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Kristi Govella *Editors*

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# Responding to a Resurgent Russia

Russian Policy and Responses from  
the European Union and the United States

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# Chapter 1

## Introduction: The Fall of the Soviet Union and the Resurgence of Russia

Kristi Govella and Vinod K. Aggarwal

### 1.1 Introduction

Much has happened in the two decades since the end of the Cold War. In the immediate aftermath of the fall of the Soviet Union, Russia went through a period of dramatic domestic political change and uncertainty in the foreign policy arena. A country that was once a superpower in a bipolar world began to doubt its place in the international system – and not without reason: the collapse of the USSR left Russia in a state of economic, political, and social turmoil, marked by declining economic output and increasing inflation, foreign debt, and budget deficits. Other problems included lack of law and order, loss of central control over the periphery, conflicts in Chechnya, rampant corruption, chronic political instability, and a severe financial crisis. At the start of Vladimir Putin’s presidency, the country’s share of world GDP had fallen to just 1.5%, in contrast to the 21% share held by the United States (Legvold 2001). Moreover, Russia’s economic and political transition during the 1990s was fraught with complications and disappointments.

The last decade, however, has witnessed Russia’s reemergence onto the international scene, as well as a recentralization of power under former president Vladimir Putin, the current prime minister of Russia. Although the global economic recession that started in 2008 has made Russia’s position look somewhat weaker, Russia today is undeniably richer and more stable than it was at any point during the 1990s. Russia has also developed a much more assertive foreign policy over the past decade. Its resurgence, as might be expected, has been met with ambivalence from the United States and the European Union, particularly when viewed in light of concerns over Russia’s creeping authoritarian tendencies. While elements of the Cold War undoubtedly continue to define Western–Russian interaction, the terms of

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Russian relations with both the United States and the EU have shifted fundamentally in a number of important ways, and it is time to begin looking for a new paradigm to describe relations between these actors.

This book looks at the events of the post-Cold War period and focuses on two central questions. First, what factors explain and characterize Russia's resurgence over the past decade? Second, as Russia reasserts itself in an international system still governed by a "Western" conception of order drawn from liberal models of capitalism and democracy, how is the relationship between the European Union and the United States vis-à-vis this rising power likely to evolve? The answers to these questions have important implications for the viability of the current international economic and political order. In order to address these issues, we bring together a diverse set of country experts from Russia, Europe, and the United States to analyze three main themes: Russia's own perception of its rise and its changing relations with the West; Russia's role in the international political economy; and responses to Russia's resurgence by the EU and the United States.

This introductory chapter provides a general overview of Russia's domestic and foreign policy during the post-Cold War period. We begin by taking a look at the turbulent political and economic reforms of the 1990s. Then, we turn to the factors driving Russia's resurgence in the 2000s and the changes in its foreign policy during this time period. We also briefly consider the ramifications of the global economic crisis that began in 2008. In concluding, we outline the chapters that form the body of this book, a set of detailed examinations of economics and security written by experts on Russian, American, and European foreign policy. We reserve our discussion of Russian relations with the United States and the EU for the conclusion of this volume.

## **1.2 The Collapse of the Soviet Union and the Resurrection of Russia**

The end of the Cold War took academics and politicians alike by surprise. As the Soviet Union's reign came to an abrupt end, Western attention drifted away from Russia. The United States began to ponder what it meant to be the sole superpower in the world, while the European Union turned its attention to moving its integration process forward.

Meanwhile, Russia embarked upon a dramatic and often traumatic process of economic and political reform. Much of the academic literature during the 1990s focused on domestic political developments within Russia – and indeed, there was much to talk about. The early post-Soviet period was a time of relative political openness. Yet, rather than building on the gains of the late Mikhail Gorbachev and early Boris Yeltsin periods, Russian democracy faltered. Yeltsin's political choices and weak leadership played an important role in this process, as did the adoption of a "superpresidential" constitution, which put in place the inauspicious framework for a formidable president and a relatively ineffectual legislature – a framework that, along with a rather weak federal system, paved the way for Vladimir Putin to

centralize power (Colton 1995; Colton and Skach 2005; Fish 2005; Shleifer and Treisman 2000). In addition, Russian democracy was inhibited by problems such as electoral fraud, weak civil society, and an environment that constricted the development of strong, independent parties (Fish 2005; Hale 2005; Howard 2003; Kitschelt et al. 1999). Contrary to early discussions about the inherent incompatibility of Russian culture with democracy, recent research has embraced the view that the failure of the Soviet experiment created a social environment where it was perfectly rational for Russian citizens and elites to make short-term political choices that ended up being problematic for democratic consolidation (Hanson 2007).

Economically, Russia initially embarked upon a similarly ambitious program of “shock therapy” and an embrace of Western-style capitalism after the end of the Cold War. Yet, as with its political transition, by the end of the 1990s it was apparent that Russia’s attempt at economic liberalization had proven to be destructive, leading some analysts to retreat from their earlier enthusiasm for radical economic transformation (Zweynert 2007). Russian reforms started from the mistaken assumption that liberalization and privatization would create a critical mass of actors who would support these reforms and that these actors would begin to demand the development of necessary market institutions such as property rights protections and enhanced rule of law (Hellman 2002). But without strong institutions, privatization and liberalization led to predation by former managers and local officials, and the resultant economic insecurity negatively affected investment and depressed capital formation (Buiter 2000; Frye 2002; Roland 2002; Solnick 1996). Problematic economic reform also had negative consequences for the aforementioned political reforms, though analysts disagree on the precise causal mechanism. Some fault excessively rapid economic liberalization for Russia’s democratic deficit, while others maintain that insufficient liberalization was the problem.<sup>1</sup>

Much less attention was paid to Russian foreign policy during this period, partially because despite its long period at the helm of the Soviet Union, Russia had emerged as a new nation that was unsure of its own interests and boundaries. Under these conditions, “the things that international relations theory tends to take for granted – states and interests, for example – are themselves problematic” (Holloway 1995:282–283). In particular, the Russian state was in a transitory and weakened condition, leading the government to focus on its pressing domestic problems and the reforms described above. Russia’s identity and its perception of its relationship with the West emerged as a major theme throughout the foreign policy debates of the 1990s. A number of scholars argued that the new Russia would be more open to the West now that it was freed of its Cold War-era constraints, pointing to Russia’s historical fascination with the West and the potential economic gains from closer relations with the latter (Kozyrev 1992; Simes 1991–1992). Yet others looked at Russia as historically imperialist and aggressive and predicted the emergence of a more isolationist or unilateral foreign policy (Beissinger 1995). Moreover, some believed that public sentiment might force

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<sup>1</sup> For scholars supporting the former argument, see, for example, Cohen (2000), Klein and Pomer (2001), Medvedev (2000); and Reddaway and Glinkski (2001). For an example of the latter, see Fish (2005).



the government to become more assertive as the Russian populace began to balk at too many concessions to the West (Arbatov 1993).

Russian foreign policy went through several stages in the 1990s. The first was marked by “liberal internationalism,” when Russia embraced a generally pro-Western approach under Russian foreign minister Andrey Kozyrev, which seemed to confirm hopes of increased Russian openness to the West (Mankoff 2009). In early 1992, Kozyrev announced that the new Russian foreign policy would make a marked departure from Soviet-era foreign policy. Instead of international class interests, it would be based on Russia’s national interests and on democratic principles that would lead to peaceful policies (Curtis 1996; Lynch 2001). Indeed, for the first two years of the country’s existence, Russian foreign policy was generally low-key, and it often supported Western positions on issues such as international conflicts.

This pro-Western and generally benign stance, however, came increasingly under fire as conflicts between the legislative and executive branches, as well as between various bureaucracies, erupted over foreign policy goals and the means of implementing them (Arbatov 1993). Russian foreign policy entered a second stage that proved to be much more ambivalent about the West. The Duma moved further to the right. Hardline factions of Eurasianists and ultranationalists as well as Communists gained power vis-à-vis the “Atlanticists”; these factions opposed Kozyrev’s approach and exercised substantial influence over Yeltsin’s foreign policy (Freedman 1998; Sergounin and Subbotin 1999). By 1993, it became clear that Russia was not going to be easily integrated into the Western community of nations. Yeltsin increasingly resisted US foreign policy initiatives, especially in the Balkans. In September 1995, Moscow made a series of threats toward the CIS states with respect to resources and territory in the Caspian Sea, making it clear that Russia would not accept decreasing influence over its neighbors. There was also tension between Russia and the Baltic states, including threats from the former about protecting Russians in the “near abroad.” Russia began to face increasing criticism from the West for these policies, its handling of the First Chechen War, and its growingly apparent drift away from democracy.

Russian and Western policies diverged even more sharply after the appointment of Yevgeniy Primakov as foreign minister in 1996, and a desire to reassert Russia’s international independence from the West marked a third stage in Russia’s foreign policy. An element of etatism increasingly dominated Russia’s geopolitical worldview in the mid- to late-1990s, as Moscow embraced the centrality of the state in economic and political life (Mankoff 2009). Russia rejected integration with the West and its institutions as westernizing movements led by those such as Boris Yeltsin, Yegor Gaidar, Anatoly Chubais, and Andrey Kozyrev collapsed. In addition, Moscow viewed the bombing of Kosovo and Serbia despite its fierce opposition as a slap in the face, further contributing to its disenchantment with the West. Primakov sought to establish Russia as a regional hegemon within Eurasia, limiting the influence of the United States in the former Soviet states. His approach found wide-ranging support among the Russian elite during the mid-1990s, and it continued to inform Russian foreign policy into the next decade.<sup>2</sup>

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<sup>2</sup>For more about the influence of Primakov’s ideas, see Mankoff (2009).

### 1.3 Explaining Russia's Rise in the 2000s

As Russia moved into the 2000s, it continued to pull away from the West as it sought to regain the power and prestige it had lost at the end of the Cold War. Vladimir Putin's rise to power helped to push this process forward, partly due to his ability to consolidate his domestic political power. By the late 1990s, Russia had fallen into political disarray, and its struggling economy was further shaken by the 1998 financial crisis and ruble devaluation. Moreover, citizens had come to be deeply disillusioned with "democracy," equating it with the political, social, and economic turmoil that came to characterize the Russian system during this period. Amidst this chaos, Putin was able to exert strong leadership that appealed to the populace. He also adopted a number of measures to further centralize power under the Russian presidency and reestablish control over the periphery. For example, federal and regional governments were restructured such that appointments, rather than elections, became the preferred method for bringing individuals into government (Hahn 2003; Stoner-Weiss 2006). A variety of checks and balances within the political system were eliminated, limiting the ability of the Russian legislative and judicial branches to challenge the Kremlin (Hendley 2002). Traditional sources of foreign policy influence such as the Ministry of Foreign Affairs and the Security Council were marginalized. Economically, there were clear efforts to place strategic economic sectors under the control of the state, with the Yukos affair being a particularly negative and highly publicized episode in this process.<sup>3</sup>

With the political opposition marginalized and government authority recentralized, Moscow grew more assertive. Putin's initial electoral victory and his subsequent 8-year presidency marked the revival of Russian confidence on the world stage. Putin's foreign policy was influenced by and projected a sense of renewed Russian strength, and as time went on, a feeling of grievance with the West (Breslauer 2009). Russia's 2000 Foreign Policy Concept and National Security Concept were early signs of a more aggressive and confrontational worldview, as was Moscow's attempt to wrest control of the Kerch Strait from Ukraine in 2002. This was not without provocation: NATO expansion, the "color revolutions" in the CIS and Balkan states, American withdrawal from the Anti-Ballistic Missile treaty, and the invasions of Iraq and Afghanistan by the United States reinforced Russia's interest in a multipolar, rather than unipolar, world (Mankoff 2009:19). Russia's new foreign policy evoked elements of imperial and Soviet tradition and manifested in domestic displays such as Putin's revival of Soviet-style military parades in Red Square.<sup>4</sup> Another signal of Russia's turn from the West came in 2006, when Putin's deputy head of administration Vladislav Surkov floated the term "sovereign democracy," in part as an assertion of Russia's right to develop its own domestic and foreign policy independent of the West.

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<sup>3</sup>For an overview of the causes and implications of the Yukos affair, see Tompson (2005). Andrei Tsygankov also discusses Kremlin-led actions against Russian oligarchs in Chapter 3 of this volume.

<sup>4</sup>Stent (2008) argues that Russia's new foreign policy is a mix between restoration and revolution.

In addition to Putin's leadership, Russia's economic recovery played a major role in driving its resurgence.<sup>5</sup> As the country recovered from its chaotic transition to a market economy in the 1990s, domestic stability and growth spilled over to give Russia more confidence on the world stage. The country experienced strong economic growth, averaging an annual growth rate of 6.7% from after the 1998 ruble collapse until 2007, with the most dynamic sectors including construction, transport and telecommunications, retail and wholesale trade, and financial services (Oliker et al. 2009). This translated into extraordinary increases in personal incomes and consumption; per capita GDP grew from \$5,914 in 1999 to \$13,216 in 2006.<sup>6</sup> Part of this stemmed from increased efficiency resulting from the transition to private ownership, in addition to the creation of new businesses in mobile telecommunications, retail trade, and financial services. Russia's relations with the EU grew especially close, with the EU buying half of Russia's exports and supplying over two-fifths of its imports.

The most important pillar of Russia's economic recovery has been its boom in earnings from oil and gas exports. The rise of world crude oil prices in the late 1990s and early 2000s promoted the resurgence of the Russian oil industry (Hill 2004). Earnings from petroleum, gas, and refined-oil product exports rose from \$28 billion in 1998 to \$217 billion in 2007 (Oliker et al. 2009). High energy prices allowed Russia to build up its currency reserves and start repaying its foreign debts (Trenin 2006). Russia's oil and gas exports allowed it to increasingly allocate funds towards its military forces and provided it with the leverage to exert pressure on its customers.

However, while oil and gas have played an important role in boosting Russian exports and increasing budget revenues via various taxes, their part in economic growth is subject to some debate. Roughly two-thirds of Russia's oil and gas revenue have been put in its stabilization fund and invested in the US Treasury products and other foreign assets. Thus, while these funds played a major role in cushioning Russia's economic decline at the end of 2008, they have not directly spurred economic growth. Rather, some argue that the key drivers of Russia's economic growth have been increases in productivity, the expansion of previously underutilized sectors, and increases in domestic private consumption (Ahrend 2006; Oliker et al. 2009; Tabata 2006). However, energy revenues also affected some of these factors themselves; for example, high oil prices generated rapid income growth, which in turn helped to fuel consumer spending (Gaddy and Ickes 2010). Putin's consolidation of power also facilitated the adoption and implementation of important tax reforms that improved the Russian state's extractive capacity and its fiscal health (Appel 2008).

Russia suffered serious economic setbacks as a result of the 2008 global financial crisis, with its GDP dropping 8% in 2009 and its stock market falling by 80% from May to October 2008.<sup>7</sup> It also experienced a sharp reversal in capital flows, from an inflow of \$81 billion in 2007 to an outflow of \$148 billion within a year (Sutela

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<sup>5</sup> Christopher Granville provides a detailed analysis of Russia's post-Cold War economic recovery in Chapter 4 of this volume.

<sup>6</sup> OECD (2010). Amounts are denoted in US dollars at current prices at the time of writing.

<sup>7</sup> For a comprehensive review, see Åslund et al. (2010).

2010). Russia responded by promoting a gradual devaluation of the ruble, lower interest rates, and a large stimulus package. Together with the upturn in external demand, in 2010 it experienced a return to growth with an estimated rise in GDP of 3.5% and a predicted rise of 5% for 2011.<sup>8</sup> Yet, compared to India and China, its recovery remains slow, and it faces significant problems with its budget deficit, continued reliance on energy exports, and domestic corruption.

Politically, power continues to be strongly centralized under the political duo of Vladimir Putin and Dmitri Medvedev, which is supported by the strong pro-presidential “United Russia” party. When Putin stepped down from the presidency at the end of his second term in May 2008 and handed the office to Medvedev, his handpicked successor, Putin became prime minister within the very strong presidential system that he helped create. While Medvedev is generally thought to be constrained by his personal and political loyalty to Putin and the loyalty of those around him, there has been continual speculation about divisions between the two, particularly as Putin’s impending decision about whether to run for another presidential term grows near. Medvedev has shown that he is willing to punish those who question him publicly, as seen in his dismissal of the politically powerful Moscow mayor Yuri Luzkhov in September 2010.<sup>9</sup> It seems doubtful, however, that such squabbles will alter the strong centralization of power that has come to characterize Russia and to shape its foreign policy, and public support for the two remains high.<sup>10</sup>

## 1.4 Characterizing Russia’s New Foreign Policy

What characterizes Russia’s behavior as a “resurgent” power? Russia’s current foreign policy is focused on bolstering Russia’s prestige, supporting economic recovery and growth, and maintaining influence in its “near abroad.” Russia’s desire to restore its great power status has manifested itself in a number of different ways. For example, Russia has sought to be treated as an equal by its Western partners; the lack of such treatment has been a persistent source of Russian frustration with the United States and the EU. In forums where Russia is already recognized as an important power, such as in the UN Security Council, it has sought to maintain the exclusivity of those groupings. However, in other cases, it has challenged the current order by cultivating ties with rising powers such as China and espousing its support for a multipolar world. It has also tried to counter NATO expansion and other perceived encroachments through the promotion of alternative organizations such as the

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<sup>8</sup> Available from <<http://www.bloomberg.com/news/2010-11-12/russian-economy-grows-2-7-less-than-estimated-at-weakest-pace-this-year.html>>.

<sup>9</sup> Luzkhov criticized Medvedev’s decision to halt construction of a highway between Moscow and St. Petersburg and implied that Putin should return as president.

<sup>10</sup> For an interesting look at voter attitudes toward Putin and Medvedev, see Hale and Colton (2010).

Collective Security Treaty Organization and the Shanghai Cooperation Organization. These themes will be explored in greater detail in the conclusion and in the individual chapters of this volume; here we briefly address Russia's limited military resurgence and its use of resource politics.

Russia's rise has been characterized by many Western observers in an aggressive light. At the heart of these assessments is apprehension that the Soviet menace of old might return. Russia is still one of the two great nuclear powers in the world, possessing nearly half of the world's nuclear weapons. However, the modernization of Russian military forces has proceeded slowly; its core missile force is aging and its conventional military force is largely outmoded. Putin succeeded in reviving somewhat of the Russian militarist tradition and increasing military spending; from 2000 to 2008, its national security budget rose from 214 billion rubles to 1,017 billion (Savic 2010). From 2008, Russia began to acquire new military hardware such as nuclear submarines, strategic bombers, ballistic missiles, and tanks (Mankoff 2009). Its efforts appear to be focused on building a strong internal security apparatus and the military capacity to win small wars, which reflect the country's most probable sources of danger: low-level internal conflicts and small-scale actions nearby (as in Georgia in 2008, as we discuss below) (Oliker et al. 2009). However, security budgets remain far below Soviet levels, and although Putin undertook some structural reform of the Russian military, serious problems with hazing, inadequate training, criminal behavior, and poor quality draftees remain (Herspring 2005; Stent 2008).

As in the Cold War era, military conflicts involving Russia have been few and far between. Aside from the Balkan crises and the Chechen conflicts in the 1990s, Russia largely avoided military action until the summer 2008 Georgia crisis, which presented the international community with a troubling display of Russian power.<sup>11</sup> This crisis rapidly escalated in July, with Georgia responding to Russian flights over the separatist province of South Ossetia by threatening to shoot down its planes. By early August, Russia responded to Georgia's deployment of troops in South Ossetia's capital, Tskhinvali, by launching an air attack on Georgian troops near the city of Gori, and then sending tanks into Georgia and engaging in bombing raids near its capital, Tbilisi. On August 15, President Saakashvili signed a ceasefire brokered by the EU, but Russia refused to withdraw its troops from South Ossetia and continues to have a military presence there at the time of this writing. Moreover, its recognition of South Ossetia and a second breakaway province, Abkhazia, has led to widespread international condemnation. Many analysts see Russia's actions as a signaling effort to countries of the former Soviet Union of its interest in maintaining a sphere of influence in the region and countering the United States and NATO expansion.

Aside from this military foray, however, Russia has largely sought to reassert its influence through diplomatic and economic means; Russia's abundant oil and natural gas reserves have played a key role in this process. All of the chapters in this volume deal with the role of energy in Russia's foreign policy. Russia has actively used its energy production and transportation systems to reassert its primacy in domestic and

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<sup>11</sup> For an overview of the Georgia Crisis, see King (2008).

international affairs, causing some analysts to evoke the term “resource nationalism” to describe Russian policy.<sup>12</sup> This approach is partly a result of the close relationships between energy companies and the state (Poussenkova 2010; Ziegler 2010). In some cases, energy issues have drawn Russia into dialogue with its neighbors, particularly when the construction of new pipelines was involved. However, in other cases, Russia’s oil strategy has been to threaten other countries with increases in energy prices if they act in ways that are diplomatically unfavorable. This has tended to backfire, even in cases where countries were almost totally dependent on Russia, as seen in Russian relations with Georgia and Ukraine, for example. Russian–European energy contracts have strongly affected the broader relationships between these two regions. However, while Russia’s abundant resources and Europe’s energy demand make them natural trading partners, Russian rhetoric invoking potential cutoffs of energy resources has worried European customers.

During his time in office, Putin was able to balance competing interests in the Russian foreign policymaking process or largely bypass them as a result of his centralization of power within the presidency. Medvedev now faces the challenge of consolidating his control over factional elite interests.<sup>13</sup> Robert Legvold, Pael Baev, and Mikhail Rykhtik present preliminary analyses of Medvedev’s attempts to improve relations with the West in their chapters, and we also return to the subject in the conclusion to this volume.

## 1.5 The Outline of this Book

To provide a thorough examination of Russia’s post-Cold War resurgence, this volume brings together a number of country experts to discuss three main themes. The first part of the book deals broadly with how Russia sees the world, providing Russian perspectives on the country’s changing foreign policy. The second part looks at Russia’s role in the international political economy from two very different angles: trade flows and nuclear power regulation. Each provides an insightful lens on the contemporary Russian political economy and its consequences for both the Russian people and the international community at large. The final section of the volume deals with responses from Europe and the United States.

In Chapter 2, Mikhail Rykhtik kicks off our examination of “how Russia sees the world” with an overview of Russia’s changing foreign policy outlook. He argues that, despite losing some of its financial security as a result of the global financial crisis, Russia should still be considered a resurgent power, partly because Russia’s power was never historically dependent on economic stability. Accordingly, Rykhtik delves into an examination of what he considers to be the four pillars of Russian

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<sup>12</sup> See, for example, Domjan and Stone (2009).

<sup>13</sup> Mankoff (2008) provides a more detailed discussion of these camps, which he separates into ethnic nationalists, neo-imperialists, centrists, and Westernizers.

power: geography, the socio-political system, natural resources, and nuclear weapons. He devotes the second portion of his chapter to a discussion of the different understandings of “security” held by Russia and the West, which he claims have led to misunderstandings, and concludes by outlining regional priorities of Russian foreign policy.

In Chapter 3, Andrei Tsygankov looks at US–Russian relations since the end of the Cold War, with special attention to the period after the terrorist attacks of September 11, 2001. He argues that the United States needs to reengage Russia but emphasizes that doing so requires the United States to embrace a stance that is more respectful of Russian interests, given the “increasingly post-Western” state of the world. Tsygankov traces the respective strategic visions of the United States and Russia, focusing on their perceptions of political changes in the former Soviet region, security issues, and energy relations. The concluding section reflects on causes underlying the lack of cooperation between the United States and Russia and suggests possible ways to move forward.

The second section of the volume addresses Russia’s place in the international political economy. In Chapter 4, Christopher Granville examines broader trade and capital flows such as strategic and portfolio investment, and cross-border lending. He argues that this less visible aspect of Russia’s role in the global political economy creates powerful underlying realities, as international companies, lenders, and financial investors have responded to these economic opportunities. Contrary to standard international perceptions, the trade and capital flows associated with Russia’s decade of domestic demand-driven growth make a positive contribution to the international economy, in the sense of contributing to global demand in a way that moderates economic imbalances. This pattern of Russian integration into the world economy has had the underestimated consequence of mitigating the deterioration seen since the mid-2000s in the country’s political relations with the EU and United States. Yet, Granville argues that the continuation of this trend in the new post-2008 global economic environment of recession and chronic crisis will require intensified net direct investment inflows into Russia, particularly in the energy sector.

In Chapter 5, Theocharis Grigoriadis analyzes the political economy of nuclear power regulation in Russia and its implications for Russian foreign policy, specifically with regard to cooperation with the advanced and the developing world. Grigoriadis argues that nuclear power contracts are pivotal instruments of Russian foreign policy because they provide the innovation incentives necessary to facilitate sustainable development, contribute to social distribution by preserving low electricity prices, and consolidate Russian political influence in critical advanced and developing economies. He claims that Russia’s international business activity in the nuclear sector has concrete positive implications for its domestic economic policy. Moreover, the centralized nature of nuclear power regulation allows the Russian government to pursue nuclear alliances based exclusively on its material interests, without the interference of domestic or global regulatory norms.

The third section of the volume looks at the flip side of relations with Russia, tackling these issues from both a European and an American perspective. In Chapter 6, Pavel Baev addresses the economic and security dimensions of the complex Russian–European

relationship. He emphasizes the disjointed nature of Russia–EU political dialogue, particularly with regard to the Russian preference for dealing with the most powerful EU states and the complications presented by the accession of eight East European states to the EU in 2004. Baev then examines the balance of energy trade and economic ties between Russia and Europe more generally before assessing the security agenda with specific attention to the postwar landscape on the Caucasian front.

In Chapter 7, Robert Legvold discusses the challenges of the US–Russia relationship in the Obama era. He begins by outlining different perspectives on the state of US–Russian relations. Legvold emphasizes the difference between “conflicting” and merely “different” interests, arguing that this distinction has important implications for the US–Russian relationship. He describes the general failure of past US administrations to fully understand the stakes involved in maintaining healthy relations with Russia or to have a clear strategic vision of what they would like US–Russian relations to look like in the future, also addressing the troubled past of strategic dialogues between the two countries. Legvold concludes by examining the Obama administration’s multidimensional and multilevel approach to US–Russian relations. Though the Obama administration can claim significant progress on its issues of priority (e.g., START, Afghanistan, Iran, nuclear nonproliferation), Legvold argues that whatever progress might be achieved may remain constrained by the difficult, elemental questions left unanswered about what the United States wants from its relationship with Russia and vulnerable to negative developments in the domestic or foreign policy of each country.

In the conclusion, we draw together points from these chapters and devote our attention to a discussion of three aspects of Russia’s foreign policy. First, we consider Russia’s changing involvement with international institutions. Second, we analyze the current state of Russia’s relations with the West, examining specific issues in its dealings with Europe and the United States, respectively. Third, we consider Russian promotion of alternatives to the current international order through partnerships with other rising powers and with developing countries. We hope that this volume will contribute to the understanding of Russia’s continuing economic and political development as well as its relationships with other key powers. Given Russia’s importance to the global economic and security environment, understanding these issues remain a pressing concern for both analysts and policymakers.

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