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IF YOU CAN’T BEAT THEM TO YOU HAVE TO JOIN THEM? STRATEGIES RISING POWERS USE TO CHALLENGE AND TRANSFORM THE INTERNATIONAL ORDER

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STRATEGIES RISING POWERS USE TO CHALLENGE
AND TRANSFORM THE INTERNATIONAL ORDER

What strategies do rising states use to challenge the established international order and bring about its transformation? This question has received surprisingly little attention, as both realist and liberal theorists have focused on whether or not there will be a demand for change on the part of rising powers. Both schools assume that change will involve open and violent confrontation between status quo powers and challengers. Realists see this as the natural state of affairs and regard great power confrontation to be the major engine of change in international relations. Liberals are more optimistic and argue that rising powers will be more inclined to accept the established order because they find the costs of challenging it to be prohibitive.

We believe that these arguments are flawed in that they limit rising powers to only two options: they can either “beat ‘em” or “join ‘em”. Rising states can either acquiesce to the existing order or wage a full-out frontal assault to overthrow and replace it. In examining the behavior of post-Soviet Russia (the contemporary rising power that has been the most proactive in its opposition to the established order), we find that rising powers have a wider menu of effective strategies available to them – from simply ignoring the parts of the established order that they do not like, to forming new relationships and institutions that achieve specific aims. These strategies allow rising powers to resist the established order and work towards its gradual transformation.

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Introduction

Will rising states use their newfound power and status to challenge and transform the established international order? International relations theorists working in the realist tradition believe that rising powers will find that the established order restricts their ambitions. As the distribution of power changes in their favor they will begin to challenge it. This will put them on a collision course with status quo powers that may lead to hegemonic war and the eventual creation of a new order (Gilpin 1981). Liberal theorists believe that the institutions and regimes laid out by the US after World War II constitute a resilient and robust “International Liberal Order” that will readily accommodate rising states. Rising powers have already become integrated into the order to the point where the costs of replacing it are just not worth the effort – even if a new order promises to distribute gains in a way that is more in tune with the actual distribution of power in the international system (Ikenberry 2000: 253).

Thus far theorists working on this issue have primarily focused on whether or not rising powers will have a motive to challenge the established order and less on the strategies they can use to challenge it and bring about its transformation. There is a surprising amount of consensus between realists and liberals, as they both see change as necessarily involving open and sometimes violent confrontation between status quo powers and challengers. Some liberal theorists go so far as to argue that rising powers will be dissuaded from challenging the established order because they will find the costs and risks of pushing for change to be prohibitive (Ikenberry and Wight 2007).

We believe that these arguments are flawed in that they limit the choices open to rising powers to two options: they can “beat ‘em or join ‘em”. Rising states can either acquiesce to the existing order or wage a full-out frontal assault to overthrow and replace it. In reality the choice is not as stark as this. In this article we will examine the behavior of post-Soviet Russia – the contemporary rising power that has been the most dissatisfied with the established and most proactive in its opposition to it. We find that rising powers have a wider menu of effective strategies and tactics available to them – from simply ignoring the parts of the established order that they do not like, to forming new relationships and institutions that achieve specific aims. These strategies allow rising
powers to resist the current order and work towards its gradual transformation without having to challenge it openly and directly.

Three Strategies for Challenging the Established Order

Rising powers that want to challenge the established order have three major strategies open to them. 1) They can adopt a strategy of selective compliance - they can pick and choose which rules to follow and which institutions to join according to more narrow calculations of their own interests. States can also develop clever ways to cheat that circumvent the literal rules of institutions. For example, states can use currency manipulation, arbitrary environmental or health regulations, and other non-tariff barriers to shape trade relations in ways that are preferable to them. While these tactics are clearly against the spirit of free trade, they often do not formally break rules of trade agreements. They are also notoriously difficult to legislate as they open up much room for interpretation by both side involved in disputes (Grieco 1990). 2) States can look to transform institution so that they better serve their goals and interests. They can do this openly by pushing for reform. Or they can work behind the scenes to undermine them, decreasing their relevancy so that they no longer threaten their interests. 3) Rising powers can build new institutions that route around or circumvent the established institutional order, establishing relationships outside of the Western orbit. These institutions do not have to challenge the established order directly. But they can replicate some of their functions and in this way allow rising powers to work around the established order, minimizing their dependence on it and its institutions. Table 1 lays out the three strategies and some examples from the Russian case:
Table 1: Strategies Rising Powers Can Use to Challenge The Established Order and Examples from the Russian Case

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**Selective Compliance**

Perhaps the most obvious strategy is for states to pick and choose between the rules and institutions of the order that they will comply with and those it will violate or ignore altogether. In using this kind of strategy of *selective compliance*, a rising state like Russia
can simulate compliance with the order and avoid the negative repercussions of challenging the order openly and directly. Another advantage of selective compliance is that it allows Russia to “free ride” on the compliance of others. Russia benefits from the existing international order while passing along the costs of compliance and institutional maintenance to other actors.

Free trade is one of the pillars of today’s liberal international order and Russia’s leadership often speaks about its commitment to free trade and liberal economic practices. Russia has made substantial efforts to join the WTO. Russian leaders have also spoken out against protectionism and Russia was a strong supporter of the G-20 declaration that pledged to forego protectionist practices and keep markets open during the ongoing world economic crisis. But while Russian leaders espouse free trade rhetoric, they have also been ready to use protectionist policies to defend domestic industries. For example, in 2008, Russia imposed tariffs to limit the import of used foreign cars in an attempt to protect the country’s struggling auto industry. Russia has also used non-tariff barriers to shield and promote domestic industries. A recent study on trade protectionism in the wake of the World Financial Crisis found that Russia was among the worst offenders, ranking at the top of the list in the number of discriminatory measures imposed on foreign goods (Evenett 2009: 21). Russia’s restriction of US poultry imports based on health and sanitary grounds has been a constant headache in US-Russian relations, but has been a boon for Russia’s poultry industry (Moscow Times 2009b). Russian authorities have also selectively applied environmental regulations to stall energy projects and put pressure on foreign firms to renegotiate energy contracts they signed with the government in the 1990s when the price of hydrocarbons was low and the Russian government still weak (Kramer 2006).

Russia has frequently used protectionism as a tool of foreign policy. Citing health violations Russia banned Georgian and Moldovan wine from its markets in 2006. Most

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3 I am not trying to single out Russia in this respect. Many countries (including the leading liberal states) pursue inconsistent policies vis-à-vis free trade and this thus represents a major challenge to liberal IR theories (Miller 2009).

4 This move led to a wave of popular protests in the Russian Far East that shook the Kremlin. Nevertheless the government stood by its decisions and used car imports subsequently fell by 95 percent in the first quarter of 2009 as a result of the new tariffs. (Moscow Times 2009a)
experts agreed the move was designed to put economic pressure on the two republics which were moving away from Russia and towards closer relationships with the West (Nezavisimaya gazeta 2006). In 2006, the Russian pipeline monopoly Transneft halted supplies to Lithuania, citing environmental and safety concerns. Observers suspected the move was designed to show Moscow’s displeasure with Vilnus’ decision to sell a controlling interest in a large Lithuanian refinery to a Polish company (Kommersant 2006). Citing health and sanitary concerns the Russian health inspectors also ordered a ban on the import of milk and meat products from Belarus in 2009. Known locally as the “Milk War”, observers suspect Moscow’s true motive was to put pressure on the regime of Belarus strongman Aleksander Lukashenko – either as punishment for Lukashenko’s refusal to recognize the independence of Abkhazia and South Ossetia or in order to get Minsk to sell Russia a controlling interest in its national oil and gas pipelines. (Barry 2009)

Russia is also selective in its adherence to the principles of human rights and democracy, espoused by such European institutions such as the European Court of Human Rights (ECHR) in Strasbourg. The Russian Federation recognizes the jurisdiction of the ECHR and agrees to enforce its sentences concerning persons whose rights have been violated in the opinion of the Court. Nevertheless, Russia has the worst human rights record of all 47 countries that are parties to the ECHR. The Strasbourg court has accepted petitions from thousands of Russian citizens. In 2009, Russia accounted for almost a quarter of all new petitions to the court. (Silva 2011). The court has ruled against Moscow for human rights violations in Chechnya, for its denial of official registration to opposition political parties and independent NGOs, and for violations of freedom of religion and free speech (most notably the government’s refusal to allow lesbian and gay rights advocates to hold a parade in Moscow). While Russia reliably complies in paying out European Court ordered restitution, it has failed to address many of the systemic human rights issues at the heart of the cases.5 This is particularly true in areas Moscow deems to be an encroachment on its sovereignty, such as human rights in Chechnya or the registration of opposition political parties. Recently Russian lawmakers submitted a bill

5 In most cases the restitution awarded by Strasbourg amounts to no more than a few hundred dollars. See (Silva 2011).
to the Duma that would allow Russia to ignore the verdicts passed in Strasbourg as long as the Russian Constitutional Court confirms that the verdicts do not conform to the Russian Constitution (Biryukova 2011).

At times Russia has adopted liberal arguments put forward by the West that it normally rejects when these advance its interests. Russia has generally been a strong supporter of the principle of sovereignty in international affairs, speaking out against Western interference in other countries affairs on human rights grounds and defending the territorial integrity of states against self-determination movements. But it has not always been consistent in this position. Russia was a firm opponent of Kosovo independence, and rejected the argument, made by supporters of independence, that Serbia had lost its right to sovereignty over Kosovo because of massive human rights violations perpetrated by Serbian troops in the province. Yet Russia used the same argument to justify its recognition of Abkhazia and South Ossetia’s independence (Medvedev 2008a). Moscow has supported universal principles of human rights and self-determination when doing so has furthered its foreign policy interests. Russia has openly criticized the Baltic States for violating the human and political rights of ethnic Russian citizens, and has used the issue both to pressure these states and to deflect criticism for human rights violations in Russia (Ehin and Berg 2009). Russia also supports the right to self-determination of secessionist governments in several post-Soviet republics; Abkhazia and South Ossetia in Georgia, the Trans-Dnieper republic in Moldova, and Nagorno Karabakh in Azerbaijan. This thwarts efforts by central governments to reaffirm their sovereignty and control over these territories. These “frozen” conflicts provide an opportunity for Moscow to intervene in the domestic policies of these states and thereby maintain its influence in the region as a whole (Mankoff 2009, 258-61). They are also an obstacle to these states joining NATO or the EU.

A strategy of selective compliance has helped Russia evade the rules and norms of the established order when compliance is not seen as being in Moscow’s interests. Like many other states it has employed creative tactics to shape the terms of trade in its favor and to put pressure on other states. Moscow has also been selective in its compliance with the established order’s norms of democracy, human rights and self-
determination. It has ignored these norms when they impinge on Moscow’s core interests. But Russia has also promoted these same norms when they have been useful in furthering Russia’s foreign policy objectives. Moreover, Russia can still derive all the benefits from established institutions without incurring the costs of full compliance. And Russia has been able to do all of this without having to challenge the established order directly.

**Undermining and Reforming Established Institutions**

Russia has employed strategies that look to transform established international institutions so that they better reflect Moscow’s interests and goals. These transformative efforts have taken two forms. Russia has tried to undermine these institutions to make them less effective. Or, more positively, Russia has attempted to reform them to better reflect its interests and world views.

As part of the former strategy, Russia has often looked to undermine the cohesiveness of the EU and NATO by dealing directly with European states on a bilateral basis. Russia prefers to deal with states on an individual basis rather than Europe or NATO as a whole because it reduces the tremendous asymmetry of power that exists between Russia and these organizations. By bypassing these larger organizations Russia also lessens the influence of former Warsaw pact countries, which are seen by Russian policy makers as being almost congenitally disposed towards anti-Russian policies. “Behind the preference for bilateral diplomacy is the pragmatic calculus that cultivating special relationships with pro-Russian governments in the EU is simply far more advantageous and renders dormant the EU as a strong foreign policy actor.”(Kulhanek 2010).

This policy has historical precedents. Though it was never the central focus of Moscow’s European policy during the Soviet period, the USSR did make substantial efforts to drive wedges between the members of the NATO alliance, most notably by encouraging Charles De Gaulle’s attempts to develop an independent foreign policy and by floating several proposals which offered Germany its unification in exchange for its withdrawal from NATO. (Ginsburg and Rubenstein 1978: 86-133). Postcommunist Russia has pursued similar policies, and has looked to develop bilateral relations with Europe’s great
powers as a way of undermining NATO solidarity. The most prominent example of this kind of behavior occurred during the lead up to the 2003 Iraq war, when Russia worked behind the scenes with France and Germany to block American attempts to achieve a UN mandate for the invasion. Many observers saw this as an attempt by Russia to weaken Atlantic solidarity and drive a wedge between the European powers and Washington (Bugajski 2009: 102). In an interview on French TV in 2003, Putin called these Franco-Russian-German diplomatic efforts “the first attempt since the time of World War II to find a solution to a serious international crisis outside the framework of politico-military blocs” and that it represented “the first contribution to the building of a multipolar world”. (Vremya Novostei 2003).

This Moscow-Paris-Berlin “axis of the unwilling” proved to be short lived and both Western countries returned to their previous close cooperation with the US (Stent 2003). Nevertheless, Moscow is ready to take advantage of other opportunities to profit from divisions within the West. Both Germany and France worked behind the scenes to prevent Georgia and Ukraine from receiving a NATO Membership Action Plan during the 2008 alliance summit in Bucharest. Most recently, Medvedev also met with French president Sarkozy and German Chancellor Merkel in Deauville in October 2010. The three promised to establish an ongoing security dialogue and to establish a permanent EU-Russia consulting group to deal with European security issues, like the frozen conflict in Transdniestria – thereby bypassing NATO and the US (Vinocur 2010).

**Bilateral Relations with Germany**

Russia has use its economic clout to cultivate a special relationship with Germany that allows it to bypass European institutions and preventing a more unified European position on Russia from emerging. The German-Russian relationship is firmly grounded in economics. Russian energy companies like Gazprom have signed sweetheart deals with German energy giant like E.ON and Wintershall -- both of whom have sided with Gazprom in opposing EU efforts to liberalize the European gas market. “By making lucrative deals with companies in Germany and elsewhere, Gazprom essentially turns [German companies] into Kremlin lobbyists in their own countries, whose susceptibility to Russian influence grows.”(Feifer 2011).
The emerging Russian-German energy partnership has undermined EU efforts to promote energy security (Westphall 2008). Germany has thrown its support behind the Nord Stream pipeline project, which will bring Russian gas directly to German markets, bypassing the former Soviet energy-transit countries. The German government itself helped to kick-start the project by guaranteeing 1 billion Euros in loans (Buck and Bertrand 2006). The project has been the subject of intense criticism by the US and other East European EU members. Former Polish Defense Minister Radek Sikorski compared the German-Russian Nord Stream deal to the Molotov-Ribbentrop pact (VOA 2006). Former Czech President Vaclav Havel called the pipeline project a "provocation" that could only be supported "by people who don't know anything about modern history." (Feifer 2011).

Russia has also successfully enlisted individual politicians and German business leaders to its cause. Former Chancellor Gerhard Schroeder famously called Putin an "impeccable democrat" and categorically refused to comment on Russian domestic policies while he was in office (Reuters 2007). Upon leaving office Schroeder became the chairman of the board of Nord Stream and he has supported the Russian position on many issues, including missile defense (Reuters 2007). His successor, Angela Merkel frequently attacked Schroeder for ignoring human rights and democracy before coming to offices. But she subsequently toned down its criticisms, as her political concerns about Russia have taken which has taken a back seat to economic interests (Dempsey 2009a). Merkel’s government continues to back the Nord Stream pipeline project. In 2008 when the Bush administration campaigned to put Ukraine and Georgia on a path to NATO membership, Merkel led the opposition within NATO to scuttle the plans, arguing that it would antagonize Russia (Reuters 2008a).

Critics allege that Russia is using former East German cadres and members of the Stasi (the East German version of the KGB) to further its interests in Germany. Hans-Joachim Gornig, the former deputy chief of East Germany's oil and gas industry was the first head of Gazprom’s German subsidiary, Gazprom-Germania. The company’s director of personnel and its director of finance are also both former Stasi agents. The director of the Nord Stream consortium, Matthias Warnig, is a decorated former Stasi officer.
Warnig also reportedly worked with Putin when he was a KGB agent stationed in East Germany in the 1980s, helping him recruit West German citizens to spy for the KGB (Kupchinsky 2009).

**Bilateral Relations with France**

While Russia’s relationship with Germany is grounded in the German-Russian energy relationship, Russia’s bilateral relationship with France has often been advanced by shared geopolitical views and goals. Both are historic “great powers” who have traditionally struggled to be recognized as such by their peers, and whose fortunes have waned in recent decades. Both countries have traditionally been skeptical about US hegemony and both are proponents of a transition to a multipolar world order. For both countries multipolarity is a kind of “shortcut to greatness”. Multipolarity gives lesser powers such as Russia and France greater leverage and influence in world politics and thus reverses the decline in their geopolitical fortunes without having to significantly increase their capabilities (Newton 2007).

Former French president Jacques Chirac often tried to use Russia to balance against what he saw as US abuses of power. Chirac was instrumental in putting together the Berlin-Paris-Moscow diplomatic troika against the Iraq invasion. He also took a negative view towards US missile defense plans, warning that they could reanimate Cold War era tensions. During his tenure Chirac also refrained from criticizing Russia on human rights and democracy. The close bilateral relationship has also continued under the more US and NATO friendly Sarkozy. Central and Eastern European observers argue that Sarkozy let himself be swayed by Russian arguments in brokering an end to the Georgia war (Bugajski 2009: 114). France has also signed a deal to sell Russia two state of the art “Mistral” amphibious assault ships. The acquisition will significantly increase Russian military capabilities in the Black Sea region and has been criticized by Georgia as well as some circles in Washington, including former US Defense Secretary Gates.6

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6 A Russian admiral reportedly boasted the Mistral would have cut the 2008 war in Georgia “to 45 minutes.” See: (Cody 2010).
Bilateral Relations with Lesser European States

In addition to forging strong relations with the European heavyweights France and Germany, Russia has also tried to use energy as a tool to enlist the support of Europe’s lesser powers. Putin has cultivated a close personal relationship with former Italian President Silvio Berlusconi, who has often defending him against criticism by other European and Western leaders. According to US diplomatic cables released by Wikileaks, US diplomats suspect that Berlusconi could be “profiting personally and handsomely” from secret deals with the Russian prime minister and accused Berlusconi of trying to “derail US-led efforts to contain Moscow’s worst instincts”(Harding 2010). 

Italy, Austria, Hungary and Bulgaria collaborate with Russia on energy and pipeline projects, that many observers fear will increase Europe’s dependence on Russian energy (Dempsey 2009b).

Some European observers are alarmed by the extent of Russia’s influence in Europe, and the extent to which bilateral state, business, and personal relationships are undermining the EU’s ability to project a unified front vis-à-vis Russia. In its "Power Audit of EU-Russia Relations", the European Council on Foreign Relations argues that "Russia has emerged as the most divisive issue in the European Union since Donald Rumsfeld and the Iraq War."(Lenard and popescu 2007: 26) According to the report, Russia has succeeded in splitting EU member states into ‘strategic partners’ who enjoy a ‘special relationship’ with Russia and those who are more cautious and even overtly hostile to Russia. “Russia has not only succeeded in preventing the Union from pursuing a coordinated Russia policy, it has also built a relationship of asymmetric interdependence with the Union where Russia actually holds the commanding position over a fractious and divided EU."(Lenard and Popescu 2007: 26).

Transforming the OSCE

Russia has tried to undermine or transform established institutions from within in order to prevent them from pursuing “anti-Russian” policies. Russia has been unhappy with the human rights and democracy promotion functions of the OSCE. Putin attacked the OSCE and its democracy and human rights promotion activities in his 2007 Munich Speech,
“People are trying to transform the OSCE into a vulgar instrument designed to promote the foreign policy interests of one or a group of countries. Decision-making procedures and the involvement of so-called non-governmental organizations are tailored for this task.” (Putin 2007). Moscow sees the organization’s criticisms of elections in post-Soviet states ruled by governments that are close to Moscow as a power play by the US and West to curtail Russian influence in the region. According to Sergei Kortunov: “[The US and Western] countries use the OSCE to shape processes in the CIS, to convert countries that are on ‘the European periphery’ to their own standards – even if this has to involve regime change, and – above all– to put pressure on Russia so that she cannot influence events occurring in her own neighborhood.” (Kortunov 2009).

Russia has pushed for reforms in the Office for Democratic Institutions and Human Rights (ODIHR – the OSCE’s election monitoring apparatus) that would curtail its abilities to effectively monitor elections. Moscow has insisted that OSCE/ODIHR observer missions be limited to 50 observers, that the content of election assessments be subject to authorization by the OSCE’s Permanent Council (where Russia wields veto power), and that elections be monitored not only in post-Soviet countries but also in Western ones (a tactic designed to disperse OSCE’s limited budgetary resources) (Socor 2007). Russia has floated numerous proposals to strengthen the political and military activities of the OSCE. This would downgrade the OSCE’s democracy and human rights activities and detract funding from them. Moscow would like to build up the OSCE into an all-European security body that could eventually displace NATO. According to long time OSCE observer Vladimir Socor these efforts continue “Moscow’s long-standing attempts to endow the OSCE with functions that could duplicate or interfere with those of NATO and maintain a Russian-influenced grey area in Europe’s East.” (Socor 2007).

**Reforming European Security Institutions**

Most of these efforts to transform the OSCE have occurred behind the scenes. But, over time, as Russia has gained strength and confidence, its efforts to change European security institutions have grown more open and public. In the wake of the 2008 Georgia war, Russia began a diplomatic offensive to push for a new pan-European security treaty to replace current security arrangements, which are centered on NATO. As laid out in an
October 2008 speech by President Medvedev in Evian, France, Moscow’s proposal for a new pan-European security treaty would once and for all end Europe’s division into Cold War era blocs. All states and existing alliances would pledge not to pursue their security at the expense of other states (a veiled reference to NATO expansion and ABM)(Medvedev 2008b). Medvedev framed his proposal as a return to the 1975 Helsinki Final act, which helped to stabilize relations between the Cold War rivals. The proposal’s provisions on sovereignty, nonintervention in internal affairs, and the inviolability of borders echo similar provisions of the Helsinki treaty. Moscow feels that these parts of the Helsinki act have been ignored, while provisions of Helsinki dealing with human rights and self-determination of peoples have gone too far. According to Fyodor Lukyanov: “Fundamental principles such as sovereignty and territorial integrity have been eroded. Meanwhile, new concepts have emerged such as humanitarian intervention which have no basis in classical international law. In the context of this growing gap between legal norms and real politics, it makes sense to revisit the principles of the Helsinki Final Act.”(Lukyanov 2009: 58).

These arguments are very much in line with Russia’s reform efforts in the OSCE, which also seek to refocus the organization away from its current emphasis on democracy and human rights issue and towards traditional security concerns. Thus far, Medvedev’s initiative have been received with cool skepticism by NATO states. NATO member states are happy with the current security arrangements and weary of doing anything that could weaken it. Some Western experts argue that Russia’s proposals are in essence an elaborate "trap" that would effectively give Russia a veto over decisions made by NATO, and are reminiscent of Cold War era efforts by the Soviet Union to weaken the alliance (Weir 2009). According to US Deputy Assistant Secretary of State Matthew Bryza, "There is no need for any new architecture, it is fairly transparent. I think that we are talking about finding alternatives for the organization of NATO, which worked so well. NATO creates discomfort for Russia.”(Reuters 2008b)

Russia has made considerable efforts to transform established international institutions, either by trying to undermine them or to alter them so that they better reflect Russia’s interests. Russia has tried to use bilateral relations with the big European powers
to undermine NATO and the EU. These policies have had some success in keeping the EU from adopting a tough unified stance against Russia, particularly in the field of Energy security. Moscow’s efforts to undermine NATO and to transform European Security institutions, however, have been much less successful. Russia’s efforts to drive wedges in NATO have also seen limited success, though one could argue that they have played a significant role in getting the alliance to put off membership for Ukraine and Georgia indefinitely. Russia has been able to significantly impede the work of the OSCE’s democracy promotion and human rights bodies, yet its efforts to transform the organization into an alternative to NATO have made little headway. Medvedev’s proposal to transform the European Security Architecture has also been largely ignored by Western states.

This may change. NATO’s recent campaigns in Libya and Afghanistan have exposed major weaknesses in the alliance. Washington is increasingly unhappy with its European allies’ readiness to commit troops and resources in both conflicts. Former US Defense Secretary Robert Gates warned that the future of NATO may be in doubt if its European members are unable or unwilling to take on a greater share of the alliance’s burdens (Barnes 2011). Most European countries plan to cut military spending even further as they grapple with the ongoing financial crisis. If these trends continue, Russia’s efforts to split the alliance or to reform the European security architecture along the lines of Medvedev’s Pan-European Security treaty may yield more tangible results.

**Resisting the Established Order by Building New Institutions**

Liberal theorists predict that rising state will prefer to work within established liberal institutions rather than build new ones. Yet Russia has been very active at institution building throughout the post-Soviet period. Russia has pushed for security and economic integration with the former Soviet states through the Commonwealth of Independent States (CIS), the Collective Security Treaty Organization (CSTO) and the Eurasian Economic Union (EurAsEc). It has also been a key player in creating new global multilateral organizations that exclude the West, such as the Shanghai Cooperation Organization (SCO) and the BRICS. While many of these institutions do not pose a direct challenge to the existing order (at least at the moment) they do replicate many of
the order’s functions, making Russia less dependent on existing institutions it and allowing Russia to circumvent and bypass them.

The CIS- An Initial (Failed) Attempt at Institution Building

The Commonwealth of Independent States (CIS) is perhaps the best known Russian effort towards international institution building. The CIS was established shortly after the dissolution of the USSR in order to manage the “divorce” between Russia and the other former Soviet republics and address the problems that arose as a result of the disintegration of what was once a unified economic and political space. At the time many had high hopes that the project would also help integrate the former Soviet space, becoming a kind of “EU of the East”. The political centralization imposed by the Soviet state would be replaced by voluntary integration based on economic complementarities, shared historical and cultural experience, and continued personal and professional ties. These hopes have only met with disappointment. The CIS has made almost no progress in integrating the post-Soviet space or in coordinating policies between its member countries. According to one study, of the thousands of resolutions passed by CIS bodies, only around 10 percent have actually been ratified and implemented by member countries (Moskvin 2007).

Stagnation with the CIS project has led to a new “realism” in Russia’s policy towards the former Soviet states. Under Yeltsin Russia granted CIS countries economic preferences in exchange for political loyalty, though this policy (like many other policies under Yeltsin) was pursued in a sporadic and haphazard fashion (Lo 2002). This policy was most significant in the energy sphere, where CIS countries were sold gas and oil well below world market prices. In the eyes of Russian elites, however, this policy of carrots exhausted itself, especially as it increasingly failed to secure the loyalty of states like Georgia and Ukraine, which have gravitated towards the West. Russia’s new policy tries to structure trade relations on a more rational and commercial basis, eliminating subsidies to CIS economies. This adjustment was one of the big factors behind energy disputes between Russia and Ukraine in 2005-2006 and Russia and Belarus in 2007. Russia is still ready to negotiate preferential energy deals with CIS countries, but these must yield immediate and tangible concessions on the part of partner states – either in terms of
security (Ukraine’s decision to extend Russian basing rights for the Black Sea Fleet) or economic gains (Belarus agreeing to increase Russia’s ownership stakes in its domestic pipeline infrastructure).

Despite this new realism, Russia has not given up on integration, but its approach has become more pragmatic and flexible. Moscow has abandoned the CIS as the main mechanism for regional integration. According to Putin “The CIS was created for the purpose of a civilized divorce…And if anyone expected some particular achievements from the CIS, there weren't any because there could not be.” (Melikova 2005). Instead Russia has pursued a multi-layered and multi-level integration agenda that includes bilateral relations with post-Soviet states as well as smaller multilateral groupings like the CSTO, EurAsEc and the SCO. These relationships exclude states like Georgia and Moldova that are more interested in integration with the West. Russia is looking to build relations with states like Belarus, Kazakhstan and the Central Asian states, which have been more enthusiastic about integration with Russia. Moscow also concentrates less on building binding institutional arrangements and more on preparing the legal basis and framework for trade liberalization and economic expansion (Vinokurov 2011).

These bilateral and multilateral relationships eschew the pooled sovereignty model of the CIS (which member states often ignored or refused to ratify) in favor of less institutionalized and looser relationships and collective decision making. The CIS has been relegated to a “talking shop” and forum where bilateral deals are brokered. Kazakh President Nursultan Nazarbayev quipped that the CIS these days is little more than "a place where presidents meet" (Vinokurov 2011).

The CSTO

As part of this new multilayered integration strategy, Russia has pushed for the CSTO to become the premiere security organization in the post-Soviet space. The CSTO grew out of the framework of the CIS Collective Treaty Organization, which brought together all the states of the former USSR (except for the Baltic Republics) to work out military issues related to the country’s disintegration. Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan signed the treaty establishing the CSTO in 2002. The CSTO charter
affirms the desire of all participating states to abstain from the use or threat of force, prohibits members from joining military alliances or other groups of states, and commits members to perceive aggression against one signatory as aggression against all – though it does not legally bind them to come to each other’s aid like Article 5 of NATO’s charter.

The CSTO has conducted regular large scale military exercises since 2006 that simulate responses to conventional external threats as well as incursions by “terrorists” and “militants”. The largest of these was a 6,000 man exercise in Kazakhstan in 2009 that included the debut of a CSTO rapid reaction force (RIA Novosti 2009). The 20,000 strong rapid reaction force is comprised of units from all CSTO member states. There are plans to set up a smaller unit that will be under joint command and will operates from a joint base in Southern Kyrgyzstan. This force would be specially designed to intervene against unconventional security threats and challenges such as terrorism, peacekeeping, and disaster relief. According to Russian President Medvedev the force will be "adequate in size, effective, armed with the most modern weapons, and on a par with NATO forces.”( Felgenhauer 2009).

The CSTO received a blow in 2010 when Russia and the CSTO refused a call from Kirgizstan to send troops to intervene in ongoing ethnic conflicts that had flared up in the south of the country. CSTO leaders argued that intervention would be outside the organization’s purview as the crisis was an internal matter of Kirgizstan and did not involve outside forces. Many observers saw this as an indication of the weakness of the organization (Whitmore 2010). Russia was reluctant to get involved in a messy ethnic conflict in which it had little at stake and it still lacks effective peacekeeping resources. The other CSTO members were also reluctant to support a Russian led peacekeeping mission fearing that this could become a precedent for Russian intervention in their own countries (Lukyanov 2009). However, the CSTO did send material help, including helicopters and other military vehicles to the Kirgiz security forces that were deployed to quell the violence. The organization met in December 2010 to discuss ways in which it could improve its ability to respond to such crisis. The CSTO amended its charter in December to include intervention in internal conflicts of member states (Pannier 2011).
CSTO leaders again met in August of 2011 to discuss internal security threats in the wake of the Arab Spring. The discussion focused on the ongoing upheavals in the Middle East and on how to prevent these popular uprisings from spreading to the territories of the former Soviet states (Kommersant 2011). Member states agreed to bolster the CSTO rapid reaction force. They also discussed the issue of control over cyberspace, agreeing that social media platforms like Twitter should be forced to exclude disseminators of “extremist ideas” and “riot organizers”, such as those who “masterminded” recent unrest in North Africa. According to an anonymous source from within the CSTO cited by the Russian daily Kommersant, the threat from the Arab Spring has given a new impetus to the organization. (Kommersant 2011).

Moscow would like to increase cooperation between the CSTO and NATO and to bring the CSTO into the discussion as one of the partner organizations for Medvedev’s new security treaty for Europe. This would increase the organizations international legitimacy, and further Russia’s ideal objective of gaining Western recognition of its sphere of “special interest” in the former Soviet countries. NATO refuses to engage with the CSTO, and prefers to arrange relations with Russia and with the Central Asian countries separately. NATO governments do not want to lend legitimacy to what they see as a Moscow-dominated institution. According to a recent secret diplomatic cable released by Wikileaks US diplomats to NATO argue that it would be “counterproductive for NATO to engage with the CSTO, an organization initiated by Moscow to counter potential NATO and U.S. influence in the former Soviet space.” (Kucera 2011).

The CSTO plays a useful geopolitical role for Moscow as a counterweight to NATO expansion in the post-Soviet region. States that join the organization are not allowed to join other military alliances or blocs. This provision of the security treaty is of particular significance for Russia. Russia’s efforts to revive and transform the CIS’ collective security framework in 2002 can be seen as a direct response to the increased US presence in Afghanistan and other areas of Central Asia following 9-11 and to NATO expansion in the former Soviet States, which began with the ascension of the three Baltic republics in 2003 and seemed poised to continue as both the Georgian and Ukrainian government declared their intentions to join the alliance. At the time there was a growing
concern among Russia’s political and military elite that the US and NATO could displace Russia’s security dominance in the region. Efforts to strengthen the CSTO are a response to these concerns (Torjesen 2009). The CSTO also helps forward Russia’s goal of maintaining military primacy in the region. Through the CSTO Russia is developing the region’s capabilities to respond to unconventional security threats like terrorism and drug trafficking so that the states of the region will be less dependent on the US and NATO, and will instead look to Russia to fulfill these functions.

EurAsEc

Russia is also the driving force behind the Eurasian Economic Community (EurAsEC), which brings together Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Like the CSTO, EurAsEC grew out of a previous CIS initiative to create a common economic space which had stalled and floundered. EurAsEC was established to promote the creation of a customs union and single economic space between its members, and to coordinate their approaches to integration into the world economy. Though EurAsEC is organized according to the principle of collective decision making, the internal voting structure is weighted to insure Russia’s preeminence. EurAsEC’s most successful initiative to date has been the Customs Union between Belarus, Kazakhstan and Russia, which came into operation as of July 2011. The Customs Union has succeeded in establishing a common tariff policy towards third parties and eliminated most tariff restrictions, including many non-tariff barriers between the three states. The Customs Union “troika” is supposed to serve as an engine for further integration between the other members of EurAsEC. Kirgizstan and Tajikistan have already shown interest in joining the Customs Union (RBK 2010). In addition to these free trade initiatives EurAsEc has also established a 10 Billion dollar crisis fund in 2009 to help its members with the world financial crisis. EurAsEc has already committed 3 billion USD from the fund to help Belarus meet its international debt obligations. Putin has promised to make Eurasian economic integration a priority for his future presidency. In an article by Putin for the Russian daily Izvestia, he wrote that EurAsEc will be “a powerful supranational structure capable of becoming one of the poles in a future multipolar world.” (Putin 2011).
Economists are divided about the prospects of Russian-led efforts to integrate the post-Soviet space. Detractors point out that interregional trade as a percentage of total trade of the CIS region has fallen by over 30 percent since 1994 (Gurova and Efremova 2010). A World Bank study relying on economic equilibrium models predicts that the CES between Russia, Kazakhstan and Belarus will actually reduce the GDP of all three countries, as negative trade-diversion effects of the union surpassing positive trade-creating ones (Vinhas de Souza 2010). Nevertheless supporters of the project see integration of the post-Soviet space as essential to the country’s economic and political development. While interregional trade for the CIS as a whole has fallen in the period, integration in factors of production such as labor and capital has increased at a rapid pace. Legal migrants make up around 5 percent of the total labor force in the EurAsEc countries (Ryazantsev 2008).7 Russian capital is also expanding its presence in many of the CIS countries. Russian companies control over 75% of the CIS mobile communications market (Liebman and Kheifets 2006). CIS markets are of particular importance to the non-energy and raw materials sectors of the Russian economy. The share of CIS countries in exports of Russian manufacturing output rose from 30% in 2000 to 55% in 2009 (Chebanov 2010).

Several prominent Russian economists see the economic integration of EurAsEc markets as being of critical importance for the modernization of the Russian economy and its diversification away from its current dependency on energy and natural resource production (Zevin 2009, Glazev 2010). Integration with the developed markets of the West may be the most rational choice in the short term. But this kind of trade will mostly involve Russian energy and raw materials, perpetuating dangerous imbalances in the country’s economy. According to this line of argument, Russia must balance trade with the West with integration in the CIS, where Russian manufacturing and service industries are still competitive. “In expanding relations with developing countries, Russia gets a chance to avoid the trap of foreign trade and more fully exploit the potential of external factors to accelerate the modernization of the economy, both internally and in the CIS region. In other words, the paradigm of development in Russia, the CIS region, and the

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7 This does not include illegal immigrants, whose number is estimated to be as high as twice that of legal ones.
developing world complement each other, which will allow us to give new impetus to internal development and strengthen our position in world markets.” (Zevin 2009: 142).

Many Russian observers believe that in today’s world the successful players in the global markets for goods, services and technologies are countries with large markets of 250 - 300 million or more consumers (Zevin 2009: 137) To become an economic player on the world stage Russia must restore regional markets and inter-regional production networks that were destroyed by the collapse of the USSR. Regional integration will be the key to successful economic modernization for Russia and the region. “The restoration of a single economic space and the removal of barriers to cooperation and specialization of production becomes an objective necessity as Russia and the other CIS states struggle to break out of their current position of dependency on natural resources and take their place amongst developed countries with high-tech production and diversified economies.” (Glazev 2010: 173).

The SCO

Perhaps the international organization that has garnered the most attention as a potential geopolitical alternative to Western institutions has been the Shanghai Cooperation Organization, which brings together China, Russia and five former Soviet Central Asian republics. US Senator Sam Brownback called the SCO “The most dangerous international organization that the American people have never heard of.” (US Commission on Security and Cooperation in Europe 2006). The SCO began its life in the early 1990s as the Shanghai Five (in the beginning it excluded Uzbekistan), and was primarily concerned with negotiating border agreements and confidence building measures between these states in the wake of the collapse of the Soviet Union. At the time the major concern was to finally defuse the tense military situation on the border between ex-Soviet states and China, which had produced direct military skirmishes between China and the Soviet Union in 1969, and to remove it as an obstacle to further cooperation between the region’s countries. The Shanghai Five was able to accomplish these tasks. China signed comprehensive border agreements with all of the region’s countries – the crowning achievement is the comprehensive Russian-Chinese border agreement that addresses almost all of the border disputes between the two countries. In
order to build on these successes the organization decided to expand its activities and became the SCO in 2000. From the beginning a big impetus to this was the civil war in Afghanistan and the emergence of the Taliban, which threatened to spread Islamic fundamentalism throughout the region (Andreechev 2008). Over the last few years the scope of the SCO has significantly expanded, and it now includes security, economic cooperation, and cultural and humanitarian relations between its member states.

Unconventional security threats, which the SCO defines as the “three evils” of terrorism, separatism and extremism, have become the most important area of cooperation for the organization (Aris 2009a). These are of particular importance to China and Russia, which face active terrorist and separatist movements in their own countries. The “three evils” also represent a direct existential threat to ruling regimes in the smaller SCO members. These are all new and weak states that are just beginning to undergo the process of nation and state building. Like many developing countries, their primary security concerns are internal rather than external and primary directed at regime survival – which is equated with the very survival of the state in the eyes of their ruling elites (Ayoob 1995).

In order to improve its capabilities to deal with these kind of unconventional security threats, the SCO established a Regional Anti Terrorist Structure (RATS) in 2003 with a headquarters in Tashkent. RATS does not have any executive authority itself, but rather helps to facilitate the exchange of intelligence and information between the region’s domestic security and law enforcement agencies. RATS primarily functions as an informational and intelligence clearinghouse on actors identified as a threat to the region’s security. It also facilitates low level collaboration between the SCO member states; including harmonization of laws regarding security issues, liaison between national and local police forces, and monthly expert meetings to assess RATS’ strategy (Aris 2009a). These efforts have yielded some tangible results. Through RATS the countries of the region have been able to harmonize their approach to terrorism, agreeing on a unified list of suspected terrorists and terrorist organizations. There are now over 400 wanted terrorists on the agency’s list (Tolipov 2006). Vyacheslav Kasymov, the
former Executive Committee Director of RATS, claimed that these efforts successfully thwarted over 250 terror attacks in 2005 alone (CACI-Analyst 2006).

According to human rights groups the SCO has contributed to the deterioration of human rights in the region (Kucera 2011). They have criticized the authoritarian governments of the SCO for using the three evils and terrorism as a pretext to crack down on all forms of political dissent. The SCO’s definition of terrorism differs from the one accepted by the UN. It defines terrorism more broadly, allowing a “terrorist” to be defined merely by ideology, rather than action. The organization also places a greater emphasis on defining terrorism as actions taken against the state, rather than against the public. The “color revolutions” which swept through the post-Soviet states in the first decade of the 2000’s (Georgia 2003, Ukraine 2004, Kyrgyzstan 2005) were a major cause of anxiety for the region’s authoritarian governments. Rightly or wrongly, many of them embraced the view that these “revolutions” were organized and directed at the connivance of the US and West. The regimes have used the SCO to counter this “Western pressure”. On several occasions the SCO has spoken out against the “color revolutions” and against Western democracy promotion efforts, which they have characterized as “meddling” in the sovereign affairs of the region’s states. The SCO also gave diplomatic cover to Uzbekistan in 2005 after the massacre in Andijan, where the government crackdown on protesters left hundreds dead. An SCO communiqué labeled the demonstrators as Islamic terrorists and suggested that the demonstrations were somehow organized from abroad. This interpretation has been disputed by independent experts and human rights groups. The SCO passed resolutions in July 2005 calling for member nations to deny asylum to Uzbek refugees fleeing Andijan (Human Rights Watch 2006). The SCO has also organized its own election monitoring efforts, to give a veneer of legitimacy to the regions’ highly manipulated elections. The OSCE has set the “gold standard” for election monitoring in the region. It has often uncovered gross violations and these have, in turn been used by opposition activists to organize street protests that have been the impetus for regime change. The findings of the SCO missions
are often in conflict with those of the OSCE and are used by governments to dispute the findings of the OSCE election observation missions.\footnote{A recent example is the 2011 Kazakh presidential elections, in which the incumbent President Nursultan Nazarbayev, received over 95\% of the vote. (Kucera 2011b)}

According to Gennady Chufrin the SCO’s growing ability to deal with these non-traditional security threats allows member countries to rely less on the US for regional security. They are now more comfortable calling for the US to scale down its role in the region – something they want because US aid often comes with democratic or human rights conditions attached to it. “The SCO has managed to create powerful and efficient anti-terrorism capabilities, allowing to organization itself - as opposed to the initial phase of its existence - to ensure the task of maintaining stability and security in its area of responsibility. This, in turn, has allowed members of the SCO in 2005 at a regular meeting of heads of state in Astana to raise the issue of deadlines for the withdrawal of US and NATO military bases from Central Asia.” (Chufrin 2006: 24).

To date the SCO’s major successes have come in the realm of security. The organization has played a much smaller role in promoting economic cooperation between its members. China has been the main protagonist behind efforts to integrate the region’s economies and has proposed that the member countries establish a free trade area. Chinese experts argue that it is impossible to deal with the threats posed by the “three evils” without first addressing the social and economic issues which drive these forward. With this goal in mind China has backed several economic initiatives within the SCO, including establishing an energy club to coordinate the relationship between energy producers and consumers, infrastructure projects to improve regional transport links, and the establishment of a regional development fund. However, Russia has balked at these effort. Moscow is concerned that growing Chinese economic dominance will diminish its influence and role in the region. Russia prefers to pursue regional economic integration efforts like EurAsEC and the Customs Union that place Russia at the center and keep China at arm’s length (Mochulski 2010). The other Central Asian states have also been slow to embrace China’s economic proposals, fearing Chinese economic domination and
the negative effects that cheap Chinese imports can have on their own economic development (Regnum 2007).

Because of these difficulties many Western experts are skeptical about the viability and long-term prospects of the SCO. They point out that China and Russia are direct competitors for power and influence in Central Asia. In addition, all of the member countries of the organization are still dependent on their economic ties to the West and have been careful that the organization’s activities do not antagonize the US and other Western powers (Allison 2008). They also point out that the SCO’s institutions have failed to develop co-binding mechanisms that would shape and constrain the behavior of members. From this liberal perspective states simply have too much leeway to pursue their own interests at the expense of the collective good. They believe the SCO’s significance is largely symbolic – to act as a “virtual” alternative to Western structures. It lacks real substance and SCO member states will have to turn to Western-led institutions when they really want to get anything accomplished. “The SCO is unable to function as an organization that will provide a comprehensive response to well-known security risks…it’s difficult to imagine that the SCO will ever develop into an organization similar to NATO.” (Olcott 2006).

Yet, these negative evaluations of the SCO’s efforts at cooperation are misleading because they tend to judge SCO by the same criteria used to evaluate Western-led institutions. SCO member states have very different ideas about institution building. They categorically reject limits on their sovereignty and freedom of action and are not interested in pooling their sovereignty or entering into restrictive co-binding relationships. They also reject the idea that cooperation can only occur if all states accept the same democratic norms and values. They recognize each other’s right to choose their own path of political, economic, social, and cultural development in the light of historical experience and national features of each state, thereby respecting the “cultural and civilizational diversity of the modern world”(Lavrov 2008: 174). “The representatives of member states of the SCO regularly expressed the need to respect multiculturalism, to respect and preserve the diversity of civilizations in the world, as well as the need to recognize multiple routes for the development of various countries and this distinguishes
this association from Western and especially American integration projects” (Andreeschev 2008: 13). Cooperation, when it does occur, is firmly grounded in the concrete political and economic interests of each country, not in abstract principles or ideologies. Members of the SCO call this the “Shanghai Spirit.” (Putin 2006).

Stephen Arris argues that, rather than comparing the SCO to Western efforts at regionalism like the EU, it is more instructive to compare the SCO to ASEAN (Aris 2009b). The SCO states are very different from the developed liberal democratic states that formed the EU, and thus, in building regional institutions, have very different interest and goals. They find themselves in very much the same position as the countries of ASEAN at the founding of that organization. Members are all developing states, which to varying degrees, are still involved in the process of state and nation building. They still face internal and external challenges to the legitimacy of their political regimes and (in some cases) their very survival as states. These threats have been compounded by the process of globalization, which places financial and economic processes outside of state control while also exposing states to destabilizing transnational influences (Islamic Fundamentalism, the transnational democracy and human rights movements) (Ayoob 1995). From this perspective, multilateral institutions should assist in the state-building process by enhancing the sovereignty of their members and their ability to address the various challenges to their regime stability and legitimacy (Aris 2009b: 459).

This is the opposite of most Western theories of regionalism, which argue that successful cooperation involves states giving up large amounts of their sovereignty to regional or multilateral organizations. Writing about ASEAN, Amitav Acharya observes that “While Europe’s commitment to multilateralism and rule of law in international affairs is born out of a determination to transcend the sovereignty-bound nation-state system, Asia’s interest in multilateralism is born primarily out of a desire to preserve the existing rules of international relations, especially those related to sovereignty.” (Acharya 2006: 318). While Western developed states increasingly live in a post-sovereign world, the developing states of the SCO and ASEAN remain firmly beholden to sovereignty.

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9 This is also true of Russia and China as well as to the weaker Central Asia states, though to a lesser degree. Both face active insurgent and separatist movements, and the legitimacy of their current regimes is often questioned by foreign observers and (at times) governments. In addition Russia’s ruling elites also face an active (though marginalized) domestic opposition movement that is pushing for fundamental regime change.
taking it as the fundamental basis of their stability and identity. Instead of pooling the sovereignty of member states (as is the case with the EU), regional organizations like the SCO and ASEAN are geared towards “sovereignty enhancement”, i.e., they are designed to enhance member states’ regimes’ ability to deal with internal and external threats to their legitimacy and survival. Judged by these standards, the SCO has been extremely successful.

Internal security and the unconventional security threats epitomized by the “three evils” may be the primary glue that holds the organization together. But one should also recognize the important geopolitical role that the SCO plays for its member countries as a useful counter weight to growing US influence in the region. Russia regards the post-Soviet region as a zone of its privileged interests and sees growing Western influence in the region as a threat to its most vital interests. China is also troubled by the presence of US military bases in Central Asia. From a strategic point of view China now finds itself surrounded by US military bases both in the Pacific and in its strategic rear. The SCO play an important role in helping China avoid strategic encirclement at the hands of the US (Guang 2007).

China and Russia also use the SCO to speak out against what they see as the worst manifestations of US hegemony. Russia and China have used the as a forum to speak out against the US human rights and democracy promotion agenda. They have also used the SCO as a platform for staging joint Russian-Chinese military exercises. During the SCO summit in June 2011, China and Russia pressed the SCO countries to issue a joint communiqué which declared that "the unilateral and unlimited buildup of missile defense by a single state or by a narrow group of states could damage strategic stability and international security.” (Reuters 2011). In this way the SCO threw its support behind Russia in its ongoing rift with the US and NATO over missile defense. According to Dmitri Trenin, “Activation of the Sino-Russian cooperation [through the SCO] means that the infamous strategic triangle, created by Kissinger and Nixon, has been turned inside out. Today, relations between Beijing and Moscow are closer than either of the two country’s relations with Washington. As a result, America has lost the initiative which it held in the 1990s in the triangle of US-China-Russia relations. ”(Trenin 2007).
For Russia the SCO increasingly represents a “new model” of international cooperation and multilateralism that is an alternative to previous models promoted by the US and Europe. This is a model of “great power” multilateralism, where cooperation is grounded in concrete notions of national interests and respect of sovereignty and is devoid of the principles of democracy, liberalism and human rights. The SCO also provides Russia with an alternative to cooperation with the West and shows that estrangement from the West and its institutions does not automatically mean international isolation. At the very least, the SCO helps to show that there are other options open to Moscow, and this can be helpful in negotiating better terms in its efforts to cooperate with the West. “Moscow can now relate more confidently and, if necessary, distance itself from Western institutions, which generally tend to cater to Western values and interests. With a thriving SCO, Russia does not need to fear the prospect of ‘going it alone’ should it decide to abandon other global multilateral structures because they are considered either too demanding or too compromising of its national interests.” (Torjensen 2009: 191).

The BRICS (Brazil, Russia, India, China, South Africa)

The BRICS’ transformation from a clever investment vehicle dreamed up by Goldman Sachs economist Jim O’Neil into a full-fledged international organization is truly a remarkable phenomenon. What was little more than a marketing tool in 2001 has grown into a major international forum where the major rising powers discuss the most important geo-political and geo-economic issues and (increasingly) coordinate their foreign policies. Russia has been the leading force behind efforts to institutionalize relations between the BRICS group of nations. Russia and its BRICS partners believe that this new format for cooperation will give them the say that they deserve in international relations and will help address some of the pressing problems that the existing global institutions have ignored. “There is a widespread feeling that the global institutional architecture does not meet the real processes taking place in the 21st Century and that the reform of institutions does not go beyond words… A multipolar world order

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10 With the addition of South Africa at its April 2011 summit in China, BRIC (Brazil, Russia, India, China) became BRICS (Brazil, Russia, India China, South Africa).
requires different formats than those that served the bipolar world in the Cold War years and has not changed much since that time.”(Lukyanov 2011).

Taken together, the BRICS account for 40 percent of the world’s population and 20 percent of global GDP. In recent years, more than half of the world’s economic growth has come from growth in the BRICS economies. Their combined foreign exchange reserves are valued at 1.3 Trillion USD – exceeding those of the G-7 states (Filatov 2011). The BRICS format seeks to capitalize on these massive economic gains and to turn them into political power. According to Brazil’s foreign minister Celso Amorim, "We are the fastest growing economy in the world, we have many common interests and the common position on how to build a more democratic, just and sustainable world. We want to change the way people organize the world order.”(Dipandzhan 2008).

Since 2009, The BRICS have held annual summit meetings at all levels of government, including meetings between the countries’ heads of state. They have addressed a wide array of issues from the perspective of developing countries. They have pushed for reform in the UN to increase the clout of developing counties, throwing their support behind Brazil, India, and South Africa’s bid for permanent membership in the Security Council. The BRICS have also taken up the cause of reform in the world financial system and have voiced support for a transition away from the US dollar as the world currency. They banded together to criticize developed countries for their loose monetary policies in the wake of the world financial crisis, arguing that these expose developed economies to risks from massive capital inflows(WSJ 2011). BRIC country agricultural ministers met to discuss global food security during the BRIC summit in Yekaterinburg in 2009. They issues a joint communique that articulated the developing countries’ perspective on the mounting global food crisis, cautioning against ascribing the problem to the rise of demand in developing countries and instead drawing attention to distortions caused by agricultural tariffs and subsidies in the developed countries.

The BRICS have not limited their activities to declaratory statements. The BRICS agreed to use national currencies, instead of the US dollar, in inter-country lending by their development banks. Many observers saw this move as a concrete step to reducing
the importance of the US dollar, and it will immediately affect the nearly 38 billion USD in development loans that China has extended to other BRICS countries (Svobodnaya Pressa 2011). Member countries have coordinated their positions in order to extract meaningful changes to the world’s financial institutions. In 2009, BRIC country representatives met to coordinate their positions on reform within the IMF, pledging not to increase their contributions to the fund unless they were given a larger say in the fund’s operations. As a result of these efforts, their voting shares in the IMF were officially increased at the G-20’s October 2010 summit in South Korea (Kheifets 2010).

Recent BRICS summits have begun to address prominent global security issues. During their 2011 summit in Hainan, China, the BRICS also spoke out against NATO’s military operations in Libya and called for a peaceful resolution to the crisis to be mediated by the African Union. A joint communiqué issued by the countries maintained “the use of force should be avoided” and that the “the independence, sovereignty, unity and territorial integrity of each nation should be respected.” (International Business Times 2011). The 2012 BRICS summit in New Delhi condemned Western efforts to put military and economic pressure on Syria and Iran (Lakshimi 2012). According to one enthusiastic Russian commentator, “For the first time, the BRICS have coordinated their foreign policies on such controversial issues. This sends a signal to the Arab states and the rest of the world that there are now other patrons besides America and its European allies.”(Filatov 2011).

Skeptics argue that the BRICS countries’ interests are too diverse to find much common ground. They are just as likely to compete with each other as they are to compete with the West. Two of the three (Brazil and Russia) are energy and natural resource exporters, while the others are dependent on natural resource imports. India and China see each other as natural competitors, and the rest of the BRICS are wary of rising Chinese power, particularly of China’s dominance in the production of industrial goods and rising trade deficits. Moreover, unlike the liberal West there is not much in the way of ideology or cultural identity holding the three together. Russia and China are autocracies while Brazil, India, and South Africa are vibrant democracies. The five are spread across four different continents and have very different civilizational and cultural
traditions. “They lack coherence. They compete as much among themselves as they do with America or Europe—and hence the BRICs as a club seem unlikely to match the force of their individual ambitions.” (Economist 2010).

Some also question whether Russia, which is much more economically developed than the other BRICS and whose economic growth rates have not kept pace with the others, should really be included in the group. According to economist Nouriel Roubini, "The economic crisis revealed that one of the four participants was an impostor.” (Roubini 2009). Yet, others, including BRICS founder Jim O’Neil, have defended Russia, pointing out that Russia’s growth rates are comparable to Brazil’s, which, like Russia is also a middle income country (O’Neil 2011). It is unfair to expect either to approach the double digit growth rates of the much less developed countries such as China and India.11

More importantly, the narrow focus on economics often highlighted by skeptics ignores the political aspects of BRICS. “There would be grounds to question Russia’s inclusion in BRICS if the group really were all about economic growth. But BRICS is primarily a political group that emerged in response to the obvious need for a more diverse and less Western-oriented global political structure.” (Lukyanov 2011). The BRICS format allows the rising powers to coordinate their actions so that they can leverage their growing power into an increased say in global politics. According to Lukyanov “All the four countries feel the limitations of their efforts to increase their own weight and influence in international affairs, while acting solely within the framework of existing institutions. …one can say that [they] are looking for ways to consolidate their negotiating positions in building the future world order.” (Lukyanov 2011).

The BRICS are also united by more than just their status as outsiders in the Western dominated system. They also share common positions on major philosophical issues that will determine the future of the international system. As a group they are skeptical about the homogenizing Western democracy and human rights agenda, instead

11 Midlevel developing countries can be expected to have lower growth rates for several reasons: 1) The potential to achieve rapid growth by transferring your population from rural agriculture to urban industry becomes exhausted; 2) the services sector, where productivity cannot be improved as quickly as in industry, assumes a larger share of GDP; and 3) more developed countries are far closer to the technological frontier of “best practices”, and must innovate their way to growth instead of simply adopting and copying from others.
supporting each state’s right to pursue their own path to political and economic development. Even Brazil and India, which are both established democracies, have shied away from actively promoting democracy and human rights abroad and have both been firm supporters of noninterference and state sovereignty (Steunkel and Jabin 2011). The BRICS are also skeptical about neoliberal models of economic development that downplay the importance of the state. As poor and developing countries they believe the state should play a leading role in economic development. “One thing that the BRICs have in common is that they all have strong statist traditions, and this makes them particularly suited to an age where neoliberal economics, exemplified by the Washington consensus, is being increasingly questioned.”(Martynov 2011).

They also share a tendency to see international relations through a realist lens and to be skeptical about the benevolent nature of the West’s liberal hegemony. They actively advocate a transition away from the American dominance that has characterized the international system since the end of the Cold War and towards a multipolar international order where no one state would dominate international affairs and major decisions would be made by consensus among the great powers. According to these views such an order would be more representative in that it would give the non-Western world a greater say in decision-making. It would also be more stable. No one state would be able to ride roughshod over the entire system and the worst tendencies of the strongest actor (the US) would be restrained the power of other states. (Davydov 2008)

Western observers argue that the ad-hoc nature of the BRICS’ cooperative ventures and the organizations lack of clear rules and binding institutions will keep BRICS from developing into a lasting and significant international organization. But Russian experts have been enthusiastic about the potential of the BRICS format. They believe that what Western observers see as shortcomings are actually the organization’s strengths. They see BRICS as a “new form of multilateralism” that is more suited to the changing world order, where the balance is shifting away from the West and to new centers of power. The loose nature of BRICS also gives its members the flexibility to address emerging global problems in new and flexible ways. This allows it to escape the “rigid bloc discipline” of organizations like NATO and the EU. A world where the emerging poles also represent
different cultures and civilizations also demands a more flexible multilateral framework. More rigidly organized multilateral organizations would be unable to manage this kind of diversity. “The BRIC format implies a kind of "free float"– each of the countries has the opportunity to pursue their own policy, choose their own partners, and cooperate with each other only in the case of uncontested and mutual benefit. For such a free-form organization civilization differences are not a hindrance.”(Davydov 2008: 63)

Towards Institutions of a “New Type”

Liberal IR theorists predict that because of path dependency and the rising powers will prefer to work with existing institutions rather than create new ones. Path dependency – the “sunken costs” and “increasing returns” of established institutions – will make existing institutions very “sticky”(Ikenberry 2000: 253). Contrary to these expectations, Russia has pursued an active policy of institution building in order to bypass and route around established institutions. Moscow has invested considerable effort and resources towards developing institutions that exclude the major Western powers and which replicate many of the functions played by existing institutions. Russia has promoted the development of regional organizations such as the CSTO, EurAsEc and the SCO to counter NATO and the EU’s influence in the region. It has sought to decrease the region’s dependence on Western institutions by beefing up these institutions capabilities, particularly their ability to respond to unconventional and internal security threats. Russia has also looked to develop new multilateral forums that exclude Western actors and build opportunities for the major rising powers to cooperate and coordinate their actions. This is the major function of BRICS, but the SCO also plays this role in serving as a format for Sino-Russian cooperation. Both institutions also function as geopolitical counterweights to the US and are considered by their members as major factors in helping to build a multipolar world where US and Western power will be balanced and restrained by the new players.

Western observers believe these institutions are weak and ineffective because they have failed to develop binding mechanisms that constrain their members. From Russia’s perspective, however, the fact that these institutions allow members to preserve (and in some cases even enhance) their sovereignty and freedom of action is their most important
strength. Russian observers argue that cooperation through these institutions will be more beneficial to all of its members because it will be based on concrete national interests, rather than being imposed on them by more powerful states or by rigid ideological models. Russian observers believe that the institutions they are building are “of a new type”. They are more suited to a world where power is more diffusely distributed and where civilizational and cultural differences between the major players demand that they recognize that every major state has a right to choose its own path of political and economic development.

Conclusion

Both realist and liberal approaches to the study of power transitions limit rising powers to two choices: They can either become integrated into the established order or openly look to overthrow it. Russia’s behavior shows that rising powers have a much wider range of choices available to them. They can selectively pick and choose between the rules and norms they follow. They can work to undermine established institutions or work to reform them to better reflect their interests. Finally, they can build new institutions and relationships that circumvent or bypass established institutions and exclude the core Western countries. These do not have to directly challenge existing institutions. Instead new institutions can replicate some of their functions so that rising states decrease their dependence on the established order. As is evident from the SCO’s efforts to tackle unconventional security threats and the BRICS’ calls for international financial reform these new institutions can also begin to address problems that existing institutions have failed to solve or give voice to solutions that come from the rising power’s point of view.

Realist theories see the kinds of shift in power we are witnessing today as a precursor to instability and conflict. Declining hegemons find it increasingly difficult to enforce compliance, provide global public goods, and maintain international institutions. Rising states will seize on this weakness to challenge the established order, opening up the possibility of major hegemonic war. Yet, Russia’s behavior suggests that the transition to new forms of order may occur much more gradually and in a much less violent fashion. States have a range of options open to them to resist the order without challenging it head-on. Moreover, hegemonic decline does not necessarily have to lead to
anarchy and disorder. States may be able to gradually establish new institutions and relationships that fulfill the functions of the declining institutions of the old order in more effective ways. Over time these institutions and relationships may even begin to develop into an alternative order which will supplant the old one.
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