



# Unbalanced Europe and the New Order in the OSCE Space

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Ivan Timofeev

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# Introduction

The collapse of relations between Russia and the West after 2014 put an end to the idea of Greater Europe. The area of common security and cooperation from Lisbon to Vladivostok, or even wider – from Vancouver to Vladivostok – remains on paper in numerous documents that are gradually being buried in archives. The almost 40-year ‘post-Helsinki’ period, marked by relative stability and a European order based on principles shared by all, has come to an end. Instability is not only growing on the European continent, it is accelerating. And yet there are no coherent ideas for a new order.

Clearly, the new European order will be shaped by political realities, such as the balance of power, the availability of resources, the effectiveness of political institutions, and diplomatic skill in deploying available means. While the transition period may be long and painful, it is necessary to outline the contours of the new European order now. This will require a clear-headed and unbiased analysis of the imbalances and dilemmas of the European continent, which have made the old post-Helsinki order impossible. The function of the new order will be to resolve them. The central questions of this report are: why stability is waning in Europe, which European imbalances are making the old order impossible, and how might a reorganised Europe look?

We believe that the destruction of the old post-Helsinki order is the result of the growing imbalance of the European continent. The Helsinki Final Act of 1975 was possible because the system was more or less in equilibrium at the time. Europe was divided into two military-political camps. However, their parity and internal consolidation, with practically all actors enjoying stability, allowed for the existence of general rules. The end of the Cold War and the collapse of the Eastern bloc seemed to have cemented the order of 1975 even stronger. The West was its heart, and the post-communist countries proclaimed their determination to remain full participants of the established order.

However, major imbalances were gradually taking shape in this monolithic structure. They took time to grow, but eventually warped the Helsinki order beyond recognition. Smoothing out these imbalances, or at least managing their configuration, is the key to a new European order.

It is widely believed that a 'pushy', 'aggressive', and 'authoritarian' Russia stands in opposition to the progressive majority of countries in Europe, which cherish democracy and the rule of law, seeking to sow confusion in the European house and keeping out the remaining pilgrims like Ukraine, Moldova, and Georgia. Even if we accept this portrayal of Russia as an 'evil genius' striving to demolish the European order, it remains unclear why the order itself is so fragile, why the 'genius' became embittered, what is wrong with the pilgrims, and why old Europe is roiled by all kinds of protests?

We will consider these and other questions through the prism of three categories of imbalances: **sovereignty**, **power**, and **development**. It is our belief that their cumulative impact is making the old European order extremely unstable and will sooner or later compel us to seek out new points of equilibrium. These imbalances are 'big factors', that is, they exist objectively and transcend the will of individual politicians or states. However, the leading actors on the European continent eventually will have to get them under control and identify new points of equilibrium. The longer the transition period lasts and the greater the costs incurred, the greater the need for a new order will grow.

In other words, the extremely serious crisis in relations between Russia and the West, which split Europe in 2014, is the fallout of deeper problems afflicting the European order that have been accumulating for a long time. The view that the Ukraine crisis and the new Cold War are a fluctuation, a temporary deviation from the 'correct' course of history, is an illusion. Many want to believe that it is just a matter of time until an economic or political crisis befalls Russia, ultimately restoring the good old times of the post-bipolar order. This is unlikely to happen. Regardless of the future of Russia, the EU or individual European states, the new world will be qualitatively different. And it is better to build it today, together, before the logic of history does it for us.

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# European Order and Sovereignty

The concept of sovereignty is extremely heterogeneous. Still, we can single out two basic dimensions which are not, however, equivalent. The first dimension is international law. From the point of view of international law, all states enjoy equal sovereignty. That is, they have a monopoly on power within a certain territory, and formally are independent in shaping their own foreign and domestic policies. All internationally recognized states, such as the UN General Assembly members, are equal, and the United States has no more and no less sovereignty than, for example, Luxembourg, Colombia or Burundi.

The second dimension is the real ability of a state to perform the functions of a sovereign. Clearly, states differ in their ability to independently sustain their development. There are many states whose existence is unthinkable without external donor assistance. Another important difference is the ability to control its own territory, as there are also states riven by internal conflict and civil war. Equally important is the stability of the political regime. Whether autocratic or democratic, it can be shaken by coups or coup attempts, including those instigated from outside the country. There is also the ability of a state to independently provide for its own security, as there are many states that host foreign troops, bases or infrastructure. In other words, there are many variables that determine how independently or effectively a state can pursue its foreign and domestic policies. As such, formally equal international legal status is superimposed on fundamentally different abilities to exercise this right.

The ability to exercise the right to sovereignty, as fully as possible, has become one of the defining features of the *modern state*. The idea of sovereignty naturally has become intertwined with the principle of rationalism and Enlightenment ideals. *Rational effectiveness* turned into a powerful tool for exercising sovereignty through mass institutions of bureaucracy, and for political and social control. Possessing a strong economy and industrial base is an important factor in security and sovereignty, since it is the related ability to afford bigger and more technologically advanced armies. Sovereignty in the modern era has acquired two dimensions: *rational effectiveness* in controlling one's own territory and society and *rational effectiveness* in outward expansion or

countering such expansion into its own territory. Sovereignty has also become a strong argument for legitimizing power. The sovereign state of the modern era is a nation state, where a community of citizens who are equal before the law – a nation or a political nation – is the source of power. The principle of equality before the law rounded out the rational idea of sovereignty as a coherent concept. The sovereign state of the modern era is an ideal type of a nation state which can govern itself independently, yet very effectively, and also can uphold and defend its national interests outside its territory.

The 19th and especially the 20th century were the apotheosis of the modern state. In Europe, this process ended in pain and bloodshed after the Second World War. The continent was codified as a collection of states with varying degrees of political influence. However, all of them, one way or another, were close to the ideal type of the modern state. Their being part of a Western or Eastern camp was not critical. After all, both the liberal and the socialist projects were rooted in rationalism and the principles of the Enlightenment. They differed in political regimes, but from the point of view of organizing bureaucratic control over territory and external security tools, they were similar in nature. Of course, the Soviet Union and the United States acted as powerful external guarantors of security for their allies. However, the ‘satellites’ themselves eventually managed to achieve a high degree of internal cohesion and consolidation.

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**The sovereign state of the modern era is an ideal type of a nation state**

The Helsinki Final Act of 1975 was shaped by a community of states that were more or less equal in nature. Therefore, they were able to develop a common language and terms of reference, and agree on a European order which suited everyone. The principles of inviolability of borders, predictability of mutual behaviour, non-interference in each other’s internal affairs and non-use of force as a foreign policy tool made sense for them, if only because of their own maturity and internal stability. In fact, Helsinki was the culmination of a long process of ‘pacifying’ the European continent, made possible by the stabilization of virtually all states on the continent.

However, two processes began to undermine the Helsinki order, one of which can be termed *postmodernism*, and the other – *premodernism*. The subtle transformation of Helsinki went in parallel with the transformation of

## HELSINKI 1975: UNDERLYING PRINCIPLES

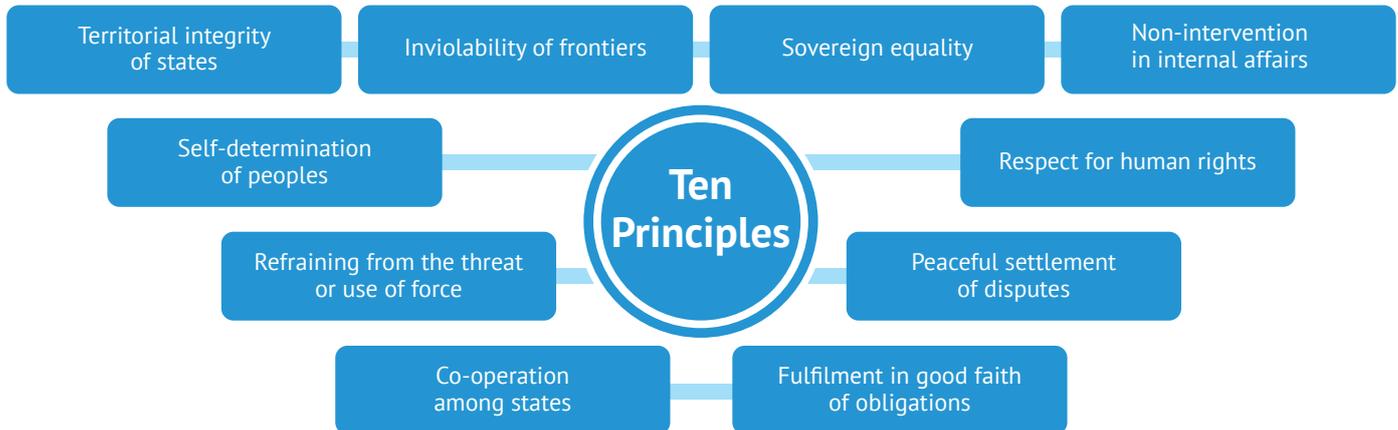
### Helsinki Final Act

1973–1975 – Conference on Security and Co-operation in Europe takes place in Helsinki and Geneva

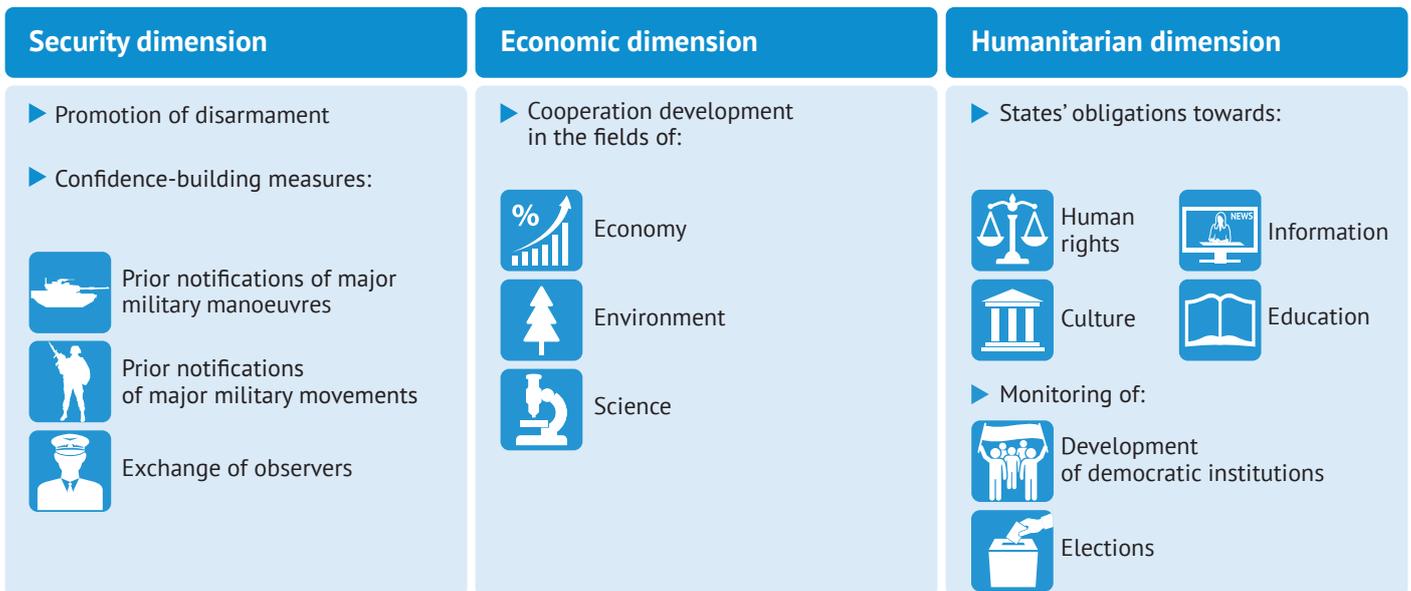
The Final Act was signed by 35 countries, including the US, Canada, and all European countries with exception of Albania.

The final Act was officially approved by the UN and prepared in accordance with the UN Charter.

There were contributions received from non-participating Mediterranean states.



### Final Act Baskets



some countries in a postmodernist direction, the degradation of others into premodernism, and the preservation of still others in a state of modernism. The evolution of the CSCE into the OSCE (1995) and the gradual institutionalization of the new order were accompanied by the simultaneous speeding-up of internal contradictions.

The postmodernist trend was associated with the gradual formation of the EU as a powerful supranational structure. This was a qualitative breakthrough in the evolution of statehood, one that was unprecedented for Europe, making it possible to achieve a high degree of integration without resorting to imperialism. The EU member states have delegated away some of their sovereignty, but have maintained their formal equality within the community and achieved significant success in the sphere of development. The EU itself, as well as the European integration process, can be considered a model of commitment to the Helsinki principles. Nevertheless, the nature of most European states began to gradually diverge from the nature of the Helsinki Act. The EU states of the 2010s and the 1970s are fundamentally different in nature.

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**The Helsinki Final Act of 1975 was shaped by a community of states that were more or less equal in nature**

The premodernist trend revealed itself later. It was triggered by the collapse of the Eastern bloc, the Soviet Union itself and Yugoslavia as a large multi-constituent European state. The disintegration was largely due to the collapse of the Soviet modernist project, which Piotr Sztompka aptly described as 'fake modernity'. Having survived the disaster of the modernist project, the state formations of the Eastern bloc took two divergent paths. The first led to another, more sustainable project personified by the West and the EU, which was gaining traction. The second led to fragmentation of the remains of modernity, disintegration or degradation into quasi-feudal, corrupt, and fragile forms of statehood. Many former Soviet republics and Yugoslavia have long remained on this path, and some still remain unable to change the course. The defining features of these states is that the national interest has been replaced by group interests, either oligarchic or crony.

A number of nations have retained their 'modernist' nature, such as the US, which leads all Western-centric international institutions, but at the same time remains independent or has the final say in decision-making. Russia is another such nation, which had degraded into a premodernist state, but have returned since, more or less, to the fold of modern states, where it is trying to gain a foothold. However, the threat of backsliding into premodernism remains. The United Kingdom, in its referendum on exiting the EU, has flirted with similar tendencies. France has remained attached to modernism due to its military and political role. Turkey could also be called such a state, with the caveat that it suffers from internal instability, which could degrade the country's sovereignty.

The coexistence of these three trends has led to the Helsinki order being occasionally short-circuited. The emergence of numerous conflicts in Europe and on its periphery has cast doubt on the principle of non-interference and peaceful settlement of disputes. In 1999, the OSCE member states from NATO countries launched air strikes on another OSCE member state, Yugoslavia. NATO countries conducted a number of interventions in the Greater Middle East, including Iraq, Libya, and Syria. Russia used the Georgia pacification operation to assert its solution to the issues of Abkhazia and South Ossetia in response to the military solution attempted by Mikheil Saakashvili's regime. Decisive interference in the Ukraine conflict had consequences that were unprecedented since the end of the Cold War, namely reunification with Crimea, the emergence of new quasi-state entities, and a bloody civil war in central Europe. Many new states turned out to be much more fragile and vulnerable than it seemed. It was revealed that they find it difficult to resist external interference, or, in order to counter such interference, they must rely on outside forces, that is, cede sovereignty anyway; and also that major powers interfere in their affairs and compete with each other in their space, albeit under the most plausible pretexts.

The Helsinki principles were also undermined by a series of 'colour revolutions' and various other hybrid operations, of which Russia and the West have been blaming each other since the early 2000s. In this case, one could formally stay within the bounds of Helsinki. But in fact, each case of turmoil further eroded the sovereignty of such states. In the end, this led to even greater degradation or the formation of openly nationalist regimes which were far from the ideals of democracy.

'Colour revolutions' are a vivid example of the collision of the three types of sovereignty. A number of internal causes underlay each such revolution, namely, weakened institutions, corruption, impoverished populace, and a government unwilling or unable to address mounting problems. Given such circumstances, the growing, prosperous, and stable European Union was inevitably turning into an attractive aspiration. The deeper and longer the archaization of the new states went on, the more attractive the European integration project became. Not surprisingly, social protest against degradation and corruption was unfolding under the slogans of rapprochement with the EU and the West in general. It would be naive to believe that these 'colour revolutions' were pre-planned by Brussels or Washington. Each time they came as a surprise. However, each time the protest found support in the

Western capitals. The belief that the West can actually aid democratization and development was an important factor both for the revolutionaries and the West itself. The notorious Western NGOs had a role to play here, as well. Being widely represented in the new states, they themselves were isles of a different way of life and a centre of gravity for those who sought change. It is absurd to view them as part of a 'spy ring' created to advance evil schemes. They were burdened with a responsibility, which they did not expect and were not ready to assume. Today, in fact, they have been assigned the role of political agents. It is enough to look at the new US Sanctions Act (CAATSA), where this function is described quite unambiguously with regard to both 'our' and 'their' NGOs. This is a major blow to civil society throughout the OSCE space.

However, the EU's appeal also had a flip side. By becoming a lodestar for protest, the EU has turned into an unexpectedly strong geopolitical actor. The appeal of its economy and soft power proved to be much more effective than coercion. It was also important that European integration or deeper partnership with the EU went hand in hand with the expansion of NATO and the build-up of the Alliance's presence. It is at this point that the combination of Europe sinking in post-modernism and fragments of the Soviet Union and Yugoslavia slipping into pre-modernism have bumped up against the ambitions of the countries of modernism, namely, the US and Russia. It is wrong to say that Washington went out of its way to expand NATO's military presence in the post-Soviet space. In addition, the actions of the West fit, in general, the logic of the NATO–Russia Founding Act and the Helsinki Act, whereby each country has the sovereign right to choose its allies. However, those developments were increasingly perceived by Moscow as a zero-sum game and an attempt to exploit the internal weakness of post-Soviet states, such as Ukraine, Georgia, and Moldova, and to bring them into the fold. By the late 2000s, the opposition to this process had de facto turned into one of Russia's foreign policy priorities. Moscow also began to exploit the weakness of these countries, but this time to counteract their rapprochement with the West. In the end, Russia began viewing rapprochement with NATO and partnership with the EU as a challenge. Both these elements have become components of equal importance for Moscow.

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**'Colour revolutions' are a vivid example of the collision of the three types of sovereignty**

The Ukraine crisis, which blew up the Helsinki order, broke out at the very epicentre of these contradictions. The archaization of the state gave

rise to a powerful social protest movement. Viktor Yanukovich's refusal to sign an association agreement – nothing out of the ordinary under other circumstances – turned the protest into a revolution. The West, sympathizing with the revolutionaries, exacerbated the fears of Moscow, which believed it was seeing the latest phase of a 'silent offensive' that formally fell within the bounds of the Helsinki Accords. The Western capitals were aware of Moscow's complaints, but they hardly expected that the response would be so tough. Subsequent developments completely undermined the Helsinki Act, thus becoming a logical continuation of the long history of interventions (Yugoslavia, Iraq, Libya, Georgia, etc.) that has characterized the era of post-bipolarity. However, if previous interventions left a possibility of coming back to the established 'normal', the Ukraine crisis became a point of no return. Now the European order will have to be rebuilt on a qualitatively new basis.

The primary goal of the new order will be to resolve the problem of archaized sovereignty and to consolidate the institutions of new states. The development of Ukrainian statehood will be an important benchmark. If the EU and the US manage to turn Ukraine into a united (excluding Donbass) and consolidated nation state with effective institutions, it will be a victory of the Western project. If this does not happen (as was the case of Orange Revolution in 2003), then a major source of instability will remain in Europe.

It is also important that Russia's allies (primarily, Belarus and Kazakhstan) managed to achieve a high level of consolidation. They have become full-fledged states, conduct an independent policy and, at the same time, use Moscow – with fair pragmatism – as a guarantor of their security and for its large market. With all its economic lag behind the EU, Russia remains an important factor strengthening stability and sovereignty in the CSTO and EAEU space. Thus, it becomes clear that the path to sovereignty lies not only through partnership with the West, but also via cooperation with Russia. Stability in Russia (which can also descend into archaism and confusion, as we know from the recent history) will determine how attractive Moscow will appear as a partner in strengthening statehood. A no less important factor is the future of the EU itself. The union is going through hard times. The period of euphoria from rapid integration is passing. The union has reached its limits of expansion. It needs new guidelines for development.

## CRISIS OF THE EUROPEAN UNION

### The crisis of leadership and solidarity

- ▶ Imbalance of power: leading role of Germany and Brexit
- ▶ EU is unable to assume more responsibility
- ▶ Differences in values and interests

### The complex economic crisis

- ▶ Single currency, but different economic models
- ▶ Asymmetric economic development of European countries
- ▶ Social welfare system as a burden
- ▶ Imperfect control and enforcement system

### The immigration crisis and terrorism

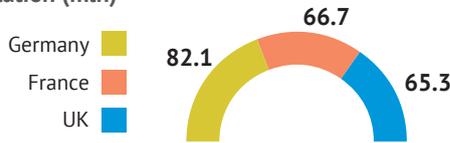
- ▶ Unprecedented influx of migrants
- ▶ Schengen crisis and unequal immigration burden
- ▶ Surge in terrorist attacks
- ▶ Migrant integration problem

### The legitimacy crisis

- ▶ Suspension of supranational component's expansion
- ▶ High and unfulfilled expectations for integration
- ▶ Politicization of the EU institutions
- ▶ Gap between elite and mass population resulted in euroscepticism
- ▶ Value relativism of the EU

### Economic power of Germany

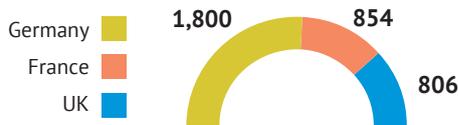
#### Population (mln)\*



Source: Eurostat

\*01.01.2016

#### Export of goods and services (\$ bn, 2016)



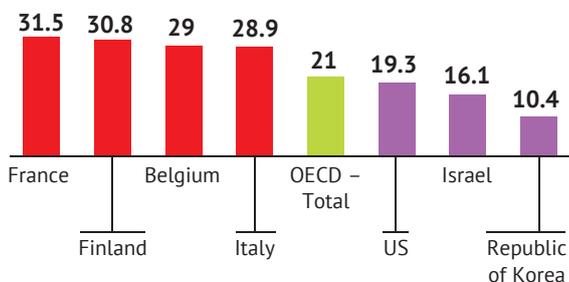
Source: OECD

#### Current account balance (\$ bn, 2016)



Source: IMF

#### Social spending (GDP share, 2016)



Source: OECD.

### North - South economic divide

	North	South	The EU average
<b>GDP (\$/capita, 2016)</b>	Germany 48,908 The Netherlands 51,136 Sweden 49,490 The EU average	Italy 37,964 Spain 36,144 Portugal 30,601 Greece 26,810*	38,918
<b>General Government Gross Debt (GDP share**, 2015)</b>	Germany 68.2 The Netherlands 63.5 Sweden 42.7	Italy 133.2 Spain 100.1 Portugal 128.4 Greece 183.4	86.3
<b>Productivity (US dollars GDP per hour worked, 2016)</b>	Germany 59.7 The Netherlands 61.8 Sweden 56.4 The EU average	Italy 47.4 Spain 47.3 Portugal 32.7 Greece 31.3 (2015)	47.7
<b>Unemployment rate (share of labour force, 2016)</b>	Germany 4.1 The Netherlands 6.0 Sweden 7.0 The EU average	Italy 11.7 Spain 19.6 Portugal 11.1 Greece 23.5	8.5

\* IMF data (other from OECD).

\*\* Must not exceed 60% according to Maastricht criteria.

Source: OECD, IMF.

In any case, the possibility of establishing a new European order will be inversely proportional to the number of fragile and unstable states on the continent. The situation is further complicated by geopolitical competition between Russia and the West. Sovereignty is inextricably linked to balance of power variables and perceptions of other powers as friends or enemies.

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## European Order and Balance of Power

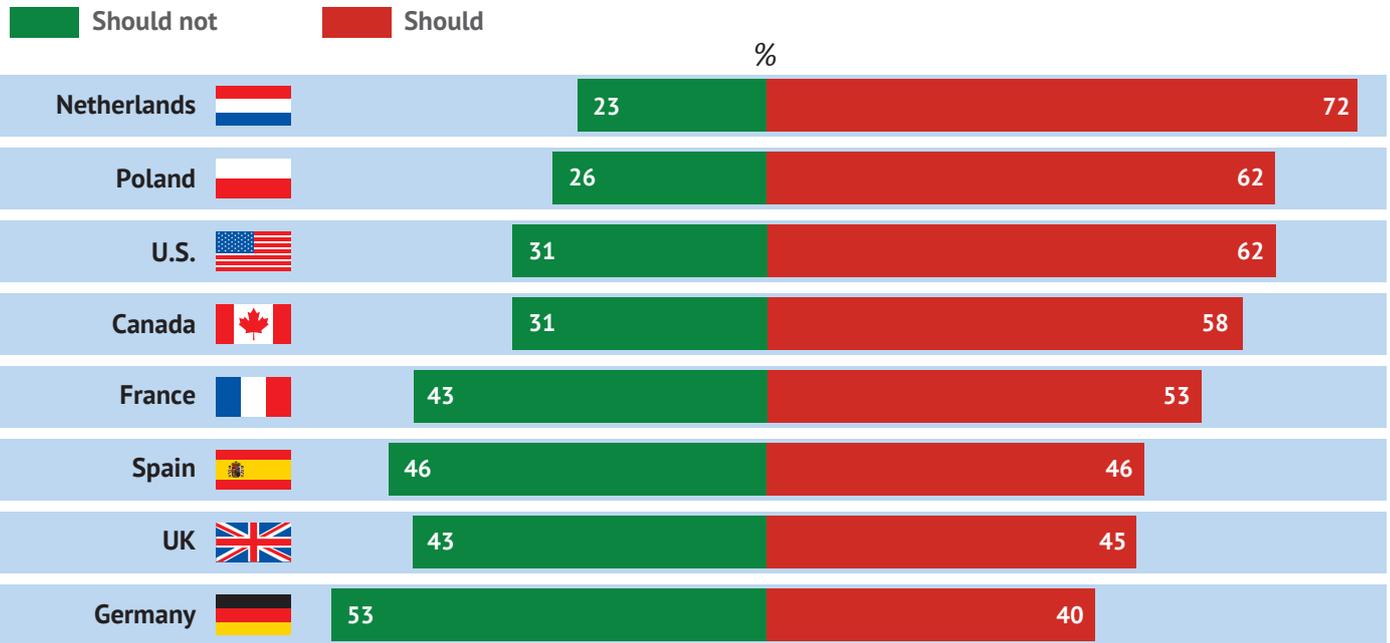
The Helsinki Final Act was signed amid an almost perfect balance of power in Europe. The two military-political blocs possessed significant means of mutual deterrence, but at the same time were deprived of the opportunity to attack each other. The potential aftermath of a conflict would be catastrophic for all. Therefore, both blocs were interested in finding stable rules. In the event of a new war, Europe would inevitably become a vast theatre of military operations. The Helsinki principles radically reduced the likelihood of such an outcome.

The end of the Cold War seemed to settle the issue of European security once and for all, it would seem. A big war became impossible even in theory. In the 20 years following the demolition of the bipolar system, Europe underwent radical demilitarization. The US military presence sharply declined. Vast masses of the Soviet, and then Russian troops left Central and Eastern Europe. The economic and social problems faced by Russia and the post-Soviet countries turned them into a humanitarian threat, namely, a source of crime, corruption, and money laundering, but not into a serious military opponent. All the more so as, at the level of political declarations, all these countries expressed commitment to the 'common European home', the Charter of Paris and other fundamental pan-European security documents. However, threats to the Helsinki order gradually began to appear immediately in several areas.

The first such area is the *institutional dynamics of European security*. For a variety of reasons, NATO was gradually becoming an institution of

## DIVISIONS WITHIN NATO ON DEFENDING AN ALLIANCE ALLY

If Russia got into a serious military conflict with one of its neighboring countries that is our NATO ally, do you think our country should or should not use military force to defend that country?



Source: Pew Research Center.

pan-European security while the role of the OSCE was relatively weak. In and of itself, the inclusion of the Central and Eastern European states, and then the Baltic states, in the Alliance, had little effect on the balance of power. Moscow expressed dissatisfaction with this process. However, the expansion of the Alliance was de facto accompanied by demilitarization of the continent. The new members of the bloc were mostly security consumers rather than security providers. NATO kept its commitments under the Founding Act of 1997 and avoided excessive military activity. However, NATO's non-inclusive nature became a problem for Russia. Importantly, neither Russia, nor NATO treated Russian membership seriously. For Russia, it would mean a loss of strategic independence. For NATO, it would create problems associated with integrating such a large, complex, and controversial entity. The Russia–NATO Council, which was used to maintain intensive cooperation across various areas until 2014, came as a kind of compromise solution. But this mechanism did not insure against the emergence of a new security dilemma. Most likely, its emergence is

connected with the absence of clear limits to NATO expansion, on the one hand, and misperceptions of where Russia's red lines are drawn, on the other.

The prospect of Ukraine and other post-Soviet countries joining the bloc was perceived by Moscow with growing concern, further exacerbated by Russophobia in the Eastern European countries. It appears the West was wide of the mark, as it underestimated Moscow's concerns and determination to thwart these processes. The initiatives to deploy missile defence elements in Eastern Europe were a big mistake. From a military point of view, they generated measly dividends for the security of the US and its allies. Their threat to Russia's security was also highly questionable. But media speculation on this topic in Eastern Europe and Russia itself had extremely damaging consequences for mutual trust. The same can be said about the adapted Treaty on Conventional Armed Forces in Europe (CFE Treaty). The loss of this important arms control instrument was a major miscalculation, critically affecting the future of our relations.

It is absurd to believe that following the collapse of the Soviet Union, the West was nurturing plans to 'enslave' Russia, or that NATO expansion was a treacherous plan to further 'strangle' our country. Today's Western conspiracy theories regarding Russia and the 'omnipotent Kremlin' are just as absurd. The reality, it turns out, is much more prosaic. Russia seriously overestimated the expansionism of the West. The West, in turn, radically underestimated Moscow's concerns, fears, and red lines, preferring to ignore them in the face of what they assumed was Russia's inevitable decline. The situation was seriously aggravated by the shaky sovereignty of post-Soviet and post-communist states, and the reactive attempts both of the West and the East to play on their internal contradictions, further eroding trust, while stoking frustration, fear, and dissension.

The second blow to the Helsinki order was dealt by the ***emergence and subsequent expansion of security 'black holes'***, that is, vast geographical spaces on the European periphery and in neighbouring regions. The Balkans, the Caucasus, the Greater Middle East, North Africa, and then Ukraine became an arena of conflicts, revolutions, and grave crises. Several destructive factors converged here: weak or faltering statehood, economic problems, internal conflicts, and external interventions. The number of

such 'black holes' has been steadily increasing since the end of the Cold War. The attempts by the West to unilaterally control conflicts through a combination of democratization and military intervention (direct or indirect) have in many cases led to opposite results.

It is symptomatic that relative stabilization was achieved where the West was willing to cooperate with Russia. Russia's participation made it possible, in particular, to mitigate the consequences of the Yugoslav crisis, freeze the Karabakh conflict, facilitate the success of the Western coalition in Afghanistan in the early 2000s, reach a compromise on Iran's nuclear program, and defeat ISIS in Syria. On the contrary, the most deplorable results occurred whenever Russia was isolated or cast as an enemy, its positions ignored. The invasion of Iraq (contrary to the position of Russia, France, Germany, and in circumvention of the UN Security Council) led to severe humanitarian consequences and made the emergence of the ISIS possible. The tacit support of the Saakashvili regime and its militarization unfroze the Ossetian conflict and provoked an attack on Russian peacekeepers in 2008. Unilateral actions in Libya have led to disintegration of this state. Finally, the Ukraine crisis broke out after an agreement for a political transition approved with the participation of Russia and several European countries, was violated. Russia's contribution to conflict resolution should hardly be idealized, as Russian foreign policy has not been free of extremes and mistakes. However, whenever Russia and the West worked hand in hand, they managed to reduce the intensity of conflicts or develop a formula to end them. In the absence of such cooperation, conflicts only grew worse and security 'black holes' became larger.

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**Relative stabilization was achieved where the West was willing to cooperate with Russia**

Perhaps, conflicts on the periphery would have remained extraneous to Greater Europe for a long time, a troubled and distant world which can be used to test political and military techniques. However, the problem is that the security 'black holes' began to affect every citizen in the vast area from Vancouver to Vladivostok. At first, Europe felt the growing threat of drug trafficking. It bloomed in the Balkans and also emanated from Afghanistan and Central Asia. Next came the ever increasing and almost uncontrolled waves of

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**The security 'black holes' began to affect every citizen in the vast area from Vancouver to Vladivostok**

refugees and migrants from the Middle East, namely, North Africa and Syria. Finally, terrorism and radical Islamism presented itself as the most severe challenge. Its severity is based both on the growing number of terrorist attacks in the EU and Russia, and the influence of the radical Islamist ideology and its broad appeal, from representatives of the demographic youth boom in the Middle East to quite prosperous descendants of Islamic migrants in Western Europe.

NATO was not prepared for the new challenges. The member countries are tasked with increasing their defence spending and purchasing new weapons and equipment. The Ukraine crisis triggered the legitimization of these actions, even though related discussions date back to before 2014. Indeed, NATO is fully equipped to contain Russia in the Cold War logic. However, the problem is that citizens of European countries are dying at the hands of terrorists. Building up Cold War capabilities is unlikely to increase the security of NATO member countries. The same can be said about Russia. NATO and Russia have been drawn into an onerous dynamic of deterrence and remain vulnerable to fundamentally different kinds of threats.

Common sense suggests that Russia and NATO should step up cooperation in countering common threats, even in a situation of mutual deterrence. Ultimately, cooperation focused on common challenges could help restore trust, which is important for addressing the most complex problems such as the Ukrainian settlement. However, such cooperation has remained minimal to date. The Alliance's fear of legitimizing Russia's policy with regard to Ukraine through its consent to cooperate with Russia on common challenges is a critically important factor. In the end, everyone loses.

The third area is *the emergence of new competition spaces*. First of all, the issue is about the digital environment and the information space. The recent cyber scandal surrounding the US election shows how strongly they can influence foreign policy and security. This cyber fallout radically diminished Russia–US relations at a time when they already seemed to have reached rock bottom. The problem here is both the vulnerability of infrastructure facilities in any country from any territory, and the absence of transparency in assessing the source of the threat. There is no common

language or practical experience of resolving crisis situations. It is likely that the next crisis of the Cuban Missile Crisis type will break out in the digital space. If it can be resolved diplomatically, there is a possibility of developing at least bare-bones rules in this area. Such rules should become an integral part of a new security system in Europe.

Transformation of the information environment has become a major challenge as well. It is generally understood that the outbreak of the information war between Russia and the West falls under the category of propaganda. In other words, centres of political decision-making send 'messages' or set narratives that are broadcast to the masses through the media. Whether the media are public or private is not important. Private media sometimes do a lot more to sustain hostile narratives. If public media simply comply with instructions, private media are also fighting for profit and audience. The profit motive makes them even more active agents of the negative agenda, which draws attention and provides fodder for high-profile stories.

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**It is likely that the next crisis of the Cuban Missile Crisis type will break out in the digital space**

However, the problem runs deeper than that. The classical propaganda of the 20th century is no longer working. Social media can make any user a message source, thus making them independent media. This gives rise to a major nonlinear effect. As it passes through the new media network, the official narrative qualitatively changes its properties. The result is a much more radical information product, which takes the official position to the point of absurdity. Psychologists have yet to study the influence of social media on radicalizing initial positions. But most likely, their role in the group polarization effect, when instead of seeking compromise, the starting positions become radical, is unexpectedly high. As a result, politicians are left facing a much more radical request from their constituents. The language of depression and enmity is taking over the information space thus severely limiting what official and public diplomacy can do. The consequences can be quite severe. Popular demand for enmity may well set the military machine in motion. Developing rules of coexistence in a common information space, while remaining open and democratic, will be a major part of the effort of nations to build a new European order.

Ultimately, the new European order will have to deal with three security and balance-of-power issues simultaneously. The first is institutional imbalances and asymmetric bipolarity in Europe. The second is monitoring and shrinking security 'black holes'. The third is managing new spaces of competition and transforming them into spaces of coexistence and cooperation. Failure to resolve these issues will aggravate the security dilemma, running the risk of the most undesirable consequences.

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## European Order and Development Issues

When discussing the European order, development issues are often pushed to the back burner in favour of security issues, and yet development is a much more fundamental factor. First, the theme packs a powerful punch, both in terms of values and ideology, and have stood behind all the political transformations of the past 40 years. Second, a whole series of non-linear political consequences were associated with development issues and manifested themselves in the European periphery and neighbouring regions, in particular, during the Arab Spring and other revolutionary events. Third, development is one of the most vulnerable components for Russia and the post-Soviet countries, as well as for the EU with its internal imbalances, even though the quality of such vulnerability is radically different.

The Helsinki Final Act of 1975 was of great importance for development issues. It created a more stable and sustainable political environment, which made it possible to gradually redirect resources from costly competition to cooperation. The spirit of Helsinki significantly influenced the foreign policy of the Soviet Union in the second half of the 1980s. With its immense military capabilities, the Soviet Union increasingly lagged behind the Western world on the economy and quality of life fronts. Guided by the Helsinki principles, Mikhail Gorbachev attempted to withdraw from the Cold War through a series of compromises on political issues and subsequent economic convergence with the Western world. At that time, such convergence seemed quite possible and equitable given the colossal scientific and industrial capacity of the Soviet Union. Cooperation with the West could help overcome administrative bottlenecks,

open up Western markets, secure access to necessary technologies, and save resources. The Soviet Union was the greatest beneficiary of the Helsinki order at this point.

This pragmatic plan was realized only partially. In 1988, the Soviet Union was in the process of withdrawing from the Cold War undefeated, possessing, in addition, colossal moral authority and a wide window of opportunity for further development. However, the rapid collapse of the Soviet Union under the burden of accumulated internal problems, the sudden onset of drastic revolutionary changes, and the collapse of governing institutions, industry, and the economy have erased those hopes. Within a short historical period, Russia had turned into a crisis-ridden peripheral state, no longer possessing the will or ability to pursue economic integration with the West on its own terms. Unlike the 1980s, when the Soviet Union was claiming an equal role to play in creating a new order, there was no question of equal rights for declining Russia. Moscow had to put up a good front, swallow increasingly assertive Western policies and repeat declarations about a 'common European home', in which its role was becoming increasingly secondary.

The dynamics in Western Europe were totally different. European integration has become a powerful incentive for further economic growth and improvements in quality of life in the EU member countries. The EU became a meaningful benchmark for all post-communist states, including Russia. The European Union developed an integration and partnership model that could appeal to some and displease others, but no other force in Europe, including Russia, could offer a similarly attractive project. In just two decades, the EU has integrated all former Soviet allies, the Scandinavian countries, and the Baltic republics, and has also managed to extend partnership arrangements to almost all post-Soviet countries. With regard to development, the EU can rightly be called the leader in promoting the values and principles of the Helsinki process.

Naturally, European integration came at a cost. Its new members were integrating into a stable institutional environment and receiving many new opportunities due to the lack of borders and barriers within the union, but most of them came to occupy a peripheral position in it. Many new members had to go through a painful deindustrialization. Open borders have led to an outflow of human capital to the more developed countries, further enriching their capital, industry, research, and technology base. A system of inequality

took shape within the union, and the new members are unlikely to be able to change it. But none of them will seriously talk about withdrawing from the EU as the costs would be steep. Rather, such initiatives come from developed and much more independent countries, of which Brexit is an excellent case in point. Large developed regions like Catalonia may create a stir, though they emphasize their loyalty to the European Union while seeking independence from national governments.

It worked out much worse for the European periphery, that is, the EU partners who are closely integrating into the pan-European economic ties, but are not part of the overall institutional environment. As a rule, such countries tend to bear the brunt of the costs (loss of competitiveness, crumbling national manufacturing, and loss of human capital) without receiving comparable benefits. In addition, their development is hampered by weak institutions, which makes them even more vulnerable in the free trade regime with the European Union. This applies, above all, to the former Soviet republics.

The situation is even more difficult on the southern flank of the European neighbourhood. Here, successes in development and improvements in quality of life (including through trade with the EU) were non-linear. Gains in education, longevity, and the share of youth in the population structure outstripped political modernization. Masses of educated young people with qualitatively new political demands became a powerful factor driving internal transformation. Often, political institutions were unable to cope with these demands, thus giving rise to a non-stop sequence of revolution and social upheaval. For Europe, this gave rise to unprecedented security challenges, high levels of uncertainty and extremely limited power to improve the state of affairs.

Russia played a specific role in this situation. Moscow established close trade and economic ties with the EU. Although Russia's role was peripheral and boiled down mainly to supplying energy resources, its relations with the EU gave a serious impetus to the country's development. So far, its modernization is incomplete. Achieving a stable institutional environment, which requires political will and extended periods of painstaking work, represents the biggest challenge. However, unlike many other countries, Russia has a much greater margin of safety due to the favourable situation on commodity markets and the capacity it has retained in industry, agriculture, research, and technology.

All of that allowed Russia to diversify its approaches to development. The Eurasian Economic Union, in which Russia played a leading role in creating, is one such example. Another result is Russia's efforts to build partnerships and projects in Eurasia in conjunction with China and other countries. It is too early to talk about the success of Eurasian initiatives. The EAEU is too young an economic association, and the harmonization of the EAEU with the Silk Road project has so far largely remained on paper. Nevertheless, the very existence of such initiatives can impart qualitatively new characteristics to the European order in the future, and extending it far beyond geographical Europe. The conventionally Eurasian and conventionally European components are fully compatible. Their harmonization is hindered by political factors and tit-for-tat sanctions imposed by Russia and the EU. However, mitigating political issues can open up new opportunities. In the future, the Helsinki principles may well be replaced by what may be conventionally called Astana or other arrangements which will create new rules for the new economic space.

The key takeaway is that, while imbalances in development are important, but they are the least critical factor in creating a new order in Europe in comparison with imbalances of sovereignty and security. Russia's place in it depends on its own efforts to create effective institutions and a competitive economy. The situation of 'intermediate' states on the periphery of the EU and the EAEU presents the most serious imbalance. Their development problems are directly tied to weak statehood and security problems. The main obstacles on the path to a new European order are political in nature.

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The Helsinki Final Act of 1975 was a major milestone in the development of Europe and the first major step toward the end of the Cold War. It came at a time when the European continent was in balance, and symbolized a new European order. The peaceful end of the confrontation between the West and the East should have further strengthened the inviolability of the Helsinki principles. A quarter of a century later, Europe is divided again, growing more unstable, and becoming more vulnerable as it slips into anarchy and a new Cold War.

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**Russia's place in the new order depends on its own efforts to create effective institutions and a competitive economy**

During such shocks, there is often a temptation to return to the glorious past. For some, it is 1975 with its symmetrical balance of power and stable nation states. For others, it is 1988, the end of the Cold War and high hopes for convergence between the West and the East. For still others, it is the early 1990s, a period of geopolitical and ideological triumph for the West. Some will opt for the early 2000s, when Russia and the West joined forces in their fight against new deadly challenges.

It is also tempting to hide from the growing disorder and dismiss it as random, a nightmare that we will awake from. Smoke over Yugoslavia, Iraq, Georgia, Libya, Ukraine, Syria. Bombings and spontaneous violence in European cities and capitals from Moscow to London, and from St. Petersburg to Madrid. Flows of refugees and migrants. Ugly oligarchic forms of statehood. Corruption. Riots and revolutions. The disintegration of states. The decline of institutions, rationality and the very spirit of the Enlightenment. Radical Islamism. New battalions, regiments, and divisions on the borders of Russia and NATO. A free-for-all information space. Threats in the digital space. A language of depression, enmity and self-congratulatory exceptionalism. Growing uncertainty compensated by aggression in great power politics and everyday life. It is unpleasant to see one's reflection in all of that, and is always tempting to see all the causes for the problems in the other side – whether it is the 'authoritarian Russia' or the 'decaying West'. But it is impossible to return to the glorious past. The illusion that it is possible is depriving us of our future.

Of the three forms of imbalance – sovereignty, security, and development – the latter seems to be the least acute and offers some hope for the future to cling to. The language of development is a positive language. Dialogue must be structured around it, and it also must be used to address the fundamental issues of sovereignty and security. It is here that we can restore trust. Here, we can also generate positive and creative energy, which is so important for Russia itself. Perhaps imbalances of sovereignty can be righted and the necessary conditions for security dialogue can be created through development.

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