



## **EXECUTIVE SUMMARY**

Conference on

### **“Where Is Russia Heading For? – Horizon 2020”**

20 September 2004

Moscow

#### **Abstract**

The ongoing debates on the future of Russia are generally dictated by events and confined to a short-term perspective. In response to Beslan in September 2004 and the immediate aftermath, Russian and foreign commentators alike tend not to raise questions about underlying trends and the long-term evolution of Russia. Against this background, the Luxembourg Institute for European and International Studies (LIEIS) organised a one-day seminar on ‘Where Is Russia Heading For – Horizon 2020’ on 20 September 2004 in Moscow, in cooperation with the Association for Euro-Atlantic Cooperation (AEAC). The aim was to bring together both academics and policy-makers from Russia and some Western European countries for a frank exchange of ideas, with a focus on the long-term future and by way of an original framework of analysis and new insights into the feasible and desirable evolution of Russia over the next 15-20 years.

In the course of two discussion sessions and on the basis of very short presentations or interventions, the participants addressed the following topics:

- (1) recent developments in Russia
- (2) the current state of Russia
- (3) possible future scenarios
- (4) practical alternatives to the current consensus

There was wide agreement that Russia's evolution based on the present state of affairs will be problematic both for the country itself, its neighbours and the world at large. This is because the prevailing political and socio-economic situation breeds division and instability and is unsustainable in the medium and long run. The participants also shared the conviction that alternative aims and strategies of development are available to Russia. There was significant disagreement as to the direction of Russia on a wide range of issues:

- i. the transatlantic alliance (relationships with the USA and NATO)
- ii. relations with the EU (*ad hoc* cooperation, partnership, or alliance?)
- iii. the power of Russia vis-à-vis China and India
- iv. the evolution of Russia's political system in comparison with 'liberal democracy'
- v. the possibility of a Russia social model that is *sui generis*
- vi. the role of civil society and social capital
- vii. the interaction between domestic and foreign policy choices

### **Session I: The state Russia is in – progress, stagnation and setbacks from 1991 to 2004**

In his brief introductory remarks, Armand Clesse, director of LIEIS, raised a number of questions. Will Russia continue on a trajectory of relative and absolute decline? Has there been a certain recovery of some strength since the collapse of the Soviet Union? Will Russia acquire some global role, perhaps even the status of a global power? What could be the political, economic and strategic basis of Russia by 2020? What should it be? Will Russia be a democracy? In what sense? How might the relations with international organisations like the EU and NATO evolve? Will Russia play a satisfactory role in Europe and the world, for itself and for other countries?

The discussion revealed three dominant features in the evolution of Russia since 1991:

- a. socio-economic polarisation
- b. 'managed' or (semi-)authoritarian democracy
- c. mixed foreign policy signals

The implications are that the Yeltsin and Putin presidencies, despite many differences, have both failed to deliver on their own terms. There has not been a general economic revival or a halt to social regression. Democracy has been curtailed in many areas of public life. Russia's role in world politics has increased in some respects but at the expense of increased tension at home (Chechnya) and abroad (neighbouring state, CIS member states, etc.).

#### **1. The socio-economic polarisation in Russia since 1991**

Contrary to official estimates on the part of the Russian authorities and international bodies such as the IMF and the World Bank which claim strong growth, far-reaching redistribution and the emergence of a middle class, the overall socio-economic reality of Russia continues to be bleak. The economy lags behind 25% vis-à-vis 1990 levels of production. Economic growth is not only a recent phenomenon; crucially, it is also artificial insofar as higher oil and gas prices have boosted the rate of growth and produced windfall profits and higher tax

revenues (Andrey Volodin). What is more, while the level of redistribution is perhaps higher than in 1999-2000, it has been limited to a small number of sectors and a small proportion of the population. Only some regions exhibit strong growth; most regions are set to decline. The Russian state budget has reached a volume of US \$100 billion but represents only about 5% of that of the USA, which amounts to approximately US \$2.3 trillion in 2004 (in PPP terms the situation is less gloomy for Russia). On the basis of current trends, by 2015 Russian per capita GDP (in PPP terms) will lag behind that of Greece by approximately 25% (Andrey Zagorski). The current economic path implies the continued destruction of scientific capital, which undermines any hope of ever joining Western and Eastern levels in terms of technological equipment and know-how (Youry Rubinsky).

The combined effect of this trajectory has been to create a gap between the highest- and the lowest-income earners which is several times higher than in other parts of Europe (Nikolay Shmelev). Putin's paradigm of growth with equity only exists on paper. The social turmoil which this situation has caused is evinced by recent protests against the monetisation of benefits and the abolition of parts of the welfare state. The growing social and regional imbalances will be compounded by growing uncertainty about the prospects of more socially balanced economic growth. On the whole, economic reforms have grounded to a halt, except in some specific sectors like energy and banking. What is lacking are profound structural changes across the economy as a whole (Andrey Volodin, Andrey Zagorski).

One key factor is the failure to implement sweeping reforms of the military which constitutes the black hole of the Russian economy, in terms of the size of the military budget, the military-industrial complex and the criminalisation of the military establishment. Military reforms are a pre-condition for successful economic reforms (Tatyana Parkhalina). The weight of this sector is such that at least 10% of the active male population are employed in the military and the secret services and are not available for the production process. The proportion of the active population who extract economic surplus is smaller than in the USSR and the total volume of production continues to be lower. This, in turn, depresses the demographic evolution and sets up a dangerous downward spiralling vicious circle of low wealth creation and population decline, which tend to be mutually reinforcing (Andrey Fursov).

A second key factor responsible for significant wealth destruction is the prevailing model of privatisation. In the 1990s, successive waves of privatisation were immediate and 'free of charge' for the new owners. It is estimated that the Russian state received only about US \$ 9 billion from the sales of vast sways of nationalised industries. This corresponds to an underestimation of state assets by a factor of about 20 or perhaps even as much as 60 (Nikolay Shmelev). Some participants went as far as saying that in the course of privatisation in Russia, never have so many been robbed of so much by so few and that Putin's presidency is the accomplishment of 'bandit capitalism' (Andrey Piontkovsky). If this model continues to apply nowadays, future owners will be able to acquire property for something like 3-5% of the total real value. Taxation continues to favour large-scale conglomerates and erodes the federal state's revenue source. This stands in stark contrast to the example of Saudi Arabia, where the state receives up to 80% of total profits from privatised industries in the form of taxes. The Russian state faces the twin task of expanding its tax basis in order to redistribute and of promoting investment in order to create more and better remunerated jobs (Nikolay Shmelev).

But some participants contended that there has been genuine progress since Putin came to power in 1999-2000. The overall development strategy is different and Putin must be credited with reducing chaos, bringing about more stability and creating some efficiency (Matthes Buhbe). Furthermore, the mixed record of the Putin era contrasts sharply with the disastrous record of the Yeltsin era: whereas GDP tumbled by over 40% in the 1990s, there has been GDP growth in real terms over the last few years, even if it has been boosted by favourable oil and gas prices (Sergey Lounev). The problem is not that the Russian society is ageing, but that it is experiencing de-population, i.e. demographic regression: male life expectancy at birth of about 60 years stands at an all-time low and the proportion of the population group aged 10-15 years is only 10% of the total population. According to the same analyses, history shows that there is social unrest when states have passed the trough and start climbing again, not when things continue to deteriorate like in the 1990s. The point is that Putin's government has favoured economic liberalism but not political liberalism (Sergey Lounev).

## 2. Russia's 'managed' or (semi-)authoritarian democracy

*In sharp contrast with the prevailing view in the West that Russia has taken an authoritarian and totalitarian turn, a number of participants insisted on the distinction between the state and the bureaucracy. Saltykov-Schedrin, a writer and satirist of the 19<sup>th</sup> century famously said: 'do not mix motherland and the boss', i.e. the bureaucracy and the state. This means that the bureaucracy can be expanding while the state continues to be weak (Sergey Lounev). Some participants argued that the weak Russian state marks the historical continuity of a paradoxical yet somehow coherent phenomenon – a 'weak state' that consists of a strong centralised power and an unrestrained bureaucracy. Others asserted that this phenomenon still holds today. Accordingly, there has been a drive to centralise power but vertical power only extends to the Moscow and the St. Petersburg regions; the further away from Moscow and St. Petersburg, the weaker state power and influence are. The Russian state is weak as it has not managed to impose de facto an authoritarian regime upon the Russian society. In this sense, the present Russian regime can at worst be described as semi-authoritarian (Tatyana Parkhalina).*

Concomitantly, the Russian bureaucracy cannot be said to be strong or effective; it is unrestrained because it tends to expand (e.g. Yukos) while at the same privatising power in the form of individual property rights which it implements and secures selectively at the expense of the civil society which is altogether invisible (Andrey Fursov). However, there was disagreement on the nature of the bureaucracy since the end of the USSR and since Putin's rise to power. Some participants argued that after 2003 Russia saw the restoration of Soviet-type large-scale bureaucracy and the indivisibility of power, culminating in the abolition of elected governors (Tatyana Parkhalina). Others contended that, while recent decisions will deepen authoritarian tendencies, there are at least two differences with the 1990s. First of all, the bureaucracy is now invading business, whereas under Yeltsin, the reverse was the case. Secondly, the state tends to defend and promote private property (Youry Rubinsky).

There was significant divergence on the ‘rationale’ of Putin’s ‘reforms’ of the state and democracy in Russia. Some participants argued that Putin simply wants to increase the overall level of governance, by way of dismantling institutions, censoring the media and appointing governors (Andrey Piontkovsky). Other participants said that Putin is concerned not with governance *per se*, but with state inefficiency. The Russian establishment first blamed independent governors for failing to root out corruption and to implement federal decisions and policies. This critique also targeted the federal council, which was accused of wielding power in Moscow but not in the regions. But what was in fact marginal conservative thinking in the 1990s has become mainstream thinking today, in the sense that Putin seeks to increase efficiency by freezing democratic free institutions and public policy at large (Ivan Safranchuk).

The result is that the three most respected institutions in Russia nowadays are the Presidency, the secret services and the military (Andrey Zagorski). The concentration of power in the hands of a few individuals and institutions undermines first and foremost the legislative process. There are serious problems in the process of drafting legislation, such as a lack of coherence with other pieces of legislation or a failure to take into account legitimate interests of vast sections of society. Increasingly, legislation (e.g. on regulation) has been drawn up but fails to be adopted or implemented. There is a marked degree of instability within the Duma and in the whole of society, including the law enforcement authorities and mechanisms. Particular interests dominate legal adjudication, and the application of legislation is secondary. This raises wider issues of democracy and the integration of national and international law (Mark Entin).

In addition to the stifling of the legislative process, the executive branch of the state is evolving into a managed democracy or even a (semi-)authoritarian regime which engages in threats of prosecution and in the dismantling of key institutions. However, Putin’s pact of authoritarianism in exchange for economic development and personal security does not hold because his pledges to the Russian population have been repeatedly broken (Andrey Zagorski). Moreover, the widening socio-economic gap threatens one of the cornerstones of the political regime (Andrey Volodin). According to some participants, what Russia is seeing is the gradual abolition of politics (Ivan Safranchuk). Evidence for this assessment is that the sharpest drop in confidence in politics at the time of the Beslan events in early September 2004 did not lead to a political crisis, because politics is no longer primary. Putin has become hostage to a narrow closed circle of former KGB officers (*siloviki*) and their very specific mentality, to the point where he no longer has any account of events in Chechnya and seems to ignore the situation on the ground (Andrey Piontkovsky).

Two causes were highlighted in the course of the discussions. First of all, under the influence of Western experts, Russia failed to couple economic reforms in general and price liberalisation in particular with institution-building and societal learning. There was a blunt contradiction between the immediacy of shock therapy on the one hand and the progressiveness of state formation on the other hand, which took several decades and centuries in Western Europe. Secondly, there has been no clear model of development since 1985. In the 1990s, reforms were limited to the economy and tended to favour short-term ‘quick results’ over long-term aims, with far-reaching implications for the political and socio-economic evolution of the country (Andrey Volodin).

### 3. Mixed signals in Russia's foreign policy

According to some participants, the socio-economic polarisation and the 'managed' or (semi-) authoritarian democracy in Russia conjoin in producing an incoherent and at times erratic foreign policy. Russian foreign policy oscillates between integration with the EU and cooperation with the USA on the one hand, and anti-Western gestures and actions on the other side, including a certain rapprochement with China and perhaps also India. Most participants were adamant that the Rome declaration on NATO-Russia cooperation and the subsequent 'Partnership for Peace' were the product of short- to medium-term tactics, not the reflection of a long-term strategic commitment. Russia has sought closer ties with the USA via NATO in order to try and influence NATO's eastern enlargement and to silence Western critics on Chechnya. But Russia has no long-term ambition to join NATO and become part of the transatlantic alliance. This is because Russia harbours wider geo-political ambitions that encompass not only the Community of Independent States (CIS) but also the CIS' southern flank and Central Asia (Andrey Zagorski, Tatyana Parkhalina). For example, Russia is still prepared to integrate Byelorussia into the Russian Federation (Youry Rubinsky).

Other participants stressed the resilience of anti-Western sentiments and propaganda. In the cases of the Kursk disaster and the Beslan crisis, significant parts of the Russian media alluded to Western influence, saying that a Western submarine crashed into the Kursk or that Western secret services were present in Beslan (Tatyana Parkhalina). There is also a widespread view in Russia that Islamic terrorism is an instrument in the hands of those in the West who still consider the Soviet nuclear capability to be the prime threat and who wish to crush Russia, i.e. NATO countries, chief of all the USA. This sort of propaganda is orchestrated on state TV by the highest levels of power and the West is once again perceived to be the principal enemy. As a result, the Russian political elite is increasingly hostile to the West, which cannot but affect Russia's foreign policy and works against Russian strategic interests (Andrey Piontkovsky). This analysis was confirmed by other participants who spoke of evidence frequently reported in the Russian media of close ties between Western secret services and Islamic Fundamentalism, not least since Osama Bin Laden was a CIA agent. Even if there are differences between politics and the intelligence community, both have real power and shape policy- and decision-making (Andrey Fursov). There was agreement that both superpowers used terrorist methods and networks during the Cold War, e.g. in Africa; but there was disagreement with respect to Islamic terrorism: to suggest that the USA is waging war in Iraq in order to increase Islamic terrorism against Russia is to extend the Cold War ideology perhaps too far (Youry Rubinsky). Yet other participants drew attention to the context within which Russia's foreign policy takes form. They point to the encirclement of Russia by US and NATO troops and to China's geo-strategic ambitions in Siberia. The Chinese population in Siberia may at present not exceed 50,000 inhabitants, but this could be a problem in the future. In contrast, Western military presence poses a direct threat to Russian interests and it is not clear whether the West is at all willing to address this legitimate concern (Sergey Lounev).

There was also a debate on the short- and medium-term perspectives of EU-Russia relations. Some participants highlighted Russia's increasing reluctance to adopt international legal

standards in order to integrate into the global economy. The point is that the current mode of co-existence is deteriorating due to a lack of commonly agreed rules. Cooperation is merely tactical and in fact threatens any long-term partnership (Mark Entin). Others contended that there are in fact three different scenarios. First of all, increasing antagonism, in the case that there are common interests (fighting terrorism) but no shared values. Problems might be internationalised but action would remain national, and anti-Western and anti-Russian stereotypes might still be exploited on either side. Secondly, continued and enhanced cooperation, in the case that common threats like terrorism, organised crime or people smuggling are viewed as a challenge that requires collective action. Finally, a strategic partnership, in the case that the Russian Federation disintegrates and faces an acute security threat. But the political and the military establishment in the EU and Russia are by no means prepared to integrate into a common framework (Tatyana Parkhalina).

## **Session II: Horizon 2020 – prospects and possible scenarios**

At the inception of the second discussion session, Armand Clesse put forward a number of issues and questions. Will the next 15 to 20 years witness a convergence or divergence of socio-economic trends? Will Russia follow the Western European societal model or will it produce a model *sui generis*? How will the demographic evolution shape Russia's future? Is there a realistic possibility that Russia will pursue a path towards autonomy, autarky or perhaps even autism vis-à-vis the rest of the world, especially the West? If not, will Europe or Asia be the main focus of Russia's engagement?

The discussion centred around three topics:

- a. projections on the basis of current socio-economic trends and possible alternatives
- b. the future of politics and the state
- c. the future role of Russia in Europe and in the world

The thrust of the discussions was that Russia's current path is unsustainable because it breeds instability at home and abroad. Russia's future lies firmly within a wider European framework, politically, economically, socially and strategically. The question is how to get from this analysis to concrete transformative action.

### **1. Projections on the basis of current socio-economic trends and possible alternatives**

If current socio-economic trends persist, then the overall development of Russia is under threat. This is the combined result of the failure to define a clear development strategy and the implementation of misguided policies. Putin insists that the aim of current economic reforms is efficiency, but in the name of what development model? What is the finality of increased efficiency and growth? The current state of affairs betrays a lack of direction (Matthes Buhbe). There are concrete examples for the lack of strategy. For instance, the North Caucasus is not so much a national, ethnic or religious problem as an exemplification of the failure to grasp the political economy of neo-liberalism. Instead of studying the region in terms of its demographic and sectoral specificities and to devise appropriate policies, the central government continues to insist on the necessity of programmes of liberalisation,

deregulation and privatisation which have profound socio-economic implications. Coupled with a large and growing officialdom which tends to block the full implementation of reforms, Russia's rational bureaucracy is highly inefficient and ineffective. What is required is a systematic training of the political and administrative elite, similar to France and Singapore. Ultimately, Russia may well adopt a model of development which falls between the Western (US and European) and the Eastern (Asian) model (Andrey Volodin). Other participants argued that there will be not one but many Russias: one globally oriented Russia, that of the oligarchs, and one local Russia, that of 85% of the population (Andrey Fursov).

The discussions also touched on possible alternatives to the current trajectory. One crucial factor will be the evolution of foreign direct investment. If a set of domestic reforms were to be implemented, namely reforms to restore confidence in the banking sector, then FDI could be mobilised on a far greater scale than over the last 10 years or so. Foreign companies would operate at profit levels of about 10-15%, rather than the fictitious levels of 200-300% that are currently promised. Moreover, the state will need to go beyond merely regulative policies (property and ownership rights) and engage in investment activities while also driving forward key reforms such as the fiscal regime and tax collection (Nikolay Shmelev). There are however a large number of prerequisites for enhanced FDI: a political vision that defines the broader framework within which economic development takes place (Matthes Buhbe); another group of people in power, another *intelligentsia*, which in turn requires a vast administrative and scientific reform that drafts new people into politics, administration and scientific research (Andrey Volodin); Russia also needs to implement reforms in the health care and the education sector.

In terms of global trade, Russia stands to gain about US \$3 billion per year from joining the WTO, but more research is required on the potential costs of membership, both in terms of adjusting to the WTO conditions and in terms of implementing WTO decisions. This debate is far removed from the everyday struggle of the overwhelming majority of the Russia population (Nikolay Shmelev). This raised the question of what is actually available to Russia at this juncture in history. In the absence of any coherent economic strategy, there are three possible scenarios. First of all, a model based on natural resources; but this would limit the growth of GDP and of employment, since only about 10 million workers are needed for purposes of resource extraction. This model would also hamper the expansion of health care and of education. The second model is based on the development of heavy and light industry; but Russia is not sufficiently competitive on world markets because production costs are at least 10-15% higher than in Latin America, parts of Africa and South-East Asia, especially India. This is due to natural conditions and the state of the infrastructure in Russia. The third model is based on transregional development and trade, which would take account of Russia's regional diversity and help pacify relations with neighbouring countries (Sergey Lounev). Many participants argued that Russia can only secure a viable economic future if it develops a 'knowledge economy' and not an economy limited to natural resource extraction and commercialisation. A shift towards a 'knowledge economy' would require a large boost in investment in education and research without resorting exclusively to privatisation. What Russia lacks to this day is an 'avant-garde' of scientists capable of generating and marketing innovations (Nikolay Shmelev, Andrey Volodin, Matthes Buhbe).

To develop a 'knowledge economy' would imply a clear orientation towards the West, on account of cultural and linguistic commonalities. The main challenge Russia faces is to chart a

path above and beyond the unconditional embrace or rejection of the Western model. Instead, Russia should adapt this model to its own specific needs and strengths. It can do so in virtue of its own economic and scientific potential. To develop this potential would also position Russia vis-à-vis the East. While Asia continues to have an edge over Russia in terms of overall competitiveness in industrial production, Russia has the innovative capability to acquire a significant share of world markets. The recent shift to the service sector has helped reduce the gap between Russia on the one hand and the West and Asia on the other hand. Sustaining this convergence will necessitate the overcoming of the false dichotomy between the state and the market and between liberalism and ‘illiberalism’. Russia needs to launch an investment and development cycle, not in the name of Western ideology, but of the universal value of economic prosperity and human development (Alexandr Salitsky).

## 2. The future of politics and the state

Some participants predicted on the basis of current trends that public policy would not only be frozen but perhaps even killed off. This is because the consolidation and extension of traditionally weak state power is proceeding at the expense of the wider political process, both within the formal institutions of the Russian Federation and the civil society (Ivan Safranchuk). Russia is witnessing the ‘oligarchisation of autocracy’, i.e. the growth of the unrestrained bureaucracy and the concentration of state power in the hands of the *siloviki*; incidentally, a similar constellation preceded the 1917 Revolution. While there was 1 functionary for 75 persons in the USSR, today this proportion has soared to 1 for 50. What compounds this problem is the fact that ‘liberal democracies’ depend for their own survival on a strong state. So paradoxically but consistently, liberal economic reforms and increased state power have tended to reinforce each another. To some extent, this evolution is inevitable in the sense that any formal organisation is characterised by self-aggrandisement. The question is whether private property and wealth will be increasingly subject to state control or whether they will become increasingly ‘extra-legal’, depriving the state of much needed tax revenue (Andrey Fursov).

Another tendency is the increasing formalisation and centralisation of power, both at the market and the state level. This process undermines locality and exacerbates instability in a country of incomparable size and diversity. It also deprives the overwhelming majority of the Russian population from any influence on the political decision-making process and excludes them from effective market participation (Adrian Pabst). Some participants contended that formal democratic processes are good and that more effective decision-making and implementation is in the interest of all. The question is whether this occurs at the expense of democracy or not and what form of democracy might be emerging in Russia (Dzhangir Atamali). Others argued that centralisation and concentration entail three challenges. First of all, the trust in public institutions will continue to tumble. This is because only one institution – the abstract state – will be trusted to do everything, while the wider public sphere will be drained of all content and power, including the civil society. Secondly, the trust in the business society will continue to recede, as small and medium-size enterprises will no longer be able to compete effectively and struggle to survive in an increasingly concentrated market. Finally, popular demands for wealth, security and a Great Russia in the world will be frustrated because these aims demand a coalition of forces which is fatally undermined by the freezing and the death of public policy (Mark Entin).

There was also a debate on the merits of developing social capital and civil society. Civil society can be defined as a type of society in which neighbours and city-dwellers address problems without relying exclusively on the state. The proper functioning of such a societal model implies three pre-conditions: the capacity to handle problems (which in turn requires self-esteem, self-confidence, means, etc.); the availability of collective action (communication lines, trust, experience, etc.); the self-limitation of the state (knowing its proper place, resisting paternalism, etc.). Russia has seen a dramatic increase of self-esteem in the last 15 years but continues to lack the necessary capability regarding a wide range of aspects, from low levels of professionalism to low institutional capacity (efficiency, organisation, constancy in terms of networking). In consequence, collective action either does not deliver the promised and expected results or is altogether unavailable. In the absence of direction and action on the part of the civil society, the state is always as bad as it is allowed to be. So if paternalism is in demand because no other instance is willing or capable of delivering welfare, then it will be on offer under a state regime. In response to the suggestion that the traditional agent of change is the middle class, it was said that there is not as yet any middle class and that it only makes sense to speak of certain professional and social groups. For instance, there are new professionals who are less dependent on the state and more integrated in national and international networks. At the level of municipalities, there are some civil servants who are more versed in self-governance and therefore less dependent on the central state. There are also a growing number of small businesses which enable people and communities to be more autonomous, but the figures of 'start-ups' are lower than in Poland. These three groups will affect not only domestic but also foreign policy over the next 10-15 years (Andrey Kortunov).

### 3. The future role of Russia in Europe and in the world

If current trends are at all indicative of what may occur, then one thing that is clear is the ambiguity and messiness of Russian foreign policy in the future. On the one hand, there is a holistic-cum-authoritarian strand according to which each nation has a fate which it should realise or impose, both at home and abroad. On the other hand, there is a positivist view according to which the nation is an amalgamated collation of group interests who share a lowest common denominator. Russia oscillates between these two approaches, with the result that it defends its interests in a rather chaotic fashion (Andrey Kortunov). Other participants argued that the pro-Western climate in Russia is fast dissipating and that Putin's rapprochement with the West precedes by a long time Russia's actual participation in Western institutions. However, there are two mutual benefits from enhanced Russian-European cooperation. First of all, with respect to terrorism and military coordination, there could be a joint command, joint bases, and joint cooperation etc. But one of the main obstacles at this point is Russia's active support for Iran. Secondly, Europe and Russia could cooperate in the areas of energy and technology, including advanced high-technology such as laser fusion. Russia might provide energy and brainpower in exchange for capital and investment in infrastructure (Edward Lozansky).

Another perspective is that of bifurcation in terms of economic development and foreign policy strategies. If there was merely quantitative development, then there would be a growing polarisation that could issue forth into an open confrontation between the 'globals' who live like Westerns and 'locals' who struggle to survive. This question of redistribution and justice

in a (post-)Putin era will determine whether young Russians who do not know the USSR will be nationalists and imperialists or patriots and cosmopolitans. Russia is not so much a contributor to, but rather a recipient of, international security, in the sense that Russia tends to 'export' its domestic instability to the international system by shifting the focus away from problems at home to interests abroad (Andrey Fursov). Even if no end point can be predicted for 2020, trends indicate that the current state of affairs is untenable. Whether the future course of action will engender either more passivity and indifference vis-à-vis the rest of the world or more intervention depends to a large extent on whether the Russian population embraces the system at home or whether it will reject it. More instability in Russia will almost automatically lead to more instability abroad as a result of erratic action. In this respect, relations with the CIS countries and the enlarged EU will prove crucial, much more so than relations with the USA (Andrey Volodin).

It was also argued that there will not be any significant change in Russian domestic or foreign policy unless and until there will be a change in the terms of the debate. Only if all countries, including Russia, formulate a vision and strategy on terms that are more authentic to their specific traditions will there be sensible reforms and progress with a meaningful purpose. The neo-liberal 'one-size-fits-all' model and the political correlate of centrism that allows for no alternatives breed resentment, instability and the very opposite of the peace and prosperity neo-liberal politics purports to deliver. Instead of 'liberal market states' and global 'free trade' on exclusively Western terms, there would have to be something like national and regional models and strategies of developments and transregional and transnational alliances, both in terms of trade and political and geo-strategic cooperation. The EU might serve as an example, but only on the condition that it be courageous enough to defend its social model and develop a genuinely European politics (Adrian Pabst). A number of participants shared the conviction that transformation in Russia will only be forthcoming if Russia is engaged in as many concrete cooperative activities as possible, especially with the EU and the wider European space (Edward Lozansky, Andrey Kortunov). There was also an emphasis on the current 'windows of opportunity' and on the close interaction between the choice of foreign policy and the choice of domestic policy (Mark Entin).

### Final observations

This seminar differed from more conventional academic meetings with respect to both the format and the content. The very short presentations and contributions, which did not exceed five minutes, raised key points and focused the debates. This allowed for an intense exchange of ideas and new insights. In this sense the seminar broke new grounds. The interdisciplinary nature of the discussions prevented any oversimplification and combined arguments with evidence. What emerged was something like the contours of a 'bigger picture', above and beyond daily politics, journalistic hype and technical jargon. The exploratory nature of both the format and the content was propitious to original and thought-provoking debates which provided as many provisional conclusions about the recent past as open questions about the near and distant future.



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Taking the long view also encouraged the participants to think about the limits of forecast and futurology and the scope for action that might critically shape the future rather than simply embrace it. So this seminar could mark the beginning of a cycle of meetings which could have as their focal point the long-term future of Russia vis-à-vis both the West and the East. More specifically, successive seminars could examine Russia's long-term relations with the EU, the USA, Central Asia, China, Japan and South-East Asia.

It will be crucial to schedule future meetings earlier and to allow for more preparation time in order to secure the participation of some more key people. But given the short notice for this seminar, the turnout was unexpectedly high and the quality of contributions exceptional. It is equally important to think about whether any systematic follow-up of such seminars beyond the present executive summary is desirable and, if so, what form it could take (transcriptions of the proceedings, publication of a short book based on a dozen short papers or so, posting of contributions on the internet.)

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## List of participants

“Where Is Russia Heading For? - Horizon 2020”

*Moscow, 20 September 2004*

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