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Ukraine's Orange Revolution

Adrian Karatnycky

ORANGE CRUSH

"*Razom nas bahato! Nas ne podolaty!*" The rhythmic chant spread through the crowd of hundreds of thousands that filled Kiev's Independence Square on the evening of November 22. "Together, we are many! We cannot be defeated!" Emerging from a sea of orange, the mantra signaled the rise of a powerful civic movement, a skilled political opposition group, and a determined middle class that had come together to stop the ruling elite from falsifying an election and hijacking Ukraine's presidency.

Over the next 17 days, through harsh cold and sleet, millions of Ukrainians staged nationwide nonviolent protests that came to be known as the "orange revolution." The entire world watched, riveted by this outpouring of the people's will in a country whose international image had been warped by its corrupt rulers. By the time victory was announced—in the form of opposition leader Viktor Yushchenko's electoral triumph—the orange revolution had set a major new landmark in the postcommunist history of eastern Europe, a seismic shift Westward in the geopolitics of the region. Ukraine's revolution was just the latest in a series of victories for "people power"—in Poland, Hungary, and Czechoslovakia in the late 1980s and, more recently, in Serbia and Georgia.

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THE WINDS OF CHANGE

The spark that ignited the popular fire in Ukraine's case was election fraud. Nonpartisan exit polls during the November 21 presidential runoff election had given Yushchenko a commanding lead, with 52 percent of the votes, compared to Prime Minister Viktor Yanukovich's 43 percent. Yet when the official results came in, Yanukovich, the favorite of Ukraine's corrupt elite, had supposedly beaten the challenger by 2.5 percent.

This tally was immediately challenged. When the polling stations had first closed, the Central Election Commission (CEC) had reported that voter turnout in Ukraine's Russian-speaking eastern districts was consistent with the nationwide average of 78 to 80 percent. But four hours later, after a prolonged silence, the election commission radically increased the east's turnout figures. The eastern Donetsk region—Yanukovich's home base—went from a voter turnout of 78 percent to 96.2 percent overnight, with support for Yanukovich at around 97 percent. In neighboring Luhansk, turnout magically climbed from 80 percent at the time the polls closed to 89.5 percent the next morning, with Yanukovich winning 92 percent or more of the votes. Indeed, in several eastern districts, turnout was as much as 40 percent greater than during the first round of the presidential election three weeks before. This "miraculous" last-minute upsurge was responsible for approximately 1.2 million new votes—well over 90 percent of which went to the regime's favorite, giving him enough for a comfortable 800,000-vote margin of victory.

Throughout election day, independent domestic monitors sounded the alarm about the emerging fraud. Numerous reports indicated that roving teams of voters, tens of thousands in all, were being transported in trains and buses from polling station to polling station, each armed with multiple absentee ballots. If each of these people cast ten ballots, this voter "carousel" would have padded the final result by at least half a million votes.

The efforts to steal the election for Yanukovich had started much earlier, however. For six months, government-controlled

national television had subjected Yushchenko to a steady torrent of negative press and distortions, while refusing him the opportunity to defend himself. Yushchenko's campaign faced other impediments as well. Sometimes his plane was denied landing privileges minutes before major rallies. Road barriers slowed his travel and, once, a truck tried to force his car off the road. Yushchenko's private security detail discovered that he was being followed by a state security operative, who was caught with false identity papers, multiple license plates, and eavesdropping equipment. Then, on September 6, Yushchenko became gravely ill. His mysterious sickness forced him from the campaign trail for nearly a month, leaving his body weakened and his face badly scarred. Later tests revealed that he was suffering from dioxin poisoning. The opposition cried foul, but the government-controlled media responded that Yushchenko had contracted the disease himself, by eating contaminated sushi, getting herpes, or undergoing botox treatment to preserve his 50-year-old good looks.

Yushchenko was not the only one to face harassment. Activists from his political coalition were arrested on false charges. Students living in university housing were told by university officials that if their districts voted for the challenger, they would be evicted from their dorms in the middle of winter. When election day came, at polling sites in several areas where support for Yushchenko was high, monitors discovered that pens had been filled with disappearing ink, so that ballots would appear blank after they were cast.

Nongovernmental groups were quick to complain. "It's the biggest election fraud in Ukraine's history," declared the nonpartisan Committee of Voters of Ukraine, which had deployed more than 10,000 monitors to observe the runoff. According to the group, 85,000 local government officials helped perpetrate the fraud, and at least 2.8 million ballots were rigged in favor of Yanukovich. Claims of massive voter fraud were also bolstered by an unlikely source: Ukraine's Security Service (SBU). In the days before and after the runoff vote, a high-ranking SBU official had kept in regular contact with Oleh Rybachuk, Yushchenko's chief of staff. SBU

operatives had been cooperating with the Yushchenko camp since the first round of elections, regularly reporting on possible security threats and dirty tricks.

SBU wiretaps provided crucial evidence of the government's chicanery, including late-night manipulation of data in the CEC's computer server. In one taped conversation, an hour before the inflated turnout was announced, Viktor Medvedchuk, the head of President Leonid Kuchma's staff, talked to Yuri Levenets, a Yanukovich campaign operative, about CEC Chairman Serhiy Kivalov:

> **Levenets:** Greetings on democracy's holiday!
> **Medvedchuk:** The same to you, Yura. [Kivalov] is panicking. He says he's not getting anything.
> **Levenets:** He can't be getting anything. The lads are finishing up now; he'll have it all momentarily—literally in 15-20 minutes.
> **Levenets:** No, it's all fine. He can't have anything right now. He doesn't have any information at all over there. It's all under my control.

According to the telephone intercepts, the fraud involved some of the country's highest officials. In addition to Medvedchuk and Kivalov, the conspiracy included Eduard Prutnik, a key aide to Yanukovich, Serhiy Lyovochkin, the president's first assistant, and Serhiy Klyuyev, a major fundraiser for the Yanukovich campaign whose brother was the deputy prime minister responsible for Ukraine's lucrative energy sector.

RED-HANDED

Why did Ukraine's ruling elite resort to brazen fraud to preserve its power? The answer is corruption. In December 1991, Ukraine proclaimed its independence, precipitating the disintegration of the Soviet Union. Former Communist Party officials, recast as national patriots, led the new state. In the first years of independence, corruption became widespread—but remained minor compared to the rampant criminality that spread during the mid-1990s.

Corruption accelerated after Kuchma's election as president in 1994. The former director of the Soviet Union's largest missile

factory, Kuchma brought with him ambitious and greedy politicians from his home base, the eastern city of Dnipropetrovsk. The greediest of the crew was Pavlo Lazarenko, who, in June 2004, was convicted in U.S. District Court of fraud, conspiracy to launder money, money laundering, and transportation of stolen property. Lazarenko, currently free on $86 million bail, was accused of having stolen from the state and extorted from businesses hundreds of millions of dollars between 1995 and 1997, when he served for 12 months as first deputy prime minister and for 7 months as prime minister. When the scale of Lazarenko's corruption became known, some Ukrainian leaders were outraged. But Kuchma could not have been surprised. In 2000, his former bodyguard leaked hundreds of hours of transcripts of the president's private conversations. On the tapes, Kuchma is heard dispensing favors, paying massive kickbacks, and conspiring to suppress his opponents—making it clear that the president sat at the head of a vast criminal system.

Several factors facilitated Ukraine's massive corruption. High inflation meant that until the mid-1990s, many cross-border financial transactions were conducted using a barter system, which was easily falsified to understate the amount of goods traded; resources that were exported to Russia ostensibly for energy often brought huge kickbacks instead. Wide-ranging privatization also enabled government insiders and cronies to buy state enterprises at bargain-basement prices. Steel mills, today worth several billion dollars, were bought for a few million. Regional energy companies fell prey to the same forces. The tax inspectorate was another weakness in the system, as the government manipulated it to gain financial and political advantages: competitors could be harassed or forced out of business by inspections and fines, and oligarchs could easily evade paying taxes.

In general, the oligarchs were able to operate their businesses without fear of independent oversight. Under Ukraine's constitution, local government officials are not elected but appointed by the president, who allowed oligarchic groups to create local enclaves headed by their allies. In the Zakarpattya (Transcarpathia)

region, local and central government officials enabled one oligarchic consortium to amass vast fortunes from the lumber industry by stripping the forests of their trees. Now, parts of this once richly forested mountain region have been dangerously depleted, compounding the problems caused by deforestation in the Soviet era.

Over time, several Ukrainian oligarchic clans became dominant in the young nation. Medvedchuk, who became presidential chief of staff in December 2002, represented the Kiev clan, which controlled regional energy and timber companies and invested in broadcast media. The Dnipropetrovsk clan, which invested in the energy pipeline industries, included Viktor Pinchuk, now Kuchma's son-in-law. A powerful group from the eastern coal-mining Donbass region included metallurgy baron Rinat Akhmetov, the postcommunist world's second-wealthiest man, with a net worth of $3.5 billion.

Each interest group established its own political party in parliament. The Kiev clan ran the Social Democratic Party of Ukraine (United). The Donetsk oligarchs created the Party of Regions, the ranks of which included a local governor who later became prime minister: Yanukovich. The Dnipropetrovsk group created and backed the Labor Party. And the influence did not stop there. The oligarchs owned or controlled their own national broadcast media and local and national newspapers. Each was capable of massively funding political campaigns in the emerging pseudodemocratic system.

In the late 1990s, the oligarchic clans largely remained under the control of Ukraine's powerful president. But in 2000-2001, Kuchma's power began to weaken as the wealth of the robber barons grew significantly and Kuchma's personal corruption and criminality started coming to light. Eventually, Kuchma even faced a vigorous opposition campaign to impeach him for his role in an abduction that ended with the murder of the investigative journalist Heorhiy Gongadze. But the campaign stalled as the president and his backers blocked efforts to institute the legal procedure needed to formally make the charges.

CHANGES

It was this turbulent period that saw the metamorphosis of Yushchenko from colorless central banker into charismatic opposition leader. In December 1999, pressure from Western donor countries seeking deeper economic reforms resulted in his appointment as prime minister. As chairman of the National Bank of Ukraine in the 1990s, Yushchenko had tamed rampant inflation and introduced responsible fiscal controls. In taking the reins of the government, he was determined to impose fiscal discipline and rigorously collect tax revenues and privatization receipts. To achieve these goals, Yushchenko needed to crack down on Ukraine's crony capitalism. He formed an alliance with one of the system's own—Yulia Tymoshenko, a former energy mogul who had run afoul of the Kuchma regime. With Tymoshenko's help, Yushchenko managed in just a year to recoup more than $1 billion in revenues that had been siphoned off by energy oligarchs.

Yushchenko's new approach helped propel Ukraine's economic turnaround. In 2000, his first year as prime minister, the economy grew by nearly 6 percent. In 2001, the country's annual growth rate rose to 9.2 percent. Without busting the budget, Yushchenko used recovered energy revenues to solve Ukraine's most urgent social problems: wage arrears to teachers, health care workers, and other state employees, and overdue pension payments to retirees. His public image as an honest, effective leader was secured.

In 2001, Kuchma, facing a mounting protest campaign, realized he could not count on an increasingly independent prime minister with a reputation for integrity. Moreover, the president's oligarchic backers were far from pleased with Yushchenko's policies. And so, in May 2001, Kuchma forced Yushchenko out after only 18 months as prime minister. Despite polls showing that 52 percent of the public opposed the move, Kuchma and the oligarchs prevailed.

Although the oligarchs and their temporary ally, the Communist Party, were rid of Yushchenko, their actions had transformed him from a technocrat into an opposition leader with a strong

public base. The first sign of his newfound popularity came in the parliamentary elections in March 2002. Half of all parliamentary deputies were elected on national party lists, while the other half ran as individuals. In the party-based portion, Yushchenko's Our Ukraine captured 31 percent of the seats, and more radical opposition parties and the Communist Party won another 45 percent. But government manipulation of the individual-candidates election reversed the trend. Scores of so-called "independents" flocked to the oligarchic parties, helping create a pro-Kuchma parliamentary majority.

Still, the strong showing encouraged reformers. Yushchenko had clearly become Ukraine's most popular politician by far. With the constitution limiting Kuchma to two terms as president, the elite focused on finding a successor capable of winning. A new name, that of Donetsk governor Viktor Yanukovich, emerged. He was nominated prime minister in November 2002 and, with Russia's backing, soon became the presidential standard-bearer of the ruling class. But any euphoria was short-lived. As the 2004 presidential elections drew near, the elite grew nervous. Although unrelentingly favorable television coverage and a bill doubling retiree pensions sparked a small surge of support for Yanukovich, his criminal record (three and a half years in jail on assault and robbery convictions) and his links to the Kuchma regime raised serious doubts among voters.

Two days before the November 21 runoff election, Tymoshenko, the charismatic opposition leader, worried darkly, "They are going to steal the election." Tymoshenko was nervous about the civic response. "There will be several days of protest, and then they will crack down. . . . We are not adequately prepared for this," she said. Indeed, few opposition leaders could have anticipated the scale and persistence of the coming protests. Although Kiev was an "orange town," decorated in the color of Yushchenko's insurgent campaign, no one knew that orange would soon become a symbol of the public's determination to defend their right to self-government.

AWAKENING

On the morning after the vote, Kiev was abuzz with excitement. Cars, trucks, and buses adorned with orange banners drove down the boulevards and avenues, honking three short bursts: *Yushchen-ko!* Responding to Yushchenko's appeal, hundreds of thousands of Kiev residents, most of them wearing orange, walked with a steely determination toward Independence Square. Over the years, Ukraine had acquired an international reputation as a seamy state led by a criminal elite ruling over a passive populace. Under Kuchma's presidency, the authorities had cynically proclaimed the virtues of the people's democratic choice, while doing everything possible to thwart it. Where, then, did the orange revolution come from? Several key factors contributed to the people's resolve.

Ukraine had benefited from more than a decade of civil-society development, a good deal of it nurtured by donor support from the United States, European governments, the National Endowment for Democracy, and private philanthropists such as George Soros. Although such sponsorship was nonpartisan, it reinforced democratic values and deepened the public's understanding of free and fair electoral procedures. Authentic democratic values were being reinforced by a new generation that had grown up initially under glasnost, and later with a broad awareness of democratic practices around the world.

Ukrainian society was also experiencing profound changes of its own, including the rise of a significant middle class in Kiev and other urban centers. In 2002, thanks in part to the ongoing effects of policies enacted by Yushchenko when he was prime minister, GDP grew by 5.2 percent; the next year, it increased 9.4 percent; and in 2004 it grew by 12.5 percent. From 1999 to 2004, Ukraine's GDP nearly doubled. Although this growth mostly benefited a narrow circle of oligarchs, it also spawned many new millionaires and a new middle class. These new economic forces resented the latticework of corruption that constantly ensnared them—from politically motivated multiple tax audits to shakedowns by local officials connected to business clans.

Another factor that promoted a dynamic civic sector was increasing awareness of the ruling elite's corruption. The country's emerging Internet news sites—which disseminated the damning Kuchma tapes—were an integral part of this process. By November 2004, Ukraine, with a population of 48 million people, boasted some 6 million distinct users accessing the Internet. A lion's share of Internet access was generated by residents of Kiev and other major cities—where the civic protest became the most widespread and opposition the most determined.

Old media, too, played a modest role. Despite the government's nearly total control of political content on national television and the significant pressure placed on independent media, a significant array of objective newspapers and local radio stations continued to function. And there was one opposition television station: Channel Five had a national audience of only around 3 percent and was confined to cable television, but it was popular in Kiev and several other cities.

In the days before the orange revolution, journalists, bristling at government control and censorship, launched strikes and public protests, demanding the right to tell voters the truth. On one national television channel, known as 1+1, the entire news team of producers, reporters, and editors walked out, forcing the station's news director and government loyalist Vyacheslav Pikhovshek to hold multi-hour talk marathons by himself. He soon became the butt of jokes, including, "Question: What does 1+1 stand for? Answer: Pikhovshek and a cameraman."

In banishing Yushchenko from national television, the authorities forced him to run a campaign based on grassroots meetings. In July, August, and early September, Yushchenko and his representatives crisscrossed the country at a blistering rate of five or six meetings per day. Reports told of Yushchenko gathering crowds in the tens of thousands in cities and towns across eastern and central Ukraine. These meetings helped create networks of civic and party activists, crucial in organizing the mass protests.

A final factor in the orange revolution's success was its experienced leadership. In 2001, a significant anti-Kuchma movement had flourished in Ukraine, prompted in part by the president's "tapegate." Although these mass protests eventually dissipated amid violence instigated by agents provocateurs, they represented a kind of dry run for the next revolution. Many of the leaders of the most recent civic protests cut their organizational teeth four years ago.

FIGHT THE POWER

With the massive criminal voter fraud well documented in the aftermath of the runoff vote, Yushchenko and his advisers opted for a two-track strategy: one revolutionary and the other constitutional and institutional, revolving around efforts to appeal to both the parliament and the supreme court.

Engaging the revolutionary strategy, Yushchenko declared himself president and took the oath of office in an abbreviated session of the parliament on November 22—the first day of the nationwide protests. As "president," he called for a nationwide general strike, urged the militia and the military to stand with the people, and called on local governments to transfer their allegiance to him and his council. In the hours that followed the "swearing in" ceremony, palpable nervousness filled the air. Would the authorities respond with force? Fortunately, the answer was no. Yushchenko's risky tactics paid off, creating confusion within the security forces' rank and file. Ukraine suddenly had three presidents: the outgoing but still incumbent Kuchma; the "official" winner of the runoff, Yanukovich; and Yushchenko, whose swearing in had been covered by the increasingly open national media.

As C. J. Chivers of The *New York Times* revealed, Ukraine's military and security services began to fragment as the protests gained strength. Although Yanukovich and other hard-liners demanded that force be used to disperse the protesters, the authorities dared not intervene with the military and the SBU divided. According to Chivers, after the Interior Ministry unilaterally marshaled troops

to attack the demonstrators, SBU leaders made clear that they would use force to protect the protesters. The cooperation of segments of the SBU with the Yushchenko camp appears to have been a crucial element in preserving the peace.

But Yushchenko's inner circle also understood that a successful civic coup could set a precedent for street-driven politics and remain a long-term source of institutional instability. The actions of the protesters therefore needed to be reinforced by constitutional bodies. Popular demand and coordinated pressure from the international community pushed forward the institutional approach. Soon, deputies from the government majority began to turn to Yushchenko, as Kuchma's power waned and the scale of the fraud became incontrovertible. On November 27, after days of mass protests and the siege of the cabinet of ministers, the presidential administration, and Kuchma's residence, parliament met and by a clear majority voted to declare the poll invalid. Six days later, Ukraine's supreme court annulled the results of the runoff, accepting Yushchenko's legal team's evidence of massive fraud and official high-level conspiracy. The court called for fresh elections.

A key role in the process was played by parliamentary speaker Volodymyr Lytvyn, Kuchma's former chief of staff. While Poland's President Aleksander Kwasniewski, Lithuania's President Valdas Adamkus, and the European Union's Foreign Affairs Commissioner Javier Solana worked in Kiev to negotiate the contours of a democratic solution among the rival interests, Lytvyn brokered the specifics of a comprehensive agreement. It featured significant new protections in the election law to reduce the potential for voter fraud.

The agreement also called for amending the constitution to reduce the powers of the president. As a result of these changes, by the end of 2005, Ukraine will be a parliamentary-presidential republic; the president will be responsible for foreign policy, national defense, and security, with veto power over the legislature. The appointment of the government will now be the purview of the legislature, due to be newly elected in March 2006. Yushchenko

accepted these changes with some reluctance, but most of his key aides believe that the remaining one-year window of strong presidential power will give him sufficient time to deal with the legacies of corruption and to shape a broad future parliamentary majority.

On December 26, Ukrainians went to the polls for the third time to vote for president in an election that attracted the largest contingent of international observers in history: more than 12,000 monitors from Europe, North America, Russia, and Asia took part. A more open media covered the election (although not in eastern Ukraine, where broadcast media continued to provide only a pro-Yanukovich perspective). The result was predictable: Yushchenko received 52 percent of the votes and Yanukovich 44 percent, with a winning margin of 2.2 million votes out of 28 million cast. The results showed significant regional variations: Yushchenko carried 17 regions in the western, central, and northeastern parts of the country, and Yanukovich commanded dominant majorities in Ukraine's ten southern and eastern regions.

Early in the morning on December 27, barely six hours after the polls had closed, Yushchenko made a brief, eloquent address to the nation. "We are free. The old era is over. We are a new country now," he said. Yushchenko declared what everyone knew, that he was Ukraine's third president since independence. But he was the first with a record of commitment to democracy and the rule of law.

FROM PROTESTS TO POLITICS

As president, Yushchenko faces serious domestic and international challenges. But his leadership team is far from inexperienced in governing. Many of Yushchenko's ministers have served in high government posts, dismissed only when they challenged the corrupt elite. As a result, his colleagues both know how to run bureaucracies and understand how to overcome resistance to reform.

Yushchenko's coalition is broad and highly representative, although also susceptible to some infighting and division. Some were long-time members of the opposition to Kuchma, while others made

common cause with oligarchic parties until a few years ago. Some are members of Ukraine's nouveau riche, while others are civic activists deeply suspicious of the "new oligarchs." Some belong to the social-democratic left, while others are free-market libertarians. Some are conservative nationalists, while others are liberal and secular. To shape a majority in the short term, Yushchenko will also have to form alliances with politicians who until a few weeks ago backed his opponent and the ruling regime.

In part due to his religious convictions, Yushchenko has positioned himself as a member of the European People's Party (the Christian Democrats), a moderate center-right group. On social policy matters he tends to support a robust safety net for Ukraine's elderly, but he is an equally strong proponent of fiscal discipline. These three currents and his desire to balance them have contributed both to his centrist moderation and to his broad-based political appeal.

His team's biggest challenge will include confronting the corrupt, criminal legacy of the Kuchma years. Doing so will require introducing a significant number of new cadres into the upper and middle levels of the Ukrainian state government. It will likely mean wholesale changes in the Interior Ministry and the tax inspectorate, which have devolved into mere political instruments of the oligarchic groups. Yushchenko will replace the country's governors and local executive officials, all of whom are loyalists of Kuchma and the large oligarchic parties. In the wake of the orange revolution, appointed regional leaders from Ukraine's Russian-speaking east came perilously close to threatening secession. They will now certainly be replaced, and some who have resigned are already under investigation by the prosecutor-general's office for anticonstitutional activity.

Given eastern and southern Ukraine's overwhelming support for Yanukovich, a crucial domestic challenge will be bridging the divide that separates them from the western and central regions. There are strong reasons to believe that Yushchenko will succeed. Apart from the Crimea, no Ukrainian regions or cities have ethnic Russian

majorities. Ethnic Ukrainians make up three-quarters of the population, whereas Russians constitute only 21 percent. The ideological differences between the regions can be defined in one word: media. In eastern Ukraine, the local press fanned the flames of regional separatism and painted Yushchenko and his team as ultranationalists and CIA agents. Eastern Ukrainians will slowly move beyond these stereotypes as they gain access to more balanced information and to direct contact with their new leaders. As important, the region's two most powerful economic actors, Akhmetov, owner of System Capital Management, and Serhiy Turuta, who leads the Industrial Union of Donbass, seem eager to cooperate with the new Yushchenko team. Working to neutralize the negative impact of the Russian media, which exert a significant influence in the Crimea and eastern Ukraine, will also be important.

The cycle of illegal political intimidation must end as well. Yushchenko expects vigorous prosecution of high-ranking officials suspected of participating in the election fraud. He has stated publicly that former President Kuchma is, like every citizen, answerable to the law. Yushchenko's closest aides make clear that there will be no amnesty for Kuchma. The new government will investigate his conduct in office, and if necessary, he will be prosecuted. Yushchenko has also declared that he knows who poisoned him, and he will take appropriate measures. There is also an ongoing investigation into a foiled election-night plot to blow up an area one kilometer in diameter in central Kiev and kill many members of Yushchenko's leadership team. Two alleged Russian gangsters, believed to have connections to Russia's security services, have already been arrested. Seven pounds of plastic explosives were found wired to their car.

Another major task will be media reform. State television has long been a wasteland of bland and propagandistic programming. Although much broadcast and print content has improved in the aftermath of Yushchenko's victory, there is still the question of diversifying ownership of privately owned media, which are held mainly by the new government's oligarchic opponents.

In the economic sphere, Yushchenko confronts a rising budget deficit and a slowdown in the country's growth rate, which last year was 12.5 percent and this year is expected to fall to around 6 percent. Yushchenko's closest aides believe that they will be able to pay for the growing debt by revisiting several insider privatization deals that cheated the treasury. One such case is the June 2004 privatization of the lucrative Kryvorizhstal steel plant, bought by insiders for $800 million less than the offer from a consortium of investors that included U.S. Steel. The Yushchenko team is also confident it can reassert control over the notoriously corrupt energy sector, and it is committed to eliminating Ukraine's preferential "special economic zones," which only benefit the oligarchic elite. With measures such as these, Yushchenko and his team feel certain that there will be no need to reduce public benefits or raise taxes.

REACHING OUT

Ukraine's most pressing international challenge will be to manage the relationship with Vladimir Putin's Russia. Putin strongly backed Yanukovich, and Russian-led election monitors attested to his victory in the first runoff. Putin spent four days in the week before the first-round vote promoting Yanukovich in lengthy press interviews and public meetings. Kremlin image-makers played a crucial role in advising and directing the Yanukovich campaign, and the Yushchenko camp believes Russia spent several hundred million dollars to help Yanukovich win. Yushchenko's victory is thus a humiliating defeat for Putin and a setback for Russia's hegemonic inclinations.

But Yushchenko's circle seeks solid, pragmatic relations with Russia. Advisers in the new government point out that as prime minister, Yushchenko worked to resolve Ukraine's payment arrears for Russian energy and that during that time Russian investment in Ukraine was at its highest. A day after his inauguration, Yushchenko traveled to Moscow for his first official international visit, to be followed by trips to Warsaw, Brussels, and Washington.

Even as he seeks to improve his relationship with Russia, Yushchenko's main goal is the consolidation of Ukraine's democracy and market economy through integration with the EU. Although such an aim once appeared fanciful for political as well as economic reasons, the orange revolution changed all that by generating weeks of positive publicity for Ukraine as an emerging European democracy. In central Europe, among the EU 's new member states, the orange revolution helped people vicariously recapture the spirit of their own civic movements of the 1980s. Lech Walesa traveled to Kiev to speak in Independence Square, as did politicians from Germany, the Netherlands, Slovakia, and the Czech Republic. European institutions are voicing their support as well. On January 13, the European Parliament voted 467 in favor, 19 against for a resolution calling on Ukraine to be given "a clear European perspective, possibly leading to EU membership." Although the vote was nonbinding, The Financial Times asserted that it "was the clearest sign to Kiev that the EU 's door is open."

But EU integration will remain a long-term objective. Ukraine's population of 48 million and its low level of economic development currently make entry into the common market forbidding. Poland's Kwasniewski believes Ukraine will be a part of the EU in 15 years. Some analysts contend that Ukraine could be invited to begin the drawn-out process of EU accession within 7 years. Yet Yushchenko is moving rapidly. He has entrusted one of his closest and longest-serving aides, Rybachuk, with the responsibility of heading the Ministry of European Integration. Operating at the level of deputy prime minister, Rybachuk will have authority to supervise every ministry's relevant work in meeting European standards.

As for the United States, U.S. policy on Ukraine has long been driven by the contingencies of the Iraq war. In the past, Yushchenko and his inner circle have voiced their disappointment with this state of affairs. As recently as August, in fact, they worried that in return for Kuchma's deployment of a large force in Iraq, the top U.S. leadership was abstaining from public criticism of Ukraine's

human rights violations and the restrictions on the freedom of the press, relying instead on lower-ranking diplomats to send Kiev more muted signals. Iraq may linger as a sore spot, as Yushchenko has been a proponent of withdrawing Ukraine's forces. But considering that Kuchma already announced a June 2005 deadline for the redeployment of Ukrainian troops, and that other key U.S. allies such as Hungary are also pulling out, the issue is unlikely to stand in the way of warm relations.

Indeed, in recent months, particularly since the re-election of George W. Bush, the Yushchenko team has praised the United States as a bedrock of support for democracy and the rule of law in Ukraine. And the Yushchenko camp has stated its gratitude for the long-term efforts of the U.S. Agency for International Development to support free media, the rule of law, civil society, and civic election monitoring there.

Ukraine is eager for U.S. support on a number of fronts. Economically, Ukraine's leaders hope the United States will declare Ukraine a market economy and push for the country's quick integration into the World Trade Organization. Diplomatically, should Russia start flexing its hegemonic muscles, Ukraine would appreciate Washington's backing. What is more, quiet lobbying from the United States could only help the Ukrainian aim of integration into Europe. In particular, Washington could encourage the United Kingdom and Italy to add their support to those of central Europe's leaders, who are pressing Ukraine's case for eventual integration.

TODAY, KIEV; TOMORROW . . .

Although President Yushchenko has come to embody the orange revolution, he is moderate and pragmatic, not a permanent revolutionary. Yet, like his close friend President Mikheil Saakashvili of Georgia, he also believes that democracy can spread to other outposts of the former Soviet Union. On January 11, Yushchenko and Saakashvili issued a joint declaration. Their countries, they said, had overcome tyranny through the efforts of homegrown forces;

outsiders could never have effected meaningful civic revolutions. At the same time, Yushchenko and Saakashvili thanked the international democratic community for supporting their struggles. "We are certain that the revolutions in Georgia and Ukraine are shaping the new wave of liberty in Europe," the two leaders stated. "They will usher in the ultimate victory of liberty and democracy across the European continent."

During the 17 days of the orange revolution, groups of protesters at Independence Square gathered around several Belarusian national flags. They were part of a contingent of activists eager to soak in the experience of a revolution in the making and to carry its lessons back home. Kazakh opponents of Nursultan Nazarbayev's authoritarian regime also sought to learn from their Ukrainian counterparts. Russian civic activists, too, came to Kiev to meet with Ukraine's protest leaders and talk about organizing for change. In mid-January, when Russian pensioners rose up against cutbacks in their benefits, Moscow newspapers speculated that Russia could be going "orange."

Just as activists from Ukraine's *Pora* youth movement learned from contacts with Serbia's *Otpor* and Georgia's *Kmara* youth alliances, civic leaders from authoritarian post-Soviet states are looking to Ukraine while searching for their own path to successful nonviolent democratic change. The orange revolution may not necessarily spread, but people will persist in their struggles against tyranny. And over time, some of them will prevail. Ukraine's victory over tyranny has been dramatic and inspiring. But the implications of that victory—throughout the region and the world—will be fully understood only in the years to come.

Containing Russia

Yuliya Tymoshenko

THE SOURCES OF RUSSIAN CONDUCT

Sixty-one years ago, a telegram arrived at the State Department from the U.S. embassy in Moscow. Its purpose was to examine the sources of the conduct of the men who ruled in the Kremlin. Its impact was immediate. The "Long Telegram," penned by a young diplomat named George Kennan, became the basis for U.S. policy toward the Soviet Union for the next half century.

Although the Soviet Union is long gone, the West is once again groping to understand what motivates the leaders in the Kremlin. Many believe that the principles behind Kennan's policy of "containment" are still applicable today—and see a new Cold War, this time against Vladimir Putin's resurgent Russia, in the offing.

I do not believe that a new Cold War is under way or likely. Nevertheless, because Russia has indeed transformed itself since Putin became president in 2000, the problem of fitting Russia into the world's diplomatic and economic structures (particularly when it comes to markets for energy) raises profound questions. Those questions are all the more vexing because Russia is usually judged on the basis of speculation about its intentions rather than on the basis of its actions.

In the aftermath of communism's collapse, it was assumed that Russia's imperial ambitions had vanished—and that foreign policy toward Russia could be conducted as if former diplomatic considerations did not apply. Yet they must apply, for Russia straddles the

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world's geopolitical heartland and is heir to a remorseless imperial tradition. Encouraging economic and political reform—the West's preferred means of engaging Russia since communism's end—is of course an important foreign policy tool. But it cannot substitute for a serious effort to counter Russia's long-standing expansionism and its present desire to recapture its great-power status at the expense of its neighbors.

THE RUSSIAN JANUS

Thanks to high energy prices, the chaotic conditions that prevailed across Russia in the early 1990s have given way to several years of 6.5 percent annual economic growth and a trillion-dollar economy. Living standards have improved (although life expectancy has not), the middle class is growing and increasingly confident, and the stock market is booming. Russia possesses the third-largest hard-currency reserves in the world, and it is running a huge current account surplus and paying off the last of the debts it accumulated in the early 1990s. The ruble has been made fully convertible and may even be undervalued. Russian membership in the World Trade Organization (WTO) beckons. Ordinary Russians are grateful to Putin for the country's stability and economic growth, and they are proud that Russia appears to matter when great global issues are debated. No wonder, then, that Putin's popularity rating is around 70 percent—a sustained achievement that any politician would envy.

Yet, for every step forward that Russia has taken over the course of Putin's second term, it has taken a step backward. Greater state control of the economy—especially in the energy industry, where, according to the Organization for Economic Cooperation and Development (OECD), the state's share of oil production has doubled in three years—has bred corruption and inefficiency. Serious political opposition has been muzzled. Newspapers and television and radio stations have been shut down or taken over by the government and its allies. Kremlin cronies have replaced elected regional governors, and Russia's parliament, the Duma, has been emasculated as part of the Kremlin's drive to monopolize all state power.

Russia's foreign policy has been equally troubling. Moscow has given Iran diplomatic protection for its nuclear ambitions, and Russian arms sales are promiscuous. The Kremlin has consistently harassed neighboring countries; former Soviet nations, such as Georgia, have faced near economic strangulation. In February, Putin spoke favorably about creating a "gas OPEC."

None of this should be surprising, for Putin's aim has been unvarying from the start of his presidency: restore Russian greatness. Unlike Boris Yeltsin, who accepted dissent as a necessary part of democratic politics—it was, after all, as a dissenter from Mikhail Gorbachev's rule that he gained the presidency of Russia—Putin was determined from the outset to curtail political opposition as an essential step toward revitalizing centralized power. Mikhail Khodorkovsky, of Yukos Oil, for example, is in prison for daring to challenge the Kremlin's authority and perhaps aspiring to succeed Putin. Order, power (including the power to divide the spoils of Russia's natural-resource wealth), and reviving Russia's international influence, not democracy or human rights, are what matter in today's Kremlin.

The backgrounds of the people who make up Putin's government have something to do with this orientation. A study of 1,016 leading figures in Putin's regime—departmental heads of the president's administration, cabinet members, parliamentary deputies, heads of federal units, and heads of regional executive and legislative branches—conducted by Olga Kryshtanovskaya, director of Moscow's Center for the Study of Elites, found that 26 percent at some point served in the KGB or one of its successor agencies. Kryshtanovskaya argues that a closer look at these biographies—examining gaps in resumés, odd career paths, or service in KGB affiliates—suggests that 78 percent of the top people in Putin's regime can be considered ex-KGB. (The significance of such findings should not be exaggerated: former secret police may hold many of Russia's highest offices, but Russia is not a police state.)

Despite strong economic growth, Russia's domestic problems are awesome. In the long run, the country's systemic weaknesses may

prove more disruptive to the world than its revived strength. Alcoholism and a collapsing health system are fueling a demographic catastrophe: the population has been shrinking by 700,000 annually for the past eight years despite the fact that the country's HIV/AIDS epidemic has not yet peaked. Male life expectancy is among the lowest in the world. Most demographers expect that Russia's population will shrink even more dramatically, perhaps to below 100 million people by the middle of the twenty-first century.

Russia's robust growth, moreover, is precarious, because it is based on high oil prices that seem unlikely to last and rising production that clearly cannot be sustained, owing to grossly inadequate investment. Natural resources such as oil and gas are a mixed blessing for Russia, just as they are for other countries. High energy prices and raw material exports have allowed Russia to become the world's tenth-largest economy. Energy exports finance about 30 percent of the Kremlin's budget. But that figure is based on the assumption that oil will remain at $61 per barrel, which it has already fallen below. Aside from energy, Russian industrial exports primarily consist of armaments, with advanced aircraft accounting for more than half of sales. This lack of economic diversification leaves Russia vulnerable to any downturn in world oil and commodity prices.

Social inequality is vast and growing. Corruption, the OECD reports, is far higher today than it was under Yeltsin. State interference in business decision-making is at its highest level since the end of communism. Moreover, without the rule of law, today's growing middle class will never acquire the confidence it needs to sustain a modern economy. Meanwhile, the insurgency in Chechnya has been met by the Kremlin's local strongman, whose minions openly terrorize, kidnap, and kill opponents. The North Caucasus is a tinderbox. The Russian army is riddled with graft, with officers selling conscripts into virtual slavery. And dangerous new forms of tuberculosis—as well as of Islamist extremism among the 17 percent of the Russian population that is Muslim—are being incubated through neglect.

Throughout the 1990s, it was fashionable to liken Russia to Weimar Germany—a nation humiliated and shaken to its core by depression and hyperinflation that might fall under the spell of some reckless nationalist. But the defeated Germany of the 1920s was already a modern industrialized state, and the Nazi regime was only possible because it could seize the levers of such a state. These conditions did not exist in Yeltsin's Russia. Corruption and governmental chaos meant that Russia could not mount any sort of serious strategic challenge. But today's oil-fueled revival and the more disciplined government Putin has imposed may allow Russia to mount just such a challenge, particularly where world energy supplies are concerned.

After the Soviet Union's collapse, the West made the mistake of assuming that Russia's reduced status meant it was unnecessary to accord the Kremlin any special diplomatic consideration—that Russia neither deserved nor should be offered a major role in world affairs. Accordingly, instead of drawing Russia into a network of dialogue and cooperation when it was weak—and thereby helping it form habits that would carry on when Russia regained strength—the West ignored Russia. This indifference caused Russia to regard the West's attempts to reassure eastern European countries about their security and place in the West as unfriendly acts, leading to today's problems. Had Russia been handled better in the 1990s—had its sense of insecurity not been aggravated—the country's tendency toward expansionism might well have been moderated.

UKRAINE EXPOSED

Ukraine's national experience has taught its citizens to regard peace as fragile and fleeting, its roots too shallow to bear the strain of constant social and political upheaval. We Ukrainians accept the lessons of our history and work toward solutions that relieve the sources of this strain, lest neglect allow war to overtake peace and authority to subvert freedom. This is why we see our future in the European Union: the goal of the EU is to confront instability and

insecurity with a lasting structure of peace and prosperity in which all of Europe's nations and neighbors have a stake.

To ensure that Europe's structure of peace is secure in the former Soviet East, a clear understanding of the existing power dynamic is needed. Much like the periods following the treaties of Westphalia and Versailles, the aftermath of the Soviet Union's collapse features a powerful country confronting a group of smaller and unprotected new states. Given the economic and institutional links that arose in the decades of Soviet misrule, Russia's influence in the region was bound to be strong. This is a fact of life that I, as a practicing politician in Ukraine, live with every day. It is a fact with which the EU must come to grips under the current German presidency, by beginning to negotiate a new EU-Russia treaty to replace the one written at the nadir of Russia's power. In the coming months, German Chancellor Angela Merkel must answer the question of how Europe can forge a lasting and mutually beneficial relationship with the powerful new Russia that has emerged under Putin.

As a convinced European, I support Germany and the EU in this effort. Relations with Russia are too vital to the security and prosperity of all of us to be developed individually and ad hoc. If there is one country toward which Europeans—and, indeed, the entire West—should share a common foreign policy, it is Russia. With high world energy prices allowing Russia to emerge from the trauma of its postcommunist transition, now is the time for a clear-sighted reckoning of European security in the face of Russia's renewed power. Relying on Russia's long-term systemic problems to curb its pressure tactics will not prevent the Kremlin from reestablishing its hegemony in the short run.

Moreover, now is a moment of maximum flexibility, because dependence on Russian energy supplies will only continue to grow. Indeed, a recent Center for Strategic and International Studies report estimates that Germany will depend on Russia for 80 percent of its gas imports—compared with 44 percent today—once the proposed trans-Baltic pipeline is completed. Unfortunately,

political leaders usually have the least idea of what to do when the scope for action is greatest. By the time they have a better idea, the moment for decisive and effective action may have passed. In the 1930s, for example, the French and British governments were too unsure of Hitler's objectives to act. But their obsession with Hitler's motives was utterly misguided. Realpolitik should have taught them that Germany's relations with its neighbors would be determined by relative power, not German intentions alone. A large and strong Germany bordered to the east by small and weak states would have been a threat no matter who ruled in Berlin. The Western powers should thus have spent less time assessing Hitler's motives and more time counterbalancing Germany's strength. Once Germany rearmed, Hitler's real intentions would be irrelevant. This was Winston Churchill's message throughout his "wilderness years." But instead of heeding Churchill, the British and the French continued to treat Hitler as a psychological problem, not a strategic danger—until it was too late. What matters in diplomacy is power, not the state of mind of those who wield it.

For most of the past 15 years, the response to Russian actions by the United States and Europe has been driven by their perceptions of Russian reform. Western policy seems to be based on the premise that peaceful evolution can be ensured by democracy and by concentrating Russia's energies on developing a market economy. Western diplomacy has thus seen its main task as strengthening Russian reform, with the experience of the Marshall Plan rather than the traditional considerations of foreign policy in mind.

But a far more important factor than reform is Russia's attempt to restore its preeminence in the territories it once controlled. The Russia that emerged from the collapse of the Soviet Union on Christmas Day 1991 came with borders that reflect no historical precedent. Accordingly, Russia is devoting much of its energy to restoring political influence in, if not control of, its lost empire. Alongside this effort has come a shift of Russia's focus eastward, making it a more active participant in the dynamic Asia created by China's rise.

In the name of peacekeeping in places such as Abkhazia, South Ossetia, and Trans-Dniestria (restive regions within former Soviet republics), Russia has sought to reestablish its tutelage, and the West has largely not objected. The West has done little to enable the Soviet Union's successor states—with the exception of the Baltic nations of Estonia, Latvia, and Lithuania—to achieve viable international standing. The activities of Russian troops in Belarus, Georgia, Moldova, Ukraine, and the former Soviet states of Central Asia are rarely questioned, let alone challenged. Moscow is treated as the de facto imperial center—which is also how it conceives of itself.

THE RUSSIA QUESTION

What can the West do to dissuade the Kremlin from pursuing Russia's age-old imperial designs? In the 1990s, an enfeebled Russia needed help from abroad. Unless oil prices unexpectedly collapse, no such leverage will be available in the near future. On the contrary, political pressure from outside is likely to aggravate rather than change Russian behavior. With the Kremlin once again firmly in control, Russia will change from within—or not at all.

That is not to say, however, that the United States and the rest of the West can have no influence. Putin, like Russian leaders before him, is sensitive to outside criticism, as demonstrated by the Kremlin's paranoid desire to curtail the activities of nongovernmental organizations within Russia, particularly those with foreign backing. Outsiders must be willing to criticize his misdeeds while trying to avert the emergence of a leader even more assertive than Putin. Maintaining this balance will be hard. Yeltsin was gifted at deflecting international skepticism about his rule by portraying himself as the last bastion against a communist revival; Putin also relies on promoting that type of better-the-devil-you-know thinking.

Western leaders should speak out against any moves away from democracy, Putin's policy in Chechnya, and his use of energy to bully Russia's neighbors. (Many western European countries have

been far too circumspect in their criticism and too anxious to make separate deals that will supposedly guarantee their national supplies of energy.) As the Russian presidential election in March 2008 approaches, the West must insist, beginning now, that amending the constitution to allow Putin to run again is unacceptable and could result in Russia's expulsion from the G-8 (the group of advanced industrialized nations). Western leaders should press for free and fair elections, even if the Kremlin's handpicked candidate is almost sure to win.

A realistic Russia policy would also recognize that even Yeltsin's reformist government stationed Russian troops in most former Soviet republics—all members of the United Nations—often against the express wishes of the host governments. These forces participated in several of these republics' civil wars, even as successive Russian foreign ministers have put forth the concept of a Russian monopoly on peacekeeping—essentially Russian domination—in what the Kremlin calls "the near abroad." Russia has legitimate security interests in its neighborhood. But Europe's peace and international stability require that these interests be satisfied without Russian military or economic pressure or unilateral intervention. For example, Russia must not be permitted to use Kosovo's gaining its independence from Serbia as a precedent for promoting secessionist movements in Abkhazia, Nagorno-Karabakh, South Ossetia, Trans-Dniestria, and, most important, Crimea, in an attempt to destabilize the national governments. The short-term prospects for peace depend on whether Russian military forces can be induced to return home and stay there. Russia's relations with the Soviet successor states must be thought of as an international problem, subject to the accepted rules of foreign policy, rather than as solely Russia's problem, subject to unilateral decision-making that the West can hope to influence only by appealing to the Kremlin's goodwill.

The West must seek to create counterweights to Russia's expansionism and not place all its chips on Russian domestic reform. Such a policy would divide the risks of any possible energy blockade

equally among all Europeans, rather than having governments make separate deals that leave others vulnerable to energy blackmail. Of course, not every European nation has the same interest in resisting any particular act of aggression, and so there will not always be agreement on when and how to oppose Russian assertiveness. Some nations may balk at taking action on issues they feel do not immediately concern them. But the principle of collective security, which has ensured Europe's peace and prosperity since 1945, must continue to be pursued. Merkel's proposal to create a "collective energy market," which she made during a summit with Poland's prime minister last November, is a good start toward building a pan-European energy security policy that includes Russia.

PIPELINE POLITICS

One key question is just how reliable the Russian energy supply really is. Despite having the world's largest gas reserves, Russia now faces a domestic shortage of gas. Gazprom, the country's dominant gas supplier (which, when it comes to foreign policy, doubles as an arm of the Kremlin), is not producing enough for an economy growing at more than six percent a year. Production from Gazprom's three biggest gas fields, which account for three-quarters of its output, is in steep decline. The one large field that the company has brought on-stream since the end of the Soviet era is reaching its peak. Overall gas production is virtually flat.

According to the Institute of Energy Policy, in Moscow, Gazprom's capital investments in new gas production in the years 2000-2006 were one-quarter the size of its investments in other activities: media companies, banks, even chicken farms, as well as its downstream investments in western Europe's energy networks. Despite the enormous revenues to be gained from the new production of gas, Gazprom rarely attempts to find or produce more. As a result, it is unable to come up with enough gas to meet internal demand and its export obligations.

After more than ten years of delay, Gazprom has decided to develop a big field on the Yamal Peninsula—a barren and barely

accessible region in the Arctic. But the earliest that gas from Yamal will reach the market is 2011. Meanwhile, demand for gas—from RAO Unified Energy System of Russia (UESR), Russia's electricity monopoly, as well as from expanding industrial companies and households—is growing by about 2.2 percent annually, according to a recent report by the investment bank UBS. "The risk of supply crisis is real," the report noted, if growth in demand accelerates to 2.5 percent.

The impending shortage means that Gazprom will not be able to increase gas supplies to Europe, at least in the short term—something that European countries should be aware of and concerned about. This may explain why Gazprom abandoned its plan to send gas from the Shtokman field, in the Barents Sea, to the U.S. market as liquefied natural gas and diverted it to Europe instead. The decision, initially interpreted as a move intended to irk Washington, may actually have been a sign of desperation: sending Shtokman gas to Europe would free up Siberian output for domestic consumption.

The problem, of course, is not a lack of gas—Russia has 16 percent of the world's total known reserves—but Gazprom's investment strategy. Over the past few years, the company has spent vigorously on everything but developing its reserves. It has built a pipeline to Turkey, taken over an oil company, invested in UESR, tried to gain footholds in European distribution markets, and become Russia's biggest media company. All this was done in the name of creating and sustaining a "national energy champion." Yet investment in Gazprom's core business was grossly inadequate.

There is another problem facing Gazprom: the actual engineering costs of developing new gas fields in Russia. In the Shtokman gas field and on the Yamal Peninsula, in particular, the engineering costs, including the cost of transporting the output to Europe, are twice as high as for new gas fields in North Africa and the Middle East. The international gas market is already beginning to recognize this, and, over the long term, it could be enormously dangerous for Russia. Indeed, Russia may actually be putting itself out of

the gas business, because high engineering costs for new projects in Russia are signaling to the market that Russia and Gazprom lack the capacity to develop these fields. Western companies could come in and do the job, but given the Kremlin's recent usurpation of Shell's investments on Sakhalin Island, these companies would be remiss in their fiduciary duties if they undertook such investments.

The only way to avoid a crisis is to break Gazprom's monopoly on pipeline infrastructure and to license independent gas producers. Independent producers already account for 20 percent of domestic gas sales in Russia and are boosting their output. Further gains would require market-based incentives. Europe can help by explicitly linking its acceptance of Russia's WTO membership to Russia's ratification of the Energy Charter and its attendant Transit Protocol, which would guarantee access to Russian pipelines for Gazprom's competitors.

Any worthwhile energy security policy for Europe would also seek to loosen Gazprom's monopolistic grip on the pipelines. European competition policy, which has successfully brought companies as big as Microsoft into line, could—if used skillfully—also help turn Gazprom into a normal competitor. Establishing an independent regulator, as Russian Economy Minister German Gref has suggested, would also be an important step toward splitting Gazprom into a pipeline operator and a production company. But Putin has vehemently rejected such a move. Thus, he now faces a choice between domestic gas shortages that threaten to slow economic growth and losing the Kremlin's "national energy champion."

Beyond tackling Gazprom's monopolistic power, a realistic energy policy for Europe would also seek to share the risks of any possible energy blockade equally among all Europeans, rather than allowing separate deals that leave others vulnerable to energy blackmail. Such a policy would need to incorporate a consensus that no country could reach a deal with Gazprom that undercuts EU plans to help construct pipelines from Central Asia that bypass

Russia. Another counterweight could be built through trade. By extending the single market eastward to include Ukraine, the EU would shift the center of gravity for the region's trade relations. Today's negotiations over a "deep free trade agreement" between Ukraine and the EU need to lead, eventually, to an agreement that will give Ukraine candidate status for EU membership.

A NORMAL COUNTRY

The West should support Russia when it pushes for democracy and free markets but bolster the obstacles to its imperial ambitions. Indeed, Russian reform will be strengthened if Russia is encouraged to concentrate—for the first time in its history—on developing its national territory, which sprawls over 11 time zones from St. Petersburg to Vladivostok, leaving no rational cause for claustrophobia.

It does Russia no good to be treated as if it were immune from the normal considerations of foreign policy; treating it so will only force Russia to pay a heavier price later on, by luring it into taking steps from which it cannot easily retreat. The West should not fear frank discussions about where its interests and Russia's converge and diverge. Western leaders should not hesitate to insist that signed agreements, such as those to withdraw troops now stationed in the countries of the former Soviet Union, be fully honored. Realistic dialogue will not unhinge the leaders in the Kremlin. They are smart and can readily grasp a policy based on mutual respect. In fact, they are likely to understand such a calculus better than appeals to goodwill and friendship.

Two objectives must be kept in balance when dealing with Russia: influencing Russian attitudes and affecting Russian calculations. Russia should be welcomed in institutions and agreements that foster cooperation—most important, Europe's Energy Charter and the Transit Protocol, with their reciprocal rights and responsibilities. But Russia's reform will be impeded, not helped, if the West turns a blind eye to its imperial pretensions. The independence of the republics that broke away from the Soviet Union,

including Ukraine, must not be tacitly downgraded by the West's acquiescence to Russia's desire for hegemony.

Ukraine can help Europe and the United States create a viable structure within which Russia can exist securely. Our destiny is to be neither a forgotten borderland nor a bridge between the so-called post-Soviet space of "managed democracy" and the real democracies of the West. By strengthening our independence, we can shape Europe's peace and unity as we roll back the crony capitalism and lawlessness that are now the norms of the post-Soviet world. During my premiership, we sought to achieve just that, working with Moldova and Romania to standardize the region's customs regimes and thereby crack down on criminal enterprises in the breakaway region of Trans-Dniestria (which is trying to secede from Moldova only because of Russian support).

We acted in concert with our neighbors because we know that self-determination does not mean isolation. Achieving national independence today means having a new status, not withdrawing from the world scene. New nations can build with their former occupiers the same kind of fruitful relationship that France now has with Germany—a relationship founded on equality and mutual interests. That is the relationship I seek with Russia, and that is how Ukraine can help extend the zone of Europe's peace.

The real test of statesmanship is the ability to protect one's country against unfavorable and unforeseen contingencies. The fatal flaw in Russia's current oil- and gas-powered assertiveness is that the leaders in the Kremlin have lost their sense of proportion. Today's budget surpluses have allowed them to overestimate the extent of Russia's economic renewal, and they seem to have forgotten that by bullying their immediate neighbors they are also sending shock waves across the entire West. Of course, the Kremlin leadership will find it hard to admit that the centralized system that it is re-creating lacks the capacity to spur initiative, that Russia, despite its vast natural resources, remains a very backward country. The subservience that the Kremlin demands is stifling the vitality and creativity that Russia needs if it is to grow for the long term, let alone sustain its place in the world.

Russia will damage its own interests if it turns down serious U.S. and European offers to participate on an equal basis in the structures of European and Middle East security. Failure to cooperate sincerely on energy security would eventually isolate Russia in the face of serious strategic challenges to its south and east; it would deprive Russia of all but the crudest methods of influence.

Russia's leaders deserve understanding for their anguished struggle to overcome generations of Soviet misrule. They are not, however, entitled to being handed the sphere of influence that tsars and commissars coveted for 300 years. If the West, particularly Europe, is to ensure its economic prosperity and energy security, it must be ready to demand of Russia what Russia has so far been unwilling to provide. And if Russia is to become a serious partner for the West, it must be ready to accept the obligations of stability as well as its benefits.

Ukrainian Blues

Yanukovych's Rise, Democracy's Fall

Alexander J. Motyl

In February 2010, Viktor Yanukovych made a remarkable political comeback. In the 2004 Ukrainian presidential election, Yanukovych, who was then Ukraine's prime minister and the handpicked successor to President Leonid Kuchma, was accused of fraud and ousted by the Orange Revolution, which was led by Viktor Yushchenko and Yulia Tymoshenko. Just over five years later, surrounded by his party's blue-and-white banners, Yanukovych became president.

When it first came to power, Ukraine's Orange government seemed like it would fulfill popular demands for radical political reform and rapid integration into Europe. But those expectations were quickly dashed. Yushchenko, as president, and Tymoshenko, as prime minister, proved incapable of working together, continually clashing and publicly criticizing each other. Soon, Ukraine's dysfunctional political system became known to Ukrainians as a *durdom*, or "madhouse."

Then, the global economic crisis sent Ukraine's economy into a tailspin. In 2009, the country's GDP fell by about 15 percent, exports by 25 percent, and imports by just under 40 percent. The consumer price index rose by more than 12 percent. Popular anger and frustration set in. Yearning for stability, Ukrainians were willing to support anyone in this year's election who could fix the

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mess. Tymoshenko, Yanukovych's main challenger, was seen to share fault for Ukraine's problems and could not easily claim to be that person.

Wisely, Yanukovych presented himself as a moderate, democratic professional who could unify a country increasingly divided over whether it should align with Russia or the West. He claimed that he would be able to strike the right balance between the two and could transform Ukraine into an economic tiger, making it one of the world's 20 richest nations. Yanukovych's campaign slogan—"Ukraine is for people"—captured the right tone to counter his previously negative image. It suggested that he was a man of the people who would place the interests of citizens above his own, in contrast to the supposedly power-hungry Tymoshenko. Yanukovych also claimed to have learned from his mistakes in 2004. In December 2009, he wrote in *Dzerkalo Tyzhnya*, one of Ukraine's most widely read newspapers, that although he still believed that the real goal of the Orange Revolution had been "to weaken Russia," he accepted that it represented a popular call for democracy. He further noted that a government "cannot promote serious socioeconomic plans without the active participation of the entire society."

Whatever the reasons for Yanukovych's victory, it was a surprisingly narrow one. In the first round, Yanukovych received just over 35 percent of the vote and made it into the runoff round with Tymoshenko. He received just under 49 percent of the vote in that round, compared with Tymoshenko's 45 percent. But really he had won over only about one-third of Ukraine's electorate since turnout was around 69 percent. Moreover, had Yushchenko not encouraged his supporters to select the "against all" option on the ballot, Tymoshenko would probably have won.

With such a slim mandate, most expected Yanukovych to pursue a moderate course after the election, reaching out to the opposition and working toward economic stability and political reform. Instead, he immediately took actions that undermined democracy, neglected the country's badly broken economy, and aligned Ukraine too closely with Russia for the comfort of much of the electorate.

DEMOCRATIC ROADKILL

Because his Party of Regions lacked a clear majority of seats in the Verkhovna Rada, Ukraine's parliament, it needed a coalition partner and so began negotiations with the Our Ukraine-People's Self-Defense (NU-NS) Bloc, led by Yushchenko. The NU-NS knew that no majority coalition could be formed without it, and so it demanded control over a range of portfolios, including the prime ministership.

The Party of Regions responded by changing the Rada's rules so that it could form a coalition without the NU-NS by joining with willing individual deputies. In mid-March, Yanukovych's party formed a governing coalition called Stability and Reform with the Communists, the Lytvyn Bloc (the bloc allied with the Rada's Speaker, Volodymyr Lytvyn), and 16 individuals who crossed party lines to join the coalition. Those who crossed over have come to be known as *tushki*, a pejorative Russian term roughly meaning "roadkill." Although the *tushki* gave Stability and Reform just enough votes to form a government, Yanukovych's willingness to use unconstitutional measures to do so—in 2008, Ukraine's Constitutional Court explicitly outlawed the use of individual deputies to form coalitions, althougph it has now refused to challenge Yanukovych—set a disturbingly antidemocratic precedent. As the German political scientist Andreas Umland noted in late March in the *Kyiv Post*, "Ukraine is now less democratic than it was. . . . With their change of allegiance the *tushki* have grossly misrepresented the preferences of the Ukrainian voters."

After the coalition was formed, Ukrainians expected Yanukovych to live up to his campaign promises and appoint professionals, reformers, and moderates to government posts, but he did the opposite. Most of Yanukovych's political appointees hail from his home region, Ukraine's highly Sovietized rust belt, the Donbass, and have little experience with democratic politics or the technical know-how required to run a clean government and a functioning market economy. Like the old Donbass Communist Party bosses did, with whom many of these appointees cut their political teeth,

Yanukovych acts as a patron. He doles out favors, provides access to power, and makes most decisions.

The position of prime minister, for example, went to Yanukovych's longtime ally Mykola Azarov. As head of the Rada's budgetary committee and the State Tax Administration in the 1990s, Azarov turned a blind eye to government graft and imposed ruinously high tax rates on small businesses. His relationship with Yanukovych was cemented when he served as the first deputy prime minister and finance minister to notoriously unscrupulous cabinets headed by Yanukovych in 2004 and 2006-7. Together, Yanukovych and Azarov have doled out 29 cabinet seats to their cronies. Such a large cabinet, with two more members than even the ineffective Council of the European Union, is almost certain to become a talking shop that, like the Council of the European Union, is incapable of reaching consensus or making tough decisions. Meanwhile, the positions of economic minister and finance minister have gone to politicians who lack experience in either field but are dependent on Yanukovych for power and are thus unlikely to cross him. Contrary to his campaign slogans, reform and democracy are clearly not Yanukovych's priority.

To be sure, Yanukovych and his chief of staff, the economist Iryna Akimova, have created—and will be heading up—the new Committee on Economic Reform. Although there are some economists among the committee's 26 members, there are also many political appointees beholden to Yanukovych. The inclusion of political appointees and the committee's impractically large size suggest that it will be as ineffective as Yanukovych's cabinet. And even if it does develop some real economic reforms, they are likely to fall victim to turf battles between the Economy and Finance Ministries and the committee itself. Parallel organizations with overlapping jurisdictions are doomed to tussle over control, even with wise, professional management—something Yanukovych is unlikely to provide.

Yanukovych's hub-and-spokes political system—with Yanukovych at the center and key political roles filled by yes men—has put the

president "on top of [the] Ukrainian power pyramid," as analysts at Kiev's Penta Center, a political think tank, have put it. Yanukovych even went so far as to redefine democracy as "order" in a press conference in Strasbourg on April 27. But political order is not democracy. Such hypercentralized political systems are rarely efficient and almost always corrupt. There is no reason to think that the Donbass-based dons who man the Yanukovych system will be able or willing to pursue the economic reform Ukraine so badly needs.

EASTWARD BOUND

Just as Yanukovych has failed to live up to his democratic and economic promises, he has acted against his campaign promise to unify the country. As president, Yushchenko actively favored his ethnic Ukrainian base by promoting the Ukrainian language, culture, and identity in schools, government, and the media. In the process, he alienated many of the ethnic Russians and Russian-speaking Ukrainians in the country's east and south. Most observers expected Yanukovych to calm the tense situation by neither advocating nor disparaging Ukrainian heritage. Instead, he surprised everyone by attacking it.

Dmytro Tabachnyk, Yanukovych's appointment for minister of education and science, has spearheaded this assault. Tabachnyk is an odious choice because, besides having a weak academic pedigree, he openly espouses anti-Ukrainian views. He claims that the ethnic Ukrainians in the west of the country are too westernized to be true Ukrainians. He believes that Ukrainian culture flourished in Soviet times, when it was in fact suppressed in favor of the colonial power's culture. He also insists that today the Russian language is discriminated against, even as Russian-language publications and broadcasts make up the overwhelming majority of media available in Ukraine. Since assuming his new position, Tabachnyk has reduced the role of Ukrainian in schools, urged the cessation of Ukrainian-language dubbing of foreign films, and expressed indifference to the construction of a statue of Stalin in the southern city of Zaporizhzhya. Unsurprisingly, his assault on

Ukrainian identity has provoked demonstrations, student protests, and petitions—directed as much at Yanukovych as at Tabachnyk.

Yanukovych's overly centralized, anti-Ukrainian regime has been unable to forge a genuine national consensus on the country's political and economic direction, either. A case in point is the April 2010 Russian-Ukrainian pact, in which Yanukovych agreed to extend until 2047 the basing rights of Russia's Black Sea Fleet in Sevastopol, a port city on the southern part of the Crimean Peninsula, which juts off Ukraine and into the Black Sea, and Russian President Dmitry Medvedev agreed in return to lower the price Ukraine pays for Russian natural gas by 30 percent through 2019.

The agreement's critics charge that Yanukovych has sold out to Russia. This may be true, but the more damning criticism is that the agreement was pushed through the Rada without regard for transparency or democratic procedure. As one senior Ukrainian diplomat told me, "The haste with which the agreement was signed is daunting. There was no expert evaluation of the draft and no proper consideration of the issue in parliamentary committees. . . . The decision was taken by a small group of individuals, if not by one person."

There are four separate issues concerning the Sevastopol deal that the Rada should have had the opportunity to debate: the geopolitical implications for Ukraine of basing the Black Sea Fleet in Sevastopol, the fair rate that Russia should pay in rent for using the base, the price Ukraine should pay for Russian gas, and the cost to Russia of transporting gas through Ukraine's pipelines. But instead of airing these issues individually in the Rada, Yanukovych bundled them and thus bartered away Ukraine's security by ceding informal control of the Crimea, its potentially vital sea-lanes, and the natural gas deposits that surround it to Russia for the foreseeable future. In return, Yanukovych secured gas prices that will likely save Ukraine some $1-$3 billion annually for only the next nine years. Worse, Russia merely agreed to cut its gas prices to current average world rates, pay below-market gas transit fees, and pay a long-term rent on the base that, at $100 million per annum, is about one-fifth of what experts calculate it should be, based on

rents for comparable bases around the world. With open consideration of the agreement's terms in the Rada and a team of professional negotiators, Ukraine could have gotten much more out of the deal: it should at least have demanded European-level transit fees and a higher basing rent.

The deal's passage unleashed a riot in the Rada, complete with egg throwing and smoke bombs. Yanukovych's subsequent negotiations with Russia over closer cooperation on aviation, nuclear energy, transportation, and gas transit have led to protests across Ukraine. Intellectuals and opposition leaders have accused Yanukovych of treason, declared unconditional opposition to his regime, and predicted that civil war was in the offing. Even if this response is exaggerated, it shows that a significant portion of the population—at least the one-third or more who are opposed to closer ties with Russia—now detests Yanukovych.

CAN'T HOLD US DOWN

The rise of such discontent matters. Ukraine is home to a politically conscious civil society that, thanks to the Orange Revolution, is more vigorous than at any time in Ukraine's almost 20-year independent existence. Professionals, intellectuals, students, and businesspeople will increasingly resist Yanukovych's efforts to establish strongman rule and will continue to protest if he kowtows to Russia or the economy grows worse. They have already started to organize: in mid-March, over 300 representatives of the so-called New Citizen movement met in Kiev to begin monitoring the activities of the Yanukovych government; in May, branches of the similar Save Ukraine Committee were operating across the country. Local elections in 2011 and parliamentary elections in 2012 could also mobilize the population against Yanukovych and his regime. If he continues on his current course, radical nationalists may be the big winners.

Faced with growing popular resistance, Yanukovych may contemplate cracking down on dissent. But such a move would likely provoke violence and destabilize Ukraine. Moreover, authoritarianism along the lines of Belarus in the mid-1990s or Russia at the

start of this century is almost certainly not a viable option for Yanukovych. When Aleksandr Lukashenko became president of Belarus in 1994, he inherited an intact Soviet security apparatus. And former Russian President Vladimir Putin could rely on thousands of *siloviki*, political operatives in the secret police and the army, for support. Ukraine's security service and army are a far cry from those in Belarus or Russia. Without a strong coercive apparatus, Yanukovych cannot succeed even as an authoritarian.

Ukraine's first president, in office from 1991 to 1994, the generally cautious Leonid Kravchuk, has joined the chorus of Yanukovych critics. In an open letter published in March, he wrote, "Your team has many people who want to continue along the path of lawlessness, permissiveness and corruption. They're developing a taste for solving complex problems by force. This has nothing in common with democracy." Kravchuk's comments should worry Yanukovych. They demonstrate that even neutrally inclined Ukrainian elites (Kravchuk did not support the Orange Revolution) are turning against him.

SLEIGHT-OF-HAND REFORM

If Yanukovych keeps on his current course, he could very well provoke a second Orange Revolution. Lacking the ability, capacity, and will to change the system, Yanukovych will probably try to enhance his regime's legitimacy by continuing to rally the more radical of his constituents at the expense of the Ukrainian language, culture, and identity; do everything possible to appease the gas-hungry oligarchs of eastern Ukraine; and use the Union of European Football Associations (UEFA) championship, which Ukraine will host in partnership with Poland in 2012, to promote his image as a pro-European modernizer.

Viewed through this lens, Yanukovych's choice of the incendiary Tabachnyk as education and science minister makes some sense. As Tabachnyk antagonizes nationally conscious Ukrainians, he enhances Yanukovych's appeal among his pro-Russian constituents in the country's south and east. That said, this course risks encouraging

ethnic violence between radical ethnic Russians and ethnic Ukrainians. Additionally, Yanukovych cannot provoke moderate ethnic Ukrainians without limit. They are the ones who took to the streets in 2004 to prevent him from coming to office and could do so again to kick him out.

The lower natural gas price that Yanukovych negotiated with Russia will bring immediate benefits to the oligarchs who run Ukraine's heavily industrialized southeast. Lower gas prices will allow them to keep the costs of their products low and globally competitive without forcing them to modernize or become more efficient. This will certainly endear them to Yanukovych in the short term. In the medium term, however, Ukraine's overarching economic stagnation will eat into their profits. And even if the population welcomes lower gas prices at first, the Yanukovych regime is likely to become more corrupt as it draws closer to Russia's notoriously unscrupulous energy business. Sooner or later, as their living standards stagnate or deteriorate, Yanukovych's working-class constituents may begin to realize that they got the short end of the deal.

Yanukovych's best chance to rally public support (and address some economic problems) might be the 2012 UEFA championship. Ukraine's roads are in terrible shape; its railroads, although efficient, require modernization; and its airports and hotels are in need of significant improvement. A state-led campaign to fix these problems before the influx of tourists in 2012 could generate economic activity, create jobs, and attract more capital. Unsurprisingly, readying Ukraine for the championship has become a priority for Yanukovych, who in April created a special committee to oversee the preparations.

The UEFA preparations will buy Yanukovych time but cannot fix Ukraine's underlying economic and political problems. To do that, Yanukovych would have to democratize his regime, control corruption, cease his anti-Ukrainian campaign, and persuade his compatriots to accept the economic pain that goes with serious reform. He may eventually come to realize that democracy is

preferable to ignominy. Or oligarchs worried about their long-term economic interests may persuade him that hypercentralization will destabilize Ukraine. Rather than waiting for these eventualities to happen, however, Russia and the West should help Yanukovych change his course now, before it is too late.

HELPING YANUKOVYCH HELP HIMSELF

At the start of his presidency, Yanukovych laid out his foreign policy priorities: restoring Ukraine's close ties with Russia, European integration, and building relationships with strategic partners such as the United States. By playing to these priorities and, at the same time, pursuing their own interests in the region, Russia, the European Union, and the United States can help stabilize the Yanukovych presidency and Ukraine.

Russia considers Ukraine part of its sphere of influence and would prefer it to be a weak state rather than an independent, strong democracy. But although a weak Ukraine may be to authoritarian Russia's benefit, a deeply dysfunctional Ukraine on the verge of popular revolution is not. For his part, Yanukovych has said that he wants Ukraine to serve as a bridge between Russia and the West. But a bridge must be sturdy. With the gas and fleet deal, Yanukovych has amply demonstrated his fealty to Russia and solidified his pro-Russian credentials with his base. The Kremlin should return the favor by encouraging Yanukovych to fire the controversial Tabachnyk to appease some of his critics in the rest of the country.

The West has an even greater role to play in nudging Yanukovych in the right direction. The International Monetary Fund—which gave Kiev an emergency loan at the start of the global economic crisis and will likely need to do so again—should insist on strict conditionality. It should not only demand that Yanukovych balance his budget but also pressure him to undertake significant structural economic reforms, including reducing taxation, simplifying business registration procedures, raising the retirement age, and raising the cost of utilities.

Europe should hold to the European Parliament's February 2010 resolution, which reaffirmed Ukraine's strategic importance to the EU and stated that the country could apply for membership if it "adheres to the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law." As the European Parliament recommended, Europe should assist Ukraine in meeting these standards and should deepen ties between the two by working toward visa-free travel, better energy cooperation, and a free-trade zone. Yanukovych has affirmed that he is interested in further integration with the EU. Europe should take him at his word and offer Yanukovych the prospect of associate member status for Ukraine if he tackles some of the country's political and economic problems.

Washington must remind Yanukovych that Ukraine—especially a democratic Ukraine—remains important to the United States, even as the Obama administration works to improve U.S. relations with Russia. Historically, the U.S.-Ukrainian relationship has atrophied when the United States has pursued closer ties with Russia and has grown stronger when U.S.-Russian relations were strained. But President Barack Obama should resist this pattern. Just as a stable Ukraine is in Russia's interests, so, too, is a stable and democratic Ukraine in the United States' interests. If Yanukovych precipitates a government collapse or state failure, Russia may be tempted to step in, disrupting the balance of power in eastern Europe.

If no popular revolution intervenes, Russia and the West will have to deal with Yanukovych and his "blue counterrevolution" for the next five years. Unfortunately, during that time, Yanukovych will probably grow increasingly ineffective and embattled, destabilizing Ukraine. Yet it remains conceivable that Yanukovych could reverse course, democratize Ukraine, and enact genuine economic reform. But this is likely only if Russia and the West act soon to save Yanukovych from himself.

Yanukovych's Choice

An Association Agreement With the EU Will Transform Ukraine—And Its President

Alexander J. Motyl

Ukrainian President Viktor Yanukovych has a decision to make. On November 28–29, Ukraine could sign an Association Agreement with the EU that will expand their political and trade ties, security cooperation, and cultural connections. Success or failure to sign the agreement will not only reshape Ukraine's domestic political landscape; it could force Yanukovych, ever the authoritarian in democrat's clothing, to change too. If Ukraine doesn't sign it, Yanukovych may have to fashion himself as an anti-Western autocrat with a political future bound to Russia. If it does, he just might reinvent himself as a pro-Western national democrat who saved his country by bringing it closer to the EU. Each strategy carries risks, but only the second one promises stability.

The Association Agreement is, according to the EU, "a pioneering document" and "the first agreement based on political association between the EU and any of the Eastern Partnership countries." It focuses on core economic and political reforms while promoting "democracy and the rule of law, respect for human rights and fundamental freedoms, good governance, a market economy and sustainable development," as well as "enhanced cooperation in foreign

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and security policy and energy." It would create a Deep and Comprehensive Free Trade Area to open up markets and bring trade competition up to EU standards. If Yanukovych signs the agreement at the Vilnius summit in late November, it then will have to be ratified by Ukraine's rubber-stamp parliament and all EU-member state parliaments. But ratification will hinge on Germany, which is uneasy about integrating Ukraine at the cost of antagonizing Russia given its own dependence on Russian gas.

If the agreement is signed and ratified, Ukraine has much to look forward to as part of the most successful and most democratic economic and political association in the world. Over half of the electorate—the pro-Western, pro-Ukrainian, and anti-Soviet electorate in the center, north, and west that regularly votes against Yanukovych—will rejoice at the agreement's passage. But over a third, located in the uncompromisingly pro-Russian, pro-Soviet, and anti-Western regions of Ukraine's south and east that have served as the die-hard base for both Yanukovych and his Party of Regions, will be outraged. Ukraine could suffer some short-term economic distress as European goods flood its markets, domestic production adjusts to the new economy, and unemployment likely increases. Punitive Russian trade restrictions imposed in October 2012 to keep Ukraine from signing the agreement will remain in place. Any chance of lifting them will disappear due to Russian President Vladimir Putin's anger at having lost Ukraine.

But if Ukraine does not sign the agreement, it will be thrown into a geopolitical no-man's land between an indifferent EU (and NATO) and a Russia eager for Ukraine's inclusion in the Moscow-led Customs Union, which consists of Belarus, Kazakhstan, and Russia. By joining the Customs Union, Ukraine could become a permanently underdeveloped supplier of raw materials and low-tech goods to Russia. That might go over well in Ukraine's pro-Russian and anti-Western southeast. But it would incense the rest of the country, which is proudly nationalist, pro-Western, and deeply anti-Soviet and knows that Ukraine's rejection of the West and the promises of greater economic integration would be catastrophic.

Either scenario will put a wrench in Yanukovych's attempt to win the presidency in 2015. In the elections of 2004 and 2010, his strategy was clear: draw on his base, attract disillusioned democrats, and appeal to certain narrow constituencies and special interests such as the country's wealthy oligarchs. And, if that didn't work, falsify the results. In 2004, that strategy only half succeeded, which led to a degree of vote-rigging that sparked popular fury and the Orange Revolution. In 2010, as public disenchantment with the Orange governments of President Viktor Yushchenko and Prime Minister Yulia Tymoshenko deepened, Yanukovych didn't look so bad after all. He applied that strategy and won what international observers called a free and fair election.

But that strategy won't work in 2015. If the agreement is not signed, the pro-Western electorate will have more reason than ever to detest Yanukovych for failing to bring Ukraine closer to the EU. His anti-Western base, meanwhile, will have second thoughts about supporting a man who pushed for integration with Europe, rather than Russia. And rightly so. His supporters in Ukraine's depressed southeast know that they have nothing to lose from integration with Russia. In contrast, Yanukovych and his closest allies, including most of Ukraine's oligarchs, know that a closer association with Putin's Russia would transform them into vassals of the Kremlin. They also know that their power and status would be safe within the EU and its rule of law. Many anti-Western Ukrainians could then drift toward the high-living Stalinist leader of Ukraine's Communist Party, Petro Symonenko, who managed to garner 38 percent of the vote in the presidential elections of 1999.

Without the agreement, the only way for Yanukovych to keep the presidency is to court his own electorate by appealing to its authoritarian values, rig the elections, fully appropriate the autocratic powers that his base admires, and rule with an iron fist. It probably wouldn't be enough to win, however, since his regime lacks the coercive, ideological, charismatic, and material resources that make authoritarianism effective. The army is weak, the police

forces are untested, and his regime has no ideological appeal. Yanukovych himself is generally perceived as comical or inept, a mirror of Ukraine's economy, which is perpetually on the verge of default. Meanwhile, Yanukovych's aggression would likely provoke massive civil disobedience from the country's robust civil society organizations and violence from right-wing radicals.

Ukraine would be a very different—and far more stable—place if it signs the EU agreement. The people in Yanukovych's base will abandon him: after all, the agreement contravenes everything they stand for. They'll rush to the Communist Party, and the Party of Regions will be left to struggle as it tries to reconcile its anti-Western sympathies and authoritarian tendencies with Ukraine's turn toward the rest of Europe. If Yanukovych hews too closely to his authoritarian past, however, he'll be doomed politically. EU monitoring will guarantee that he'll lose fair and free elections.

Yanukovych's only path to re-election in this scenario is his own reinvention: abandon his anti-Western values, jettison the intransigent elements within his southeastern base, and reach out to the Orange electorate. Civic and political mobilization is much lower in Ukraine's southeast than in the rest of the country, which should keep the anger of the anti-Western base, and their ability to do anything about it, in check. Russia might threaten intervention in support of its Russian-speaking brethren in Ukraine, but that would probably just be rhetoric; it is unlikely to want to disrupt relations with the EU and the United States, especially in the aftermath of the Sochi Olympics.

Transforming himself into a democrat would be easier for Yanukovych with the charismatic Tymoshenko, currently in jail on political charges, out of the picture. Yanukovych could outflank his democratic opponents, including Arseniy Yatseniuk and Vitali Klitschko, who do not inspire much faith among voters, given what many consider their lack of principles and their penchant for corruption. Surveys show that Yatseniuk and Klitschko would beat Yanukovych in presidential elections, but mostly because

Yanukovych is so unattractive. He could address that problem by trying to change popular perceptions of his rule.

Yanukovych could court Orange voters by embracing the pro-European "civilizational choice" that the Association Agreement represents. Claiming to be more European than his democratic opponents alone won't do the trick. Yanukovych would have to make a few striking personnel changes, take some symbolic steps, and adopt several policy shifts in order to persuade voters that his Europeanism is real.

For starters, he would have to replace the universally detested pro-Russian and pro-Soviet minister of education and science, Dmytro Tabachnik, with someone who has a less jaundiced view of Ukrainian language, history, culture, and identity. Vyacheslav Bryukhovetsky, the former president of Ukraine's most Western-oriented university, the elite Kyiv-Mohyla Academy, comes to mind. Yanukovych would also have to sack the current, ineffective prime minister, Mykola Azarov, and replace him with a moderate technocrat with relatively clean hands, perhaps the multimillionaire confectionary magnate Petro Poroshenko, known as the chocolate king. Or, if Yanukovych really wanted to push the envelope, he could turn to Yatseniuk or Klitschko. The head of the Security Service of Ukraine, Oleksandr Yakymenko, who spent most of his career in the Russian armed forces and is too closely associated with Yanukovych, would have to go, as a sign of changing times.

To show Ukrainians that he's turning a new leaf, Yanukovych should vacate his palatial (and dubiously acquired) residence outside of Kiev and donate it to the people as a conference center, think tank, foundation, or museum. He could consider moving into an apartment downtown in walking distance of his office, abandoning the traffic-inducing motorcades that rile city residents. Reining in his older son Oleksandr's excesses in the banking world and even encouraging him to go back to dentistry would also impress voters.

Yanukovych would also have to adopt new policies. To cut back on red tape and corruption, he could fire a good portion of the

do-nothing state bureaucracy and raise the salaries of the remaining officials. To encourage healthy economic competition and wealth distribution, he could introduce a raft of policies that promote small and medium business and ensure that tenders are actually competitive. Promoting Ukrainian language and culture on the one hand while guaranteeing the linguistic and cultural rights of Ukraine's ethnic minorities on the other would also underscore his serious commitment to supporting cultural diversity.

None of these measures is too difficult to pursue for an autocrat-president who currently has all the powers he needs to twist arms, distribute incentives, and implement his policy preferences—especially with European support. Still, for Yanukovych, it comes down to a choice. He could transform himself from the president of a minority of Ukraine to the president of most of Ukraine, from an authoritarian detested by most Ukrainians to a democratic leader of all the people, from a source of European embarrassment to a showcase of EU effectiveness. With his political survival on the line, Yanukovych just might make the leap and change. After all, the ultimate survivor in Ukraine's untamed political world already overcame his criminal convictions as a teenager and the disgrace of the Orange Revolution to become president.

Yanukovych Must Go

Ukrainians Will Protest as Long as His Corrupt Regime Exists

Alexander J. Motyl

For the second time in nine years, anti-regime protesters have filled the streets of Ukraine. But now, the stakes for the European Union and the United States have risen. Ukraine's latest political upheaval, which pro-European protesters have dubbed the Euro-Revolution, began in late November when President Viktor Yanukovych rejected a long-awaited agreement to boost political and trade ties with the EU. Demonstrations exploded after riot police brutally attacked protesters camped out in Independence Square, the site of the 2004 Orange Revolution, on November 30. Within a week, mass protests demanding Yanukovych's resignation spread across the country. Several hundred thousand marched in Kiev, while mostly young activists set up barricades around government buildings and knocked down a statue of Lenin.

Mykola Azarov, Ukraine's prime minister, called the peaceful demonstrators in Kiev "Nazis" and compared the statue's toppling to the Taliban's destruction of the giant Buddhas of Bamiyan in Afghanistan in 2001. European Commission President José Manuel Barroso, meanwhile, praised the "young people in Ukraine's streets" for "writing a new history of Europe." The demonstrators' slogan ("Ukraine is Europe!") signifies much

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more than a desire to join the EU. For them, as for most Ukrainians, Europe is a symbol of democracy, national dignity, human rights, and freedom—everything they believe, correctly, the Yanukovych regime opposes.

Although much of the world has focused on the demonstrations in Kiev, anti-regime discontent is hardly limited to the capital. Opposition channels, Web sites, and social media have broadcast continuously from Independence Square or the Euromaidan ("Eurosquare" in Ukrainian), providing accurate information and countering the slanted reporting of regime-controlled and Russian sources. Several journalists have even resigned from Ukraine's First National TV station in protest. Up to 50,000 Ukrainians have marched repeatedly in Lviv, where the elite Berkut police units pointedly refused to intervene. In the west, the Europe-leaning officials who run the Ivano-Frankivsk, Lviv, Ternopil, and Volyn provinces have effectively escaped the regime's control.

Demonstrations have even erupted in the country's south and east, long the home of Yanukovych's traditional support base. Sensing danger, his ruling Party of Regions has called emergency sessions in two formerly quiescent eastern cities, Kharkiv and Luhansk, in order to nip homegrown anti-regime sentiments in the bud. In Donetsk, Yanukovych's stronghold, the authorities had to cancel a pro-regime demonstration when it became clear that the turnout would be embarrassingly small. In Yenakievo, Yanukovych's hometown, the mayor assured nervous regime supporters that "Big Daddy"—Yanukovych—"will never betray his children."

Since it lost the battle for hearts and minds very early, a desperate regime bared its teeth. In the early hours of December 11, Berkut units assaulted the Euromaidan, but protestors held their positions and the police retreated after daybreak. As opposition leaders called on Ukrainians to march on Independence Square, Assistant Secretary of State Victoria Nuland handed out food to protesters, after Catherine Ashton, the European Union's foreign policy chief, visited the square. In a statement, Secretary of State John Kerry expressed "disgust" with the Ukrainian authorities' use

of "riot police, bulldozers, and batons" against peaceful protesters. "This response is neither acceptable nor does it befit a democracy." Yanukovych proved, yet again, that he only speaks the language of force and cannot be trusted.

Even if the regime eventually disperses the Euromaidan protesters, the crisis is far from over. Mass demonstrations will likely continue; protesters can encamp in another square in Kiev. The Yanukovych regime will remain weak and popular opposition will remain strong. Lacking legitimacy and economic resources, the regime will rest on force and be viewed as an occupying power. And occupation always provokes resistance. The pro-European protesters know something that Yanukovych and his cronies still cannot comprehend: that Ukraine's only path to stability and prosperity is democracy.

THE MESSAGE FROM THE MAIDAN

Although Yanukovych's decision to spurn the Association Agreement with the EU sparked the Euro-Revolution, its underlying causes run much deeper. In his three years in office, Yanukovych has created a dysfunctional system of sultanistic rule, concentrating power in his less-than-able hands and turning the government and parliament into rubber-stamp institutions. He has eviscerated the courts, joined forces with Ukraine's richest oligarch, Rinat Akhmetov, and used his Party of Regions as a vehicle for self-enrichment. The result is an ineffective, incompetent, and corrupt government apparatus that systematically ignores popular needs and violates human and civil rights.

Beyond that, the protests have also exposed three truths about Ukraine. First, the emperor, Yanukovych, has no clothes and everybody inside and outside Ukraine now knows it. It is no longer possible to claim, as many observers have for years, that his regime is benign and that he has a democratic mandate. Quite the contrary, he has lost all legitimacy. Second, Ukrainians are not, as was frequently asserted in the last few years, apathetic and indifferent to their fate, to democracy, and to freedom. They want to run their

lives without Yanukovych's paternalistic interference in a way that accords with what Europe represents. Third, Ukrainians will not submit to the predations of an authoritarian regime. They rebelled in the late 1980s against Soviet rule. They rebelled in 2000–2001 against the authoritarianism of President Leonid Kuchma. They rebelled in the 2004 Orange Revolution against Yanukovych's falsification of presidential elections. And they rebelled in the 2013 Euro-Revolution against Yanukovych's sultanism. They will continue to rebel as long as sultanism exists.

If the Yanukovych regime survives the current crisis intact but refuses to change its ways, Ukraine will be ungovernable: the regime will continue to stagnate, the already slumping economy will go into freefall, Ukrainian civil society and the democratic opposition will grow stronger, and pro- and anti-regime radicals will mobilize. Another rebellion will be all but inevitable. And that will bring violence, especially if a desperate regime miscalculates and cracks down on civilians, provoking a counter-response.

Yanukovych has no future in such a Ukraine, with nothing positive to offer a population that knows that its poverty and degradation are the direct result of his malfeasance. Nor does he have the coercive resources to reestablish stability in a country the size of France by force. The army is decrepit, the internal troops untested, and the elite riot police number only several thousand. Even Russia cannot save him. Billions of dollars of credits and lower gas prices may reduce the budget deficit and keep gas prices down, but they will do nothing to address the sources of the current crisis. Yanukovych's chances of winning the 2015 presidential elections fairly and freely are nil, and electoral falsification will produce another popular uprising. Yanukovych is in no less of a crisis than the system he built.

The only stable solution to Ukraine's state of permanent revolution is a democratic government. Only it would have the legitimacy and popular support to dismantle an authoritarian, crony system, take on corruption, embark on painful reforms, and turn Ukraine toward Europe and the world. Yanukovych still had a chance to

become a reformer before he rejected the EU agreement; he may not get it again. At some point it will be up to the democratic opposition to try its hand. When that time comes, it will have to avoid the post-revolutionary Orange government's mistakes—the failure to develop a clear reform agenda and lines of authority within the new government—and follow, instead, the path of post-Communist reformers in Estonia, Lithuania, and Poland who quickly adopted painful economic reforms, streamlined their government bureaucracies, and willingly borrowed ideas and personnel from the West. When Ukrainian democrats extend a hand to the West, the European Union and the United States would do well to reciprocate.

AS UKRAINE GOES

Ukraine's descent into instability might not matter if it were a tiny country tucked away in some corner of Eurasia. But today, as much as at independence in 1991, Ukraine matters precisely because it is a pivotal state, populated by 45 million people, that borders both Europe and Russia. Ukraine's independence is, as former National Security Adviser Zbigniew Brzezinski has repeatedly argued, a guarantee of Russia's non-imperial future and Europe's security. An unstable Ukraine could produce instability next door, in Hungary, Poland, Romania, Slovakia, and the Baltic states. In contrast, a stable, democratic, and prosperous Ukraine will reinforce stability in both Europe and Russia, two key U.S. interests.

None of this is new. Ukrainian and Western analysts have well understood Ukraine's potential role in the region since 1991, but few policymakers listened. After the Orange Revolution in 2004, President Viktor Yushchenko's government hoped for a quick rapprochement with the EU, but Brussels stayed silent. Germany, the EU's power holder, was loath to disturb relations with Russian President Vladimir Putin (Chancellor Gerhard Schröder even called Putin a "true democrat" at the height of the Orange Revolution). But with the Orange government's descent into perpetual squabbling, the EU finally appreciated its strategic interest in the

countries of the former Soviet Union and developed the Eastern Partnership, which was supposed to culminate in the Association Agreement. This time Kiev, responding to Putin's sticks and carrots, turned its back on Europe and ignited the Euro-Revolution.

Although a weak, unstable, stagnant, and authoritarian Ukraine cannot be in the interest of a democratic Russian state, it suits Putin just fine. Having amassed vast powers, Putin needs to bring former Soviet territories under Moscow's umbrella to bolster his legitimacy at home and project newfound Russian strength abroad. The strategy has been heavy-handed. Putin's adviser Sergei Glazyev warned that borders could be revised in case Moldova and Ukraine signed the Association Agreement, spurning Russia. Equally aggressive are Putin's pursuit of a Customs Union with Belarus and Kazakhstan (and, if it joins, Armenia) and his promotion of a plan to create a Eurasian Union to supersede the mostly defunct Commonwealth of Independent States. Neither scheme makes much economic or political sense in a globalized world. But, in transforming their non-Russian member states into Russian appendages, both would serve Putin's ideological interests. The very last thing Putin wants is a successful revolution in Ukraine that would energize and inspire Russia's democratic opposition.

Massive human rights violations and the collapse of Ukraine's democratic potential should trouble all Europeans and Americans. An economic basket case on the EU's eastern border will produce huge numbers of labor migrants and refugees. An ungovernable Ukraine will not be a reliable transit country for the large amounts of natural gas that flow from Russia to Europe. A stagnant authoritarian regime that generates periodic mass uprisings could at some point provoke a civil war or, not inconceivably, result in state failure. Permanent instability may even tempt Putin to consider military intervention along the lines of Georgia, unleashing a wider conflagration.

Asked how they think the West can support their democratic aspirations right now, most Ukrainians say that Europe and the United States should squarely tell Yanukovych that a violent

crackdown and a refusal to negotiate would have two immediate consequences. First, the West will take advantage of the Magnitsky Act, the 2012 U.S. law that bars Russian officials from traveling to the United States and accessing their U.S. bank accounts, and impose travel bans on top Ukrainian officials and their families. At the same time, visa restrictions could be loosened on ordinary Ukrainians. Second, Europe and the United States will freeze the billions of dollars of illegally acquired assets held by Yanukovych's inner circle and their cronies in the West.

Ukrainians understand that these measures will not dismantle Yanukovych's broken system: that is their job. But such measures would send a powerful signal to Ukraine's democratic forces and provide the regime with incentives to lessen its exploitation of the population and its repression of the opposition, take round-table negotiations seriously, and perhaps even agree to new elections or a coalition government. Should the regime come to its senses, Ukrainians hope that Europe will leave the door open to an Association Agreement. Should the regime collapse, Ukrainians know that continued Western support of Ukrainian democracy will be critical to its survival. Above all, the United States and Europe will have to appreciate that their own interests require denying Putin his neo-imperial hopes for a weak Ukraine.

But even with their vital interests at stake in Ukraine, it remains to be seen whether Washington and Brussels understand that if they do too little to support Ukrainians in the streets now they will have to deal with far more instability later. U.S. and European officials have told Yanukovych to refrain from violence. Most Ukrainians would argue that, however positive, such vague admonitions without a clearly stated "or else" will have no impact on a brutal regime concerned only with power and self-enrichment.

Is There One Ukraine?

The Problem With Ukrainian Nationalism

Orlando Figes

Images of toppled statues notwithstanding, "revolution" has never been the right word to describe recent events in Kiev. Ukraine, after all, has been here before. At the heart of the country's present struggle is its resistance to any "strategic partnership" with Russia and its understanding of Europe as a potential economic and political savior from corrupt government. But the tensions between East and West—both psychological and geographic—are deeply rooted in Ukraine's national identity. Those Ukrainians most concerned about their country's future would do well to recognize that identity's inherent fragility. The original generation of Ukrainian nationalists suffered precisely for their failure to do so.

Prior to the twentieth century, there were no "Ukrainians" to speak of—at least not in an official sense. Tsarist Russia built its national identity on the idea of Slavic unity, of which Ukraine was a fundamental and inseparable part. Russia still traces its Orthodox inheritance to Kievan Rus, the loose confederation of Slavic principalities that fell to the Mongols in the thirteenth century. Dominated by the Lithuanians and the Poles from the fourteenth to the sixteenth centuries, and overrun by Cossacks in the seventeenth, most of the area was integrated into the emerging Russian Empire

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after 30 years of fighting among Russia, Poland, Turks and Cossacks for control of its fertile lands. But the region to the west of the Dnieper River (which runs through Kiev) remained with the Poles. Upon Poland's partition in the final decades of the eighteenth century, these western lands (where Catholicism had gained some foothold) were divided between Russia and Austria.

The western population under Austrian rule was labeled "Ruthenian" (dog Latin for "Russian"); in the central and eastern lands, the population was categorized as "Little Russian" by the tsarist state (which had made it illegal to print the word "Ukraine"). In many of the territory's remote rural areas, there was so much ethnic intermingling that it was difficult for anything more than a localized form of identity to take root in the popular consciousness. "Were one to ask the average peasant in the Ukraine his nationality," observed a British diplomat in 1918, "he would answer that he is Greek Orthodox; if pressed to say whether he is a Great Russian, a Pole, or a Ukrainian, he would probably reply that he is a peasant; and if one insisted on knowing what language he spoke, he would say that he talked 'the local tongue.'"

The country we now call Ukraine was a creation of World War I—which destroyed the Russian and Austrian empires—but its people were not called Ukrainians until independence had been won. Internally divided by language and religion throughout the nineteenth century, Ukraine was less a nation than an expression of the geopolitical divisions that erupted in World War I. A Ukrainian nationalist movement did begin to emerge before the war, but it was confined to the urban literate classes seeking to promote their own Ukrainian language in schools and public life through native-language newspapers and books.

The nationalists eventually built up a mass following by combining calls for land reform with demands for native-language and civil rights, enabling the Ukrainians to gain full access to schools, courts, and political representation. But this national revolution, which burst onto the scene in 1917, proved impossible to sustain in the face of Russian resistance. The movement soon came to depend

on assistance from foreign powers, including Germany and Austria, that were keen to help the nationalists attain Ukraine's independence in order to control this weak new state and use it in the war against Russia.

Ukraine won its independence from Soviet Russia thanks to Germany's defeat of Soviet Russia and the Treaty of Brest-Litovsk. But this was an impoverished form of independence, as it depended heavily on German protection and had a pro-German puppet state that allowed the kaiser's armies to help themselves to its rich food stocks. After the withdrawal of German forces at the end of the war, the country was overrun by Polish forces, the Western-backed White armies, anarchist peasant groups, and the Red Army. Ukraine's nationalists had the weakest hold on the country of them all.

In 1921, the Bolsheviks emerged victorious from the Russian civil war, and Ukraine was forced back into the fold. With the Soviet-Polish Treaty of Riga, Ukraine lost its independence and found itself partitioned between Soviet Russia and Poland. And having sided with the Germans and the Poles against the Soviets, the Ukrainians who remained in Soviet territory were singled out for punishment. Joseph Stalin in particular never forgave the Ukrainians for their independence movement during the civil war: No other Soviet republic suffered so severely from his policies, especially from forcible campaign of agricultural collectivization, which ended in the famine of the early 1930s, now recognized by the United Nations as an act of genocide in all but name against the Ukrainians.

The Ukraine that was later carved out of the Soviet Union in 1991 was little more united or coherent as a nation than the one that had entered the U.S.S.R. as a Soviet socialist republic in 1922. Its boundaries with Russia and Belarus were in many places arbitrary and confusing. The Soviet leader Nikita Khrushchev created a further complication when he transferred the Crimea from Russia to Ukraine in 1954. Packaged as a gift of "Soviet friendship" to his native Ukraine, where Khrushchev had presided over much of the terror in the 1930s, the transfer remains a thorn in Moscow's

relations with Kiev because the Russian fleet continues to be harbored on this strategic Black Sea peninsula.

Above all, the country is divided between those who look to Europe for their values and ideals—mainly young Ukrainian speakers in the west and central regions—and those older Russian speakers in the industrial eastern regions and Crimea who prefer to retain the old connections with Russia. Consider a November 2013 poll conducted by the Kiev International Institute of Sociology. It showed high levels of support in eastern Ukraine (64 percent) for a customs union between Ukraine and Russia, modest levels of support in central Ukraine (29 percent), and lower levels in the west (16 percent). Support for a referendum on whether the country ought to join the European Union followed the reverse pattern: 66 percent in favor in the west, 43 percent in the center, and only 18 percent in the east.

It would be difficult to argue that Ukraine's future lies east. In the short and medium term, Ukrainians cannot afford to fall out with Russia, which controls their energy supplies, owns most of their debt, and has strong links with their industries. But in the longer term, Europe is the best hope the Ukrainians have for good governance and economic modernization—for the "normal" way of life that seems to be the guiding inspiration of the opposition on the streets. Russia can only offer nostalgia for the past, not the promise of a better future.

But Ukrainian nationalists would do well to remember that their European dream is just that—a dream. The European Union is undoubtedly sympathetic to Ukrainian demands for political reform, and that is certainly an important step: Ukraine has been badly served by corrupt politicians for far too long. But Brussels is unlikely to commit to the grander visions of some Ukrainians. There will be no visa-free travel for Ukrainians, let alone EU membership for Ukraine. Ukraine is too big and too poor for the European Union to absorb it. Those Ukrainians who are skeptical of Europe are not wrong to think that Europe mostly has its own interests in mind when supporting the protesters in Kiev.

Given how divided Ukraine is on these issues—and how incompatible Russia's desires are with the European Union's—Ukraine ought to consider applying a precedent from elsewhere in eastern Europe: deciding the country's fate by referendum. The 1993 partition of Czechoslovakia, the so-called velvet divorce, was a mostly amicable division that was ratified, and thus legitimized, by the country's own citizens. Ukrainian politicians could similarly allow the public to decide the basic course of the country's foreign policy. It would be a messy process, and there would be many who argue reasonably that Ukrainian identity consists precisely in maintaining some link with both East and West. But foreign policy by referendum would be preferable to the permanent division of Ukraine, which is looking increasingly like a possibility. And given Ukraine's tragic twentieth-century history, it would certainly be preferable to a solution imposed by an outside power.

Ukraine's Big Three

Meet the Opposition Leaders at the Helm of Euromaidan

Annabelle Chapman

Over the last few days, Ukraine has seen the worst clashes since antigovernment protests began in November after Ukrainian President Viktor Yanukovych refused to sign an association agreement with the European Union. In the last two months, Yanukovych and his supporters have declined to make any concessions to the opposition, responding instead with riot police and, last week, a set of laws intended to severely curtail the protests. Talks between Yanukovych and the opposition, when they have taken place, have come to nothing. Now, with violence rising in Kiev's Independence Square, known as the Maidan, Ukraine's opposition leaders must decide what to do next.

Ukraine's Euromaidan, as the demonstration is known, has three leaders but no hero. That is somewhat surprising for a country with such a long tradition of protest, including, most recently, the Orange Revolution. In 2004, Viktor Yushchenko, who had previously been prime minister and whose face was permanently scarred from a dioxin poisoning, and Yulia Tymoshenko, who had previously been deputy prime minister, came to embody the hopes of millions of Ukrainians and successfully challenged the results of a massively fraudulent election. This time around, three opposition leaders have attempted to guide the protests: Vitali Klitschko, Oleh

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Tyahnybok, and Arseniy Yatsenyuk, an unlikely trio of politicians who banded together after parliamentary elections in October 2012 to create what they called a united opposition.

Klitschko is likely the most familiar of the three to readers in the West. This 42-year-old world-boxing champion has been widely profiled in the international press; I interviewed him in Kiev shortly before the protests began. In 2012, his party, UDAR (the Ukrainian Democratic Alliance for Reform, literally "punch"), made it into parliament with 14 percent of the vote on an anticorruption platform. Klitschko spent years in Germany for his boxing career and speaks English and excellent German. He wants Ukrainians to enjoy European living standards and has emerged as a leading proponent of closer relations with the European Union, which he believes will make Ukraine a wealthier and better-run place. He has already been tipped as a future president for Ukraine, although many Ukrainians worry about his lack of experience and weak oratory skills.

Tyahnybok, who hails from Lviv, is the leader of the nationalist Svoboda ("Freedom") party, whose stronghold is western Ukraine. The party finished recent parliamentary elections with ten percent of the overall vote. Svoboda has been particularly visible at the protests, although that reflects its own opportunism more than the views of most of the protesters. For example, Svoboda holds itself up as a champion of Ukrainian language and culture. All too often, though, that is accompanied by aggressively nationalist and xenophobic rhetoric. (In the past, Tyahnybok has referred to the "Jewish-Russian mafia, which rules in Ukraine.") Like the other opposition parties, Svoboda wants Ukraine to sign the Association Agreement with the European Union. But its more radical views fit uneasily with its supposedly pro-European stance and are a source of concern for many observers in Ukraine and abroad.

The third leader, Yatsenyuk, has been all but overlooked in the international media, although he is by far the most politically experienced of the three. At 39, he has already served as foreign

minister, finance minister, and speaker of Ukraine's parliament. Yatsenyuk leads Tymoshenko's Fatherland coalition in her absence; in the 2012 elections, the party came in second, after Yanukovych's Party of Regions, with 26 percent of the vote. Fatherland won the support of the west and center of Ukraine, the areas that traditionally back the Orange Revolution and are most hostile to Yanukovych. Yatsenyuk lacks charisma and has failed to capture Ukrainians' attention like Tymoshenko once did. But a number of Ukrainians have told me that he is the safest and most realistic candidate the opposition has on offer, as he is neither an inexperienced sports celebrity nor a fiery nationalist.

So far, there has been enough room for all three men at the protests. Klitschko has been seen patrolling the barricades and tough-talking anyone who seems keen to provoke violence, sometimes accompanied by his younger brother, Wladimir (also a boxing champion). Tyahnybok has appeared on the stage in the Maidan with the other two leaders and has toned down his rhetoric. Meanwhile, Yatsenyuk has been calling for unity in the face of mounting pressure. The clashes of the last few days have highlighted the need for them to take a stand to curb the violence. A video of Klitschko published on Monday, in which he calls on all Ukrainians to come to Kiev to protect their future, is an attempt at leadership. But the protesters are expecting more.

To that end, the opposition has called for an early presidential election, but Yanukovych has ignored them. They will have to wait until the next one, in March 2015. Very early polls suggest that Klitschko has the best chance of winning against Yanukovych in a runoff (roughly 43 percent of respondents would vote for him, compared with Yanukovych's 25 percent). But the all-important question of who will run remains unanswered. Klitschko wants the opposition to put forward a single candidate (presumably himself), whereas Yatsenyuk maintains that it should run multiple politicians. Running more than one candidate would split the opposition vote in the first round. But there is also an increasingly valid objection to Klitschko's vision: One registered

opposition candidate makes it easier for the authorities to target and eliminate him.

In Yanukovych's Ukraine, elimination is a real possibility. His biggest rival, Tymoshenko, is conveniently behind bars. In October 2013, the Ukrainian parliament passed a law that prevents Klitschko, who has permanent resident status in Germany, from running for president. (He says he still will.) Yatsenyuk could be next: On December 8, the media reported that Ukraine's security service, the SBU, has launched investigations against the opposition for "activities aimed at overthrowing the government"—in other words, a coup. The stories named no names, but the next day, police raided the Kiev headquarters of Yatsenyuk's Fatherland. Fearing it would be next, Klitschko's UDAR evacuated its own offices that night. A set of laws that was pushed through parliament by Yanukovych's supporters only adds to the sense of siege. One of the laws strips members of parliament of their parliamentary immunity, which could open the door to further arrests.

If Klitschko and Yatsenyuk are pushed out of the game, Tyahnybok, the nationalist, would be the only realistic opposition candidate left. And that could be exactly what Yanukovych has in mind. Recent polls suggest that even Tyahnybok could win against Yanukovych in a standoff. However, his candidacy would further polarize the country between east and west, and put liberal Ukrainians in a sticky situation. Besides, the margin between Yanukovych and Tyahnybok is so small (less than two percentage points) that Yanukovych could be tempted to try to steal the vote—and get away with it.

All the same, it seems like the opposition leaders increasingly see the 2015 election, not the protests, as the real opportunity for change. They will need to stay ahead of Yanukovych, who desperately wants to be re-elected. They should draw on (but not take advantage of, as some activists claim) the civic initiatives that have blossomed since the Euromaidan protests began—of which Hromadske.tv, a civic news channel set up by some of Ukraine's top journalists, is just one example.

They will also need to contend with the gulf between themselves and the protesters. And this rift goes back to the first days of the pro-European demonstrations, when nonpartisan protesters gathered on the Maidan while the opposition parties stood on the nearby European Square. Many civic activists accused the opposition leaders of trying to usurp the protests for their own political gain and of having no strategy. "I wonder where the opposition leaders were when police attacked peaceful demonstrators?" one young woman said to me when riot police first cleared Independence Square in November. This resentment was more evident than ever at the height of the clashes on January 19. "We no longer need a single candidate for president," shouted an activist from the stage on the Maidan, a reference to the opposition's lack of agreement on who will run in 2015. "We need a leader!"

"Lenin fell because he was jealous: he triggered one revolution, and Yanukovych has triggered two," Yatsenyuk said after the statue of Lenin in Kiev was toppled in early December. The next months will show who, if anyone, is capable of toppling Yanukovych—in a presidential election or otherwise. What happens after will determine whether Ukraine will go on to be a democracy. The hundreds of thousands of Ukrainians who have protested on Independence Square do not want another Yanukovych. Nor do they want another Yushchenko—that would be the biggest betrayal of all.

No One Wins in Ukraine

Letter From Kiev

Annabelle Chapman

On Saturday, Ukraine's parliament voted to impeach President Viktor Yanukovych, perhaps bringing to an end to the months of protests that followed his November refusal to sign an association agreement with the European Union. The events leading up to Saturday's vote were frenzied: clashes earlier in the week had left over 100 people dead; on Friday, the European Union had brokered a controversial peace deal between Yanukovych and the opposition; and on Saturday, former Prime Minister Yulia Tymoshenko was released from prison and promptly flew from Kharkiv, a city in eastern Ukraine where she was being held, to the Maidan, Ukraine's Independence Square. Her return, which could upset the fragile balance among the protest movement's three main opposition leaders, sparked concerns among protesters that this week marked the end of Yanukovych's rule but not the start of something new.

Of all last week's events, Yanukovych's removal was perhaps the most surprising. The deal he signed with the three opposition leaders and EU representatives on Friday had allowed him to stay in office until December, when early elections were to be held. Later that night, however, a commander of one of the protest movement's

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defense units sent Yanukovych an ultimatum from the stage in Independence Square: resign, or face an armed surge. By early Saturday, there were unconfirmed reports that Yanukovych had, indeed, left office. Later that day, however, a mysterious television interview surfaced on UBR, a Ukrainian business channel. In it, a worn-out looking Yanukovych called the week's events a coup and vowed to fight on. "I don't intend to leave the country," he said, "I don't intend to step down. I am the legally chosen president." Even so, he was stopped that evening trying to leave Ukraine and then, somehow, vanished. His whereabouts remain unknown.

Yanukovych's Party of Regions, which has a support base in pro-Russian eastern Ukraine, has been quick to drop him, blaming him for the unrest in Ukraine. In an official statement on Sunday, party officials lamented that "The million-member party effectively become the hostage of one corrupt Family," referring to Yanukovych's innermost circle. And it seems that even Yanukovych's onetime ally, Russian President Vladimir Putin, has given up on him, judging him to be incompetent. No one is sure what Russia's next move will be; Russia's ambassador to Ukraine was summoned back to Moscow late Sunday.

Now that Yanukovych is gone and his some of his closest allies have disappeared, the opposition must get to work on forming a new government. Parliament named Oleksandr Turchynov, the speaker of parliament (and, incidentally, a close Tymoshenko ally), as interim president and has given lawmakers until Tuesday to form a new unity government. Several politicians will likely be vying for a role.

The first is Tymoshenko. She was the heroine of the Orange Revolution of 2004, in which Ukrainians camped out on the Maidan to protest against a presidential election that they believed Yanukovych had stolen. In the years that followed, she became prime minister twice. She ran for president in 2010, but lost to Yanukovych by 3.5 percentage points. She was imprisoned in October 2011 on charges that were seen as politically motived. Indeed, her imprisonment is one reason that Brussels had put off signing

an association agreement with Kiev (until Ukraine's government decided to drop the agreement itself in November).

Already, Tymoshenko appears eager to take charge. "This is your victory, because no politician, no diplomat, could do what you have done: you have removed this cancer from this country," she proclaimed to an expectant crowd in the Maidan on Saturday evening. She has announced that she does not wish to be considered for the post of prime minister. As soon as she was released, she said that she would be running for president.

If she does, it will upset the fragile balance between the three opposition leaders who have attempted to guide the protests in the Maidan: Vitali Klitschko, a 42-year-old world-boxing champion; Arseniy Yatsenyuk, who led Tymoshenko's Fatherland coalition in her absence; and Oleh Tyahnybok, the leader of the nationalist Svoboda ("Freedom") party. The three were already divided over who would run in the next presidential election, which was originally supposed to take place in early 2015. If all three remain intent on running, they will now have to jockey for position against Tymoshenko as well. That—and the sudden removal of Yanukovych, a clear common opponent—could cause their declared unity to crumble.

Tymoshenko's return is particularly threatening to Yatsenyuk, although he called repeatedly for her release. His problem is that he lacks charisma. During the protests he often played second fiddle to the more outgoing Klitschko and Tyahnybok. There is no way he will be able to hold a candle to Tymoshenko, whose greater charm was on display in a video clip recorded just after she landed in Kiev on Saturday. In the clip, which has already been watched over 500,000 times on YouTube, a group of activists guarding the airport is seen asking her to remember who carried out the revolution and not to squander the people's hopes. "I want you to know that that's the most important thing for me," she reassures them with a smile. Seconds before, in the same video clip, Yatsenyuk is seen struggling to respond to queries about his perceived privileges, in this case a motorcade. "You're not in power yet and you're already behaving like this," one of the men mutters.

Tymoshenko's return might also spell trouble for Klitschko, who, according to early polls, had the best chance of the three protest leaders of beating Yanukovych. Unlike Tymoshenko, he is a fresh face with no previous political history; he began his career as a member of Kiev city council in 2006 and was elected to parliament in 2012, but hasn't sat in government. However, his lack of experience could also be seen as a weakness. On Friday night, he had a tough time explaining to protesters why he had signed the deal with Yanukovych. On the stage in the Maidan, one protester said it was a disgrace that the leaders had shaken Yanukovych's hand. Shortly after, Klitschko apologized to the crowd and asked for forgiveness. In remarks on Sunday, he suggested that he still wants to run for president.

It is also unclear whether Tymoshenko's return leaves any space for Tyahnybok, the nationalist leader whose politics always made him an uneasy fit on the Maidan, but who nevertheless rose to become one of the three main opposition leaders, alongside Klitschko and Yatsenyuk.

But it isn't time to dismiss the three revolutionaries quite yet. After all, the broader reaction to Tymoshenko's release has been mixed. For many on the Maidan, her release from prison is one thing, but her return to politics is quite another. Some Ukrainians believe that she already had her chance when she became prime minister in 2005 after the Orange Revolution and again in 2007–2010, noting that she did little to reform the country or to bring it closer to the European Union. Indeed, her administration was marked by infighting among the Orange Revolution forces, something many would rather not repeat. Still, other Ukrainians think that she would make the best leader, at least compared to the other less experienced or less charismatic candidates.

For now, it is impossible to say that one position is in the majority. And that points to an interesting fact of the Euromaidan: the protesters have not been standing outside for three winter months for the sake of one of the opposition leaders—and that includes Tymoshenko. They have been protesting for fundamental change

in the system—for rule of law, closer relations with the European Union, and an end to corruption. They succeeded in ousting Yanukovych, and they sense that Tymoshenko also belongs to his era. There was something almost anachronistic about her appearance in the Maidan on Saturday. Many in Ukraine no longer want populist leaders like her, who pledge to look after them; they want leaders who will introduce accountability, respect the rule of law, and fight against corruption.

As Ukrainians mourn those who died last week, they will resent—more than ever—what they see as careerist attempts by politicians to take advantage of the situation. That is why, even after Yanukovych's departure, some of the protesters are still out in the streets. Klitschko, for one, has called protesters to stay there until the reforms begin. They could be in for more long months to come.

Ukraine's Crisis of Legitimacy

How the New Government in Kiev Can Save Itself

Keith Darden

It's been a turbulent few months in Ukraine. What began at a summit in Vilnius in November as part of the EU's ongoing effort to create a Europe "whole and free" now looks increasingly like it could result in a Ukraine that is not whole and perhaps not free. As Ukraine has moved from peaceful demonstrations to lethal battles between police and protesters, and from President Victor Yanukovych's ouster to Russia's seizure of the Crimean peninsula, Ukrainians and outside observers alike talk openly of the country's collapse or descent into civil war.

Back in November, it all seemed so simple, or so the story goes. Many observers argued that the offer of the Association Agreement with the EU, which would boost Ukraine's economic and cultural ties with Europe, presented the country with a simple choice: the path of modernization, liberalization, the rule of law, and greater integration with the West; or the course of authoritarianism, cronyism, stagnation, and integration with Russia. After signaling for months that he would sign the agreement, Yanukovych rejected it. Many thought the gambit could never work, and the crowds that gathered on the Maidan seemed to prove them right.

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The mass protests, according to most media coverage and commentary, were a sign that Ukrainians, like the Polish and Baltic peoples before them, want the prosperity and predictability that would flow from EU accession.

There is both truth and falsehood in this narrative. For 20 years, Ukraine has done little more than tiptoe toward Europe and a liberal economic model. It is certainly true that Ukrainians are not happy with the result. Elections have been relatively free and competitive, but few other elements of liberalism have followed. Across Ukraine, people express deep dissatisfaction with the corruption and lawlessness that has marked their post-Soviet history. They want security, an end to the abuse of power, a legitimate democratic process, and above all the prosperity that comes from the rule of law. To the extent that these are the values that constitute Europe, Ukrainians want to be part of Europe.

But the idea of Europe and the reality of integration into the European Union are not the same thing. When pollsters from the Kiev International Institute of Sociology, in November, asked Ukrainians whether they wanted their country to join the EU, just 39 percent said yes (37 percent favored the Russian-led Customs Union). If pollsters had asked whether they supported the government scaling back energy subsidies, laying off workers, and reducing services in order to cut its budget deficit, the number might have fallen into the single digits. But EU integration would, indeed, force Ukraine to make such reforms to move its economy closer to European standards. And joining Europe requires far more than just economic reform.

And therein lies the rub. Although geographically proximate, Ukraine is still institutionally distant from Europe. No Ukrainian government to date has shown genuine willingness to close that gap, and citizens have long been divided on whether they ought to try. Despite what opposition leaders say, there are few signs that Ukraine's new interim government, led by new Prime Minister Arseniy Yatsenyuk, will be much different. Some of its first steps are even oddly redolent of the country's recent past.

In the four years that Yanukovych was in power, he used his control of the courts and the parliament to selectively prosecute his enemies, expropriate business rivals, change the constitution to his liking, and accumulate wealth and power (and a number of gaudy houses). In its first days in power, the new government has installed its own loyalists in the prosecutor's office, the police, and the courts; impeached Yanukovych without using constitutionally mandated procedures; freed its political friends and issued arrest warrants against its enemies; and turned a blind eye as armed militias brandished their Kalashnikovs in government offices and invaded the homes and offices of political rivals. Despite the new government's revolutionary rhetoric, a revolution that just replaces old faces with new faces is no revolution at all. It is only when the old, patrimonial, and politicized institutions are replaced with new ones that Ukraine will truly find a place in Europe.

The prospects for democracy are uncertain. There was a moment of hope for a stable transition to more democratic government late last month. After protests turned violent in Kiev and over 70 people were killed (most by government snipers), Yanukovych and the opposition signed what amounted to a power-sharing agreement, brokered by the foreign ministers of France, Germany, and Poland, to return to the 2004 constitution (with a weaker presidency and stronger parliament). Constitutional revisions, the disarmament of the militant groups, and early presidential elections would follow. But militant protesters in Kiev's Maidan quickly torpedoed the deal. Although Ukraine has returned, nominally, to the 2004 constitution, little else has gone as planned. All of the newly appointed ministers in the opposition's new government are from familiar opposition parties or from the Maidan: if power is being shared, there is no evidence of it yet.

There is no question that Yanukovych's departure is an opportunity. He was not the only patrimonial politician in Ukraine, but he was the most important one. With his avarice, repression, and tendency to overreach whenever he felt he had the upper hand,

Yanukovych created the conditions of his own downfall. If Ukraine was to find a place in Europe, he needed to go.

But Yanukovych needed to go via a legitimate election. His removal from office upset the country's delicate internal politics and opened the door to Russian intervention. Yanukovych's exit and the partial collapse of his Party of Regions, which represented a significant portion of the south and east of the country, left key pro-Russian constituencies unrepresented at a critical time. The new government exploited the situation by quickly abolishing a law allowing the country's regions to make Russian a second official language.

The Russian military has now stepped into the breach, invading Ukrainian territory under the pretext of restoring constitutional order and protecting the rights of Ukraine's Russian-speaking citizens. The citizens of southern and eastern Ukraine deserve to have their interests better represented in the new government, but the Russian military is not the representation they needed. Indeed, if President Vladimir Putin were truly concerned with the rights of ethnic Russians, he didn't need to invade Crimea—there are 143 million Russians at home waiting to be liberated from his own authoritarian rule.

Imposing economic sanctions on Russia is an appropriate and necessary response. But the surest way out of Russia's efforts to divide the country is to restore legitimacy to the government in Kiev through both presidential and parliamentary elections. Nothing is more important to Ukraine's European future.

But elections will not be easy now that Russian troops are on Ukrainian soil. Even before Russia's move, tensions were high as the new government showed no willingness to rein in the most militant factions on the Maidan or to crack down on vigilante efforts against the old regime. Pravy Sektor, a coalition of far-right militants, has already declared its own ban on the Party of Regions and the Communist Party and called on its members and nonmembers alike to attack both groups. Last week, the government rewarded Dmytro Yarosh, the leader of Pravy Sektor, with a

high-ranking security post; the Ministry of Internal Affairs announced official collaboration with nationalist paramilitary groups and is allowing them to continue to operate on Ukrainian soil. In Crimea, elections would be held under Russian occupation.

Fortunately, Russia has an incentive for Crimea to recognize Ukrainian sovereignty and take part in Ukrainian elections: for two decades, Crimean voters have provided crucial electoral support for pro-Russian parties and presidential candidates. Without Crimea, Yanukovych could never have won office in the first place. If Crimea leaves Ukraine, Ukraine will move further from Russia.

The EU and the United States, for their own part, must also get Kiev to clean up its act. If there is a silver lining to the crisis, it is that the new government needs outside help, especially financial aid, to survive. Western governments should use assistance as leverage to constrain extreme actions and ensure fair elections that bring to power a legitimate president and a representative parliament, regardless of geopolitical loyalties. That scenario, which might just keep Ukraine whole and free, would benefit the EU, the United States, and Russia together. It is the only truly European course. If this contest does not take place in the voting booth but in the streets across the country, from Kiev to the Crimea, there will be nothing European about it.

Russian Revisionism

Putin's Plan for Overturning the European Order

Ivan Krastev

Russia's willingness to violate Ukraine's territorial sovereignty is the gravest challenge to the European order in over half a century. The conflict pits a vast nuclear power against a state equal in size to France, an autocratic regime against a revolutionary government. The Russian intervention in Ukraine raises questions about the security guarantees that the West made to Ukraine after the country gave up its nuclear weapons in 1994, and it flies in the face of many Europeans' belief that, in recent years, a continental war has become all but impossible. The end result may be the emergence of a third Russian empire or a failed Ukrainian state at the center of Europe.

Russia's aggression in Ukraine should not be understood as an opportunistic power grab. Rather, it is an attempt to politically, culturally, and militarily resist the West. Russia resorted to military force because it wanted to signal a game change, not because it had no other options. Indeed, it had plenty of other ways to put pressure on Kiev, including through the Russian Black Sea fleet in Sevastopol, the Ukrainian city in which the force is based; playing with gas prices; demanding that Ukraine start paying off its government debt to Russia; and drumming up anti-Ukrainian sentiment among Ukraine's sizeable Russian population. Further, senior

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American figures had already noted that the Ukrainian crisis could not be solved without Russia, and European leaders had expressed their unhappiness about a new (and unfortunate) law that Ukraine's transitional government passed soon after it was formed, which degraded the status of the Russian language. In other words, resorting to force was unnecessary.

It was also dangerous: Ukraine is a big country, and its public, still in a revolutionary mood, is primed to fight for a patriotic cause. Moscow's intervention will provoke strong anti-Russian sentiments in Ukraine and will perhaps bring what's left of the country closer to the EU and NATO. Military intervention in Ukraine also risks unleashing a real humanitarian crisis within Russia. According to Russian sources, nearly 700,000 Ukrainians have fled to Russia over the last two months. Around 143,000 of them have asked for asylum. A war in Ukraine could triple these numbers. Finally, it is easy to foresee that Moscow's use of force will increase Russia's political isolation. It has already resulted in some economic and political sanctions, which could be a knockout punch to Russia's stagnating economy. By some estimates, the direct costs to Russia of a war in Ukraine could reach over three percent of Russian GDP (over $60 billion).

Yet Putin decided to throw caution to the wind. Anger is one of his reasons for doing so. Putin was defeated twice in Ukraine: first during the 2004 Orange revolution, which brought to power a pro-Western coalition led by Yulia Tymoshenko, and second during the recent protests, which booted President ViKtor Yanukovych, a pro-Russian politician, out of office. Moscow had bet on Yanukovych and had tried to hold him hostage to its own interests. For example, it pressed him to refuse to sign an Association Agreement with the EU (his failure to sign was what first sparked the protests in Ukraine) and loaned Ukraine nearly $15 billion, thus making the country dependent on Russia. But it was really Putin who became hostage to the increasingly unpopular Yanukovych and his hapless cronies. When Yanukovych lost power, Putin suddenly and unexpectedly lost his strategic

partner. Putin's escalation, at least in part, is an attempt to cover up the failures of his Ukraine policy.

For now, Moscow wants to topple the new regime in Kiev, which it views as being made up of radicals who won't survive more than several weeks in power. By pressuring the regime with an invasion and by heightening the fears of the Russian speakers in Ukraine's south and the east, Putin will likely get what he wants. His strategic goal is not to cut off Crimea, as recent events might suggest, but to bring about a constitutional crisis that will remake Ukraine into a confederate state with a very weak center, the eastern part of which will be more integrated with Russia and the western part closer to Poland and the EU. Realizing that he has lost Kiev, in short, Putin seems to want to move Ukraine's center of power elsewhere.

The worst part of all this is that Putin knows that he can likely get away with it. "What can we do?" asked Fiona Hill, a Brookings Institution scholar who was a top U.S. intelligence officer on Russia during the Georgia war, in a recent interview with *The New York Times*. "We'll talk about sanctions. We'll talk about red lines. We'll basically drive ourselves into a frenzy. And he'll stand back and just watch it. He just knows that none of the rest of us want a war."

But maybe the rest of us should. The Putin of 2014 is not the Putin of 2004, or even the Putin of 2008. He is no longer simply the ruthless operator who is interested in power and money, the one who dreams of getting Russia back on the global stage. He is interested in ideas. He presents his advisers with the writings of Ivan Ilyn, the Russian philosopher and ideologue of the Russian All-Military Union. He personally directs the writing of history textbooks. In the last few years, and particularly after the explosion of protests in Moscow in the winter of 2011–12, Putin has come to view himself as a last bastion of order and traditional values. He is convinced that liberalism is contagious and that Western mores and institutions present a real danger to Russian society and the Russian state. He surely dreams of the pre-1914 days, when Russia was autocratic but accepted, revolutions were not tolerated, and

Russia could be part of Europe while preserving its distinctive culture and traditions.

From that perspective, the Ukrainian revolution is a symbol of everything that is wrong with today's Europe. It flirts with people power and moral relativism, it stirs passions, and it shows utter disregard for Russia's geopolitical ambitions. And with his adventure across the border, Putin has signaled that he won't stand for it. He is apparently ready to abandon all thoughts of Russia being a European nation in good standing—far better for it to be a civilization of its own—and has proved willing to sacrifice his country's economic interests to achieve his goals.

In other words, Putin's march on Crimea is very different from Russia's war in Georgia in 2008. During that debacle, Moscow used force to draw a red line that it insisted Western capitals not cross. In Crimea, Moscow has demonstrated its readiness to cross the red lines drawn by the West—to question legal norms and the structure of the post–Cold War European order. His move is a challenge: Is the United States still ready to guarantee the security of European democracies, or does it prefer offshore balancing and pivoting to Asia? Is Germany powerful enough to deal with a Russia that is uninterested in being European?

Whatever the answers, it will be hard to counter Putin. He has refused to play by Western rules. He seems not to fear political isolation; he invites it. He seems not worry about the closing of borders; he hopes for it. His foreign policy amounts to a deep rejection of modern Western values and an attempt to draw a clear line between Russia's world and Europe's. For Putin, Crimea is likely just the beginning.

Putin's Search for Greatness

Will Ukraine Bring Russia the Superpower Status It Seeks?

Kathryn Stoner

On Saturday, Russia invaded and effectively annexed Crimea, a Ukrainian peninsula in the Black Sea. In doing so, Russian President Vladimir Putin shrewdly took advantage of the political uncertainty that arose when Viktor Yanukovych, Ukraine's former kleptocratic president, took flight last week and was swiftly replaced by a hastily formed provisional government in Kiev. Russia might justify its behavior by speaking of a need to protect ethnic Russians but, in reality, the move was a thinly veiled attempt to forward Putin's real agenda: re-establishing Russia as a resurrected great power.

The official Russian explanation for flooding Crimea with troops, who, dressed in uniforms without insignia, first showed up to "guard" two airports in Crimea and then the Crimean regional legislature, was that Russia was concerned about the treatment of the ethnic Russian minority within Ukraine, particularly in Crimea. The thin pretext was a law that Ukraine's provisional parliament speedily passed after Yanukovych's departure that

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downgraded the status of the Russian language relative to the Ukrainian language.

As U.S. President Barack Obama evidently mentioned during the 90-minute phone conversation he had with Putin after Russian troops first invaded Crimea, the Russian minority hardly constituted a reason to invade. After all, in 2008, when Putin sent forces to Georgia, another neighboring former Soviet state, he at least waited until a few houses were burned down in the ethnic Russian regions of South Ossetia and Abkhazia. At that point, he dispatched thousands of troops to "liberate" the persecuted Russian minority and, incidentally, establish Russian sovereignty and a lasting military presence in the regions.

In Crimea, however, tensions had not escalated beyond some pushing and shoving between ethnic Russians on the one side and ethnic Ukrainians and indigenous Crimean Tatars on the other. And the only people hurt in these skirmishes were ethnic Ukrainians. It makes little sense for Russia to squander the international goodwill it generated from the unexpectedly successful Sochi Olympics for a few million Russians living in Ukraine (only about 20 percent of the total Ukrainian population identify themselves as ethnic Russians), especially when there was little violence. Furthermore, it is especially hypocritical of Putin to cite Russian rights while he is busy persecuting gays and lesbians within Russia proper and imprisoning members of the Russian opposition, as he did earlier this week for the "crime" of standing outside a Moscow courthouse to hear the prison sentence of a group of Russian citizens who had legally protested Putin's reelection in 2012.

As most observers understood all along, Putin's endgame in Ukraine is not to protect persecuted Russians. One alternative explanation is national security. The Crimean peninsula is home to the Sevastopol naval base, which houses Russia's Black Sea Fleet. In 2010, Ukraine agreed to lease the base to Russia until 2042. Russia certainly wouldn't want the new Ukrainian government to seize Sevastopol or threaten it in any way. But that probably wouldn't have happened anyway: The base generates income for Ukraine

and the country has almost no military. Ukraine's new leaders know that its few thousand active duty troops would be no match for Russian regular troops or special forces. Russia knows that, too, and likely understands that Ukraine's new government would never have made a move on Sevastopol. Protecting the Black Sea Fleet cannot be Putin's main driver, either.

Rather, as those who watched the opening ceremonies of the Olympic Games must have realized, Putin wants everyone to know that Russia is back. Putin's mission with the Olympics, as with his last-minute diplomatic intervention in Syria last year to prevent a U.S. attack, is to remind the world that Russia is a greater power than ever. It is entitled to international respect, he believes, and it isn't getting enough. It is also entitled to dominate its neighbors both economically and now, evidently, militarily.

Officials at all levels of the Russian Foreign Ministry and within the presidential administration truly believe that Russia has a natural sphere of political and economic influence. The media makes much of Putin's infamous statement in 2001 that the collapse of the Soviet Union was "the worst geopolitical catastrophe since WWII," often misunderstanding that to mean that Putin would like to see the resurrection of the Soviet Union. But a revitalized Soviet Union is not the endgame in Ukraine (nor was it in Georgia). Rather than the revival of a particular political and economic system guided, if somewhat cynically, by a communist ideology, he wants to reestablish what Russians historically—well before the Bolshevik Revolution of 1917—viewed as theirs. This includes Ukraine and Georgia but also the South Caucasus countries of Armenia, and possibly Azerbaijan, Belarus, and Moldova. Ukraine and Georgia are of particular importance to this mission because they sit on Europe's borders.

But there are risks to this way of thinking: Russian nationalists (and Putin has become one) will remind you that Russian civilization began in *Kievan Rus*, a confederation of East Slavic tribes across Belarus, Ukraine, and Russia from the late ninth to the mid-13th centuries. They will also tell you that half of Ukraine

speaks Russian. That might be true, but it is only because the Soviet Union had an official language policy requiring the teaching of Russian language in all schools across the Soviet Union, not because Ukrainians are basically Russians. Russian nationalists might view Ukrainians as "little brothers," but the affection is one-sided. Ukrainians don't view Russia as a friendly, if over protective, older sibling; they view it as an invading state.

Great powers assert themselves where they see their interests being threatened. If an independent Ukraine under a provisional, European-oriented government were to actually side with the West and leave Russia's sphere of influence, then what would stop other nations from doing the same? And what would stop Western powers from gradually moving closer to Russia? From this perspective, the only thing to do was to act decisively to stop any further Western incursion. And there is little the West can do about it without risking a third World War.

For now, the only force powerful enough to stop Putin might just be the Russian people. One of his administration's greatest fears is that something like the Ukrainian Orange Revolution of 2004 or EuroMaidan of 2013-2014 could somehow infect Russia with democratic revolutionary fervor. Pesky calls for free and fair elections, rule of law, due process, and equality have gotten in the way of maintaining order, growing the economy, and pilfering from state coffers. But wars, especially wars fought to protect brother Russians in a neighboring state, play well at home. In invading Ukraine, then, Putin has perhaps convinced two audiences—domestic and international—of his power.

Watching Putin in Moscow

What Russians Think of the Intervention in Ukraine

Daniel Treisman

By sending troops into Crimea, Russian President Vladimir Putin has amplified Ukraine's turmoil and set off the most dangerous crisis Europe has seen this century. Less noted, however, is that the move portends a significant change in Russia's domestic politics. Putin has abandoned the strategy that has underwritten his political dominance for the last 14 years. And in doing so, he has bet the throne on an approach that is likely to fail.

The secret to Putin's past political success is simple: Presiding over years of rapid economic recovery, he could claim credit for restoring stability after Russia's chaotic transition from communism. During his first two presidential terms, from 2000 to 2008, the country's growth rate averaged seven percent a year. In fact, that success mostly reflected factors beyond Putin's control, including surging oil prices and a flood of liquidity into emerging markets. But it did also require a commitment to open borders, integration into international institutions such as the World Trade Organization and the Organization for Economic Cooperation and Development, cordial relations with Western business circles,

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and efforts to project an image of modernity and increasing sophistication. A 13 percent flat income tax and a conservative macroeconomic policy did not hurt.

As Russians' incomes soared, so did Putin's popularity. His consistently high approval ratings—since 2000, they have never fallen below 60 percent on polls conducted by the Levada Center, a Russian nongovernmental organization—have rallied Russia's fractious elites to the president's side and kept naysayers at bay. The global financial crisis in 2008–9 threw Putin's strategy into doubt. By massively boosting spending, the government managed to protect Russians' living standards. But in the last two years, the public has recognized that the growth rates of Putin's first two terms are not returning. Since late 2011, quarterly growth has fallen steadily from 5.1 to 1.2 percent a year.

Recharging the economy would require a serious commitment to safeguarding property rights and attacking corruption. As stagnation deepened, rumors circulated in Moscow last year that Putin would reinstate his competent and respected former finance minister, Alexei Kudrin, and allow him to introduce political and economic reforms. But that did not happen.

Instead, with the invasion of Crimea, Putin appears to have settled on a Plan B for mobilizing support. Whereas the first approach demanded integration, the second embraces isolation. It involves appealing to emotional nationalism, berating the West, and rallying the public against supposed attempts at cultural imperialism. Plan B is not entirely new. In fact, Putin has been flirting with it since the mid-2000s. Since then, the two approaches have coexisted awkwardly. He has managed to slip back and forth between aggressive rhetoric—for instance, comparing NATO foreign policy to that of the Third Reich—and signing deals with Wall Street executives.

But with Russian troops now in Simferopol, Putin appears to have doubled down on nationalism and given up on rapid growth. The great champion of "stability" has taken to tearing up the map of Europe. Whatever the ultimate outcome of the recent

intervention, it has already done serious damage to Russia's economic prospects.

The military operation itself will not cost much, although perhaps more if Putin extends it to other regions of eastern Ukraine. Subsidizing the Crimean economy—and perhaps even that of Ukraine's Russian-speaking rust belt—is not even the main concern. Nor is the ruble's fall, which the Central Bank slowed on Monday with a frantic raise in interest rates and the sale of $12 billion of currency reserves. That will drive up prices of imports, which will surely anger consumers, but it will help exports and ease pressure on the budget.

The real problem is the potential medium-run fall in foreign investment and acceleration of capital flight. Wars tend to elevate perceived political risk—and that goes double when leaders' decisions appear erratic. Western sanctions, if they materialize, will add to the discomfort. Few investors will want to tie up money in companies whose executives may be banned from travel to the West, whose accounts may be frozen, and whose board meetings may be upstaged by the home country invading another of its neighbors.

Putin may have discounted such economic consequences based on the short-lived and moderate international reaction to Russia's 2008 war with Georgia. But that was quite different. Russian troops intervened only after Georgian artillery fired on Russian peacemakers and local South Ossetian civilians. In the Crimea, no one had shot at the locally stationed Russian troops with so much as a peashooter. The Ukrainian case looks more like unprovoked aggression. It also starts to look like a pattern—one that already has other countries with large Russian-speaking minorities, such as Estonia, Latvia, and Kazakhstan, worried.

If Putin has decisively embraced anti-Western nationalism as his mobilizing strategy, evidence suggests that it will not work.

For one thing, Russians, in general, do not like foreign adventures. A survey one month ago by the polling firm VCIOM found that 73 percent of respondents were opposed to Russia getting

involved in Ukrainian politics. Not even supporters of the ultranationalist Liberal Democratic Party or the communists favored intervention. Of course, at the time of polling, Putin's supporters might have thought that he favored staying out as well.

No polls have yet appeared on the Crimean operation. When they do, we should expect a temporary rally. Still, after previous comparable incidents, the immediate boost has been fleeting. In late 1999, Putin, then prime minister to President Boris Yeltsin, sent troops into Chechnya and saw his approval rating leap to 79 percent. By June 2000, it had tumbled to 61 percent. In March 2000, 73 percent of Russians favored continuing the military operation that Putin had started. By January 2001, that had fallen to 38 percent, and a majority already supported negotiating with the Chechen guerrillas. Russians rallied behind Putin in 2002, when Chechen terrorists took hostages in a Moscow theater. But just two months later, the six-point jump in his rating had evaporated. Similarly, as Russian troops fought in Georgia in September 2008, Putin's approval surged by eight percentage points. Yet by February 2009, it had fallen back below the initial level.

Second, playing the anti-Western card may also work less well than Putin imagines. Strange as it may seem, Putin is actually much less popular among Russians who are hostile toward the West than among those with pro-Western views. After 13 years of hobnobbing with former Italian Prime Minister Silvio Berlusconi and German Chancellor Angela Merkel, it is hard for him to play the anti-establishment nationalist. In a November 2012 Levada Center poll, 72 percent of those who said they felt "very positive" about the United States approved of Putin. Among those who said they felt "very negative" about the United States, his approval rate was only 42 percent.

By reaching out to Russian patriots, Putin risks splitting his elite supporters. For his friends in business, the Ukraine operation creates enormous headaches—from potential sanctions and travel bans to market volatility and tighter Western credit. They will see the vulgar nationalism of some of Putin's other friends costing

them money and respect, and Putin's unpredictable behavior threatening their investments. Their loyalty will become more conditional than it already was. And as economic conditions worsen, protests are likely to break out among ordinary Russians.

Putin's Crimean adventure thus promises to accelerate the degeneration within his regime that started with the December 2011 demonstrations and the economic slowdown. Even if the Kremlin finds a quick and face-saving exit, it will have to juggle a multiplying series of challenges—dealing with the Ukrainian aftermath, minimizing international fallout, reassuring other neighbors, managing economic turbulence—just as differences of opinion within the inner circle make action more difficult.

Putin's Own Goal

The Invasion of Crimea and Putin's Political Future

Brian D. Taylor

Russian President Vladimir Putin's startling military takeover of Crimea in response to the February revolution in Kiev left Western leaders scrambling. Internationally, Putin seems the master grand strategist, just as he had after his successful effort in September 2013 to head off potential aerial strikes on Syria. At home, he appears equally in command, having ruled Russia for the last 15 years, with another ten years a distinct possibility. It would be a mistake, however, to overestimate Putin or Russia—or to underestimate how badly his gambit in Ukraine could turn out for him. Finding a way out of this crisis requires an understanding both of why Putin instigated it and of how it will affect his rule.

Putin's thinking was on display in a March 4 press conference, his first public statement since the Crimea crisis began. He referred to the events in Kiev not as a revolution but as "an anticonstitutional coup and armed seizure of power," calling the current authorities in Kiev "illegitimate." He blamed the West for interference in Ukraine, drawing a comparison to "America employees of some laboratory . . . conducting experiments like on rats, not understanding the consequences of what they are doing." And he

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denied that Russia had deployed forces in Crimea, but reserved the right to do so (and not only in Crimea) to protect the local population. Several Western journalists immediately asked whether Putin had lost his mind.

Putin's statements, however, were neither new nor crazy, although obviously one-sided and, to Western ears, occasionally bizarre. (The claim about "local self-defense forces" not being Russian soldiers was, to put it mildly, inconsistent with other reports.) Rather, they were the product of a worldview fairly widely shared among the Russian political elite, who believe that the West is out to get them. At any rate, the main audience for Putin's statements was not Westerners but Russians, whom Putin would like to convince of the West's nefarious ends. Putin sees the Ukrainian revolution not simply as a geostrategic defeat for Russia but one that was engineered in the West. He believes that the West instigated the revolution to bring the country into the Western orbit, despite its natural propensity to ally with Russia. Furthermore, he notes, the West was prepared to cynically make common cause with violent extreme nationalists to achieve its goals.

The behavior of Western diplomats during the revolution reinforced this viewpoint. For example, although the highlight for Western listeners from a leaked phone conversation between Assistant Secretary of State Victoria Nuland and U.S. Ambassador to Ukraine Geoffrey Pyatt earlier this year was Nuland's blunt declaration "Fuck the EU," the important part of the conversation for Russian observers was the seemingly casual way in which Nuland indicated her preferences about the best political course of action for "Yats" and "Klitsch," the Ukrainian opposition leaders Arseniy Yatsenyuk and Vitali Klitschko. Russia thus sees U.S. claims that it did not interfere in the Ukrainian revolution and that it wants Ukrainians "to determine their own future" as hypocritical and even mendacious.

Moreover, for Putin, the recent Ukrainian revolution was just the latest episode in a long-term and cynical game the West has played to try to bring former Soviet republics such as Belarus, Georgia, Moldova, and Ukraine into the Western orbit, including

through externally sponsored "regime change." He sees both the 2003 Georgian Rose Revolution and the 2004 Ukrainian Orange Revolution through this lens. And that view was further reinforced in 2008 when NATO committed to eventual membership for Georgia and Ukraine.

Worse, Putin and his circle believe that the West has every intention of infecting Russia with what pro-Putin commentators call the "Orange plague," referring to the 2004 Ukrainian Revolution. Putin believes his domestic opponents are part of the same conspiracy to weaken Russia; in November 2007, he told supporters that "those who oppose us . . . need a weak, sick state," accusing them of being "jackals" scavenging for foreign support. Putin's fears were seemingly confirmed when large public protests broke out in Moscow after falsified parliamentary elections in December 2011. When Hillary Clinton, the U.S. Secretary of State at the time, criticized the conduct of the elections, Putin stated that opposition leaders "heard the signal and with the support of the U.S. State Department began active work." In June 2013, Putin again complained about Western double standards and interference, maintaining that the U.S. diplomatic mission "works together [with] and directly supports the Russian opposition." Accordingly, over the last several years, he has worked to limit foreign influence in Russia, including by prohibiting the U.S. Agency for International Development from operating inside the country.

STRONG, SELF-CONFIDENT, AND STABLE

Although it would be easy to dismiss Putin's suspicions about nefarious Western intentions as propaganda for domestic consumption only, this vision has been articulated too often (including in unscripted settings) by too many Russian elites for too many years to ignore. What the United States sees as democracy promotion Putin sees as encouragement for regime change. On one level, he is right; if Russia had a more open political system, his ability to keep power might be threatened.

In the face of this perceived threat, Putin's central goal is not to re-create the Soviet Union, although his proposed Eurasian Economic Union is a step in that direction, but to hang on to power at home. Accentuating the threat from the West—and the costs of revolution in Ukraine—are signals to all Russians about the importance of internal stability (and thus the continuation of the current political system, with Putin at its top). He went out of his way in his March 4 press conference to stress the much higher standard of living in Russia compared to Ukraine, and maintained that if the Ukrainian state had been "strong, self-confident, and stable" then chaos would have been averted.

The Ukrainian revolution is particularly troublesome for Putin because it comes at a time of growing concern about the fragility of the Russian political and economic system, and the Ukrainians' complaints about their regime—dissatisfaction with a corrupt kleptocracy based on close links between ruling elites and economic oligarchs provided fuel to the revolution—are echoed in Russia. Some of Putin's closest acquaintances from his St. Petersburg past have grown fabulously wealthy, and many of these same people profited handsomely from contracts for the Sochi Olympics. The Russian opposition leader Alexi Navalny's meme about how the ruling United Russia party is the "party of swindlers and thieves" was one of the most effective opposition slogans during the 2011–2012 protests.

Russia's domestic outlook is also considerably less rosy than it was in 2008, when Russian troops went into Georgia, and elite confidence in the Kremlin is consequently weaker. In 2008, Putin's popularity ratings were at an all-time high (over 80 percent), Russia had experienced eight years of sustained economic growth of roughly seven percent a year, and world oil prices had temporarily shot to over $140 per barrel (although the average for the whole year was slightly less than $100 per barrel). Today, Putin is still popular (over 60 percent approval ratings), but the economic outlook is very different. Growth in 2013 was a mere 1.4 percent, and this at a time when the price of oil has remained over $100 per

barrel for three years straight. Oil and gas revenues account for over half of Russian budget receipts, but it now takes world oil prices of around $110–115 per barrel to balance the budget, compared to $20 per barrel in 2005. Further, the Russian state-controlled energy giants of Rosneft (oil) and Gazprom (gas) have been slow to keep up with revolutionary changes in world energy production and transportation, such as hydrofracking and liquid natural gas.

Russian elites are increasingly concerned that Russia's economic stagnation is not temporary but systemic, a product of accumulated problems and inefficiencies. Last year, the Ministry of Economic Development downgraded its long-range economic growth projections from annual increases of 4.3 to 2.5 percent, well below the rates to which Russia had grown accustomed in the 2000s. Productivity and investment remain low, and human capital spending (spending on education and health care) suffers at the expense of higher salaries for state officials and an ambitious defense buildup, which has been marked by corruption, cost overruns, and unrealistic targets. Russia is economically uncompetitive with developed economies, which have innovative and productive work forces, and poorer countries, which have lower wages and competitive manufacturing industries, and thus more dependent than ever on oil and gas exports.

The consensus view among most Russian economists, and a view endorsed both by Putin and Prime Minister Dmitry Medvedev, is that Russia needs institutional reforms to encourage investment, reduce capital flight, and modernize and diversify the economy. But "institutional reform" is simply code for a stronger rule of law, less corruption, and more robust protection of private property rights. All of these changes are unlikely absent broader political reforms that increase accountability, transparency, and competition—in other words, a total reversal of Russian politics since Putin came to power.

Finally, the image of Putin as Russia's unrivaled strongman is at best an oversimplification. The current Russian regime is not a

monolith but a fractious group of competing oligarchs, clans, and temporary alliances. The security elites (the so-called *siloviki*) who surround Putin may agree that the West is a threat and that Russia needs to restrict domestic opposition in the name of stability, but they are also often at odds with each other, especially when there are bribes to be extorted. Just last week, a turf dispute between the Federal Security Service and the Ministry of Internal Affairs led to recriminations, dismissals, and arrests. Meanwhile, the prosecutor's office has been locked in bitter conflict with the Investigative Committee for several years. Putin's Russia is more a disordered police state than a well-ordered one.

OFF RAMP

The Economist presciently observed in early February that "the danger for the world is that a weaker Mr. Putin may be a more aggressive one, in Ukraine and elsewhere." Indeed, even if we accept that Putin blames the West for the Ukraine crisis, his Crimean démarche seems both emotional and dangerously provocative. Certainly, understanding Putin's worldview and the real problems and challenges facing his regime does not excuse Russian actions in Crimea, but it does provide a better standpoint from which to end the crisis than a framework emphasizing alleged innate Russian characteristics or overemphasizing the Russian challenge.

A good start would be to avoid as much as possible a zero-sum framing of the Ukraine crisis, in which a victory for Russia is a loss for the West, and vice versa. Economic sanctions targeted on the Russian political and economic elite, along the lines being proposed by the United States, are much more likely to have a positive effect than confrontational steps, especially military ones, that will simply confirm for Putin that he is right about the West's real and nefarious intentions. Recent proposals to provide Putin an "off ramp" by brokering a diplomatic agreement for Russia to pull back its troops while international monitors come in to prevent human rights violations are smart. The West should also push Kiev to clean up its act and legitimize itself, not only through new elections

but also with efforts to reach out to politicians from Ukraine's south and east that were previously allied with Yanukovych. That would undercut Putin's stated concern about the illegitimacy of the new government and about the need for a "humanitarian mission" to defend Ukrainian citizens. A commitment by Ukraine's current leaders to honor the Russian Black Sea Fleet basing agreement and not push for NATO membership would also help.

There may still be some space to defuse the Crimean crisis. Unfortunately, the March 6 fast-tracking of a Crimean referendum on unification with Russia, if Putin is behind it, suggests that he decided to speed right past the "off ramp" and head straight for formal annexation. In that case, the prospects for positive-sum outcomes will have shrunk considerably. If Russia does formally annex Crimea, the United States and Europe should go ahead with sanctions, in order to hit Russian elites in their pocketbooks. In the medium term, the United States should help Central and Eastern European governments to diversify their energy supplies, away from their dependence on Russian gas.

Finally, annexation and its inevitable consequences of sanctions and isolation for Russia would probably also mean a further strengthening of the fortress mentality that is already dominant among Putin's circle. He might choose to tighten the screws domestically even more. Such steps would not, however, create either the economic prosperity or the political stability that Putin desires and which ordinary Russians deserve.

Is Losing Crimea a Loss?

What Russia Can Expect in Ukraine's Rust Belt

Alexander J. Motyl

By the end of this month, it is likely that Vladimir Putin's Russia will fully control Ukraine's Crimean peninsula. And it is clear that he aspires to much more. Although a tense calm has settled over Crimea since thousands of Russian troops poured in a week ago, the chance for a Russian military push deeper into Ukraine increased markedly on March 4, when Putin declared at a press conference that he was "not worried" by the prospect of war with Ukraine. In a line that shook Ukrainians to their core, he continued that, if Russia decided to fight, it would be to "to protect Ukrainian citizens." And it would be impossible, he hinted, for Ukrainian troops to do anything about that: "Let's see those troops try to shoot their own people with us behind them—not in the front but behind. Let them just try to shoot at women and children!" In one fell swoop, Putin had broadened his intentions in Ukraine from "protecting" Russian citizens (his rationale for invading and occupying Crimea) to "protecting" all of Ukraine and made clear that he would use Ukrainian civilians—women and children—as a shield for invading Russian forces.

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It is time to imagine what once seemed impossible: Putin attacks and partitions Ukraine and, in addition to Crimea, annexes the southeastern Ukrainian provinces that are generally regarded as most susceptible to conquest—Donetsk, Kherson, Luhansk, Mykolaiv, and Zaporizhzhya, which contain much of Ukraine's ethnic Russian population and form an arc along the Black Sea and Sea of Azov from Mykolaiv, just northwest of Crimea, to Luhansk, which is farther northeast. (On March 8, there were already some reports that Russian troops had advanced from Crimea into a narrow isthmus that is part of Kherson province.) In such a scenario, Russia would be the immediate winner and Ukraine the immediate loser. But in the medium to long term, Ukraine would end up ahead.

Ukraine's initial losses are obvious: defeat in a land war, surrender of territories and populations, and the sacrifice to violence of thousands—perhaps tens of thousands—of Ukrainians. Once the war is over, however, Ukraine would emerge more compact, more homogeneous, and more unified in purpose: Along with its eastern territories would go much of the electorate that routinely votes for the Communist Party and for former President Viktor Yanukovych's Party of Regions. As a result, anti-Ukrainian and anti-Western sentiments would decline. The new Ukraine's government could confidently proceed with a radical political and economic reform program (a more solidary population would be more likely to accept the belt-tightening that reform entails) and pursue rapid integration into European and international structures. Unburdened of some of its most unprofitable rust-belt industrial sectors, Ukraine's economy would be more open to foreign direct investment and could be poised for takeoff. Without Crimea and its southeastern provinces, Ukraine would be smaller, but it would survive and, in all likelihood, be much stronger.

Russia's gains are also obvious: victory in a "grand and glorious" war and the annexation of territory. But the hypernationalism generated by the war and the enthusiasm over territorial expansion

would soon fade as the sobering reality in these provinces sinks in and Russians realize just whom and what they have annexed.

For starters, Russia is fooling itself if it believes that Ukraine's southeastern population will gladly go along with annexation. According to a mid-February 2014 public opinion survey conducted by the respected Kyiv International Institute of Sociology, the vast majority of Ukrainians—even in the southeast—reject "unification" with Russia. Crimea was least opposed, with 59 percent against. In Donetsk, the number was 66.8 percent. In Luhansk, it was 75.9 percent. In Kherson and Mykolaiv, more than 95 percent of respondents were opposed. And a full 83.3 percent of those in Zaporizhzhya said no. In short, annexation will bring an extremely disaffected population into Russia's fold. The people could passively resist Russian rule. They could also take up arms.

Popular disaffection will make it difficult for Putin to walk away. Tens of thousands of Russian troops will have to remain as occupiers for a long time to come—an expensive proposition that could run into billions of dollars annually. And Russia will not be able to neglect the region's economy, since doing so would only increase disaffection and resistance.

In their search to maintain control, Russians would quickly discover that they are in possession of economically unviable provinces that cannot survive without massive infusions of rubles. According to a detailed Ukrainian study of how much Ukraine's provinces paid into and received from the central budget in the first half of 2013, Crimea, Donetsk, Kherson, Luhansk, Mykolaiv, and Zaporizhzhya represented an enormous drain on Kyiv's resources: 22.82 billion hryvnia (around $2.5 billion, or 90 billion rubles). And that is only for the first six months of the year. Multiplied by two, the deficit amounts to 45.64 billion hryvnia (about $5 billion, or 180 billion rubles).

In 2014, Russia expects its budget revenues to be around 13.6 trillion rubles (around $375 billion); its expenditures are supposed to total 14 trillion rubles ($380 billion). That amounts to a deficit of 400 billion rubles ($11 billion). Even without extra

development funds or the costs of an occupation, annexing Ukraine's southeast will raise Russia's deficit by 45 percent.

The bad news gets worse for Russia. Luhansk and Donetsk provinces are home to Ukraine's loss-making coal industry. Kyiv spends between 12 and 14 billion hryvnia (around $1 billion–$1.5 billion, or 47 billion–55 billion rubles) annually to support these mines. Will Russia back these enterprises even as they compete with more economically produced coal from Russia's Kuzbass? It will have to: As Kyiv knows from experience, firing thousands of coal miners could spark massive civil unrest. Moscow will also have to pay them their wages on time. In 2013, wage arrears reached a total of 135 million hryvnia (about $15 million, or 530 million rubles) in Donetsk and Luhansk.

Prospects for Crimea are even worse. In 2013, the region hosted 5.9 million tourists, 25 percent of whom were from Russia and 70 percent of whom were from Ukraine. Ukrainians will likely avoid, or be prohibited from traveling to, an annexed Crimea. And Russians will probably prefer less restive playgrounds, such as Sochi or Turkey. Very quickly, Crimea's famed beaches could go into steep decline. And since tourism accounts for the largest chunk of the peninsula's economy, living standards there would plummet. Crimeans could also face disruptions in electricity, gas, and water supplies, for which they are completely dependent on mainland Ukraine.

These depressing numbers might not matter were it not for the fact that the Russian economy is expected to see subpar performance in the decades ahead. After almost a decade of strong GDP growth, the Russian economy is expected to expand by only 2.5 percent in 2014 and 2.8 percent in 2015. (Previous estimates were around 3 percent and 3.1 percent respectively.) Even worse, Russia's Economic Ministry has revised its long-term growth forecasts for Russia, predicting only a 2.5 percent growth in GDP annually through 2030. The global rate is expected to be roughly 3.5 percent. Imperial "overreach" can quickly turn into imperial collapse if the money to sustain occupation is missing.

Putin was lucky. When he came to power some 14 years ago, energy prices rose and money was abundant. The boom enabled him to flex his muscles and build a fascistoid state, in which he and his cronies could acquire fabulous wealth and still have enough left over for raising his people's living standards. The next decade will be especially difficult economically for Russia. Although the easy money has vanished, elite corruption and popular expectations remain high. And now there could be the added expense of occupying and ruling Ukraine's money-draining southeast. All these rubles will ultimately have to come from the Russian people and the corrupt elites. It is unlikely that they will accept a significant decline in living standards in exchange for the fleeting glory in Ukraine's rust belt.

Ukraine and Ukrainians will be fine. But Russians should be very worried.

The EU After Ukraine

European Foreign Policy in the New Europe

Kathleen R. McNamara

The dramatic events unfolding on Europe's doorstep seem an affront to the European Union's core political values: self-determination, rule of law, and peaceful conflict resolution. Yet even as the situation in Ukraine has deteriorated, Europe has largely remained a passive observer. EU representatives' initial efforts to help stabilize the situation after the ouster of former Ukrainian President Victor Yanukovych petered out with Russia's invasion of the Crimean peninsula. And the emergency session of EU foreign ministers in Brussels on March 3 resulted only in a bland statement condemning Russia's actions that merely hinted at potential serious repercussions. European heads of state are likely to meet later in the week to discuss further options, but few are predicting that the European Union will play a large role in the conflict. The *Wall Street Journal* aptly summarized consensus opinion with its headline "A Shaken EU Makes No Real Effort to Confront Russia Over Ukraine."

It was supposed to be different. The drama of the eurozone crisis aside, the past decade has seen a slow, steady evolution of the European Union as a global actor. It managed the successful absorption of 11 Central and East European states into its democratic free-market system. And with the Lisbon treaty, which came into force in

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2009, the union finally had an answer to former U.S. National Security Adviser Henry Kissinger's apocryphal question: "When I want to speak to Europe, who do I call?" One should call Catherine Ashton, of course. She is currently the European Union's high representative for foreign affairs and security policy, and despite widespread initial skepticism, her efforts to craft a Bosnia-Kosovo peace settlement and her leadership in recent negotiations with Iran have brought accolades. Also helping matters are the new European External Action Service, which serves as a dedicated EU diplomatic corps, and a strengthened European Security and Defense Policy.

All this makes the European Union's seeming timidity when it comes to Ukraine all the more perplexing. It also begs the question of whether we should expect the European Union to sit on the sidelines in future crises. It was, of course, the attractions of further integration with the European Union that sparked the Euromaiden movement in Ukraine to begin with. So if not in Ukraine, where?

In fact, the Ukrainian situation cuts to the heart of both the European Union's promise—and challenges—as a foreign policy actor. The European Union still has a powerful pull for many countries, such as Ukraine, aspiring to join its ranks. It acts in concert on a variety of external policies, signing international treaties alongside sovereign states and acting as the world's largest contributor of foreign development aid. Its combined economic weight outstrips that of the United States and puts it far ahead of China. Perhaps it is unsurprising therefore that the European Union's successes have prompted some observers to forget that it is not a nation-state, and to compare it unfavorably to the United States in terms of foreign policy coherence. In reality, the European Union is sorely limited in its ability to respond in real time to crises. And for the foreseeable future, it will have to continue to navigate the political agendas and identities of its member states.

For now, the European Union reconciles these tensions through a very distinctive foreign policy—one that rests on two elements. The first is an emphasis on "human security," rather than traditional geopolitics. Cataloged in the so-called Petersberg tasks, the

European Union limits itself to strictly humanitarian missions. Its centerpiece European Neighborhood Policy calls for the stabilization of areas surrounding Europe through economic agreements and political encouragement—namely, institutional support, election observers, and various types of association agreements such as the one at the center of the Ukrainian crisis. More broadly, for the European Union, "human security" means a range of vigorous efforts at slowing climate change, managing financial crises and the pressures of economic globalization, human rights, and cybersecurity. In the European Union's world, things such as balance of power and armed intervention are simply not on the table, although individual member states such as France continue to undertake military interventions on their own.

The second key element of the European Union's foreign policy is an insistence on nesting its own actions within those of political institutions above it (such as NATO and the United Nations) and those below it (such as the member states). From its intervention in Libya, conducted under NATO auspices, to the European Union's extensive involvement in peacekeeping activities within the United Nations, to Ashton's leadership on the P5+1 talks with Iran over its nuclear program, multilateral solutions have been the name of Europe's geopolitical game. And in terms of nesting downward, the European Union has repeatedly avoided creating a "European army"—which is politically untenable—but instead built networks of member states' militaries. So the European Union's 2,200-strong Nordic Battlegroup is made up of Estonia, Finland, Ireland, Norway, and Sweden. Its Eindhoven-based European Air Transport Command, which controls aerial refueling and military transport, is run jointly by Belgium, France, Germany, Luxembourg, and the Netherlands. The European Union's drive to nest policies upward and downward helps legitimize its foreign policy activities while also leaving military capacity in member states' hands.

But the European Union's post-national foreign policy is clearly more efficacious in some areas than in others. And the crisis in

Ukraine lays that bare. European talk of democratization and economic development created incentives for change in Ukraine. And as long as support remained in the realm of ideas and institutions, Europe fared pretty well. Ashton was the first senior foreign official to visit Kiev after Yanukovych was ousted. "So we are here to say we want to support and help the country to stay strong and to go forward in the way it chooses to," she said to remarks to reporters in Ukraine. In doing so, she signaled to Moscow the importance of Ukraine's territorial integrity.

But now that the situation has moved into the zone of military actions, the European Union's hands are tied. Before he invaded Crimea, Russian President Vladimir Putin cleverly played up divisions among EU member states (these mostly arise from their varying dependence on Russian energy and trade). Putin's nationalist desire for Russia to become a "resurrected great power" clashes with the very basis of EU foreign policy, delineated in the European Security Strategy document titled "A Secure Europe in a Better World." Putin seems not to have gotten a copy of the ESS, which states that "the development of a stronger international society, well functioning international institutions and a rule-based international order is our objective." Yet efforts to show a united European front against Russia's breach of territorial sovereignty quickly ran into problems; on March 2, Poland and Lithuania invoked the NATO clause that calls for consultation when one of its members feels that its security is threatened. Meanwhile, Germany, the biggest importer of Russian gas, and France have both cautioned against escalation. EU leaders are discussing economic sanctions against Russia, but Germans will surely view any punishment as exacting a higher price on their own nation, since their export economy depends in part on good relations with Russia. The divide between most major European players and the United Kingdom, which is historically most aligned with the United States and is pushing for action, is also coming to the fore.

The demonstration of the hard limits of the European Union's particular brand of foreign policy must be painful for Europe, given

that the tumult in Ukraine is in part an identity crisis over whether Ukraine should be part of Europe or linked to Russia. For now, the European Union must continue to emphasize working through multinational institutions. It is unsurprising, therefore, that one of the first suggestions from German Chancellor Angela Merkel was for the external Organization for Security and Cooperation in Europe to promote dialogue between Russia and Ukraine. Britain is also interested in the idea, proposed by Merkel, of a contact group to embark on a fact-finding mission to encourage political dialogue.

The European Union continues to be an economic giant, but it is not quite the political ant of old. The union is often derided for its confusing alphabet soup of acronyms and overlapping foreign policy institutions. And it is true that in European foreign and security policy there is little clear hierarchy, the names and institutions change every few years, and everything seems terribly ad hoc. But this is all by design—the price for keeping member states, which are quite rightly jealous of their sovereign prerogatives, on board. And it may just be the secret to whatever successes the union has achieved to date. The European Union will continue to work with fragile countries that aspire to closer relations, even if full membership is not likely for some time. In Ukraine, the European Union will favor more hidden, bureaucratized action—financial assistance to Ukraine's new government, trade and investment ties, and potentially adjusting pipelines of natural gas to allow more to flow to Ukraine from European ports to decrease reliance on Russia. Any efforts out of Brussels will be under the radar, and for that, they will no doubt be derided by observers on the U.S. side of the Atlantic, as well as by some on the British side of the Pas-de-Calais. But it would be a mistake to equate lack of confrontation with lack of influence. In the long run, although the particular brand of EU foreign policy, which emphasizes human security, international law, and member-state prerogatives, might not be able to wrest Crimea forcibly from a determined Putin, it will have a stealthy impact on the evolution of politics in Ukraine and beyond.

Get Ready for a Russo-German Europe

The Two Powers That Will Decide Ukraine's Fate—And the Region's

Mitchell A. Orenstein

The last few weeks have revealed some important truths about Europe. Prior to the crisis in Ukraine, most Americans and Western Europeans had become used to a Franco-German Europe. In this version of Europe, which was designed after World War II to dampen one of the greatest state rivalries in history, France and Germany made the decisions, and Europe's center of gravity was squarely in the West. But, these days, the real action happens further east. Ukraine, looking to overcome its Soviet past, was taking its first steps toward becoming one of the European Union's largest and most populous members until Russia made its move to derail those plans. And Poland, for years considered a junior member of the European team, has risen as a leader by shepherding negotiations between former Ukrainian President Victor Yanukovych and the Ukrainian opposition. In this new Europe, the Franco-German engine has been replaced by a Russo-German one: as the European Union moves eastward, settling its future borders and borderlands, it is

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Germany and Russia that will decide who is in and who is out—and under what terms.

To a large extent, the battle for Ukraine has become a battle over the shape that this Russo-German Europe will take. Russia, through its geopolitical boldness, aggression, and sense of entitlement, has proved willing to annex the territories that it wants, building up a Eurasian bloc to balance against the European Union. Ukraine is an essential part of that plan, and Crimea is the leading edge. Russia is very likely to keep what it has now seized, as it has in all other regional conflicts, and continue trying to use its position in Crimea to destabilize Ukraine. That will help Russia as it attempts to draw a sharp line between its values, culture, politics, and economy, and the West's.

Thanks to Germany's role as a key state in the European Union and its deep ties to Russia, it is the only country that could thwart or contain Russia's grand geopolitical ambitions. It was particularly clear during European negotiations this week over possible sanctions on Russia for invading Crimea that Germany, the economic powerhouse of Europe, would ultimately decide how much to pressure Russia and how to balance Europe's desire to punish the country against its desire to bring Russia closer through economic engagement. Germany held the line against jumping too quickly to sanctions and, instead, channeled Western anger toward Russia into an "off-ramp" solution, in which Russians and the new Ukrainian government would hold direct talks about the future of Crimea, with international mediation.

And that hints at Germany's reluctance to abandon its long game: Since the end of the Cold War, the country has emphasized economic engagement with Russia in the hope of ushering Russian society along toward modernization. It has sought to build a strong partnership with the Kremlin to underpin a peaceful order in Eastern Europe, just as it joined with France in Western Europe after World War II to prevent conflict there.

The strategy has deep historical roots: during World War II, German armies shot up dozens of Russian towns and cities and laid

siege to St. Petersburg, starving over a million civilians there. Russia resisted at huge cost and then raped and pillaged its way back to Berlin for revenge, starving a million German POWs in return. Both armies marched through Ukraine and fought devastating battles there, including in Sevastopol. This terrible shared history brought Germany and Russia closer together after 1991 in an effort not to repeat it; Germany has taken great pains since then to court Russia and prevent the re-emergence of competition and conflict. It has offered its industrial might and know-how to Russia to help with important Russian infrastructure projects and industries. Russia has accepted and appreciated those overtures. It, too, has sought to develop a special relationship with Germany, treating Germany as a great power and providing Germany a direct link to Russian gas through its Nord Stream pipeline. This tight relationship—some say too tight—was symbolized by former German Chancellor Gerhard Schroeder taking a well-compensated job with Gazprom upon leaving power in 2005.

The relationship hit new highs a few years ago, between 2008 and 2012, when Dmitri Medvedev served as president of Russia. Germans loved working with him and tended to regard him as a symbol of what a more modern Russia could be. They exalted him as a Russian political leader who spoke their language and supported liberal rights and freedoms. Europeans saw great promise in his Skolkovo initiative to turn Moscow into a high-tech hub, for example. But in their desperation for a good counterpart in Russia, Germans overestimated Medvedev's importance.

Putin's tumultuous re-ascension to power in 2012—and Medvedev's demotion back to prime minister—shattered Germany's hopes. German political leaders saw clearly what some had argued all along—that Medvedev was nothing more than Putin's puppet, a convenient liberal face to an otherwise autocratic reality. Putin's eagerness to return to power at a time when many Russians wanted him to stay away, his tough talk, and his crackdown on protests in Moscow in 2011 showed that Russia was not, in fact, evolving. Since then, Germany increasingly has been

forced to confront the fact that peaceful engagement and economic cooperation don't always prevent conflict, especially with a Russia dedicated to authoritarian politics at home and expansionist policies abroad. For instance, in Moldova, Russia has launched an open campaign to prevent that country's pro-Europe government from signing a European Association Agreement and also encouraged ethnic enclaves to break away. German Chancellor Angela Merkel has held the line on Europe's support for Moldova's EU ambitions.

As much as Germany has become disillusioned with Russia and would like to isolate it, it now finds doing so very difficult; Germany is inextricably linked to its eastern neighbor as a result of its geography and years of cooperation, competition, mutual benefit, and memories of mutual destruction.

Today, Russia is Germany's 11th largest export market, after Poland. Russia sells Germany gas and oil and Germany sells Russia expensive cars, machine tools, and manufactured products. A trade embargo or asset confiscations would sting Germany more than any other European power—except Netherlands where Royal Dutch Shell has substantial interests—and far more than the United States. So would a gas cutoff or embargo. But Russia, of course, is far more dependent on the West than the West is on Russia. It needs Europe as a consumer of its oil and gas exports. It is dependent on Germany, in particular, for investment and technical expertise. Economic isolation would be damaging to both sides, but especially to Russia.

And that is why Russia, although it has marched into Crimea, has likely not won the war. Germany, having avoided coming to blows with Russia and having attempted to ease tensions, seems more determined than ever to take Ukraine under its economic wing. As Ukraine develops, it might be in a better position to assert its independence from the Russian empire. For now, German leaders have started to recover from the shock that Russia would disregard international law so blatantly in Crimea. Leaders in Russia and Germany understand the stakes in their competition to

regulate European politics and economics. They are devoted to sharply diverging outcomes, but are also interested in finding a common ground to maintain the peace. Although the tussle in Crimea may end in stalemate, both powers will live to play another day and work toward a vision of Europe that is not yet shared, but could be. That Russo-German Europe is the Europe we will live with, for better or worse.

Gas Politics After Ukraine

Azerbaijan, Shah Deniz, and Europe's Newest Energy Partner

Brenda Shaffer

In the wake of the European Union's failure to conclude an association agreement with Ukraine, one could be forgiven for thinking that it is losing its touch in the former Soviet Union. It isn't. This week, EU leaders signed a deal with Azerbaijan to build a pipeline for importing gas from Azerbaijan into Europe. All told, the arrangement is expected to bring billions of investment dollars into southern Europe and will, in the construction phase alone, create about 30,000 new jobs in the countries that the pipeline will eventually link: Azerbaijan, Georgia, Turkey, Greece, Bulgaria, Albania, and Italy.

The timing of the Shah Deniz project, as it is called, could not have been better. By now, Russia's record of attempting to prevent former Soviet states from expanding their trade with Europe is well known. In Ukraine, Russian pressure seems to have worked. In Azerbaijan, too, Russia has meddled in domestic politics (it fronted a Russian citizen in recent Azerbaijani national elections), exiled Azerbaijani workers from Russia, and drummed up anti-Azerbaijani sentiments in the Russian media. Unlike in Ukraine, however, Russian interference couldn't prevent the deal.

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Azerbaijan's steadfastness is partly the result of years of EU and U.S. diplomacy. In the run-up to this week's meeting, Brussels blocked Moscow's acquisition of energy infrastructure along the pipeline route and doggedly investigated Gazprom, Russia's gas monopoly, for violating EU antitrust laws in the region. Helping matters along is Baku's firm belief that cooperation with Europe is the path to security and development. A tiny state surrounded by Russia, Iran, and Turkey, Azerbaijan needs the West, perhaps more than Ukraine did, to ensure its independence. It also wants the Europe's help resolving the Nagorno-Karabakh conflict between itself and neighboring Armenia.

The pipeline deal is also great news for Europe, opening up its first new major source of gas in decades. Shah Deniz is a mega-field, containing 40 trillion cubic feet of natural gas, equivalent to almost two years of U.S. natural gas consumption. It can also produce up to 100,000 barrels a day of condensate, which, when exported with Azerbaijani oil, will add up to almost a million barrels of oil a day.

The export deal has three components. First, Azerbaijan and the investing companies will jointly develop untapped parts of the Shah Deniz field and expand the capacity of the South Caucasus pipeline, which runs from Baku to central Turkey. Second, Azerbaijani and Turkish state companies will build the Trans-Anatolian Pipeline, which will supply gas to Turkey through Azerbaijan and transit gas to Europe. Third, the investing companies will focus on building the Trans-Adriatic Pipeline, which will run through Greece, Albania, and Italy. The Shah Deniz consortium aims for the first gas deliveries to reach Turkey in 2018 and Europe in 2019. When it is complete, the project will provide 565 billion cubic feet of natural gas annually (212 billion to Turkey and 353 billion to consumers in Europe). It will also be able to handle any additional gas from other fields in Azerbaijan and, potentially, from Iraq and Israel. A number of Balkan leaders were also in attendance at the meeting this week and signed a side deal that will facilitate the extension of the Shah Deniz project to Balkan states as well.

The infrastructure for this pipeline is anticipated to cost a whopping $40 billion to build, making it one of the world's most expensive gas-export projects. It also represents the largest planned investment in Greece and southern Europe since the eurozone economic crisis. It will bring with it new jobs and more investment, which are urgently needed across the region. As a proportion of the European Union's overall gas supplies, the new pipeline's contribution will be fairly modest. But for countries such as Bulgaria and Greece, which rely primarily on Russian gas, the pipeline will be critical to energy security. The interconnecting gas pipelines in Europe, filled with Azerbaijani gas, will ensure that Russia can no longer switch off the heat in eastern Europe and the Caucasus on a whim. Gone, too, will be the days of severe gas shortages during periods of high demand, such as the one that rocked Europe last February. The new natural gas supplies will also help Europe reduce its carbon emissions and air pollution, since high electricity prices in recent years have pushed Europe toward cheap U.S. coal.

One of the most important contributions of the Shah Deniz project, however, is that it will connect the gas supply infrastructure of most countries in southern Europe. For more than a decade, the European Union has been talking about the importance of doing so in order to increase energy security. But it left the task to the private sector, which has not risen to the challenge. This new project is thus a chance for the European Union to put its money where its mouth is: From Italy to Greece to Bulgaria and beyond, this could be the start of an more integrated and secure gas market.

Perhaps because the opportunity is so great, several countries would like to stand in its way. First, although Moscow has not publicly opposed the building of the Shah Deniz export route, it could still undermine the project by attempting to destabilize Georgia, for example, through which the pipeline transits. Second, Iran has its own goals in Azerbaijan, with which it shares a border and a religion. Recently, as payback for cooperating too closely with the United States on sanctions, Tehran fronted a number of terrorist

operations in Azerbaijan, and, in early November, Iranian soldiers shot at an Azerbaijani military post on the shared border.

Meanwhile, the United States, once a reliable guarantor of security in the region, is now so focused on Iran that it has hardly looked elsewhere in the region. U.S. Secretary of State John Kerry canceled a planned visit to Ukraine, despite the public outcry after Ukrainian President Viktor Yanukovych canned the Association Agreement, in order to further talks with Tehran. Washington did not send a high-level representative to the signing ceremony in Baku either, despite U.S. officials making tremendous contributions to the project over 20 years. Decades of U.S. and EU efforts to shore up the independence of the former Soviet states and build strong alliances in the region could be lost if Washington does not stay involved.

For the European Union, on the other hand, the lessons are mostly political and moral: If the union tries hard enough, it can achieve outstanding results. Just as it did not give up on Caspian gas, it should not give up on wielding influence in the former Soviet states.

Pipeline Problems

Ukraine Isn't Europe's Biggest Energy Risk

Brenda Shaffer

Earlier this month, as Europeans watched Russian soldiers move into Crimea, they shuddered at the thought of the cold months remaining before spring, fearful that the crisis would cause pipeline gas deliveries from Russia—on which many European countries depend and which mostly transit through Ukraine—to stop. Foremost in their minds was the 2009 Ukraine gas crisis, when a disagreement between Russia and Ukraine over payments disrupted gas supplies in many European countries and left scores without heat in the middle of winter.

Since then, European countries have made progress securing their gas supplies, including by improving pipeline infrastructure within Europe so that gas can flow more easily among European states. But Europe remains vulnerable. Supply has something to do with that, but even more challenging in the long run are Europe's unhelpful energy policies, defaulting utilities, and rising coal consumption. They explain why Europe does not consume the additional gas supplies that are already available.

These problems are also why recent proposals from the United States, including the ones put forward by U.S. House Speaker John Boehner (R–O.) and the former energy adviser Jason Bordoff, to speed up U.S. natural gas exports to Europe to shield the

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continent from the Ukraine crisis are off base. Before the United States pulls out its gas nozzle, it should consider a few points about Europe's energy supplies. If it does, it will realize that Europe can do the most to improve its energy security with a few fixes at home.

PUT THAT IN YOUR PIPE

Observers may speak of a European energy market, but that is an illusion. States on Europe's periphery, such as Bulgaria, Greece, and Hungary, have much higher energy prices and bigger security challenges than those in the center of Europe, such as Germany. That is because natural gas is not a global commodity with one price but is sold at varying prices in different markets, depending on local supply and demand dynamics. Countries in western Europe have access to more sources of pipeline gas than do most of those in Europe's periphery and therefore enjoy securer supplies and cheaper prices. Eastern European countries are especially vulnerable because most are landlocked and thus cannot access liquefied natural gas (LNG) imports, which can be delivered only to sea ports (the United States' exports to Europe would come as LNG). That would not matter if Europe had a robust and interconnected gas pipeline system, but it does not. Moreover, even if U.S. LNG could reach eastern Europe, most countries there would not be able to afford it. North American LNG, after liquefaction, transit, and regasification, would cost at least double the price of Russian gas in eastern Europe's pipelines. And that gas is already prohibitively expensive: In recent years, the high price tag has driven down gas consumption and led to a boost in coal use. In other words, LNG from the United States is no real competition for pipeline gas out of Russia.

Perhaps realizing all that, Europeans have focused on bringing more eastern pipeline gas into the continent. At the end of last year, the European Union took an important step in this direction with the establishment of the Southern Gas Corridor. This pipeline will begin in Azerbaijan's massive Shah Deniz gas field and end in Italy, connecting seven different countries. The project will reach some of Europe's most vulnerable nations and most likely

help lower gas prices there. In doing so, it will edge out coal once more and help lower pollution and carbon emissions.

It should not be surprising that the Southern Gas Corridor has caught Moscow's ire. Russian-run Gazprom is attempting to buy up gas transit and transmission infrastructure along the pipeline route to try to undermine the project. Even more insidious, it has paid environmental movements to try to stymie construction with environmental claims. This is not the first time that Gazprom has used bogus environmental movements to promote its interests. It has also funded anti-fracking campaigns in Europe, including in Ukraine and Bulgaria, to slow Europe's development of local gas supplies. If public watchdogs in Europe do not monitor and publicize Russia's manipulation of environmental causes, distinguishing its claims from those of legitimate environmental organizations, it will find itself increasingly dependent on Russian gas imports.

Europe's efforts to increase eastern pipeline gas are a good start toward addressing the continent's energy woes. In the future, it should also encourage the development of spurs from the southern corridor into other vulnerable markets, such as the Balkans. That would both increase the volume of southern corridor gas that would reach the European Union and help wean countries just beyond Europe's borders off Russia.

MARKET DELUSIONS

Europe's problems would be challenging enough if they related only to energy supply. But they go deeper than that. Europe's energy policies are based around an extreme free-market ideology that is not well suited to the region's patchwork of energy markets. Since the early part of the last decade, Brussels has worked to reduce the role of the state and EU institutions in the energy sphere. It has supported the privatization of energy companies, the unbundling of the gas and electricity supply chains, and the adoption of hub pricing instead of long-term supply contracts. Its (unproved) assumption is that freer energy markets will enhance supply security.

Brussels seems to be taking its cue from the relatively successful U.S. natural gas model, which is based mainly on spot pricing and involves very little government interference. However, the U.S. gas market is fundamentally different from that in Europe: Deregulated gas trade works stateside because most gas there is domestic and no producer supplies more than three percent. In Europe, most gas is foreign and three producers, all from outside the European Union, each supply close to a third of it. In Europe's case, the adoption of hub pricing may actually allow outside players to increase their hold on Europe. Gazprom, the biggest, could manipulate hub prices by flooding or withholding gas from particular hubs to its own advantage.

Moreover, there is no evidence that market forces will lead to the development of the kind of infrastructure Europe actually needs. With the exception of support for the Southern Gas Corridor, it has been unable to address the unevenness of the European gas market. And there is not much profit to be gained from building strategic gas-storage units, gas pipeline interconnectors, and reverse-flow mechanisms on pipelines, all of which could cushion against disruptions to gas supply. European states and EU institutions thus need to take the lead—or at least give companies a regulatory push—in order to establish bulwarks against supply disruptions.

Europe's energy policies are deficient in one last area. Its efforts to address climate change have led to a perverse combination—rising consumption of renewables and coal. Moreover, to prevent the lights from going out, European countries are on the verge of having to bail out a large number of aging utilities firms, which are unprofitable due to impractical regulation. Until Europe gets its regulatory house in order, more gas deliveries won't do much good. If there is a lesson for the EU from the U.S. shale gas revolution, it is that energy policies succeed best when public interest and commercial logic line up.

ENERGY DRAIN

For all the talk of Gazprom's nefarious intentions in Europe and Ukraine, Europe must also remember that this is not a clear case of

good guys versus bad guys. Over half of the gas that Russia supplies to Europe transits through Ukraine, and some of Gazprom's largest gas storage facilities are located there. But the country has not been a responsible partner for Russia. Successive Ukrainian leaders, motivated by personal gain, have conspired with local oligarchs to siphon off gas and have refused to pay Kiev's gas bills to Russia. The new Ukrainian leadership needs to take steps to reduce the corruption related to the gas industry and should be prepared to raise energy prices at home to reduce consumption.

Similarly, the United States and Europe should not balk at Russia's decision to raise the gas prices for Ukraine. If higher prices push Ukraine to improve energy efficiency at home, develop some of its potential domestic gas resources, and wean itself off Russia, all the better. Moreover, just as Moscow should not be obligated to subsidize lush gas consumption in Ukraine, neither should the U.S. taxpayer subsidize it through loans. In 2014, Europe will elect a new parliament and new EU Commission leadership. On its agenda will be resetting Europe's energy policy. Hopefully, it will realize that energy is a utility and not a commodity, and that the European Union must take a leading role in ensuring that the lights do not go out. And hopefully the United States will hold off on fast-tracking exports until the benefit of those extra supplies for Europe becomes clearer.