

THE KREMLIN STRIKES BACK

America and Europe responded to Russia's annexation of Crimea on March 18, 2014, by discarding their policy of East-West partnership and reverting intermittently to a policy of cold war. The West believes that this on-again/off-again second Cold War will end with Russia's capitulation because it is not a sufficiently great power, while the Kremlin's view is just the opposite; Vladimir Putin believes that if Moscow has strategic patience, Russia can recover some of the geostrategic losses it incurred when the Soviet Union collapsed. *The Kremlin Strikes Back* scrutinizes the economic prospects of both sides, driven by their industrial prowess, warfighting capabilities, and national resolve, addressing particularly hot-button issues such as increasing military spending, decreasing domestic spending, and other policies. Steven Rosefielde aims to objectively gauge future prospects and the wisdom of employing various strategies to address Russian developments.

Steven Rosefielde is Professor of Economics at the University of North Carolina, Chapel Hill. In 1997 he was inducted into the Russian Academy of Natural Sciences (RAEN). His recent publications include: *Russia in the 21st Century: The Prodigal Superpower* (2005), *Masters of Illusion: American Leadership in a New Age* (2007), *Russian Economy from Lenin to Putin* (2007), *Russia since 1980: Wrestling with Westernization* (2008), and *Transformation and Crisis in Central and Eastern Europe: Challenges and Prospects* (2016).

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The Kremlin Strikes Back

Russia and the West after Crimea's Annexation

STEVEN ROSEFIELDE

University of North Carolina, Chapel Hill



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In memory of my beloved son, David Rosefelde

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Preface

Russia and the West are once again at dagger points. America and Europe responded to Russia's annexation of Crimea on March 18, 2014, by discarding their policy of East-West partnership and reverting to the Cold War.¹ More than two years later, the dust has settled and the path forward for both sides is clear. The West has adopted the "who is afraid of the big bad wolf?" position that this time will be the same; that if America and the European Union stick more or less to business as usual, Cold War II will end with Russia's capitulation because it is not a sufficiently great power. The Russians aren't really coming. Strategic patience will assure victory. Crimea and the Donbas may be temporarily lost, and Putin may strike a few other nonlethal blows, but eventually there will be a happy ending. The West can safely divert its attention to more pressing matters such as the Islamic State (IS), because the countermeasures already adopted will suffice, or can be enhanced with little strain.

The Kremlin's view is just the reverse. Vladimir Putin is confident that this time will be different. He believes that if Moscow has strategic patience and plays a weak hand deftly, Russia can roll back some of the geostrategic losses it incurred when the Soviet Union collapsed, expand its sphere of influence to include Syria and the Middle East, blunt Western efforts at fomenting regime change on Putin's turf, and contest the West's unipolar ambitions.

Faith that this time will be the same is nearly universal among American and EU leaders. Putin's narrative and posture are dismissed as bluster and wishful thinking. Perhaps, history will validate the certitude. But faith isn't science, and many arguments advanced in support of the proposition that this time will be the same are spurious, especially claims that Russia's economy and military-industrial potential cannot sustain Putin's ambitions, and the West's economy is fundamentally sound.

The West's reluctance to discuss, let alone negotiate, a compromise Cold War II–ending new global order with the Kremlin, while simultaneously creating a cooperative façade in Syria, is a corollary of its faith in strategic patience and its “duty to prevail.” It reflects a more general attitude taken by reigning administrations that foreign threats such as nuclear proliferation can be left to fester² if they require fundamental changes in domestic priorities. American and EU leaders speak as if they believe that they have a civilizing mission to spread democracy and Western cultural values through color revolutions and regime change across the globe (for example, their insistence that Assad must go). They do not consider this policy hostile or transgressive. Their faith in selective benign neglect, and their duty to prevail, real or disingenuous, however, is not determinative. Cold War II, regardless of how the West chooses to manage perceptions, will be costly and entails catastrophic risks that may justify sacrificing this or that noble principle for the greater good.

This volume attempts to evaluate whether the West's “this time will be the same” strategy in Crimea and the Donbas is prudent; whether it would be wiser to discuss and renegotiate the post-Soviet rules of East-West relations, adopt an interim *Détente II* policy, or upgrade defense and fundamentally modify the West's economic system. The task is accomplished by probing Putin's motives and stratagems and documenting his drive to restore Russia's great power in Crimea and the Donbas region of Novorossiia. A survey of the West's responses to Crimea's annexation and the Kremlin's counter-moves follows establishing a benchmark for assessing the next phase. Correlation-of-forces analysis given this benchmark is applied to calibrate the prospect that this time will be the same, supplemented by a review of longer-term historical influences. The risks entailed by staying the course, renegotiating the world order, or adopting *Détente II* are then assessed. The analysis reveals that staying the course might be prudent if the West modifies its strategy, but that adopting *Détente II* as an interim policy is wisest because the West is reluctant to fund the military forces necessary to prevail; faces severe obstacles to extricating its economies from secular stagnation; and is not ready to comprehensively renegotiate the world order, expecting “this time to be the same.” At the moment, it appears that the Syrian imbroglio is prodding the West toward informal *Détente II*, pending fresh surprises.

The narrative and analysis in this study employ the objective-subjective method (separating positive from normative issues) without attempting to comprehensively resolve conflicting claims about facts, causalities, and priorities. It is nonpartisan. The method acknowledges contending viewpoints,

plumbs hidden agendas, and makes strong analytic judgments wherever reason and evidence permit.

The filter clarifies the basics. Russians aren't ten feet tall, nor are they midgets. They are tall enough to stand up to the West and push back, and Putin and the *siloviki* are intent on doing so, but the filter does not settle issues of motivation, merit, and justice, about which readers must ultimately decide.

The method also is inclusive, requiring expertise not only in international security affairs but also in economic theory. Foreign policy analysts understandably are uncomfortable with rigorous technical assessments of Western and Russian economic potential, but they deceive themselves if they suppose that they can safely disregard Western economic vulnerabilities and Russian strengths in assessing wise international security policy.

Notes

- 1 This is the case even though the Obama administration is disinclined to publicly characterize the contest as anything more than a squabble. Putin is embraced by the American White House as a comrade in arms against the Islamic State (IS) in Syria, despite the Kremlin's refusal to rescind Crimea's annexation. Cf. Stephen Cohen, *Should the West Engage Putin's Russia?: The Munk Debates*, New York: House of Anansi Press, 2016.
- 2 Non-signatories to the nonproliferation treaty who have active nuclear programs or are believed to be emerging nuclear powers are India, Pakistan, Iran, North Korea, and Israel. Elise Hu, "North Korea Says It Conducted Hydrogen Bomb Test," *NPR*, January 5, 2016. www.npr.org/sections/thetwo-way/2016/01/05/462098403/north-korea-says-it-conducted-hydrogen-bomb-test.

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