

By George Friedman

U.S. Vice President Joe Biden's visit to Georgia and Ukraine partly answered questions over how U.S.-Russian talks went during U.S. President Barack Obama's visit to Russia in early July. That Biden's visit took place at all reaffirms the U.S. commitment to the principle that Russia does not have the right to a sphere of influence in these countries or anywhere in the former Soviet Union.

The Americans' willingness to confront the Russians on an issue of fundamental national interest to Russia therefore requires some explanation, as on the surface it seems a high-risk maneuver. Biden provided insights into the analytic framework of the Obama administration on Russia in a July 26 interview with The Wall Street Journal. In it, Biden said the United States "vastly" underestimates its hand. He added that "Russia has to make some very difficult, calculated decisions. They have a shrinking population base, they have a withering economy, they have a banking sector and structure that is not likely to be able to withstand the next 15 years, they're in a situation where the world is changing before them and they're clinging to something in the past that is not sustainable."

U.S. Policy Continuity

The Russians have accused the United States of supporting pro-American forces in Ukraine, Georgia and other countries of the former Soviet Union under the cover of supporting democracy. They see the U.S. goal as surrounding the Soviet Union with pro-American states to put the future of the Russian Federation at risk. The summer 2008 Russian military action in Georgia was intended to deliver a message to the United States and the countries of the former Soviet Union that Russia was not prepared to tolerate such developments but was prepared to reverse them by force of arms if need be.

Following his July summit, Obama sent Biden to the two most sensitive countries in the former Soviet Union — Ukraine and Georgia — to let the Russians know that the United States was not backing off its strategy in spite of Russian military superiority in the immediate region. In the long run, the United States is much more powerful than the Russians, and Biden was correct when he explicitly noted Russia's failing demographics as a principal factor in Moscow's long-term decline. But to paraphrase a noted economist, we don't live in the long run. Right now, the Russian correlation of forces along Russia's frontiers clearly favors the Russians, and the major U.S. deployments in Iraq and Afghanistan would prevent the Americans from intervening should the Russians choose to challenge pro-American governments in the former Soviet Union directly.

Even so, Biden's visit and interview show the Obama administration is maintaining the U.S. stance on Russia that has been in place since the Reagan years. Reagan saw the economy as

Russia's basic weakness. He felt that the greater the pressure on the Russian economy, the more forthcoming the Russians would be on geopolitical matters. The more concessions they made on geopolitical matters, the weaker their hold on Eastern Europe. And if Reagan's demand that Russia "Tear down this wall, Mr. Gorbachev" was met, the Soviets would collapse. Ever since the Reagan administration, the idee fixe of not only the United States, but also NATO, China and Japan has been that the weakness of the Russian economy made it impossible for the Russians to play a significant regional role, let alone a global one. Therefore, regardless of Russian wishes, the West was free to forge whatever relations it wanted among Russian allies like Serbia and within the former Soviet Union. And certainly during the 1990s, Russia was paralyzed.

Biden, however, is saying that whatever the current temporary regional advantage the Russians might have, in the end, their economy is crippled and Russia is not a country to be taken seriously. He went on publicly to point out that this should not be pointed out publicly, as there is no value in embarrassing Russia. The Russians certainly now understand what it means to hit the reset button Obama had referred to: The reset is back to the 1980s and 1990s.

Reset to the 1980s and 90s

To calculate the Russian response, it is important to consider how someone like Russian Prime Minister Vladimir Putin views the events of the 1980s and 1990s. After all, Putin was a KGB officer under Yuri Andropov, the former head of the KGB and later Chairman of the Communist Party for a short time — and the architect of glasnost and perestroika.

It was the KGB that realized first that the Soviet Union was failing, which made sense because only the KGB had a comprehensive sense of the state of the Soviet Union. Andropov's strategy was to shift from technology transfer through espionage — apparently Putin's mission as a junior intelligence officer in Dresden in the former East Germany — to a more formal process of technology transfer. To induce the West to transfer technology and to invest in the Soviet Union, Moscow had to make substantial concessions in the area in which the West cared the most: geopolitics. To get what it needed, the Soviets had to dial back on the Cold War.

Glasnost, or openness, had as its price reducing the threat to the West. But the greater part of the puzzle was perestroika, or the restructuring of the Soviet economy. This was where the greatest risk came, since the entire social and political structure of the Soviet Union was built around a command economy. But that economy was no longer functioning, and without perestroika, all of the investment and technology transfer would be meaningless. The Soviet Union could not metabolize it.

Former Soviet leader Mikhail Gorbachev was a communist, as we seem to forget, and a follower of Andropov. He was not a liberalizer because he saw liberalization as a virtue; rather, he saw it as a means to an end. And that end was saving the Communist Party, and with it the Soviet state. Gorbachev also understood that the twin challenge of concessions to the West geopolitically and a top-down revolution in Russia economically — simultaneously—risked massive destabilization. This is what Reagan was counting on, and what Gorbachev was trying to prevent. Gorbachev lost Andropov's gamble. The Soviet Union collapsed, and with it the

Communist Party.

What followed was a decade of economic horror, at least as most Russians viewed it. From the West's point of view, collapse looked like liberalization. From the Russian point of view, Russia went from a superpower that was poor to an even poorer geopolitical cripple. For the Russians, the experiment was a double failure. Not only did the Russian Empire retreat to the borders of the 18th century, but the economy became even more dysfunctional, except for a handful of oligarchs and some of their Western associates who stole whatever wasn't nailed down.

The Russians, and particularly Putin, took away a different lesson than the West did. The West assumed that economic dysfunction caused the Soviet Union to fail. Putin and his colleagues took away the idea that it was the attempt to repair economic dysfunction through wholesale reforms that caused Russia to fail. From Putin's point of view, economic well-being and national power do not necessarily work in tandem where Russia is concerned.

Russian Power, With or Without Prosperity

Russia has been an economic wreck for most of its history, both under the czars and under the Soviets. The geography of Russia has a range of weaknesses, as we have explored. Russia's geography, daunting infrastructural challenges and demographic structure all conspire against it. But the strategic power of Russia was never synchronized to its economic well-being. Certainly, following World War II the Russian economy was shattered and never quite came back together. Yet Russian global power was still enormous. A look at the crushing poverty — but undeniable power — of Russia during broad swaths of time from 1600 until Andropov arrived on the scene certainly gives credence to Putin's view.

The problems of the 1980s had as much to do with the weakening and corruption of the Communist Party under former Soviet leader Leonid Brezhnev as it had to do with intrinsic economic weakness. To put it differently, the Soviet Union was an economic wreck under Joseph Stalin as well. The Germans made a massive mistake in confusing Soviet economic weakness with military weakness. During the Cold War, the United States did not make that mistake. It understood that Soviet economic weakness did not track with Russian strategic power. Moscow might not be able to house its people, but its military power was not to be dismissed.

What made an economic cripple into a military giant was political power. Both the czar and the Communist Party maintained a ruthless degree of control over society. That meant Moscow could divert resources from consumption to the military and suppress resistance. In a state run by terror, dissatisfaction with the state of the economy does not translate into either policy shifts or military weakness — and certainly not in the short term. Huge percentages of gross domestic product can be devoted to military purposes, even if used inefficiently there. Repression and terror smooth over public opinion.

The czar used repression widely, and it was not until the army itself rebelled in World War I that the regime collapsed. Under Stalin, even at the worst moments of World War II, the army did not rebel. In both regimes, economic dysfunction was accepted as the inevitable price of

strategic power. And dissent — even the hint of dissent — was dealt with by the only truly efficient state enterprise: the security apparatus, whether called the Okhraina, Cheka, NKVD, MGB or KGB.

From the point of view of Putin, who has called the Soviet collapse the greatest tragedy of our time, the problem was not economic dysfunction. Rather, it was the attempt to completely overhaul the Soviet Union's foreign and domestic policies simultaneously that led to the collapse of the Soviet Union. And that collapse did not lead to an economic renaissance.

Biden might not have meant to gloat, but he drove home the point that Putin believes. For Putin, the West, and particularly the United States, engineered the fall of the Soviet Union by policies crafted by the Reagan administration — and that same policy remains in place under the Obama administration.

It is not clear that Putin and Russian President Dmitri Medvedev disagree with Biden's analysis — the Russian economy truly is "withering" — except in one sense. Given the policies Putin has pursued, the Russian prime minister must believe he has a way to cope with that. In the short run, Putin might well have such a coping mechanism, and this is the temporary window of opportunity Biden alluded to. But in the long run, the solution is not improving the economy — that would be difficult, if not outright impossible, for a country as large and lightly populated as Russia. Rather, the solution is accepting that Russia's economic weakness is endemic and creating a regime that allows Russia to be a great power in spite of that.

Such a regime is the one that can create military power in the face of broad poverty, something we will call the "Chekist state." This state uses its security apparatus, now known as the FSB, to control the public through repression, freeing the state to allocate resources to the military as needed. In other words, this is Putin coming full circle to his KGB roots, but without the teachings of an Andropov or Gorbachev to confuse the issue. This is not an ideological stance; it applies to the Romanovs and to the Bolsheviks. It is an operational principle embedded in Russian geopolitics and history.

Counting on Russian strategic power to track Russian economic power is risky. Certainly, it did in the 1980s and 1990s, but Putin has worked to decouple the two. On the surface, it might seem a futile gesture, but in Russian history, this decoupling is the norm. Obama seems to understand this to the extent that he has tried to play off Medvedev (who appears less traditional) from Putin (who appears to be the more traditional), but we do not think this is a viable strategy — this is not a matter of Russian political personalities but of Russian geopolitical necessity.

Biden seems to be saying that the Reagan strategy can play itself out permanently. Our view is that it plays itself out only so long as the Russian regime doesn't reassert itself with the full power of the security apparatus and doesn't decouple economic and military growth. Biden's strategy works so long as this doesn't happen. But in Russian history, this decoupling is the norm and the past 20 years is the exception.

A strategy that assumes the Russians will once again decouple economic and military power

requires a different response than ongoing, subcritical pressure. It requires that the window of opportunity the United States has handed Russia by its wars in the Islamic world be closed, and that the pressure on Russia be dramatically increased before the Russians move toward full repression and rapid rearmament.

Ironically, in the very long run of the next couple of generations, it probably doesn't matter whether the West heads off Russia at the pass because of another factor Biden mentioned: Russia's shrinking demographics. Russian demography has been steadily worsening since World War I, particularly because birth rates have fallen. This slow-motion degradation turned into collapse during the 1990s. Russia's birth rates are now well below starkly higher death rates; Russia already has more citizens in their 50s than in their teens. Russia can be a major power without a solid economy, but no one can be a major power without people. But even with demographics as poor as Russia's, demographics do not change a country overnight. This is Russia's moment, and the generation or so it will take demography to grind Russia down can be made very painful for the Americans.

Biden has stated the American strategy: squeeze the Russians and let nature take its course. We suspect the Russians will squeeze back hard before they move off the stage of history.

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