Myth of the new cold war

BY STEPHEN KOTKIN

Russia was not a liberal democracy under Yeltsin, and neither has it reverted to totalitarianism under Putin. But America's long-established religiously inspired concern about "losing" Russia is once more at the centre of debate

What is it about Russia that drives the Anglo-American world mad? Soviet communism collapses, the empire is relinquished. Then come the wild hopes and failures of the 1990s—including the 1993 half-coup and the tank assault on Russia's legislature, the results-adjusted referendum on a new constitution (still in force), the dubious privatisations, the war in Chechnya and the financial default in 1998. But after all that, in December 1999 Boris Yeltsin apologises, steps down early—and names his prime minister and former secret police chief Vladimir Putin as acting president. To widespread consternation, Yeltsin predicts that the obscure spy is the man to "unite around himself those who will revive Great Russia." Incredibly, this is exactly what transpires.

And this is a grand disappointment, even a frightening prospect? The elevation of Putin—a secret deal promoted by Yeltsin's personal and political family, motivated less by patriotism than self-preservation—will go down as one of the most enduring aspects of Yeltsin's shaky legacy. Now, Putin, just like his benefactor, has selected his successor, Russia's new president Dmitri Medvedev. Sure, Putin has no plans to retire to a hospital-dacha, where Yeltsin had spent much of his presidency. Still, in his crafty way Putin has abided by the constitutional limit of two presidential terms. In May, Medvedev will acquire the immense powers of the Russian presidency (a gift of Yeltsin) in circumstances whereby the Russian state is no longer incoherent (a gift of Putin). And this is grounds for near universal dismissal in the west?

Two clashing myths have opened a gulf of misunderstanding towards Russia. First is the myth in the west that the chaos and impoverishment under Yeltsin amounted to a rough democracy, which Putin went on to destroy. When something comes undone that easily, it was probably never what it was cracked up to be. Still, the myth of Russia's overturned democracy unites cold war nostalgists, who miss the enemy, with a new generation of Russia-watchers, many of whom participated earnestly in the illusory 1990s democracy-building project in Russia and are now disillusioned (and tenured).

Second is the myth, on the Russian side, that the KGB was the one Soviet-era institution that was uncorrupted, patriotic and able to restore order. This credits Putin's stooge entourage for the economic liberalisation that was actually pushed through by the non-KGB personnel around him.

Each of these myths deeply rankles the other side. When a big majority of Russians accept or even applaud Putin's concentration of power, Anglo-American observers suspect not just ignorance but a love of authoritarianism. (Unfortunately, Russians have never been offered genuine democracy and the rule of law alongside soaring living standards.) When foreign-based commentators and academics celebrate Yeltsin's Russia, which was worth a paltry $200bn and suffered international humiliation, while denouncing Putin's Russia, which has a GDP of $1.3 trillion and has regained global stature, most Russians detect not just incomprehension but ill-will.

Let's take a deep breath. To recognise that Putin inherited a dysfunctional situation derived from rampant insider theft and regional misrule is not to condone his KGB-style rule, which has often been nasty and sometimes self-defeating. Even though many Russian officials are conscientious and compe-
tent, the state remains too corrupt, as in most places around the world. At the top, privileged functionaries have grabbed (and are still grabbing) prime business holdings. At all levels, officiandom now seeks its rewards by mimicking the Kremlin's repression and manipulation. But Russia is also increasingly prosperous, with a new consumer-driven market economy and a burgeoning middle-class society full of pride. This combination of a relatively closed, unstable political system and a relatively open, stable society may seem incompatible—but there it is.

What happens when a large, important country turns out to have a dynamic, open market economy integrated into the global system, yet a political system that is undemocratic and not democratising? A lot of head-scratching by experts. It may be comforting in the corridors of punditry and social science to write about how economic growth without the rule of law is doomed to fail (China?) or how economic growth eventually brings political liberalisation. But many countries, not just Russia, have more or less manipulated elections while lacking the rule of law, and yet still have dynamic market economies. In Russia private property is not guaranteed—and property ownership is widespread.

A conceptual adjustment to Russia's seemingly impossible reality is now under way, but the process is painful and slow. "When I worked in Moscow in 1994 and 1995 for the National Democratic Institute, an American NGO, I could not have imagined the present situation," confessed Sarah Mendelson, a senior fellow in Russian affairs at the Centre for Strategic and International Studies, in the American Scholar recently. "We thought we were on the frontier of a democratic revolution. We weren't. We were witnessing a market revolution." This basic understanding, so long in coming, is not yet widespread. For the most part, pathetic cries about how "the west," whatever that is, has (again) "lost" Russia, and how the west must somehow "resist" Putin, persist.

Edward Lucas, by his telling, was once deported by the KGB. This happened in 1990, when Lucas, a British passport-holder, entered Lithuania on a Lithuanian visa after it declared its independence but before the Soviet Union had been formally dissolved. As far as this reviewer is aware, Lucas has never been imprisoned for his convictions. Still, though not technically a dissident, he argues like one. That is how a very perspicacious journalist like Lucas, the central and eastern Europe correspondent of the Economist, could end up writing a not very persuasive polemic called The New Cold War: How the Kremlin Menaces Both Russia and the West. Russia, he argues, is aggressively waging a global war for influence with its vast natural resources and piles of cash, and although the US and Britain are trying to stand up to the mighty bear, Germany is colluding, and China is, possibly, "co-operating."

Refutation of the idea that the cold war has returned is in fact provided by Lucas himself. He notes that eastern Europe is now free. Russians can go abroad. Russia's consumerist economy booms. Russia is not a military menace (its defence budget is at least 12 times smaller than that of the US). In Lucas's words, "the old cold war is indeed over." As for what Lucas calls "the new ideology" in Russia, which has led him to claim a new cold war, he writes that its "main ingredients are unexceptional: an edgy sense of national destiny, a preference for stability over freedom and a strong dislike of western hypocrisy and shallowness." He adds that "similar views are held in many countries outside Russia." And yet, he insists, "it is the combination and intensity [of these views in Russia] that are unusual." Not in the least. It is the circumstance that Russia can do something about such globally shared views that appears to be the rub. Unlike Germany and Japan, which were defeated in the second world war, Lucas writes, Russia is "unrepentant" and "petulant."

Imagine that. And imagine this: "The Kremlin's representatives throw habitual tantrums in international organisations. They block programmes in countries they don't like." And this: Russia is bullying small states. And this: Russia is cozying up to despots. Russia is using its leverage to acquire prime assets abroad. Russia is hiring lobbyists and agents of influence in western countries. Power politics is not pretty, but is Russia's muscle-flexing that unusual, or at all effective? "Slice by slice," Lucas warns, "the Kremlin is adding to its sphere of influence." Is that true? Here's his new domino theory: if Russia is allowed to get its bullying way in the Caucasus and the Balkans, then comes the turn of central Europe, even western Europe, and the Arctic.

Once again, however, the reader can turn to Lucas for relief. The Kremlin, he writes, "has systematically

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**The New Cold War: How the Kremlin Menaces Both Russia and the West** by Edward Lucas (Bloomsbury)

**The American Mission and the "Evil Empire": the Crusade for a Free Russia since 1881** by David S Foglesong (Cambridge)

**Russian Foreign Policy in the Twenty-first Century and the Shadow of the Past** edited by Robert Legvold (Columbia)

"The Myth of the Authoritarian Model: How Putin's Crackdown Holds Russia Back" by Michael McFaul and Kathryn Stoner-Weiss (Foreign Affairs, Jan/Feb 2008)

"Russia's Wrong Direction: What the United States Can and Should Do," Project Director Stephen Sestanovich (Council for Foreign Relations)
Lucas cries wolf about some new cold war while the very countries he insists lie in grave danger are inside the EU and Nato. Has he read the Nato charter?

overplayed its hand.” Huffing and puffing over the Kremlin’s various pipeline projects, Lucas has to conclude that “the biggest question for Europe in the coming decade is likely to be how to deal with a Russia that is short of gas.” So much for the energy weapon. Russia is “stuck,” Lucas writes. “It settles for being noticed.” Further: “it compensates for real weakness by showing pretend strengths.”

Lucas bores right through Russia’s posturing, and still insists on a call to arms. “Eastern Europe,” he warns several times, “sits on the front line of the new cold war.” Incredibly, he invokes Chamberlain and Munich in 1938. The same countries, the same lessons, he claims. Lucas is, in fact, uncommonly lucid on today’s eastern European states. “The paradox,” he writes, “is that these ill-governed, tetchy and intolerant countries are the front line that the west is trying to defend.” In other words, Lucas is crying wolf about some new cold war while the very countries he insists lie in grave danger are inside the EU and Nato. Has he read the Nato charter? He goes so far as to demand “a confrontation now” because “if we don’t win the new cold war on terms of our choosing, we will fight at a time and place chosen by our adversary.” Lucas works himself into a lather over how the Kremlin conceals its “lawless, brutal and greedy reality” behind the trappings of elections. Is this really “clever manoeuvring”? Ed—we are not fooled! Russia is an authoritarian regime. Its elites’ actions are frequently reprehensible, and sometimes criminal even by Russian standards.

This could be the smartest incoherent book this reviewer has ever read. Lucas writes divinely and offers a sharp-eyed foray through the thicket of post-Soviet misinterpretations—up to a point. Take his sober attitude toward the Yeltsin years. “Some sort of clean-up was certainly overdue,” he writes. He calls the 1990s muddle “perfect... for a quiet putsch by the heirs of the KGB.” He further notes that “the oligarchs were certainly a deserving target,” even if the selectivity of those attacks bothers him. Even more pointedly, Lucas writes that post-Yeltsin Russia “is a country in which it is possible for a private citizen to dream about personal fulfilment through brains and hard work.” And this: “Never in Russian history have so many Russians lived so well and so freely.” All the same, Lucas asserts that compared with Putinism, “the Yeltsin years now look less bad” and that Putin “betrayed” Yeltsin’s commitment to “friendship” with the west. Back and forth Lucas goes, alternately incisive and unconvincing.

Unlike his employer, the Economist, Lucas does not undersell Russia’s economic achievements in order to diminish Putin. Rather, he likens the new Russia to today’s Brazil, or to India. He also notes Russia’s huge positive significance for Europe. “Russia is one of the most lucrative markets in the world, bigger than all the other central and east European countries combined,” Lucas says. At the same time, confounding, he suggests both that “western businessmen show no shame in following their wallets” and that “it is hard to fault German companies for acting in the interests of their shareholders.” Which is it? His purple passages read like the inverse of the Kremlin’s election-year propaganda: “We are facing people who want to harm us, frustrate us and weaken us,” he asserts. But if, as he writes, Russia’s authoritarian version of capitalism “is not a new civilisation but a dead end,” what exactly is the problem?

The problem seems to be twofold. First, when Lucas urges European countries to overcome their differences with each other and with the US, he inadvertently shows that “the west” may no longer exist in the unified sense usually invoked. Second, Russia’s authoritarian capitalism might not be a dead end at all. The rest of the world might have to live with an authoritarian, increasingly rich Russia (and again—not just Russia). Lucas has reconfirmed that the long, torturous era of civilising missions has passed. White men’s burdens, new world orders, grandiose development schemes, huge foreign aid boondoggles, civil society building—goodbye to all that. Like it or not, effective geopolitics in the 21st century can no longer be about forcing others to be like you, but must involve accommodating new rising countries. Lucas knows this, but he doesn’t seem to know what to do about it. His advice for handling the supposed new cold war involves a mere two steps. The first is to throw off “our” illusions and acknowledge Russian harm us, frustrate us and weaken us,” he asserts. But
up, let alone its conduct, is treated as nothing less than an issue of American identity.

Just how many times can America "lose" Russia? A limitless number, it seems. But there may be hope: someone has finally traced in compelling detail the long-standing, religiously inspired American movement to remake Russia. In The American Mission and the "Evil Empire": The Crusade for a "Free Russia" since 1881, David S Foglesong, a professor at Rutgers University, shows that the missionaries, economic advisers and activists promoting God, capitalism and freedom in Russia stretch back in time to America's former slave abolitionists. American fascination with Russia took off with the terrorists' assassination of Czar Alexander II in St Petersburg in 1881, after which, James William Buel, a Missouri journalist and author of a popular account of the outlaws Jesse and Frank James, dashed across the tsarist empire to gather material for a book. "Civilisation is spreading rapidly eastward; it cannot stop or go around Russia," Buel wrote, "and whether with bayonet or psalm-book the march will be made through every part of the czar's dominions."

Foglesong demonstrates that powerful Americans have again and again seen the possibility, even necessity, of spreading the word to Russia, and then, when Russia fails to transform itself into something resembling the US, have recoiled and condemned Russia's perfidious national character or its leaders—most recently Putin. The author's singular achievement is to show that well before the cold war, Russia served as America's dark double, an object of wishful thinking, condescension and self-righteousness in a quest for American purpose—without much to show for such efforts inside Russia. The author thereby places in context the cold war, when pamphleteers like William F Buckley Jr and politicians like Ronald Reagan pushed a crusade to revitalise the American spirit. Russia then was a threat but also a means to America's end (some fixed on a rollback of the alleged Soviet "spawn" inside the US—the welfare state—while others, after the Vietnam debacle, wanted to restore "faith in the United States as a virtuous nation with a unique historical mission"). Foglesong's expose of Americans' "heady sense of their country's unique blessings" helps make sense of the giddiness, followed by rank disillusionment, vis-à-vis the post-Soviet Russia of the 1990s and 2000s.

In today's downer phase of the recurrent cycle that Foglesong identifies, however, the mission endures. Consider that, in 2006, Stephen Sestanovich of the US Council on Foreign Relations spearheaded a high-profile report sensationaly entitled "Russia's Wrong Direction: What the United States Can and Should Do" (put out under the names

**Campaign for an English Parliament tackles democratic deficit**

In 2007, a BBC poll showed that three out of five people in England want their own Parliament.

This should scarcely come as a surprise. Since devolution a decade ago, the voters of Northern Ireland, Scotland and Wales have been able to vote for their preferred policies over a wide range of the most important services - health and education prime among them.

The Rifkind proposals fail to address the democratic deficit: English MPs sitting without a mandate won at a dedicated election leaves England the odd nation out in the United Kingdom. The situation can't last.

The Campaign for an English Parliament is a non-party movement. On 26th April we are holding a conference to assess the future of England post-devolution featuring noted speakers Canon Kenyon Wright (Executive Chair, Scottish Constitutional Convention) and Frank Field MP. It's a chance to examine the issues in detail.
of the politicians John Edwards and Jack Kemp). The document acknowledges that Washington’s efforts to make Moscow into a (junior) partner for America’s global agenda have failed. So the report recommends “selective co-operation” on issues for which Moscow could supposedly still be coaxed into doing the US bidding. At the same time, the report admits that the US faces a difficult task in the ancient mission of trying to rescue Russia from authoritarianism. And yet, despite how vital Russia seems to the US—in the report’s illogic, precisely because of that very need—the democratisation of Russia must remain a US foreign policy goal. “To go beyond mere expressions about the rollback of Russian democracy,” the report advises, “the US should increase—not cut—Freedom Support Act funds, focusing in particular on organisations committed to free and fair parliamentary and presidential elections in 2007–08.”

Still more influential has been an essay published earlier this year in Foreign Affairs, “The Myth of the Authoritarian Model: How Putin’s Crackdown Holds Russia Back” by Michael McFaul and Kathryn Stoner-Weiss. It is a rallying cry for America’s besieged democracy-promoters, who are eager to regain the ground they lost after Iraq. The two authors are at pains to show that Putin’s Russia is autocratic compared with Boris Yeltsin’s “electoral” democracy (a telling modifier), and that Putin’s autocracy has had nothing to do with Russia’s economic success. This argument is a red herring. The point is not autocracy but the many vital economic liberalisation measures that were passed during Putin’s first term (radical tax revision, red tape reduction, private property in land) as well as the maintenance of tough fiscal discipline and macroeconomic stability. The authors downplay these breakthroughs (while also failing to note that second-term presidencies the world over are rarely known for continued bold policy achievements). McFaul, the lead author, seems unaware that his unsolicited concern for Russia continues more than a century of failed evangelism, as outlined by Foglesong. Indeed, McFaul and his co-author, both at Stanford, cannot be accused of excessive self-reflection: they condemn as “paranoid nationalism” Putin’s straightforward observations regarding the “growing influx of cash used directly to meddle in our domestic affairs”—a policy that McFaul has taken part in and continues to advocate.

That McFaul and Stoner-Weiss must fight their democracy-promotion battle on economic grounds does not help their cause. When they assert that increased state ownership in the last few years has slowed Russia’s economic performance, they underestimate the degree to which until very recently, Russian growth was helped by squeezing the last drops of blood from Soviet-era investments, a tactic that has stopped working. Moreover, excluding the two energy giants Rosneft and Gazprom, the increase in state ownership of companies in Russia is not dramatic. And many Russian state-owned firms, including the energy giants, are either at or set to reduce the state share in themselves to 51 per cent. (In 2007, Russian companies sold $33bn in stock flotations, mostly on international markets.) Russia’s state-owned companies, too, whatever their dubious methods, have not been resting on their bureaucratic laurels but rather acquiring assets for the money (and ego). Of course, high debt accumulation to underwrite M&A may not be a smart growth strategy (it sure looks stupid in the US). But as David Woodruff of the LSE has pointed out, Russia’s state-owned companies can redeem international capital market obligations only by increased market share and profits. They may turn out not to be up to the challenge. But hey, that’s capitalism.

As their supposedly clinching argument, McFaul and Stoner-Weiss cite the circumstance that growth rates in Russia’s neighbours have often been slightly better than Russia’s—to wit, they write that from 1999 to 2006 Russia occupied ninth place among the 15 former Soviet republics in ranking of growth rates. The differences in growth and hence rankings are not that large, but let’s accept them. The larger point, which the authors miss, is that these economies are all linked, so the authors need to take into account the impact of the large Russian economy’s growth on these far smaller ones. In 2007, a half dozen or more of the former Soviet republics were utterly dependent on Russia as a source of remittances. More than 30 per cent of Tajikistan’s GDP in 2007 consisted of remittances from Tajiks labouring in Russia. The estimate for remittances from Russia to Moldova was close to 80 per cent of GDP, for Kyrgyzstan more than 20 per cent, and for Georgia and Kyrgyzstan probably between 10 and 20 per cent. And so on. Consider the possible effects if the millions of Ukrainians who have found work in Russia suddenly had to go home, unemployed. Comparable numbers for economic dependency are perhaps found only in the many countries receiving remittances from their nationals working in the US. There are many reasons to be critical of Russian economic performance and policies, but the super-high
growth rate of Kazakhstan is not one of them. In reality, though, McFaul and Stoner-Weiss are driven not by any interest in economics, but by the alleged urgency of democratisation for US foreign policy. In this regard, Robert Legvold, editor of the collection *Russian Foreign Policy in the Twenty-first Century and the Shadow of the Past*, published last year, provides an echo. His introduction is a defence of a long overdue recourse to some history in analysing contemporary Russia. But even as he urges analysts to study Russia’s past, he urges Russia “to escape its past,” by which Legvold means its authoritarianism. Above all, he insists that the US and the EU have “legitimate” interests in Russia’s domestic political arrangements because of their impact on Russia’s neighbours. (He might also have mentioned the impact on Russia’s inhabitants, through international human rights policy.) In other words, Russian foreign policy, in Legvold’s mind, flows not from the maw of Russian national interests but from the nature of its political system. Voilà. Here, projected outwards, we have hit upon one of those quintessentially American beliefs about itself: namely, that the US conducts itself in the world not on the basis of its national interests but on the basis of its democracy.

Not all the authors in the volume agree with Legvold that Russia’s absolutism is unsuited to an era of globalisation. David McDonald portrays absolutism in Russia as a capacious toolbox, and one that today, too, can advance the country economically and culturally, even if such an approach carries the danger of overreach. Still, the general tenor of the volume falls in line with what Foglesong has shown to be an American-identity crusade projected on to Russia since 1881. Foglesong quotes David Lawrence, founder of *US News and World Report*, expressing the American establishment’s underlying credo back in 1958: “There can be no safety in the world as long as we have autocratic regimes.” This belief opens the widest possible field for a missionary foreign policy (and for the inevitable hypocrisy). It succeeded in uniting liberal internationalists, like McFaul and Stoner-Weiss, with neocons over Iraq, and like all fundamentalist beliefs, it survived that debacle. What it may not survive is the conversion of the American dollar into the Mexican peso.

The unsolved murders of Russian journalists and the arrests of political activists make many observers want at a minimum to chalk up Putin’s boom to dumb luck—floating on highly priced reservoirs of oil and gas left by nature hundreds of millions of years ago—and to predict a come-uppance. Maybe Russia is set for a fall. In terms of quotidian state functions, Russia is badly governed, which makes it vulnerable in a crisis. In a global world where everything is connected, if China’s boom loses
air, Russia too will feel the enormous downdraught. And Wall Street’s financial engineering may yet annihilate everyone, good and bad alike. Whatever the future holds, it is clear that the world has not seen such large authoritarian market economies like Russia’s or China’s since, well, Nazi Germany and its ally Japan. But today’s authoritarian Russia and China are not militarily aggressive. And Edward Lucas notwithstanding, these countries are also not likely to be defeated in war and occupied so that the likes of Michael McFaul and Kathryn Stoner-Weiss can have another go at the democracy crusade so well chronicled by David Foglesong.

The power of the Kremlin can seem all-encompassing. Across the 20th century, the average time in office for leaders in the democratic US has been about six years. In autocratic Russia, it has been around ten. Remove Stalin’s long despotism, and the figure falls to eight. Still, authoritarian successions are always difficult from a regime’s point of view. One of the many weak points of authoritarianism is that it makes bad options appear attractive—like hoping, as many do, that Putin remains Russia’s real ruler. But whatever the fate of the latest succession, the Kremlin’s China-like strategy will likely continue: suppressing many of the politically liberalising aspects of globalisation while pursuing its economic aspects to the ends of the earth.

Just like the Chinese and the Arab autocracies, the Russians are coming—and for real this time. When Russian capital, already highly visible in Europe and Britain, comes with ever greater force to Wall Street and to Main Street America, will Americans understand the value of Russia having a substantial stake in US success? Will Americans appreciate that having Russian-owned assets on American soil that could be seized provides a huge source of leverage over the Kremlin that is today lacking? As for the EU, it may be crucial for north Africa and the Levant, but it is far less so for Russia (or China). The EU seems likely to be bedevilled for some time over the status of Turkey, while Russia, just like China, continues to pursue bilateral relations with individual European countries. Russia’s trade with EU countries is huge—three times its trade with the former Soviet republics—and Germany is easily Russia’s biggest single partner (in 2007 their bilateral trade hit $52.8bn). Still, right now no place matters more to Russia than London as a commercial hub of globalisation. London’s importance is one reason Russia has tried—with episodes like the British Council harassment—to send forceful diplomatic messages over anything related to its sovereignty, just as China does, without undermining real interests.

We should not, however, exaggerate Russia’s global power. In future the US, the EU and China will each account for no less than one fifth of global GDP. Even if Russia does become the world’s fifth largest economy, it would still constitute no more than 3 per cent of global GDP. The Kremlin will use its seat on the UN security council and presence at the G8 to defend its interests globally, while also seeking good relations with China in various forums. But Russia is not an EU country, not a US ally and not a China ally. It is perceived as a possible partner, but also as a potential enemy, by all three. Above all, if Russian companies, whether state-owned or private, are not able to go toe-to-toe with the best companies in the world, you can forget the whole game. “Even with the economic situation in our favour at the moment, we are still only making fragmentary attempts to modernise our economy,” Putin said in a speech this year on Russia’s long-term development strategy to 2020. “This inevitably increases our dependence on imported goods and technology, and reinforces our role as a commodities base for the world economy.” He added that “the Russian economy’s biggest problem today is that it is extremely ineffective. Labour productivity in Russia remains very low. We have the same labour costs as in the most developed countries, but the return is several times lower. This situation is all the more dangerous when global competition is increasing.”

In short, President Medvedev and, if so named, Prime Minister Putin have their work cut out.