



**CARNEGIE**  
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# **ILLUSIONS VS REALITY**

**Twenty-Five Years of U.S. Policy  
Toward Russia, Ukraine, and Eurasia**

**Eugene Rumer, Richard Sokolsky,  
Paul Stronski, and Andrew S. Weiss**

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## Summary

The U.S.-Russian relationship is broken, and it cannot be repaired quickly or easily. Improved personal ties between President Donald Trump and President Vladimir Putin may be useful, but they are not enough. The Trump administration needs to temper expectations about breakthroughs or grand bargains with Moscow. Instead, the focus should be on managing a volatile relationship with an increasingly emboldened and unpredictable Russian leadership. The real test for any sustainable approach will be whether it advances U.S. interests and values, especially in the wake of Moscow's reckless meddling in the November presidential election.

### Key Themes

- The breakdown in U.S.-Russian relations is a product of long-standing disagreements about the fundamentals of each country's national security interests and policies.
- The Kremlin's political legitimacy is increasingly predicated on stoking fears of external threats and anti-Americanism.
- Moscow's relationship with its neighbors will be inherently unstable due to persistent Russian attempts to dominate their political and economic orientation, and a yawning power and wealth differential.
- Better U.S.-Russian relations are impossible without a major course correction by either or both sides. It is unlikely that Putin will compromise on core Russian interests. Thus, unless Trump is prepared to cave on U.S. principles and interests, relations will remain largely competitive and adversarial.

### Policy Recommendations

Four principles should guide U.S. policy toward Russia and its neighbors:

**The United States' commitment to defend its NATO allies will remain unconditional and ironclad.** America should fully implement the measures it has announced to bolster deterrence and to defend NATO's eastern flank.

**The United States and its allies will defend the norms that underpin European security.** These include the Paris Charter for a New Europe and the Helsinki Final Act.

**The United States will continue its strong support for Ukraine.** Halting the conflict in Donbas, deterring further Russian aggression, and supporting Ukraine's domestic reforms will be top priorities for U.S.-EU diplomacy.

**Engagement with Russia will not come at the expense of the rights and interests of Russia's neighbors.** The United States must recognize, however, the limits on its capacity to promote democracy and human rights in this region.

The following problem areas should be addressed without delay:

- signaling to Russia that its interference in the domestic politics of the United States or its allies is unacceptable and will be met with a strong response;
- reducing the risk of an accidental or unintended NATO-Russian military confrontation;
- achieving a durable, verifiable ceasefire in eastern Ukraine; and
- working together on Iran and other countries of proliferation concern to keep WMD and nuclear materials out of the hands of terrorists and dangerous regimes.

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## Introduction

Turbulent events over the past year have compounded the already difficult problem of fashioning a sustainable long-term U.S. policy toward Russia, Eurasia, and Ukraine. The unprecedented presidential campaign in the United States, the British vote to leave the European Union (EU), and the rise of nationalist, populist, and antiglobalization forces elsewhere in Europe have formed a very different strategic landscape from the one that then U.S. president Barack Obama inherited eight years ago. The new U.S. administration will confront an exceedingly complex set of challenges. These include a global rebalancing of economic, political, and military power; a vast region in turmoil from North Africa to China's western border; and uncertainty about the most important U.S. relationships with allies and partners in Europe and Asia. More fundamentally, the liberal international order that the United States and its European allies have upheld since the end of World War II is in danger of unraveling, and there is mounting concern that the United States may abandon its commitment to preserving this order.

Russia looms especially large on this landscape, and the task of formulating a sustainable policy toward Russia has risen to the top of the national security agenda for the new U.S. administration. But the attention devoted to Russia by leaders on both sides of the Atlantic should not obscure the fact that Russia is not the principal challenge facing the United States and its allies. Any long-term U.S. policy framework must assess how the U.S. relationship with Russia represents only a subset of the broader global challenges posed by forces of national fragmentation and division; the rise of other centers of power and nonstate actors; the problems emanating from a broken, an angry, and a dysfunctional Middle East; the growing political appeal of populism and nativism; and sweeping technological changes.

The West's relationship with Russia is and for the foreseeable future likely to remain largely competitive and oftentimes adversarial. But Russia is not the cause of the turmoil in the Islamic world, of the tensions between the United States and China, or of the crisis in the European Union. It may seek to capitalize on these developments or aggravate them, but Russia is not their driver or root cause. Solving the West's Russia problem will not solve the numerous strategic challenges it needs to confront. At the same time, Russia can be part of the solution, and a more constructive U.S.-Russian relationship could help to produce better outcomes. But it cannot be the solution or an end in itself.

With that caveat in mind, it is hard to challenge the proposition that the rise of a more assertive Russia and the collapse of the post–Cold War security order in Europe in the wake of the Ukraine crisis have far-reaching implications for U.S. national security interests and those of its allies and partners around the world. In Ukraine, the Kremlin mounted the first land grab since World War II and launched a bloody, covert war that shows no signs of ending any time soon. Russian military intervention in Syria has prevented the collapse of the Bashar al-Assad regime and seriously constrained the options of the United States and its partners to influence the future direction of the conflict. The Kremlin’s unprecedented meddling in the 2016 U.S. presidential election via a multifaceted cyber and information operations campaign highlights the difficulty of establishing new norms for cyberspace. Meanwhile, the Kremlin’s reliance on anti-Americanism and unrelenting crushing of internal dissent continues.

As disturbing as these developments have been to Western audiences, U.S. policymakers cannot lose sight of America’s strengths and advantages. Without downplaying the dangers inherent in the Kremlin’s risk-taking brand of foreign policy, there can be no mistaking the long-term weakness of the hand that Vladimir Putin’s Russia is playing. In the coming decades, Moscow will face political, economic, demographic, security, and geopolitical problems that can hardly be wished away or swept under the rug.

But bearing in mind what John Maynard Keynes said about the long run, it is essential to take a cold, hard look at the near-term challenges that an emboldened Russian regime represents for U.S. interests as well as the poten-

tial areas that still exist for cooperation. Any appraisal will reveal that Russia, far from being just a regional power, to paraphrase Obama, figures prominently in numerous important issues and parts of the world.<sup>1</sup> That will not change. Even if Russia were a declining power, history teaches us that such states can be extremely disruptive and do considerable damage as they descend. And if there is

one thing known about Putin, he is a remarkable opportunist, capable of forcing the outside world to reckon with him—usually on his terms.

In recent years, discussion of U.S. policy options toward Russia has focused heavily on creating the right combination of pushback and containment. Such ideas enjoyed great appeal in the days before President Donald Trump’s upset victory. Notwithstanding the remarkable change in tone by the new administration, there is a need for abundant caution in dealing with Moscow, given the downside risks of stumbling into a possible direct confrontation. Putin has repeatedly demonstrated his willingness to escalate disputes with the West in dangerous and irresponsible ways in order to throw his adversaries off-balance. The risk of a collision or military incident involving Russia has reached unacceptably high levels in recent months. By the same token, Russia’s resilience in

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the face of domestic challenges, economic sanctions, and international pressure over the past three years has confounded U.S. and EU policymakers.

These realities point to the necessity of carefully managing differences with the Russian regime—and standing firmly when U.S. vital interests are threatened. Steadiness and deliberation, therefore, must be at a premium, given that abrupt shifts in U.S. policy toward Russia and the broader Eurasia region could have a lasting negative impact on the fragile transatlantic relationship, contribute to the chaos in the Middle East, and erode the global preeminence of the United States and the durability of the international order that greatly benefits American security and economic prosperity.

Absent an abrupt change in the fundamentals underlying U.S. policy toward Russia or Russia's policy toward the United States, it will be all the more daunting to create a productive relationship with Moscow in the coming years; this is due in no small measure to the lingering effects of a destabilizing crisis that has wiped out fundamental aspects of the post-Cold War security order and, along with it, any semblance of trust on either side. At the same time, it would be naive and irresponsible for any U.S. administration to try to close its eyes to the Russian regime's responsibility for a costly, pointless war in Ukraine; its ongoing crackdown on civil society and other vulnerable groups; and its brazen attempts to subvert the democratic institutions and the integrity and sources of information that are at the heart of the liberal international order.

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## The Boom-and-Bust Cycle of U.S.-Russian Relations

Since 1991, the relationship between the United States and Russia has alternated between high expectations and bitter disappointments. The Obama administration's experience of dealing with Russia fit the pattern established by its predecessors over the course of the previous two decades.

Elements of the boom-and-bust cycle in bilateral relations between Moscow and Washington became visible in the final years of the Soviet Union. The rapid thaw in relations between the two Cold War adversaries and political change in the Soviet Union and Eastern Europe in the late 1980s gave rise to hopes for a new U.S.-Soviet partnership to serve the interests of global peace, stability, and security.<sup>2</sup> Those hopes were quickly dashed as the Soviet Union unraveled, and the United States was left with the task of bailing it out rather than relying on it as a partner in building the new order.

Then U.S. president Bill Clinton inherited a relationship with a Russia in the throes of a seemingly never-ending political and economic crisis, a relationship that fell well short of its potential, even as support for Russia's democratic

and market reforms became one of the top priorities for the Clinton administration's foreign policy. The West's partnership with Russian reform was not merely an act of charity. A stable, democratic, and capitalist Russia would become a reliable partner to the United States and its allies. Moreover, restoring stability in Russia was essential for carefully managing the safe disposition of the Soviet Union's nuclear legacy, which was scattered across several newly independent former Soviet republics. Securing and consolidating that deadly arsenal in a stable Russia under responsible leadership and avoiding a violent, Yugoslavia-style breakup were vital to U.S. national security interests. Thus, Russian reform became a top-tier U.S. security interest.<sup>3</sup>

In 1993, at the first summit meeting between presidents Bill Clinton and Boris Yeltsin in Vancouver, the United States committed to assist Russian reform across a wide range of areas.<sup>4</sup> A U.S.-Russian partnership was launched as the two presidents "declared their firm commitment to a dynamic and effective U.S.-Russian partnership that strengthens international stability."<sup>5</sup>

In retrospect, the relationship launched at Vancouver proved largely disappointing to the Russian side. The United States and other international donors may have delivered billions of dollars in foreign aid and technical assistance at a time when Russia was running on empty, but the promised benefits of rapid price liberalization and privatization came only after many years of severe economic hardship. In the security realm, the United States made it possible for Russia to consolidate and secure the Soviet Union's nuclear arsenal—a complex and costly task that likely would have been beyond the reach of the struggling Russian state. The United States benefited, too—the threat of nuclear proliferation from the remnants of the Soviet state was largely averted.

But the relationship proved far from smooth and nearly from the very beginning was punctuated by a series of disagreements—over Russia's heavy-handed treatment of neighboring states like Georgia and Moldova; the North Atlantic Treaty Organization's (NATO) enlargement; NATO's interventions in Bosnia and Kosovo; Russia's war in Chechnya; concerns in the United States about Russian neo-imperialist tendencies; and fears in Moscow of U.S. encroachment on the sphere of interests Russia claimed around its periphery. The relationship owed much to the personal chemistry between Clinton and Yeltsin and their ability to smooth over disagreements during personal meetings. However, as frictions accumulated and mutual frustrations grew, personal chemistry proved insufficient to keep the relationship from deteriorating.

For Russia, which opposed NATO's intervention in Kosovo, U.S. leadership of that campaign signaled that America was prepared to act unilaterally to advance its vision of order in the Balkans and disregard Moscow's concerns and objections. Moreover, for the national security establishment in the greatly weakened and diminished great power, the intervention in Kosovo raised the specter of potential U.S. intervention not only in the Balkans but also *inside* Russia.<sup>6</sup>

U.S. attitudes toward Russia had changed by the late 1990s in large measure as a result of the brutal campaign waged by the Russian government to restore its control over the breakaway province of Chechnya. The Russian government was widely criticized for its indiscriminate tactics in that war and the widespread violations of human rights. Hardly any voices in the United States called for a direct intervention in Chechnya similar to the U.S. intervention in Kosovo, but that did little to alleviate Moscow's concerns about its vulnerability in the face of America's unchallenged dominance on the world stage.

The resignation of Boris Yeltsin at the end of 1999 deprived the deteriorating relationship of an essential element—the personal Yeltsin-Clinton chemistry that had steadied it during much of the 1990s. The rise of Vladimir Putin with his KGB credentials marked the beginning of a new chapter in the bilateral relationship between Moscow and Washington, which at the end of Bill Clinton's term in office had fallen far short of achieving the goals set forth in Vancouver eight years earlier.

The administration of then president George W. Bush thus inherited a damaged relationship with Russia. Despite some initial misgivings, it launched its own reset with Moscow in 2001—an initiative that was precipitated by the tragic events of September 11, 2001, and the urgent requirement to build an international coalition for the War on Terror. The appeal to join this war struck a responsive chord in the Kremlin, which had long maintained that its own war in Chechnya was part of the global antiterrorist struggle.<sup>7</sup> U.S. officials had muted their criticism of the war in Chechnya and, as in the previous decade, the U.S. and Russian presidents established a personal bond,<sup>8</sup> and once again a U.S.-Russian partnership animated the bilateral agenda.<sup>9</sup>

Notwithstanding such progress, the relationship soon suffered from renewed disagreements. The list of mutual complaints included some familiar themes: Russian criticism of the war in Iraq launched by the United States, without Moscow's consent or the approval of the UN Security Council; opposition to further NATO enlargement; concerns about U.S. missile defense plans, exacerbated by America's abrogation of the Anti-Ballistic Missile Treaty; and U.S. support for the "color" revolutions in Ukraine, Georgia, and Kyrgyzstan. The United States, for its part, was critical of Putin's retreat from democracy and Russian hardball tactics in dealing with its weaker neighbors. As many elements of the desired partnership—energy, trade and investment, and World Trade Organization accession for Russia—failed to materialize, the irritants outweighed the benefits, even if the personal ties between Bush and Putin provided the essential ballast for the relationship.

The break, which no personal relationship between the two leaders could overcome, occurred when Russian troops crushed the tiny Georgian military in August 2008. Russian tanks smashed not only Georgian forces but also the remaining hopes for partnership between Washington and Moscow.<sup>10</sup> Washington branded Moscow an aggressor whose actions had grossly violated



the founding principles of the post–Cold War European order. The relationship between the United States and Russia reached a new post–Cold War low.

This was the legacy inherited by the Obama administration in 2009. With relations between Washington and Moscow in tatters, U.S. policymakers felt the ripple effects in a number of collateral areas—for example, the U.S. pursuit of comprehensive sanctions on Iran to stop its nuclear program; in the conduct of the war in Afghanistan, where the task of supplying U.S. and coalition troops demanded alternatives to routes through Pakistan; and in nuclear disarmament, which Obama singled out as one of his priorities.

There was also a new president in Russia—Dmitry Medvedev, a younger and seemingly more progressive leader than Putin—whose public acknowledgment of the need to modernize Russia held out hope for a new course in Russian domestic politics and foreign policy. To test the new Russian leader and restore a measure of cooperation with Russia in key areas of interest to the United States, the Obama administration attempted to reset the relationship with Russia. Once again, personal chemistry between the two presidents proved essential to thawing the relationship and moving the two governments to resume cooperation in several key areas. The early results—the signing of the New Strategic Arms Reduction Treaty (START), the establishment of the Northern Distribution Network, the cancellation of the sale of the S-300 air defense system to Iran, the imposition of new UN Security Council–mandated sanctions on Iran, the accession of Russia to the World Trade Organization—rekindled hopes for a new and lasting partnership.

However, the relationship continued to suffer from numerous irritants: U.S. criticism of Russia’s democracy deficit and human rights violations; congressional moves to impose sanctions on Russian officials connected with the death of Russian lawyer Sergey Magnitsky; disagreements over plans for U.S. missile defense deployment in Europe; Russian criticism of NATO’s intervention in Libya; Russian resentment of perceived U.S. intervention in Russian domestic politics; pressure on former Soviet states to curb their relationship with Western economic and security structures; and disagreements over Syria’s future.

The turning point occurred in late 2011 and early 2012, when Vladimir Putin decided to reclaim the presidency from Medvedev. Large-scale protests erupted in Moscow and other major cities in the aftermath of that switch and amid allegations of vote rigging in the December 2011 Duma election.<sup>11</sup> American officials were perceived in Moscow as capitalizing on the election dispute to encourage unrest, feeding suspicions in Russia that Washington was opposed to Putin’s return to the presidency. The latter development left the bilateral relationship without a critical ingredient—a strong personal bond between the U.S. president and his Russian counterpart. The political crack-down that followed Putin’s re-election and the criticism it triggered from the United States accelerated the cooling trend in the relationship.

The final break occurred with the crisis in Ukraine. The Ukrainian Maidan revolution pitted the United States and Russia against each other, with Washington expressing support for the antigovernment protesters clamoring for closer ties with the West and Moscow backing the pro-Russian government. The chain of events that followed, culminating in the fall of the Viktor Yanukovich government in Kyiv, the annexation of Crimea by Russia, and Moscow's undeclared war in eastern Ukraine, dealt a severe blow to the entire post-Cold War European security order and brought the bilateral U.S.-Russian relationship to its lowest point since some of the coldest days of the Cold War.

The experience of the three post-Cold War U.S. presidencies—Bill Clinton, George W. Bush, and Barack Obama—highlights some of the persistent trends in bilateral relations between Washington and Moscow. These include: (1) inflated expectations at the outset of each new U.S. presidential term; (2) the critical and irreplaceable role of personal ties between U.S. and Russian presidents; and (3) the enduring potency of long-term irritants in the relationship—for example, human rights and democracy, the nature of U.S. and Russian relations with Russia's neighbors, and U.S. use of military force to topple regimes despite Russian objections.

The Trump administration has inherited a relationship at its lowest nadir in many decades. Although it will have to tackle some new and extremely complicated issues arising from recent events—Russian meddling during the 2016 presidential campaign and the impasse over Syria—the underlying challenges to better relations between the United States and Russia will not change. The Trump administration's approach to issues of democratic governance, relations between Russia and its neighbors and U.S. ties to those neighbors, and the United States' unilateral use of force will be pivotal to the quality and direction of U.S.-Russian relations.

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## Russian Realities

Is Russia an authoritarian regime? An oligarchy? An illiberal democracy? More than a quarter century after the infamous Article VI of the Soviet constitution, which guaranteed the Communist Party's monopoly on power, was repealed, Russia's political system eludes an easy characterization: it is much easier to say what it is *not*, than what it is. It is not a democracy.<sup>12</sup> Although it has many features of a rigid, closed, and controlled political system, it is not a totalitarian regime. Many aspects of the modern political system in Russia have their roots in Soviet and Russian history. At the same time, Russian society has embraced many aspects of life in the twenty-first century that invite comparisons with many other countries in Europe and Asia with decidedly different political systems and cultures.

The easiest definition of modern-day Russia is that it is a society and political system in transition. It left its communist, totalitarian system behind in the twentieth century. However, it is not clear what it is transitioning to—a more open and democratic political system, an autocracy with a market economy, or some hybrid form yet to be defined. The direction and speed of this transition is uncertain, and just as with the breakup of the Soviet Union, it could result in a sudden and unforeseen change, or it could remain frozen for years or even decades.

### **Domestic Politics**

Amid this uncertainty, there is little dispute that power in Russia resides in the executive branch, overwhelmingly at the expense of the legislature and the judiciary. These are not equal branches of the Russian government. The presidency is the dominant institution; much like the czar in pre-1917 Russia, it towers above the cabinet, the Duma, and the courts. The president has the authority, given to him by the constitution, to rule by decree, bypassing the legislature. The prime minister and the cabinet have no standing independent of the president and take their guidance from him. The head of state is also effectively the head of government.

The transition from Boris Yeltsin to Vladimir Putin at the turn of the century demonstrated the importance of personalities in Russian politics and the flawed nature of a system that leaves so much at the mercy of individuals. Boris Yeltsin's confrontation with parliament in 1993 paved the way for the new constitution's unequal treatment of the executive and the legislative branches, empowering the former at the expense of the latter. Yeltsin's relatively tolerant attitude toward the opposition had left room for the Duma to obstruct his policies throughout much of the 1990s. Putin's decidedly less tolerant attitude toward the opposition eventually transformed the Duma into a docile institution ready to rubber stamp the Kremlin's legislative initiatives with few, if any, checks and balances.

The power of the presidency extends well beyond the confines of the federal government, into Russia's regional governments. The status of regional governors has been changed several times since 1991, alternating between elected and appointed officials. In the most recent iteration, they have become once again effectively presidential appointees, thus reaffirming the president's authority to govern at the regional as well as the federal level.

The country's parliament—the Duma—has long lost its ability to function as an independent branch of the Russian government. Nominally home to several opposition parties, it lost all traces of independence quite early during Putin's tenure. The most recent parliamentary election conducted in September 2016 resulted in Putin's United Russia party gaining more than 70 percent of the seats. The victory gave the party a constitutional majority, enabling it to change the constitution without consulting the few token

opposition parties—the Communists, the so-called Liberal-Democrats, and A Just Russia. None of the political parties likely to challenge the Kremlin’s policies is represented in the Duma.<sup>13</sup>

There is still genuine political opposition to the Putin government in Russia, but it has been marginalized and denied a voice in the domestic arena. The series of legislative measures adopted by the Russian government in the aftermath of the mass protests in Moscow in 2011–2012 have severely restricted the ability of the opposition to mobilize its potential electorate, to stage protests, and to reach out to the Russian people through the mass media. Some, like the famous anticorruption campaigner Alexey Navalny, have been placed under house arrest; others have been threatened with court action or physical violence by pro-government vigilantes or have chosen to go into exile. In addition to the lack of access to state-controlled television and serious administrative obstacles that prevent entry into the political arena, Russia’s few remaining independent movements and parties are beset by internal rivalries and are seemingly incapable of forging a common platform.

On several recent occasions, some segments of the Russian public have launched protests against government actions—largely involving economic grievances or local issues. Russian truck drivers have attempted to organize large-scale protests against new government-imposed tariffs; residents of a Moscow city district have protested actions of local authorities that would deny them access to a local park; pensioners, healthcare workers, and teachers in several Russian cities have protested declining socioeconomic conditions.<sup>14</sup> However, the government has taken swift action to defuse these local crises and prevent them from growing into large-scale protests.

Putin himself has come under criticism from reactionary right-wing elements for allegedly not being sufficiently hardline in domestic policies and for his lukewarm support of the Russian-inspired separatist movement in eastern Ukraine. The right wing, however, is not a new challenge for the Kremlin. When its own plans called for it, the government has mobilized and financed such groups. This was the case with the undeclared war in Ukraine, which was launched and conducted with critical participation by Russian nationalists and members of military veteran and radical organizations. The Kremlin has a long record of using right-wing, nationalist movements when it suits its purposes, as evidenced by its manipulation of the Rodina party in the 2003 Duma election, the use of the Nashi movement in the 2000s, and the appointment of separatist leaders in Crimea and eastern Ukraine, such as Igor Strelkov and the recently assassinated Arsen Pavlov (better known by his nom de guerre, Motorola).<sup>15</sup>

The weakened state of the domestic political opposition and the Kremlin’s monopoly on political power in the country, ironically, leave it facing an uncertain political future. Its dominant political position, demonstrated forcefully

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in the results of the September 2016 Duma election, has left it with few, if any, transmission belts to society at large.<sup>16</sup> The Duma election, which recorded a turnout of below 50 percent and was conducted by the country's political elite in accordance with its own preferences, can hardly be described as a reliable reflection of the mood of the Russian public. (Turnout in major cities like Moscow and St. Petersburg was even lower at 35 percent and 33 percent, respectively.) As Russian domestic politics increasingly become an intra-elite

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**The weakened state of the domestic political opposition and the Kremlin's monopoly on political power in the country, ironically, leave it facing an uncertain political future.**

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affair, the elite's ability to anticipate, let alone respond to challenges to its power and authority from below, is likely to suffer. Thus, the tendency toward Soviet-style conformism, political consolidation, and concentration of power and authority in the hands of the small Kremlin elite could over time undermine its ability to respond to domestic challenges, which could emerge with little warning. (The 1962 killing of twenty-six working class protesters in

Novocherkassk is an important illustration of how the actions of regional governments can destabilize the central government.)

One of the biggest challenges facing the ruling Russian elite is the lack of an ideological foundation on which it can rely for domestic political mobilization. In the wake of the Soviet Union's collapse and the demise of the official Communist ideology, the new Russian government had initially embraced democratic pluralism and capitalism as its guiding principles. The traumatic experience of the 1990s had undermined both in the eyes of the Russian public, and when Putin took over the reins of power from Yelstin, he sought to distance himself from the market-democratic experiment of the 1990s. Instead, the Kremlin sought to develop coherent concepts that would combine its own authoritarian preferences with elements of democratic governance and the Russian historical tradition of a strong executive.

The Kremlin's reluctance for a long time to abandon entirely the remnants of the democratic legacy of the 1990s can probably be attributed largely to its desire to sustain its engagement with the West, which required maintaining some semblance of democratic governance. In addition, the Putin regime has consistently focused on shoring up the sources of its legitimacy. There also were segments of Russian society that held out hopes for a more representative government and for broader political liberalization, as demonstrated by the mass protests of 2012. These hopes were crushed with the start of Putin's third presidential term in 2012, which also marked a major turning point in Russia's relations with the West and an equally significant ideological shift. The break with the West, culminating in the Ukraine crisis, was not only a foreign policy matter. The Kremlin's declaration at the time that "Russia is not Europe,"<sup>17</sup> and the October 2014 assertion by its chief political strategist Vyacheslav Volodin that "If there is no Putin, there is no Russia,"<sup>18</sup> marked the final rejection of Western liberal ideology.

The Kremlin has since struggled, however, to come up with a substitute ideology. The most obvious candidate is Russian nationalism, which has already been used by Putin on a number of occasions. However, the Kremlin has never been fully comfortable with Russian nationalism in the past: Russia remains a multinational state, and the Kremlin's unconditional embrace of Russian nationalism as its ruling ideology would carry with it the danger of a backlash from the country's many ethnic minorities. (Elites in the countries that emerged from the Soviet collapse would also be quite wary of any such moves.) The Kremlin is no doubt mindful of the experience of the USSR in the 1980s, when the revival of nationalism across the Soviet Union's constituent republics led to its dissolution; another painful reminder came in the 1990s, when the Russian government fought the separatists in Chechnya and struggled to restore its power and authority in other parts of the federation, which were less militant but nonetheless eager to assert their autonomy from Moscow. The search for a new ideological foundation is no doubt one of the Kremlin's top priorities as it prepares for the presidential election of 2018 and—most likely—another six-year term for Putin at the helm.

Notwithstanding several weak points in the Kremlin's domestic political circumstances—notably the lack of a guiding ideology and the disconnect between grassroots and elite politics—its position appears to be quite strong. The Kremlin faces no organized political opposition. It has a vast and reportedly well funded, well equipped, and loyal security apparatus. It has the support of an elite that is beholden to the Kremlin and dependent on it for economic benefits—and this loyalty is reinforced by a particularly close relationship between political power and property in Russia, where proximity to the Kremlin has long been essential to the country's oligarchs' ability to hold property and to operate.

Several other factors contribute to the Putin regime's stability. Russia's open borders make it possible for those who are not content with the status quo to leave the country. The availability of consumer goods and the ability to travel abroad for those who can afford it provide additional safety valves for what otherwise would have been pressures for change. The free flow of information through the Internet and access to global culture, including literature, cinema, and other forms of art, allow the Russian intelligentsia a great deal of personal freedom and provide ample opportunities for distraction and the pursuit of interests other than politics. Ample freedom for artistic expression and the rich cultural life in major metropolitan centers create additional outlets for channeling the energies of the most dynamic segments of the population.

For the majority of the population, television remains the essential source of information. The Kremlin's control of that medium is arguably the most important tool at its disposal, enabling it to exercise control over the population and channel its discontent away from the regime's vulnerabilities toward

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**The Kremlin faces no organized political opposition.**

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safe areas that contribute to political consolidation around the regime. The Kremlin's sprawling propaganda apparatus constantly parades alleged threats before its vast and largely passive audience—for example, Western subversive organizations seeking to destabilize Russia under the guise of promoting democracy, Western-funded nongovernment organizations and LGBT groups that are purportedly inimical to traditional Russian values and culture, fascist groups and neo-Nazis in Ukraine, devious Western leaders such as Hillary Clinton and Barack Obama, and the deployment of NATO troops and weapons near Russian borders.

A quarter century after the breakup of the Soviet Union, Russia is ruled by a well-established authoritarian regime that is proving quite resilient. Its longevity cannot be predicted with confidence, as Russia's trajectory over the past several decades has defied all prognostications. However, the regime faces no visible opposition either from the population at large or from the elite. In the absence of an organized grassroots opposition movement, the elite, rather than the population at large, appears more likely to be the source of any challenge to Putin's continued rule.

The impetus for such a challenge is hard to pinpoint. The elite discourse over the past few years has been dominated by concerns about the country's lackluster economy and the prospect of indefinite economic stagnation. The Putin era has also given rise to a series of clans within the security services whose leaders frequently compete for state budgetary resources and control over legal and illegal revenue streams. Putin's establishment of a National Guard overseen by

longtime personal bodyguard Nikolai Zolotov appears to be aimed at keeping close tabs on the security services and ensuring the loyalty of security forces that are crucial for the survival of the regime.

Of course, a challenge to Putin personally from within the elite is unlikely to lead to an opening of the political system to broader popular participation. Instead, it is more likely to foster competition and rivalry among various

vested interests at the expense of any authoritarian successor to Putin who might emerge (whose outlook could very well be more conservative and nationalistic than Putin's) or, alternatively, usher in a period of political instability and high-level political jostling. In theory, such scenarios could result in—relatively speaking—a more competitive domestic political environment, but they are still a far cry from a participatory, law-governed political system. A meaningful shift toward democracy in Russia appears to be a long way away.

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**A quarter century after the breakup of the Soviet Union, Russia is ruled by a well-established authoritarian regime that is proving quite resilient.**

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### **The Economy**

No country of Russia's size is as dependent as it is on the extraction of natural resources, particularly hydrocarbons. Hydrocarbon revenues have amounted to around 50 percent of total government revenues for many of the years between

2006 and 2016.<sup>19</sup> Russia's exports are dominated by natural resources to an even greater extent; all finished manufactured goods were less than 10 percent of the total. Among G20 countries, only Saudi Arabia—a country with one-fifth the population and a gross domestic product (GDP) half the size of Russia's—is more resource-dependent than Russia.

The striking Russian economic recovery of the 2000s is to a very great extent a story of rising global commodities prices and the resulting resurgence in Russian production volumes. The result of this massive tailwind was impressive: the Russian economy grew at an average rate of 7.4 percent per year in real terms in the decade after 1998 and,<sup>20</sup> thanks to the real appreciation of the ruble (itself the result of rising commodity prices), by a remarkable 27.2 percent annual rate in dollars over the same period, a faster rate of dollar GDP growth even than China. The dollar value of Russia's oil and gas output in 2014 was nearly three times total Russian GDP in 1999, though oil and gas measured in dollars was a similar share of GDP in both years.

The surge in commodities prices during the 2000s benefited all sectors of the economy. Manufacturing rebounded as monetary conditions eased, government spending increased, and domestic demand surged. While continuing to export raw materials, Russia also expanded the processing and refining of its own commodities, and revived other industries such as automobile manufacturing by encouraging foreign direct investment. Put simply, it does not fit the caricature of an “oil and gas company masquerading as a country,” in the words of Senator Lindsey Graham.<sup>21</sup>

Another benefit of Russia's commodity wealth is that during the 2000s it enabled the country to repair its fiscal and financial balance sheet after the economic collapse and sovereign defaults of the 1990s. After the default and devaluation of 1998, the sudden influx of export revenues stabilized the ruble exchange rate and allowed the Central Bank to start rebuilding its international reserves, from a low of less than \$12 billion in early 1999 to nearly \$600 billion at the peak in mid-2008.<sup>22</sup> The surge in commodity-related tax revenues enabled Russia to clear wage and pension arrears, restructure its defaulted sovereign debt, and repay the International Monetary Fund (IMF) ahead of schedule.

One clear downside of Russia's commodity dependence, however, is the repeated cycles of macroeconomic instability that have battered the Russian economy since the 1980s, though those cycles were exacerbated by policy mistakes. The subsequent financial crises in 1998, 2008, and 2015 were also the result of sharp declines in oil prices. No less importantly, however, was the government's fateful decision to remove capital controls in 2006, just as the global credit bubble was nearing its peak. The result was a flood of speculative capital inflows, as Russian companies gained access to the international capital

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**Democracy in Russia appears to be a long way away.**

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markets. As commodity prices tumbled and credit markets abruptly dried up after the collapse of Lehman Brothers in 1998, Russia experienced one of the sharpest output declines in the world—GDP fell at an annual rate of 19 percent in the first two quarters of 2009.<sup>23</sup>

The commodity price collapse of 2014 again took a severe toll on the Russian economy, this time exacerbated by international financial sanctions in the wake of the Ukraine intervention. The Central Bank took the courageous decision to stop intervening in the currency market and to allow the ruble to weaken to a level at which supply equaled demand. The ruble depreciation, along with Russia's sanctions on food imports, drove up inflation and caused a sharp drop in living standards. But inflation is now falling rapidly, the weaker exchange rate has boosted the competitiveness of Russian companies, and in principle it has left the country less exposed macroeconomically to commodity price volatility in future.<sup>24</sup>

If Russia wishes to grow more rapidly than the advanced countries and to resume its gradual convergence to their income level, it will need to diversify its economy away from commodities. While commodity production and exports were the engine of Russia's growth for much of the 2000s, commodities are highly unlikely to drive the economy going forward. In fact, the commodity-recovery growth model had already exhausted itself in the second quarter of 2012, a full two years before the imposition of international financial sanctions and the fall in oil prices. Between the second quarter of 2012 and the first quarter of 2014, Russia grew by just 0.9 percent annually, despite oil prices averaging a near-record \$109 per barrel.

The challenge Russia faces is that it has largely exhausted its opportunities for low-cost oil production growth: while the recovery in the 2000s involved expanding output at existing fields in the highly developed region of Western Siberia, the traditional oil regions will experience a gradual decline in production over the coming decades, which can be slowed but not reversed by the application of advanced recovery techniques. Further production growth was predicated on exploring and developing new, highly challenging regions, such as the Eastern Siberian permafrost region and offshore in the Arctic and Far East. Even without energy sanctions, those regions would be extremely costly to develop and hence economically viable only if oil prices remained high. U.S. and EU sanctions have blocked Russian access to technologies critical for the development of those regions, technologies that Russia will not be able to procure from other sources. Hence unless oil prices again resume their double-digit annual increases for a number of years, a prospect that appears highly improbable, it is likely that Russian oil production will not rise much above its current level of 10.6 million barrels per day, certainly not by enough to drive a broader economic expansion.<sup>25</sup>

The Russian government argues that the current environment provides ideal conditions for economic diversification. Russia's food sanctions and a range of

other measures aimed at foreign suppliers are creating opportunities for domestic manufacturers to produce substitutes for imports. It is true that all of these factors are likely to be positive for Russian growth in the near term on the margin, and that they will largely support growth in the noncommodity sectors of the economy, promoting diversification. But Russia's economy will continue to confront a number of profound structural challenges that will limit the pace and the extent of that trend.

- First, Russia's cost advantage is likely to erode over time, especially after international sanctions are eventually rolled back. Investors are unlikely to invest in industries reliant on low labor costs in Russia in the foreseeable future, given the potential for exchange-rate movements and inflation to eliminate that competitive advantage very rapidly.
- Second, Russia's food sanctions, along with its local-content requirements in the automobile sector and other protectionist measures, also do not provide a basis for long-term investment in domestic production in Russia, since it is unclear how long they will be in place. The food sanctions are unlikely to outlast the Western financial sanctions on Russia. Many other measures will need to be phased out in the coming years under the terms of Russia's 2012 protocol of accession to the World Trade Organization.
- Third, despite the marginal recent improvements, Russia remains a challenging place to enforce contracts, protect intellectual property, defend one's property against corporate raiders, and deal with its rent-seeking bureaucracy. Moreover, its storied education system is now delivering results that put the country disappointingly far below the average for members in the Organization for Economic Cooperation and Development in terms of educational achievement.

Russia is likely to continue to succeed in industries downstream from the commodities that it produces, such as refining, chemicals, and steel, due to lower transportation costs and other synergies with commodity production. But for Russia to make headway in higher-end twenty-first century knowledge industries, it will have to make significantly more progress in reform of its governance, education, and judicial systems. The prospects for a renewed reform drive ahead of the 2018 elections look dim, and even after that there is little assurance that the Putin regime would opt for risky economic reforms that would require curbing the power of the state—or even that they could execute such reforms credibly without fundamental changes to the political system.

## Foreign Policy

When the Cold War ended, Soviet leaders embraced a broad and inclusive vision of foreign policy enshrined in the 1990 Paris Charter for a New Europe—a

continent without dividing lines, ideological competition, and military confrontation. Although the leaders of the new Russian state endorsed that vision upon the dissolution of the Soviet Union, the reality has proved quite different. Almost since the launch of the new Russian state, Russian foreign policy has followed a different course and a different guiding philosophy. Nearly three decades later, Russia finds itself drifting toward a new Cold War with the West. Far from rejecting the idea of great power competition, ideological and military divisions, and spheres of influence, successive Russian governments have seen themselves as leading a temporarily diminished great power and have

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**Successive Russian governments have seen themselves as leading a temporarily diminished great power and have pursued a clear goal in the international arena of restoring Moscow's sphere of influence.**

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pursued a clear goal in the international arena of restoring Moscow's sphere of influence and its place in the concert of major powers responsible for the fate of the world.

Soon after the Cold War ended, the United States and Europe embarked on an ambitious project—the expansion of Western institutions into Central and Eastern Europe and Eurasia. Russia's role in this enterprise was left somewhat ambiguous. The West's declaratory policy treated Russia as a partner and even hinted that it could eventually

join the same institutions as its former Warsaw Pact satellites. The policy of the twin enlargements of the European Union and NATO was built on the premise that a reforming Russia would see the two processes as a friendly move and would embrace them as a beneficial expansion of the zone of stability, security, and prosperity toward its borders. However, along with the spirit of partnership and hints at a future alliance, advocates of the twin expansion had argued that the move would also serve as a hedge against Russia's potential resurgence as a neo-imperial power.

This was not lost on Russia's foreign policy establishment, where the expansion of the EU and especially NATO had always been viewed as a hostile move by the West, designed to expand its sphere of influence at the expense of Russia. From Russia's perspective, NATO enlargement was simply a redrawing of the boundaries between the West's and Russia's respective spheres of influence to take advantage of the latter's temporary weakness. In the simplest and most direct Russian interpretation of events, Russia had abandoned both its outer and inner empires—the Warsaw Pact and the Soviet Union—and the West took advantage of it to expand its empire further east, where it had never before had a foothold.

Russian policymakers have always viewed the states of the former Soviet Union as the essential security belt along Russia's periphery that needed to be defended fiercely at every available opportunity. Western presence there—political, economic, or military (with or without boots on the ground)—was not seen by Moscow as either stabilizing or friendly. As soon as Russia was ready, it would engage in a geopolitical tug of war with Washington and its European allies.

Russian opposition to NATO and EU expansion was not missed or ignored in the West. But throughout most of the past quarter century, Russia was seen as either too weak or too interested in good relations with the West to do anything about it. Russian interest in trade, investment, technological and economic modernization, and participation in key Western clubs—the G8 meetings, EU-Russia summits, special Moscow-Washington-Berlin relationships, and the P5+1 (the UN Security Council plus Germany)—were thought to outweigh the Kremlin’s raw geopolitical ambition. The hope underlying the policy of twin enlargements was that the internal dynamics inside Russia and progress on domestic reforms would ultimately make it realize that the expansion of the West right up to its borders served Russia’s interests.

But as Russia’s domestic trajectory veered away from democratic and market reforms, and its foreign policy moved toward challenging the West, the key irritants in the relationship came more sharply into focus. These included the West’s criticism of Russia’s own democracy deficit and Russian suspicions that Western efforts to promote democracy in and around Russia were intended to destabilize, encircle, and weaken Russia and marginalize it geopolitically. U.S.-led NATO military operations in the Balkans in the 1990s raised the specter of humanitarian intervention inside Russia itself, which the West had accused of gross violations of human rights in Chechnya. Russia’s national security establishment saw the war in Iraq as further evidence of U.S. unilateralism and lack of restraint. And the democratic, color revolutions on the periphery of Russia in the 2000s were seen as Western handiwork intended to conceal the real goal: Western geopolitical expansion at Russia’s expense.

The notion that NATO might expand to include Ukraine and Georgia violated both Russian ideas about the right geopolitical balance in Europe, which included a cordon sanitaire on Russia’s periphery, and the Kremlin’s vision of how European security should be managed as a concert of major powers. With Georgia or Ukraine in NATO, not only would the alliance position itself on Russia’s doorstep but Kyiv and Tbilisi would also be seated at the table of Europe’s only remaining military alliance without Russia. Neither of those two outcomes was acceptable to the Kremlin, a state of affairs that ultimately prompted the Kremlin to intervene militarily in both countries.

Opposition to NATO enlargement appears deeply entrenched in Russian domestic politics. It has persisted throughout the entire twenty-five years of post-Soviet Russia and across a wide range of political parties and movements. It was opposed, resented, or actively resisted by Russian elites during the presidency of Boris Yeltsin and the tenures of Vladimir Putin and Dmitry Medvedev. Mistrust of NATO, no matter how well intentioned it appears in its declaratory policy, is unlikely to fade among Russian elites, even

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**Mistrust of NATO, no matter how well intentioned it appears in its declaratory policy, is unlikely to fade among Russian elites.**

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if a sudden radical change occurs in Russian domestic politics and a new team more friendly to the West takes the helm in the Kremlin.

### **Russian Grand Strategy**

The grand strategy of Russia that has emerged from this worldview has been consistent and—from the Kremlin’s perspective—successful. It has prioritized preserving domestic stability and the current political regime in Russia, projecting and protecting its great power image abroad, and driving wedges and fostering disruptions within the Western camp. The strategy has effectively matched Russia’s means to these goals.

Inside Russia, the Kremlin has implemented an extensive campaign to minimize the prospects of the country’s internal political opposition ever gaining a foothold in Russian domestic politics. It has sought to limit and wherever possible eliminate the influence of foreign actors in Russian political life, the media, and the nongovernmental sector. It has also carried out a massive propaganda campaign intended to brand remaining opposition voices and groups as unpatriotic and agents of foreign influence and to mobilize support from the electorate for the Putin regime.

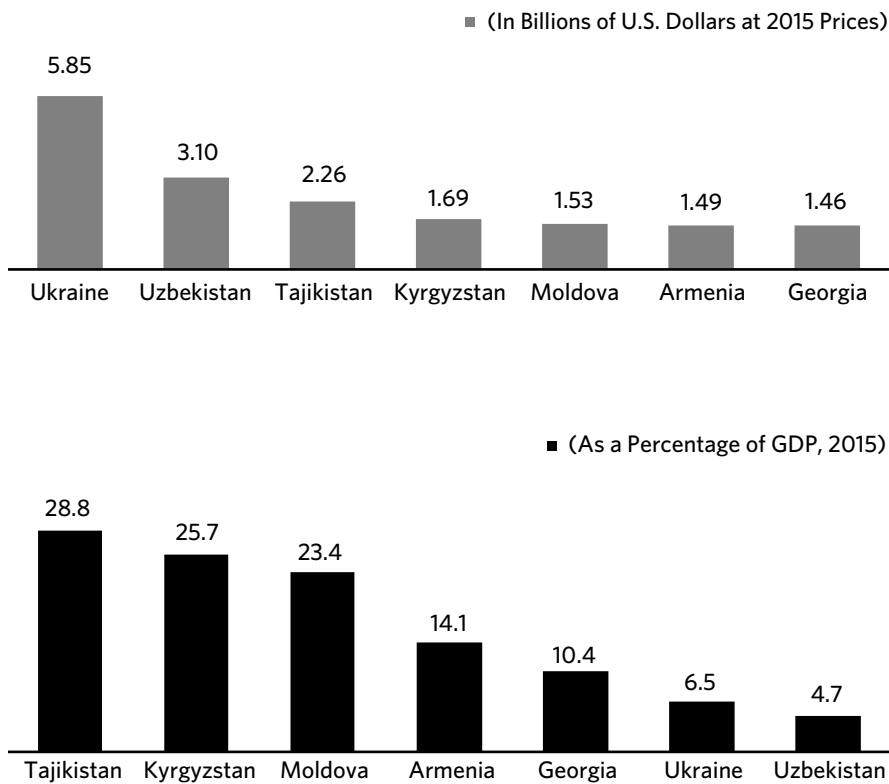
On the global stage, Russian foreign policy has pursued a series of partnerships—most notably with China—that help Russia counterbalance perceived U.S. hegemony and constrain its ability to act unilaterally. Russia’s permanent membership in the UN Security Council has proved indispensable in challenging the United States and asserting itself as America’s near-peer competitor. The ability to act in concert with China to block U.S.-led attempts to put pressure on Syria’s Assad regime has enhanced Russia’s image as a major power capable of stopping the United States in its tracks.

In yet another application of this strategy in Syria, Russia has built on its partnership with the Assad regime and Iran to position itself as an indispensable actor whose military deployment—limited in scope and against a far inferior adversary—has changed the course of the conflict. The military move has demonstrated Russia’s new capabilities to project power beyond its immediate periphery, but was undertaken without undue risks, since the United States had effectively signaled its reluctance to become heavily involved militarily in the Syrian civil war. Thus the possibility of a direct military confrontation with the United States was minimized. The added benefit of this deployment was to cement Russia’s leading role in any political process on Syria and to enhance its image throughout the Middle East as a major power that, unlike the United States, comes to the rescue of its clients.

Around its immediate periphery, Russia has flexed its muscles with considerable economic, political, information, and, when necessary, military resources that are no match for its weaker neighbors. The ability to capitalize on the stream of Central Asian migrant workers to Russia gives it significant leverage vis-à-vis some of its neighbors whose economic well-being and political

stability depend, as shown in figure 1 below, on the flow of remittances from Russia.<sup>26</sup> The supply of gas and electricity, the imposition of tariffs, and access to the Russian market are all sources of strategically important leverage for Moscow. The dominant role of Russian-language media in the information space of the former Soviet states serves the same purpose.

**Figure 1: Dependence on Remittances From Migrant Workers**



Source: *Migration and Remittances: Recent Developments and Outlook* (Washington DC: World Bank Group, April 2016), 22, <http://pubdocs.worldbank.org/en/661301460400427908/MigrationandDevelopmentBrief26.pdf>; and "Migrations and Remittances Data: Inflows," World Bank, updated October 2016, <http://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data>.

And when those nonmilitary assets are not enough, military means, both overt and covert, are deployed, as was the case with Georgia in 2008 and since 2014 in Ukraine. Here too, the Kremlin has been careful not to overreach: neither Georgia nor Ukraine is in NATO and therefore neither has the alliance's security guarantee that the Baltic states have. Both are important to Russia as buffer states that must be kept outside of NATO. And both have been targets of active U.S. and European policies intended to bring them into the Western sphere. Thus, keeping both out of that sphere is also symbolically important as an indicator of Russia's ability to thwart U.S. and European foreign policy designs.

Elsewhere, in the West, including the Baltic states, where an outright conflict against a superior adversary is fraught with risk and its economic leverage is limited, Russia has pursued its strategy with nonmilitary means that have proved quite effective. It has engaged in information, disinformation, and cyber operations; supported populist political parties and movements to undermine the cohesion and resolve of Western governments; and used intimidation,

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**All signs—domestic and foreign—point to Russia’s continuing rapprochement with China.**

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including nuclear threats, to influence public opinion in the West. The Kremlin intervened in the U.S. election to tilt the outcome in favor of President Trump, to undermine the credibility of the electoral system in the eyes of the American public, and to damage U.S. credibility as a supporter of democratic values abroad.<sup>27</sup> All of these efforts have been relatively low-cost and low-risk activities. They are inherently difficult to defend or retaliate against and thus carry a low probability of confrontation. Yet, they have been extremely effective in projecting Russia’s image as a major power on the world stage and—just as important—deflating the image of the United States and its allies.

In Asia, Putin’s grand strategy is imbued with the same sense of calculating realism as in Europe and Eurasia. Throughout his presidency, and especially since the break with the West in his third term, the Russian president has pursued a close partnership with China. Putin’s embrace of China is both a matter of necessity and a deliberate choice borne out of Russia’s domestic circumstances and standing in the international arena. For Russia, with its population of 145 million, GDP of some \$1.3 trillion in 2015,<sup>28</sup> bleak economic prospects, and alienation from the West, an adversarial relationship with China would pose insurmountable military, economic, and political burdens. Good relations with China are also based on a shared aversion to Washington’s fondness for democracy promotion and unilateral military intervention. Moreover, Beijing’s lack of enthusiasm for challenging Washington directly and its willingness to take a back seat to Russia in the Syrian crisis have enhanced Russia’s leadership claim on the global stage.

However, Chinese officials maintain privately and sometimes publicly that, from their point of view, ties with Russia do not represent either a partnership or an alliance. Rather, this is largely a transactional and mutually convenient relationship. To Putin’s chagrin, overblown Russian expectations of a Chinese-sponsored financial and commercial windfall that would lessen the impact of U.S.-EU sanctions have not been realized. None of this is lost on Russian officials, but they appear content to carve out a role as Beijing’s junior partner and to accept the unequal nature of this relationship since it apparently suits both countries’ interests.

Since the break with the West over the annexation of Crimea and the undeclared war in Ukraine, Russia has drawn even closer to China. Beijing has not endorsed Russian actions in Ukraine, but it has withheld its criticism, too. It has not joined the U.S.-led sanctions regime to punish Russia even though Chinese

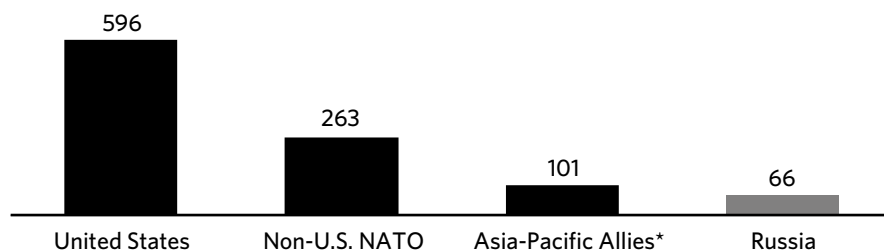
financial institutions are careful not to run afoul of Western regulators. And it has not criticized Putin for Russia's democracy deficit. These Chinese positions, coupled with Russian aspirations for expanding economic relations with China as a substitute for trade with the West, have fueled Russian enthusiasm for a deeper relationship with China. Although expanding those ties has proved challenging, the strategic rationale for partnership with China has not diminished. In fact, all signs—domestic and foreign—point to Russia's continuing rapprochement with China.

### The Russian Military

Although the transformation of Russia's armed forces continues to be hampered by technological, manpower, and training problems, Russian military capabilities have seen steady if not spectacular improvement since 2008, when Moscow embarked upon a comprehensive military reform and modernization program underwritten by significant increases in defense spending. As a result of these efforts and a more assertive foreign policy, Russia poses a major challenge to European security and to countries of the former Soviet Union. However, Russia remains outclassed militarily by the United States and its allies, both globally and in the three most critical regions of Eurasia: the European theater, northeast Asia, and the Middle East. This balance is unlikely to change for the foreseeable future. As seen in figure 2 below, the United States and its European and Asia-Pacific allies outspend Russia on defense by a margin of 10:1 (\$1 trillion to \$100 billion), and their combined GDP is over \$37 trillion compared to Russia's \$1.3 trillion.<sup>29</sup> America and its allies, moreover, enjoy technological superiority over the Russians, the Russians have no militarily powerful allies, and the United States maintains access to a global network of military bases and facilities.

**Figure 2: U.S., NATO, and Asia-Pacific Allies, and Russia Military Expenditures, 2015**

*In Billions of U.S. Dollars at 2015 Prices*



\* Includes Australia, Japan, South Korea, and New Zealand



*Nuclear Capabilities*

Russia's strategic and to a somewhat lesser extent nonstrategic nuclear weapons are the crown jewels in the Russian armed forces. They will for the foreseeable future threaten the United States and its NATO allies on the alliance's eastern flank, as well as preserve Russia's status as an equal nuclear power to the United States. The paramount role assigned to Russia's nuclear forces is reflected in its

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**The paramount role assigned to Russia's nuclear forces is reflected in its official nuclear, defense, security, and foreign policy doctrines.**

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official nuclear, defense, security, and foreign policy doctrines. Together, these statements maintain that a large and modern nuclear arsenal is essential to preserving strategic deterrence with the United States, global strategic stability, and Russia's great power status. Moscow also places heavy reliance on its nuclear forces to compensate for what it perceives as Russian inferiority in conventional forces vis-à-vis

the United States/NATO and the threat that NATO's conventional, missile defense, nuclear, and prompt strike capabilities pose to Russia's nuclear deterrent. In short, this arsenal is essential to Russia's grand strategy.

The importance of nuclear weapons in Russian grand strategy is also reflected in an ambitious nuclear force modernization program launched nearly a decade ago. Under this program, every leg of Russia's nuclear triad will be modernized with new delivery vehicles and several categories of improved weapons, resulting in a much more capable ballistic missile submarine force and a larger number of mobile ICBMs equipped with multiple independently targetable reentry vehicles.<sup>30</sup> Although the size of Russia's stockpile of nonstrategic nuclear warheads will shrink, the remaining missiles will have longer ranges, carry more warheads, and possess greater accuracy. The pace of the program may slow down as a result of stagnant economic growth and cuts in defense spending, and trade-offs may need to be made between spending on conventional and nuclear forces. But the overall trajectory of Russia's strategic forces' development and the doctrine governing their use will not be altered within the next several years—a doctrine that, based on Russia's exercises, operations, and force planning, suggests that Moscow may be lowering the threshold for the use of nuclear weapons in NATO contingencies.

*Conventional Capabilities*

Russia's conventional capabilities are also improving in a slow and steady manner, albeit from a very low base following the hollowing out of these forces in the 1990s. Under the 2020 State Armament Program, more sophisticated training, a higher quality of new equipment, more realistic exercises, changes in personnel policies, reforms in military organization, and the experience gained from Russian military operations over the past decade have all created greater combat capability. Russia's forces are now far more professional, ready, and mobile and they are under better command and control than they were when its defense modernization and reform program was launched eight years ago.

Russia's conventional force improvements have not, however, created the capability to project and sustain military power around the world, and the country is a long way off from attaining military "peer competitor" status with the United States on a global scale. Nor are Russian conventional forces without their shortcomings. While Russia maintains a small force of well-led, highly ready, and well-trained and -equipped units, most of the 260,000 ground troops operate less modern and capable weapons and are at a lower state of readiness. Moreover, although some sectors of Russia's defense industry are modern, efficient, and productive, the industry has many facilities that are antiquated, inefficient, and unproductive. As a result, Russia's conventional forces will continue to lag behind the United States and even some NATO allies in important technologies that are critical to the success of modern warfare, including state-of-the-art command, control, communications, computers, intelligence, surveillance, and reconnaissance abilities and conventional precision strike weapons. In addition, a declining population base and other problems with recruitment and retention will make it difficult for Russia to meet its target of 1 million members in its armed forces comprised mainly of nonconscripted and contract personnel. These problems are reflected in continued reports of low morale, high desertion rates, and lack of discipline.<sup>31</sup>

Over the last several years and in the face of slow economic growth and budget cuts, Moscow has maintained defense spending at 3.5 to 4.0 percent of GNP.<sup>32</sup> To date, there has been strong political and public support for these expenditures, but stubborn economic and demographic realities will likely put the brakes on defense spending within the next few years. In fact, the Kremlin recently announced a 30 percent cut in defense spending in 2017<sup>33</sup>; low oil prices, a continuation of Western sanctions, the loss of defense industrial capacity in eastern Ukraine, and a precipitous drop in foreign direct investment also raise doubts about Moscow's ability to sustain high levels of defense spending over the next several years as well as the capacity of Russian defense industries to provide weapons and equipment comparable to what is in U.S. and Western inventories.

#### *Hybrid Capabilities*

Russia has also improved its capabilities at the lower end of the spectrum of conflict. Indeed, as demonstrated by its military and information and cyber operations over the past few years in Georgia, Ukraine, the Baltic states, various EU countries, and the United States, it has an impressive arsenal of hybrid capabilities.<sup>34</sup> Russia's development and use of hybrid means of warfare is not necessarily new, innovative, or revolutionary. It may be of some utility in understanding Russia's conceptual framework for the nature of modern conflict and

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**Russia's forces are now far more professional, ready, and mobile and they are under better command and control than they were when its defense modernization and reform program was launched eight years ago.**

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future Russian military operations.<sup>35</sup> However, it also appears that reliance on hybrid warfare is, from Moscow's perspective, a response to its concerns that U.S. and Western efforts to promote democracy and human rights in Russia and post-Soviet states is a form of hybrid warfare directed at Russia. None of this should obscure the reality that Russian use of hybrid warfare techniques poses a unique challenge for the West. Moscow is likely to use those tools to advance its interests whenever it sees low-risk and low-cost opportunities.

## Eurasia

Eurasia—more specifically the states of the former Soviet Union—has been the principal zone of competition between Russia and the West since the breakup of the USSR, even if both sides have not always acknowledged it. The collapse of the Soviet Union left Russia greatly weakened at home and diminished on the world stage. In this context, the newly independent states in Central Asia, the South Caucasus, and Eastern Europe assumed special significance as the essential security belt against external threats and what was viewed by Moscow as its last remaining sphere of influence—where Russia could compete with

the West, which was seen by the Russian national security establishment as pursuing geopolitical expansion at Russia's expense.

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### Russian use of hybrid warfare techniques poses a unique challenge for the West.

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For the United States and its European allies, the states of the former Soviet Union had acquired primarily political and ideological significance as they launched

unprecedented transitions toward democratic, market-based systems; they were also eyed as participants in the new, inclusive Western-led security, political, and economic architecture that accompanied the process of NATO and EU enlargement. There was no expectation at the outset of this process that the states of the former USSR would join the two organizations, but all were offered opportunities for partnership and assistance to make it happen.

In the West, Eurasia held far less geopolitical significance for Western interests than Russia. The United States and its allies viewed Russia as the pivotal state in Eurasia. If it succeeded at reforming itself, joining the West, and accepting the peaceful breakup of the USSR, its neighbors would all benefit; if not, then Russia and the West would revert to their previous adversarial relationship. While this approach placed greater emphasis on relations with Russia than with its neighbors, the West's policy has always stressed that these were independent, sovereign states rather than Russia's satellites. Engagement with them, from the West's perspective, was never intended to undermine or displace legitimate Russian interests.

Some of Moscow's former satellites stressed the importance of bringing the states of the former USSR into the West's sphere of influence as a hedge against

Russia's failure to reform and its potential resurgence as a neo-imperial power. But the practical consequence of that thinking was effectively the same—to engage with these countries, to assist their reforms, and to support their efforts to establish themselves as sovereign and independent states fully integrated in the international community. Achieving this goal, it was thought, also required active Western efforts to promote the development of new oil-and-gas export routes from the region that were not subject to Russian control.

The two approaches to the states of the former Soviet Union—Russia's geopolitical orientation and the West's largely values-based policy—have defined the standoff between Russia and the West throughout the entire post-Cold War period. The standoff eventually culminated in the annexation of Crimea and the undeclared Russian war against Ukraine, leading in turn to the present crisis in European security.

For the United States, as well as its European allies, Russia remains by far the most important state of the former Soviet Union. In terms of its impact on the world stage, military might, economic footprint, and sheer size, it eclipses all of the states of the former USSR combined. A stable, peaceful, and friendly Russia is the most important guarantee of stability, security, and development in Eurasia, and a valuable partner to Europe and the United States. An unstable and weak Russia, or a powerful and belligerent Russia, is a source of insecurity for Europe and the United States. For reasons of geography and history, the vast region is of much greater importance to Russia than it is to the United States, although for the same reasons Eastern Europe and the Caucasus are of great importance to the United States' European allies.

If the United States and Europe are confronting a hostile Russia, then Eurasia, especially Eastern Europe and the Caucasus, becomes an area of greater geopolitical competition for the transatlantic community and a mirror image of what it is for Russia—a buffer to protect it against the threat from the east. This is exactly what the states of Eurasia have become in the wake of the crisis in Ukraine and the Russian annexation of Crimea. They have assumed greater strategic importance for the United States—the principal architect and enforcer of the post-Cold War security order—after that order was threatened and effectively undone by Russian actions in Ukraine.

The eleven states of the former Soviet Union surrounding Russia can be grouped into three distinct geographic categories—Central Asia, the South Caucasus, and Ukraine-Belarus-Moldova. Despite vast inter- and intraregional differences, they share a great deal in common. All have made significant strides in establishing their independence and sovereignty. At the same time, none has been able to shed the lasting legacy of their shared Soviet past. All have complicated relationships with Russia, seeking to escape its geopolitical footprint. None

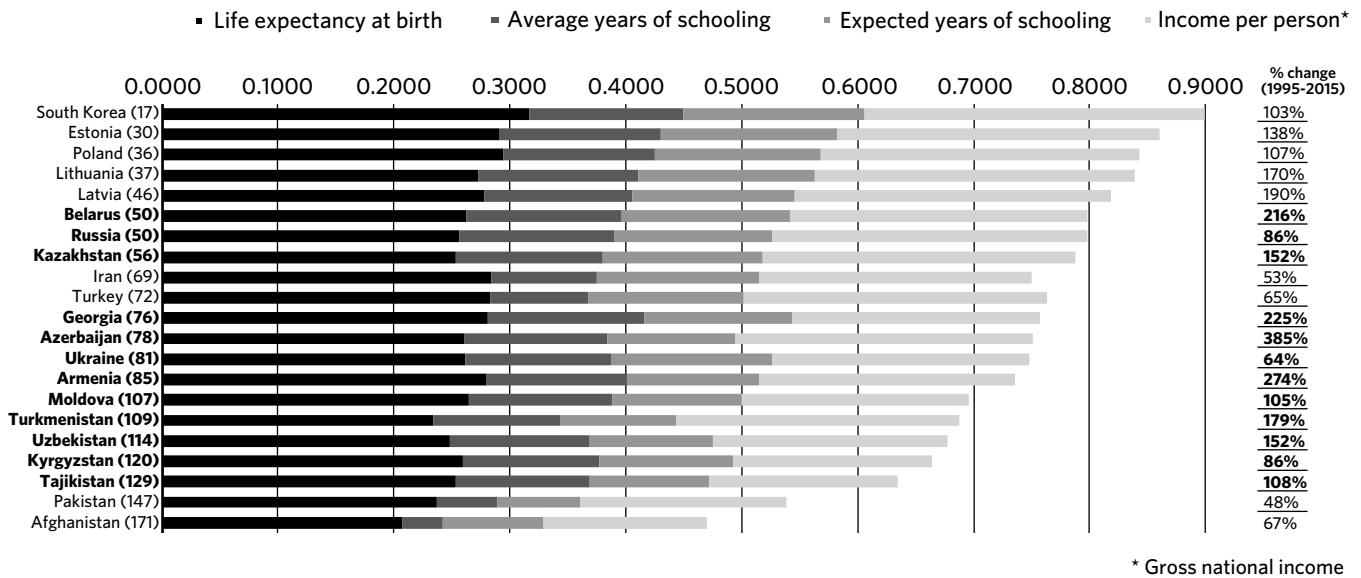
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**A stable, peaceful, and friendly Russia is the most important guarantee of stability, security, and development in Eurasia, and a valuable partner to Europe and the United States.**

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has succeeded in doing so. Some have made big strides toward markets and democracy, while others have hardly moved in that direction. Most are still somewhere in between, with their post-Soviet transition still a work in progress (see figure 3).<sup>36</sup>

**Figure 3: Human Development Index 2015 (Selected Countries)**



Source: "Table 1: Human Development Index and Its Components," in *Human Development Report 2015: Work for Human Development* (New York, NY: United Nations Development Program, 1993, 2015), accessed January 26, 2017, <http://hdr.undp.org/en/composite/HDI>; and credit to the following for suggesting this assessment: "Human Development Index: Deconstructing Development," *Economist*, November 4, 2011, <http://www.economist.com/blogs/dailychart/2011/11/human-development-index>.

For all of these former Soviet states, partnership with the West has been a demand-driven process, in which their internal momentum for reform has been the key factor. Thus, Ukraine, Georgia, and Moldova have made the most progress toward integration into European and transatlantic structures even though each has faced major obstacles over the past quarter century. All three have suffered from Russian military interventions and lost parts of their territory to Russian-sponsored separatist regimes. All three have frozen conflicts on their territory and are unlikely to realize their full sovereignty in the foreseeable future. All have experienced the familiar ills of post-Soviet transition—corruption, weak rule of law, powerful oligarchic interests, weak economies, and erratic domestic politics. Yet all have managed to cope with and even achieve significant progress toward overcoming these ills.

The experience of these three countries, the most successful of the post-Soviet states, is indicative of the scale and scope of the challenge facing all the states of the former Soviet Union, and the importance of sustained, long-term

engagement with the West to assist their transitions. Ukraine, Moldova, and Georgia have signed association agreements with the EU despite strong pressure from Russia. Their experience also demonstrates how far Russia is prepared to go to keep them in its orbit. The combination of two factors—their push toward the EU and Russia's pull toward its sphere—ensures that these states will remain contested territory between Russia and the West for the foreseeable future.

Moscow's resolve to maintain its sphere of influence in Eurasia has been further demonstrated in its dealings with two other countries that have a special relationship with Russia—Armenia and Belarus. Both are members of the Russian-dominated Eurasian Economic Union (EAEU), yet both are trying—quietly—to put some distance between themselves and Russia.

Armenia was on the verge of signing its own association agreement with the EU in 2013, but cancelled the signing abruptly due to strong pressure from Russia.<sup>37</sup> Instead, it has joined the EAEU,<sup>38</sup> while quietly seeking to maintain ties to both the EU and NATO, where it has long been an active participant in the alliance's Partnership for Peace (PfP) program.<sup>39</sup> Armenia is locked in a tense military standoff with Azerbaijan over the Nagorno-Karabakh enclave and the surrounding territories conquered by Armenia over two decades ago. Armenia shares a border with Azerbaijan's partner, Turkey, which has never acknowledged the massacre of ethnic Armenians over a century ago. For Armenia, surrounded by enemies, good relations with Russia are not an option but a matter of national survival.

Belarus has been Russia's closest partner among the former Soviet states. It has signed a union treaty with Russia and extracted as much aid for its troubled economy from Moscow as possible; at the same time, it has preserved its own statehood, building up its national identity and seeking to carve out as much independence from Russia as possible within these constraints. Belarusian strongman Alexander Lukashenko, once dubbed the last remaining dictator of Europe, has proved adept at maintaining domestic political calm, while manipulating Moscow to provide subsidies in exchange for the pretense of partnership. Lately, in the aftermath of the Ukraine crisis, he has even succeeded in creating a modest opening with Europe and the United States, seeking to capitalize on their apparent interest in enticing Belarus to gravitate closer to the West and further away from the Russian orbit.

Neither Armenia nor Belarus is likely to risk an outright break with Russia. However, both demonstrate that even Russia's closest partners chafe under its heavy hand and are interested in expanding their ties with the West—quietly and within the boundaries they define as safe and acceptable to Moscow. It is in the West's interest to pursue these opportunities, leaving it to the countries themselves to set safe limits for engagement.

Azerbaijan is another neighbor of Russia that is unlikely to leave its orbit in the foreseeable future. As in other parts of the former USSR, Azerbaijan's own

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**The influence of Europe and the Euro-Atlantic community on Central Asia is likely to diminish, and the role of Asia, and especially China, will probably increase.**

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reform momentum is likely to serve as a barometer of its relations with the West. Its initial rapprochement with the United States and Europe in the wake of the Soviet breakup was driven by its oil wealth and desire—reciprocated in the West—to find an outlet for its oil bypassing Russia. However, early hopes for reforms in Azerbaijan, spurred by this rapprochement, were crushed by an

increasingly authoritarian, oppressive, and corrupt Ilham Aliyev regime. With the collapse of oil prices, the country's economy has suffered a major blow and the political system has become even more oppressive. Azerbaijan's internal conditions—the degree to which the government is prepared to pursue economic reforms and allow a more tolerant political environment—will be the critical factor shaping its relations with the West at a time when

the country's strategic significance is eclipsed by more urgent developments in the Middle East and Europe. Considering its record to date, Azerbaijan is likely to remain in Russia's orbit for the foreseeable future with Turkey as its other principal geopolitical partner. The ongoing rapprochement between Russia and Turkey as Europe's outcasts can only solidify Azerbaijan's place in Russia's orbit.

In Central Asia, U.S. and EU engagement, never particularly strong, is likely to further diminish in the years to come under the pressure of the region's internal dynamics and larger geopolitical and economic trends. With the exception of Kazakhstan, reform in Central Asia has not gained traction. In the absence of strong internal momentum for reform in most Central Asian countries, Western engagement has never been strong either. It manifested itself most actively in Kazakhstan's resource-rich economy, particularly its energy sector, and in the conduct of the war in neighboring Afghanistan.

Central Asia is facing a challenging future. Economic conditions will test even the most capable managers of state finances. Political systems throughout the region are facing generational change, an Islamic revival, and an uncertain security environment. The conflict in Afghanistan shows no signs of a negotiated settlement, and the spillover impacts of the conflict continue to be felt across the porous border with Turkmenistan, Uzbekistan, and Tajikistan. The withdrawal of most of the U.S. and allied military presence from Afghanistan has obviated the need for the United States to act as the region's preeminent security provider—the role it had played during the previous decade and a half. The West's reach into Central Asia is likely to remain limited in circumstances where China is the preeminent economic actor in the region, Russia continues to insist on its role as Central Asia's security manager, and there are few opportunities for the United States and Europe to engage beyond high-level political contacts. In these conditions, the influence of Europe and the Euro-Atlantic community on Central Asia is likely to diminish, and the role of Asia, and especially China, will probably increase.

However, even in these conditions, the West should pursue opportunities to sustain political contacts and broaden engagement with Central Asia. Squeezed between China and Russia, the region's leaders may try to loosen their geopolitical constraints through cautious outreach to the West. For the United States and Europe, this could result in new opportunities for carefully calibrated engagement, building on demand coming from the region while recognizing their resource constraints and limits on the West's capacity to push the region toward greater democracy, rule of law, better governance, and markets. This includes high-level political consultations and assistance in areas of mutual interest and practical utility, where Western involvement can produce tangible results: trade and investment, support for economic reform, programs to improve quality of life for the region's populations, and reform of less sensitive areas of security sectors. The region's authoritarian brand of governance will not, however, provide fertile ground for Western efforts to promote democracy and human rights.

For Eurasia as a whole, the break between Russia and the West represents a difficult challenge. Even in the best of times, navigating between Russia's pursuit of a sphere of influence and the region's desire for closer ties with the West was a complex task. The new adversarial relationship between Russia and the West will test the skills of the most creative and persistent diplomats in the region. Defusing the current tensions between the West and Russia—but not at the price of ceding a sphere of influence to it—would also help the states of Eurasia in meeting their difficult challenge of managing their unbalanced relations with a revisionist and unpredictable Russia.

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**The region's authoritarian brand of governance will not, however, provide fertile ground for Western efforts to promote democracy and human rights.**

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## Ukraine

Ukraine occupies a special place in the post-Soviet space. With its capital, Kyiv, often described as the cradle of Russian statehood, it was the part of the former USSR, and the Russian Empire prior to that, that was most similar to Russia. Ukraine's unequivocal vote for independence in 1991 played the pivotal role in catalyzing the peaceful dissolution of the USSR. The two revolutions—in 2004 and 2013—symbolized Ukraine's desire to secure its place in the West. The annexation of Crimea by Russia and the undeclared war in eastern Ukraine signaled Russia's resolve to keep it in its orbit, even at the price of destroying the post-Cold War security order in Europe. Ukraine has thus become the pivotal state in the East-West geopolitical standoff.

Since the earliest post-Soviet days, Ukraine has struggled to find its footing as a unified, prosperous society and modern European state. The country's size and remarkable diversity have made it difficult to consolidate its identity as part of the European mainstream and fostered patterns of dysfunctional governance



and state capture by elite groups. The presidency of Viktor Yanukovich (2010–2014) was marred by unprecedented predatory crony capitalism and increasing coziness with Moscow.

Pessimism has ebbed and flowed in the West for more than a decade about Ukraine's ability to change. Yanukovich was elected to the presidency in 2010 after a disappointing performance by a reformist government that came to power following the 2004 Orange Revolution and quickly became mired in corruption and factional squabbles. However, this pessimism was dispelled by an unprecedented and unforeseen outburst of civil society activism when Yanukovich, under pressure from Russia, abandoned his pledge to sign the association agreement with the European Union. Ukrainian civil society was further energized by the revelation of a behind-the-scenes deal between Putin and Yanukovich in which the Ukrainian president appeared to have traded his country's control over its own economic orientation and foreign policy for a loan of \$15 billion, plus sizeable discounts for gas purchases. The deal appeared to be nothing less than a down payment on Yanukovich's reelection campaign.<sup>40</sup> The anger of Ukrainian civil society in response to Yanukovich's betrayal of its European aspirations proved the critical factor that led to the downfall of his government in early 2014 and has played a critical role in Ukrainian politics since then.

Ukraine's record since the revolution has also demonstrated that achieving those goals will be difficult, time-consuming, and frequently maddening. Besides the unresolved conflict in eastern Ukraine, the country faces many other obstacles—a powerful and entrenched oligarchy; disruptive, dysfunctional factional politics in the legislature; widespread corruption; weak rule of law and stalled judicial reform; a Russian economic blockade; an underperforming, unreformed economy; and the ever-present threat of Ukraine fatigue among key Western partners and international donors, to name just a few.<sup>41</sup>

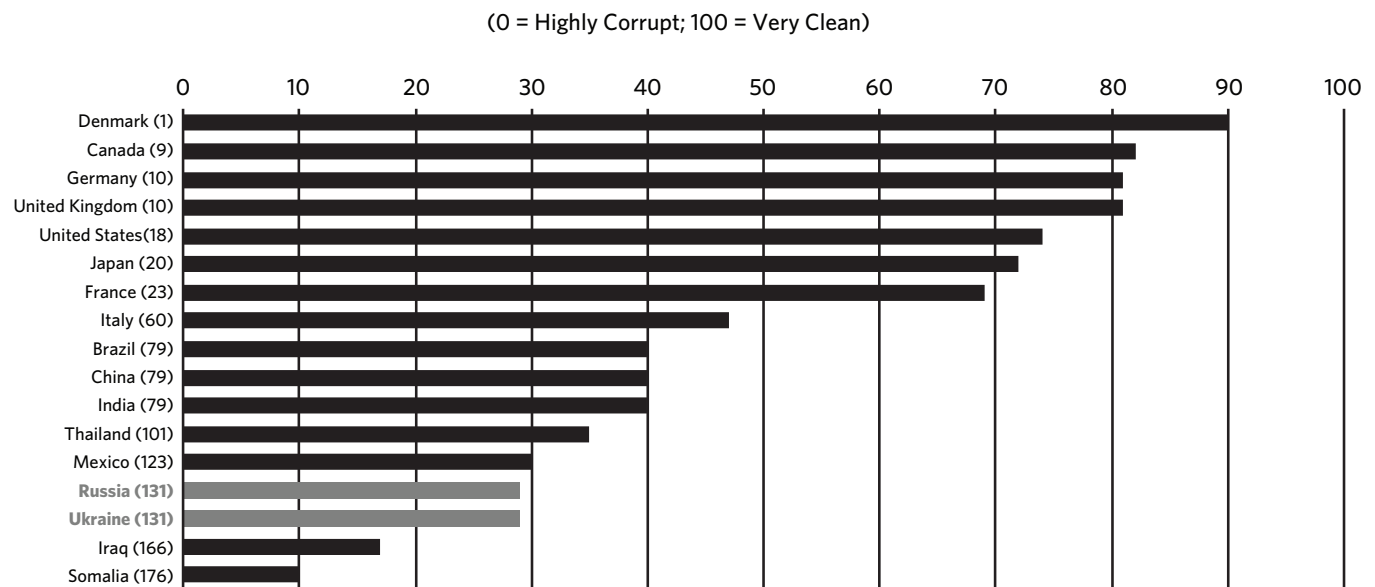
The IMF currently forecasts that Ukrainian GDP will grow by 1.5 percent in 2016 and 2.5 percent in 2017.<sup>42</sup> In 2015, when the economy shrank by a whopping 10 percent, inflation soared, and foreign reserves dwindled, the withholding of IMF loans could have led the entire country to unravel. To be sure, current conditions remain fragile, and the stop-and-go pace of reform has stoked frustration among Western policymakers. Nevertheless, the current government has greater room for maneuver. Debt relief gives the economy important breathing room. The cleanup of the financial sector has been remarkable, with important banks being recapitalized and tens of shady ones shut down. The energy sector, long a source of far-reaching corruption, is slowly being reformed.

Throughout this tumultuous period, Ukrainian President Petro Poroshenko has steadily consolidated power. A self-described kamikaze government led by radical reformers and expatriates has been replaced by less high-profile players who largely owe their position and influence to the president and his

entourage.<sup>43</sup> Nearly all branches of government are in the hands of trusted allies (for example, Prime Minister Volodymyr Groysman, who established his reputation as the progressive mayor of Vinnytsia, Poroshenko's home base). Western demands for dramatic anticorruption moves, political decentralization, and modest reform of the energy and state-owned sectors often run into fierce opposition from vested interests and Poroshenko's closest associates. To break the logjam, the West has turned to increasingly stringent forms of conditionality.

The grip of the old system is hard to break. Average Ukrainians despair at plummeting living standards, the lack of serious efforts to curb pervasive corruption, and a culture of impunity that runs directly counter to the spirit of the 2014 Revolution of Dignity (see figure 4).<sup>44</sup> Despite Western financial and technical assistance, reform of existing institutions has proven far less effective than creating new ones such as the National Anti-Corruption Bureau and Western-equipped patrol police.<sup>45</sup> Privatization of large swaths of the economy, a key priority for the international financial institutions and Western donors, is long overdue, but faces rearguard opposition from insiders in control of budgetary cash flows.

**Figure 4: Corruption Perceptions Index 2016 (Selected Countries)**



Source: "Corruption Perceptions Index (2016)," Transparency International, accessed January 30, 2017, [http://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](http://www.transparency.org/news/feature/corruption_perceptions_index_2016).

Leaving aside the evident difficulties of the transition, most members of the ruling elite and Ukrainian society as a whole have no interest in trading their hard-won gains to become part of a Russia-centric political and economic order.

Moscow's gamble that military intervention, economic pressure, and covert forms of subversion would force Ukraine back into its sphere of influence has backfired in the most dramatic fashion. For an entire generation of Ukrainians and likely their descendants, Russia is no longer a friend. Rather, it is the biggest threat to their country's survival, sovereignty, and independence. The rupture between Ukraine and Russia will be long-lasting and broad-ranging.

The conflict in eastern Ukraine has taken on the characteristics of a long-term stalemate. Moscow via its proxy forces and military and security personnel is able to manipulate the level of violence up or down depending on near-term objectives. Moscow is insisting that Kyiv reintegrate the separatist-controlled enclaves with special autonomous status that would provide an effective veto over Ukraine's geopolitical and security orientation, as well as domestic politics and policy choices.

High-level diplomacy led jointly by Germany and France has stopped large-scale fighting in eastern Ukraine, but full implementation of the Minsk accords is unlikely, given Moscow's reluctance to implement a lasting ceasefire or withdraw heavy weapons along the line of contact. For its part, Kyiv may be considering the option of writing off separatist-controlled Donbas and sticking Putin with the bill for its inhabitants. Implementing the political aspects of the Minsk agreements (for example, parliamentary approval of constitutional amendments granting the separatist-held territories far-ranging autonomy) would be tantamount to political suicide for the Poroshenko government. However, Kyiv wants to avoid the blame for the failure of Minsk and seeks to use Russian failure to comply with the accords' security provisions as the basis for the indefinite extension of U.S.-EU economic sanctions.

The West's engagement has played and will continue to play a key role in Ukraine's transition. Its financial support has been essential to Ukraine's ability to avoid an even worse economic contraction and to begin putting its economy back on a growth path. The conditionality attached to the West's financial support has been critical to Ukraine's reform progress and overcoming resistance from powerful, entrenched interests. The West's political and diplomatic engagement with Ukraine has catalyzed further domestic reforms and is an essential element of its progress to date. Notwithstanding many other internal challenges and distractions Europe and the United States are facing, their ability to stay engaged with Ukraine will be critical not only to its success but also to the future of the European and transatlantic political and security order.

## **The Russian Problem in the Next Four Years**

Russia's aggressive posture on the world stage will remain a challenge for the United States and its allies for the foreseeable future. Putin's domestic popularity and legitimacy depend to some degree on his image of standing up to the West and his appeal to Russian nationalism and patriotism. He also equates

Russian muscle flexing with achieving his goal of restoring the country's great power status. Moreover, Moscow's perception that the United States and the West pose a threat to Russian national security impels it to act aggressively and to see its competition with the United States and the West largely in zero-sum terms. All these factors portend a more dangerous relationship with the West and an escalating risk of a direct confrontation; they should also temper the West's expectations that Putin is a man it can do business with while protecting core Western interests, values, and principles.

### **Military Threat**

For most of the past twenty-five years, the United States and the West dismissed the Russian military (with the exception of its nuclear forces) as a dilapidated force plagued by inferior equipment and poor training, leadership, organization, morale, and discipline. In the last eight years, the Russian armed forces have mounted a comeback, and the next four years will likely witness a continuation of this trend, even if it slows down due to domestic economic constraints. Equally important, Russia has asserted its interests more aggressively over the past decade and has demonstrated the will and a growing capacity to use force to defend those interests in Russia's immediate neighborhood and beyond.

Barring some unforeseen development inside Russia, Putin will be in command for the next eight years, and while he has demonstrated a rational and calculating streak, he has also been less risk-averse and more unpredictable than previous Russian leaders. He is, moreover, determined to achieve great power status, to challenge U.S. leadership of the liberal international order, and to restore Russian control of what it considers its sphere of special influence in the post-Soviet space. When openly challenged by the United States and the West on matters that he considers vital to Russian national security and his political survival, Putin will not back down. And because Russia lacks the economic and financial clout and soft power of the West, it will in these circumstances push back with military means and especially its tools for hybrid warfare.

Nonetheless, the Russian conventional military threat over the next four years will be limited in scope. Putin is unlikely to hesitate in using force to prevent post-Soviet states from joining Western security institutions, engaging in large-scale mistreatment of Russian ethnic minorities, or retaking territory that is now in Russian hands (for example, Crimea and the Georgian provinces of South Ossetia and Abkhazia). He will also use whatever military force is required to prevent a collapse of the Assad regime, to put down threats to the existing order and other important Russian interests in Central Asia, and to defend the Russian homeland against Islamic jihadists. Sustained power projection on a global scale, however, will continue to be difficult and, given the risks and likely consequences, it is unlikely though not inconceivable that Russia will launch direct conventional attacks against any member of NATO.

But the threat of possible Russian aggression and meddling will continue to focus minds and stir worries along its vast periphery, including among the Baltic states, NATO members in Central Europe, and the Nordic countries. Russia is unlikely to engage in large-scale military operations in the greater Middle East outside Syria, reflecting the lack of appetite in Moscow for supplanting the Pax Americana in the Middle East with its own security guarantees. But it will seek opportunities to expand its influence beyond Syria.

Over the next four years, Russia's use of hybrid warfare will pose the most serious military challenge to the United States and its allies and partners. As Eugene Rumer has observed elsewhere, "Surrounded by weaker neighbors,

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**Over the next four years, Russia's use of hybrid warfare will pose the most serious military challenge to the United States and its allies and partners.**

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Russia can intimidate them, violate their sovereignty, and meddle in their internal affairs in ways that are well short of a full-fledged military crisis. . . . This challenge calls for a different kind of defense and deterrence than mutually assured destruction . . . which was at the heart of U.S. and Soviet strategy during much of the Cold War."<sup>46</sup> The difficulty the Obama administration had in formulating a doctrine and strategic concepts for deterring and responding

to recent Russian cyberattacks in the United States illustrates this challenge. NATO, too, is wrestling with similar questions surrounding its response to a range of Russian nonkinetic operations directed against the Baltic states.

### **Transatlantic Unity and European Cohesion**

Events on both sides of the Atlantic suggest that in the next few years, NATO and the EU will be tested like no other time in the history of their existence. This is a product of both internal trends within alliance and EU member states and external challenges they confront. While not the only threat to NATO and the EU, Russia and the alliance's response to the challenge it poses now and for the foreseeable future will almost certainly prove to be the critical factor that will determine not only these member states' future course, but also probably their very survival. Maintaining transatlantic unity and successfully withstanding the Russia challenge will mean that the alliance will emerge from this crisis strengthened and more capable of projecting its influence beyond its borders; the alternative will likely mean the end of its ability to function as an effective political and military organization.

To be sure, Russia is not the biggest challenge to NATO or the EU. The alliance and the EU are far superior to their current adversary in every respect—militarily, economically, and technologically, and they are in the possession of soft power and political and diplomatic influence. The existence of a waiting list to join the alliance and the EU speaks to their strength and standing on the global stage, as does the flow of millions of migrants trying to reach their shores. By contrast, there is no waiting list to join Russia's military security

organization—the Collective Security Treaty Organization—or its economic-political construct—the Eurasian Economic Union (see table).

**Table: Members and Observers in Eurasian Economic and Security Organizations**

Eurasian Economic Union	Collective Security Treaty Organization	Shanghai Cooperation Organization
Armenia	Armenia	Kazakhstan
Belarus	Belarus	Kyrgyzstan
Kazakhstan	Kazakhstan	Russia
Kyrgyzstan	Kyrgyzstan	Tajikistan
Russia	Russia	Uzbekistan
	Tajikistan	Afghanistan*
	Afghanistan*	Belarus*
	Serbia*	India†
		Iran*
		Mongolia*
		Pakistan†

\*Observer states

†Acceding to the SCO in 2017

Russia has had to coerce its neighbors to join its economic, political, and security structures, and went to war with Ukraine and Georgia in the hope of keeping them in its orbit. No great power likes to walk alone, in the words of one prominent Russian foreign policy scholar, but Russia's ability to attract a following has hinged on it being able to arm twist its smaller, weaker neighbors. Its much-heralded entente with China is an unequal relationship, in which Russia is universally recognized as the junior partner in what China sees as a relationship of convenience.

The challenges facing both the EU and NATO are indigenous to both organizations and their member states rather than products of Russian interference and maneuvering. They are well known—for example, the Trump administration's well-advertised reluctance to foot most of the bill for European security, the tension between the nationalist and the integrationist tendencies within the EU and its member states, and the policy constraints and challenges imposed by the Economic and Monetary Union (EMU) on a diverse set of economies. It is far too early to judge whether the Trump administration will cast aside the alliance system that has been the cornerstone of U.S. policy toward Europe following the end of World War II. Likewise, it is hard to predict how the EU

will weather the current series of existential challenges let alone the impact of uneven development, geographic and cultural diversity, occasional overreach of its Brussels-based bureaucracy, and the natural desire for sovereign control by its member states.

However, these internal problems present Russia with plentiful and important opportunities to sow discord and confusion within and among EU member states and to capitalize on them. Support for populist political parties and movements, information and disinformation operations, and intimidation campaigns are tools that Russia has and will continue to use to undermine EU and NATO cohesion and render their foreign, security, and military policies ineffective. The European Union's cohesion regarding sanctions against Russia and engagement with Ukraine is clearly fraying. Over the medium term, Moscow is betting that the EU's influence beyond Europe's borders and the durability of transatlantic ties will decline sharply.

At the same time, Russia's aggressive behavior has had a sobering and galvanizing effect on both NATO and some members of the European Union. NATO has been energized to develop and implement new measures to defend against and deter Russian provocations and military threats to alliance members on the border with Russia. Combined with renewed emphasis on more equitable burden sharing within the alliance during the U.S. presidential election campaign, the Russian threat has prompted NATO's European members to focus on their own long-neglected defense spending and capabilities. Countries outside the alliance, like Sweden and Finland, have steadily deepened various forms of cooperation but appear unlikely for the time being to seek full membership. The hybrid nature of the threat posed by Russia also underscores the importance of closer NATO-EU cooperation to defend against it. The pledge to enhance this cooperation made at NATO's Warsaw summit in 2016 is another encouraging and unintended consequence of Russia's aggressive behavior.

Equally important, the EU and the United States have implemented and sustained a set of coordinated economic and political sanctions on Russia. The ability of the transatlantic community to continue these sanctions in the face of repeated Russian attempts to undermine them is far from clear-cut in light of political transitions in the United States, as well as several European capitals. As lamentable as the collapse of the sanctions regime would be, it bears repeating that sanctions are a tactic for managing Russian behavior, not a strategy in and of themselves. The original U.S.-EU framework for the sanctions program has always stressed that there should be no significant impact on the health of the transatlantic economy or the stability of the global financial system. Those self-imposed constraints have inherently limited the ability to employ sanctions with the kind of bite that might have provided real leverage vis-à-vis Russia.

The Kremlin's narrative of Western encroachment on its interests and the West's narrative of Russia as an aggressive revisionist power both promise to make for a long standoff between the transatlantic community and Russia. The asymmetry of the tools they have at their disposal underscores the uniquely important role of transatlantic cohesion and the diminishing ability of the allies to sustain it. Fear of terrorism and a backlash against immigration from Africa and the Middle East, combined with the growing popularity of conservative, populist, and nationalist forces in Europe, will pose a severe test for the transatlantic alliance's ability to maintain a united front on sanctions and to prevent a return to business as usual. For countries like France and Italy, threats from the south and the Middle East tend to take precedence over the Russian threat and militate against continued confrontation with Putin. These countries may be emboldened to support a shift in transatlantic relations with Russia if the United States tilts in this direction and the United States and Russia begin working together more closely to fight groups like the self-proclaimed Islamic State.

### The Middle East

For most of the past twenty-five years, Russia had largely watched major developments in the Middle East from the sidelines. That changed thanks to its successful military intervention in Syria. While the United States fought two wars in Iraq, pursued an Israeli-Palestinian peace agreement, toppled the Muammar Qaddafi regime in Libya, coped with the fallout of the Arab Spring, and assembled a coalition to fight the Islamic State in Iraq and Syria, Russian engagement consisted largely of modest arms sales, participation in negotiations on the nuclear agreement with Iran, and the construction of largely cooperative relations with a trio of non-Arab countries (Israel, Iran, and Turkey). This largely reactive and passive role has given way to a much more agile and assertive Russian foreign policy in the Middle East that is likely to persist for the foreseeable future. It is important, however, to put the Russian challenge in the Middle East into proper perspective: Russia will not supplant the United States in the region, but it will be an important actor that cannot be ignored.

The Middle East is important to Moscow as a potential source of instability along Russia's periphery and inside Russia itself. It also is an area where the interests and policies of major powers intersect, presenting an opportunity for Russia to assert itself as a major power. Russia has other interests in the Middle East as well—as an oil producer, arms exporter, and neighbor whose security can be affected by instability and militant movements emanating from the region. Russia has long opposed U.S. pursuit of regime change and unilateral

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**The Kremlin's narrative of Western encroachment on its interests and the West's narrative of Russia as an aggressive revisionist power both promise to make for a long standoff between the transatlantic community and Russia.**

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interventions in the name of democracy; keeping Bashar al-Assad in power sends an important signal to the United States that Moscow is prepared to create facts on the ground to thwart the goals of Washington and its longtime Sunni allies.<sup>47</sup>

Nonetheless, Russia's relatively modest capabilities for power projection, its limited financial means, and the complexity of the multiple crises in the Middle East limit Moscow's capacity to project its influence. The Kremlin appears intent on denying the United States the ability to operate freely in the region rather than replacing it as the dominant power in the region. Rebuilding Syria or creating an economic and societal development agenda for the Middle East does not appear to be a part of the Russian blueprint for the Middle East. Rather, its priorities include having a seat at the table with a vote and a veto alongside major powers when regional issues are being decided; expanding its web of economic, political, and security relationships throughout the Middle East, especially where it can be done at the expense of the United States or where U.S. policy has left a vacuum; securing a long-term Russian military presence in Syria; and protecting the homeland from transnational threats emanating from the region. And because the Kremlin has the capacity to act quickly and is ready to take calculated risks, it is a force to be reckoned with in the Middle East.

Russian influence with the Gulf Arabs is likely to be limited by Moscow's support for the Assad regime, its ruthless military campaign in Syria against the largely Sunni opposition, and its partnership with Iran. Nonetheless,

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**Russia's relatively modest capabilities for power projection, its limited financial means, and the complexity of the multiple crises in the Middle East limit Moscow's capacity to project its influence.**

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Russia has recently made inroads in the Persian Gulf, taking advantage of growing frustration with U.S. policy toward Syria and Iran and growing doubts about the U.S. commitment to the region, to upgrade its dialogue with key countries. Russian-Saudi agreement on oil production cuts is a sign of better relations between the two energy powers.<sup>48</sup> Similarly, the recent investment by Qatar's sovereign wealth fund in Russia's state oil company Rosneft points to an improving relationship despite their support for different sides in the Syrian civil war.<sup>49</sup> While the apparently transactional nature of these relationships may be considered a limiting factor, it can also facilitate agile Russian diplomacy.

Similarly, Russian-Iranian relations will be limited by their transactional nature and because Russia has little to offer Iran to help it modernize its economy. But the two countries will sustain their partnership based on mutual recognition of their complementary interests and the benefits they derive from each other.<sup>50</sup> For Russia, Iran is an important interlocutor in the Gulf. The implementation of the nuclear deal limiting Iran's nuclear-weapons program ensures Russia a seat at the table with other major powers. In Syria, they have a common interest in supporting Assad even though they may disagree about

their redlines. For Iran, Russia is a key partner with a permanent seat on the UN Security Council, a source of arms, and a major power with interests and a presence in the Caucasus and Central Asia—their shared neighborhood. Russia's aspirations as a peer competitor to the United States serve Iran's interest in checking U.S. unilateralism, but does not limit it if it wants to explore an opening with the West.

Continuing frictions in U.S.-Egyptian relations have created an opening for Russia to improve ties with another important Middle East actor. This, too, is likely to be limited by the modest nature of what Russia can offer Egypt, which is trying to cope with a severe economic situation, as well as by the Egyptian military's dependence on U.S. military support. Nonetheless, the transactional nature of this relationship is useful to both sides. Arms sales and improved political ties amount to a win-win outcome and allows both sides to signal to Washington that it is not the only game in the Middle East.

Russian-Israeli ties are arguably at an all-time high despite disagreements—most importantly over Iran. Despite their complicated history, Russian-Israeli relations go well beyond transactional. For Russia, Israel represents an important regional power, and given Russian interest in expanding its Middle East footprint, relations with Israel are important in their own right and because of its special relationship with the United States. A succession of Israeli leaders have maintained good personal relations with Putin, recognizing him as the leader of a major power with which Israel can ill afford to have bad relations. Russia cannot supplant the United States as a partner for Israel, but both Moscow and Tel Aviv do not want a repeat of their post-1967 break in relations.

Russian-Turkish relations have improved dramatically after a near-total breakdown following the Turkish shoot-down of the Russian aircraft in 2015.<sup>51</sup> The rapprochement is an opportunity for both countries to send important messages to Washington. Ankara can demonstrate to Washington that it is no longer an indispensable partner, and Turkey can pursue a policy independent of Washington's wishes and disregard its criticism of Turkish domestic politics. Moscow can signal to Washington that its efforts to isolate Russia are futile and that Russian influence in the Middle East is expanding so much that it can peel off some of Washington's oldest and most reliable allies in the region. Both Putin and Turkish President Recep Tayyip Erdoğan have been criticized for their authoritarian tendencies. They have formed a partnership as Europe's two outcasts and are intent on showing Europe and the United States that they can manage without them. Their Syrian ceasefire initiative with Iran is further intended to demonstrate that they do not need the United States and Europe to deal with turmoil in the Middle East.<sup>52</sup>

Through its ability to inject itself in several Middle East issues where the United States has chosen not to engage, and to capitalize on frictions between the United States and its regional allies and partners, Russia has enhanced its ability to act as a spoiler and has emerged as a presence the United States and

its European allies can no longer ignore.<sup>53</sup> Russia does not offer an alternative vision for the region to that of the United States. It is hardly a transformational actor, preferring the status quo, which is entirely acceptable to most of the region's leaders.

Having achieved its own version of victory in Syria, Russia appears eager to expand its influence in the Middle East. Considering the relatively modest nature of its capabilities for doing so, it will look for opportunities that enable it to utilize its advantages—its arms sales, its efficient decisionmaking apparatus essentially consisting of one person, and its modest goals amounting to a lack of pretensions about comprehensive solutions for individual countries or the entire region's problems. With that, the Kremlin's sights seem to be set on Libya as its next target of opportunity. Russia has reached out to various factions but recently it has courted the commander of a major faction, General Khalifa Haftar, receiving him for talks in Moscow, hosting him aboard the *Kuznetsov* aircraft carrier near the coast of Libya, and, according to some—unconfirmed—reporting, even signing an arms deal worth \$2 billion, which if true, would be a violation of a UN arms embargo on Libya.<sup>54</sup>

Getting a firm foothold in that country or—to think really ambitiously—even propping up a client regime there as the Russian military did in Syria, would be a major victory for the Kremlin for several important reasons. It would enable Russia to greatly enhance its military and naval presence in the Mediterranean. It would further promote Russia's image as a great power returning to its former glory and reestablishing its presence in what once was its client state. It would be a vindication of the Kremlin's warnings about the West's policy of regime change, especially with respect to Libya—a NATO campaign that has been the subject of fierce Russian criticism since the beginning as an example of the West's irresponsible overreach. Needless to say, if successful, Russian involvement in Libya could benefit Russian oil companies and arms manufacturers, whose long-standing ties to Muammar Qaddafi's regime suffered when he was overthrown. Last, but not least, Western powers seeking a solution to Libya's turmoil will have to engage Russia.

Thus, Libya could well be the second pillar of Russia's strategy for the Middle East, which until recently has rested mostly on its relationship with Assad's Syria.<sup>55</sup> These moves by Moscow suggest that it will remain an important interlocutor to Washington on the Middle East. Russia has returned to the Middle East and is there to stay.

### **The Asia-Pacific**

Russia's presence in the Asia-Pacific region does not appear to pose an urgent challenge to major U.S. interests. The reason lies in the relatively minor role that Russia plays there and its limited toolbox for projecting power, especially compared to the role and capabilities of the two great powers competing for primacy in the region—the United States and China.

Russia's strategy for the Asia-Pacific region appears to be focused on its partnership with China, to a large extent excluding most other relationships. Its two other most important relationships in East Asia—with Japan and South Korea—face considerable economic, political, and diplomatic obstacles. Russia's footprint in Southeast Asia appears to be very small, and its policy of embracing China is likely to act as a brake on its ability to expand its web of relationships in the region.

Other than its consistent and increasingly close relationship with China, Russian diplomacy in the Asia-Pacific region has been marked by inconsistency.<sup>56</sup> In 2012, it hosted the Asia-Pacific Economic Cooperation (APEC) summit in Vladivostok with great fanfare—a move that heralded Russian ambition to expand its presence in the region. However, the following year, Putin did not attend the APEC summit in Bali, raising questions about Russian commitment to the region. He attended the APEC summit in Beijing in 2014—a must, given the relationship with China, but he skipped the 2015 APEC summit in Manila. Similarly, after actively seeking membership in the East Asia Summit for East, Southeast, and South Asian countries and gaining it in 2010, both Medvedev and Putin failed to show up at the meetings several years in a row, raising doubts about Russia's interest in Southeast Asia.

In May 2016, Putin hosted leaders from the Association of Southeast Asian Nations (ASEAN) in Sochi on the Black Sea, again with great fanfare and speculation about Russia's imminent push in the region, but it is facing an uphill struggle to expand its presence there. Russian trade with ASEAN countries is a mere \$13.7 billion annually.<sup>57</sup> According to the most recent data available on Russian direct investment in ASEAN countries, between 2012 and 2014 it was less than \$700 million, of which more than half went to Vietnam.<sup>58</sup> For comparison, Philippine President Rodrigo Duterte received commitments for \$24 billion worth of investment projects from China during his recent visit.<sup>59</sup> Russia is in no position to compete against such largesse. Rather, it is seeking investment in its own Far East region and is thus competing against other countries in East Asia.

Russia's relations with South Korea are complicated by two factors: South Korea's alliance with the United States and the unfavorable climate for foreign investment in Russia's Far East. Notwithstanding numerous attempts to improve relations between Moscow and Seoul, the relationship has never gained altitude. Most recently, the South Korean government's decision to deploy the Terminal High Altitude Area Defense (THAAD) system to defend against the North Korean threat was criticized by Russia (and China) as a destabilizing move, as both countries claim U.S. missile defense deployments are a threat to them.<sup>60</sup>

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**Russia's presence in the Asia-Pacific region does not appear to pose an urgent challenge to major U.S. interests.**

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Russian-Japanese relations are undergoing a renaissance, fueled by both sides' interest in closer ties, even if for different reasons. Japan's Prime Minister Shinzo Abe has prioritized putting limits on the budding Sino-Russian strategic partnership but has been hamstrung by the deadlocked dispute over the South Kuril Islands, which were occupied by Russia after World War II. For Putin, the prospect of closer political ties with Tokyo and increased Japanese investment in the Far East and other parts of the Russian economy have considerable symbolic value, given his long-standing desire to break out of international isolation and undermine G7 solidarity.

However, as the Kremlin has announced a series of steps to expand its military presence on the disputed islands and has embraced more hardline nationalist rhetoric in foreign policy and domestic politics, it appears highly unlikely that a compromise on the territorial issue can be reached in the foreseeable future. More likely, Moscow will engage Tokyo in a series of protracted talks, dangling the prospect of a compromise, but not intending to close the deal. The

Japanese side is likely to be disappointed by this outcome. Tokyo will probably be disappointed as well in its efforts to drive a wedge between Moscow and Beijing. The Kremlin is likely to see this design for what it is—a geopolitical ploy. Japan is an ally of the United States, and Russian leaders see it as firmly in the U.S. sphere. As long as Russia remains in an antagonistic relationship with the United States, a rapprochement with Japan is highly unlikely to

offer Russia enough strategic reassurance or material benefits to risk undermining its relationship with China.

Russia's own pivot to the Asia-Pacific region is more talk than action and as such represents less of a challenge to U.S. interests than Russian actions in Europe or in the Middle East. The pivot is less of a strategic move in its own right than a reaction to the breakdown in Moscow's relations with the West. With Russia's predominant focus on the relationship with China, which is driven largely by considerations beyond the region, Moscow's Pacific pivot is limiting its ability to pursue a broad and balanced strategy in the region.

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**Russia's own pivot to the Asia-Pacific region is more talk than action and as such represents less of a challenge to U.S. interests than Russian actions in Europe or in the Middle East.**

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## Where the United States Needs Russia

### Nuclear Proliferation

It is difficult to make progress on nonproliferation problems without continued U.S.-Russian cooperation. However, while there are numerous opportunities for cooperation, Moscow is unlikely to be a reliable and consistent partner on nonproliferation.<sup>61</sup> The Kremlin's recent decision to suspend implementation of an agreement it signed in 2000, to dispose of excess plutonium, in response to growing tensions over Syria and Ukraine underscores Moscow's willingness to

use nonproliferation cooperation for political grandstanding. It may also foreshadow further Russian moves to walk back from cooperation with the United States on nonproliferation or to use this agenda as leverage on other issues.

Russia and the United States have common interests in preventing other countries from joining the nuclear club and in preventing terrorists from getting their hands on nuclear weapons. Moreover, Russia has a strong stake in preserving and strengthening the norms and institutions of the existing nuclear nonproliferation regime. That said, Russia simply does not attach the same priority to nonproliferation issues as the United States.

Its approach to nonproliferation is often, like its approach to foreign policy in general, highly transactional. For the United States, preventing nuclear proliferation is an urgent global problem that lies beyond the realm of transactional relationships. But for Russia, nuclear nonproliferation is only one of many Russian foreign policy goals, and it often plays second fiddle to other priorities, including commercial opportunities for the sale of civilian nuclear reactors, supporting partners and allies who face pressure from the United States, and preventing Washington from pursuing nonproliferation goals that, from Moscow's vantage point, are aimed at preserving American hegemony and a unipolar world. Although Moscow has supported UN-mandated sanctions against Iran and North Korea, it is far more reluctant, as a matter of principle, to back unilateral U.S. sanctions against countries that violate UN Security Council resolutions. Moreover, Moscow and Washington, even when they agree on goals, often disagree on tactics and priorities.

In January 2016, the implementation of the Joint Comprehensive Plan of Action (JCPOA) illustrated the positive impact of U.S.-Russia leadership on nuclear nonproliferation. Unfortunately, the JCPOA has become an exception to an otherwise diminished Russian role on the nuclear nonproliferation front.<sup>62</sup> Because of commercial interests, Russia has permitted clients to adopt less stringent standards and controls for civilian nuclear reactors. In light of Russia's recent unreliability and because the United States requires Russia's cooperation on important nuclear issues, the Kremlin is well positioned to thwart Washington's initiatives.<sup>63</sup>

It will be difficult to make progress in advancing the nuclear nonproliferation agenda with Russia as long as the bilateral relationship remains antagonistic. Nonetheless, Russia sees itself as a leader of the global nonproliferation regime, and there are areas where convergent interests could provide a basis for collaboration to achieve common goals. Of all the items on this agenda, none is more important than maintaining Russian cooperation on the implementation of the JCPOA and strict enforcement of its provisions, including the imposition of snapback sanctions in response to Iranian violations. A second but more difficult priority would be to narrow the gap between U.S. and Russian standards and conditions in the supply of civilian nuclear reactors to

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**Moscow is unlikely to be a reliable and consistent partner on nonproliferation.**

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third countries. These priorities and others, such as ensuring the total elimination of Syria's chemical-weapon capability and bolstering the security of nuclear materials, would be better advanced if the two sides resumed a regular, high-level dialogue on the full range of nonproliferation issues.

### Arms Control and Confidence-Building Measures

Both the United States and Russia continue to meet their obligations under the New START Treaty. But prospects for further progress in reducing the strategic and tactical nuclear weapons of both sides remain bleak unless one side is prepared to compromise on some fundamental positions. In addition to the overall downturn in U.S.-Russian relations and the absence of mutual trust, the other main obstacle to rebuilding the architecture for strategic arms control is the conflicting agendas and priorities of both sides. Putin appears lukewarm, at best, about re-engaging on arms control unless it is done on Russia's terms. Washington will, therefore, need to temper its ambitions and expectations for significant progress on nuclear arms control and, more broadly, for developing an agreed arms control framework to address new and emerging threats such as cyber and space warfare and exotic, high-tech conventional weapons (for example, hypersonic glide vehicles).

Washington's top priority is to reduce Russia's stockpile of active and non-deployed strategic and nonstrategic nuclear warheads. By contrast, Moscow is preoccupied with negotiating a legally binding treaty on U.S. deployments of missile defenses (which would be dead-on-arrival on Capitol Hill) and restraining America's conventional prompt global strike capabilities. Neither

side has shown any willingness to reconcile these conflicting goals. Moreover, Moscow's determination to include other nuclear-weapon states in the next round of nuclear reductions is another obstacle to progress.<sup>64</sup>

If Washington and Moscow stick to their current positions, extending New START's limits before they expire in 2021 may be the only politically viable option for preserving the edifice of U.S.-Russian nuclear arms control—and

even that may not be possible unless the United States alters its plans to deploy ballistic missile defenses. That said, Russia has a clear interest in constraining future U.S. strategic force modernization, and its own resource constraints might provide an additional incentive to maintain current limits on the growth of America's nuclear arsenal.

At the same time, however, the political climate for further strategic arms reductions has been soured by Russian violations of the Intermediate-Range Nuclear Forces Treaty. Thus, extending the limits of New START, let alone launching a new round of negotiations to reduce strategic forces, will be politically difficult as long as Moscow is not in compliance with the treaty; obtaining U.S. Senate ratification of a follow-on treaty would be even more problematic.

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**Prospects for further progress in reducing the strategic and tactical nuclear weapons of both sides remain bleak unless one side is prepared to compromise on some fundamental positions.**

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The prospects for a new agreement to limit conventional forces in Europe look equally dim. The new geopolitical fault lines in Europe and conflicting U.S. and Russian visions of the future Euro-Atlantic security order will have to be overcome to make any headway in this area.<sup>65</sup> Moscow has also used the lack of progress on a new Conventional Armed Forces in Europe agreement to justify its refusal to make reductions in its nonstrategic nuclear weapons.

Although new reductions in nuclear weapons and conventional forces are unrealistic over the next few years, there may be greater opportunities for the United States and NATO to agree on confidence-building and transparency measures that could help to restore some mutual trust and reduce the risk of a conflict escalating from military incidents. The most urgent priority is to prevent a NATO-Russian conflict by getting Russia to halt provocative and irresponsible military maneuvers. Among the measures that should be on the table are improving inspections, observations, and notification procedures under Vienna Document 2011, transforming the bilateral U.S.-Russian Incidents at Sea and Dangerous Military Activities agreements into multilateral arrangements, and more vigorous Russian implementation of the Open Skies Treaty.<sup>66</sup> The NATO-Russia Council, however, is suspect in Russia's eyes and therefore probably cannot serve as the sole venue for these discussions.

In the strategic realm, the United States and Russia each worry about the nuclear doctrines, force postures, and modernization plans of the other. While it may not be promising unless the political atmosphere improves, it might be more prudent, productive, and necessary to shift the focus of U.S.-Russian arms control away from further reductions in nuclear arsenals to discussions of strategic stability and other measures to reduce the risk of an unintended conflict. It should be possible, at a minimum, for the United States and Russia to engage in a high-level and regular strategic dialogue on these issues as well as greater transparency and information sharing on missile defense deployments and long-term development plans and on nuclear warheads that New START does not capture. These discussions could, for example, focus on measures both sides could take to increase warning and decision time, including early de-alerting of strategic weapons scheduled for destruction under New START and lowering the readiness of other strategic forces to mitigate the risk of an accidental or unauthorized launch. None of these steps would require legally binding treaty commitments.

### **The Middle East**

Russia's continuing intervention in Syria has transformed the conflict in favor of the Assad regime. Today, the cooperation of Russia and Iran is critical to establishing a cessation of hostilities, the delivery of humanitarian assistance, and negotiations on a future political order. American efforts to resolve the

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**New reductions in nuclear weapons  
and conventional forces are unrealistic  
over the next few years.**

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Syrian crisis have delivered few, if any, results. It remains to be seen whether Russia, Turkey, and Iran will be successful in sustaining the ceasefire they have brokered and in negotiating a peaceful transition to a postconflict political order with other parties to the conflict.

Russia is highly unlikely to backtrack from its strong pro-Assad position and accept a future Syrian government without Assad. Without such a transition, a significant portion of the Sunni population is likely to keep fighting, which means that the humanitarian and refugees crises could very well intensify in coming phases of the war after the fall of Aleppo. For their part, Assad and his Russian and Iranian patrons are poised to continue their efforts to destroy Syrian rebel forces and then seek a negotiated settlement from a position of strength. Thus, absent a new and different approach to the Syrian crisis on the part of the United States, prospects for U.S.-Russian cooperation in ending the Syrian civil war look bleak.

It is an open question whether Washington and Moscow can launch and sustain joint or coordinated efforts to defeat the Islamic State in Syria and perhaps elsewhere in the region. The United States and Russia have a common interest in defeating the jihadi-Salafi threat. But operational cooperation, especially sharing of intelligence and coordination on targeting, is compli-

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**Prospects for U.S.-Russian cooperation in ending the Syrian civil war look bleak.**

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cated by the desire of the U.S. intelligence community and Department of Defense to protect sources and methods of intelligence collection as well as tactical differences in targeting. Moreover, Russia's approach to countering global jihadism is narrowly focused on kinetic means and its own immediate and regional rather than global threats. It has little of value to offer in drying up the Islamic State's sources of revenue and draining the swamp of the terrorist group's foot soldiers, and its approach to counterradicalization at home is arguably counterproductive, contributing to the flow of Islamic fighters from Russia and other parts of the former Soviet Union to the Islamic State.

### **Eurasia**

Eurasia is likely to remain the stage for the principal contest between Russia and the West. On one side is Russia's geopolitical ambition and, on the other, the West's combination of geopolitical goals and commitment to values. Eurasia's importance to the West has increased with the breakdown in relations with Russia, as both a buffer against the threat Russia poses to its interests, and a highly symbolic prize in this contest. Neither side appears likely to yield for the foreseeable future, which puts the states of Eurasia in a difficult situation.

For most, if not all of the former Soviet states, navigating between Russia and the West will be an additional challenge in what is already a difficult economic, political, and geopolitical environment. The support they will probably get from the West is unlikely to compensate for the difficulties they encounter

in their domestic development and the pressure they will continue to encounter from Russia. While diminished, Russia's importance to its neighbors as a trading partner, as a supplier of energy, as a source of remittances, as a cultural center, and as a security provider should not be overlooked. Being torn between the West and Russia in their geopolitical tug-of-war is an outcome they would like to avoid.

In developing their policy toward Russia, the United States and Europe should keep in mind how their proposed actions might ricochet toward its neighbors; in particular, they should avoid making it a "you are with us or against us" proposition and allow Russia's neighbors to calibrate their own course between the two geopolitical poles. Likewise, the United States and Europe should not play a zero-sum game with Russia in Eurasia: situations may emerge in which they will need Russia on their side to cope with developments in the region. These include humanitarian contingencies, shared nonproliferation interests, future regional conflicts, and counterterrorism. All of these should be part of the conversation when formulating policies toward Eurasia.

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**Russia's importance to its neighbors as a trading partner, as a supplier of energy, as a source of remittances, as a cultural center, and as a security provider should not be overlooked.**

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### The Cyber Domain

Russian state-sponsored attacks on the institutions and processes that guide modern democratic societies must be exposed and answered. The elements of a more comprehensive U.S. strategy to deter and defend against Russian cyber operations in the United States and Europe finally began to take shape in the waning days of the Obama administration. These included attributing to and imposing sanctions against Russian entities and individuals responsible for the cyber and influence operations during the 2016 U.S. presidential campaign; bolstering deterrence of future attacks by increasing the costs and consequences of Russia's interference in the U.S. presidential election; strengthening the resilience of the U.S. critical infrastructure; supporting European efforts to thwart and expose Russian interference in their domestic politics; and developing closer transatlantic coordination of retaliatory measures.

Putin's decision not to retaliate in kind to the sanctions was a clever gambit. It gave President Trump greater room to maneuver in his bid to improve relations with Russia and underscored Putin's desire to improve U.S.-Russian relations. Nonetheless, a decision by the Trump administration to lift those sanctions would signal to Moscow that there is little cost or consequence to such actions, thereby undermining deterrence. In the meantime, the U.S. government should explore whether it can work with major actors in the cyber realm, such as China and Russia, to develop new rules of the road that might limit some of the most destabilizing kinds of offensive operations. There is a foundation for these players to build upon to reach a *modus vivendi*, but the conceptual, policy, and legal challenges are daunting.

Although cooperation based on mutual incentives for restraint is potentially promising, the United States should consider taking additional punitive measures to deter malicious Russian cyber operations in the future beyond those that were imposed at the end of December 2016. In previous experience with China, name-and-shame tactics have shown mixed results. In 2014, the U.S. Department of Justice indicted five Chinese military hackers (Unit 61398) for cyber espionage against U.S. corporations and a labor organization.<sup>67</sup> Due to the public attribution,<sup>68</sup> China suspended participation in the U.S.-China Cyber Working Group at the time.<sup>69</sup> While the scale of Chinese attacks has reportedly decreased, Chinese hackers continue to target leading American technology companies.<sup>70</sup>

At the same time, cyber-related sanctions are another coercive tool whose utility is far from well-established in this context.<sup>71</sup> The risk-reward calculus on the imposition of additional sanctions must incorporate the reality that key Russian entities involved in these activities are less vulnerable to economic pressure and, as Obama observed, “We do have some special challenges, because oftentimes our economy is more digitalized, it is more vulnerable, partly because we’re a wealthier nation and we’re more wired than some of these other countries.”<sup>72</sup> The new U.S. administration faces a tall challenge in determining whether it is possible to alter Russia’s behavior in the realms of cyber operations, cyber espionage, and information operations at a price the United States is willing to accept.

### **Nuclear Terrorism**

Greater U.S.-Russian cooperation on nuclear terrorism offers a reasonably promising way to provide ballast to the U.S.-Russian bilateral relationship. Because nuclear terrorism poses a grave threat to both countries, Washington and Moscow share converging interests in preventing the spread of nuclear fissile materials and nuclear weapons to terrorist organizations—and such cooperation is easier to justify to publics in both countries that are wary of the behavior and intentions of the other. As of 2014, around 2,200 tons of highly radioactive materials are spread across hundreds of sites in twenty-five countries.<sup>73</sup> Terrorist groups, particularly al-Qaeda and Islamic militants in the North Caucasus, have expressed interest in acquiring nuclear weapons with the intent of using them against either the United States or Russia.<sup>74</sup>

There is a long-standing and successful tradition of the United States and Russia leading the international community to address nuclear threats and nuclear terrorism through bilateral and multilateral partnerships.<sup>75</sup> Under the Global Threat Reduction Initiative in 2004, both countries have engaged in efforts to convert research reactors using highly enriched uranium to low-enriched uranium. The Global Initiative to Combat Nuclear Terrorism, co-chaired by the United States and Russia, is a voluntary partnership of eighty-six countries that aims to improve capabilities for detecting, preventing, deterring,

and responding to nuclear threats.<sup>76</sup> As part of their leadership on the UN Security Council, both countries have upheld its resolutions designed to combat nuclear terrorism.<sup>77</sup>

In addition, under the leadership of the U.S. Department of State, international partnership programs such as the Proliferation Security Initiative and the Counter Nuclear Smuggling Program have helped established joint action plans to prevent, detect, and respond to the theft and sale of nuclear weapons.<sup>78</sup> Moreover, the United States and Russia have signed many bilateral agreements and conducted several working groups to address nuclear proliferation and terrorism.<sup>79</sup> Most of these activities have focused on improving protection, controls, and accounting for nuclear material and facilities, expanding emergency response, accelerating research reactor conversions and fuel returns, and sharing best practices.<sup>80</sup> Further, while many countries recognize the threat of nuclear terrorism, the legal groundwork for addressing perpetrators remains in a nascent stage.

However, joint efforts to reduce threats and improve security of nuclear materials have faltered. Since 2014, growing hostility between Washington and Moscow has threatened bilateral cooperation and the stability of today's nuclear security architecture.<sup>81</sup> Because of tensions with the United States and the West over sanctions and Russian military operations in Syria and Ukraine, Russia did not participate in the 2016 Nuclear Security Summit in Washington, DC.<sup>82</sup> This recent break in dialogue and Russia's proclivity to subordinate nuclear security concerns to foreign policy objectives is particularly concerning given the need for greater Russian leadership on nuclear issues.

There are many challenges facing the United States and Russia, as well as the global community at large, which will require bilateral cooperation. These include a false sense of security about the threat; overconfidence in the adequacy of existing nuclear security measures; a reluctance to share information; budget constraints, weak legal and regulatory frameworks, and deficits in technical capacity in some countries; and the extraordinary challenge of keeping a handful of terrorists from getting their hands on a small amount of nuclear material with which to fabricate a crude bomb.<sup>83</sup>

Cooperation between the United States and Russia would help secure existing nuclear arsenals and materials and prevent threats from aspiring nuclear powers and terrorist networks alike. Options to enhance U.S.-Russia nuclear terrorism cooperation include: limiting highly enriched uranium research reactors and plutonium production; securing existing nuclear weapons and materials by regularly updating security protocols for forward deployed nuclear weapons and at storage sites; increasing intelligence sharing and law enforcement cooperation between the United States and Russia, as well as other countries who possess nuclear weapons; and increasing counterterrorism efforts to

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**Greater U.S.-Russian cooperation on nuclear terrorism offers a reasonably promising way to provide ballast to the U.S.-Russian bilateral relationship.**

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eliminate terrorist organizations with nuclear ambitions, as well as their ties to rogue nuclear states.<sup>84</sup> The United States and Russia should also increase their capacity building and legal assistance to vulnerable countries.

The United States and Russia should continue to pursue a two-step nuclear security process: ensuring high standards for nuclear facilities and storage sites—such as those established under the International Atomic Energy Agency (IAEA) Safeguard Agreements<sup>85</sup>—and supporting proper response measures through increased government-to-government intelligence sharing and law enforcement cooperation.<sup>86</sup> Following Russia's absence from the 2016 Nuclear Security Summit, the spokesperson for the Russian Foreign Ministry, Maria Zakharova, stated, "We, therefore, believe that the IAEA, which possesses the required expert status, should play the main role in coordinating the international community's efforts to ensure nuclear security and physical protection of nuclear facilities and material."<sup>87</sup> In response, the United States should consider delegating greater leadership roles to Russia and international organizations, such as the IAEA. Greater leadership from Moscow could potentially eliminate any pretext for Russia's claims of a politicized process, while simultaneously entrusting Russia with more responsibility for global nuclear security. Finally, because the United States and Russia maintain the largest nuclear stockpiles and the longest history of engagement in nuclear security, it is particularly important to sustain their global, multilateral leadership against nuclear terrorism to provide momentum to nuclear risk reduction activities of other countries.

### **North Korea**

Russia is acting as a brake on progress in bringing North Korea back to the negotiating table and pressuring the North to halt nuclear-weapon and missile tests and other provocative activities. Moscow is standing firm with Beijing in opposing tougher sanctions in response to the latest round of North Korean missile tests and more generally is sympathetic to the Chinese position that greater pressure, punishment, and isolation of the North will not moderate its behavior or compel Pyongyang to return to the negotiating table. Moscow is unlikely therefore to support a new American drive to dramatically increase sanctions.

Thus, while Russia's goals in North Korea—having a seat at the table and taking advantage of commercial opportunities that might emerge from engagement with the country—are modest, Moscow is strongly opposed to the overall U.S. policy and will maintain this stance as long as China provides cover. Peeling Russia away from China might put greater pressure on Beijing to soften its opposition to tougher sanctions, but Washington has few, if any, incentives it could offer Russia to gain its support, while China has a lot more cards to play to keep Moscow on its side.

## Looking to the Future

In redefining the terms of engagement with Russia and balancing a relationship that will continue to be based on a fragile and uneasy mix of competition, adversity, and occasional cooperation, the Trump administration will need to be careful in how it deals with the outstanding issues on the U.S.-Russia agenda. It should avoid putting all issues on the table immediately in an effort to achieve some grand bargain or a breakthrough in the relationship, and instead try to make incremental progress on specific topics. It will also need to set and stick to priorities, accurately gauge the leverage it has to influence Moscow's behavior in a positive direction, and consider the consequences of how Russia and even more importantly U.S. allies, in Europe and the Asia-Pacific, will respond to the administration's efforts to put relations with Russia on a better footing.

### Guiding Principles

For the past three years, the West and Russia have been drifting toward a state of affairs resembling Cold War II. The confrontation may lack the geopolitical and ideological scope of Cold War I, but the risk of a conflict between the West and Russia has increased significantly, notwithstanding the positive tone struck by Presidents Trump and Putin. The United States and its allies, as well as all the countries in the zone of competition between the West and Russia, would benefit if this downward spiral could be reversed. The prospect for doing so will hinge on two factors. First, Moscow will have to decide whether it is ready to improve relations with the West instead of relying on foreign policy adventures and anti-Western propaganda to divert attention from domestic challenges. The second and more important factor has to do with the terms of the deal that can be struck between Russia and the West. In setting these terms, the Trump administration should adhere to the following four principles for U.S. and Western policy toward Russia and its neighbors.

**The United States' commitment to defend its NATO allies will remain unconditional and ironclad.** America's top near-term goal should be to bolster deterrence with a series of defense improvements and reassurance measures for the alliance's eastern flank.

**The United States and its allies will defend the norms that underpin European security and, more broadly, the international order.** These include the Helsinki Final Act and the Charter of Paris, which have been aggressively challenged by Russian actions.

**The United States will continue its strong support for Ukraine.** The fate of Ukrainian reform is of critical importance to Europe. Halting the conflict

in Donbas, deterring further Russian aggression, and supporting Ukraine's far-ranging domestic reforms will be top priorities for U.S.-EU diplomacy.

**Engagement with Russia will not come at the expense of the rights and interests of Russia's neighbors.** At the same time, the United States must recognize that the long-term challenge of promoting democracy in Russia and Eurasia will be a demand-driven rather than supply-driven process.

In applying these principles to the specific issues at hand, the United States needs to remain mindful about the risks of overreaching and creating unrealistic expectations, especially given the boom-and-bust cycle of its relations with Russia since the end of the Cold War. That will mean making sharp distinctions among what is essential, what is desirable, and what is realistic.

### **What Is Essential?**

The U.S.-Russian dialogue has been greatly diminished over the past two years as a result of Russian aggression against Ukraine. The Obama administration suspended most routine channels of communication and cooperation with the Russian government and encouraged U.S. allies to follow suit. As the crisis has dragged on, it has become harder to address differences, avoid misunderstandings, and identify points of cooperation in the absence of regular interactions at various levels. The Trump administration should entertain the possibility of resuming a wide-ranging dialogue, even though the Russians may well prove as unwilling to engage in a serious give-and-take as they did during the George W. Bush and Obama administrations, or they may choose to use the talks solely to score political points. But even if the Kremlin is not ready to engage forthrightly, four priorities should dominate the U.S. agenda and shape the direction of early discussions with the Russian government.

First, the Trump administration should respond to Russian meddling in the U.S. presidential election in ways that get the Russians' attention. As a parting shot, Obama imposed sanctions on Russian entities involved in the hacking and ejected thirty-five Russian diplomats from the United States.<sup>88</sup> Yet much more needs to be done. A carefully calibrated covert response in cyberspace would send the message that the United States is prepared to pay back the Kremlin and its proxies for their unacceptable actions. Trump should also work to protect the large swaths of government and private-sector networks and infrastructure in the United States that remain highly vulnerable to cyberattacks. The lack of a concerted response to Russia's meddling would send precisely the wrong signal, inviting further Kremlin exploits in France and Germany, which are holding their own elections in 2017.

Second, the Trump administration should ensure that military-to-military channels are open and productive. Russia's provocations carry the very real risk of a military confrontation arising from a miscalculation. Washington should

prioritize getting Russia to respect previously agreed-on codes of conduct for peacetime military operations, however difficult that might be. The situation is especially dangerous in the skies over Syria, where Russian pilots frequently flout a set of procedures agreed to in 2015 to avoid in-air collisions with U.S. and other jets.

Third, in Ukraine, Washington should focus on using diplomatic tools to de-escalate the military side of the conflict and breathe new life into the Minsk accords, a loose framework of security and political steps that both sides have refused to fully embrace. The existing package of U.S. and EU sanctions represents an important source of leverage over Moscow, and so it should not be reversed or scaled back in the absence of a major change in Russian behavior in Ukraine. At the same time, the United States and its EU allies must work to keep Ukraine on a reformist path by imposing strict conditions on future aid disbursements to encourage its government to fight high-level corruption and respond to the needs of the Ukrainian people.

Fourth, the Trump administration should remain realistic about the prospects of promoting transformational change in Russia. As the last twenty-five years have shown again and again, Russia resists outside efforts at modernization. In other words, the United States should not treat Russia as a project for political, social, or economic engineering.

### **What Is Desirable?**

In this basket should go issues where there has been a reasonably good track record of U.S.-Russian cooperation, and where U.S., Western, and Russian interests overlap even if they are not identical. These include resuming talks on nuclear nonproliferation, nuclear terrorism and nuclear security, arms control, and the future of the Arctic. Much of the content of these discussions is technical. Because progress can be made at lower levels until major agreements are ready to be signed, their negotiations do not need to take up the time and attention of senior officials. One immediate priority in this basket should be adoption of confidence-building measures to increase transparency, predictability, and mutual trust related to the movement of military forces in and around Europe and the strategic force modernization and missile defense plans and programs on both sides.

On more ambitious arms control efforts, however, progress will require high-level decisions that neither side is eager to make. Such is the case with resolving the impasse over the Intermediate-Range Nuclear Forces Treaty, which the United States claims Russia has violated, and securing further reductions in the size of both countries' strategic and tactical nuclear arsenals. Even so, the Trump administration should keep the door open to further progress on arms control. The U.S.-Russian arms control edifice is in danger of collapsing: the Anti-Ballistic Missile Treaty and the Treaty on Conventional Armed Forces in Europe are no longer in force, the Intermediate-Range Nuclear Forces Treaty



may soon fall apart, and New START is due to expire in 2021. Neither Russia nor the United States is ready for a new arms control agreement, primarily because of conflicting agendas. Moscow wants to constrain U.S. deployments of missile defense systems and high-tech conventional weapons, while Washington wants to further reduce the number of Russian strategic and tactical nuclear weapons. But neither would be served by abandoning arms control completely. At a minimum, both would benefit from more conversations about their force structures and nuclear doctrines, with an eye toward ensuring stability, especially during crises.

### **What Is Realistic?**

The United States needs to temper its ambitions and expectations about big breakthroughs or grand bargains in the U.S.-Russian relationship. Mutual mistrust and differences in interests and values are so great that overcoming them will take considerable time. With that in mind, the Trump administration should focus on managing the relationship and containing and mitigating problems so they do not get worse, rather than looking for breakthroughs or grand bargains.

The record of U.S.-Russian interactions over the past twenty-five years suggests that engagement at the highest level is essential to managing the bilateral relationship. Putin's unique role in the Russian system further makes it necessary for President Trump to engage with him in order to make productive contacts possible at other levels. President Trump will have multiple opportunities to engage with Putin early in his tenure without undermining G7 solidarity.

### **Final Words**

Improving relations with Russia can be useful for making progress on many of the United States' and the West's highest security, political, and economic priorities. Standing up for the West's principles is not incompatible with a less volatile relationship with Russia. The Richard Nixon administration laid mines in Haiphong harbor in Vietnam, a Soviet ally during the Vietnam War, while pursuing détente. The Ronald Reagan administration demonstrated how defending human rights and universal values in the Soviet Union and its satellites could be pursued at the same time as détente and arms control. Russian leaders express their preference for *realpolitik*—they will or are more likely to understand and respect a country that stays true to its principles, knows its interests, and understands power.

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