

## **CHAPTER 2**

### **FOUNDATIONS OF THE RELATIONS**

Since the end of the Cold War, the relationship between the United States and Russia has been in a state of fluctuation. Russia under Mikhail Gorbachev was treated as a friend by Washington. Under Boris Yeltsin, Russia was deemed weak and obedient. Vladimir Putin's Russia was initially congenial to the West but then became assertive and aggressive. Instead of naming leadership as the principal factor responsible for such policy shifts, there has been chronic policy miscalculation and other surrounding issues that nurture this transformative relationship into the current tension.

#### **A. Source of Conflict: lacking respect**

After the end of the Cold War, the Soviet Union collapsed. While the West proclaimed its victory over communism, Russian leaders and advisors believed they had all contributed to the victory. They had gradually come to conclusion that communism was detrimental to the Soviet Union, especially Russia. In fact, it was Mikhail Gorbachev who set the goals of eliminating problems that Leonid Brezhnev's administration had already recognized, namely, military overstretch in Afghanistan and Africa and excessive defense spending that harmed the Soviet economy. Moreover, Gorbachev ceased Soviet subsidization for states in the Eastern bloc, triggering new dynamics in Europe and demands for independence from the Soviet Union. Washington only accelerated the

process. Yet, Russia was treated like a defeated enemy. As Dimitri K. Simes aptly put it, “making Russia a strategic partner has never been a major priority. The administrations of Bill Clinton and George W. Bush assumed that when they needed Russian cooperation, they could secure it without special effort or accommodation.”<sup>1</sup>

**Russian Economic Performance Since 1992**  
(Annual Percentage Change)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>GDP Growth Rates</b>	-14.5	-8.7	-12.6	-4.1	-4.9	0.8	-5.0	3.2	9	5.5	4	7.3	7.1	6.4
<b>Inflation Rates</b>	2,525	847	223	131	48	11	84	36	20.2	15	12	13.6	11.7	12.9

**Sources:** PlanEcon, Inc., Center for Strategic and International Studies, and CIA *World Factbook*.

The collapse of the Soviet Union left Russia in serious economic malaise. In 1992, Russia’s GDP growth rate was at -14.5% and its inflation rate was 2,525%.<sup>2</sup> Russia was also plagued with poverty, environmental degradation, widespread crime and corruption, and sharp declines in life expectancy and birth rate. The Clinton administration provided economic assistance but under the terms of the International Monetary Fund (IMF). The reform program conditioned with IMF aid was harsh and

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<sup>1</sup> Dimitri K. Simes, “Losing Russia: The Costs of Renewed Confrontation,” *Foreign Affairs* (November/December 2007), <http://www.foreignaffairs.org/20071101faessay86603/dimitri-k-simes/losing-russia.html>.

<sup>2</sup> Stuart D. Goldman, “Russian Political, Economic, and Security Issues and U.S. Interests,” *Congressional Research Service Report for Congress* Code RL33407 (updated 31 May 2007): 9.

hugely unpopular, dubbed as “spinach treatment”.<sup>3</sup> At home, Yeltsin imposed the “Yeltsin-Gaidar” program<sup>4</sup>, a sweeping economic reform developed by the Acting Premiere Yegor Gaidar, which was aimed at restoring the Russian economy. The program removed governmental controls of producer and consumer prices, and privatized state properties. In 1994, 70% of Russian industry was privatized, but some businesses were criticized of being purchased below market price by people with political connections. It seemed that the United States was willing to condone Yeltsin’s stalemate with the Duma as long as the Kremlin accelerated economic reforms. Yeltsin later dissolved the parliament, a move which gave greater power to the president and laid the foundation for authoritarianism.

While the Americans took Russia for granted, Yeltsin and his foreign minister, Andrei Kozyrev, was overly accommodative of the West. Moscow cut off military aid to the communist regime in Afghanistan, withdrew its troops from Cuba, committed Russia to a reform program and won IMF membership, and signed the Strategic Arms Reduction Treaty (START II). However, domestically Yeltsin and Kozyrev’s soft policies were criticized by not only the ultranationalists and hard-line Communists, but many centrists and prominent democrats as well.

Russia’s foreign policy orientation shifted when Yeltsin replaced Kozyrev with Yevgeny Primakov. While the former was perceived as too soft, the latter was more assertive. He opposed NATO enlargement, promoted integrating former Soviet Republics, and favored cooperation with China and India and other states opposed to U.S.

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<sup>3</sup> “Losing Russia.”

<sup>4</sup> “Russian Political,” 9.

“Global Hegemony”. Nonetheless, Russia’s foreign policy, to some extent, remained submissive to the West.<sup>5</sup>

### **B. The Putin Era**

Yeltsin’s surprise resignation in 1999 heralded Vladimir Putin’s ascension to the presidency, though he was only acting president. He then ran for and won the 2000 presidential election. His victory was primarily due to his tough policy towards Chechnya, his image as a youthful, vigorous, sober, plain-talking leader, and his massive support from state-owned TV and other mass media. Prior to his political career, Putin had been a Soviet KGB foreign intelligence officer for 16 years and later headed Russia’s Federal Security Service (the domestic component of the former KGB). As a result, his policy approach appeared to be one of power centralization, economic revival, and the restoration of Russia’s power.

The centralization process advocated for by Putin was manifested under the term “managed democracy”.<sup>6</sup> With the authoritative parliamentary structure already in place thanks to Yeltsin, Putin seized further control over Russia’s media and eliminated his political rivals. Vladimir Gusinsky, the CEO of Russia’s only independent television network, NTV, which had been critical of Putin, was arrested in June 2000 on corruption charges and was later released and allowed to leave the country. The state-controlled gas monopoly Gazprom took over NTV and appointed Kremlin loyalists to run it. A few days later, Gusinsky’s flagship newspaper, *Segodnya*, was shut down and the editorial staff of

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<sup>5</sup> “Russian Political,” 10.

<sup>6</sup> *Ibid.*, 6.

his respected newsweekly, *Itogi*, was fired. The government then forced the prominent oligarch Boris Berezovsky to give up ownership of his controlling share of the ORT TV network. In January 2002, TV-6, the last significant independent Moscow TV station, was shut down. Furthermore, in July 2006, U.S. news media reported that the Russian government had forced Russian radio stations to stop broadcasting programs prepared by the U.S.-funded Voice of America (VOA) and Radio Liberty (RL). Journalist critics of the government have been imprisoned, attacked, and in some cases killed with impunity.<sup>7</sup> The highly respected journalist and Chechen war critic, Anna Politkovskaya, was murdered in October 2006.<sup>8</sup> In December 2005, the Russian parliament passed a controversial Kremlin-proposed law regulating non-government organizations (NGOs), which Kremlin critics charge gives the government leverage to shut down NGOs that it views as politically troublesome. The U.S. and many European governments expressed concern about the NGO law.<sup>9</sup> As a result, Freedom House lowered its assessment of Russia's media from "Partly Free" to "Not Free" during Putin's presidency.<sup>10</sup>

Putin also strengthened his power in the political system. His government introduced a law on political parties, which gave the government the authority to register, or deny registration, to political parties. The objective was to limit the number of political parties in Russia through governmental controls. In April 2001, Putin proposed that the

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<sup>7</sup> "Russian Political," 4.

<sup>8</sup> For the brief information about the case of Anna Politkovskaya, see Natalya Estemirova, "Anna Politkovskaya," *International Herald Tribune* (5 October 2007), <http://www.ihrt.com/articles/2007/10/05/news/edestem.php>.

<sup>9</sup> "Russian Political," 7.

<sup>10</sup> Jim Nichol, "Democracy in Russia: Trends and Implications for U.S. Interest," *Congressional Research Service Report for Congress* Code RL32662 (updated 29 August 2006), p. 9.

Duma be deprived of its power to debate or vote on specific components of the budget and instead either approve or reject the government's proposed budget as a whole. In April 2002, the pro-Putin bloc in the Duma staged a political coup against the Communist Party faction, depriving it of most of its committee chairmanships and other leadership posts. In March 2007, the Supreme Court ruled that Vladimir Ryzhkov's Republican Party – one of the few remaining liberal democratic parties – must be disbanded because it does not adhere to a 2004 law requiring parties to have at least 50,000 members and 45 regional offices.<sup>11</sup>

Although Russia's democracy ran in contrast with the American definition of democracy, a concern expressed by then State Secretary Colin Powell that Russia was "pulling back on some ... democratic reforms"<sup>12</sup>, Washington remained engaged with Russia in various matters. In her opening remarks to the U.S. Senate committee, Condoleezza Rice, in her Secretary of State Designate, reiterated the policy to "work closely with Russia on common problems" while at the same time to "continue to press the case for democracy and to make clear that the protection of democracy in Russia is vital to the future of U.S.-Russia relations".<sup>13</sup>

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<sup>11</sup> "Russian Political," 4. (For detailed information on Russia's democratic development, see Jim Nichol, "Democracy in Russia: Trends and Implications for U.S. Interest," *ibid.*, pp.18-22.)

<sup>12</sup> "Democracy in Russia," 29.

<sup>13</sup> *Ibid.*, 9.

### **C. Counter-Terrorism Cooperation**

The Bush administration's policy on Russia was expected to be more aggressive given the fact that Bush's advisors opposed most of Clinton's policy. In particular, Condoleezza Rice criticized the Clinton Administration of being too heavily concentrated on Yeltsin rather than on broad economic reform and called for "a major disengagement from Russia's domestic policies"<sup>14</sup>. But once Bush first met Putin in 2001, personal relations overshadowed other ominous speculations, especially with Bush's statement that referred to Putin as straightforward and trustworthy and that he was able to "get a sense of his [Putin's] soul"<sup>15</sup>. The relationship was further bolstered by the September 11 attacks, which gave Russia an opportunity to cultivate its relations with the U.S. and address its internal issues simultaneously. Concerned with the Chechen connections with al Qaeda and the Taliban-run Afghanistan, Putin, in 1999, made a major overture to the United States to cooperate in regards to counter-terrorism. The Clinton administration rejected the plan, but the proposal eventually materialized after the September 11 incident.<sup>16</sup>

On one hand, the cooperation between Russia and the United States was perceived by some as a breakthrough. Not only did the September 11 incident pave the way for Russia to offer its counterterrorism cooperation to the U.S., it prompted a strong outpouring of emotional support for the United States in Russia. Putin reiterated his long-

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<sup>14</sup> James Mann, *Rise of the Vulcans: The History of Bush's War Cabinet* (UK: Penguin Books Ltd, 2004), p. 245.

<sup>15</sup> Office of the Press Security, "Press Conference by President Bush and Russian Federation President Putin," <http://www.whitehouse.gov/news/releases/2001/06/20010618.html>.

<sup>16</sup> "Losing Russia."

standing offer of support against al Qaeda and the Taliban; he granted air rights over Russian territory, endorsed the establishment of U.S. bases in Central Asia, and, perhaps most importantly, facilitated access to a readily available Russian-armed and Russian-trained military force in Afghanistan: the Northern Alliance. Of course, he had Russia's own interests in mind; to Putin, it was a blessing that the United States had joined the fight against Islamist terrorism. Like many other alliances, U.S.-Russian cooperation on counterterrorism came into existence because of shared fundamental interests, not a common ideology or mutual sympathy.<sup>17</sup>

On the other hand, Russia's cooperation was based on a policy of opportunism. Russia, particularly Putin, had long been trying to convince others to share their concerns about terrorism. The Russian government used the attacks of 9/11 and their aftermath as proof of its foresight and judgment.<sup>18</sup> Moreover, September 11 presented an opportunity for Russia's resurgence as a dominant world power and was deemed a manifestation of American weakness that Russia exploited to its own benefit. Putin was the first foreign leader to express his condolences to Bush after September 11 and offered to cooperate in the war against terrorism. Yet Russia successfully excluded itself from the burden of militarily removing the Taliban and reconstructing post-war Afghanistan, committing Russia only to logistical support. Therefore, Russia was getting global support for its Chechnya campaign, and with the U.S. lending its military to destroy the Taliban regime,

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<sup>17</sup> "Losing Russia."

<sup>18</sup> Bobo Lo, Vladimir Putin and the Evolution of Russian Foreign Policy (UK: Blackwell Publishing, 2003), p. 123.

Russia was able to accomplish its goal without having to burden its own troops with long-term reconstruction and nation-building activities.<sup>19</sup>

Despite the clash in February – March 2003 when Putin aligned Russia with France and Germany in opposition to U.S. military action and threatened to veto a U.S.-backed UNSC resolution authorizing military force against Iraq and differences over U.N. measures concerning Iran, cooperation continued. On May 22, 2003, Russia voted with other members of the U.N. Security Council to approve a U.S.-backed resolution giving the United States broad authority in administering post-war Iraq.<sup>20</sup> While agreeing that Iran must comply with its international commitments for inspections of nuclear facilities, Putin did not entirely concede that the key issue with Iran was the danger of proliferation. Both countries still share the same perception of threat from a nuclear Iran, though the preferred solution varied since Russia remained supportive of multilateral sanctions against Iran. Nevertheless, the fact that cooperation remained was due exclusively to the perception of a common threat, not a new, pro-West, policy orientation.

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<sup>19</sup> Kostas Ifantis and Theodoros Tsakiris, “U.S.-Russian relations: International and Regional Security Trajectories,” *Perception* (Autumn 2005): 34.

<sup>20</sup> “Russian Political,” 17.

#### **D. In Russia's "Near Abroad"**

As Putin restored Russia to its "normal" self<sup>21</sup>, he attempted to reestablish Russia's "sphere of influence" in its self-proclaimed "Near Abroad"<sup>22</sup>, primarily Eastern Europe and Central Asia. In October 2002, Putin, with the presidents of Belarus, Armenia, Kazakhstan, Kyrgyzstan, and Tajikistan, successfully upgraded the 1992 Collective Security Treaty, giving it more operational substance and *de jure* Russian military dominance. In February 2003, Russia, Ukraine, Belarus, and Kazakhstan agreed in principle to create a "single economic space" (SES).<sup>23</sup>

Moscow further drew Belarus and Armenia into closer relationships. In December 1999, Russia and Belarus signed the Union Charter, reaffirming the government's orientation towards once again becoming a unified state. The relationship grew strong despite oil price disputes between the two governments in 2007. Moscow also used the Armenian-Azerbaijan conflict over Nagorno-Karabakh to pressure both sides and ultimately won Armenia as an ally.<sup>24</sup>

Russian forces remain in Moldova against the wishes of the Moldovan government (and despite the signature of a troop withdrawal treaty in 1994), in effect bolstering a neo-Communist, pro-Russian separatist regime in the Transnistria region of eastern Moldova. Although Russian-Moldovan relations thawed after the victory of the communist pro-Russian government in 2001 election, the Moldovan government became frustrated with Moscow's manipulation of Transnistrian separatists. The United States

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<sup>21</sup> "U.S.-Russian relations," 32.

<sup>22</sup> *Ibid.*, 38.

<sup>23</sup> "Russian Political," 11.

<sup>24</sup> *Ibid.*, 11-13.

and the EU called upon Russia to withdraw from Moldova. But Russian leaders have sought to condition the withdrawal of their troops on the resolution of Transnistria's status, which is still manipulated by Moscow.<sup>25</sup>

Meanwhile, Western influence continued to expand into Eastern Europe with three rounds of expansion and the support of color revolutions in Georgia, Ukraine, and Kyrgyzstan. The result of the revolutions was that the candidates loyal to Russia were defeated with U.S. support.<sup>26</sup>

In contrast to Shevardnadze, who became president thanks to Moscow's intervention after civil strife in November 1993, President Mikheil Saakashvili of Georgia sought to use Western support as his principal tool in reestablishing Georgian sovereignty over the breakaway regions of Abkhazia and South Ossetia and to liberate Georgia from Russian influence. He openly portrayed himself a regional advocate for color revolutions. He also sent Georgian troops to be a part of the coalition force in Iraq in 2004. The U.S. subsequently provided equipment and training to the Georgian military. The result of such support was a harder policy line towards Russia in Abkhazia and South Ossetia, including demanding the withdrawal of Russian forces from military bases they had occupied since the Soviet era, and detaining four Russian military personnel who were deployed as peacekeepers, something which was perceived by Georgians as a ploy to limit Georgia's ability to rule the two regions. In retaliation to the

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<sup>25</sup> "Russian Political," 11-12.

<sup>26</sup> "U.S.-Russian relations," 40.

detention of Russian military personnel, Moscow imposed a broad economic embargo against Georgia and expelled hundreds of Georgians from Russia.<sup>27</sup>

However, the fact that Saakashvili was elected with 96 percent of the vote, a suspiciously high number, along with his control of parliament and Georgian television, provoked little concern outside the country. Nor has the arbitrary prosecution of business leaders and political rivals. When Zurab Zhvania - Georgia's popular prime minister and the only remaining political counterweight to Saakashvili - died in 2005 under mysterious circumstances involving an alleged gas leak, members of his family publicly rejected the government's account of the incident and gave a clear indication that they believed Saakashvili's regime had been involved. In contrast to U.S. concern over the murder of Russian opposition figures, no one in Washington seemed to notice.<sup>28</sup>

For Ukraine, Washington provided financial support for nongovernmental organizations actively assisting pro-Yushchenko political parties. The move fueled Moscow's concerns that the United States was pursuing a neo-containment policy. U.S. support for Viktor Yushchenko's Orange Revolution was not just about promoting democracy; it was also about undermining Russia's influence in a neighboring state that had joined the Russian empire voluntarily in the seventeenth century and that had both significant cultural ties with Russia and a large Russian population.<sup>29</sup> Many Russians view the Crimean peninsula as historically being a part of Russia, and said it was illegally “given” to Ukraine by Khrushchev in 1954. Crimea’s population is 67% Russian and

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<sup>27</sup> “Russian Political,” 12.

<sup>28</sup> “Losing Russia.”

<sup>29</sup> Ibid.

26% Ukrainian. In April 1992, the Russian legislature declared the 1954 transfer of Crimea illegal. Later that year, Russia and Ukraine agreed that Crimea was “an integral part of Ukraine” but would have its own economic autonomy and the right to enter into social, economic, and cultural relations with other states.<sup>30</sup>

Many observers in Russia, Ukraine, and the West saw this outcome as a powerful blow to perceived Russian hopes of reasserting dominance over Ukraine. Yushchenko declared integrating Ukraine economically and politically into Europe as his top priority. Under Yushchenko, Ukraine opted out of the SES agreement promoted by Moscow, a development that was a fatal blow to Russia’s integrationist initiative. However, Ukraine is nonetheless still economically dependent on Russia, especially for energy, regardless of Kyiv’s leverage as the main pipelines carrying Russian gas and oil to Europe pass through Ukraine.<sup>31</sup> This troubled relationship fostered an energy crisis in Ukraine in January 2006 (see Chapter 3).

The root of the current state of US-Soviet relations can be traced back to the American post-Cold War era. Washington has never perceived and treated Russia as a partner, trying to cripple Russia’s power and influence while placing itself in former Soviet states now facing a power vacuum. This foundation has led to confrontation, both directly (as in the case of the nuclear missile crisis) and indirectly (as in the case of the battle over energy security and influence in Eastern European and Central Asia).

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<sup>30</sup> “Russian Political,” 13.

<sup>31</sup> *Ibid.*, 13-14.