

## U.S. – RUSSIAN RELATIONS: HOPES AND FEARS

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The end of the Cold War lifted the threat of nuclear annihilation and transformed the international security landscape. However, that historic shift also involved the collapse of the Soviet Union and its fragmentation into 15 new independent states. The Russian Federation, which inherited half the population and 70 percent of the territory of the former Soviet Union, was an unknown quantity. Would it become a friend and partner of the United States, a full and equal member of the community of democratic nations? Or would it slip back into a hostile, expansionary communist or nationalist power?

What would happen to the Soviet arsenal: its 27,000 nuclear warheads, and stocks of chemical and biological weapons? What would Moscow do to defend the interests of the 25 million ethnic Russians who were now living outside the boundaries of the Russian state? Would Russia follow the example of Slobodan Milosevic, who was fighting to carve a “Greater Serbia” out of the former Yugoslavia?

There was no obvious answer to such questions in 1991. And even fifteen years after the onset of transition, there are still many uncertainties surrounding Russia’s present condition and future trajectory, from its domestic political regime to its relations with its neighbors. It would take the US security establishment some time to adjust to a post-Cold War world, and to come up with a grand strategy to replace that of “containing” the Soviet threat.

*“The United States has found it exceedingly difficult to define its ‘national interest’ in the absence of Soviet power.”*

*Condoleezza Rice, writing in 2000, shortly before she became National Security Advisor.*

US-Russian relations have gone through several distinct phases since 1991. Initially, the hostility and mutual fear of the Cold War was replaced by a feeling giddy cooperation, but that gradually eroded in the course of the 1990s. That was replaced by a sense of uncertainty about Russia’s intentions, following Russia’s hostile reaction to the US-led war over Kosovo in 1999 and the accession to power of Vladimir Putin later that year. In 2000-01 both the outgoing and incoming US presidential administration took a wait-and-see posture about the new Russian president. The terrorist attacks on September 11<sup>th</sup>, 2001 led to a renewal of hope that a strategic alliance could be forged between Moscow and Washington. But this third phase was short-lived. Visions of partnership were dashed by the March 2003 invasion of Iraq and Russia’s slide into authoritarianism, signaled by the arrest of oil magnate Mikhail Khodorkovsky in October 2003. Mutual recriminations during this fourth phase have led some to talk of a “new Cold War.”

In retrospect, it seems that the heady optimism of the early 1990s was unrealistic. At the same time, the notion of a “new Cold War” appears equally exaggerated. Despite differences of opinion between Russia and the US – over the handling of regional issues in Iran, North Korea and the former Soviet states – there continues to be substantial cooperation in areas of common interest, such as nuclear proliferation and the war on terror. The main uncertainty now revolves around the willingness of the United States to deal with a Russia that has an authoritarian political system, and that is willing to act assertively in defense of its perceived national interests.

## THE END OF AN ERA

The collapse of the Soviet Union on 25 December 1991 abruptly terminated a 50 year old struggle for global supremacy between the Soviet Union and the United States. That contest remained a “Cold War” because nuclear weapons prevented the two superpowers from attacking each other directly. Washington’s relationship with Moscow was focused on preventing nuclear war and containing the arms race, while also striving to limit Soviet expansionism in the Third World.

The Soviet Union collapsed as a result of Mikhail Gorbachev’s efforts to reform the archaic Soviet economy and political system. Historians argue over the extent to which Gorbachev was responding to internal causes, or was reacting to the new aggressive policies of President Ronald Reagan – such as support for the guerrillas fighting the Soviet occupation of Afghanistan to the ambitious “Star wars” missile defense program.

There is also a lively debate over “Who won the Cold War?” Most Americans see the United States as the clear victor. The Soviet collapse led to the triumph of American ideals of liberal democracy and market capitalism and left the US as the unchallenged sole superpower. But many Russians believe that *both* sides won the Cold War, since it ended by mutual agreement, and because both countries benefited from the removal of the threat of nuclear annihilation. After all, it was primarily Moscow’s initiatives that brought the confrontation to an end. Mikhail Gorbachev’s “New Thinking” in foreign policy led to the unilateral reduction of Soviet troops from Eastern Europe and their complete withdrawal from Afghanistan. In this sense, the Cold War had effectively ended in 1989 – at the December Malta summit of Gorbachev and President G.H.W. Bush, shortly after the fall of the Berlin wall on November 9<sup>th</sup>. That was *two years* before the collapse of the Soviet Union. So the break-up of the USSR and the end of the Cold War can be seen as two different things.

The new understanding between Moscow and Washington paid dividends in August 1990, when Saddam Hussein invaded Kuwait. Secretary of State James Baker persuaded his Soviet counterpart Eduard Shevardnadze to support the US plan to threaten Hussein with military action if he did not withdraw his forces. The Soviet Union’s refusal to use its United Nations Security Council veto to protect its old ally Iraq was a clear signal that the Cold War era of superpower confrontation was over.

The Bush administration supported Soviet President Mikhail Gorbachev to the very end, and spurned contacts with Boris Yeltsin, the leader of the democratic opposition. Bush did not meet Yeltsin until July 1991, one month after he was elected President of the Russian Federation. The White House and particularly National Security Advisor Brent Scowcroft were the most wary of Yeltsin, while the Pentagon and CIA favored closer contacts with him. Secretary of State James Baker was a canny but cautious realist, whose attention was focused on the Soviet nuclear arsenal and 500,000 troops still scattered across Eastern Europe. In August 1991 hardliners launched an abortive coup in a desperate effort to maintain the Soviet Union. Power then shifted from Gorbachev to Yeltsin, who personally brokered the break-up of the Soviet Union in December 1991.

The US was delighted to see the end of the Soviet Union, but fearful of its consequences. The dissolution of the Soviet Union and Yugoslavia triggered a number of bloody regional conflicts that needed containing. Above all, the US was concerned to manage the dismantling of the Soviet nuclear arsenal and to prevent the proliferation of nuclear weapons to third countries or terrorist

groups. Already in September 1991 President Bush unilaterally announced that the US would destroy all its tactical battlefield nuclear weapons, and Gorbachev said the Soviet Union would do the same. Two Senators, Richard Lugar and Sam Nunn, took their own initiative and introduced a bill pledging \$400 million to help pay for the dismantling of Soviet nuclear weapons. The Pentagon opposed the idea, but the Senate approved the money in November 1991. This, the Cooperative Threat Reduction program, would turn out to be one of the most successful US security policies. By the end of the decade the US had poured \$5 billion into the project, helping to destroy nuclear materials and paying Russian nuclear scientists to deter them from selling their expertise abroad.

During 1992 the Bush administration focused on persuading Ukraine, Kazakhstan and Belarus to give up the nuclear weapons that were located on their territory. In a May 1992 meeting in Lisbon the foreign ministers of those three countries pledged to give up their nuclear weapons. Kazakhstan's willingness to quickly disarm laid the foundation for good relations with the United States. Yeltsin's pro-Western foreign minister, Andrei Kozyrev, urged radical cuts in both sides' nuclear arsenals. Bush and Yeltsin signed the Strategic Arms Reduction Treaty START II in January 1993, under which they promised to reduce their arsenals to 3-3,500 strategic warheads each by 2003. Baker had some difficulty persuading the Pentagon to accept such large cuts. The Russians worried that they did not have the money to pay for dismantling the weapons. START II also committed both sides to completely eliminate multiple warheads on land-based missiles. (MIRVs or multiple-warhead missiles were considered destabilizing because there was an incentive to launch them preemptively in a crisis, before they could be destroyed on the ground by a single incoming warhead.) START II was ratified by the US Senate in January 1996, but not accepted by the Russian State Duma until April 2000 (with additional qualifications).

Russia experienced a profound economic crisis in the spring of 1992 as the government introduced radical reforms known as "shock therapy." Production plummeted while goods disappeared from the shelves and prices spiraled. The Bush administration was criticized for doing nothing as Russia fell into chaos. Former Republican President Richard Nixon wrote a memorandum entitled "Who lost Russia?" Democratic candidate Bill Clinton talked about the need for a new Marshall Plan – even as he attacked Bush's preoccupation with foreign policy. In response Bush announced in April 1992 a \$24 billion international aid package, including \$5 billion from the US. But most of that was money already committed: the administration believed that Russia was too chaotic to make use of a serious influx of funds. Rather than aid, the US treasury's main concern was the Soviet Union's \$65 billion international debts. Russia eventually agreed to take full responsibility for paying back the loans.

### ***SUMMARY***

- *In December 1991, the Soviet Union ceased to exist as a geopolitical entity, and with its demise the post-World War II central organizing principle for U.S. foreign policy—containing the Soviet threat—no longer existed.*
- *During the break-up of the Soviet empire, a revolutionary figure named Boris Yeltsin came to the forefront of Russian politics and promised to lead his new country to a better and brighter future in cooperation with the West.*
- *The United States sought to limit the threats posed by the immediate transition, especially by persuading the newly-independent states to relinquish their nuclear arsenals.*

## **BILL AND BORIS**

Bill Clinton took office in January 1993 with high hopes that a partnership with Russia could be the linchpin for America's role in the post-Cold War world. The goal was to transform Russia into what Clinton called a "market democracy," while integrating it into international institutions. Clinton was influenced by "democratic peace" theory, which was experiencing an academic revival. It was in America's best interests to ensure that Russia became a democracy, since democracies do not go to war with each other.

Clinton appointed his former Oxford room-mate, Russia expert Strobe Talbott, point man for relations with Russia. (Talbott served as counselor and then Deputy Secretary of State 1993-2000.) Talbott's close personal relationship with Clinton meant that Secretaries of State Warren Christopher and Madeleine Albright had a less prominent role in US-Russia relations than one might have expected. National Security Advisor Anthony Lake was skeptical about the scope for democratic transition in Russia, but likewise deferred to Talbott.

Yeltsin and Clinton seemed to hit it off at their first meeting in April 1993, back-slapping and bear-hugging. Both sides declared their readiness to create a "dynamic and effective Russo-American partnership." Clinton promised a financial aid package of \$1.6 billion (half aid and half credits), predicated on the assumption that Yeltsin was introducing reforms that would create a market democracy. Clinton visited Russia in January 1994, and by the end of his term the two men had met no less than 18 times. The "Bill and Boris" relationship was in full bloom. Clinton was fully aware of Yeltsin's idiosyncrasies, telling Talbott on one occasion that "Yeltsin drunk was better than most of the alternatives sober."

The US clung to this policy despite a series of events indicating that all was not well, such as Yeltsin's shelling of the opposition-controlled parliament in October 1993 and the invasion of the breakaway province of Chechnya in December 1994. New York University Professor Stephen Cohen ridiculed the Clinton administration's approach as a "failed crusade" that strove to re-make Russia in America's image. Russia expert Dmitri Simes argued that the United States was mistakenly treating Russia as if it were a "defeated enemy." Many Russians came to blame the chaos of the early 1990s on the capitalist reforms that they believed were forced on Russia at America's insistence.

*"Behind the façade of friendship, Clinton administration officials expected the Kremlin to accept the United States' definition of Russia's national interests. Talbott and his aides referred to it as the spinach treatment."*

*Dmitri Simes, President of the Nixon Institute, 2007*

While Talbott handled diplomatic and security issues, economic relations were handled by Larry Summers and David Lipton at the US Treasury. They focused their attention on macroeconomic stabilization and debt management. Despite earlier pronouncements, by 2001 the US had sent only about \$1 billion in aid to Russia, and two-thirds of that was spent on nuclear-weapon related programs, managed by the Pentagon and Department of Energy. The main vehicle for influencing Russian economic policy was International Monetary Fund loans, tied to the introduction of specific reform policies. At the suggestion of the Russians, a special commission was created between Prime Minister Viktor Chernomyrdin and Vice President Al Gore to promote economic cooperation. It also handled some sensitive strategic issues such as Russian missile sales to Iran, cooperation in space launches, and a plan for the US to process plutonium that had been removed from Russia nuclear warheads for use in civilian reactors.

The 1990s reforms produced few concrete results for US business interests. The privatization program mostly excluded foreign buyers, and Russia took in only \$3.7 billion in foreign direct investment over the decade. The European Union was Russia's main economic partner, accounting for more than half of Russia's foreign trade, while the US accounted for less than 5%.

After the Communist victory in the December 1995 State Duma election, Yeltsin appointed former foreign intelligence chief Yevgenii Primakov as foreign minister. Primakov tried to move Russia away from its dependency on the United States, sometimes talking about a strategic triad of Russia, China and India. But Primakov realized that the US was the dominant power, and in practice he effected only minor course corrections in the Moscow-Washington relationship. (He even folded in the face of US determination to enlarge NATO.)

Boris Yeltsin faced the daunting task of winning re-election in June 1996. He was deeply unpopular. The war in Chechnya was ongoing, and the economy was in its sixth year of decline. Many of his advisors urged him to cancel the election, but he went ahead with the vote and managed to win a second term, thanks to a massive media campaign and an influx of IMF loans, used to pay off wage and pension arrears. Washington breathed a huge sigh of relief. A canceled election – or a Communist victory – would have been the end of the road for Clinton's democratic transition paradigm.

Russia was not yet out of the woods, however. The 1997 Asian financial crisis triggered a slump in world oil prices, hitting Russia's export earnings and government revenue. A growing fiscal deficit was covered by reckless external borrowing. Despite a last-minute \$22 billion IMF rescue package, the ruble crashed in August 1998, losing 75 percent of its value. The government went into default on its debts. The crisis forced the resignation of Yeltsin's new liberal prime minister, Sergei Kirienko, and his replacement by the conservative Primakov. The crisis shattered any illusions that Russia was in transition to stable market democracy.

*"A true and lasting transition to normalcy, democracy, and free markets in Russia is neither inevitable nor impossible. It is an open question."*

*Secretary of State Madeleine Albright, October 1998*

### **SUMMARY**

- *The relationship forged by the two leaders, Bill Clinton and Boris Yeltsin, was cemented by what Clinton saw as Yeltsin's commitment to reforms to modernize the Russian state and economy. The two men thought American assistance and expertise could transform Russia into a "market democracy."*
- *The reforms failed, and as Russia's economy shrank the quality of life for many Russians plummeted. The economy was dealt a further blow by the August 1998 financial crash.*
- *Yeltsin did manage to win re-election in 1996, which enabled the US to continue in its commitment to building democracy in Russia.*

## NATO ENLARGEMENT

The main problem in the US-Russia relationship was the US plan to expand the North Atlantic Treaty Organization (NATO) into Central Europe. NATO had been created in 1949 to deter the Soviet military threat, so Moscow argued that since the Soviet Union and its military alliance, the Warsaw Pact, had dissolved in 1991, NATO should follow suit. Yeltsin withdrew Russian troops from the Baltic countries and Eastern Europe – but only after the US promised funds to build housing for officers relocated to Russia. The US radically cut its 300,000 troops stationed in Europe, but did not want to dismantle NATO – which it saw not only as a highly successful defensive alliance, but also a vehicle for projecting stability into Eastern Europe.

Initially, the US had hoped that the European Union (EU) would take the lead in integrating the former socialist countries. But it was clear that preparing the Central European countries for full EU membership would take many years. A sense of urgency was introduced by the first-place finish of the semi-fascist Liberal Democratic Party, led by Vladimir Zhirinovskiy, in the State Duma elections in December 1993. This prompted Clinton to approve NATO enlargement in Prague in January 1994 (“not if, but when”). In September 1994 the enlargement plans were published, leading Yeltsin to warn of a “cold peace” in a speech in Budapest. Countries that were not candidates for membership in the immediate future would be offered a Partnership for Peace cooperation plan.

The year 1995 saw renewed fighting in Bosnia, culminating in NATO’s airpower intervention on the side of the Bosnian Moslems and Croats. The US-brokered November 1995 Dayton Accords brought peace to Bosnia, and Russia it was invited to send peacekeepers to join NATO’s Implementation Force in Bosnia.

Clinton delayed NATO expansion until after Yeltsin’s hotly contested election battle in June 1996. In October 1996 Clinton set a deadline of 1999 for the first wave of NATO enlargement. In December 1996 the hard-line Madeleine Albright replaced Warren Christopher as Secretary of State. Countries joining the alliance would receive a cast-iron security guarantee: Article V of the NATO Charter pledges all signatories to come to the aid of a fellow-member under attack. In July 1997 NATO’s Madrid summit invited Poland, Czech Republic and Hungary to join the alliance. The three Baltic countries were worried that they were being excluded, so in January 1998 the US signed the Baltic Charter pledging to help them in their bid for NATO membership. In April 1998 the Senate approved NATO expansion by 80 to 19. On March 12<sup>th</sup>, 1999 Poland, Hungary and the Czech Republic joined NATO, bringing the alliance to 19 countries.

Moscow was deeply offended by the alliance’s expansion, which stoked fears of “capitalist encirclement” among Communists and nationalists. In protest at NATO enlargement, the State Duma refused to ratify the START II treaty. In September 1996 Clinton and Yeltsin did initial a Comprehensive Nuclear Test Ban Treaty (including a ban on underground tests), but the US Senate rejected the treaty in 1999. In 1997 Russia started deploying a new intercontinental missile, the SSX-27 Topol-M, and introduced a new National Security Concept – one that seemed to show a greater willingness to be the first to use nuclear weapons.

*“I told Yeltsin that if he would agree to NATO expansion and the NATO-Russian partnership, I would make a commitment not to station troops or missiles in the new member countries prematurely, and to support Russian membership in the new G-8, the World Trade Organization, and other international organizations. We had a deal.”*

*President Bill Clinton, at a meeting in Helsinki in March 1997.*

In order to mitigate Russia's feeling of exclusion, in May 1997 the NATO-Russia Founding Act created a Permanent Joint Council in Brussels. Also, in June 1997, Yeltsin was invited to attend the Group of Seven (G7) annual meeting of leaders of the leading developed democracies. Russia would be granted full membership in the G8 in June 2002, one of the few Western organizations it was allowed to join. There was no progress with Russia's application to enter the World Trade Organization, which it commenced in 1993. Russia did join the Council of Europe in 1996, where its actions in Chechnya were sharply criticized. It continued as a member of the Organization for Security and Cooperation in Europe, which tried ineffectively to resolve the "frozen conflicts" in Moldova, Georgia and Azerbaijan.

For Clinton, NATO enlargement was an insurance policy that protected US interests in case Russia "went bad." National Security Advisor Lake favored rapid NATO expansion, while Talbott was more cautious, fearing a hostile Russian response. But the Kremlin realized that it was powerless to stop the alliance, and tried to make the best of a bad situation. US-Russian relations soon faced the most severe test of the entire post-Soviet period, the Kosovo crisis.

### **SUMMARY**

- *The Russians were severely disappointed by the U.S. decision to expand the NATO alliance into countries that had once been part of the Soviet Union's Warsaw Pact security organization.*
- *To placate Russia it was allowed to join the G7 group of leading democracies, and the 1997 NATO-Russia Founding Act created a Permanent Joint Council in Brussels.*
- *In March 1999, Poland, Hungary and the Czech Republic joined NATO.*

### **THE KOSOVO CRISIS**

On March 24<sup>th</sup> 1999, just two weeks after the three new members joined the alliance, NATO planes started bombing Yugoslavia. The West wanted President Slobodan Milosevic to accept international peacekeepers to halt violence in the rebellious province of Kosovo. The bombing commenced as Prime Minister Primakov was flying to the US to ask for more financial aid. Primakov ordered his aircraft to turn around in mid-Atlantic and head back to Russia; a step that became symbolic of a new chill in US-Russian relations. Russia also withdrew from participation in the NATO Permanent Joint Council. Russia was incensed that the United States was using brute force to advance its political agenda in Europe – over Russian objections.

Moscow saw itself as having close historical ties with the Serbs. But in reality the relationship had been dormant since World War I, and in practice Moscow had little interest in tying itself to the sinking ship of Slobodan Milosevic. During the run-up to the bombing campaign Moscow's policy vacillated from one of limited support for the NATO pressure on Milosevic to vocal opposition. When the opportunity arose to play the peacemaker in June 1999, Moscow seized the chance. Ex-prime minister Chernomyrdin was sent to Belgrade to deliver the bad news – that NATO was preparing to launch a ground invasion, and Milosevic could not expect any more Russian support. If Milosevic agreed to withdraw his troops from Kosovo, he could ensure Russian participation in the military occupation of Kosovo, and preserve Yugoslavia's formal sovereignty over the province. In a curious footnote to the crisis, several hundred Russian peacekeepers drove down from Bosnia to seize the Kosovo airport before advancing British troops arrived. An armed clash was only averted thanks to the cool head of the British commander at the scene.

## **SUMMARY**

- *The U.S. decision to use military force against Yugoslavia met strong opposition from Moscow. The latter saw it as an unjustified use of force in its sphere of influence, and felt embarrassment at its seeming impotence in the face of US military might.*

## **THE “GREAT GAME” REVISITED**

The US had a clear strategic interest in securing the viability of the newly independent states, and preventing their possible re-absorption into a revived Soviet Union. US advisors and aid flowed into the region. The first priority was securing the removal of nuclear weapons from the non-Russian states. With that task accomplished, the Clinton administration turned to promoting the same kind of transition to “market democracy” that was being attempted in Russia. The task was straightforward in the three Baltic states, but was much more challenging in the other countries, which had weak states and weaker economies, and lacked a tradition of self-rule. Civil wars raged in Tajikistan, Moldova, Azerbaijan and Georgia, conflicts in which Russia was heavily involved. Former Communist party leaders stayed on as authoritarian presidents in every Central Asian country except Kyrgyzstan, where a reformist president came to power.

The oil and gas reserves of the Caspian basin were seen as the key to securing the long-term development of the newly-independent states. Building pipelines to export Caspian oil and gas through Georgia and Turkey would increase the flow of hydrocarbons to world markets, while containing the influence of Iran and Russia. Moscow regarded the region as part of its exclusive sphere of influence, and despite US assurances it saw the rivalry for Caspian oil as a zero-sum game in which US advances would come at Russian expense.

Azerbaijan and Kazakhstan opened the doors to Western investors. In 1993 Texaco (now Chevron) entered Kazakhstan to develop the giant Tengiz field, and through the Caspian Pipeline Consortium built a new export pipeline to the Russian Black Sea port of Novorossiisk. (Russia subsequently delayed the planned expansion of the pipeline’s capacity.) In September 1994 BP signed “the contract of the century” with Azerbaijan to develop some offshore fields in the Caspian. Production started in 1997. BP wanted to build a 1,100 mile export pipeline from Baku through Tbilisi to Ceyhan on Turkey’s southern coast. A complicating factor was the 1992-94 war over the disputed province of Nagorno-Karabakh, which left 15 percent of Azerbaijan’s territory in Armenian hands. The Armenian-American lobby persuaded the US Congress to enact Section 907 of the Freedom Support Act, effective January 1993, which barred direct US aid to the Azerbaijani government so long as it maintained a blockade and state of war with Armenia. (President Bush lifted Section 907 in January 2002, in return for Azerbaijan’s cooperation in the war on terror.) Work started on the BTC pipeline in 2002 and it became operational in 2006.

Energy exports brought strong economic growth to Azerbaijan and Kazakhstan, though democracy is lacking in both countries, and Azerbaijan’s stand-off with Armenia remains unresolved. The West would also like to export Kazakh oil and Turkmen gas by building pipelines across the Caspian Sea to Baku. But Russia used a dispute over the legal status of the Caspian to block plans for an undersea pipeline. In the meantime, Central Asian oil and gas must be exported through Russian pipelines (although Kazakhstan has already completed one export pipeline to China.)

Under the Partnership for Peace program, NATO held joint exercises in Uzbekistan in 1998, followed by extensive military assistance programs in Georgia and Azerbaijan. The latter countries looked to Western help to regain control over breakaway regions that had established de facto independence with Russian military support. Incursions by Islamic guerrillas into Uzbekistan and Kyrgyzstan in 1999-2001 threatened the stability of those regimes, and stimulated Russia into a more proactive security role in the region. China also became involved, through the Shanghai Five, a multilateral security framework that with the addition of Uzbekistan became the Shanghai Cooperation Organization in 2001. In recent years, U.S. relations with some Central Asian states, especially Uzbekistan, have faltered in the face of human rights violations and political crackdowns.

For most of the 1990s Ukraine showed considerable enthusiasm for closer ties with NATO and the EU, but corruption and economic stagnation limited the scope for real reform and closer Western ties. President Leonid Kuchma, who came into office in 1996, tried to follow a balanced course between Russia and the West, aware of Ukraine's dependence on Russian gas imports and the presence of 12 million ethnic Russians in east Ukraine. The scandal which erupted in 2000 after the murder of crusading journalist Heorhy Gongadze damaged Kuchma's credibility in the West, while Moscow remained loyally supportive.

### ***SUMMARY***

- *The United States was quick to establish a diplomatic and economic presence in the new states of the Caucasus and Central Asia. This paid dividends in the form of lucrative commercial contracts to develop oil and gas fields in the region.*
- *Russia resented the projection of US influence into what it regarded as its own sphere of influence and tried to block US initiatives.*
- *The rise of the Shanghai Cooperation Organization (SCO), a multilateral security framework including China and Russia, has dealt a blow to US influence in Central Asia.*

### **A NEW FACE IN THE KREMLIN – AND THE WHITE HOUSE**

Fighting broke out again in Chechnya in August 1999, which had been de facto independent since the withdrawal of Russian troops in 1996. That was followed by several terrorist apartment bombings in Moscow a month later. Yeltsin appointed as prime minister Vladimir Putin, a 17-year KGB veteran who was heading the Federal Security Service. Putin launched a second full-scale invasion of Chechnya. Yeltsin resigned on New Year's Eve and appointed Putin "acting president." That cleared the way for Putin to win election as president in March 2000.

The United States watched these developments with resigned detachment. Washington no longer thought it could influence the outcome of Russian elections. Moscow was looking increasingly irrelevant to global affairs, saddled as it was by economic instability, corruption, and political instability. Russia was seen incapable of providing domestic order still less projecting power abroad.

Putin was an unknown quantity to Western leaders. His KGB background and ruthless persecution of the war in Chechnya gave cause for concern. On the other hand, in personal meetings he impressed European leaders with his charm and intelligence. In his public statements, Putin signaled that he was well aware of Russia's debilitated condition. While moving quickly to restore the Kremlin's control over Russian society, Putin realized that integration with

the global economy was essential to rebuild Russian state power. Europe's economic strength and America's military muscle left Russia with no choice but to cooperate with these twin powers.

Arms control was the main item on the agenda during President Clinton's farewell visit to Moscow in June 2000. The US pushed for modifications in the 1972 Anti-Ballistic Missile Defense (ABM) treaty so it could begin testing a national missile defense system (NMD). Washington argued it needed NMD to counter a possible nuclear strike from a rogue state like Iraq or North Korea. Moscow was skeptical, fearing a hidden strategic agenda. Successful deployment of NMD would lock in US global dominance. Also, the Kremlin worried that the number of Russian nuclear weapons would steadily diminish due to lack of funds for maintenance, perhaps to the point at which they would be unable to guarantee second-strike retaliation against a US first strike. The US Senate approved the development of theater missile defense in March 1999. In a bid to head off NMD, Putin persuaded the State Duma to ratify START II, signed in 1993, which they dutifully did in April 2000.

Clinton could not offer deep cuts in strategic missiles in return for Russian approval of NMD: influential Senate Republican Jesse Helms made it clear that he would block approval of any such treaty. Clinton signed two minor agreements: to cut each country's weapons-grade plutonium reserves, and to create a joint early warning center in Moscow, to reduce the risks of an accidental nuclear launch. (The center never opened.) After the disappointing June summit, US-Russian relations went into a stall, as the Russians waited to see who would succeed Clinton.

US-Russia relations were not a prominent issue in the November 2000 election campaign, although the Republicans attacked the Clinton administration for its naïve and costly pro-Yeltsin policy. For example, in October 2000 it was revealed that Russia had agreed to terminate arms deliveries to Iran by 1999 in a confidential deal struck with Vice President Al Gore back in 1995. Presidential candidate Bush denounced Russia's pervasive corruption – in one presidential debate he even charged former prime minister Chernomyrdin with pocketing Western loan money. In a fall 2000 essay in *Foreign Affairs* Condoleezza Rice, Bush's top foreign policy advisor, laid out a blunt assessment of the Clinton era Russia policy, in a section entitled "Russian weakness."

*"The Clinton administration's embrace of Yeltsin and those who were thought to be reformers around him has failed. . . Support for democracy and economic reform became support for Yeltsin. His agenda became the American agenda. The United States certified that reform was taking place where it was not, continuing to disburse money from the International Monetary Fund in the absence of any evidence of serious change. The realities in Russia simply did not accord with the administration's script about Russian economic reform. . . There is no longer a consensus in America or Europe on what to do next with Russia. Frustrated expectations and 'Russia fatigue' are direct consequences of the 'happy talk' in which the Clinton administration engaged. . . U.S. policy must concentrate on the important security agenda with Russia. First, it must recognize that American security is threatened less by Russia's strength than by its weakness and incoherence."*

*Condoleezza Rice, Bush's top foreign policy advisor, November 2000.*

US-Russian relations did not get off to a good start with the new Bush Administration. Until the two leaders met in Slovenia in June 2001 it appeared that Washington was assuming that Moscow was not a serious player on the global stage. Condoleezza Rice, Bush's national security advisor, argued that "It would be foolish in the extreme to share defenses with Moscow as it either leaks or deliberately transfers weapons technologies to the very states against which America is

defending.” In a February 2001 interview in *Le Figaro*, Rice commented that “I believe Russia is a threat to the West in general and to our European allies in particular.”

As the US was ignoring Moscow, Putin was flexing his diplomatic muscles. In July 2000 on his way to the G8 summit in Okinawa Putin stopped off in Pyongyang and tried to pull off a diplomatic coup by securing a pledge from North Korea to discontinue its missile program – a “pledge” it later denied. Iranian President Muhammad Khatami visited Russia in March 2001 to discuss arms sales, and Putin reiterated Russia’s intention to help complete the long-stalled Bushehr nuclear power plant. Putin also stepped up military and political cooperation with China. A huge scandal erupted following the February 2001 arrest of FBI agent Robert Hanssen, who had spied for the Russians for 15 years. In response, the US ejected 50 Russian diplomats: the largest number of expulsions since 1986. The Russians reacted by expelling an equivalent number of American officials.

*“I found a man who realizes his future lies with the West, not the East, that we share common security concerns, primarily Islamic fundamentalism, that he understands missiles could affect him just as much as us. On the other hand he doesn’t want to be diminished by America.”*

*President George W. Bush, talking of Vladimir Putin in July 2001*

It was not until June 2001 that the two leaders finally met, in Ljubljana, Slovenia. President Bush famously “looked the man in his eye” and “was able to get a sense of his soul.” Bush said, “I am convinced that he and I can build a relationship of mutual respect and candor,” and promised support for Russia’s entry into the WTO. Putin said he and Bush had forged a “very high level of trust,” and referred to the American president as a “partner” and “a nice person to talk to.” But the drama and sense of historical importance that characterized the past two presidential relationships was gone; in the new century, Russia simply did not capture the focus of the US strategic mind. The Ljubljana summit did prepare the ground for closer US-Russian cooperation. And then came September 11.

### **SUMMARY**

- *The ailing economy, the war in Chechnya, and the weakness of the state were the priorities on Vladimir Putin’s agenda as he assumed power in 1999.*
- *President George W. Bush saw Russia as in a weakened state, and relations with Moscow were not a priority for the new administration.*
- *The United States and Russia attempted to find common ground on arms control, but Putin was opposed to the US national missile defense (NMD) effort.*

### **A STRATEGY FOR A NEW WORLD**

The terrorist attacks on the World Trade Towers and the Pentagon had a major impact on US-Russian relations. Putin was the first leader to telephone Bush with condolences and an unequivocal condemnation of the terrorist act. Putin, still embroiled in the second Chechen war, saw 9/11 as powerful vindication of his warnings about the threat of militant Islam.

Putin decided to share intelligence and aid Washington’s campaign against the Taliban regime in Afghanistan, despite opposition from some in the Russian military. According to some reports, Putin only agreed to US bases in Central Asia after Uzbek President Islam Karimov said he would cooperate with the Americans whatever Moscow’s position. Russia was not pleased by the

prospect of an indefinite US military presence in the region. After the defeat of the Taliban, the US was able to forge a viable coalition government for Afghanistan in the Bonn conference, without Russian interference. Russia declined to send peacekeepers, in light of its role in the Afghanistan war. In August 2003 NATO took over the International Security Assistance Force in Afghanistan – the alliance’s first deployment outside Europe. Some Russian foreign policy elites thought that September 11 would weaken the US proclivity for unilateral action by demonstrating America’s vulnerability. In this they were sorely mistaken.

Putin’s visit to the presidential ranch in Crawford, Texas in November 2001 symbolized the return of the feel-good factor in US-Russian relations, but failed to produce any specific rewards for Moscow. The US and Russia released a joint statement declaring that the Cold War legacy had been overcome and announcing that “neither country regards the other as an enemy or threat.”

*“We affirm our determination to meet the threats to peace in the 21st century. Among these threats are terrorism, the new horror of which was vividly demonstrated by the evil crimes of September 11... We have agreed that the current levels of our nuclear forces do not reflect the strategic realities of today.... We support the building of a European-Atlantic community whole, free, and at peace, excluding no one, and respecting the independence, sovereignty and territorial integrity of all nations.”*

*Joint US-Russian statement after the presidential summit in Crawford, Texas, November 2001.*

At Crawford, Bush promised to ask Congress to lift the 1974 Jackson-Vanik amendment, which required Russia to go through annual vetting of its emigration policies to maintain normal trade relations with the US. (But Congress did not budge.) Hopes that the summit would produce some kind of deal to bridge the gap between the two sides on NMD were dashed. The US was now suggesting that the whole concept of formal treaties defining strategic arsenals was an irrelevant relic of the Cold War. In December 2001, Secretary of State Colin Powell traveled to Moscow to report that the US would withdraw from the ABM treaty in six month’s time. Putin’s response was surprisingly muted: he merely stated that Russian security was not threatened by the development. In return for Putin’s acquiescence, in May 2002 Bush signed the Strategic Offensive Weapons Reduction Treaty in Moscow, under which each side promised to cut its strategic weapons from 6,000 warheads to 1,700-2,200 over 10 years. But the treaty, unlike START II, did not mandate the destruction of warheads and had no onsite verification procedures. It was ratified by the State Duma in May 2003.

It still looked as if a strategic partnership based on mutual security interests might be a realistic goal. The May 2002 Rome summit saw the creation of a new NATO-Russia Council (19 plus 1) to give Russia a new voice in the alliance. In November 2002 the NATO summit in Prague invited Estonia, Latvia, Lithuania, Bulgaria, Romania, Slovakia, and Slovenia to join. Those seven countries subsequently entered NATO in March 2004, and five of them joined the European Union alongside Poland, Hungary and the Czech Republic in May 2004. (Bulgaria and Romania joined in January 2007.) Russia’s relations with Poland, Estonia and Latvia remain fractious. As of 2007 Russia had still did not have ratified border treaties with Estonia and Latvia. The Baltic countries would probably not have been allowed into the EU had they not already been in NATO, because the EU would have been wary of the unresolved security issues with Russia

The US even grew interested in Russia as a possible source of energy supplies. The fact that 15 of the 19 September 11 hijackers were Saudis raised doubts about the political stability of Saudi Arabia, the lynchpin of US energy policy. Perhaps Russia, the world's no. 2 oil exporter, could be used to break the OPEC stranglehold on the global oil market. Russian oil output had recovered since 1998, accounting for half the increase in world oil supply between 1998 and 2004.

US business interests were also bullish. Since 1999, the Russian economy had been growing strongly, boosted by the rise in the world oil price. The oligarchs who controlled most of Russia's oil industry were looking for Western partners. In September 2003 the TNK oil company merged with BP, and Mikhail Khodorkovsky's Yukos, Russia's largest oil corporation, seemed to be preparing for a merger with Exxon. It was argued that the oil oligarchs were a new, pro-Western elite that would take control of Russia once Putin, a transitional post-Yeltsin figure, had stepped down. Khodorkovsky himself promoted such a scenario, and he became a well-known figure in Washington.

In this new spirit of cooperation, a joint US-Russian Energy Working Group met in Washington in April 2002, and an energy summit convened in Houston in October 2002. Russian producers hoped for access to the US market, and there was talk of creating a US-Russian Strategic Energy Reserve, whereby the US would pay for reservoirs of Russian oil that could be released in the event of a global market squeeze.

*“When they met in Moscow in mid-2002, President Bush and President Putin could justly claim that they had created a bilateral relationship marked by greater mutual confidence, greater symmetry of goals and expectations, and greater practical cooperation than Russia and the United States had ever enjoyed. And they could count on far greater domestic support for such cooperation than we had seen before. But it didn't last.”*

*Stephen Sestanovich, former US diplomat, to the House Foreign Affairs Committee in May 2007.*

### **SUMMARY**

- *Putin's support for the US in the wake of September 11 revived hopes for a strategic partnership between Russia and the United States.*
- *Presidents Bush and Putin managed to strike up a warm personal relationship at their summit meetings in Slovenia and in Crawford, Texas in 2001.*

### **A REVERSAL OF COURSE**

The tide of US-Russia relations turned decisively for the worse in the course of 2003, for three reasons: the US-led war in Iraq; Putin's crackdown on political opposition; and the wave of “color revolutions” that brought regime change to three post-Soviet states.

The looming Iraq war was a major challenge for Putin. In November 2002 Russia reluctantly accepted United Nations Resolution 1441 forcing Iraq to accept weapons inspectors. On March 5<sup>th</sup>, 2003 the leaders of France, Germany and Russia publicly stated they would block UN approval for war against Iraq. The US went ahead with the invasion anyway, and after the conquest of Baghdad Secretary Rice decided to “punish France, ignore Germany and forgive

Russia.” The fact that the US went ahead with the invasion despite the warnings from international leaders was taken in Moscow as demonstration that the US administration was a loose cannon and an unreliable ally. Russia was also aggrieved that it lost \$8 billion that Iraq owed for past arms deliveries, and its old contracts to develop Iraqi oil fields.

Revelations in 2002 of Iran’s secret nuclear enrichment program led to renewed pressure from the US for sanctions against Tehran. Moscow agreed with the US that Iran should not acquire nuclear weapons, but was firmly opposed to sanctions, and wanted to complete construction of Iran’s Bushehr reactor for commercial reasons. Since 2005 Moscow has been pushing a compromise, under which they would supply fuel for Bushehr but reprocess the spent fuel back in Russia.

In 2003 Putin moved against the ambitious oligarch Mikhail Khodorkovsky – the richest man in Russia, with an estimated net worth of \$16 billion. The arrest of several Yukos executives in July was followed by the detention of Khodorkovsky himself in October. He was sentenced to eight years jail on charges of tax evasion and fraud. Khodorkovsky’s arrest was connected to the upcoming December 2003 State Duma elections. Khodorkovsky was funding parties across the political spectrum. A victory for the opposition in the parliamentary election could serve as a launch-pad for a candidate who could challenge Putin for the presidency in the March 2004 election. After Khodorkovsky’s arrest, the pro-Kremlin United Russia party won a sweeping victory in the Duma election. In September 2004, in the wake of the Beslan school siege, Putin announced the abolition of direct elections for regional governors. A new law on political parties made it even more difficult for opposition groups to enter parliament. Russia’s return to a centralized, authoritarian system of power seemed complete. The US human rights group Freedom House downgraded Russia from “free” to “partly free” that same year.

Meanwhile, Putin was moving to extend Kremlin control over the Russian economy. Yukos assets were seized for tax arrears and sold off to state-owned Rosneft. The independent oil company Sibneft was forced to merge with state-owned Gazprom. Putin oversaw the creation of a network of state-owned corporations in energy and engineering, and appointed Kremlin officials to chair their boards. Foreign oil companies were forced to give up majority control in the handful of joint ventures that had been allowed to start in the 1990s.

In November 2003 a US-backed opposition movement swept Mikheil Saakashvili to power in Georgia’s “Rose Revolution.” That set off alarm bells in the Kremlin, which perceived a US plot to encircle Russia’s borders with pro-Western governments. The same month a last-minute US intervention derailed a Russian plan for a settlement between Moldova and the breakaway province of Transnistria. In response, Putin dragged his feet in withdrawing troops from Georgia and Moldova.

In March 2004 veteran diplomat Sergei Lavrov replaced Igor Ivanov as foreign minister: he reportedly has testy relations with Secretary Rice. In his May 2004 state of the union address, Putin warned Western groups not to meddle in Russia’s domestic politics. A new law was introduced in November 2005 cracking down on foreign-financed NGOs. (The US Peace Corps had already been expelled from Russia in December 2002.) In an angry speech after the Beslan tragedy in September 2004, Putin publicly referred to Western threats against Russia, for the first time since 2001. “We showed weakness,” Putin said, “and weak people are beaten.”

Putin’s clumsy efforts to influence the Ukrainian presidential election of November 2004 backfired, helping to spark an “Orange Revolution” that replicated the victory of pro-Western forces in Georgia the previous year. That was followed by a “Tulip Revolution” in Kyrgyzstan in March 2005, ousting President Askar Akayev. Russia’s testy reaction to these developments;

military incidents in Georgia; a series of diplomatic confrontations with Estonia; and a sharp increase in Russian defense spending, were all fodder for those who argued that Russian imperialism was once more on the march. US criticism of Uzbek President Islam Karimov in the wake of the Andizhon massacre in 2005 caused him to terminate the US lease on their base in Uzbekistan, while moving closer to Russia. In a memo to National Security Adviser Stephen Hadley in July 2006, Defense Secretary Donald Rumsfeld warned that the US is “getting run out of Central Asia” by the Russians.

The interruption of Russian gas supplies to Ukraine in January 2006, dramatic and highly publicized, was a serious blow to Putin’s international image. Russia was selling natural gas to Ukraine for \$47 per 1000 cubic meters while European customers were paying \$230. Ukraine rebuffed a proposed price hike. Russia’s main gas export pipeline crosses Ukraine, so Moscow could not cut deliveries to Ukraine without interrupting supplies to Europe, which gets one quarter of its gas from Russia. In January 2006 Gazprom did close the pipeline for two days, alarming its Western customers. After the Ukrainian shutdown, and as oil prices climbed above \$80 a barrel, commentators started talking of Russia as an “energy superpower.”

*“In Russia today, opponents of reform are seeking to reverse the gains of the last decade. In many areas of civil society the government has unfairly and improperly restricted the rights of her people. . . No legitimate interest is served when oil and gas become tools of intimidation or blackmail, either by supply manipulation or attempts to monopolize transportation. And no one can justify actions that undermine the territorial integrity of a neighbor, or interfere with democratic movements.”*

*Vice President Dick Cheney, speaking in Vilnius, Lithuania in May 2006.*

A bipartisan Council of Foreign Relations task force issued a report in 2006 that expressed fears about Russia’s backsliding from democracy and its international assertiveness, but still urged the administration to continue engaging with Russia, in order to deal with urgent issues such as the threat of nuclear proliferation in Iran and North Korea. “The real question that the United States faces in this period is not how to make a partnership with Russia work, it is how to make selective cooperation – and in some cases selective opposition – serve important international goals.”

One positive development was the US acceptance of Russia’s bid for entry to the World Trade Organization (WTO) in November 2006. The US had been holding out for Russian concessions on food imports, liberalization of financial services, and improved intellectual property rights. But with 150 countries now members of the WTO, Russia’s exclusion was increasingly anomalous. Russia had signed bilateral agreements with nearly all the other member countries: the US was the main hold out. After the two sides failed to close a deal at the G8 summit in Petersburg in June 2006, Russia’s patience was exhausted. Moscow slapped a ban on US chicken imports, citing sanitary concerns, and passed up a \$3 billion option to buy 22 Boeing 787 airliners. These Russian actions triggered the shift in the US government’s position.

The Kosovo problem resurfaced in 2007, with the Kosovo government stating that it will declare independence from Serbia with or without UN approval. Russia warned that such an action would have dire but unspecified consequences, implying that it would alter their policy of denying recognition to breakaway regions such as Abkhazia and Ossetia in Georgia, Karabakh in Azerbaijan and Transnistria in Moldova. The US effectively delegated responsibility for dealing with Kosovo to the Europeans.

Putin's second and final term as president expires in March 2008. In preparation for the political transition, Putin stepped up the nationalist political rhetoric. In a May 2007 speech he implicitly compared the US to the Third Reich. Putin told an election rally in November 2007 that "Those who confront us need a weak and ill state. Regrettably, there are those inside the country who feed off foreign embassies like jackals and count on support of foreign funds and governments, and not their own people. If these gentlemen return back to power, they will again cheat people and fill their pockets."

By the end of 2007, there were few advocates of a conciliatory course towards Russia in the US. Republican Senator John McCain suggested in November 2007 that Russia should be barred from the G8 because of its "diminishing political freedoms" and "efforts to bully democratic neighbors, such as Georgia." Referring to President Bush's 2001 comment that he had "looked into Putin's soul," McCain said, "I looked into Mr. Putin's eyes and I saw three things -- a K and a G and a B."

### **SUMMARY**

- *The US-led war in Iraq led to sharp deterioration in US-Russia relations.*
- *Putin's crackdown on political opposition, symbolized by the arrest of oil magnate Mikhail Khodorkovsky in October 2003, cast a shadow over his acceptability as a trusted partner for the United States.*
- *The "color revolutions" in Georgia, Ukraine and Kyrgyzstan were seen by Moscow as part of an American plot to undermine Russian influence in the post-Soviet region.*

### **CONCLUSION**

The influx of petrodollars has clearly facilitated the consolidation of a new authoritarian regime under President Putin. Russia is no longer begging for extensions on its foreign debts, as it was throughout the 1990s. In 2006 it paid down its entire \$22 billion debt to the IMF ahead of schedule. The Kremlin wants to preserve the territorial integrity of the Russian Federation (threatened by the war in Chechnya) and to maintain its sovereignty in the face of foreign subversion (the perceived menace of a Western-sponsored "color revolution"). Russia also wants to insure itself against military intimidation – hence the wariness at NATO's eastward expansion; the desire to hold onto the naval base in Sevastopol, Ukraine; the chafing at Conventional Forces in Europe arms limitations; and hostility to the US plans to build missile defenses in Eastern Europe. Moscow wants to protect itself against such threats by building up its military muscle and by trying to use its energy exports as a political weapon. Hostile countries will be punished by price hikes and even denial of energy supplies, while friendly powers will be rewarded by investments in joint projects.

The weight of this new Russian assertiveness falls most heavily on neighboring countries, and on Russia's European energy customers. Given that the US imports no oil or gas from Russia, these actions are not of vital importance to US national security. The European Union countries are divided in their approaches to Russia, leaving the US as the dominant player shaping Russia's relations with the West.

The past 15 years has seen the rise and fall of hopes for a breakthrough to partnership in US-Russia relations. The switchbacks in US policy reflect the fact that Russia was in the throes of a major historical transition whose outcome was bound to be uncertain. US policy cycled between exaggerated optimism and wary dismissal. The same cycle was repeated twice: through the liberal

idealism of the Clinton administration; and then through the realism of the post-September 11 Bush administration. In each case American perceptions of Russia's national interests diverged from the worldview of the Kremlin. Strobe Talbott's faith in Russia's democratic transition foundered in the messy realities of post-Soviet Russia. Bush was determined to wage the war on terror according to American priorities, and Putin was not content to be a silent partner. The US was slow to recognize the extent of Russia's decline in the 1990s, then slow to realize its rise after 1999.

One striking continuity through the whole period is the tendency to personalize US-Russian relations. Clinton's belief that he could understand and manage the mercurial Yeltsin came to dominate Washington's relations with Moscow, focusing on Yeltsin's personal commitment to reform rather than on Russia's larger geopolitical situation. A similar dynamic occurred, on a more limited scale, between Bush and Putin.

Nevertheless, the US was able to pursue its desired policies over Iraq, NATO expansion and the former Yugoslavia without Russia playing a spoiler role. None of the truly nightmare scenarios have come to pass, such as Russia invading one of the Baltic countries or trying to annex parts of Kazakhstan or Ukraine. To our knowledge there has been no significant leakage of nuclear weapon materials out of Russia.

The US failed to transform Russia into a trusty and reliable strategic partner. But that was probably an unrealistic goal – whether it was based on a weak Russia or a strong Russia.

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