

THE FUTURE OF RUSSIA

SEMINAR REPORT

A seminar sponsored by the CIC Ottawa Foreign Policy Initiative in collaboration with Carleton University and hosted by Foreign Affairs, Trade and Development Canada
March 19th, 2014

C I C

CANADIAN INTERNATIONAL COUNCIL
CONSEIL INTERNATIONAL DU CANADA

*National Capital Branch
Chapitre de la Capitale nationale*



Carleton
UNIVERSITY

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	3
SEMINAR REPORT.....	4
VLADIMIR PUTIN AND A DISTINCTIVE RUSSIA	4
PUTIN'S ECONOMIC AND POLITICAL PREDICAMENTS	5
CHURCH AND STATE	6
RUSSIA'S FOREIGN POLICY DIRECTIONS.....	7
UKRAINE.....	8
RUSSIA AND THE WEST	8
SEMINAR AGENDA.....	10
CHAIR AND PANELIST BIOGRAPHIES	11
ABOUT THE PARTNERS	13

EXECUTIVE SUMMARY

Immediately after the overthrow of the Ukraine government and Russia's absorption of the Crimea the CIC Ottawa Foreign Policy Initiative, in cooperation with Carleton University, convened a seminar on *The Future of Russia*. The seminar was hosted by Foreign Affairs, Trade and Development Canada. The following are the key points that emerged in the discussion. These do not necessarily reflect a consensus of the participants.

- One view was that President Putin is driven far more by national pride than by economic motivations and that he will withstand the West's economic sanctions by appealing to the populist and nationalist feelings of the Russian people and to their desire for strong leadership.
- An opposing view was that Putin is not impervious to sanctions and, moreover, is politically vulnerable on account of the serious economic difficulties that Russia is encountering.
- Seminar participants also differed over what drives Russian foreign policy, some arguing that it is opportunistic rather than strategic, others contending that policy is guided by clear objectives, the main ones being to make Russia a major player on all important issues and to keep NATO and the EU out of the post-Soviet space.
- Western observers should try to see the world as President Putin sees it. Ukraine evokes a deeply rooted emotional response from Russians. In light of current circumstances, however, relations between Moscow and Kiev are going to be problematic for a long time.
- Russia is an active foreign policy player, by no means isolationist. Putin's antagonism for the West is based on resentment at the way Western leaders have behaved in disregard of their rhetorical professions, his perception of the West's decline and values that are markedly different from those of the West. He is forced, however, to retain ties with the West to offset Russia's dependence on China.
- Along the same lines, Russia will still have to cooperate with western countries on matters of mutual interest. Even at a time of strained relations, Canada, for example, is working closely with Russia on the Arctic Council and on a range of Arctic issues.

SEMINAR REPORT

BACKGROUND

Russia's recent stance towards events in Ukraine, Syria and Iran has made it important to understand the internal forces that are shaping that country and the role it plays on the world stage. Thus, on March 19, 2014, the Canadian International Council (CIC) Ottawa Foreign Policy Initiative (an arm of the CIC's National Capital Branch) convened its eleventh seminar, entitled *The Future of Russia*. The seminar was undertaken in partnership with Carleton University and was hosted by Foreign Affairs, Trade and Development Canada. It engaged policy makers from a range of federal government departments, students and academics in discussion with prominent observers from Canada, Europe, Russia and the United States about recent shifts in Russian domestic and foreign policies. It provided an opportunity for participants to have frank discussions under the Chatham House Rule and think beyond immediate pressing problems.

The seminar took place in the immediate aftermath of a direct challenge to the international order in the form of Russia's absorption of the Crimea. An extended period of political turmoil in Ukraine and a referendum on March 16, 2014, indicating that 95.7% of the Crimean population favoured annexation by Russia, led to President Vladimir Putin's announcement of Crimea's annexation on March 18, 2014. The international community condemned the referendum as illegitimate and Canada, the European Union (EU) and the United States joined other countries in applying economic sanctions to Russia.

VLADIMIR PUTIN AND A DISTINCTIVE RUSSIA

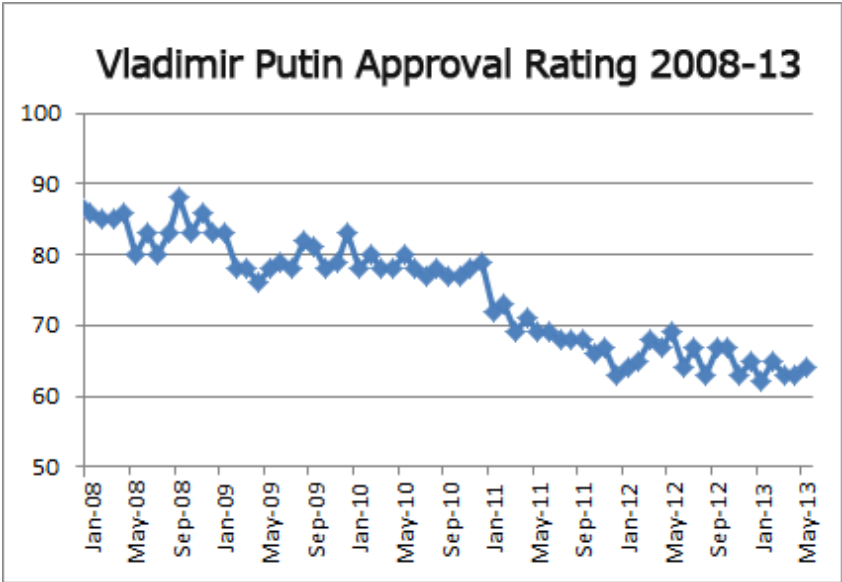
How do we explain the widening gulf between Russia and the West? At the outset of the seminar participants were warned not to think of Russia as an extension of western civilization. Russia is vastly different from a European or North American country, the argument went, and, in many ways, not a modern country at all. The seminar was challenged to create a new narrative about Russia, one that separates it entirely from western models and emphasizes its conservatism and distinctiveness. This is a country imbued with its history, where popular opinion holds that the recent takeover of the Crimea is historically just. This is a country immune to the economic carrots and sticks that western governments often employ to get their way. Above all, this is a country that responds to leadership.

“Russia is no longer part of the Western Civilization.” —
Vladimir PUTIN,
Valdai Club, 2012

With that in mind, the seminar put President Putin under the microscope. Putin may have started out as a liberal but he has put liberalism behind him. His stress on values is a way of unifying the country and of shaping and asserting Russia's moral leadership on the global stage. Intent on having Russia stand apart, he aims to prevent Russian civil society from melding with global civil society. This was reflected in his statement to the Valdai Club¹ last year that Russia is not part of Europe anymore. If the G8 countries enforce economic sanctions to try to change Russian policy that will simply further Putin's project, enabling him to show that the West is an enemy. For Putin weakness is not an option and the economy is much less important than national pride.

PUTIN’S ECONOMIC AND POLITICAL PREDICAMENTS

Contrary opinions were presented, challenging the view that Putin is any different from western leaders in having to be responsive to the economy. Sanctions, it was contended, can be effective and a fall in oil prices will have political consequences. The recent slowdown in the Russian economy has, in fact, confronted Putin with a considerable challenge. While the 2014 Sochi Olympics had a positive effect, the short-term inflow of foreign currency was insufficient to foster sustainable growth. The International Monetary Fund says that Russia's share of the global GDP will decline for the next five years. In regard to how Putin's leadership might be affected by the economy, a 2009 Levada Center² study demonstrates that from the elections in 2009 until May 2013 approval ratings for the Russian president declined from 80% to 60%.



(Source - Mark Adomanis, "Vladimir Putin’s Approval Rating Isn’t Actually Declining," *Forbes.com*)

¹ The Valdai Club gathers international experts to discuss Russia's politics, economy and society and Russia's role in the world. Sessions are held annually, customarily with the participation of President Putin.
² The Levada Center is an independent polling and sociological research organization in Russia.

Though these ratings are high by western standards, they nevertheless indicate that poor economic performance can correlate with public disapproval.³ We should not be surprised by this because, prior to the economic downturn, the population had become used to a good standard of living.

The fall of the ruble could also stimulate opposition to Putin's rule, though a declining ruble benefits the energy sector because Russia is paid for its oil and gas in dollars. The chief problem, however, is investment. Putin cannot escape the impact of the current crisis on investment. Even the Russian government acknowledges that this is of primary importance.

Those who challenged the opinion that President Putin is cast in a different mold from that of western leaders were also unconvinced that he is politically invincible. In fact, he lacks credibility with real nationalists, who might be assumed to form his natural constituency. Surveys have shown that opposition to Putin's rule, especially in late 2011 and to some degree since, has been strongest among those with xenophobic views. The economic slowdown has ignited a debate between neo-statists, who are isolationists, and neo-liberals, who want closer ties to western business. A lot will depend on the course that the economy takes in the near future. Putin's options are narrowing. His United Russia Party is in decline and there are contenders, such as Sergei Shoygu (current minister of defence) and Alexei Kudrin (former minister of finance) waiting in the wings.

Later discussion qualified these two opposed views. Putin should not be described as the collective embodiment of Russian society, it was suggested, because Russian society is not unitary. Russia's future may well be characterized by political pluralism and a contest between different ideological streams: pro- and anti-Eurasian conservatives, nationalist chauvinists, nationalists who are fiercely anti-Putin, and young urban nationalists who disagree with opposition leader Alexei Navalny. Young people in general give promise of a more open society. Another important cleavage is that between large urban centres and rural Russia, the former being more concerned about the future than the latter. In the view of one participant, the Russian economy too is far more diversified than is generally realized.

CHURCH AND STATE

An interesting sidelight on today's Russia was provided by the strong association that has emerged between church and state. It was suggested that the patriarch of the Russian Church occupies a position tantamount to that of vice-president of the Russian Federation. The Russian constitution constrains the government from spreading ideology, a role that the church can

³ Putin's ratings have since risen.

play. Some participants, however, cast doubt on the effectiveness of religion as an instrument for social mobilization. Religious feeling in Russia, they contended, is only skin deep.

RUSSIA'S FOREIGN POLICY DIRECTIONS

How are the internal drivers discussed above going to shape Russia's impact on the world? This is difficult to determine because we still have a poor understanding of how decisions are made in Russia. It can be predicted that the younger generation will change Russia but it will have to come to understand that the Soviet Union collapsed from within, which Russia's current ruling elites do not accept. Another factor influencing foreign policy is that Europe, which buys 45% of Russia's energy exports, will eventually become less dependent on Russian energy. At the moment, however, the United States does not possess the capacity to diminish this dependence by exporting shale gas to Europe.

Participants differed to some degree on the underlying foreign policy orientation of Putin's Russia. One opinion was that Russian foreign policy is opportunistic rather than strategic, reactive rather than pro-active, guided more by instinct than by a vision. Another opinion was that since the Orange Revolution in Ukraine five broad foreign policy objectives had been pursued:

- To occupy a seat at the table when all important issues are decided. In practice, this means that such issues should be decided by the United Nations Security Council where Russia has a veto.
- To keep the North Atlantic Treaty Organization (NATO) and the EU out of the post-Soviet space. Both organizations are now perceived as threats.
- To prevent any more "colour revolutions".
- To make Russian foreign policy serve a small leadership group.
- To use foreign policy to mobilize domestic support by, for example, claiming that the U.S. is trying to undermine Russia's stability.

Putin's immediate focus is on his neighbourhood. There are twenty-five million Russians living in post-Soviet states, including the Baltic. Putin has been pressing his project of Eurasian Union, persuading Armenia not to sign an agreement with the EU and letting Russia's relations with the EU deteriorate.

UKRAINE

Understandably, Ukraine occupied a special place in the discussions. The seminar was urged to view the crisis through Russian eyes. Ukraine and Crimea were described as "primordial" security interests for Russia, profoundly engaging Russia's nationalist identity. The overthrow of President Yanukovich and the installation of a new government was a major setback for Moscow, made worse by the victors in Kiev attacking the Russian language and reviving talk of NATO membership. No president of Russia could have failed to react.

How will Russia and Ukraine get along in the future? Russia will certainly demand Ukraine's neutrality. To make good on its professed intentions Russia should become a security provider for Ukraine and offer an economic model with which Ukraine will want to associate, but neither is a strong prospect at the moment. There are likely to be bad feelings between Moscow and Kiev for a long time. Meanwhile, Russia will incur the real cost of absorbing the Crimea, which will be a long-term stiffening of NATO's spine.

RUSSIA AND THE WEST

The activist foreign policy practiced under Putin belies the notion that Russia is growing more isolationist. Putin has conducted his own "pivot" to Asia, building ties with Japan and Southeast Asia, probably as a hedge against China. He has re-engaged with Egypt and strengthened relations with Israel. Under him Russia has been an active participant in multilateral organizations, such as the G8, the World Trade Organization, the Arctic Council and the Organization for Co-operation and Security in Europe. The problem is that the West does not always like what it hears from Russia. Negotiations on chemical weapons, for example, have not been going well. Russia has presented itself as an alternate model to that of the West, proclaiming the inviolability of sovereignty and non-interference in another state's affairs and rejecting the Responsibility to Protect.

Putin's assertive behaviour contradicts the long-time assumption of liberal thinkers that integration in global networks exercises a constraining influence on states. Seminar participants identified the resentment that is the source of this behaviour. As Putin sees it, he tried closer relations with the EU but ten years of negotiations went nowhere, except to demonstrate that Russia was not wanted. He claims to see no need to play by western rules since the West itself does not play by them, witness the U.S. invasion of Iraq. He perceives that the West is in moral, political and economic decline, and that President Obama is neither strong nor decisive. When Putin allowed Edward Snowden to settle in Moscow he virtually ensured that no progress would be made with the U.S. during the remaining tenure of the Obama administration. He cannot, however, shut the door on the U.S. Paradoxically, China is a major reason for this. China

wants to diversify its sources of energy and raw materials, is interested in some Russian technology, and seeks Russian support in Central Asia and on a global level. If Russia doesn't have ties to the West, and particularly the U.S., it is doomed to be a junior partner to China. Furthermore, it can't be forgotten that many in the Russian economic establishment depend on keeping decent relations with the West.

The seminar took place at a time when many commentators were crediting Vladimir Putin with a major victory, achieved through steely toughness and guile. By contrast with these commentaries, the seminar provided a salutary reminder of the limitations that political necessity imposes on even the most determined and obdurate of leaders. By the same token, in today's international environment it is quite likely that one government will be motivated to partner with another that, on many issues, is of very different mind. This is true of the circumstances in which Russia finds itself in the Arctic, which was the subject of the seminar's concluding discussion. Russia and Canada work together on the Arctic Council. Despite its skills in infrastructure Russia faces long term challenges in developing relevant services and technological innovation for the Arctic. Canadian capacity building in Nunavut could serve as an initial model for industrial and institutional development in the Russian North. More important, Canada could be a model for building a sustainable circumpolar community. If such opportunities for cooperation are seized, Russia will never be able to distance itself totally from countries like Canada even when, as now, the bonds developed at the end of the Cold War are frayed.

ACADEMIC SEMINAR ON THE FUTURE OF RUSSIA

March 19, 2014

Robertson Room, Lester B. Pearson Building, 125 Sussex Drive

*Organized by the National Capital Branch of the Canadian International Council and Carleton University,
in cooperation with Oxford Analytica and DFATD's Policy Research Division*

9:00 – 9:15 Introduction

- **Robert Hage** – Canadian International Council and Senior Fellow at the University of Ottawa Graduate School of Public and International Affairs; former Ambassador to Hungary and former Director General for Europe and for Legal Affairs (Ottawa)

9:15 – 11:00 Russia's domestic situation: the economy, society, and governance

- Moderated by **Piotr Dutkiewicz** - Professor of Political Science; Director of the Center for Governance and Public Policy, Carleton University (Ottawa)
- **Nikolai Zlobin** - President of the Center on Global Interests (Washington, D.C.)
- **Paul Chaisty** - Oxford Analytica Region Head for Russia and CIS and Contributor to the Oxford Analytica Daily Brief; University Lecturer in Russian Government, St. Antony's College, University of Oxford (Oxford)
- Commentary by **Gilles Breton** – Regional Chair, Canada, Eurasia, Russia Business Association; former Minister-Counsellor and Deputy Head of Mission at the Canadian Embassy in Moscow (2008 to 2012); posted to the Canadian Embassy to the Soviet Union during the 1980s (Ottawa)

11:00 – 11:15 Health Break

11:15 – 13:00 Russia's changing geopolitical situation and new foreign policy directions

- Moderated by **Joan DeBardleben** - Chancellor's Professor, Department of Political Science and the Institute of European, Russian, and Eurasian Studies, Carleton University (Ottawa)
- **Andrey Kortunov** - President, New Eurasia Foundation; President of the Information Scholarship Education Center; member of the Educational Board of the Open Society Institute (Moscow)
- **Angela Stent** – Director, Center for Eurasian, Russian and East European Studies, Department of Government, Georgetown University (Washington, D.C.)
- Commentary by **Christopher Westdal** - former Canadian Ambassador to Russia (2003-2006); to the United Nations in Geneva (1999-2003), to Ukraine (1996-1998)(Ottawa)

13:00 – 14:00 Lunch

14:00 – 15:30 Russia's Arctic Policy

- Introduction by **Piotr Dutkiewicz** (see above)
- **Alexander Pelyasov** - Director, Center for Arctic and the Northern Economies, Council for the Study of Productive Forces (Moscow)
- Commentary by **John Higginbotham** - Senior Fellow, Carleton University and the Centre for International Governance Innovation (CIGI), Head CIGI Arctic research project (Ottawa)

15:30 – 15:45 Closing

- **Robert Hage** (see above)

CHAIR AND PANELIST BIOGRAPHIES

Robert Hage is a senior fellow in the Graduate School of Public and International Affairs at the University of Ottawa. He was a Canadian diplomat with the Department of Foreign Affairs and International Trade for 38 years and served as Canada's Ambassador to Hungary and Slovenia, as Director General for Europe and Director General for Legal Affairs. He also served in Canada's Embassies in Washington, Lagos, Paris and as Deputy Head of Mission in the Canadian Mission to the European Union in Brussels. In Ottawa, Mr. Hage was also the Director of four divisions including International Financial and Investment Affairs and relations with the European Union. He was Principal Counsel for the Canada-USA Free Trade Agreement, Counsel on the Environmental Side Agreement to NAFTA and was a representative for Canada at the United Nations Conference on the Law of the Sea. Mr. Hage was born in Calgary, Alberta and received his early education there. He is a graduate of the University of Calgary and obtained law degrees from the University of Toronto (LL.B) and University College London (LL.M) and is called to the Alberta Bar. He also attended the École Nationale d'Administration (ENA) in Paris.

Piotr Dutkiewicz is Professor of Political Science and former Director of the Institute of European, Russian, and Eurasian Studies. He was a Director of four large scale, high visibility projects in Russia funded by the Canadian International Development Agency (on regional development, unemployment insurance, labour market and social policies). He was also a member of a Canadian Official State delegation to Russia in 2003 (led by Gov. General Adrienne Clarkson). In May 2006, he received a doctorate Honoris Causa from the People's Friendship University and in 2007, an Honorary Degree from the Russian Academy of Public Administration in Moscow for "very significant contribution to the development of Canada-Russia relations and quality of research". He was educated at Warsaw University (LLM) and the Russian Academy of Science, Moscow (PhD). He is a member of the Valdai Discussion Club, a group of forty world renowned experts on Russia. In 2009, he received the Russian Federation's Order of Friendship from President Dmitry Medvedev. Professor Dutkiewicz was editor-in-chief of a 21 volume series on "Local and Regional Development in Poland and Eastern Europe" (1986-1989) and editor (or co-editor) of 12 books.

Nikolai Zlobin is President and Founder of the Center on Global Interests in Washington, D.C., and a member of the Valdai Discussion Club. He serves on the editorial boards of several international academic periodicals, and is the Executive Editor of *Demokratizatsiya*. He was previously a Senior Fellow and Director of the Russian and Asian Programs at the World Security Institute in Washington, D.C. He has taught in various American universities and institutions, including the Woodrow Wilson International Center for Scholars, Georgetown, Stanford, and Harvard. He holds a PhD in Public Administration from Moscow State University. Zlobin is the author of numerous books, articles, and essays on politics, history, and global security published in 16 languages and in more than 30 countries. His editorial opinions have appeared in *The New York Times*, *Los Angeles Times*, *International Herald Tribune*, and *The Chicago Tribune* among other publications.

Paul Chaisty is Oxford Analytica Region Head for Russia and CIS and Contributor to the Oxford Analytica Daily Brief. He is also a lecturer in Russian Government at Oxford University. He joined the School of Interdisciplinary Area Studies (SIAS) in 2005 after a three-year appointment in Politics at Pembroke College, Oxford. He holds a joint post with the Department of Politics and International Relations. He was previously a British Academy Postdoctoral Research Fellow at Oxford, and has taught at the Universities of Leeds, York, East London, Royal Holloway and Essex.

Gilles Breton is Chairman of Canada, Eurasia, Russia Business Association located in Montréal. He has recently retired from a very active career with the Canadian government, Foreign Affairs and the Organization for Security and Co-operation in Europe (OSCE). He held the position of Minister-Counsellor and Deputy Head of Mission at the Canadian Embassy in Moscow from 2008 to 2012. He held other positions at the Embassy in Moscow since 2000. From 1994 to 1997, he was Deputy Director of the OSCE Office for Democratic Institutions and Human Rights, based in Warsaw, Poland. In 1992-1994, he was Senior Advisor at the Ministry of Indian and Northern Affairs of Canada. Mr. Breton also worked at the Canadian Embassy to the Soviet Union during the '80s.

Joan DeBardeleben is Chancellor's Professor in the Department of Political Science and Associate Director (former Director) of the Institute of European, Russian, and Eurasian Studies (EURUS) at Carleton University, where she also holds the Jean Monnet Chair in the EU's Eastern Neighbourhood Relations. She is also Director of the Centre for European Studies (Carleton's European Union Centre of Excellence), and Director of the Canada-Europe Transatlantic Dialogue, a major Canada-Europe research network funded by the Social Science and Humanities Research Council of Canada (SSHRC).

Angela Stent is Director of the Center for Eurasian, Russian and East European Studies and Professor of Government and Foreign Service at Georgetown University. She is also a Senior Fellow at the Brookings Institution and co-chairs its Hewett Forum on Post-Soviet Affairs. She is a member of the Council on Foreign Relations. In the past, she served at the State Department's Office of Policy Planning and at the National Intelligence Council. She is a member of the senior advisory panel for NATO's Supreme Allied Commander in Europe. In addition, she has served on the World Economic Forum's Global Agenda Council for Russia and Central Asia. She holds a PhD in in Government from Harvard University.

Andrey Kortunov is the president of the New Eurasia Foundation in Moscow, Russia. He is also Director General of the Russian International Affairs Council and president of the Information Scholarship Education Center (ISE). Kortunov is a member of numerous boards including the Educational Board of the Open Society Institute; the Russian State Library for Foreign Literature, Russian Association of Regional Studies, the Association of Regional Library Consortia; and the International Institute for Strategic Studies. He is also a member of the board of directors of the Moscow Center of the Carnegie Endowment for International Peace and the Pushkin Library Foundation. Andrei Kortunov holds a degree in history from the Moscow State College of International Relations and pursued postgraduate studies at the Institute for the U.S. and Canadian Studies, where he served until recently as deputy director and head of the Foreign Policy Department.

Christopher Westdal served as the Canadian Ambassador to Russia from 2003 to 2006. Mr. Westdal served as Canadian Ambassador to the United Nations in Geneva from 1999 to 2003; Ukraine from 1995 to 1998; South Africa from 1991 to 1993 and Bangladesh & Burma from 1982 to 1985. Mr. Westdal's assignments abroad included India and Nepal from 1973 to 1975, responsible for Canadian International Development Agency from 1970 to 1973, as a Member of University of Toronto Economic Advisory Team. In Ottawa, he served as Director General of the Foreign Ministry's International Organizations Bureau from 1987 to 1991, an Assistant Secretary at the Privy Council Office to the Cabinet Committee on Foreign Policy and Defence from 1976 to 1978 and 1985 to 1987, and CIDA Regional Director of East Africa from 1978 to 1982. Mr. Westdal holds a Bachelor of Arts degree from St. Johns College and a Master in Business Administration from the University of Manitoba.

Alexander Pelyasov is Director of the Center for Arctic and Northern Economies in Moscow in the Council for the Study of Productive Forces. He is Professor at the State Polar Academy, member of the Russian Expert Council on the Arctic and Antarctic under the Council of Federation. He is the head of the Russian section of the European Regional Science Association and the chief scientific secretary of the 54th European Congress of the World Regional Science Association in St. Petersburg (www.ersastpetersburg2014.org). He has a PhD in Economic Geography (1987) from Leningrad State University. Since 1998, he is a Professor in Economics and Management in Magadan State University (1998). In the past, he acted as the Chair of Office of Economic Policy as well as the Arctic Department under the Federal State Committee for the North.

ABOUT THE PARTNERS



The objective of the CIC Ottawa Foreign Policy Initiative, a component of the CIC's National Capital Branch, is to engage government decision makers in a dialogue on important foreign policy issues with outside experts from Ottawa and beyond. This is accomplished chiefly through private seminars, public seminars and periodic conferences. The Initiative is supported by a grant from the International Development Research Centre and receives guidance from an advisory council chaired by Mel Cappe, former Clerk of the Privy Council.



Carleton
UNIVERSITY

Canada's Capital University, Carleton University is a dynamic research and teaching institution dedicated to achieving the highest standards of scholarship.