

Failed state in Europe

KRISHNAN SRINIVASAN
&
HARI VASUDEVAN

In Europe and the United States of America there is talk of a new Cold War owing to the Ukraine crisis. Two agreements have been broken that were designed to avoid a Cold War: in 1994, Britain, the US and Russia agreed to uphold Ukraine's sovereignty in exchange for its surrender of nuclear weapons. This was broken by Russia in Crimea. Last February, the European Union brokered an agreement between Ukraine's President Yanukovich and his Opposition. The West reneged on this and accepted the coup against Yanukovich, although it had pronounced his 2010 election free and fair — a precipitate move that lost Crimea to Russia.

The West considers that any solution to the Ukraine crisis must respect Ukraine's territorial integrity and its government's legitimacy, despite a non-elected Maidan's veto over a rump parliament where over 25 per cent of the members are absent. It calls the Crimea referendum a sham although it was supported by 95 per cent of the voters who make up over 80 per cent of the population. In the United Nations general assembly resolution in March, 100 voted in favour but 69 voted against or abstained, including Argentina, Brazil, India, South Africa and China, which should give the West cause for reflection. Territorial integrity normally strikes a chord in most countries; China is conscious of the dangers of referenda in Tibet and Xinjiang, and India in Kashmir. The West sponsors secession movements and street opposition to elected governments when it suits its interests. In Ukraine's Maidan, the killings were often perpetrated not by Yanukovich but by circles identified with the West. Europe is impatient to embrace Ukraine with an association agreement and uses the offices of an unelected interim authority under a prime minister who is a US-preferred candidate and a neo-con, and a president who is an ideologue affiliated to the corrupt oligarch, Yulia Tymoshenko. Both have been given time until the May elections to pacify a country that has gone into administrative meltdown.

The US hopes that the successful coup in Kiev would encourage the domestic opposition to Russia's President Putin. A more proximate goal is to advance Ukraine's Nato membership in which the incorporation of what is left of former Yugoslavia is almost complete. The next target is the group of Georgia, Ukraine, Azerbaijan and Moldova — a shaky US-inspired anti-Russian formation.

K. Srinivasan is former foreign secretary of India. H. Vasudevan is professor of history at Calcutta University

The US has restored its transatlantic leadership over a debellated Europe that is dependent on US strategic policy despite its misgivings, including the extensive eavesdropping revealed by Edward Snowden. Putin is regarded by the West as a post-Soviet democrat gone wrong. His ideas of 'sovereign democracy' and the Eurasian Union are seen as hangovers of the Cold War and so he must be contained and isolated, and Ukraine seen to succeed as a democratic market economy. To achieve this, the US invokes a rule-based international system despite inconvenient history: it invaded puny Grenada in 1983 when it considered its strategic interests were affected. It supported the break-up of Yugoslavia, Ethiopia and Sudan on grounds of self-determination. It bombed Serbia to create Kosovoan independence and invaded Iraq, both termed illegal by the UN secretary-general.

A pre-1991-style Cold War is improbable. Economic sanctions are the real weapon for the West, and Russia's weakness. Energy exports represent 75 per cent of Russian exports and 50 per cent of government revenue. The ruble has recently fallen by 24 per cent and Russia has no alternative to EU banks and technology. Russia cannot reciprocate European sanctions because Europe is diverse and not speaking with one voice.

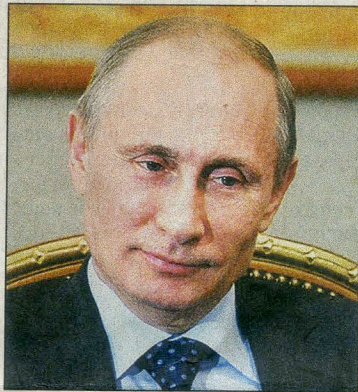
So far, the West has refrained from sanctions on energy, trade and finance. Thirty per cent of EU gas is from Russia and its exports to Russia in 2012 were \$171 billion. Russia is the EU's 3rd trade partner and the EU is Russia's first. Six thousand German companies trade with Russia and invest \$25 billion there. European investors would have to pull out of Russian energy projects; Chevron, Shell and BP have contracts worth millions of dollars. Investors have lobbied EU ministers to oppose sanctions for fear of expropriation, and two-thirds of the Germans polled are opposed to sanctions. Russia has \$732 billion in foreign debt and any default would cripple German banks. London objects to closing its financial centre to Russians; France wants to sell two warships to Moscow. Some Europeans in the Baltics and Poland

want a robust response but others are cautious, and Italy, Bulgaria and Hungary are dependent on Russian energy.

Europe is asking the US to sell the shale gas that it has in abundance, but Russian gas exports are twice the capacity of seven US-approved LNG export projects that would be completed only by the end of this decade. To find energy independence, the EU has to move back to nuclear, or exploit shale with environmental consequences.

These imperatives will not set matters right in Ukraine. Ukraine faces hardship with raised taxes, minimum wage frozen, slashed pensions and subsidies, job losses and reduction in social services. Violence is endemic in east and south

Ukraine — especially in Donetsk, Kharkov and Lugansk. Fears have arisen among ethnic Russian minorities, stoked by threats from ultra-rightists and ethnically divisive pronouncements from Kiev. Alarm among this minority stems from whether it has any role in the new



Ukraine being constructed before the elections without its approval. In three border provinces, a poll has demanded extensive autonomy. Pro-Russian militias, purporting to be 'tourists' sent over from Russia, organize attacks on government buildings. Putin may have no intention to move into east Ukraine, but if violence between pro- and anti-Russian forces occurs, the situation is unpredictable. In Kiev, oligarchs confront oligarchs and extreme rightists, the storm troopers of the Maidan, hold several ministries including defence. The killing of Oleksandr Muzychko, a hard-line right-wing militant, could herald a crackdown on extremists as a concession to Moscow and Western liberals, but could result in an extremist riposte.

While incorporating Ukraine as an associate, the spectre of a failed state in Europe is unwelcome for the EU, and for Russia. Ukrainian heavy industry's customers are former Soviet states and its steel is dependent on Russian gas. The EU abolished the 14 per cent import tariff on Ukraine goods but Ukraine needs \$35 billion over the next 2 years, including \$2 billion to repay Gazprom. The International Mone-

tary Fund has agreed to \$14-18 billion, and the EU and US another \$10 billion, but the IMF demands austerity and floating the Ukrainian currency. Russia has terminated its gas discount of 33 per cent from April 1 and the price has increased by 79 per cent. Kiev says it will raise domestic gas prices by 50 per cent from May 1.

Russia has been subject to pressure by the West. President Bush's agreement on German reunification with Gorbachev not to advance Nato eastwards was never formal. Russia has always wanted East Europe to be a buffer against Nato's expansion and its Eurasian Union project is to counter such expansion, although to call it 're-sovietization' is an exaggeration. The constant belittling of Putin through gestures like the Western boycott of the Sochi Olympics to support gay rights is designed to dent the confidence of the former super-power. But it has minimum impact, like suspension from the G-8 and Nato cooperation. Putin feels he must assert Moscow's role in the former Soviet space, and the defence of Russian minorities abroad is a tactic to achieve this. So far, Russia does not accept the *fait accompli* in Kiev, and demands a new Constitution, political neutrality, federalism and Russian as an official language.

The EU wants Ukraine to be part of its enlargement covering Georgia and Moldova. It accepts the anomalies connected with Russian minorities in Georgia's Abkhazia and Ossetia, and Moldova's Trans-Dniestr, and may acquiesce in Crimean annexation in a 'live and let live' policy. Russia is willing to allow the Organization of Security and Cooperation to monitor Ukraine, but not Crimea. Putin feels that Russia's destiny lies with Europe provided the costs are small: to negotiate that cost, he will work with China, which benefits from the US-Russia tension. But China has no desire to fuel conflict with the West, and nor does India. The long-delayed approvals for supply to China of Russian gas and SU-35 fighter jets are likely to materialize, but little else.

The Cold War is not back. Russia is more integrated with the world economy than was the USSR. No ideology is involved except for the West promoting its version of democracy everywhere and in all circumstances with the dubious assumption that this makes for a stable world under Western political and moral leadership. However, an antagonistic relationship is likely, since Obama must appease hawks like Palin, McCain and Romney. Meanwhile, Obama speaks of being on the right side of history, ironically quoting the Soviet leader, Khrushchev. He perhaps needs advisers with a surer grasp of the Soviet past.