as one of the greatest Russian leaders of all time. In a 2005 speech, Putin famously stated that "the breakup of the Soviet Union was the greatest geopolitical tragedy of the 20th century."³

Putin's comments on the Soviet Union, taken together with his current vision of Novorossiya, should make it crystal clear to the West that the crisis in Ukraine is not a small-scale conflict, nor simply an internal political problem between eastern and western Ukraine. Rather, a de facto war for control of Ukraine has begun – and Ukraine, in turn, is only a part (though a very important one) of Putin's strategic plan to re-establish Russian hegemony over as much as possible of the former Soviet Union, and thus to reassert Russia's role as a major global power.

Repeating the Crimea Playbook, Province by Province

Although his strategy in Ukraine is highly ambitious, Putin is clearly convinced that the most effective tactic is to proceed one stealthy step at a time. He will avoid overt military intervention if at all possible so as not to shock the western powers into genuinely painful countermeasures. Putin is clearly repeating the Crimea pattern in eastern Ukraine, having already established de facto control of over a dozen key locations in its most important eastern province, Donetsk. This is Ukraine's most industrialized oblast⁴, with a population of 74.9 percent Russian speakers and very strong industrial ties to Russia.

³ Bolton, John. "Did Vladimir Putin call the breakup of the USSR 'the greatest geopolitical tragedy of the 20th century?'" PolitiFact PunditFact. <http://www.politifact.com/punditfact/statements/2014/mar/06/john-bolton/did-vladimir-putin-call-breakup-ussr-greatest-geop/> (accessed April 30, 2014).

⁴ Out of all the regions in southern and eastern Ukraine that pro-Russian separatists have infiltrated, Donetsk is the most economically significant. Donetsk accounts for 22 percent of Ukraine's GDP. It also has "12 percent of Ukraine's natural resources, including 45 percent of coal, aluminum, and ferrous metals, 46 percent of its steel production, and 13 percent of Ukraine's energy production, all while making up less than 10 percent of Ukraine's population." Larwood, Zane. "Why Donetsk Will Be Next." Fordham Political Review. <http://fordhampoliticalreview.org/why-donetsk-will-be-next/> (accessed May 2, 2014).



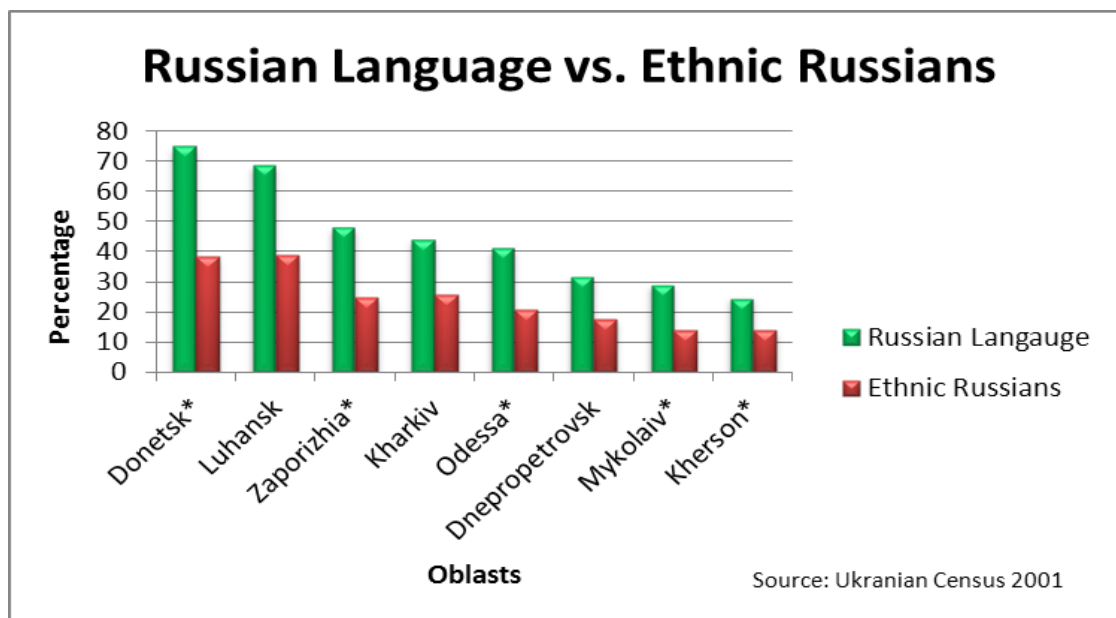
The next three oblasts most immediately threatened by Russian stealth takeovers are Luhansk with 68.6 percent Russian speakers, Zaporizhia with 48.2 percent. Kherson with 24.9 percent also belongs on the immediately endangered list, despite its lower percentage of Russian-speakers, because Russia needs to control it along with Donetsk in order to create a “land bridge” between Russia and Crimea. A further “favorable” factor from Moscow’s viewpoint is that Kherson – along with Donetsk, Zaporizhia and part of Luhansk – falls largely within the boundaries of historic Novorossiia.

Beyond these four provinces, there have already been major Russian incursions into the two contiguous provinces of Luhansk and Kharkiv (which has a 44.3 percent Russian speaking population). And, as mentioned earlier, Putin has also proclaimed publicly, even though inaccurately, that Kharkiv is part of Novorossiia.

To the west of the six oblasts mentioned above are Mykolaiv and Odessa, which have 29.4 percent and 41.9 percent Russian speakers, respectively. The strategic port city of Odessa has already seen the same type anti-Kiev agitation and organization of a secessionist movement that are the hallmarks of the Crimea playbook. Christian Caryl, an American journalist and editor of Foreign Policy’s Democracy Lab, has recently interviewed Odessans who are excited about the prospect of an autonomous Novorossiia state. He quotes one citizen as exclaiming, “A population of 20 million, with industry, resources. With advantages like that, who needs to become a part of Russia? By European standards that’s already a good-sized country.”⁵

⁵Caryl, Christian. “Novorossiia Is Back from the Dead.” Foreign Policy. http://www.foreignpolicy.com/articles/2014/04/17/novorossiia_is_back_from_the_dead_putin_russia_ukraine (accessed April 30, 2014).

Language, Ethnicity, and Attitudes



In claiming a Russian right to intervene in these eastern and southern provinces, it is clear that Moscow will use a maximalist definition of “Russians”. This means counting the number of Russian speakers rather than the number of ethnic Russians.⁶ This is to Putin’s advantage, since the number of ethnic Russians in these provinces is much lower than the number of Russian speakers. Furthermore, not only do many Ukrainians living in the east and south acknowledge Russian as their native tongue, but an additional significant percentage speak the language fluently, which Moscow could well use as a further rationale either for the annexation of these provinces or to create an enlarged version of Novorossiia that would in fact be subservient to Moscow.

⁶ The Russian term *русские* (*russkiye*) refers to all ethnic Russians, regardless of whether they live in Russia or hold Russian citizenship. Russians are an East Slavic ethnic group who speak the Russian language. However because Russian was the official language and the medium of education in the Soviet Union, many ethnic Ukrainians, Belarusians, Bulgarians and Jews in Ukraine still speak Russian as their primary language. While eastern Ukraine has a considerable *ethnic* Russian population (although less than a majority in every region except Crimea - which has 58% ethnic Russians), that does not necessarily mean that all these ethnic Russians are in favor of joining the Russian Federation. According to recent poll by the Ukrainian Newspaper *Dzerkalo Tyzhnia*, less than one-third of the population of Luhansk and Donetsk actually support joining Russia. However, Putin will not hesitate to claim that he is protecting Russians (not just ethnic Russians) from the “fascist” government in Kiev to justify his meddling in the region. The Economist Newspaper. "Faltering, but fully legit." The Economist. <http://www.economist.com/blogs/easternapproaches/2014/04/ukraines-government> (accessed May 2, 2014).

Beyond fueling ethnic and linguistic differences to justify Russia's incursions into Ukraine, Putin is working systematically to create a permanent rift between eastern and western Ukrainians based on pre-existing differences of perspective and attitude, and by building upon manufactured confrontations and grievances.

Recent public opinion polls conducted by the Baltic Surveys/The Gallup Organization show that the linguistic and ethnic divisions between western and eastern Ukraine also correlate with the two regions' viewpoints on a variety of issues including: Russia's military excursion in Crimea, the EuroMaidan protests that ousted Yanukovich, and the upcoming presidential election on May 25.⁷ According to the poll, over 94 percent of western Ukrainians believed Putin's actions in Crimea constituted an invasion, while only 44 percent of eastern Ukrainians believed the same. In fact, 45 percent of eastern Ukrainians believed that the referendum in Crimea on joining Russia is a legitimate right of the residents of Crimea to express their opinion about the future of Crimea.

Sixty-six percent of citizens in western Ukraine said they viewed the Euromaidan events positively while only 7 percent of citizens in eastern Ukraine said the same. While 34 percent of citizens in western Ukraine said they would vote for Petro Poroshenko, the "chocolate oligarch", in the upcoming presidential election, only 7 percent of eastern Ukrainians agreed, and 11 percent said they would vote for Serhiy Tihipko, a former member of Yanukovich's Party of Regions who has taken a pro-federalization stance.

Perhaps most importantly, 59 percent of citizens in eastern Ukraine are already in favor of joining Russia's Customs Union as opposed to 20 percent who are in favor of joining the European Union.

The total population of Putin's ideal Greater Novorossiia (Kharkiv, Donetsk, Luhansk, Zaporizhia, Kherson, Dnepropetrovsk, Mykolaiv, Odessa, and Crimea), would be approximately 21 million. This would be a sizable potential addition to the Customs Union with Russia, Belarus, Armenia and Kazakhstan, which would give Putin's Russia even stronger economic leverage against the European Union.

Russian journalist Yulia Latynina views Putin's tactics in Crimea and eastern Ukraine as a new military strategy, in which the government controls and distorts information to cast Russia and the pro-Russian separatists as the victims. She argues that this "is far more important than achieving a military victory. To come out the winner in this scenario, you don't have to shoot your enemy. All you have to do is either kill your own men — or provoke others into killing

⁷ Baltic Surveys/The Gallup Organization, "Public Opinion Survey Residents of Ukraine: April 3-12, 2014", International Republican Institute, <http://www.iri.org/sites/default/files/2014%20April%20Survey%20of%20Residents%20of%20Ukraine%2C%20April%203-12%2C%202014.pdf>

them — and then portray it as an act of aggression by the enemy with all of the attendant media spin.”⁸ Due to this media spin, all of the Ukrainian government’s attempts at diffusing the situation in the eastern provinces have horribly backfired.

Implications for Moldova and Beyond

Even assuming that Putin achieves his ambitious vision of a Greater Novorossiia, there is no guarantee that Putin will stop at Odessa. In fact, the contrary seems likely. Moldova would also be directly threatened. In March, the separatist de facto government in Transdniestria asked to be incorporated into the Russian federation.⁹ Putin could thus easily repeat the same tactics that were successful in Crimea and are working in eastern Ukraine, in Transdniestria. This breakaway region would become independent from Moldova and possibly join the Novorossiia federation. It is beyond the scope of this essay to discuss the potential impact of this scenario on the weak remainder state of Moldova or, for that matter of the putative rump state of central and western Ukraine. Suffice it to say that, if Ukraine and the West do not act decisively against Russian “irredentism” in eastern Ukraine, any state in Eastern Europe, the Caucasus, or Central Asia with a Russian speaking minority could well be at risk of either dismemberment or of de facto Russian domination as the price of avoiding it.

Can Putin Be Stopped?

It is hard to envision any realistic scenario whereby the current Ukrainian government in Kiev might stop this slow and steady dismemberment of the country. Given pro-Russian separatists’ success in seizing government buildings all across eastern Ukraine with impunity, what options does the current Ukrainian government have?

If Ukraine can manage to make serious military efforts to counteract the gradual slicing off of its provinces, Moscow will blame the resultant bloodshed on Western-instigated “fascists” in Kiev and would likely intervene militarily to assure the victory of the pro-Russian separatists whom they are currently instigating and assisting with semi-covert military support. Putin has already expressed indignation towards Ukraine’s miniscule “anti-terrorist operations” in the east and has called these actions a “grave crime.”¹⁰

⁸ Latynina, Yulia. “Russia’s New War Technology in Ukraine | Opinion.” The Moscow Times. <http://www.themoscowtimes.com/opinion/article/russias-new-war-technology-in-ukraine/498729.html> (accessed April 30, 2014).

⁹ “Transnistria territorially tempting to Russia.” Euro News. <http://www.euronews.com/2014/04/23/transnistria-territorially-tempting-to-russia/> (accessed April 30, 2014).

¹⁰ Resneck, Jacob, and Olga Rudenko. “Putin issues new threat as pro-Russia forces mobilize.” USA Today. <http://www.usatoday.com/story/news/world/2014/04/24/ukraine-russia-crisis/8085459> (accessed April 30, 2014).

Given Ukraine's likely ineffectiveness in dealing with Russia's incursions into its territory, what options does the West have in dealing with Russia's increased aggression and imperialistic ambitions?

The U.S., its NATO allies and the European Union are left with two basic options. The first is to continue the current pattern of de facto acquiescence. The West can continue its current course of public condemnation and minor punitive economic and financial sanctions that stop short of really serious pain on either side. If so, Putin will almost certainly ignore the West's sanctions, despite their toll on the Russian economy. He will thus move steadily ahead with his plan to either separate and federalize eastern and southern Ukraine, or incorporate it into Russia.

The alternative is for the West to undertake truly deep and thus mutually painful economic sanctions that would sharply reduce Russia's oil and gas exports and revenues, decimate foreign investment and wreak havoc with that country's economy. This would require going very far beyond the half-hearted European support for intensified sanctions against Russia that we have seen so far, especially among European countries with strong trade ties to Russia.¹¹

And, given the insulation of Putin and his ruling elite from economic pain, there would also need to be a strong show of military resolve. The U.S. would need to at least double the number of its forces stationed in Europe (currently only 66,000 vs. 400,000 during the Cold War) and NATO would have to move several thousand European, Canadian and American troops to the eastern borders of Poland and the Baltic republics, and to northeastern Romania.

As of now, the West has not committed a substantial number of troops to the defense of Eastern Europe, despite its treaty obligations to defend these NATO members. On April 23rd, the U.S. sent 150 American troops, with 450 more expected to join them, to Poland as part of a military exercise.¹² However, these 150 troops are dwarfed by Russia's 40,000 men stationed at the Ukrainian border.¹³ From Putin's expansive perspective, these micro-exercises are derisory at a time when he has held military exercises near Ukraine involving troops in the tens of thousands. Putin will not be deterred by anything short of a commensurate show of resolve by the Western powers.

¹¹ The Economist Newspaper. "Limp wrist diplomacy?." The Economist. <http://www.economist.com/blogs/charlemagne/2014/03/europe-russia-and-sanctions> (accessed April 30, 2014).

¹² FOX News Network. "US troops arrive in Poland for exercises across Eastern Europe amid Ukraine crisis." Fox News. <http://www.foxnews.com/politics/2014/04/22/us-troops-arrive-in-poland-for-exercises-across-eastern-europe-amid-ukraine/> (accessed April 30, 2014).

¹³ Botelho, Greg, Laura Smith-Spark, Jim Sciutto, Hada Messia, and Anna Rappard. "Russia's Sergey Lavrov: U.S. 'running the show' in Kiev 'without any scruples'." CNN. <http://www.cnn.com/2014/04/23/world/europe/ukraine-crisis/> (accessed April 29, 2014).

Unless and until the West takes a seriously strong stand against Putin's undeclared war against Kiev and commits to keeping Ukraine united and independent, Putin will continue on his present path of stealth conquest. He will implement his own vision of Novorossiia as a step towards re-establishing a "Greater Russia" – one that continues its aggressive expansionism well beyond Ukraine and in which he plays a major role on the world stage dedicated to undercutting the West and its democratic values.

GEOPOLITICAL IMPLICATIONS OF THE UKRAINE CRISIS

*By Richard Kraemer and
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With the unfolding of the Ukraine crisis, Russian-American and Russian-EU relations have clearly reached their lowest point since the end of the Cold War. Furthermore, the impact and implications of Russia’s actions extend well beyond Europe and relations with the U.S., starting most notably with the Middle East. Western governments would do well to take account of the Kremlin’s efforts to reassert its influence in these regions and formulate a firm, committed, and unified response in defense of their shared interests.

Russia’s shocking abrogation of Ukraine’s sovereignty with its annexation of Crimea and subsequent incursions into eastern Ukraine have left policymakers around the world reeling. Putin’s unwillingness to comply with Washington’s and Brussels’ demands for Russia to honor Ukraine’s territorial integrity testifies to the death of the attempted “reset” of relations, launched five years ago at the London G20 summit. Since then, aside from a new nuclear arms reduction treaty and occasional bouts of diplomatic cooperation, relations have only deteriorated.

This regression is unsurprising given Russia’s trajectory under president Vladimir Putin. The Russian invasion of Crimea is simply a further – though much larger scale and more dramatic – chapter in a very familiar post-Soviet saga. Russia has repeatedly intervened, at times including

military action, in the former USSR republics as a means of weakening or subordinating these neighboring governments and keeping them out of the orbit of the United States and the Western European powers. Moscow's sponsorship of persisting conflicts in places such as Transdnistria¹, its belligerent invasion of Georgia in 2008 and, most importantly, its recent assault on Ukraine's sovereignty and territorial integrity are emblematic of Russian designs to reestablish its hegemony on a regional scale.

Significantly, however, Putin's attempts to reassert Moscow's power are not limited to the Russian Federation's "near abroad." In the Middle East, Russia has doubled down in its support of its decades-long ally, Syria. Moscow also provides Iran effective political cover and technical assistance for its nuclear program; and it endeavors to deepen its relations with Egypt and even with Jordan. The Middle East region's energy resources, potential industrial and arms markets, and export of radical Islamic ideology make it too important for Putin's expansionist Russia not to compete actively against the U.S. and its allies.

While the implementation of Putin's expansionist strategy has been underway for several years, its Ukraine incursions represent a major acceleration. Putin and his inner circle of advisers who are behind Russia's foreign policy are emboldened by their belief that the current US administration is incapable of the resolve, toughness and leadership necessary to check their ambitions, and that the Western Europeans are too divided and timid to take effective counter-actions against his aggression.

Russia's Reassertion in the "Near Abroad"

For American policy analysts and experts on Russia's near abroad, Putin's ambition of restoring Russia to its Soviet-like glory has been a matter of growing concern. Putin has on many occasions noted that he considers the fall of the Soviet Union the greatest tragedy of the 20th century. The former USSR republics as well as the former satellite states have to varying degrees lived under Russia's shadow and influence since their very first years of independence.

While Russian leverage had, at least until the mid-2000s, significantly diminished in the 11 post-communist states that are now members of the European Union,² it has always remained significant among the former USSR member republics. Some of these states, especially those in Central Asia, are already well within Russia's sphere of influence. However, Putin has attempted to consolidate his country's hegemony over the South Caucasus countries (Georgia, Armenia and Azerbaijan) as well as the states directly bordering the EU -- i.e., Belarus, Moldova and Ukraine.

¹ A breakaway region of eastern Moldova with a significant proportion of Russian-speakers and 1200 Russian troops stationed there.

² Czech Republic, Croatia, Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

In the latter two countries, Western influence nevertheless remains significant, and hopes for democratization and desire for closer integration with the EU remain high.

Nevertheless, since Putin's return to the Russian presidency Armenia, Georgia, Moldova and, most importantly, Ukraine have now become pawns in an increasingly blatant tug of war between Russia and the West. American investment in the economic development and democratization processes of these countries has been significant. Still in transition, these states maintain the important geopolitical role of connecting the West with the East, Europe with Asia and providing an important buffer zone between Russia and Europe. Ukraine in itself represents an energy transit source of the utmost importance between Europe and Asia, and for Russia in particular.

Putin has sought to maximize Russia's economic, energy, and geopolitical leverage in Russia's neighboring countries. Placing an embargo on Georgian, Moldovan, and Ukrainian products has had devastating results on the economies of these countries in the past. Raising energy prices or completely cutting off energy supplies to Moldova and Ukraine continues to serve as another highly effective tool for Russia. Like most states in the region, these fragile countries also suffer from territorial integrity issues, and the presence of Russian armed forces in their breakaway regions continues to be a major problem. The self-assigned peacekeeping role provided Russia an invaluable entry point when conflict broke out in Georgia's South Ossetia region in 2008, leaving thousands dead or displaced within sovereign Georgian territory, well beyond the borders of the conflict zone. The weak international response coupled with the West's subsequent inaction in punishing Russia for its unlawful intervention helped to reinforce Putin's perception of a weakened, feckless West.

In order to counteract the EU's eastward expansion efforts, Putin created the project of a Eurasian Union that is to be officially formed in 2015. Led by Russia, this initiative's economic precursor – the Eurasian Customs Union – already counts Belarus and Kazakhstan as members.³ The Eurasia Union has now also enlisted Armenia as a membership candidate after President Serg Sargsyan's decision under Russian pressure in September 2013 to forego signing the EU Association Agreement. Putin effectively used the ongoing conflict between Armenia and Azerbaijan in Nagorny-Karabakh as leverage for the advancement of his own agenda. After openly hinting at the possibility of conflict escalation in that region by selling weapons to Azerbaijan, Putin was able to persuade Sargsyan to abandon the lengthy Association Agreement negotiations with the EU shortly before November 2013 Vilnius summit.⁴

³ Adam Taylor "Why Kazakhstan and Belarus are watching Crimea very, very carefully," *Washington Post*, March 11, 2014, <http://www.washingtonpost.com/blogs/worldviews/wp/2014/03/11/why-kazakhstan-and-belarus-are-watching-crimea-very-very-carefully/>

⁴ Thomas de Waal, "An Offer Sargsyan Could Not Refuse," *Carnegie Moscow Center*, September 4, 2013, <http://carnegie.ru/eurasiaoutlook/?fa=52841>

After struggling to achieve full autonomy from Russia, leaders in Georgia, Moldova and Ukraine have become convinced that the fate of their independence rests in the hands of the West. This outcome can only be guaranteed if further and irreversible integration with the West is accomplished. Accordingly, securing EU membership is at the top of the agendas of democratic leaders and reformers in these countries.

With Russia's recent annexation of Ukraine's Crimea region and the obvious threat of invasion or at least de facto Russian domination facing other parts of eastern and southern Ukraine, the country's sovereignty is now at stake. The Ukraine crisis represents a major foreign policy challenge for the United States as it has not only led to the significant worsening of Russo-American relations, but also called into question its ability to act effectively in unison with its European allies. The potential outcomes of this crisis threaten to significantly shift the current global power balance and further undermine US influence well beyond the Central and Eastern Europe and the former Soviet Union.⁵ While just a few months ago most US officials and commentators would have dismissed the idea that something similar to the Cold War was emerging⁶, analysts now openly acknowledge that the "chess game" that Putin is playing with the West is all too reminiscent of the Cold War.

Washington has made strong statements against Putin's actions and has imposed multiple sanctions on Russia.⁷ The United States sided with the greater international community in condemning the referendum in Crimea to decide whether or not it would remain a part of Ukraine. Despite the majority of the UN Security Council members boldly rejecting this referendum, the Crimean government still carried out the unconstitutional vote in highly questionable conditions on March 16th. According to the Russian-backed authorities in Crimea, 97% of those voting on March 16 were in favor of Crimea seceding from Ukraine and joining Russia.⁸ In response, the European Union and the United States pledged to increase the sanctions and on March 17th President Obama signed an executive order, listing additional Russian individuals as well as banks to be sanctioned.⁹ Ukraine's former president Yanukovich, who fled to Russia and was impeached, is also on this list of individuals to be sanctioned.

⁵ Adrian Basora, Maia Otarashvili, Hannah Lidicker, "Ukraine and the Future of the Western Democratization Agenda," *Geopoliticus, The FP+RI Blog*, February 21, 2014, <http://www.fpri.org/geopoliticus/2014/02/ukraine-and-future-western-democratization-agenda>

⁶ President Obama's speech on Ukraine during his March 17, 2014 visit in Mexico, <http://www.whitehouse.gov/photos-and-video/video/2014/03/17/president-obama-speaks-ukraine>

⁷ Executive Order of Barack Obama, President of the United States, "Executive Order — Blocking Property of Certain Persons Contributing to the Situation in Ukraine," *The White House Office of the Press Secretary*, March 6, 2014, <http://www.whitehouse.gov/the-press-office/2014/03/06/executive-order-blocking-property-certain-persons-contributing-situation>

⁸ Laura Smith-Spark, Diana Magnay, Nick Paton Walsh, "Ukraine Crisis: Early Results Show Crimea Votes to Join Russia," *CNN News*, March 16, 2014, <http://www.cnn.com/2014/03/16/world/europe/ukraine-crisis/>

⁹ Executive Order of Barack Obama, President of the United States, "Executive Order — Blocking Property of Additional Persons Contributing to the Situation in Ukraine," *The White House Office of the Press Secretary*,

Some US policymakers still appear to believe that the Ukraine crisis can still be resolved through a combination of sanctions and diplomatic efforts means. But Western sanctions have so far failed to send a strong signal to Russian leaders or to pressure the government to cooperate with the international community. Furthermore, the present efforts to reign in a reckless Russia are reactive rather than strategic, and they fail to take into account that Moscow's latest incursion into yet another independent state is part of a greater, long-term drive by Putin to fortify the perception that he and his Russian Federation are a potent global actor.

Recent developments along with additional threats of Russian aggression breaking out in Donetsk, Kharkiv, Sloviansk and other eastern cities are increasingly ominous for democrats in Ukraine and for Western interests more generally.

Renewed Russian Engagement in the Near East

Prior to the political standoff over Crimea, the greatest example of the reset's failure was the powers' inability to find a common, mutually beneficial approach to help end Syria's brutal civil war. With an intelligence assessment in hand revealing that Syrian government agents had repeatedly used chemical weapons against its civilian population, US policy planners began to formulate possible responses that would prevent further attacks by Syrian president Bashar al-Assad on the Syrian people; one of these was a campaign of missile strikes against military sites and bases containing chemical weapons.

Alarmed at the prospect of an Assad thus militarily weakened, Putin went on the diplomatic offensive to deter the looming bombing campaign, and had his foreign minister seize upon a rhetorical remark made by his US counterpart.¹⁰ Obama's unwillingness to act without Congressional approval gave the Russians the time and space to broker UN Security Council Resolution 2118,¹¹ whereby the Syrian government agreed to relinquish its chemical arsenal under UN inspection, thus undercutting the basis for an armed response to the Assad regime's ruthless use of chemical weapons on its own people.

Behind these unfolding events was Moscow's decades-long support for the Syrian regime, beginning in 1970 under the rule of Hafez al-Assad and continuing with the succession of his son and current president, Bashar. As the peaceful demonstrations of Syrians' "Arab Spring" had

<http://www.whitehouse.gov/the-press-office/2014/03/17/executive-order-blocking-property-additional-persons-contributing-situat>

10 Michael Gordon and Steven Lee Meyers, "Obama Calls Russia Offer on Syria Possible 'Breakthrough'," *New York Times*, September 9, 2013, <http://www.nytimes.com/2013/09/10/world/middleeast/kerry-says-syria-should-hand-over-all-chemical-arms.html>.

11 United Nations Security Council Resolution 2118, [http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2118\(2013\)](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2118(2013)).

turned increasingly violent with the state's vicious backlash in the summer of 2011, Russia became more and more involved, domestically and internationally. There was much at stake from the Kremlin's perspective: Russia's 43-year-old Tartus naval facility on Syria's Mediterranean coast; Russian arms manufacturers, supplying 48% of Syrian imports throughout its exponential armament expansion of 2006-2010;¹² and the last reliable Arab ally in a post-Cold War world, through which Russia could hope to project political influence in the Middle East.

Throughout capitals in the West, this peaceful solution to the crisis was nevertheless seen largely as a successful compromise, a step towards possibly resurrecting the spirit of the Reset, which at this juncture was barely breathing given disputes over the US missile defense posture in Europe, Russia's sheltering of the indicted ex-NSA contractor Edward Snowden, and diplomatic impasses over the Syrian conflict and Iran's nuclear program. East of the Bug and Bosphorus, however, America's hesitancy to react more decisively given the crossed "red line" was seen as weakened American resolve.

This was the case in Tehran, whose support for Assad briefly wavered only the slightest bit when news of the chemical attack on the Ghouta suburbs of Damascus broke. Newly elected president Hassan Rouhani condemned the use of the nerve agent sarin and, rather tellingly, did so without indicating a perpetrator.¹³ This subtle rebuke aside, Iran's provision of Revolutionary Guard fighters, arms, funds, and logistical support to pro-government forces combating the rebels continued without pause. Iran's fearlessness of international censure for its overt support of this brutal regime reflected an emboldened posture, one based on confidence that Washington would keep Israeli bombers at bay and be pliable in upcoming P5+1 negotiations.

Iran's recent gains on the nuclear front, in sanctions relief, and regarding Syria were all achievable in part thanks to its interests aligning with Moscow's, and in part by Russian design. Since 1995, Russia has exported nuclear technology to Iran, despite the vociferous protests of Western governments. Their leaders share grave concerns about Supreme Leader Ayatollah Ali Khamenei's suspected drive to weaponize his country's nuclear energy program. These fears are exacerbated by the talks currently underway to build a second reactor, affording Russia capital, oil, and influence. Currently, there are reports of the two governments penning a \$20 billion oil-for-goods deal, flaunting transatlantic solidarity over sanctions;¹⁴ renewed negotiations over the controversial sale of the anti-aircraft s-300 system to Tehran may well be in the offing.

12 Pieter D. Wezeman, *SIPRI Yearbook 2013: Armaments, Disarmament and International Security* (Oxford, UK: Oxford University Press, 2013) p. 269.

13 "Iran's Rouhani Acknowledges Chemical Weapons Killed People in Syria," *Reuters*, August 24, 2013, <http://www.reuters.com/article/2013/08/24/us-syria-crisis-iran-idUSBRE97N06P20130824>.

14 Jonathan Saul and Parisa Hafezi, "Iran, Russia working to seal \$20 billion oil-for-goods deal: sources," *Reuters*, April 2, 2014, <http://www.reuters.com/article/2014/04/02/us-iran-russia-oil-idUSBREA311K520140402>.

Russia also provides further diplomatic assistance for its Arab and Persian allies. With respect to the P5+1 negotiations, Russian foreign minister Sergei Lavrov has been stalwart in backing Tehran's efforts to roll back sanctions imposed by US and Europe.¹⁵ Regarding Syria, Russian UN Ambassador Vitaly Churkin's unswerving veto shields the Assad government from effectively punitive actions by the international community.¹⁶ Russia's proven willingness to provide diplomatic cover for its allies is unlikely to be lost on other autocratic governments in the Middle East.

Moscow is also attempting to forge renewed relationships elsewhere in the Arab world, Russia's erstwhile partner Egypt being one example. With the Obama administration's decision to limit Egyptian arms sales in the wake of the army's ouster of its civilian Islamist government in July 2013, Russia saw an opportunity to fill the gap. Last November's high-level delegation to Cairo headed by minister Lavrov was followed by the recent visit to Moscow by Egyptian defense and foreign ministers – the first official visit in 40 years – in order to finalize an arms deal valued around three billion dollars.¹⁷ It remains to be seen whether this is simply a one-time transaction or a greater shift in Cairo's orientation. Yet it underlines, as with Syria and Iran, Russia's proactive approach in relationship-building when the opportunity arises.

Jordan is another example. While the degree of historic engagement with Russia differs significantly between the Hashemite Kingdom and Nasser's Egypt (e.g., there were never 15,000 Soviet military advisors stationed in the former),¹⁸ relations between Amman and Moscow have been open and transactional since the mid-70s, excepting the monarchy's vocal opposition to the Chechen wars.¹⁹ Presently, faced with ever increasing energy needs and a lack of cost-effective means to meet them, Jordan's Atomic Energy Commission last March completed several rounds of talks whose conclusion paves the way for Russia's Rosatom to construct the country's first nuclear reactor.²⁰ Two years prior, a Jordanian-Russian Intergovernmental Commission was penned into being while Putin was on a state visit to Amman. Seeking to remedy its chronic trade deficit and desire to increase tourism, Jordan has kept the commission interacting with its willing Russian counterparts.²¹

15 Russia's adversarial stance on Iranian sanctions should be seen as part of its efforts to remove sanctions as a tool of the UN; see George A. Lopez, "Russia and China: Sabotaging U.N. with Vetoes," *CNN News*, February 8, 2012, <http://www.cnn.com/2012/02/08/opinion/lopez-russia-sanctions-cold-war/>.

16 Michele Nichols, "Factbox: U.N. Security Council action on the Syrian conflict," Reuters, February 22, 2014, <http://www.reuters.com/article/2014/02/22/us-syria-crisis-un-resolutions-idUSBREA1LORU20140222>.

17 "Russia, Egypt Reach Initial \$3 Bln Arms Deal – Report", *RIANovosti*, February 14, 2014, <http://en.ria.ru/russia/20140214/187524953/Russia-Egypt-Reach-Initial-3-Bln-Arms-Deal--Report.html>.

18 Avi Shlaim, *The Iron Wall: Israel and the Arab World*, (London, UK: Penguin Press, 2001), p. 313.

19 Andrej Kreutz, *Russia in the Middle East: Friend or Foe?* (Connecticut, US: Greenwood Publishing Group, 2007), p. 41.

20 Mohamad Ghazal, "Nuclear Commission Preparing for Two Agreements with Russian Reactor Vendor," *Jordan Times*, March 10, 2014, <http://jordantimes.com/nuclear-commission-preparing-for-two-agreements-with-russian-reactor-vendor>.

21 "Jordan, Russia Set to Increase Cooperation," *Jordan Times*, November 6, 2013, <http://jordantimes.com/jordan-russia-set-to-increase-cooperation>.

All of the aforementioned governments are united in their well-founded fear of the security threats emanating from the radical interpretations of Islam adopted by Sunni terrorist organizations. From the North Caucasus to the Sinai Peninsula to western Iraq, each one of these governments strives to contain and eradicate violent jihadist groups. Russia, persistent in its understandable concern about the export of such ideology to its significant Muslim population, understandably supports those governments in the region similarly working to prevent its spread. The breadth of Russia's reengagement with Middle Eastern states varies from legitimate transactions (Jordan), to arms sales to military governments (Egypt), to unwavering and manifold support for oppressive autocratic regimes (Iran and Syria). Common to each is Moscow's opportunistic outreach when there is space to expand its influence and to check US policy objectives in the region, without regard for these governments' treatment of their citizenry or neighbors.

US Policy Considerations

The Ukraine crisis is far from over, and continues to test the effectiveness of Western diplomacy. While some American policymakers and experts may still hope that the sanctions currently on the table will help pressure Russia to comply with Western demands, further actions, such as helping build up Ukraine's army and strengthening NATO's military posture, are being considered. The EU has engaged with the interim Ukrainian government to expedite the final signing of the Association Agreement, and the US government has committed to providing Ukraine with a one billion dollar loan in tandem with much larger loans from the EU and the IMF in order to aid Ukraine's failing economy.

Some American commentators believe that Putin is improvising in Crimea in reaction to the ouster of his ally, Ukraine's former President Yanukovich, and simply taking advantage of instability in the country. In the authors' view, however, Putin's actions in Russia's "Near Abroad" over the past several years, as well as his policies with regard to Syria and Iran tell a different story – the compelling story of a highly ambitious, strongly anti-Western authoritarian leader with a much longer-term and more far-reaching grand strategy.

Russia's unabashed dismissal of the authority of the government in Kiev and its propagation of a counterfactual narrative in eastern and southern Ukraine could well have negative implications for the Middle East. Whether negotiating over a possible resolution to Syria's tragic civil war or an agreement to enforce a strict limit on Iran's nuclear capacities, Moscow's word will be much less credible, and its behind-the-scenes actions much more suspect. Putin's use of Russian troops to annex Crimea and subvert other parts of Ukraine is only the tip of the iceberg. A regime with such willingness to distort the truth and to flout the fundamental rules of international order for its own aggrandizement undermines the confidence of friend and foe alike.

Without fundamental shifts in their postures, Russia's authoritarian associates in the Middle East have little alternative but to stick closely by Moscow. Other than Iran and Hezbollah, Syria has few, if any, allies to choose from; certainly none that can provide as many clear benefits as Russia. Moreover, Putin will not keep Assad from taking action independently at home or abroad. Similarly, Iran also lacks its share of backers on the world stage and so will be unlikely to shift its posture vis-à-vis the Kremlin. Faced with a less-than-conciliatory administration in Washington, Egypt will avoid too much reliance on the White House, likely shoring up relationships with less democratic, less demanding partners.

At their various negotiating tables, American and European diplomats are assuredly looking evermore askance at their Russian counterparts across from them. But while US policy makers have little room to maneuver out of the status quo when negotiating over Iran or Syria, they do have leverage to deal with Russia, rather than simply "put up" with it. It is hard to believe that the Kremlin has wholly foregone its decade-plus drive to be recognized as a worthy international player, despite the predictable Western outrage voiced over Crimea's annexation. While nationalistic rhetoric plays well at home, the Russian leadership still wants prestige on the global stage -- not isolation. Moreover, despite considerable foreign exchange reserves at the moment,²² the reality is that Russia's economy is not a solitary monolith capable of self-sustenance, within the Eurasian economic community or otherwise. For one example, 45% of Russian exports go to the EU and US combined.²³ Russia has much to lose in the long-term by weakening its political and economic relations with the West in return for a slice of land with Russian-speaking pluralities.

The Russian-provoked crisis in eastern Ukraine is far from over; rather, it is escalating. Amidst growing tensions, Ukrainians are preparing to elect their next president on May 25th. This election is of historic importance for the country, as the outcome could either involve a de facto dismemberment of the country or help pave the way towards some degree of Ukrainian stability and independence. Rather than allow itself to be sidetracked or outmaneuvered by Moscow, the West should concentrate on and increase its efforts to strengthen the Ukrainian government's ability to uphold the rule of law, deliver services, realize the country's economic potential, and defend its borders. In the immediate future, the West's role is threefold:

The U.S. and other, willing NATO allies must help prevent further loss of Ukrainian territory by better training and equipping of Ukraine's army through regular joint exercises with Ukrainian forces, bolstered by the provision of appropriate material and systems.

22 Jason Bush, "Ukraine's financial fall-out exposes Russia's economic weakness," Reuters, March 3, 2014, <http://www.reuters.com/article/2014/03/03/us-ukraine-crisis-russia-economy-analysis-idUSBREA221D020140303>.

23 Country profile – Russia, Observatory of Economic Complexity at the MIT Media Lab, <http://atlas.media.mit.edu/profile/country/rus/>.

Western governments and international organizations must strive to best ensure that the May 25th election takes place in a free, fair, transparent and credible manner.

A realistic economic stabilization and growth program must be formulated in a multilateral and inclusive manner, whereby Western governments and international financial institutions together with the Ukrainian government and business leadership achieve strategic consensus.

Witnessing continued Russian military aggression, NATO's longer-standing members, led by the US, should in public and private forum categorically reaffirm to Russia the alliance's unswerving commitment to its collective defense. Such language should be followed with actions designed to reassure NATO's newer members to the east that the system of mutual protection will be wholly maintained, as well as to communicate to Russia that the post-Soviet order in Europe is not to be overturned. For example, requests from Poland or Baltic States for increased NATO military presence on their soil should be answered affirmatively and immediately with additional deployments of troops and materials. The West's demonstration of its commitment to common defense does not "pour fuel on the fire"; bullies shy away from shows of force, not simply spoken words.

The events in Ukraine since February 28 have also provided a stark reminder for Georgia and Moldova (as well as some of the Central European post-communist states like Poland, Latvia and Estonia) of their weakness and vulnerability when it comes to dealing with Russia. And as we have seen of late in the Middle East, Putin's aggressively assertive Russia behaves in an equally opportunistic manner there. Aid packages, trade deals, diplomatic postures – these and other instruments at the West's disposal stand to be significantly more effective if its governments are proactive and consistent in showing their continued support for its allies and partners. Without the West's vociferous commitment and consequent action, an emboldened, authoritarian Russia will readily take advantage of crises and their aftermath, leaving the international order less democratic and secure, and Western influence greatly diminished.

UKRAINE'S STRUGGLE FOR DEMOCRACY: SEVERE CHALLENGES AHEAD

By Adrian A Basora and Aleksandr Fisher

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Can Poroshenko Beat the Odds?

On May 25, 2014, Petro Poroshenko was elected president of Ukraine with 54.7 percent of the vote. President Vladimir Putin said he would respect the election results, despite having previously stated that he would consider any Ukrainian election illegitimate. Thus, when Poroshenko was inaugurated on June 7, many perceived this as a de-escalation of the confrontation between Moscow and Kiev, with potential for the emergence of an independent, democratic Ukraine. Unfortunately, the problems facing Ukraine are not that simple.

Since the June 7 inauguration, each passing week provides further evidence that Putin's promises of cooperation are consistently belied by Russian actions on the ground. Moscow has clearly instigated the separatist movement in Donetsk and Luhansk and continues to provide political and propaganda backing, heavy armaments, financial support and even highly visible Russian "volunteers" to lead the rebellion. Putin will do all in his power to ensure that Ukraine cannot address its domestic issues unless Russia retains de-facto control over Ukraine's foreign policy, and very likely its eastern provinces as well.

Furthermore, the Crimea annexation crisis and the separatist incursions in Eastern Ukraine have diverted attention away from the deep economic and political problems – both internal and external – that will continue to plague Ukraine over the coming months. Internally, Poroshenko faces a daunting set of challenges: Ukraine's near-bankrupt fiscal situation and its rapidly deteriorating economy, dysfunctional political institutions, and a deeply rooted culture of corruption.

All of Ukraine's challenges are strongly interconnected. Economic reform is dependent on Poroshenko's ability to create an effective system of governance and to sharply decrease

corruption. The success of both economic and political reform is dependent, in turn, on Poroshenko's ability to secure Ukraine's eastern provinces and to resolve Kiev's gas pricing disputes with Russia.

Russia's proximity and power, combined with Ukraine's severe internal challenges, make it clear that Poroshenko cannot succeed without strong Western financial and political support. Moscow will continue to raise the stakes militarily unless Western sanctions are ratcheted up substantially beyond the levels announced by the U.S. and the EU on July 16. And Poroshenko will also need very substantial financial, technical and political support from the West to address Ukraine's looming domestic challenges. Unless the West becomes more united and steadfast in helping Ukraine to deter Russian destabilization and to resolve its domestic challenges, the future of Ukraine as an independent, democratic nation could well be in severe jeopardy.

Ukraine's Spiraling Economy



SOURCE: WWW.TRADINGECONOMICS.COM | STATE STATISTICS SERVICE OF UKRAINE

Despite the urgency of the secessionist turmoil in his eastern provinces, Poroshenko cannot wait for peace with Russia to begin tackling his first major domestic challenge: a bankrupt and declining economy.¹ Russia's decision to cut off gas to Ukraine, supposedly due to an \$4.5 billion unpaid gas bill, is another significant obstacle to sustaining economic growth since

¹ Ukraine's GDP is expected to [contract by 4.7 percent this year](#). Failure to make a credible start on turning the economy around over the next few months would no doubt begin to undercut Poroshenko's ability to maintain support for his political reforms and foreign policy initiatives.

Ukraine imports over 60 percent of its natural gas from Russia.² While the previous two points are widely understood, less frequently discussed in policy circles is Ukraine's extremely poor economic and financial situation, which is a legacy of decades of poor governance and rampant corruption.³

There also remains a debate on the economic impact of Ukraine's loss of Donetsk and Luhansk. The loss of these regions, which make up over 20 percent of Ukraine's industrial production, might seem severely damaging to the Ukrainian economy, but some argue that their inefficient coal industries and their reliance on Russian gas actually make Donetsk and Luhansk a net economic liability.⁴ Regardless of the long-term profitability of these regions to Ukraine, however, a continuation of the current conflict in the Donbas region will no doubt scare away foreign investors and impede Ukraine's overall economic growth.

Russian Gas

While Putin's decision to cut off gas to Ukraine seems a dramatic obstacle, Ukraine may end up in better shape than some analysts have predicted. Ukraine has already survived Russia cutting off gas in the winter of 2006 and 2009, and June is the least damaging time for Russia to cut off gas due to lower demand in the summer. The country is now more prepared and less dependent on Russian gas, with an established energy reserve and the prospect of reversed gas flows from Western Europe if needed this upcoming winter.⁵ To combat Russia's stranglehold on energy in Ukraine, Poroshenko must diversify his country's energy sources. In the short term, Ukraine can look to Poland and Slovakia as potential suppliers.⁶

² Macfarquhar, Neil. "Gazprom Cuts Russia's Natural Gas Supply to Ukraine." The New York Times. <http://www.nytimes.com/2014/06/17/world/europe/russia-gazprom-increases-pressure-on-ukraine-in-gas-dispute.html> (accessed July 3, 2014).

³ Ukraine experienced intense output declines after the collapse of the Soviet Union, witnessing a 47 percent drop in GDP from 1990-1995 and hyperinflation reaching over [10,000 percent in 1993](#). Although Ukraine recovered in the 2000s due to high commodity prices, cheap foreign loans, abundance of capital and the delayed effects of the partial economic reforms of the 1990s, much of its industry remains [backward and uncompetitive](#). At the end of the communist period, Ukraine's GDP per capita was on a par with Poland's. In the intervening two-plus decades of serious reforms in Poland, (and a decade of EU membership) side-by-side with oligarchic asset-stripping and overall economic mismanagement in Ukraine, that ratio now favors Poland three to one.

⁴ According to Ukrainian studies, Kyiv spends between [12 and 14 billion hryvnia](#) (around \$1 billion–\$1.5 billion) annually to subsidize these coal mines.⁴ Motyl, Alexander J. "Is Losing Crimea a Loss?." Foreign Affairs. <http://www.foreignaffairs.com/articles/141020/alexander-j-motyl/is-losing-crimea-a-loss> (accessed July 14, 2014); Danik, Boris. "Boris Danik: Ukraine would be better off without Donetsk, Luhansk oblasts." Kiev Post. <http://www.kyivpost.com/opinion/op-ed/boris-danik-ukraine-would-be-better-off-without-donetsk-luhansk-oblasts-344830.html> (accessed July 14, 2014).

⁵ Kinstler, Linda. "Just What Options Do Putin and Ukraine Have Left?." New Republic. <http://www.newrepublic.com/article/118211/ukraine-peace-plan-russian-gas-cutoff-and-options-putin> (accessed July 14, 2014).

⁶ Simon Pirani, research fellow at the Oxford Institute for Energy Studies, believes that Ukraine can cut dependence on Russia by lowering gas consumption, by increasing domestic production from 706.29 billion cubic feet to 1130.1

According to the U.S. Department of Energy, there have been recent discovery of shale gas deposits in the Ukraine, which will allow it lessen its energy dependency on Russia. Shell estimates that there are over 4 trillion cubic feet of shale natural gas in reserves in Ukraine, which they plan to develop for domestic consumption and export to Western Europe by 2020.⁷ While shale gas may be a source of domestic production, many of these shale fields are located in separatist occupied region of Sloviansk.⁸

In the longer term, Europe and Ukraine can look into investing into liquefied natural gas (LNG) imports from Qatar and the U.S.,⁹ although, the practical prospect for greater LNG exports to Ukraine remains limited.^{10 11} However, Poroshenko may not have a long-term horizon if the Ukrainian economy continues to spiral downwards. Therefore, he should not only diversify Ukraine's energy sources and promote domestic production, but he must also promote a pro-business environment in Ukraine to help boost economic growth.

Poor Business Environment

One of Ukraine's other major economic issues is its poor business environment, ranking 112 out of 189 worldwide as measured by The World Bank.¹² To improve the environment for investment and higher productivity, Poroshenko will need to reform the laws and regulations that have kept Ukraine uncompetitive, including what *The Economist* calls "burdensome tax rules, low salaries for state employees, complicated and expensive customs regulations, and a non-

billion cubic feet and adding [494.41 billion cubic feet](#) through a reverse flow from the European Union. This represents 26.6 percent of current consumption (Ukraine consumes approximately 1855 billion cubic feet of natural gas a year).

⁷ "Ukraine: Country Analysis Note." U.S. Energy Information Administration (EIA). <http://www.eia.gov/countries/country-data.cfm?fips=up#ng> (accessed July 14, 2014).

⁸ Chorvath, Karolina. "Why Ukraine needs Russia—for now, anyway." CNBC. <http://www.cnbc.com/id/101727421> (accessed July 14, 2014).

⁹ Lakshmanan, Indira A.R, and Ewa Krukowska. "Russian Gas Reliance in Europe Skewing Sanctions Debate." Bloomberg. <http://www.bloomberg.com/news/2014-05-26/a-europe-hooked-on-russian-gas-debates-imposing-sanctions.html> (accessed July 14, 2014).

¹⁰ Andreas Goldthau, a visiting scholar with the Geopolitics of Energy Project at Harvard University's Belfer Center for Science and International Affairs and Tim Boersma, a fellow in the Energy Security Initiative in the Foreign Policy program argue that LNG exports will have a minimal effect on Ukraine's energy consumption since most of the LNG exports will be directed towards Asian countries due to higher demand and poorly developed energy infrastructure in Eastern Europe. Goldthau, Andreas, and Tim Boersma. "The 2014 Ukraine-Russia crisis: Implications for energy markets and scholarship." *Energy Research & Social Science* 3 (2014): 13-15.

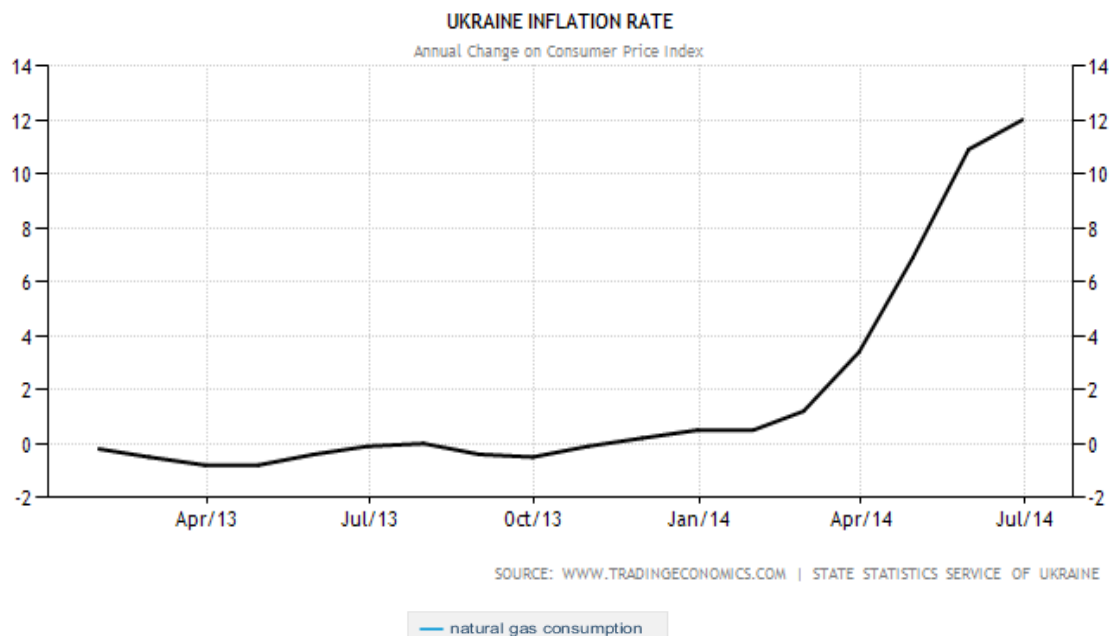
¹¹ Goldthau, Andreas, and Tim Boersma. "The 2014 Ukraine-Russia crisis: Implications for energy markets and scholarship." *Energy Research & Social Science* 3 (2014): 13-15.

¹² "Doing Business in Ukraine - World Bank Group." Doing Business. <http://www.doingbusiness.org/data/exploreeconomies/ukraine> (accessed July 14, 2014).

transparent system of rent payments.”¹³ Leonid Antonenko, counsel at Sayenko Kharenko law firm and a former EuroMaidan activist, argues that Ukraine must simplify its corporate rules in order to encourage more foreign investment.¹⁴ As a successful businessman, Poroshenko understands these issues and can have a significant impact if he tackles these nonproductive regulations promptly and decisively.

That being said, Ukraine’s economy still faces major economic hurdles. According to the State Statistic Service of Ukraine, inflation has drastically increased from 6.9 percent in May 2014 to 12.0 percent in July 2014. Interest rates have increased from 6.5 percent to 9.5 percent to combat the rising inflation. Ukraine’s government budget deficit was equal to 4.48 percent of the country's GDP in 2013, and government debt to GDP currently stands at 41 percent.

Ukraine natural gas consumption (1992-2012)



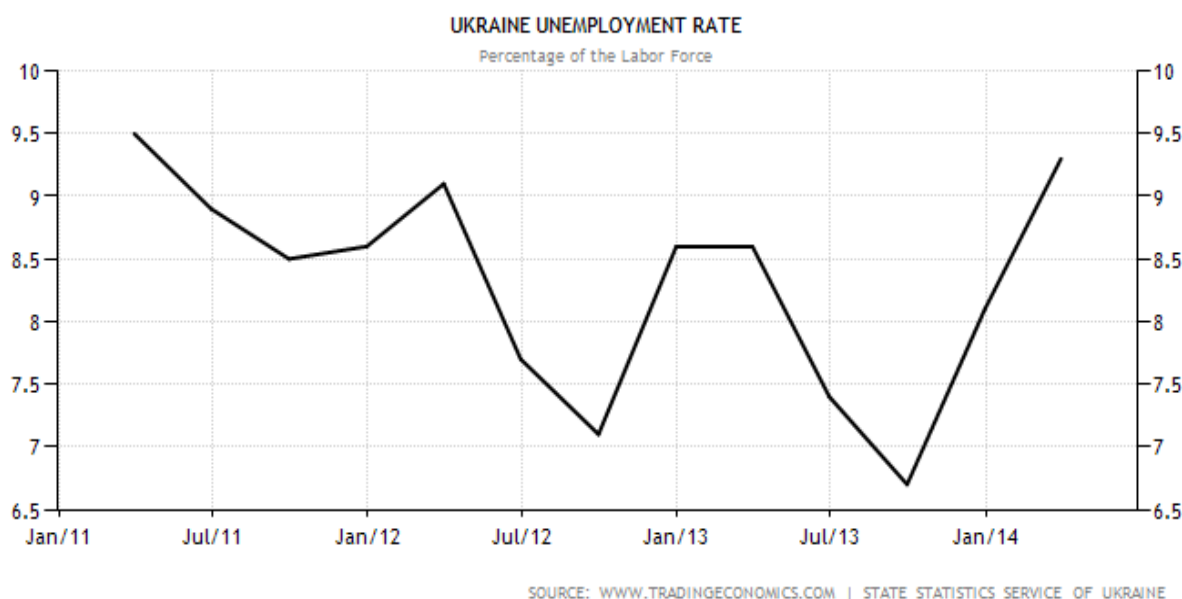
eia Source: U.S. Energy Information Administration

Furthermore, unrest in Eastern Ukraine and a poor business environment have caused unemployment to increase from 8.1 percent in March, 2014 to 9.3 percent in June 2014. These troubling economic statistics point to the sacrifices that Ukrainian citizens must be willing to make in the coming years to ensure a more democratic and economically sustainable country.

¹³ "Ostrich zoo and vintage cars." The Economist. <http://www.economist.com/news/europe/21604234-fight-against-corruption-steep-uphill-battle-ostrich-zoo-and-vintage-cars> (accessed July 14, 2014).

¹⁴ Shevchenko, Daryna. "Antonenko: Creating a modern economy on antiquated, unrealistic laws will not work." KyivPost. <http://www.kyivpost.com/content/business/antonenko-creating-a-modern-economy-on-antiquated-unrealistic-laws-will-not-work-352479.html> (accessed July 14, 2014).

In sum, while the recent conflict with Russia has disturbed industrial production and foreign exports, Ukraine's economic problems run far deeper than merely the events of the past six months. Reforming the economy will not be a short-term project, and advertising Ukraine's economic problems as such can have grave political consequences when the Ukrainian people become disillusioned over the lack of immediate results. Poroshenko must adequately prepare Ukrainians for the long road ahead, which will include a temporary fall in GDP, some domestic inflation and currency devaluation, and a decrease in living standards. Just as Churchill told British citizens during World War II "I have nothing to offer but blood, toil, tears and sweat," so must Poroshenko prepare the Ukrainian people for the hardships ahead.



IMF and International Support

Given these challenges, what can Poroshenko and the West do to ensure that Ukraine does not suffer an economic collapse that would leave the current administration politically impotent?

First, the U.S. and the EU must actively assist Ukraine during this time of political instability. The United States has already provided some limited help to the Ukrainian government,¹⁵ but these initiatives have been insufficient. Analysts from Forbes Ukraine have calculated that Russia has provided fifty times more military assistance than the U.S. The \$250 million price tag

¹⁵ On June 7, Vice President Joe Biden promised "\$48 million in assistance to help the Ukrainian Government conduct key reforms, build law enforcement capacity, and strengthen national unity." This package is in addition to the "\$1 billion loan guarantee signed on April 14, a \$50 million crisis-response package announced by Vice President Biden on April 21, and [\\$23 million in security assistance](#)."

the Forbes analysts have placed on Russia's "shadow war" mostly entails "the fifteen thousand \$300-per-day mercenaries streaming across the border with their lethal weaponry."¹⁶

Poroshenko must also successfully complete negotiations with the IMF. At the end of April, the [IMF guaranteed a \\$17 billion](#) loan over two years to support an economic reform program focused on exchange rate flexibility, banking stability, fiscal policy, energy policy, and governance.¹⁷ IMF officials – perhaps aided by American and EU technical advisers – should make certain that the Ukrainian government implements these reforms promptly and thoroughly in order to sharply decrease corruption.

Ukraine and the EU

A deeper partnership with the EU is Ukraine's greatest hope for economic and political stability. Poroshenko's signing of the EU free trade association on June 27, 2014 is a positive step for Ukraine's integration with Europe, and will allow Ukraine to further diminish the country's economic reliance on Russia. On May 15, the European Union unilaterally opened its market to Ukrainian goods and services by cancelling 98 percent of sales duties in accordance with the Free Trade Agreement (FTA).¹⁸ This initiative alone can save Ukraine's producers nearly EUR 500 million a year.

While there is considerable commentary on Ukraine's excessive reliance on Russia, Ukraine's exports to the EU currently exceed those to Russia by 1.8 times, showing that Ukraine has already been orienting itself towards Europe and away from Russia the past several years. In 2013, Ukraine's exports to the EU totaled 13.8 billion euros - mostly iron, steel, minerals and food.¹⁹ This provides hope that Ukraine will not economically implode should a trade war occur.²⁰

Despite this seemingly positive move towards Europe, the Ukrainian economy is still heavily dependent on Russia for its oil and gas, as well as several key heavy industries such as railway locomotives, nuclear reactors, and electrical machinery. The EU free trade agreement is not a panacea for all of Ukraine economic problems, but a closer partnership with Europe will allow

¹⁶ Gregory, Paul. "Five Compelling Reasons For The U.S. To Offer Lethal Military Assistance to Ukraine." Forbes. <http://www.forbes.com/sites/paulroderickgregory/2014/06/16/five-compelling-reasons-for-the-u-s-to-offer-lethal-military-assistance-to-ukraine/> (accessed July 14, 2014).

¹⁷ Ukraine received \$3.2 billion in May to "shore up depleted foreign currency reserves and support the state budget," and it has already met some of the IMF's stringent requirements, which include raising the price of gas and allowing the hryvnia, [Ukraine's national currency, to float](#).

¹⁸ <http://ukrainianweek.com/Economics/110351>

¹⁹ Peter, Laurence. "EU in bond with eastern neighbours." BBC News. <http://www.bbc.com/news/world-europe-28038725> (accessed July 14, 2014).

²⁰ Kramar, Oleksandr. "Breaking Away From Eurasia." The Ukraine Week. <http://ukrainianweek.com/Economics/110351> (accessed July 14, 2014).

Ukraine to better extricate itself from Russia's economic stranglehold. While the proposed initiatives should assist Ukraine in the short term, there are several deep-rooted reforms that Poroshenko must undertake to ensure both economic prosperity and effective governance.

Tackling Corruption

Taking a long term perspective, Poroshenko must begin to alter Ukraine's culture of corruption that has hindered both the effective governance of the state and undermined economic growth. Transparency International has ranked Ukraine 144 out of 177 in the level of corruption.²¹ According to Gallup Polls, over one-third of Ukrainians admitted to facing a situation in which they had to pay a bribe, and 80 percent of those individuals asked admitted to paying the bribe.²²

Year	Ranking	Corruption Perception Index Score
1998	69 of 85	28
1999	75 of 99	26
2001	83 of 91	21
2002	85 of 102	24
2003	106 of 133	23
2004	122 of 146	22
2005	107 of 158	26
2006	99 of 163	28
2007	118 of 179	27
2008	134 of 180	25
2009	146 of 180	22
2010	134 of 178	24
2011	152 of 183	23
2012	144 of 176	26
2013	144 of 175	25

Corruption perception index: scores range from 0 (very corrupt) to 100 (very clean)

Corruption not only limits foreign direct investment in the country, but has also allowed the oligarchs to gain de-facto control of Ukrainian politics. In 2012, the legislature attempted to tackle Ukraine's corruption problem by amending the anti-corruption law, *On the Principles of*

²¹ "Corruption by Country/Ukraine." Transparency International. <http://www.transparency.org/country#UKR> (accessed July 14, 2014).

²² Ray, Julie, and Neli Esipova. "Corruption a Major Obstacle for Ukraine's Next President." Gallup. <http://www.gallup.com/poll/170579/corruption-major-obstacle-ukraine-next-president.aspx> (accessed July 14, 2014).

Preventing and Combating Corruption. Unfortunately, this initiative failed to have any tangible effects due to weak rule of law and inadequate enforcement.²³

In order to fundamentally alter Ukraine's culture of corruption, Poroshenko must set an example from the top. He must ensure that his cabinet remains "squeaky clean" by avoiding corruption scandals; this includes appointing individuals with no criminal records. Furthermore, Prosecutor General Viltaly Yarema must punish those that violate the anti-corruption law to set an example. Anders Aslund proposes electoral finance reform, the implementation of right-to-information laws, limiting the regulatory power of the state, decentralization, and a shake-up of the judiciary as possible options to curtail corruption in Ukraine.²⁴ As the chart below shows, corruption and the closely related lack of a truly independent judiciary are the two most significant factors undercutting Ukraine's democracy score.²⁵

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Electoral Process	4.25	3.50	3.25	3.00	3.00	3.50	3.50	3.50	3.75	4.00
Civil Society	3.75	3.00	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Independent Media	5.50	4.75	3.75	3.75	3.50	3.50	3.50	3.75	4.00	4.00
Governance *	5.25	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
National Democratic Governance	n/a	5.00	4.50	4.75	4.75	5.00	5.00	5.50	5.75	5.75
Local Democratic Governance	n/a	5.25	5.25	5.25	5.25	5.25	5.25	5.50	5.50	5.50
Judicial Framework and Independence	4.75	4.25	4.25	4.50	4.75	5.00	5.00	5.50	6.00	6.00
Corruption	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	6.00	6.00
Democracy Score	4.88	4.50	4.21	4.25	4.25	4.39	4.39	4.61	4.82	4.86

The chart exemplifies Ukraine's deteriorating democratic political institutions over the past decade

*Source: Freedom House Nations in Transit*²⁶

²³ "Ukraine Country Profile." Business Anti-Corruption. <http://www.business-anti-corruption.com/country-profiles/europe-central-asia/ukraine/business-corruption-in-ukraine.aspx> (accessed July 14, 2014).

²⁴ Aslund, Anders. "Oligarchs, Corruption, and European Integration." *Journal of Democracy* 25, no. 3 (2014): 64-73.

²⁵ Daria Kaleniuk, executive director of the Anti-Corruption Action Center in Kyiv, [stated that three reforms are necessary](#): "new rules for transparency in public procurement through tenders, a law requiring public registry of immovable property, and a so-called law of beneficial ownership, requiring that corporations list who owns and controls those entities." These reforms may allow Ukraine to limit the widespread corruption in business.

²⁶ Sushko, Oleksandr, and Olena Prystayko. "Nations in Transit: Ukraine." Freedom House. <http://www.freedomhouse.org/report/nations-transit/2013/ukraine#.U6xjn0A-8TY> (accessed July 14, 2014).

Lastly, the EuroMaidan movement should serve as a civil society counterweight to the Ukrainian government by monitoring for corruption and keeping the country's politicians accountable. EuroMaidan began as an anti-corruption movement, and still believes its goal has not been completely achieved.²⁷ If Poroshenko stays true to his zero-tolerance for corruption platform, and supports independent civil society groups like EuroMaidan, he can significantly improve both Ukraine's economic future and its political institutions.

Political Reform and Effective Governance

Directly interconnected to promoting economic growth is Ukraine's system of governance. Ukraine has a history of poor, corrupt administrations who were more concerned about their own personal wealth than creating effective government institutions. If Poroshenko does not want a repeat of the debacle following the 2004 Orange Revolution - where internal quarreling between President Viktor Yushchenko and Prime Minister Yulia Tymoshenko allowed for the election of Viktor Yanukovych in 2010 - he must dedicate himself to constructing strong political institutions.

Presidential Team

To rectify a historical legacy of incompetent and corrupt leaders, Poroshenko must surround himself with an experienced team of advisors that are both loyal to him and dedicated to the larger goal of a democratic Ukraine.

Poroshenko appointed Boris Lozhkin, a former business partner and media mogul, as his chief of staff. Lozhkin is an inexperienced politician, but he does have strong ties with all the oligarchs, as well as a close connection with Russia, which has raised criticism from EuroMaidan activists.²⁸ Poroshenko has also brought in Pavlo Klimkin as foreign minister, Valeria Gontareva to head the National Bank of Ukraine and Vitaly Yarema as prosecutor general, all of whom are Western-leaning, loyal to Poroshenko, and experienced in their respective fields.²⁹

Some have raised concern that some of Poroshenko's team is too closely connected to former Ukrainian president Viktor Yushchenko. The new president's team includes Ihor Hryniv, a previous member of parliament and former director of the Kyiv Institute for Strategic Studies;

²⁷ U.S. Agency for International Development. "Public Opinion Survey Residents of Ukraine." International Republican Institute. <http://www.iri.org/sites/default/files/2014%20April%205%20IRI%20Public%20Opinion%20Survey%20of%20Ukraine,%20March%2014-26,%202014.pdf> (accessed June 24, 2014).

²⁸ Jarábik, Balázs. "Poroshenko's Team: Managers of the Nation?." Carnegie Endowment for International Peace. <http://carnegieendowment.org/2014/06/17/poroshenko-s-team-managers-of-nation/hduo> (accessed July 14, 2014).

²⁹ Yeroshko, Iryna, and Oksana Grytsenko. "Parliament confirms Poroshenko nominations for foreign minister, central bank, prosecutor general." KyivPost. <http://www.kyivpost.com/content/politics/parliament-confirms-poroshenko-nominations-352516.html> (accessed July 14, 2014).

Valeri Chaly, a foreign policy expert and diplomat; Roman Svarych, Yushchenko's former justice minister; and Viktor Baloha, the head of Yushchenko's secretariat during his presidency.³⁰ Such overlaps are to be expected since Poroshenko was an active supporter of Yushchenko during the Orange Revolution in 2004, but Poroshenko must also be sure to surround himself with capable and loyal individuals if he wishes to enact any meaningful changes. At the same time, the West must be wary that Poroshenko's team does not become a new insider "family"³¹ similar to the one in Ukraine under Yanukovich, Russia under Putin, or in Georgia under Mikhail Saakashvili.

Parliamentary Elections

In addition to building an effective presidential administration, Ukraine should hold parliamentary elections as soon as possible in order to weed out anti-democratic elements in the government as well as creating greater democratic legitimacy for the Poroshenko's administration. Part of this process should include the institutionalization of a new party system, which includes creating a political party around Poroshenko. Currently, Yulia Tymoshenko's party *Batkivshchina* (Fatherland) holds the most seats in Ukraine's parliament.

Poroshenko has good relations with Prime Minister's Arseniy Yatsenyuk of the *Batkivshchina* (Fatherland) party and *UDAR* (Democratic Alliance for Reform) party. However, Poroshenko's own party, *Solidarity*, failed to register prior to the presidential election, forcing Poroshenko to run as an independent candidate. According to recent polls, "*Solidarity* has seen recent growth thanks to Poroshenko's newfound popularity. Opinion polls show it leads the field with around 17 percent.

Poroshenko has said he wants parliamentary elections to be held this year, and he hopes that his party will emerge as the winner of the ballot."³² A more institutionalized party system will allow for more formal debate and transparency, rather than allowing Ukrainian politics to regress towards informal channels, thereby undermining democratic consolidation. Ukraine cannot have a democracy without a strong parliament.

Decentralization

Decentralization is perhaps the most important political reform Poroshenko must undertake. Currently, the central government in Kiev holds too much authority, leading to corruption, inefficient use of resources, and local frustration and animosity towards Kiev (which helps

³⁰ Goncharenko, Roman. "Ukraine's new President Poroshenko leads old team | World | DW.DE | 07.06.2014." Deutsche Welle. <http://www.dw.de/ukraines-new-president-poroshenko-leads-old-team/a-17687907> (accessed July 14, 2014).

³¹ Oleksiyenko, Oles. "A Heavy Mace for Mr. Poroshenko." The Ukraine Week. <http://ukrainianweek.com/Politics/110374> (accessed July 14, 2014).

³² Oleksiyenko, *A Heavy Mace for Mr. Poroshenko*.

explain the separatist movements in Donetsk and Luhansk). Opinion polls taken prior to the presidential election revealed that over 45 percent³³ of Ukrainians in Southern and Eastern Ukraine desired a decentralization of power while nearly 25 percent³⁴ wanted a more federal system.

Poroshenko has put decentralization as one of his main priorities due to these popular attitudes. However, Carnegie Center's Senior Associate Richard Young argues that "decentralization cannot in itself be expected to hold a state together in the absence of national democratic identity building" and "there is a fine line between decentralization acting as a healthy pressure valve, on the one hand, and it stoking debilitating fragmentation, on the other."³⁵ Decentralization, by itself, will not magically fix all of Ukraine's domestic political troubles. To promote democratic consolidation, Poroshenko must protect the use of the Russian language in Ukraine, while avoiding fueling ethnic and historical divides between the Ukrainian people.

Overall, Poroshenko must establish a system of effective governance by appointing a professional cabinet, institutionalizing a new party system, pushing for early parliamentary elections, decentralizing the government, avoiding corruption scandals and cracking down on corruption when it does occur in order to show that corruption is unacceptable.

The Battle for the Eastern Ukraine

Party	Number of Seats in Parliament
<i>Batkivshchina</i> (Fatherland)	86
Ukrainian Democratic Alliance for Reform (UDAR)	41
All-Ukrainian Union "Svoboda"	35
"Economic Development" Group	40
"Sovereign European Ukraine" Group	35
Party of Regions	78
Communist Party of Ukraine	23
For Peace and Stability	34
Non-affiliated	73
Total (5 vacant seats)	445

Source: Verkhovna Rada, July 4, 2014

However, in order for Poroshenko to implement political and economic reform fully and successfully, he must address Ukraine's conflict with pro-Russian separatists in Donetsk and Luhansk. Russia's actions in supporting these rebel groups are severely hindering Poroshenko's

³³ Babiak, Mat. "Southeast Statistics." Ukrainian Policy. <http://ukrainianpolicy.com/southeast-statistics-of-ukraine-april-2014/> (accessed July 14, 2014).

³⁴ U.S. Agency for International Development, *Public Opinion Survey Residents of Ukraine*, 37.

³⁵ Youngs, Richard. "Decentralization: Ukraine's Rub." Carnegie Europe. <http://carnegieeurope.eu/strategiceurope/?fa=55612> (accessed July 14, 2014).

reforms by draining the government's already meager finances, diverting energy and attention away from the essential reforms mentioned above and by dissuading potential foreign investors. The sequencing of internal reform is thus intertwined with the battle for the East. On the one hand, Poroshenko must establish a peaceful relationship with the Eastern regions and with Russia before he can hope to successfully rebuild Ukraine's stagnant economy and reform its weak political institutions. On the other hand, he must get a quick start on these internal reforms if he is to maintain both domestic political credibility and international financial support.



[‘RSA’ indicates ‘Regional State Administration’, the name for the regional governments of Ukraine and the buildings that house them.]

Ukrainian and Western Options

To provide a realistic chance for a peaceful and independent Ukraine, the West must continue to escalate economic sanctions on Moscow. The U.S. sanctions on selected Russian banks and energy companies announced on July 16 are an important step in the right direction. Although the EU has also announced a few additional sanctions, the net cumulative pain being inflicted on Moscow so far seems unlikely to deter Putin's continued destabilization of the East.

Despite its potentially decisive leverage on the Russian economy, the EU has been an all-too-visibly reluctant player in sanctioning Russia. It has thus not given Putin any compelling incentive to cease his support for pro-Russian separatists in Eastern Ukraine.³⁶ Unless a united West is prepared to punish Moscow more decisively, including placing serious sanctions on Russia's energy industries, Putin will continue to make it virtually impossible for the Poroshenko government to succeed in dealing with Ukraine's daunting challenges. Ukraine's democracy – and very likely its survival as a united, independent country – are very much at stake.

³⁶ Troianovski, Anton. "EU Won't Increase Sanctions on Russia, Official Says." The Wall Street Journal. <http://online.wsj.com/articles/eu-wont-increase-sanctions-on-russia-official-says-1403606188?tesla=y&mg=reno64-wsj> (accessed July 14, 2014).

CAN AFGHANISTAN SURVIVE ITS PRESIDENTIAL ELECTION?

By Richard Kraemer

August 2014

Nearly thirteen years since the United States and its allies undertook one of the largest efforts at nation building in recent history, prospects for Afghanistan's future peace and prosperity are facing critical threats. The Taliban and affiliated insurgent groups continue to destabilize much of the countryside. Uncertainty as to prospects of a negotiated peace deters capital investment and propels the flight of the country's best and brightest. Following the second round of presidential elections in June, the equitable and constitutional transfer of executive power from President Hamid Karzai to his successor is in a state of jeopardy. In May this year, President Barack Obama announced a near total drawdown of US troops in Afghanistan by the end of 2016. At the moment, the fate of the Afghan people is most uncertain.

Yet as dispiriting as this state of affairs is, Afghanistan is not yet lost. While its insurgency is persistent, the Taliban lack the means and popular support to retake control of the state. Warlords-cum-politicians recognize that they have more to lose by taking guns to the hills than by brokering negotiated deals. Its increasingly educated and globally aware youth comprise nearly two-thirds of its population. And given its mineral resources and position as a geographic bridge for regional trade and energy transit, Afghanistan is not without economic opportunities. For its potential to be realized, however, Afghanistan will need continued support from the international community with America in the lead, especially at this crucial juncture with changing of the guard at the presidential palace. Over the past century, Afghanistan's chief executives have only left office in coffins or into exile. This year's presidential election still has a chance to break this tragic historical trend – but this positive outcome is highly unlikely without continued and committed US engagement in the current electoral crisis and beyond.

As brinkmanship between Afghanistan's two remaining presidential candidates approached irreconcilability, Secretary of State John Kerry landed in Kabul on July 10 to rescue prospects for a pacific transfer of executive power in that country. Presidential candidate and former foreign minister Abdullah Abdullah (of mixed Tajik and Pashtun heritage) had sternly threatened to form a parallel government in reaction to strong indicators of significant electoral fraud compounded by Independent Election Commission (IEC) actions that appeared strongly partial to his opponent. Abdullah's fundamental distrust of the process and his subsequent boycott of it was on the verge of sparking a violent confrontation between the two rival camps.

Out-going president Hamid Karzai had little recourse other than to call for direct intervention from the United Nations and US government. Arriving just in time, Secretary Kerry and team applied a desperately needed band-aid, forging a political framework agreement between Abdullah and his rival, former finance minister Ashraf Ghani Ahmadzai (ethnically Pashtun). Broadly, the parties agreed to a full audit of all ballots cast in June's second round elections and, in principle, to the formation of a national unity government once a winner is declared.¹

Given the magnitude of these tasks, it is too early to judge whether this agreement will hold. An audit of a tallied 7.9 million votes must be completed in a manner accepted by both candidates as transparent, objective, and professional. Given the range of logistical and methodological pitfalls in such a politically pregnant undertaking, it was hardly surprising when the audit was suspended only days after it began due to a controversy over tallying methods. Initially committing to a daily counting of 1,000 boxes from over 23,000, technical difficulties, unclear criteria, and candidates' discord over them have greatly impeded the audit. As of August 21, over one-half had been checked; however, as many as 6,000 boxes may require "special scrutiny" and so will require more thorough and time consuming review.²

To recap what led to the intense dispute between the two presidential finalists: The first round of presidential elections - together with provincial council elections - failed to produce a majority win for any of the eight candidates remaining in the race. On April 5, 2014, Afghans cast more than six-and-a-half million votes in an election relatively unmarred by fraud. Even more surprising was the 55% turnout of eligible voters who came out despite very real threats of Taliban-sponsored violence. Following a comparatively smooth first-round tally, Abdullah and Ghani had 45% and 31.6% of the vote, respectively. But Afghan law required the two top contenders to face off in a second round, for which Afghans returned to the polls on June 14.

Within 24 hours following the second round, both sides -- but Abdullah's camp in particular -- were alleging numerous instances of fraud. Many of these claims, as discussed below, were well founded. These included implausible voter numbers, with particularly massive spikes in the returns for provinces with previously low turnouts. Furthermore a high-ranking Independent Election Commission officer was caught clandestinely transporting thousands of unmarked ballots that would have been used to stuff ballot boxes. Fearful that the IEC had already chosen his opponent as the intended winner, Abdullah boycotted the vote counting process and called

¹ On August 8, both candidates signed a joint declaration which provided more details as to processes to move forward the audit and national unity government formation, as well as re-committing themselves to the July 12 political framework agreement. Van Bijlert, Martine. Elections 2014 (44): Key Documents underwriting the electoral agreement. Afghanistan Analysts Network, August 13, 2014. <https://www.afghanistan-analysts.org/elections-2014-44-key-documents-underwriting-the-electoral-agreement/>

² For a list of criteria to which the candidates agreed, see IEC Decision No: 30 – 1393. <http://iec.org.af/pdf/decisions-1393/eng/30.pdf>

his supporters to the streets in protest. With no good end to the impasse in sight, President Hamid Karzai called on the UN and the US to intervene.

While the July 10 framework agreement and consequent joint declaration negotiated by Kerry deserve praise, the events that led to the agreement will remain as distinct and contradicting narratives in the minds of the winning and losing parties. Those perceptions will color Afghanistan's politics for the next several years. While Abdullah and Ghani have each agreed to accept the audit's outcome, the possibility of one ending up as a "sore loser" is palpable. He and his supporters would bear bitterness and thus poison Afghan politics. Going forward, diplomats and policy makers should keep clearly in mind the outlines of these competing narratives.

Your author returned from Afghanistan in early July, having spent the two weeks immediately following the second round speaking with tens of Afghan journalists, civic activists, policy advisors, academics, and friends. Typically, within five-to-ten minutes of the start of a discussion regarding June 14, the speaker's version of events readily revealed how they voted.³ The quotes below, coupled with analysis of preliminary election results, reflects the assertions they made and the rationales supporting their conflicting narratives.

Sources of Doubt and Distrust

'The IEC's claim of 7.9 million votes in the second round is grossly inflated.'⁴

The first round of Afghanistan's elections saw over 6.6 million participating voters of an approximate 12 million registered; the IEC reported that 7.9 million cast their ballots in the runoff. The remarkably high first turnout was due in part to the simultaneity of presidential and provincial council elections, the latter's candidates proactively mobilizing voters. Lacking this impetus for the runoff, it is unlikely that a greater number voted in the follow-up. In my own discussions with activists, reporters, and other Afghans in Kabul, Ghor, and Bamyán provinces, not one claimed to have witnessed comparable amounts of voters, regardless their preferred candidate.⁵ It was argued by some that polling stations emptied quicker due to the simplicity of only having to choose between two candidates; nonetheless, quicker lines at the polls fail to reasonably account for a 1.3 million increase.

"The dramatic inversion in the candidates' respective totals between the first and second rounds is highly implausible."

³ Author's Note - Tellingly, in the few instances where the speaker's alliance was unclear, the individual turned out to have voted for the first round runner-up, the technocratic Zalmay Rasoul.

⁴ Figures drawn from reported IEC statistics; comparative data courtesy of the National Democratic Institute for International Affairs. For more information, go to: <http://2014.afghanistanelectiondata.org>

⁵ Related Radio Free Europe coverage at <http://www.rferl.org/content/afghanistan-presidential-transition-crisis-election-fraud-allegations/25428355.html> and <http://www.rferl.org/content/afghan-election-doubts-cast-over-high-turnout/25422919.html>.

As noted, the final tabulation of April's first round produced the two runoff candidates, Abdullah taking shy of 3 million votes, while Ghani garnered just over 2 million. In percentages, Abdullah finished with 45 percent of the vote and Ghani 31 percent, thus the former with a comfortable lead of 14 percent. Fast-forwarding to the second round, the IEC reported a staggering upset: 56.4 percent of ballots cast for Ghani and the remaining 43.6 percent to Abdullah. In comparison to the first round, Ghani purportedly gained a total of 2,401,301 votes – an upswing of 115%. What are the arguments used by Ghani supporters to explain this remarkable about face? That Ghani revived his campaign following the disappointing April outcome by encouraging Pashtun clergy and tribal leaders to mobilize their communities – including women - to vote. Abdullah's critics also argue that, to his detriment, he devoted an inordinate amount of time securing endorsements in Kabul following the first round, rather than continuing to work to get out the vote.

However, the Abdullah camp offers strong rebuttals: First, that Ghani's renewed drive cannot entirely account for a 1.3 million increase in total votes or for the disproportionate ballot hikes in several Taliban-infested provinces (see below). Second, three unsuccessful first-round presidential candidates, Zalmay Rasoul, Adbul Rab Rasul Sayyaf, Gul Agha Sherzai, who had a combined total of 19.98% of the votes all expressed support for Abdullah's campaign following their respective concessions, presumably bringing over a substantial share of their supporters.

In the author's discussions before and after June 14, he found no one who believed that their erstwhile voters would swing in bloc for Ghani. For example, despite Rasoul's endorsement of Abdullah, if one assumes that Ghani took a generous 7 of Rasoul's total 11.37 percent of ballots cast, leaving only 4.4 percentage points for Abdullah, he would still have finished with over 49 percent. Taking this into account together with the apparent degree of fraudulent activity at a number of polling stations in eastern Afghanistan, the final tally should be significantly closer. For example, polls undertaken by Glevum Associates indicate a Ghani victory by approximately seven percent.⁶ While six points less than posted by the IEC's preliminary results, such an apparent lead in exit polls would leave Ghani understandably aggrieved in the event of an Abdullah victory.

"The initial tallies of votes in certain eastern, Pashtun-majority provinces indicate systematic fraud."

⁶ See Andrew Garfield, *The Afghan Elections: Is Abdullah Right that He Was Wronged (Twice)?* Foreign Policy Research Institute, June 2014. <http://www.fpri.org/articles/2014/06/afghan-elections-abdullah-right-he-was-wronged-twice>

The increase in votes supposedly cast for Ashraf Ghani in eastern, highly compromised Wardak, Zabul, and Khost provinces, among others, raises numerous questions. Here are some examples of suspicious differences in preliminary tallies from the first and to the second round:

Wardak saw a reported increased increase of 1,137% in votes for Ghani, up from 15,064 to 186,382 (with Abdullah up only 36%). Zabul, where like Wardak Taliban presence is strong, a pro-Ghani surge of 612%, from 7,782 to 55,408 (Abdullah up 15%). Khost, bordering Pakistan, with a population of 546,800, saw a total 113,083 ballots cast in round one, followed by an inconceivable 388,532 reported in the second. Ghani would thus have a 364% increase, as compared to Abdullah's 41%.

However, Ghani may in fact have gained some ground in these and other provinces thanks to his invigorated campaigning following April's results. His team's efforts at outreach and mobilization were thorough and targeted in Pashtun communities, even advocating women's participation to traditional and religious community leaders.⁷ Moreover, tribal elders successfully brokered agreements with some local Taliban chiefs to refrain from violence at the polls on election day, thereby emboldening ethnically Pashtun supporters to get out and vote.⁸ Nevertheless, while Ghani's showing in these provinces may well have improved somewhat, the huge magnitude of the reported changes renders them implausible.

"The IEC is orchestrating a victory for candidate Ashraf Ghani."

Election day witnessed a blatant dereliction of duty by a high-ranking IEC official, enough to cast a long shadow of suspicion on IEC impartiality. On June 14, IEC's chief electoral officer, Ziaulhaq Amarkhil, was detained in Kabul while departing his office's headquarters with several cars full of tens of thousands of unmarked ballots. Reportedly en route to Sorabi district in the east of Kabul province, Amarkhil failed to request police escort as required by law. Days later, recorded phone conversations of him surfaced, purportedly discussing stuffing ballot boxes with other election officials and a member of Ghani's campaign team. Between such affairs and the unbelievably high turnout in Pashtun-majority provinces noted above, the damage to the commission's image of impartiality was done.

These were not the only basis for persistent concerns about IEC neutrality. Despite a more inclusive selection process under the reformed IEC and Electoral Complaints Commission law, the president remains empowered with the final determination of its nine-member composition. Consequently, much attention has been given to any indicators of presidential preference for a

⁷ See Pakteen Ibrahim and Kate Clark, *Elections 2014 (32): A second round surge in turnout in Loya Paktia?* Afghan Analysts Network, June 20, 2014. <https://www.afghanistan-analysts.org/elections-2014-32-a-second-round-surge-in-turnout-in-loya-paktia/>

⁸ While in Kabul, colleagues in media, civil society, and a former Taliban government official reported of such negotiations and their effectiveness. See also *ibid*.

particular candidate. While Karzai was astute enough to forego outright candidate endorsement, anxieties remained, whether of a shadowy state intervention or individual commissioners independently compromising their positions in favor of their desired candidate. Whatever the source of motive, any missteps or oversights by IEC leadership and staff in such a heated and conspiratorial environment as Afghan elections will almost invariably result in calls of foul play, as is the case in this election. The incoming president would be wise to boldly undertake to further broaden oversight of the IEC beyond the president's office.

“Afghans in the second round primarily voted along ethnic lines.”

While there were clear voting tendencies reflecting provinces' ethnic composition, both rounds revealed a willingness to reach across lines. Not only was this an indicator of an arguably more mature electorate, but a development that prevents a simplistic analysis whereby an outcome can be hypothesized as a direct reflection of ethnic proportionality. To illustrate, while Rashid Dostum's candidacy as first vice president for Ghani likely helped win a majority of Uzbek votes, many voted for Abdullah, given his team's close association with the Jamiat-e Islami party. Abdullah's first vice presidential candidate, Mohammad Khan, is a member of the Pashtun dominated Hezb-i Islami; his association arguably must have swayed some of his kin's votes. Personally, the author spoke with several Tajiks and Hazaras who voted for Ghani. Ethnocentric categorizing simply won't do to explain the second round results.

In sum, based on the significant discrepancies cited above, a full audit was wholly warranted. Abdullah and his supporters had sound cause to protest as firmly and vociferously as they did. Between the numbers, dubious undertakings at the top of the IEC, and an electorate that is maturing beyond simple ethnic alliances, something went clearly amiss on June 14. It will likely remain unknown to what extent fraud was committed at orders from high places, or based on individual or local initiatives, or a combination of all of the above. But the signs of its occurrence are so blatant that a total recount remains the best means to reach a conclusion potentially acceptable to both candidates and, hopefully, to their backers.

After the Audit and Beyond

Posing another major challenge to a peaceful transition are the new but ill-defined positions to be created in pursuit of a national unity government once the new president is confirmed. The July framework agreement and the August declaration call for the following:

The establishment by presidential decree of a “Government Chief Executive Officer” (CEO), held by a nominee of the runner-up and mutually agreed by the president. The position's scope of authority is yet undefined.

The position of the “Leader of the Opposition” selected by the runner-up, who is to be consulted by the president when assigning “cabinet, judiciary, and key sub-national appointments.”

The convening of a Loya Jirga within two years to amend the constitution so as provide for the position of an “Executive Prime Minister”, which will initially be filled by the CEO.⁹

Of the three working groups negotiating the formation of a unity government, one failed to reach consensus; predictably, the one tasked with power sharing arrangements, methods of appointment and breadth of authorities in particular.¹⁰ Among others disputes, the key issues include who will chair the council of ministers, joint representation on the national security council, and whether the CEO and the Leader of the Opposition is one and the same or two separate positions, exacerbated by the fact that while the latter position was identified in the July agreement, there is no mention of it in the August declaration.

The prospect of formerly bitter adversaries for the country’s top office working harmoniously as two cooks in a single kitchen evokes a strong dose of skepticism. As mistrust and ego clashes between these presidential hopefuls almost boiled over into political chaos and possibly much worse, it is hard to envision an executive post where the losing party would wield genuine authority to the runner-up’s satisfaction. In such a scenario, a functioning relationship would require a genuine spirit of compromise and cooperation. Given the personalities of the candidates, the stakes perceived by their supporting camps, and the certainty held by each that their own candidate won, it is difficult to foresee a well-forged will to effectively share power. And even if they do agree to cooperate, the acceptability of such an arrangement to their powerful and well-positioned patrons, fearful as to who will inevitably lose his seat at the table, is highly questionable.

This will, in turn, impact Afghanistan’s ability to transform from a presidential to parliamentary system, as the framework and declaration imply. If the strategy were to succeed against the odds, however, this would be a major step towards the future consolidation of Afghanistan’s democracy. The argument that, in the early years of post-Taliban Afghanistan, a strong executive remains necessary to keep the state together has some merit. However, Afghanistan’s present political development suggests that the coalition-building demanded from a parliamentary system of government might be more suitable given the country’s ethnic diversity. Others have argued that such a step would be premature, citing the need for “smaller, more effective

⁹ Fn. 1, *ibid*.

¹⁰ Ahbrimkhil, Shakeela. “Two of Three Working Groups Complete National Unity Negotiations.” Tolo News, August 18, 2014. <http://www.tolonews.com/en/afghanistan/16016-two-of-three-working-groups-complete-national-unity-negotiations>

governance.”¹¹ This is true (most states could stand that), but continued executive dominance would not address concerns surrounding the current candidates’ dispute; nor would it set the course for a more inclusive government in the future. What is certain is that this process is one which will be fraught with numerous pitfalls. One in particular will likely concern the constitutional powers of the prime minister, where the president may either actively seek or be perceived as working to unduly limit the position’s authority.

Here is cautionary tale: “America is at war. Its people rise to their country’s defense and invade a foreign land. For tactical gains, US forces turn to less-than-savory local powerbrokers who, as bad as they may be, are better than the enemy. American troops are stationed among them, bringing a host of needs in security, governance, and logistics. Largely ignorant of the locals’ society, culture and language, officers turn to these undemocratic persons of influence for assistance and arrangements. They, in turn, become stronger in proportion to our military’s needs. So empowered, they fortify their increasingly vested interests through violence, patronage, and corruption. The prospect of a democratic future looks ever bleaker.”

Sound familiar? If you have been observing events in Afghanistan since October 2001, this should be a sadly familiar story; however, the quote above is based on the World War II scenario in Sicily. Our enemy was Mussolini’s fascist troops, while our allies-of-dubious-character were local families comprising Cosa Nostra. It was summer 1943, when American forces took the west and center of the island in seven days - as compared to the five weeks of the joint British-Canadian campaign in the east. While American preparatory reliance on the familial connections of the likes of mobsters Salvatore Lucania (aka Lucky Luciano) and Vito Genovese remains an allegation, what is certain is that the US Army depended heavily on the mafiosos’ abilities to procure and influence, given that their anti-fascist credentials were strongest. This relationship paved the way to their commandeering of heights of political and commercial power that persevere to the present.¹²

Similar interests have become entrenched with undemocratic forces whose accumulation of influence is in part due to American foreign policy and our presence in Afghanistan, and part to Afghan politics. These powerbrokers’ maintenance of ill-gotten gains demands their competing domination of a limited political space. As was the case in Sicily, regular elections for a representative government won’t in itself prevent this outcome. But combined with a form of

¹¹ Bose, Srinjoy and Ibrahimi, Niamat, Why Afghanistan’s National Unity Government is Risky. *Foreign Policy*, July 22, 2014. http://southasia.foreignpolicy.com/posts/2014/07/22/why_afghanistans_national_unity_government_is_risky?utm_source=Sailthru&utm_medium=email&utm_term=%2AAfPak%20Daily%20Brief&utm_campaign=2014_The%20South%20Asia%20Daily

¹² Robb, Peter. *Midnight in Sicily*. Picador, 1996, pp. 43-49.

government where coalitions are built and governance shared may have a better chance of providing a more equitable distribution of power and wealth than the continued preservation of an unduly empowered executive.

While Afghanistan's political leadership has made noteworthy progress since 2004, there is still a long way to go. It is hardly remarkable that decades of war, ethnic divisions, cronyism, and long-standing personal rivalries persist in inhibiting a democratic culture of compromise and consensus building. Given the context, it was clear to this author ten years ago when he first arrived in Kabul that an influential third-party arbiter was going to need to moderate disputes for many years to come. The United States remains best positioned to do so, taking into account its economic, military, and political might. By all accounts, the mercurial and distrusting Karzai will soon step down, leaving behind an executive who campaigned on securing a bilateral security agreement with the US – which both candidates have promised. Their will to do so is bolstered by a Loya Jirga that approved such an agreement and a *parliament that stated its desire to maintain a robust relationship with America*.

We have a partner in Afghanistan, albeit a weak democracy, in a region replete with national security concerns: terrorism and radical Islam; Iran's regional agenda; Pakistan's nuclear arsenal; and vast energy resources, among others. Unlike our unfortunate full withdrawal from Iraq, where we could still project regional influence through our presence in the Gulf, we have no such anchor at the crossroads of Central and Southwest Asia, where these critical interests converge. And, with the creation of the Islamic State, we see in most glaring terms what disengagement in Iraq brought for millions of Arabs. This is a serious warning as to what premature disengagement might bring to us and to our allies.

Afghanistan needn't be consigned to a fate of strife, violence, and radicalism. The millions that voted in both of this year's elections made it plain that they have a stake in who governs their country and that the ballot is their voice. And while Afghanistan is fraught with weighty challenges ahead, the past thirteen years have seen far more progress than not, democratic and otherwise. There is a process shaping up to weather the current electoral conflict to a peaceful change in power and a potentially more representative system of government for its people. With committed patience, respectful tone, nuanced diplomacy, and a genuine sense of partnership on both sides, we can work with Afghans to better protect our national interests.

DOES DEMOCRACY MATTER?

An FPRI Conference Report by Richard Kraemer

December 2014

On October 20, 2014, the Foreign Policy Research Institute's Project on Democratic Transitions partnered with the Woodrow Wilson Center's Kennan Institute to organize a day-long conference in Washington, DC entitled "Does Democracy Matter?" Our goal was to revisit the case for democracy support abroad and review the efficacy of our current tools.



The mixed record of attempted democratic transitions in the former Soviet Union, our negative experiences in Iraq and Afghanistan, and the failures of the Arab Spring have led many to question the efficacy of democracy promotion. Some argue that current Western democracy support is ineffective at best and at times counterproductive. American domestic support for democracy assistance is thus very much in question, and there is increasing focus on more limited and "pragmatic" short-term interests. The ongoing crises in Ukraine and in Syria/Iraq have further heightened this debate.



More than 130 experts, practitioners, journalists and students packed the WWC auditorium, while hundreds of others watched the live stream on C-SPAN and participated in a vigorous debate on Twitter throughout the conference. The conference hashtag - #democracymatters - was one of the most popular hashtags of the day.

Following a brief welcome by Kennan Institute Director Matthew Rojansky, Ambassador Adrian Basora of FPRI set

out the conference agenda. He noted the appropriateness of the venue, as it was President Woodrow Wilson who a century earlier had called on the United States to “make the world safe for democracy.” And the conference’s timing almost exactly twenty-five years after the fall of the Berlin Wall was equally propitious.

Conference Introduction and Concept

Ambassador Basora set out the three key questions that the conference sought to address:

Should support for democratic transitions continue to be a major goal of US foreign policy, particularly in view of the drastically changed circumstances that we face today in comparison with the 1990s? What priority should we give to democracy support when it appears to conflict with other major US national interests?

If we should continue active democracy support abroad, what do we need to do differently to ensure that our assistance is more effective? Where should we focus our efforts in the coming decades and what should our future democracy assistance programs look like?

If we should not continue providing active encouragement and support to democratization abroad, what should be the alternatives to our present policies? For example, should America still work to support human rights and basic freedoms abroad, or should we instead entirely drop this long-standing goal of US foreign policy in favor of a more cold-eyed *Realpolitik*?

Ambassador Basora stressed that in our discussions regarding democracy support, the imposition of democracy was not part of the day’s agenda. Instead, the conference was about the pros and cons of assisting and nurturing home-grown attempts at democratic transition.

Ambassador Basora concluded by stating his hope that this conference would be the start of a longer-term process of rethinking and revamping US policies and programs in support of democracy.

Panel 1: *Revisiting the Case for Democracy Assistance*

Moderator: William Pomeranz, Deputy Director, Kennan Institute

Longtime president of the National Endowment for Democracy Carl Gershman opened the first panel, looking back 25 years when a generally accepted transition paradigm assumed that post-authoritarian states were in a transition process away from authoritarianism and towards consolidated democracy. The picture today is very different, as the old establishment’s resistance to democracy is more entrenched than once thought. This is not to say that democracy promotion failed, but that this work faces new challenges. Authoritarian regimes are becoming increasingly adept and sophisticated in pushing back against democracy’s advance. The failure of the Arab

Spring movements has left many disillusioned. Once considered to be consolidating democracies, countries such as Turkey, Hungary, Thailand, and Venezuela are regressing into authoritarianism. There is a lack of consensus among global leaders on how to respond to various crises around the world. Finally, the US democracy itself is in poor condition, presently characterized by political polarization, governmental paralysis, and a still recovering economy. Despite these challenges, however, Gershman noted that the situation isn't hopeless. Democracy worldwide is in a recession which can turn around, i.e. there is no reverse wave, as witnessed by the still high number of electoral democracies. Moreover, some of the fundamental issues with struggling democracies can't simply be solved by aid. Gershman further argued that the problem now is a lack of US engagement, not overreach, firmly advocating that US maintain a strong presence in global affairs. America's current challenge is to resume effective leadership, backing its foreign policy goals with diplomacy, military power, and deterrence.



Going forward, Gershman recommended that the democracies work to be firmly united in opposition to authoritarian regimes, adding that efforts to combat corruption are crucial for countries in transition. We must recognize and support independent media given the key role they play in achieving accountability. Conditionality needs to be incorporated into aid programs, he said, and we must also look for new ways to integrate development strategies to help foster democracy. It is also important to empower indigenous groups by connecting them with civic movements, while rebuilding a sense of democratic conviction in reestablishing and strengthening America's relationships with those on the frontlines of democratic struggles around the world.

Nikolas Gvosdev of the Naval War College spoke next, reiterating his concurrence with those realists who maintain that US national security interests are enhanced by more democracy around the world. The trouble is that transitions are often destabilizing, thereby posing their own risks at home and abroad. Thus, the crux of the matter is how to reconcile our long-term interest in democracy promotion with more immediate security concerns?

Gvosdev posed the Central and Eastern European experiences of the 1990s as cases to consider. The former communist states of this region had a very real security concern to their east in Russia and also felt exposed to an excessively dominant Germany to their west. Accordingly, NATO membership was a clear and common goal. Part of the package for this status and that of the EU club was the establishment of democratic institutions and a commitment to their underpinning values as they integrated with the Euro-Atlantic world.

So reflecting, Gvosdev sought to emphasize the very unique conditions in which these largely successful transitions occurred, and warned against the misapplication of the 90s European democratization model to other places today. Without a country's commitment to a common objective – a “prize” – the will to genuinely reform is weakened.

In closing, Gvosdev recommended that, going forward, the US democracy assistance community in particular recognize that there may be future leaders who are democratic but cold to the US, such as Nehru. The US foreign policy community must strategize in an effort to find ways to interact with such leaders as they come to the fore.

The World Bank's Barak Hoffman zeroed in on Americans' lack of faith in their own institutions and how this affects the climate for democracy assistance, implying that without a sound democracy at home, its promotion abroad is highly questionable. Hoffman emphasized the fundamental importance of how an issue is framed. He posited that in the majority of contemporary US foreign policy debates, security concerns – as compared to those regarding development or sustainability – predominate. This, in turn, inherently requires the involvement of the US military and intelligence community to a level Hoffman argued is inordinate and with dangerous consequences for American democracy. A state of affairs with an excessive emphasis on the military coupled with an increasing lack of confidence in elected officials suggests a misalignment in our democratic institutions that must be righted with greater transparency for US military programs and intelligence reform.



US Deputy Assistant Secretary of State Thomas O. Melia spoke next, agreeing that US policies are increasingly being driven by security imperatives. With the Cold War in the past, the US now finds itself in a live war of global proportions against extremism and terrorism. This is the background on which discussions about democracy assistance are being framed. Gone are the European transitions of the 1990s, where leaders and their communities had reached consensus on the democratic paradigm. Today, there is a range of leaders, formal and

informal, who stand staunchly opposed to democratic governance and are increasingly skillful at undermining actors in support of it. Accordingly, much more strategic, long-term thinking is required of the democracy assistance community.

Melia emphasized that the impetus for democratic change must come from inside a country, that it cannot be imposed. And as tangible signs of a shift towards a democratic transition arise, support can be made available from a variety of agencies, including the State Department, USAID, and NED. He closed by echoing the sentiments of others that we need to strengthen our democracy at home if we are to effectively aid activists afar.

In follow-on remarks preceding Q&A, both Gershman and Melia stated the need for world order if democracy is to progress and that the US must continue to take the lead on this front as the pole supporting the global tent. Doing so, Gershman called for a stronger voice from Washington, one that doesn't describe authoritarian regimes as democratic or "in the process of democratic transition" in reference to Egypt. Gvosdev noted that, nonetheless, a balance must be struck going forward between security concerns and democracy promotion. To strike this balance, he advocated that there must be clearer standards in Washington about what is and isn't acceptable in so doing.

During Q&A, a number of questions touched on ways by which the US can respond to the myriad of new impediments to democratic trajectories worldwide. On Russia and Ukraine, Gershman opined that if more direct action in support of Ukraine wasn't soon taken, that it may become an example of another failed opportunity to side with democratic forces when the time was right, as argued to be the case in Syria or during the protests in Moscow in 2011. One attendee asked as to the possible exclusivity of development and democratic progress. Hoffman disagreed that either one impedes the other, with Gershman citing a fundamental connection between the two, particularly towards economic growth and accountable government.

Panel 2 – How Effective are the Core Components of US Democracy Promotion? Are They Adequate for Today's Circumstances?

Moderator: Christian Caryl, Foreign Policy and Legatum Institute



Sarah Bush with FPRI and Temple University provocatively opened the second panel by asking "if we can't promote democracy effectively, should we be doing it at all?"

Dr. Bush cited numerous academic studies, showing that there is a positive correlation between democratic development and Western democracy and governance programs. However, Dr. Bush noted that democracy assistance programming was not without its challenges, particularly in respect to criteria for country selection

and how to define democracy and measure its advancement. Also problematic is the absence of a clear understanding as to why programs are more successful in some countries than others.

Bush then proposed “the three D’s of democracy assistance” that are key and common to successful democracy and governance programming efforts. First are donor interests, whereby the use of conditionality (i.e. linking punishments and rewards to earnest reform efforts) effectively incentivizes governments to build and uphold democratic institutions. Conditionality can be supported with diplomatic pressure, trade status, and other means of economic assistance; however, the US government has to be committed to supporting the country’s democratization. It is in such countries that resources for democracy assistance are best employed.

The second ‘D’ stands for delivery. Bush advocated aid initiatives and institutions that are insulated from short-term US foreign policy goals, which at times may compete with the longer-term aim of promoting democracy. Bush cited the National Endowment for Democracy as one successful example. She also spoke of the difficulty of evaluating delivery, noting that difficulties in evaluating quality can result in an over-emphasis on quantitative program assessment.

Bush’s final ‘D’ is for design, which she cites as one of the most persistent challenges facing democracy assistance programs. Bush questioned the need and efficacy of programs that are genuinely and substantively designed to bring about real democratic change. Bush mentioned democracy programming in Jordan as one example -- a state where the US government prioritizes stability far beyond democratization. Bush concluded that assistance should be targeted to countries which have genuine opposition movements.

Tsveta Petrova of the Harriman Institute at Columbia University stated that the matured civil society of Central and Eastern Europe (CEE) have started successful democracy promotion efforts after their own transitions. Petrova commenced with considerations of the positive impacts that US democracy assistance had on politically and civically engaged NGOs following the democratic breakthrough of the 1990s. Many of its recipients in the region remain active, their continued operations having a multiplier effect within their communities and sectors. Without continued US political support through those years, many of these NGOs would have succumbed to more powerful, anti-democratic actors in their transitioning societies.

Their growth and sophistication is evidenced in their increasing support for other civil society organizations in the region through networks and cross-border programming for which these NGOs are uniquely positioned, especially when interacting with colleagues in the former Soviet space. Coming from similar circumstances with often a history of common challenges, CEE NGOs have a certain authority when identifying what works and what doesn’t in their respective sectors. Moreover, coming from the region, they may be better seen as peers who understand

their counterparts' needs from first-hand experience. And their longevity demonstrates their will and ability to sustain. While CEE NGO capacity remains an issue, Petrova advocated for increased reliance on them to provide democracy assistance in the region.

Michal Koran with the Prague Institute of International Relations made the case for greater US engagement within the community of democracies. Koran linked the current democratic decline in parts of CEE with the lack of US engagement in the region. Whereas in the 1990s when the US was a democratic point of reference for CEE and the EU's normative power was better concentrated, the former's relative disengagement and the latter's weakening has corresponded with a rise in anti-democratic, anti-Western forces. Hungary's president currently advocates for an "illiberal democracy," xenophobes are advancing into local government in Slovakia, and the Czech government is backpedaling on the provision of democracy aid in the East.

Koran expressed his doubts as to the on-going consolidation of the region's democracies and the future provision of CEE democracy assistance without clear US engagement in which democratic values and institutions they embody are clearly prioritized. Communication between the transatlantic democracies need to be steadfastly maintained and reinforced, as there are still elements of idealism in CEE, but they are increasingly at risk.

Drawing on examples of ineffective programs, FPRI's Melinda Haring argued that the models we use to deliver US assistance are crucial to effectiveness, especially in authoritarian and semi-authoritarian countries, and that we should spend democracy promotion funds on countries that are really in transition. Haring gave the example of USAID programming in Azerbaijan, a country in the grip of authoritarian rule whose potential for democratic change stands to be significantly better realized by programming for independent media than constructing computer centers for women as part of an "empowerment" program. Democracy assistance is too important to US long-term national interests to be done poorly.



In consideration of structure, Haring described two institutional delivery models – field-based and independent grant-making. Field-based programs run by foreign technical assistance providers have distinct disadvantages, namely that their physical presence in country leaves them vulnerable to pressure tactics from unfriendly governments, as well as their great expense to maintain and operate. Independent grant-making undertaken by organizations like the NED are dramatically more cost efficient with staff free from the direct intervention of an authoritarian state. Haring proposed a new strategic approach, whereby – as a rule of thumb – only NED

would provide support for democratic activists in countries ranked by Freedom House as “not free,” while USAID would be restricted to those “partly free.”

Haring based her recommendation on the premise that USAID resources and programming are much more likely to result in qualitative democratic change in more open, transitioning environments. Accordingly, she further spoke against the US government support for countries where a democratic outcome is unlikely in the near future, citing Russia, Kazakhstan, Uzbekistan, and Afghanistan as examples. She further called for greater competition in the bidding process, coupled with greater transparency.

Speakers’ follow-on remarks from Koran and Petrova re-emphasized the need for continued support for CEE NGOs and their great potential for maintaining a democratic trajectory in the region. Koran queried Haring as how to approach and manage expectations regarding democracy assistance in closed societies, to which she suggested turning to NED as a resource to keep activists engaged despite the conditions.

During the Q&A, Haring cautioned against continued programming in Azerbaijan given the recent crackdown on civil society and the government’s sponsorship of newly emerging NGOs in their stead. Petrova agreed with a member of the audience about the important role that more democratic countries can play in regards to their authoritarian neighbors, South Africa and Zimbabwe being given as examples, respectively; however, Petrova lamented that this is rarely the case. Asked why Haring suggested closing field offices in Afghanistan, she explained that it was a matter of labor division between grant institution and a field office. Moreover, she maintained that a functioning state is a prerequisite to meaningful democracy promotion.

Keynote Speaker Dr. Larry Diamond – “Chasing Away the Democracy Blues”



Following an introduction by FPRI president Alan Luxenberg, Dr. Diamond opened by acknowledging that this is an important and volatile time for democracy in the world. Many people are questioning the viability of democracy and the wisdom of trying to promote it. The fashionable mood these days is skepticism, if not downright pessimism, about the near-term prospects for democracy. Skeptics maintain that after 30 years of intensive democracy promotion, we still don’t know how to do it effectively, except in places where democratic progress would have happened anyway.

A global democratic recession has been underway for

something like a decade. In each one of the last eight years, as Freedom House has documented, the number of countries declining in political rights or civil liberties has outpaced (by at least two to one) the number of countries gaining in freedom. There have been a lot of democratic breakdowns in this new century. In fact, the rate of democratic breakdown in these last thirteen years has been 50 percent higher than in the preceding period. Since the third wave of global democratic expansion began forty years ago, one-third of all the democratic regimes have failed. And half of these failures have been just in the last thirteen years in countries ranging from Thailand, Nigeria, Pakistan, Venezuela, and Turkey. Democracy has also eroded quite significantly in Africa, where many elected leaders think China's booming aid and investment gives them an alternative to Western conditionality, while the new war on terror gives them additional leverage as well. There is also the crushing implosion of the Arab Spring, and the growing self-confidence, assertiveness, and cooperation of authoritarian states like China and Russia.

Yet Diamond cautioned against unwarranted pessimism, citing that we are in a prolonged political recession, not a depression. The onset of "a third reverse wave" is not upon us. Since 2005, the number of democracies has not significantly increased, but neither has it substantially diminished. Globally, average levels of freedom have ebbed a little bit, but not calamitously. Moreover, there has not been significant erosion in public support for democratic values such as accountability, transparency, and rule of law. Rather, democracies and freedom are slipping back with the resurgence of "neo-patrimonial" tendencies, as authoritarian leaders chip away at democratic institutions, removing checks and balances, overriding term limits, and closing space for opposition parties and civil society. Adding pervasive cultures of corruption and struggling economies to the mix, it's unsurprising that many nascent democracies are struggling to consolidate.

In response to this state of affairs, Diamond advocated that we begin by reforming and improving our democracy's functioning in America. Reducing partisan polarization, encouraging moderation and compromise, energizing executive functioning, and decreasing the outsized influence of money and special interests in our own politics, are all recommended steps to strengthen our democracy at home and enhance its appeal in a world that increasingly perceives our system as broken.

Second, Diamond recommended that the international democracy assistance community refocus its efforts to ensure that democracies emerging from transition are fully consolidated before we prematurely cross off countries from the list of assistance recipients. He warned that once the transition is completed and the new democracy lifts off in a middle-income country, we can't assume it can take care of itself; rather, these states need and deserve our help in certain areas. Such countries include Argentina, Turkey, Romania, and South Africa. Doing so, a long-term strategic approach to promoting democracy need to be taken with firm commitment. Diamond

cited Tunisia as one example, encouraging practitioners to think beyond our existing programs of party training, election observation, and other assistance, so that civil society can hold its government accountable, media and think tanks effectively inform debate, and democratic values and human rights are incorporated into public schools.

Diamond raised Ukraine as another case in point, particularly as it cannot afford another democratic regression, or an authoritarian, xenophobic Russia may swallow up the rest of it. It is struggling mightily with entrenched patterns of corruption, bad governance and weak institutions. But it has some remarkable actors in the party system, the mass media, and civil society organizations. A major priority for the West should be heavy and sustained investment in these people and institutions, and in economic reform, revival, and integration with it.

A cautionary tale shared was one of the now defunct South African NGO, Idasa. Born during the fight to break the apartheid system, Idasa went on to transfer knowledge in cross-border programs in other African countries with international donor encouragement and support, despite continued threats to its own country's democratic growth. To this, Diamond posed the question, "How is a civil society organization that is monitoring and sometimes challenging the incumbent government supposed to raise the resources from within its own society when most of those material resources lie in the hands of businessmen and corporations who feel extremely vulnerable to political punishment if they support "anti-government" activity?" Unfortunately, this is a dilemma repeated over and over in countries that are seen as too rich, or too long in democratic experience, to justify continued flows of support to civil society organizations. These civil society organizations, critics say, need to be weaned off of international democracy funding and develop their own sources of revenue, which in turn leads the organization to stray from its original mission, leaving their countries' unconsolidated democracy exposed to the backsliding that has put us in a democracy recession.

Critics will counter that there are limits to funds available for democracy assistance and question the wisdom of diluting what financial resources that are available to countries that are comparatively better off. Diamond answered them by disputing the notion that we must view the pool of democracy promotion resources as fixed and calling on the assistance community to rethink where the greatest leverage to advance and secure transformative development will lie. Success in any kind of development aid program requires good governance, and ultimately democratic governance. Second, he proposed taking a fresh look at the allocation of democracy and governance assistance resources across our different country programs, instruments and organizations. Some are more cost-effective than others. The democracy assistance community needs to identify the most effective instruments for developing state institutions as well as civil society organizations. Third, we need to be cognizant of the constraints and mentalities we bring when engaging democratic actors in other countries. Where democratic civil society organizations have accumulated a long track record of effective monitoring, civic education,

issue analysis, policy reform and civic advocacy, they should become candidates to receive new forms and levels of funding that are not tied to endless cycles of project grants. Rather, they should become candidates for block grants to cover their core operations and work to fight corruption and defend and improve democracy.

In addition to the above suggestions on how best to reform our provision of democracy assistance, Diamond noted three additional issues pertinent to our shared aims. One is the global struggle against corruption, requiring bold, comprehensive efforts to work at every level: to transform public norms, consciousness, and capacities to monitor and organize; to help build a capable, well paid, and meritocratic civil service and police; and to help construct, train, and resource official accountability institutions to monitor and audit government expenditures and operations as well as the personal assets of public officials.

The second is the global struggle to defend freedom. Diamond identified the need to use our tools of conventional diplomacy, public diplomacy, aid and trade relations, and other forms of leverage to call out and condemn these regressions and to try to defend the individuals and organizations that are bravely working to make their societies freer and more accountable. This is not only a moral but a geopolitical imperative if we are to keep the democratic recession from spiraling down into a depression.

The third is the need to promote universal liberal values, reminding the audience that we, as democrats, have the better set of ideas. Democracy may be receding in practice, but it is still ascendant in peoples' values and aspirations. Some people may accept authoritarian rule as a useful or necessary political order at a certain historical moment or phase of development. But aside from some self-serving rulers and ruling establishments, few people in the world today celebrate authoritarianism as a superior moral system, the ultimate destination, the best form of government. In closing, Diamond recalled that the authoritarian spirit cannot speak to the fundamental human aspiration for freedom, dignity, and self-determination. Yet to effectively counter it, the democracy assistance community needs to find new ways, new energy, and new self-confidence to turn that to its advantage.

Closing Remarks on Conference “Take-aways”



In his closing remarks, **Kennan Institute's Matthew Rojansky**, reiterated the need to fix weaknesses in democracy at home in Washington, with particular emphasis on partisan moderation, revitalized confidence in the electoral process, and combatting that corruption which persists in American politics. Regarding democracy assistance abroad, Rojansky advocated for more sustained focus to this end, as well as for more tailored, nuanced

engagement by utilizing the broader range of tools that the US has at its disposal.

Richard Kraemer of FPRI and the National Endowment for Democracy, centered on the debate over the merits to democracy assistance, recognizing a progressive, ongoing awareness by individuals of their fundamental human rights. So acknowledged, this consciousness cannot be retracted; hence, calls for social justice, freedom of expression, accountability, and rule of law will continue to resonate. Once aware, their denial is unacceptable and foreign powers perceived as preventing this reality will be loathed, Iran being a prime example. Consequently, American democracy assistance is in the nation's security interest, as well as being a moral imperative. Their dual pursuit is not mutually exclusive, recalling that Ronald Reagan successfully pursued nuclear negotiations with the Soviet Union while simultaneously advocating for the respect of that state's dissidents. At this juncture, the US is best positioned to strike this balance between security concerns and moral leadership.

In his concluding remarks **Ambassador Basora of FPRI** highlighted several points on which there seemed to be a good deal of consensus achieved at the conference:



1. The US does need to rethink its approach to assisting democracy abroad, even as it continues to work on overcoming its own challenges to implementing democratic values more effectively at home.
2. Another important take-away was that the spread of democracy abroad is very much a core US national security interest. The debate about whether the US should choose its national security interests over its moral obligations to spread democracy abroad is a false dichotomy.
3. Nevertheless, we do need more realistic approaches to helping spread democracy in the world. We should be in the business of assisting and nurturing democracy in places where the ground is fertile. Conversely, the US should not be in the business of trying to impose democracy unilaterally.

Ambassador Basora then suggested that in order to update our strategy for promoting democracy abroad, we need to take a very long term view, one that requires substantial bipartisan agreement. This agreement will be difficult to achieve, but the US has a successful track record

of taking a unified stand against authoritarianism abroad – the Cold War era being a prime example. The West is now in a struggle very similar to the Cold War.

As the day's discussions had highlighted, it is clear that the US has lost ground in this struggle of late, partly due to the fact that “we have taken our eye off the ball” and partly because of the increased effectiveness of authoritarian regimes in countering our efforts to spread democracy abroad. Thus we must be both more energetic and more strategic if we are to regain some of the democratizing momentum of the 1990s. More specifically the U.S. should use the following tools:

A far more robust and effective use of the media to out-compete Russian and Chinese propaganda and information firewalls. Much stronger cooperation with Europe and with our democratic allies elsewhere. Forming a more effective partnership with the Europeans is a major challenge for US national security, yet not meeting this challenge will make it impossible for the US to effectively assist democracy abroad. Effective collaboration in supporting democracy in more realistic ways where there is fertile ground is a task that requires a strong transatlantic alliance.

A more systematic, although subtle, use of the many international charters and organizations that are based on the underlying values of democracy. More effective use of international organizations and treaties, as this must not be seen as a US crusade.

In closing, Ambassador Basora reminded the audience that we had succeeded in doing all of these things during the Cold War. The cost of refurbishing all these tools today would be far less than the massive costs of the arms race and other aspects of the Cold War – or, for that matter, the costs of our interventions in Iraq and Afghanistan.

Photos courtesy of Kennan Institute at the Woodrow Wilson Center, Washington, DC.

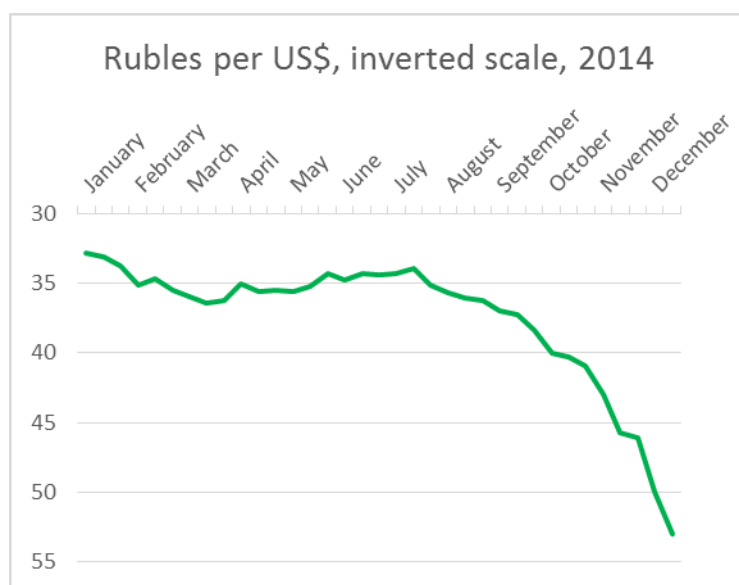
RUSSIA'S FROZEN ECONOMY

By Chris Miller

December 2014

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December temperatures in Russia's Siberian cities often reach 40 below zero, but the freeze that threatens Russia today has nothing to do with the winter cold. Russia's economy is frozen. Western sanctions designed to punish Russia for invading Ukraine have deterred investment, while plummeting oil prices have substantially reduced Russia's main source of export revenue. GDP growth will be basically flat this year, and will be no better in 2015. The rise in living standards, the foundation of Russian President Vladimir Putin's popularity, has ground to a halt. At the trough of the 2008-2009 crisis, Russia's economy performed worse, but it was clear that the financial crisis was caused by external factors. Today the opposite is true. Sanctions and a worsening business climate are direct consequences of Vladimir Putin's policies. Even the shock created by declining oil export revenues, which is caused by global supply and demand factors, reflects poorly on Putin, because despite the advice of many economists he has declined to diversify Russia's economy away from energy exports. That now looks foolish. The deep freeze gripping Russia is not simply an economic problem. The politics of austerity are restructuring the country's politics, too, and Russians are beginning to ask how—and whether—Putin will manage.



Source: Central Bank of Russia

Western Sanctions

Russia's invasion of Crimea and Eastern Ukraine provoked a series of economic sanctions by the US, the EU, and allies such as Canada, Norway, and Japan. The first round of sanctions targeted individuals, but as Russia pushed further into Ukraine, Washington and Brussels levied sanctions on Russian businesses, too. The two most damaging restrictions have been the ban on transfers of oil drilling technology and on long-term lending to leading Russian firms.

Russia had been counting on Western technology to increase production in existing oil fields and to open new production sites in the Arctic. Sanctions put a halt to much of this work, and will stunt growth in Russian oil production over the medium term. The most pressing issue, however, is that many Russian firms, including energy giant Rosneft, state-owned bank Sberbank, and arms dealer Rostec, are now prohibited from raising funds abroad. These firms had come to depend on capital raised in London or New York, so sanctions will force them to find new sources of financing. Some will struggle to repay existing debts. In response, many Russian companies have turned to the government for assistance. The Kremlin is planning to use the \$80 billion national pension fund to provide long-term funding to firms hit by sanctions. Judging by the Russian government's investment record, many of these funds may never be recouped.

The Yevtushenkov Affair

One of the harshest blows to Russia's economy this year has nothing at all to do with Ukraine or the international economy. . Vladimir Yevtushenkov, one of Russia's richest businessmen, was placed under house arrest on September 16 on charges of money laundering. Yevtushenkov controls a conglomerate called Sistema, which owns businesses ranging from toy stores to cell phones to—most recently—oil. In 2009, the company bought Bashneft, an oil firm in Russia's Bashkortostan region.

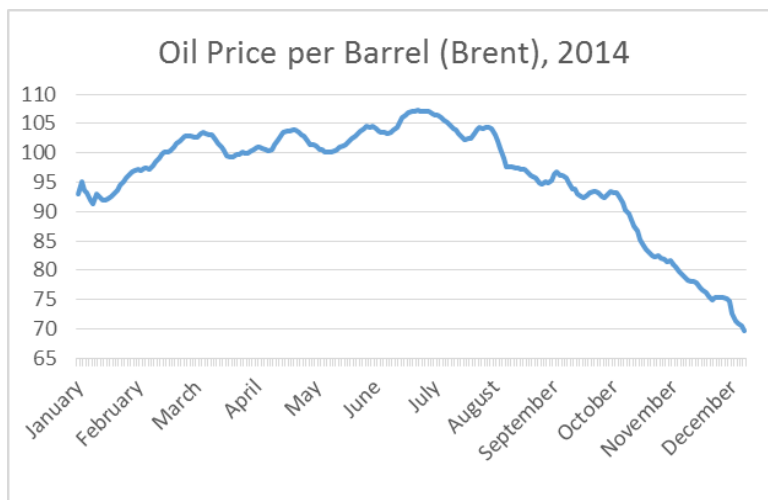
The Bashneft deal is the source of Yevtushenkov's legal problems. Few doubt that in the early 1990s, Bashneft was privatized by its previous owner in a dubious manner, as were many other Russian energy assets. Yevtushenkov is accused of money laundering in relation to the privatization, yet he bought the firm a decade after it was privatized. His real sin was his refusal to sell Bashneft to Rosneft, the state-owned oil giant run by Putin confidant Igor Sechin. In late October 2014, a court ordered Yevtushenkov to surrender Bashneft. In the first week of December, Yevtushenkov's firm Sistema received more bad news, as a court ordered the company to repay dividends it had previously received from Bashneft. Sistema's shares, which are traded in London, are down by 80 percent since September, and Yevtushenkov remains under house arrest.

Russia has seen high-profile expropriations before. Most famously, Mikhail Khodorkovsky, who had become the country's richest person through his ownership of energy giant Yukos, was jailed on fraud charges in 2003. Khodorkovsky had political ambitions that clashed with Putin's, and his arrest was widely seen as setting out a new deal between Russia's government and its oligarchs: businesses would be secure only if their owners stayed out of politics.

Unlike Khodorkovsky, Yevtushenkov was exceptionally loyal to Putin and was careful to avoid politics. His assets are being expropriated regardless of his loyalty, breaking the implicit deal Putin made with the Russian business community in 2003. Now, even loyal oligarchs are at risk of expropriation. Many of Russia's top businesspeople had already begun protecting their fortunes by investing abroad, in assets ranging from British soccer clubs to European energy firms. Yevtushenkov's arrest will accelerate this process, providing an additional reason for Russia's rich to move money abroad, and for foreign investors to avoid Russia in the first place. Russia's central bank is expecting capital flight of well over \$100 billion in 2014.

Oil Prices

In mid-2014, oil sold for around \$100 per barrel, but today it sells for around \$70. Few analysts expected the sharp fall in oil prices, and the Russian government was no exception. Given Russia's deep dependence on oil revenues, falling prices create serious economic problems. Hydrocarbons make up about a quarter of GDP as well as 60 percent of exports. Moreover, roughly a third of government revenue comes from taxes on energy exports.



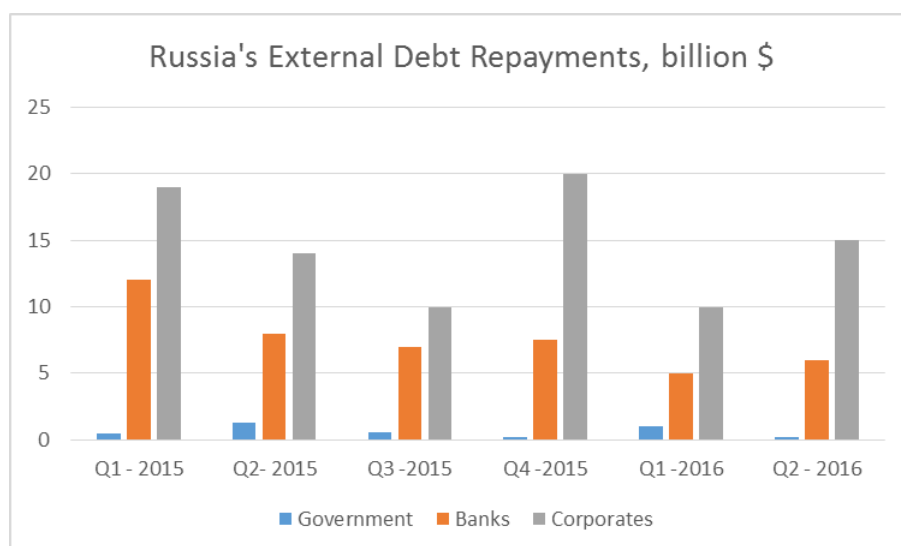
Source: Yahoo Finance

As the price of oil declined in recent months, the value of Russia's currency plummeted. The sharp decline in the ruble's price vis-à-vis the dollar was interpreted by many analysts as evidence that Russia's government was losing control of its ability to manage the economy. In fact, Russia's central bank—led by former Putin aide Elvira Nabiullina—embraces the ruble's

decline because it acts as a shock absorber for government finances. In September a barrel of Russian oil sold abroad yielded about 3,700 rubles, because oil cost \$100 per barrel, and a dollar bought about 37 rubles. Today, a barrel of oil sold abroad yields only slightly fewer rubles, around 3,600 at current prices (\$70/barrel oil and 52 rubles per dollar). Most of the Russian government's expenses—pensions, salaries, and the like—are in rubles, so government finances are not much worse off today than when oil was at \$100 per barrel. The Kremlin deployed a similar strategy of devaluing the ruble in order to protect the government budget during the crisis in 2008-2009 and appears to be using a similar playbook this time.

The ruble's decline helps the government balance its books by shifting costs to individuals or institutions with expenses in foreign currency. Buying a foreign-made car, costs far more rubles today than a year ago, for example, which is one reason that car sales have slumped. The price of vacations in Europe have risen by two-thirds since the beginning of the year, leading to mass bankruptcies among Russian tour companies. Consumers who purchase many imported goods are now much worse off. The rich spend the most money on imports, though all Russians will feel the effect of the ruble's declining value through rising prices on food and clothes.

Many Russian firms, especially the country's banks, have large sums of debt in foreign currency. The ruble value of these debts has risen sharply, and many companies will need state help to survive. The Kremlin has no interest in seeing a state-owned firm default on its debt, and will take whatever steps are necessary to protect the banking system, even if it means raiding the country's \$80 billion pension pot.



Source: Central Bank of Russia

Bailouts, but for whom?

Although the ruble's devaluation has shielded the government from lower oil prices, the Russian people have been made worse off, as their wages buy fewer imported goods and as businesses hesitate to invest because of sanctions and the Yevtushenkov affair. The main question the Kremlin faces is not economic, but political. Who will pay the price? In the short term, Putin appears to have decided to make Russian consumers pay by lowering their living standards. Prices for food, electronics, and other imported goods will increase, so consumers will have to buy less of them. Inflation may hit double digits, but wages will not rise accordingly. Taxes are already being raised.

In the medium term, however, the Kremlin faces a dilemma. Putin is popular in large part because living standards rose so rapidly during his first two terms as president, from 2000 to 2008. "It's the economy, stupid" was a concept that defined Putin's early years in office, but he now finds himself presiding over an economy that will stagnate in the near term. In his annual address to the Federal Assembly on December 4, Putin concluded by noting that "This year, as has been the case many times during crucial historical moments, our people have demonstrated national enthusiasm, vital endurance and patriotism." But Putin will struggle to convince Russians that he is a wartime president while denying that Russia is at war in Ukraine.

If national enthusiasm, patriotism, and the "Crimea is ours!" euphoria run out before growth resumes, Putin will face a perilous choice between squeezing the population and restructuring the Russia's elite. The first option, continuing to tolerate a weak ruble, high inflation, and lower living standards, may require more repression—and perhaps more foreign and internal enemies. Imposing costs on Russia's elite, such as the security service-linked businessmen who control much of Russia's energy industry and other state-owned companies, risks threatening Putin's personal power base. The Kremlin could save billions of dollars a year if it restructured Gazprom, for example, but the corruption that the company creates is the glue that holds Putinism together. The Kremlin cannot seriously reduce waste and corruption without compromising patronage networks and sparking a political crisis.

A rebound in the price of oil would resolve this dilemma by restoring the previous balance of resources between the populace and elite groups. So, too, would a burst of growth caused by reforms that encouraged investment. In his speech last week, Putin promised a series of measures to cut low-level corruption associated with bribe-seeking inspectors. Reducing corruption associated with health and safety checks is a fine idea, but the practical effect will be minuscule so long as the terrifying lessons of the Yevtushenkov affair haunt Russian businesses.

Indeed, Yevtushenkov's fate sums up the dilemma facing Russia today. Evidence is murky, but it appears that Rosneft moved to seize control of Yevtushenkov's oilfields in part because Western sanctions have imperiled the firm's ability to service its debt. Seizing Yevtushenkov's assets seemed an ideal solution, helping to resolve Rosneft's financing woes without a government bailout. In fact, expropriating Yevtushenkov's assets merely shifted the bill, onto Yevtushenkov personally, but also onto all Russians, who will suffer lower growth as businesses put off investment and shift funds abroad. Yet the poisonous cocktail of sanctions, expropriations, and low oil prices is not simply an economic problem. Stagnation degrades the social contract—mass prosperity plus elite corruption—that undergirds Putin's hold on power.

GEORGIA AND MOLDOVA REMAIN FRAGILE AS RUSSIAN AGGRESSION CONTINUES

By *Maia Otarashvili*

January 2015

We are upholding the principal that bigger nations can't bully the small ones, by opposing Russian aggression and supporting Ukraine's democracy, and reassuring our NATO allies. (...) today it is America that stands strong and united with our allies, while Russia is isolated with its economy in tethers. That's how America leads, not with bluster, but with persistent, steady resolve.

*President of the United States of America, Barack Obama,
[State of the Union Speech](#), January 20, 2014*

To be sure, Russia may be isolated, but Vladimir Putin is not retreating. His aggressive maneuvers continue to produce large numbers of military and civilian casualties in Ukraine every week, and there is no sign of improving conditions despite the fact that almost a year has passed since it all began. Ukraine is still in shambles, physically and economically. But how has the crisis in Ukraine affected Georgia and Moldova? Where do these small, fragile hybrid states stand today, and what challenges does their geopolitical location pose for them going forward?

First Ukraine, now Georgia: Russia quietly annexes Georgian territories

Once Georgia became independent from the USSR in 1991, ethnic conflicts broke out first in its South Ossetia region, and later in Abkhazia (in Western Georgia, bordering the Black Sea). At the time Georgia was considered a failed state, like many other former USSR states after they achieved initial independence. Thus its government was incapable of effectively resolving these conflicts with Russia-backed separatists. Both regions declared independence that was not recognized by any state other than Russia, who placed its "peacekeeping forces" in the de-facto republics of South Ossetia and Abkhazia. Since then every Georgian government has unsuccessfully dedicated much effort and resources to resolving the frozen conflicts and reuniting with its breakaway regions. On the other hand Russia managed to closely integrate with both de-facto republics through many means – legal and illegal. The Russian government began handing out its passports practically to anyone who wanted one in South Ossetia and Abkhazia, thus creating a motive for long-term involvement there—its obligation to defend Russian citizens anywhere.

The frozen conflict with South Ossetia reached a new level of complication when a war broke out between Russia and Georgia in August 2008. While each side accused the other of starting the conflict and Georgia's then President Mikheil Saakashvili's reputation suffered a great deal over the

war, the fact that Russia bombed undisputed Georgian sovereign territory—the city of Gori and its surroundings, located well beyond the borders of South Ossetia, remains unchanged.

The international response to the 2008 war was weak at best. Finally, after five days of war Poland and France brokered a cease-fire deal between the two sides. Once the bombing stopped the situation started to look frozen again, from the outside, but soon after the war ended the Russian “peacekeeping” forces began to build barricades to create a physical border between Georgia and South Ossetia.

While the 2008 war looked like an isolated incident for a while, there is now good reason to believe that this act was Putin’s way of testing the waters. The minor international outrage and lack of any meaningful punishment was what Putin hoped for and achieved. This laid the groundwork for the war in Ukraine later.

While the Ukraine crisis has rightfully been publicized, Russia’s recent moves to annex Abkhazia and South Ossetia have gone practically unnoticed. Recently, as part of his larger strategy of expanding Russia’s borders as well as its sphere of direct influence, Putin made significant advances towards formally annexing Abkhazia and South Ossetia (more so in the latter case). In late November 2014 he and the leader of Abkhazia, Raul Khajimba, signed the “strategic partnership agreement.” According to this document Russia and Abkhazia will join their military forces under Russian command. Additionally, Moscow promised to double its subsidies to Abkhazia to about \$200 million in 2015. Moreover, Abkhazian leadership has agreed to integrate its trade laws with the Russia-led Eurasian Economic Union. Thus not only has Putin not given up on his expansionist policies, he is still actively pursuing the idea of the Eurasian Economic Union.



The EU, the NATO, Washington, and the Georgian government all condemned this agreement, but no other tangible moves have been made by either party. The response was so weak that Putin's government went on to draft another treaty, but this time with South Ossetia, and one that is comprehensive enough that it translates into de facto annexation.

Drafted in December 2014, this [agreement](#) is meant to “legalize South Ossetia’s integration with Russia.” Its clauses go well beyond the matters of military integration and include Russian takeover of South Ossetia’s border control, finances, economy, educational, healthcare, and social welfare systems. On the other hand the [agreement removes borders and restrictions on movement of goods and people](#) between Russian and South Ossetian territories. The language of this document in itself is all-encompassing, and once the terms of this agreement are implemented, Russia will have truly swallowed South Ossetia, likely irreversibly so.

In addition to this, Russia’s financial crisis and sheer incompetence of the current Georgian government have driven the country into economic turmoil. The Georgian lari devaluated and prices of goods and services have skyrocketed. While Georgia managed to achieve average GDP growth rates in 2014 (real GDP increased by approximately [5.9 percent](#)), the year ended with massive panic among Georgian citizens as the lari continued to plummet to its lowest rates in the past 10 years. In theory the currency devaluation should encourage trade and foreign direct investment, but an array of reforms on foreign ownership of property, labor, and immigration laws adopted by the Georgian government in the recent years had already led to a decrease in investor confidence and [ease of doing business in Georgia](#). Thus its GDP growth forecast for 2015 has already been lowered by 2 percent. The government’s inability to deal with public panic and offer timely explanation to what caused the lari crisis and how it can be resolved is worrisome. No apparent solution for the lari problem is in sight at the moment.

The looming economic crisis in Georgia is partly a result of larger shock waves. However, the loss of territorial integrity is a different issue altogether, thus it is particularly noticeable that Georgian government and media are free of any significant outrage over Abkhazia or South Ossetia. Moreover, the current Georgian government (but not the media or the public) has been very delicate so far in its expression of support for Ukraine or condemnation of Russia’s actions there. Whether the inaction is caused by fear of Russia, or general indifference, Georgia has experienced what looks like irreversible losses in the last year, and is entering 2015 in highly unfavorable conditions.

Moldova Makes pro-EU Choice, but Remains Very Fragile

This past November Moldovans had an opportunity to elect a new government. The Moldovan elections were highly publicized as the highly polarized geopolitical conditions meant that the Moldovans were going to choose between Russia and the EU. The pro-Western parties prevailed, but no parliamentary majority could be achieved without forming a coalition. By mid-January 2015, almost two months later, a coalition agreement was finally signed between the Liberal Democratic Party of Moldova and the Democratic Party of Moldova. The Liberal Party, previously a part of the

pro-Western governing coalition that included all three parties, did not join the coalition. The next step for the coalition is to form an effective government.

Rampant political infighting, corruption, and lack of government effectiveness have kept Moldova in continuous political stagnation, keeping it from implementing much needed reforms in an effective manner, thus earning it the status of “Europe’s poorest country.” Therefore “choosing between the EU and Russia” was not such a straightforward decision to make for the Moldovan voters. While the latent anti-Russian sentiment was reinvigorated by the Ukraine crisis, the alternative to pro-Russian parties—the pro-Western coalition government that had been in charge for the past few years—began to lose its appeal as it became ensconced in continuous political turmoil.

Some of the most recent political scandals included the collapse of the coalition government led by Vlad Filat, who was accused of corruption and abuse of power; a parliament left without a ruling majority from February to May of 2013; and a rift within the ruling coalition that slowed down the implementation of much needed reforms. Finally, to quote a [2014 Bertelsmann Stiftung’s Transformation Index \(BTI\)](#) report:

The obstacles to any managed transformation in the country remain massive: the structural weakness of the Moldovan economy and thus its absolute dependence on stronger partners, the decades lost in political debate and continuous rearrangement of political loyalties, the unresolved Transnistrian conflict, and the structural havoc wrought by mass out-migration and brain drain. Consequently, any government’s scope of action is limited.

A closer look at the election results directly coincides with the high degree of uncertainty and division among the Moldovan voters. The pro-Russian Socialist Party came in first with 21 percent of the vote, with the pro-EU Liberal Democrats in second place with 19 percent, and the still highly influential and popular Communist Party, led by Moldova’s former President Voronin, in third place with close to 18 percent of the votes. The Socialist Party, which was founded by former Communist Party members, is strongly pro-Russian and advocates abandoning the EU Association Agreement in favor of joining Russia’s “Eurasian Customs Union.” This is an idea that seems to appeal to at least [21 percent](#) of the Moldovan voters.

As the pro-Western parties were preparing to form a coalition, some expected the Communist Party to join in. However, this expectation was proven invalid when the Communist Party members filed a [petition](#) to declare the election results null and void. While the Communist Party is not officially against EU integration, and Voronin is not overtly pro-Russian, the problem posed by the party’s strong presence in the Moldovan parliament is two-fold: First, the Communist Party represents a Soviet-era relic (even retaining the hammer and sickle in its logo) that by definition cannot lead Moldova into the European Union nor facilitate the consolidation of its democracy. Second, the Communist Party has a track record of creating long-term uncertainty in Moldovan politics and destabilizing its government. The Moldovan Communist Party has repeatedly prevented opposition parties from forming strong and effective coalitions and implementing crucial democratic and

economic reforms. And, thanks to the Communist party's boycott, the country was left without a president for three years, from 2009 to 2012. On the other hand, 18 percent of the votes represents a serious drop in support for the Communist Party compared to 39.34 percent which it received in the previous parliamentary elections in 2010. However, some commentators have suggested that the votes the Communist Party lost went to the more radically anti-western Socialist Party. On the whole, the popular support for the Party per se has been steadily declining since the early 2000s. The Communists received about [50 percent of the votes in 2001, 46 percent in 2005, and 45 percent in 2009](#).

Besides the existing domestic challenges, Russian meddling in Moldovan politics continued to be an important factor in 2014. There has been much reason to fear that Moldova might become the next Crimea or Eastern Ukraine. In view of the Ukraine crisis, Moldova's outlook for making major strides toward consolidating its democracy or achieving further EU integration without severe consequences has begun to look grim. The country had suffered under Russian pressure many times in the past, often economically due to Russian embargoes on Moldovan export products. In addition to this, most Moldovans speak Russian as well as Moldovan, and many of them have family members who work in Russia, and whose remittances greatly support the economy. Thus the degree of Russian influence on Moldova and Moldovans has proven to be so high, that moving closer into the EU orbit can be viewed as playing with fire. Considering the fact that Moldova's breakaway region of Transnistria falls within Putin's "[Novorossya](#)" agenda, the fear of a Russian takeover was legitimate until the Russian economic crisis began to unfold in December 2014, and became renewed this month as the Ukraine crisis began to take a new turn for worse.

At this point, if Russia were to formally annex Transnistria, it would have to exert serious military efforts that would yield an outcome of too little strategic importance at a very high cost. Directing its military actions against Moldova would mean picking a fight with Ukraine's Odessa region (in south-Western Ukraine, on the Black Sea), and then invading the sovereignty of Moldova via Transnistria. This would be followed by additional Western scrutiny of a country that is already starting to show signs of breaking down under the pressure of falling oil prices—Russia's undiversified economy relies on energy export profits as its primary source of income—exacerbated by the effect of Western sanctions. Using the logic of any democratic leader, invading Moldova would not offer a big enough net payoff for Russia, but Putin's agenda has hardly ever proven to be aligned with a democratic leader's logic, thus Moldova remains in danger as long as the Ukraine crisis continues.

An unstable Moldova would remain highly susceptible to direct Russian influence, and undermine its ability to attain EU membership. This in turn would enable Russia to continue to meddle in Moldovan politics and exercise de-facto control over Transnistria, but also most importantly—continue to transport energy into Europe using the vital lines that cross the Moldovan territory. Thus, Russia keeping Moldova within reach via Transnistria (Russian "peacekeeping" forces are also well situated in Transnistria) is a savvy strategy Putin will keep up his sleeve as he continues to pursue his expansionist policies.

It was with this strategy in mind that Russia meddled in Moldova's November 2014 parliamentary elections. In fact, a pro-Russian Fatherland party was banned from participating in the elections just one day before they were held for allegedly receiving Russian funding. This ban by the Moldovan government caused a major uproar among Russian officials, who warned that Moldova should tread carefully going forward and once again banned Moldovan exports to Russia.



However, there are important factors that could help make the case for Moldova's potential European future. In November 2013, at the fateful Eastern Partnership summit in Vilnius (the event that precipitated the still ongoing Ukraine crisis), in contrast to the Victor Yanukovich government, Moldova initialed and in 2014 signed the EU Association Agreement. Within this framework Moldova was granted visa-free travel rights to the [Schengen countries](#) (which Georgia does not yet enjoy, although it also signed the association agreement). The citizens of Moldova have been benefiting from this important new arrangement since April 2014; an incentive that would be difficult to give up for closer ties with Russia, and benefits of which would surely outweigh any painful consequences of reoccurring Russian embargoes on Moldovan exports.

In addition to this, unlike Georgia, Moldova has a strong EU ally in Romania, where recent presidential elections served as encouraging news for Moldova as well as the EU. In Romania, the first round of presidential elections on November 3rd revealed Victor Ponta and Klaus Iohannis as the contestants for the runoff elections. In the second round of elections, Klaus Iohannis emerged the winner with 54.5 percent of the votes. Iohannis is an ethnic German and a former mayor of Sibiu, a well-off town in the region of Transylvania. He represents the center-right bloc via the Christian Liberal Alliance. Iohannis pre-election campaign was based on a promise of a "normal Romania," free of lies and scandals that the Basescu-Ponta government was characterized by. Ponta's candidacy was creating a high degree of anxiety among the pro-Western voters and commentators. It was expected that had Ponta won the elections, he would reorient Romania more closely towards Russia

and China, following in the footsteps of Hungary's Prime Minister Viktor Orban. Historically and geopolitically speaking, Romania has reasons for wanting to lead Moldova into the EU. Romanian officials have on multiple occasions stated that it is in Romania's strong interest to strengthen its ties with Moldova and support its EU membership aspirations. Thus stronger Romania is good news for Moldova as well.

In sum, both, Georgia and Moldova have had a turbulent year. Some significant progress was made towards achieving the much coveted EU integration in the form of signing Association Agreements with it. However, Georgia is now further than ever from the possibility of reuniting with its breakaway regions, and Moldova is still in serious danger of Russia-instigated domestic unrests (stemming from Transnistria). Both economies will continue to be affected by the shockwaves coming from the ruble crisis, and unless their governments receive competent guidance from the West, they will very likely experience economic crises themselves.

Both countries were previously on a very slow path towards democratization. Georgia and Moldova struggled with consolidating democracy and implementing reforms to achieve good governance, rule of law, development of strong civil society, political culture, and sustainable economy. The democratization processes in both countries were slow and often halted, requiring constant hand-holding from the EU and the US. Thus newly aggressive Russia and the Ukraine crisis further challenged this fragile path for Georgia and Moldova, adding to the uncertainty of their future.

While the West has taken serious steps to punish Vladimir Putin's government, the Russian people seem to be the only ones feeling the consequences. President Putin is showing no signs of retreating, and is clearly willing to sacrifice Russia's well-being in order to satisfy his own hunger for power. Thus this is a 21st century authoritarian challenge that the West must face in a creative and rigorous way. Remaining engaged with Ukraine while also encouraging and strengthening Georgia and Moldova will be key to preventing violent Russian expansion.

THE RUSSO-UKRAINIAN WAR: PHASE III

Adrian A. Basora

January 2015

Given the launch in early January of a vigorous new separatist offensive in eastern Ukraine, backed by a reported 9000 Russian troops and abundant new armaments, it is now incontrovertible that Moscow is engaged in a full scale war in Ukraine.



Phase I of this initially undeclared war was the lightning Russian take-over of Crimea in March/April 2014, under the initial cover of a seemingly plausible separatist movement.

Phase II was the establishment of self-declared separatist governments controlling parts of the eastern provinces of Donetsk and Luhansk, initially with crude attempts at plausible deniability as to the extent of direct Russian military involvement.

Phase III has now begun, with the separatists attempting to expand their enclaves to include the entirety of both of the contested provinces --this time with blatant Russian military backing on a larger scale.

Given Moscow's now-familiar pattern of escalating military support for the separatists each time the Ukrainian military seems to be gaining ground, this is now clearly a war that Ukraine cannot possibly win absent sharply increased U.S. and European backing.

For any Western intervention to succeed, it must include not just increased economic sanctions but also substantially enhanced military aid. It is true that the current financial sanctions have resulted in visible damage to Russia's economy, and this damage has been multiplied by the precipitous drop in oil prices. However, Putin has obviously decided to double down on his aggression in Ukraine despite these economic setbacks--and, arguably, perhaps even because of them. This is not

surprising, given that the war has been highly popular domestically and that it will be a long time before the mounting longer-term economic costs are fully apparent to most Russian citizens.

Phase I of Vladimir Putin's undeclared war in Ukraine ended, from his point of view, in a resounding success. Russia's stealth campaign in Crimea, triggered by the February 21 ouster of pro-Russian Viktor Yanukovich, took just one month to reach its triumphal conclusion.

By March 16, the entire province was under Moscow's military control, and its puppet separatists held a sham referendum with an alleged 97 percent vote in favor of secession.

Crimea was formally annexed to the Russian Federation on March 21, thus permitting it to claim sovereignty over its major naval base in Sevastopol and a province that most Russians had long thought of as an intrinsic part of their country. At home, Putin's popularity soared to over 80 percent in the polls, and it has remained in that range ever since.

The lesson for Putin was clear: given the weak Western response, he could score large geopolitical and domestic political gains with no significant price to pay internationally. Yes, there were numerous rhetorical condemnations by Western leaders, plus selective financial sanctions against a few members of Putin's inner circle. But, for Putin, these were mere pinpricks, reminiscent of the initial outcries and minimal sanctions imposed on Russia after its 2008 war with Georgia. These minor costs have long since been forgotten, and Russia now enjoys full and unchallenged control of South Ossetia and Abkhazia, the two provinces taken from Georgia via Putin's intervention.

Despite this ominous Georgia precedent, many analysts and policy officials in both Europe and the US treated the Crimea annexation as a one-off event. They argued that Crimea was a special case, with a 60 percent ethnically Russian population and a strategic naval base on long-term lease that Moscow "understandably" wanted to secure permanently. Furthermore, Crimea had historically been a part of Russia until Nikita Khrushchev transferred the territory to the then Ukrainian Soviet Socialist Republic in 1954, a decision that Putin argued was illegitimate. Within just three weeks, however, this optimistic interpretation was proven to be delusional.

Phase II of the Ukraine war began on April 7, when pro-Russian separatists took over key government buildings in the capitals of Donetsk, Luhansk and Kharkhiv, proclaiming that these provinces would seek independence from Kiev. Although the Kharkhiv portion of the uprising fizzled, Russian-backed rebels in the other two capitals quickly expanded their territorial control. Only seven weeks later on May 11 the separatists held bogus referenda, with the polling centers surrounded by gunmen, "confirming" the two provinces' secession from Ukraine.

Despite clear evidence that none of this could have happened without Russian instigation and strong (albeit semi-covert) military support, the EU temporized for months before deciding to join the U.S. in a significant escalation of economic sanctions. Brussels finally agreed to institute moderately punitive financial sanctions only on July 29. This was twelve days after the separatists had shot down

Malaysian Airways Flight 17, killing 298 (mostly European) passengers. The shoot-down involved a sophisticated anti-aircraft missile system supplied by, and most likely directly supported by, the Russian military.

In August, the Ukrainian army launched an offensive to recapture territory held by the separatists, with some initial success. Since then, there have been both lulls and spikes in military action on the ground, with Putin at times giving the appearance of seeking a peaceful outcome. He and Ukrainian president Poroshenko agreed at a September 5 meeting in Minsk that they would both back a cease-fire. But the cease fire was repeatedly violated by the separatists and involved substantial casualties from shelling on both sides, despite the relatively stable battle lines that obtained through most of the fall. In retrospect, it is clear that Putin was simply buying time in which to help consolidate the rebel governments and their military positions in Donetsk and Luhansk.

Phase III began overtly in January with a new separatist offensive strongly backed by Russian soldiers and new heavy weaponry. On January 22, the separatists finally captured Donetsk airport, previously under siege for months. They also began shelling Mariupol, a key port city and transportation hub in the southeast corner of Donetsk province. Both places have major symbolic importance but they could also serve as strategic gateways for further expansion of separatist control into contiguous provinces.

Putin's short-term goal is to ensure that the separatists gain full control of the two provinces whose independence they have proclaimed. Based on his well-established pattern of "two steps forward, one step (temporarily) back," he might then order a pause in fighting, and he might once again go through the motions of seeking a negotiated solution while the separatists fully consolidate their new regimes. In the middle term, however, if Putin succeeds in totally severing these two provinces from Kiev's control his sights will most likely be set on a fairly prompt Phase IV. This fourth stage in the Russo-Ukrainian War would probably involve the establishment of a "land bridge" from Mariupol to Crimea, through the provinces of Zaporozhe and Kherson. There have also been signs that Putin may not have given up on Kharkiv, a key province immediately to the northeast of Donetsk and Luhansk. And, for the longer term, there are continuing signs that Vladimir Putin still has his sights set on the eventual creation of a "[Greater Novorossiia](#)" stretching through Odessa all the way to Transnistria--the breakaway province of Moldova that was once part of Catherine the Great's actual historic Novorossiia.

Unless the United States and its key European allies take prompt and decisive action, including major military assistance, there is every likelihood that the eastern and southern provinces of Ukraine will continue to be sliced away, one or two at a time. This would mean the dismemberment of Ukraine and the death knell of its Orange Revolution--once a beacon of hope for would-be democrats throughout post-communist Europe and Eurasia. It would also confirm the definitive end of the post-Cold War dream of a "Europe Whole and Free."

VLADIMIR PUTIN: AN ASPIRANT METTERNICH?

By Mitchell A. Orenstein

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As Russian President Vladimir Putin ordered his military into Ukraine in 2014, people were quick to compare him to Adolph Hitler, whose annexation of Austria and invasions of Czechoslovakia and Poland set off World War II. Hillary Clinton commented in March 2014 that if Putin's justification for taking Crimea to protect ethnic Russians sounded familiar, it was because, "it's what Hitler did back in the '30s. . . . Germans by ancestry were in places like Czechoslovakia and Romania and other places, [and] Hitler kept saying they're not being treated right. I must go and protect my people." Since that time Ukrainian Euromaidan supporters have published dramatic images of Putin as "Putler," mashups that have trended wildly on social media and become a staple of public protests.

Yet, Putin's approach to world affairs is more similar to that of another Austrian, Prince Klemens von Metternich. Like Metternich, the dominant force in post-Napoleonic era diplomacy, Putin is a conservative imperialist who seeks to create a balance or "concert" between the great powers in Europe, while suppressing liberal democratic politics and the aspirations of small nations. By comparing Putin's worldview with that of Metternich, one can gain more insight into Putin's approach to world affairs than can be understood from much contemporary debate. Putin has indeed returned to 19th century diplomacy in 21st century Europe, so it makes sense to brush up on the major figures of that time and how their strategies played out. No one was more influential in shaping European diplomacy in the 19th century than the great man of Austria, Prince Klemens von Metternich.

Putin's career, like Metternich's, was defined by the trauma of democratic revolution. Metternich, the scion of a noble diplomatic family, had just begun university in Strasbourg, France when the French revolution broke out in 1789. In 1790, he was unable to return to university and forced to transfer. Metternich sympathized greatly with the sufferings of the nobility in France. Like the great British conservative Edmund Burke, Metternich saw the revolution as a calamity. He sought throughout his career to restore the grandeur of monarchical Europe over the challenges posed to it by radical democracy, liberal nationalism, and constitutional government.

Similarly, Putin's worldview was shaped by his early career as KGB officer in Dresden, East Germany, where he experienced the collapse of the Soviet Union and the disruption caused by democratic revolutions in eastern Europe and the former Soviet Union. While Putin rose to power in the Yeltsin years, he came to believe in the restoration of the former empire and to oppose the disruption caused by democracy. Putin has called the collapse of the Soviet Union the greatest geopolitical catastrophe in history and he regards democracy in Russia as an existential threat. He supports conservative authoritarian governments of the smaller states, including Ukraine, Kazakhstan and Belarus, and refuses to abide by the rule of law. He seeks to restore the grandeur of Russia.

In Metternich's time, the democratic turmoil of the French revolution, with its attacks on the church and nobility, were followed by the Napoleonic invasions, which sought to expand French domination of Europe under the guise of spreading democracy. As Austrian ambassador to France, Metternich tried to persuade Napoleon to leave off invading Austria, and when unsuccessful, helped to organize the triple and then quadruple alliance that ultimately stopped Napoleon and forced him into exile. One of Metternich's key allies was Tsar Alexander I of Russia, along with Prussia and the United Kingdom.

Putin tends to see the expansion of the European Union and the North Atlantic Treaty Organization (NATO) as Napoleonic in their ambitions. Democracy is not peaceful, in this view, but wildly messianic and territorially expansionist. This time, it is not the multi-national armies of Napoleon threatening to cross the Berezin River, but the multi-national European Union and NATO – backed by the US – that promise to convert Russia and its allies to democracy at the barrel of a gun. This explains why Russia's defense strategy emphasizes threats emanating from the West.

Metternich's greatest achievement, after helping to defeat Napoleon, was to create and manage a balance of power system in Europe for more than 30 years. In 1806, he was appointed Austrian Foreign Minister (he formally assumed the office only in 1809) and in 1821 Chancellor. He dominated Austrian statecraft for a generation. He organized the Congress of Vienna that established a post-Napoleonic order in Europe that lasted from 1815 to 1848. The Congress of Europe, as it became known, rested on a series of accords between the monarchical rulers of Europe's great empires and states, mainly Russia, Prussia, Austria, the United Kingdom, and France.

Managing Europe's complex affairs through frequent meetings, the Congress managed to ensure relative peace by restraining the empires' territorial ambitions and combining to tamp down democratic and national aspirations, such as the rise of Greek nationalism, agitation for an independent Poland, or Italian self-rule. Some have lauded the Congress of Europe for protecting the peace in Europe for more than 30 years. Others have criticized it for stifling growing demands for democracy and national autonomy that erupted across Europe throughout this period, culminating in the liberal revolutions of 1848, when Metternich, the architect of the Congress system, was forced to resign.

Vladimir Putin is only an aspirant Metternich, in this sense. While he shares Metternich's view of the need for a balance of power system in Europe, and in November unveiled a monument to Alexander I, the Russian Tsar who worked with Metternich to form the Congress of Europe, Putin has been unable to impose a similar system himself. Although, it must be said that this has not stopped him from trying. It was notable that throughout the Ukraine crisis, Putin disparaged the national aspirations of the Ukrainian people and opposed direct negotiations between Russia and Ukraine. He sought instead to resolve the conflict through great power talks with Germany, France, the UK, and the US. This, he believes, is how peace can and should be achieved. The rest of Europe, which respects national self-determination, finds Putin's thinking archaic. Yet, since 2008, Russia has explicitly advocated for a "new security architecture" in Europe based on a version of Metternich's balance of power system.

Russian proposals for a balance of power security architecture in Europe arose suddenly in 2008. In June 2008, then President Dmitry Medvedev made a set of proposals for a new European security architecture that surprised and confused the West. Medvedev advocated doing away with NATO (and all other security alliances) and replacing them with a principled legal agreement to resolve all conflicts peacefully while respecting each country's security interests. These proposals were met with confusion in the West, which failed to understand how such an arrangement would actually work, viewed the lack of an institutional structure as bewildering, and opposed the "spheres of influence" thinking that seemed to lay behind it. Medvedev's proposals were rejected out of hand. They never got a serious hearing. However, they have resurfaced periodically as a concept in Russian track two diplomacy, most recently in Foreign Affairs where two independent Russian security experts mooted many of the same ideas in an article on what it would take to resolve the Ukraine crisis peacefully. The authors proposed a "grand bargain" in which NATO would be dissolved, replaced by a grand alliance with Russia and other Northern hemisphere powers.

Putin wants a new balance of power system in Europe for two reasons: first because he feels Russia is fundamentally excluded from the current security architecture of Europe, built on NATO and the EU, and second, because he believes Russia could play a major role in a new system, just as Metternich used the Congress of Europe to enhance Austria's power.

Putin rightly feels that Russia is excluded from the current European security system based on NATO and the EU. His hatred of NATO is well-known. He believes that NATO is an anti-Russian organization that has outlived its purpose. His hostility to the European Union is less well understood. For most in the West, the European Union is seen as the other lynchpin of peace and security in Europe. The EU has become the dominant political organization in Europe by forcing its members to resolve conflicts peacefully among themselves, to govern themselves democratically, and to respect the opinions of all member states, large or small.

Yet, while most European leaders have come to see the EU as indispensable, from Putin's point of view, the European Union is deeply flawed because it excludes Russia. Russia, under Putin, can never become as democratic as necessary to become a full member of the European Union – or of NATO. It will always, therefore, have second-class status. Russia's perspective will never be fully respected on a continent governed by the EU. Therefore, the EU must go.

This explains why Putin seeks to undermine European unity at every turn and seeks to use Russia's relations with middle and weaker powers such as Italy, Hungary, Serbia, Bulgaria and Turkey against European Union policy. It explains why Putin supports anti-democratic and anti-EU politicians such as Hungary's Victor Orban in Hungary or France's Marine LePen, as well as funding a wide variety of anti-EU far-right parties. He wishes to weaken the EU, make it unable to fulfill its mission of peace and democracy, and ultimately replace it with a balance of power system.

Putin aspires to reshape Europe, as Metternich did after the Napoleonic wars, into a balance of power system in which Russia is not only included, but a central player that helps to construct the rules of the game. When Putin proposes a "new security architecture," he is actually recommending himself as the Metternich of a new Europe. His ideal is a Congress Europe in which great powers meet to resolve security issues on the continent while respecting and containing one another's spheres of influence. Putin is happiest when dealing directly with those whom he regards as the real leaders of Europe, the heads of the other great powers on the continent, Europe's big three. If we look at Putin as an aspirant Metternich, a lot of his seemingly hard to understand foreign policy behavior comes into clear view.

Putin's audacity has proven difficult for Western leaders to understand, but here it also makes sense to point to a few similarities between Putin's character and that of Metternich. Putin, like Metternich, considers himself a genius of international affairs and tends to regard most other leaders with contempt. They simply do not meet his standards of greatness. Putin's arrogance has been expressed, most recently, by his showing up late to important international meetings, such as his recent meeting in Milan with Angela Merkel or his early departure from the G20 summit in Brisbane. Famously conceited, Metternich once stated, "I cannot help telling myself

twenty times a day, 'O Lord! How right I am and how wrong they are.'" One can imagine President Putin having similar sentiments. His body language in conversations with US President Barack Obama indicate a person who cannot bear that he is less powerful than a man he regards as possessing much lower abilities.

While the idea of a new balance of power Europe seems bizarre to many world leaders, who cannot understand why Putin supports 19th statecraft for a 21st century Europe, he does have some European politicians on his side. Marine LePen's Front Nationale, for instance, has long proposed replacing the Euro-Atlantic security system in Europe with a continental alliance between France, Germany, and Russia. This may be why she has been singled out as the European leader Putin most seeks to cultivate. He has treated Marine LePen's visits to Moscow with the pomp and circumstance of a state visit. And a Russian bank has agreed to finance LePen's Presidential election campaign to a tune of 40 million Euros. While many apologists have suggested that the bank was acting independently, no Russian bank gets involved in high politics without the support of the Kremlin. Indeed, the intermediary who helped set up the loan is a parliamentarian from Putin's party. Opinion polls show LePen is likely to enter the second round of voting in a run-off with one other candidate for President of France.

Marine LePen's idea of a grand alliance between Russia, France, and Germany is akin to the idea propounded by other European far-right groups of a "Europe of nations" to replace the detested European Union. The far right hates the liberal Brussels bureaucracy, which it portrays as elitist and distant from the average national voter. They recommend replacing Brussels with a much looser alliance of nation states guided by their own national priorities. The basic idea is similar to Metternich's Congress of Europe. The previous German Chancellor Gerhard Schroeder also showed signs of agreeing to a balance of power Europe in which Germany would play a large role through a coalition with Russia. His dealings with Russia's Gazprom gave the impression that Germany could be bought off and drawn into a special relationship with Russia, ignoring its smaller neighbors. Italian Prime Minister Silvio Berlusconi has also fed Putin's belief that a balance of power Europe led by great leaders was within his reach.

There are a number of problems, however, with this vision of a "Europe of nations." In contrast with the European Union, it is far less institutionalized and therefore far more prone to failure. No mechanisms are prescribed for formal working out of policy issues, beyond discussions between great leaders. What if leaders are less than great? What if they differ from one another? Conflict can result, as it did during Metternich's time. Second, and perhaps more fundamental, every country's nationalism in Europe is another country's potential repression. This basic principle can be seen most vividly in Ukraine, where it is fine to talk of a "Europe of nations," but when it comes down to it, one must decide between Ukraine's national aspirations and Russia's. European countries are forced to take sides and the outcome looks a lot like the start of World War I. The idea of a "Europe of nations" is fundamentally unstable. At worst, it marks a

direct path to war. At best, it enables the larger, more militarized nations to dominate the small. That is hardly the Europe that most Western leaders want.

Certainly not German Chancellor Angela Merkel, the now acknowledged leader of the European Union, who has cast her and Germany's lot with the EU. Germany under Merkel has not fallen for Putin's attempts to detach it from Europe and encourage it to behave as a great power, dividing and conquering the smaller countries in between. Merkel, like most other European leaders, feel deeply that Europe has already found the right model for dealing with common crises on the continent of Europe. It is called the European Union. And, despite the EU's slow response to the global financial crisis, there are plenty of reasons to think that the EU managed to resolve this crisis, like others, with a high degree of success. Europe has reached its nadir and is on the upswing, while Russia with its dependence on the historically high oil prices of the past post-Iraq decade, is on the way down.

Putin faces fundamental problems in his attempt to create a 19th century balance of power in a 21st century Europe. A study of Metternich's fall from grace shows why.

Ultimately, Metternich's lifelong crusade against democratic liberalism and national self-determination in Europe came to naught. He was deposed during the 1848 revolutions in Europe that celebrated the national and constitutional aspirations of numerous states in Europe, such as Hungary, Poland, and a unified Germany – aspirations that had been suppressed under the Europe of empires. Some historians have questioned whether Metternich might have done more to accommodate these national and liberal aspirations within the Austrian empire and thereby prevent the debacle of the First World War. Yet, Metternich remained throughout his life a vigorous proponent of a conservative, imperial Europe dominated by a few great states: Austria, Prussia, Russia, the United Kingdom, and France. He saw the times changing, but was unable to change with the times.

President Putin may prove to be equally anachronistic. The political and economic system he has built in Russia cannot provide an adequate basis for the future of Europe. Russia's extraordinary oil wealth during the 2000s, a product of the Iraq war and other unusual circumstances, have masked the effects of his corrupt and kleptocratic system of rule. It is hard to see Putin's rise as a sign of anything but an unintended consequence of the failed pursuit of the war on terror and a global financial crisis that temporarily weakened the West.

The forces of democratic liberalism, national self-determination, and international cooperation remain strong. Neither Putin nor any other world leader has been able to propose an international system that would work better than the liberal internationalism of the West. Metternich's glorious Congress of Europe is nothing but an anachronism. It was a second-best solution at the time, a way of preventing war in a chaotic Europe at the expense of liberty. It has

been surpassed by a European Union that provides peace, liberty, and common prosperity and that few leaders or most people will willingly abandon. Russia cannot be a core member, but its best hope is to undertake the difficult work of economic modernization and the steps towards political liberty that will enable Russia to integrate with the most successful European state system the continent has ever known. Just as France had to give up its Napoleonic territorial ambitions to join the Congress of Europe, Russia will have to give up its grander ambitions to join the European club.

ECONOMIC REFORM IS KEY TO UKRAINE'S FUTURE

By Chris Miller

February 2015

Last week's ceasefire negotiations in Minsk by Ukraine, Russia, Germany, and France have dominated headlines, but a different piece of news will be more significant for Ukraine in the long term. On February 12, the International Monetary Fund (IMF) announced a new financial support program for Ukraine. In addition to ensuring that Ukraine avoids bankruptcy, the deal also commits Ukraine to an array of economic reform measures that will stress its political system in the short run, but will improve the country's long-term economic prospects.

No one doubts that Ukraine desperately needed additional funding. The country had received an IMF bailout in 2014, but the Russian-backed separatist uprising in the country's eastern provinces dragged the economy further down, and necessitated additional aid. Ukraine's President Petro Poroshenko estimates that the war costs the government \$8 million per day, and the economy has been hit by a sharp drop in production in areas where the war interrupted business. Ukraine's GDP shrank by 65% in 2014, and its currency, the hryvnia, is worth less than a third of what it was twelve months ago. As its foreign exchange reserves declined during the early weeks of 2015, Ukraine faced a real chance of literally running out of money.

The new IMF deal is therefore crucial for the country's economy. The agreement has two main aims. The first is to improve Ukraine's ability to service its debt in the short and medium term. The second aim is to make Ukraine's economy more likely to grow in the long run. The IMF had pledged about \$17 billion as part of a \$27 billion package in April 2014 to support Ukraine's economy—but that was before the war in Eastern Ukraine dragged the country into a recession that was far deeper than expected.

Restructuring Ukraine's Debt

The IMF's new rescue package promises \$40 billion in international funding for Ukraine over the next four years. That figure includes \$17 billion from the 2014 deal that had not yet been disbursed, but the remainder of the assistance – around \$23 billion – is from new commitments. \$10 billion will come from new funding, half from the IMF and half from loans from the US, EU, and other donors. The bulk of the new 'assistance' for Ukraine comes from the private sector. With the IMF's support, Ukraine will restructure its sovereign debt this year, seeking to reduce its debt payments by around \$12-13 billion over the four years of the IMF program.

The specifics of the debt restructuring have not yet been announced, but Kyiv will probably seek to extend the duration of its debt and to reduce interest payments. This is good news for Ukraine's economy, because it will let the government spend scarce resources on more productive uses, and because the country is unlikely to be punished with higher interest rates when it seeks to borrow again from international financial markets. Much of the country's debt was run up under the government of former President Viktor Yanukovich, whose rampant corruption sparked the Euromaidan protests of 2013 and 2014. Given that Ukraine is striving to cast off the corrupt system that the Yanukovich-era debt funded, there is little sense in adding to the country's suffering to repay it.

Kyiv should push for a steep reduction in the value of its outstanding debt, because the country faces little downside to restructuring. The West should welcome sharp debt cuts as a cost-free way of putting Ukraine back on a sustainable path. Debt restructuring will not, of course, be cost free to the financial institutions who own the country's bonds. Most at risk is Franklin Templeton, an American firm that has accumulated \$7 billion of Ukraine's debt. That is bad news for these funds' investors, but it is unlikely to dissuade Kyiv from pushing for a serious restructuring.

The most complicated facet of Ukraine's sovereign debt is \$3 billion the country owes to Russia. When ex-President Yanukovich was still in power, the Kremlin promised him \$15 billion if he refused to sign a trade agreement with the EU, and agreed to orient his country toward Russia instead. Only \$3 billion of that loan was delivered before Yanukovich fled the country, but it has proved toxic for the Ukraine's debt management. The loan was written with a provision that allows Russia to demand early repayment of the loan if Ukraine's debt-to-GDP ratio exceeds 60%. Russia's Finance Minister Anton Siluanov has repeatedly insisted both that Ukraine is in violation of its covenants and that Russia demands to be paid in full when the loan comes due in December. It is unclear whether this week's ceasefire negotiations in Minsk also included a yet-undisclosed deal regarding the debt Ukraine owes to Russia, or whether this will remain a sticking point.

Restructuring Ukraine's Economy

New IMF funding and the debt restructuring should give Kyiv some short term breathing space. But most of the country's economic problems have long-term roots. The country's system of governance is a mess, failing to provide quality public goods such as health care and education while distributing public funds to politically privileged groups. IMF funding is conditional on Ukraine's ability to begin reforming its public finances and improving governance. The mostly commonly discussed policy changes would boost productivity and cut waste in the long run, but they may prove politically challenging in the short term.

Ukraine faces challenges in a number of key areas:

Energy: The country's energy market has long been a main source of corruption. Regulation keeps domestic energy prices low, often a tenth of the price of natural gas on international markets. This creates two problems. First, Ukraine's consumers and industries use far more gas than they otherwise would, since they don't face the full price of their energy consumption. Since Ukraine's government pays the difference between domestic and international prices, high consumption levels stress the government's budget.

More damaging, however, is that the steep difference between domestic and international prices fuels corruption. Corrupt businesses seek to buy gas at domestic prices and sell it abroad at ten times the rate. Given Ukraine's weak rule of law, the government has failed to eliminate this arbitrage trade, which has enriched some of Ukraine's most nefarious oligarchs.

Ukraine has already begun raising domestic gas prices, and has committed to further price hikes before receiving further IMF funding. It needs to go far further. The oligarchs who benefit from corrupt gas deals, however, can be expected to stonewall efforts at reform. At the same time, Ukrainian consumers may balk at price hikes if they are not well explained and coupled with support for low-income Ukrainians. However, in the past year, other middle-income countries such as Indonesia and Morocco have succeeded in cutting energy subsidies. This suggests that with the right structure and communication, energy subsidies can be eliminated in a politically consensual manner.

The Budget: Public spending as a share of GDP is higher than many comparable countries in Eastern Europe, but the crucial question is how public funds are spent. Here Ukraine performs poorly. Many social programs such as pensions disproportionately benefit wealthier Ukrainians. In the medium term, keeping the deficit under control is a necessity, but the main focus should be on redirecting public spending toward productive investments.

Governance: Ukraine's government does too many things, and does most of them badly. In crucial areas such as health and education, it has failed to provide quality services to the majority of the population. In the health system, for example, quality in many areas remains abysmal and many people only receive treatment by paying bribes. Health and education are not only morally important, they are also crucial if Ukraine's workforce is to increase its productivity and earn higher wages. Sorting out social services is thus a crucial aspect of the country's economic reform efforts.

While Ukraine seeks to improve the quality of social services, it should cut back in areas where it provides little value. Business regulation, for example, is widely recognized to be exceptionally onerous while providing only mediocre benefits in terms of consumer protection. Ukraine rates

96th on the World Bank's doing business survey, suggesting that it could do much to streamline regulation. Many Ukrainians point to Mikheil Saakashvili's government in Georgia as an example of how to reform. Saakashvili's legacy is mixed, but some of his economic policies—such as abolishing customs tariffs that raised almost no revenue but which obstructed trade and fueled corruption—would be worth considering in Ukraine, too.

Corruption: Ukraine's most difficult set of reforms will be to reduce corruption in the government and in the judiciary. Nearly all Ukrainians agree that fighting corruption is key to the country's success, but there is little agreement about how to reduce bribe-taking. Efforts thus far have focused on setting up an anti-corruption watchdog and on lustration—the process of removing officials associated with corruption from office. Both of these are useful efforts, but everything depends on implementation.

With regard to the new anti-corruption authority, the key question is whether it will have funding and political backing to root out high level corruption, and whether courts will convict corrupt officials. Lustration, meanwhile, risks turning into a technique for letting officials purge their enemies. In both instances, efforts to strengthen Ukraine's civil society are key, since the country's crusading journalists and activists represent a crucial tool for keeping government honest.

Oligarchs: Like many countries suffering from the legacy of the Soviet economy, Ukraine has long been plagued by a caste of oligarchs whose pursuit of wealth—often through scarcely disguised theft—has corrupted the country's politics and economy. Though the Maidan movement cleansed Ukraine of some of the worst abuses, especially those associated with figures close to the Yanukovych family, oligarchs remain immensely powerful. Some have used the war with Russia to increase their influence. Most dangerous is Igor Kolomoisky, the Dnipropetrovsk-based businessman who has funded efforts to contain Russian-backed separatists. Because Kolomoisky has played a crucial role in defending Ukraine, the government in Kyiv relies on his support and is unlikely to push back if he demands special privileges in expanding his business empire. Oligarchs such as Kolomoisky have also been alleged to fund extremist political movements that taint Ukrainian politics.

Containing the oligarchs is a crucial component of economic reform. The Maidan movement and the chaos of the war called into question many oligarchic networks, but if they are allowed to reconstitute themselves it will not only corrupt Ukraine's politics, it will also reduce the government's ability to provide a level playing field that is crucial for long term growth. One crucial tool in reducing the oligarchs' influence is to cut back on the regulations and bureaucracies that they exploit. The vast gap between domestic and international gas prices, for example, has enriched many if not most of Ukraine's oligarchs. Closing these loopholes would

force the oligarchs to become ‘normal businessmen’ and to make money by improving the efficiency of their businesses and providing useful goods and services.

In addition to economic reform, however, containing the oligarchs will also require political will. Ukraine’s newly awoken civil society is keeping a close eye on links between business and government, but the West could help too. In 2014 the US indicted Dmitryo Firtash, an influential oligarch, on corruption charges. It should not hesitate to bring charges against other oligarchs too. Western governments should support transparency efforts in Ukraine, both by helping to fund Ukrainian groups that investigate corruption, and by sharing information about potentially corrupt activities.

Indeed, the West should realize that it has been complicit in much of the corruption that takes place in Ukraine, because oligarchs have stashed their ill-gotten wealth in European cities such as London and Vienna. Western countries should consider how to reduce the ability of Ukrainians to hide corruptly-obtained wealth.

Putting Economic Reform at the Center

In recent weeks, debate about Ukraine has focused on whether the West should help arm Ukraine. The military aspects of the crisis cannot be ignored—this is, after all, a war—but they are only part of the issue. Regardless of where the border between Ukrainian and separatist borders eventually settles, economic questions will be crucial to determining how and whether Ukraine achieves peace.

Reducing corruption in Ukraine threatens the tools that Russia has long used to maintain influence in the country. Moscow has close relations with many of Ukraine’s oligarchs and some of its gas deals with Ukraine appear to have been structured to help enrich oligarchs. That benefits Russia because it gives Ukraine’s oligarchs a strong financial incentive to heed Moscow’s political line in exchange for support in pilfering Ukraine via crooked gas deals. Energy price reforms would eliminate one of the Kremlin’s most powerful levers of influencing Ukrainian politics.

Indeed, corruption in Ukraine should not be seen simply as a Soviet legacy. Some corruption, especially at the lower levels was inevitable, and is visible across the post-Soviet space. But many of Ukraine’s most odious fortunes in the energy business have been made with Russia’s connivance. Cutting corruption, economic reform, and Ukrainian sovereignty are all interlinked. It would be especially tragic if Ukraine’s partial successes in defending itself on the battlefield were undermined by continued economic chaos and corruption at home.

RUSSIA'S QUIET ANNEXATION OF SOUTH OSSETIA

By Maia Otarashvili

February 2015

Russia and South Ossetia have ironed out final details of a [“Treaty of Alliance and Integration.”](#) The treaty was drafted in December 2014 and on January 31, 2015 Georgian news agencies [reported](#) that the leader of South Ossetia, Leonid Tibilov, had sent the finalized document back to Moscow. On February 18th Russia and South Ossetia signed a precursor to this treaty, called the “treaty on the state border.” [According to](#) Russia’s Foreign Minister Sergey Lavrov, the broader treaty is still under consideration, but “the approval process won’t take long.”

Once the Treaty of Alliance and Integration is signed, it is set to be implemented in a matter of three to six months, allowing Russia to absorb South Ossetia. This comes less than three months after the signing of the Russia-Abkhazia treaty of a similar nature, although it is not as comprehensive. The international community and the Georgian government have condemned Russia’s actions and will not recognize either of the treaties but that is not likely to stem Putin’s expansionist policies – if Crimea is any guide.

What is South Ossetia?

The story of South Ossetia is very much a product of complex Russia-Georgia relations that date back to the pre-USSR era. Since 1783 Georgian lands have been under Russian rule, on and off, in one way or another. Czarist Russia, much like Putin’s Russia today, was expansionist by nature, never really giving up on the idea of establishing permanent dominance in the Caucasus. South Ossetia is named after the ethnic group, the Ossetians. Until up to the second half of the 19th century the majority of ethnic Ossetians lived primarily in the North Caucasus (currently North Ossetia-Alania, one of the sovereign republics of the Russian Federation). Only smaller groups of Ossetians lived on the Georgian territory, in high elevation areas of the Caucasus Mountains. Today’s South Ossetia was previously known as Samachablo, or the fiefdom of the princely house of Machabeli, since the 15th century.

In 1861 the Russian Empire abolished serfdom. However, much like the post-Soviet privatization in 1990s, this was done in a way that benefitted only the elites. While the serfs did receive freedom and legal citizenship rights, most of them did not gain land ownership. The Ossetian serfs fell into a dire economic situation, leading them to seek labor elsewhere – in particular, into the Georgian territories of Inner Kartli and Samachablo. A majority of the migrants were willing to work for very little compensation, and were not afraid to set up homes on local farmers’ lands. This created a great deal of conflict between the locals and the newcomers. The local landlords did not get involved as they had begun to benefit from the virtually free labor of the Ossetians

and were not ready to sacrifice their own financial gains in order to protect the local farmers. The Samachablo Georgians were left with two choices – either move away from Samachablo, or stay and live in turbulent conditions. Thus large groups of the locals chose to move away from Samachablo, and many of them ended up in the Gori¹ area.



According to the Georgian historian Ivane Javakhishvili, the migration of Ossetians into Samachablo led to significant assimilation between ethnic Georgians and ethnic Ossetians over time. Many Georgian family names were slowly transformed into Ossetian last names. One study uses tombstones in South Ossetia as evidence of such assimilation. From the 1860s until 1921 the epitaphs on tombstones transition from mostly Georgian text into Ossetian writings in the Cyrillic alphabet and then finally Ossetian writings using Latin letters.²

Official Georgian government documents [explain](#) that despite the fact that Samachablo became predominantly ethnically Ossetian, no formal autonomy was ever demanded or given to the region, until after Georgia became a part of the USSR. After the Russian Revolution of 1917, Georgia declared independence and a National Council was formed and took the role of the main governing body. The Council allocated 26 seats for representatives of ethnic minority groups who lived on the Georgian territories, and two of these seats were dedicated to Ossetians. On February 21, 1921 the first democratic republic of Georgia adopted its first constitution, which

¹ Gori, the hometown of Joseph Stalin, is less than an hour away from Georgia's capital, Tbilisi.

² Tskitishvili, Veshapeli and Gabelia in their 1990 book "Me, Joseph Stalin" (Tbilisi: Literary Society), traced the roots of Stalin's family all the way to Samachablo in mid-1800s. While doing so they gathered valuable information on the history of Samachablo itself, and on formation of what is now known as South Ossetia.

was only valid for four days, as on February 25, 1921 Russia annexed Georgia. It was not until 1922 that the Bolshevik leadership adopted a resolution on the “creation of the autonomous unit of South Ossetia.” Between 1925 and 1927 there were talks of uniting the North and the South Ossetias but no serious attempts were made to do so.

Later, in 1991, after Georgia declared independence from the USSR, an ethnic conflict broke out first in Tskhinvali (capital of South Ossetia) and later in Abkhazia (in Western Georgia, bordering the Black Sea). At this point, Georgia was considered a failing state without functional governing institutions. As a result, the country was overrun by mob-style militia. This contributed to the escalation of both civil wars without any reasonable solution. Moreover, the first president of independent Georgia, Zviad Gamsakhurdia, was ousted in March 1992 and the country was left without a president until November of that year. The State Council of Georgia, headed by Eduard Shevardnadze, asked Russia to step in. The Russian government had been backing the separatists in both Tskhinvali and Abkhazia, and easily brokered a ceasefire deal, permanently moving its peacekeeping forces to the regions that would later be described as “frozen conflict zones.” South Ossetia and Abkhazia became de facto republics. Since then Georgia has worked towards reuniting with its breakaway territories, but without much luck, due primarily to Russian meddling but also to lack of willingness to compromise from both sides.

It was Russia’s close involvement in South Ossetia that triggered the Russo-Georgian war in August of 2008. There has been much speculation as to who started the war and why. However, the fact that the war went well beyond the Tskhinvali region as Russia ended up bombing Gori and its surrounding villages leaves Russia at fault. The five day war ended after France and Poland brokered a cease-fire deal. The international community has often supported Georgia’s aspirations of achieving territorial integrity, yet Russia managed to walk away from this conflict entirely unpunished. This weak international response laid the groundwork for Russian aggression in Ukraine few years later.

Once the bombing stopped in August of 2008, the situation started to stabilize again, but soon after the war ended the Russian peacekeeping forces began building barricades, infringing upon the rights of those Georgian citizens whose lands happened to be on the Georgia-South Ossetia “border.” Additionally, since the Ukraine crisis broke out, the South Ossetian leadership in Tskhinvali began openly talking about closer integration with Russia. There were [talks](#) about a wide range of possibilities from “becoming a subject of the Russian Federation to forming an associated partnership.” The end product, created only a month after the drafting of the Russia-Abkhazia treaty of military integration (which was approved by the Russian parliament on January 23rd), looks less like an associated partnership agreement and more like annexation.

The Treaty

Drafted in December 2014, the “treaty of alliance and integration” is meant to “legalize South Ossetia’s integration with Russia.” Its clauses go well beyond the matters of military integration and include the Russian takeover of South Ossetia’s border control, finances, economy, education, healthcare, and social welfare systems. On the other hand the [agreement removes borders and restrictions on movement of goods and people](#) between Russian and South Ossetian territories. The language of this document in itself is all-encompassing, and once the terms of this agreement are implemented, Russia will have truly swallowed South Ossetia, likely irreversibly so.

Some of the particular clauses of this agreement include South Ossetia’s handing over all defense matters to Russia, including the defense of South Ossetian borders (Georgia is on the other side of that border). By the terms of the agreement, any aggression by Georgia against South Ossetia would be treated as an act of aggression against Russia.

Below are a few selected clauses from the treaty which have been translated from [Russian](#).

- The Contracting Parties shall conduct a coordinated foreign policy, which involves mutual interests of the Contracting Parties in various fields of cooperation, informing each other of the committed actions in this regard, as well as closely cooperate in promoting peace, stability and security in the Caucasus region.
- The Republic of South Ossetia transfers to the Russian Federation the responsibility to ensure law and order, public safety, and control of drug trafficking, as well as management of the internal affairs agencies, investigative bodies, and penitentiary system in South Ossetia.
- The Republic of South Ossetia agrees to transfer its responsibilities in the field of customs and customs regulation to the Russian Federation. The customs authorities of South Ossetia will become part of the customs authorities of the Russian Federation.
- Citizens of one Contracting Party shall have the right to acquire a nationality of the other Contracting Party under the simplified procedure. The restrictions that the Russian Federation might pose on those who do not possess Russian citizenship will not apply to the citizens of South Ossetia.
- Republic of South Ossetia, with the support of the Russian Federation shall gradually increase the average wages of employees of state and local government agencies to a

level comparable with the level of remuneration of appropriate categories of workers in the North Caucasus Federal District of the Russian Federation.

- [Summary of multiple clauses] Russian citizens permanently residing in the territory of the Republic of South Ossetia , are eligible for pensions, benefits and other forms of social security at a level comparable with average level of pensions and other social security in the North Caucasus Federal District of the Russian Federation. Russian laws and regulations as well as benefits of the Russian social welfare system will apply to all those individuals living in South Ossetia who take Russian citizenship.
- The Central Bank of the Russian Federation will assist the National Bank of the Republic of South Ossetia in the implementation of monetary policy and strengthening the financial system of the Republic of South Ossetia.

Crimea, South Ossetia and More to Come?

While the Ukraine crisis continues to dominate the headlines, Russia's quiet annexation of Georgian territories is going on practically unnoticed. Even Georgia is largely silent, given its preoccupation with its own currency crisis and economic troubles.

The Georgian government has been very spare in criticism of Russia's expansionist policies in Ukraine, and hesitant to openly condemn Russian activities there. The Georgian government's (reasonable) fear that Russia would retaliate if Georgia took a bolder stand to declare its solidarity with Ukraine has kept it from waging a full-on anti-Putin campaign. Now, less than a year since Crimea's annexation, Georgia is experiencing painful losses of its own.

Earlier this month, during her official visit to the US, Georgia's new minister of foreign affairs Tamar Beruchashvili told RFE/RL in an [interview](#) that for Russia "the next move is [South] Ossetia; there are signals that the Crimea-like scenario could be repeated and South Ossetia could be annexed." Additionally, Ms. Beruchashvili warned that Russia's involvement in Moldova's Transnistria and Georgia's Abkhazia and South Ossetia are components of one big Russian strategy. But at this point these statements carry no weight as it is probably too late to save South Ossetia from being [swallowed up by Russia](#). If there is to be any reversal, it is crucial that the West look at the events in Ukraine and Georgia (and Moldova) not in isolation from each other but of a piece and address the broader issue of Russian expansionism.

RUSSIA'S ECONOMY: SANCTIONS, BAILOUTS, AND AUSTERITY

By Chris Miller

February 2015

The news about Russia's economy keeps getting worse. The IMF predicts that the country's GDP will shrink by 3 percent in 2015. Other forecasters fear the recession will be even worse. Meanwhile, Russia's central bank has admitted that inflation might hit 15 percent this year. Unemployment is rising, too. The Kremlin has already spent \$100 billion—roughly a fifth of its reserves—fighting the crisis. Now, Moscow is seeking to apportion the costs of the recession, determining who will pay via higher taxes or lower benefits. In the face of the ruble's collapse, business groups are demanding bailouts and appear to be succeeding. The Kremlin is adopting a strategy of austerity, including swinging budget cuts and perhaps pension cuts, too. Given that Putin's rule has been predicated on steadily rising living standards, the Russian government's response to the crisis risks undermining the foundations of its own legitimacy.

Causes and Consequences of Russia's Recession

Oil prices fell by 50 percent over the second half of 2014, and though they have recovered slightly in recent weeks—hitting \$60 per barrel—reduced energy export revenue is the main source of drag on Russia's economy. Indeed, the problem is not only oil: the price at which Russia sells gas to Europe, which is contractually linked to oil prices, will fall by a third in 2015. If low energy prices were the only blow to Russia's economy, it would be painful but not a knock-out punch. Yet the economic effect of falling export revenue is compounded by the Kremlin's expansive—and expensive—foreign policy. The deployment of Russia soldiers to Ukraine is itself a costly undertaking, yet the Western sanctions that war provoked have proven more debilitating still. Many big Russian companies, from state-owned oil giant Rosneft to banks such as VTB, face restrictions on raising capital in US and European markets. Most of Russia's biggest firms had come to depend on Western investors for funding, and many have billions of dollars in debt that they are now struggling to refinance.

The combination of these factors will throw Russia into a painful recession in 2015 and perhaps beyond. The Kremlin's response thus far has been to redistribute the burden of the recession without addressing its fundamental causes. The country's dependence on energy exports cannot be eliminated overnight, of course, but Putin has decided to suffer through Western sanctions rather than withdraw troops from Ukraine.

To preserve his freedom of action in the short term, Putin has taken steps to shore up the government budget by letting the ruble fall sharply against the dollar. That has shifted costs on to corporations with foreign currency debts and on to consumers, all of whom import goods that

now cost far more in ruble terms. Yet the depreciation of the ruble was just the opening move in a long-term chess game that will apportion the costs of the recession. Someone will ultimately need to pay the bill that is coming due. The Russian government has some capacity to borrow funds from international markets given its low debt levels, but the combination of war and low oil prices has left foreign investors skittish. S&P, a ratings agency, recently downgraded Russia to junk status. Unless oil prices rapidly recover, spending will need to be cut, either by the government, businesses, or the population. Powerbrokers in Moscow are currently jockeying over budgets and bailouts, as each group seeks to force others to bear the brunt of Russia's recession.

Addressing the Cost of Sanctions

The easiest way of dealing with the recession would be to remove some of the factors that are causing Russia's economy to contract—above all, the Western financial sanctions. Sanctions have not only cut off many of Russia's biggest firms from Western financial markets, the threat of further sanctions has forced the government and many companies to seek alternate suppliers to hedge against the risk that sanctions are deepened. *Kommersant*, a leading newspaper, has reported that Russia's government is considering bans on importing many types of machinery, in part as a sop to domestic industries, but in part to prepare for an expansion of sanctions. Individual firms have been forced to take action on their own, too. Gazprom, for example, is looking to find new suppliers for \$2.5 billion of its annual investment spending, replacing Western industrial groups such as Siemens and Caterpillar with partners from Belarus, Israel, India, and other countries that will not participate in potential future sanctions. Such a move may protect Gazprom from sanctions, but it will also raise the firm's costs—a further result of the war on Ukraine.

Despite the recent ceasefire deal in Minsk, the Kremlin looks unlikely to offer the type of concessions that would lead Germany or the US to consider lifting sanctions. This has not stopped Moscow from searching for ways to make its Ukraine policy less costly. One of the least noticed stipulations of the Minsk agreement was the call for “a full restoration of social and economic connections, including social transfers, such as payments of pensions and other payments” between the Donbass and the rest of Ukraine.

Ukraine's government had previously taken steps to cut the occupied territories off from the Ukrainian financial system and economy. Kyiv prohibited the payment of pensions to the occupied areas, officially on the grounds that the Russian-backed separatists might seize pensions to help fund their war effort. That presented serious financial risks to Russia, since it left open the possibility that Moscow would be forced to fund the Donbass separatists indefinitely. At the Minsk talks, Moscow insisted upon a resumption of economic ties between the Donbass and the rest of Ukraine in part to shift the financial burden back onto the Ukrainian

government. This shows that the Kremlin is not unaware of the spiraling costs of its war effort, and will seek to economize when possible. But Putin so far appears willing to bear the burden of Western sanctions in order to achieve his aims in Ukraine.

Corporate Bailouts

Moscow's response to the economic crisis has already involved bailing out politically-influential corporations. Some bailouts were inevitable, given that the devaluation of the ruble placed immense pressure on firms that had ruble income but dollar debts. Many of Russia's banks, for example, face insolvency as non-performing loans multiply and dollar debts become increasingly unserviceable. Like Western countries after the 2008 financial crisis, Russia also has banks that are 'too big to fail.' These banks will receive whatever government support they need to ensure they do not collapse and endanger Russia's broader financial system in the process.

Moscow is in the midst of a debate about what other businesses should receive bail outs. It is not only banks that are under financial pressure. Big industrials and petrochemical firms have sought state aid, too, and some have already received help. Russian Railroads, for example, benefited from a deal whereby a government savings fund invested in state-owned bank VTB, which in turn lent money, presumably at below-market rates, to fund Russian Railroads' long-term investment program. Whether these loans will actually get paid back is unclear. Even more controversial was the backdoor bailout of Rosneft, the state-owned oil firm which is lumbering under an enormous load of dollar-denominated debt. In December 2014, Rosneft received preferential regulatory treatment from the central bank to help it refinance debt, sparking a huge fall in the ruble once currency traders became aware of the shadowy deal.

Some in the Kremlin are trying to systematize corporate bailouts in an attempt to limit the overall cost and to prevent the anti-crisis program from becoming a feeding trough for the country's corporate titans. Early signs do not look good. Leading businessman Mikhail Fridman penned an op-ed in the *Financial Times* in early February pinning blame for the crisis on Russia's overdependence on state-owned energy firms. Fridman's implicit conclusion was that state-directed investment had not worked in the past, and it will not work now—so Russia's government should avoid handing out more funds to big firms. Yet a week after Fridman's op-ed, Rosneft head and long-time Putin ally Igor Sechin published a response, arguing that the fall in the oil price was caused by “grotesque” market manipulation and speculation. Sechin's conclusion was that only a strong state could overcome market speculation.

Sechin's approach—which envisions large-scale state backing of business—appears to be winning out. At the beginning of February, the Ministry of Economic Development listed 199 firms that were eligible to apply for government aid, including not only banks, but also mining companies, airlines, a fertilizer producer, retail chains, and cell phone operators. Almost all of

these companies will be hit by the recession, but it is hard to see how financial troubles at, say, a telecom firm would endanger the country's economy. Instead, business interests are likely to take advantage of the anti-crisis program to gain access to low interest rate loans or other handouts, which would amount to a transfer of resources from taxpayers to corporations. That many of the firms that have received bailouts so far are run by former KGB colleagues of Putin's—whether Russian Railroad President Vladimir Yakunin or Sechin himself—does not inspire confidence. As in the aftermath of the 2008 financial crisis, Russian firms are likely to receive a significant infusion of resources from the state budget, at taxpayers' expense.

Austerity and Russian Politics

For most of Putin's time in office, high oil prices have made it possible to avoid tough decisions about distribution. Throughout the 2000s, Russia's economic pie was growing so rapidly that everyone could have a slice. Wages rose sharply, benefiting average Russians, while windfall oil rents meant the state still had plenty of resources to distribute to political allies. The coming recession, however, will bring distributional questions to the fore. Who will pay the bill? Unwilling to reverse course in Ukraine or to restrain oligarchs seeking for bailouts, the Kremlin appears to have decided to make the population pay through austerity.

To some extent, this has already begun. Inflation has crept upwards even as wage growth has slowed, degrading the purchasing power of Russians' incomes. Unemployment is increasing. The devaluation of the ruble will raise prices for imported goods, forcing Russians to cut back not only on luxuries such as European holidays, but also on basics such as clothes and food, much of which is imported.

Other measures to shift costs on the population are also being considered. In response to the crisis, Russia is cutting government spending by 10 percent across the board, except for the military's rearmament program, which will be maintained at current levels. This will reduce the provision of education, health, and other social programs. At the same time, former Finance Minister Alexei Kudrin—a long-time influential advisor to Putin on economic questions—has joined forces with several current ministers to demand an increase in the age at which Russians receive state pensions. Russia's current retirement age, at 55 for women and 60 for men, is low by European standards, though Russian life expectancy is lower than Western Europe's. Yet this question is as much political as it is economic. Over the past 15 years, Putin's government has been predicated on steadily increasing living standards, and the pension debate will be a test of whether Putin feels he can break this social contract.

That would be a risky move. Signs of discontent are already visible. Polls suggest that average Russians have not yet begun to register higher inflation, though there was a much-publicized scare late last year when supermarkets in several regions ran out of *grechka*, a buckwheat

porridge that is a Russian staple. More worrisome for the Kremlin are complaints about public services. Doctors, who are state employees, attracted much support as they led mass rallies against cuts to health spending last fall. More recently, train ticket price hikes led to popular outrage that forced Putin to publicly criticize his ministers. Yet given the government's decision to adopt austerity uncoupled with any attempt to improve efficiency, declining public services are inevitable.

The social tension that recession unleashes will create new challenges, but it is unlikely to threaten Russia's political stability in the short term. By helping to raise living standards throughout the 2000s, Putin has accumulated a large reserve of popular trust that he can now draw on. And his 'political technologists' have honed their skills for ensuring that the opposition remains divided and under constant legal pressure. When opposition leader Alexey Navalny began attracting attention with calls for an anti-crisis protest on March 1, ten other groups, including the Communist Party, filed for permission to hold protests that same day, a classic diversionary tactic. Games like this have proven repeatedly effective over Putin's 15 years in power. As wages stagnate and unemployment picks up, Putin's core claim to economic competency will begin to erode. The longer the recession lasts, the more Putin will have to rely on nationalism and repression to sustain his rule.

LITHUANIA PREPARES FOR HYBRID WAR

By John R. Haines

March 2015

The more powerful enemy can be vanquished...by the most thorough, careful, attentive, skillful, and obligatory use of any—even the smallest—rift between the enemies [...] and also by taking advantage of any, even the smallest, opportunity of winning a mass ally, even though this ally is temporary, vacillating, unstable, unreliable and conditional. Those who do not understand this reveal a failure to understand even the smallest grain of Marxism, of modern scientific socialism in general.¹

-Vladimir Il'ich Lenin, *No Compromises?*

Mickiewicz or Mickevičius? For years, Lithuanian citizens of Polish origin have been asking for the right to keep their names in Polish spelling. Is it just a question of name? The situation of the national minorities in Lithuania has been discussed by world and regional organisations for already over ten years. And still it creates tensions between Vilnius and Warsaw.²

-Nouvelle Europe, *The Polish national minority in Lithuania : three reports later.*

A few weeks ago, *Pravda* published a vitriolic denunciation of Lithuanian President Dalia Grybauskaitė:

[Her] recent outburst of emotional anti-Russian rhetoric seems very odd given her biography. [...] The Soviet education system gave her the opportunity to graduate from the prestigious St. Petersburg State University. In 1983, Grybauskaitė became a member of the Communist Party—though it didn't accept just anyone. Perhaps this privilege was due to the fact that for many years, her father worked for the NKVD, the KGB's forerunner. There's no evidence she joined against her will. So, was she really a committed socialist? Or did she simply decide to

¹ Vladimir I. Lenin (1920; 1964). "No Compromises?" in "Left-Wing" Communism: an Infantile Disorder." *Collected Works, XXXI* (Moscow: Progress Publishers), pp. 70-71.

² While Article 37 of the Lithuanian Constitution specifies that "Citizens who belong to ethnic communities shall have the right to foster their language, culture and customs," the term *ethnic communities* was criticized a decade ago for being too vague. ["Advisory Committee on the Framework Convention for the Protection of National Minorities". February 2003 Opinion on Lithuania]. In February 1995, Lithuania joined the Council of Europe Framework Convention for the Protection of National Minorities.

use Party membership as a springboard for her career? In any case, it's unlikely she dreamt of spending her entire life working as an apparatchik.³

The commentary concludes sardonically, "It's fair to assume these anti-Russian outbursts are just as 'sincere' as Grybauskaitė's once-passionate belief in communist ideals."

For its part, Lithuania is warning that Russia is preparing for a hybrid war—a class of warfare "President Putin understands better than any other Russian leader."⁴ One of the best articulations of hybrid warfare is by Margarita Šešelgytė of Lithuania's Vilnius University.

During the crisis in Crimea, the mass media have learned a new buzzword—hybrid war—to label operations of insignia-less 'green men' on Ukrainian soil. But in fact, neither the concept nor the essence of the operations was completely original.

The activities of the 'green men' and the separatists in Ukraine could be described as hybrid warfare according to a number of criteria. [...] However, the main innovation in this conflict is not the use of irregular forces but rather the hybrid instruments of attack used by the Russian side. Along with the military dimension, a broad array of political, economic, information, and cyber instruments are employed to reach political goals. These instruments are used interchangeably to expose vulnerabilities...and to undermine the government's credibility.⁵

Major General Jonas Vytautas Zukas, Lithuania's defense chief, defined some of those instruments last October, including "manipulating national minorities, provocations, attacks by non-state armed groups, illegal border crossing, [and] breach of military transit procedures."⁶ Russia also positioned military aircraft at the Baranovič and Lida airfields in western Belarus that could reach Lithuania's (and NATO's) Šiauliai airbase in ten minutes, too quick for aircraft positioned there to react.⁷

³ "Кто довел президента Литвы до истерики" ("Who's behind the Lithuanian president's hysterics?"). *Pravda.ru* [published online in Russian 25 February 2015]. <http://www.pravda.ru/world/formerussr/latvia/25-02-2015/1250027-president-0/>. Last accessed 1 March 2015.

⁴ Fiona Hill (2015). "Lull in Putin's 'hybrid war'." *The Japan Times* [published online in English 2 March 2015]. <http://www.japantimes.co.jp/opinion/2015/03/02/commentary/world-commentary/lull-in-putins-hybrid-war/#.VPT9iSiN38s>. Last accessed 2 March 2015.

⁵ Margarita Šešelgytė (2014). "Can Hybrid War Become the Main Security Challenge for Eastern Europe?" *European Leadership Network* (17 October 2014). http://www.europeanleadershipnetwork.org/can-hybrid-war-become-the-main-security-challenge-for-eastern-europe_2025.html. Last accessed 2 March 2015.

⁶ "Lithuania creates response force to prevent Ukraine scenario." *Agence France-Press* [published online in English 13 October 2014]. <http://www.globalpost.com/dispatch/news/afp/141013/lithuania-creates-response-force-prevent-ukraine-scenario>. Last accessed 3 March 2015.

⁷ "Russia bringing attack aircraft into Belarus." *Postimees* [published online in English 29 July 2014]. <http://news.postimees.ee/2871637/russia-bringing-attack-aircraft-into-belarus>. Last accessed 3 March 2015.



Source: <http://www.infoplease.com/atlas/country/lithuania.html>.

While it may (to some) appear improvised, there is a coherence and consistency to hybrid war. For Russia, "all conflicts are actually means to political ends—the actual forces used are irrelevant—[and] in the modern realities, Russia must look increasingly to non-military instruments."⁸ The key element to understand is that hybrid war is essentially staged in the minds of the target population, the toxic effects of which, a former Latvian defense minister noted, "are there for all to see in Ukraine."⁹ Russia has been notably successful so far if the results of a late March 2014 poll conducted by the weekly magazine *Veidas* are to be believed. The poll shows that 87 percent of respondents "believe that Russia could attempt to occupy Lithuania or part of it."¹⁰

⁸ General Valery V. Gerasimov (2013). "Ценность Науки В Предвидении" ("The Predictive Value of Science"). *Военно-промышленный кур'ер* [published online in Russian 5 March 2013]. http://vpk-news.ru/sites/default/files/pdf/VPK_08_476.pdf. Last accessed 4 February 2014. Gerasimov is Chief of the General Staff of the Armed Forces of Russia, and first Deputy Defense Minister. The *Voyenno-promyshlennyy kur'yer* ("Military-Industrial Courier") is a Russian language weekly newspaper.

⁹ Imants Viesturs Liegis (2014). "Reacting to Russia." *European Leadership Network* (8 October 2014). http://www.europeanleadershipnetwork.org/reacting-to-russia_1985.html. Last accessed 2 March 2015.

¹⁰ "87% Lithuanians are certain that Russia could attack." *The Lithuania Tribune* [published online in English 26 March 2014]. <http://www.lithuaniatribune.com/65834/87-lithuanians-are-certain-that-russia-may-attack-201465834/>. Last accessed 3 March 2015.

“The past is a weapon to some. Its ghosts are friends to many.”¹¹

In the minds of Russian leaders, the European and American foreign policy establishments caricature Russian geopolitical interests. That caricature might fairly be described as follows:

While Russian geopolitics may appear, at one and the same time, pragmatically nationalist and identity-perpetuating, it is in reality "only *Realpolitik* discourse about regaining control over the 'near abroad'."¹² It has been used to reinvigorate the idea of Russian civilizational distinctiveness—"a needed response to 'Atlanticism'"¹³ that is intended to characterize the post-Soviet space as a whole—and to lend credence to it.¹⁴ Russia's is a zero-sum geopolitics, one of conflict and competition as opposed to benevolent, positive-sum cooperation. It is dependent upon the failures of Western efforts, particularly those of the United States. In this view:

Russia's post-Soviet recourse to geopolitics...reflected a thoroughly traditional stance of viewing the world through the prism of the balance of power and an age-old concern with reinstating Russia as a great power in possession of its own sphere of influence.¹⁵

The clear implication is that Russian policy—activist, assertive and interventionist—is thoroughly anachronistic, irrational, and in the end, illegitimate. Similarly, Russia's geopolitics-informed understanding of power and security—simply put, controlling territory—is expressed as a nostalgic and crude nationalism that demands the reintegration of the post-Soviet space through Russia's continuing politico-military primacy in the region.¹⁶ It is an anachronism in conflict with the modern view that “geopolitical expansion and empire-building are outdated forms of international conduct [...] and that interests have to be promoted through multilateral approaches and participation in international institutions.”¹⁷

The recent *Pravda* commentary took an interesting tack. If "the dogmatic assertion that Russia is the successor-state to the Soviet Union" preemptively delegitimizes any Russian assertion of interests in its near-abroad, are Western nations, too, held accountable?

¹¹ From a poem by an anonymous author.

¹² Pavel Baev (1997). "Russia's Departure from Empire: Self-Assertiveness and a New Retreat." In *Geopolitics in post-Wall Europe: Security, Territory and Identity*. Ola Tunander, Pavel Baev & Victoria Ingrid Einagel, Eds. (London: SAGE, 1997), p. 182.

¹³ James H. Billington (2004). *Russia in Search of Itself*. (Washington: Woodrow Wilson Center Press. Baltimore: Johns Hopkins University Press), p. 72.

¹⁴ Baev (1997), *op cit.*, p. 182.

¹⁵ Natalia Morozova (2011). "The Politics of Russian Post-Soviet Identity: Geopolitics, Eurasianism, and Beyond." Submitted to Central European University Department of International Relations and European Studies (15 August 2011). <http://ires.ceu.edu/sites/ires.ceu.hu/files/attachment/basicpage/526/morozova.pdf>. Last accessed 2 March 2015. The author credits Morozova's development of ideas summarized in the preceding paragraph.

¹⁶ Mette Skak (1996). *From Empire to Anarchy: Post-Communist Foreign Policy and International Relations*. (London: Hurst & Company), p. 143.

¹⁷ The text in blue is by the author. The ending quote is from Gertjan Dijkink (1996). *National Identity and Geopolitical Visions: Maps of Pride and Pain*. (New York: Routledge), p. 103.

The belligerent EU ruling elites are undoubtedly pleased to hear the ex-communist Grybauskaitė constantly demand action to counter Russia's 'open and brutal aggression,' her warnings that 'Russia is trying to rewrite the post-war borders of Europe.' But wait! Remember how Lithuania acquired Vilnius and Memel.¹⁸ Is Grybauskaitė really that ignorant, or instead, is she willfully distorting well-known historical facts? Does she really not remember how the European Union provoked the collapse of multi-ethnic Yugoslavia in the 1990s? After that geopolitical dismemberment, the EU dictated how Balkan states' borders were re-drawn. It certainly wasn't Russia.¹⁹

It then tries to turn the argument—if all successor-states bear responsibility for historic wrongs, then so, too, does Lithuania—to dislocate and condition Lithuanian identity:

Grybauskaitė might also thank the Federal Republic of Germany, as the Third Reich's successor-state, for eradicating Lithuania's Jews. In 1939, more than 260,000 Jews lived in Lithuania. By 1945, just 26,000 remained. 'The Jewish Question' in Lithuania was settled by the Third Reich, which today is admired by Lithuanian ultra-nationalists.²⁰

The analogy, if obscene,²¹ is nonetheless instructive. Jacques Derrida wrote, "If language never escapes from analogy...it freely takes up its own destruction."²² He was addressing the intentional use of language to subvert language, to decenter and turn it back on itself. Peter

¹⁸ The article answers its own question: "If Soviet leader Joseph Stalin had not persevered in the Tehran and Yalta talks with Churchill and Roosevelt regarding Eastern Europe's post-war borders, Lithuania's capital would still be Kaunas. Stalin insisted that Poland's border move west, to the Oder and Neisse Rivers, so that Polish Vilna and German Memel became part of Lithuania. Without Memel, modern Lithuania would not have the deepwater ice-free port of Klaipėda. In retrospect, Vilna could just as easily have been made part of present-day Belarus, and Memel part of Kaliningrad. So on behalf of the modern Lithuania, Grybauskaitė should be eternally grateful to Supreme Commander Stalin for his tenacity in dealing with geopolitical issues seventy years ago.

¹⁹ "Кто довел президента Литвы до истерики" ("Who's behind the Lithuanian president's hysterics?"). *Pravda.ru* [published online in Russian 25 February 2015]. <http://www.pravda.ru/world/formerussr/latvia/25-02-2015/1250027-president-0/>. Last accessed 1 March 2015.

²⁰ See fn(3).

²¹ Russian exploitation of Shoah crimes against Lithuanian Jews is especially repugnant given "the war after the war" in Lithuania went on until the early 1950s. When the Soviet Union re-occupied Lithuania and the other Baltic states in 1944, a resistance movement formed known as the *Miško broliai* or "Forest Brothers." Soviet efforts to repress the resistance resulted in 186,000 Lithuanians jailed or arrested and 118,000 deported, of whom 53,000 died during captivity or as a consequence of their deportation. According to one account, "The guerillas were portrayed as Jewish murderers and criminal—enemies of the Lithuanian people—as oppose to freedom fighters." In June 2005, the Russian Foreign Affairs Ministry denounced the Forest Brothers as "bandit formations" and in May 2013, President Putin recognized NKVD veterans of the units that took part in the repression. See: Jakob Ljungman (2014). "The Russian information war on Lithuania." *The Lithuania Tribune* [published online in English 21 August 2014]. <http://en.delfi.lt/lithuania/society/the-russian-information-war-in-lithuania.d?id=65615450>. Last accessed 3 March 2015.

²² Jacques Derrida (1967; 2011). *Voice and Phenomenon: Introduction to the Problem of the Sign in Husserl's Phenomenology*. (Evanston: Northwestern University Press), pp. 12- 13.

Pomerantsev called it "the menace of unreality,"²³ a term he used to characterize "how the Kremlin weaponizes information, culture and money."²⁴ An article published on the Russian government news portal *Rossiyskaya Gazeta* quoted approvingly State Duma Speaker Sergei Naryshkin that while "until recently, it seemed that dialogue and the quest for understanding would become a norm of international relations," it is now the case that "NATO's eastward expansion has returned a state of war to Europe."²⁵ That war—an information or "hybrid" one—defines Russian actions in its near-abroad.

Playing the 'Polish Card' in Russia's Hybrid War against Lithuania²⁶

"The regime is moving towards the censorship of dreams."

-Pussy Riot, *Putin Zassal*

The Danish international relations theorist Ole Wæver argues that "difference only collapses into opposition in special situations."²⁷ One way to foment those conditions is the use of wedge strategies, a long established practice to prevent hostile alliances from forming or to disperse those that have formed. In some sense the obverse of Russia's recurring paranoia over the presence of ethnic *klin'ya* or "wedges" within its own territory,²⁸ many analysts point to Russia's growing willingness to use ethnic groups in the near-abroad as a political wedge. The *Pravda* commentary continues:

In all her tirades, Grybauskaitė never misses the chance to point out Russia's failure to protect human rights. To paraphrase the Latin proverb *Terra terram accusat*, 'people living in glass houses shouldn't throw stones.' Lithuania, it seems, is not so eager to share all the beliefs and practices of Western European democracies. For example, Lithuania's Polish-speaking citizens

²³ Legatum Institute (2014). "The Menace of Unreality: Combatting Russian Disinformation in the 21st Century." [published online in English 20 October 2014].

²⁴ Peter Pomerantsev (2014). "The Menace of Unreality: How the Kremlin Weaponizes Information, Culture and Money." *The Interpreter* [published online in English 22 November 2014]. <http://www.interpretermag.com/the-menace-of-unreality-how-the-kremlin-weaponizes-information-culture-and-money/>. Last accessed 1 March 2015.

²⁵ "Нарышкин обвинил Запад в заигрывании с пронацистскими силами" ("Naryshkin accused the West of flirting with pro-Nazi forces"). *Российская газета* [published online in Russian 25 February 2015]. <http://www.rg.ru/2015/02/25/zaigryvanie-site.html>. Last accessed 2 March 2015.

²⁶ From the title of a recent commentary published by the Kharkiv Human Rights Protection Group [Ukrainian: Харківської правозахисної групи. Ukrainian transl.: *Kharkivs'koyi pravozakhysnoyi hrupy*], one of Ukraine's oldest and most active human rights organizations. Halya Coynash (2015). "Moscow suspected of playing 'Polish Card' in Hybrid War against Lithuania". *Права Людини в Україні (Human Rights in Ukraine)*. [published online in English 24 February 2015]. <http://khpg.org/index.php?id=1424708157>. Last accessed 2 March 2015.

²⁷ Ole Wæver (2002). "Identity, Communities and Foreign Policy: Discourse Analysis as Foreign Policy Theory." In *European Integration and National Identity*, Lene Hansen & Ole Wæver, eds. (London: Routledge), pp. 26-27.

²⁸ For an illuminating discussion of this issue, the author recommends Paul Goble (2015). "'Zelyonyi Klin' isn't Only Ukrainian 'Wedge' in Russia, and Some in Moscow are Nervous." *The Interpreter* [published online in English 12 June 2014]. <http://www.interpretermag.com/zelenyi-klin-isnt-only-ukrainian-wedge-in-russia-and-some-in-moscow-are-nervous/>. Last accessed 2 March 2015.

live under constant government pressure to give up their cultural identity and language. Meanwhile, in and around Vilnius, Polish is spoken by more than 50 percent of the population.²⁹

This statement is not totally without foundation if a November 2013 report by the European Foundation for Human Rights—a non-governmental organization established in 2010 to protect and promote the rights of ethnic minorities living in Lithuania, particularly the Polish minority—is to be believed:

At the onset, the EFHR wishes to emphasise one of the main conclusions of this Report: the position of minorities has generally—and unfortunately—not improved markedly since Lithuania's independence gained in 1990 or the ratification of the FCNM [*Framework Convention on the Protection of National Minorities*] on 17 February 2000 and Lithuania's accession to the European Union in 2004. It is unfortunate because one would expect a trend towards increased compliance with Lithuania's treaty obligations after ratification and the impact of more than 12 years of monitoring and recommendations by the FCNM's Advisory Committee of Experts. This has unfortunately not happened.³⁰

As Lenin wrote, the smallest rift is useful, even if it is temporary and conditional. *Defence24* is a news portal focusing on Polish defense and security issues. It recently asserted that "Moscow is preparing a hybrid conflict with Vilnius," and went on to speculate whether Russia would use ethnic Poles instrumentally to destabilize the region, or worse, to establish a pretense for a Crimea-like intervention into Lithuania launched from Russian Kaliningrad.³¹ It questions whether the effort by Lithuania's ethnic Poles to find common cause politically with ethnic Russians "is a clever political strategy...or an action inspired by the Kremlin?" A Ukrainian human rights group noted the appearance in cyberspace of the heretofore unknown *Wileńska Republika Ludowa* ("Vilnius People's Republic"), a name clearly intended to reference self-declared "people's republics" in Ukraine's Donetsk and Luhansk regions.³²

²⁹ See fn(3).

³⁰ European Foundation of Human Rights (2013). "Alternative NGO Report on Lithuania's Implementation of the Framework Convention for the Protection of National Minorities." http://efhr.eu/hdd/EFHR_Shadow_Report_Lithuania_19_November_2013.pdf. Last accessed 2 March 2015.

³¹ Piotr Maciążek (2015). "Moskwa przygotowuje konflikt hybrydowy z Wilnem. Wykorzysta litewskich Polaków?" ("Moscow is preparing a hybrid conflict with Vilnius. Will it use Lithuania's Poles?"). *Defence24.pl* [published online in Polish 18 February 2015]. http://www.defence24.pl/analiza_moskwa-przygotowuje-konflikt-hybrydowy-z-wilnem-wykorzysta-litewskich-polakow. Last accessed 2 March 2015.

³² For the *Wileńska Republika Ludowa* Facebook page (in Polish), see: <https://www.facebook.com/pages/Wileńska-Republika-Ludowa-Виленская-Народная-Республика/1017190118295964>. Last accessed 2 March 2015. The *Lwowska Republika Ludowa* ("The People's Republic of Lviv") has a similar Polish language Facebook page. The self-proclaimed "people's republic" claims territory in historic Galicia in the area of northwest Ukraine's Lviv Oblast bordering Poland. In April 2014, *The Voice of Russia* published widely-dismissed claims that Poles in Ukraine's Zhytomyr'ska Oblast were demanding autonomy. [http://sputniknews.com/voiceofrussia/2014_04_24/Ukrainian-territories-used-to-belong-to-Poland-turned-into-base-for-the-nationalistic-movement-7324/]. Last accessed 2 March 2014.

While some are quick to minimize these fears, others are more cautious. The Polish language business news portal *Forsal* recently published an article—provocatively titled "The sum of all fears. Lithuania trembles before 'the little green men' from Russia"—in which it avers that "one realistic scenario is where a group claiming to represent local Poles occupies a government building in Vilnius and demands a plebiscite on the region's autonomy."³³ What may seem like an intemperate comment comes only a few months after reports:

The conflict between Lithuania and Poland, which share a 104-kilometer (65-mile) border, has escalated over the past two weeks after Poland's ambassadors to Lithuania and Latvia criticized the treatment of ethnic Poles in the local media. Lithuania's Foreign Ministry responded that the statements [that 'Polish Foreign Minister Radula Sikorski said Lithuania failed to live up to commitments to ethnic Poles and Polish investors'] were inaccurate and inappropriate for diplomats.³⁴

What if...?

We see NATO's airplanes, we hear them overhead, and it reassures us a bit—but will they really protect us? [T]hese thoughts keep coming into my head: What if...?³⁵
-unnamed Lithuanian citizen.

In late January, the Lithuanian Defense Ministry published a manual titled, *What you need to know: emergency preparedness and readiness in times of war*.³⁶ Marijus Girša wrote a skeptical commentary in the conservative daily, *Lietuvos Žinios*:

The word 'threat' has become part of our everyday [...] Popular news portals race to interpret everything that might be harmful as imminent threats, and politicians speak menacingly of them. [...] The [Defense Ministry's] publication was presented as a valuable, 100-page booklet full of specific, concrete advice about what to do if war breaks out. Some of it is supposed to be 'effective in fighting the enemy's use of so-called hybrid methods of war'. So, we'll whip our enemies with

³³ "Suma wszystkich strachów. Litwa drży przed 'zielonymi ludzikami' z Rosji" ("The sum of all fears. Lithuania trembles before 'the little green men' from Russia"). *Forsal.pl* [published online in Polish 21 February 2015]. <http://forsal.pl/artykuly/854772,suma-wszystkich-strachow-litwa-drzy-przed-zielonymi-ludzikami-z-rosji.html>. Last accessed 2 March 2015.

³⁴ "Lithuanian Premier Says Poland Making 'Hurtful' Comments." *Bloomberg Business* [published online in English 28 October 2014]. <http://www.bloomberg.com/news/articles/2010-10-28/lithuania-says-poland-making-hurtful-accusations-as-ethnic-row-escalates>. Last accessed 2 March 2015.

³⁵ Monika Griebeler (2015). "Die litauische Furcht vor Russland" ("Lithuania's fear of Russia"). *Deutsche Welle* [published online in German 24 May 2014]. <http://www.dw.de/die-litauische-furcht-vor-russland/a-17656222>. Last accessed 2 March 2015.

³⁶ Republic of Lithuania Ministry of National Defense (2015). *Ką turime žinoti apie pasirengimą ekstremaliosiomis situacijoms ir karo metui* (*What you need to know: emergency preparedness and readiness in times of war.*), <http://www.transp.lt/files/uploads/katurimezinoti.pdf>. Last accessed 27 February 2015. Other translators state the manual's title as "How To Act In Extreme Situations or Instances of War."

this booklet, but what the Defense Minister says is most important is to keep a cool head and don't panic.³⁷

Girša continues with an allusion to a recent incident in the Lithuanian port of Klaipėda³⁸ in which a suburban home was defaced by anti-Russian graffiti.³⁹ The property belongs to the daughter of Seimas⁴⁰ member Irina Rozova. She sits as a member of the Electoral Action of Poles in Lithuania, a political party that caucuses with another party, the Union of Russians in Lithuania.⁴¹ Calling the incident "an ugly and pathetic provocation," Rozova alleged it was retribution for attending a rally the previous day to commemorate the seventieth anniversary Klaipėda's liberation from Nazi occupation by the Soviet Army. Eugenijus Gentvilas, a European Parliament member, said he "doesn't rule out the possibility that the perpetrators are associated with external forces who accuse everyone of fascism except themselves." ⁴² Former

³⁷ Marijus Girša (2015). "Populiariausių grėsmių dešimtukas" ("The ten most popular threats"). *Lietuvos žinios* [published online in Lithuanian, 20 January 2015]. <http://lzinios.lt/lzinios/komentarai/populiariausiu-gresmiu-desimtukas/195125>. Last accessed 27 February 2015.

³⁸ Klaipėda was incorporated into the Lithuanian Soviet Socialist Republic in 1945. The leading ice-free port in the Eastern Baltic area, Klaipėda was the Soviet Union's primary European marine facility. It featured a commercial seaport, important shipyards, and facilities to ferry military equipment and personnel. The city was alternately part of Lithuanian *Klaipėdos kraštas* and Prussian *Memelland* for nearly 800 years. In the past century, it belonged to Lithuania except for two periods when it was part of the Weimar Republic's Free Prussian State (1918-1920); and later, annexed by Nazi Germany (1939-1945). Hitler spoke in Klaipėda (Memel) on 24 March 1939, the day after the Lithuanian government acceded to a German ultimatum.

³⁹ The incident involved a spray painted Soviet-era red star and the slogans *Rusai eik namo* ("Russians go home"), *Laisvė Lietuvai* ("Freedom for Lithuania"), and *Rusai ne* ("No to Russians") on the home of Rozova's daughter, Valeria Ščerbina. See: "Seimo narės dukters namas ištepilotas antirusiškais užrašais" ("Member of Parliament's daughter's house defaced with anti-Russian inscriptions"). *Žinios.lt* [published online in Lithuanian 29 January 2015]. <http://zinios.tv3.lt/lietuva/zinia/2015/01/29/seimo-nares-dukters-namas-istepliotas-antirusiskais-uzrasais> Last accessed 27 February 2015.

⁴⁰ The Seimas [Lithuanian: *Lietuvos Respublikos Seimas*] is Lithuania's unicameral parliament.

⁴¹ The Electoral Action of Poles in Lithuania [Lithuanian: *Lietuvos lenkų rinkimų akcija (LLRA)*. Polish: *Akcja Wyborcza Polaków na Litwie (AWPL)*] is a center-right political party representing the interests of ethnic Poles, who represent some 7 percent of Lithuania's population. Two years after increasing its seats in the Seima from 3 to 8 in the 2012 election, the LLRA was exited from the then-five party governing bloc in August 2014. The LLRA was not formed as a parliamentary party, so its Seimas members traditionally caucus with the Union of Russians in Lithuania [Lithuanian: *Lietuvos rusų sąjunga (LRS)*. Russian: Союз русских Литвы. Russian transl.: *Soyuz russkikh Litvy*], with which the LLRA has an alliance. The LRS is an ethnic Russian political party which in August 2011 entered into an "agreement on cooperative and collaboration" with the branch of the political party United Russia in neighboring Kaliningrad. [see: http://wikileaks.org/gifiles/docs/28/2886103_re-eurasia-lithuania-europe-lithuanian-russian-union-united.html. Last accessed 27 February 2015] Russian President Dmitry Medvedev appointed the leader of United Russia's Kaliningrad branch, Nikolay Tsukanov, governor of Kaliningrad Oblast in August 2010. Kaliningrad Oblast is a Russian Baltic Sea exclave sandwiched between Lithuania and Poland.

⁴² "Ant Seimo narės dukters namo sienos – užrašas „rusai eik namo“ ("Member of Parliament's daughter's house painted with inscription 'Russians go home'"). *Alfa.lt* [published online in Lithuanian 29 January 2015]. <http://www.alfa.lt/straipsnis/49796781/ant-seimo-nares-dukters-namo-sienos-uzrasas-rusai-eik-namo>. Last accessed 27 February 2015. The quoted text reads in the original Lithuanian: "Tai yra bjauri ir apgailėtina provokacija. Neatmesčiau galimybės, kad jos organizatoriai gali būti susiję su tomis išorės jėgomis, kurios kaltina fašizmu visus, išskyrus save."

Minister of National Defense Rasa Juknevičienė claimed the vandalism was transparently a Russian provocation, "since it was in every sense only useful to them."⁴³ With "misinformation and propaganda that are part on an ongoing information war," Klaipėda's mayor, Vytautas Grubliauskas, said the incident "has nothing to do with Lithuania and inter-ethnic relations in Klaipėda."⁴⁴

Girša concludes his commentary with this observation:

Let's not fool ourselves. No books or practical advice will help us identify and combat real threats if we can't overcome our inner demons. After all, they pose the greatest threat.⁴⁵

Those "inner demons" were in full display elsewhere. Some claimed the Klaipėda incident was a provocation intent on showing that Russians are "a disadvantaged minority in Lithuania."⁴⁶ Arvydas Anušauskas⁴⁷ dismissed the incident as "a puppet show, where we only see and hear what they want us to." Anušauskas' "they" is Russia's foreign intelligence service, the SVF,⁴⁸ which he claimed uses ethnic minorities to inflame the political situation in Lithuania. "The slogans weren't professional," he said, "Next time, they'll have to write in proper Lithuanian." He speculated the perpetrators were likely affiliated with the Electoral Action of Poles in Lithuania (known by the acronym "LLRA") or its ally, the Union of Russians in Lithuania (known by the acronym "LRS"), either of which might expect to gain "a political advantage."⁴⁹

Valiuškevičiūtė's *Lyrtas* article continues that "At almost the same time" as the Klaipėda incident:

⁴³ *Ibid.*

⁴⁴ *Ibid.*

⁴⁵ Girša (2015), *op cit.*

⁴⁶ Evelina Valiuškevičiūtė (2015). "Bandoma supjudyti lietuvius, lenkus ir rusus. Ar pavyks?" ("An attempt to make mischief between Lithuanians, Poles, and Russians. Will it succeed?"). *Lyrtas.lt* [published online in Lithuanian 31 January 2015]. <http://www.lyrtas.lt/lietuvos-diena/aktualijos/bandoma-supjudyti-lietuvius-lenkus-ir-rusus-ar-pavyks.htm>. Last accessed 27 February 2015.

⁴⁷ Anušauskas is a parliamentary member of the Homeland Union-Lithuanian Christian Democrats (TS-LKD) group in the Seimas, where he sits on the Committee on National Security and Defense.

⁴⁸ The Foreign Intelligence Service of the Russian Federation [Russian: Служба внешней разведки (СВР). Russian transl.: *Sluzhba vneshney razvedki (SVR)*] is Russia's foreign intelligence agency.

⁴⁹ *Ibid.* That being said, the only town with a majority Russian population is Visaginas, a town in northeastern Lithuania near the three-point border with Latvia and Belarus. Visaginas was purposefully-built in the mid-1970s for workers at the Ignalina Nuclear Power Plant on the shores of Lake Visaginas. It was founded as Sniečkus, after Antanas Sniečkus, a former first secretary of the Lithuanian Communist Party. In the 2014 presidential election, a significant majority of Visaginas voters supported the leader of the LLRA, Polish-born candidate Valdemar Tomaševski, instead of the incumbent, Dalia Grybauskaitė, who was reelected.

The People's Republic of Vilnius started a Facebook page that openly talks about the need for 'little green men'⁵⁰ in the Vilnius region. You ask why? In order to protect the interests of Vilnius' Polish minority.⁵¹

According to the *Wileńska Republika Ludowa* Facebook page:

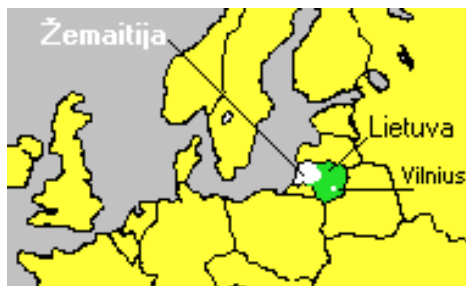
We are not 'Russians'. We are not 'Putin's provocateurs'. We are Polish patriots, and as such, we seek cooperation among Lithuania's Poles, Belarusians, and Russians. We strive to throw off the yoke of the chauvinist Samogitian⁵² government that discriminates against minorities and persecutes them.⁵³

The group's views were quickly eschewed by other Lithuanian Poles such as Edward Trusewicz of the Union of Poles in Lithuania, who dismissed it as a "cheap provocation" and "incitement to ethnic hatred."⁵⁴ Anušauskas demanded Lithuania's Prosecutor General identify the persons

⁵⁰ The term "little green men" is a Ukrainian colloquialism that refers to seemingly professional soldiers in Russia-style combat uniforms with Russian weapons but without identifying insignia. They first appeared during the March 2014 Crimea crisis, during which President Vladimir Putin denied that they were Russian and claimed they were "local self-defense units." A 30 January 2015 post on the *Wileńska Republika Ludowa* Facebook page exemplifies Valiuskevičiūtė's point: "Polskie zielone ludziki działają na rzecz WRL już od 2011 roku" (Polish little green men have been doing the WRL's the work since 2011").

⁵¹ The Vilnius People's Republic (Polish: *Wileńska Republika Ludowa*)

⁵² Samogitia [Lithuanian: *Žemaitija*] is an ethnographic region in northwest Lithuania between Latvia and Russian Kaliningrad.



⁵³ "Прыхільнікі «Віленскай Народнай Рэспублікі» пішуць пра пераслед беларусаў" ("Lithuania: 'Vilnius People's Republic' supporters write about the persecution of Belarusians" Discriminated Poles, Russians, Belarusians' urge to found Vilnius People's Republic"). *Белсам* [published online in Belarusian 3 February 2015]. <http://www.belsat.eu/be/articles/pryhilniki-vilenskaj-narodnaj-respubliki-pishuc-pra-perasled-belarusa/>. Last accessed 28 February 2015. Belsat is a Belarusian state-run satellite television channel. The headline changes (from the original Belarusian and from the Russian-language edition) in Belsat's own English-language translation, which reads "Lithuania: Discriminated Poles, Russians, Belarusians' urge to found Vilnius People's Republic."

⁵⁴ Anna Pawlowska (2015). "Chcą na Wileńszczyźnie "polskich zielonych ludzików". I podszycją się pod legalną organizację" ("They want Polish 'little green men' in Vilnius. I prefer to be a legitimate organization"). *Gazeta Wyborcza* [published online in Polish 2 February 2012]. http://wyborcza.pl/1,75478,17346094,Chca_na_Wilenszczyznie__polskich_zielonych_ludzikow__.html. Last accessed 28 February 2015.

behind the Polish-language Facebook account, alleging "Russia's special services' methods are evident."⁵⁵

An interesting, if distinctly minority, view cautions against succumbing to hybrid war provocations. In a commentary titled "National Minorities Policy," political scientist Kęstutis Girnius wrote, "You should not overstate the importance of disputes with ethnic minorities, nor rush to a judgment that they indicate disloyalty or the hidden hand of Moscow."⁵⁶ Yet of all the alternatives available to address the grievances of its ethnic minorities, "the Lithuanian government has chosen to ignore them." "Actions like revoking authorization for Russian Culture Day in Vilnius," he continued, "allow Moscow propagandists to say that it was done to limit the rights of Russians and to discriminate against them, that Russians are treated as second-class citizens, and that Russians should understand that Lithuania can never become their homeland." While it is true that the Russian language remains an important tool for spreading Russian influence in the Baltic States, Girnius may have a point. Consider how the Lithuanian government's actions were refracted in the recent *Pravda* commentary:

President Grybauskaitė now wants the Lithuanian Parliament to pass a law to criminalize the act of spreading "hostile propaganda and disinformation." In effect, all anti-Dalia public opinions will henceforth be considered to be anti-Lithuanian and subject to criminal prosecution.⁵⁷

Concluding Thoughts: Lithuania & Russian Kaliningrad

Late evening in the Empire
in a destitute province.
-from Joseph Brodsky's *Lithuanian Nocturne*.

The coercive effect of Russian soft power, in Joseph Nye's words, is the ability to manipulate the agenda of political choices.⁵⁸ That being said, to the question of Lithuania's ethnic minorities:

⁵⁵ "Прыхільнікі «Віленскай Народнай Рэспублікі» пішуць пра пераслед беларусаў" ("Lithuania: 'Vilnius People's Republic' supporters write about the persecution of Belarusians" Discriminated Poles, Russians, Belarusians' urge to found Vilnius People's Republic"). *Белсам* [published online in Belarusian 3 February 2015]. <http://www.belsat.eu/be/articles/pryhilniki-vilenskaj-narodnaj-respubliki-pishuc-pra-perasled-belarusa/>. Last accessed 28 February 2015. Belsat is a Belarusian state-run satellite television channel. The headline changes (from the original Belarusian and from the Russian-language edition) in Belsat's own English-language translation, which reads "Lithuania: Discriminated Poles, Russians, Belarusians' urge to found Vilnius People's Republic."

⁵⁶ Kęstutis Girnius (2015). "Tautinių mažumų politika." *Izinios.lt* [published online in Lithuanian 25 June 2014]. <http://Izinios.lt/Izinios/komentarai/tautiniu-mazumu-politika/182425>. Last accessed 3 March 2015. Regarding Moscow's "hidden hand," one Lithuanian media portal described as "pointless"⁵⁶ the 2014 action by Lithuania's Radio and Television Commission to suspend cable television broadcasts of the Russian stations RTR Planeta and NTV Mir on the grounds that they were disseminating enemy propaganda. See: "Draudimų vėzdas visada smogia kitu galu" ("Prohibitions are a two-ended mace"). *Lrytas.lt* [published online in Lithuanian 9 April 2014]. <http://www.lrytas.lt/komentarai/draudimu-vezdas-visada-smogia-kitu-galu.htm>. Last accessed 3 March 2015. The editorial denunciation of the policy begins, "Šiais laikais nėra kvailesnio užsiėmimo, nei ką nors drausti. Nesvarbu, ar užsimojama prieš pornografinius filmus, ar prieš Maskvos propaganda" ("Nowadays, there's nothing more senseless than to ban something. Whether it's pornographic films or Moscow propaganda.").

⁵⁷ *Pravda* (2015), *op cit*.

Russian practices emerge in a context that needs to temper judgments. Much of Russia's influence in the Baltics is inherent, the result of Tsarist and Soviet legacies as much as current policies. Russian diasporas and Russian culture have been part of the social matrix...and the survival of transnational affinities is hardly remarkable.⁵⁹

Even Lenin acknowledged the necessity of demonstrating a minimal amount of conciliation.⁶⁰ The ultimate determiner of whether Lithuania's ethnic Poles and Russians constitute a political wedge may be whether the actions of the Lithuanian government unwittingly conform to Moscow's propaganda narrative.

Encapsulating (albeit unintentionally) Russian exertions to hybridize Lithuanian ethnic minorities as a wedge, Russian publisher Oleg Vavilov proclaimed in 2009, "History is the art of interpretation."⁶¹ Russia, as in the past, purports today to seek security and stability in Europe, if only Russia were granted a sphere of influence. The precise boundaries are negotiable, if the West—and first of all Washington—agree to the Russian interpretation of collective security. A key element in Russia's campaign is the rehabilitation of the 1945 Yalta conference, when Western leaders de facto accepted a Russian sphere of influence in Central and Eastern Europe.⁶² Thus the flurry of references to Yalta, including the existential one directed squarely at Lithuania in the recent *Pravda* commentary, viz., "Had Stalin not persevered at Tehran and Yalta with Churchill and Roosevelt regarding Eastern Europe's post-war borders, the capital of Lithuania still would Kaunas."

The Russian economist Yegor Gaidar wrote in his 2009:

It would be naïve to think that communist regimes simply lost control of the situation and failed to persuade citizens to wait, to be patient [...] For Lithuanians who defended their parliament...their reason for undermining the regime was not a clear cut commitment to building a market economy. They no longer wanted to allow leaders they had not elected and organizations they did not respect to decide their fate.⁶³

⁵⁸ Joseph S. Nye, Jr. (2004). "The Benefits of Soft Power." <http://hbswk.hbs.edu/archive/4290.html>. Last accessed 3 March 2015.

⁵⁹ Agnia Grigas (2012). "Legacies, Coercion and Soft power: Russian Influence in the Baltic States." *Chatham House Briefing Paper* REP RSP BP 2012/04, p. 13. http://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Russia%20and%20Eurasia/0812bp_grigas.pdf. Last accessed 3 March 2015.

⁶⁰ Carole Fink (1984; 1993). *The Genoa Conference: European Diplomacy, 1921-1922*. (Syracuse, NY: Syracuse University Press). p. 55.

⁶¹ Pavel Felgenhauer (2009). "Russian Manipulation of History: 'the Art of Interpretation'." *Eurasia Daily Monitor* 6:161 [published online in English 20 August 2009]. http://www.jamestown.org/programs/edm/single/?tx_ttnews%5Btt_news%5D=35441&cHash=a63224f74d#.VPXtFyIN38t. Last accessed 3 March 2015.

⁶² *Ibid.*

⁶³ Yegor Gaidar (2012). *Russia: A Long View*. (Cambridge: MIT Press), p. 209.

Lithuania has achieved a remarkable transformation to democracy in an extraordinarily brief time. It stands in stark contrast to its Russian neighbor, the Kaliningrad Oblast—to which the Lithuanian government advanced a political claim in the 1990s, calling it "the Russian-occupied area of Lithuania"—which two decades ago was being held out as a "Baltic Hong Kong." The reality, as one commentary notes, is less "economic miracle" than a geopolitically brittle "Potemkin village."⁶⁴

Returning in conclusion to the new Lithuanian civil defense booklet, it reminds Lithuanians that hybrid war uses information and psychological attacks to break citizens' will to resist. Here, Ukraine's experience is instructive:

Where Crimea was concerned, rather than overt intervention, [...] propaganda...and subterfuge were more effective [...] in the tangled, precarious landscape of an empire that had never quite finished breaking up.⁶⁵

So, for the Lithuanian nation and for its citizens, the message is clear: "Remember if you're taken hostage that you only have one goal—to survive."⁶⁶

⁶⁴ Sergey Sukhankin (2014). "A Story of One Unsuccessful 'Island'. Kaliningrad 1991-2010: from 'Baltic Hong Kong' to the Center dependent entity." *Entre el mar Báltico, el mar Negro*. 1 (December 2014), p. 5. http://ddd.uab.cat/pub/tdevorado/tdevorado_a2014v1n1/tdevorado_a2014v1n1p1.pdf. Last accessed 3 March 2015.

⁶⁵ Anna Arutunyan (2015). *The Putin Mystique*. (Northampton, MA: Olive Branch Press), p. 299.

⁶⁶ Republic of Lithuania Ministry of National Defense (2015), *op cit.*, p. 83.

About the Foreign Policy Research Institute

The Foreign Policy Research Institute was founded in Philadelphia in 1955 by Robert Strausz-Hupé on the premise that a nation must think before it acts. Thus, FPRI brings the insights of scholarship to bear on the development of policies that advance US national interests. Strausz-Hupé is credited with introducing “geopolitics” into the American vocabulary with the publication in 1942 of his book *Geopolitics: The Struggle for Space and Power*. Simply put, geopolitics offers a perspective on contemporary international affairs that is anchored in the study of history, geography and culture, or, as FPRI’s James Kurth has put it, in the study of the “realities and mentalities of the localities.” Strausz-Hupé embedded that perspective in FPRI and it remains today our method or, to use the contemporary lingo, our “brand.” With the world in such turmoil, that mission and method have never been more needed than they are today.

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