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Andrei P. Tsygankov

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If Not by Tanks, then by Banks? The Role of Soft Power in Putin's Foreign Policy

ANDREI P. TSYGANKOV

Abstract

This article considers the benefits of the recently developed concept of 'soft power' in understanding Russia's foreign policy. It argues that claims that Moscow is exercising a form of soft power imperialism in the former Soviet region cannot be fully supported by the existing evidence. To differentiate between the imperialist and stabilising objectives of Russian foreign policy the article analyses the Russian domestic discourse on exploiting soft power in foreign policy. It then compares the views of different schools of thought with Vladimir Putin's philosophy and foreign policy record. Finally, it selects for closer investigation Russia's policy in the Caucasus.

> We are yet to use sufficiently well the existing potential of influence including the historical credits of trust and friendship, the close ties that link the peoples of our countries... The absence of an effective Russian policy in the CIS, or even an unjustified slowdown, inevitably leads to an active filling of this political space by other more active states (Vladimir Putin).[1]

THE CONCEPT OF SOFT POWER HAS RECENTLY ATTRACTED THE ATTENTION OF SCHOLARS OF RUSSIA and policy makers alike.[2] Soft power includes all aspects of Russia's attractiveness to foreigners: Russian mass media, a large and efficient economy, familiar language and religion, aspects of historical legacy, family ties, and electronic products. In particular, in attempting to repair what they see as Russia's

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[1]V. Putin (2004) 'Address at the Plenary Session of the Russian Federation Ambassadors', Moscow, Foreign Ministry, 12 July, available at: http://www.kremlin.ru, accessed 12 July 2004.

[2]The concept of soft power was first introduced by Joseph Nye (2004) as a means of understanding America's influence in the world. Among scholars of Russia, Fiona Hill (2004) has built on Nye's work.

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image problem, the authorities have established a state funded international television network to broadcast in English. Although Russia is hardly in a position to compete with Western nations on a world scale—for instance, it might take a long time before the above noted channel can move closer to such heavyweights as the BBC and CNN—Russia's soft power capital in the former Soviet region is undoubtedly special. Putin's frequent references to the 'historic unity of people' in the region and creation of a special department for Interregional and Cultural Relations with Foreign Countries at the Kremlin indicate that the authorities are beginning to take the soft power dimension more seriously.

However, when it comes to discussing the character and uses of such soft power by the Russian government, different interpretations have been put forward. Moscow's ties with the separatist leaders of Abkhazia, South Ossetia and Trans-Dnitstria, as well as its eagerness to exchange energy assistance for control over some strategic assets in Armenia and Georgia, have prompted some pundits to speculate that Russia is seeking to preserve its imperial power in the region. Putin's critics insist that soft power is just another tool for restoring an imperial control 'if not by tanks, then by banks'. In the words of one observer, 'we are facing a restoration of the Russian empire through economic means' (Myers 2004, p. 3). Soft power is therefore viewed in a similar light to the hard power of coercion and military force. This view is reinforced by Russia's recent reluctance to dismantle its military bases in Georgia, the ongoing exercise of force in Chechnya, and occasional promises to 'preventively' use military force outside its own territory to respond to terrorist threats. An influential group of scholars and former policymakers have expressed concern over Russia's 'return of rhetoric of militarism and empire, and . . . a refusal to comply with . . . international treaty obligations'.[3] Some observers have gone as far as to speculate that Russia's talk of using preventive force was in fact a pretext for invading Georgia.[4] Others have proposed that Russia is satisfied with the status quo, but will continue to seek instability and war in the region.[5]

This article argues that the existing record is insufficient to support such claims about Moscow's soft power imperialism in the former Soviet region. Russia cannot be denied its own political, military, and economic interests in the post-Soviet world, and Moscow's policies can be interpreted as an effort to preserve existing influence in the region for the purpose of its greater stabilisation, rather than imperial control. To differentiate between imperialist and stabilising objectives, I propose to take a closer look at Russia's national discourse and existing distinct schools of thought concerning soft power in foreign policy. A comparison of these schools with each other, as well as with Vladimir Putin's own foreign policy philosophy, suggests that the Kremlin's

[3]U. Ahlin, M. K. Albright, G. Amato, *et al.* (2004) 'An Open Letter to the Heads of State and Government of the European Union and NATO', 28 September, Johnson's Russia List, #24 JRL-8385, available at: http://www.cdi.org, accessed 10 October 2004. See also *Russia's Wrong Direction* (2006).

[4]See V. Socor (2005) 'Georgia Under Growing Russian Pressure Ahead of Bush–Putin Summit', *Russian and Eurasia Review*, 15 February, available at: www.jamestown.org, accessed 15 February 2005.

[5]See P. Baev (2002) 'Useful War', *Russian and Eurasia Review*, 17 September, available at: www.jamestown.org, accessed 20 September 2002.

approach is mainly driven by considerations of security and stability. In developing this comparison, I first elaborate on each school's proposals regarding the exploitation of soft power. I then compare their proposals with Putin's philosophy and foreign policy record. Finally, I select the area of the Caucasus for closer investigation and analyse Russia's policy in both the South and North Caucasus.

Although the North Caucasus in general, and Chechnya in particular, are areas of Russia's internal, rather than external, policy, I have included them in my analysis for the following reasons. First, there are important relations between Russia's soft power in the South and North Caucasus which should not be overlooked. One aspect of these relations concerns immigration from the South Caucasus. Immigrants from the South Caucasus tend to settle in the North thereby becoming a new object of Moscow's soft power policies, such as employment and housing. Second, critics often cite Russia's policy in the Caucasus as an example of the Kremlin's imperialism, and its policy towards Chechnya is typically viewed as the most brutal expression of Russia's power ambitions. Third, Moscow's persistent exercise of military force in Chechnya and the region remains the strongest case for arguments against the significance of soft power in Russia's policies.[6] The Caucasus region therefore presents an important test of the Kremlin's use of soft power. If Moscow manages to increase its reliance on soft power in the Caucasus, it should be in an even better position to do so elsewhere in the post-Soviet world.

This article is organised into four parts. The next section provides an overview of Russia's considerably strengthened soft power in the former Soviet region relative to the first half of the 1990s. This is followed by the identification of three Russian schools of thought regarding the exploitation of soft power. The expectations of the three schools are then compared with Putin's philosophy and foreign policy. The following section then specifies Russia's interests and soft power potential in the North and South Caucasus, and includes an evaluation of the overall record of soft power exploitation in the region against the expectations of different foreign policy perspectives. The article concludes by reflecting on the future role of soft power in Russia's foreign policy and the implications it has for Western behaviour in the region.

The rise of Russia's soft power in the former Soviet world

For the purpose of this article, soft power is defined as the power to influence others through cooptation, rather than coercion, and can be divided into three components: political legitimacy, economic interdependence, and cultural values.[7] Political legitimacy includes institution building and leadership credibility. Economic interdependence refers to the attractiveness of the home economy's labour markets, financial, or trade system to others. Finally, cultural values are defined as the attractiveness of linguistic, religious, educational and historical features, as well as technological products, such as software and DVDs. Soft power speaks to people and societies, rather than governments and elites.

[6]Analysts often speak of the Caucasus as the Eurasian Balkans referring to a highly volatile mixture of ethnic and clan loyalties; see for example, Brzezinski (1998, p. 123).

[7]This definition is broader than that of Joseph Nye (2004, p. 7).

Today's Russia is considerably more confident than the Russia of Boris Yel'tsin. According to the assessment of Economic Development and Trade Minister German Gref, the GDP almost tripled from 1999 to 2005 and it continues to grow at the annual pace of 4–6%.[8] Putin's leadership is also more pragmatic in its assessment of threats than its predecessors. For Putin, the key threats do not come from the United States, but from terrorist activities and those nations falling behind in economic development. Although the Kremlin is wary of US policies and intentions, it prefers engaging with Western partners rather than the balancing tactics attempted by Yel'tsin's second Foreign Minister Yevgeni Primakov.[9] The change is also clear and visible in all identified dimensions of soft power.

Russia has taken a more realistic look at the CIS, which is no longer viewed as a vehicle of the geopolitical integration of the post-Soviet region. In February 2001, the then Secretary of the Security Council, Sergei Ivanov, announced a new course, when he publicly acknowledged that previous attempts to integrate the CIS had come at a very high price, and that Russia must now abandon the integration project in favour of a 'pragmatic' course of bilateral relations. By the time this announcement was made, the CIS states' debt to Russia had reached $5.5 billion.[10] In addition, Putin planned to step up cooperation relating to issues of counter-terrorism and assemble his own coalition of the willing in the region. The new vision of the region entails a more open, multilevel politico-economic space, planned by Russia's state, but built in close participation with the Russian private sector. The Kremlin also cautioned foreign policy elites against calling for the exclusive leadership of Russia and claiming a monopoly over the affairs in the region.[11]

The new vision brought about some visible results in terms of Russia's leadership and institution building in the region. In the economic area, a notable development was the February 2003 agreement to create the Common Economic Space with Belarus, Kazakhstan and Ukraine, which aimed to eliminate trade barriers and devise shared energy transport policies. In April 2006, Russia, Kazakhstan and Belarus pledged to sign the first set of 38 documents required for implementing the agreement. After the Orange Revolution, Ukraine distanced itself from the agreement, but expressed interest in establishing a free trade area with Russia.[12] In the security area, Russia concentrated on counter-terrorist activities by developing the Shanghai Cooperation Organisation, with China as a prominent member, to address terrorism and the security vacuum in Central Asia. Even Uzbekistan, the Central Asian state most interested in reducing Moscow's power in the region, was inclined to cooperate with Russia. In November 2005, Uzbekistan went as far as signing an alliance treaty with Russia citing the need to maintain peace, security and stability in the region.[13] In addition, Russia's long advocated collective security action in Central Asia

[8] *Interfax*, 24 March 2006, available at http://www.interfax.com, accessed 26 March 2006.

[9] For development of this comparison, see Tsygankov (2005).

[10] *Nezavisimaya gazeta*, 7 February 2001.

[11] See V. Putin (2004) 'Address at the Plenary Session of the Russian Federation Ambassadors', Moscow, Foreign Ministry, 12 July, available at: http://www.kremlin.ru, accessed 12 July 2004.

[12] *Izvestiya*, 6 April 2006.

[13] R. McDermott (2005) 'Putin Pledges to Back up Karimov in a Crisis', *Eurasia Daily Monitor*, 16 November, available at: http://www.jamestown.com, accessed 16 November 2005.

transformed the old Tashkent treaty into a fully fledged regional defence pact. In April 2003, six states—Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan and Armenia—formed the Collective Security Treaty Organisation (CSTO), pledging to pool their resources to fight terrorism in the area.

In the area of economic interdependence, the most visible result of Russia's soft power is the massive migration of labour into Russia. Although many still work illegally, the official statistics account for 3 million immigrant workers, while unofficial estimates range up to 15 million.[14] The net migration over the 1991–2004 period amounted to 5.6 million people.[15] As a result, the rate of mass immigration to Russia ranked third behind the US and Germany in 2003, and second only to the US in 2004.[16]

Another indicator of soft power has been Russia's growing presence in the economies of the former Soviet republics. Russia participated in energy privatisation in the former Soviet region, and as a result of bilateral negotiations, the Kremlin asserted control over the strategic property and transportation of the former republics. Its most important achievement has been a strategic energy accord with Turkmenistan, under which virtually all of Turkmenistan's gas falls under Russia's sphere of influence until 2028.[17] As a result of the division of Caspian resources, Russia secured partnerships with Azerbaijan and Kazakhstan. In Georgia, the Russian state electric company obtained the right to be the main electricity provider, which provided it with a formidable opportunity to influence Georgian economic development. In Armenia, Russia obtained several strategic assets including a nuclear power station, to offset a debt of 40 million dollars, and in April 2006, the Russian energy giant Gazprom became the sole owner of the republic's gas transportation system.[18] In Ukraine, Putin convinced President Kuchma to sell part of Ukraine's natural gas transit system to offset the debt of roughly two billion dollars owed to Moscow for gas deliveries (Herspring & Rutland 2003, pp. 236–237). In addition, Anatolii Chubais, the head of the Russian state electric company, also expressed further interest in participating in energy privatisation in Ukraine and other states of the former Soviet region.

Finally, there is considerable progress in increasing the attractiveness of Russia's cultural values in the region. Beginning with the October 2001 Congress of Russian Compatriots in Moscow, the Kremlin, assisted by the regions, has been allocating funds to support Russian diasporas in the post-Soviet area. For instance, in 2003, the government allocated R210 million towards this goal, and in 2004 such funds grew by 20% (Mitrofanova 2004). Russia has devised the 'Russian language' federal programme led by Lyudmila Putin, the president's wife. Slavic universities have been successfully functioning in Armenia, Azerbajan, Kyrgyzstan and Tajikistan. Despite efforts by nationalist elites in the Soviet successor states to squeeze out Russian language from public and social life, millions still prefer to converse and do business in Russian. In the words of one prominent scholar, Russian language has been revived as

[14] *Kommersant*, 9 November 2005.

[15] F. Hill (2004) 'Eurasia on the Move', presentation at the Kennan Institute, 27 September; *Kommersant*, 22 November 2005. For higher figures, see Legoida (2003, p. 64).

[16] *Izvestiya*, 30 June 2005.

[17] *RFE/RL Newsline*, 11 April 2003.

[18] *Kommersant*, 7 April 2006.

a regional *lingua franca*—the language of commerce, employment, and education—and is no longer 'readily perceived as the instrument of the old imperial domination and political pressure that it was in the 1990s'.[19] In addition, Moscow is increasingly aware of the new opportunities presented by electronic media. Russian language is ranked as the tenth most used language on the Internet and it dominates the region (Saunders 2004, p. 3). Many people in the region have access to Russian telecommunication networks and prefer them to those of the West—partly because of their knowledge of the language, and partly because of the already established historic ties.[20]

Russia's soft power in the former Soviet region raises the question of the motivations behind the Kremlin's foreign policy. The next section identifies several schools within Russia's political class regarding foreign policy objectives and methods of exploiting soft power. It situates Putin within the spectrum of foreign policy thinking, and it engages criticisms that link the Kremlin's soft power use to the promotion of imperial or hegemonic status in the region.

Soft power and Russia's foreign policy objectives

Russian authorities are increasingly demonstrating their readiness to employ soft power to achieve foreign policy objectives. In the absence of pro-Russian governments in Georgia, Ukraine and elsewhere, the task of mobilising ties amongst peoples, rather than with governments, is seen as especially important for preserving influence. This is a key lesson learned by the Kremlin from its defeat during the Orange Revolution in Ukraine.[21] Aside from creating the special department for Interregional and Cultural Relations with Foreign Countries and the CIS at the Kremlin, officials have been busy granting citizenship to those residing outside Russia and studying the various economic and cultural dependencies of the former Soviet states on Russia.[22]

Key schools of thought

Exploiting soft power is a double-edged sword. States can use soft power for defensive, as well as expansionist purposes. There are at least three distinct Russian schools of thought concerning the exploitation of soft power in foreign policy.

First, *Westernisers* are not particularly optimistic regarding Russia's potential to exploit the soft power realities in the former Soviet region. For many years politicians and intellectuals in this group have been challenging the wisdom of Russia's regional orientation and developing a special strategy in the former Soviet Union. Perceiving

[19]F. Hill (2004) 'Eurasia on the Move', presentation at the Kennan Institute, 27 September. These trends continue to embolden officials to press for granting of official-language status to Russian in all CIS countries (*RFE/RL Newsline*, 26 September 2003).

[20]In May 2005, the Kremlin also announced the establishment of an international television network to broadcast in English to 'improve Russia's image in the world' (Radio Free Europe/Radio Liberty, 7 June 2005, available at: http://www.rferl.org, accessed 8 June 2005).

[21]Many in Russia perceived the revolution as 'manufactured' by the West (Herd 2005).

[22]For instance, the National Security Council has closely studied the issue of Moldova's dependencies on Russia (*Kommersant*, 22 March 2005).

Russia as essentially a Western nation and the West as the only viable and progressive civilisation in the world, they maintain that if Russia must have any special role in the region, it should be the role of setting standards of liberal democracy, rather than stabilising or unifying the essentially anti-liberal region (Trenin 2002). At best, Westernisers acknowledge the need for Russia to develop bilateral relations with its regional neighbours, including China and the Central Asian countries, but Westernisers maintain that it is only through partnership with the West and its multilateral institutions that Russia will be able to address its regional dilemmas.

Viewing Westernisation and democratisation as key foreign policy objectives, this group were particularly critical of Putin's support for Victor Yanukovich during Ukraine's revolution. Westernisers insisted that the best strategy would have been to side with Victor Yushchenko, the candidate favoured by the West, because as a pro-Western and not anti-Russian candidate, he was in the best position to strengthen Ukrainian democracy, which could then facilitate greater democratisation in Russia.[23] As for exploiting cultural and commercial ties in the region, this should be neither exaggerated nor promoted at the expense of the existing ties with the West. To Westernisers, language remains the only aspect of Russian presence in the former Soviet world, and the new coloured revolutions have demonstrated that Russia has a very limited capacity to exercise influence in the region (Trenin 2002, 2005, p. 10).

On the other side of the intellectual spectrum are those who believe that Russia has a considerable soft power potential and that such potential must be exercised aggressively in order to rebuild political and economic dominance in the region. To this group—we will refer to them as *Imperialists*—Russia is destined to oppose the influence of the West across the globe, and there are few things off limits when it comes to restoring Russia's power. Neglectful of the soft power's positive sum potential, supporters of this school insist on exploiting it coercively, in the manner of sanctions against politically 'disloyal' states, such as Georgia, Ukraine and Moldova. This group has suggested to the Kremlin that American influences can be kept at bay by supplying arms to secessionist territories, recognising their claims to independence, granting citizenship to those supporting the idea of reunification with Russia, and cracking down on labour migrants from the former Soviet republics.[24] Some supporters of this view, such as Stanislav Belkovskii, proposed revising the Russian Constitution and transforming Russia from a 'nation-state' into a 'nation-civilization'. The latter would include the concept of 'associate membership' in preparation for the possible inclusion of the 'self-proclaimed states of Abkhazia, South Ossetia, and Transdniester', and 'human rights' would be excluded from the document, as 'a mechanism for [foreign] intervention into Russia's internal affairs'.[25] Additionally, military force remains a key instrument, particularly in highly volatile areas, such as North and South Caucasus.

[23]For a sample of criticisms regarding Russia's role in the Ukrainian revolution and the former Soviet region, see Yaz'kova (2005) and Markedonov (2005).

[24]For some statements representing these views, see Belkovskii (2004), Butakov (2005; also available at: http://www.russ.ru/docs/75772036, accessed 10 January 2005), Rogozin (2006), and Narochnitskaya (2006).

[25]*RFE/RL Newsline*, 9 February 2005.

In line with their policy vision, Imperialists also recommended that Putin apply economic sanctions or support separatism in Ukraine after the Orange Revolution. After the nullification of Yanukovich's victory in the first presidential election, the eastern regions of Ukraine, particularly Donetsk, Luhansk and Crimea, vowed to pursue greater autonomy from Kiev, and Russia's nationalist State Duma members and Moscow Mayor Yuri Luzhkov visited eastern Ukraine to express their support for Yanukovich and for regional autonomy. Russian nationalists tried to play this card in the 1990s, but obtained no support from the Kremlin (Tuminez 2000, pp. 239–240; Rivera 2003, p. 89). Linguistically and culturally, the region is heavily pro-Russian, and the issue of regional autonomy has considerable potential to become a factor in Russian–Ukrainian high politics.[26] Soon after the arrival of Yushchenko to power, Russia's Imperialists recommended backing all political movements aimed at the decentralisation and federalisation of Ukraine, pressuring Kiev into making Russian a second state language, and providing greater support to the Ukrainian Orthodox Church, which is canonically subordinate to the Moscow Patriarchate.[27]

Finally, there are those who believe that Russia's key objective is economic modernisation and the role of soft power is to assist the nation in providing greater security and stability on its periphery. As with Imperialists, *Stabilisers* attach a great significance to soft power in performing that role. They do not discard the role of sanctions and hard power, but limit their role considerably. Stabilisers are also careful to emphasise the soft power positive sum potential. Unlike Imperialists, they do not reduce it to Russia's relative gains, and do not propose that the Kremlin favours coercive tools, such as sanctions and blackmail over those of cooptation and mutual cooperation. They do not support the Imperialist idea of politically recognising separatism to thwart the West; instead, Stabilisers support existing efforts to find a mutually acceptable solution to the problem. For example, Gleb Pavlovskii, director of the Effective Politics Foundation, has suggested that the above-cited suggestions of Belkovskii to transform Russia into a 'nation-civilisation' and incorporate Abkhazia, South Ossetia, and Transdniester is reminiscent of fascist states.[28]

Although Stabilisers generally emphasise international stability as the highest priority for Russia's reforms, at least some of them do not shy away from the question of democracy and human rights in the former Soviet region. Their key distinction from Westernisers lies in the interpretation of democracy. Stabilisers see Russia not merely borrowing Western democratic standards, but actively and creatively reshaping those to fit local realities. Although Russia and Western nations might agree on virtues of greater democratisation in the region, Stabilisers put the emphasis on the controlled, even state-guided nature of such democratisation. They do not, as a rule, support coloured revolutions such as those in Ukraine and elsewhere, and view them as destabilising developments which complicate Russia's modernisation. Overall, however, the issue is not merely democratisation and human rights, but broadening

[26]For cross-regional comparative data, see for example, Wilson (2000) and Molchanov (2002).

[27]See I. Torbakov (2005) 'Moscow Analysts Mull Proper Strategy Toward Post-Revolutionary Ukraine', *Eurasia Daily Monitor*, 11 February, available at: http://www.jamestown.org, accessed 18 December 2005.

[28]*RFE/RL Newsline*, 9 February 2005.

humanitarian cooperation in the region. As Vladimir Frolov writes, 'the government needs to use a politically broader interpretation of humanitarian cooperation that includes defending human rights', along with crafting long-term policies in the areas of education, Russian language, media, religion, and others.[29]

This middle-of-the-road position allows for the greatest strategic flexibility in dealing with foreign policy challenges. The Ukrainian crisis is a case in point. Stabilisers did not see the victory of Yushchenko as particularly good news, but they abstained from equating it with the greatest strategic defeat in the face of Western encroachment on Russia's legitimate sphere of responsibility. Their general attitude was that regardless of whoever rules Ukraine, Russia's soft power is sufficient to work toward strengthening its position through tools of cooptation and mutually beneficial cooperation. Coercion and economic sanctions are not off the table, but should be applied only as a last resort. In the meantime, Russia should practise relations with the entire political spectrum in Ukraine and other post-Soviet states and promote its own interests and NGOs, as Western nations do (Kosachev 2005).[30]

Table 1 summarises expectations and proposals of each school regarding the possible exploitation of Russia's soft power.

Putin, the Stabiliser

Vladimir Putin's approach to using soft power appears to be closer to that of Stabilisers. Using the already cited example of Ukraine may help to illustrate this claim. Although the Russian president badly miscalculated Yanukovich's chances of

TABLE 1
EXPLOITING SOFT POWER IN RUSSIA'S FOREIGN POLICY: KEY SCHOOLS

	Westernisers	*Stabilisers*	*Imperialists*
Objective of exploiting soft power	Western-style democracy	Stability and security	Political and economic dominance
Method of exploiting soft power	Tacit cooptation	Mixture of cooptation and coercion	Coercion • Political pressures • Economic sanctions • Support for separatism
Awareness of soft power positive sum potential	Yes	Yes	No
Attitude toward hard power and military force	Should be minimized	Remains essential	Remains essential

[29]Frolov 2005, also available at: http://www.russiaprofile.org, accessed 25 May 2005.

[30]See also G. Pavlovskii, 'O politike Rossii na postsovetskom prostranstve', available at: http://www.america-russia.net, accessed 28 April 2005.

winning, and although he provided strong support for the election of Yanukovich, Putin was never willing to sacrifice his relations with the West over the crisis in Ukraine, and he did not allow his readiness to stand for Russia's strategic interests to be turned into confrontation. He supported a candidate that he perceived to be pro-Russian, and he challenged Western leaders not to 'meddle' in Ukrainian elections.[31] Putin certainly did not act as a Westerniser. Yet he also did not follow the advice of Imperialists who recommended applying economic sanctions or supporting separatism in Ukraine. Although the general public in Russia overwhelmingly supported Yanukovich and many members of the political class felt cheated and betrayed by the West, Putin issued a statement welcoming any winner of Ukraine's re-run presidential election, and he subsequently moved to normalise damaged relations with Kiev.[32]

Russia's actions during the December 2005 dispute with Ukraine over the price of natural gas were interpreted by some as an example of the Kremlin's 'gas imperialism' or an attempt to punish the new leadership of Ukraine.[33] Yet they could also be viewed as Moscow's decision to economically normalise relations with Kiev by moving in the direction of establishing market-based prices for energy supplies. The dispute was first and foremost about correcting a heavily distorted price structure, with Moscow working to reduce the amount of subsidies to the Ukrainian economy and Kiev, understandably, resisting the effort. Russia's decision reflected a policy adjustment in the post-Soviet world following the coloured revolutions. As Ukraine, Georgia, and Moldova moved to challenge Moscow by questioning the Russian-controlled CIS, the Kremlin was determined to secure economic gains in the region. While not a soft power move, the decision might have been driven by economic modernisation, rather than political power considerations.

In his response to the challenge of new democratic revolutions in the former Soviet world, Putin put forward the doctrine of 'continuing the civilizational role of the Russian nation in Eurasia'.[34] Without ever mentioning the word 'Ukraine' in his entire speech, delivered to the Federation Council in March 2005, he called for promoting freedom in the region: 'Russia', he declared, 'traditionally linked with the former Soviet republics, and now newly independent states, by history, the Russian language and great culture, cannot stay away from the common striving for freedom'.[35] According to the president, what Russia seeks is not the territory or natural resources

[31]Europe and the United States did not limit themselves to political statements about the 'unacceptability' of the election's results—an unprecedented step in itself in light of their previously much calmer reaction to considerably less fair elections in Central Asia and Caucasus. Through the activities of various NGOs, the West also provided considerable financial assistance for Yushchenko's campaign.

[32]See I. Torbakov (2004) 'After Ukraine Debacle, Kremlin Strategists Warn of Serious Rift with the West', *Eurasia Daily Monitor*, 17 December, available at: http://www.jamestown.org, accessed 18 December 2004. See also Levada-Tsentr (2004) 'Ukrainskiye sobytiya glazami rossiyan', 16 December, available at: http://www.levada.ru/press/2004121601.html, accessed 13 January 2005.

[33]See, for example, 'Black-Belt Ambitions, Orange-Belt Throw', *Transitions Online*, 10 January 2006, available at: http://www.tol.cz, accessed 1 February 2006.

[34]See V. Putin (2005) 'Address to the Federation Council', 30 March, available at: http://www.kremlin.ru, accessed 31 March 2005.

[35]See V. Putin (2005) 'Address to the Federation Council', March, available at: http://www.kremlin.ru, accessed 31 March 2005.

of the post-Soviet states, but the human dignity and the quality of life of its citizens, whom Russia regards as its own cultural compatriots.[36] But Putin also insisted on Russia's right to 'decide for itself the pace, terms and conditions of moving towards democracy', and he warned against attempts to destabilise the political system by 'any unlawful methods of struggle'.[37]

Putin's vision of soft power is consistent with his overall foreign policy philosophy. During his presidency, he has advocated a greater integration with the West, while continuing to insist on Russia's great power status. Putin has claimed that 'Russia can only survive and develop within the existing borders if it stays as a great power'.[38] Yet he seems to genuinely believe that his country is a 'normal' European nation that relinquished 'imperial ambitions' (Donaldson & Nogee 2002, p. 341). Great power status is therefore not a goal in itself for Putin—rather its role is to create a necessary condition for Russia's more advanced engagement with the world. The term 'normal' signals support for Westernisers, whereas the concept 'great power' speaks to the need to protect Russia's territorial integrity. Such a vision is not principally new. For instance, in the late nineteenth and early twentieth centuries, the so-called 'New Liberals', such as Struve, Novgorodtsev and Gessen, saw Russia as both a European and a distinctively strong socially responsible state. This vision differed from the one defended by the 'Old Liberals' of primarily constitutionalist orientation, such as Chicherin and Milyukov.[39]

Putin's critics assert that Russia's soft power may assist its government in promoting an imperialist agenda and undermining the sovereignty of the newly independent states. There are reasons, however, to question the accuracy of such an interpretation of Putin's foreign policy. First, the imperialist perspective on Putin misses the fact that Russia remains focused on recovery after the longest economic depression in its history and, therefore, it can hardly afford any foreign policy grandeur. Many polls in Russia have demonstrated that both masses and elites are well aware of the considerable financial and political costs of embarking on imperial projects. In fact, most respondents have been convinced that the only way to regain the former great power status is through the successful development of the Russian economy. One poll revealed, for example, that about 65% of Russians hold this view (Birgerson 2002, p. 89). Most Russians also have no illusions about restoring the Soviet system. In a typical poll, about 60% expressed nostalgia about the system, yet only about 12% considered its restoration realistic, and 31% were against such a restoration.[40] Remarkably, even Belarus has not been integrated with Russia, despite

[36]In this same speech, Putin also called for granting Russian citizenship to legal aliens from the former Soviet Union. The newly appointed head of the Kremlin's special department for Interregional and Cultural Relations with Foreign Countries, Modest Kolerov, elaborated on the last point in an interview (Kolerov 2005; also available at: http://www.politklass.ru, accessed 15 December 2005).

[37]V. Putin (2005) 'Address to the Federation Council', 30 March, available at: http://www.kremlin.ru, accessed 31 March 2005.

[38]V. Putin (2003) 'Poslaniye Federal'nomu Sobraniyu Rossiiskoi Federatsii', 16 May, available at: http://www.kremlin.ru, accessed 20 May 2003.

[39]For analyses of Russia's liberal currents, see especially Fisher (1958), Walicki (1992), Petro (1995) and Wiedle (2000).

[40]*Nezavisimaya gazeta*, 7 April 2006.

widespread support in both nations for strengthening their economic, cultural, and political ties.

Second, the Imperialist viewpoint misrepresents the motives behind Putin's foreign policy. Presenting Putin as an Imperialist ignores his own explanation of Russia's motives, as well as his cautious reaction to the revolutionary events in Ukraine. In general, such a viewpoint fails to note a principal change in the belief system of Russia's political class after the Soviet collapse. While some politicians continue to cherish the idea of restoring the former Soviet might and territorial control, the majority has come to accept the new realities, thinking about them in terms of adjustment and stabilisation.[41] Although Russia's mainstream discourse is not controlled by Westernisers, it is far from being shaped by Imperialists. Putin has further transformed the political spectrum and is now in the broad middle of it, integrating creative impulses from supporters of liberal integration with the West with the urgings of those who defend the idea of Russia as a counter-balance to the West's 'unipolar' ambitions.

Finally, the argument about Russia's new soft power imperialism fails to appreciate the nature of soft power as fundamentally a positive sum, rather than zero sum, game. The old definition of power as control is of limited use here. Even if Moscow decides to deploy its soft power in a coercive manner—thereby turning it into hard power—the resulting policies are likely to have counter-productive effects. For example, applying sanctions is costly, as Russia is too dependent on others for energy transportation, foreign labour, production supplies and commercial goods. Soft power is also useful to the leadership domestically. By demonstrating that strengthening Russia's ties in the former Soviet region does not require revising existing territorial boundaries, depriving neighbours of their political sovereignty, or taking on the burden of an imperial responsibility, the successful application of soft power redresses the appeal of the Imperialists. Over time, the positive sum implications of soft power may take on a life of their own, as strengthening of mutual interests and values will come to replace the traditional hierarchical ties of empire.

The next section presents additional evidence from the most volatile part of the former Soviet Union, the Caucasus, to support the claim about stability as the central preoccupation of Russia's foreign policy.

Building and exploiting soft power in the Caucasus

Undoubtedly, the Caucasus is a special case. Plagued by the weakness of political institutions, regional instability and ethnic separatism, the three Southern Caucasus states also border Chechnya and the terrorism-ridden North Caucasus. A growing number of terrorist incidents in Dagestan, Ingushetia, Northern Ossetia and Karachayevo-Cherkessia leave few options for the Kremlin but to increase its military presence there and improve security measures in the short-term. However, even here there is considerable soft power potential, and Moscow is beginning to exploit it. Although the record of such exploitation is not conclusive, it generally complies with expectations of a Stabilising, rather than an Imperialist, perspective on Putin's foreign policy.

[41]This change has been well documented; see, for example, Aron (1998) and Tsygankov (2003).

Building soft power

Because of a mixture of security, economic and cultural considerations, the Caucasus occupies a special place in Russia's foreign policy. Russia's soft power capital in the region has been stronger in some areas, but considerably weaker in others. Russia's security interests require an environment free of political instability and threats of terrorism. However, all three Southern Caucasus states can hardly be called economically and politically viable (Blank 2003), and the unresolved Nagorno-Karabakh conflict adds to the regionally unstable environment. The Rose Revolution in Georgia has not sufficiently strengthened state institutions, which continues to be a cause of concern for Russia. Related to this is the concern that under conditions of political instability, Georgian territory may continue to be used by international terrorists as a transit point on their way to Chechnya. In the past, the Pankisi Gorge and several other areas near Georgia's border with Chechnya were known to be home to terrorist camps. Russia's economic interests include the need to protect energy pipelines, particularly the trans-Caspian pipeline that stretches through Dagestan to Novorossiisk. Energy continues to comprise the largest part of Russia's exports, and without reliable protection of energy transportation, Russia's energy export-dependent economy is in an extremely risky position. In addition, Russia has greatly expanded its business interests and is eager to protect those interests in the area. In particular, it has secured partnerships with Azerbaijan through the division of Caspian resources. In Georgia, Russia's state electricity company has obtained the right to be the main electricity provider, and in Armenia it obtained several strategic assets such as an atomic electric station to offset a debt of 40 million dollars. Finally, Moscow's cultural interests in the area include the need to maintain ties with ethnic Russians and those who continue to gravitate toward Russia.

These interests have only partially been met through the development of soft power. In the area of institution building, not much has been accomplished, aside from establishing the 'Caucasus quartet'—largely a paper tiger—to coordinate security efforts between Russia, Armenia, Azerbaijan and Georgia. In Chechnya, the Kremlin's policies remain heavily skewed toward building political and military control over the area, rather than developing soft power capital. Winning 'hearts and minds' through a new political settlement and effective allocation of greater resources is yet to happen. However, the soft power potential in Chechnya and the wider North Caucasus remain considerable. For instance, even in Chechnya, with all the brutalities of the recent war, an overwhelming majority seems to favour remaining a part of Russia. According to one poll conducted in August 2003, 78% of residents of Chechnya supported membership in the Russian Federation, whereas only 19% were against it.[42] Some evidence from surveys in Dagestan, the largest ethnic territory in the North Caucasus, also indicate strong support for the leadership of Russia. For instance, one poll indicated that 'in case of acute crisis' 64% preferred Russia's federal leadership compared with 43% who trusted local leadership (Ware *et al.* 2003, p. 16).

[42]See Validata, 'Public Opinion of the Chechen Population on the Actual Issues of the Republic. Results of Seven Representative Surveys Conducted March–August 2003', available at http://www.validata.ru/e_e/chechnya/, accessed December 2003.

The desire of Southern Ossetians and Abkhasians to obtain citizenship of Russia is well known, and it too, reflects the potential for Moscow to play an important pacifying role in the region.

Russia's soft power has been most impressive in the area of economic and cultural interdependence. In 2004, average salaries in Russia were three times higher than those in Armenia and Georgia and two and a half times higher than in Azerbaijan (Korobkov & Zaichonkovskaia 2004, p. 488). These factors, combined with generous energy subsidies and a high share of trade with Russia (40–50%) mean that the Russian economy is becoming particularly attractive to foreign labour from the Caucasus.[43] By some calculations, some 2 million Azeris, 1 million Armenians, and 500,000 Georgians work in Russia and send home remittances that have become a critical factor in sustaining local economies. In the case of Georgia, the amount of remittances reaches $1 million annually which amounts to 20–25% of Georgia's GDP (Chernyavskii 2003; Hill 2004, p. 26). The amount would have been unquestionably higher were it not for a visa regime which has been imposed by Russia since December 2000. In addition to the above noted significance of the Russian language and cultural goods, the growth of immigration into Russia from the South Caucasus has been considerable. Most of the immigrants settled in the North Caucasus, where the population increased from 13.2 to 17.7 million from 1989 to 1998.[44] In addition, as noted above, Russia has been actively expanding its economic presence in South Caucasus by exchanging its energy services for the ex-republics' strategic property and transportation.

Exploiting soft power

We should now explore if Russia's way of exploiting the acquired soft power capital in the region is consistent with expectations of Westernist, Imperialist and Stabilising perspectives. At least four issues stand out in Russia's relations with the Caucasus: territorial secessionism in Georgia and Azerbaijan, labour immigration from the South Caucasus to Russia, economic interdependence, and the question of political settlement in Chechnya. Table 2 summarises the three perspectives' views on Russia's way to solve these issues.

The Westernisers' perspective on solving the issue of secessionism requires that Russia should not maintain relations with breakaway regions and, instead, work with the central leaderships of Georgia, Azerbaijan, and Armenia. Westernisers have also been supportive of encouraging and integrating foreign labour, which would be in line with democratic standards, as well as needs for continued economic development.[45] Finally, the group has consistently advocated political solutions in Chechnya, including negotiations with rebel leaders. Such policies are seen as promoting

[43]For statistical details, see Karaganov (2004), Kuznetsova (2004) and Chernyavskii (2003, pp. 49–50).

[44]F. Hill (2004) 'Eurasia on the Move', presentation at the Kennan Institute, 27 September.

[45]Some human rights organisations in Russia condemned the growing number of illegal immigrants, which they see as the country's 'dependence on slave labour' [C. Bigg (2005a) 'Russia: Rights Advocate Decries "Dependence On Slave Labour"', Open Media Research Institute, 8 November, available at: http://www.rferl.org, accessed 8 November 2005].

TABLE 2
EXPLOITING SOFT POWER IN THE CAUCASUS: KEY RUSSIAN SCHOOL

	Westernisers	*Stabilisers*	*Imperialists*
Secessionism in Georgia and Azerbaijan	No recognition Work with central government	No recognition Political dialogue with both sides	Political recognition and/or incorporation into Russian Federation
Labour immigration	Encouragement and integration	Encouragement and integration	Imposing immigration restrictions
Economic interdependence	Promotion	Selective promotion for modernization and security needs	Selective promotion for political domination needs
Chechnya settlement	Democratic elections	Support for existing pro-Moscow leadership	Maintaining military presence

democratic solutions that would be in line with policies of the Caucasian and Western nations.[46]

The Imperialist view is just the reverse. Rather than working with the central leaderships of South Caucasian nations, Imperialists press for recognising the independence of separatist republics in Georgia and supporting Nagorno-Karabakh *de facto* autonomy, so that Russia can exercise its leverage in the region. Imperialists also call for imposing tight restrictions on immigration. Nationalist politicians, such as Vladimir Zhirinovski and Dmitri Rogozin, insisted that citizens from other CIS countries should not be allowed to do business freely in Russia, and that their status should be strictly conditional on them keeping out of trouble with the authorities. The leader of Russia's Motherland party Rogozin demanded that 'pre-emptive measures' be taken 'against potential rioters in Moscow'.[47] Imperialists also advocated directly linking Russia's economic prominence in the region with the objectives of state power. On the Chechnya issue, they have traditionally insisted on hard line solutions, such as tight centralisation and preservation of military presence.

Finally, the Stabilisers insist on the need to maintain dialogue with the centralised leadership and secessionist regions, arguing that both sides are at fault and cannot come to an agreement without Russia acting as a mediator. With Westernisers, they advocate integration and legalisation of foreign labour in the country if only for the reasons of economic modernisation and Russia's own labour shortage. The promotion of Russia's capital and commerce is also viewed by Stabilisers in terms of state modernisation needs. In Chechnya, Stabilisers support the local pro-Moscow leadership and favour gradual, state-controlled expansion of Chechen political rights.

[46]Yaz'kova (2005); I. Rybkin (2005) 'Russia: Ivan Ruykin Discusses Prospects for Peace in Chechnya', Open Media Research Institute, 30 August, available at: http://www.rferl.org, accessed 1 September 2005.

[47]V. Yasmann (2005) 'Russia: Immigration Likely to Increase, Mitigating Population Deficit', Open Media Research Institute, 14 November, available at: http://www.rferl.org, accessed 15 November 2005.

Overall, the record indicates that on the outlined issues, Putin has acted more as a Stabiliser than an Imperialist or a Westerniser. Putin's Kremlin supported secessionist regions by providing economic and military assistance, granting Russian citizenship to its residents, and mediating the outcomes of politically contested elections.[48] In January 2006, Putin also warned that independence for Kosovo could set a dangerous precedent for secessionist-oriented South Ossetia and Abkhazia in Georgia. Imperialists might see these actions as supportive of their expectations. However, the actions may also be interpreted as being informed by the Stabilisers' perspective, and the Kremlin's warning against the use of violence by the Georgian authorities may indicate a belief in maintaining a balance of power for the purpose of preserving stability.[49] Consistent with this line of argument, the Kremlin has not supported separatist activities within other secessionism-prone but relatively stable states, such as Kazakhstan and Ukraine.[50] Furthermore, Moscow abstained from formally recognising calls for reunification with Russia from Abkhazia and South Ossetia, despite Imperialist recommendations to move in this direction. Putin did not hamper the new Georgian leadership in ending separatism in Adjaria. In return, he expected Russia's interests in the Caucasus to be honoured and for Russia not to be rushed into dismantling its two military bases on Georgian soil. It was only later, when Putin had seen what he perceived to be lack of reciprocity on the Georgian side that he changed tactics. After Tbilisi had attempted to subjugate the separatist South Ossetia by force and additionally pressured Russia to withdraw, Putin retaliated. He stopped short of formally recognising the separatist South Ossetia and Abkhazia, but extended some support to them and kept a visa regime on the border with Georgia.

Putin has also supported the idea of integrating illegal labour immigrants in Russia, and he argued that there was no alternative to regulated mass immigration. At a meeting of Russia's Security Council in March 2005, Putin insisted, 'today's most important goal is the stimulation of the immigration process. The demographic situation in the country has dictated the necessity of calculated measures to attract foreign labour to the Russian economy'.[51] Vyacheslav Postavnin, the head of the department overseeing labour migration at Russia's Federal Migration Service, made a similar argument linking illegal immigration with unrests in France in November 2005, where second generation immigrants staged riots across the country for more than 10 days.

> If we don't legalise [immigrants], we push them toward marginalisation and crime, we strip them of their rights . . . This is why, since we have such a mass of illegal migrants whose rights

[48]In Abkhazia's presidential elections in October 2004, Russia forced Sergei Bagapsh to re-run the elections in tandem with Raul Khajimba, his main challenger, after the two sides failed to agree on election results. See Z. Anjaparidze (2005) 'Former Abkhaz Presidential Rivals United Under Pressure from Moscow', *Eurasia Daily Monitor*, 12 January.

[49]The 'balance of power' approach has been traditionally the strongest among Russia's foreign policy establishment. It has its roots in the European concert of powers, of which Russia was an important member.

[50]In both cases, Russian minorities were sizable, concentrated, and politically mobilised in the northern part of Kazakhstan and Crimea, respectively.

[51]V. Yasmann (2005) 'Russia: Immigration Likely to Increase, Mitigating Population Deficit', Open Media Research Institute, 14 November, available at: http://www.rferl.org, accessed 15 November 2005.

> are limited, who are subjected—as everybody knows—to certain pressure from interior ministry agencies, they can of course be provoked by any unrest. But if we give them protection and the opportunity to work peacefully, we make them uninterested in such unrest.[52]

However, at no point, have Russia's officials raised the possibility of tightening immigration restrictions, as Imperialists recommended.

The record is ambiguous on the issue of economic interdependence. On the one hand, willingness by the post-Soviet states to work with Russian companies and allow their growing economic presence on their territories constitutes an expansion of Russia's soft power in the region. On the other hand, the Kremlin has not been shy in applying various restrictions in trading with some of the former Soviet republics, which can be viewed as an example of the kind of sanctions advocated by Imperialists for power purposes. A recent example is Moscow's decision to impose restrictions on Georgian and Moldovan wine exports to Russia. Although the official explanation cited the wine's physical and chemical standards, some interpretations attributed the decision to Russian imperialism and 'settling scores' with sympathisers of the West.[53] This reasoning, however, may prove to be hasty and inconclusive. Just as plausibly, the sanctions against its neighbours may reflect Russia's frustration with Georgia's lack of support for Russian membership of the WTO, or intent to pressure Tbilisi into negotiations, rather than using force, to deal with secessionist territories.[54]

In Chechnya, Putin has been slow to move from military solutions to those involving soft power, yet the Imperialist perspective is limited in interpreting his actions in the area. First, it is hardly applicable to the case that involves Russia's own legitimate territory. Second, a movement in the direction of finding a political, rather than merely a military, solution has begun. The Kremlin has put in place a new government, albeit one that is, like the new Iraqi government, weak and vulnerable to terrorist attacks. In attempting to strengthen the new political framework in the republic, Putin has also pushed for holding new parliamentary elections in Chechnya. On 27 November 2005, such elections took place with an overall voter turnout of 60%, far exceeding the minimum 25% mandated by law.[55] Finally, although suspicions toward the international role persisted, Russia allowed for the possibility of a Western involvement in the region.[56]

[52]See C. Bigg (2005b) 'Russia: Moscow Contrasts Own Situation with French Migrant Unrest', Open Media Research Institute, 8 November, available at: http://www.rferl.org, accessed 8 November 2005.

[53]*The Daily Telegraph*, 14 April 2005.

[54]Such has been the explanation of Russia's behaviour advanced by Georgian politicians (see *Kommersant*, 17 April 2006).

[55]Open Media Research Institute, 28 November 2005, available at: http:www.rferl.org, accessed 30 November 2005.

[56]After the September hostage taking in North Ossetia, Russia made efforts to re-engage the West by asking for an extraordinary session of the UN Security Council. It also informed the then German Chancellor Gerhard Schroeder of its desire for active Western involvement in the economic development of the North Caucasus region (Hill *et al.* 2005, p. 2). For various proposals of Western assistance, see Kosyrev (2005).

Future potential of soft power in the Caucasus

The fact that Putin's record is not supportive of the Imperialist perspective does not mean that Moscow has fully integrated soft power tools in its policies in the Caucasus. Although the situation in the Caucasus remains extremely difficult and requires measures of military security, there is considerable room for the productive use of soft power.

In the South Caucasus, the Russian economy will undoubtedly become even more attractive to others if transportation networks are restored (such as the old Soviet railroad connecting Russia and Georgia). If political relations are normalised, Moscow could also consider abolishing the visa regime with Tbilisi, strengthening commercial ties, and doing more to mould and pacify local elites by developing a system for their education and by establishing funds for the reconstruction of and assistance of the local states (Karaganov 2004; Frolov 2005). In addition, greater use of Russia's soft power would include mobilisation of ties with societies, rather than only states, let alone states that violate their citizens' rights. Establishment of contacts with the entire political spectrum in the neighbouring nations is another way to influence the region.

In Chechnya, the aggressive promotion of soft power includes measures to rebuild the local economy and political institutions. With Moscow conducting new elections and allocating greater resources for the region, there is progress in this direction. However, the real issue remains that more than 40% of young Chechen males are unemployed and could potentially be recruited by terrorists (Abdullaev 2004, p. 336).[57] Just as capturing Saddam Hussein did not much help Iraq, eliminating Aslan Maskhadov is likely to only marginally affect the situation in Chechnya. Without direct investments and job creation, any efforts to change the situation on the ground are likely to fail. Both polls and past elections in the republic show support for such economic measures, which become particularly important in the light of the growing radicalisation of the North Caucasus outside Chechnya.[58]

Soft power and the future of Russia's foreign policy

This article has sought to demonstrate that Russia's soft power in the former Soviet Union has increased considerably. Its impressive growth prompted one scholar to observe

> if the influx of migrants continue, if Russian business investment grows in the neighbouring states, if regional youth continue to watch Russian TV and films, purchase Russian software, CDs and DVDs, and other consumer products... Russia will achieve the economic and cultural predominance in Eurasia the United States has in the Americas (Hill 2004, pp. 5–6).

[57]This point was also strongly underscored by the current president Alu Alkhanov during his visit to Moscow in early 2005.

[58]On growing radicalisation in the Northern Caucasus, see Baev (2005) 'The North Caucasus Slips Out of Control', *Russian and Eurasia Review*, 4 April, available at http://www.jamestown.org, accessed 1 May 2006; and Fuller (2005; also available at: http://www.rfel.org, accessed 20 June 2005).

Even in the Caucasus the progress of building soft power has been notable. It has been especially visible in Russia's absorption of labour immigrants from the South Caucasus, providing markets for their goods, and transferring funds in the form of remittances rather than as foreign aid.[59] Moscow has also introduced measures of political reconstruction in Chechnya.

This article has also attempted to clarify motives of exploiting soft power behind Putin's foreign policy. Although these motives are hardly in line with the expectations of Westernisers, they also cannot be conclusively described as Imperialist. Rather than being involved in an empire-building project, the Kremlin seeks stability and security in the former Soviet region. Whether in Ukraine or Caucasus or Central Asia, Putin relies on informal diplomatic influences and soft power to negotiate what he sees as better conditions for Russia's security and economic modernisation, rather than to curtail the formal sovereignty of the newly independent states. With regard to the Caucasus, this approach is evident in Putin's drive to incorporate foreign labour and strengthen the new political framework in Chechnya.

Evidence of Russia's role in supporting secessionism and applying economic sanctions in Georgia remains inconclusive. One could assert that the Kremlin exploits its soft power in Abkhazia and South Ossetia by granting its residents Russian citizenships in order to preserve its leverage over Tbilisi. Yet the Kremlin's actions could also be viewed as informed by the desire to preserve stability by restraining Georgia's attempts to solve the issue through military force. On this issue, the jury is still out. Some kind of a joint arrangement with the participation of Russia, South Caucasian nations, and Western nations may assist with the resolution of the issue. It may discourage the Russians from taking a hard line towards Georgia, and the Georgians from resorting to military confrontation with its separatist territories, Abkhazia and South Ossetia. In the long term, such inclusive arrangements may also better serve the West in building trust with Moscow than measures such as the construction of the Baku–Ceihan pipeline or the establishment of Georgia, Ukraine, Azerbaijan, Moldova (GUAM), which has no place for Russian participation. Such an approach may eventually soothe the old geopolitical fears that the West has an interest in instability in the Caucasus which prevents Russia from getting stronger and developing ties with its Eastern partners.[60]

In Joseph Nye's definition, 'smart power is neither hard nor soft. It is both' (Nye 2004, p. xiii). Capitalising on the soft power aspect may assist Moscow in finding the proper balance for its foreign policy in the most volatile Caucasus region. Outside of the Caucasus, the prospects for integrating soft power in Moscow's policies are even greater, and as a positive sum game that may improve the security environment in the former Soviet world. Despite critics' emphasis on the 'imperialist' aspect of the ways in

[59]F. Hill (2004) 'Eurasia on the Move', presentation at the Kennan Institute, 27 September.

[60]Just as many in the West believe that Russia wants a weak and unstable Caucasus, many in Russia argue that Western nations want the same in order to lay their hands on Caspian energy (Degoev 2004; Zhil'tsov *et al.* 2003, p. 219; Zvyagel'skaya & Makarov 2003, p. 103). Even some pro-Western liberals in Russia are fearful that Georgia, emboldened by the US, may try to crush resistance from Abkhasia and South Ossetia by force thereby provoking a new wave of instability in the region (Yaz'kova 2004). Several publications by Western pundits, such as Zbignew Brzezinski and Richard Pipes advocating independence for Chechnya (see, for example, Pipes 2004), only reinforce these fears of the West.

which the Kremlin uses these economic and cultural ties in the former Soviet region, there is no escape from the simple fact that Russia will jeopardise its own stability if it refrains from attempting to deepen those ties. Although the Kremlin's interests do not always coincide with those of the West, Russia's use of soft power may be generally compatible with the objectives of Western nations—maintaining stability, facilitating economic development, and respecting political pluralism and religious tolerance.[61]

San Francisco State University

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[61]Judging from Putin's 2005 address to the Federation Council, Russia's central objective remains to revive its European identity and values, such as social market economy, religious tolerance, and respect for democracy [see V. Putin (2005) 'Address to the Federation Council', March, available at: http://www.kremlin.ru, accessed 31 March 2005].

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