

Westphal, Kirsten; Langenohl, Andreas

**Working Paper**

## Comparing and Inter-Relating the European Union and the Russian Federation : Viewpoints from an international and interdisciplinary students' project

Discussion Paper, No. 30

**Provided in Cooperation with:**

Justus Liebig University Giessen, Center for international Development and Environmental Research (ZEU)

*Suggested Citation:* Westphal, Kirsten; Langenohl, Andreas (2006) : Comparing and Inter-Relating the European Union and the Russian Federation : Viewpoints from an international and interdisciplinary students' project, Discussion Paper, No. 30, Justus-Liebig-Universität Gießen, Zentrum für Internationale Entwicklungs- und Umweltforschung (ZEU), Giessen

This Version is available at:

<http://hdl.handle.net/10419/21926>

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*

Zentrum für internationale Entwicklungs-  
und Umweltforschung der Justus-Liebig-Universität Gießen

Discussion Paper

Comparing and Inter-Relating the  
European Union and the Russian Federation

Viewpoints from an international and  
interdisciplinary students' project

by

Andreas Langenohl\* and Kirsten Westphal \*\* (eds.)

No. 30 Giessen, November 2006

\* Institute for Social Sciences

\*\* Institute for Political Science







## TABLE OF CONTENTS

Introduction: Teaching and Studying International Problematics in International and Interdisciplinary Ways .....	1
European Union and Russian Federation – Strategic Partners-to-be? .....	3
European Union – Russian Relations after the Last EU Enlargement .....	11
The Russian "Near Abroad" Policy towards Estonia – The Baltic States as an Area of World Power Interests.....	18
The Kaliningrad Region as a Factor of Cooperation between the EU and the Russian Federation.....	26
Trust in the State Institutions: Evidences from Russia and the EU .....	31
Economic and Political Transformation A Comparison of the Processes in Russia and Poland.....	39
Oligarchs – Did They Change Russia's Politics?.....	47
Russian's Investments in Europe .....	57
Sa nas, sa vas, sa gas The Gas-Factor in EU-Russian Relations .....	63
German-Russian Cooperation in the Gas Industry from 1998 to 2005.....	71
'The Barbarian Knocking at the Door'?- The European Perception of the Russian Federation, Then and Now .....	77
Neo-nazism as a threat to state and global security for Russia and the European Union.....	83
Post-Soviet Migration of Ethnic Minorities .....	89
The Importance of Religion in the Russian Federation and in the European Union .....	97



# Introduction: Teaching and Studying International Problematics in International and Interdisciplinary Ways

Andreas Langenohl and Kirsten Westphal

This collection brings together articles and essays by students of the social sciences at Kazan State University, Russia, and Justus Liebig University Giessen, Germany, that deal with the structure and development of the relations between the European Union and the Russian Federation from a sociological and a political science perspective. The papers at hand are the result of a two-semester teaching project which we conducted jointly with our colleagues at Kazan State University. The overall idea guiding this teaching experiment, which took place in 2005 and 2006, was to study and teach an international and interdisciplinarily highly relevant research topic – the relations between the EU and Russia – in a way that would reflect its complexity but also open up new and perhaps unexpected perspectives. This meant to insert the students' learning practices into a context as international and interdisciplinary as the topic to be taught and studied.

Beginning in the winter term 2005/2006, we organized separate classes on “The Relationship between the European Union and Russia: Sociological and Political Science Perspective” in Kazan and Giessen in order to make the students familiar with the basic problematics, terminology, and theoretical concepts involved. Following the term a first students' conference was organized at Kazan State University, bringing together for the first time the two groups of students in order to discuss and debate the questions at hand and to exchange ideas and viewpoints. This first meeting, which prepared and motivated the students to get deeper involved in the subject, resulted in a conference volume edited by our Kazan colleagues.<sup>1</sup> During the summer term 2006 the students detailed their knowledge about the relation between the EU and Russia, now focusing on the most recent developments and scenarios for future developments. We used the classes not only to introduce the students to important works and data but also to let them experiment with varying forms of presenting scientific results. For instance, we encouraged them to do their presentations not only orally but also in the form of poster presentations, which were shown on the occasion of the opening ceremony of the Giessen Centre for eastern European Studies at Giessen university in July 2006.

Also in July 2006 a second conference took place in Giessen, reuniting the Kazan and Giessen students. They rose to the occasion to present the results they had worked out during the semester to their colleagues from abroad and to discuss them with experts.

---

<sup>1</sup> Ilikova, Lilia (ed.) (2006): *Otnosheniya Rossii i Evrosoyuza: Sotsiologicheskaya i politologicheskaya perspektiva*. Kazan': Brig.



The collection of essays at hand is the result of their endeavors to transform their oral presentations and posters into articles. We are still impressed by our students' energy to live up to those quite different types of presentation, all the more so as they had to do them in a foreign language.

The reader may find that the essays and articles making up this compilation vary to a considerable degree. Some of them follow a straightforward scholarly style and mainly address the academic community in presenting hypotheses based on an elaboration of theoretical arguments or empirical data. Others are conceived as resource for fellow students interested in similar topics and may serve as guidelines through the subject and help form expectations about what might be addressed in university courses about the relations between the EU and Russia. Still others rather refer themselves to the sphere of political consulting in providing elaborations on political issues, in presenting consequences and sometimes possible directives for policy-makers, or in simply calling to attention pressing issues. This variety, we believe, should not only be viewed as a (obviously inescapable) difference in the quality of the papers, but also be estimated as representing the students' diverse interests and motivations.

Before giving the floor to our students, we would like to express our thanks to all those who supported our project in Kazan and Giessen and made the volume at hand possible. The departments of Political Science and Sociology at Giessen University have financially supported the workshops in Kazan and Giessen. Moreover we would like to thank the Dean of Faculty 03 Social and Cultural Sciences at Justus Liebig University for encouraging our project ideationally and materially. Thanks go also to the Gießener Hochschulgesellschaft e.V., the Faculty of Social Sciences at Kazan State University and The Institute for Public Management at the Ministry for Domestic Affairs in Kazan for sponsoring the students' travel costs.

The long partnership between the universities of Kazan and Giessen has provided institutional support and guidance. We would especially like to mention Prof. Michael Schmitz, Dr. Sergey Yerofeev and Nataliya Moeser who showed an outstanding commitment and solidarity in supporting our project. Finally, the Center for International Development and Environmental Research has offered a stage for launching this volume and to include it into its regular series, for which we are very grateful.

October 2006

Andreas Langenohl and Kirsten Westphal

# European Union and Russian Federation – Strategic Partners-to-be?

Andreas Joch/ Lucas Mohr/ Tom Sprenger

Over the years Russia has become one of the most important partners of the European Union. Due to this fact a more democratic and modern Russia would have great benefits for the EU and might contribute to the stabilization of the European continent. But existing problems like terrorism, organized crime and environmental pollution are central challenges for the relationship and their solution demands for intensive cross-border cooperation. Therefore a clear strategy is needed in order to establish a successful cooperation. What strategy have the European politicians pursued and which influence have their plans exerted on the actual policy of the European Union?

The European Union clearly accentuated the meaning of common values for the relationship towards the Russian Federation in the early and fundamental documents. However, it becomes more and more evident that in day-to-day policy there is a tendency to tolerate even substantial violations of the norms which originate from the concept of common values. One of the main causes for this behaviour is the strong economic interest of the EU towards Russia. For example, the Russian Federation supplies the EU with most of its energy resources, such as gas and oil. On the other hand the EU is the major trading partner of the Russian Federation.

The notion of the common shared values is based – as stated in the Partnership and Cooperation Agreement (PCA) and in the subsequent documents – on the principles of the Helsinki Final Act and the Charter of Paris.<sup>2</sup>

Because such principles are easily stated in a document their impact on the real policy has to be called into question and must be examined further in this essay.

---

2 The text of the Charter of Paris is available at [http://www.osce.org/documents/mcs/1990/11/4045\\_en.pdf](http://www.osce.org/documents/mcs/1990/11/4045_en.pdf); the text of the Helsinki Final Act at <http://www.hri.org/docs/Helsinki75.html> (both 02.09.2006).

## 1. PARTNERSHIP AND COOPERATION AGREEMENT (PCA)<sup>3</sup>

The PCA is the central document and still providing the legal basis of the mutual relationship. It was concluded in June 1994 but, due to the first war in Chechnya and the associated violations of human rights committed by members of the Russian army, which caused severe resentments in the ranks of European politicians, not ratified until December 1997.

The agreement was intended to underpin a lasting and more and more deepening relationship between the two parties and defined numerous fields for further cooperation.<sup>4</sup> The common goal of creating a strategic partnership was not explicitly mentioned in the document; nevertheless the accordant concept was already in the air at the consultations. But recent developments show that both sides had different notions about the desirable fruits of this joint-venture and the meaning of a real strategic partnership from the outset. The Russian side's priority was economic modernisation whereas the European Union demanded comprehensive political and societal reforms.

The EU tried to advance the Russian development towards a kind of Western democracy with the support of certain reforms. Prevalence of the rule of law, the accordance with democratic principles and the clear commitment of the state to human rights had been declared as preconditions for the intensification of the cooperation and as the guideline for the transformation process (cf. Mommsen, 2004: 487). They were also determined as forming an 'essential part' of the Agreement, thereby giving either side the right to end the cooperation if the above mentioned principles are not adhered to by the respectively other partner.<sup>5</sup>

In order to first support Russia when progressing in a direction approved by the European Union and second – but not less important - to have the possibility to effectively rap the Kremlin's knuckles when departing from the democratic, European route, the EU applied the concept of political conditionality.<sup>6</sup> The consequence was a 'carrots-and-sticks'-policy, including the possible imposition of sanctions, with the termination of the partnership as a last resort, but also the offer to establish a special partnership. The envisaged partnership contains some extensive elements. The proposition to establish a free trade area between

---

3 The full text of the Agreement on Partnership and Cooperation establishing a partnership between the European Communities and their member states on the one hand, and the Russian Federation on the other hand, is available online at [http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=CELEX:21997A1128\(01\):EN:HTML](http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=CELEX:21997A1128(01):EN:HTML) (25.08.2006).

4 For example, the fields of trade, telecommunication, traffic, science and culture are addressed.

5 Haukkala explains why defining certain elements as essential is that important in international agreements. (2005: 7 et seq.)

6 Spanger gives detailed information on conditionality and conditioning. (2001: 9 et seq.)

the two partners is one example. Such plans could bring the partnership quite close to a full EU membership in certain sectors.

Anyway, the strong demand for far-reaching reforms on the basis of common values remains and is clearly noticeable in the document.<sup>7</sup>

But is this enough to exert sufficient positive influence on a powerful state like the Russian Federation? The most obvious obstacle to a successful political conditioning of Russia is that from the beginning the EU's 'golden carrot' – notably the perspective of a full membership - was excluded by both parties (cf. Schuette, 2004).

An even more crucial point is the indecisive attitude the European Union always adopted in the tough periods of the relationship. Considering the economic interests and the danger of totally losing the influence on the big and momentous eastern neighbor, the EU never brought itself to an unanimous condemnation of Russian misbehaviour.

In fact the first war in Chechnya caused a delay in the consultations concerning the ratification of the agreement. But no powerful sanctions were applied in this case and the consultations were restarted while the war still went on. Contributing to this indecisiveness is the fact that the article of the PCA which regulates the use of sanctions gives wide room for interpretations.<sup>8</sup>

Bearing all these hindrances in mind, the EU indeed managed to implement the means which where necessary to exert influence on the Russian Federation but did not make use of them in an effective way in the first years of the partnership.

## **2. COMMON STRATEGY (CS)<sup>9</sup>**

The next bigger step the EU took to further develop the partnership was the Common Strategy for Russia which was adopted in June 1999. The strategy was designed to fill the cooperation with new life, after the incidents connected with the situation in the Kosovo had dealt the relationship of Russia to the Western world a serious blow (cf. Moshes, 2003: 15). Furthermore, it was intended to lead to a more coherent European policy

---

7 The second article of the PCA is the most important one in this context: 'Respect for democratic principles and human rights [...] underpins the internal and external policies of the Parties and constitutes an essential element of partnership and of this agreement.'

8 The corresponding article of the PCA is 107.2. It reads as follows: 'If either Party considers that the other Party has failed to fulfil an obligation under the Agreement, it may take appropriate measures. [...] In the selection of these measures, priority must be given to those which least disturb the functioning of the Agreement.'

9 The full text of the Common Strategy of the European Union on Russia is available online at [http://ec.europa.eu/comm/external\\_relations/ceeca/com\\_strat/russia\\_99.pdf](http://ec.europa.eu/comm/external_relations/ceeca/com_strat/russia_99.pdf) (25.08.2006)

towards Russia. But the document could, owing to its apparent shortcomings, never achieve such an important role.

What were these 'congenital defects' which the strategy suffered from? First of all it was developed as an internal document and therefore didn't contain any obligations for Russia. Adding to this, the document is part of the EU's public diplomacy which forced its authors to bear in mind the Russian reaction (cf. Vahl, 2001: 11). They could not address controversial points openly and consequently the strategy was not fit to cause a coherent and stringent policy towards Russia.

But the strategy once more clarified the EU's point of view about the relationship. Russia is, according to Western democratic principles, not fully developed and should be continuously assisted by the European Union (cf. Adomeit, 2005: 12 and Lynch, 2005: 121). The carrying out of political and societal reforms remains the precondition for further cooperation. By the help of these reforms Russia has to become a state based on the preassigned common values in order to obtain the offered position as a strategic partner.

Recapitulating, the document re-stressed the importance of common values for the cooperation and maintained the views about Russian advances which have to be made. Nevertheless, the EU distinguished the relevance of cooperation in the fields of common (strategic) interest. The tensions which such a double-sided approach – Russian transformation plus attendance to common interests - has to arouse, overhang the relationship to an increasing degree (Lynch, 2003: 57).

In this connection the repeated violations of human rights in the newly escalated conflict in Chechnya had to cause the threatening of Russia with sanctions, not least since consultations with the 'terrorist leaders' are not an option for Moscow (cf. Emerson, et al., 2004: 9). Actually the EU took some steps and altogether reacted quite hard-lined, at least when measured by its own yardsticks. But all too soon the steps taken shaped up as being ineffective and without any influence on Russian policy.<sup>10</sup> Again the lack of means to exert any substantial influence on Russia became apparent.

Some European heads of state took the chances they saw when Putin took office as the new president of the Russian Federation. They did not want to endanger the potential recommencement of the cooperation of their national states with Russia through repeated reproaches about Chechnya articulated by the European Union and thereby additionally undermined the EU's position.<sup>11</sup> They tolerated the Russian policy in order to gain some

---

10 For instance, some of the financial support offered through the TACIS programme was retained. But the Russian Federation proved to be unimpressed by these financial penalties because of its growing financial independence enabled through the rising oil price.

11 There seems to be a dividing rule inside the EU, as the smaller states preferred a stricter policy towards Russia (cf. Halbach, 2004: 29).

profit for their countries. This made the lack of coherency in the European policy again strikingly obvious.

The authors of the early documents of the mutual relationship between the European Union and the Russian Federation tried to pave the way towards a genuine community of values but in reality political action on both sides all too often went astray on the road to this destination. A new chance to alter this dangerous situation lay in the roadmaps for the four common spaces. What effect did they have?

### **3. THE FOUR COMMON SPACES**

In 2001 the idea of building a common European economic space as a long term goal was born. Subsequent to this, an appointed EU-Russian high level group presented a skeleton plan for the further development of the relationship between the two partners. In 2002 the EU also allowed Russia the status as a market economy, which was a Russian key objective since the beginning of the relationship.

At the eleventh EU-Russia Summit in St. Petersburg on 31<sup>st</sup> May 2003, the EU and Russia decided to develop the so-called four common spaces within the framework of the PCA as fundamentals of their further relationship (Schneider, 2005: 8).

In the following period, the proceedings concerning the precise definition of fields of cooperation became very difficult and tedious. They were often overshadowed by actual conflicts like the different views about the presidential election in Ukraine at the end of 2004 or the increasing discontent on the EU-side about Putin's domestic policy, i.e. concerning the Yukos case. The EU-Enlargement in 2004 was also an incessant source of conflicts. The extension of the PCA to the new EU member states had been deferred by the Russian government until only a few days before the EU-Enlargement took place (Adomeit and Lindner, 2005: 7). The Russian side was concerned about the critical attitude of some new EU member states from Eastern Europe towards Russia. Moscow feared that the critical foreign policy of these Eastern European governments would gain wide influence on the EU policy towards Russia in general. There were also difficult discussions concerning the Kaliningrad area. Because of these conflicts the roadmaps for the four common spaces could not be adopted until the EU-Russia-Summit in Moscow in May 2005.

The roadmaps deal with four fields, in which cooperation and common objectives between the EU and Russia should be specified.<sup>12</sup> It is not a treaty which is binding according to international law; it is a non-binding declaration of intent. Another central aspect is the lack

---

12 The full text of the Road Maps for the four common spaces online at [http://europa.eu.int/comm/external\\_relations/russia/summit\\_05\\_05/finalroadmaps.pdf#ces](http://europa.eu.int/comm/external_relations/russia/summit_05_05/finalroadmaps.pdf#ces) (25.01.06)

of a clear defined timetable and that there are no associated mechanisms to make these declarations and verbalized objectives reality (Timmermann, 2005: 2).

The most widespread roadmap is the one for the economic space. This is a good mirror of the current emphasis and the incitement of the EU-Russia relationship. The other spaces are the common space of freedom, security and justice (including controversial themes like visa-free travel or border security issues), the common space of external security (dealing with themes like international terrorism) and the common space of research and education, including cultural aspects.

Many reviewers criticize that this document is not very substantial and characterized by flashy slogans (Sutela, 2005: 29). In recent years, the focus of the EU-Russia relations has moved noticeably to economic and trade issues. The relationship is more driven by economic pragmatism and technocratic thinking. Also, the roadmaps are steeped in this way.

In contrast to this there are repeated references to the concept of common values, even if in a brief way. But most parts of the relationship between the EU and Russia, which are open or disputable – like the different views about common neighbours like Ukraine or Belarus -, are being missed out (Emerson, 2005: 2). The roadmaps seem to be like a layout which could be worked out and filled with life in the future; if there will be political backing on both sides (Adomeit and Lindner, 2005: 16).

#### **4. CONCLUSION**

After reviewing the central documents and comparing their statements with the political actions of the European Union it seems that there is a widening gap between demands and reality in the EU-Russia relationship. Up to today, the EU has emphasized the importance of common values as a shared basis for cooperation in its official correspondence. This has turned out to be mere lip service. The EU-side is often willing to accept Russian offences in order not to jeopardise the intensified economic cooperation. The EU and its member states do not pursue a strict policy towards Russia and their behaviour seems to be less coherent. As a result the EU is in danger of losing credibility in their often declared ambition to support the export of EU-standards and democratic principles into their neighbourhood.

After Putin had become the head of state, Russian policy got more reliable but also more self-esteemed. The extension of the presidential vertical of power in the last two terms of office and other domestic developments encourage doubts, if nowadays Russia is still willing to stick to the common values, especially in juridical topics and questions of liberalization. But also the EU does not act in accordance with its own high standards. For example, the frictions about the shipwrecked merger of the steel concerns Arcelor and Severstal. Another debatable case is the concentration of political power in connection

with access to media in Italy. This conducts increasingly evoked accusations by the Russian administration whose representatives denounced the European Union of setting 'double standards' for its own policy.

The EU has to rethink its policy concept regarding the Russian Federation. Is the common-values-concept the adequate instrument to transfer the special partnership which has undoubtedly been established between the two parties into a strategic one with a long term perspective? If the EU answers this question in the affirmative it will, in the future, have to suit its actions to the words ; otherwise it will be in a weakening bargaining position in consultations with problematic states on its periphery and beyond.

## REFERENCE LIST

### Primary Sources

Charter of Paris, available at [http://www.osce.org/documents/mcs/1990/11/4045\\_en.pdf](http://www.osce.org/documents/mcs/1990/11/4045_en.pdf)

Helsinki Final Act, available at <http://www.hri.org/docs/Helsinki75.html> (both 02.09.2006).

Partnership and Cooperation Agreement, available at [http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=CELEX:21997A1128\(01\):EN:HTML](http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=CELEX:21997A1128(01):EN:HTML)

Common Strategy, available at  
[http://ec.europa.eu/comm/external\\_relations/ceeca/com\\_strat/russia\\_99.pdf](http://ec.europa.eu/comm/external_relations/ceeca/com_strat/russia_99.pdf)  
(25.08.2006)

Roadmaps for the four common spaces, available at [http://europa.eu.int/comm/external\\_relations/russia/summit\\_05\\_05/finalroadmaps.pdf#ces](http://europa.eu.int/comm/external_relations/russia/summit_05_05/finalroadmaps.pdf#ces)

### Secondary Sources

Adomeit, Hannes and Lindner, Rainer (2005) *Die "Gemeinsamen Räume" Russlands und der EU* - SWP-Studie, Berlin: German Institute for International and Security Affairs (SWP).

Adomeit, Hannes (2005), *Putins Westpolitik, Ein Schritt vorwärts zwei Schritte zurück*, - SWP-Studie, Berlin: German Institute for International and Security Affairs (SWP).

Emerson, Michael (2005) *EU-Russia Four Common Spaces and the Proliferation of the fuzzy*, - CEPS Policy Brief No. 71, Brussels: CEPS.



- Emerson, Michael (2004) 'From an awkward partnership to a greater Europe?', pp. 1-13 in Emerson, Michael et al., *Russia and the West*, - ESF Working Paper No. 16, Brussels/London: CEPS and IISS.
- Halbach, Uwe (2004) *Gewalt in Tschetschenien, Ein gemiedenes Problem internationaler Politik*, - SWP-Studie, Berlin: German Institute for International and Security Affairs (SWP).
- Haukkala, Hiski (2005) *The relevance of norms and values in the EU's Russia policy*, - FIIA Working Paper, Helsinki: Finnish Institute of International Affairs.
- Lynch, Dov (2003) *Russia faces Europe*, - Chaillot Paper No. 60, Paris: EU-ISS.
- Lynch, Dov, (2005) 'Struggling with an indispensable partner', pp. 115-136 in: Lynch, Dov (ed.), *What Russia sees*, - Chaillot Papers No. 74, Paris: EU-ISS.
- Mommsen, Margareta (2004) 'Die Europäische Union und Russland', pp. 482-502 in Weidenfeld, Werner (ed.) *Die Europäische Union, Politisches System und Politikbereich*, Bonn: Bundeszentrale für Politische Bildung.
- Moshes, Arkady (ed.) (2003) *Rethinking the respective strategies of Russia and the European Union*, - Special FIIA – Carnegie Moscow Center report, Helsinki/Moscow: Finnish Institute of International Affairs.
- Schneider, Eberhard (2005) *Die Europäische Union und Rußland im 21. Jahrhundert – Interessen beider Seiten*. Berlin: German Institute for International and Security Affairs (SWP).
- Schuetz, Rolf (2004) *E.U. – Russia relations: Interests and values – A European perspective*, - Carnegie Paper, Washington DC: Carnegie Endowment for International Peace Publications Department.
- Spanger, Hans-Joachim (2001) *Die Fesseln der Konditionierung, Demokratieexport nach Russland als Politikersatz*, - HSFK-Report, Frankfurt on the Main: Peace Research Institute Frankfurt (HSFK)
- Sutela, Pekka (2005) *EU, Russia and Common Economic Space*, Helsinki: Bank of Finland Institute for Economies in Transition (BOFIT).
- Timmermann, Heinz (2005) *Der Moskauer EU-Russland-Gipfel - Hintergründe, Ergebnisse und Perspektiven – Russlandanalysen 66/05.*, Bremen: Forschungsstelle Osteuropa.
- Vahl, Marius (2001) *Just Good Friends? The EU-Russian "Strategic Partnership" and the Northern Dimension*, - CEPS Working Document No. 166, Brussels: CEPS.

# European Union – Russian Relations after the Last EU Enlargement

Ilsiya Shakurova

## INTRODUCTION

The formation process of Europe after the fall of the Berlin Wall continues. Step by step, consistently and together Russia and the EU solve tasks which modern life and modern realities present us all with. Today the relations between Russia and the European Union have the form of cooperation and partnership.

From the perspective of the past decades, we can even better understand the importance of this reliable partnership, and the constant dialogue that the EU and Russia hold on the most diverse problems. Russia and the EU have come a long way. That way was not easy or smooth. It could not have been otherwise. The stereotypes of the past did, and sometimes do, interfere. Also, there have been difficulties in adjusting our economic cooperation mechanisms, stemming from the internal development problems both in Russia and the EU.

Irrespective of various political definitions of Europe, which either include or exclude Russia as its member country, there is substantial evidence that historically, culturally and geographically Russia has always been an integral part of Europe. Moreover, one of the essential realities of the post-bipolar Europe is the indivisibility of its security. It would be impossible to maintain prosperity and stability in Western Europe, while its eastern neighbors remained economically underdeveloped and politically imbalanced. Gradual and rewarding integration of Europe's East and West may only succeed provided all the parties concerned acknowledge the imperative substance of this premise.

## 1. RUSSIA AS A EURASIAN COUNTRY: THE CHOICE “EUROPE OR ASIA?”

«The widespread opinion portraying Russia as a Eurasian country which can easily integrate with any party in the East, in the West, or in the South appears to be fallacious». (Arbatova/Ryzhkov 2002) Whenever we focus on integration, rather than on trade, we invariably deal with regional integration. Russia's integration with China or with the countries situated in Central Asia is likely to have negative impact both on Russia and on Europe. Today's Europe cannot be regarded as a merely geographical category because it also determines the choice of the model of economic and social modernization, as well

as it demands conformity with laid down criteria. The choice «Europe or Asia» therefore does not merely denote Russia's geographical preferences but points to a choice of a model of development. Owing to various social, cultural and other reasons the socially oriented models of the EU countries seem to most amply comply with the needs of Russian society.

Russia and the majority of EU countries are equally interested in promoting the coordinated cooperation of international community on the basis of universally recognized norms of international law. Russia and the European Union oppose any manifestations of unilateralism with regard to the critical problems arising in international relations. Russia and the European Union share the same approach to the application of tools of influence on the countries suspected of harboring terrorism, acknowledging primacy of the coordinated efforts undertaken by international community proceedings from complete and objective information substantiating the facts of their complicity in terrorist activities. This predicates the attainment of a new level of political and institutional contacts between Russia and the European Union.

The realization by the international community of the need for coordinated actions against international terrorism, along with Russia's role in shaping the antiterrorist coalition, has created new opportunities for Russia's cooperation with the European Union.

According to the Eurostat<sup>13</sup>, the EU countries are involved in nearly 40% of Russia's foreign trade turnover and provide over 50% of all foreign investments into the Russian economy. Some other graphic indexes prove that the share of the European Union in Russia's overall international telephone traffic amounts to 60%; 60% of Russia's international flights have destinations in the EU countries, 60% of Russian tourists visit the EU and EU candidate countries.<sup>14</sup>

In the meantime, we have to admit that the EU does not regard Russia as its principal trade partner. The existing trade relations between Russia and the European Union are characterized by both qualitative and quantitative asymmetry. Russia's share in the EU trade comprises about 3% of EU export and about 4% of EU import. Moreover, Russia's export to the EU countries is limited to mineral fuel and raw material resources, which is likely to reduce its role to Europe's raw material supplier only.

## **2. LEGAL REGULATION OF EU-RUSSIAN RELATIONS**

In regard to the legal aspect of Russian-EU relations, the 1997 Partnership and Cooperation Agreement (PCA) is the primary legal document determining the relations

---

13 I used the statistics from the following web-site: <http://eur.ru>

14 I used the statistics from the following web-site: <http://europa.eu.int>

between Russia and the EU. In the meantime, the relations between Russia and the EU in the political sphere have long gone beyond the limits outlined by the PCA. As regards the sphere of economic cooperation, in spite of a major progress made in that direction, neither Russia nor the EU have fully realized the potential of the PCA. Admittedly, some of the provisions of the Agreement are outdated; others are not observed by either party. This classification applies to 64 articles of the PCA.<sup>15</sup>

The absence of strategic goals in the relations between Russia and the EU also manifested itself in the *Strategies* adopted in 1999 by the EU and Russia, outlining mutual relations following the Kosovo crisis, although their significance was largely symbolic.

- *Steel and textiles* are the main sectors covered by *bilateral trade agreements*. The latest Steel Agreement, signed on 3 November 2005, covers the period 2005-2006. The Textiles Agreement was concluded in 1998.
- In November 2002, the EU granted “market economy status” to Russian exporters, which substantially increases their ability to defend their interests in the context of anti-dumping proceedings. It should be noted that anti-dumping is not a major aspect in EU-Russia trade at present, as only 11 anti-dumping measures are currently in force, representing less than 0.5 % of EU imports from Russia.
- Bilateral negotiations for Russia’s accession to the WTO have been concluded in 2004 but negotiations at multilateral level are still ongoing.
- The Energy Dialogue was established on 2000 as a forum for discussion and cooperation on energy issues at large. In parallel with the EU instruments, the Energy Charter Treaty and its Transit Protocol, which await ratification by the Russian Duma (Parliament), provide a legal basis for enhanced trade, investment and transit provisions regarding energy products.
- *Nuclear energy* is being addressed in several respects: Negotiations have been launched for an agreement on trade in nuclear materials. In addition, the EU wishes to resume discussions of the working group on the safety of the first generation nuclear reactors.

A further important international agreement is the Kyoto Protocol of the UN Framework Convention on Climate Change, providing mechanisms to reduce greenhouse gases and tackle global warming. It entered into force in February 2005 after Russian ratification.

In May 2004, the Commission (DG Environment) and Russia signed an administrative arrangement on cooperation in the field of civil protection.

---

15 Partnership and cooperation agreement between European Union and Russian Federation (24/06/1994)

In the field of transport, the Council decided in November 2003 on negotiating directives for an Agreement on satellite navigation (Galileo/Glonass). Negotiations are ongoing. The EU and Russia also intend to launch a Transport Dialogue which would be modeled on the experience of the Energy Dialogue.

The Rome Summit of November 2003 decided on the renewal of the Science and Technology Cooperation Agreement, also covering nuclear Safety and Nuclear Fusion.

The EU is also funding the *International Science and Technology Centre (ISTC)* which is an intergovernmental, non-profit organization created in 1992. The ISTC has as its main objective the promotion of non-proliferation through scientific cooperation. Parties to the agreement are the European Community and the European Atomic Energy Community (acting as one Party), the United States of America, Japan and the Russian Federation, as well as Armenia, Belarus, Canada, Georgia, Kazakhstan, the Kyrgyz Republic, the Republic of Korea, Norway and Tajikistan.

Relations with Russia in the field of Justice and Home Affairs have intensified through specific instruments such as the EU-Russia Action Plan on Combating Organised Crime of April 2000 and the EU Liaison Officers' Network in Moscow. The Agreement between Europol and Russia of 2003 has also helped to launch cooperation on combating transnational crime. Negotiations for a Visa Facilitation Agreement and a Readmission Agreement were concluded in October 2005. The dialogue on visa matters will further continue with regard to the joint long-term objective adopted in 2003 of abolishing visa requirements altogether.

Negotiations on a *Fisheries Agreement* are ongoing.

EU-Russia dialogue takes place at all levels:

- 1) At Summits of Heads of State/Heads of Government, which take place twice a year and define the strategic direction for the development of EU-Russia relations.
- 2) At ministerial level in the Permanent Partnership Council, which is intended to allow ministers to meet as often as necessary and in a variety of formats to discuss specific issues. In 2005, PPCs were held in the format of foreign ministers, justice and home affairs ministers and energy ministers.
- 3) Between senior officials from both sides in the annual Cooperation Committee, and at expert level in the PCA sub-committees. It has to be noted that since 2003 Russia has refused to have more subcommittee meetings except for the one covering customs matters.
- 4) Political dialogue takes place in Foreign Ministers Troika meetings, meetings of the political directors, monthly meetings of the Russian Mission in Brussels with the troika of the Political and Security Committee and at expert level on a wide range of topical international issues. The EU Troika includes officials from the EU member state that

holds the EU Presidency, the incoming EU Presidency, the European Commission and the EU Council Secretariat. Experts from some fifteen particular Council working groups also meet with their Russian counterparts twice a year. At the November 2004 summit it was agreed to hold regular consultations on human rights matters. The first two meetings took place in March and in September 2005.

- 5) Between the European Parliament and the State Duma in the EU-Russia Parliamentary Cooperation Committee. The Parliamentary Cooperation Committee has two co-chairmen: Member of European Parliament Camiel Eurlings and Deputy Duma Chairman Oleg Morozov.

The EU-Russia Summit held in St. Petersburg on 31 May 2003, opened a new phase for the relations. The summit agreed to reinforce cooperation with a view to creating in the long term a common economic space, a common space of freedom, security and justice, a space of cooperation in the field of external security, as well as a space of research and education, including cultural aspects. Essentially, they embrace all the main areas of Russian-EU interaction – from the joint war on terrorism and drug trafficking to the provision of free contacts between people.

The Moscow Summit in May 2005 adopted a single package of Road Maps<sup>16</sup> for the creation of the four Common Spaces. These build on the on-going cooperation as described above, set out further specific objectives, and determine the actions necessary to make the common spaces a reality. They thereby determine the agenda for cooperation between the EU and Russia for the medium-term.

The London Summit in October 2005 focused on the practical implementation of the Road Maps for the four Common Spaces.

### **3. THE COMMON ECONOMIC SPACE**

The objective is to create an open and integrated market between the EU and Russia. Work on this space will bring down barriers to trade and investment and promote reforms and competitiveness, based on the principles of non-discrimination, transparency and good governance. Among the wide range of actions intended, a number of new dialogues are to be launched. Cooperation will be stepped up on regulatory policy, investment issues, competition, financial services, transport, energy, space activities and space launching etc. Environment including nuclear safety and the implementation of the Kyoto Protocol also figure prominently (see also the overview on economics and trade).

---

16 The full text of the Road Maps you can find in the following web-source: [http://ec.europa.eu/comm/external\\_relations/russia/russia\\_docs/road\\_map\\_ces.pdf](http://ec.europa.eu/comm/external_relations/russia/russia_docs/road_map_ces.pdf)

#### **4. THE COMMON SPACE OF FREEDOM, SECURITY AND JUSTICE**

Work on this space has already made a big step forward with the conclusion of negotiations on the Visa Facilitation and the Readmission Agreements. The visa dialogue will continue with a view to examine the conditions for a mutual visa-free travel regime as a long-term perspective. Cooperation on combating terrorism, and other forms of transnational illegal activities such as money laundering, fight against drugs and trafficking in human beings will continue as well as on document security through the introduction of biometric features in a range of identify documents. The EU support to border management and reform of the Russian judiciary system are among the highlights of this space. With a view to contributing to the concrete implementation of the road map, the Justice and Home Affairs PPC met on 13 October 2005 and agreed to organize clusters of conferences and seminars, bringing together experts and practitioners on counter-terrorism, cyber-crime, document security and judicial cooperation. There was also agreement about developing greater cooperation between the European Border Agency (FRONTEX) and the Federal Border Security Service of Russia.

#### **5. THE COMMON SPACE ON EXTERNAL SECURITY**

The road map underlines the shared responsibility of the parties for an international order based on effective multilateralism, their support for the central role of the UN, and for the effectiveness in particular of the OSCE and the Council of Europe. The parties will strengthen their cooperation on security and crisis management in order to address global and regional challenges and key threats, notably terrorism, and the proliferation of weapons of mass destruction (WMD). They will give particular attention to securing stability in the regions adjacent to Russian and EU borders (the 'frozen conflicts' in Transnistria, Abkhazia, South Ossetia, Nagorno-Karabakh).

#### **6. THE COMMON SPACE ON RESEARCH, EDUCATION, CULTURE**

This space builds on the long-standing relations with Russia through its participation in EU R&D activities and the 6<sup>th</sup> FPRD in particular, and under the TEMPUS programme. It aims at capitalising on the strength of the EU and Russian research communities and cultural and intellectual heritage by reinforcing links between research and innovation and closer cooperation on education such as through convergence of university curricula and qualifications. It also lays a firm basis for cooperation in the cultural field. A *European Studies Institute* co-financed by both sides will be set up in Moscow for the start of the academic year 2006/7.

## 7. CONCLUSION

For various reasons, there are a number of those who display scepticism. They claim that the substantial progress achieved in the relations between the EU and Russia is in fact minor. But in my opinion closer relations with the EU will also allow Russia to play its role of a Eurasian bridge between the East and the West more effectively and thus gain substantially from the presence of Central Asian countries on the European market. It should be pointed out that despite all the temporary difficulties we have not swerved, throughout those years, from the strategic objective of a comprehensive development of cooperation and interaction between the EU and Russia, being fully aware that in today's globalizing world it fully serves our common interests.

## REFERENCES

- N.K.Arbatova, E.M.Ryzhkov (2002) "Russia and the European Union options for deepening the strategic partnership?" Москва.: Комитет «Россия в Объединенной Европе».
- Partnership and cooperation agreement between European Union and Russian Federation (24/06/1994)
- N.K.Arbatova (2003) "How to deepen the cooperation between Russia and the European Union?" Москва. Комитет «Россия в Объединенной Европе».
- Н.К.Арбатова (2005) «Как сделать более эффективной систему сотрудничества России и ЕС?» Москва. Комитет «Россия в Объединенной Европе».
- Л.Х.Мингазов (2005) «Теоретические проблемы европейской политики, права и интеграции». Казань. Издательства «Татлимат» ИЭУП
- [http://ec.europa.eu/comm/external\\_relations/russia/russia\\_docs/road\\_map\\_ces.pdf](http://ec.europa.eu/comm/external_relations/russia/russia_docs/road_map_ces.pdf)
- <http://europa.eu.int>
- <http://www.eur.ru>
- [www.delrus.be](http://www.delrus.be)



# **The Russian "Near Abroad" Policy towards Estonia – The Baltic States as an Area of World Power Interests**

Felix Münch

## **1. EMERGENCE OF THE CONFLICT**

After the bloodsheds of Riga and Vilnius in January 1991 when Soviet troops tried to suppress the secessions of Latvia and Lithuania, Boris Yeltsin travelled to Tallinn in order to back up the Estonian leaders on the way to Estonian re-independence. This was the clearest sign the future Russian president could give – after Russia proclaimed its sovereignty from the Soviet Union in June 1990, the reform-minded group around Yeltsin supported the independence of Estonia (The Olof Palme International Center et al., 1998: 17).

Also the plans to unify the Russian dominated Narva region in the north-east of Estonia, which came up in the summer of 1991, were opposed by the new Russian president (Aklaev et al., 1995: 21). On 24 August 1991, Russia recognized Estonia's independence – even before the Soviet Union did so. 'Without the Baltic drive for independence, it is unlikely that the USSR would have disintegrated so soon or so peacefully.' (Clemens, 2001: 52)

During the years 1991/92, the Estonian-friendly attitude of the Russian foreign policy makers – President Boris Yeltsin and Foreign Minister Andrei Kozyrev – was a stabilizing element of the countries' bilateral relations. The main Russian interests were in good economic relations with Estonia and unloaded dialogue with the Western European countries – the Russian people in Estonia were supposed to get citizenship of their host state, and in case of problems, national courts and international organizations such as OSCE and EU should solve them (Melvin, 1995: 1; Järve, 1997: 233). This paved the way for Russia's relatively positive and non-confrontational stance towards Estonia. Also the Estonian-Russian agreement from 12 January 1991 was a factor of stabilization between the two countries. This agreement determined the status of Estonian and Russian settlers; 'any person living on the territory of either Estonia or the RSFR had the right to receive or retain the citizenship of the RSFSR or the Republic of Estonia in accordance with the free expression of his or her will' (Neukirch, 2001: 9).

The relations between the two countries became downgraded when Estonia re-established the old Citizenship Law of 1938 with few restricting amendments on 26 February 1992. Overnight this law made the majority of the 600,000 Russophone people living in Estonia (around 35 percent of the country's population) stateless persons.

Together with the new constitution in June and the election of the rightwing government led by Mart Laar in September 1992, the crisis concerning the Russophone minority in Estonia had its starting point. Also moderate Russians felt betrayed and began to support radical Russian groups within Estonia, and the Government of Russia was motivated to re-orientate itself on nationalism and pan Slavism; monitoring of the situation of the Russophone minority in Estonia began and protecting the Russian diaspora became a priority of Russian foreign policy, also catalyzed by the war in Dniestria (Jurado, 1998: 9).

The attitude towards Estonia became harsher; the framework of international organizations was still used, but unilateral operations increased. Also, an instrument of pressure these days, the gas supply of Estonia was temporarily cut off and in October 1992, President Yeltsin threatened to link the situation of the Russophone minority with the withdrawal of the Russian troops from Estonia which were supposed to leave the country during the next few months. Also economic sanctions against Estonia were planned. However, unlike some radical forces, the Russian government did not threaten to start military sanctions (Kozyrev, 1993), even if 'armed struggle' (Jensen, 1994: 8) was forecast by some analysts.

Also the story made up by the Russian government that Estonia was not occupied from World War II till the end of the Cold War heavily burdens the relations between the two countries to this day. In February 1992, the Russian Foreign Minister Andrei Kozyrev spoke of the historical guilt of the Soviets, saying that they 'supposedly occupied the Baltic countries' (Meissner, 1998: 473) – but since that time, Russians have stated that the Soviets occupied Estonia everywhere they were able to.

## **2. ESTONIA AS PART OF THE "NEAR ABROAD"**

The above mentioned outline about the emergence of the Russian-Estonian clash after the Singing Revolution, followed by Estonian re-independence in August 1991, marked the beginning of a diplomatic struggle which is now nearly 15 years old. The outlook with regard to a solution of that banana problem is not optimistic.

But the situation of both actors has changed dramatically during the last years; Estonia has returned into the community of independent nations and has followed its external agenda, EU and NATO membership, by all means, because the fear of the former aggressor USSR/Russia was omnipresent in the collective Estonian mind. This aim was achieved in 2004, and after the accession to EU and NATO was complete, the Estonian Minister of Foreign Affairs, Kristina Ojuland, stressed the meaningfulness of the membership to the Western confederacies on 8 June 2004:

'Belonging to NATO and the EU – which are based upon common values – has, without a doubt, reinforced Estonia's national security, and has thereby increased the opportunities available to both businesses and individuals. NATO guarantees our security in a manner,

which was non-existent for Estonia previously. [Also] the enlargement of the EU has increased security'.<sup>17</sup> (Main Guidelines of Estonia's Foreign Policy, 2004)

Russia, still searching for its position in world politics, answered the Estonian Citizenship Law of 1992 together with the fixation to the West with great power attitude, and straight from the emergence of Russian foreign policy in the early 1990s, the government in Moscow tried to negotiate about the borders which separate around 25 million Russians living beyond the borders of their homeland (King and Melvin, 1999: 50). In 1992, Yevgenii Ambartsumov, then the chairman of the Russian Parliament's Committee on International Affairs, stated that:

'Russia is something larger than the Russian Federation in its present borders. Therefore, one must see its geopolitical interest more broadly than what is currently defined in maps. That is our starting point as we develop our conception of mutual relations with 'our foreign countries'' (Menon, 1995: 158-59).

During that time, the important distinction between the "near abroad" and the "distant abroad" in the Russian security discourse was established. According to this view, the former USSR members are deprived of normal rights in international relations and their sovereignty can be legitimately restricted by the former occupier. There is considerable ambiguity concerning the Baltic States, which are not members of the Community of Independent States (CIS) and have made much progress in re-integrating into the Western communities, but, nevertheless, are treated as a special case by Russian politicians. This conception of the "near abroad" is a logical consequence of the Great Power ideology and the realpolitik approach to international relations, for it implies that Russia has special responsibilities, interests, and rights in the post-Soviet states. The demand to preserve and exploit the USSR's defence radius and even push it as far as possible reflects mentalities left over from the Soviet period rather than a careful assessment of Russia's security interest. While acknowledging the formal independence of the former Soviet states, the "near abroad" advocates the belief that Russia should compete with foreign influences in the post-Soviet geopolitical space and forbid the formation of alliances between post-Soviet states and third countries or actors. The emergence of new power centres in CIS space is perceived as extremely dangerous. The most dominant feature of this ideology of influence is the strict rejection of the principles and practices of European and worldwide integration. Its adherents view the model of the EU as dangerous; they insist that military and political integration should proceed before economic integration. 'The consolidation of post-Soviet space is a top priority and condition sine qua non for the survival of Russian statehood, thus the internal destabilization of former republics is a legitimate means to this end.' (Ziugzga, 1999: 29)

---

17 Main Guidelines of Estonia's Foreign Policy. Address by the former Minister of Foreign Affairs of the Republic of Estonia, Kristina Ojuland, to the Estonian Parliament Riigikogu on behalf of the Government of Estonia on 8 June 2004.

The climax of tensions between the two countries was reached in the mid-1990s. In April 1995, Foreign Minister Kozyrev suggested that Russia might use military force to protect its compatriots abroad, and in August 1996, presidential aide Dmitri Rurikov said that Moscow's policy with regard to the ethnic Russians living abroad would become much more active than previously and accused the Estonian government to practice apartheid (Løken, 2004: 49).

The conversation between the two countries remained tense and the rhetoric bellicose; at least, the Russian government gave up its plans of potential intervention in Estonia and the Baltics when in November 1997 the former Russian Foreign Minister Yevgenii Primakov declared that if the Baltic States, despite Russia's objections, did join NATO, Russia would not react as it did in Czechoslovakia in 1968 (Ziugzga: 34).

### **3. NINE ELEVEN AND A THIRD ACTOR**

In the face of the current Russian foreign policy, one would doubt that EU- and especially NATO enlargement would have been possible without Russia's weakness after the end of the Cold War and Nine Eleven as a turning point in world politics. Quite the contrary could have happened: after rebuilding and before the beginning of the "War on Terrorism", Russian Foreign Policy towards the Baltics became more and more 'harsh and confrontational [...]. Russia's leaders had been increasingly arguing that the international community should recognise this territory as under the Russian sphere of interests [...] [and] as one of Russia's main strategic interests.' (Vershinin, 1998: 524) For sure, there was a strong sensitivity to the fact of expanding onto post-Soviet territories, even if the NATO allies tried to calm down Moscow by explaining that NATO enlargement is neither any threat to their security nor about encircling Russia.

After Nine Eleven, the 'changes in American foreign policy priorities, as well as Russia's reaction to the terrorist attacks [...] have been particularly important in bringing about this new opportunity to strengthen and deepen the U.S.-Russian relationship.' (Saunders, 2002) The road to dominant U.S influence in the Baltics was free, accelerated by international terrorism as the new connective link between the two states after growing frictions caused by NATO access to the Baltics (Pohl, 2003: 43). This step of the Baltics was intended to be long term ; with the Support for the Eastern European Democracy (SEED) Act of 1989, the U.S. started to support young democracies to exist on their own and not to fall back into Russian influence – with huge financial aids and ideological influence.

To this day, Russia does not accept the proposition that Euro-Atlantic integration of Estonia and the Baltics provides a shelter against a strong Russian influence in the post-Soviet countries:

‘Russia will become a world power again, and will have a global area of interests. Now [...] there are certain countries where we have our interests. Even the admission of some of these countries to the European Union and NATO does not mean that they fall out of the area of our interests.’ Especially the Baltic States ‘are certainly within this area of interests, particularly on such issues as transit or the status of the Russian language and Russian community. We will certainly use their accession to the new organizations in order to intensify monitoring of what concerns our interests and to influence these countries.’<sup>18</sup> (Socor, 2005)

Today, the policies of the Baltic States towards Russia have changed after accession to the EU and NATO – instead of a further normalization of relations, ‘a more confrontational policy line can arguably be identified, [...] a somewhat antagonistic relationship’ (Kværnø and Rasmussen, 2005: 90) is visible. The same is true for Russia; the acquaintance with the Baltics and the U.S. as their biggest supporter and leader becomes more and more tough. Promoted through ‘the competition between the USA and Russia on the post-Soviet state[s]’ and the weakening of Russia’s geopolitical positions by the U.S., the Russian-U.S. relationship concerning the post-Soviet space is somehow ‘Lost in translation’ (Stanovaya, 2005).

#### **4. THE INTERNATIONAL CONTEXT: CURRENT SITUATION AND OUTLOOK**

Now, after the dust of the Twin Towers has settled, the U.S. continue to calm down the Russian Government concerning their engagement on former Soviet territories, especially in Central Asia, Ukraine, Georgia and the Baltic States. During one of her last visits to Moscow, U.S. Secretary of State Condoleezza Rice stressed that the

‘USA does not have a wish to reduce Russia’s influence in those [former USSR] regions. As a matter of fact, we do not see it as a game, in which someone wins and someone loses. We see it as a game, in which everyone has an opportunity to win, when prosperous and economically developed countries are being established on Russia’s borders’ (Bubnov, 2005). It remains to be seen how the rivalry between the U.S. and Russia will further develop over the next couple of years.

With huge assistance of the U.S., the overriding goals of Estonian foreign policy were finally achieved in 2004 – membership of NATO and the European Union. These events are of enormous importance for the situation in the Baltic region. But being a close ally of the Western world under U.S. leadership causes huge differences with Russia; to this day, there is no ratified border treaty between the two countries, which seems to be inapprehensible for an EU and NATO external border. First initialled in November 1996,

---

18 Kremlin political consultant Gleb Pavlovsky on a press conference on 3 February 2005.

the Estonian Parliament Riigikogu ratified the agreement in June 2005 after the two foreign ministers signed the papers in Moscow in May 2005, but the Duma refuses ratification of the treaty – even if the Estonian government made concessions regarding the controversial regions in the north- and south-east of Estonia.

The status of the Russophone community in Estonia has improved over the years; after the monitoring of EU and OSCE in the 1990s, the case seems to be closed, especially after the OSCE abandoned its office in Tallinn in 2001. But Moscow does not stop the monitoring of Estonia's Russophone community, even if, from time to time, it is quite obvious that the main argument for remaining involved in Estonia – i.e. the Russians residing there – is just 'a lever in order to reach its strategic and military goals' (Ricken, 2002: 317). Illustratively, Porter and Saivetz reasoned that you can take the republics away from Russia, but you can't get Russia out of the republics (Doroško, 2003: 4).

The EU and especially Denmark considered the Eastern enlargement as a way to build a bridge to Russia and to form a closer partnership – and the same is true for NATO enlargement, but the Estonian government seems 'to follow a different and more power-orientated logic and [has] in reality used the enlargement to profile [itself] in relation to Russia.' (Kværnø and Rasmussen: 90) But this is not a common EU point of view and will probably cause conflicts with Western Europe, primarily with France and Germany as close partners of Russia. This is another point of view towards 'the significance of Estonian EU membership for European security' (Kasekamp and Sæter, 2003: 15) – there might also be a danger for security.

Another problem is the current division of Europe; the so-called New Europe made of former member-countries of the Eastern bloc is therefore the most pro-American oriented part of the EU and opposed to Old Europe – the roots of this development are to be found in the complete fixation and satellization towards the U.S. in all important questions of foreign policy. In a speech held on 11 April 2005, Jaak Jõerüüt, the former Minister of Defence of Estonia, stressed the importance of international engagement: the main aim of Estonia is 'to reduce security risks threatening Europe and the world, [and] we have to be ready to react to them, in cooperation with our allies, where the need for this is the most obvious.'<sup>19</sup> (How to Defend Estonia?, 2005) In the EU-15, the affiliation to the different political unions – Old Europe and New Europe – may change with a change of government as we faced in Spain with the defeat of José María Aznar and the new foreign policy orientation of his successor José Luis Zapatero, and maybe in Germany under the chancellorship of Angela Merkel in the future, but the chosen dependence of Estonia and the Baltics on the U.S. and their antagonism to Russia may cause the emergence of a deeper gap in Europe.

---

19 How to Defend Estonia? Address by the Minister of Defence of Estonia, Jaak Jõerüüt, on 11 April 2005.

## REFERENCE LIST

- Aklaev, Airat et al. (1995) *Interethnic Conflict and Political Change in the former USSR*. Dundas: Dundas Peace Research Institute.
- Bubnov, Vasily (2005) Condoleezza Rice rejects USA's intention to reduce Russia's influence in post-Soviet states, in *Pravda*, 20 April 2005;  
[http://english.pravda.ru/main/18/88/354/15324\\_condoleezza.html](http://english.pravda.ru/main/18/88/354/15324_condoleezza.html). (13.09.2006).
- Clemens, Walter C. Jr. (2001) Nonviolent Revolution: How Three Davids Undermined Goliath, in *The Baltic Transformed. Complexity Theory and European Security*, Lanham: Rowman&Littlefield Publishers.
- Doroško, Tatjana (2003) *Russian Diaspora Politics in the Context of Estonia: Diaspora Participation in the Policy-Making Process*. Tartu: Department of Public Administration.
- Estonian Ministry of Foreign Affairs;  
[http://www.vm.ee/eng/nato/kat\\_360/5473.html](http://www.vm.ee/eng/nato/kat_360/5473.html). (13.09.2006)  
[http://www.vm.ee/eng/nato/kat\\_360/4568.html](http://www.vm.ee/eng/nato/kat_360/4568.html). (14.09.2006)
- Järve, Priit (1997) Security Choices of a Re-Independent Small State: An Estonian Case, pp. 222-35 in Bauwens, Werner et al. (eds) *Small States and the Security Challenge in the New Europe*, Prassey's Atlantic Commentaries No. 8.
- Jensen, Kenneth M. (1994) Introduction, in: Leon Aron and Kenneth M. Jensen. (eds) *The Emergence of Russian Foreign Policy*. Washington, D.C. : United States Institute of Peace.
- Jurado, Elena (1998) *Russian 'Homeland Nationalism' and the Baltic States: Explaining Russia's Policy towards the Diaspora 1991-1997*. Oxford: Oxford University.
- Kasekamp, Andres and Sæter, Martin (2003) *Estonian Membership in the EU. Security and Foreign Policy Aspects*. Oslo: Norwegian Institute of International Affairs.
- King, Charles/Melvin, Neil J. (eds) (1999) *Nations abroad. Diaspora Politics and International Relations in the former Soviet Union*, New York: Westview Press.
- Kozyrev, Andrei V. (1993) Heed a Russian 'Cry of Despair' in Estonia, in *The International Herald Tribune*, 14 August.1993.
- Kværnø, Ole and Rasmussen, Marie (2005) EU enlargement and the Baltic region: A greater security community?, in Kasekamp, Andres (ed.) *The Estonian Foreign Policy Yearbook 2005*. Tallinn: Estonian Foreign Policy Institute.

- Løken, Kjersti (2004) *Estonia, Latvia, and Lithuania*, in Simonsen, Sven Gunnar (ed.) *Conflicts in the OSCE Area*. Oslo: International Peace Research Institute.
- Meissner, Boris (1998) *The Occupation of the Baltic States from a Present-Day Perspective*, in Talvas, Jundzis (ed.) *The Baltic States at Historical Crossroads: Political, Economic, and Legal Problems in the Context of International Co-operation at the Beginning of the 21<sup>st</sup> Century*. Riga: Latvian Academy of Science.
- Melvin, Neil (1995) *Forging the new Russian Nation: Russian Foreign Policy and the Russian speaking Communities of the former USSR*. London: Royal Institute of International Affairs.
- Menon, Rajan (1995) *In the Shadow of the Bear. Security in Post-Soviet Asia*, in *International Security*, 20, 1 (Summer 1995).
- Neukirch, Claus (2001) *Russia and the OSCE – The Influence of Interested Third and Disinterested Fourth Parties on the Conflicts in Estonia and Moldova*,. Flensburg: European Centre for Minority Issues.
- Pohl, Tiiu (2003) *Summary: Post-Cold War Russian Foreign Policy and Estonia*, in Kasekamp, Andres (ed.) *The Estonian Foreign Policy Yearbook 2003*. Tallinn: Estonian Foreign Policy Institute.
- Ricken, Stefanie (2002) *Multi-Organisational Response: The Case of the Russian-speaking minorities in the Baltic States*, in Moroff, Holger (ed.) *European Soft Security Policies: The Northern Dimension*. Helsinki: The Finnish Institute of International Affairs.
- Saunders, Paul J. (2002) *U.S.-Russian Relations: A New Strategic Partnership. A Report on the U.S.-Russian Dialogue*. Washington, D.C.: The Nixon Center.
- Socor, Vladimir (2005) *Kremlin Redefining Policy in "Post-Soviet Space"*, *Eurasia Daily Monitor*, 8 February 2005;  
[http://www.jamestown.org/edm/article.php?article\\_id=2369222](http://www.jamestown.org/edm/article.php?article_id=2369222). (18.09.2006)
- Stanovaya, Tatiana (2005) *US-Russian relations: Lost in translation*, in: *Pravda*, 28 April 2005; [http://english.pravda.ru/main/18/88/354/15373\\_rice.html](http://english.pravda.ru/main/18/88/354/15373_rice.html). (14.09.2006)
- Vershinin, Vladislav A. (1998) *Russian National Interests and Dynamics of Russo-Baltic Relations*, in: Talvas, Jundzis (ed.) *The Baltic States at Historical Crossroads: Political, Economic, and Legal Problems in the Context of International Co-operation at the Beginning of the 21<sup>st</sup> Century*. Riga: Latvian Academy of Science.
- Ziugzga, Donatas (1999) *Baltic States in the Perspective of Russia's Security Policy*, in: *Lithuanian Foreign Policy Review* 99/4. Vilnius: Foreign Policy Research Center.



# **The Kaliningrad Region as a Factor of Cooperation between the EU and the Russian Federation**

Adel Grafskiy

The enlargement of the European Union has both posed challenges to Russia and opened up new horizons for its integration into Europe. The bright side of the current situation is that Kaliningrad (being surrounded by the EU countries) is a natural partner for the EU to cooperate in areas such as economy, trade, transit transportation, environment protection, research education, etc. Numerous collaborative projects have already been implemented over the last decade. The institutional framework for such cooperation has been established and a lot of positive experience has been obtained. Kaliningrad enjoys the reputation of the 'pilot region' in the EU-Russia relations (Grönick/Kulmala, 2001).

The enlargement of the European Union causes a number of problems for the development of the Kaliningrad region, though, in areas such as transport, energy supply, visa regime, customs duties, and cross border cooperation with the neighboring states Lithuania and Poland. Radical and considered measures are to be taken to find timely solutions to these challenges.

The Kaliningrad region should become a region of cooperation between the European Union and Russia, increasing its potential for further development. The economy of the region should constitute an integral part and a primary focus of the national economy.

Kaliningrad is a Russian enclave bordering on the Baltic Sea, located between Lithuania and Poland. Due to its history and geopolitical location it is a unique region. Being Stalin's trophy after World War II, during the Cold War period the region was perceived as an important Soviet military outpost in the confrontation with NATO. It was one of the most highly militarized areas in Europe. With the end of the Cold War and the demise of the Soviet Union the formidable military structure in the region was dismantled. Kaliningrad became open for international cooperation and has one of the most liberal economic, customs and border/visa regimes in the Russian Federation.

Russian citizens wishing to travel, say, to Moscow can do it either by air, which is expensive, or by boat, which normally takes too long. So, the most preferable ways are to travel by rail or motor vehicle through Lithuania and Poland. Yet, after the two countries have joined the EU, Kaliningrad residents need Schengen visas to travel to other Russian regions. Until very recently, the strategic issues of transport development in Russia and in the EU were tackled practically without linkage or coordination between them. This has now become both impossible and unreasonable. As close geopolitical neighbors and economic partners (50% of Russia's foreign trade will be with the enlarged EU), the two

geopolitical partners are destined to go ahead with integration. This was confirmed by decisions adopted at the recent EU-Russia Summit, which charted the course for the creation of the Common European Economic Space. It is absolutely clear that, in the first place, this calls for the creation of a 'common transport space', which should serve as the framework for a process of integration into the economy and the social sphere of the new Europe from the Atlantic to the Urals (Cherkesov, 2001).

Currently, the Kaliningrad region partakes in five Euroregions, which are: Neman, Baltic, Lyna-Lava, Saule and Sheshupe. For example, Kaliningrad belongs to the Baltic Euroregion. The idea to establish such a region was initiated by Polish municipalities. On February 28 to March 1, 1997 a special conference to discuss this idea was held in Malbork (Poland). Formally, the Baltic Euroregion was established on February 22, 1998 as an international lobbying group of local governments from Poland, Sweden, Denmark, Lithuania, Latvia and Russia<sup>20</sup>. The population of the Euroregion is about six million, the territory is around 100,000 sq km. According to its charter, the Baltic Euroregion's main task is subregional economic planning, support of private entrepreneurship, know-how and high-tech exchange, joint projects in agriculture and forestry, the construction of transport routes, environment protection, and fighting organized crime. Russia has succeeded in its efforts to emphasize the priority of national legislation with regard to the Euroregion's activities. Moscow also managed to keep its control over the local government in case of the Euroregion: municipalities should coordinate their Euroregion initiatives and projects with federal authorities<sup>21</sup>.

Problems and obstacles to the EU-Russia cooperation on Kaliningrad can be identified on both the EU and Russian side. Starting with the Russian perspective, one of the major problems is that Moscow is very suspicious of any attempt to put the Kaliningrad issue and subregional initiatives (including Euroregions) in the context of a Baltic/Nordic region-in-the-making, and has been keen to ensure its control over those Russian regional/local authorities involved. This reflects Moscow's concerns over regional separatism and the possible disintegration of the Russian Federation. However, such actions may well have an adverse impact on the very spirit of regional/subregional cooperation projects.

Notably, however, on the EU side similar obstacles exist which are related to the fear of decentralization. For example, Brussels' bureaucracy has also been unenthusiastic about the decentralizing impact of regional collaborative initiatives. For example, in the case of the Northern Dimension Initiative (NDI) the EU Commission appears to be unwilling to delegate responsibility to any particular group of countries or subnational units for region-specific policies. According to Brussels, the NDI (which covers Kaliningrad as well) should not be seen as a regional initiative, which in the Commission's view is not necessary. It is instead stressed that the NDI is a matter of joint concern for all the EU member countries

---

20 [http://europa.eu.int/external\\_relations/north\\_dim](http://europa.eu.int/external_relations/north_dim)

21 <http://www.gov.kaliningrad.ru>

and should be implemented at the supranational level. In 2000, the then Finnish Prime Minister, Paavo Lipponen, also stressed that 'The Northern Dimension of the EU is not a regional initiative but refers to a policy of the whole Union'.

In case of Kaliningrad the region should be provided with a special status within the Russian Federation. Moscow cannot treat the region similar to any inner/mainland territory. There is no need for Russia to completely give up its sovereignty over Kaliningrad, but if Moscow wants to make the region a part of the European common space it should be provided with broader powers in the fields of foreign economic activities, taxation, property rights, customs formalities, border controls, consular services and so on. To provide such a status a Constitutional Law on the Kaliningrad region should be passed by the federal center. This legislation will be very helpful in reinvigorating the Euroregion initiatives in the Baltic Sea area.

In particular, both Moscow and Brussels should give priority to actually making Kaliningrad a pilot region, rather than simply proclaiming it to be one. A number of suggestions can be made here. First, the Kaliningrad region could be the first (among Russia's regions) put into the context of the Common European Economic Space initiative (CEES) recently launched by the EU with Russia. The CEES itself should be developed to set out a deeper and broader agenda for legislative approximation between the EU and Russia. Participation in selected EU activities and programs, including aspects such as consumer protection, standards, environmental matters and research bodies, could be opened to Kaliningrad and then to the rest of Russia. For example, EU standards should be established for Kaliningrad-produced goods. A joint EU/Russia Standardization Committee should also be created and efforts to support the further development of enterprise policy by Kaliningrad/Russia should accompany regulatory approximation. As mentioned, however, the EU-Russia Road Map for the Common Economic Space lacks this idea.

Another step forward could be the creation of an EU-Russia Free Trade Area (FTA). This could be done both in parallel with and as a follow up to CEES activities. A Free Trade Area is envisaged in the EU-Russia Partnership and Cooperation Agreement (PCA), but no timetable has ever been attached to this. To implement this idea, objectives and benchmarks should be developed. In particular, this process could be started by concluding a free trade agreement with the Kaliningrad region and then replicating this experience to the rest of Russia. However, some Russian experts feel uneasy about this idea because it could lead to the erection of customs barriers between the Oblast Kaliningrad and the rest of Russia, at least in the transitional period.

In the long run, upon the implementation of the CEES and FTA projects, the EU and Russia could think of creating a European Economic Area-type arrangement that aims at the further harmonization of European and Russian regulatory regimes. Again, Kaliningrad could be a pilot region in implementing such an ambitious project.

## REFERENCES

- Chauveau, Guy-Michel. 2001. Prospects for Democratic Reform in Serbia, Belarus and Kaliningrad. Civil Dimension of Security, Sub-Committee on Democratic Governance, NATO Parliamentary Assembly Report <<http://www.nato-pa.int/publications/comrep/2001/au-192-e.html#3>>
- Cherkesov, Victor. 2001. "Interview with Victor Cherkesov, Presidential Representative in the Northern-Western Federal District." Rossiyskaya gazeta 19 April: 1, 3 (in Russian).
- Commission of the European Communities. 2003b. National Indicative Program. Russian Federation. 2004-2006. 21 May 2003 <[http://europa.eu.int/comm/external\\_relations/russia/csp/04-06\\_en.pdf](http://europa.eu.int/comm/external_relations/russia/csp/04-06_en.pdf)>
- Grönick, Ritva; Kulmala, Meri. 2001. Kaliningrad: Isolation or Cooperation? Helsinki: The Finnish Committee for European Security.



# Trust in the State Institutions: Evidences from Russia and the EU

Timirkhan Alishev

Nowadays it is held to be common wisdom that differences in the level of social and economic development depend on the institutions, i.e. certain collective and regular, formal or informal practices that conform to the rules which have developed in these societies. Institutional reforms which are directed to the changing of the existing practices, making them more effective, seem to be no less important. The core issue for us is why certain institutional transformations appear to be successful and the behavior models they produced take root in everyday interactions while others are rejected or perverted, in other words used for absolutely other purposes than were initially conceived by the reformers. We assume that one of the crucial elements facilitating the establishing of the correspondence between newly created formal rules and people's day to day practices is *trust* that social actors develop toward state authority institutions.

In this article we are considering evidences from Russia and the new member states of the European Union. In spite of the external manifestation of diversity of all the political and economic stages these countries have passed through in their post-communist history, they can be united by what Piotr Sztompka (1999: 152-160) defines as the '*bloc culture*' of the socialist system – an experience that eroded trust in public institutions and in any information circulated by the public authorities, and which may have also contributed to the high levels of interpersonal distrust.

## 1. INSTITUTIONS AND INSTITUTIONAL CHANGES

Institutions as social phenomena structure everyday human activities and make them more predictable. We can use a classical definition by Douglass North to determine institutions as 'humanly devised constraints imposed on human interaction' (1990: 15). In other words institutions are regulatory patterns that prescribe<sup>22</sup> or conversely prohibit certain kind of actions. They may thus be described as the rules<sup>22</sup> of the game(s) where individual agents are the players (Amable, 2000: 650).

---

<sup>22</sup>

The neoclassic economics purists trust rules even more than they trust people. 'Good games,' as James Buchanan and Geoffrey Brennan put it, 'depend on good rules more than they depend on good players' (Buchanan and Brennan, 1985: 150). The problem is that the players – and no one else – make the rules (Wolfe, 1989: 122).

Institutional systems have a very complex structure. First of all we must note that different institutions are strongly interrelated and not separated from each other. That is why we must always consider the factor of complementarity of institutions [Amable 1999].

Secondly, we must not forget that internally institutions are not homogeneous. North (1989: 21) writes that institutions consist of rules and the mechanisms providing the performance of rules, and norms of behavior which structure repeating interactions between people. Besides the rules of behavior which regulate actions of participants in interaction, there is another type of rules regulating mechanisms of maintenance of the rules and compulsion to their fulfilment.

Every institutional system can be divided into several levels. With respect to the ability of any institutional system to change it is possible to distinguish between three levels (Kuzminov et al., 2005: 13) which include: 1) a level of formal rules; 2) a level of informal rules; 3) a level of cultural traditions and values.

Formal rules are fixed in legal acts or in business contracts. Informal rules are based on trust, reputations, confidence that others know the rules and will obey them. Certainly, formal and informal rules are interconnected. However there is an essential difference between them. If conformity to formal rules is in most cases based on support and enforcement by state institutions<sup>23</sup> (court, police, prosecutors), observance of informal rules is grounded in the social capital (the presence of which often reduces the costs both for market and social actors). However, these informal rules cannot be called universal and are often only used by definite groups with a rather limited number of participants. Informal rules are based on cultural traditions and moral values related to the reproduction of steady practices which are fixed in local customs. Generally they help to intuitively establish a given action as 'fair' or 'unfair', 'admissible' or 'not admissible'. It is only through considering all these levels that we arrive at gauging the legitimacy of new institutions and their positive functionality.

It is significant that informal norms and cultural traditions are not just the results of spontaneous development. The opportunity of exerting influence on them seems quite real to us. But, trying to render such influence, it is important to understand distinctions in mechanisms and speeds of transformations happening on various institutional levels. If the new law can be accepted quickly enough by the State Duma without serious multilateral talks on them (which is widespread practice in the Russian Parliament), informal rules hardly give in to any changes, and cultural traditions and values possess the greatest inertia. If a certain legal act can be lobbied and is accepted using administrative enforcement (so called '*administrative resource*'), change in informal practices demands a much longer time – persevering influence from formal structures, the

---

<sup>23</sup> As Robert Putnam (1993: 167) defines: '...social capital ... refers to features of social organization, such as trust, norms, and networks that can improve the efficiency of society'.

introduction of new positive samples and models of legal behavior is necessary. Finally, cultural traditions and values can hardly be changed by means of administrative coercion at all. Although we must note a profound impact of the mass media, they are not capable of immediately changing the embedded practices either.

It seems important that for the development and introduction of complex institutions on which the modern effective social and economic organization is based, certain skills of using new institutions and a certain degree of trust in these institutions by economic and social actors (and also existence of trust relations among these actors) are needed (Kuzminov et al., 2005: 62-63). Otherwise the cost of monitoring and control which needs to be directed to prevent opportunism and malfeasance will appear extremely high and block the usage of new institutions.

## **2. TRUST IN FORMAL INSTITUTIONS**

Trust is used as an essential parameter in the analysis of institutional environments because it plays the role of the link between expectations and reality, thus allowing possible coordination in society. Studying trust in interactions within the framework of institutional environment, it is first of all essential to ask whom it is necessary to trust. One can trust familiar people, natives or relatives, because one has crucial information about these individuals' behaviors, capacities, and needs. We can imagine how these people will act in different circumstances. However, it is also possible to trust strangers whose reputation is completely unknown to us. The 'tit for tat' right, due to which the deceived side is allowed to take revenge on the offender, served as a basis of such trust in primitive and traditional societies. In modern societies the right of punishment and coercion is given to specialized institutions: to courts, police and other governmental bodies (Oleynik, 2003: 34).

This entitles some sociologists to assume that the replacement of interpersonal trust by trust in institutions is one of the crucial aspects of the process of modernization in the cultural sphere (Sztompka, 1999: 140, Seligman, 2000). This modernization-theoretical stance, though, does not answer the questions whether we trust others because we have faith in the effectiveness of institutions, and what exactly is the role of governments in the promotion of interpersonal trust. These problems notwithstanding, the following elaborations will present some data and hypotheses concerning the development of trust in Russia and in the context of the European Union.

## **3. TRUST IN GOVERNMENTAL INSTITUTIONS IN RUSSIA**

Studying the problem of institutional and interpersonal trust in February-March 2006 in Kazan (Russia, Tatarstan) we have conducted a local inquiry. We used a self-designed



questionnaire and completed 172 interviews. All the respondents were students, aged from 18 to 21 years, of different Kazan state universities and technical schools. The overall focus of the survey was on attitudes towards democratic interactions and institutions.

We asked whether our respondents trust in formal institutions (that were suggested in the questionnaire) or not (outcomes are depicted in table 1). We also studied interpersonal trust. The conventional meaning of interpersonal trust refers to whether 'most people can be trusted' or whether one 'can't be too cautious when dealing with people'. Our respondents expressed more distrust than trust – 76.7 percent said that one cannot be too cautious, while only 15.7 percent answered that others can be trusted (with 7.5 claiming uncertainty).

**Table 1: The percentage of respondents claiming trust in institutions (N=172)**

<b>Institutions</b>	<b>Percentage of respondents claiming trust</b>
Church, Mosque, Synagogue, etc.	69.77 %
Ecological organizations	60.4 %
Charitable organizations	59.8 %
The president	57.5 %
Artistic circle	55.2 %
Army	50.5 %
Human rights organizations	50.5 %
The United Nations Organization	43 %
The Supreme Court	43 %
TV programs	42.4 %
Large corporations	41.8 %
Ministries	30.23 %
Police	29 %
Trade unions	28 %
Press	28 %
Parliament	23.25 %
Political parties	16.9 %

Respondents who claim that one must be cautious when dealing with people showed a high level of trust in institutionalized religion, army, press, TV programs, the artistic circle and large corporations. Those who claimed that most people can be trusted displayed a high level of trust in the president, government, UN, and the parliament. It is difficult to

arrive at a plausible interpretation. Probably, supporters of the institutional and constitutional approach would suggest that formal institutions, in their quality as guarantors of stability, maintain trust in society. We are not inclined to support this hypothesis under the conditions of Russian society. The majority of the institutions mentioned above have only recently developed their contemporary shape, which makes it unlikely that they play a decisive role in everyday life. They simply do not possess sufficient legitimacy.

Due to our findings, people make a sharp distinction between the institutional sphere and ordinary life practices. So, the police and the Supreme Court, which both should serve the establishment of trust in interactions with unfamiliar associates, do not generally – according to our research – reduce suspicious attitudes towards strangers. That does not allow for vertical trust (trust in formal institutions) to develop into a special type of trust (confidence in a system) which should compensate the deficiency and unreliability of horizontal (interpersonal) trust. Refraining from analytical divisions and basing our conclusions on the personal attitudes which initiate the expression of different kinds of trust in our respondents, we can assume that vertical trust is nearly absent. It is replaced by horizontal trust, which displays itself in weak informal interactions with local authorities, district police officers, and courts personnel frequently based on bribes and reciprocity. As Eric Uslaner (1999: 138) puts it, 'rational agents have no reason to trust institutions. They have every reason to base whatever faith they have on the people who run the structures'. Maybe our respondents are not so rational but, according to our data, we have all grounds to argue that they *definitely do not approach governmental institutions as embedded in their everyday practices*.

#### **4. TRUST IN NATIONAL AND EU INSTITUTIONS IN POST-COMMUNIST SOCIETIES**

It is a well-known phenomenon that in new member states the level of trust in institutions of the EU considerably exceeds the level of trust in the national governments. According to the survey compiled by research and consulting firm 'Penn, Schoen and Berland' in March 2006, 37 percent of Europeans trust EU institutions, against only 22 percent who have faith in their own national governments. The figures for the EU newcomer states are 49 percent and 11 percent respectively (Penn et al., 2006). That is the situation which Sztompka (1999: 114-118) defines as the *externalization of trust*. Mistrusting local politicians, institutions, local production etc., people start trusting the leaders of foreign states, their organizations and their goods, and regard the economic help from abroad, the help of IMF, and membership in NATO or the European Union as panacea from all

troubles<sup>24</sup>. This tendency, undoubtedly, has to be defined as negative, as one feature of the European Union that makes trust especially significant is that it is national governments that implement EU decisions and directives.

In our opinion it is quite a serious problem that the majority of the national governments do not possess the sufficient resource of trust which is necessary for the realization of programs of institutional reforms. Therefore any, even the most effective institutional reforms initiated by the European Union, can be exposed to the strong distortions connected with the traditional practices of mutual relation of national authorities and society.

However, the further process of integration can bring about positive results. On an institutional level, European integration is first of all important for the new member states and for the candidate countries because this process necessitates the import of certain standards into different spheres of social life, including standards of the public sphere and democratic mechanisms of making the political decisions, which will help to make the political systems existing in these countries more transparent and accountable. The EU can become an institution possessing sufficient legitimacy and the resource of trust which, in turn, will help to carry out a series of important institutional reforms (sometimes in a situation of a demobilized civil society) in social and economic spheres, and to reform political systems in these countries, preserving national democratic features.

There are a lot of reasons which explain why the low level of trust is a characteristic feature of the post-communist states. Among them we can consider the opportunistic behavior of the existing elites and how it is perceived by the society, disenchantment by the results of reforms, and unrestrained malfeasances of the market. However the key factor of mistrust is the communist heritage. Nowadays a lot of discussions revolve around its durability and scale. To us, two phenomena seem the most salient: first, the mistrust caused by the period of the communist government (horizontal type of mistrust); secondly, the communistic, as a matter of fact, understanding of how the state should be administered (vertical mistrust) (Lowell, 2001: 32).

According to the institutional and constitutional approach, growth of trust is promoted by strengthening the legality in the context of a constitutional state. However, it is absolutely not necessary to encourage general and unconditional belief in state institutions or any other political and social institutions to provide social trust<sup>25</sup>. Rather, we should assume

---

<sup>24</sup> The similar tendency can be traced in the results of the research mentioned above conducted in Kazan. 43 percent of our respondents claim that they trust in the United Nations. That considerably exceeds the level of trust in the national state institutions ( except perhaps for the trust in the president, which makes up about 57 percent).

<sup>25</sup> Emphasizing this point, Diego Gambetta insists that 'the unqualified claim that more cooperation than we normally get would be desirable is generally sterile, is often characterized

that institutions (similar to individuals) can gain trust by being honest and incorruptible within the framework of the understanding of the course of different processes based on common sense and participation in everyday life.

According to the approach of understanding trust as social capital, a parallel strategy may be fruitful. It may consist in the encouragement by the state institutions of certain practices of spontaneous cooperation between citizens within the limits of definite communities or social groups and in the distribution of these practices to the broad audiences. In essence it is a question of the formation of so-called 'islands' of social capital and civil society in post-communist states under the condition of mutual understandings between society and the state.

---

by irritating rhetorical flabbiness and, if preached too extensively, may even have the effect of making cooperation less attractive' [Gambetta 1988: 213].

## REFERENCES

- Amable, B. (2000) 'Institutional Complementarity and Diversity of Social Systems of Innovation and Production', *Review of International Political Economy* 7(4): 645-87.
- Buchanan, J. and Brennan, G. (1985) *The Reason of Rules: Constitutional Political Economy*. Cambridge: Cambridge University Press.
- Gambetta, D. (1988) 'Can We Trust Trust?', pp. 213-37 in D. Gambetta (ed.) *Trust: Making and Breaking Cooperative Relations*. Oxford: Basil Blackwell.
- Kuzminov Y.I., Radaev V.V., Yakovlev A.A., Yasin E.G. (2005) 'Instituti: ot zaimstvovaniya k viraschivaniyu. Opit rossiyskih reform i vozmojnosti kultivirovaniya institutsionalnih izmeneniy', pp. 7-64 in Yasin E.G. (ed.) *Modernizatsiya ekonomiki i viraschivaniye institutov*. Vol. 1. – Moscow: High School of Economics.
- Lowell, D. (2001) 'Trust and the Politics of Postcommunism', *Communist and Postcommunist Studies* 34: 27–38.
- North, D. (1989) 'Institutions and Economic Growth: An Historical Introduction', *World Development* 17(9): 1319–32.
- North, D. (1990) *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.
- Oleynik A.N. (2003) 'Konstitutsiya rossiyskogo rinka: soglasiye na osnove pessimisma?', *Sotsialniye issledovaniya* 9: 30-41.
- Penn, Schoen and Berland Associates, Inc. Survey of EU Citizens. May 25, 2006. <http://www.eubusiness.com/institutions/060530142939.2vrfxfiu.htm>.
- Putnam, R.D. with R. Leonardi and R.Y. Nanetti. (1993) *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton, NJ: Princeton University Press.
- Seligman, A. (2000) *The Problem of Trust*. Princeton: Princeton University Press.
- Sztompka, P. (1999) *Trust: A Sociological Theory*. Cambridge: Cambridge University Press.
- Uslaner, E.M. (1999) 'Democracy and Social Capital', pp. 121-50 in Mark E. Warren (ed.) *Democracy and Trust*. NY: Cambridge University Press.
- Wolfe, A. (1989) *Whose Keeper? Social Science and Moral Obligation*. Berkeley: University of California Press.

# **Economic and Political Transformation**

## **A Comparison of the Processes in Russia and Poland**

Klaus Lorbeer

### **INTRODUCTION**

The Polish transformation until now with its orientation towards Western Europe has indeed been largely successful and can be considered as a classic example. This article focuses on Poland in the period from the system change in 1989 till EU-accession in 2004, because this period encompasses the fundamental transformation from a communist to a capitalist system. A political economic analysis and the decisive role of the EU in these processes are examined in the first part of this paper. Then, in order to give reasons for the actual state of affairs, Russia's complicated transformation will be examined, beginning with the coming to power of Gorbachev (1985 - 1991), following with the presidency of Yeltsin (1991 – 1998). During their legislative periods the relationship between Russia and the West was characterized by a political rapprochement. After Yeltsin's resignation, the Russian politics and policies under Putin have become more independent and resemble a "Russian way". In this context I will evaluate Russia's actual claim to participate in the world economy.

### **1. POLAND'S REFORMS – THE ECONOMICAL TRANSITION**

"Reintegration with Western Europe" was Poland's declared great challenge after the release from the USSR in 1989. The country faced a lot of difficulties: a drop of the Gross National Product (-1.5%), high foreign debts (\$ 38 bn) and a high inflation rate (240%) (Kost, 1994: 75). This initial situation was evident in the long waiting lines for daily food staples caused by shortages already in the late 1970s. The Polish society reacted with protests followed by strike waves. The Solidarity movement<sup>26</sup> finally enforced political change and Leszek Balcerowicz became Minister of Finance in September 1989. His aim was to transform the centrally planned economy tied overwhelmingly to the Soviet bloc into a market economy doing most business with the West. With the help of foreign

---

<sup>26</sup> <http://www.soviethistory.org/index.php?action=L2&SubjectID=1980solidarity&Year=1980>

advisers Balcerowicz worked out the "shock therapy".<sup>27</sup> The most important measures were the following:

First the high inflation was countered through a liberalization of price control and forbidding the financing of the state budget deficit by the National Central Bank<sup>28</sup>. Second, institutional reforms were implemented in order to create a market economy based on private property. The state monopoly in international trade was abolished. Foreign investors were particularly encouraged to participate in the privatization processes through the buying of shares. Their capital, management know-how and technology became an important element in the restructuring and modernization of the Polish economy. Right after the advices of Jeffrey Sachs, the Law of Privatization was ratified in July 1990. Small and medium enterprises were immediately privatized. The privatization of the 450 largest enterprises was proceeded by the distribution mode of mass privatization (Kost, 1994: 75). Many of the large industry plants worked quite inefficiently and had to declare bankruptcy. These ex-state owned giants left 20% of Poles unemployed. In the first period of the transformation three main obstacles were in the way of prosperous development: the omitted USSR outlet market, the financial situation of the state and the low productivity.

Looking back, the 15 years of transition can be divided into four phases: (1) shock therapy 89–93: the transformational recession duration was the shortest among all CIS countries. (2) The "Strategy for Poland" 94–97: the economic institutions became substantially strengthened and the economy did very well (average GDP growth of 6.4%). (3) Overcooling of the economy 98–2001: the economy stagnated with a very low GDP growth of 0.2% in the last quarter of 2001. A doctrinaire approach to financial policy hampered growth and aggravated the unemployment problem. (4) Back on track towards the EU 2002–04: a key role was played by the Public Finance Recovery Program adopted in 2003. It intended profound reorganization in the area of public finance and aimed at adjusting the system to the capacities of the state and requirements of a modern market economy (Kolodko, 2004).

## **2. THE IMPACT OF THE EU ON POLAND'S TRANSFORMATION**

This chapter discusses the interrelation between transformation towards democracy and market economy and the terms of integration in the EU-enlargement. EU-membership

---

<sup>27</sup> From 1990 on the controversial economist Jeffrey Sachs became adviser for the Polish state. He promoted measures as release of price controls, withdraw of state subsidies and immediate trade liberalisation. He also worked as an adviser for the Russian government from 1991-1993.

<sup>28</sup> To make it independent from political pressure a Security and Exchange Commission was introduced (modelled 100% after the U.S. version with its strict transparency rules).

constituted the main strategic goal of Poland's foreign policy. Four steps can be identified how the EU supported Poland and how it simultaneously implemented several conditions:

First, the EC applied the Generalized System of Preferences which provided access to Western markets through unilateral concessions as well as the PHARE program to assist the restructuring of the Polish economy. Second, in December 1991 a perspective for EU-membership was offered at the first Round of Europe Agreements. Third, in 1993 the Copenhagen Criteria were established. The Polish government adopted them as terms of reference for its National Strategy for Integration. And fourth, the EU worked out the Pre-accession Strategy in December 1994 which embeds the previous elements into a more coherent strategy. This was welcomed by Poland and instantly integrated into the internal market as a means to direct the sequencing of the transformation steps and to structure preparations for membership negotiations.

The Copenhagen membership promise and the Pre-accession Strategy have been the turning point for the rapid changes of the Polish system in all three dimensions (political and legal, institutional and administrative, economic). The concept of convergence and the path of integration worked as an engine for a straight and pinpoint change. Therefore now, as a comparison, the situation in Russia shall be analyzed, since it had a great request for self-reliance without an EU-membership perspective.

### **3. RUSSIA'S TRANSFORMATION – WRESTLING WITH THE COLLAPSE?**

In the middle of the 20<sup>th</sup> century the possibilities of the industrial age were more limited and the humanity was confronted with a new challenge: the scientific-technical age. In spite of all inefficiency and enormous human costs, state socialism was able to ensure the general conditions for the growth of the industrial production through the mobilization of all conceivable materials and human resources. But it could not deal with the complexity of the scientific-technical development. The sectoral and geographical structure of the Soviet economy made it vulnerable for the impact of the globally changing economy. The structural defects, the lack of economic performance and adaptation ability, the ideological self-blocking, the confrontation of the two superpowers and the arms race manoeuvred the USSR into a system crisis. In 1985 parts of the Soviet elite conceded that the status quo could no longer be kept and change was essential (Glaeßner, 1997: 13).

When in 1985 Gorbachev came to power he proposed reforms to modernise the state. *Glasnost* (publicity) intended to make the country's management open to debate and to abolish state censorship with the aim of mobilizing the population to back further



reforms.<sup>29</sup> Gorbachev's main program, however, was *Perestroika* (restructuring), with its two essential parts: the Law on State Enterprises<sup>30</sup> (1987) and the Law on Cooperatives<sup>31</sup> (1988). Yet, the reasons for the break-up of the Soviet Union are not by all means located in the *Perestroika*. They can be traced to the times before. In the 1970s the economy was no longer able to provide the economic and financial basis for the superpower status. The decreasing growth rates, an endemic lack of capital and the extreme price increase for tapping new resources rendered the traditional way of economising ineffective. Additional, more qualitative problems occurred: The distance to the OECD countries of modern key technologies increased and social disintegration tendencies took place in parallel. These internal factors were joined by external developments from which the Soviet Union was excluded. It was in particular the advancing globalisation which was of crucial importance for the structural Soviet crisis. Worldwide changing terms of production, communication and the transnational flows of capital, finance and trade created new conditions of competition. The given Soviet functional deficits could not cope with that and compulsory led to a growing economic gap between the Soviet Union and the "West" (Glaeßner, 1997).

In the period of Yeltsin's governance the reforms were pushed forward. The privatization of the industry was almost completed. The economy was on the rise, expressed for instance by an increase of direct investment from \$2.5 in 1996 to \$6.2 in 1997 (Russian Economic Trends, 1998). The cooperation with the West became closer. But the rouble-crises of August 1998 blasted the hopes of a successful reform of the Russian economy. A lack of resolve in reforming the country's public finance, different reform blocking stakeholders, corruption and the unwillingness of the Communists to collaborate in the Duma contributed to the crisis. A huge imbalance between the value-adders (the profitable energy- and raw-material sector) and the value-subtractors (the inefficient agriculture and manufacturing sector) was at the core of the Russian misery. Yeltsin's administration co-opted the energy barons to bargain with them for the necessary redistribution (Shleifer and Treisman, 2000: 175).

Gorbachev based his strategy only loosely on Western concepts of establishing a market economy. It can be argued that he proceeded too hesitantly,<sup>32</sup> however, the times were characterised by permanent conflicts and disorganisation. Especially under Yeltsin the elites did not assume social responsibility, but only persevered in gaining power.

---

<sup>29</sup> Glasnost caused huge unintentional effects: The media enlightened social and economic problems which the Soviet government had long denied and covered up.

<sup>30</sup> The state enterprises should determine output levels based on demand which contained price negotiations and self-financing (wages, taxes, supplies, debt service and profits).

<sup>31</sup> It eliminated the monopoly of the Ministry of Foreign Trade and permitted private ownership of businesses in the services, manufacturing and foreign-trade sectors.

<sup>32</sup> For instance the economic adviser Yavlinsky promoted more radical programmes.

After the rouble crisis of 1998, Putin started to concentrate the political power in his hands in order to constrain the influence of certain interest groups. His government succeeded to stabilize the inner macro-economic development. One of its central foreign goals has been to fully participate in the world economy and in the process of globalization and even more to play a leading role in it. The European Union clearly dominates Russia's foreign trade by exporting machinery and chemicals and importing mostly gas and oil. This is mainly due to the geographical proximity and already existing gas pipelines. Provided that liquid natural gas will someday make economic sense, Russia then will be able to diversify its exports to other costumers, like the US for instance. As regards institutional integration the EU and Russia agreed to extend their cooperation by creating the Common Economic Space in order to establish a kind of a free trade zone.<sup>33</sup> Russia also attained membership in the G-8. Compared to Poland and its EU-integrated position, Russia negotiates self-contained and has to cope with difficulties such as in the case of the WTO accession negotiations.

#### **4. CONCLUSION**

First, macroeconomic stabilisation; second, microeconomic liberalisation and third radical institutional reconstruction – such was Balcerowicz's answer to the challenge of transformation. The structural shift in the geographic distribution of foreign trade towards the most highly developed economies; the influx of a sizable stream of foreign direct investments that reinforce the desired microeconomic restructuring and boost the international competitiveness of enterprises, and finally, integration with the European Union – these are the most significant benefits that Poland has skilfully taken advantage of (Schimmelfennig and Sedelmeier, 2005). Poland could do so, because of its integration in a strong regional economic area with a single market. While the Polish economy acted in accordance with gravity towards Western Europe the Russian case is not that obvious.

In comparison to Poland, Russia had to face a lot more of obstacles simultaneously. It was highly affected by the global changing economy, while having the problems of facing national disintegration and creating a federal structure. Regional governments were among the most powerful stakeholders, opposing reform of the tax system and macro-economic-stabilisation programs that would have required large transfers between the cuts in federal subsidies and would have threatened geographically concentrated increases in unemployment. The competitive parts of Russia's economy were concentrated sectorially and geographically to a greater extend than in Poland. The economic power of the leading oil and gas barons was preordained, especially after the decentralising measures of the early Perestroika. This stakeholder group had enormous power that could not simply be countermanded by presidential decrees. No cohesive

---

<sup>33</sup> [http://ec.europa.eu/comm/space/news/article\\_2266\\_en.html](http://ec.europa.eu/comm/space/news/article_2266_en.html)

industrial group in Poland had such concentrated power to obstruct or divert reforms. Without active engagement of the society and a strong demand for reforms it is hard to enforce a drastic system change. The Solidarity movement was a social phenomenon. Inner political and social change brought forth the reforms. Regarding the Russian society, an intellectual dominance of the elites enforced the reforms without any participation of the society. An integration of the work collectives could have contributed to more accordance of the public for instance.

All in all Russia has overcome many obstacles of disintegration and isolation of the Soviet times to integrate into the world economy. The clear transformation of Poland from a socialist to a capitalist system by overtaking western structures can not be considered as exactly the same procedure for Russia. In my opinion a "Russian way" is inevitable, because of its history, its structure of policy-making and its claim to be independent in decision making. The WTO-accession, which will come sooner or later, will facilitate an important step to establish a Russian position in the world trade. But integration into the world economy is by no means an automatic process. There are also dangers of a successful integration. It may facilitate the disintegration of nations. Preventing that from happening could require a more centralized regime in Russia than one might wish to see (Schrettl, 2004).

## REFERENCES

- European Bank for Restructuring and Development (2005) 'Transition Report Update'.
- Frantz, Christiane (2000) 'EU-Integration als Transformationsrahmen' *Demokratisierung und Konsolidierung in Polen durch die Europäische Union*, Opladen.
- Glaeßner, Gert-Joachim (1997) 'Systemwechsel und Demokratisierung' *Russland und Mittel-Osteuropa nach dem Zerfall der Sowjetunion*, Opladen.
- Kolodko, Grzegorz (2004) '7 lessons the emerging market can learn from Poland's transformation', Warsaw.
- Kost, Michael (1994) 'Analyse der Industrieprivatisierung in Polen, Ungarn und der CSFR', Frankfurt am Main.
- Lippert, Barbara and Becker, Peter (1998) 'Towards EU-membership', *Transformation and Integration in Poland and the Czech Republic*, Bonn.
- Schimmelfennig, Frank (2005) 'The Europeanization of Central and Eastern Europe', New York.
- Shleifler, Andrei and Treisman, Daniel (2000) 'Without a map', *Political Tactics and Reform in Russia*, London.
- Slavistic Research Center, Hokkaido University (2004) 'Slavic Eurasia's integration into the world economy'.
- Schrettl, W., "Russia's Integration into the World Economy – A European Perspective".  
<http://www.iep-berlin.de/forschung/moe-europaeisierung/projektaktivitaeten/workshop-4-natolin.pdf>
- <http://www.tiger.edu.pl>
- [www.soviethistory.org](http://www.soviethistory.org)



# Oligarchs – Did They Change Russia’s Politics?

Tomasz Zagdan

## INTRODUCTION

The purpose of this paper is to consider the influence of Russian oligarchs on both the domestic and foreign policy of the Russian Federation. It is beyond any doubt that oligarchs have been profoundly involved in Russian politics and therefore my aim is to define their influence and to stress their role in shaping Moscow’s policy after the collapse of the Soviet Union.

In contemporary history and politics the term "oligarch" is related to Russian or Ukrainian businessmen or tycoons who rose to power and acquired their fortunes after the collapse of the Soviet Union (Aslund, 2005: 6). The notion itself, however, originates from the ancient Greek and means "rule by the few" (oligo "few" and "archos" rule, - The Columbia Encyclopedia, 2001-2005) and is described as a form of government where the political power (either most or all) rests within a small elite part of society, which appoints its members as rulers (Dictionary of Government and Politics, 1997).

Oligarchy as a political system is often compared to aristocracy, which also consists of an elite, limited group of society. However, contrary to aristocrats, oligarchs prefer to exercise their power indirectly, for instance through economic ties.

The meaning of the term "oligarchy" on which I will focus in this paper is related to Russian or Ukrainian businessmen or rather tycoons, who emerged after the collapse of the Soviet Union and managed to accumulate enormous wealth based on an ownership of large industrial conglomerates and wide political connections with the ruling nomenclature (president and government itself).

Although the notion of "oligarchs" has become commonly used, many scholars do not find it appropriate. The original aim of oligarchs, despite them being a very closed and limited group, was to have a positive influence on the state system and contribute to its development, while the billionaires created a "form of robber-baron<sup>34</sup> capitalism" with "semi-criminal" means of exercising their rules and power (Goldman and Marshall, 2004).

---

34 The term "robber baron" was originally coined by E.L. Godkin in 1867, who wrote about ruthless railroad magnates for The Nation. Later on this notion was used in America to describe the 19<sup>th</sup> century tycoons such as Rockefeller, Mellon, Carnegie or Morgan - <http://www.consortiumnews.com/1999/c031199a.html>

Russians themselves have given the tycoons a nickname, the *semibankirshchina*, or rule of the seven bankers. It is a play on words originally related to a group of seven boyars (*semiboyarshchina*) or noblemen, who ruled Russia in the 17<sup>th</sup> century during a brief period between the czars (Hoffman, 1998: A01).

All the above notions are exchangeably used to describe oligarchs and the term "oligarchs" itself, whether absolutely appropriate or not, is the most common in literature - both in the popular and in the politological one and therefore I shall use it most often.

## 1. HOW WAS OLIGARCHY CREATED?

It is widely believed that oligarchy in Russia is an effect of economic and political transition after the collapse of the Soviet Union (or perhaps its failure due to implications brought about by this process).

What are the causes that led to the creation of such a powerful and wealthy group on the one hand, and one so elite and closed on the other? No one and only direct cause that could be undoubtedly stressed exists, and thus oligarchy is an effect of several processes and events that all together have led to the creation of such a system.

Initially, after the collapse of the Soviet Union, President Boris Yeltsin together with his advisers Anatoly Chubais (the vice-premier of the Russian Government) and Yegor Gaidar<sup>35</sup> started the economic reform and transition process (from a planned to a market economy – in Russia the so called shock-therapy). The state, in need of funds and in fear that the optimism brought in under Yeltsin might not last long, decided to commence rapid privatization processes according to which the state property was supposed to be fairly distributed between the citizens. In actuality however, ordinary citizens who received the "vouchers"<sup>36</sup> to buy shares of enterprises, in most cases sold their vouchers to persons in a key position in governing structures, or business associates managed to gain enormous fortunes by acquiring majority stakes in prosperous or strategic enterprises.

Privatization and economic transformation process in the Soviet Union (as well as in other Eastern European states) were, so to say, "pioneer undertakings" – that is, nowhere else in the world had anybody ever tried to privatize on such a large scale in such a situation and under such circumstances. Everything was done for the first time. There were no models, concepts or ways for such profound reforms. So whatever was done, was done

---

35 Minister of Economic Development from 1991 to 1992 and Minister of Finance from February 1992 to April 1992. Later on, Prime Minister under President Boris Yeltsin from June 15 to December 14, 1992. He was also the first Deputy Prime Minister from 1991 to 1992 and again from September 1993 to January 1994 – Kreisler, 1996.

36 Possessing vouchers was profitable only if large amounts of them were concentrated in one hand, otherwise their worth or power was not meaningful.

for the first time. Such situations naturally created many loop-holes and the system was far from perfect. A system in transformation is always a system with many problems and deficiencies that can easily be taken advantage of – just as the oligarchs did.

Secondly, the Russian Central Bank very willingly provided credits at that time. In 1992, while inflation was 2,500 percent, the bank issued credits at 10 or 25 percent per year. Hence, a credit from the Central Bank was simply considered a gift. The man who distributed the most gifts - the chair of the bank, Viktor Gerashchenko - made himself so popular with his generous presents at the Russian public's expense that his influential oligarch friends helped him to get his third tenure in September 1998 (Aslund, 1999: 66).

Later on, during the tenure of Minister of Economy and Finance Victor Chernomyrdin (November 94 – January 96) the so-called "Loans for Shares" program was introduced. According to it, shares in state-owned enterprises (and the permission to manage them) were sold to private banks in return for money which was supposed to supply Russia's empty budget.

The "Loans for Shares" program is considered to be one of the most decisive moments, which led directly to the creation of oligarchs by creating their financial empires (at this time oligarchs bought or acquired their companies). Although, theoretically, private banks were supposedly acting on behalf of the states, de facto bank bidders falsified auction processes.

This way Mikhail Khodorkovsky got a 78% share of ownership in Yukos worth about \$5 billion for a mere \$310 million (Goldman and Marshall I, 2004).

Boris Berezovsky got Sibneft, another oil giant, worth \$3 billion for about \$100 million (Goldman and Marshall, 2004).

Vladimir Potanin bought Norilsk Nickel's on a privatization auction in 1995 for \$170 million. The mineral giant's value was then estimated at \$1.1 billion (Consortium News).

Oligarchs were allowed to operate quite freely and successfully during the tenure of Boris Yeltsin. In 1996, when the first tenure of Yeltsin came to an end, oligarchs invested wisely and supported Yeltsin financially, which in turn enabled him to take the victory from Communist Party leader Gennady Zyuganov. It is said that this might have been the most expensive presidential campaign ever – its costs exceeding the ones in the USA: Its cost was assessed to have been between 500 million and 1 billion dollars – in comparison, Bill Clinton's campaign cost 113 million. Not to mention the fact that legally Yeltsin was only allowed to spend 2,9 million on it (Yavlinski, 1998). Besides, oligarchs launched a widespread media campaign in favour of Yeltsin, issuing many supportive newspaper articles and TV-programmes (ibid.).

The situation of the oligarchs changed after the tenure of President Yeltsin had come to an end. The oligarchs decided to support an ex-KGB colonel, Vladimir Putin, especially



because Yeltsin himself pointed him out as his successor. Despite the anti-oligarchic rhetoric of Putin that was evident in his public speeches, the oligarchs supported his presidential campaign, hoping for further immunity of their actions. And indeed, when he became president in 2000, Putin declared political immunity to Yeltsin and his family (to which apparently oligarchs, especially Berezovski, included themselves). Moreover, despite his populist demagogy, President Putin made an offer (one could say "an offer that one cannot refuse"). As long as oligarchs only focus on business and stay out of politics they can count on the state's further indulgence and a sort of permit for their financial plans. The first ones not to have taken Putin's advice were Vladimir Gusinsky and Boris Berezovski, whose careers in Russia ended with enforced emigration and a loss of the major part of their assets. Later on Mikhail Khodorkovsky decided to challenge President Putin and his odyssey in prison continues to this day, from where he still tries to defend himself and announces further political struggle. (Business Week 07/24/2000 and Economist 7/19/2003)

It is also important to mention that oligarchs manage to achieve so much by also taking advantage of the Russian political and economic system, or rather of its weaknesses – especially corruption.

The European Bank for Reconstruction and Development ranks Russia as the most corrupt major economy in the world (Shleifer and Treisman, 2004). Polls held by the Public Opinion Foundation in Russia in 2004 showed that corruption deeply permeates every social structure. When asked to select criteria which are needed to become wealthy in today's Russia, 88% chose connections and 76 % dishonesty, while only 36% found hard work would be the most important factor (Yavlinsky, 1998). Moreover, according to the NGO Transparency International (Corruption Perception Index 2005) Russia holds the 128<sup>th</sup> place among 159 surveyed states (1 is the least and 159 the most corrupt). Russia received 2,4 points out of 10 – 10 means highly clean and 1 highly corrupt. In the ranking such states as Albania and Niger can be found in front of Russia, and behind it Sierra Leone, Burundi and Cambodia and Congo, states of the so-called "Third World" (Corruption Perception Index, 2005). Russia was already one of the most corrupt countries in the world during the era of the Soviet Union. The planned economy created a system in which commodity shortages were an everyday reality which definitely contributed to the development of the so-called shadow economy and especially to corruption. Although the system collapsed the high level of corruption in Russian society remained. An underpaid state apparatus was and still is very vulnerable to any form of corruption or bribery or so-called "charitable contributions".

Finally, oligarchs were involved or even cooperated with criminal groups and so extortions, blackmail or threatening, not to mention tax evasions and frauds did happen and were not just rare cases. Russian newspapers issued several articles about suspicious deaths of factory or company owners who did not want to sell their assets to oligarchs.

"Graft permeates the country, from street crime to mafia hits to illegal book deals in Kremlin corridors to rigged bids for stakes of privatized companies (...) Anyone who attempts to start a small business in Russia will encounter extortion demands from the mafia, so there is no incentive for entrepreneurship" wrote Grigory Yavlinsky in "Foreign Affairs" (Yavlinsky, 1998).

## **2. DID OLIGARCHS CHANGE RUSSIAN POLICY?**

To put it bluntly, oligarchs managed to influence all aspects of Russian policy: economy, presidential and governmental decisions or foreign policy.

During Yeltsin's terms of office, Russian robber-barons definitely preferred to execute their power indirectly. In his heyday Mikhail Khodorkovsky was said to have bribed literally 100 members of the Duma, among those even several members of the Communist Party (Goldman and Marshall, 2004). Moreover, ministerial posts are reportedly traded for prices in the range of \$10-\$30 million (Aslund, 2005: 8). With their fortunes assessed at billions of dollars, spending even 30 million on a bribe was not a problem for any oligarch.

Furthermore, some of them, like Berezovsky or again Khodorkovsky, also managed to keep their power because of personal contacts to many high-ranking politicians. Berezovsky's close "link" was Boris Yeltsin's daughter Tatiana Dijaczenko. Khodorkovsky routinely traveled with the prime minister (whoever that was at the time) during his foreign journeys (Wolosky and Lee, 2000).

It is also crucial to mention the oligarchs' influence on Russian media – ownership of media-holdings, like Gusinsky's Media Most, and executing power as high-ranking officials in the state-owned media enterprises or managing most of their assets, like Berezovsky controlling ORT and TV6. Khodorkovsky was a deputy head of ITAR-TASS – the state-owned news agency (Wolosky and Lee, 2000).

A question about the financial connection of oligarchs to the state's economy will provide answers of similar meaning. In 1998 government pensions and wages had declined to 40% of their original value in 1989 and tax receipts had fallen to less than 20% of the country's GDP. If we assume that their influence on economy and politics is major then their share in this economic stagnation must have also been meaningful (Yavlinsky, 1998).

Oligarchs are at least co-responsible for creating "an unfinished democracy" in Russia – a system struggling with great corruption, unclear political and economic governance, low credibility of Russia as a state, semi-criminal relations and backwardness in developing a civil society – they hampered the creation of a middle class and of strong political parties.

One could also stress their "share" in causing such a bad economic situation in the country that in turn it made people doubt capitalism, the free market or even democracy.

Let us remember that the collapse of the Soviet Union, like other important events or even revolutions, always brings a wave of optimism and hope with them. At the beginning of the 1990s Russians were full of trust and hope to be able to develop democracy and capitalism. However, they soon found out that democracy and capitalism in the version they had been provided with simply did not work out as expected.

Vladimir Putin became so popular because he was identified with everything that people lost or did not have during the Yeltsin tenure: financial security, economic growth, stability. So if we believe that oligarchs at least partially caused the economic crisis, chaos and mistrust in democracy and capitalism, we can also point to them as a cause of the popularity of Putin, this way changing Russian policies.

This finally leads to the question about the current and future role of oligarchy in Russia. And as usual in such cases, prospects and opinions are divided. It is said that by 2003 most of the oligarchs had given up or at least largely renounced on whatever political ambitions they had had – simply for their own good (<http://english.pravda.ru> 13.04.2006). Those, who did not comply with Putin's politics either fled into exile (Gusinski, Berezovsky or Smolensky) in fear of prison sentences or faced charges like Khorodkovsky. Even Roman Abramovich, who has never been considered an oligarch with high political ambitions decided to meet Putin's expectations: He sold his company Sibneft to Gazprom for 13 billion USD and again accepted his appointment as Governor of the far-eastern region of Chukotka (Brown, 2005). His engagements in Chukotka and his investments in the Chelsea soccer team in the UK do not challenge Putin's ambitions. Putin aims high - one of his major goals is to return the energy sector into the hands of the government. He wants the state to "run the energy business in Russia for the foreseeable future" and so far the Kremlin controls over 30% of Russian oil (MosNews 28.09.2005). Either willingly like Abramovich or in a more "convincing" way the oligarchs have cooperated. Possibly, future oligarch accusations or political trials might take place again. Nevertheless, we should not forget that Putin so far tolerated oligarchs loyal to him and supposing that loyalty continues, a 'liquidation' of oligarchy as a class does not currently seem to be the case. To underline this argument it is enlightening to have a closer look at figures and facts. Of course, it is difficult to value all the money that went into the pockets of the oligarchs. However, Moscow is the city with the highest number of billionaires in the whole world (exceeding even New York). Only four Russians were listed in the Forbes world billionaires' list in 1997. Today, according to Forbes Russia, there are 36 Russian billionaires. The fact that the combined net worth of Russia's 36 billionaires (\$110 billion) is equivalent to 24% of the Russian GDP speaks for the volumes. As a comparison, the combined net worth of America's 277 billionaires was \$651 billion--equivalent to 6% of US' GDP (Klebnikov, 2004).

On the other hand however, some Russian scholars say that political activity of "robber barons" has not disappeared but become "latent". Slowly and gradually, several outstanding oligarchs strongly criticized decisions of the government in Moscow. The

director of the Institute for Political Research, Sergey Markov, says that oligarchs in the future "may show even stronger resistance and form some sort of 'an oligarchic junta' to seize the power in 2008". Political experts suppose that it will be the Alfa-Group headed by Mikhail Fridman that will head the forthcoming "oligarchic revolt". This group is larger and more successful than others; and it will be certainly unhappier than others in case the authority is replaced (<http://english.pravda.ru> 07.09.2005).

Moreover, business prospects for Russian billionaires are bright as well. Oligarchs expanded their business activities abroad, and quite successfully. Companies like Potanin's Norilsk Nickel or Alekperov's LUKoil aggressively purchase assets in foreign companies and invest in US American and other international companies (<http://english.pravda.ru> 13.04.2006).

Will any of these scenarios really take place? Should oligarchs manage to conduct a *coup d'état* and take over Russia's politics like they once did? Or would Putin hold them "on a leash" and gradually limit their power? What can be said is that this is surely to influence Moscow's policy in the future. And if some predictions will be fulfilled, dramatic changes might take place.

### **3. SUMMARY**

There are many different views about oligarchs which are shared. One is certain and commonly agreed upon - Russian billionaires surely profoundly influenced if not shaped the politics of the Russian Federation after the collapse of the Soviet Union. Their role as national or even international actors tells us quite a lot about the system in Russia itself. Namely that democratization, transparency and good governance are still terms that need to be deeply reconsidered in Moscow. Oligarchs themselves firstly contributed to political demoralization, made people doubt in democracy and in the free market and thus created an authority crisis. Hence, later on this resulted in the society's support to follow a path into a strong, authoritarian government. The Russian political system is still fragile and definitely far from being democratic. Fears of instability, large-scale overt corruption and a further crisis made people bet on President Putin, making a big step backwards on the path of democratization. Making people like Khodorkovsky or Berezovsky face charges or go into exile did not really make Russian politics more transparent or democratic but rather appeased people's diverse populist wishes and satisfied them. What it did not do was to contribute to the system's democratization. It is not a secret that most of the oligarchs were involved in dirty business, so unless all of them face investigations and as long as the law is applied selectively it will still be just another political game.

What is striking is the fact that in the last decade Russia experienced two political trends – oligarchic rule and authoritarianism, of which none has actually been democratic. What does Russia need then to follow the path of democratization? It is most probable, that if it is not ruled by a strong leader, oligarchs might again exert their political influence; and if

this is so, people could turn to an autocratic president again. Finally, a question appears – is Putin's current victory over the oligarchs an improvement or a step back for Russian economy, society and democracy? I would call it one step forward and two steps back. A step forward, because he guaranteed stability and economic growth (although mostly owing to high oil prices and quite mono-sectoral economic growth based mainly on the oil and gas industry). Two steps back because he hampers the democratization of Russia and still tolerates oligarchs loyal to him.

## REFERENCES

- Ames Mark, Russia's Ruling Robbers, March 11, 1999 -  
<http://www.consortiumnews.com/1999/c031199a.html>
- Anders Aslund, (April 2005) 'Comparative oligarchy: Russia, Ukraine and the United States', Studies and Analyses no. 296, Warsaw, Center for Social and Economic Research.
- Anders Aslund, (Sep/Oct 1999) 'Russia's Collapse', Foreign Affairs, Vol. 78 Issue 5.
- Brown Heidi, Abramovich Beyond Sibneft, 10.12.05 -  
[http://www.forbes.com/energy/2005/10/12/russia-sibneft-abramovich-cz\\_hb\\_1012abramovich.html](http://www.forbes.com/energy/2005/10/12/russia-sibneft-abramovich-cz_hb_1012abramovich.html)
- Business Week, Tycoon under siege, 07/24/2000, Issue 3691, p48-50.
- Corruption Perception Index 2005, Transparency International -  
[http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2005](http://www.transparency.org/policy_research/surveys_indices/cpi/2005)
- Dictionary of Government and Politics, Oligarchy, Peter Collin Publishing, 1997.
- Goldman, Marshall I., (Nov/Dec 2004) 'Putin and the Oligarchs', Foreign Affairs, Vol. 83, Issue 6.
- Economist the, The troubled face of Russian business, 7/19/2003, Vol. 368, Issue 8333, p 56-56.
- Hoffman David, Tycoons Take the Reins in Russia, Washington Post Foreign Service, 28 August 1998..
- Klebnikov Paul, Russia's Richest People : The Golden Hundred, 07.22.04 -  
[http://www.forbes.com/lists/2004/07/21/cz\\_pkl\\_0721russianintro.html](http://www.forbes.com/lists/2004/07/21/cz_pkl_0721russianintro.html)
- Kreisler Harry, From Central Planning to Markets: Guiding the Transformation of the Russian Economy – Conversation with Yegor Gaidar, Institute of International Studies, UC Berkeley November 20. 1996 -  
<http://globetrotter.berkeley.edu/conversations/Gaidar/>
- MosNews, Gazprom Buys Abramovich's Sibneft for \$13.1Bln, 28.09.2005 -  
<http://mosnews.com/money/2005/09/28/gazprombuysibneft.shtml>
- Pravda Online – English version, Russian oligarchs start investing in high-tech industries for their own entertainment, 13.04.2006 -  
<http://english.pravda.ru/russia/economics/79153-0/>

Pravda Online – English version, Political experts warn that oligarchs crave for revenge,  
07.09.2005 - <http://english.pravda.ru/russia/politics/8881-1/>

Shleifer Andrei, Treisman Daniel, A Normal Country, Foreign Affairs, Mar/Apr 2004, Vol.  
93, Issue 2.

Wolosky, Lee S., (Mar/Apr 2000) 'Putin's Plutocrat Problems, Foreign Affairs',  
Vol. 79, Issue 2.

Yavlinsky Grigory,(May/June 1998) 'Russia's Phony Capitalism', Foreign Affairs, Vol. 77,  
Issue 3.

Internet sources:

The Columbia Encyclopedia, Sixth Edition 2001-2005-  
<http://www.bartleby.com/65/ol/oligarch.html>

<http://www.encyclopedia.com>

# Russian's Investments in Europe

Anvar Mingazov

To begin with, I would like to explain why I have chosen this theme: At the beginning of the 1990s the "Iron Curtain" fell and Russia opened up to the world as the country of "infinite opportunities" with the richest human, natural and intellectual resources.

The conversion of Russia into a market economy has allowed Russian businessmen to realize their ideas and dreams. This article summarizes the activity of these people.

Recently, Russians can be met more often in such places as Cyprus, Ibiza or Mallorca. Tourists from Moscow and Petersburg have outstripped the number of Englishmen, Germans and Italians. They define the rhythm of day time and night life in the most luxurious hotels. Shops under the name "*Natasha*" or "*Kalinka*" struggle for buyers.

After long isolation behind the "Iron Curtain", Russians have apparently opened the world for themselves. It concerns businessmen too. While Russian tourists open the planet for themselves, the Russian businessmen conquer the global economy.

## 1. "NEW BILLIONAIRES HAVE GROWN IN SIBERIA"

At the end of May 2006 there were articles about Aleksey Mordashov in almost all economic newspapers and magazines in Russia. Steel king Aleksey Mordashov, 40-year-old owner of the metallurgical concern "Severstal", aimed to become president of the world's largest steel-producing company Arcelor. For this, Mordashov will pay more than ten billion Euro, most of it in the form of shares<sup>37</sup>.

No Russian has invested such a bulk of money in the West. If the merger turns out, Mordashov will become president and 32 percent of the shares of the merged companies "Arcelor" and "Severstal". As a result, a person coming from the unobtrusive city of metallurgists, Cherepovets, would occupy a place in the league of the champions of economy. The billion Euro deal is a powerful argument informing about the new advantage of Russian "businessmen".

---

37 Aleksey Mordashov: "Why I have put all on the growth of world metallurgy" ("The Financial Times", Great Britain). The author: Aleksey Mordashov, 16 June, 2006



"Russians can be met on sales in any part of the world," - writes Russian magazine "Finance", representing the world in the form of a target which is under bombardment from Russian darts.

**"Russians come!"** - under this heading Moscow economic newspaper RBC came out.

Russian businessmen have enough money to carry out an expansional course, owing to greater stocks of raw material. The Russian-speaking edition of "Forbes" magazine has added up that the fortune of the 100 richest Russians amounts to 248 billion US dollars in total. This is more than 43 percent or 107 billion US dollars than last year.

When the most prominent representatives of society, such as former oil king Roman Abramovich, buy world stars as Michael Ballack and Andrei Shevchenko for the "Chelsea" football club, and when every serious oligarch has a city house in parts of London like Knightsbridge or South Kensington or a country house in Cap d'Antibes, billions are also invested in the purchase of companies.

However, not only private investors from Russia try to enter the world market, but also the state enterprises have actively started to search profitable projects for the investment of capital.

So, last year, the state company ROS "UES of Russia" has redeemed 100 percent of shares of the joint-stock company "Moldavian state district power station" and 100 percent of shares of the joint-stock company "Electric networks of Armenia".

In an interview with the newspaper "Netzeitung" the expert for Russia, Alexander Rahr, says that the creation of a cartel of the states possessing the world's largest deposits of natural gas under the leadership of Russia comparable with the Organization of Petroleum Exporting Countries (OPEC) would have perspectives in its development. "This is quite possible," - the scientist of the German Council of Foreign Relations (DGAP) told the correspondent of "Die Netzeitung" – "three key countries, which can form the basis of such an alliance are Russia, Turkmenistan and Iran". Three countries together supervise two thirds of the world reserves of natural gas. The state company "Gazprom" will obviously represent the Russian side.

On 29<sup>th</sup> of August 2006 the leading Russian business newspaper "Vedomosti" informed about a bargain of Russian "Vneshtorgbank", which has invested about 1 billion dollars in the purchase of almost 5 percent of shares of European space and defense corporation EADS. EADS is the France-German aerospace concern owning the world's largest company that manufactures the civilian Airbus planes.

According to Elena Sahnova, an aviation analyst from Moscow investment bank Deutsche UFG, such unprecedented Russian investments abroad can be connected with needs of the aerospace industry of Russia, which today struggles for survival.

The analytical companies give the following estimates about Russian investments in Europe.

According to the consulting company Dealogic, Russian businessmen have bought assets of companies for a total sum 6.5 billion US dollars last year (2004: 4.8 billion US dollars).

According to Moscow's "Alpha-Bank", Russian businessmen have placed 300 billion US dollars in offshore accounts since the beginning of the 1990s, when the economy was privatized. The Central Bank names the sum at 194 billion US dollars.

"Merges and Absorptions" magazine has developed a statistic of the 20 largest MA-bargains in-out for 2004-2005, based on results of 2005:

Russian businessmen invest abroad for several reasons:

- **Opportunities for investments into Russia are limited.** At present, the national economy is not in a condition to digest additional billion dollar investments and petrodollars. Investments abroad also allow the splitting up of risks.
- **Prestige:** investments abroad are prestigious. So, oligarch Abramovich became a part of British society, also owing to "Chelsea". And the one who is able to place shares of his/her company at the London stock exchange or on Wall Street is considered to be a part of world economy.
- **Ambition:** the purchase of a foreign company is a challenge to Western businessmen. So, until today, it was enterprises on the verge of failure which appeared first of all on top of the Russian oligarchs' lists of purchases. Besides, the purchase of companies enables them to bypass the custom walls which exist for Russian steel, for example.
- **Safety:** investments abroad protect from possible prosecutions in Russia. So, if Mordashov suddenly became president of Arcelor, he would exclude an albeit theoretical menace of being expropriated. Besides, the purchase of a company frequently allows to receive the citizenship of the country in which the purchase is accomplished.

As a result of the outflow of capital we have a small inflation in Russia. Integration into the world economy is a matter of national prestige for President Vladimir Putin. He has noticed that being a nuclear power is not enough to take an important place on the world stage.

The Kremlin's main ideologist, Vladislav Surkov, even considers that it is a duty of Russian businessmen to take a place in all branches of economy : "We should aspire to become a part of economy , taking part in the capital of new transnational corporations".

**Table 1**

Year	Object of the transshare	Company-buyer	Branch	Sum of the bargain, \$m
1	2005 100% shares of Nelson Resources Limited (Bermudas)	Open Company "LUKOIL"	Thermal power station	2130.0
2	2005 62% shares of Lucchini (Italy)	Open Company "Severstal"	Metallurgy	560.0
3	2004 100% shares of Open Company "Kar-Tel" (Kazakhstan)	Open Company "Vypelcom"	Telecommunication	425.0
4	2005 98.96% shares of Vitkovice Steel (Czech Rep. )	Open Company "EuroHolding"	Mechanical engineering	286.0
5	2005 100% shares of "Ukrainian Radiosystems" (Ukraine)	Open Company "Vypelcom"	Telecommunication	231.3
6	2005 100% shares of Vredestein Bande	Amtel Holdings Holland N.V.	Chemical	230.0
7	2004 Control share holding of Open Company "UzPec" (Uzbekistan)	Joint-Stock Company "SousNeftegas"	Thermal power station	200.0
8	2005 100% shares of Oy Teboil Ab и Suomen Petrooli Oy	"LUKOIL –Finland"	Thermal power station	160.0
9	2004 Control participation Centromet (Switzerland)	PG "MAIR"	Metallurgy	160.0
10	2004 Control participation Skoda JS, Skoda Kovarny and Skoda Hute (Czech Rep. )	Group "OMZ - Power machines"	Mechanical engineering	150.0
11	2004 74% shares of Uzdurobita (Uzbekistan)	Open Company "Mobile Telesystems"	Telecommunication	121.0
12	2004 50 <sup>th</sup> share in LUKAgip N.V. (Azerbaijan)	Open Company "LUKOIL"	Thermal power station	120.0
13	2005 100% shares of Joint-Stock Company "Moldavian WES"	ROS "UES of Russia"	Electric power industry	100.0
14	2004 51% shares of Kvazar-Micro Corporation B.V. (Ukraine)	Concern "Centre of science"	IT	100.0
15	2005 65% shares of Kombinat Aluminijuma Podgorica (Montenegro)	Salomon (structure of Open Company "Base element")	Metallurgy	89.5
16	2005 100% shares of Korsnas Packaging (Sweden)	Open Society "Segehg CPK"	Timber industry	80.0
17	2005 75% + 1 shares of Palini e Bertoli (Italy)	Open Company "EuroHolding"	Metallurgy	80.0
18	100% shares of Joint-Stock Company "Electric networks of Armenia"	ROS "UES of Russia"	Electric power industry	73.0
19	2005 100% shares of Skoda Machine Tool (Czech Rep.)	Group "Stanco Impeks"	Mechanical engineering	70.0
20	2005 100% shares of Open Company "Balackley cement works-slate" (Ukraine)	Open Company "Eurocement group"	Construction	70.0

Source: "Merges and Absorption" magazine

The merger with Arcelor is an example, and the joint venture of TNK-BP created by the Russian concern of TNK and concern British Petroleum only one of insignificant variants. All this should be continued. Thus, Russia aspires to participate in the capital of European

space concern EADS. "Clear appeals to overstep the boundaries of Russia are heard from the state tribune. The Kremlin considers that activity abroad is a basis of the project under the informal name 'Global Russia', - writes RBC magazine."It is a positive signal that our companies are now offered with good assets. It means that today they are transparent and open enough," - says Evgenie Gavrilencov of the investment bank "The Troyka Dialogue".

However, today the transparency and an openness of companies is not enough to leave abroad. Protection from the highest statesmen of the country is also necessary. Really, Mordashov's bargain would be impossible without Putin's sanction. In the future, probably, the head of state will decide, who should be given the green light. Putin promotes activity abroad, but sometimes prevents this process.

The failure of the oil concern JUKOS to merge with US American companies ExxonMobile is the most prominent case. In 2003, the owner of YUKOS, Mikhail Khodorkovsky, already came to an agreement with the largest American oil concern. The billion Euro deal, larger than the Arcelor / "Severstal" merger, would have brought him a third of the shares of the largest oil concern in the world. Putin stopped the bargain and allowed the arrest of Khodorkovsky. Probably, the oil king has shown excessive initiative.

Russian companies invest abroad in four branches: in the oil-and-gas sector, in power engineering, in metallurgy, in telecommunication. These are also the key industries of Russian economy. The majority of Russian enterprises go to Eastern Europe and the states of CIS. This is due to geographical proximity, political goals and also the fact that the majority of these states have a weak economy and urgently require foreign investments.

## **2. THE RUSSIAN INVESTMENTS INTO GREECE**

Not so long ago the arrangement to merge the Russian holding "System" and "Intracom Telecom" was reached. According to the arrangement, the telecommunication division "System" Sitronics will pay Intracom Holdings close to €120 million for 51% of Intracom Telecom (IT), and will also take obligations on approximately half of the duty of the Greek holding's telecommunication division.

Intracom Telecom specializes in granting full telecommunication decisions and services on the markets of Eastern Europe, the Near East and Africa. The company provides a number of products on the broadband Internet connection for fixed and mobile communication, system of data transmission, including the system of granting content.

Also, it is supposed that Russian oil giant LUKOIL negotiates for a purchase of shares of the Greek oil refining company "Motor Oil".

The Greek companies show activity in the Russian market too, especially in the transport and tourist sectors and in the sphere of export of staple foods. By estimations, about 50 Greek companies operate on the Russian market. Russia is included into the number of the main addressees of Greek export.

Despite the recent growth of bilateral trade, government officials consider that until now "the Greek investments into Russia are on a low level, do not justify expectations of the Russian market".

However, there is no such place on the globe where Russian concerns would not show activity. For example, state concern ALROSA extracts diamonds in Angola and in Botswana, company Kin cultivates grapes in France, company Altervest lets out ice-cream in Germany, "Rusal" extracts bauxites in Guinea, "Lukoil" has deposits in Iraq, Saudi Arabia and Colombia.

The capital of Russia is young. The economy has only been privatized in the 90s. Only a few insiders gained in this sale in the last century. They received a source of raw materials for nothing. Today the majority of them are still in power. It is possible to find their names in Forbes magazine's list of the 100 richest people in the world. Acting on the world market, they also wish to legalize the capital which is till now considered to have been acquired illegally.

The preliminary result of the Russian investments abroad is ambiguous. Mordashov succeeded in putting in order the company Rouge Industries, which today is known as Severstal North America. "Gazprom" company now participates in the construction of northern European Gasmain; subsequently, the share of participation will amount to 30 percent. Concern "Eurochim" takes the first place in volumes of manufacture and sales of chemical fertilizers on the European market.

Thus, the condition of Russian economy improves constantly. The Russian business has come to a new level and increases the size of investments into the economy of the EU.

I would like to direct your attention at the deeper and deeper penetration of the world market by Russian businesses, at a close interlacing of economic relations between both Russian and European financial companies and groups. The main thing is that the beginning 21<sup>st</sup> century has become a time of the appearance of talented, competitive, serious businessmen from Russia who will be present on the world economic arena seriously and for a long time.

## **INTERNET-SITES:**

<http://www.ma-journal.ru/>

<http://www.inosmi.ru>

<http://www.forbes.com/>

<http://www.vremya.ru>

# Sa nas, sa vas, sa gas<sup>38</sup>

## The Gas-Factor in EU-Russian Relations

Paul Ruttmann

### INTRODUCTION

Gas plays a more and more important role within the energy sector. Oil, which has been dominating the energy sector in the previous years, is substituted by gas to an increasing extent. As a result, the security of supply with gas becomes a more and more important aspect within energy policy and politics. With a special focus upon the gas sector it can be said that Russia<sup>39</sup> holds the main part of the remaining resources here. This results in Russia's increasing importance in the global gas market. The following article will argue that Russia is willing to use this fact to enforce its own political interests within the relations with the European Union (EU).

On the one hand, the ratification of the Energy Charter Treaty (ECT) is necessary or at least very useful for Europe for reasons to be shown, but would, on the other hand, cause an increasing liberalisation on the gas market, hereby destroying Gazprom's monopoly and taking the gas-market out of the state's control. Russia and Gazprom are, as a result, not interested in ratifying it but use the not-ratification of the ECT and the tightening of economic relations with other countries like the USA or Asia as a potential tool to enforce their own interests towards Europe. According to Rem Wjachrjew's motto "what is good for Gazprom is good for Russia" (cf. Vosswinkel 2004: 2)<sup>40</sup> state and Gazprom have coinciding interests here.

### 1. THE GAS MONOPOLY'S ROLE WITHIN THE RUSSIAN FOREIGN POLICY STRATEGY

Russia's gas sector is dominated by the monopolist Gazprom. Gazprom is, as will be shown, controlled by the Kremlin and therefore, as a result, acting in a broad correspondence with the interests of the Kremlin. The assumption I want to prove in this part of the article is first of all that it is Russia's aim to make political use of the gas

---

38 "To you, us and the gas" cf. Vosswinkel 2004: 2 (<http://www.zeit.de/2004/12/Gasprom?page=all>).

39 I will use the term Russia instead of Russian Federation in the further course of the article

40 cf. <http://www.zeit.de/2004/12/Gasprom?page=all>.

monopoly to get political and economic influence and enforce economic and political interests. If one analyses the Foreign Policy Concept of the Russian Federation edited on June 28, 2000<sup>41</sup> regarding that point it becomes evident that the assumption made above can be verified quite easily.

In the concept Russia claims key positions and considerable involvement within global politics.<sup>4243</sup> To this end Russia is willing to create conditions the economic and democratic development of Russia can profit from<sup>44</sup>. Furthermore, Russia aspires to integrate into the global economy, but is, first of all, eager to protect its national interests.<sup>45</sup> In order to achieve this goal all economic resources are to be used.<sup>46</sup> Arising from this background it becomes evident that political and economic interests are closely linked in Russia.

In order to gain control over the gas reserves the Russian government decided to establish Gazprom. The Gorbachev-administration already had plans to establish a gas monopoly. Viktor Tschernomyrdin, then first deputy gas-minister, built up Gazprom, mobilising all his political influence, hereby creating a company structure closely related and deeply involved into the leading staff of the energy-office. Almost all leading staff was transferred into the leading Gazprom administration (cf. Pleines & Westphal 1999: 6). Since the establishment of Gazprom the links between company and state have been strengthened to an increasing extent. The personal and organisational networks and control mechanisms of the state are to be dealt with in the following part of the article.

## **2 PROTECTION OF INTERESTS – GAZPROM'S STRUCTURE, THE STATE'S CONTROL MECHANISMS AND THEIR PROTECTION**

As outlined above, Russia is willing to integrate the gas monopoly as one of the most important Russian resources into its political strategy to enforce its own political interests.

---

41 cf. <http://www.bits.de/EURA/russia052800.pdf>.

42 cf. <http://www.bits.de/EURA/russia052800.pdf> :1.

43 This claim gets also obvious in Russia's appearance on the G8 conference in St. Petersburg. According to "Die Zeit" cf. Vosswinkel 2006b:1 (<http://www.zeit.de/online2006/-29G8Abschluss?page=all>) all means were used to represent Russia as a superpower. According to "Finacialtimes Deutschland" public critique was under high control and oppression by the Kremlin.

44 cf. <http://www.bits.de/EURA/russia052800.pdf> :1.

45 cf. <http://www.bits.de/EURA/russia052800.pdf> :1 This claim was also uttered after the failed fusion between the Russian steel combine Sewerstal with the Luxembourgian firm Arcelor. President Vladimir Putin claimed to be using Russian resources to protect Russian interests (cf. Mayr & Neff 2006: 94).

46 cf. <http://www.bits.de/EURA/russia052800.pdf> :7.

Within the gas sector Russia has created special control mechanisms by founding, and, as will be elaborated on in the following part, special control mechanisms within Gazprom, which is currently the worldwide biggest and most important producer of gas (cf. Götz 2004: 13). After having proved the assumption that Russia is willing to make use of all its natural resources to enforce its own national interests, I will now focus on Gazprom's role within the Russian gas sector, the state's control mechanisms and its interests in protecting it against changes.

## **2.1 Gazprom's Structures and the State's Control Mechanisms**

As mentioned above, Gazprom is the leading producer of gas worldwide. Companies subordinated to it are distributed across the whole gas sector; this means production, transport and export, as well as the storing and further processing of gas (cf. Westphal 2000: 54).

Gazprom controls about 85 percent of Russian gas production and has the monopoly for gas transport.

The personnel and financial structures between Gazprom and the Kremlin are interwoven and close. The Putin administration has increased the state's allotment of shares within Gazprom<sup>47</sup>. The state now holds more than 50% of Gazprom's shares. Furthermore, Alexej Miller, the head of Gazprom, is a close confidant of President Vladimir Putin (cf. Westphal 2005:22) who, on his part, is, according to rumours, designated to become the next head of Gazprom after his time in office (cf. Vosswinkel 2006: 2)<sup>48</sup>.

To protect its influence, the state and Gazprom have up to now been limiting foreign investors' participation within projects of Gazprom. According to the Law about Resources, foreign investors have a minor position in the exploitation of resources compared to the Russian industry. A list of industries of strategic value isolates whole branches of the industry from foreign investments (cf. Mayr & Neff 2006: 94).

## **2.2 Gazprom's Behaviour towards Foreign Investors**

After having dealt with Gazprom, its structures and the control mechanisms it is subjected to I now want to deal with Gazprom's behaviour towards foreign investors to find out to what extent Gazprom and the Russian state share the same interests here.

---

47 Since the beginning of Putin's time in office it has been his aim to take increasing control over the industry (cf. Mayr & Neff 2006: 90).

48 (cf.: <http://www.zeit.de/2006/18/Gasprom?page=all>).



As already mentioned above, Russia's political aim is to integrate its economy into the global economy: Russia is therefore officially willing to open its economy for foreign investors. For the gas sector the preconditions are, in spite of that, slightly different.

If you take a closer look at Gazprom's strategy of acting on the global market and of dealing with foreign investors, it becomes quite evident that this strategy is a quite contradictive and ambivalent one: while the foreign policy strategy paper claims to open the Russian market for foreign investors, Gazprom does not – or only minimally – allow international participation in its projects (cf. Westphal 2000: 94): Gazprom only permits participation in cases where its own know how is not sufficient (cf. Westphal 2000 95).

Gazprom has not permitted unlimited international participation in vital production projects (cf. Westphal: 2000 96f)<sup>49</sup>: As gas production is, as has been said previously, Russia's national monopoly and referred to as the heart of President Putin's politics by Mayr & Neff (2006: 87) this strategy covers the protection of national interests and should therefore be in the Russian government's interest as well as in Gazprom's. Nevertheless, gas and thus participation on the gas market is of increasing importance for Europe. This fact will be elaborated on in the next passage of the article.

### **3 THE IMPORTANCE OF RUSSIAN GAS-DELIVERIES FOR EUROPE**<sup>50</sup>

As mentioned above, the growing demand for gas in Western Europe can be explained by the increasing trend to substitute oil and coal with gas (cf. Götz 2006:7). Between 2000 and 2020 the demand for gas will increase by a factor of 110% in Europe (cf. Götz 2006: 7). As a result the energy relations with Russia are of increasing importance.

It is estimated that Russia will be able to produce 800 billion cubic meters of gas. Its own consumption makes up about 500 billion cubic meters, so that the remaining 300 billion cubic meters can be exported abroad. 100 billion cubic meters are designated for Western Europe. Due to the increasing gas demand on the European market the gas imports from Russia which covered seventy per cent in the year 2000 will decrease to forty to fifty per cent in the year 2020. The rest will have to be imported from the Middle East and Central Asia (cf. Götz 2006: 7).

---

49 One could call the joint- venture between BASF and Gazprom an exception: BASF and E.on will be allowed to take part in the production of gas at the Juschno Russkoje- field. In turn Gazprom now holds thirty-five per cent of shares of the BASF daughter Wingas (cf. Vosswinkel 2006: 1 (<http://www.zeit.de/2006/18/Gasprom?page=all>)).

50 In this context, the term "Europe" refers to Götz (2006: 7). Götz defines Europe as Western and Eastern Europe including Turkey. The Baltic States and the Community of Independent States (CIS) are excluded.

A fact worrying Europe is the inefficient use and production of gas in Russia. To secure the accommodation of European demands Russia needs to modify its production methods. This is, of course, linked to a huge amount of investments which could be carried by investors from abroad or from the domestic market. The problem is that the Russian state and Gazprom are unwilling to open the production sector for foreign investments. At best they would perhaps allow foreign investors to produce gas from small gas fields. But then again the transport of gas produced by foreign investors might cause problems (cf. Götz 2006: 8). As Gazprom owns the transport monopoly, discrimination of foreign companies is an issue. To secure foreign investments and participation of foreign companies the ECT was worked out. Although signed by Russia it has not been ratified by the Duma so far. Why this is so will be outlined in the following paragraph.

#### **4 The ECT and its Consequences for Russia**

As shown above, the EU is an important trading partner of Russia but also vice versa. As the demand for gas rises continuously, foreign countries and investors are interested in taking part in the production of gas in Russia to finance new production technologies and thus, by making the production more efficient, increasing the gas output.

As projects in the energy sector usually cover a long time frame it is necessary to ensure the investments made and protect the investors against discrimination. The ECT was designed to guarantee these jurisdictional frame conditions (cf. Vogt Bergby 2003: 5). The ECT was passed on 17 December 1994 and has been valid since 16 April 1998 after it was ratified by thirty states. Up to now, fifty-one states have signed the ECT. In five of these states (Russia is one of them) the treaty has not yet been ratified. (cf. Vogt Bergby 2003: 6).

After having shortly elaborated on the contents of the ECT, let us now turn to the consequences the ratification of the ECT might have for Russia.

Ratifying the ECT would mean to open the gas market for foreign investors who would then have not only the possibility but a legal claim on participation in projects Gazprom and the Kremlin actually do not (or only exclusively) want them to participate in. Ratifying the treaty would furthermore open the transport structure which is, as said, directly ruled by Gazprom and thus indirectly by the Kremlin.

In addition to that, the state indirectly controls ninety per cent of the gas production (Kryukov 2005: 39) and in consequence of the profits made. Finally, ratification would also mean a loss of control over these profits. Additionally, a result of the liberalisation of the gas market would mean an increase of gas prices on the domestic market (cf. Götz 2004: 13). As most of the produced gas is consumed on Russia's domestic market and old technologies are used that cause a high waste of gas during transport and production (cf. Götz: 2004:15) the increase of prices would first of all have consequences for the industry

which is one of Gazprom's main clients. This would, on the other hand, affect the whole economy negatively.

#### **4.1 The Importance of the ECT for the EU**

In spite of the promises and claims Putin made regarding the opening of markets on the G8-conference in St. Petersburg, the strategy towards Europe is not based on cooperation but could be called rather offensive. Gazprom recently threatened to shorten the gas deliveries to Europe in case that Gazprom would not be allowed to access the EU's downstream market (cf. Vosswinkel 2006: 1)<sup>51</sup> Instead of closer cooperation with the EU Russia tightens its energy-political relations to Japan, the USA and China. The exports to China and the USA are planned to be expanded from zero to 100 billion cubic meters (cf. Götz 2004: 16). As a result the EU is under increasing pressure.

In addition to that the big Russian gas fields are to an increasing extent exhausted at a time when the EU's demand is increasing (cf. Götz: 2004: 14). Thus, gas fields which are currently too small and out of interest for Gazprom are of increasing importance for European or alternative Russian investors. To exploit them, however, would demand a fair and non-discriminatory access to the pipeline network. Gazprom promises this, but according to Götz (2004: 15) this promise is to be seen sceptically.

### **5 MAJOR FINDINGS AND CONCLUSION**

The article's aim was to explain why the Russian gas monopoly and Gazprom are a political factor in general in the EU-Russia relations and also in particular for the ECT process. It was argued that:

Russia uses its gas reserves as a means of enforcing its own political interests.

Russia has created Gazprom and controls the monopoly.

A ratification of the ECT would result in a liberalisation of the gas market and in the destruction of Gazprom's monopoly. Therefore, it is seen as contradictive to the Russian foreign policy strategy which claims a key position for Russia in the world and in having a say in creating a new global order.

The findings made are:

---

51 cf.: <http://www.zeit.de/2006/18/Gasprom?page=all> In addition to that President Putin already uttered before the start of the G8 conference that Russia was willing to look for other markets if it had to face the same recriminations again and again (cf. Mayr & Neff 2006: 88).

It is Russia's explicit and programmatic aim to involve all resources to pursue and promote its national interests. The gas reserves are the biggest in the world and are therefore a leverage in that strategy.

Russia has established Gazprom with the clear intention of controlling the sector. Personnel and financial structures are closely interwoven. This structure is not likely to be changed in the near future.

The ratification of ECT would cause a liberalisation of the gas market with severe economic consequences for Russia. These would culminate in a demonopolisation of Gazprom. The result would be that one of the most useful tools to accomplish Russia's national interests would be destroyed. This goes completely against Russia's foreign policy strategy and is therefore, in my opinion, not very likely to happen, although it would be important for Europe.

## REFERENCES

(All Downloads were checked on 9-19-06 )

Fogt Bergby, Ingeborg (2003) Grundlagen und aktuelle Entwicklungen im Streitbeilegungsrecht nach dem Energiechartavertrag aus norwegischer Perspektive. in: Christian Tietje, Gerhard Kraft, Rolf Sethe (eds.) Beiträge zum transnationalen Wirtschaftsrecht. Vol 23 Halle (<http://www.wirtschaftsrecht.uni-halle.de/Heft23.pdf>).

Götz, Roland (2006) Russische Energiepolitik Diskussionspapier Forschungsgruppe Russland GUS Stiftung Wissenschaft und Politik, Deutsches Institut für Internationale Politik und Sicherheit, FG 5 2006/01 February 2006. ([http://swp-berlin.org/common/get\\_document.php?id=1608](http://swp-berlin.org/common/get_document.php?id=1608)).

Götz, Roland (2004) Russlands Energiestrategie und die Energieversorgung Europas SWP Studie 2004 S6 March 2004.

([http://www.swp-berlin.org/de/common/get\\_document.php?id=782](http://www.swp-berlin.org/de/common/get_document.php?id=782)).

Kryukov, Valerie (2005): „Lenkbarkeit statt Effizienz“ Die Rolle des Staates in der russischen Erdöl und Erdgaswirtschaft in: Pleines, Heiko, Schröder Hans Henning (ed.): Die Jukos Affäre. Russland Energiewirtschaft und die Politik. Arbeitspapiere und Materialien Forschungsstelle Osteuropa, Bremen No. 64, 38-40. ([http://www.forschungsstelleosteuropa.de/con/images/stories/pdf/ap/fsoAP64\\_2aufl.pdf](http://www.forschungsstelleosteuropa.de/con/images/stories/pdf/ap/fsoAP64_2aufl.pdf)).

Pleines, Heiko, Westphal, Kirsten (1999): Russlands Gazprom. Teil I: Die Rolle des Gaskonzerns in der russischen Politik und Wirtschaft in: Berichte des Bundesinstituts für ostwissenschaftliche und internationale Studien vol. 33-1999, Köln.

Westphal, Kirsten (2005): The EU-Russian Relationship and the Energy Factor: An European View In: Westphal, Kirsten (ed.): A Focus on EU-Russian Relations In: Zentrum für internationale Entwicklungs- und Umweltforschung der Justus-Liebig Universität Gießen (ed.): Schriften zur internationalen Entwicklungs- und Umweltforschung, Frankfurt Main (et al): Lang pp1-33.

Westphal, Kirsten(2000): Russische Energiepolitik. Ent- oder Neuverflechtung von Staat und Wirtschaft? Baden-Baden: Nomos Verl. Ges.

## **Online Newspaper Articles and Newspaper Articles**

Kohler, Friedermann (2006) Zum G8 Gipfel sucht sich der Kreml seine Kritiker selbst aus (<http://www.ftd.de/politik/international/95700.html>).

Mayr, Walter & Neff, Christian *Die neue, alte Großmacht* in *Der Spiegel* No 28 10.07.06 pp. 84-97.

Vosswinkel, Johannes (2006): *Putins willige Handlanger* (<http://www.zeit.de/2006/18/Gasprom?page=all>).

Vosswinkel, Johannes (2006b) *Nur das Beste* (<http://www.zeit.de/online2006/29G8Abschluss?page=all>).

Vosswinkel, Johannes (2004): *Russisches Familiensilber* (<http://www.zeit.de/2004/12/Gasprom?page=all>).

## **Sources**

The Foreign Policy Concept of the Russian Federation approved by the President of the Russian Federation V. Putin June 28, 2000. (<http://www.bits.de/EURA/russia052800.pdf>).

# **German-Russian Cooperation in the Gas Industry from 1998 to 2005**

Bulat F. Khaydarov

## **INTRODUCTION**

The world's natural gas market shows a permanently growing competition for resources.

Taking into consideration the limited quantity of natural gas reserves on the European continent, Russia's role as the main supplier appears to be much more significant.

Traditional European suppliers such as the UK, the Netherlands and Norway will not be able to cover in the long term the growing demands for natural gas in the EU and Germany.

The Russian Federation, possessing the largest reserves of natural gas in the world, is to become an arena for the leading countries' "fight" for this hydrocarbon resource.

The main tasks of German energy policy on the Russian gas market are:

- to occupy a strong German position on the Russian gas market.
- to guarantee a long term provision of the German and European industry with natural gas.

The main task of this article is to uncover the tendencies in the framework of the German-Russian co-operation in the gas industry and to define the most advantageous directions of the co-operation's development.

## **1 MUTUAL INTERESTS**

### **1.1 German interest**

Germany's dependence on Russian natural gas is high. 35 % of Germany's gas import comes from Russia (Westphal 2006).

Russia possesses 26.7 % of the world's gas reserves (BP 2005: 20-29). A long term provision with natural gas is more likely to be arranged in close co-operation with the Russian Federation.

Russia is a bridgehead for German energy companies to other former Soviet Union republics.

## **1.2 Russian interest:**

The Russian Federation is extremely interested in having guarantees of stable budget incomes from the export of natural gas to Germany and the EU.

Germany is a technology source and a bridgehead for the Russian Federation to the European energy market.

## **2 STRATEGIES**

The actions of Gazprom and the Russian state on the energy market are regulated by the federal law and "Russia's energy strategy till 2020".

Gazprom received governmental support during the realization of the projects "Blue Stream" and "Yamal - West Europe" (Энергетическая дипломатия России 2006).

The main German partners of Gazprom are "BASF AG" ("Wintershall AG") and "E. ON Ruhrgas AG".

The fact that Gazprom is a monopolist on the Russian gas market creates an extreme asymmetry in the relations between Gazprom and BASF and E. ON (see in more detail Westphal 2006).

The liberalized European gas market gives Gazprom a relative freedom of actions, whereas foreign companies on the Russian gas market fully depend on Gazprom's decisions.

The merger of E. ON AG and Ruhrgas AG in the year 2003 appears to be an important decision not only for the European or German gas market, but also for the relations with Gazprom. An enlargement of a German partner to bridge the wide gap?

Even though Gazprom has closely co-operated with Ruhrgas for a long period of time and signed a preliminary agreement with Ruhrgas on the "Yuzhnoruskoje" gas field in the year 2005, it has changed its priorities now.

Not willing to depend too much on one partner in Germany, Gazprom intensifies its collaboration with BASF and makes this company another partner in extracting and transporting natural gas from the "Yuzhnoruskoje" gas field.

### **3 EUROPEAN CONTEXT**

The German energy policy exists in the framework of the EU energy policy.

Unsuccessful negotiations with the Russian Federation on the Energy Charta, especially on the Transit Protocol, made the EU work out a new special energy policy towards Russia.

They launched an EU - Russia Energy Dialogue in 2000 and announced the "Prodi Plan" according to which the EU gas import from Russia must be doubled by the year 2020.

The needed amount of gas is expected to be extracted from the "Yuzhnoruskoje" gas field and transportation is a matter of the North European Gas Pipeline (a German-Russian joint venture).

#### **3.1 "Gas OPEC"**

In the years 2000 to 2005 Gazprom gained control over the gas industries of the Central Asian republics: Khazakhstan, Turkmenistan, Tajikistan, Uzbekistan.

Not having met any protest in either Europe or North America, Gazprom is further expanding its activities on the Asian gas market.

The gas from Central Asia is thought to be a temporary substitute for the gas which will be extracted from the "Yuzhnoruskoje" or "Shtockman" gas field in the future and is needed to fulfil the agreements between Gazprom and its German and European partners (Goetz 2004: 129)

#### **3.2 "NEGP"**

The NEGP is expected to fix the Russian dominance on the German and European gas market (up to 40 %).

But the NEGP is not only an economic project. Its political dimension sometimes appears to be much more important than the economic one.

### **4 SOME FACTS:**

The price of a land gas pipeline of the same length (NEGP - 1200 Km) would be 2.4 billions US dollar lower than the price of the NEGP.

The upgrade of the Ukrainian gas transport network or the realization of the project "Yamal - Europe 2" would also be much cheaper.



Thus a questions arises: what are the reasons for choosing the NEGP project?

#### **4.1 Russian reasons:**

- A decrease of the transit countries' influence on Russian gas export policy.
- A decrease of the influence of political quarrels with former Soviet Union republics on the Russian gas export policy.

#### **4.2 German reasons:**

- To occupy a new role of a European gas distributor.
- More guarantees of stable gas deliveries from Russia.

The East European countries are the ones most affected by the NEGP, losing profits from gas transit and influence on Russia's gas export system. In this case we speak about the Baltic states, Poland and Ukraine.

### **5 CONCLUSION**

Germany's dependence on Russian gas is extreme, as well as the Russian dependence on incomes from gas exports to Germany. It is an obvious but not an absolute interdependence.

German - Russian collaboration in the gas industry is of great importance for the EU. The intensification of the German - Russian co-operation in the gas industry is strengthening Europe's energy security.

The main project in this context is the NEGP, connecting directly the "supply" and the "demand".

Even though the co-operation is extremely positive a disbalance can be observed. German and Russian partners do not possess equal rights on the gas market. The Gazprom monopoly blockades any foreign expansion on the Russian gas market.

In order to avoid a –one-sided dependence, German companies intensify their activities on the Russian gas market.

The agreements on the NEGP and the "Yuzhnoruskoje" gas field represent the high level of German - Russian co-operation in the gas industry and are expected to be a base for a long term co-operation development.

## REFERENCES

МИД РФ департамент информации и печати

"Энергетическая дипломатия России"

<http://www.mid.ru/ns-dipecon.nsf/466c...> 2-1-2006

BP. "Putting energy in the spotlight. BP Statistical Review of World Energy 2005, London 2005.

<http://www.bp.com>

Goetz, Roland, Pipelinepolitik. Wege fuer Russlands Erdoel und Erdgas, in Osteuropa 54. Jahrgang/ Heft-9-10/September-October 2004.

Europa unter Spannung - Energiepolitik zwischen Ost und West.

Berlin: (BWV), 2004, 380 S.

Westphal, Kirsten Germany and the EU-Russia Energy Dialogue/ to appear in P. Aalto (ed.), The EU-Russia Energy Dialogue. Securing Europe's Future Energy Supply? Manuscript 2006 forthcoming in Aldershot: Ashgate, 2007.



# **‘The Barbarian Knocking at the Door’?- The European Perception of the Russian Federation, Then and Now**

Antje Römhild

When interviewing a citizen of the European Union (EU) on what his associations with Eastern Europe are, one might first of all find out that for quite a number of people ‘The East’ is located just beyond the Oder river, or even in front of it. According to that mental map of Europe, which might be seen as a continuation of the division of Europe in two antagonistic blocks during the Cold War, images of the East, particularly the picture of Russia, are quite limited and often not verified by experience. With the EU’s eastward enlargement the Russian Federation has moved closer to the borders of the European Union, and mutual relationships have been broadened and deepened. Although since the 1990s politicians have been regulating trade, security and other issues through several international treaties, the cultural sphere of international cooperation, often articulating itself unconsciously, strongly influences all the other sectors. Mutual knowledge between the people of the European Union and the Russian Federation can have both positive and negative impacts on the mutual perception and interrelationship between the partners.

But what does one know about the Other? To name only one of the typical connotations characterizing the neighbor in the East, Russia is commonly imagined as a huge country with a rough climate, inhabited by strong, loud and sometimes fatalistic people, struggling against the cold winter and the dangerous bears, always with a bottle of vodka in their hands...

The following article will not analyze whether such images can be proved by reality, but rather show from a theoretical perspective what the mutual knowledge of a nation consists of and what functions it has. Furthermore it will point out how the image of the Russian Other developed historically and what it is like nowadays. The deep impact of the cultural aspect of communication on international cooperation will be emphasized in the end, showing the consequences that the perception of the Other could have for international relations.

## **1 THEORETICAL APPROACHES TO THE TERMS RELATED TO MUTUAL KNOWLEDGE**

Being an important element of a fruitful cooperation between nations, mutual knowledge can be defined as ‘the knowledge that communicating parties share in common and know they share’ (Cramton: 2001, 346). But then why are there all too often misunderstandings or wrong interpretations of foreign people’s behaviour? Our interpretation of the world,

including norms and values, is often influenced by our society's history, economy, politics or media, although the pragmatic interests of these institutions are not articulated forthright. The image of the Other in intercultural communication and cooperation often consists of *prejudices*, *national stereotypes* and - their superlative - *enemy images*. It was philosopher Walter Lippmann and social psychologist Gordon W. Allport who defined these terms to which I will refer in the following.

The typical thing about *prejudices* is that they are ideas and opinions about a certain group which were constructed in the absence of any actual contact with that group, and that 'they are not reversible when exposed to new knowledge' (Allport:1958,6-10). The term '*stereotype*' was first introduced by Walter Lippmann, who described it as '*pictures in our heads*' which he considered as an integral element of human thinking, helping to work up new information and further constructing reality through categorization and simplification (Lippmann:1970). Thus stereotyping would be a part of everyday life, as well as of sciences, and need consequently not be judged negatively per se. Everybody who is being socialized as a member of a social group adopts the values and norms of her/his environment and at the same time their interpretations of the world outside (Rösch:2003,5). More particular *national stereotypes* are generalizations of a national character, which could in the worst case appear very negative. In this case they are called *enemy images*, ascribing a nation in conflict with one's own country negative attributes in order to create feelings of threat towards the Other and dehumanize the opponent (Rösch 2003).

What all these terms have in common is that they cannot be described as rational but rather emotional elements of human thinking. And once integrated in our perception, they tend to be very stable, assuming the character of self-fulfilling prophecies. Nonetheless, stereotyping also has plenty of advantages for the bearer. Generalized images of the Other give a certain orientation by reducing the complexity of various experiences one is confronted with day by day. Stereotypes help to distinguish between one's own group (in-group) and that of others (out-group). By using positive attributes for one's own nation (autostereotype) and mainly negative ones for a foreign nation (heterostereotype), one's self-identity is stabilised. Valorizing the own nation by devaluating another nation (Allport:1958, 18-27). Also on the collective level stereotypes strengthen the identity of a nation and serve as legitimization of economic or political interests. Particularly totalitarian regimes use negative stereotypes or enemy images about opposing nations as an inherent part of their ideologies. Mainly during times of war and conflict such propaganda against the enemy has served to manipulate the public opinion and to mobilize people to act against the opponent (Lippmann:1970).

## 2 THE HISTORY OF IMAGES: STEREOTYPES OF THE RUSSIAN OTHER

European representations and perceptions of Russia have developed in connection with the political relations with different nations and political trends.

To give a general historical overview, one should start with the sixteenth and seventeenth centuries. The overall representations that visitors from the West gave of Russia at that time referred to religion, civility and the regime type in order to describe and differentiate between the Self and the Other. (Neumann:1999,37). The most important element that served to delimit Europe from Russia was surely religious faith. Russia was characterized as a collective non-believer and was thus excluded from Europe and even seen as an Asiatic country. Maintaining close ties with the Muslim Central Asia, the Russians were often described as barbaric, lacking any kind of education and governed by despots. Dividing the world into a civilized and a non-civilized one, the Europeans considered Russia as the latter and as not yet ready to make any progress (Neumann:1999,67-74).

During the rule of Peter the Great in the eighteenth century the Russian empire began to expand its borders. In the course of several wars and conquests contacts to Europe increased and so the perception of Russia as a nation developed. Although Russia was affiliated to the political constellation of Europe through the establishment of alliances with several European countries, the European perception of the Russians was still of an asymmetric kind. Being compared with Europe, the neighbor to the east always appeared as inferior. Metaphors introduced at that time were for example 'Russia as a learner from Europe' with its capital St. Petersburg as the new 'window on the West', from where Peter the Great had started to reform his empire (Neumann:1999,74-79). Philosophers delineating the relation between Russia and Europe described it as a dichotomy, constructing 'Russians as body and nature, whereas Europeans were constructed as mind and civilization' (Neumann:1999,80 quoting Moller 1993:108). Nonetheless that view did not only lead to negative valuations: the perception of the 'barbarian (soldier, A.R.) at the gate' was complementary to a romantic view of the Russians as a pure people. Russia appeared as a *tabula rasa* eligible for experiments to establish a new society (Neumann:1999:77-85).

From the nineteenth century until the beginning of World War I huge political and geopolitical changes starting with the Napoleonic Wars produced a mighty sense of menace connected with the Russians, who moved even closer to the West, increasing their power. Again an old metaphor served to describe the intruder: Having been inhabited by Asiatic minorities, the whole of Russia was put on one level with them, picturing them as barbaric, Muslim and nomadic people. But perceptions of Russia as a nation and its people differed with the political orientation: whether rightist or leftist, Russia's image became more positive (Neumann:1999:91-93) the more left-orientated the people were. During the interwar period the Soviet Union, which newly integrated different conquered

areas, was more and more recognized by other nations as a revolutionary power and a threat for them. The racist discourse in Nazi Germany excluded the Slavs (denoted as 'Untermenschen') from humankind (Neumann:1999:100).

Having been allies during the Second World War the Western powers France, Britain and the United States of America became opponents of the Soviet Union during the Cold War beginning after World War II. Whereas both blocks developed different political and economic systems, the perception of the Other was characterized by feelings of threat and avoidance of contact with the other. It was a time which produced a lot of enemy images and mostly lacked the experience to prove them true or false (Neumann:1999,102-106). Prejudices and stereotypes could prosper undisturbed.

Since the fall of the Iron Curtain mutual contacts between the East and the West have been reinvented. But due to the stability of stereotypes and historical experience, contacts of nations like for instance Germany are much more rare as for example with the French neighbor. To picture a present image of the Russian one could use the Pangolin:

*'The pangolin is seen to have properties that do not go together [...] (and) is constructed as a monster but also by some as the totem animal of a fertility cult. One could argue that for the last five hundred years Russia has been Europe's pangolin.'* (Neumann:1999, 109)

As I have shown, images of Russia were of different kinds depending on historical and political developments. But they all have in common a demarcation from Europe, ascribing Russia attributes which stood in contrast to them: on one side the European civilization with its cultural progress, on the other side Russia, treated as not yet developed in the right way. In terms of power the European neighbour in the East was continuously described as inferior and as 'the learner from Europe'. From a cultural perspective it was mainly considered as the 'liminal case of Europe' (Neumann:1999, 111f).

### **3 THE IMAGE OF RUSSIA AND THE MEDIA**

In times of globalization the media serve as an important source of information. Newspapers, TV or radio are used to convey the latest news about incidents in another country or in international relations. Being widespread, the media, as well managed by people with intentions and opinions, have developed the proclivity to transport stereotypes to the public. The shortage of reports can be considered as a typical attribute of the media. To achieve as much attendance as possible, information is generalized and attuned to the value system of the recipients (Crudopf:2000,24). Literature or modern media concerning Russia often reveal that the same or at least similar images have been used to describe the Other. During wartime the so-called propaganda used generally negative enemy images. Nowadays the terms 'threat' and 'failure' serve as keywords in European media report about Russia:

*'Pick up a newspaper about Russia these days and the chances are (good, A.R.), that it will feature lurid tales of extravagant crime and corruption.[...] Organized crime has joined Siberia, snow, caviar and communism in the popular imagery of things quintessentially 'Russian'.'*(Rutlan, Kogan:1998,24)

The more negative an occurrence, the better its prospects to become a highlight for the audience. Negative media reports about the Russian Federation are likely to have an impact on the shaping of public opinion as well as they are shaped by the public. Beyond that, being closely interrelated, media discourse influences foreign policy-making and vice versa.

#### **4 CONCLUSION: HOW TO SOLVE THE MUTUAL KNOWLEDGE PROBLEM ?**

As there were cultural differences between the Russian Federation and the European Union at any time there will still be the option of developing stereotypical perception between each other, too. What constitutes the main problem for international relations is not so much the mere existence of stereotypes but rather their acceptance as a kind of proved knowledge, producing misunderstandings and contact avoidance. A critical distance to both, the Self-image and the image of the Other, could help to distinguish between useful simplifications and negative enemy images. As shown, some images of the Russians which have been introduced hundreds of years ago are still alive and likely to be used when talking about the Other. They can be considered as historically developed terms. Both in encounters with Russians and in the media reports about Russia there is a tendency to perceive only those things which are adapted to the knowledge we already have. This is a kind of selective perception. Therefore all of the stereotypes and prejudices towards the Other cannot be falsified by only getting in contact with some person. Also, as stereotypes are central to human thinking, it cannot be the goal to erase them all. But our stereotypes about the Russian Federation can tell the Europeans a lot about the mutual relations and their common history with Russia as well as about the European identity itself. For a nation's identity building process is connected with the identification with one group and the rejection of the attributes of another.



## REFERENCES

- Allport, Gordon W. (1958): *The Nature of Prejudice*, New York.
- Cramton, C.D. (2001). The Mutual Knowledge Problem and Its Consequences for Dispersed Collaboration. *Organization Science*, 12, 346-371
- Crudopf, Wenke (2000): *Russlandstereotypen in der deutschen Medienberichterstattung*, Arbeitspapiere des Osteuropa- Instituts der Freien Universität Berlin, Nr. 29/2000, Berlin [http://userpage.fu-berlin.de/~segbers/downloads/working\\_papers/AP29.pdf#search=%22crudopf%22](http://userpage.fu-berlin.de/~segbers/downloads/working_papers/AP29.pdf#search=%22crudopf%22), 01.10.2006.
- Lavelle, Peter (2005): *Russia Profile's Weekly Experts' Panel: Russia's image in the world*, <http://www.cdi.org/russia/johnson/9319-11.cfm>, 07.10.2006.
- Lippmann, Walter (1970): *The Public Opinion*, <http://www.gutenberg.org/dirs/etext04/pbpnn10.txt>, 03.09.2006.
- Neumann, Iver B.(1999): *Uses of the Other. 'The East' in European identity formation*, Manchester.
- Rutlan, Peter, Kogan, Natasha (1998): *The Russian Mafia: Between Hype and Reality*, *Transitions*, 5.3., 24- 34.
- Rösch, Olga (2003): *Wir und die Anderen. Über die ‚Normalität‘ von Stereotypisierungen in der interkulturellen Kommunikation*, [http://www.gwk-udk-berlin.de/e64/e1680/e1695/e1681/ring\\_ver1969/ringvorlesung\\_roesch\\_1.pdf#search=%22r%C3%B6sch%20olga%22](http://www.gwk-udk-berlin.de/e64/e1680/e1695/e1681/ring_ver1969/ringvorlesung_roesch_1.pdf#search=%22r%C3%B6sch%20olga%22), 03.09.2006.

# **Neo-nazism as a threat to state and global security for Russia and the European Union**

Olga Ivshina

Nowadays neo-Nazism is a serious problem to be confronted by everyone. Even more important is the fact that neo-Nazi groups are now getting more and more followers and power. That is why I decided to study this question, paying special attention, first of all, to the spreading of neo-Nazism in Russia and Germany. Because firstly, both countries play an important role in the international arena and in Russia-EU relations, and secondly, because the situation with regard to neo-Nazism is really dangerous in both countries now. I studied the development of the Nazi movement in Greece, which is situated on the Balkans – a very important geo-strategic point - and which experienced a rising of the Nazi movement in the past.

The phenomenon known as neo-Nazism developed after World War II. Although Hitler's regime along with the Third Reich had been destroyed, fundamental ideologies and practices of Nazism permeated all over the world. The failure of postwar generations to recognize and acknowledge to the full extent the horrors of the Nazi era has allowed neo-Nazism to creep into society and to expand.

Historian Rand C. Lewis explains that "many of the right-wing extremists, often with Nazi background, carried some of the most potent Nazi ideologies forward over the four decades following the war," and that "these ideologies became mainstays of the neo-Nazi groups of the 1980's" (Lewis, 1996). Historian Kurt P. Tauber points out that the "absence of a revolutionary self-purification of a profound confrontation, of a fundamental political and spiritual catharsis, was to have serious and adverse effects on the political climate of the postwar years: it provided the preconditions of the rebirth of radical anti-democratic nationalistic attitudes and organizations" (Tauber, 1967: 22). This continuation of ideology (as opposed to resistance) by the neo-Nazis combined with methods and strategies of gaining support and power were previously employed by the Nazis themselves.

There is a huge variety of neo-Nazi organizations all over the world. But they all have key features and hallmarks: an allegiance to Adolf Hitler and the insignia of Nazi Germany; extreme lack of tolerance; the Sig Runes (the red-white-black color scheme which was inherited from Imperial Germany), anti-Semitism; racism and/or xenophobia. They may also include show elements such as nationalism, militarism, and homophobia.

Neo-Nazism as a social and political movement appears in different countries with various regimes and economic conditions but it is more likely to spread in those societies where a disintegration of national unity and culture, multicultural frictions with Jews, non-white

immigrants and liberalism in general, and beliefs in Jewish and/or Mason World Conspiracy are witnessed.

To this day Nazi iconography remains heavily restricted in Germany and many other countries. But neo-Nazis invented new symbols reminiscent of the swastika, e.g. the sun disc, sun wheel, hooked cross, wolf's cross, wolf's hook, black sun, or dark star (Tauber, 1967). The majority of the forbidden items are produced and exported from the USA and northern European countries. In fact, an American neo-Nazi group called NSDAP/AO (Nationalsozialistische Deutsche Arbeiterpartei/Aufbau- und Auslandsorganisation) runs an illegal yet surprisingly extensive smuggling ring for supplying Nazi materials to neo-Nazis in Europe and other locations where such material is banned by law. Materials supplied by NSDAP/AO include, but are not limited to, magazines, CDs, posters, portraits, clothing, patches, stickers, leaflets and pamphlets, and certain equipment which is not generally listed in catalogues produced by the organization. Current neo-Nazi websites mostly depend on hosting in the USA and Canada.

The theoretical ideology of neo-Nazism develops as well. Inspirers and founders of new Nazi branches and organizations now work in almost all parts of the world. It is necessary to point out the most significant and prominent Nazi revivalists.

Savitri Devi Mukherji (1905 - 1982) a French woman of mixed English, Lombard, and Greek ethnicity, who became enamoured with Hinduism and Nazism, tried to synthesise Hinduism with Nazi philosophy and racial ideology and proclaimed Adolf Hitler an avatar of the Hindu god Vishnu. Her writings have exerted a decisive influence over neo-Nazism and esoteric Hitlerism. Although mystical in her conception of National Socialism, and often classified as an advocate of Nazi mysticism, Savitri Devi saw Nazism as a practical faith without the requirement of metaphysics (Savitri Devi, 1958).

George Lincoln Rockwell (1918 - 1967), a U.S. Naval Commander and founder of the American Nazi Party, was a major figure in the National Socialist movement in postwar America, and his beliefs and writings are still influential among white nationalists and neo-Nazis today. His most famous works are: '*In hoc signo vinces*', a political manifesto (World Union of Free Enterprise National Socialists, 1960), '*How to get out or stay out of the insane asylum*' recounts his experience of being sentenced to thirty days observation (American Nazi Party, 1960), '*This time the world*' (written 1960; White Power Publications, 1979; Liberty Bell Publications, 2004,) and '*White Power*' (written 1967; John McLaughlin, 1996,).

David Wulstan Myatt (born 1950), also known as Abdul-Aziz ibn Myatt, is a British neo-Nazi and Islamist and author of numerous pamphlets and articles advocating neo-Nazism, Islamism, occultism and what he calls "The Numinous Way of Folk Culture." He was the first leader of the British National Socialist Movement (NSM), a tiny but very violent neo-Nazi group. Their programme is one of terrorism against Jews, against blacks and against

Asians. Myatt became an advocate of suicide attacks, which he calls "martyrdom operations," and expressed his support for Osama bin Laden and the Taliban.

William Luther Pierce (1933–2002), an associate of the American Nazi Party (ANP), is the founder of the white separatist National Alliance organization and one of the most prominent ideologues of the white nationalist movement

Richard Harwood, also known as Richard Verrall, is another important figure for the neo-Nazi movement. He is the author of the book 'Did Six Million Really Die?', on which the Holocaust denial concept is mainly based.

Holocaust denial is one of the key features of modern Nazi movements. Neo-Nazi groups advocate denial of the Holocaust, claiming that the intentional mass murder of 6,000,000 Jews, many in gas chambers, is a grossly exaggerated lie, that the German Nazi government had no extermination policy, and that the extent of the Holocaust is greatly exaggerated. Those not denying mass killings by the Third Reich have engaged in pointing out alleged 'immoral equivalencies' (e.g. the fire bombing of German cities, like the bombing of Dresden, or the ethnic cleansing of Germans in formerly German regions and Eastern Europe) and/or justifications for the executions (e.g. retaliation or punishment for sabotage, terrorism, or subversion) (<http://www.ihr.org/books/harwood/dsmrd01.html>).

Most Holocaust denial implies that the current mainstream understanding of the Holocaust is the result of a deliberate Jewish conspiracy created to advance the interest of Jews at the expense of other peoples. Because of this, Holocaust denial is illegal in a number of European countries, as their governments hold that it is motivated by an anti-Semitic and anti-democratic agenda.

It is important to point out the main tendencies of development of neo-Nazi ideas in particular countries.

## **1 NEO-NAZISM IN GERMANY**

In Germany immediately after World War II, Allied forces and the new German governments attempted to prevent the creation of new Nazi movements through a process known as denazification. With this and the total defeat of the Nazi regime, there was little overt neo-Nazi activity in Europe until the 1960s. Some former Nazis retained their ideology and racist beliefs, however, and passed them down to new generations.

During the 1960s nearly 40% of the Federal Republic of Germany's youth was organized, which means that "approximately 4.5 million young people belonged to some kind of organized club or society. Of this, an estimated 1 percent were organized into nationalist groups, indicating that approximately 45,000 youths were involved in rightist groups" (Lewis 1996, 56). Such groups provided the foundation for the growth of more militant neo-Nazis that expanded and became more openly active in the 1980s (Lewis 1996, 62).

After German reunification in the 1990s, neo-Nazi groups succeeded in gaining more followers, mostly among disaffected teenagers in eastern Germany. Many of those were new groups that arose amidst the economic collapse and subsequent high unemployment rates in the former East Germany. The activities of these groups resulted in several violent attacks on foreigners such as attacks on accommodations for refugees: in Hoyerswerda (17 - 22 September 1991), Rostock-Lichtenhagen (23 - 27 August 1992), Schwedt, Eberswalde, Eisenhüttenstadt, Elsterwerda (October 1991), an arson attack on the house of a Turkish family in Solingen (29 May 1993), the murder of three Turkish girls in an arson attack in Mölln (23 November 1992) and many others.

According to official German statistics, 178 violent crimes were committed and motivated by right-wing extremists in 1990. In 1991 there were 849 and in 1992 1,485, with a significant concentration in the eastern *Bundesländer* (1999: 2.19 crimes per 100,000 inhabitants in the eastern *Bundesländer* and 0.68 in the western ones). After 1992 the numbers went down, although they have risen sharply again in subsequent years. According to official statistics 17 people are murdered on average every year in the former East Germany by far right groups, while PDS claims these numbers have decreased by 2 or 3 times, other types of attacks against people targeted by right-wingers have increased by 10% in 2005 (<http://www.geohive.com/>, <http://www.infoplease.com/ipa/A0004372.html>)

Facts prove that Nazi ideology is still popular among certain groups of Germans. Thus the NPD (National Democratic Party) received 9.1% of the vote in the parliamentary elections in Saxony in 2004, thus earning the right to seat parliament members. Earlier there was a trial held before the *Bundesverfassungsgericht* (*Federal Constitution Court*), the highest court in Germany, about the prohibition of the NPD, considered (though not proven to be) a neo-Nazi party. In September 2006 the NPD again won seats in the parliament of Mecklenburg-Western Pomerania. Nazi structures are becoming stronger elsewhere in eastern Germany, too, with far-right parties now represented in the parliaments of three states.

## **2 NEO-NAZISM IN GREECE**

Neo-Nazism in Greece is, despite the minor electoral importance of one political party, widely present through graffiti, swastika-paintings and anti-semitic slogans.

The most important political neo-Nazi party was Hrisi Avgi, which stopped its activities in late 2005. During the 90s, Hrisi Avgi was considered a model National Socialist movement among neo-Nazis and white supremacists worldwide, and was regarded as one of the most influential and best organized neo-Nazi organizations in Europe. It held 10 offices across Greece and published a monthly youth magazine which attained moderate popularity among Greek teens. Members of Hrisi Avgi (including its former leader Nikolaos Michaloliakos) continue their activities through Patriotiki Symmachia, a

nationalist party formed two months before the 2004 European Parliament elections in which it gathered 10,000 votes.

### **3 NEO-NAZISM IN RUSSIA**

Russia may seem like an unlikely place for a flowering of neo-Nazi movements due to the strong memories of the devastation that was wrought on the nation by the Nazi German invaders during World War II. Nevertheless, the post-Soviet era has seen the rise of a variety of extremist nationalist political movements, some of them paramilitary organizations of openly neo-Fascist or neo-Nazi persuasion. These organizations are characterized by extreme xenophobia, anti-Semitism, and an active interest among a few of these groups in overthrowing the government and taking power by force. However, neo-Nazis still represent a small minority when it comes to rebellious groups, with much of that category actually filled by communists and Islamic extremists.

Russian neo-Nazis have already organised several attacks on foreigners (the most famous took place in Sankt Petersburg and Voronez) a few years ago but later they concentrated more on participating in different protest movements. Russian neo-Nazi organizations generally defined themselves as standing outside of the political process, disdaining the electoral system and advocating the overthrow of the government by force. Russian Nazi ideology became epitomized in the short slogan "Russia for the Russians".

The most prominent organizations are the Russian National Union led by Aleksandr Barkashov and the National-Bolshevik Party led by E. Limonov. Their ideological programs center on Russian national identity, defending the Russians against what they perceive as a takeover of the country by people from ethnic minorities, notably Jews and migrants from the Caucasus region. In order to harmonize Hitler's notion of the Germanic master race with the Russian national feeling, the doctrine was updated to include all Aryans or Indo-Europeans, both Germanic and Slavic. Essential to Russian Nazism is the burning hatred of liberalism / democracy / capitalism which are seen as making up one system directed against humanity. The man of uprising, national-Bolshevik/neo-Nazi sees his mission in the outright destruction of the political system. The traditionalistic, hierarchical community will be constructed based on ideals like spiritual courage, social and national justice.

Foreign enemies of Russian neo-Nazis are the Big Satan – the USA and mondialists of Europe, embodied in NATO and the UN. Internal enemies are a class of "jackets" - boyars - bureaucrats, marauders - "new Russians", cosmopolitan intelligentsia. Global purpose of the Russian neo-Nazis is the creation of an empire from Vladivostok to Gibraltar on the basis of a Russian civilization.( [www.nbp.com](http://www.nbp.com))

To sum up, it is difficult to determine the exact number of neo-Nazi organizations, because the vast majority of them operate underground. This way they may recruit,

organize and fund-raise without interference and the constant harassment which plagues open Nazi movements. However, scientists and analysts consider it is a global phenomenon with organized representation in literally every Western nation in the world. Strong cooperative networks between groups in different countries, the appearance of new methods of communication such as internet, mobile and satellite network make Nazism today stronger than it ever was since the fall of the Nazi German government. Neo-Nazi movements can easily undermine stability in each country in the world. Moreover, neo-Nazis prevent successful socialization of young generations. Nazi leaders popularize ideas of "nation clearing" and intolerance. Their aim is to bring up a generation which is ready for blind obedience and the absence of independent thought. Recent experience shows that Neo-Nazi movements can easily develop even in countries which earlier struggled against Nazism (Russia) or suffered a lot from Nazi activity (Germany, Greece).

## REFERENCES

Rand C. Lewis (1996) 'The Neo-Nazis and German Unification', Greenwood Pub Group

Kurt P. Tauber (1967) 'Beyond eagle and swastika. German nationalism since 1945',  
Middletown, Conn.: Wesleyan University Press

Savitri Devi *The (1958) Lightning and the Sun* ISBN 0-937944-14-9)

George Lincoln Rockwell (1961) 'This Time The World'; Liberty Bell Publications, 2004

Richard Harwood 'Did Six Million Really Die'  
<http://www.ihr.org/books/harwood/dsmrd01.html>

[www.americannaziparty.com/about/index.php](http://www.americannaziparty.com/about/index.php)

the Skeptic's Dictionary - <http://skepdic.com/nazism.html>

<http://www.rne.org/>

[www.nbp.com](http://www.nbp.com)

[www.geohive.com/](http://www.geohive.com/)

<http://www.infoplease.com/ipa/A0004372.html>

# Post-Soviet Migration of Ethnic Minorities

Sarah Beierle

## 1 INTRODUCTION

Cross-border migration was a notable phenomenon at all times and has been studied from varying perspectives in politics, literature, sociology and sciences in general. (Breckner, 2005: 11) The Soviet Union was characterized by very strong migration flows, which continued after its break down, albeit in different forms. The Soviet Union was, and the Russian Federation continues to be, a mosaic of nationalities. 128 nationalities were enumerated in the 1989 census. When the Soviet Union collapsed there were 53 ethnic homelands. Of the 15 major nationalities, a total number of 43.3 million people lived outside of their homelands in 1989.<sup>52</sup>

This essay concentrates on the migration of ethnic minorities, in particular on ethnic Germans and ethnic Russians in post-Soviet times. The breakdown of the Soviet Union was a decisive incident for both groups and motivates both to return to their homelands. Ethnic Russians experience a Russian Diaspora in each of the newly independent states, and ethnic Germans are able to out-migrate because of freedom of movement in Russia and the legislative security in Germany. In my essay I will use the definition of migration as a spatial movement to another political entity with a permanent change of residence, by free will or not.

I will start by giving information about migration in the former Soviet Union through clarifying the Soviet migration policy in order to illustrate the big potential of approximately 43.4 million people who feel displaced. Afterwards I will give a short overview of the migration of ethnic minorities in post-Soviet times. Particularly the situation of ethnic Russians and ethnic Germans before and after their migration will be examined. Migration, being as it is a complex process which is historically preconditioned, is very hard to epitomize. However, this essay shall give a general overview and raise interest in migration research.

---

<sup>52</sup> [www.migrationinformation.org/profiles/display.cfm?ID=62](http://www.migrationinformation.org/profiles/display.cfm?ID=62) 05.09.2006



## **2 MIGRATION DURING THE FORMER SOVIET UNION**

The quick changes in the former Soviet Union in the past years left the impression that migration is a new phenomenon in this area. However, extensive migration could already be witnessed during the existence of the Soviet Union.

With the advent of totalitarian terror national problems were declared nonexistent and data about demographic studies became unavailable. Sovietization was supposed to be supported by an extensive interior migration which was initiated by the policy of creating a "melting pot" in all border areas, by establishing a Russian Diaspora, and by including local nations into the empire under the concept of Soviet people (Titma; Tuma, 1992: 5).

Even while the migration policy was declared to be carried out due to economic reasons and principles, in reality it had the aim to build a united, classless world community which identified itself with its empire. This policy failed because, except for Estonia and Latvia, all nations had higher birth rates than the Slavic peoples in the Soviet Union. However, this policy has partly had the unintended consequence that formerly forced minorities feel displaced and are building a new ethnic minority after the collapse of the Soviet Union.

Another group that suffered because of the Soviet interior policy has been the ethnic Germans who settled in Russia in the 17<sup>th</sup> and 18<sup>th</sup> century when they were invited to immigrate by the Russian tsars. Since then they lost more and more of their privileges and finally found themselves as an oppressed ethnic group. During World War II all Germans were banished from the European part of the Soviet Union to Siberia, Kazakhstan and Central Asia. Lots of them had to work in labor camps. Germans were collectively held responsible for Nazi Germany's attack on the USSR in 1941. After the war ethnic Russians found themselves as a nationality without territory, and even after the cancellation of restrictions in 1955 they were not allowed to move to the areas where they had lived prior to the war (Richter, 2006: 71). In the course of Russification the German language was prohibited in public and private life until 1957. Even after having been officially rehabilitated the discrimination of Germans in occupation and political offices continued until the 90s. Access to higher education was limited and the majority was disadvantaged on the labour market. This discrimination led to a resignation and withdrawal into privacy. Also an increasing number of mixed marriages and the hiding away of German heritage were some of the consequences of discrimination.

Still, out-migration out of the Soviet Union did not start until Gorbachev came into office.

## **3 MIGRATION AFTER THE COLLAPSE OF THE SOVIET UNION**

The political and economic changes, as well as the social and ethnic tensions which followed the opening of the borders in Central and Eastern Europe led to sizeable

migration movements. However, large-scale population transfers which had been predicted by experts did not materialize.

More than ten years after the opening of the borders the return movements of persons with familial links to their target country persist (Trends in migration flows, OECD: 33). Flows of people belonging to ethnic minority groups toward Western Europe were very large during the period of 1989 to 1990. These movements were originally mainly directed towards Germany, mostly from Poland and Romania, and had been encouraged by the legal guarantees that ethnic Germans enjoyed in Germany. Finland received ethnic Finns from the Baltic states and the Soviet Union, and a significant number of Bulgarians of Turkish origin went back to Turkey. Hungarians originating from Romania and the Slovak Republic, Poles from Ukraine, Kazakhstan and Siberia, and Bulgarians from the former Soviet Union returned to their country of historical origin. Sizeable migration flows returning to the West were also measured.

Around 200,000 of the 540,000 Jews who lived in Russia according to the Soviet census of 1989 out-migrated to Israel or to the USA until 1997.

The migration of Gypsies, living in particular in Bulgaria, Hungary, Romania and the Slovak and Czech Republics, to Western Europe has been decreased by economic and social integration policies which were often undertaken in an authoritarian manner.

Among Russia and the other former republics of the USSR, the two states with the largest Russian Diaspora populations were Ukraine and Kazakhstan. They accounted for the largest shares of immigration to Russia between 1989 and 2000, each contributing a quarter of the total number of immigrants.

In spite of continued immigration, Russia's population has been declining for much of the past decade after peaking at 148.7 million in 1992. A disproportionate number of highly skilled people have chosen to leave. By the beginning of 2002, the population number had fallen by 4.3 million from its peak to 144.0 million. An estimated quarter of the Jewish population and half the German population left Russia between 1989 and 2002.<sup>53</sup>

### **3.1 Ethnic Russians**

Upon the collapse of the Soviet Union, around 25 million ethnic Russians found themselves politically and culturally displaced, forming a new "Russian minority" in each of the newly independent states. Until then, they had made up a 51 percent majority in their homeland, but the sudden collapse of Russian hegemony ended a process of expansion dating from the 16<sup>th</sup> century. This century-old state-directed policy of internal migration encouraged the movement of ethnic Russians to the periphery of the Soviet Union.

---

<sup>53</sup> [www.migrationinformation.org/profiles/display.cfm?ID=62](http://www.migrationinformation.org/profiles/display.cfm?ID=62) 28.08.2006

Just prior to the Soviet collapse, the share that the 25.3 million Russians made up of the non-Russian states varied considerably, from 37.8 percent of the population of Kazakhstan to just 1.6 percent of that of Armenia. Of the Russians living outside Russia, 11.4 million, or 45 percent, resided in Ukraine, whose inhabitants are ethnically close to Russians. Another quarter, or 6.5 million, lived in the ethnically more distant Kazakhstan in Central Asia. Uzbekistan, Latvia, Belarus and Kyrgyzstan all had sizeable Russian populations of between 1.6 million and 900,000, while the remaining states all had less than half a million Russians. In the capitals of Kazakhstan, Kyrgyzstan, and Latvia, Russians actually outnumbered the natives. Thus, the capitals and other large cities of the non-Russian states were in fact Russian exclaves where Russians could enjoy their traditional cultural life, speak their language freely, and never had to learn the local language.<sup>54</sup>

The first out-migrant stream from these areas encompasses ethnic Russians who were "forced" to leave the countries in which they were born or moved to a long time ago by a combination of more or less anti-Russian policies of the governments of their host states. Those policies include open ethnic violence which is not always directed explicitly or only toward Russians. Others try to eliminate privileges of the Russians they enjoyed before to create additional citizenship requirements or to exclude them from social benefits.

The second out-migrant stream consists of those ethnic groups which had been displaced in Stalin's times (mostly in the 40s). They wish to return to their homeland, primarily seeking to "right" an enormous historical wrong and to achieve the sense of security and "rooted-ness" that living in one's homeland conveys.<sup>55</sup>

The citizenship law of 1992 granted Russian citizenship to those residing permanently in Russia and also to non-Russians moving to Russia and applying before 2002. In the Russian Constitution of 1993 the abolition of the internal passport system and the freedom of movement were declared. These institutional changes oppose the consequences of the Russian expansion, as well as the melting pot policy and forced migration of the Soviet Union which resulted in millions of people feeling culturally displaced.

In Soviet times migration was highly planned, whereas today the return of Russians to Russia is a chaotic process (Pilkington, 1998: 123). This chaotic situation is indicated by the dissociation of migration from concrete economic factors and the inadequacy of institutional help in the process of long-distance migration. State-support programs are focused on encouraging migrants to settle in those parts of the country where they are

---

<sup>54</sup> <http://www.migrationpolicy.org/files/search=%22ethnic%20minorities%20russia%22>  
10.09.2006

<sup>55</sup> [http://www.migrationpolicy.org/files/trends\\_russia.pdf#search=%22ethnic%20minorities%20russia%22](http://www.migrationpolicy.org/files/trends_russia.pdf#search=%22ethnic%20minorities%20russia%22) 10.09.2006

needed or considered helpful, for example to the "Far North"<sup>56</sup> which suffers from massive out-migration flows. Among the big problems are poverty, the inability to find a job and difficulties in adapting to the new place. The inability to resolve the housing crisis in the long run is a growing problem. Also the social-demographic profile of the migrants changes, thus it is likely that those arriving in the future will urgently need state support. Russian-speaking forced migrants have a collective identity that distinguishes them from local Russians who have always lived in Russia. They declare themselves to be of Russian nationality, although they rather identify with a Soviet identity. Forced migrants perceive not only a rural-urban lifestyle difference but a cultural difference from Russians who have been born and brought up in Russia. They consider themselves and are considered to be, quite simply, "other" Russians. (Pilkington, 1998: 182,189).

### **3.2 Ethnic Germans**

With the fall of the Iron Curtain and the lifting of administrative restrictions on travel, the migration barriers for ethnic Germans (Aussiedler) disappeared.

Between 1990 and 2003 around 2.4 million ethnic Germans came to Germany. Having formerly been mostly born in Poland and Romania, since 1994 they almost exclusively come from the former Soviet Union, in particular from Kazakhstan. The highest immigration has been registered between 1989 and 1990. Since then the numbers of applicants constantly decrease (Daten-Fakten-Trends, 2002: 15).

According to Article 116 of the German Constitution (Art. 16 Grundgesetz: Kriegsfolgenbereinigungsgesetz) Aussiedler are considered to be Germans in legal terms. Officially, the German ethnicity refers to descent, culture and language. Applicants must have been born before the 31<sup>st</sup> Dec. 1992. Since then, applicants from outside the Soviet Union have to prove that they were discriminated because of their ethnicity. For example, in Romania German origin can be 'proven' by German grandparents, who participated in the German armed forces of World War II. In Poland, individuals can prove their ethnicity by referring to the so-called Volksliste which is a register of names compiled by the Nazi regime during World War II in order to identify all Germans in Poland (Schwab, 1990: 124). By contrast, in the case of the former Soviet Union discrimination of Germans is commonly assumed. Wife, husband, children or close relatives can be included in the application. Most of them obtain German citizenship. In 2003 only 20% of the applicants were of German descent, the other 80% being relatives of ethnic Germans. Since 1996 these relatives have to prove German language skills. The language courses they have to accomplish in the host country are mostly of poor quality and there are very high failure rates. Also the amount of people allowed to immigrate has been limited.

---

<sup>56</sup> The "Far North" constitutes much of the European north, Siberia, and the Far East, makes up 70 percent of Russia's territory, but contains less than eight percent of the population.

Lack of German language skills is surely the biggest obstacle to the integration of ethnic Germans. The integration of Aussiedler who settled before 1990 was relatively inconspicuous because these people had German skills and mixed families were rare. Supported by nine-month language courses and job preliminaries, they adapted very fast to the society in spite of status losses. When the number of in-migrants decreased, those aids were shortened and integration stagnated. Financial aid was and is still given to those Russian-Germans who migrated from Central Asia to the Russian Federation mostly to (Western Siberia) where they lived prior to World War II and forced displacement. Economic support is supposed to encourage those people to stay in the Russian Federation, a measure which is considered to be in Germany's interest (strong immigration is avoided) as well as in Russia's interest (where it supports the resettlement of rural areas). With the mass unemployment and financial insecurity that appeared at the beginning of the 1990s the reputation of Aussiedler suffered in German society. They were accused of immigrating mainly because of the economic support they received in Germany (Tröster, 2003: 34). Actually, the motivation of emigration consists of many different and complex motives. On the one hand it depends on the generation and on the other hand on the time the decision to emigrate is made. In 1985/86 Aussiedler mainly named the motive to live "as German among Germans" and wanted to maintain their language and culture. Already in 1989/90 family reunification was the most important motivation, which shows the strong impact on chain migration that the already resettled ethnic Germans effect.

Over years the economic motivation became more important. Nowadays the migrants are rather young relatives who have only a poor knowledge of German (Bade; Oltmer, 2004: 120). Russian-German youth is over-proportionally affected by unemployment, alcohol and violence. They are legally integrated, but socio-cultural integration is still an ongoing process. Locals see them as strangers or even "Russians" who cannot adapt to the German culture. The unexpectedly low acceptance by locals either leads to a hyper-assimilation or to a withdrawal to their ethnic enclave. High expectations are very soon replaced by disappointment and disorientation when economic integration remains stagnating. The great wish to be finally integrated into their environment is often frustrated, and once again they feel like strangers.

#### **4. CONCLUSION**

The break down of the Soviet Union has shown that the dissolution of imperial powers and the following building of independent national states is a cause for migration of ethnic minorities (Han, 2005: 89).

The Soviet nationality policy and the suppression of nationalities were not without consequences. Millions of people keep feeling disconnected to the region they live in and seek to return to their original homeland. Russians experience a Diaspora in the new

independent states, Germans live dispersedly and have not been able to live their German culture in Soviet times. Additionally, the lack of social and economic security resulting from the economic transformation encourages people to leave these rural, penurious regions where they have not been settled due to their free will. As a consequence, the Russian Federation experiences a structural and demographical problem because rural areas are deserted and the number of inhabitants in big cities explodes. Unfortunately, high expectations towards the new life of both ethnic groups have often not been met. Ethnic Germans were supported social-structurally with financial aid, start-up housing was provided, but even these aids were severely shortened over the years. Lack of language skills and unemployment are the biggest obstacles to successful integration.

In Russia, the integration of ethnic Russians is hindered by the lack of state support. The housing crisis and unemployment do not lead to a long-term social security.

Both ethnic groups have in common that they do not feel completely accepted in their "homeland", that is, their country of historic origin. They feel that they are looked upon as a burden and as a cause for social problems. Additionally, lots of ethnic Russians rather identify themselves with the "old" Soviet, state-centred identity than with a Russian civic identity.

Several decades and centuries of separated lives and circumstances made a statement of sorts. The ethnic identity of locals and of those who lived far abroad developed separately. Ethnic minority policy was unattended during the Cold War by Germany and the Soviet Union to avoid a degradation of the already problematic relations. Now that ethnic minorities are able to return they often feel misunderstood when being titled by locals as "other" Russians or "other" Germans. Integration is always an interaction of immigrants and the local society. Hopefully both sides in both cases are going to be more open-minded towards each other to not only elaborate the differences, but also the similarities.

## REFERENCES

Bade, Klaus J.; Oltmer, Jochen (2004): Normalfall Migration, Bonn: bpb

Breckner, Roswitha (2005): 'Migrationserfahrungen- Fremdheit- Biografie', Zum Umgang mit polarisierenden Welten ist Ost-West-Europa. Wiesbaden:Verlag für Sozialwissenschaften,

Bundesbeauftragte der Bundesregierung für Migration, Flüchtlinge und Integration (2004): Daten-Fakten-Trends  
[http://www.bundesregierung.de/nsc\\_true/Content/DE/Publikation/IB/Anlagen/migrationsgeschehen,templateId=raw,property=publicationFile.pdf/migrationsgeschehen#search=%22Daten-Fakten-Trends%20Migrationsgeschehen%22](http://www.bundesregierung.de/nsc_true/Content/DE/Publikation/IB/Anlagen/migrationsgeschehen,templateId=raw,property=publicationFile.pdf/migrationsgeschehen#search=%22Daten-Fakten-Trends%20Migrationsgeschehen%22)

Han, Petrus (2005): Soziologie der Migration. Stuttgart: UTB

Migration policies and EU-Enlargement: The case of central and eastern Europe, OECD  
<http://www1.oecd.org/publications/e-book/8101041E.PDF#search=%22migration%20policies%20and%20EU%20enlargement%20OECd%22>

Pilkington, Hilary (1998): Migration, Displacement and Identity in Post-Soviet Russia.  
London: Routledge

Richter, Carla (2006): 'Migration between Russia and Germany: From Past to Present':  
Relations between the EU and the Russian Federation: Political and sociological  
perspectives. Kazan, pp. 72-75.

Sakson, Andrzej (1994): Ost-West Wanderbewegungen in Europa, Welt Trends No 5.  
Berlin: Politischer Club Potsdam

Schwab, Siegfried (1990): Deutsche unter Deutschen: Aus- und Übersiedler in der  
Bundesrepublik. Pfaffenweiler

Tröster, Irene (2003): Wann ist man integriert?- Eine empirische Analyse zum  
Integrationsverständnis Rußlanddeutscher, Frankfurt am Main: Peter Lang

Titma, Mikk; Tuma, Nancy B. (1992).: Migration in the Former Soviet Union, Köln: Berichte  
des Bundesinstituts für ostwissenschaftliche und internationale Studien

# **The Importance of Religion in the Russian Federation and in the European Union**

Joanna Izmajlowicz

In former times religion often had an impact on the domestic and foreign policy of states. Nowadays, facing old and new challenges that are connected with denominations, the importance of religion has reappeared in the political focus of the European Union as well as of the Russian Federation. This article compares the history of religion in the European Union with that in the Russian Federation, two very heterogeneous world regions, and its implications for the location of religions in contemporary polities and their interrelations.

First of all a distinction has to be made between the religiousness of people and the church. I will mainly focus on the church as an organ within a state. Furthermore, the relation between the church and the state in the past and the present is an issue to be taken into consideration. I will illustrate this by pointing out “endemic” religions on the territories that today form the European Union and the Russian Federation, namely Christianity, but also by demonstrating the history of Islam in those regions as an “imported” religion.

## **1 THE HISTORY OF THE RUSSIAN ORTHODOX CHURCH**

The history of the Russian Orthodox Church goes back to 988, when Vladimir of Kiev was baptized and the Kiev Rus thus came into being. The Kiev Rus was the home country of the Eastern Wends who later differentiated into Russians, Belarussians and Ukrainians. Christianity was brought from Constantinople, so that the territory around Kiev was incorporated into the Byzantine culture. From then on Europe became politically and intellectually divided into a Latin and an orthodox part (Mensen, 1995: 61).

After the invasion of the Tatars and their dominion (1240-1480), the Russian Orthodox Church became the custodian of the cultural heritage, which could only be preserved because the Tatars showed respect towards the church and the monasteries. Still, the metropolit left Kiev and made Moscow his new residence.

The Muscovites took over the Byzantine idea of the relation between state and church (the principle “Symphonia”) which gives the emperor and the patriarch equal rights (Mensen, 1995: 63). The conquest of Constantinople by the Ottomans gave Moscow self-confidence and a new self-image as the Third Rome (Mensen, 1995: 64). But Peter the Great (1682-1725) started to harness the church by abolishing the Patriarch ministry. The



interrelation between state and church increased and the church became supervised by the state (Mensen 1995: 65).

After the revolution in February 1917 the Russian Orthodox Church was not under the state's tutelage anymore, and a new Patriarch, Tichon, was elected. But only half a year later the October Revolution had severe consequences. For Lenin, the Russian Orthodox Church was one of the main obstructors of social revolution. Hence 70 years of religious persecution started (1917-1987) that can roughly be divided into three phases. The first phase was a persecution of the church uncontrolled by the centre. Plenty of clergymen and laymen were murdered, though. Patriarch Tichon banned the revolutionists, but at the same time asked the clergy not to interfere with the political fights. As of 1923 Tichon declared solidarity with the Soviet power several times, but it was not until 1942 that persecution, imprisonment and murder slowly decreased (Mensen 1995: 67/68).

The second phase was a systematic obliteration of the church under Stalin. In 1929 a decree about religion was issued that allowed the prohibition of parishes at will. At the end of the thirties Stalin started his purges. In 1917 the Russian Orthodox Church had 54,000 parishes, but until 1940 only 500 had survived (Mensen 1995: 71).

In the third phase an officially "registered" church was established, the reason being that Stalin wanted to exploit the mobilizing potential of the church during World War II. He guaranteed the Russian Orthodox Church the readmission of clerical life under the condition of unconditional support of the Soviet power. Later he made this proposal to other denominations as well. The state-controlled church was a new chapter in Soviet policy towards religions. It existed officially, but was not independent from the state (Mensen 1995: 72).

Khrushchev proceeded with administrative measures against the church. Many parishes and churches were closed in the course of banal lawsuits (Mensen 1995: 72/73). The different churches survived mainly with the help of their traditions. Finally, by using the 1000<sup>th</sup> anniversary of the church in Russia (988-1988), Gorbachev declared that believers and atheists in the Soviet Union work together in constructing socialism and that believers were no longer second class citizens. In the following years the global ostentation of total religious freedom within the Soviet Union was demonstrated through various events (Mensen 1995: 75/76).

After the breakdown of the Soviet Union the Muscovite church tumbled into an identity crisis. Three different groups turned out to be decisive: the moderate nationalists under the Patriarch Alexi, the "Brown-Reds" consisting of former Bolsheviks and reactionaries under the Metropolitan Ioann of Petersburg, and few democrats (Mensen 1995: 83).

## 2 CHRISTIANITY IN THE EUROPEAN UNION

The tradition of Christianity on the territory of the European Union has various facets. Each member state has its own religious background that differs from any other member state. Still, Christianity and its values left an important heritage in Europe that often is perceived as a common basis. Today religion and spirituality vary with regard to importance and impact in each member state. A survey in 2003 (fifteen old members) and 2004 (ten new members) illustrates these varying attitudes. While in Poland 58.6 % and in Italy 54.8 % of the respondents considered religion to be very important, it was only 23.1 % in Sweden and 24.1 % in the Czech Republic.<sup>57</sup> There are plenty of similar examples, therefore I will concentrate on the European Union itself and religion-related norms in its laws.

In 1957 the Treaty establishing the European Community declared in Article 13, Part One, that the Council “may take appropriate action to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation”.<sup>58</sup> The European Social Charta (1961) included in its preamble the notion that “discrimination on grounds of race, colour, sex, religion, political opinion, national extraction or social origin” is to be persecuted”.<sup>59</sup> Additional to the Treaty of Amsterdam was the Declaration on the status of churches and non-confessional organisations in 1997, saying that “the European Union respects and does not prejudice the status under national law of churches and religious associations or communities in the Member States. The European Union equally respects the status of philosophical and non-confessional organisations”.<sup>60</sup> According to the principle of subsidiarity the EU leaves religion to each member state as long as freedom, diversity and equal treatment are guaranteed. The Charter of fundamental rights of the European Union (2000) mentions religion in Article 10, Chapter II: “1. Everyone has the right to freedom of thought, conscience and religion. This right includes freedom to change religion or belief and freedom, either alone or in community with others and in public or in private, to manifest religion or belief, in worship, teaching, practice and observance.” Later on, in Article 14, it is also ensured that parents have the right to educate and teach “their children in conformity with their religious, philosophical and pedagogical convictions”.<sup>61</sup> All these articles relegate religion out of the public and into the private sphere of each individual. Religion actually vanished from the political agenda for a couple of years.

---

<sup>57</sup> [http://religion.orf.at/projekt02/news/0406/ne040629\\_religion\\_fr.htm](http://religion.orf.at/projekt02/news/0406/ne040629_religion_fr.htm), 22.10.2006.

<sup>58</sup> <http://www.uni-trier.de/~ievr/EUreligionlaw/EnglischTeill.pdf>, 22.10.2006.

<sup>59</sup> <http://www.uni-trier.de/~ievr/EUreligionlaw/EnglischTeill.pdf>, 22.10.2006.

<sup>60</sup> <http://www.uni-trier.de/~ievr/EUreligionlaw/EnglischTeill.pdf>, 22.10.2006.

<sup>61</sup> <http://www.uni-trier.de/~ievr/EUreligionlaw/EnglischTeill.pdf>, 22.10.2006.

In recent times it has become an important issue again and finally the European Union realizes that its religious spectrum has never been as diverse as it is nowadays. The fierce debate about whether religion should be included into the preamble of the Treaty establishing a Constitution for Europe proved this once again. In the end this treaty, whose process came to a halt, also included in Article 4, Titel VI the statement that “the Union shall maintain an open, transparent and regular dialogue with (...) churches and organisations”.<sup>62</sup>

### 3 ISLAM IN THE RUSSIAN FEDERATION

Islam has a very long history in Russia which started more than 1,300 years ago. It is important to realize, though, that it has never been a monolithic block. The date of Islamization, the intenseness of faith in everyday life and, as a consequence, the impact of Islam on public life differ strongly from region to region (Mensen 1995: 7). Islam was first introduced in what is today Azerbaijan and Dagestan. In the second half of the seventh century it reached Middle Asia and cities like Samarkand, Bukhara and Tashkent, which were in full bloom (Schilling, 1988: 129). Still the political and cultural center of Islam in Russia was and is Kazan, founded 1,001 years ago as an Islamic city. Today it is even called the Islamic capital as opposed to the European capital Moscow.

Since the eighteenth century the ideological contradiction between Islam and the Orthodox Church increased for several reasons. In 1736 Russia started to claim Constantinople, in 1755 the Holy War of the Volga Tatars against the Russian settlement politics began, and finally in 1783 Russians conquered Crimea. After the breakdown of the Russian and Ottoman empires many Muslims supported the October Revolution because for them it was also a fight for freedom of religion. In this period the hostility between the different religious groups decreased (Schilling, 1988: 133). After the revolution the *Declaration of Rights of the Peoples of Russia* was passed. This document repealed all nationalistic and religious restrictions and privileges. It was also a promise to all working Muslims in the Soviet Union, claiming that they were now free to practise their religion (Schilling, 1988: 132). Reality was different, though. Whereas before 1917 30,000 mosques had existed, in 1942 only 1,312 remained. The dramatic decrease also continued in the era of Khrushchev. Shortly before its dissolution the Soviet Union had barely 300 mosques, although it was the state with the fifth highest Moslem population in the world (Mensen 1995: 49).

Today, the largest Muslim people in the Russian Federation are the Tatars with about six million people, being at the same time the largest minority in this vast multi-ethnic state. One third of the Tatars live in Tatarstan, where they make up 50 % of the population.

---

<sup>62</sup> <http://www.uni-trier.de/~ievr/EUreligionlaw/EnglischTeill.pdf>, 22.10.2006.

Other significant Moslem groups are the Bashkirians with about 1.5 million, the Kazakhs who migrated from the Caucasus and Central Asia with about one million, and the Chechens with 1-1.3 million. Many Muslims also live in big cities. Moscow for instance has one of the largest Islamic communities in Europe (Mensen 1995: 54).

Tatarstan is the most important Moslem area in the Russian Federation. Tatars are regularly perceived in Russia as the intellectuals among the Moslems, opposed, for instance, to the Chechens who have a negative reputation.

Out of the 89 subjects of the Russian Federation, 21 republics have a non-Russian titular nation. Out of these 21 republics eight have an Islamic cultural and historical background, including those that stressed their sovereignty as a state the strongest at the beginning of the nineties and opposed the centralistic order of the Russian Federation, e.g. Tatarstan, Bashkiria, Chechnya (Mensen 1995: 55).

#### **4 ISLAM IN THE EUROPEAN UNION**

Just like Christianity, Islam has a different importance and history in each member state of the European Union. Some members are nearly not affected by it, like Poland and other new members, others have had large Muslims minorities for decades, e.g. Germany and France. Talking about the EU as such, approximately twenty-five million Moslems live there.<sup>63</sup> In May 2006 leading politicians of the EU pronounced themselves as being for the acceptance of Islam as a European religion. This was shortly after a meeting between EU politicians and high religious representatives. The president of the European Commission, Barroso, stressed that it is time to speak about European Islam instead of Islam in Europe. He also pointed out that Moslems should not be confronted with the choice between European values and their belief. However, he also insisted on some values as irrevocable for the further cohesion within religious diversity such as freedom and dignity of man. The EU should not only have a common currency and a common market, but also common values shared by people with different denominations.<sup>64</sup>

#### **5 THE IMPACT OF RELIGION ON POLITICS**

Religions have always had a certain impact on policies and politics. In Russia it is especially Chechnya and Tatarstan where the influence of religion becomes visible. Both regions had strong separatist movements after the end of the Cold War. In Chechnya, which is a region with a long anti-Russian tradition and a little degree of Sovietization,

---

<sup>63</sup> <http://www.zeit.de/2003/51/Islamophobie>, 22.10.2006.

<sup>64</sup> <http://islam.de/5756.php>, 22.10.2006.

Islam is an important factor in individual and public life (Mensen 1995: 42). During their struggle for sovereignty Chechnya discovered its Islamic roots even more, which raised the question and the suspicion of fundamentalism (Mensen 1995: 55).

In Tatarstan the situation is very different. Russians and Tatars have lived next to each other since the sixteenth century. But Tatarstan itself is a geostrategically important region. It controls the access from Central Russia to the Ural and Siberia and has natural resources like oil and gas (Mensen 1995: 93). Furthermore, the autonomous republic of Tatarstan has a strong relation with Turkey, unlike the Russian Federation itself. Liberal Muslims often seek closer relations with the Western states and take the secularized Turkish Republic as a role model. In the nineteenth century the Volga Tatars created a significantly modernized variant of Islam called Jadidism, due to which the only accepted authority for a Muslim is the Koran itself. The clergy of Tatarstan and the government of the republic fully support this model. It is acknowledged as a tradition in Tatarstan and it seems to work: there have been no bloody conflicts about religious issues, although half of the population of Tatarstan is Muslim and the other half Orthodox.<sup>65</sup> By contrast, representatives of Islam in Chechnya prefer close relations with Saudi-Arabia over those with Turkey. Chechnya's exile government is located in Qatar.

As already noticed, religion slowly found its way back into the political debates all over Europe. Still, the ways how to deal with religion and the specific conflicts about religion differ from state to state. France, which sees itself as a completely secularized state without any religious education at school, witnessed riots in the *banlieus* in 2005 that pointed to the existence of an invisible wall between the French majority people and migrants from Northern Africa who are mostly Muslims. In Germany, the Roman Catholic Church and the Protestant Church earn money from the so-called church tax that every member of a Christian Church has to pay. In Poland the Roman Catholic Church still has a huge impact on at least domestic policy.

It is the right time for the European Union and in the Russian Federation to recognize that Islam is a crucial part of the past and the present and thus is more than a religion imported by certain ethnic groups and migrants. It represents more than a culture contrary to Europe, but is rather interwoven with it through history. Especially the Muslims at the Volga have their roots in the European part of Russia and differ strongly from the Moslems in Central Asia. These peoples, like the Turkish people, are nations that can identify both with Europe and the Islamic culture (Mensen 1995: 56). The European Union and the Russian Federation have to accept the existence and importance of Islam within their borders. It can become the decisive connective link between Occident and Orient. Tatarstan could, in many ways, serve as an exemplary model.

---

<sup>65</sup> <http://www.eurasischesmagazin.de/artikel/?thema=Religion&artikelID=31003>, 22.10.2006.

## REFERENCES

Mensen, Bernhard (Hrsg.) (1995) *Russland – Politik und Religion in Geschichte und Gegenwart*. Steyler Verlagsbuchhandlung GmbH

Schilling, Heinz-Dieter (1988) *Religionen unterm roten Stern*. Köln: Pahl-Rugenstein Verlag GmbH

Webster, Alexander F.C. (1993) *The Price of Prophecy*. Washington: Ethics and Public Policy Center

<http://www.uni-trier.de/~ievr/EUreligionlaw/EnglischTeill.pdf>