

Kästner, Antje

**Research Report**

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## Russia: Supporting Non-Democratic Tendencies in the Post-Soviet Space?

Over the last decade, Russia has not only adopted a more authoritarian form of government, but has also become more active in the former USSR. Russia's growing engagement in its "near abroad" has been paralleled by the rise of illiberal regimes in the region, a development precipitated by active Russian policy action constraining the rise of Western democracy and reinforced by inter-

ests shared by the various governments. To react effectively to these trends, the governments of established democracies need to adjust their political strategies by integrating Russia into the international aid architecture, by reflecting on the comparative advantages they have over Russia in terms of development tools and by conducting an active but determined dialogue.

### Russian domestic politics

After an interlude of liberal political and economic reforms, Russia has returned in the last decade to a more authoritarian model of governance. Its political system today is characterised by the dominant role of the president and by weak institutions. The rapid rise of the price of oil in 1999 gave those in power a larger budget, a substantial proportion of which was reinvested in security networks and used to support the establishment of Putin's 'managed democracy'. As a result, the state bureaucracy became more centralised; the governors of the Russian regions were stripped of their autonomy and placed under the direct supervision of the president; all ministries came under the sometimes informal control of the security services. In the economic sphere, a wave of renationalisation set in, at the end of which structures similar to the old USSR branch ministries ensured government control over profitable sectors of the economy. Civil society organisations were increasingly constrained by administrative provisions or fell victim to selective law enforcement. Parliament no longer acts as a counterbalance to the power wielded by the president, and observers question the fairness of elections.

In summary, the stability of Russia's political system today relies, on the one hand, on the repression of political freedoms and civil liberties and, on the other hand, on the co-optation of the new bureaucratic-economic alliance. As the widespread protests throughout the country following the announcement of the social benefits reform in 2005 have shown, the potential for social unrest is nevertheless high, especially in the provinces. Given the threat also posed by separatist

forces in the North Caucasus, the foundations of Russia's stability are fragile. As evident from the recent economic crisis, the Russian government is capable of withstanding a short-term deflation of resource prices. In the long run, however, the preservation of the illiberal political system may depend on high resource prices.

### Russia's regional policies

Together with Russia's domestic evolution, the Kremlin's policies towards the other, non-Baltic former Soviet republics, referred to in the following as "near abroad", in line with current Russian parlance, have undergone change. During the 1990s, Russian foreign policy-makers concentrated on relations with the West, thus attaching less importance to relations with the former Soviet republics. But the rise in resource prices, the spread of terrorism and organised crime and the "coloured revolutions" in Georgia, Ukraine and Kyrgyzstan have caused them to refocus on the "near abroad".

With windfall profits from the export of oil and gas boosting the Russian economy, the Kremlin began to woo the governments of resource-rich and transit countries. The state-controlled gas producer Gazprom, for instance, offered to raise the price of Central Asian gas considerably and proposed new pipeline projects. In addition, Gazprom and Transneft, the state-owned oil pipeline network, have successfully expanded their control over export routes by offering to purchase stakes in other countries' transit infrastructure in return for lower Russian oil and gas prices.

In other sectors of the economy, too, Russian state-

The rise of regional powers has attracted growing international attention. Such emerging countries as China, India and Russia not only have an economic impact in their regions, but have also established themselves as political heavyweights. In a series of Briefing Papers, the DIE considers how far these power shifts have increased the influence of regional powers on governance structures in neighbouring countries.

controlled enterprises have shown an interest in profitable assets abroad. The most notable player here is Unified Energy System, which has purchased the electricity grids of various capitals in the “near abroad” and made large-scale investments in Tajikistan’s and Kyrgyzstan’s hydro-power stations. Other examples include the railway sector and the defence industry.

But Russian interest in closer cooperation with the “near abroad” has also increased in the security field. With separatism in the North Caucasus the paramount threat to Russia’s territorial integrity, Russian policymakers are seeking to prevent the spread and spill-over of extremism and terrorism across the post-Soviet space. In the wake of fundamentalist religious movements extending their influence to Central Asia, the Russian government has offered greater military support to the governments of these states. Since 2002, the main instrument has been the Collective Security Treaty Organisation (CSTO), which provides four Central Asian countries, Armenia and Belarus with free military training and military equipment at subsidised prices.

In a wider regional context, Russia and China created a second regional security and cooperation mechanism in 2001 by institutionalising the Shanghai Cooperation Organisation (SCO), which operates in the fields of border protection and information security and combats terrorism, separatism and drug trafficking.

Finally, Russia’s interest in the “near abroad” has also grown in a political sense. The “coloured revolutions” in Georgia (2003), Ukraine (2004) and Kyrgyzstan (2005) were seen as having been triggered by Western NGOs. The Orange Revolution in Ukraine was the key event that led Russian authorities to fear the spread of political unrest into Russian territory. In reaction, the Russian government adopted an overtly critical stance towards Western democracy promotion efforts and began to develop its image as an alternative donor in the region. At the same time, Russia stepped up its efforts to cooperate more closely with authoritarian countries in the region; in late 2004 it joined the Central Asian Cooperation Organisation, which merged with the Eurasian Economic Community in 2005, thus bringing together Russia, Belarus and four Central Asian states. In this context, Russia has offered large loans to Belarus, Kazakhstan and Kyrgyzstan for the consolidation of their state budgets, to support election campaigns (Bakiyev’s re-election in 2009) or as investments in large infrastructure projects.

In practice, however, Russia’s economic and security aspirations are incompatible: while political stability in the region is conducive to Russia’s own domestic stability, strong governments in the “near abroad” would counter Russian economic interests. Accordingly, the Russian government’s aim is to maintain a state of controlled instability in its regional environment. Given the degree of unpredictability involved in political transition processes, controlled instability implies a Russian preference for political systems similar to Russia’s own form of authoritarian rule.

This is achieved by means of a carrot-and-stick policy of offering incentives to compliant leaders and penalising the non-compliant. As long as a leader facilitates Russia’s political aims in the region, the Kremlin supports his domestic position, through debt relief, loans, trade concessions, diplomatic or electoral support or security guarantees, for example. If, on the other hand, governments act against Russian interests, their domestic position is undermined directly or indirectly.

In recent years, direct involvement has taken the form either of the withdrawal of existing privileges or of actual or threatened negative incentives. Examples range from the introduction of a visa system in Georgia (2001), the disproportionate adjustment of gas prices (Ukraine, 2006), the introduction of economic sanctions (Georgia, 2006), demands for the greater autonomy of separatist regions (Transnistria) to deliberate military escalation (Georgia, 2008).

Indirect subversion has taken the form of support for the governments of separatist regions in Abkhazia, South Ossetia, Transnistria and Crimea and the issue of Russian passports to people living in these regions.

In summary, in the last decade the Russian government has also increased its presence in the “near abroad.” Central Asia’s natural resources are vital if Russia’s authoritarian form of government is to be maintained, while the promotion of controlled instability in the post-Soviet space strengthens Russia’s economic and political influence with the aim of ensuring Russian hegemony in the region.

## Russia through the eyes of its neighbours

Relations between Russia and the other former Soviet

### Russia increases pressure on Belarus

Belarus under Lukashenko was notorious for siding with the Kremlin, most notably in protesting against NATO’s eastward enlargement. In return, it was rewarded with contract purchases from Belarusian state enterprises, subsidised gas prices and the provision of military training and equipment at non-commercial prices.

Since 2008, however, the Belarusian government has distanced itself significantly from its Russian counterpart. The precedent set by the Russian-Georgian war in August 2008 illustrated the potential threat to countries that did not comply with Russian demands. In reaction, Lukashenko abandoned his practice of supporting Russia by failing to recognise Abkhazia’s and South Ossetia’s independence and by seeking closer alignment with the EU.

In response, Russia put Lukashenko under increasing pressure: the payment of a second tranche of a large credit was postponed, which some expected to accelerate the Belarusian government’s insolvency at a time of world economic crisis; restrictions were imposed on Belarusian mechanical engineering products; and plans to gain controlling shares in major Belarusian enterprises were stepped up.

**Graph: Democratic freedoms in Russia and its region**



Source: Freedom House: Freedom in the World 2009, aggregated country scores

republics have been ambiguous since the disintegration of the USSR. On the one hand, the leaders of the newly independent states have tried to differentiate themselves from Russia by promoting the formation of their own national interests and identity. On the other hand, they remain dependent on Moscow as the former political and economic centre of the USSR.

Although the economic links binding Russia and the other former Soviet republics weakened considerably in the 1990s, Russia continues to be an important trading partner, investor, donor and role model for many of these countries. Owing to Moscow's former pivotal position, the relationship with the countries of the "near abroad" is, however, highly asymmetrical. Depending on their degree of stability and the domestic options open to them, governments react differently to Russia's regional policies. They can be subdivided into three non-static groups.

The first group comprises resource-rich countries: Azerbaijan, Kazakhstan, Turkmenistan and, to a lesser degree, Uzbekistan. Resource wealth enables their leaders to maintain fairly stable dictatorships. The rise in resource prices has encouraged them to seek ways to export larger quantities of oil and gas to the world market. Despite their domestic stability, Russia continues to be of the utmost importance for incumbent leaders for a number of reasons. Most notably, Russia controls nearly all export routes to Europe, the region's most important export market for mineral resources. Azerbaijan is so far the only country which, following the opening of the BTC oil and the BTE gas pipelines, is able to export its resources directly to Europe. In the medium term, however, the governments of Central Asian countries are likely to distance themselves economically from Russia. They are exploring the option of exporting their resources to the emerging economies of China, Pakistan and India. First steps in this direction have been taken with the completion of the Kazakhstan-China oil pipeline in July 2009 and the construction of

the Turkmen and Uzbek branches of the Central Asia-China gas pipeline.

While the economic dependence of these countries may lessen, they continue to see Russia as a reliable partner. In response to Western criticism of human rights abuses (Andijan, 2005), the authoritarian governments have sought alternatives to Western conditionality and turned to Russia for political support. They also value Russian military assistance and, owing to their cultural similarities, prefer Russian to Chinese support. As these countries are relatively self-sustainable dictatorships, Russia has had little reason or need actively to promote authoritarianism. Nevertheless, non-democratic political practices have been spreading across the region in the form of illiberal electoral laws, unfair practices in election campaigning and laws and procedures that constrain the activities of civil society organisations.

Georgia, Ukraine, Moldova and, recently, Belarus make up a second group of countries that profit from their geostrategic proximity to the European Union. What they all have in common is that they are transit countries for Russian oil and gas and that their territorial integrity is potentially threatened by Russia. In recent years, the Russian authorities have increasingly exploited their control over separatist regions as a lever for economic ends. In response to Gazprom's moves to take over national pipeline systems and especially after Russia's military involvement in Georgia, leaders have sought closer alignment with Europe. In May 2009, these countries became members of the EU's Eastern Partnership with the aim of ensuring political and economic rapprochement with the EU through the improvement of human rights, the relaxation of visa regulations and security of energy supply. Nevertheless, Russian involvement has left a deep imprint on their political systems, with Russian state-controlled enterprises and agencies promoting intransparency and corruption, while weakening the position of incumbent leaders and their public image through media cam-

paigns and administrative and economic sanctions (Georgia, 2006; Belarus, 2009 see box).

Finally, a third group consists of socio-economically weak countries whose governments face difficulties in fulfilling their social contract. The leaders of Armenia, Kyrgyzstan and Tajikistan rely heavily on Russian support to stay in power. They welcome Russian economic and military involvement, which takes the form of debt-for-equity deals, investments in strategic sectors, military assistance through the CSTO, economic privileges, food aid or financial and advisory support. Also worth noting is that the Russian government, through its policies on migrant workers, makes a major contribution to the preservation of social peace in structurally weak areas. Large sections of the Kyrgyz and Tajik population subsist on remittances from relatives working in Russia. Lacking resources and alternative sources of support, the governments of these countries are particularly responsive to incentives offered by Russia. Owing to the Russian government's successful performance at home, the governments of these poorer countries, too, see Russia's system of governance as a role model and tend to copy certain political practices. As the Russian media are widely accessible in the region, the majority of the population also endorse patrimonial systems of governance along Russian lines.

To summarise, the Russian authorities are shaping the political landscape in the post-Soviet republics either directly, by promoting authoritarian practices, or, indirectly, through the diffusion of illiberal norms and practices. Russia's regional policy is greeted with most enthusiasm in the poor countries, while the resource-rich try to accommodate Russian interests, but are beginning to look for alternatives. Those close to EU borders are the most apprehensive about Russian involvement. Thus Russia is not only supporting incumbent dictators in Azerbaijan, Kazakhstan, Uzbekistan and Turkmenistan, but also reinforcing undemocratic practices in Armenia, Kyrgyzstan and Tajikistan and trying to prevent democratisation in Belarus, Georgia, Moldova and Ukraine.

## Conclusions

In the light of Russia's increased engagement in the "near abroad" and the appeal of its governance model to incumbent leaders, Russian influence on the political systems of former Soviet republics must be considered a fact. Accordingly, the governments of established democracies are faced with the choice of either witnessing a further drift towards authoritarianism in the post-Soviet space or reacting and adjusting their strategies.

- Russia has emerged as a new donor of development assistance and, as such, also claims to be contributing to poverty reduction. OECD governments should support Russia in this endeavour and make an effort

to integrate it into the international aid architecture through knowledge transfer. With regard to the countries of the "near abroad", Russian and Western actors should investigate ways to identify areas of common interest, which could lead to greater trilateral development cooperation.

- For many leaders in the "near abroad", Russia has become an attractive alternative to Western donors, not least because the conditions which the Russian government attaches to its commitment pose less of a threat to the incumbent governments' position than democratic conditionality. Western governments and development agencies should therefore consider what comparative advantages they have over Russia's methods. What measures could prove attractive to the elites in these countries and have a positive impact on the quality of governance in the long term?
- Given the inclination of post-Soviet governments to view Russia as their role model, any liberalisation of the Russian system of government itself could be expected to have an influence on nearby countries. Leaving aside development assistance issues, it is therefore recommended that an active political dialogue be sustained with the Russian leadership with a view to preventing Russian policy-makers from being isolated or isolating themselves and to creating more coherent incentives to adopt democratic reforms through, say, a more explicit framework of cooperation with the EU, such as a new Partnership and Cooperation Agreement, with the implementation of those reforms monitored critically.



**Antje Kästner**  
Associate Fellow at the  
German Development  
Institute

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