BOW GROUP RESEARCH PAPER

THE SANCTIONS ON RUSSIA

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About the Bow Group

Founded in 1951 the Bow Group is the oldest Conservative-supporting think tank in the UK and a leader in the marketplace of ideas. It exists to publish the research of its members, stimulate policy debate through a programme of events, and provide an intellectual home to conservatives.

The Bow Group’s Patrons include Lord Lamont, Lord Howe, Lord Tebbit, Dr David Starkey and Professor Roger Scruton.

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Introduction

Adriel Kasonta

Following the February 2014 coup in Ukraine and Russia's subsequent annexation of Crimea, Russian officials and companies faced the first round of Western sanctions which included visa bans and asset freezes. The West has since expanded its sanctions against Russia, targeting major businesses and parts of the country's financial, energy and military sectors.

Despite Moscow's repeated claims that the Crimean referendum on secession from Ukraine was in conformity with international law and in line with a UN Charter according to a precedent set by Kosovo's 2008 secession from Serbia, the West and Kiev have refused to recognize the legality of Crimea's reunification with Russia.

Instead of a planned G8 summit in Sochi, a G7 meeting, excluding Russia, was convened in Brussels on the 4th of June. EU countries supported the suspension of negotiations over Russia's memberships of the OECD and International Energy Agency. Moreover, an EU-Russia summit was cancelled and EU members abandoned their regular bilateral summits with Russia; talks with Russia on visa matters and the new EU-Russia Agreement were both suspended.

Late in July 2014 the West announced fresh sectoral restrictions against Russia, in particular for what was claimed to be was Moscow's alleged involvement with public protest in Ukraine's southeast region.

A month later, Russia responded with a one-year ban on imports of beef, pork, poultry, fish, cheeses, fruit, vegetables and dairy products from Australia, Canada, the European Union, the United States and Norway. Then in September and December 2014, large-scale punitive measures against Russia followed.

Throughout this time, Russia has consistently dismissed accusations it "annexed" Crimea and denied that it could in any way be involved in hostilities in the southeast of Ukraine, adding that Crimea voluntarily reunified with Russia by a referendum held on March 16, 2014. Here 96.77% of Crimeans and 95.6% of Sevastopol voters chose to secede and join the Russian Federation.

Thus the Republic of Crimea and Sevastopol - a city with a special status on the Crimean Peninsula where most residents are in any case ethnically Russian - refused to recognize the legitimacy of Ukrainian authorities brought to power by a coup in February 2014. On March 18, 2014, Russian President Vladimir Putin endorsed this by signing the reunification into law.
It may be worth mentioning that Crimea joined the Russian Empire in 1783, when it was conquered by Russian Empress Catherine the Great. In the Soviet era, Crimea was actually part of Russia until 1954, when Nikita Khrushchev, First Secretary of the USSR’s Communist Party, symbolically transferred it to Ukraine’s jurisdiction as a gift commemorating 300 years of union between Ukraine and Russia. With the collapse of the Soviet Union in 1991, Crimea was part of newly independent Ukraine and remained so until March 2014 when it was reunified with Russia.

In that regard, we can confidently say that Ukraine is, and always has been, within Russia’s ambit. Indeed Russia has had a direct and profound cultural link with both the Russian and Ukrainian speaking populations in the south and the east of Ukraine, as an imperial power under the Tsars and later, in Soviet times. Significantly, Orthodox Christianity was originally brought to Russia by the Kievan Prince Vladimir Sviatoslavich the Great who was baptized in Khersonesus Taurica (now Kherson), Crimea.

Given that many people in Ukraine actually consider themselves to be Russian, and that the justifications for sanctions may have shifted, it appears necessary to revise our approach to what could be considered one of the greatest challenges of the 21st century. We might do worse than explore for a peaceful solution to this crisis, engaging EU member states and Russia in a meaningful and inclusive dialogue, leading to a lasting solution, ensuring a stable, prosperous and democratic future for all of Ukraine's people.
Chapter 1: Examining the policy of sanctions

What effect have sanctions had so far?

_Elina Kyselchuk_

As a result of the annexation of Crimea, interference in the internal affairs of Ukraine and support of separatists in Eastern Ukraine by the Russian government, three rounds of sanctions have been imposed by a number of governments, international organizations and, in particular, the member states of NATO, the European Union, the Council of Europe and the United States of America. The sanctions targeted Russian individuals, businesses and certain industry sectors. The main purpose behind such measures was to support the territorial integrity and sovereignty of Ukraine. It was also vital to emphasize the importance of Russia complying with international law and existing international obligations, including the Budapest Memorandum, through which the Russian Federation, United States and the United Kingdom gave national security assurances to Ukraine.

The main justification of Russia’s actions, introduced by president Vladimir Putin, was his refusal to recognize the legitimacy of the new authorities of Ukraine which was formed after Euromaidan, a movement and a series of demonstrations which led to impeachment of the former president Yanukovych and the replacement of the government with pro-European politicians. The Russian government considered such change of political regime in Ukraine a threat to its geopolitical influence in the region and continued its intervention and escalation of the conflict in the Donetsk and Luhansk regions of Eastern Ukraine. In response to this, the United States and European Union has steadily increased political and economic sanctions against Russian entities, targeting major businesses and the country’s financial, energy and military industries. It has been more than a year since the first round of sanctions was imposed in March 2014, followed by the second and third rounds in April and July 2014. Furthermore, on 25-26 June, the EU is going to extend the economic sanctions on Russia to the end of January 2016.

The following discussion considers the impact which the sanctions have already had on both Russia and the Western community and what effect they have had on Russia’s foreign policy orientation, before considering whether it was an effective measure to resolve the conflict in Ukraine.
It is true that the Russian economy has fallen much faster in the last year. However, it is difficult to assess to what extent the EU and US sanctions affected the Russian economy, as other factors contributed to Russia’s economic crisis. Nevertheless, many experts agree that the sanctions were at least one of the valuable factors contributing to the increasingly difficult economic situation in Russia. While the first round of sanctions targeting individuals who were close to the Russian leadership, as well as key decision-makers, appeared to be ineffective, the further sectoral sanctions, targeting valuable sectors of the Russian economy including energy, banking, finance and defence had a noticeable impact. They included: the suspension of preferential economic development loans to Russia by the European Bank for Reconstruction and Development (EBRD); a ban on trading bonds and equity and related brokering services for products whose maturity period exceeds 30 days with some of Russia’s largest state controlled banks and a ban on loans to state owned banks; a ban on the major Russian energy companies, and Russian defence companies; an embargo on arms trade between EU members and Russia; a ban on exports of so-called dual use items, i.e. civilian industrial goods that can be used as (or to produce) weaponry or for other military purposes; and a ban on exporting certain energy equipment and providing specific energy related services to Russia’s most technology intensive oil exploration and extraction projects.

The new World Bank report entitled ‘The Dawn of a New Economic Era?’ suggests that a current financial crisis in Russia was to a large extend caused by the sanctions. The report suggests that the full effects of the sanctions will become evident by the end of 2015 and quite likely will lead the Russian economy into recession and a negative growth in 2015-2016. The report sees a contraction of 3.8% in 2015 and a modest decline of 0.3% in 2016. The impact of sanctions is likely to have long-term implications as the sanctions are already changing the structure and orientation of Russian economy as well as the way in which Russia is recognized in the world.

On the other hand, the Russian economy is largely dependent on energy prices. During the last year, oil prices drop by almost 50%, significantly exacerbating the impact of sanctions, as almost half of Russia’s domestic budget relies on oil sales. Therefore, a lower-bound oil price scenario will lead to a larger contraction of 4.6% in 2015 and a second recession year in 2016 with a 1.0% contraction. The upper-bound oil price scenario projects a contraction in real GDP of 2.9% in 2015 followed by recovery to 0.1% growth in 2016.
According to the Russian Higher School of Economics, the sanctions were one of the reasons for the devaluation of the ruble in 2014 which resulted in significant inflation, making imports more expensive and depressing incomes and wages even further. In December 2014, the currency value dropped by 20%, reaching a record low exchange rate of 80 rubbles per dollar, which was the lowest rate since the 1998 Russian debt default. Due to a decline of consumption, weak confidence, high household debt and slowing income growth, this may potentially lead to a significant increase in poverty rates. The World Bank predicts that the national poverty rate will increase from 10.8% in 2013 to 14.2% in 2015 and 2016.

Another important effect of the EU and US sanctions is the decrease in foreign investment which has already became apparent in Russia. The sectoral sanctions, unstable financial climate and high interest rates in Russia significantly decreased the investment demand, which will continue to affect the economy growth in the next 5-6 years. The sanctions were one of the causes of the massive outflow of capital from Russia. According to data from the Russian Central Bank, in 2014 capital outflow amounted to $151 billion USD. In 2012 about 75% of all investment in Russia came from EU countries. As a result of the sanctions the major Russian industries including oil and gas, metallurgy, trade, agriculture and real estate which regularly received investment were significantly cut off from FDI. Russia's state-owned banks have been cut off from Europe's capital markets, while its defence and energy firms were no longer able to import hi-tech western equipment which could have been used for military purposes, ‘fracking’ or Arctic oil exploration. The isolation from international economic activities, such as trade and bank transactions which are pivotal to a country’s growth, has proven to be very damaging. On 27 April 2015, Vladimir Putin, at a meeting of Legislators in St. Petersburg, stated that the Russian economy lost over $160 billion due to the sanctions’ impact on foreign investment.

In the geopolitical sense, sanctions led to a noticeable shift in the Russian economy orientation from the West to the BRICS countries and former Soviet Union republics. Shortly after the second round of sanctions, Russia signed a valuable natural gas agreement with China worth $400 billion, in order to lessen its economic dependence on the EU. As a result of this agreement, Russia will, from 2018, have an alternative market in China for its natural gas. Russia has also received a political support from the Chinese vice premier, Wang Yang, who expressly stated on 11 October that China “strongly opposes” sanctions against Russia.
This may create a potential threat to the West if Russia continues to develop its alliance with the BRICS, and China in particular. If BRICS countries continue to replace Western exports to Russia, which are banned - albeit at higher costs for Russian consumers - sanctions will be less effective. On the other hand, it is possible that China is using Russia’s political need of support as well as Russia’s willingness to find a new trading partner as an alternative to the West. In May 2014, during a meeting between Vladimir Putin and the Chinese president Xi Jinping, Russia had agreed on a number of trade and energy matters which were previously discussed for many years, on terms that are far more favourable to China.

Other changes take a more protectionist direction, with a growing influence of the state on the economy. On 4 December 2014, Vladimir Putin in his annual press conference described the sanctions as an excuse to “try to contain Russia’s growth capabilities”. He also stated that the sanctions could be “an incentive for a more efficient and faster movement” towards Russian economic reforms and, in particular, in the technology sector.

Some may argue that the sanctions have also had a negative impact on the Western community. While the sanctions did not have any valuable economic effect on the US, as its trade with Russia is not significant, certain EU states are well-established trade partners with Russia. The main effect of the sanctions comes from lower demand for EU exports of goods and services as well as from Russia’s counter-sanctions on European food products. On 8 August 2014, as a response to the Western sanctions, Russia announced an immediate embargo on “certain meat, dairy, fruit, vegetable and processed food products from the EU, USA, Canada, Australia and Norway”. 21

The EU is the most affected amongst the listed countries and, in particular, Poland, Lithuania and Germany, as the EU products amount to 73% of imports that were banned by Russian Embargo. This is expected as the EU alone represents 86% of Russia’s total imports from the above-mentioned countries and 43% of entire Russian imports from the world. However, the European Commission remains optimistic, as the EU has already taken a number of measures to find alternative sales outlets such as South Africa, Benin, Ghana and DRC. 22 While Russia is the second biggest export market for EU agricultural products, 23 it is only 1-3% of overall EU production. On the other hand, the costs associated with Russian Embargo to a large extend were borne by Russian consumers. 24
The food price increase had an immediate effect on Russia’s consumer price index (CPI), pushing it towards double-digit levels, with the price of products banned by the Embargo rising significantly faster. As a part of its counter-sanctions, Russia also banned entry for 89 European politicians, but this is unlikely to have any effect as such targeted sanctions generally only have a political function. Such ban is arguably just a response to the EU and US ban on Russian individuals.

In comparison with Russia, the EU has a much larger, more diversified and stable economy. In comparison to certain EU countries, Russia’s economy is considerably smaller. After the devaluation of the ruble, Russia’s economy amounts to approximately $1.1 trillion, which is larger than the economy of the Netherlands ($0.85 trillion) but smaller than that of Italy’s ($2.15 trillion) and Germany’s ($3.73 trillion). Arguably, the most affected by the negative impact of sanctions among EU members was Germany, as it accounts for one third of total EU exports to Russia, amounting to around 38 billion euros a year. As a result of sanctions, in August 2014 its exports to Russia were 26% lower than a previous year and down 17% year-over-year in the January to August period. However, for Germany, Europe’s biggest economy, Russia is still a relatively small market, accounting for just 3.3% of its total exports.

In general terms, Western leaders should feel reassured. Sanctions are affecting Russia more heavily than the EU, and especially Canada or the US. However, it is necessary for EU leaders to keep room for a diplomatic manoeuvre in order to keep the negotiating power. The EU should consider its key priorities the implementation of substantial European investment programmes, a more aggressive monetary policy, some fiscal relaxation and stimulus in the core countries.

So have the sanctions achieved their goal? It is important to remember that the purpose of the sanctions was not to punish Russia but to change its policy towards Ukrainian territorial integrity and sovereignty. Sanctions imposed by the EU and US did not force Russia to stop its intervention into Eastern Ukraine neither to return the Crimea. It appears that the West, to some extent, agreed not to challenge Russia’s annexation of Crimea in exchange for Vladimir Putin’s promise that he will recognize the territorial integrity of the rest of Ukraine and not expand his campaign against Kyiv.

At the economic level, the sanctions, arguably, had effect by exacerbating the serious long-term problems of the Russian economy, contributing to the Russian financial crisis and demolishing its trade connections with the West.
The sanctions have been particularly effective with regards to the financial sector and the defence industry. However, they have not persuaded the Russian government to change its course. It seems very unlikely that, given the current political tension between Russian and the West, Ukraine may expect the actual and full settlement of the conflict in Donetsk and Luhansk. At the same time, the conflict sees Ukraine facing the most detrimental economic crisis. The conflict in the east of the country, which continued for over a year, "took a heavier-than-expected toll on the economy" with the inflation rate of almost 46%. According to the International Monetary Fund, Ukraine's economy is likely to shrink by a worse-than-expected 9% in 2015.

Thus, it is absolutely necessary to find a non-military solution on satisfactory terms acceptable for Ukraine, Russia and the West by the end of 2015, otherwise the Ukrainian economy will have very high potential to default. There must be reached a diplomatic compromise, which will allow Russia to remain an influential political player in Eastern Europe, while letting Ukraine choose its own internal political regime and foreign policy orientation. A diplomatic solution will require all sides to find middle ground and to focus on their fundamental economic needs, which will perhaps not mean the best possible outcomes or absolute victory. Finding such a compromise will not be easy. However, it is vital for the West and Russia to work together towards reconciliation and building a stable, prosperous Ukraine.

Footnotes


7. including Sberbank, VTB, Gazprom Bank, Vneshekonombank (VEB), and Rosselkhozbank

8. including Gazprom Neft, Rosneft and Transneft.

9. including OPK Oboronprom, United Aircraft Corporation and Uralvagonzavod.


11. Ibid.,p.iii.


18. Kuchma A., Russia is facing record capital and investment outflow, Russia beyond the headlines, 29 January 2015, available at: http://rbth.co.uk/business/2015/01/29/russia_is_facing_record_capital_and_investment_outflow_43261.html


23. Which amounts to approximately 10% of all EU exports.


29. Ibid..

The cost of Russian sanctions on Western economies: the UK, US and EU

Max Marioni

Summary

The sets of economic sanctions imposed on Russia by the US and EU (including the UK) in collaboration with other western countries targeting Russian individuals and assets have had adverse consequences for European and American businesses, and if they are prolonged and increased in scope, they will have even more deleterious effects in the future. This in turn can affect growth prospects for economies in Europe, which are the most exposed due to significant business ties with Russia, and to a lesser extent in the US.

The economic effects of the sanctions can be divided into direct effects, which occur as a direct consequence of the economic sanctions inflicted by the US, EU, and other countries, and indirect effects, which occur as a consequence of the sanctions imposed in retaliation by Russia on western imports. The sanctions have contributed to an economic downturn in Russia and a collapse in the value of the Russian Rouble, with correlated economic and social costs, which has negatively affected western businesses trading with Russia. One may argue this is also an indirect effect of the sanctions, however I do not include this argument within the scope of this paper.

The introduction of economic sanctions as a response to the Russian intervention in the Ukrainian crisis represent a novelty for European and international diplomacy for the size and level of development of the economy targeted by the sanctions. Previously, 'rogue' states which had sanctions inflicted on them tended to be poor and underdeveloped, with very limited economic ties with the US and the EU (one may think of Iraq, North Korea, Serbia) and almost no export markets to speak of. It is evident in this case that the sanctioned country, the Russian Federation, is very different in this respect: it is not an isolated economic backwater, but a leading emerging market, a global economic player, a member of the G-20 and of the BRICS block of emerging economies. It is clear that we are talking of a very different beast, and the international community is having some difficulty in applying past experiences of imposing sanctions on a pariah state to this scenario. Russia has even contested the sanctions with WTO for breaching the organisation's rules on free trade.
In 2013, before the imposition of the sanctions by the EU, US and other western countries, Russia’s economy was reportedly worth a total $ 2.1 Trillion, which equates roughly to Italy’s GDP ($2.15 Trillion)\(^1\), the fourth largest economy in the EU and third in the Eurozone. It is the world's ninth largest economy, home to 140 million people. And Russia, like other emerging economies, had a fast rate of growth, faster than most EU economies for instance, averaging 5% growth a year, at least until the global financial crisis struck which damaged the Russian economy significantly. After a 7.8% contraction in 2009, it rebounded with 4.5% growth in 2010.\(^2\)

It is not surprising then that both the US and EU member states have, to various degrees, significant trade links with Russia, and that consequently European and US businesses have a lot at stake in Russia. The minister responsible for EU affairs, David Lidington MP, admitted the costs to UK and European business of the sanctions imposed on Russia. Speaking to the BBC, he said, "There is undoubtedly a cost to us and I don't think anybody from the prime minister down has pretended otherwise, just as there is for German companies, French companies, Italian companies, [and] American companies, whose governments have also introduced sanctions."\(^3\) This sentiment was echoed by other European political leaders, for instance in Italy and the Czech Republic. However, these rich trade links and business interests have been affected by the imposition of the sanctions, and have consequently hit the economies of EU member states, of the UK and of the US, in different ways.

**Economic Ties between Russia and the EU**

The EU is Russia's economic partner of choice, according to Eurostat, with business with the single market accounting for the largest share of total trade. The economic relationship is reciprocal, with half of Russian total exports going to EU countries in 2013, and 47% of Russian imports coming from Europe. Three quarters of Foreign Direct Investment into Russia originated in the EU\(^4\) and in 2013 Russia invested €8 billion into EU economies.\(^5\) Economic interdependence has been growing between the two, reaching an unprecedented peak in 2012. According to different estimates, Russia is the third largest business partner for the EU.\(^6\) The trade volume between the Russian Federation and the EU reached a total amount of €270bn in the same year\(^7\) and increased to 326 billion the next year. This figure make EU-Russia business the size of a mid-sized EU country, such as Austria or Denmark.\(^8\)
Despite talk of Russian search for alternative trading partners and of strengthening ties with China, which currently occupies second spot in the list of countries Russia has a trade relationship with, exports to its South-Eastern neighbour amount to only 10% of total exports, roughly a fifth of total trade amount with the EU. €120 bn, or 7% of the combined total of all EU exports went to Russia in 2013, which makes it the fourth largest country in a table of exporters to the EU, behind the US, China and Switzerland. More than 12% of EU goods were imported from Russia in 2013.

We clearly get the picture from the above figures that the economies are interlinked to a very significant level, that Russia especially is dependent on EU businesses while trade with Russia for the EU is also very important, albeit less critical. The flipside of the argument is that there are many businesses for whom trade with Russia has become critically important and whose profits depend on the continuing flourishing of those business links. These business links amount to $115 bn in 2012 and have created almost 2 millions jobs Europe-wide.9

Some EU member states have more ongoing trade with Russia than others, and some economic sectors report particularly strong economic cooperation between the EU and its Eastern neighbour. Germany is the largest Russian trading partner out of all individual EU countries.

In 2013, trade between Germany and Russia accounted for €77bn, half of the total volume of trade with France (€ 164 Bn), China (€141 Bn) and the US (€137 BN). Russia is Germany's 11th largest trading partner. In 2013, exports to Russia made up 3.4% of German total exports. 6,200 German companies conduct business with Russia, and German FDI amounted to approximately €23Bn according to the most recent estimates. This volume of business has created in excess of 360,000 jobs.10

The German products reporting the largest amount of exports to Russia are automobiles, machinery, chemical products and electronics .11

After Germany, the countries which have the most business ties with Russia are, understandably, the other major EU economies. The Netherlands have €37 billion worth of business links with the Russian federation, Italy have a total of €30 billion, while French exports to Russia amount to €9 billion.12 The table below lists the countries which have registered the most exports of goods to Russia in 2012.
As one can predict, the Central and Eastern countries formerly in the Warsaw Pact area are also heavily interlinked with Russia. For Hungary, for example, Russia is the largest trading partner outside the EU, and trade flows between the two countries amount to 2.55 billion euros in 2013. Similarly, 2.7% of Bulgaria's exports went to the Russian federation in 2013, including goods such as machinery, pharmaceuticals and agricultural produce. Tourism is also an important economic resource, for Bulgaria as for other countries in Central, Eastern and Southern Europe. During the same year, over a quarter of the total amount of tourists visiting Bulgaria (2.6 million) were Russian. The Czech Republic is also a recipient of Russian foreign investment, and in Poland 305,000 jobs are linked to Russian import demand.

Energy takes the lion's share of EU-Russia trade and is by far the most critical sector within the trading relationship. Russian energy raw material imports (oil and gas) to the EU amounted to a total €160 billion out of the €206 billion combined amount of Russian exports to the EU. Oil and Gas represent 84% of goods imported into Germany from Russia and 30% of total German Gas and Oil consumption. This latter figure rises to 100% for the Baltic countries, while...
while Italy is also heavily reliant on Russian gas delivery.\textsuperscript{19} Hungary is another country which depends on Russian energy imports, and has taken on Russian energy firm Rosatom in a 10 billion EUR deal to boost production at its only nuclear plant. Finland has plans to do the same. Overall, Russian oil and gas accounts for one third of EU energy consumption.\textsuperscript{20} Eight member states are 100% reliant on Russian gas, with four of the eight also depending on Russia for the supply and processing of fuel.\textsuperscript{21} EU energy companies such as the Italian ENI have put in place significant investments over the past years.\textsuperscript{22}

Sectors where EU-Russia business relationship has reached important levels include manufacturing, aerospace and defence, retail, finance and food and beverages. The local beer market is largely in the hands of local subsidiaries of the Danish brewery group Carlsberg, which generates almost a third of its global profits from Russia.

**Sanctions inflicted by the EU and direct effects on different industries and countries**

The economic sanctions imposed on Russian entities by the EU include a prohibition to deal in the equities or long term debt instruments and provide loans to five among the largest Russian banks, Sberbank, VTB Bank, Gazprombank (the banking arm of Russian state-owned Gas giant Gazprom, Vnesheconombank (VEB) and Rosselkhozbank (Russian Agricultural Bank). An arms embargo has been applied to defence equipment exports to Russia which covers also dual use technology for military end-use or mixed defence companies. Energy in particular will come under scrutiny, with export licences for deep water oil exploration and production, Arctic oil exploration or production and shale oil projects in the Russian federation denied or revoked by the relevant member state. Official economic cooperation in the shape of projects of the EIB and EBRD will be curtailed or halted. This will impact both Russian and European companies working in Russia in the above sectors.

Overall EU exports to Russia nose-dived 18 percent in 2014, according to the EU statistics office Eurostat. In Germany, the leading Economic powerhouse in the EU and the economy with the strongest business ties with Russia, exports fell by 15.5% at the end of the second quarter of 2014 and did not recover in the remaining part of the year.\textsuperscript{23} German business morale and investment appetite, according to the Ifo and ZEW business surveys on economic sentiment in Germany collapsed in October 2014, with the imposition of sanctions and their effects cited as one of the causes.
An association acting as the voice of German businesses with interests in Eastern Europe, The Committee on Eastern European Relations, has actively lobbied against the sanctions. The Committee has expressed concerns that the sanctions will cost €7 billion to German companies due to lost exports in 2014, and as a result putting “at least” 50,000 jobs at risk, with the figure potentially reaching 300,000 depending on future scenarios. In a survey conducted jointly by the newspaper Welt and the RolandBerger strategy consultancy, two thirds of German business leaders described the sanctions as a cause of concern over the short and medium term.24 Growth forecasts for 2014 had been revised down according to Commerzbank from 2.0% to 1.7%, and in Deutsche Bank's estimate from 1.8% to 1.5%.

**Oil and Gas**

Rosneft, the largest Russian oil company, has also been placed on the EU's sanctions list. Rosneft is part-owned by BP, and this would affect its further development plans in Russian territory as well as potentially hurting BP profits (more details on BP and Rosneft will follow in the section analysing the fallout on the UK of the EU sanctions). Other Russian energy companies hit by sanctions, albeit indirectly due to their links to Gennady Timchenko, include Novatek, the second biggest gas company, which was looking for foreign investment to fund further expansion.

Large EU-based oil companies will be affected as well, together with the Norwegian oil company, Statoil (Norway has imposed its own sanctions on Russia as well, broadly in line with the sanctions imposed by the EU) and British companies BP and Royal Dutch Shell (this will be covered in the section about the UK). Both Eni and Statoil had joint ventures with Rosneft for oil exploration and drilling project, with both companies owning 33% of the joint venture and having the responsibility to operate and finance it. Statoil was planning in its joint venture to drill six oil wells in Russia between 2016 and 2021, while Eni had projects to drill two exploration wells in 2015-2016 in the Black Sea and two other wells in the Arctic Ocean between 2020 and 2021.25

The EU has imported 162 bcm of Gas from Gazprom alone; many EU member-states have signed long-term contracts, with length of agreed service ranging from 10 to 35 years, and forecasts of imported gas volumes averaging 115 billion cubic metres of gas a year. According to the Oxford Institute of Energy Studies, the EU would need to import 100 bcm of Russian gas for at least six years, even in a best case scenario where these EU member states are relieved from the need to honour their obligations.26 The South Stream gas pipeline, entering the EU from Russia via Bulgaria, has already been scrapped.27
Finance

A total of $147 billion of Russian securities are held by European lenders. European banks accounts for approximately three quarters of Russia’s total foreign bank loans in 2014. French banking and financial services institutions hold the most Russian debt ($44 billion) with Italian banks in second place who are exposed to $27 billion worth of debt, followed by ($17 billion) and the UK ($15 billion). Among individual banks, Societe Generale is the main creditor institution, with $31.4 billion of outstanding loans. Comparing this sum to its tier one capital of $46.4 billion, the capital reserve which banks need in place to absorb loss, we see how the French lender is heavily exposed and its current level of exposure would leave it, in the case of default on its Russian claims, without two thirds of its absorbing capital. The table below shows the European banks with the highest level of exposure to Russia.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Outstanding Loans to Russia ($ bn)</th>
<th>Loss-absorbing capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Societe Generale</td>
<td>31.4</td>
<td>46.4</td>
</tr>
<tr>
<td>UniCredit</td>
<td>23.3</td>
<td>49.6</td>
</tr>
<tr>
<td>Raiffeisen Zentralbank</td>
<td>19.5</td>
<td>11.3</td>
</tr>
<tr>
<td>Nordea</td>
<td>7.9</td>
<td>28.1</td>
</tr>
<tr>
<td>OPT Bank</td>
<td>3.9</td>
<td>4.9</td>
</tr>
<tr>
<td>Bank of Cyprus</td>
<td>2.3</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Source: European Banking Authority

Russian businesses, including banks, have been able to access special emergency funds provided by the government for stopping funding gaps in their tracks, and can refer to the central bank for the provision of short term liquidity. In the case of large-scale defaults, some EU lenders, such as the banks listed above, would necessitate recapitalisation, potentially at the taxpayer’s expense. Gazprombank is one of Russia’s biggest lenders: it has issued a 1 billion Euro five-year bond at the beginning of July that was bought mostly by European institutional investors and has a maturing $1.2bn loan. The sanctions could affect the efforts of the bank to refinance its debt, leading to uncertainty about its financial stability resulting in potential loss for its European creditors.

Interestingly, EU subsidiaries of the same Russian banks are exempt, and will continue to trade in the countries where they already have a presence. VTB Bank and Sberbank operate in Austria, Cyprus, Czech Republic, Slovakia, Hungary, Germany and France. EU officials explained that they excluded the EU subsidiaries to protect the stability of Europe’s financial system.
However, the ventilated hypothesis of closing off Russian banks from using the Brussels-based SWIFT payment system for international transactions would have grave consequence for the Russian financial sector, and consequently with those EU companies most entangled with Russia.

**Engineering, Defence and Aerospace**

Russia is the fourth-largest export market for German engineering company: this sector suffered as a consequence of the sanctions, since it exported 19% fewer products to Russia in 2014. EU exports of arms and military equipment to Russia, prevalently from French and German firms, totalled €193 million in 2012. The imposition of sanctions has impacted upon EU defence and engineering companies with procurement agreements already in place for the Russian market. The most publicised case is the contract worth €1.2 billion for the sale of two French Mistral amphibious assault warships, which has already been partly paid for by Russia, and which would reportedly cost, together with a payment breach fine, in the region of €1 billion to cancel. French company Thales, which has had an ongoing contract to supply the Russian army tanks with infrared gun sights since 2007, is also a casualty of the sanctions, as well as German firm Rheinmetall which had to abandon plans to provide the Russian army with a high-tech combat training centre valued at over €100 million on the contract signed in 2012.

**Indirect effects of the Sanctions on the EU**

In retaliation to the sanctions imposed on Russian individuals and entities, Russia imposed some sanctions of its own, mostly on food and agricultural products from the sanctioning countries. An embargo was set on imports from the EU and the US, as well as Norway, Australia and Canada, including foodstuffs such as fruit, vegetables, meat, fish, milk and dairy (but excluding alcohol and soft drinks). This has had widespread consequences for European exporters of food and beverages to Russia. In 2013, Russia was the second largest market for EU food exports, accounting for 10% of total food exports, generating a revenue of between €11 and 12 Bn (approximately £9Bn) annually for EU farmers. The volume affected by the sanctions is worth around €5 bn. Ten largest categories of food exports to Russia from European Union in 2013:

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruit</td>
<td>€ 1.07 bn</td>
</tr>
<tr>
<td>Cheese</td>
<td>€ 985m</td>
</tr>
<tr>
<td>Pork</td>
<td>€ 969 m</td>
</tr>
<tr>
<td>Vegetables</td>
<td>€ 769 m</td>
</tr>
<tr>
<td>Spirits</td>
<td>€ 725 m</td>
</tr>
<tr>
<td>Wine</td>
<td>€ 597 m</td>
</tr>
<tr>
<td>Bakery Goods and Pasta</td>
<td>€ 575 m</td>
</tr>
<tr>
<td>Other foods</td>
<td>€ 496 m</td>
</tr>
<tr>
<td>Pet food</td>
<td>€ 483 m</td>
</tr>
<tr>
<td>Offal and other meats</td>
<td>€ 480 m</td>
</tr>
</tbody>
</table>
According to an analysis by Belgian bank ING, a figure worth $6.7 bn, or 6% of combined EU production, is tied to Russian demand for food, which is responsible for around 130,000 EU jobs. Different countries will be affected in different ways. Central and Eastern European countries, primarily the Baltic states and Poland, will be the hardest hit. In terms of job losses, after Poland, where 23,000 jobs linked to Russian food demand are predicted to be lost, come Germany (21,000), Italy, France and Spain (10,000 each). Germany exported €1.6bn-worth of food and agricultural produce in 201336, while French exports to Russia accounted for €1 Bn, as well as 1% of its total exports. Lithuanian exports of banned food products to Russia accounted for 2.5% of GDP37, according to research group Capital Economics. The Italian former foreign minister, Franco Frattini, stated that the sanctions could cost the Italian economy up to €4 billion in two years.38

Pork exports are one of the categories of goods most affected, with the sanctions cutting off a quarter of total exported pork production from its destination market. German pig farmers have been hit the hardest: Germany exported 75,000 tonnes of pork, worth approximately €1bn. ISN, the German pig farmers’ association, has said that farms individually will lose up to €4,000 a year.39 The sanctions have resulted in a glut of fresh produce, from Spanish tomatoes, peaches and mandarins to Polish apples, resulting not only in lost profits but also in lower market prices, with the devaluation being caused by oversupply. Nordic countries have been affected too: Finnish dairy cooperative Valio, which normally exports half of its produce to Russia, has had to find alternative export markets, incurring in financial losses in the meantime.40 The European Commission has put aside a sum of €125 Mn for farmers affected by the sanctions, however this figure would not cover all direct and indirect losses incurred .41

**Sanctions on Russia and the UK – Direct and Indirect Effects**

The UK, of course, has also applied sanctions on Russia in line the rest of the EU, consequently British companies trading with Russia have had to suffer the same limitations and constraints as EU companies. The UK isn't quite as linked up with the Russian economy as other European nations – for instance, relatively to other EU countries, it doesn't receive as much gas, and not being a manufacturing country it is suffering less from the closure of the Russian export market. However, there are some key sectors where British companies are being hurt by the sanctions.
One of these is oil: UK oil giant BP has a 19.75% stake in Rosneft, the largest Russian oil company, which is one of the sanctioned entities. BP is Rosneft's bigger shareholder after the Russian government and as part of the deal with Rosneft, signed in 2012, the CEO of BP (Bob Dudley) also has a seat on Rosneft's board of directors.

Under the terms of the sanctions, Rosneft is prohibited from acquiring EU debt with maturities of over 30 days, and a similar ban is in place in the US. Rosneft is currently $55 Bn in debt (as of 2014), with the need to refinance debt in 2015 alone worth $17 Bn owed to consortia of Western banks.

It is unlikely, according to the Financial Times, that the debt is going to be recycled along the same terms, and, with no foreseeable avenues to bring in extra profits, it is unlikely that the debt will be repaid earlier. BP will have to forsake for the time being equity profits deriving from Rosneft, as well as lost revenue due to the scrapping of oil exploration and drilling projects on Russian territory.

BP has the most to lose out of all Western Oil companies in Russia due to the size of its direct investment (while other international oil companies have managed to shield themselves through setting up joint ventures).

The UK, as a leading global financial centre and one of the most open economies in the world, has naturally drawn many Russian companies and individual investors. In approximately the last ten years, since the recovery from the Russian crisis of 1997-98, Russian companies have been turning more and more towards the UK and primarily London, keen to invest in the Capital's booming residential property market, as well as in British securities.

These Russian investors are attracted by the stability of the currency and the macroeconomic environment as well as the regulatory transparency, the observance of the rule of law in business and in other areas, and the relatively moderate levels of taxation.

The estimated total value of Russian international investments in London is £27bn, a substantial sum. The London Stock Exchange has become a popular venue for Russian businesses to organise their IPOs. Russian companies raised €16.4bn (£13bn) in stock flotations in London between 2004 and 2012.\textsuperscript{42} According to a report by the CER, the EU’s rounds of sanctions focusing on finance and investment “would have a disproportionate impact on the UK”.\textsuperscript{43}
Another area of professional services in the UK which would be badly affected by the sanctions on Russia, especially if these were prolonged or expanded is the legal sector, and particularly the area of international arbitration. London has become the favourite location for Russian business seeking to resolve commercial disputes about Russian assets. London-based lawyers and arbitration venues such as the International Dispute Resolution Centre in London have benefited from this trend and have taken an increasing shares of the profits from Russian clients.44

However, this substantial stream of income might have been put in jeopardy by the impositions of the sanctions.

Rosneft has reportedly suggested Russian companies which enter into arbitration proceedings arbitration in countries which imposed sanctions against Russia should be blacklisted from the Russian market.

The actuation of these proposals would result in many Russian corporations deciding to stop using arbitration services and other international arbitration centres such as Paris, Stockholm, Geneva, Zurich and New York, which would have a severe effect on the global disputes market. Approximately 75% of the world's commercial disputes market involves Russian entities.45

The British agricultural sector, in general, hasn't been hit so hard from the retaliatory sanctions imposed by Russia on agricultural and food-related imports from the EU, however there are some areas which merit attention. In particular, fish: exports of frozen fish were worth £17 million in 2013 alone.

Scottish fishing will be hit particularly hard, due to the volume of mackerel Scotland exports to Russia and its reliance on Russian customers. Every year £16 Million worth of Scottish mackerel exports, accounting for 20% of total mackerel production in Scotland, leaves Scottish shores for Russian ports.

According to Bertie Armstrong, the head of the Scottish Fishermen's Federation: "Russia is a very important export market for Scottish mackerel, and the denial of access would have serious implications for both mackerel fishermen and the onshore processing sector. We recognise that this is a serious geopolitical issue, but the downstream impact will hit a number of business sectors including Scottish fishing."

There are ongoing talks between the representatives of the Scottish and UK governments' for rural affairs, food and the environment on the impact of Russian trade sanctions on Scotland's mackerel fleet and processors.
After fish, the other most exported food and agricultural products exported from the UK to Russia were £5.7m worth of cheese and £5.3m of coffee.

**Sanctions on Russia and the US – Direct and Indirect effects**

Relative to trade between Russia and the EU, US-Russian trade links are smaller. Russia’s imports originating from the United States took a 5.6% share of total imports, while 2.7% of Russian exports left for the shores of the US in 2013. In the same year, American companies were responsible for 3% of the $550 million of total foreign direct investment in the Russian federation. Only 0.7% of US goods were exported to Russia, while the US imported around 1.20% of total imports from Russia. US Banks have provided Russian business with 13% of foreign bank loans, according to figures relating to the second quarter of 2014.46

This scenario of relatively limited interdependence however hides some important trade routes and crucial trade ties at industry and individual firm levels between the two countries.

There are several large US corporations which have a significant presence in the Russian market, above all in oil and gas, but the list of companies includes car manufacturers, aerospace and defence conglomerates, soft drink distributors and payment services firms.

A dedicated trade association, the US-Russia Council headquarterd in Washington DC, represents the interests of about 230 US companies with business ties to Russia, and also has as members Russian businesses already present in the US or seeking to enter the American market.

US companies rely on Russian producers to import metals necessary for automobile and aerospace manufacturing such as Titanium and Palladium, as well as iron, steel and other semi-steel products, enriched uranium, some kinds of synthetic rubbers, and non-crude oil products.

In the food business, Russian imports to the US include fish and crustaceans. Key sectors identified by the *Country Commercial Guide 2013* include agricultural equipment, apparel, auto parts and service equipment/accessories, aviation, chemicals, construction, consumer electronics, electrical power generation and transmission equipment, energy, medical equipment, oil refining equipment, and services for travel and tourism.
Of course, oil extraction, as arguably the most important sector of the Russian economy has become an area of focus for improvement and modernisation, and Russian oil companies are attempting to upgrade the oil refining infrastructure.

This impacts the US as American companies have supplied almost $1 billion worth of imported refining equipment to their Russian counterparts in 2013, about 30% of their total imported machinery that year, according to the US Commercial service. Almost all of these trade partnerships will need to be scrapped, including oil company Exxon Mobil's lucrative deal with Rosneft to undertake drilling and oil exploration together in the Russian arctic through a joint venture, which is reportedly worth $700 million. Other companies engaged in oilfield services, such as National Oilwell Varco and Halliburton, have admitted they are being hurt by the sanctions.

Another American corporation, Boeing, will be hit by sanctions on cooperation in aerospace and defence procurement, as its one of the biggest exporters to Russia.

It is involved in United Launch Alliance, a partnership with the other US aerospace giant, Lockheed Martin, which buys rocket engines from Russia, and also imports large quantities of raw materials from Russian producer VSMPO for its commercial airliners. These companies now will have to start looking around for alternative suppliers.

Other US Companies with large presences in Russia include soft drinks giant Pepsi Co., the largest beverages distributor on the Russian market, Ford motor Co. which had just embarked on a joint venture with Russian automobile manufacturer Sollers, and General Electric, which has established partnerships for gas turbine production with local companies. Heavy farm machinery manufacturer John Deere has two factories in Russia and has reported weaker sales due to the sanctions.

Visa and MasterCard are a big presence, providing payment services to 90% of the Russian market. However, in 2013 the two companies, after cutting services without warning to Russian customers following the first threats of sanctions by the US, have had no choice but to comply with tough new regulations to continue servicing the Russian market.

These new conditions included agreeing to set up processing centres on the soil of the Russian federation and to pay service charges and hefty fines if issues were to re-occur.
US food exports to Russia were worth 972m Euros (£772m; $1.3bn). Even if the figures represent only approximately 1% of the US total exports of food and agricultural produce, there are concerns of the impact on the sanctions on the Alaskan seafood business and on fruit producers in Washington state, who last year exported $23 million worth of pears and apples to the Russian federation. The figure of 12,000 job losses for the latter group has been ventilate due to the imposition of the Russian sanctions.

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Chapter 2: Understanding the Russian soul

Russian Christian thought as a key to understanding Russian politics

Artur Mrówczyński-Van Allen

Introduction

Peter Chaadayev is considered to be one of the forerunners of modern Russian philosophy, and a very specific moment, a scene from his life, an image that I want to evoke here, will help us try to establish the starting point for our analysis. When Chaadayev returned to Russia in the year 1826, having accumulated the experience of three years in Western Europe, he continued to study. A thorough study of German philosophy complemented the strong French influence of De Maistre, Bonald, and Chateaubriand on Chaadayev’s thought. In 1825, he had become personally acquainted with Schelling, with whom he continued to correspond once he returned to Russia. Chaadayev was one of the first in Russia who studied Hegel. At the same time, he carefully read Kant’s Critique of Pure Reason. It is significant that, upon finishing it, Chaadayev crossed out the title on the cover and wrote beneath it, Apologoete adamitischer Vernunft (The Apology of the Reason of Adam). This gesture made by Chaadayev helps us point out three fundamental features of Russian thought in the 19th, 20th, and 21st centuries.

First, it is very easy to see that “Vernunft [reason]” accompanies “Adam” philosophy and theology (and, ultimately, all spheres of life, culture, politics, economy, etc.) form a unit. A unit that is revealed in metaphysics, anthropology, and historiosophy—historiosophy intimately tied to eccesiology. It is not just a theoretical question, but rather a real and rational way of thinking and living that can be defined as an eschatological pragmatism.

Second, it belongs to the most profound experience of the formation of Russia’s identity. We can find it behind the answer to the question of what this “adamitischer Vernunft” means for Chaadayev. Put in the simplest way possible, it refers to a reason that has been tampered with and distorted by Adam’s sin, by the ego, by the “self” placed at the center of our reality. This decisive and categorical assessment can only be made from a perspective deeply rooted in the event of the Incarnation of God, in the principle defined at the Council of Chalcedon, the Godmanhood of Christ.
Thus, we can call this second feature theological. The theological aspect is fundamental to the identity of the political community, and also of the political community that we know today as Russia, to such a degree that a failure to take it into account would make it impossible for us to understand the country’s past or present. And this aspect does not need to explicitly appear in political statements or strategic analyses, since it is present in the very way those who see themselves as Russian understand themselves and in the way they interpret the world around them: a way in which ontology and anthropology take shape together in the divine-human space, acquiring a dynamic of theosis, and historiosophy is expressed with a specific apocalyptic tension.

The third feature was revealed over the course of the development of Russian philosophy, starting with Chaadayev. This essential property of Russian thought can be called “a strange dialogue”: strange, because although two parties were involved, only one ever replied to the other. Russian thinkers always followed the development of Western philosophical movements, studying them in depth and offering responses with enduring value, but only in a very few cases did the rest of Europe answer back.

Therefore, we can summarize the three fundamental features of Russian thought as: (i) the unity of theology and philosophy; (ii) the central importance of theology in revealing the experience of the life of the community and the way it generates and regenerates the identity of that community; (iii) the kerygmatic and apologetic function of philosophy.

I hope this outline will help us to examine the specific nature of Russian Christian thought, even if in a generic—but not superficial—way, and perhaps to improve our understanding of what is hiding behind the enigmatic and (let’s admit it) trivializing concept of the “Russian soul.” Finally, we will try to propose some conclusions with the goal of getting as close as possible to the essence, to the conceptually fundamental part, of the current Russian “religious-political” narrative, using the historical concept of “Holy Rus,” the classic one of the “Russian Idea,” or what today we understand to be behind the concept of “Rusky Mir.”

In the same way, without understanding this foundational identity of a given people, for example, it is impossible to interpret correctly the development of the most recent political-military doctrines, in our case of the Russian Federation as they are reflected in The Military Doctrine of the Russian Federation. The importance of the “ideological war” and the “information war” in the presumptive foundations of the doctrines of 2000, 2010 and most recently in December 2014 merits special attention.
But this type of analysis belongs to a work different than the one at hand, even while the introduction to it may be understood as provided for here is indispensable. Therefore a critical question arises: To what point have Christian thought and the religious inheritance of Russia influenced the actual politics of the Kremlin government? The answer is not easy, but it will have to reflect above all the need to take care to be grounded in political and strategic analysis.

The disaster of Western interventions in the Middle East shows that a limited study of military aspects, politics, economics and how much social thought is absolutely insufficient. If we keep in mind the profundity of man and his forms of community, his religious dimension, we confront processes that maybe we can never simply understand. The myth that we can perfectly understand the world around us without taking into account the religious dimension of man is vanishing between smoke and ruins under the light of the 21st century. It may be that history has not ended, but is only beginning.

With this aim, below we will present a concise outline of the fundamental features of the theological sphere in the “Theology and resistance” chapter. As we have seen with the Chaadayev example, the philosophical discourse is determined from the center of this sphere. Konstantin Antonov recently noted that “the fundamental category in [Russian] religious philosophy, which begins with Chaadayev, is the category of original sin,” and therefore, it is more than justified (and necessary) for us to try to understand the basis for interpretation offered by the Russian Orthodox legacy in order to even make an attempt at understanding the discourses born and crafted within the scope of broadly understood Russian culture. In order to see how this is manifested in practice in the proposal of structuring this theology into a discourse that reflects the identity it has formed, we will conclude this analysis (in the “Empire of resistance” chapter) with a number of quotes taken from speeches made by the current Patriarch of the Russian Orthodox Church, Cyril and with some commentaries and conclusions.

Beginning with Chaadayev’s works, two great currents of Russian thought were born, the Slavophiles and the Westerners. And they began a specific debate. But this division led to a simplified interpretation of what these two groups actually had in common, relegating the debate to a reductionist, and therefore misleading, contest between European and Slavic, Western and Eastern, which only permitted the two groups to offer simplistic sketches of the complex, underlying controversy.
For, at its heart, this was a debate about three intimately related issues: (i) the definition of the human person, or anthropology, (ii) the kind of society that people create or should create, or historiosophy, and, finally, (iii) the account of universality, whether ecclesiological or national, that framed both the anthropology and the historiosophy. The debate about the Russian Idea was a debate about the idea of Europe, the idea of humanity, because it was also a debate about the human person and what it meant for human persons to relate to the reality that surrounds them and to the history in which they participated.

In this debate, God and the Church clearly acquired a leading role. Any attempt to interpret the debate initiated by Chaadayev that ignores this background demonstrates either an unjustifiable tendentiousness or a disturbing ignorance of the profound unity between Christian tradition and experience in the social and historical context of nineteenth-century Russian philosophy. Such an attempt would therefore only arrive at conclusions of very little value because they are basically false. Berdiaev, in his book, The Russian Idea, puts it this way in his description and analysis of the history of the Russian thought and culture of the nineteenth century: “The question of socialism, the Russian question of the organization of mankind in terms of a new personnel, is a religious question; it is a question of God and immortality. In Russia the social theme remains a religious theme, even given atheistic thought.”⁵ In Berdiaev’s words, we once again perceive the three intimately related issues we noted above in the birth and the development of the Russian Idea: a vertical ontological unity always articulates and grounds the tripartition of anthropology, historiography, and ecclesiology.

The anthropological aspect consisted in the way any philosophical reflection always has an intrinsically and primarily ontological self-definition, and therefore, an anthropological self-definition. As Berdiaev writes, “The ethical ideas of the Russians are very different from the ethical ideas of Western peoples, and they are more Christian ideas. Russia’s moral values are defined by an attitude towards man, and not towards abstract principles of property or of the State, nor towards good in the abstract.”⁶ Isaiah Berlin confirms Berdiaev’s claim: “The central issue of Russian society was not political but social and moral. The intelligent and awakened Russian wanted above all to be told what to do, how to live as an individual, as a private person.”⁷

The historiosophical aspect consisted not only in the reference points that appeared over the course of the debate about the history of Europe in general and Russian history in particular, but especially in the very purpose of the debate itself, which centered upon Russia’s fate in its own history and in the history of humankind.
As Berdyaev writes, “There are two prevailing myths which are capable of becoming dynamic in the chorus of the peoples—the myth of the beginning and the myth of the end. Among Russians, it was the second myth, the eschatological myth, which prevailed.” Berdyaev continues:

“Russian nineteenth-century thought was mainly preoccupied with problems of the philosophy of history which, indeed, laid the foundations of our national consciousness. It is no accident that our spiritual interests were centered upon the disputes of the slavophiles and westerners about Russia and Europe, the East and West. Chaadayev and the slavophiles had helped to turn Russian speculation towards these problems, for, to them, the enigma of Russia and her historical destiny was synonymous with that of the philosophy of history. Thus the elaboration of a religious philosophy of history would appear to be the specific mission of Russian philosophical thought, which has always had a predilection for the eschatological problem and apocalypticism. This is what distinguishes it from Western thought and also gives it a religious character.” And this distinction continues to be valid today.

Theology and resistance

As noted, the “religious character” of the Russian tradition is a particular differentiating feature thereof. In order to better understand what this character consists of, we will start our analysis with the well-known presentation of the differences in how the East and West understand salvation found in the Dictionnaire de Spiritualité (because those differences determine how we understand modern secular power with its soteriological claims). This explanation summarizes the prevailing opinion among specialist theologians:

“The goal of life for Christians in the Byzantine tradition is divinization; for Christians in the West, it is the attainment of holiness […]. According to the Orthodox, the Word became flesh in order to restore to man his likeness with God that was lost through Adam and to divinize him. According to the Latins, he became man to redeem humanity […] and to pay the debt owed to God’s justice.”

It is generally noted that Orthodox soteriology, that is, teaching on salvation, is summed up in the ontological view of divinization, and Latin soteriology, in Saint Anselm’s juridical theory of atonement due to sin. Thus, for the Orthodox, the principal purpose of baptism is not to eliminate sin, but rather to free man from the overall power thereof, to restore the lost image of God, and for the child to put on the New Adam, or Christ.
In Orthodox culture, theology, spirituality, and mysticism are united; there is no idea of a theology that is not also mystical, that is to say, experiential. The same does not hold in the West, where, even in the teachings and especially with the arrival of Scholasticism, mysticism and spirituality have occupied a different realm than dogmatics.

The Orthodox are more interested in the person of Christ than in his works, more interested in his being than in his actions. Man as a being created as a physical being represents the arena for the restoration of the lost unity with God. This union is verified through covenants, God’s promises, and is expressed in narratives and practices that shape the community. These narratives and practices influence and even determine the ways the community’s internal and external relations are understood and built. Communities with developed models of relations always have a political dimension, and the entire spectrum of the life of a political community is determined by some type of cult (in the sense of worship or a system or community of religious worship and liturgy, rather than in the colloquial sense of an extremist sect).

Therefore, Father Pavel Florensky precisely defined the location of the center of culture as a phenomenon of the search for the meaning of life and of the world. In his well-known work *Philosophy of Cult*, in the second lesson, entitled “Cult, religion, and culture,” he explains that culture, arising from cult, is “the activity through which and in which man first makes himself man,” but under the condition of the truth of the cult, which is the center of the culture. And it is within the cult that “the primary activity” (“*pervodeyatelnost’*”) appears and takes place; this primary activity is the result of the encounter with the Word made Flesh, due to which man, in an anthropological sense, is “homo liturgus,” because the heart of all human activity is in the liturgy, which is the center. It is there where the *pervodeyatelnost’*, that “primary activity,” takes place.

The rite of the cult is what brings the community together, and is the source of culture. Florensky was also aware that man could reject the cult, and that this decision appeared at the core of modern culture. The decisive figure in the genesis of the thought that gave rise to this culture for Florensky as for Chaadayev was Kant. “Kant did not want to know anything about cult. The only significant reality for him was himself and his placement at the absolute center of the universe, and that was the essence of the spirit of the new times in Western Europe.”
This relationship between cult and culture, which is the political community’s forum for the continual search and rediscovery of its identity, establishes the fundamental principles for the community’s politeia. In the specific politeia of Christian communities, that is to say, in the ekklesia politeia, the nature of man as a being created by God and, what is more, as a physical, carnal, sexual being, is a decisive principle. But this characteristic is not just proper to the Orthodox tradition; rather, it belongs to the entire Judeo-Christian legacy.

For our analysis, the events described in the Books of the Macccabees represent a paradigmatic example from the Jewish tradition.

Antiochus IV Epiphanes, descendant of the Seleucid dynasty, was an exemplary student and stubborn promotor of the Hellenic way of understanding the world. The crowning moment in his attempts to subordinate Judea to his interests (and coffers) was the proclamation of an edict in the year 167 BC that in practice eliminated Judea’s “autonomy,” prohibited “ancient religious practices” like circumcision, and made it mandatory to eat pork during public celebrations. The idea was to thereby Hellenize the Jewish identity, to reorganize space and time, with new centers of power, new festivals, a new calendar: to not only conquer the territory but also to colonize its history and tradition and the way its people understood themselves and the world around them.

The gymnasía and the ephebeía were the institutions (instruments) designed to fulfill the objective of this cultural colonization and the transformation of the elite young people of Judea according to Greco-Macedonian principles.¹⁸ There, the future citizens were submerged in Hellenic culture, in how that culture understood the polis: there, they exercised their minds, souls, and bodies to serve that culture and prepared themselves to give their lives for the empire. They no longer belonged to the community from whence they had come; they were no longer participants in the genealogy of their own people; they became subjects of the law imposed by the basileus, a law that controlled the world around them.

The athletic, naked bodies of the participants in the exercises and youth games became an advertisement, a declaration of principles of the new culture, granting and attesting to a new identity. The torsos covered in oil bespoke the new order. The oil was no longer an element of worship of the One God, fruit of the harvest and a sign of his blessing and presence in daily life, but was becoming an expensive and coveted present. The body appeared as the image of a new ideal of man.
An ideal in which, however, a small detail was awry: it was circumcised. This detail, though small, nevertheless took on the importance of what it symbolized: faithfulness to the Covenant,\textsuperscript{19} the Covenant embodied in a genealogy, in a specific, carnal history. This detail, furthermore, was such a serious obstacle to public and social life during the Antiochian Hellenization that not a few \textit{fecerunt sibi præputia}, undergoing medical intervention so as to adapt to the demands of the dominant culture....\textsuperscript{20}

But there were also those who did not surrender, preferring to die rather than defile themselves with the foodstuff and break the holy covenant, like the seven brothers whose deaths are described in 2 Maccabees: one after the other they were tortured to death, with their mother encouraging their refusal to eat pork.

It is no coincidence that from the beginnings of Christianity the Maccabean brothers have been granted a cult worthy of the Christian saints, as for Christians, the carnal dimension, the body, holds the same if not greater importance. But we have allowed ourselves to linger on this piece of Jewish history for another reason as well. The Books of the Maccabees offer us a foundational example of the way in which Christian theology approaches the body of man, while simultaneously providing an example of a very specific narrative: the narrative of counterdiscourse. A counterdiscourse in which we participate due to our bodily nature understood in light of Judeo-Christian anthropology, a counterdiscourse that articulates new parameters of thought and action, a counterdiscourse about which theoreticians of resistance are writing today.\textsuperscript{21}

If we agree with Florensky’s affirmation that cult prefigures culture, it would seem legitimate to affirm that behind every culture there is some type of cult. Therefore, the Kantian rejection of cult, which Florensky himself points out, left an “empty space” in which “the Western European spirit” of modernity established a cult specifically of its own that was fundamental to its culture. Despite its dominance, this Western culture, created around its specific cults, also faces resistance, counterdiscourses; this mechanism is as appropriate for the era of Hellenic domination as it is for the dawn of Christianity and the beginning of the modern age.

For example, one of the fathers of the Church, Saint Ephrem, perfectly understood the Manichean context of Bardaisan’s thought and the complexity of the theological and philosophical premises that shaped the worldview that appears in his work \textit{The Book of the Laws of the Countries. Dialogue on Fate}. 
Ephrem understood that the descriptions of the countries and how they were organized politically reflected a metaphysics and an anthropology that were much more important than the description of the external “geo-political panorama” that described the dominant culture. For Saint Ephrem, as well as for other Church Fathers, the awareness of creation’s orientation towards Christ, of the unity of design between creation and redemption, which modern Westerners have lost, takes on a decisive character. 22

The objective of this description of the laws of the countries, which tends to be very interesting for historians, is to prove the fundamental thesis: that although Nature and Fortune can influence man’s fate in different ways, “we have Free-will in ourselves to avoid serving Physical nature and being moved by the control of the Powers.”23 The relationship between the corporeal and the law that appears in Bardaisan’s The Book of the Laws of the Countries is derived from the idea of the flawed nature of the body, and therefore, of the continuous need for the body to be corrected and controlled by will and by the law as the expression of will. In Prose Refutations, Ephrem clearly indicates that false views about the origin of evil make the law an absurdity or make good akin to evil.24 In the Second Discourse he states that the doctrine of Bardaisan, Mani, and Marcion according to which “Body was made by Evil One” leads to the false interpretation “(...) that the Body is a Prison-house for the Soul (...).”25 For Saint Ephrem, therefore, a good understanding of the significance of man’s bodily reality and consequently, of the nature and meaning of marriage, was vitally important. And in order to reach this type of good understanding, it was necessary to first set down the event of the Incarnation and Resurrection of Jesus Christ as a foundation.

This is a line of theological development characteristic of patristics; it has marked the history of the theological thought rooted in the experience of the Orthodox churches and was the foundation for theology and the ekklesioteia in the era of the Byzantine Empire.

Today we know that the history of the Church has been marked by questions, debates, and heresies since Saint Ephrem’s time. Fifteen centuries later, the Russian philosopher Vladimir Soloviev, in The Great Controversy and Christian Politics (1883), gives a summarized description of the history of the Church as a series of debates and Christological heresies, above all Arianism and Manicheism. He thus wrote: “The principal theoretical and practical errors of the first sects therefore resulted from their rejection of the true intermediation between creation and the divine in the true godmanhood of Christ incarnate.”26
Soloviev, like Saint Ephrem, also decides to respond to the specific ideas of some important authors of his time, to those ideas that were transforming society’s way of life in the middle of the 19th century, or perhaps not so much that were transforming it, but rather that reflected certain processes that even today continue to mark modernity. Soloviev certainly espouses a counterdiscourse.

In the last decade of the 19th century, and of his life, Soloviev appeared to clearly distance himself from his theocratic ideas. At the beginning of this period he wrote *The Meaning of Love* (1892-1894). The clear objective of *The Meaning of Love* was to set forth the (practical) Christian methodology as a response to, above all, two authors whose thinking and its consequences have given rise to a lively debate in Russian society. We refer, of course, to Arthur Schopenhauer and his *Wille zum Leben*, and to Leo Tolstoy and above all his *The Kreutzer Sonata*. In the face of Schopenhauer’s pessimism and Darwinism and Tolstoy’s abstract moralism and reduction of love to unhealthy egoism, Soloviev tries to explore the significance of physical, bodily, conjugal love in the context of a full Christian understanding of man and woman. This understanding is based on discerning the aspects of subjectivity and materiality typical of humanity and which are grounded on the truth of the Incarnation and on the existential experience and vocation of theosis.

Thus, today Metropolitan Hilarion writes: “The Holy Fathers, relying on the Bible, teach that the soul and the body are not strangers that come together in the individual only for a time; rather they are simultaneously and permanently given to man in the very act of creation: the soul ‘is married’ to the body and cannot be separated from it.”27 Further on he adds: “According to the teachings of the Fathers of the Eastern Church, the purpose of man’s life is ‘divinization’ (*theosis*).”28 In this way we can understand not only the essence of Orthodox theology, but the entire arena of man’s existence, his spiritual-bodily reality, the entire culture born from the Orthodox cult that shapes the identity of a people, of a political and eschatological community, the central element of the ekklesioteia of the Russian Orthodoxy. This idea of *theosis* has been the key issue in Eastern religious life and all of the dogmatic, ethical, and mystical questions revolve around it.29 “Confessing the true faith, fulfilling the commandments, praying, receiving the sacraments…all of these are altogether necessary in order to achieve divinization, which is precisely in what the salvation of man consists.”30 This is the essence of the Russian cultural identity, and even if unconsciously or when rejected, it has shaped and continues to define a specific way of thinking and of understanding itself.
The Empire of Resistance

Having reached this point, one might ask, “But where in this analysis are the specific Russian historical events?” Where is the description of the baptism of Vladimir at Chersonesos in Crimea, where are the great Russian Tsars, the starets saints? Well, they are in everything that we have discussed up to this point, or rather, everything (and much more) is behind, inside the historic events that shaped what today we know as Russia.

In his famous speech during the ceremony to incorporate Crimea and Sevastopol into the Russian Federation, President Vladimir Putin made only one historical-religious reference. Early in his speech he mentioned Prince Vladimir and his baptism. We could say that the religious content of his speech represented a very small proportion thereof. I would dare to say that this proportion was similar to the proportion of the Russian population that regularly participates in the liturgical life of the Orthodox Church. I would even dare to suppose that it was similar to the proportion of the residents of Judea who opposed Hellenization and to the proportion of Christians in the Roman Empire in the 2nd century. But the numbers and the proportions are not important; rather it is the capacity of some event, or narrative to define and transform that should interest us.

In order to be able to interpret the events and the narratives that shape them, we must perform an in-depth search for the profound reasons behind them; only by doing so will we be able to find points to support us in our efforts to not only understand the past and the present but also to predict the future. Because “the future is always around us—just like the past. Events leave a long shadow. The past leaves its footprints: the future speaks through signs. Only it is very difficult to understand its language,” as Georgy Fedotov wrote in his article entitled “Carmen Saeculare,” published in the journal Put’ in 1928.31

Analyzing what yesterday has in common with today, and with tomorrow as well, will undoubtedly help us understand the past and interpret the signs of the future. And what unites the accounts of the examples we examined above, from Judea in the 2nd century BC to modern Russian Christian thought, what these accounts share, is their nature as practices and narratives that can be understood as resistance, as counterdiscourse. In addition to the more trivial definitions of resistance that emerge from Max Weber’s thought, the ones put forth by Klass Van Walraven and Jon Abbink are relevant for our case.
In these definitions, resistance as such is understood to mean “intentions and concrete actions taken to oppose others and refuse to accept their ideas, actions, or positions for a variety of reasons, the most common being the perception of the position, claims, or actions taken by others as unjust, illegitimate, or intolerable attempts at domination.”32 We should also keep in mind Douglas Haynes and G. Prakash's definition, in which “intention” is not considered to be a necessary component: “Resistance, we would argue, should be defined as those behaviours and cultural practices by subordinate groups that contest hegemonic social formations, that threaten to unravel the strategies of domination; ‘consciousness’ need not be essential to its constitution.”33 In order to complete our basic overview of the concept of resistance, we still need to explain just what it rises up against. Timothy Mitchell’s presentation of the summary of Gramsci's concept of “hegemony” is especially useful to that end: “non-violent forms of control exercised through the whole range of dominant cultural institutions and social practices, from schooling, museums, and political parties to religious practice, architectural forms, and the mass media.”34

And as Anthea E. Portier-Young indicates, the articulation and proclamation of a counterdiscourse are the first forms of resistance: “In each case articulating and promulgating resistant discourse accompanies other forms of resistance, including embodied practices such as fasting, prayer, fighting, or the acceptance of martyrdom. […] The very binary nature of the hegemonic construction of reality […] (inside/outside, center/ periphery, good/bad, civilized/barbaric, normal/aberrant) also creates the possibility for resistance to hegemony through critical inversion, wherein categories are retained but the hierarchy of values or assignment of value is turned upside down. […] A frequently touted example of the latter is the Christian transformation of the cross from an instrument of torture and symbol of imperial coercive power into a symbol of nonviolence, self-giving, and Divine redemptive power.”35

We can now move on to an examination of specific examples of the current-day counterdiscourse proper to Russian Christian thought. To that end, below we will cite extensive examples from the thought of the current patriarch, Cyril, from when he was Metropolitan of Smolensk and Kaliningrad and the representative of the Department for External Relations of the Russian Orthodox Church. We will look at sections of some of his speeches in which we can already undeniably discern a counterdiscourse character. These speeches were made prior to the Ukrainian crisis, and therefore cannot be discredited by the accusation that they are merely topical or instrumental in view of recent events.
May this section of the text that appeared in the newspaper *Novosti* in 2006 serve as a first step for us:

“The exclusion of sin from daily life and from the sphere of intellectual debate leads to the disappearance of the boundaries of good and evil from man’s conscience. Man is only prohibited from acting a certain way if by doing so he would be restricting the freedom of another human being. In other words, legal regulations must be respected, but moral ones, not necessarily. This is precisely why today religious ethics, which insist on the primacy of moral values, are gravely attacked and are branded old-fashioned, as if they were an obstacle to progress. At best they are tolerated, so long as they do not contradict the proposed principles of liberalism.

So it is that we cannot ignore the existence of major contradictions between the religious and secular views of human dignity. The Russian Orthodox Church has been the first to lay out this problem and to transfer it to the international stage. […] Like it or not, Russia belongs to the European sphere because of its culture, geography, history, politics, and psychology. In the ongoing processes of integration, however, we must not let ourselves be swayed nor unquestioningly accept the liberal models of behaviour or the moral values that were formulated without our participation. Russia, with its millennial spiritual, cultural, theological, and intellectual tradition, must not carelessly accept without critical analysis the ideas that have emerged in the Western European cultural context.

Unfortunately, our intention of objectively analyzing and understanding this set of ideas is frequently rebuffed. What is more, any position critical of secular liberalism, the model that currently plays the role of an ideological guarantee in the process of integration into the new Europe, is rejected. At the same time, we can regrettably observe signs that reveal the efforts made by some liberal circles towards the deliberate use of force in the fight against religious values and traditions.” […] “Europe and Russia already experienced an unforgettably difficult and dramatic period in which all classes and social groups defended their values through the use of force, depriving others of the right to express their beliefs. In cases like this, the victory of an ideology demands, if not the physical extermination of those who think differently, than their moral submission.

For us it is clear that the primacy of human rights and freedoms in the context of international relations must be based on a broad consensus that includes all of the interested parties, and not on arbitrary and selective interpretations that, worse yet, sometimes serve particular political or ideological groups.
The principal issue, I believe, lies in the extent to which the proposed new world order corresponds to religious principles. That is why I consider this situation—a situation in which an attempt is made to contain and conquer the vast diversity of God’s world with the help of certain ideas that were formulated in the philosophical and political context of Western Europe without the true participation of Muslims, Buddhists, Jews, Orthodox Christians, or many Catholics—to be wrong and even dangerous. Furthermore, the overall majority of the population has its own ancient, native culture. These cultures did not participate in creating the value system that is currently being consolidated worldwide as the universal model, sometimes through the use of force.

There is a danger that the people who cannot adequately respond to this pressure will choose violent forms of resistance. It is not difficult to incite a religious person to an act of sacrifice, to convince him to defend what he holds sacred, even at the cost of his own life. We cannot exclude the possibility that people with evil aims may use believers’ hidden but real resistance to the aggressive wave of liberalism in order to stir up violence [...]36

In this article we can easily find the same position that we saw in the P. Chaadayev example with which we started these reflections. We also find the apocalyptic character typical of Judeo-Christian theological counternarratives. During his time at the head of the Department for External Church Relations of the Russian Orthodox Church, the current patriarch Cyril studied the nature of the relationships between the Church and secular power in depth, both within political communities as well as at the international level. In the domestic context, he followed the development of the concept of the “symphonious” relationship between the Patriarchate and the government of the Russian Federation, trying to establish a specific ekklesioteia for the Russian Orthodox tradition. This was a “symphonic” relationship but in no way a dependent one, as shown by, for example, the Patriarch’s notable absence from the aforementioned ceremony incorporating Crimea into the Russian Federation, or the Partriarchate’s less well-known refusal to follow through on the Russian government’s “suggestion” of including the territories of South Ossetia, which historically belonged to the canonical “range” of the Georgian Autocephalous Orthodox Church, in the canonical territory of the Moscow Patriarchate.

At a conference held in Moscow in 2005, Cyril was able to describe the following ekklesioteia:
"In the East there emerged a standard of Church-State relationships that differed from the Western one and corresponded to a greater extent to the traditional national idea of man. We can find the manifesto of this view in Emperor Justinian’s sixth novel, which derived from the codification of Roman Law that he drew up in the mid-6th century. In this document, sovereignty and the priesthood are considered divine gifts of equal value, an affirmation that does not leave any room for the debate that over the course of several centuries rocked the West over which—the church or the state—was more important, and over which should submit to the other. In the East, the idea that developed of the two institutions was that they were balanced. According to the sixth novel, the state’s job is to put God’s law into effect in social life and to defend the faith. The Church, on the other hand, handles spiritual issues and supports the state in the exercise of its functions, in such a way that both the Church and the state are afforded a certain degree of independence while providing mutual support.

[...]Of course, in the history of Byzantium, many different situations arose. Not all patriarchs or Church authorities dared to initiate dialogue with the Emperor or with high-level officials. Furthermore, it is difficult to find an era in which the ideal of harmonious, symphonious relations between the Church and the state was fully realized. That said, equality between the state power and the ecclesiastical authority always existed in Byzantium.

When Russia adopted Christianity, it leaned towards the Byzantine model of Church-state relations. [...]A radical change in the life of the people only took place when this standard was rejected at the beginning of the 18th century and the Protestant model of Church-state relations, under which the Church was subject to the state, was adopted. It was then that the separation between the Church and society, between the Church and the cultural and political elite, began, and since then this separation has grown. The state, upon losing its counterweight, which was the independent Church, gradually created a branched mechanism of enforcement and regulation that quashes personal liberty. In adopting foreign models, Russia created the conditions for the propagation of the same defects of social life that characterized Western Europe. It is completely natural that thereafter, the enlightened and revolutionary ideas that absolutize man’s freedom were introduced. [...]In practice this absolutizing was channeled into a moral and axiological relativism that found its maximum expression in the authoritarian regimes of the 20th century, where the place of the person was occupied by the political party and its leader; and in postmodern individualism, in which the law provided support for man’s freedom from traditional moral norms. [...]"
Today the message of the Orthodox Church consists of strengthening the interdependence of and interrelations between the two categories in the spirit of the national religious theology. Indeed, man’s right to life, to a fair trial, to work, and to much more, are important elements of social and political life insofar as they are based on Christian ideas; but we must not forget moral values, and must take them into account when drafting laws and making policies. In order to bring this message to the modern world, the Orthodox Church can rely on a large coalition made up of traditional Christian Churches and conservative social movements.”

With regard to international relations, the current Patriarch points out the need for these relations to be organized in a “symphonomous,” “harmonious” way, always on the basis of mutual respect. One of the subjects that Cyril studied in depth was the evolution and nature of human rights as a universal principle of international relations. There were two fundamental reasons behind the need for these studies.

The first was that the narrative of a political community, and in this case of Russia, cannot be merely internal; the ekklesioteia always structures both domestic and foreign relations. After the Soviet Union’s transformation into the Commonwealth of Independent States (today made up of the Russian Federation and the countries of the former block, or those with which the aim is to form the customs union) and the consequent abandonment of the Marxist-Leninist discourse, a different narrative, a different model for international relations, was required for the relations that changed from being domestic to “foreign to different degrees” (for example, with Kazakhstan, Armenia, Georgia, Belarus, the Ukraine) as well as for those that are “foreign at different distances” (for example, with Lithuania, Estonia, Poland, then Germany with the rest of the European Union, then the United Kingdom, China, India, then the USA, etc.).

The second reason would require a more extensive analysis than we have room for here; however, its importance will continue to increase for the Moscow Patriarchate. This reason is the “universalization” of the Russian Orthodox Church, the presence of the Orthodox members of the Moscow Patriarchate in many and often extremely varied social, cultural, and political environments. The map of the Russian Orthodox Church at the beginning of the 21st century is very different from how it was in the early 20th. It is no longer rare to find faithful who consciously belong to the Russian Orthodox Church without speaking Russian.
The centers of worship and study outside of Russia continue to have increasingly more weight and can in no way be ignored. The Russian Orthodox Church’s presence has been growing for decades in Western Europe, in France, Germany, the United Kingdom (with the notable figure of Metropolitan Kallistos), in the United States, and in Latin America as well.38

Therefore, given the clear need to establish a narrative capable of entering into the debate with the dominant discourse, the Church must define its own position. This will provide the community’s political representatives and leaders with a resource to reference, a meta-narrative that will establish the counterdiscourse that is part of the identity aspect of the community they represent. Of course, the way the true political and economic powers will turn to this discourse (which can obviously be manipulated, made into an instrument, or rejected) no longer depends entirely on the Church. However, it will always be a decisive point of reference and an indispensable element for analysis.

In his speech on human rights and moral responsibility at the 10th World Russian People’s Council in 2006, Cyril asked if human rights are truly universal in their modern formulation, and then continued, establishing the lynchpin of his answer in the most Orthodox position of the cultural and theological tradition:

“The Incarnation bears witness to the extremely high value of the nature of man, which was accepted by Jesus Christ and included in the life of the One and Triune God. After man was created, he did not only have value in the eyes of God: his very life shared that value; in other words, had dignity. […] Although the fall into sin did not change this mission, it did make it impossible without God’s help. [And therefore] not all of man’s acts can be considered to be in compliance with the regulations that God established during Creation, and consequently, there are actions may not be included among man’s rights and liberties. […] On the one hand, personal freedom must be guaranteed, and on the other, people must be helped to follow moral norms. It would probably be wrong to establish criminal sanctions for gambling, euthanasia, or homosexuality, but they cannot be accepted as lawful norms or, more importantly, as socially accepted ones.”39

The current Patriarch of Moscow and all Russia thus clearly sees totalitarian features in the imposition of a dominant and exclusive discourse. After suffering the experience of Communist totalitarianism, Cyril can affirm in no uncertain terms that a society “in which the state has all of the rights over man is indisputably inhumane; so too is the society in which human rights are turned into an instrument for the development of instincts, in which the concepts of good and evil mix.”40 That is to say, Western society.
We can thus conclude with the following clear and illuminating words, again from Cyril: “We are willing to engage in dialogue with the West, but only under equality of conditions, because the truth is that today we are allowed to say and preach anything on the condition that we do not touch the fundamental grounds of that way of thinking. Its followers have claimed the right to evaluate everything based on their own scale of moral values, and earnestly desire to adapt the world’s diversity to their model. I am completely convinced that today Russia must defend the idea of a multipolar world […], whose foundation cannot be faceless unity in the context of a forcibly implemented model that will obviously lead to a catastrophe of civilization.”  

It is easy to verify that the strange dialogue with the West continues. If we still wish to consider Russia an empire, the counterdiscourse in which it is trying to build its identity makes it possible to call it an empire of resistance. This is the innermost character of the Russian identity, whether or not it has universalistic or even imperial features. This identity trait profoundly marks current Russian politics. After the era of the Russian empires built on various narratives, today we are witnesses to a new and therefore uncertain and provocative construction.

First was the Third Rome, the Russian Byzantine Empire, then the powerful Protestant Russian Empire, where the Orthodox character of the Russian identity was subordinated to the Protestant-Prussian idea of the state. Next came the Marxist-Leninist Russian Empire. Today we are perhaps witnessing the appearance of a deep-rooted “symphonious,” neo-byzantine idea, with a marked counterdiscourse character, the Empire of Resistance. What will the outcome be?

Naturally, the processes that shape the identity of a political community do not tend to be uniform. They were not in the Judea of the 2nd century BC, nor in the Roman Empire of the 2nd century AC, nor in Chaadayev and Soloviev’s Russia, nor in early 21st-century Russia. Nevertheless, behind a political community there is always a theology that can be expressed through practices, narratives, and philosophies that are often diverse and even contradictory, thereby shaping cultures and civilizations. In modern Russia, commented Metropolitan Cyril in 2000, “[…] the response that people, society, and theology must offer to the challenge posed by our time (the challenge that results from the liberalization of the modern world) [is also necessary now]; we must say that at least two widely accepted points of view currently exist. Both approaches offer their respective models of behaviour.
The first is the isolationist model. Its followers propose ‘making a grand entrance’ into a national-religious prison, where the country locks itself up to defend itself from the foreign enemy, maintaining its identity and protecting it at all costs from the external influences of the changing world. This point of view can be seen in certain political circles as well as in a certain sector of clerical society. [...] The other variation consists in adopting the liberal model as it has developed to date in the West, mechanically transferring it to the Russian model, and, if necessary, forcefully sowing it in the life of the people. Unlike with other similar efforts that were made in the past, now it is not necessary to use the power of the state or of its institutions; it is enough to make use of the massive power of the media, the potential of the educational system, etcetera.”

In Dr. Pawel Rojek’s analysis, which follows ours, we will see that there is one more model, no less important than the two others mentioned by Cyril: the so-called Eurasian movement, which has the traditional features of the idea of an empire. Which of the three narratives will be decisive in the coming days in the ekklesioteia of the Russian Orthodox Church, in Russian society and politics? We can only try to answer this question keeping in mind that none of these three options can be understood without referring to Russian Christian thought, and all of them will always maintain the characteristics of a specific Russian counterdiscourse.

As we have already noted, if we accept Father Pavel Florensky’s principle that culture is born out of cult, we can also affirm that by observing a culture we can discover the cult or cults that form it, its theology. With this aim, rather than imposing our own paradigms of interpretation, we must at least listen to others, be attentive to their counterdiscourses, come closer to the ontology, anthropology, and historiosophy that beat in the heart of a people and make it live, that make it live in a particular, unique way, whether in the case of Russia or of so many other peoples and cultures that are resisting modern colonization by the dominant and prevailing discourse of secular modernity. This observation, this attitude, and this exercise of listening also make it possible, as Georgy Fedotov noted, to see the signs with which the future speaks to us.
Footnotes


6. Ibid., 267.


13. Ibid. p. 58.


15. Ibid. p. 59.

16. Ibid. P. 60.

17. Ibid. p. 104.


20. 1 Macc., 1,15.


36. Metropolitan Cyril, Izviestia, 04.04.2006


38. In the context of the current situation, this universalization of the Russian Orthodox Church can be seen in Patriarch Cyril’s balanced, equilibrated and supra-national discourse (very similar to Pope Francis’) with regard to the situation in Eastern Ukraine. The effort to establish the identity narrative of the new government of Kiev based on a mix of extremely nationalist discourse and liberal “European values” will necessarily be rejected by the population whose identity is rooted in Russian culture.

*Distance not just understood geographically but in terms of the scale of interests and opposing interests


40. Ibid.

41. Meeting during the writing of Literary journal, № 45-46, 2005.

42. Metropolitan Cyril, Nezavisimaya Gazeta, Moscow, 16,17.02. 2000.
The idea of Moscow as the ‘Third Rome’
and contemporary Russian politics
Pawel Rojek

All roads of Russian thinking on the nature and tasks of Russia lead to Rome, more particularly—to the idea of Moscow as a the Third Rome. There was few ideas which had so grave and so various consequences in history of mankind. Since five hundred years this particular religious image determines in one way or another the theopolitical imagination of all Russian nation and his leaders. In what follow I attempt to show that the founding idea of Moscow as the Third Rome might be—and actually was—understood in a quite different ways.

This concept inspired both apocalyptical Russian Old Believers waiting for the end of the earth, as well as Orthodox tsars building Christian empires, and even some West-oriented modernizers. These different interpretations of the idea of the Third Rome roughly correspond to the different contemporary Russian geopolitical ideologies. Many of them are somehow related to this ancient religious idea.

The study of the history of ideas might help in understanding the contemporary state of Russian soul. Russia for a large part of her history developed almost exclusively only one particular expansive and imperial interpretation of the idea of Third Rome. Perhaps nowadays we are witnessing a significant shift of her self-interpretation.¹

1. THE IDEA OF MOSCOW AS THE THIRD ROME

On a threshold of modern times a group of Orthodox clerics formulated an idea according to which after the betrayal of Roman Empire, that is the First Rome, and after the collapse of Byzantine Empire, that is the Second Rome, Russia was to be a new universal Christian empire, that is the Third Rome.

Bishops Zosima (1490–1494) and Simon (1495–1511), and most of all monk Philotheus of Pskov (1450-1525), re-defined the identity of parochial Moscow Duchy, which subsequently became a successor of ancient Rome and Constantinople. In result, Moscow prince became the only legitimate leader of the whole Christian community, that is the proper ruler of the whole world.
THE THIRD ROME

The full formulation of the idea of Moscow as a Third Rome might be found in the letter of monk Philotheus to Great Prince Vasily III of Russia, father of Ivan the Terrible. First of all, Philotheus indicated that after the Schism of Rome in 1054 and the collapse of Constantinople in 1453 Moscow became the capital of the only true Christian domain in the world. Moscow Duchy became thus the heir of the First and the Second Rome in virtue of its role as defender of pure Christian orthodoxy. The mission of Byzantine emperors was therefore transferred to Moscow princes.

Philotheus went forward and claimed that Moscow is not only a New, but also the Last Rome. There would be no other successor of Moscow, except the Kingdom of God. Moscow rulers have therefore a special mission in preparing the world for Second Coming of Christ. This idea was at the same time a promise and a threat. The Russian state, if it will save Christianity, would last to the end of the world, but if will abandon it, the world would be over. The existence of Moscow Duchy was therefore thought as a necessary condition of the existence of Christianity and the world itself.

TWO DILEMMAS

The idea of the Moscow as the Third Rome underlies probably all historical and contemporary conceptions of the Russian state. The influence of this image might be found among extremely different ideas: catastrophic visions of Old Believers, Christian ideas of Orthodox tsars, secular imperial projects and even atheistic communist totalitarianism. It is so since the idea of the Third Rome contains different elements—religious and secular, isolationistic and imperialistic—and therefore allows various interpretations.

I would like to point at two fundamental dilemmas of Russian idea, which correspond to two different ways of understanding the idea of Moscow as the Third Rome. Both dilemmas manifested themselves in struggles in Russian society in seventeenth and eighteenth centuries. The Russian Raskol (schism among Orthodox Christianity) and the reforms of tsar Peter I the Great might be interpreted as a long-drawn and all-embracing discussion on the true meaning of the Third Rome.
The first debate concerned the question whether the task of Russia is to preserve and conserve the heritage of Orthodox faith or rather to expand it and transmit to other nations. This dilemma led to struggle between conservative and isolationist Old Believers with Orthodox modernizers and expansionists of seventeenth century. Tsar Alexei (1629-1676) and patriarch Nikon (1605-1681) headed the expansionists party since they wanted to incorporate Ukraine into Russian territory and finally start the religious war against Turkey.

The second discussion concerned the very religious character of Russian mission. The imperial project of Peter the Great was an attempt of secularization of Russian idea, and the resistance against it might be seen as a defense of the religious character of the state. The peak of secularization of the idea of the Third Rome was definitely the communist idea of the Third Communist International.

It seems that these two historical discussions: between isolationism and expansionism on the one hand, and between religious and secular foundation of the state on the other, are most fundamental dilemmas of Russian identity.

**THE MAP OF RUSSIAN SOUL**

Now I would like to propose a simple classification of the interpretations of the idea of Moscow as the Third Rome. The basis for this classification will be the indicated fundamental dilemmas of Russian idea.

The complex idea of the Third Rome virtually consist of the three particular ideas: (1) ancient and pagan idea of the First Rome, (2) ancient and Christian idea of the Second Rome and medieval and (3) Christian idea of the proper Third Rome.² The first imperial and secular constituent might be called simple the idea of the New Rome. That was the idea characteristic for emperor Peter the Great. The second aspect of that idea is tsar Alexei’s idea of Christian empire, in short—a New Constantinople. Finally, the most proper Russian idea would be the pure religious idea of the New Jerusalem, held by opponents of reforms of Alexei and Peter the Great.

Now, it is easy to see that these three images belong to a more general structure. As I indicated, there are two fundamental dilemmas of Russian identity: expansion vs. isolation and religion vs. secularity. The combination of these two dimensions gives the following table of four possibilities. (2)
The integral image of New Constantinople historically corresponds to the ideas of tsar Alexei and patriarch Nikon. It was fully developed by Vladimir Soloviev in his messianistic project of universal Christian empire. The state here was thought to be a servant of the Church.

The first transformation of that idea is the image of New Jerusalem corresponding to ideas of Old Believers. Similar concepts might be found in Slavophiles, such as Alexei Khomyakov or Ivan Kireevsky, and in Konstantin Leontev. Their ideal would not be a universal Christian empire, but rather a closed religious state. This concept has definitely apocalyptic flavor.

The second transformation of the integral idea of New Constantinople is the idea of imperial and secular New Rome. It is the direct opposition of New Jerusalem. Here not the State serves the Church, but conversely, religion is mere an instrument of politics. The idea of Christian empire boils down to the bare secular imperialism. The first historical example of the realization of this idea is the Russian Empire build by Peter the Great and Catherine the Great. The second was obviously Soviet Union. The lacking position in the logical space of possibilities is the idea of secular and not expansionistic state. That is a concept of simple national state, which emerges only among some Russian Westernizers in nineteenth century, such as Pavel Milukov. It must be stressed however that it is an exceptional position in the history of Russian ideas. Even Westernizers were often influenced by the idea of Moscow as the Third Rome and usually—perhaps unwillingly—inherited its imperial aspect.

2. CONTEMPORARY RUSSIAN GEOPOLITICAL IDEOLOGIES

Russia is located between West and East. This ambiguous situation results in continuing debates on Russian cultural and political identity. Some authors claims that Russia belongs to West, others maintain that it is a part of East, and still others believes that she is a specific and independent formation, neither Western, nor Eastern.
The debate started in nineteenth century as a struggle between Westerners, which believed that Russian is—or rather should be—a natural part of Western world, and Slavophiles, which stressed particular character of Russian culture, rooted in East Orthodox Christianity. In twentieth century new movement of Eurasians appeared, which emphasized Asian character of Russian spirit, neglected both by Westerners and Slavophiles.

These intellectual debates yields three fundamental images of Russia: (1) Russia as West, (2) Russia as Eurasia, and (3) Russia as a distinct cultural Island. As sociological surveys reveal, these three self-images are deeply rooted in Russian society. It seems that these three ideas might serve as a basis for classification of main contemporary Russian geopolitical ideologies. Atlanticism correspond to the image of Russia as West, Eurasianism holds that Russia is a part of Asia, and the idea of specific Russia leads to a theory, which might be called Insularism.

**ATLANTICISM**

The image of Russia as a part of Western world legitimized the political transformation carried out in late eighties in USSR and in early nineties in Russian Federation. Declared Atlanticists were Mikhail Gorbachev, Eduard Shevardnadze, Boris Yeltsin, Andrei Kozyrev and Egor Gaidar. This is also ideological background of a prominent part of contemporary Russian opposition. Nowadays, though an idea of Russia as a part of Western world is still popular among Russians, geopolitical Atlanticism almost completely lost its importance. The main reason of this was the total failure of the reform program and Russian foreign policy in nineteenth. The economical crisis, which was associated with this politics, led to fundamental and apparently permanent shift in Russian thinking about the place of Russia in the world. In 2006, fifteen years after the beginning of the Russian transformation, Dmitri Trenin, one of the Westerners and Atlanticist, observed: “Until recently, Russia saw itself as Pluto in the Western solar system, very far from the centre but still fundamentally a part of it. Now it has left that orbit entirely: Russia's leaders have given up on becoming part of the West and have started creating their own Moscow-centred system.”

Russia started to revise her fundamentals of international politics. The idea of Russia as West was replaced firstly by image of Russia as East, and resulted a rapprochement with China, and afterwards replaced by more moderate vision of Russia as an island, maintaining pragmatic relations with every part of world.
EURASIANISM

Russia is a predominantly Asian country. Eurasians, contrary to the Westerners, which wanted to change this fact, simply accepted it. According to them, Russia should not imitate the West, but rather proudly continue the Asian path of development and become the successor of Mongol empire. This idea, based on rather geographical and historical than religious and cultural factors, is particularly useful for multinational and multicultural political projects.

Eurasianism is a rather new view on Russian identity. It emerged among exiled Russians as a result of searching for a new ideology which could substitute the communism after the supposed collapse of Soviet Empire. In nineteenth Eurasianism was adopted by Gennadi Zyuganov as an official ideology of Communist Party of Russian Federation. Eurasianism determined the international politics of Evgenyi Primakov, former Russian prime minister and minister of foreign affairs. No doubts, nowadays Russian Eurasianism is one of the most original and most known ideology. Its most celebrated agent is definitely Alexander Dugin, but similar ideas are developed also by Kalamudin Gadzhiev, Nikolai Nartov, or Alexander Panarin. Vladimir Putin was also believed to be implicit Eurasian, but for now Eurasians such as Dugin are in opposition to Putin regime, which—according to them—failed to realize the project of Eurasian empire.

INSULARISM

The contemporary Russian debate on the cultural and political identity was for long dominated by Atlanticists on the one hand, and Eurasians on the other. Finally it was noticed that it is false alternative. Russia, though connected with both West and East, might be seen as a distinct civilization, separated Russian World, the Russian Island. This view, rooted in classic Slavophilism and modern civilization studies, is probably the most popular among Russian people and very popular among Russian elites.

Geopolitical theory based on this image of Russia as Island was developed by Vadim Tsymbursky, very important, but not widely recognized philosopher. His view were popularized by influential lecturer at MGIMO and editor-in-chief of Polis journal Mikhail Il'in and to some extent inspired Dmitri Trenin, director of the Carnegie Moscow Center. What is important, the recognition of Russia as a separate civilization means that it has—more or less determinate—borders.
It means that Russia-Island cannot be universal empire any more. At most it might postulate the sphere of neutral states around the “Russian World.” Tsymbursky called such territories “the Limitrof.” Insularism does not however entails that no war is possible. Firstly, Russia might try to determine the real borders of Russian World, and secondly she might fight for the neutrality of its surroundings.

Generally, in the sphere of international relations, Insularism leads to moderate isolationists and definitely pragmatic politics. Neither West, nor East is a priori privileged. The idea of Russian civilization is widely propagated by Russian Orthodox Church with Patriarch Kirill of Moscow. Many commentators believe that it is also the idea underlying Vladimir Putin’s politics. Particularly the famous idea of “sovereign democracy,” formulated by Vladislav Surkov, implicitly relied on the image of Russia as a separate world, which should defend himself against external influences. The same idea might be found in currently prevailing ideology of “Russian World,” which legitimizes Crimea annexation and Russian intervention in Eastern Ukraine, which is considered as a part of Russian civilization.

**RELIGIOUS INSPIRATIONS**

Now I would like to propose a simple twofold classification of Russian geopolitical ideologies. The first issue is an attitude towards Western culture. Atlanticism renounces of Russian cultural distinctiveness, whereas both Eurasianism and Insularism defend it. But the contemporary anti-West thinking has two variants, which should be carefully distinguished. Thus the second question for a proper classification should be an attitude to expansionism. Atlanticism obviously excludes any kind of expansion, though it is not so significant, since it is not popular view among contemporary Russian elites.

On the contrary, Eurasianism, in its most popular species, postulates the extension of Russian domination, initially over the whole post-Soviet space, and afterwards over the whole continent and perhaps the whole world. On the other hand Russian Insularism is much more isolationistic, even though it questions the current state of borders of Russian Federation (as might be seen in the case of Ukraine). The idea of “Russian World” fundamentally bounds the limits of possible Russian expansionism to the area of distribution of Russian culture and language. Combination of these two dimensions yields the following matrix:
The empty space on the right upper corner was occupied by Communism, which was both universalistic and expansionistic.

It is easy to see that this classification is mere a new version of the map of Russian soul proposed above. The difference is that nowadays the problem of religion has been replaced by more general and more secular problem of Russian cultural distinctiveness.

Eurasianism is a structural counterpart of the idea of Moscow as the Second Constantinople. It aims in building new universal empire, which organize the whole world according to the principles discovered in Russia. Noteworthy, Eurasians themselves often refer to the idea of Moscow as the Third Rome in this interpretation. Insularism correspond to the idea of Moscow as the New Jerusalem. They are not going to distribute and impose Russian idea to other nations, but instead they aim to develop and deepen their own heritage. Some of Insularists, like Solzhenitsyn or Tsymbursky, see their connections with Old Believers. Finally, Atlanticism appears to be a fundamentally new view, which radically breaks with the heritage of Russian idea.

It seems that the proposed map of Russian soul opens might help in understanding not only of complicated issues of Russian history of ideas, but also contemporary Russian geopolitical debates. The difference is that in seventeenth and eighteen centuries the debates concerned openly the place of Orthodox Religion in public sphere, whereas nowadays usually are focused on more neutral issues of particular cultural values. Since hundreds of years Russian soul faces nevertheless the same dilemmas.
Footnotes

1. This chapter is based on my book in Polish: *Przekleństwo imperium. Źródła rosyjskiego zachowania* [The Curse of Empire. Sources of Russian Conduct], Kraków: Wydawnictwo M 2014. Czech translation in preparation.


5. Dmitri Trenin, *Russia Leaves the West*, „Foreign Affairs“ (2006), no. 85/4

Russia’s cultural influence
Adriel Kasonta

Introduction

“Since wars begin in the minds of men it is in the minds of men that the defences of peace must be constructed. Ignorance of each other’s ways and lives has been a common cause throughout the history of mankind of suspicion and mistrust [which] have all to often broken into war… And that the wide diffusion of culture and the education of humanity… are indispensable to the dignity of man and constitute a sacred duty which all nations must fulfil in a spirit of mutual assistance and concern.”

Given the current state of affairs in the international arena, the above quotation seems to be the voice of reason which can serve as a compass in an accurate assessment of the relationship between Russia and Europe. To understand the significance of the present events that aim in their intentions to antagonize relations between the two neighbours, I think it is crucial to recall the history of the essence and the importance of strong cultural contacts between Russia and Europe, where its symbiosis contributed to an unprecedented flowering of the arts, serving as a pathway to mutual understanding of the different relativities of these two worlds.

The fact is that the onset of an increased cultural exchange between Russia and Europe arrived in the reign of Tsar Peter the Great, who sent a considerable number of students to Western Europe in the second half of the 17th century, ‘which influenced [Russia’s] cultural life, notably in literature and art,’ when people like Dimitri M. Golitsyn became an active patron of literature, responsible for the translation of many European works into the Russian language.

Russian literature

Without any doubt Russian literature is considered to be among the most influential and developed in the world, with some of the greatest authors of all time. Whilst engagements with literature were dependent on the local Russian context, their central concerns were in turn part of a broad history of representational confrontation and symbiosis common to European tradition; from the time when all Europe shared its common Greek roots, Russian culture responded to the same basic issues of aesthetics and intersections of the arts and society which was being experienced in the West.
In the 18th century, the development of Russia's literary history was set on its course by the works of Fonvizin and Lomonosov. By the early 19th century, a modern native tradition had emerged. This period and the Golden Age of Russian Poetry began with Alexander Pushkin, who was profoundly influenced by such English writers as Shakespeare, Scott and Byron. Considered to be the founder of modern Russian literature, Pushkin was often described as the "Russian Shakespeare" or the "Russian Goethe".\(^5\) The movement continued in the second half of the 19th century with the poetry of Nekrasov and Lermontov, the dramas of Ostrovsky, and the prose of Gogol and Ivan Turgenev who lived and wrote for many years in Europe. And it was Turgenev who brought Russian literature to the attention of European readers.\(^6\) But it was the twin giants Leo Tolstoy and Fyodor Dostoyevsky whose works exploded on the international scene in the second half of the 19th century, simply overwhelming the West with their imaginative and emotional power.\(^7\) Both authors were extremely influenced by European Romanticism and Realism,\(^8\) although their fiction offered more complex and impassioned characterisations than Europeans were used to.

Tolstoy is known largely for two great masterpieces: *War and Peace* and *Anna Karenina*. These works, which wrestle with life's most profound questions, earned Tolstoy the reputation of perhaps being the world's greatest novelist. Like his British Victorian counterparts, Tolstoy sought to do more than entertain or even move his readers, taking the writing of fiction more seriously as a moral enterprise.\(^9\) Dostoyevsky is famous for his complex analyses of the human mind. Unlike Turgenev or Tolstoy, he paid little attention to details of settings or the personal appearances of his characters, instead concentrating on their thoughts and emotions. His work and that of Tolstoy's demonstrated to Europeans that modern fiction could serve ends far more sophisticated than it had in the hands of Zola or even Flaubert.\(^10\)

Of the other Russian writers of the 19th century, the only one to make a significant impression abroad was Chekhov, whose short stories and plays used Realism in a more understated way. His four great plays, written just before and after the turn of the century, were *The Sea Gull*, *Uncle Vanya*, *Three Sisters*, and *The Cherry Orchard*. Along with the Realist masterworks of Ibsen, these plays helped rescue the theatre from a dismal state into which it had plunged following the era of the German Romantics. The theatrical genius of 19th century Europe seems to have gone into opera rather than stage plays and sadly, few of the plays written between the time of Schiller and Chekhov are remembered or performed today although Chekhov's works are seldom absent from theatres for long.\(^11\)
Indeed it is Russian literature that inspires European authors of the 20th century, like Peter Brook, Gaston Baty, Jacques Copeau, and Erwin Piscator.12

Russian literature, history, and news, were of course encountered in a variety of translations, including translations into French, German, Polish, and English.

**Russian theatre**

It is also worth noting that major figures in Russian literature are the founding fathers of Russian theatrical culture - the linkage of theatre to literature, in which a supposedly inferior genre turns to a superior one for greater complexity and depth. Indeed, the historical reality of theatre's need for literature is defined as a type of aesthetic parasitism!13

The overt use of literature in the performance arts was a fundamental part of the theatre work of, among many others, Konstantin Stanislavsky and Vladimir Nemirowich-Danchenko, the founding fathers of the Moscow Academic Art Theatre Moscow (Moskovski Khudozhestvenny Academicheski Teatr, commonly known as MXAT) brought together a group of outstanding artists to further develop new Russian drama and introduce Russian audiences to the achievements of modern world literature. The influence of MXAT on both the theatre of Russia as well as on world theatre was due primarily to the experimentalism of its founders and their innovative methodology of working with actors. The aggregate fundamental ideas known today as the "Stanislavsky system" - related to the avant-garde experiments of the 20th century – developed on the edge of realistic art and a new psychophysical way of working with the actor.14 It is a fact that modern schools of acting in the West and elsewhere would hardly be what they are without the example set by Stanislavsky and other Russians who led the way in performance methodology.15

**Russian painting**

Early 19th century Russian painting was strongly influenced by European Romanticism, as exemplified by the romantic portraiture of Orest Kiprensky16 or Vasily Tropinin17 who produced celebrity portraits as well as exquisite genre-paintings. The realism of Alexei Venetsianov represented an important step in the evolution of Russian painting. After beginning as a portraitist he turned increasingly to genre-painting. Although the most fashionable portrait painter of the time was the Italian-trained Carl Briullov, whose most important painting, *The Last Day of Pompeii* (1830-1833), is considered to be the origin of Russian painting.18
Furthermore, it is worth mentioning that the term ‘Romanticism’ in Russia stood for something very different from the Western concept as it embraced such manifestations as gloomy landscapes and Gothic settings from literature, and so forth.

In the West, in fact, Romanticism was in essence a revolutionary movement directed against the domination of the classical tradition. In Russia on the other hand, owing to the influence of Byron, Pushkin and Lermontov, the term was interpreted in its original sense to imply a work possessing those exalted and fantastic elements so characteristic of the old romances.

The World of Art

In 1898 the theatrical designer Alexandre Benois and dance impresario Sergey Diaghilev founded the “World of Art Group”, which extended the innovation of the previous generation and played a central role in introducing contemporary modern art of Western Europe to Russia, while acquainting Western Europeans with Russia’s art through exhibitions and publications.

Among the many artists who joined their ranks were Konstanin Somov, Lev Bakst, Evgenii Lancere, Mstislav Dobuzhinskii, and Ivan Bilibin. They were attracted in particular to the art of the late 18th and early 19th centuries and created many images of old St. Petersburg. Among their favourite subjects were the stylized depictions of old estate gardens, masquerades, and figures from the Commedia dell’arte (Harlequin, Pierrot, and Columbine).

With the help of wealthy patrons, they produced an innovative journal of literature and the arts called “The World of Art” (Mir Iskusstva). This journal, filled with colourful reproductions and decorative graphics, contained articles on both native Russian art and European art. Led by Diaghilev, the group also sponsored a series of exhibitions under the same title, “The World of Art.” Its members were responsible for encouraging artistic ties between Europe and Russia and, in general, fostering a new appreciation for the synthesised possibilities of the arts.

"Two Centuries of Russian Painting and Sculpture"

The year 1906 was a landmark in the history of Russian art thanks to the irrepressible Sergei Diaghilev, the promoter of a grand exhibition of Russian painting at the Autumn Salon in Paris. An impresario with endless energy, Diaghilev had turned to Paris to escape the confines of St. Petersburg.
His Russian backers, all of them art collectors, included Vladimir Argutinsky-Dolgorukov, Sergei Botkin, Vladimir Girshman, Vladimir von Mekk and also Ivan Morozov, who loaned paintings from his vast collection for the massive Russian retrospective comprising almost 750 works. The exhibition entitled: “Two Centuries of Russian Painting and Sculpture”, which opened in October 1906 occupied 12 halls of the Grand Palais of the Champs-Elysee.

The interior designs were by Lev Bakst, Diaghilev's most influential artist. Visitors were stunned by the ancient iconography laid out on gleaming golden brocade and by paintings from the Petrine era of Peter the Great and Catherine the Great. Other highlights included portraits by Borovikovsky, Bruillov, Kiprensky and Levitsky. But the real point of the show was to showcase modern Russian art by the likes of Isaac Levitan, Valentin Serov, Mikhail Vrubel, Konstantin Somov, Lev Bakst, Philip Maliavin, Nikolai Roerich and Konstantin Yuon.

In 1909, Diaghilev, in collaboration with his set designers Leon Bakst and Alexander Benois, launched his most famous venture, the Ballets Russes, which took Europe and the Americas by storm. Diaghilev toured Europe and America with the Ballets Russes for two decades until his death in 1929.

Neither Paris nor any of the other large or small cities across Europe, North and South America had seen anything like it.

The creators of Ballets Russes productions top the list of 20th century proponents of modernism such as Igor Stravinsky, Erik Satie, Sergei Prokofiev, Claude Debussy, Mikhail Fokine, Vaslav Nijinsky, George Balanchine, Stéphane Mallarmé, Jean Cocteau, Léon Bakst, Natalia Goncharova, Georges Rouault, Henri Matisse, Pablo Picasso, Coco Chanel and many more.

As well as revolutionising the performing arts of choreography and dance, the exotic, daring and colourful productions of Diaghilev's Russian Ballet had a significant effect on early 20th century visual art, due to their influence on Expressionist painters and on the Expressionist movement as a whole.

The Russian avant-garde

Russian avant-garde artists of the early Soviet era had a great impact on Western art and aesthetics.
The ground was prepared in the late Tsarist era, when Europe, USA, and Asia fell under the spell of writers like Chekhov, Dostoevsky, and Tolstoy. With Pyotr Tchaikovsky, Russian music entered the repertoire of the world’s symphony halls. Sergei Diaghilev and the Ballets Russes reinvigorated dance as well as costume and set design around the globe.

In the first decade of the 20th century, Russian artists, on the other hand, were introduced to the latest developments in European art. Rich merchant-patrons provided a source of patronage for the arts and opened their private collections of art to the viewing public. Therefore, within their own country, Russian artists were exposed to such contemporary European art movements as Expressionism, Cubism, and Futurism. Young Russian artists also travelled extensively, visiting the studios of western artists and major European museums.

A variety of new artistic groupings emerged in this intense and energetic time. New theoretical programs were devised and published in manifestos, and numerous exhibitions of contemporary painting were organized. Russian artists used material from their own folk and religious traditions and incorporated the latest ideas emerging in the European context to create some of the most experimental art of the period.

The 1910s are remarkable for the birth of Russian avant-garde striving to transfigure the very basics of art up to negation of art itself. A whole range of artists and art groups created new schools and trends which determined the development of world art. Notable artists from this period include El Lissitzky, Kazimir Malevich, Wassily Kandinsky, Vladimir Tatlin, Alexander Rodchenko, Pavel Filanov and Marc Chagall amongst others.24

Internationally acclaimed as pioneers of modern art, Kandinsky and Malevich were among the first to create abstract art, a style developing simultaneously throughout Europe. Around the time of World War I, however, it was the Russian artists who created a new language of abstraction - one of pure geometric form in a minimum of colours.

It was called Suprematism, implying the supremacy of this new art over the art of the past. It made a huge impact internationally and greatly influenced subsequent 20th century art, architecture, design and fashion.
Malevich was born in Ukraine to parents of Polish origin and was self-educated. Nonetheless, the artist absorbed many of the trends around him, including a fascination with folk art and Russian Orthodox icons, whose influence we can see in his early paintings. He was also inspired by the work of the Post-Impressionists and modern art movements in Paris in the early 20th century.26

Malevich was aware of artistic giants, including Monet, Gauguin, Picasso and Matisse, through the viewing of paintings in the homes of Moscow-based collectors Sergei Shchukin and Ivan Morosov.27

The artist was the creator of Suprematism, and the most famous example of this type of painting is Malevich’s Black Square, exhibited in 1915.28

Kandinsky, who split his time between Russia and Germany and encouraged artistic ties between the two countries,29 lived in a time when modernity and its consequences were questioned, inspiring artists in Europe to criticise the lack of spirituality and values of modern Western society of the late 19th century.30 His work was exhibited throughout Europe, and often caused controversy among the public, art critics, and his contemporaries.

The artist is best known for three sets of paintings: Improvisations (1909), Impressions (1911), and Compositions (1910-1913).31

Like Malevich, Kandinsky was a forerunner in the development of abstract art.

Rodchenko is perceived as one of the most prominent and energetic Russian artists of the 20th century.32 With his impressive portfolio spanning painting, graphic design, photography and advertising, he remains extensively recognised as one of the fathers of Constructivism and the founder of modern Russian design.33 Moreover, he influenced significantly the development of European modernist art.34

Today, he is best known for the film poster design of Sergei Eisenstein’s epic Battleship Potemkin,35 moreover he has also contributed to the entire concept of modern European camerawork. 36

The artist, since his death in 1957, had been featured in over 50 art exhibitions and his work continues to make appearances in galleries around the world, such as New York’s MOMA and the Hayward Gallery in London.37
Soviet cinema

In the years following the Russian Revolution, filmmakers in Russia discovered an entirely new form of cinema which still inspires contemporary directors. Artists like Sergei Eisenstein and Dziga Vertov stirred emotions in a completely different way as according to them, the prevailing continuity system was ‘bourgeois’ because it gave a false sense of reality to the masses.  

Eisenstein

Sergei Eisenstein was the most famous Soviet filmmaker of the first half of the 20th century. He had an interest in many theoretical areas of filmmaking, including the psychology of creativity, and the anthropology of art and semiotics. His published books The Film Form and The Film Sense depict his theories of montage and have been highly influential for many directors. Today, Eisenstein is best remembered for his film Battleship Potemkin which made him an international celebrity. The film was exhibited around the world, and although banned in some countries for its revolutionary content, it was generally seen as heralding the arrival of a new movement in film history known as Soviet Montage. Following Potemkin, Eisenstein made October (known in the West as Ten Days That Shook the World, 1928), which tells, in compressed form, the story of the Russian Revolution. At the dawn of the 1930s, Eisenstein was sent to Europe and the USA to research the new sound-film phenomenon. In every country he visited he was hailed by students and intellectuals. He met with James Joyce, Jean Cocteau, Abel Gance, Filippo Tommaso Marinetti, Albert Einstein, Le Corbusier, Gertrude Stein, and his hero D.W. Griffith, all of whom seemed excited about his work.

During his stay in the US he lectured at several Ivy League schools before moving on to Hollywood, where he hoped to make a film for Paramount. Although he was welcomed by leading Hollywood figures, including Douglas Fairbanks, Josef von Sternberg, Walt Disney and especially Charlie Chaplin, who became his close friend, his proposal for an adaptation of An American Tragedy was rejected for being too complicated.

Dziga Vertov

In the early 20th century, the demand for American and European films in Soviet cinema was overwhelming. According to Vertov, if a layman could get access to camera, he would most certainly behave as if he was in a movie made in the West.
The artist proclaimed the primacy of the camera itself (the ‘Kino-Eye’) over the human eye. He clearly saw it as some kind of innocent machine that could record without bias or superfluous aesthetic considerations the world as it really was.

The camera lens was a machine that could be perfected gradually, to seize the world in its entirety and organize visual chaos into a coherent, objective set of pictures.\(^49\)

Shortly Vertov, like Eisenstein, gained the attention and support of the European avant-garde. His movie *Life Caught Unawares* (1924) was awarded a silver medal and honorary diploma at the World Exhibition in Paris. This success led him to create two more films: *Stride, Soviet!* (1926) and *A Sixth of the World* (1926).\(^50\)

Vertov’s idea of a self-reflective cinema, where the viewer is identifying himself with the filmmaking process, would again appear at the end of the 1950s in the works of filmmakers like Jean-Luc Godard, Chris Marker, or Stan Brakhage. When sound was implemented, the artist moved far ahead of Eisenstein and other silent movie masters and his first sound picture: *Enthusiasm, Donbass Symphony* (1931) was hugely successful abroad.\(^51\) And the importance of *Man With the Movie Camera* (1929) cannot be ignored.\(^52\)

After his death, the French documentary filmmakers Jean Rouch and Edgar Morin adopted Vertov’s theory and practice into their méthode of cinéma vérité.\(^53\)

In recent years Vertov’s heritage of poetic documentary has influenced many filmmakers all over the world, where in *Kino* Leyda wrote that Vertov has "a permanent place in all film history," while Herbert Marshall, a British purveyor of Soviet film culture for more than half a century, has described him as "the documentary genius of the Russian Revolution, who influenced the whole world of documentary film."\(^54\)

**Current cultural exchange**

Recently, in the aftermath of a history of Russian-British ties which goes back at least 460 years, the governments of Russia and Britain designated the year 2014 as the Russian-British Year of Culture, where more than 250 cultural events were expected to take place in the first project on this scale in the history of their bilateral relations.\(^55\)
Russian culture was first introduced to English people in the 16th century when the Tsar Ivan IV arrived with his diplomatic officials in the capital city of the England.\textsuperscript{56} It is also worth noting that traces of Russia can be found in Shakespeare’s plays, including Love’s Labour’s Lost as well as in Virginia Woolf’s novel Orlando.\textsuperscript{57}

The Russian cultural presence became more easily seen in the period of Russian-British alliances during the Napoleonic wars.\textsuperscript{58} “Some buildings and monuments in Britain today reflect that influence, notably the sculpture of a Russian eagle on a double column in Bayswater Road in London, the nearby Apsley House and Windsor Castle,” as mentioned by the Russian Ambassador to the United Kingdom, Alexander Yakovenko, in his article in the RBTH on 2 March 2014.\textsuperscript{59}

After the unnecessary Crimean War of 1853-1856 and the terms of the Peace of Paris, Russia and Britain restored their contact as allies before and during the First World War.\textsuperscript{60} It went far beyond a joint struggle for peace in Europe. This was indeed a time of great cultural exchanges.

At present, a major source of Russian cultural influence in the United Kingdom are the Russian expats living in London. They have established a number of institutions promoting homeland culture and language and play a significant role in the melting pot and social structure of Britain.\textsuperscript{61}

Cultural exchanges flourish due to an impressive number of theatrical companies and exhibitions based in London, as well as frequent visits of Russian singers, musicians, and other artists.\textsuperscript{62}

The crowning achievement of these contacts was the Russian-British Bilateral Year of Culture launched on February 24 2014 with a ceremony at the Houses of Parliament in London, followed by a grand concert by the Tchaikovsky Symphony Orchestra, under the baton of Vladimir Fedoseyev, at the Royal Festival Hall.

**The case of Ukraine and the cool-down in Russia-EU relations UK**

Nevertheless, when the crash of Malaysia Airlines Flight MH17 and ongoing crisis in Eastern Ukraine created international unrest, it is worth recalling the words of Alexander Yakovenko, the Russian Ambassador to the United Kingdom: “The UK and Russia are nations that have both been blessed with rich cultural heritage, with great artists, composers, writers and performers known throughout the world.
This is important because there are many things that we share culturally. But it is equally important because it helps us recognise and appreciate our differences in a way that builds understanding about each other as well as ourselves. I think this can manifest itself in two important ways. Cultural linkages and connections lead to more creativity. From Shakespeare to Dostoevsky, Pushkin to Dickens, the Tudors to the Romanovs, Wren to Thon, great artists, architects and writers and statesmen have enriched the dialogue between our countries. This cultural interaction and sharing helps us question the simplistic stereotypes that programmes such as the Fox series, “Meet the Russians”, all too easily shape.

The second important factor is that cultural linkages lead to better business and trade ties, too. In recent years, Russia has become an increasingly important trading partner for the UK. The country is the UK’s fastest growing export market, and in 2012 British exports to Russia increased by 15%, reaching £5.5bn. With trade comes cultural interaction. Deeper cultural links are the vital grease that oils the cogs; without it the great potential for further business growth could be missed.63

Unfortunately, despite predictions made by the Russian Deputy Minister of Culture, Alla Manilova, who announced that Russian people were planning to spend around 40 billion roubles (£700 million) on tourist trips in 2014 (mainly to Europe), where especially the cross-cultural year was meant to help attract more Russian tourists to Britain,64 the international agenda shifted Russians’ holiday destinations, as they became more eager to visit Crimea, than the Old Continent.65

“The sanction regime has really caused a drop in Russians’ travelling to Europe. According to preliminary estimates, a decline of 15-30% is possible depending on the country,” the Russian Deputy Minister of Culture in charge of tourism told in July 2014.66

On the other hand, to add insult to injury, all the cultural events related to the Russian-British Bilateral Year of Culture were not attended by UK ministers, as: “In light of the illegal annexation of Crimea by Russia, Her Majesty’s Government has withdrawn all ministerial and senior official involvement in the Year of Culture. We review all engagement with Russia on an event by event basis” a spokesperson for the British Foreign & Commonwealth Office said.67
Although most of the planned events successfully took place, two of the most anticipated shows, the Russian Art Collective AES+F at the Royal Academy of Arts in London and The Young British Artists (YBA’s) at the Ekaterina Foundation in Moscow, were cancelled due to the crisis in Ukraine, as in early June, the British Council announced that the event's organisers had lost funding as a result of a diplomatic fallout over Russia's annexation of Crimea in March last year. A third exhibition, a retrospective of graffiti artist Banksy in Moscow, was cancelled with a vaguely-worded statement from organisers blaming British art collectors for “abandoning their participation in the project, making it impossible to continue working”.

**Poland**

Regrettably, British ministers were not the only ones to use the Year of Culture as a means to voice their dissatisfaction with what they see as Russia’s aggression in the Ukraine. The Polish government cancelled the 2015 Polish-Russian Year of Culture which was meant to be a year devoted to the celebration of Polish and Russian long-lasting cultural ties.

"This is a decision of the government. [Former] Foreign Minister Radosław Sikorski and Culture Minister Małgorzata Omilanowska categorically decided that in the current political situation, and because of everything that is happening in Ukraine, in a situation in which a plane has been shot down, it will be impossible to hold the Year of Poland in Russia," the BBC reported, citing government spokeswoman Małgorzata Kidawa-Błońska.

In fact, the Russian-Polish cross-cultural year was set in motion at a meeting between the two countries' foreign ministers in December 2013 in Warsaw. Its aim was to strengthen cultural ties between the two countries, but as a consequence of Western countries accusing Russia of having destabilized Ukraine and perpetuated the conflict in its east, Poland joined the very same stance.

However, despite the disunity between the EU and Russia over the Ukrainian crisis, Poland is interested in continued cultural partnership with Russia.

“*There is a rift in Moscow-Warsaw relations, but this is not a deterioration of relations between Russia and Poland, but between Russia and the European Union,*” the Ambassador of Poland to Russia, Katarzyna Pełczyńska-Nałęcz stressed.
“Cultural exchange will continue. Even though Poland’s Year in Russia [dedicated to cultural exchange between the nations] was cancelled, I can say that the Polish side was very interested in holding the event… The Polish side is very interested in salvaging earlier planned events not within the framework of the Year [in Russia], and to continue developing our cultural connections, because it is very important for ordinary Polish and Russian citizens. It is essential that people have an opportunity to learn and understand each other,” the Ambassador added.74

Conclusion

Given these circumstances, we can clearly observe that culture is often hostage to big politics.

In times when relations between Russia and the EU grow increasingly strained, cultural exchanges may build a bridge over the troubled waters of politics. When political leaders and diplomats from different countries struggle to communicate in a cultured manner, it is artists who have the power to bring normality back to international relations.

The power of culture ‘to build peace in the minds of men’ is a motif which should play a key role especially for us in Europe due to the 100th Anniversary of the First World War celebrated last year. A war which was supposed to end all international conflicts.

This perfectly corresponds with Joseph Nye’s definition of ‘soft power’, which means: “The ability to attract and co-opt rather than coerce, use force or give money as a means of persuasion,” as in an ideal world sharing culture and trade is a much better option than killing each other or sending endless aid.75

Thus, ‘soft power’ should be the main responsibility of individuals and cultural organisations around the world, because different countries have different political, belief and value systems and we have to respect our differences in order to build trust between us.

Even people who have only once learned to mistrust each other need neutral spaces and safe topics to restart dialogues and explore differences, otherwise we will be nothing more than boats quietly drifting in the ocean of stereotypes and living in the constant “Illusion of Fear” (Illyuziya strakha).76
Footnotes


7. Rzhevsky, N. The Modern Russian Theater… ibidem, p. XII.


12. Rzhevsky, N. The Modern Russian Theater… ibidem, p. XVII.

13. Ibidem, p. XVI.

15. Rzhevsky, N. *The Modern Russian Theater*… ibidem, p. XII.


42. Online 12 May 2015 <http://www.psu.edu/dept/inart10_110/inart10/expres.html>


57. Brown, C. *Russia in Twenty-First Century Fiction;* this lecture was given at Rewley House, the Department of Continuing Education at the University of Oxford, on 11th October 2014, as part of a day course entitled ‘Twenty-First-Century Fiction’. Online 26 March 2015 <http://catherinebrown.org/russia-in-twenty-first-century-fiction/>.

59. Yakovenko, A. *Cultural pageant allows British to meet Russians on home soil*. Russia Beyond The Headlines, 02.03.2014. Online 26 March 2015 <http://rbth.co.uk/opinion/2014/03/02/cultural_pageant_allows_british_to_meet_russians_on_home_soil_34669.html>


63. Yakovenko, A. *Cultural pageant*… ibidem. Online 26 March 2015 <http://rbth.co.uk/opinion/2014/03/02/cultural_pageant_allows_british_to_meet_russians_on_home_soil_34669.html>

64. Rubleva, T. *Year of Culture to see a boost in bilateral tourist flows*. The Kompass, 14.02.2014. Online 26 March 2015 http://thekompass.co.uk/article/35


70. Online 26 March 2015 <http://warsawdialogue.pl/pl/p/msz_pl/aktualnosci/msz_w_mediach/byla_podsekretarz_stanu_w_msz_katarzyna_palczynska_nalecz_w_wywiadzie_dla_ria_novosti_12_08_2014;jsessionid=825254AC5E79D70018A3E8B06468179F.cmsap2p>


75. The phrase was coined by Joseph Nye in *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books, 1990) and was further developed in *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004).

Chapter 3: EU-Russia structural aid programme to Ukraine

Political Assistance: keeping the focus on Ukraine

Nicolai N. Petro

Britain’s foremost experts on Russian and European politics, professor Richard Sakwa, has precisely articulated why all attempts to resolve the crisis in Ukraine have ended in failure:

“The Ukraine conflict is the child of the cold peace. Although there are profound internal contradictions in the Ukrainian model of state development, these would not have assumed such disastrous forms if the geopolitics of post–Cold War Europe had been sorted out earlier.”

In other words, they fail because there is insufficient recognition of the fact that we are actually dealing with two crises that must be addressed simultaneously.

The first crisis is the longstanding conflict within Ukraine over whether post-Soviet Ukraine should be a monocultural or bicultural nation. For many in western and central Ukraine, including the historical regions of Galicia, Volyn, and Podolye, being Ukrainian has long meant suppressing Russian culture so that Ukrainian culture can thrive in its stead. Here creating a Ukraine that is Russia’s antithesis is often referred to as making a “civilizational choice.”

By contrast, for many in eastern and southern Ukraine, including the historical regions of Donbass, Novorossiya, Slobozhanshchina, and Crimea, being Ukrainian means being part of a distinct nation that lives in close harmony with Russia. Although they do not wish to join Russia, neither do they wish to be forced to forsake Russian culture in order to be considered loyal Ukrainians. As a rule, people in these regions do not accept the idea that there is any civilizational choice to make, but if forced to choose between a Ukraine in NATO or the EU, and a Ukraine in alliance with Russia, they tend to prefer Russia by a wide margin.

The second crisis, which has been superimposed onto the first, is the crisis in Russian relations with the West. It also has deep historical and cultural roots.
These two crises came together with explosive impact when President Yanukovych was ousted from office on Feb 22, 2014. Many residents of western and central Ukraine refer to these events as a “revolution of dignity,” while many in the east and south regard it as a coup d’etat.

The United States and many Western European nations immediately recognized Yanukovych’s ouster as legitimate, whereas Russia did not. Thanks to this split, the divergent narratives of Ukrainian identity became an integral part of the ongoing conflict between Russia and the West, transforming the domestic struggle over the legitimacy of the new Ukrainian government into a proxy war (some scholars even refer to it as “the New Cold War”) over Ukraine’s proper allegiance and role in world affairs.4

This crisis can only be resolved if all parties involved, both domestic and foreign, uncouple the domestic crisis from the international crisis. Only then will it be possible to replace divisive nationalism with a unifying civic culture that encompasses both the Russian and Ukrainian speaking communities, which is the *sine qua non* for long term social and political stability in Ukraine.

**Is Ukraine “cleft” or “torn?”**

Mutually exclusive nationalist rhetoric currently dominates political discourse within and about Ukraine, fulfilling a scenario discussed by the late Samuel P. Huntington two decades ago. At that time Huntington highlighted Ukraine as an example of a “cleft country,” and within Ukraine he even singled out Crimea as a region of particular contention.6

At first glance, everything that has happened in Ukraine since 2013 seems to confirm Huntington’s thesis that clashes within cleft countries are the result of being “territorially bestrade the fault lines between civilizations.”7

The situation is not much different in what Huntington calls “torn countries.” The key distinction here is that, while people in cleft countries disagree about who they are, people in torn countries agree on who they are, but disagree with their elites about which civilization they should belong to. Conflict within torn countries is therefore typically driven by elites who wish to shift their country’s identity from one civilization to another.
Cleft countries often resolve their conflict by separation, whereas torn countries strive to preserve national unity at all costs. For a torn country to succeed in shifting identity, Huntington says, three things are needed. First, the political and economic elite of the country must be “enthusiastic” about this move. Second, the public must acquiesce to the redefinition of its identity. Third, elites within the host civilization must be willing to accept the new convert. To date, says Huntington writing in 2007, there have been no successful examples of such a shift.8

Sociological surveys, voting patterns, and regionally distinctive religious preferences all point to Ukraine being a rather typical cleft country, but for reasons having to do with nationalism, nostalgia, and a fear of reliving the trauma of the breakup of the USSR, Ukraine’s national elites also have a pronounced aversion to separating along ethno-linguistic lines.9

As Oles Buzina, a Ukrainian writer recently murdered in Kiev once wrote: “Our debates are not between the government and her Majesty’s opposition, not between two schools of a respected science, but between two different countries. As if a contemporary evolutionary biologist could have a discussion with an inquisitor from the Middle Ages... At best they will simply choose to ignore each other. At worst, one of them will smash the other’s skull without, by the way, having proved anything to his opponent.”10

In order to preserve national unity while maintaining their often contradictory regional narratives about Ukrainian identity, they have alternated the presidency, thereby preventing the consolidation of one narrative at the expense of the other. The resulting political gridlock was Ukraine’s way of avoiding civil war, which many believed would erupt if one side were to dominate and turn its definition of Ukrainian identity into a test of civic loyalty.

The violent ouster of the Yanukovych government ended this delicate balance, and the civil war came. Following Huntington’s logic, the conflict in Ukraine can now have one of only two possible outcomes. The first is the separation of Ukraine into two territories corresponding to their predominant cultural identity. The second is the subjugation of one cultural identity by the other.
Neither of these, however, is likely to succeed because both parts of Ukraine claim to speak for the whole. Thus, even if the rebellious Donbass were to achieve independence, its current leaders would strive for a united Ukraine that is far closer to Russia than many western Ukrainians are comfortable with.\(^{11}\)

Meanwhile, the government in Kiev is so intent on severing all ties between Ukraine and Russia that it is, quite literally, building a wall to keep the two countries apart.

The second possible outcome would involve the victory of one regional elite over the other and the imposition of its narrative on the recalcitrant portion of the population. Even in the event of complete military victory by Kiev over the rebels in Donbass, however, this option is unlikely to lead to political stability.

First, because of the breadth of local support demonstrated by the resistance, which even local Ukrainian officials now acknowledge.\(^{12}\) Moreover, polls taken over the past year show that local attitudes against re-integration into Ukraine have hardened as the death toll and damages have risen.\(^{13}\)

Second, such a victory would most likely result in underground resistance to the imposition of the Galician Ukrainian narrative. Kiev would have to respond by replacing most of the current political and economic elite, and imposing its will through military occupation.\(^{14}\) Such institutionalized subjugation of the local population is likely to spawn a permanent subculture of resentment.

The practical difficulties of dividing Ukraine, or imposing a single identity, serve to underscore a key point--Ukraine owes its current identity to both Europe and Russia. Asking it to choose between them is therefore asking it to deny part of its heritage.

On the other hand, the fact that these two populations, which are roughly comparable in size, managed to avoid civil war for the past quarter of a century suggests that they complement each other in important ways. This suggests that social peace lies in identifying ways that reinforce that complementarity, such as fostering a civic culture that respects Ukraine’s bicultural identity. While promoting an inclusive Ukrainian civic culture might seem fanciful today, given the ongoing war, it is the only alternative to separation or suppression.
In keeping with the need to address both the internal and international aspects of this conflict, I see two core components to such an alternative. The first involves promoting a civic culture through constitutional reform. The second—treating economic recovery as an opportunity to transform Ukraine from an international source of contention into a joint international project.

**Part I: Promoting a Civic Culture through Constitutional Reform**

Conflating cultural identity with citizenship is almost always a recipe for disaster. It inevitably alienates minorities and undermines the very national unity being sought. A better alternative is to make cultural pluralism serve the security interests of the nation.

The value of “cultural security” has long been touted by international relations theorists of the Copenhagen School. Whereas traditional realism treats minority concerns as a challenge to state authority, the Copenhagen School argues that in today’s global environment it is no longer possible to reduce security to the nation-state level. Additional security challenges arise from the existence of both subnational and metanational identities.

Traditionally the security of the state has been bought at the expense of minorities, but the Copenhagen School argues that states are better off if they anticipate the needs of their minorities before they can be undermined by them. As Barry Buzan and Ole Waever put it, security theory must “leave room for a concept of politics detached from the state, and for circumstances in which identity politics [is] about maintaining difference rather than finding a collective image.”

Ukraine’s security is threatened not just externally, but also by the ongoing conflict over identity—both at the subnational level, where cohesion and loyalty are essential for a society’s survival, and at the national level, where security threats have arisen because of divided cultural loyalties. The solution lies in encouraging the formation of overlapping identities that do not necessarily coincide with the boundaries of nation-states. This can be done by promoting an inclusive Ukrainian civic culture.

In their classic study, *The Civic Culture: Political Attitudes and Democracy in Five Nations*, political scientists Gabriel Almond and Sidney Verba describe a civic culture as the result of the proper mixture of three disparate components that are always present in the general political culture—parochial, subject, and participant.
Counterintuitively, they find that stable democracy does not result from having homogeneous political or cultural attitudes, but from society’s ability to develop institutions that not only manage these conflicting elements within a culture, but also preserve a balance among them. A society that tries to isolate or diminish the political influence of its parochial (minority) cultural or religious communities is therefore not only undermining human rights, but also undermining its prospects for stable democracy.

Despite all is flaws, the Minsk Accords recognize this basic liberal truth by calling for the diversity of religions, languages and cultures within Ukraine to be enshrined in the Ukrainian constitution. While disagreement still rages on how much local self-government should be granted to regions, both sides have agreed that constitutional reform must be based on the principle of what president Poroshenko calls "deep decentralization." Moreover, by signing the latest accords, most of which they proposed, Donbass rebel leaders have officially acknowledged that if meaningful local autonomy were constitutionally enshrined, it would suffice to assuage their concerns regarding the preservation of the Russian language and the status of the Ukrainian Orthodox Church (Moscow Patriarchate).

Many observers doubt that this will be enough to preserve Ukraine's territorial integrity. Some have suggested that Ukraine look at the border regions of Alsace/Elsass or Alto Adige/Sued Tirol, where special privileges have been established for the local population. The division within Ukraine, however, are even more complicated. We are talking not just about border regions, but large swaths of the country, including most Ukrainian cities, higher educational institutions, and cultural venues, where the Russian language predominates in daily use.

Ukrainian legislation, adopted with great difficulty in 2012, already permits some regional bilingualism, similar to the Spanish policy of “territorial bilingualism." In Spain, while Spanish is the national language, other languages are recognized as official in the regions where they are spoken, and regional governments are allowed to determine the status of those languages and adjudicate disputes. Its critics, however, say that the policy has resulted in regional languages becoming the vehicle for nationalists who argue that their linguistic rights, while guaranteed regionally, are slighted elsewhere in the country. Such nationalists then make the case that their full cultural identity can only be realized through a separation from Spain. Precisely the same argument has been made by nationalists in Ukraine.
A better model for developing linguistic harmony might be Canada, where English overshadows French culture in a manner very similar to the way Russian does in Ukraine. In Canada regional language laws are applied asymmetrically. Most provinces are officially English speaking, but provide some services in French; the province of Quebec is officially French speaking, but provides some services in English; just two provinces are officially bilingual. Official bilingualism at the national level, however, guarantees everyone equal access to key federal services wherever they may live, and is widely credited for having preserved national unity.

A constitutional reform that addresses the language issue in a way that will guarantee equal rights for all Ukrainians, regardless of where they reside, would thus seem to be the best way to foster both unity and equality. Ideally, it should include a statement about the cultural rights of all citizens that, while guaranteeing an individual’s right to his or her cultural, linguistic, or religious heritage, would avoid linking these with citizenship or national identity.

In sum, when proposing constitutional reforms it is important to keep two points in mind. First, security and cultural identity are inextricably connected. It is therefore no coincidence that decentralization, language, and religion have been driving forces in this rebellion.

Second, the views of the parties have become so polarized during this conflict that no agreement will ever fully satisfy their mutually exclusive visions of Ukrainian identity. The better option is therefore replacing the current emphasis on building a distinctive Ukrainian cultural identity with an emphasis on building an inclusive Ukrainian civic identity.

Such an approach should satisfy the key external parties as well. The stated objective of Russian policy in Ukraine is to safeguard the rights of Russian-speaking citizens. Although Russia would prefer a federal solution, by signing the latest protocols adopted in Minks on February 12, 2015, it has accepted “deep decentralization” as sufficient, provided that the regions directly affected have a voice in the constitutional reform process.

In theory, this approach should also be supported by the EU, which has always placed special emphasis on minority rights. As then president of the European Commission, Romano Prodi, stated in the programmatic speech that led to the creation of the European Neighborhood Policy:
“The Union makes borders less meaningful, so being a minority within a single Member State is less of a problem. In our Union, everyone is -- in a sense -- in a minority. And in our Union, no state can lord it over the others. Fundamentally, no religious, ethnic, cultural or other component must be able to dictate to others, but all must have equal dignity. That is why I call our Union a ‘Union of minorities’.”

The key external actors therefore have good reason to apply their full efforts to achieving a constitutional accord that focuses not just on the narrow issue of regional autonomy, but also provides a comprehensive settlement of the cultural issues that have for too long been the “third rail” of Ukrainian politics.

**Part II: Making Ukraine’s Economic Recovery an International Project**

Even if a constitutional settlement is achieved, however, Ukraine will remain a source of global conflict between the West and Russia, as it already was before the onset of the current crisis. The current crisis has only intensified the existing conflict, with many Western officials now echoing the sentiments of Ukrainian politicians who place Ukraine at the center of a twilight struggle with Russia for the salvation of Western civilization.

Any long term solution must therefore also channel relations between Russia and the West into a new and more constructive pattern. A good way to do this would be to make Russia an integral part of the West’s overall strategy for Ukraine’s political and economic survival.

It must first be acknowledged that Ukraine’s economic survival depends not on Western bailouts, but on renewing Russian investments there. This point was reinforced recently by a World Bank report that projected deep cuts in Ukraine’s GDP in 2015 because of the deterioration in its trade relations with Russia.

In fact, in the current context Russian economic investment and support has become more vital to Ukraine. As one recent study notes, despite temporary tariff preferences introduced last year to encourage Ukrainian exports to the EU, many regions of Ukraine are now more dependent on Russia than they were a year ago.

And as the Ukrainian economy continues to shrink, more and more families find themselves relying on remittances from migrant workers, the majority of whom still find work in Russia.
The Ukrainian government has responded by severing even economically sensible ties with Russia, thereby damaging the country’s economic recovery, and further alienating the population in the more industrialized regions of the country. Western governments should follow the lead of the IMF and the World Bank, and insist that economic rationality take precedence over economic nationalism. Simply put, this means publicly recognizing Russia’s enduring importance to the Ukrainian economy.

Since stabilizing the Ukrainian economy is a task that Western financial institutions cannot afford on their own, securing Russia’s assistance offers a rare opportunity for practical cooperation. Since the collapse of Ukraine is something that both Russia and the West say they are eager to avoid, it makes eminent sense to forge a clear program for the economic recovery of Ukraine that Russia and the West can implement together.

By demonstrating political maturity, overcoming the Ukrainian government’s ideological resistance to Russian investment in Ukraine would also go a long way toward restoring international investor confidence in the country. In the long term it might even lay the foundation for transforming the current Eastern Partnership program from its current confrontational “two against one” stance, into a trilateral EU-Russia-Ukraine partnership. This would be consistent with the long term strategic objective of reducing tariff barriers between with European Union and the Eurasian Union, which was proposed by Russian president Putin in 2010, and recently revived by German Chancellor Merkel.

Conversely, if Ukraine’s markets with Russia are not preserved, warns pro-Maidan political analyst Vadim Karasyov, Ukraine could simply lose its industrial base which is heavily dependent on the Russian market. “A one-time great industrial power,” he writes, would then “end up joining Europe as an agricultural country.”

Conclusion: Bringing Ukraine Back into Focus

All of the above of course presumes that the parties in the conflict actually wish to work out a mutually acceptable compromise. While the latest protocols to the Minsk Accords suggest that such a willingness exists on paper, it is still not clear if there is in fact sufficient political support to implement them.

The Ukrainian parliament, for example, has recently passed legislation that calls into question its willingness to countenance true autonomy, which is a sine qua non for Donbass. For its part, some Donbass leaders continue to argue for a campaign to liberate Kiev and thus expand the civil war.
Another troubling trend is the persistent desire to write one’s political opponents out of Ukrainian history. As Ukrainian historian Egor Stadnyi points out, such efforts to legislate the “correct” interpretation of history have more in common with the Soviet era than with contemporary Europe.

This brings us to the core impediment to resolving the crisis—the absence of a true dialogue among Ukrainians. Such a dialogue is absolutely essential if Ukraine is to develop a unifying civic culture that encompasses both its Russian and Ukrainian speaking communities.

While many useful institutional and constitutional reforms can be proposed, none of this will matter if Ukrainian elites persist in trying to promote national unity by imposing highly divisive national symbols, rallying around an “eternal enemy” (Russia), and insisting on a new national identity as a litmus test of loyalty. This can only lead Ukraine back to the two options envisioned by Huntington—separation or suppression.

The way out of this conundrum is to change the political discourse from one that focuses on the differences between Eastern and Western Ukraine, into one that highlights what they have in common.

To accomplish this, however, important constituencies in Western Ukraine will have to give up their dream of a Ukraine that is Russia’s perennial nemesis, just as their counterparts in Eastern Ukraine will have to give up their dream of Ukraine someday re-forging a common state with Russia. But, while acknowledging, as the former president of Ukraine Leonid Kuchma wrote in his famous 2003 book, that “Ukraine is not Russia,” it would be foolhardy to ignore that it has profound religious, cultural, and historical ties with Russia.

Given Russia’s nearly ubiquitous cultural presence in Ukraine, building a Ukrainian national identity at the expense of Russian would be like trying to build Canadian identity around anti-Americanism and a refusal to speak English. Even if it could somehow be done, the social, psychological, and economic scars left by the process would last for generations.

In the long-run, therefore, Ukraine will thrive only if its bicultural and bilingual identity is seen as a source of strength, rather than as a weakness to be eradicated. External actors who seek to promote a viable and sovereign Ukraine should therefore do everything in their power to promote a political settlement on principles of mutual cultural respect, since this is the best hope for preserving Ukrainian statehood.
Unfortunately, there are many in West who believe that acknowledging even the legitimate grievances of Eastern Ukrainians is somehow tantamount to “rewarding Russia.” They have lost sight of what is in the best interests of Ukraine, because their focus is on Russia. Western analysts can bring Ukraine back into focus by doing four things.

First, stop talking about Ukrainian identity as if it were a monolithic concept, rather than two closely related, but distinct, cultural heritages.

Second, oppose attempts to ignore or minimize the importance of the Russian cultural component of Ukrainian national identity. Historically such efforts have always resulted in bloodshed.

Third, stop trying to force Ukrainians to choose between Europe and Russia. Instead, adopt a broader view of European identity that accepts both Russia and Ukraine as quintessential parts of Europe.

Finally, recognize that all actors share a common interest in resolving this crisis through a direct dialogue of the conflicting parties. Tension between Russia and the West merely allows domestic actors to lobby external patrons for support, and avoid the direct negotiations that must precede any peace settlement.

“The cold peace was always pregnant with conflict,” Richard Sakwa writes, “and it has now given birth.” Similarly, a resolution of the current conflict in Ukraine also contains the potential for resolving the broader geopolitical conflict between Russia and the West. All that remains to be seen is whether current political leaders are any better than their predecessors at recognizing this potential, and at preventing another division of Europe.

Footnotes


6. Ibid.

7. Ibid., p. 137.

8. Ibid., p. 139.


11. This does not appear to be true for Crimea, which is the only region of Ukraine where a majority of the population identifies itself as ethnically Russian. Konstantin Kosaretsky, “German sociologists on Crimea’s choice,” Oriental Review, February 10, 2015. http://orientalreview.org/2015/02/10/german-sociologists-on-crimeas-choice/.


Economic assistance: consensus needed for reform

Elina Kyselchuk

The on-going conflict in the Donetsk and Lugansk regions of Ukraine has been detrimental to the country's economy in the last two years. Despite the fact that the Ukrainian government is taking active steps to implement progressive reforms, stabilize the financial crisis and grow the economy, the country is facing recession. The main problems for the Ukrainian economy are substantial current account deficit, billions of dollars of external debt\(^1\) and low foreign exchange reserves.\(^2\) Furthermore, conflict caused a significant decrease in private capital inflows in the form of foreign direct investments and private credits. Ukraine now more than ever needs economic and financial support from the West in order to create conditions for a successful implementation of the reforms.

However, one of the key elements in making Ukrainian recovery a success remains the position of the Russian government. Over the last decade, the Russian government has been actively trying to undermine Ukraine’s attempts to re-orient itself towards the European Union and build a strong democratic society. It is true to say that Russia was quite successful in achieving this goal: despite the extensive cost of military support of separatists, Western sanctions and overall financial crisis, Russia has suffered substantially less economic damage than it has inflicted on Ukraine.\(^3\) It is absolutely vital for any potential improvement in Ukraine that Russia stops destabilization in the Donetsk and Lugansk regions, eases tariffs and sanctions and cooperates with the West in order to prevent Ukraine from default. Therefore, both Russia and the West together should develop a solution that would address both the current political and economic crisis in short term and, in the long-term, restore the economic growth of Ukraine. This analysis will first describe the current economic situation in Ukraine before discussing the reforms which Ukraine must take, the financial aid which has been provided by the West, whether it is sufficient and what still needs to be done. Finally, attention will be drawn to the Russian role and contribution to the Ukrainian recovery, as well as its cooperation with the West.

International observers\(^4\) and Ukrainian authorities continue to report that the Minsk Agreements\(^5\) and the ceasefire are not being observed by separatists supported by Russia. The conflict disrupts industrial production, exports, and imposes broader indirect costs by undermining investor and consumer confidence. The Ukrainian Finance Minister, Natalia Jaresko, estimates that Ukraine spends around USD 5-7 millions daily to fight the war against separatists.\(^6\)
The conflict has destroyed infrastructure and production in the east; it also created hundreds of thousands of displaced persons. The Ukrainian currency, hryvnia, became the world’s second-worst performing currency last year.7 The currency devaluation has caused significant decline in consumption and investment and the country’s banking system has essentially collapsed. The National Bank of Ukraine has lost almost a third of its reserves and stopped currency interventions in early 2015.8 This led to another wave of pressure on the local currency. All of these factors are likely to have longer-term economic impact on economic growth in the next five-six years.

Despite all the challenges caused by the conflict and weakened economy, Ukraine has a real chance to make a successful recovery. The World Bank report states that, while the real GDP is going to decline by 7.5 % in 2015, it may reach gradual recovery in 2016 if the conflict abates and authorities continue implementing macroeconomic and structural reforms.9 The Ukrainian government should focus on three main objectives. Firstly, it should use the financial aid already received from international financial institutions10 to stabilize the current financial situation.

Secondly, it should focus on the recovery and development of a new banking system and, in particular, building up National Bank of Ukraine’s international reserves to prudent levels. Finally, the government should implement significant structural reforms of the economy, aimed at fighting the corruption and monopolization, improving the business environment in order to enhance the productive potential of the economy and attract investments. The new government elected in 2014 has strong pro-European views on the country’s development. It has already taken a number of initial measures and developed a promising reform agenda for 2015–18, approved by the International Monetary Fund. The reforms cover fighting against corruption, balancing the country’s fiscal budget deficits, particularly by reducing subsidies on gas consumption and restructuring the government’s large external debt.11 The ‘Revolution of Dignity’ of February 2014 drastically changed the Ukrainian civil society and Ukrainians will make every effort to ensure that the new government delivers the reform agenda.

Corruption and poor governance remain significant obstacles in the development of the Ukrainian economy and may substantially diminish the positive effect of international support. According to IMF research, the shadow economy constitutes around 50% of Ukrainian GDP.12 Thus, the system, through which the former president of Ukraine, Viktor Yanukovych, was able to withdraw nearly USD 37 billion, must be demolished to the core.
European leaders also emphasise that Ukraine should accelerate reforms in public administration and civil service, reforms in election and judicial systems, constitutional reforms in the prosecution system and business liberalization.\textsuperscript{13} These reforms are necessary to accelerate foreign investments and revive growth. Only a combination of strong economic reforms inside the country and external financial assistance can bring a positive outcome.

The international community has already recognised the need for giving political and economic support to Ukraine. Since the beginning of the crisis in early 2014, the European Commission has provided around EUR 2 billion of financial assistance in the form of low-interest loans and grants.\textsuperscript{14} On 8 January 2015, the Commission issued a proposal for a new Macro-Financial Assistance (MFA) programme for Ukraine of up to EUR 1.8 billion,\textsuperscript{15} and on 15 April 2015 the European Parliament and the Council officially adopted the Decision on the third MFA programme for Ukraine.\textsuperscript{16} On 22 May 2015, Ukraine and the EU jointly signed a Memorandum of Understanding outlining the policy programme attached to the MFA operation.\textsuperscript{17} This programme covers a broad range of areas, including governance and transparency, public finance management, the energy sector, business environment and the financial sector. On 12 February 2015, the reform programme was supported by a USD 17 billion assistance programme\textsuperscript{18} and USD 7.5 billion bilateral aid. The IMF estimates that the total commitment to Ukraine could come to USD 40 billion.\textsuperscript{19}

While the current package of financial assistance provided to Ukraine will help to solve the immediate problems, it is not enough to stimulate economic growth in the country. Ukrainian Finance Minister Natalia Jaresko, after meeting US Treasury Secretary Jack Lew, said: “The package that we have is going to stabilize the financial banking system, but it’s not enough to seriously restart growth and promote growth”. Taking into account Ukraine’s debt problem, the overall funding is still rather modest and is unlikely to solve long-term problems. The main issue is that the IMF is limited to budgetary support: it can only provide short-term and medium-term loans, while Ukraine desperately requires long-term investments.

The European Union and United States are capable of providing Ukraine with such support, but it seems that they are not willing to take the risks. Ukraine’s economy will not be able to recover in full without a much bigger, long-term investment programme.\textsuperscript{20} Ukraine’s economy survival is a strategic imperative for the West, therefore Ukrainian leaders hope for a further assistance.
Supporting Ukraine will bring geopolitical benefits, as was pointed out by the Ukrainian Finance Minister: "No one is paying more to protect the world from a nuclear power that is an aggressor than Ukraine…If, for whatever reason, one of our partners is not willing to come up with, or not able to come up with, defensive military support, then provide us with financial support.”

Another important dimension of the Ukrainian economic crisis is cooperation between the West, Ukraine and Russia. It seems quite difficult to establish a diplomatic dialogue with the Russian government, in the light of the unstable outcome of the Minsk Agreements, but it is vital for the future recovery of the Ukrainian economy. Russia, together with the EU, would have to come to an actual agreement in respect to the crisis in Ukraine. Russia would have to make assurances in respect to its non-intervention in the conflict as well as the political and international affairs of Ukraine. On the other hand, the West would have to assure the Russian government that the vital Russian interests in the region will be preserved. Economic aid should be one of the most important matters on the agenda. While the US, Europe, and the IMF continue to provide financial assistance to Ukraine, there is a need for a comprehensive package provided by both Russia and the West. Anton Siluanov, a Russian politician and economist, stated that the Russian government transferred to Ukraine USD 13.75 million under the IMF financial assistance programme in accordance with its obligations as a participant. However, it is difficult to define this as a substantial economic support. Russia has been also very active in sending humanitarian help to the east of Ukraine. However, Ukrainian government, together with international observers, are quite sceptical with respect to such aid and consider it as a potential military support to pro-Russian separatists.

On the other hand, the tension in the Donetsk and Lugansk regions has been decreased. Many experts agree that Russia does not intend to escalate the conflict further in those regions or even to support an establishment of "Novorossiya" state in the occupied territory.

It seems possible that these regions may continue their existence in the form of frozen conflict territories, similar to Transnistria, Abkhasia or South Ossetia. It is vitally important for the West to prevent the creation of another “frozen conflict” in Europe. On the other hand, this may be better than the open conflict and may provide the country with the first step towards a restart of investment and economic growth. According to a social survey, many Ukrainians believe that the best way to resolve the conflict is to negotiate a settlement with the separatists and Russia.
However, at the same time, the majority of Ukrainians prefer Ukraine to remain a united country (85%) rather than allow regions to secede (10%). This view may conflict with that of the Russian government. Therefore, the settlement of the conflict will require further diplomatic, economic and financial efforts and cooperation.

The Russian government could make concessions regarding the Ukrainian bonds which Russia bought from Ukraine under former Ukrainian President, Viktor Yanukovych. At the moment, Russia continuously insists on full repayment of Ukraine’s debt of USD 3 billion bailout bond, emphasising that any missed payment would amount to “default”. This may lead to Ukraine's USD 17 billion IMF bailout effectively being frozen due to the fact that the country defaulted on official debt. Ukraine could potentially start legal action against the validity of the bond and prove that it should not be considered as official debt due to its political nature. However, Ukraine will need to use IMF funds during the time of proceedings on the bond, and it is not clear what would be the decision of IMF in those circumstances. Thus, the Russian concession could become the first valuable step in the area of its financial assistance to Ukraine and restoration of its relationship with the West.

The other step would be to establish more beneficial terms on Ukrainian energy debts, as Ukraine would be able to use these funds to address the current economic crisis. In return, Ukraine would be able to guarantee Russia’s continued access to the energy delivery infrastructure and Ukrainian export market. It is also important to Ukraine to restore stable trade relations with Russia, as reorientation of Ukrainian exports towards other markets will require more time and investments.

The recovery of Ukrainian economy is under substantial risk. The Ukrainian economy requires valuable financial assistance in the form of both short-term and long-term investments. However, even if sufficient funds are provided, it may prove useless if the conflict in the east is not settled or, even worse, further escalates. This may deepen the already drastic economic decline in 2016 and delay recovery over the next five to six years. Furthermore, the financial assistance must be supported by a strict implementation of structural reforms by the Ukrainian government. The success of such financial aid will depend on broad debt restructuring and maturity extensions. The country has suffered a detrimental financial and banking crisis combined with the damage to infrastructure, lower exports, high defence spending, and deterioration of consumer and investor confidence.
However, structural reforms, which are crucial to sustain the recovery of Ukrainian economy, may be complicated by an unstable political environment and, in particular, tension in relationship with Russia. Ukraine, the West and Russia must come to an actual dialogue establishing clear political and economic measures aimed at the actual settlement of the crisis. Russia will clearly not take the necessary steps to assist Ukraine out of good will. Therefore, any changes in its policy will only come about if they are bringing benefit to Russia too. Russia desperately needs European capital, energy market and its modern technologies. The key leverage with Russia is its desire for an effective economic relationship with the West and EU. The parties should transparently cooperate with each other in order to reach an agreement establishing pragmatic, efficient confidence-building measures, acceptable to everyone. Further conflict will continue to harm Ukraine. Whilst the ultimate goals of Russia and Ukraine seem incompatible, the parties should seek consensus rather than victory. There is a real chance to reach a consensus if the parties first and foremost focus on financial and economic needs.

Footnotes

1. Ukraine’s creditors must share the country’s pain, Financial Times, 11 June 2015, available at: http://www.ft.com/cms/s/0/949628a4-102a-11e5-bd70-00144feabdc0.html#ixzz3dDdZdr2C


4. Latest from OSCE Special Monitoring Mission (SMM) to Ukraine based on information received as of 19:30 (Kyiv time), 14 June 2015 available at: http://www.osce.org/ukraine-smm/164491


24. Ibid.


28. ibid.


30. www.ft.com/cms/s/0/949628a4-102a-11e5-bd70-00144feabdc0.html#axzz3dDE9Xxgf
Final remarks
Adriel Kasonta

As the Washington Consensus floundered a little in the late nineties, one of its stock phrases, “the Civil Society”, devalued along with a number of emerging markets currencies. By 1998 Russia was left on its own to grapple with economic problems not really of its own making. But in 2003, resource prices began to explode as markets started taking Chinese economic growth seriously. Russia and Ukraine were rapidly recovering in line with prices for crude, iron ore and coal.

Oil prices doubled and Moscow’s economists began to consider systems which had simply been unaffordable a few years before; the evident economic success of non-democratic China convinced many of them that dropping some of the features of Western democracy in favour of a more centralised approach could be right way to go - especially if it meant they could be hearing less advice from the West.

The effectiveness of advice-giving generally depends on the way that it’s given and what it’s in response to. In the 1990s it was indeed solicited by Russia; a burst of mutual goodwill at the end of the Cold War set the stage for government-sponsored initiatives designed to consult and support Russia’s transition to a market economy. But as the years passed, Russia found that it could afford - as usual - to adapt to circumstances in its own way and in its own time.

Russians are, as Pawel Rojek points out in his “Understanding of the Russian Soul”, quite simply different; whether they opt for “Insularism” or “Eurasianism”, they distinguish themselves as a nation wanting to forge its own way, without the instructions from abroad - even when they’re well-meant. After all, Soviet ideology successfully bound society together without the Civil Society which Marx said was just a representation of the bourgeoisie. Soviets understood what kept them united - collective responsibility was after all what produced the successful struggle against fascism.

Helping to hold society together in the latter part of the Cold War was the real or perceived threat from abroad, which incidentally reminded those who occasionally forgot of the sacrifices made by Soviet people in WW2. The “enemy at the gate” was, and still is, a powerful distraction, binding disparate groups together against a common threat.
But if the issue is more specifically about how to bring nationalities together without the rattle of a military band, then perhaps the Copenhagen School referred to in Nicolai N. Petro’s “Bringing Ukraine Back into Focus”, might be an easier route to stability: “States are better off if they anticipate the needs of their minorities before they can be undermined by them”. Petro argues convincingly that it may be much better for all concerned if less time was spent on looking for collective images to unify states and more time was allowed for nationalities to express their own identities.

Starting at the top of the list, this might involve taking stock of media programming and education, not just in Ukraine, but around the world. It could be revealing to compare Ukraine’s spending on Russian TV programming with Kazakhstan’s, or for that matter, Canada’s official French language educational output with the Spain’s output on education in the Catalan language. Specific data of this kind would be useful in exploring for any correlation with distress among minorities.

It might also be helpful to examine how shifting some power geographically out of capital cities has helped to spread administrative power across countries more evenly. Some “bicultural" countries have certainly benefitted from seeing some of their governing institutions moved to more central locations where they can draw on a broader representation of nationalities. It is indeed gratifying to read Nicolai N. Petro quoting President Poroshenko of Ukraine, saying “reform must now be based on deep decentralisation".