

Foreign Policy Under Putin: Pro-Western Pragmatism Might Be a Greater Challenge to the West

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As Russia prepares for early presidential elections, the foreign policy strategy of the most likely winner--acting President Vladimir Putin--is the subject of much speculation. Will he be pro- or anti-Western? Will Chechnya define his course or is it just a bump on the road? There are precious few solid indications of what his policy might be, but this need not impede prediction, especially when prediction is needed.

Considering the upcoming US presidential elections and the general shape of domestic politics in the United States--including with respect to Russia--the West seems in for a rough ride. Relations will diverge from the old pattern in which Russia alternated between seeking acceptance at almost any price and strong, emotionally charged hostility. Instead, Putin is likely to maneuver Russia into a position where the West will have to choose between admitting Russia into the Western community of nations "as is" or isolating it, and paying the price. The central challenge rests with the words "as is." Some of Putin's policies will be seen by the West as positive, others as negative, but he will refuse to change the latter, and the West will have to decide which component is more important.

Policy Under Putin

One should not make the mistake of categorizing Putin as an anti-Western politician. In economic matters, he will pursue market reforms very similar to those advocated by the West. Russia will closely follow the recommendations of the IMF in structural reforms, limited only by the domestic costs (i.e., Russia will stop short of measures that might cause violent social upheaval). There will be more law and order in Russia; shady deals, black market and mafia activity will be severely prosecuted; capital flight will be curtailed; oligarchs will be made to behave themselves, and so on. Economic growth remains a definite possibility and the investment climate is likely to improve. Of course, these will come at the expense of some authoritarian measures, which the West will not like.

Putin will be in favor of integration with the West. The active phase of the war in Chechnya will be over soon (or so he hopes), and it will be possible to revive the relationship with NATO and the nuclear arms control dialogue with Washington. Above

all, Putin will try to patch up Russia's relationship with the European Union and the OSCE. (This is likely to happen soon after Kurt Vollebaek steps down as OSCE Chairman: he acquired a bad reputation in Russia during the war in Yugoslavia last spring, which partly explains the fiasco of his involvement in Chechnya.) There is a catch, however: the defense budget will remain relatively high and Russia will not be too forthcoming on arms control and other international issues.

The first challenge will probably be over IMF funding. It is almost certain that Russia will continue to pursue policies recommended by the IMF with or without debt relief. But, as Russia's finance minister Mikhail Kasyanov recently admitted, without debt relief Russia will eventually be unable to make its payments and will face default. The trick here is that Putin will do everything in his power to make Russia qualify for relief on economic grounds. As a result, the West will have to choose between

1. giving the money even though it does not like Russia's policy (there will certainly be *something* that the West will not like); or
2. refusing, thereby explicitly politicizing the IMF.

Should the US choose the first course, it will mean the end of IMF assistance as a political tool (as it has been used during the Clinton administration to support the Yeltsin elite). With IMF support, the Russian economy will develop faster and under more favorable conditions. Eventually it will be integrated into the global economy, but in the meantime any US government that makes such a choice will be subject to very severe criticism for "rewarding" a "wrong" Russian policy. Paying this domestic price will not be easy.

If debt relief is not granted--which seems quite probable given the recent debate around Chechnya--then default will be very likely. The discussion of this option in the United States is striking for its concentration on *Russia's* losses. Russia's losses are, after all, Russians' business. Western experts should instead concentrate on Western stakes and interests.

Western Stakes

- *The IMF and Market Reform*

First, the West will have to cope with the tarnished reputation of the IMF and other international financial institutions. Every country will know that there is more than economic stabilization behind IMF conditions. Almost any government seeking IMF credits will be made vulnerable on the domestic front, and the most powerful vehicle for promotion of market values might be undercut.

Second, Putin's policy will ensure that default is forced onto Russia despite its best effort to comply with all reasonable demands of the IMF. Russia will then appear to be unjustly persecuted, which is politically preferable to the unilateral default that many in Russia advocate these days.

After that, Russia's "broad menu" of choices can be summarized by a phrase from Disney's *The Lion King*: "When the world turns its back to you, you turn your back to the world." Facing isolation and confiscation of its assets abroad, Russia will have precious little reason to comply with various rules, norms, and regimes. At the extreme, it might even break out of export control regimes, though that degree of irresponsibility seems unlikely under Putin, who seems cautious enough.

Of course, these choices will be carefully explained to Western decision-makers well in advance. As a result, the burden of painful domestic tradeoffs will be shifted to the West. In the 1990s, Yeltsin had to confront domestic opposition in order to conduct sensible foreign policy; now an attempt will be made to turn the tables.

- *Arms Control*

If the IMF "trap" is successfully avoided or postponed, the next showdown might be over the ABM Treaty and American plans to deploy a national missile defense (NMD) system. Without doubt, Russia will continue negotiations, but will not agree to just any deal, contrary to the expectations of many in this country. The burden of choosing between compromise and withdrawal from the ABM Treaty will fall to the United States. One should clearly understand that Russia does not like NMD as a matter of principle--not as a threat to its nuclear deterrence. It will take ten years or probably even longer for the US to create an NMD system capable of erasing Russia's second-strike capability. At worst, Russia will only need to continue reliance on strike-on-warning (still a rather dangerous proposition given the deteriorating early warning system), but Russians hope that economic conditions improve, enabling it to conduct necessary qualitative modernization.

So arms control agreements might collapse, but this will be a consequence of an American decision, and the US will shoulder the responsibility of facing non-nuclear states angered by the failure of the nuclear powers to comply with Article VI of the Nonproliferation Treaty.

The greatest cost will be China, though. It will be difficult to prove that the first phase of the NMD is intended solely against North Korea, especially in light of the possible decision to expand that phase from 20 to 100 interceptors: enough to take care of all Chinese missiles capable of reaching the United States. Given the slow but steadily worsening standoff around Taiwan, China is likely to become suspicious and embark on modernization and buildup of offensive nuclear forces.

Putin will have nothing to do with the expected five-fold expansion of the first phase of the NMD. It will be a US decision, just as the possible decision to deploy a tactical missile defense system in Taiwan and/or Japan will also be a purely American one. It is tempting to say that domestic politics in the United States will do all the work for Mr. Putin.

The current US NMD policy can be cost-free only in one case: if Russia agrees to alter the ABM Treaty. Putin, however, will simply not be in a position to pay the domestic

costs if the West has already turned its back on Russia, which is why he will not be shy about shifting the cost to American soil. There are probably compromises that he can "buy" (although no Russian official will admit that publicly), but the United States does not seem prepared to entertain them.

Furthermore, Putin will be extra careful to avoid alienating China. At the talks with the United States over the NMD system, Russia is negotiating *de facto* on behalf of China as well as itself. As seen from inside Russia, the last decade demonstrated that it does not pay to do the bidding of the West, which only pockets the concessions and demands more. Can the United States offer Russia a compromise on NMD and related issues worth abandoning China? Hardly, if only because opposition within the United States to such a deal would be enormous.

Russia will also continue to attempt to ease traditional Chinese-Indian hostility. The triangular relationship proposed by Primakov will not be forgotten by a Putin government. This will not be an alliance, of course, but rather an arrangement for mutual economic, political, and moral relief. The main value of this relationship for Russia is some guarantee against complete isolation. It is advisable to recall Foreign Minister Ivanov's statement after a Russian resolution on Yugoslavia last spring was supported only by China and India: he declared that half the world's population supported that proposal.

Conclusion

A pragmatic, cool-headed policy oriented toward Russia's interests (including Russia's interest in a robust market economy) will present a far greater challenge to the West than Yeltsin's emotional oscillations between friendship and confrontation. Putin will most likely seek the former but will not shy away from the latter. Most important, he will position Russia in such a way that it does not bear the blame for confrontation, or its consequences. The burden of choice will be on the West. While, in the end, the West may obtain what it wants from Russia, the interim could be painful and costly. To paraphrase a Russian saying, love us "as imperfect--when you're perfect, everyone loves you anyway."