

For Putin, Confrontation with the West Is About More than Just Geopolitics

Written by Björn Alexander Düben

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BJÖRN ALEXANDER DÜBEN, SEP 13 2018

Russia's relations with the West have seen better days. Mutual trust is arguably at its lowest level since the end of the Cold War as Western policymakers have implicated Moscow in a long list of alleged provocations and transgressions, including its purported interference in US and European elections and referenda, a series of cyber-attacks on key government institutions in NATO member states, the poisoning of several individuals in the United Kingdom, and Russia's ongoing covert military intervention in eastern Ukraine, to name a few. Washington, London, and their allies have presented varying amounts of evidence for their allegations, often backed up by the findings of independent international organisations. But in most of these cases, their primary evidence has consisted of confidential intelligence reports that cannot be publicly disclosed in their entirety without revealing sensitive covert sources. If Vladimir Putin and the camarilla of former intelligence professionals in the Kremlin have indeed orchestrated all of these subversive activities, they have carefully calibrated them to remain just below the threshold of plausible deniability.

Unsurprisingly, in many of these cases doubts about Moscow's culpability have lingered. The sheer number and frequency of Western allegations against Russia, in conjunction with the dearth of conclusive evidence, has led many to suspect that Moscow is being scapegoated by a hawkish foreign policy establishment in Washington, London, and other Western capitals. Opinion surveys have documented a profound sense of victimisation among ordinary Russians. Why, many ask, should Vladimir Putin have an interest in continuously fomenting tensions and engaging in various forms of undeclared 'hybrid warfare', while seemingly obtaining few tangible geopolitical gains in return?

To some extent, Moscow's motives can certainly be explained in terms of classical geopolitics: Russia's concerns about its diminished great power status, its sense of having been misled about NATO expansion in the post-Cold War years, as well as perceived Western incursions into its traditional spheres of influence and towards its borders (including the European Union's efforts to sign association agreements with several countries in the former Soviet Union). But the answer to this question may ultimately have just as much (or more) to do with Russian domestic politics. The poisoning of Russian double-agent Sergei Skripal and his daughter in Salisbury, UK, for instance, occurred two weeks prior to the Russian presidential election in March. Amid the ensuing international controversy it quickly became a cause célèbre on the Russian news media in the run-up to the polls. Shortly after Putin's landslide victory was announced, his campaign spokesman Andrei Kondrashov observed that 'Turnout is higher than we expected, by about 8-10 per cent, for which we must say thanks to Great Britain[. ...] We were pressured exactly at the moment when we needed to mobilise [voters].' Ella Pamfilova, the chief of the Central Election Commission, similarly stated that Putin's 'unprecedented' level of support showed that Russian society had united in the face of pressure from abroad: 'Our people always comes together at difficult times, so many thanks to some of the leaders – I won't name them – of Western states, who also made their positive contribution' in helping consolidate the electorate. 'They need to know – we never weaken when there is such pressure'.

Broken Promises

The Russian reaction to the Skripal poisoning was part of a larger, worrisome trend: mobilization against a supposedly implacably hostile West has long proven a remarkably effective means for the Kremlin of generating

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domestic support, at a time when Vladimir Putin is left with few alternative means of mass mobilization. This was not always the case: Throughout his early years in power, support for Putin derived primarily from his economic policies. Inheriting a fragile post-communist state at the turn of the millennium, Putin managed to restore a modicum of social order and to force the wayward North Caucasus province of Chechnya back into the fold of the Federation by means of a brutal but effective anti-separatist war (albeit at the price of installing a warlord regime that frequently eludes the control of the Russian federal authorities). Putin's greatest success, however – and the primary cause of his popularity among ordinary Russians – was the revival of the Russian economy. Following the disastrous downturn of the 1990s, GDP per capita in Russia quadrupled since Putin became president in 2000. But his success in reviving the economy was in large part based on coincidence. Russia's economic growth rates have essentially retraced the fluctuations of the global price of crude oil, which rose from less than US\$20 per barrel in the late 1990s to approximately US\$110 per barrel in the early 2010s. Crude oil prices also determine the price of natural gas which, together with oil, has accounted for nearly 70% of Russian export revenues and approximately 50% of federal budget revenue. Russia's once formidable manufacturing sector, by contrast, withered into relative insignificance during Putin's reign, and its share in Russia's civilian exports dropped to ca. 5%.

Putin managed to create tolerable conditions for the extraction of Russia's ample natural resources which, buoyed by rising global commodity prices, allowed for a solid growth of GDP. But very little was done to create the preconditions for a diverse, sustainable economy. The system that Putin created has been characterised by clientelism and weak institutions; it remains plagued by severe corruption and self-enrichment, including in the uppermost echelons of the state. While the president's long-time friends and associates have been able to seize control of Russia's most profitable industries and to become the primary beneficiaries of lucrative government contracts, independent entrepreneurs have faced formidable obstacles and have left the country in droves. Many have lost their businesses in forced takeovers or 'corporate raids'. Every year, countless billions of US dollars in potential investment capital are withdrawn from Russia and invested abroad, not least because they are vulnerable to arbitrary seizure by state organs. In the absence of an independent judiciary that could establish a meaningful rule of law, high-level commercial and legal disputes in Putin's Russia are frequently decided through favouritism and personal connections. Most of those who can afford it outsource their legal disputes to countries with a robust rule of law.

The Kremlin has made well-publicised attempts to revive the country's civilian industries, but these have only led to a further bloating of inefficient state-controlled conglomerates. Under Putin, the share of Russia's GDP controlled by the government and state-owned firms doubled from 35% to a staggering 70%. With the exception of the arms industry, Russia is now largely incapable of producing sophisticated industrial goods that are competitive in the world market. Despite the country's erstwhile scientific prowess, advanced technological development and innovation outside the military sector has become negligible. Throughout the 2000s, Russia's government was touting a wide range of innovative prototype products, including Russian-made smartphones, e-book readers, nanotechnology, hybrid microcars and civilian passenger planes, as well as innovation centres like Skolkovo, 'Russia's Silicon Valley' near Moscow. Putin promised to create 25 million new innovation-based high-tech jobs in Russia. But all of these projects have ultimately resulted in failure.

'Innenpolitik' Trumps Realpolitik

It was therefore just a matter of time before Russia's economic growth was bound to run out of steam. By 2013 – still prior to the massive decline of oil prices and the onset of Western sanctions – Russia's growth rate had already fallen to a meagre 1.3%. When global oil prices plummeted in 2014, Russia plunged into recession. The sanctions imposed following the Ukraine crisis, though they have undeniably put additional stress on the Russian economy, have ultimately been a relatively minor factor in its economic predicament (by most estimates, they have reduced Russia's GDP by no more than 0.5%) – especially as compared with the fluctuations of the global oil price, which is the single most important determinant of the country's economic health.

Measured in US dollars, Russia's economy is now significantly smaller than Italy's, and it has been hopelessly outpaced by the world's leading economies. Most analysts assume that economic growth in Russia will not exceed 2% in the foreseeable future, and it appears as though President Putin has essentially given up any serious effort to structurally reform the economy. He has realised, however, that this need not hurt his domestic approval ratings – on

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the contrary. In most democratic countries, a leader with Putin's recent economic track record would probably have been severely punished at the polls. From 2008 onwards, his domestic approval ratings were indeed gradually falling. But this changed dramatically following Russia's military intervention in Ukraine and the annexation of Crimea in 2014: Putin's approval ratings skyrocketed – just as Russia's economy dropped into recession – and they subsequently remained above 80%.

Putin's recipe for boosting his domestic popularity has been to reaffirm Russia's international status through risky foreign ventures, military adventurism and periodic provocations. The Kremlin's de facto control of most Russian mass media has allowed it to pursue a strategy of convincing ordinary Russians that the Western world is implacably hostile towards their country and its interests and that they must therefore rally behind their leader. Whenever the system's deficiencies become too obvious to hide – from an underperforming economy and revelations of the leadership's secret offshore accounts to a broadening HIV epidemic – they are routinely depicted as the results of Western meddling and US-led attempts to weaken the country.

Renewed confrontation with the West has also given Putin the opportunity to accentuate the importance of the military sphere – the one area where Russia is still indisputably a global power and where it finds itself at less of a relative disadvantage. This 'guns over butter' approach is amplified by the fact that arms manufacturing remains the most innovative and competitive industrial sector in Russia. In this context, Putin has not shied away from increasingly risky gambits, including his apparent contravention of the 1987 Intermediate-Range Nuclear Forces (INF) Treaty – since 2012 the United States and its European allies have claimed that Russia has tested and deployed ground-launched nuclear-capable cruise missiles with a range exceeding 500 km, in express violation of the INF Treaty – and his controversial presentation of a new range of 'unstoppable' nuclear weapons in early March. Such assets would seem relatively pointless at a time of international concord, but they cannot fail to impress during times of growing global tension.

So far, the Kremlin's foreign policy adventurism appears to have paid off. The Russian public has shown little interest in second-guessing the official narrative of Western aggression and encirclement. At a time when Putin is overseeing an economically hamstrung state, embroiled in a military conflict in Syria that is burning up vital resources and regarded with suspicion by many of its neighbours, the confrontation with the West and the cultivation of a siege mentality at home has been the most effective means left at his disposal for consolidating his power. For many years, it has worked like a charm: opinion polls conducted in Russia in mid-2017 still recorded very high ratings for Putin's handling of foreign affairs, with 87% of respondents expressing confidence in his management of global issues (even as some of his domestic policies began to be rated slightly more negatively). Since April 2018, however, Putin's popularity ratings have fallen considerably. In spite of rising global oil prices, Russia's economic problems continue to be keenly felt, and a highly unpopular pension reform has pushed Putin's popularity down to its lowest values since 2014. On this occasion, there is no diplomatic crisis to boost the government's standing and to deflect attention away from the country's domestic woes.

But the next international confrontation might be just around the corner. For the Putin administration, seeking tensions with the West has arguably become part of the *raison d'état*. With his power secured for another six years following the presidential elections earlier this year, it is possible that Putin is now aiming for a gradual reduction of international tensions. Immediately after the election, he had claimed that his top priority in the near future would be economic growth. But considering the depth of Russia's structural economic problems and the discouraging track record of previous reform attempts, it is unlikely that much progress will be made in this regard. Should his domestic support begin to wane significantly, Putin will likely return to the time-tested (and very effective) strategy of stirring up international tensions. And, though he probably has no interest in seeing these tensions escalate beyond a certain threshold, it might not always be possible for them to be successfully contained.

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