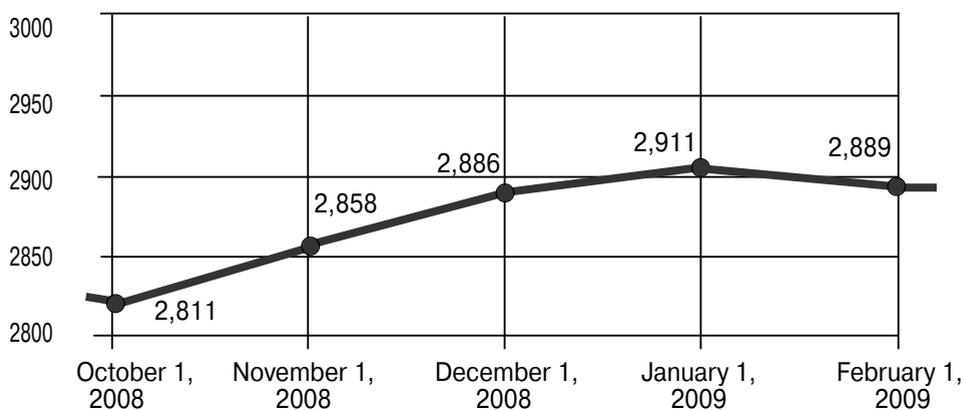


Figure 1. The *iSi* International Security Index (October 2008 – February 2009)



- ➔ **Albert Zulkharneev. INTERNATIONAL SECURITY INDEX – THE FLUCTUATIONS IN THE TIME OF EXPECTATIONS.**
- ➔ **Yury Fedorov. A VIEW BY A RUSSIAN LIBERAL: “IT ALMOST STARTS... WORLD POLITICS ENTERS A NEW PERIOD.”**
- ➔ **Dmitry Evstafiev. A VIEW BY A RUSSIAN CONSERVATIVE: “WORLD POLITICS IN TIME OF UNCERTAINTY.”**
- ➔ **Marian Abisheva, Konstantin Eggert, Dayan Jayatilleka, Abdulaziz Sager, and Yevgeny Satanovsky. COMMENTS BY MEMBERS OF THE INTERNATIONAL EXPERT GROUP**





**THE *iSi* INDEX IN DECEMBER 2008 – FEBRUARY 2009:
INTERNATIONAL SECURITY INDEX (*ISI*) –
THE FLUCTUATIONS IN THE TIME OF EXPECTATIONS**

The reality of the global economic crisis, another war in the Middle East, growing tensions in South Asia and worrisome expectations of uncertain changes with the minimum of symbolic meetings and promising but fruitless declarations determined the dynamics of the *iSi* in November 2008 – January 2009. During this period there was no progress on the Korean or Iranian nuclear issues.

The fluctuations of the index indicate some traditional growth at the end of the year, which was replaced with the downturn trend – on February 1, 2009 it decreased to 2,889.

- **Global economic crisis**, as well as negative development forecasts for 2009, was one of the factors affecting public wealth in the world. Investment activities went down, production stalled or is being cut off, unemployment is increasing and the revenues rapidly decrease. The most affected industries are construction, car-building and machine-building in general, metallurgy followed by nearly all other sectors of global economy. The governments do their best to undertake national efforts and improve the situation. Central Banks reduce discount rates, billions of dollars and euro are spent to support the industries and to promote household expenditure. The participants of the G-20 summit in Washington pledged on November 15 their commitment to market economy and agreed on the need to reform the global financial system – the new meeting is scheduled for April 2009.

A serious blow for energy exporters was the sharp decline in the oil prices. By late December a barrel of *Brent* cost \$45.59 and *Urals* – \$32.42. The OPEC decided in December to cut down the production quotas and this step was backed by Russia and Azerbaijan. The consolidation on the gas market is also under way – on December 23, 2008 Moscow hosted the summit of gas exporters and established the appropriate international structure.

As a result of economic hardships, some countries had to face political instability and massive rallies and social unrest. The culminating point of the anti-government demonstrations in Thailand was the seizure of the international airport in Bangkok on November 25, 2008 which led to the disbandment of the ruling party and the ban on political activities for Prime Minister Somchai Wongsawat. On December 15 the country elected a new leader – Abhisit Vejjajiva.

All December unrest in Greece was terrorizing the country – it started with the killing of a teenager by police. People demanded for the changes in economic policy of the government during the crisis.

- **Middle East**. The year after the launch of the peace process in Annapolis a new war broke out between Israel and *Hamas* (which is not involved in the process of settlement). The outcome of confrontation is a humanitarian catastrophe in Gaza. On November 5, 2008 after the resumption of missile strikes of the Israeli territory all borders were closed. On December 19 *Hamas* left the truce; on December 27 Israel began air strikes of the enclave and on January 3 launched an offensive *Cast Lead* on the ground. According to the Palestinians, by January 11 over 700 people have died, most of them are children. The Security Council adopted a resolution urging the parties to come to ceasefire. However, Israel is willing to complete the operation and put an end to missile attacks. The crisis was preceded with timid attempts to resume the peace dialogue – ex-U.S. President Jimmy Carter met in Damask *Hamas* leader Khaled Mashal and on December 16 the UN Security Council approved the resolution reiterating the advisability of continued peace efforts.

- **South Asia**. Terrorist activities in India, instability in Pakistan and the remaining probability of new conflict between these *de facto* nuclear weapon states have negative

impact on global security. On November 26 the attack by 20 terrorists against hotels and other facilities of Mumbai – one of the largest cities in India – led to over 200 in casualties. According to the Indian investigation authorities, terrorists arrived by sea from Karachi. Islamabad pledged its readiness to cooperate in investigation, but refused to extradite the suspects. Bilateral relations deteriorated and in late December both parties reinforced their groupings along the *Line of Control* in Kashmir. However, in early 2009 tensions eased and New Delhi and Islamabad conducted regular exchange of information on nuclear facilities on January 1, 2009.

A positive factor for regional security is the end of state of emergency in Bangladesh, which lasted for two years. The country eventually had its democratic parliamentary elections.

- ❑ **Europe and the post-Soviet space.** Georgia and Ukraine found themselves in the focus of the European security agenda. On November 18 and December 18 Geneva hosted the second and the third round of security discussion on the situation in the South Caucasus. The parties have managed to overcome procedural issues and start the work in groups on security and on refugees. However, so far there is no visible progress achieved. The next round should take place on February 17–18, 2009.

NATO Foreign Ministers at the summit approved the annual cooperation plans for Georgia and Ukraine instead of expected Membership Action Plans (MAPs).

Despite some positive reports, the OSCE ministerial meeting indicated that most of the member states were quite skeptical about Russia's initiative on negotiating a new European security agreement.

The influence of Russian-Ukrainian relations on actual security of Europeans was clearly demonstrated by the New Year gas crisis, which already becomes a good tradition. After the failure of the December talks on gas prices Russia suspended supplies to Ukraine on January 1, 2009. As a result, on January 6 the Russian gas was no longer transferred to Bulgaria, Hungary, Turkey, Greece, Serbia, Slovenia, Slovakia, and Romania, the supplies to France, Austria and Germany decreased. On the next day Ukraine halted the transit of gas to Europe and *Gazprom* stopped to send gas to Ukrainian pipelines. The cuts coincided with the freezing outside temperatures. The Russian government emphasizes economic reasons underlying the conflict and high degree of criminalization of power in Ukraine and "inability of its leadership to solve economic problems". Europe had to intervene and the agreement was eventually reached. Meanwhile, Ukraine itself faces a new spin of economic and political instability.

One of the positive factors is a gradual settlement of situation in Kosovo. On December 9 the EU rule of law mission (*EULEX*) began to work in the region with the consent of Serbia. On November 2 the leaders of Azerbaijan, Armenia and Russia signed in Moscow the declaration on peaceful resolution of the conflict in Nagorno-Karabakh. On December 24 President of Moldova Vladimir Voronin met Transnistrian leader Igor Smirnov.

- ❑ **Africa.** Eastern provinces of the Democratic Republic of Congo continue to suffer from ongoing fighting between the government forces and the rebels led by Laurent Nkunda. According to the UN data, over 250,000 people fled from large-scale violence in late August – early December 2008. The hostilities impede the humanitarian action by the United Nations and other organizations. The UN Security Council decided to increase the 17,000-strong peacekeeping force by another 3,000 soldiers. The EU has not yet decided on sending the troops to the region.

In late November ethnic bloodshed occurred in Jos in Nigeria. The situation is unstable in Guinea, where the military captured the power after the death of President Lansan Conte. The situation in Zimbabwe is no better.



Failed state in Somalia cannot effectively fight the piracy in its territorial waters. On November 15 the pirates seized MV *Sirius Star*, a supertanker from Saudi Arabia (released on ransom on January 9).

On November 20, December 2 and 16 the UN Security Council passed three resolutions on this matter enabling the cooperating parties to destroy the infrastructure of the pirates in the sea, on the ground and in the air of Somalia. The area is patrolled by the Navies of the United States, China, Russia, and other countries. The EU naval mission operates in the region, the League of Arab States is setting up a similar unit.

- ❑ **The Obama victory** in the United States had positive response from the international community, which expects some changes in the foreign policy of the only superpower. Leaders of Iran, Cuba and Syria declared their readiness for the dialogue with the new U.S. leader. Obama's statements concerning potential negotiations with Iran without preliminary conditions are also welcomed. Russian President Dmitry Medvedev hoped for improving cooperation with the U.S. administration, but also announced probable Russia's response to the U.S. missile defense deployment in Eastern Europe, including the stationing of Iskander missile systems in the Kaliningrad Region.

Albert Zulkharneev



IT ALMOST STARTS ... WORLD POLITICS ENTERS A NEW PERIOD

The global financial crisis and the recession it has triggered took the center stage in world affairs in the last few months of 2008. The situation is unlikely to change in 2009. All the key political and strategic problems that only recently occupied the headlines have now been sidelined. That includes future U.S. troop withdrawal from Iraq, Iran's nuclear ambitions, instability in Pakistan, Russia's incursion into Georgia, growing tension in Europe over Moscow's plans to deploy missiles in Kaliningrad region, and the persisting threat of international terrorism. Meanwhile, the monstrous act of terrorism in Mumbai could well have triggered a new war between India and Pakistan, this time a nuclear one perhaps.

The amount of attention paid to the ongoing economic crisis is understandable and well deserved. A collapse of the world financial system would be much more ruinous than even the Great Depression, with all inevitable economic and political fallout. That is why stabilizing and restoring the health of the world financial markets and key banking institutions is a matter of utmost importance and urgency. Against this backdrop, even the change of the U.S. administration is viewed primarily in the context of Barak Obama's and his team's ability to cope with the economic downturn. But when the global financial crisis starts to abate, the old strategic and geopolitical problems will come to the fore once again, undiminished and possibly even more severe than ever. That is why the current situation is being made use of by the Iranian leaders with their nuclear arms aspirations, by the numerous Marxist radicals and leaders of Islamic terrorist groups, by pompous Latin American caudillos and other political buffoons as well as their sympathizers among Russian politicians, sloganeering about Russia *rising from its knees*. There are all trying to seize the opportunity and boost their standing both domestically and internationally, while the attention of the world leaders is fixed on the financial crisis.

HARBINGERS OF A NEW TECHNOLOGICAL REVOLUTION

Reams have already been written about the causes of the global financial crisis and ways of overcoming it. Most experts agree that the world financial system will recover within the next two or three years, although the road to recovery will be painful and the consequences of the crisis hard to predict. But it can be safely assumed that the trade in derivatives¹ will be curtailed and that there will be a serious revision of credit policy, with more stringent requirements to borrowers and a general reduction in consumer lending (including mortgage lending). That will

lead to a major shift in the pattern of consumption. The consumerist society that has taken shape in the West over the past 30 or 40 years may well be replaced with a more rational and balanced model of economic behavior. The consumerism and hedonism of the last third of the 20th century will be pushed aside by the traditional, even conservative, bourgeois values: frugality, moderation, common sense and personal responsibility.

But that is only one aspect of the ongoing crisis – the most obvious one but not the most important. According to Sergey Glazyev, a well-known Russian economist, “the leading economies have entered the phase of restructuring: a new technological foundation of the economy is being laid. <...> Every time a technological foundation is replaced and one long wave makes way for the next one, the capital invested in the industries that are becoming obsolete loses its value. Some of it flees to be poured into financial speculations, some of it is simply destroyed, and some is invested in new technologies.”² The core of the new technological foundation is nanotechnologies, bionanotechnologies, genetic engineering and healthcare. According to Glazyev, the global financial crisis will end when the capital released from the obsolete industries (and partly destroyed in the speculative bubbles) finds its way to the industries based on the latest technologies. “In three to five years’ time, the leading economies will be at the beginning of a new long wave, and we will enter another decade of economic growth.”³

In other words, Glazyev rightly believes that in a healthy market system, a crisis *burns out* those segments of the economy that are unable or unwilling to make use of new technologies and therefore stifle economic renewal. That is accompanied with the liquidation or shrinking of the part of the financial market that works with overvalued or unsecured assets. So just like the previous crises, the current one is a harbinger and an impulse for a new technological revolution, which will usher in a new industrial foundation and a reformed financial system that serves it, primarily the banking system. That revolution will happen at the beginning of the next decade in the developed world, and on a scale comparable to the last revolution of the late 1980s-early 1990s, which was based on the mass application of information and computer technologies.

The revolution will also usher in a new international hierarchy based on the nations’ creative, scientific and technological potential. The countries that offer the best opportunities and climate for the development and practical application of new technologies will be on top in the international pecking order. These include the United States – the world leader in research and development – as well as some European nations and Japan. One level below them will be the countries that successfully apply new technologies in mass production. These will include among others such countries as South Korea, China and India. On the third rung of the ladder will be the countries that excel in the area of recreation, transport and intermediary services, including financial services. The fourth will belong to the suppliers of natural resources and low-added-value products. And at the very bottom will be the *failed states*, unable to exist as independent entities and sinking into chaos, violence and civil wars.

The countries on top of the international pecking order will also see another revolution in military technology. It is next to impossible to predict the shape of that revolution. The effectiveness of new weapons systems in fourth-generation wars and conflicts, or their ability to neutralize the traditional nuclear-missile arsenals created in the last quarter of the 20th century is open to debate. But there is no doubt that the next technological revolution will have a profound effect on military technology and on strategic doctrines.

OIL PRICES AND GEOPOLITICS

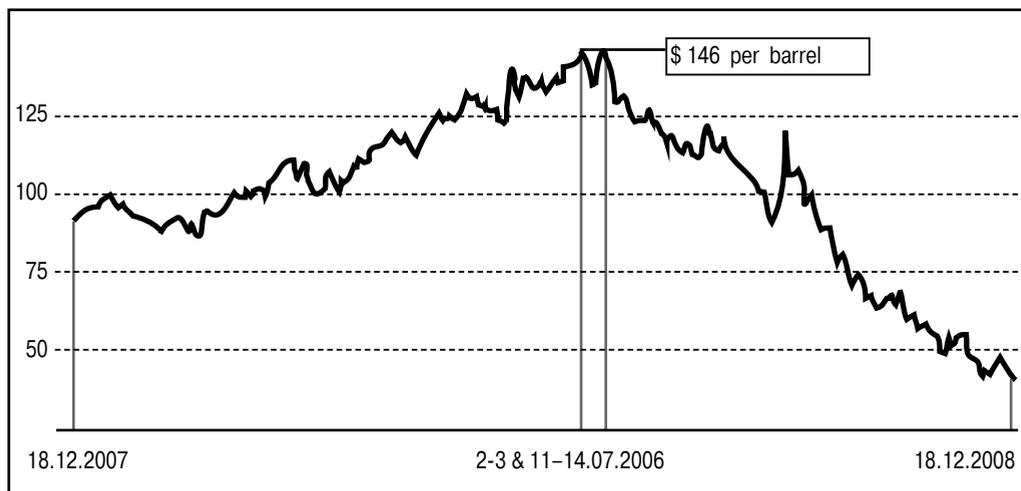
The unprecedented collapse of the oil price in the second half of 2008 is one of the key consequences of the global crisis. The Light Sweet futures in New York fell to \$36.7 a barrel on December 18, 2008. That is just a quarter of the price oil had been trading at only five months earlier. All the price forecasts made last summer have turned out to be wide of the mark, confirming once again that predicting the oil price is more properly the domain of astrologists and Tarot card readers than geologists, engineers or economists.

There are, however, several observations that can be made. Over 14 years from 1986 to 1999, inflation-adjusted oil prices were fairly steady as against the previous 14 years. They mostly



stayed in the range of \$19–20 a barrel (in current prices), bottoming at \$13 in 1998 and peaking at \$24 in 1990. In 2006-adjusted dollar prices, the price of oil was slowly declining over that period. That relative price stability had held for so long because the key factors that determine the oil price were more or less steady and within the range that ensures the normal functioning of the global oil industry. Those factors include production and transportation costs, investment in exploration and development of new oil fields, profits of the oil companies and the balance of supply and demand.

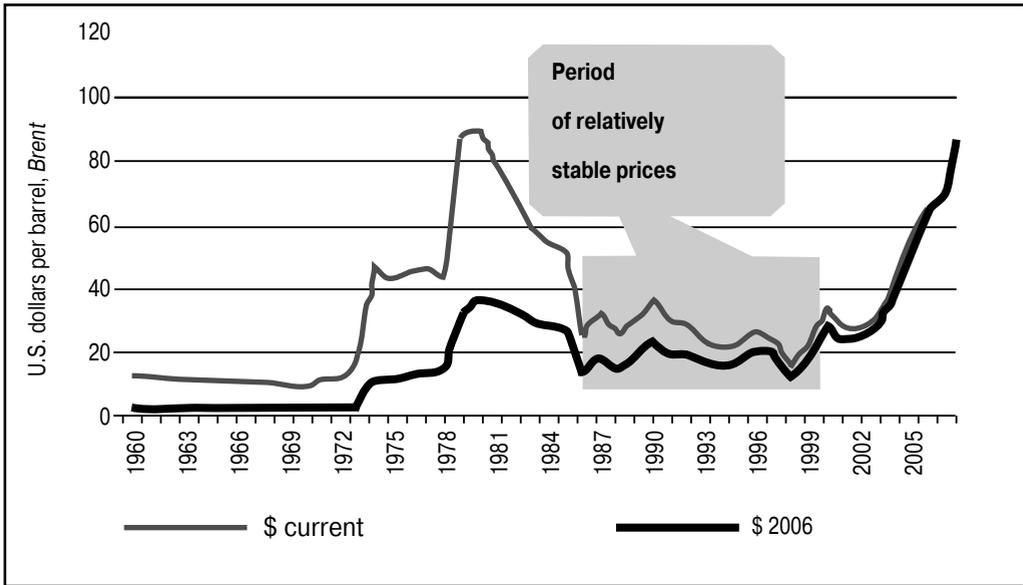
Chart 1. Oil prices



The steady rise in the price of oil that began in 2000–2001 had three explanations: speculations in so called futures, rising production and transportation costs, and the decline of the dollar's purchasing power. Some of these factors, however, were more important than others. The bulk of the oil produced at the end of this decade is coming from the fields that were already in operation in the 1990s. Therefore, the actual rise in the average production and transportation costs was only moderate, owing mainly to the launch of several new fields where oil is expensive to produce. Meanwhile, the dollar's purchasing power fell by 20–25 percent over the past 10 years. So if it weren't for the speculators, oil prices at the end of this decade would have been at about \$30 a barrel, with occasional fluctuations due to factors such as political developments in oil-producing countries, natural disasters, etc. The global recession, which started in 2007–2008 and which is expected to continue for another two or even three years, will put a downward pressure on energy demand. Coupled with a correction of credit policy in the leading economies, this will make oil futures far less attractive for speculators. As a result, if the speculation component in the oil price is reduced to a minimum (which is quite likely), oil can be expected to stay at around \$30 a barrel until the beginning of the next decade.

The geopolitical consequences of low oil prices are quite obvious. Oil and gas exporting countries will face a significant fall in their cash flow. They will have to fight hard for every dollar of export revenue. This will significantly diminish their capacity to manipulate prices or restrict energy supplies to achieve their political ends. Attempts by OPEC countries to cut oil production in order to boost flagging prices will most likely fail, because cutting output while prices are falling will immediately squeeze their already falling export revenues. Competition between oil and gas exporting countries will increase, as will their differences over possible ways of boosting energy prices. In some cases these differences could spill over into a political confrontation, and even military action cannot be ruled out. In particular, Moscow will step up its efforts to minimize oil and gas flows from Central Asia and the Caspian region bypassing Russia, using political pressure and possibly even resorting to the use of force. Any *struggle over resources*, if it happens at all, will be between the energy exporters themselves, not between exporters and importers.

Chart 2. Oil prices



HOW THE CRISIS AFFECTS RUSSIA

The deepening crisis in Russia is one of the main consequences of the falling oil and gas prices in the second half of 2008. The nature of Russia's problems is quite different from the problems affecting the developed economies. Those are now suffering the consequences of a glut of cheap credit that fuelled speculation with derivatives and the property bubble. Russia's crisis, meanwhile, is rooted in the lack of internal sources of growth, the weakness of the banking sector, the economy's dependence on foreign credit and high energy prices, and the government's failure to modernize and diversify Russia's industries.

By the summer of 2008, the foreign corporate debt of Russian companies had reached half a trillion dollars – about the same amount as Russia held in foreign currency reserves at the time. In the foreseeable future, the Russian companies' chances of raising new capital in the West are slim, especially given the sharply negative reaction of the Western political and business elite to Russia's aggression against Georgia. The remaining currency reserves may be enough to service the sovereign and corporate foreign debt in 2009, and to avoid a default. But barring an economic miracle that would propel the average oil price to \$60–70 a barrel in 2009, Russia is unlikely to avoid a sharp economic downturn, tough budget austerity measures, a decline in the living standards and growing social tension. According to the Russian office of *Merrill Lynch*, a one-dollar fall in the price of a barrel of oil translates into the loss of \$2.2 billion for the Russian budget. According to Russia's *The New Times* weekly, "if oil remains at around \$30 a barrel in 2009, Russia's budget will face a shortfall of about 3.5 trillion rubles (the total federal budget revenue in 2008 being 9 trillion rubles). This means that if the negative oil price forecasts for the next year materialize, almost the entire Reserve Fund (of about 3.7 trillion rubles) Russia has managed to accumulate over the recent years will be used up to plug the gaping hole in the budget."⁴

The severity of Russia's current crisis is largely the result of the government's economic policy over the past several years. The stratospheric energy prices over the last decade offered Russia a unique chance to reduce its dependence on exports of mineral resources and to diversify and modernize its economy. But that chance has been wasted. The main flow of investment was channeled into the export-oriented raw-materials sectors that bring the ruling



elite a quick profit. Russia was declared an *energy superpower*, which was used as an ideological justification for making its economy increasingly *primitive*. Instead of breaking up the monopolies and fostering competition, the key role was given to huge state-owned corporations that control entire industries, a farcical version of South Korea's chaebols.⁵

Gazprom is one poster child for Russia's misshapen economic model; *Rosneft* another. As part of the drive to bring the key export industries under state control, which as some believe is "the most important lever" to form the future of nation, the government has given all the key oil and gas fields to these two companies. The result was easy to anticipate. "Two state-owned giants – *Gazprom* and *Rosneft* – have been appointed the main engines of growth," says leading Russian expert Vladimir Milov.

"But their huge debt burden, coupled with limited access to foreign credit to refinance this debt and with their rising costs mean that they cannot be an effective engine of growth. They are now lining up for state support and scaling down investment plans to pay off their debts. <...> The government has succeeded in bringing the natural resources under *Gazprom*'s and *Rosneft*'s control, but it has not succeeded in turning these two into truly efficient companies (which in any case might be impossible, given their heritage of Soviet management culture and the pervasive effects of monopoly and corruption)"⁶.

Another key problem is that Russia has been falling ever further behind the world leaders in terms of technology over the past 10 years. The country has failed to embrace the previous wave of technological progress – the information and computer technologies. This means that it will be on the sidelines during the next wave, which will be based on nanotechnology and biotechnology. Speaking in November 2008, Russia's minister for economic development, Elvira Nabiullina, was forced to admit that "the economic model Russia has followed in recent years has exhausted itself."⁷ That is nothing if not an admission that the economic policy of the past decade has failed. It has proved unable to ensure the country's development or satisfy the needs of the population. What is worse, the crisis is becoming systemic, and spreading from the economy into politics.

POLITICAL CONSEQUENCES OF ECONOMIC CRISIS IN RUSSIA

The bankruptcy of the current economic model requires a radical correction and ultimately a complete change of course. But the money required to effect this change has either been already spent or will be spent in the next year or two on paying off foreign debt, supporting the ruble and propping up the Russian banking system. Even more importantly, replacing the economic model is impossible without replacing the people at the helm. In democratic countries, a failed political course or economic strategy are replaced along with the ruling elites that pursued that course – by means of elections. In an emergency, an early election can be called.

But in an authoritarian regime, this mechanism of replacing the government which, rightly or wrongly, is held responsible for various failures is absent. As a rule, the people in charge hold on to power as hard as they can, especially if their office also gives them control of entire industries or individual companies. That means that correcting the political or economic course through the normal channels becomes either very difficult or completely impossible. That in turn raises the specter of deep rifts within the ruling elite and of popular discontent triggered by falling living standards, leading on to a political crisis and an *Orange revolution* (or a revolution of any other color).

The situation in Russia is compounded by the fact that as export revenues shrink, so does the central government's ability to ensure the loyalty of the regional elites, keep the masses quiescent with sufficient levels of consumption, and resist the pressure by those social circles and elites which for various reasons are pushing for a change of the economic model. As a result, the economic crisis inevitably leads to political consequences. And the threat of the use of force in a bid to resolve it is growing. In the last few weeks of 2008, the government revised the penal code to broaden the definition of state treason, and introduced changes under which the so-called crimes against the state can no longer be tried in the court of jury. It also abandoned

plans to reform the internal troops and cut their numbers. Many believe all that to be part of the government's preparations for a *crackdown*.

There are several other problems that aggravate Russia's social, economic and political situation. There are two centers of power and decisionmaking in the country. There are no discernable differences between the president and prime minister in terms of their political doctrine or economic strategy. It is quite possible that both of them genuinely strive to work as a single team. But unless the social and economic crisis in Russia abates in the next few months, there will be the inevitable question of responsibility for the failed economic strategy of recent years. The situation is also compounded by the so-called *conflict of the teams* centered around the president's and the prime minister's office. They are competing for control of financial flows, for the most attractive industries and for political and economic decisionmaking power. As economic problems grow, so will the rivalry between the bureaucratic clans vying for control of the shrinking pie that needs to be divided up between them. Faced with these pressures, the so-called *tandemocracy* can degenerate into a crisis of diarchy, leading to a rift in the bureaucratic apparatus and a paralysis of the government as a whole.

In foreign policy, Russia's relations with the West and the newly independent republics have been badly damaged by the incursion into Georgia, the incomprehensible recognition of South Ossetia and Abkhazia, threats to deploy new missiles in the Kaliningrad region and belligerent rhetoric by senior Russian politicians and diplomats. There are of course people who take heart from the idea that by brandishing a big stick in front of its neighbors, Russia has proved (or so they believe for some reason) that it can rival the United States, and that one crosses Moscow at his own peril. In other words, as ill-famous Roman Emperor, Caligula, used to say, "oderint dum metuant."⁸ There is one small thing though – Caligula's contemporaries thought him mad, and he met with a very bad end eventually, knifed by his own guards in fact. And unlike Caligula, the majority of the Russian establishment cannot help asking the question of what is it exactly Russia has gained by spoiling its relations with the West? The answer is obvious: absolutely nothing. Even Russia's closest allies such as Belarus, Kazakhstan and Kyrgyzstan, let alone Armenia, have refused to recognize Abkhazia and South Ossetia, rightly believing that such a step would tarnish their international reputation. Which is why it is sooner rather than later that the Russian elite will have to tackle the question of who is responsible for the war in the Caucasus. That will further complicate the situation in the country already struggling with an economic and social crisis.

And finally, despite the ongoing crisis, the Russian leadership has announced a large-scale reform of the armed forces. The military action against Georgia must have revealed such glaring problems in the Russian army that turning a blind eye to them was no longer an option. The urgent need for reform of the armed forces, and of Russia's entire military apparatus, is obvious. But as of late December 2008, two months after the reform was announced, there is still no clarity among the experts, the public and, most importantly, among the military as to what the Russian army is supposed to look like once the reform has been implemented. The only thing everyone is quite clear about is that an unprecedented restructuring of the army is on the table, and up to 200,000 officer positions will be cut. The imminent appearance on the Russian streets of tens of thousands of military officers, many of whom will have lost not just their jobs but the roof over their heads as well, will hardly be conducive to political stability. This, along with the aggression against Georgia, is yet another proof that the Russian government doesn't quite realize even the immediate consequences of its actions, let along the longer-term effects.

GEORGE BUSH'S HERITAGE, OR WHY AMERICA IS SO MISLIKED

The presidential election in the United States has ended the eight-year tenure of the Republican administration. This period is widely believed to be the one of the most unsuccessful in the history of the United States. In the eyes of the world, George W. Bush has become the epitome of a *failed leader*, who has proved unequal to the monumental task of leading the world's most powerful country. Meanwhile, his successor, Barak Obama, is seen



as a *reformist leader* who can bring about radical change in America's domestic and foreign policy, and restore its tarnished reputation abroad.

The war in Iraq is considered to be George W Bush's biggest mistake (some even call it a crime). At first glance, the operation in Iraq really was a blunder, which, as history buffs are wont to say, is worse than crime. But there is nothing more deceptive than such superficial judgments. First, as the saying goes, the man who never made a mistake never made anything. And second, ridding the world of one of the most ruthless and despicable dictatorships in recent history can hardly be called a mistake – even though it has turned out that the regime hadn't managed to equip itself with nuclear weapons by the time the war began. On the contrary – Saddam Hussein's downfall was a good lesson to other tyrants, who have realized that national sovereignty is not guaranteed to protect them from well-deserved retribution. The argument that such operations can only be carried out with UN Security Council approval doesn't hold water. It is not clear why a decision approved by five permanent members of the council is legitimate while a decision taken by less than five members, or even by one, is not.

Essentially, the outgoing U.S. administration has made only one mistake – not even a mistake really, but rather a failed experiment. It was not the occupation of Iraq or Afghanistan as such, but an attempt to set up a semblance of democratic regimes there. Instead of moving towards democracy, the two countries have descended into chaos and low-intensity civil wars, which no foreign military force can stop. The international coalition in Iraq and Afghanistan is therefore faced with two key questions. The first is about how much longer its troops will stay there, and on what conditions. The second, and the more important one is, how can the international community intervene and make a difference in fourth-generation conflicts or *failed states*, where the real power is in the hands of criminal gangs, rebel groups and militants who are fighting for various tribal, religious or clan leaders. For example, how can the international community root out the pirates wreaking havoc in the Gulf of Aden, and how can it restore order in the part of Somalia those pirates control? For now, there is no answer to these questions. And it must be said that the Bush administration's strategy in Iraq and Afghanistan after the rout of the *Taliban* and Saddam Hussein really was unsuccessful. However, the Europeans' strategy there has turned out to be no less of a failure. Europe is trying to stabilize the situation by building bridges, roads and schools in an effort to show the benefits of peace to the locals. The locals are happy to use the bridges and roads, but they are showing little taste for peace.

But the main reason George W. Bush has been declared a complete and total failure is his so-called "unilateralist" policy, i.e. his unwillingness always to seek the approval of America's allies or even the permanent members of the UN Security Council, and act in accordance with the collective decision. The alternative to *unilateralism* is believed to be *multilateralism*, which, according to its proponents, would be the solution for all international problems. The way multilateralism works in practice, however, is this: Washington listens carefully to all the advice and recommendations of its allies and partners, including Russia and China, who are permanent members of the Security Council – and then American troops do the work that needs to be done, with hardly any help whatsoever from the allies and partners. That situation is of course in everyone's interests, except the United States.

There are three key questions the advocates of *multilateralism* cannot answer. First, is there any guarantee that America's allies and partners can agree on a joint decision that would be any better than the decision made in Washington? Second, can America's allies and partners agree on any clear decision at all? The record of the UN Security Council, the group of eight, the group of six, which is leading the talks on the Iranian nuclear program, the Middle East quartet and other multilateral bodies suggests that the answer is no, they cannot. And third, exactly which countries are supposed to get the membership of the group that would collectively take strategically important international decisions?

And finally, George W. Bush, his administration and America as a whole are hated by the numerous groups in the West who see America as the linchpin of the capitalist system they abhor. In 1945, George Orwell, the author of brilliant if extremely gloomy dystopias, wrote about British

“intellectual pacifists whose real though unadmitted motive appears to be hatred of western democracy and admiration of totalitarianism. ... Moreover they do not as a rule condemn violence as such, but only violence used in defence of western countries. The Russians, unlike the British, are not blamed for defending themselves by warlike means, and indeed all pacifist propaganda of this type avoids mention of Russia or China. ... Pacifist literature abounds with equivocal remarks which, if they mean anything, appear to mean that statesmen of the type of Hitler are preferable to those of the type of Churchill, and that violence is perhaps excusable if it is violent enough.”

Almost seventy years on, these words can well be used to describe anti-globalists, Trotskyites, admirers of Che Guevara, and other radical, leftist and anti-establishment groups, who secretly or openly hate Western society, failing to comprehend that the alternative to that society is either authoritarianism and dictatorship, or tribal wars and chaos of the failed states. Mass protests against the war in Iraq held in Western capitals in 2003 were an ominous sign of the situation that we have. The protesters, who were all citizens of democratic states and the vast majority of whom advocate democracy, were in fact defending a regime notorious for its cruelty and oppression.

THE REFORMIST PRESIDENT: HOPES AND REALITY

Barak Obama’s victory set off an unprecedented wave of enthusiasm in almost the whole world, with the exception perhaps of Russia and China. Most commentators agree that the credit of trust Obama has received will help him to restore America’s standing on the international arena. But unrealistic expectations can quickly turn into disappointment and frustration.

The decisions Obama has made so far give reason for cautious optimism. He has chosen a well-balanced and competent team to lead America’s foreign and security policy. According to Jessica Mathews, the president of the Carnegie Foundation, Obama has assembled a bipartisan, centrist team of foreign policy heavyweights indicating an emphasis on pragmatism and competence rather than ideology.⁹ But it is too early to draw any conclusions about the new

U.S. administration’s foreign policy. The problems America is facing will be very difficult to tackle. Many of them, including the Iranian nuclear issue and the situation in Afghanistan, are completely intractable without a radical change of approach. So on the one hand Washington will have to avoid any rash decisions than can destabilize the international situation, but on the other, it will need to overcome the inertia of the existing strategies.

The decision to pull out American troops from Iraq by the middle of 2010 is entirely justified. It will free up significant military and financial resources that are now committed to Iraq, and allow Washington to focus on issues that are really critical for America’s security. Iraq, meanwhile, will be facing three possible scenarios. Under the first scenario, the Iraqi authorities, faced with the prospect of foreign troops pullout, will manage to stabilize the situation using their own resources, as well as some financial and technical help from abroad. Under the second, Iraq will split into three states along the sectarian and ethnic lines, with each new state trying to maintain oil exports and build nor-

 **Abdulaziz Sager**, Chairman of the Gulf Research Center (**Saudi Arabia**) – by e-mail from **Dubai**: There is no positive change with respect to Iran, Iraq, or Afghanistan. Potential conflicts emerge without particular opposition of the international community and this may have a negative impact on global security in the near future. Financial crisis aggravates the problems of regional security and economy. This is particularly true with respect to Iran, which is living through its hard times. Decrease in oil prices will only exacerbate the situation. The election of Barak Obama gives some hopes for change in the U.S. policy in the region. The signature of the status of forces agreement in Iraq, which contains the provisions on their withdrawal, facilitates the normalization of the situation. At the same time, only cautious forecasts can be made so far, since there is no real change.



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mal relations with the West. Under the third, relative order in Iraq will be restored by the neighboring Arab states plus Turkey. Whatever the outcome, the main task facing American and Western troops will be not so much to maintain order in Iraq as to prevent Islamic radicals from interfering.

There are, however, a lot of questions about the new U.S. administration's intention to step up the war effort in Afghanistan. Plans were announced in December 2008 to double the number of U.S. troops in Afghanistan to 60,000. Units of the 10th Mountain Division will be deployed in two provinces near Kabul in the very near future. But committing U.S. and NATO troops to the operation in Afghanistan will severely limit their strategic capability in other regions. And there is absolutely no reason to believe that a military buildup in Afghanistan will be able to stabilize the military and political situation there.

Of course, ending the U.S. and NATO operation in Afghanistan could hand the victory to the *Taliban*. But that would be a danger not for the West but for Afghanistan's closest neighbors in Central Asia, Iran, Pakistan, and China. So the onus will be on them to step up their efforts to prevent the extremists from entering their territory and to contain other threats posed by the *Taliban* in Afghanistan. The United States and Europe, meanwhile, could offer their help and assistance to the Central Asian states and Pakistan, which would be far simpler and cheaper than waging and expensive and hopeless military operation in Afghanistan itself. A withdrawal from Afghanistan would also release the military and political resources for solving the truly important problem of Iran's nuclear program and preventing Pakistani nuclear weapons from getting into the hands of Islamic radicals.

ARMS CONTROL TALKS: DÉJÀ VU

On December 5, 2009, less than a year after this review is published, the Russian-American Strategic Arms Reduction Treaty, START I, will expire. In the fall of 2008, the U.S. and Russia agreed not to prolong it. But both Moscow and Washington are interested in maintaining in some shape or form the strategic arms control regime and in negotiating a new treaty. There is also an opinion in Russia that negotiating and signing the new treaty would be, as Russian Deputy Foreign Minister Sergey Ryabkov put it, "the first successful project of the new U.S. president, Barak Obama, and his Russian counterpart Dmitry Medvedev."¹⁰ The Russian Foreign Ministry seems to hope that a new arms control treaty would help improve the Kremlin's international reputation, tarnished by the invasion of Georgia. But the new treaty is unlikely to be signed any time soon. Previous arms control talks have already shown that the two sides' positions and interests are difficult to reconcile.

Russian-American consultations on a new treaty held in December 2008 only highlighted the existing differences. Moscow was not happy with the American proposals. One of the main obstacles is once again the so-called *breakout potential* problem. The difference is essentially about the nuclear warheads counting rules. The United States wants the treaty to cover only the actively deployed warheads, i.e. the warheads deployed on carriers and ready for launch. Russia, however, wants the new treaty to also cover the warheads that are in storage. Negotiators refer to these warheads as the *breakout potential*.

The breakout potential problem is nothing new. Negotiators spent a long time discussing it during the talks on the Russian-American Strategic Offensive Reductions Treaty (SORT) in 2002. In the end, Russia withdrew its demand to include the breakout warheads in the treaty, for one simple reason. In order to verify compliance, inspectors would have to be allowed to every nuclear site where warheads can be stored after they are removed from the carriers and before they are dismantled. That means inspectors would have the right to visit every nuclear arms storage and production facility, because a warhead can only be dismantled at the same facility where it was manufactured. Furthermore, proof would then be required that a new warhead has not been built to replace the old one, to be deployed in case of necessity. So the entire process of nuclear arms manufacturing would have to be open to foreign inspectors. At the time of the talks in 2002, neither the United States nor indeed Russia itself was ready to allow American experts to visit Russian nuclear arms production facilities. So the question aris-

es, why are the Russian military and diplomats raising this old issue again, and are they now ready to allow U.S. inspectors to visit Russian nuclear facilities?

Also, according to Russian press reports, Moscow demands that all the nuclear weapons, both Russian and American, must stay on Russian and American soil. In other words, Russia wants the United States to remove several hundred tactical warheads (aviation bombs) deployed in Europe. This means that strategic arms reduction has again been linked to tactical weapons. That in turn raises the issue of Russia's own tactical arms, which Moscow is refusing to discuss outright – especially as it is preparing to deploy the new Iskander missiles in Kaliningrad region, and no-one can guarantee that they will not be armed with nuclear warheads.

All in all, the beginning of consultations on strategic arms control has given little cause for optimism. Only future will show whether the Russian position, which Moscow knows is unacceptable to the United States, is just part of its negotiating strategy, or whether the Russian military are simply unwilling to accept any nuclear arms reduction at all. There is also however a third possibility. Russian top brass are not yet sure (and neither is the top Russian leadership) whether they want strategic arms control or not. On the one hand, Russia's strategic potential is deteriorating. Under these circumstances, Moscow is obviously interested in a treaty that would limit American strategic arms, so as to reduce the nuclear gap between Russia and America. But Washington is hardly so naïve as to accept this without serious concessions from Russia in return. Meanwhile, as the Russian conventional forces are no match for NATO in the West and China in the East, nuclear arms is the only thing that allows Russia to stand up militarily to its potential adversaries. Consequently, Moscow may not be interested in any agreements restricting the structure and size of its nuclear arsenal.

EUROPEAN SECURITY AND ISKANDERS IN KALININGRAD

In his address to the Federal Assembly on November 5, 2008, President Dmitry Medvedev said that “naturally, Russia will not allow itself to be dragged into an arms race.”¹¹ It was probably with this purpose in mind – and also to counteract U.S. plans to deploy elements of its European ABM system in Poland and the Czech Republic – that the Russian president announced the following:

- Plans to disband three regiments of the missile division in Kozelsk have been abandoned;
- Iskander missiles will be deployed in Kaliningrad region;
- Russia will begin radioelectronic jamming of the new American ABM elements from the territory of Kaliningrad region.

It is hard to imagine how keeping 46 obsolete SS-19 IBMs on active duty can neutralize the American ABM system in Europe. (Some of the 46 missiles may be replaced by the 30 SS-19 missiles Russia received from Ukraine. These 30 missiles are *dry*, i.e. there is no fuel in them.) It is also hard to predict how it will affect the military and political situation in Europe. But the deployment of the Iskanders in Kaliningrad is another matter.

Commenting on the presidential announcement, Russian military commanders and journalists close to them have revealed some of the details of the upcoming deployment. By 2015, five missile brigades will be equipped with the Iskanders. Units stationed near the Western borders and in the Kaliningrad region will be the first to receive the missiles.¹² According to the RIA-Novosti news agency, the range of the Iskanders can easily be increased up to 500 km and more in case Russia decides to withdraw from the 1987 Intermediate-Range Nuclear Forces Treaty (INF). What is more, Iskander launchers can be used to launch long-range cruise missiles (Russia has successfully test-launched R-500 cruise missiles from Iskander launchers). The potential range of the cruise missiles launched from Iskander launchers could exceed 2,000 km, putting almost the entire Western Europe in their range.¹³ That means that deploying the Iskanders would be a violation of the INF treaty. A fresh missile crisis may now be in the making.



 Konstantin **Eggert**, Editor-in-chief of the Moscow Bureau, BBC Russian Service (**Russia**) – by e-mail from **Moscow**: Economic crisis is a number one problem, since it is the first crisis of post-industrial era (this only adds to the overall uncertainty). The behavior of economic actors becomes less and less predictable, economic nationalism may easily lead to the spin of political nationalism.

The ongoing Russian-Georgian conflict and deepening crisis in Ukraine tempt the Russian leadership with the hard line options with respect to both countries. However, due to the decline in production and inflation in Russia, such action astonishes its Western partners, while Moscow would need some understanding from them under the current circumstances. The jubilee NATO Summit in spring 2009 will be one of the first challenges to the Obama-Clinton team in the area, which directly affects the interests of Moscow.

Some time after Medvedev's November 5 announcement, Moscow clarified that the Iskanders will be deployed in the west of the country only if the United States goes ahead with its plans for an ABM system in Europe. That was a smart move. Fearing a new missile crisis, many European countries (but not all) will demand that the United States abandon their plans to station their radar in the Czech Republic and 10 interceptor missiles in Poland. If Washington yields to these demands, the American security guarantees to Europe will be put into question. That would be a severe blow for NATO, and stoke up the differences between the United States and Europe, as well as between the countries of *new* and *old* Europe. Russia will have achieved its strategic purpose, and the Russian military will have obtained serious proof that military pressure on Europe is a powerful instrument of achieving foreign policy goals. And if the United States, Poland and the Czech Republic proceed with their ABM plans, Russia will deploy the Iskanders in Kaliningrad. A new missile crisis will be unleashed, and Europe will become increasingly divided about what its answer to the Russian missiles should

be. Some European nations will accuse America, Poland and the Czech Republic or being irresponsible and undermining European security. There is no guarantee that NATO will reach a unanimous decision on how to react. As a result, Russia will have new missiles in Kaliningrad, and the possibility of the deployment of intermediate-range U.S. missiles will remain relatively low. And even though such deployment cannot be ruled out, Moscow will still think that it has won.

But on other foreign policy directions, Russian diplomacy has lost out as a result of the invasion of Georgia. President Mikhail Saakashvili remains in power – and even if he is eventually forced out by the opposition, his successor will hardly be friendly to Russia, which has occupied a large chunk of Georgian territory. NATO has not given Ukraine and Georgia the membership plan they had been asking for, but it has essentially given the green light to the same program a membership plan would include, within the framework of the NATO-Ukraine and NATO-Georgia commissions. In December 2008, the United States signed a strategic partnership charter with Ukraine and in January 2009 a charter with Georgia on cooperation in the areas of security, economy, culture and democracy. That is essentially a step towards the United States giving security guarantees to the two countries. And finally, the OSCE has rejected Russia's proposal to discuss new European security architecture, by an overwhelming majority of the votes.

CONCLUSION

It seems that the changes I predicted in my recent reviews are now beginning to materialize. The global financial crisis and the shifts it is causing in international relations; the upcoming new wave of technological revolution; Russia's confrontation with the West; the possibility of serious upheavals in the strategic Eurasian landscape as a result of the looming trouble in Russia; the inefficiency of the existing strategic approaches to local and regional conflicts, and the need for new approaches – these are just a few of the changes that are coming. Pessimists view those changes as an unmitigated catastrophe. Their fears may turn out to be well found-

ed if the world intellectual, political and business leaders fail to grasp the nature of the new challenges and come up with new ways of solving them. For then, in the words of the Gospel, those leaders “will be blind leaders of the blind. And if the blind lead the blind, both shall fall into the ditch.”

Yury Fedorov

Notes:

- ¹ Derivative – an asset whose value is derived from the value of other assets, known as the underlying assets.
- ² Sergey Glazyev, “Creating our own financial system. Reorienting to internal sources of economic growth,” Materials of a debate at the Mercury Club on October 20, 2008, TPP-Inform, 2008, p.10.
- ³ Ibid., p.11.
- ⁴ Dmitry Dokuchayev, Irina Fedotova, “God, How Low I Have Fallen,” *The New Times*, No. 50, 2008, <http://newtimes.ru/magazine/2008/issue096/doc-60252.html> (last visited on December 23, 2008).
- ⁵ Chaebol – a South Korean business conglomerate built as a group of formally separate companies, family-owned and working under a single administrative and financial control.
- ⁶ Vladimir Milov, “Russia’s Oil and Gas Collapse,” *Gazeta.ru*, November 11, 2008, <http://www.gazeta.ru/column/milov/2870713.shtml> (last visited on December 23, 2008).
- ⁷ “Elvira Nabiullina believes Russia’s current economic model has exhausted itself,” *Lenta.Ru*, November 19, 2008 <http://www.lenta.ru/news/2008/11/19/model/> (last visited on December 23, 2008).
- ⁸ Latin: Let them hate so long as they fear.
- ⁹ Jessica T. Mathews, “Security challenges for the next administration,” December 2, 2008, <http://carnegieendowment.org/publications/index.cfm?fa=view&id=22484&prog=zgp&proj=zusr> (last visited on December 23, 2008).
- ¹⁰ “Russia Talks Disarmament with Barak Obama,” *Kommersant*, December 15, 2008 (last visited on December 23, 2008).
- ¹¹ http://www.president.kremlin.ru/appears/2008/11/05/1349_type63372type63374type63381type82634_208749.shtml (last visited on December 23, 2008).
- ¹² “Five brigades in the west to be armed with the Iskanders – source,” RIA-Novosti, November 7, 2008, http://www.rian.ru/defense_safety/20081107/154604752.html (last visited on December 23, 2008).
- ¹³ “Iskander: the chronicle of a new confrontation,” RIA-Novosti, November 6, 2008, <http://www.rian.ru/analytics/20081106/154533253.html> (last visited on December 23, 2008).



WORLD POLITICS IN TIME OF UNCERTAINTY

If one were to try and sum up what the distinguishing feature of late 2008-early 2009 is, that would most probably be the oppressive feeling that we, the world as a whole, do not know where we are heading. That is, there is absolute confidence that the world and our country are moving somewhere but that this movement looks more like fumbling in the dark. The same thing happens when a ship is suddenly caught in a thick fog and is moving out of inertia even after the captain has ordered the engines to be stopped. In a situation like this the crew and all the passengers on board should keep their eyes wide open in order not to collide with logs or an approaching dry cargo ship.

Indeed, it has now been more than three months since the world financial crisis began and yet nobody can say how long it will last, what the oil price will be, what the dollar-euro exchange rate will be and many other things. Nobody can answer the question whether the global econ-





Marian Abisheva (Kazakhstan), Deputy Director of the Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan, – by e-mail from **Almaty**: Most of the nations already feel the implications of the global financial crisis. However, the world economic turmoil cannot let us forget about unresolved issues in political and military sphere. North Korea, Iran, permanent conflict in the Middle East, extremism, and terrorism – the list is endless. International and, above all, regional security structures should revise their concepts in confronting these challenges. As far as environmental problems are concerned, one may note the December 2008 UN summit on climate change held in Poland. This is one of a few positive events in the last three months, since the rest of the environmental component of the ISI contributes only to its decline. The forecasts for the future are deplorable.

omy has capacity for economic growth outside the U.S. market and without the U.S. market. For example, nobody can say how deep the European economy's slump will be, whereas this is in fact a key question for the Russian economy, which – as a result of a tragic lack of strategic vision among Russian liberal macroeconomists and the greed of the oil and gas, and metals and mining oligarchs – has found itself almost totally dependent on exports to the European market. The impending meltdown on the European market, which is likely to be surprisingly big and to have far greater consequences than the collapse of a couple of banks (the events in Greece are just the first sign of this impending meltdown), will deliver a far greater blow to the economic situation in Russia than problems in the U.S. financial sector. In a nutshell, the situation is as follows: everybody already feels that things are turning out badly and everybody can see that things will become even worse, however nobody can say what and how will happen exactly.

Analysts who only yesterday forecast oil prices at \$200 per barrel are now with the same confidence talking of \$30. Economists who predicted a rapid growth of the Internet economy are now convincingly trying to prove that this economy no longer exists. International relations experts who were saying that in a couple of years China will become a direct challenge to the United States are now speaking of China's approaching decline. Politicians who just a couple of years ago were predicting the start of "a European era" are now shaking their heads, admitting that for EU countries the consequences of the crisis may turn out to be the hardest. Financial experts who used to promote investment in the euro are now busy analyzing the exchange rate of the Mongolian tugrug and are doing it with their usual, and apparently completely indestructible, confidence and aplomb. We do not know what the configuration of political forces that will define the system of international relations in a year's time will be.

We do not even know whether Kim Jong Il is alive or not.

All this leads us to a simple and extremely sad conclusion: in the coming years we shall be acting, as the police term it, "in conditions of uncertainty". In other words, we are moving ahead absolutely at our own risk. Therefore, the logic of the international situation makes this review of world events a conversation about the questions that we face rather than an answer to those. That is why we are likely to be talking not about processes but rather about perceptions of processes.

Now is the right time to make a very important, in my view, conclusion: the drastic increase in uncertainty in the system of international relations that we have been witnessing over the past six months is a consequence of the emergence of real multipolarity, including in military and political sphere and resources. This in itself results in that the actions of the significant players in international relations no longer fall under conventional models and templates. This is why we no longer understand what is going on, whereas in reality we simply do not know the models and principles along which the new world is developing.

In times like these it is necessary to clearly understand what it is that prevents a complete understanding of what is happening: a morning mist clouding a not quite ripe event, twilight fol-

lowing the sunset of an era and the collapse of a great empire, a fog resulting from our lack of knowledge, or smoke from a fire.

There is a considerable difference between these.

RUSSIA AND NATO: DANCES WITH WOLVES

Much has been written and said about the world entering an era of confrontation between the West and Russia, where NATO, relations with which Moscow so hastily ruined by its actions in South Ossetia, will be the main instrument in the fight against Russia.

In terms of strategic aspects, the fact that NATO made the first step towards reconciliation is not as important as how that was done. In that respect, one cannot but notice several telling moments, which – it would seem – define the nature of the current relations between Russia and NATO.

First, the decision by the majority of NATO not to complicate relations with Russia was a strategic one. It was taken at a time when a clearly deep crisis of not only European institutions (in this case it would appear that the patient is probably already dead) but of specifically Western European ones became obvious. That makes the recent debate between Nicolas Sarkozy and Czech President Vaclav Klaus and the topic of that debate – Sarkozy accused *EU neophyte* Klaus of not being European enough – all the more interesting. Who a mere two years ago could have imagined something like this happening? And nobody could imagine that once great and mighty Germany, who used to clamor for the status of “the first among equals”, will in effect find itself in the backyard of European politics. Truly, the role of an individual in history is great.

Second, it is surprising and somewhat unexpected that our European friends dared to enter into direct confrontation with our U.S. friends, that for the first time in 10, if not 20, years the Europeans dared to tell the Americans that they too have a voice in NATO and something should depend on them too. I suspect that so far this is just an attempt to put the utterly impudent Americans down a peg or two rather than a strategic shift in the minds of modern Europeans. Still, this is a significant symptom, which in certain conditions can develop into a trend that may not necessarily be favorable for Russia (there is no guarantee that independent Europeans will be more convenient for Russia than today’s Europeans, who are in effect under U.S. protectorate) but creates new opportunities for the geopolitical and the geoeconomic game.

Third, as it has turned out, despite constantly declaring their readiness to “firmly oppose Russia”, our NATO partners are not particularly keen to do that. That is, they are of course ready to nod their heads in sympathy and assent with Baltic, Ukrainian and East European politicians when they are teasing the Russian *bear*. They are even ready to speak at various forums with accusations against imperialistic Russia. They are even ready to maintain various opposition figures on their territory. However, once it comes to practical confrontation with imperialistic Russia, our NATO partners begin to lose their zeal. Which is understandable: it is far more pleasant to consider the bear dead than check for real if it has indeed died.

Fourth, probably not everybody has noticed that the decision not to enter into a row with Russia was taken at a time when oil and gas prices were very low and when, it would seem, the time was right to start confrontation with Russian imperialism. Thus, the heart of the matter is not oil and gas and not the fact that their high prices determine Russia’s significance. I would risk voicing a rebellious suggestion: in times when world politics are regionalized, when the world is divided into regional “spheres of influence” and zones of economic interest, Russia (especially when it is in a crisis) can be bypassed, that is excluded from the most important processes, left on the periphery, where its geographic location is. However, when a truly global political or economic process is about to happen in the world, when interregional communication and interregional economic processes become increasingly more important, Russia becomes indispensable even to those who are, putting it mildly, not its greatest fans.



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Fifth, much was said at the time when the possibility of Ukraine and Georgia joining NATO was discussed, many arguments were voiced and spears broken. Only one thing was left out of discussion: nobody raised the question of whether Georgia and Ukraine were up to the so-called “Western standards” of democracy. In other words, NATO has practically openly admitted that *de facto* it is not an alliance of democracies in as much as the existence of real democracy is no longer (if it ever was) a criterion for admission into the alliance. Generally speaking, that was clear to everybody a long time ago but it was hypocritically left unnoticed. Now it is being openly admitted, which is good news since healthy cynicism is always better than hypocrisy.

Please note that a considerable part of the above factors are not directly related to either military-political issues in general or NATO in particular. That is, our European (and I suspect, American too) partners have already included the situation on the European military theater into the broader picture of geopolitical processes in the world. In that respect, our European friends turned out to be surprisingly wiser than some Russian pundits who predicted Russia's decline as a force to be reckoned with.

It has been said that after the war in South Ossetia relations between Russia and NATO will never be the same. Which is only welcome since “the same” means our Western partners' deeply held conviction that Russia's opinion can and should be ignored and Moscow politicians' equally sincere belief that it is possible to agree with NATO. If that “the same” has become a thing of the past, then Russian-NATO relations have a future.

FUTILE EFFORT, OR YET ANOTHER RUSSIAN MILITARY REFORM

All is well in the new Russian military reform: the right words are being said, at least from time to time; the concept of switching to flexible forms of organizing the armed forces' personnel and weapons seems to be in tune with modern requirements; a reduction in the excessive administrative bodies, the notorious “Arbat military district” (i.e. the Defense Ministry) is overall a welcome thing. Yet, despite all this theoretical correctness, both society and the expert community have very strong doubts if this move is in the right direction. There are only two reasons for that but the reasons are such that they get one thinking and thinking hard.

First, the experience of the war – no, not war, of victory – in South Ossetia was hidden from the public, probably so as not to spoil the overall jubilant view with any problems. But hidden experience does not add anything to the capability of an army, rather it detracts from it and, most importantly, it breeds distrust towards those who are painting a particularly triumphant picture. Even in the history of the Great Patriotic War written in Stalin's times everything began not with the Germans' defeat in Stalingrad but from the Soviet army's retreat from Minsk and Dubno. Much has been said after the war in South Ossetia: from enthusiastic panegyrics to assertions that Russia lost that war (although if it had, then why it was Mikhail Saakashvili and not someone from the Russian leadership who was chewing his tie?). The only thing that is still missing is a sensible and balanced assessment of what and how happened in August 2008 and why the military action was conducted the way it was.

Second, the reform is being conducted by people who clearly do not have a credit of trust either in society or, I am afraid, in the armed forces. No matter how many correct concepts they develop, these will still remain alien. If during a relatively prosperous period that could be ignored, now when the specter of a crisis has left macroeconomists' offices and is entering ordinary people's kitchens, things like that are viewed in an absolutely different light, i.e. from the point of view of to what extent this or that action corresponds to the mood in society and to what extent it will either rock the boat or strengthen stability.

One can of course feel sympathy for the modern stock of military reformers: they have not been particularly lucky in terms of timing. This is a normal phenomenon for Russia but it does not explain a whole host of strange and incomprehensible things that “the Serdyukov reform” is being accompanied with.

Strange thing № 1: why the template for the military reform is based on the way military personnel and weapons are organized in the United States is clear. The U.S. armed forces manual must have been the secret book that the authors of the notorious “Serdyukov reform” must have

studied and been inspired by. Well, this is most commendable. However, it seems a bit strange that the U.S. system of organizing troops is being introduced to Russia at the very moment when in the United States itself the voices of those who are proving, and not unsuccessfully, that the way the U.S. ground troops are organized has turned out to be inadequate and has proven its inefficiency during the military conflicts in Afghanistan and Iraq are increasingly better heard. Perhaps in addition to the manual they should have read two or three more books?

Strange thing № 2: the starting point for any large-scale reform – and everybody understands that “the Serdyukov reform” is a radical transformation of the way the country’s armed forces have been organized since 1935 – should be an assessment of threats that the armed forces will have to respond to. However, “the Serdyukov reform” was not preceded by either a discussion of potential threats or by any sensible document on the subject. Which is a shame since the point of “the Serdyukov reform” is defined by an answer to a very simple question: is a large-scale military conflict involving Russia possible in the foreseeable future? If not, then—despite all its shortcomings – “the Serdyukov reform” has the right to exist. If however such a conflict is possible, then “the reform” is not simply a mistake and self-important folly but a harbinger of an impending catastrophe because the army that will result from “the Serdyukov reform” will not be able to conduct any lengthy or significant campaign with the use of conventional weapons. Already at the early stages of a conflict, when the available reserve of personnel and weapons runs out, which – as practice shows – will happen very quickly, and there is no base for deploying the mobilization reserve because divisions, which are the basis of the second strategic echelon, are disbanded, Russia will have to resort to nuclear weapons. This is a fact. Whether it will dare do it is another matter. And this, in turn, can breed some not quite adequate ideas in the heads of some immature politicians on both sides of the Atlantic.

Strange thing № 3: “the Serdyukov reform” is all about military hardware. It is the need for a technical upgrade of the army that has been made a priority and this is what Chief of General Staff Nikolay Makarov stressed in his keynote statement for the media. Nobody disputes the need for the Russian army to be provided with the most modern weapons. Leaving aside the question of whether the domestic defense industry is capable of supplying the armed forces with weapons that meet modern standards, the most important component of any reform of such a scale and ambition should be people. The idea to cut the number of higher military schools seems somewhat at odds with the task of creating a modern officer corps, which will lead into battle numerous military hardware that our defense industry will some day produce, that is if it does not steal all the funding first.

If one is to sum up some results, interim of course since the final results will be summed up by history, which – as practice shows – is a strict and merciless lady, the main problem of “the Serdyukov reform” consists in that in effect it is yet another attempt at a *simple solution*, which is made at a time when the whole society has at last figured out that complex problems cannot have simple solutions. Hence the whisper which has grown into a grumble. And who knows what will happen next. The military are not importers of used right-hand-drive vehicles, and just using special-force policemen against them will not be enough.

UNITED STATES ON THE EVE OF PERESTROIKA: EXPERIENCE OF HISTORICAL ANALOGIES

They say that Barack Obama has given people hope. This is an absolute fact that does not need any special proof. It is another matter that he gave hope not so much to the Americans (it is indicative that the gap between him and John McCain, who had openly given up any fighting in the election campaign, turned out to be much less than expected, so Obama’s victory has only been declared an overwhelming one) as to the rest of the world. He gave hope to everybody. But there are hopes and hopes.

The hopes of the Russian patriotic community were encapsulated in a rhyme by an anonymous Russian blogger:

Hello, I’m writing this
From BAM [Soviet-era railway construction project in Siberia – Ed.].



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It's freezing here,
Yours, Barack Obama.

But it is not Russian patriots that we are interested in. Their feelings towards the United States are deep and mutual and, most importantly, independent of the current political situation. Let's talk about the others.

As to them, their attitude to Barack Obama's victory had something in common: a hope for a different America, the hope that America, which in recent years has become a nightmare for all world liberals, will disappear; that America will once again become a country from which freedom will shine, supported by a flow of cash. That is because the Western world and – speaking even wider – the liberal ideological conglomeration cannot exist without America for its leader, without America as an ideological and behavioral imperative.

Here a question arises, which is quite pertinent both from the political and military-political points of view. It is a simple one: Obama is a president of expectations, but he is a president of different expectations. Different groups expect from Obama an answer to their dreams, but these dreams are all different. Most importantly, there is an obvious difference between what is expected from Obama inside the United States and outside it. Inside the country the expectation is for a revival of the past might of Clinton's presidency, when – as the favorite formula of U.S. political scientists of that time went – “the United States has never been so lonely at the height of its might”. The appointment of Hillary Clinton as the secretary of state (it would seem that after her phantasmagoric defeat she was ready to accept any post) is not an ordinary appointment but a symbol of what U.S. foreign policy should be. The outside world expects from the United States more geopolitical sanity, meaning a lesser degree of interference in the affairs of others. How the president-elect intends to combine these two categorical imperatives, what he is going to sacrifice is a very big question.

Incidentally, those who are all too eager to see a revival of Russian-American partnership would do better to guess that the future U.S. administration sees partnership exactly in the terms and definitions of the Clinton administration, that is of an almost direct submission of Russia's actions to U.S. interests.

However, a closer look would reveal that the situation in today's United States is ridiculously similar to that in the Soviet Union in 1985: mounting economic problems against the backdrop of a struggle between two groups for an abandoned throne: one group promoting a hardliner (in the case of the Soviet Union it was – if anybody still remembers him – Grigoriy Vasilyevich Romanov), the other – led by Andrey Andreyevich Gromyko – promoting Mikhail Gorbachev, who was not yet a champion of democracy since he was moving up the party line under the patronage of Mikhail Andreyevich Suslov, but was considered to be modern and charismatic. That struggle was unfolding against the background of a situation in the country that was becoming increasingly more alarming: the economy was having problems which no longer could be attributed to the consequences of the war (fight against terrorists); there was a universal drive to withdraw troops from Afghanistan (Iraq?); it was necessary to get rid of the ballast of inefficiently managed state (private?) enterprises; it was also necessary to fight corrupt partocrats, unmasking *the cotton mafia* (Richard Cheney's energy mafia); after several years of a clamp-down (after all the system of total surveillance and telephone tapping caused much strain in American society) it was necessary to ease up on the dissenting crowd; and the media had to be given some freedom (after the anti-Russian campaign over South Ossetia even the most faithful supporters began to have doubts, moreover, it was now embarrassing to look allies in the eyes).

But this is not the most important thing. The most important thing is that the first innovation proposed by Gorbachev was not perestroika but acceleration and it was only after the failure of the latter that the infamous former came into being. What Barack Obama's acceleration will be about is already clear: it will be an attempt to reinvigorate domestic demand and to revive the remains of U.S. industry, which have been buried under the bubble of the financial sector (and, let us add, under the debris of an inefficient – in a purely Soviet way – social welfare system). Incidentally, there is nothing better for solving this seemingly unmanageable task than an arms race and a couple of short but victorious wars. All the more so since contrary to all election promises, it is unlikely that “the hope of the progressive humanity” will be able to quickly

and without universal shame end the war in Iraq and ensure a more or less decent state of affairs in Afghanistan. Barack Obama will for a long time have to continue to put up a bold front and explain why “the boys” are still in Iraq. Incidentally, to remind to those who may have forgotten it, the Soviet troops’ withdrawal from Afghanistan was preceded by an unprecedented upsurge in operations by “the limited contingent”, with practically all major operations against the mujahideen conducted after Gorbachev came to power. Thus, we may all be in for an upsurge in U.S. military activism, and not necessarily in Iraq or Afghanistan. There are still a couple of places left on earth that are yet untouched by the boots of American soldiers.

And now the main question: what about Obama’s perestroika? Will the U.S. establishment allow him to start it? Looking into the honest eyes of Vice President-elect Joe Biden, flesh of the American establishment’s flesh, an inveterate lobbyist, a person with long-standing links to U.S. largest oligarchic groups, it becomes clear how hard things will be for the “star upstart” who has turned Washington upside-down.

If one were to continue with historical analogies, it would be appropriate to recall that the U.S. elite came out of the deep political crisis of the 1960s, which America had found itself in after the murky murder of President John F. Kennedy, through unleashing an unlimited war in Vietnam. It cost America tens of thousands of lives of soldiers (let alone of Vietnamese – but who ever bothered to count those?) and the disgrace of Watergate was not for nothing but still the U.S. system of power withstood all that and even managed to win in the Cold War.

Hence the question: what will become modern America’s Vietnam? Who its modern John F. Kennedy is is clear.

SOMALI PIRATES AS A MIRROR OF GLOBAL POLITICS

It is an indication of how far the atomization of the system of international relations has gone

 Yevgeny **Satanovsky**, President of the Institute of the Middle East (**Russia**) – by e-mail from **Moscow**: Negative security factors of the recent months are the intensification of pirates in Somalia and the progress in the Iranian nuclear program which reaches the level sufficient to manufacture the first bomb. As for the positive developments, these are the fixing of results of the Five Day war in the Caucasus and the coming parliamentary elections in Israel scheduled for winter 2009. There is a probability of tensions in coastal waters of East Africa and South Arabia, as well as on the territory of Somalia, due to the conduct of the counter-piracy operation. There may be changes in the Israeli-Iranian confrontation connected with the possibility of strike against Iranian nuclear facilities. Lebanon is another probable area of tensions due to the possibility of new war of Israel against Hezbollah. Also hotbeds are Afghanistan (the Talibs will continue their offensive) and Pakistan (secessionists and terrorists may intensify their activities).

that practically the only issue in international relations on which there is at least outward consensus between the key players is the issue of fighting Somali pirates. Interestingly, Somali pirates have existed for some 60 years, the last 20 of which – after Somali broke up as a state – they have been openly doing whatever they want. And nobody complained: businessmen were paying ransoms, seamen were defending themselves as best as they could against attacks, but this issue never had any claims to the status of a political one.

Now the issue of piracy off the Somali coast is considered by the UN Security Council, as if that body did not have any more pressing matters to turn its attention to. Although it does. Take, for example, the fact that states that once were civilized are now introducing torture to their arsenal of standard and legitimate means of inquiry. Or the fact that a conference to review the implementation of the NPT has been set for 2010, however so far not even the basic necessary steps have been taken, let alone any real research and thinking have been made. Of course, all that could be attributed to the overall degradation of the United



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Nations Organization under the leadership of the U.S. protégé Ban Ki-moon, however does the problem solely lie with the United Nations Organization and its Security Council?

The leaders of the world's key countries consider it their duty to speak on the matter and call on everybody to fight the horrendous evil of Somali piracy. Indeed, it appears that Somali pirates may soon replace Osama bin Laden as the next reincarnation of *universal evil*. Armadas of warships are on patrol off the coast of Somalia. Which however does not prevent pirates from seizing one ship after another with all their spoils.

Interestingly, apart from Somali pirates there is a far better organized and crueller corporation of South China Sea pirates, which seizes hundreds of vessels every year and is engaged in a drugs trade, which is worth billions. Yet, there is no reaction from the international community to that problem, while timid attempts by some states to raise this issue at the level of international institutions have come up against an impenetrable wall of silence. The option of sending a couple of gunboats to the Strait of Malacca to deal with pirates there is not even discussed.

In other words, Somali pirates are special, different from the other currently existing criminal groups that are in the same business. Indeed, taking a closer look at Somali pirates' actions one cannot but be surprised by the fact that they hardly ever seize *accidental* ships. No, their targets are a yacht with rich Frenchmen on board or a Ukrainian ship carrying tanks none knows for whom and none knows from where, or a Saudi tanker will oil of rather dubious origin, allegedly linked to a fund financing Islamist organizations. In other words, they seize ships which carry really valuable cargoes and, more importantly, whose owners are likely to be willing to negotiate.

What an amazing awareness of the nature of navigation in that part of the world and knowledge of the current state of international relations.

Most importantly, one gets the feeling that the fight against Somali pirates is a process whose goal is not to put an end to piracy but to show that there is still some considerable political consensus among the leading countries of the world. Indeed, from the military point of view, had the United States and its allies (like France or the United Kingdom) wanted to put an end to the lawlessness of piracy, they could have solved this problem if not in a month, then in a matter of three-four months, at the same time restoring the image of *the world policeman*, which had been undermined by recent military failures. Of course, for a couple of years the Horn of Africa would be filled with legends about blood-thirty U.S. marines, but that inconvenience would have been fully compensated for by the achieved result.

In other words, if Somali pirates did not exist, they would have to be invented. Or perhaps they have indeed been invented?

FOG ABOVE PYONGYANG

It should be said that the North Korean leaders have always been good at creating an atmosphere of strategic uncertainty as regards their condition and plans. This has nearly always brought results since in the case of North Korea the world community has always paid – not only figuratively but sometimes literally – not for any real actions by Pyongyang but for imagining oneself able to understand the foundations of North Korean politics. The choice of the word *imagining* stems from the fact that nobody knows the real motives of the North Korean leadership or the actual combination of forces in the Political Bureau of the Korean Workers' Party.

Sometimes it seems that the international community is making a mistake to be paying Pyongyang. However, that depends. On the one hand, the real dividends, even in the form of promises, turn out to be small compared with the resources that DPRK has regularly secured for itself. On the other hand, it has turned out that much depends on this small and rather poor country. For example, North Korea's actions and domestic situation are key for the stability of Northeast Asia and therefore for the prospects of economic growth in this extremely important and fast-growing region. Relations between China and the West also depend on the mood in Pyongyang. It is a unique situation: Pyongyang can influence Beijing,

while Beijing can influence Pyongyang with great effort and far from always. It is the situation in North Korea (and not Russian-Chinese relations, as some think) that determines the situation in the Russian Far East. Pyongyang's actions also influence the speed of one of the region's key military and political processes, that of the demilitarization of Japan. Pyongyang's actions affect the U.S. missile defense policy too since it is one thing to display efforts to counter mythical Iranian missiles and it is quite another matter to counter real North Korean missiles.

One has to admit that Kim Jong-II is a truly great leader since it is only a great leader whose state of health is constantly discussed by the world media. And, most importantly, the North Korean leader's health does have an enormous influence on regional and world stability. The very first suspicion that the North Korean leader is unwell plunged regional as well as world politicians into prostration since – on top of all the other problems – nobody had any intention of dealing with issues of North Korean politics too. Whereas they should have since the world community has on the whole got used to dealing with “the Kim dynasty”, which is in effect a classical monarchic regime of the 20th century that has for the past 50 years not expressed its ideological preferences in any way. However, if power in North Korea goes to a member of the military aristocracy or “a solid administrator” of the North Korean brand, this model of interaction can undergo considerable changes.

Nevertheless, one cannot but notice that concern over the situation in North Korea is more of academic interest. On the one hand, “the civilized world” as well as neighboring China, whose ideological differences with the North Korean regime seem to be somewhat overstated, are constantly discussing what is happening in Pyongyang and whether something bad will happen soon. On the other hand, over the past 10 years very little has been done to integrate, at least a little bit, North Korea into the system of regional economic relations. Moreover, Russia's modest attempts to raise this issue (for example, by restoring railway traffic and building a gas pipeline) have come up against a wall of silence. Hence the conclusion: the isolation of North Korea – economic and consequently political – seems to suit everybody. In other words, North Korea is needed as “a great and scary” Communist regime, which is being painted by the Western media and political analysts, who themselves have very little understanding of what is happening inside the “North Korean dictatorship”.

Incidentally, it has been a while since there was a discussion of the prospects of North Korea being taken over by South Korea, which in itself is significant.

SMOKE ABOVE INDIA, WHERE IS THE FIRE?

When discussing the current situation in India, there are two extremes: to either slide into dim conspiracy theories or view what happened as an accident and a result of the operation of a single Islamist group. Most probably neither of those theories are right. However, in any event the conclusion from what happened is simple and yet ambiguous: if that was “smoke”, then where is the “fire”? And how big is it?

Let's once again ask ourselves what was strange in the India terrorist attacks? That the Indian police and secret services were caught unawareness? That is not strange. Police and secret services are always caught unawareness by terrorist attacks that they have failed to prevent. Had they been prepared, the attacks would not have happened. Was it strange that the terrorists targeted foreigners, mainly U.S., U.K., and Israeli nationals? No, it was not, since they are always the primary target of Islamist terrorists. Was it strange that nobody claimed responsibility for the attacks? This is also the usual practice when there is a real force behind at act of terrorism that is seeking practical goals rather than publicity.

However, there are several other points that are worth paying attention to:

First, the scale of the attacks. Even in India, even in one of the most densely populated and chaotic cities staging such a large-scale and well-coordinated series of attacks is extremely difficult. This is not a single suicide bombing. An attack like that must have involved dozens, if not hundreds of, participants. And it is unlikely that they had got to India in a boat, as was reported. Even given the fact that India is one of the world's largest democracies, it is hard to



imagine that there was not a single informer among all those people.

Second, the timing of the attacks; right on the eve of Russian President Dmitry Medvedev's visit to India, when – one would think – security must have been heightened. For the Pakistani side, the timing also turned out extremely uncomfortable, as the new Pakistani government is trying (albeit unsuccessfully) to prove its ability to itself and the rest of the world. Who absolutely did not need a terrorist attack in India and the predictable tension in relations that followed is Islamabad.

Third, the terrorist attacks, India's 9/11 as it were, take place at a time when Indian-American rapprochement, which has in recent years developed the speed of an express train, is beginning to experience difficulties. A clear indication of that came in the complicated fate of the seemingly advantageous for both sides agreement on cooperation in the peaceful use of nuclear energy. And when there was a great need for a new impetus, one that would show that India has no other strategic choice rather than speedy rapprochement with the United States.

And now let's ask ourselves whether all these questions are random, whether the coincidences arising from these questions are random? Unlikely. All these questions indicate that there are very serious forces in the world which have chosen India as a field for yet another "big game" and which are ready to sacrifice not only the lives of hundreds of Indians but also the lives of dozens of foreigners.

The moral of the story is that we shall never find out the truth about the Mumbai terrorist attacks but we still must draw conclusions from them. The main conclusion is simple and frightening: an era is approaching, an era of truly big geopolitics in which human life, any human life, even that of a member of "the civilized community" costs practically nothing. Which is a shame.

CONTOURS OF WORLD TO COME

One era replaces another. The glittering era of oil and gas glamor has gone. One can gloat at it, one can lament it but it seems that nobody would contest it. Of course, one can welcome the fact that no pronouncements or decrees will do more to free Russia of its dependence on oil revenues than oil prices of \$35 per barrel. However, a far more frightening question is what lies ahead for us.

This is not so much about the scale of the economic downturn in Russia: contrary to the tragic tone of many reports, in fact nothing catastrophic is happening in our country. Moreover, given the well-known imbalances in our economy and the number of inefficient businesses, it becomes clear that we got off lightly and will one day tell this crisis a big thank you. Apart from other things, we shall thank it for making us count money again, for reducing theft and setting us thinking that, in principle, it is possible to live well and to develop without high oil prices. Incidentally, this is exactly what Russia was doing in 2003, 2004 and even in the first half of



Dayan **Jayatilleka**, Permanent Representative of Sri Lanka to the United Nations Office at Geneva – by e-mail from **Geneva**: There is a discrepancy between the levels of global and regional security. After the victory of Obama and new appointments the global situation has improved. However, due to the intensified Islamic terrorist activities in Pakistan, Afghanistan, and India, the expansion of the Taliban area of operations, U.S. action in border regions of Pakistan and related growth in anti-American sentiments, the tensions in South Asia increase. Among the positive factors are the consolidation of the new authorities in Pakistan, a more realistic course declared by the U.K. with respect to Afghanistan, negotiations between the Pakistani leadership and U.S. Gen. David Petraeus, U.S. containment of tensions in Indo-Pakistani relations after the attacks in Mumbai and positive expectations concerning the Obama administration.

2005, when oil prices were closer to their current level, yet economic growth rate in Russia was quite high.

The thing is that our political elite – with very few exceptions – have turned out to be a sub-species of *office plankton*: they do not know where to go, are afraid of change, cannot and do not want to take on responsibility and prefer to exist in a world where breakfast is followed by lunch and lunch by dinner. The tragedy here is that the end of the oil and gas glamor has shown the Russian political class's utter geopolitical bankruptcy, immaturity and inability to compete. The glamorous elite is afraid of living in accordance with its means.

Generally speaking, the end of glamor is always painful because it brings those in power and ordinary people to a simple but a very unpleasant truth: business before pleasure. Suddenly it turns out that apart from Courchevel and Mauritius the world map also has on it Magnitka, Nizhniy Tagil, the non-black-earth belt, and a gradually emerging from the oil and gas fog "Gulag archipelago". We already understand the contours of what we are seeing but we refuse to believe it, preferring to view what is happening as a minor twist on the road to the endless pleasures of consumer society.

Strange as it may seem, an era of glamor is always an era of degradation: the New Economic Policy period hailed by pop economists of the perestroika era, the great-grandfather of today's era of glamor, was a time of horrendous technological degradation and social destruction. The glamor of the New Economic Policy, which led to the total collapse of industry and science in Russia, had to be paid for by the political reprisals of 1937. The stagnation of the Brezhnev era, the father of today's glamor, ended first in the death of any innovation, followed by the break-up of the country and unthinkable cataclysms for those who did not manage to get access to foreign grants. What shall we pay for the brief, though not too brief, era of oil glamor? Clearly, not only with unemployment and the painful structural change of the country's industry: they have been inevitable for a long time and oil prices have nothing to do with it. Or shall we pay with readiness for a new division of the world? Or, perhaps, with the tragic lack of understanding that it is not the economy (all the more so, one that is based on the production of raw materials alone) that shapes the political as well as geographical map of the world?

The point is not solely and not so much about whether Russia was excessively or insufficiently open in terms of its integration into the world financial system, although it is obvious that the attempt to turn the Russian stock market into a safe heaven for foreign investment has only turned it into a communal backyard, through which all that it was easy to pick up was picked up and taken away from Russia; and mind you, there was a lot to pick up. The point is that now time has come – which the very first issue of the *Security Index* magazine already wrote about – when the economy will determine far less than it used to.

Indeed, the abundance of oil and gas money did not lead to any true breakthrough in terms of Russia's greater influence in the world. All those actions that have indicated our country's new status in the world, that – as the phrase goes – "brought Russia up from its knees" were largely taken against the logic of the oil glamor. It is no secret that many of those who were associated with the oil lobby and who truly belonged to the high society of the era of oil glamor, when the war with Georgia started, did everything to prevent Russian troops from coming to the rescue of Tskhinvali, which was being destroyed. It was not just a betrayal on the part of some oligarchs. It was a systemic position of the whole oligarchic community, which – if one were to give things their proper names – has for a long time been a superfluous, unwanted element of the Russian political system and which it is time to remove as a surgeon would remove an inflamed appendix.

Of course, one may hope that the current era will not be an era of "iron and blood". One can attempt to prove that the past hundred years have had at least minimal influence on the mentality of public politicians and hidden players, but can we really believe in that?

Incidentally, "the Serdyukov reform" of the Russian armed forces in the form that it is being implemented is also a brainchild of the era of glamor, when one does not have to worry about the consequences of one's actions, when one does not have to think about the future and when responsibility for mistakes is infinitesimal. In these circumstances one can of course



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experiment without any reservations, without having to strain one's ear to try and hear the sound of vehicles pulling up near an elite block of flats in an upmarket part of Moscow.

In the autumn of 1940 the great poet Nikolay Tikhonov wrote a strange for its time and a prophetic poem about Nazi bomber raids on London, which back then was not our ally. The poem ended with the following lines:

A Londoner is walking to his bomb shelter,
Dragging a damp rug along the road,
In his pocket, there is a cold key
To the rooms that have become a pile of spiky rubble.
We learn our lessons at the map,
But we dream of the exam at night...

This is not about whether Stalin trusted Hitler or not. This is about whether it is time we started preparing for the exam? Perhaps, for a start, we could find out where and how one can take it?

Dmitry Evstafiev