

The Third Report of the

Monitoring Russia Serbia Relations Project

MONITORING RUSSIA SERBIA RELATIONS

III Report

Introduction

Within the framework of the Project “Monitoring Russia Serbia Relations”, ISAC Fund offers to the public a collection of texts focusing on two basic topics: *Contemporary Russia* and *Past and Present of the Russia – Serbia relations*.

Both topics aim to address what ISAC Fund considers as burdening for the rational understanding of Russia: a categorical approach and simplifications of images of Russia in Serbia. This approach and these images are not new and they have been present in Serbia since the time Russia itself appeared. They are present exactly because of this magical perception of closeness between the Russians and the Serbs which dazzles the wide spectrum of political views in Serbia.

A categorical approach towards Russia and simplified images (*Russia should...; Russia shall never...; Russia is under attack... etc.*) in Serbian public discourse is not based on objective and rational analysis of information and facts about contemporary Russia and Russia – Serbia relations. This approach and this simplification are beneficial for the political orientation of one part of the Serbian political elites, which insists on a slow-down or complete halt of Serbia’s European integration processes. This orientation bases its attitudes not on the contemporary Russia and its role in the world, but in what they think or wish contemporary Russia would be, in order to be able to use it for their own political needs. On the other hand the negative perception which Russia suffers from the other, much smaller part of the Serbian political elite, also aims to this “use of Russia” in order to prove, by means of lambasting Russia, that the only way for Serbia lies in European and Euro Atlantic integrations (*see text of Prof. Miroslav Jovanovic*).

The unfair perception of Russia by that part of the Serbian political elite blurs levelheaded debate and approach to politics based on good sense and evidence. This position constantly imposes Serbian expectations from Russia and offers little in return. This position reduces the room for maneuver of Russian diplomacy and Russian policy in Serbia because it imposes relations only with this *Russophile* portion of the Serbian political elite. It reduces, therefore, the room for maneuver of Serbian policy and diplomacy in relations with Russia.

This collection of texts strives to offer some answers to questions about modern Russia. In deep economic crisis, Russia has, despite the August events in Georgia and high-flying statements of the leading western politicians that there shall be no *business as usual* with Russia, returned to almost all major forums in which it participated before those events and *reset* its relations with the United States, while maintaining its position on Kosovo. How much all this is relevant for Serbia, one must view in the context of Russia’s successes in re-establishing relations with the European Union and the United States but also in the context of how will the future of these relations translate to the Russia – Serbia relations and rational comprehension thereof. The tune in Russia – Serbia relations is certainly different than that of Russia – EU and Russia – US relations.

The ISAC Fund brings contemporary Russia through the lens of its three colleagues: Dr Nikolay Petrov, from the Moscow Carnegie Center, Mikhail Vinogradov, the President of the “Peterburg Policy” fund and Prof.Dr Zorana Mihajlović – Milanović, Advisor for Energy and Energy Security from Belgrade. They view Russia from three different angles. While Petrov exposes shortcomings of the Russian political system which, from his point of view, sound for alarm and warn first of all Russian political elites, Vinogradov offers a matter-of-fact and from time to time a cynical analysis of the current state of affairs, distribution of powers in Russia among elites (i.e. *clans*) and leaves to the reader to draw his

own conclusions. An outlook from outside Russia, from Serbia, on this occasion is provided by Dr Mihajlović – Milanović. She asked questions to which Russia should answer if it wishes to maintain its image of a reliable gas supplier of European countries, including Serbia in the circumstances of economic crisis.

The past and present of Russia – Serbia relations influences the decision – making about the future of these relations. Many myths about Russia – Serbia relations and the stability of Russian interests in the Balkans, *Eastern Question* etc still have their value in every day use. Prof. Miroslav Jovanović exposed in his text the use of Russia by the two political spectrums in Serbia, framing and simultaneously formulating a large number of arguments supporting one very cogent position – Serbia’s European integrations combined with the *Russian factor*, but not forgetting, at the same time, to emphasize moments which hinder thorough analysis of Russia – Serbia relations. Aleksej Timofejev, as an author with both Russian and Serbian historical education paints one well – founded and coherent image of Russia, which completely unpretentiously grasps the essence of different periods of Russia – Serbia relations, countering claims of historical constants of Russia’s interests in the Balkans. Finally, Dragan Vukšić, participant and witness of events in the period from the dissolution of the Socialist Federal Republic of Yugoslavia until the aftermath of the NATO bombing of the Federal Republic of Yugoslavia, puts forward his own view and judgment of the role of Serbian leaders of the time and their irrational focus on Russia, expectations from Russia, which were devastating for the Serbia’s position in this conflict.

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Part One

Contemporary Russia

Economic Crisis in Russia and Its Effect on the Domestic Politics and Foreign Policy

Dr Nikolay Petrov¹

Political Dimension Of Crisis

The economic crisis Russia now experiences is of a dual nature. It experiences a global crisis, and Russia's own domestic economic crisis, which was catalyzed by the global one. The model of Russia's economic development, based on extraction of natural resources, was coming to a logical end. Russia's inability to keep its economy growing fast was just a matter of time.

Although the political crisis and the consequent reformatting of Russia's political system look inevitable, there will, probably, not be a massive social unrest which will lead to it. According to sociologists it takes about a year to convert job losses and the inability to keep up with habitual life styles into an organized political protest. System's safety margin by this factor goes well beyond 2009, keeping in mind the essential financial reserves to provide certain social guaranties.

The major threat for stability is connected first, with extremely inefficient management which can cause local collapse and inability to prevent expansion of local crisis to a national level; and, second, with intensifying elite clans' fights in a situation of shrinking resources and weakening ability of the person at the top to keep elites under control. Thus, the most probable scenario is appearance of a political crisis not directly out of the economic one, but through elite wars and crisis of management.

In a deepening economic crisis, it is inevitable that there would be an increasing number of public conflicts in the regions. The real question is the extent to which they can be curbed. In recent years, the Kremlin has given a preference to obedient functionaries to fill gubernatorial positions, passing over other candidates with proven leadership skills. If tomorrow these governors must address angry crowds who oppose authorities, most will be unable to meet the challenge. There are people who could handle this turbulent situation. Most of them are experienced politicians from the Yeltsin era who lived through the demonstrations and protests in the late 1980s and early 1990s. But today, they number fewer than a dozen.

The crisis makes weaknesses of the political and managerial systems more visible and crucial and increases the cost of a mistake.

Basics of the *Over-Managed Democracy*

The *over-managed democracy* (OMD) built in Putin's Russia is a complex echeloned system, which enables the government to eliminate public control and avoid public accountability, while preserving the appearance of and adherence to democratic procedures. There are three tiers of control in the OMD system, involving management of actors, institutions and the rules of the game. The basic elements of Putin's OMD are: (1) strong presidential system of management at the expense of all other institutions and actors, including both houses of Parliament, the Judiciary, as well as businesses, and regional elites; (2) state control of the media, which is used to shape public opinion through dosed and

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filtered messages; (3) controlled elections, which no longer function as a mechanism of public participation, but serve to legitimize decisions made by elites.

Emasculated institutions can no longer fulfill their functions within the system. They are gradually replaced by substitutions, which are fully controlled by the President, and do not have independent source of legitimacy. The Kremlin, driven by considerations of making easier practical management, destroyed the system of checks and balances that was still functioning, even if not perfectly. The resulting system is reduced to a purely mechanical configuration,² which lacks flexibility with regards to the changing environment; and is incapable of self-adjustment and self-development.

The configuration of power is highly rigid and mechanical. Because it does not have a system of checks and balances that would help adjust to ever-changing external environment, nor does it allow for leeway at the main “joints”, it is constantly in need of manual management and retuning. As a result the system’s macro managers who are very few, have to deal with different emergency problems. Specific interests dominate over general ones, and the tactics prevails over strategy. The resulting low-quality performance is aggravated by lack of transparency and numerous administrative conflicts that hinder free and fast circulation of information.

Not only is the OMD system inefficient due to the abovementioned reasons and consuming more resources, but its inefficiency is growing over time. Whether in Russia or Venezuela, this makes such a system strongly dependent on ever increasing influx of money to compensate for declining efficiency. The system thus is not self-sufficient and depends upon external factors such as the price of oil and gas.

Management mechanism is too primitive in comparison to a very complicated subject it pretends to manage. Side-effects, especially if not only the most immediate ones are taken into account, can easily outweigh the desired result. (There is lack of cost-benefits analysis at both stage of decision making and after decisions have been realized, many decisions prove ineffective or even counterproductive. Management of democracy from a single center, disregarding regional diversity, yields dissimilar results, which can lead to desired consequences in some cases and undesired ones in others. Hence, another serious contradiction of OMD – the one between undivided authority and rigid centralism in management and varying reaction in the society, which differs a lot along regional, “urban-rural”, status, ethnic, and other lines.

The oversimplified OMD system based on vertical chains of command not only lacks proper checks and balances, but also foolproof mechanisms which prevent it from handling large-scale systemic crises resulting from ill-planned, unbalanced or simply inadequate decisions. OMD has progressively ruined or weakened foolproof mechanisms, such as:

- Free and independent media;
- Parliament representing interests of major social-political and regional groups; serious public discussions of major reform plans;
- an opportunity for the society to express its preferences by means of more or less free and fair elections in which various national agendas are displayed, as well as by means of referenda on most important issues;
- Governors elected by popular vote and ensured of a fixed term in office and therefore responsible before their voters;

² When replacing institutes by substitutes Putin did not leave them any space for maneuver, any freedom of action; thus nodes of this system are connected in a very rigid way.

- Sufficient NGOs, including think tanks and watch dogs capable, both, to provide independent examination of governmental plans and decisions and to alert authorities as well as the society, in the event that decisions pose a threat.

OMD is most technologically refined when applied to elections. The system relies on the following elements: unacceptably high thresholds for participation, which include financial and direct administrative entrance fee and numerous obstacles; manipulated selection of candidates; strongly regulated access to media resources; the same agent who establishes the rules participates in elections and has the authority to oversee that they are observed. Once a violation has been tracked, repressive measures promptly follow. All of the above is conducted by election commissions controlled by the Center, by law enforcement agencies and by courts working in collusion. In the absence of transparency and public control, the rule-setting agent is free to change any rule any time, if the existing ones fail to produce the needed result. The end result is a network of ‘mines’ produced in the electoral system³. The basic OMD contradiction is that one can not ensure predetermined election results and, at the same time, maintain a democratic decorum. This makes the OMD model unstable and its drifting towards either a tougher management or democracy inevitable. In other words, to improve the OMD model, which fails to yield the desired result, the government needs either to increase manageability or to promote a more democratic culture.

By excluding political forces and numerous citizens whose interests they represent from participating in (a) elections, and (b) the decision-making that follows, the OMD system not only undermines itself in terms of efficiency and legitimacy, but also turns potential systemic opposition into an anti-systemic opposition. The price of eliminating the day-to-day control by citizens and having clogged the channel to let off steam can thus be an explosion, which can ruin the whole system.

Based on the personality of the one who stays atop rather than on a balance of institutions, the OMD system is potentially very unstable. It presents huge political risk especially when the system like a huge whirligig loses momentum as the transfer of power in the major political office draws closer.

The OMD cannot reproduce itself. It therefore requires manual management, constant intervention from outside. The combination of the flaws of a command system with those of a democratic one calls for a huge and complicated overseeing bloc. Otherwise there is a strong temptation for the medium-level elite to over-manage elections and to misuse the existing opportunities in its own favor. It is this growing oversight bloc, which should compensate for declining publicity and transparency that places additional burden onto the system and makes it even less flexible.

Personality-driven character of current Russian political regime and weakness of all other institutions except for the President make Putin-Medvedev’s approval ratings⁴ of vital

³ They are: gathering of signatures and checking them; candidates’ reporting on their profits and property; the volume and technicalities of a campaign financing; rules of agitation. There is a side-show in Petrodvorets in Saint Petersburg outskirts, where children are running at a paved place. A stream of water/fountain can appear anytime under any of bricks and nobody knows when and where. There is unnoticeable old man who knows, sitting aside and switching on this or that fountain time to time. Something similar is going on with mines mentioned: the rules are established in such a way, that each candidate violates them here and there. Authorities turn a blind eye toward these violations until certain moment, but anytime they are ready to punish disagreeable candidate absolutely legally. It’s about selective use of law, thus.

⁴ Although reported Medvedev’s rating is pretty high it’s several percentage points lower than Putin’s. The fact that it oscillates in absolutely the same way Putin’s rating does means that there is one and the same leader’s approval rating and Medvedev’s one is the reflection of Putin’s.

importance for the system. It is a single base for relative political stability, a hook which keeps the whole political regime. Unlike in 1998 when the system survived very unpopular President due to strong Upper and Lower Chambers of the Federal Assembly, nothing can compensate now for lack of trust to the leader. That's why not only Putin himself, but the political class on the whole should be interested in keeping Putin's rating high, which is becoming more and more tricky due to the crisis and decline in economic prosperity.

How Authorities Deal With the Crisis

The government deals with economic crisis in reactive way, acting as a firefighter. Its actions look mostly logical, although belated in many cases. What is more important to my mind is the absence of any appropriate actions in the political sphere and the sphere of management.

President Medvedev in his State of the Nation speech has criticized the system in a very harsh way: "Governmental bureaucracy, just as before, as 20 years ago, is governed by the same distrust to the free individual and activity. Bureaucracy periodically makes business a nightmare, so that something will not be done wrong, takes control of the mass media, so that something wrong will not be said, interferes with the election process, so that the wrong person will not be elected, pressures the courts, so that the wrong person will not be sentenced etc".

Diagnosis made by the President looks well, however the cure prescribed is absolutely inappropriate. Medvedev's political package includes decorative changes dealing with political parties and composition of both Houses of the Parliament. They have nothing in common with the real problems the system is confronted with, including the extremely weak division of power both vertically and horizontally, lack of feedback between authorities and society, almost complete absence of regional and social groups interests' representation.

There are two different schools of thought: conservers, 'keepers' who think that Russia should just wait for a while before crisis will be over and pre-crisis situation will come back; and 'doers' who are claiming for immediate strategic actions, not only to confront the crisis but to prepare the country for life after the crisis. Not only that the latter are much less in numbers, but they are also divided into two camps: 'statists' and supporters of 'a third way' who are in favor of isolationism and economic nationalism, and 'liberals' claiming for institutional reforms and broader cooperation with the West. As these liberals are in minority within a minority chances for shifts in this direction do not look real under present circumstances. ('liberal doers' are in minority among 'doers' who in turn are in minority in relation to 'keepers')

Who Could Benefit from the Crisis?

Among positive consequences of the crisis one can mention the impossibility to continue with paternalistic model in both state to citizens and center to regions relations. Thus, both citizenry and regions although suffering now from the crisis can benefit from it in the end.

The regional elections on March 1 were the first vote Russia has held during the crisis. As the "war of interpretation" of the election results is in full swing, almost every political party is claiming victory. The "United Russia" leaders tout the fact that the party won even under difficult economic conditions in all nine regional parliaments, where elections took place.

Their opponents point out that not only did the “United Russia” did far worse in every region than it did during the 2007 State Duma elections, but it also lost badly wherever the slightest hint of competition existed.

The party's losses in the eyes of the public are probably of less significance than its loss of status among the regional political elites. United Russia's greatest setbacks occurred not only in major cities with their large -- and less-controllable -- voter populations, but also among the Caucasus republics. United Russia on average lost about 10 percent of its usual voter base, but in Kabardino-Balkaria and Karachayevo-Cherkessia⁵ the losses stood at 25 percent. That signals the end of United Russia's monopoly among the administrative elite in the regions.

The picture turns out to be more interesting and varied on the municipal level. That is where candidates' personal influence plays an even greater role, and the state's rigid control of the political machine is less apparent. United Russia claimed victories in Novosibirsk, Chelyabinsk, Chita, Birobidzhan and Blagoveshchensk, where the incumbent mayors were re-elected by wide margins. In cities where a runoff election is required -- Smolensk, Murmansk, Petropavlovsk-Kamchatsky and Tomsk United Russia's incumbent mayors either already lost in the first round on Sunday or stand a good chance of losing once the opposition voters consolidate their support for a single candidate in the second round (playoff). In Tver, the Communist Party walked away with a clear victory, bringing in twice the number of votes as United Russia in the city's legislature. United Russia failed to achieve 40 percent representation in the city legislatures in Bryansk, Ulan-Ude and Tolyatti. In Tolyatti, second place went to the opposition movement December that includes representation from Yabloko and Right Cause.

Not only did the participating parties but the entire electoral system passed the test of whether it could function under crisis conditions. Although the country is still very much struggling with overcoming the economic crisis, it has entered a new phase of political activity.

United Russia's weakness, which was clearly demonstrated during March 1 elections, will only increase with time. Here the hard numbers from the election results are of less importance than the growing political rivalry within the party, disagreements between the party's regional and federal leadership and the conflicts between United Russia and local political elites that surfaced even during the last elections two years ago. United Russia is gradually transforming from a monolithic bureaucracy under strict Kremlin control into something resembling a true political party. In just a short time, United Russia might lose its standing as the dominant party.

The Kremlin faces another problem from the loyal "opposition parties" in the Duma. As they gain more voter support, their loyalty to the Kremlin will dissipate. On the other hand, the current mood of protest will probably not provide them with significant long-term support in a system dominated by United Russia and its spin-off parties in the Duma.

Real liberalization of the party and electoral systems is inevitable, and it must supplant the current, merely decorative system under President Dmitry Medvedev. If the Kremlin does not take concrete steps in that direction by the next elections, the growing pressure from dissatisfied voters with no place to vent their anger will simply blow the lid right off the kettle.

⁵ Ethnic Republics of the Russian Federation.

Crisis And Foreign Policy

According to Fedor Luk'yanov⁶, general paradigm of Russia's foreign policy has never changed, although there were changes in trajectory connected with fluctuations in balance of forces, both real and percept by the Kremlin. Relations with the West which are not based on any kind of common ideology, look like teeter-totter and can be described as cyclic ups and downs with average duration of the cycle approximately 4 years. The 2008 Georgian war marked the bottom of the current cycle and the next top should be observed in 2010.

The crisis did not lead toward revision of concepts of both foreign policy and domestic politics yet. The gap between changing social-economic environment and foreign policy course is increasing. To my mind, a strategic mistake was made not only in August 2008, but even earlier starting from Putin's speech in Munich in 2007, where a new "tough" foreign policy doctrine was manifested, but the timing chosen has made it a double mistake. However, being presented by state controlled media as 'Russia's rising from knees' it got strong public support and led toward an increase in Putin's-Medvedev's approval rating. The crisis all over the world changed the political agenda and overshadowed Georgian events sending Russian political elite a wrong message. January 2009 events of Russian-Ukrainian gas war illustrate this pretty well.

One can see shifts in Russian policy with regard to 'near abroad' which is considered to be a 'zone of Russia's privileged interests'. The Kremlin refused from its 2005-2008 mercantile standing, which was taken after the Orange revolution and decided to capitalize Russia's relative financial advantages to restore her influence in post-Soviet space by giving loans to Armenia, Kyrgyzstan, Moldova and even Ukraine.

Revision of Russia's foreign policy is hardly possible before it will be fully recognized by Russian political elites that 'the golden age' of petro wealth and 'energy superpower' ambitions is over. Not only Russia suffers from the crisis but all other countries as well. It let 'keepers' to think that within a year or so the crisis will end, prices of raw materials will come back to the pre-crisis level and they will continue with foreign and domestic political concepts which took their final shape in 2007. It will take some time to realize that not only will the crisis last for a long time and recovery of global economy will take much longer, but also that exit for Russia will be very different from the entrance.

Conclusion

I would not wait for any essential shifts before 2009 fall when the first signs of political hangover among Russian ruling elites will perhaps appear. The same financial safety net which provides ordinary Russians from serious suffering in result of the crisis making it possible for the government to carry social obligations and to keep all earlier promises in this regard, prevents the government from making serious decisions including revaluation and revision of both domestic and foreign policy concepts which have been embodied in flesh just by the crisis. Huge accumulated financial resources possess the political class to postpone complicated decision in these spheres just buying an expansive respite. The problem is that the time already bought was wasted in terms of rethinking of changes in Russia's position in crisis and post-crisis world, and the need to modernize its foreign and

⁶ Presentation on March 12, 2009.

domestic policy doctrines as well as the whole managerial and political system in order to respond new challenges. However there are only two basic options possible – either accelerated political evolution in case the system is capable to undertake it in order to survive, or coming to collapse followed by the new system's appearance. And as time passes there is less and less room for maneuvering.

Russian Authorities: the Decision-Making System and the Social Context

*Mikhail Vinogradov*¹

In describing the political situation in Russia it is necessary to define six basic factors which set out the conditions for making the most important political decisions.

1. Most of the public political institutions (including the Parliament and political parties) do not play a serious role in the political life and merely approve decisions made by the President and the Head of the Government.
2. The interaction between President Dmitry Medvedev and Prime Minister Vladimir Putin is at odds. In spite of good personal relationship, it is getting increasingly harder for Medvedev and Putin to eliminate emerging differences.
3. The decision-making system is often defined by the correlation of powers between the leading influential groups, although most of them do not have clear political views.
4. The decision-making in international politics is concentrated in the hands of the President and the Prime Minister. The role of other institutions (including the Ministry of Foreign Affairs) is not significant. Decisions made are often determined by the internal political situation.
5. In spite of the economic crisis, the society still does not take keen interest in politics. Russian authorities effectively control the societal agenda by having control over the television networks and by hindering emergence of opposition movements.
6. The role of political experts in the decision-making system has diminished. During the last few months there have been attempts to increase the role of experts, however, in general, like the Parliament and the political parties, the political experts only approve or pass decisions made by the officials, and do not participate in the process of their creation and development.

The Role of the Public Institutions

The significant reduction of the role of public political institutions, including the Parliament and political parties, was the result of changes which took place during the period of Vladimir Putin's presidency. The Parliament was, in effect, isolated from participation in the decision-making process and was subordinated in its activity to the Administration of the President. As for the political parties, over the period of 8 years, *Yedinaya Rossiya* (the "United Russia") gained dominant positions. Vladimir Putin is its formal leader and the Party won a majority at the federal and regional levels. However, *Yedinaya Rossiya* did not become an instrument of control of political elites and the center of the decision-making. In effect, while membership in the party makes it easier to be elected to parliaments of all levels, it does not however impose any serious obligations with regard to any group.

Two other parties – *Spravedlivaya Rossiya* (the "Fair Russia") and *Pravoye delo* (the "Right Cause") are formally close to the authorities but they do not have the level of influence which *Yedinaya Rossiya* has.

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As a result of these changes, the role of elections has considerably diminished in Russia's political life. The most important feature is competition between the informal influence groups, rather than election campaigns (the results of which are usually predictable). Lately, these groups have been fighting for state resources (distribution of budgetary funds, control over the state companies and corporations, creation of preferences for businesses under their control), while the Parliament was only rubber stamping decisions passed by the Executive, without any serious influence over their content.

The President – Prime-Minister Relationship

Vladimir Putin's decision to leave the post of the President and let Dmitry Medvedev have the Head of State chair could not have left the composition of political powers unaffected. Formally speaking, the Russian Constitution offers broad possibilities for the distribution of competences between the President and the Prime Minister. For instance, the Constitution does not stipulate clearly who controls the activity of security and law-enforcement agencies – the Head of State or the Head of Government (their subordination to the President is stipulated in the Federal Law "On Government", which can easily be changed as needed). Nominally, the President can dismiss the Prime Minister, however, in practice it is hard to imagine this to happen since *Yedinaya Rossiya*, lead by Putin, has the majority in the Parliament. Legally speaking, even in this case the President has enough opportunities for such an action, but it is unlikely he will be ready to use them.

The relationship between Putin and Medvedev underwent two crises. The first one took place in the summer of 2008. Putin's increasing jealousy towards Medvedev resulted in a Russian-Georgian war, which allowed Putin to demonstrate that he is the one in charge. In support of this claim there were a series of signs aimed to demonstrate that it was Putin who took main decisions. Indirectly, this was lately confirmed by the French press, which reported that Nicolas Sarkozy was persuading precisely Putin not to allow the attack on Tbilisi. In addition to that, the international isolation of Russia that followed those events (nobody was expecting that it would be so short) was disadvantageous for Medvedev who had certain credit of trust with Russia's Western partners. Not surprisingly, according to the poll conducted by Levada Center in February 2009, 34% of the Russian population thought that the real power in Russia belongs to Putin (a year ago it was 20%), 12% - to Medvedev (23% - in 2008), and equally to both of them – 50% (41% - in 2008). Also, the Prime Minister took over the decision-making on key issues related to financial support of large-scale enterprises, during the economic crisis.

Medvedev met this without particular objections, and acquiesced with the role of politician number two, which even gave grounds to rumors about his early resignation and change for Putin. But at the beginning of 2009 the situation changed again. Experts more and more often started talking about tensions in the relationship between the two highest officials. Number of actions (the result of Russian-Ukrainian gas conflict, putting on the wanted list of the businessman Evgeny Chichvarkin) was considered by Medvedev's team as explicitly unfriendly. In response, Medvedev seriously strengthened the criticism of the Government in his statements and undertook a number of steps that were understood in the society as a sign of a long-awaited "thaw". The crisis itself more and more often started to be interpreted by Medvedev as a chance to extend his independence, and the press more often started to name new candidates for the Prime Minister's replacement. However, the interaction potential between Medvedev and Putin has still not been exhausted yet. They can still completely settle their differences. Moreover, it cannot be ruled out that provoking

Medvedev towards independence may be Vladimir Putin's "trap", who strives to completely impede Medvedev's thirst for autonomy.

Groups of Influence in Russian Authorities

As in during the time of Boris Yeltsin and Vladimir Putin, the main intrigue of Russian politics is in the non-public strife between different elite clans and groups. As a rule, groups are united by personal closeness of participants, their joint work experience and common business interests. Sometimes these groups have common views on political or economic policies, but this issue is not principal for them.

At the time of Vladimir Putin's presidency, the Head of State did not participate in any particular clan and was an arbiter between them. Now the situation has somewhat changed. Without having strong human resources, Dmitry Medvedev inevitably became a uniting base of one of the clans, which includes the group of his personal protégés (Minister of Justice, Aleksandr Kononov, President of the Higher Arbitration Court, Anton Ivanov, Authorized Representative of the President in Ural, Nikolai Vinnichenko). This group gains more strength due to Medvedev's closeness to a number of influential businessmen and officials (the Head of "Gazprominvestholding" Alisher Usmanov, former Head of the Administration of the President Aleksandr Voloshin, Press-Secretary of the President Natalia Timakova). Some experts also include into this group the First Deputy Head of the Administration of President Vladislav Surkov and Economic Advisor of President Arkadiy Dvorkovich. And even though within the mentioned clan one can observe tough competition (especially around Surkov), after one year of Medvedev's presidency his team remained sufficiently intact.

In the economic sphere one can single out two key groups – around the Deputy Prime Ministers Igor Sechin and around Aleksey Kudrin. Sechin is a powerful official who, during Putin's presidency relied on the law-enforcement bodies. Lately, he changed his main sphere of interests and is now engaged in the oil and other energy sectors. In Sechin's hands is the control over the state company *Rosneft* and the Ministry of Energy. The level of Sechin's political ambitions has in a way decreased, however, the influence of the group, led by him still includes such influential persons as Boris Gryzlov, the Speaker of the State Duma, Aleksandr Bastrykin, the Head of the Investigation Committee at the General Prosecutor's Office, and Sergey Bogdanchikov, the President of the company *Rosneft*. Some experts also include the First Deputy Prime Minister Viktor Zubkov (the Prime Minister in 2007-2008) and his son-in-law, the Minister of Defense, Anatoly Serdyukov in the "Sechin" team.

The second group is united around the Minister of Finance Aleksey Kudrin. Among it's most powerful representatives are: the Chairperson of the Central Bank Sergey Ignatyev, and representatives of a number of influential economic agencies. The main task of Kudrin is to protect budgetary funds (including the filled-up Stabilization Fund) from attacks of lobbyist. To date, the Stabilization Fund consists of the Reserve Fund (\$ 136 bln.) and the National Welfare Fund (\$ 83 bln.). The budget deficit in 2009 is planned to be covered by 55% of funds from the Reserve Fund and 19% - from the National Welfare Fund.

The groups of Sechin and Kudrin cannot be unambiguously referred as to "Putin's" or "Medvedev's" teams. Sechin's mindset is close to Putin's, but, when necessary, he also builds relations with the President. Kudrin is also Putin's old close associate. But the significance of the Minister of Finance post together with political support from one of the old-timers of the Russian politics Anatoly Chubais (who managed to establish good relations

with Medvedev), allowed Kudrin not to be in the middle of the confrontation between the two groups.

Leadership of the Administration of the Government Personnel led by the Deputy Prime Minister Sergey Sobyenin, who actively promotes his protégés to the high official posts, becomes a relatively new Putin – oriented center of gravity. The Sergey Chemezov’s group who is the head of the *Russian Technologies* company, which managed to merge a large number of Russian enterprises, including weaponry manufactures, still has powerful positions as before. Finally, *Gazprom*, headed by Aleksey Miler, remains to be Putin’s “personal guard”.

Other groups, which used to have power during Vladimir Putin’s presidency, have lately decreased their level of political assertiveness. Former powerful figures such as the head of *Russian Railways* Vladimir Yakunin, businessman Yuri Kovalchuk, former head of Drug Enforcement Agency Viktor Cherkosov, found themselves on the periphery. The same goes for a number of powerful *oligarchs*. Roman Abramovich and Oleg Deripaska are now concentrated on saving their own businesses.

The influence of once super powerful security agencies has also lately diminished. Former “heavy-weights” for different reasons stepped away from active participation in controlling the security block (Igor Sechin and Nikolai Patrushev ex-Director of Federal Security Service (FSB)). Heads of the Ministry of Internal Affairs of the Russian Federation (MVD) and the Office of the Prosecutor Rashid Nurgaliev and Yuri Chaika are considered to be temporary and insufficiently influential figures.

Information on group membership of the most powerful Russian politicians

President	Dmitry Medvedev	Relies on the status of the President and his influence group
Head of the Government	Vladimir Putin	Plays a role of an arbiter in confrontation between different influence groups
Head of the Administration of the President	Sergey Naryshkin	Has a work experience both with D. Medvedev and V. Putin. Relatively passive official.
First Deputy Head of the President’s Administration	Vladislav Surkov	Lately, draws closer to D. Medvedev, but is very negatively perceived by other associates of the President.
First Deputy Prime Minister	Igor Shuvalov	Coordinates struggle against the economic crisis within the Government. Politically lacks independence. There are different scenarios of his career development – from upcoming resignation to the post of Prime Minister.
First Deputy Prime	Victor Zubkov	The level of political ambitions is

Minister		relatively low.
Deputy Prime Minister, Minister of Finance	Aleksey Kudrin	Became a target of strong lobbyist attacks in the struggle for budgetary funds. However, has a high survival potential and relative autonomy.
Deputy Prime Minister	Igor Sechin	Is a powerful figure thanks to personal contacts within the elite, and control over significant part of the Energy Sector.
Deputy Prime Minister, Head of the Government Personnel	Sergey Sobyenin	Concerns himself with the strengthening of government personnel in the interests of V. Putin.
Deputy Prime Minister	Aleksandr Zhukov	His influence is gradually decreasing.
Deputy Prime Minister	Dmitry Kozak	Was one of the most visible persons in V. Putin's team, but because of the confrontational character gradually pushed to the periphery.
Minister of Foreign Affairs	Sergey Lavrov	As a result of secondary role of Ministry of Foreign Affairs his influence is decreasing.
Minister of Defense	Anatoly Serdyukov	V. Zubkov's protégé. Managed to gain considerable authority within the elite, but little popularity in the Army.
Minister of Internal Affairs	Rashid Nurgaliev	N. Patrushev's protégé. Considered to be a temporary person in charge of Ministry of Internal Affairs.
Minister of Justice	Aleksandr Kononov	D. Medvedev's protégé.
Director of the Federal Security Service	Aleksandr Bortnikov	Was promoted to the leading positions with participation of I. Sechin. Tries not to demonstrate political independence.
President of the Central Bank	Sergey Ignatyev	A. Kudrin's protégé.
Secretary of the Security Council	Nikolai Patrushev	After leaving the post of the Director of the FSB his influence went down.
Speaker of the State Duma, Chairman of the Highest Council of the <i>Yedinaya</i>	Boris Gryzlov	I. Sechin's and N. Patrushev's protégé.

<i>Rossiya</i> party		
Chairman of the Council of Federation, Chairman of the party “ <i>Spravedlivaya Rossiya</i> ”	Sergey Mironov	Relatively independent but little influential figure.
President of <i>Gazprom</i>	Aleksey Miller	“ <i>Gazprom</i> ” is personally controlled by Putin.
Director of <i>Rosnanotech</i> company	Anatoly Chubais	Experienced political heavy-weight. Has good relations with V. Putin, D. Medvedev, A. Kudrin. In the near future there is a possibility of drifting towards Medvedev.

Foreign Policy Decision-Making Mechanism

The decision-making process regarding foreign policy is in essence limited to the President and the Prime Minister level. The Ministry of Foreign Affairs plays a relatively small role. The same can be said for the Department of Foreign Policy within the Administration of the President and its supervisor Sergey Prihodko. In the summer of 2008, there were expectations that the similar center will appear in the Government with Yuri Ushakov as its head, but he did not demonstrate any special activity. The role of the abovementioned institutions is limited to developing projects which the President and the Prime Minister may accept or decline. However, external institutions (for example, *Gazprom*) can also propose foreign policy projects.

There is no definite clarity about the distribution of competences between Putin and Medvedev. There is a point of view which identifies soft moves in foreign policy with Medvedev, and tough ones with Putin. This stereotype is partly beneficial for the President and the Prime Minister, but its accuracy is doubtful, even though it is obvious that Medvedev is in greater need of support from Russia’s international partners (above all Western partners). With a high level of conditionality, one can say that Putin participates more in the decision-making process related to the international energy cooperation as well as in Russia’s policy in most of the CIS countries. Medvedev is more often engaged in relations with the USA, Western European countries, and participates in meetings of G8 and G20 format.

Considering the fact that the Russian Constitution does not provide for clear distribution of powers (formally, this is President’s sphere, but there are wide opportunities for maneuver) it is expected that uncertainty will remain in these issues. Barack Obama’s victory in the elections for the US President made Russian authorities, in general, more prone to restoring relations with the West. However, this process will alternate with periodic surges of patriotic activity, initiation of reasons for confrontation with the West (including in the Balkans), and “Energy Wars” (although the significance of energy is decreasing at the moment). It should be kept also in mind that the Russian political elite has problems with the development of a long term foreign policy strategy. Very often actions on the international arena have a rather propagandistic character (mobilization of its citizens in the struggle with Ukraine and Estonia, demonstration of controversies with the West in Kosovo issue), which not only do

not pay tangible dividends but they also complicate the realization of other international projects. For instance, sharp criticism of Estonian authorities regarding the moving of the Memorial to the Soviet soldier provoked Tallinn to raise environmental objections against the construction of the North European gas pipeline and hence to threaten the realization of this, for Russia, very important project.

Public Opinion

The economic crisis has become a serious challenge for the relations between groups within the authorities, for economic policy development, and for the state of public opinion. The crisis, no doubt, could bring serious political changes. However, no serious changes took place so far. None of the opposition parties *KPRF* (Communist Party of Russian Federation), *LDPR* (Russia Liberal Democratic Party), *Spravedlivaya Rossiya* (“Fair Russia”), *Pravoe delo* (“Right Cause”), *Solidarnost* (“Solidarity”) took any serious steps to use the citizens’ decreased support for authorities to increase their own popularity. Mass protest demonstrations in Vladivostok, Blagoveshensk and Krasnoyarsk were spontaneous and were not organized by any party.

The public opinion poll data regarding the support for the authorities during the economic crisis somewhat differ. According to the *Public Opinion Foundation*, in the beginning of March 52% of the respondents trusted Medvedev (some time ago this rate was higher and constituted 56%; but in any case it is higher than the ratings during Presidential elections, which was 45%). The confidence level in Putin is steadily at 65-70%. The level of support for the opposition parties remains low. According to the *Public Opinion Foundation*, 53% of the respondents are ready to vote for “*Yedinnaya Rossiya*”, 9% - for the Communists, 7% - for the Liberal Democratic Party of Vladimir Zhirinovskiy, 5% - for *Spravedlivaya Rossiya* led by the Speaker of the Upper Chamber of the Parliament Sergey Mironov, 1% - for the liberal parties *Yabloko* (the “Apple”) and *Pravoye Delo*. At the last elections for nine regional parliaments, on 1 March *Yedinnaya Rossiya* won everywhere (although at several elections for mayors opposition candidates won).

Therefore, the authorities still have several opportunities to prevent the protest mood from translating into an increase in popularity of the Opposition. At the same time, in case of further destabilization of the situation, it should not be excluded that the authorities will have to “find” those who are *guilty* for the crisis and who should bear the responsibility for it. In February 2009 governors were nominated for the roles of these *guilty* ones – the Heads of four Russian regions were dismissed. It is not excluded, though it is unlikely, that big businessmen and particular ministers will be the targets of criticism by the authorities. In the case of a serious deterioration of the social situation, an increase of dissatisfaction in the President, the Prime Minister and in *Yedinnaya Rossiya* is possible. However, irritation of the citizens so far is not accompanied with a search for alternative political programs or popular leaders. Moreover, the population does not have clear demands for an alternative economic policy, and there are almost no discussions on this issue in the press. Low interest of societal alternatives together with a low citizen interest in politics gives a chance to the Russian authorities to survive the economic crisis without serious political destabilization. In addition, the authorities so far have managed to carry out social payments in full (pensions, allowances, etc.) and to prevent serious delays in payments of salaries both in state and private enterprises.

Another option which can be used to widen the support of the population, is to imitate an external threat by a different state (the US, Ukraine, Georgia, Estonia, Poland, etc.). As a

rule, the struggle with this kind of threat leads to an increase in public support for the authorities. But this increase usually lasts only for one – one and a half months. The authorities are not ready to go too far in international confrontations, while the population becomes more interested in social slogans and in pursuit for achieving an increase in income. Therefore, effectiveness of the image of the “strong state” is limited, and “patriotic” campaigns cannot be carried out more than 2-3 times a year.

The Role of Experts

During the last few years the role of experts in the process of political decision-making in Russia has significantly decreased. The decision-making is a non-public process. The closest to the authorities are, as a rule, not authors of ideas which could be realized, but those political scientists and sociologists who actively assist the authorities in the public promotion of already passed decisions.

One can distinguish three categories of Russian experts based on their public attitude towards the actions by the authorities. The first group consists of political scientists who publicly support most of the governmental activities. They are: Aleksey Arbatov, Vitaliy Ivanov, Sergey Markov, Andranik Migranyan, Vacheslav Nikonov, Dmitry Orlov, Gleb Pavlovsky, Valeriy Fadeev, Valeriy Fyodorov, Aleksey Chesnakov.

The *neutral* category includes experts who take the neutral position. In a number of cases they criticize the authorities and they are rarely needed as *promoters* of decisions taken. Among them are: Dmitry Badovsky, Igor Bunin, Evgeniy Gontmakher, Sergey Karaganov, Fedor Lukyanov, Boris Makarenko, Aleksey Malashenko, Evgeniy Minchenko, Dmitry Oreshkin, Nikolai Petrov, Andrei Ryabov, Dmitry Trenin.

Finally, the radical category is represented by the experts who one way or another participate in the opposition movement and strongly criticize Vladimir Putin and Dmitry Medvedev. The most famous among them are: Mikhail Delyagin, Vladimir Milov, Andrei Piontkovky, Vladimir Pribylovsky, Mark Urnov, Liliya Shevtsova.

Lately, the President has made it clear that he is ready to more actively cooperate with the *neutral* category of experts. This has been caused by authorities’ obvious need of ideas to prevent the economic crisis as well as by the necessity to correct the mechanisms of official propaganda in order to prevent further growth of oppositional moods.

Conclusion

If one wanted to foresee the development of events in 2009, one could assume that, in foreign policy a course towards the regulation of issues with the West European countries and the US will continue. The policy in the post – Soviet space: unresolved conflict with Georgia, upcoming elections in December and the elections for the President of Ukraine, a desire to use the crisis for strengthening Russian economic positions in the former USSR countries, will remain an obstacle and will cause periodic surges of emotions and adversely affect relations between the Russian Federation and its western partners. At the same time, as a dispute on the fate of the military base in Kyrgyzstan shows, Moscow and Washington are ready for a civilized “trade” on key strategic problems of the region.

In the internal policy, a tendency towards the “thaw” could see further development. However, this process shall not be progressive and, taking the absence of consensus within the authorities into consideration, it shall be periodically accompanied by temporary attempts of “freezing” political liberties. Notwithstanding contradictions between different camps within the authorities, one should not expect a division from the inside. However, in due time, such division could become possible, if fundamental deterioration of the economic conjecture comes into be.

In the socio – economic sphere, the sense of “reserve of stability” should suffice within the authorities, as a minimum until the fall. In all likelihood, the opposition will not be able to use the crisis to increase its own popularity. However, if the deterioration of the economic situation continues, the authorities will find it increasingly difficult to counter the decrease in trust from the citizens. In such a case, the authorities will attempt to focus on countering the consolidation of the opposition forces. The probability of another scenario – the development of political pluralism and significant dissemination of political freedoms already during the 2009 still is not more than a quarter.

Russia And The Global Economic Crisis - Influence On Energy And Economy

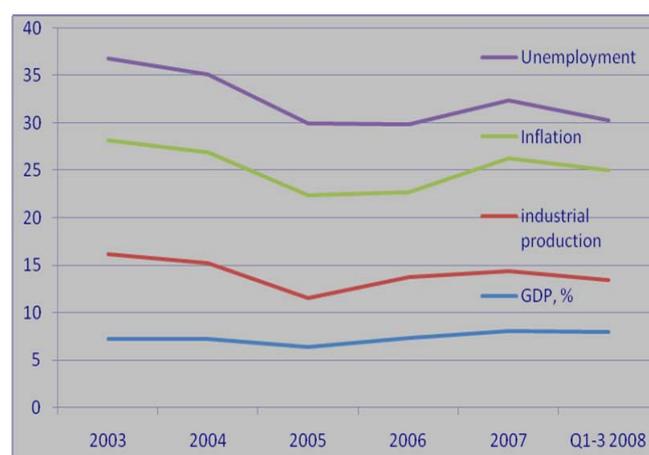
Dr Zorana Z. Mihajlović Milanović¹

Since the end of the 1990s, the Russian economy has taken a spinning upward course. The basic economic indicators show an impressive economic growth of 7% (1999-2007), a drop in the unemployment and inflation rates and a growth of industry production.

Table 1 Russia - Basic economic indicators
2003- 2008

	GDP %	Industry production %	Inflation %	Unemployment %
2003	7,3	8,9	12	8,6
2004	7,2	8	11,7	8,2
2005	6,4	5,1	10,9	7,6
2006	7,4	6,3	9	7,2
2007	8,1	6,3	11,9	6,1
Q1-3 2008	8	5,4	11,6	5,3

Source: Russian Federation central bank, January 2009



Today, due to the global crisis, Russia is facing a slowing down of the economic growth. It is the structural weaknesses and dependence on oil and gas price trends that have resulted in a strong influence of the global economic crisis on the country's economy. Unlike other countries of the world, Russia entered recession later, owing to its high foreign currency reserves. The government's attempt to mitigate the first crisis blow with such a response has led to a drop in foreign currency reserves instead of providing real assistance.

Table 2 Foreign currency reserves of the Russian central bank and funds in the State Stabilization Fund billion US\$

	Central bank	Stabilization Fund
2004	124.5	18.9
2006	303	89.1
2008	530.6	189.7
2008 January	564.8	163.2
2008 July	592.3	162.4
2008 August	582.5	174.5
2008 September	562.8	189.7
2008 October	530.6	
index 2008/2004	426	1003
index X 2008/I2008	94	116

Source: Russian Federation central bank, January 2009

¹ Prof. Dr Zorana Z. Mihajlović Milanović is Advisor on Energy and Energy Security from Belgrade

On the basis of the conclusions of the World Economic Forum (I 2009), the global crisis is surely to reduce world riches by as much as 40%. The difficult situation in the international loan market has reflected directly on Russia and its companies, especially in the form of deferrals and/or stopping of numerous investment projects. The leading Russian companies, with Gazprom at the helm, do not boast today sufficient quantities of financial resources required for future investments and modernization projects, which may prove profitable when an oil barrel costs 100\$.

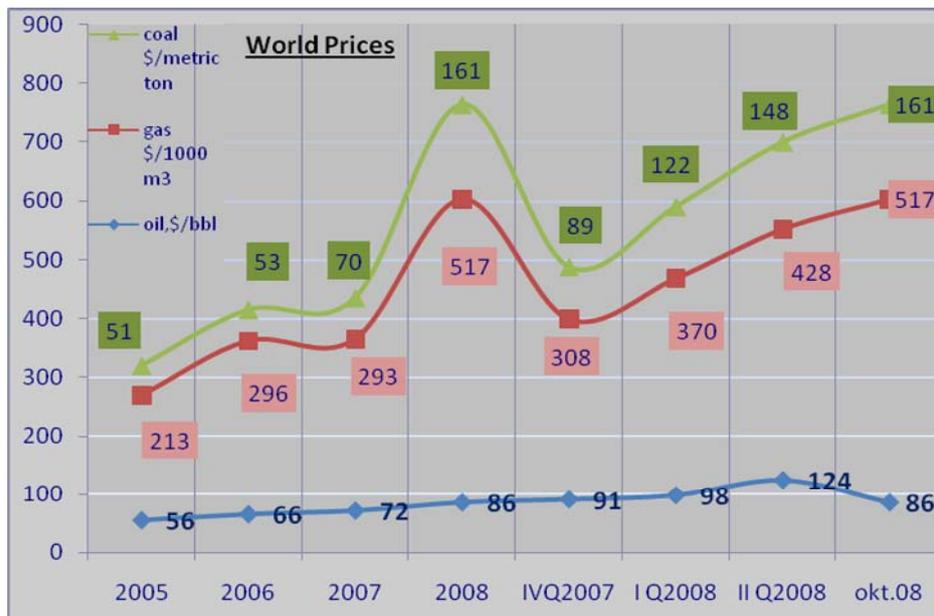
Gazprom has been compelled to slow down the building of the Northern and Southern Stream gas lines and also to stop a strategically important project with China - the Altai gas line². The research and the speed of the activation of new oil and gas fields has been additionally slowed down (Shtokman field in the Barents Sea and fields in Eastern Siberia). In the past years, this company was focused on the maximization of profit, without a clear strategy of the method of increasing production and investments in research and development. Today, when its debts amount to some 60 billion EUR, the problem with its own capital is a serious obstacle, which additionally aggravates the taking of new loans. The "boomerang effect" which resulted from the business method itself and from which Gazprom has already been suffering will be felt in the energy offer worldwide as well (although the responsibility lies on the Russian company). Strategic goals in new economic conditions must refer to the development of new fields (gas and oil) and to the modernization of present infrastructure. Only in that way will the world be able to meet its needs for fuels. Therefore the initiative of the formation of a gas cartel³, such as OPEC, and a proposition for consideration of a new Energy Charter by Russia⁴ are no cause of wonder. A joint action of all big and developed countries, without isolation, egoism or protectionism, is one of the keys to a solution to future energy issues.

Energy companies, especially Russian ones, underwent in 2008 a so-called "golden fever" owing to the high prices of oil barrels. When the price of an oil barrel reached 100\$, Russia earned some 800 mil \$ daily from oil and gas exports, or by 250 mil \$/daily more than two years before. The income of exports (oil and gas) constituted 2/3 of the budget.

² With a memorandum in 2006, a construction of the Altai gas line, towards China, 2800 km in length, and 30mlrd m³ in capacity, was contracted. The expected investment is 14mlrd US\$, while the deadline, instead of 2011, has been shifted by 4 years at the earliest.

³ The gas cartel initiated and in formation X 2008, by Russia, gathers all the countries that are the richest in gas resources - Russia, Iran and Qatar.

⁴ European Economic Forum, Davos 2009, within which Russia launched an initiative on a new energy charter, based on the establishment of energy security. The basic vision reflects in the connection and a closer link between the energy offerer and consumers. It was Putin himself that emphasizes that the world is acting as if the crisis had been unexpected, whereas it was "expected as the winter is expected in Russia every year". The results is a "collapse of the system, a low quality of management, a poor assessment of risks and gains, one economy printing money (US) and another saving it (China) and expectations guided by nothing are being encouraged."



The drop in the prices of oil and in the economic growth plunged Russia into the deepest crisis in the past ten years. Although Putin first rejected the possibility of ruble devaluation⁵, that was simply necessary. As the oil price had reached 40\$/bbl (sa 147\$/bbl), Russia's economic and energetic boom was stopped. Like many other states, recession struck Russia as well, bringing economic and social problems. The unemployment rate keeps growing (in a month alone in 2008, 400.000 people were rendered jobless), while foreign currency reserves keep dropping rapidly. In 2009, the budget deficit is 124,6 mlrd US\$ due to a drop of oil prices. Calculated at 70\$ for an oil barrel, it was redefined to a new base of 41\$/bbl, and with a very low projected rate of economic growth of only 0,2% (previously planned 6.7%). If it is known that oil and gas export income in 2006 constituted 50%, and a year later up to 70% of the Russian federal budget, then it is clear how big the blow struck on the Russian energy sector by the drop of oil prices and the crisis is. Besides, the psychological effects is visible, as the Russian people remember the big economic crisis of 1998, which was additionally a political one. Russia remembers hunger, destitution, hopelessness and poverty, a period when the ruble depreciated by as much as 75%. Today's crisis, however, has been caused both by the world crisis and a drop in oil prices and by the political and war conflict between Russia and Georgia. The export incomes dropped, but investors additionally took billions of dollars from the country additionally, fearing the escalation of geopolitical tensions with the West (due to the military conflict between Georgia and Russia).

In several months alone in 2008, the stock market lost 60% of its value. Although the crisis thrived and was visible at every step, there was not much talk about it in Russia last year. Russian media and politicians looked upon the crisis as an "*American problem*" (research show that only 40% of Russian people (in mid-September 2008) were aware of the coming of a huge-scale crisis). As it especially struck industry, companies in this branch reduced the number of workers and the output by over 30% each⁶. Most people were left without jobs in

⁵ „I would not be the prime minister of devaluation“ – Putin, 2008.

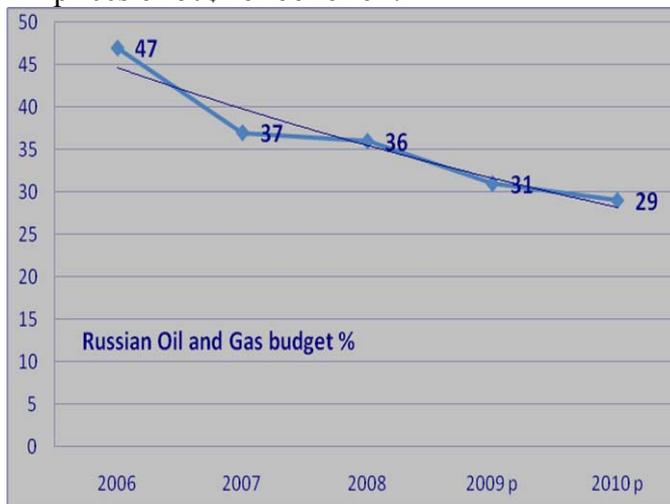
⁶ Company Magnitogorsk Iron and Steel Works dismissed 3000 workers (10% workers of Ural), and reduced the output by 15%, while a month later it dismissed another 1300. Company Severstal (steel and mining) reduced domestic production by 25%, their production in the US and Italy was reduced by 30%. Evraz Group, one of the world largest vertically integrated companies for the production of steel and mining business, which employs 40,000 workers, has announced a reduction by at least 1/3 of employees and a reduction of output by 50-60%.

the fields of metallurgy and finance. By the end of 2009, some 2 million people will have been rendered jobless.

Besides the scant information and a conscious rejection of crisis awareness, Russia entered this crisis with high foreign currency reserves, though (3rd in the world, or 560 mlrd US\$), a low public debt and a high sufficit of the current balance. Regardless of the initial isolation, the Russian economy was under the influence of other structural negative factors, from a low domestic production and trade, a limited influence and development of institutions, to the hard defeat of the Russian stock and capital market.

The weaknesses with which the Russian economy faced the crisis can be classified into the following:

1. Economy is too dependent on exports of oil and gas, as they reach from half to 2/3 of the total Russian budget (depending on world oil and gas price trends). The Russian GDP amounts to some 1 trillion \$ (2007) in which oil and gas production employs less than 1 million employees and is estimated at 500 mlrd \$ per world prices of 80\$ for bbl of oil.



In 2007, oil and gas made up 20% of the Russian GDP. In less than three years, 2008/2006, oil and gas incomes dropped by 23%, while the budget sufficit dropped 26 times. Projections show that the share in GDP in 2010 will be 13%.

When world oil prices are 15\$/bbl then the value of the Russian oil and gas output is around 100 mlrd \$. The Russian economy is a resource economy. The share of output of main industries (fuel, energy and metal) has reached 50% in the total industrial output since the mid-1990s.

2. The government did not take enough care of the method of the use of the realized high export incomes. Investments and state consumption dropped from 50% GDP (1990) to 30% (1999) or 40% (2007). On the other hand, salaries and incomes grew, but much faster than productivity did. What was to return like a boomerang in the following years, instigated by the big global crisis, was a slow and slight growth of investments in years from 1999, which in 2007 barely reached 40% of the 1990 level. Russia acted like a "cricket" towards its capital, in the period when incomes from oil and gas exports were high and when they were to be used for investing in infrastructure.

3. The maintenance of low prices of fuels in the local market, through export taxes and fees, stimulated production. However, the Russian economy being rather inefficient or highly intensive, this only additionally increased its intensity.

4. The salary inequality has been increasing in Russia in the past years. The Gini quotient (which ranks inequalities from 0 to 100, from the lowest to the highest) rose from 26 (1986), to 40 (2000) i.e. to 42 (2007). For instance, in 1995, there was not a single billionaire in Russia and only ten years later, the Forbes list of the richest

people in the world published the names of 53 billionaires in Russia (on the third position, cf. USA (415), Germany (55))⁷.

*T-3 Comparison of the goods stock exchange in Russia and the world 2008
(changes compared with the beginning of the year in %)*

	%		%
Russia	-65.6	Brazil	-53.1
China	-59.4	Euro zone	-45.6
India	-56.7	Great Britain	-44.6
Norway	-56	USA	-38.2
Turkey	-54.8	Japan	-31.2

Source: US Department of Economy and Finance, 2009

The Russian stock market has been very shattered and it felt the crisis in the summer of 2008, even before there was any mention of it. In two months alone, the value of stocks in the Russian market dropped by 13.1%, and by 11.5% in the US market, to be followed by a drop of as much as 52% in Russia and by a mere 8.5% in the US. There are several reasons for that: a chaotic battle for control over TNK-BP, political problems and the armed conflict with Georgia, and an enormous drop of export incomes, which dominantly led to a drop in exports of oil and gas.

The stock exchange was closed for two days (16 Sept 2008), during which time some 130mlrd \$⁸ were collected, which did not help much in the period to come. The fields of construction, industry and trade were struck. The market capitalization of six leading companies (Norilsk Nickel, Euraz, NLMK, Severstal, Mechel and Magnitka) dropped by 75% in 2008, from realized total 170mlrd US\$ to 40mlrd US\$).

Companies in the energy sector did not stay immune to the commencement of the crisis. During 2008, they were in need of capital (Gazprom required some 400 mil EUR for the purchase of NIS in Serbia, LukOil needed some 2.1mlrd \$ for the purchase of Italian refinery ISAB and some 500 mil \$ for the purchase of distributive company Akret in Turkey).

As for all the countries, and especially those that are rich in resources, oil price trends are very important for Russia. In the first half of 2008, Russia realized a visible drop of oil output by some 0.8%, and of oil exports, by 5.2%. The drop of oil output, besides the crisis, is also associated with the reaching of peak oil-wise in Russia (the so-called Hubbert s peak). Such negative trends will considerably lead to a drop in the sufficit of the income balance and a drop in exports.

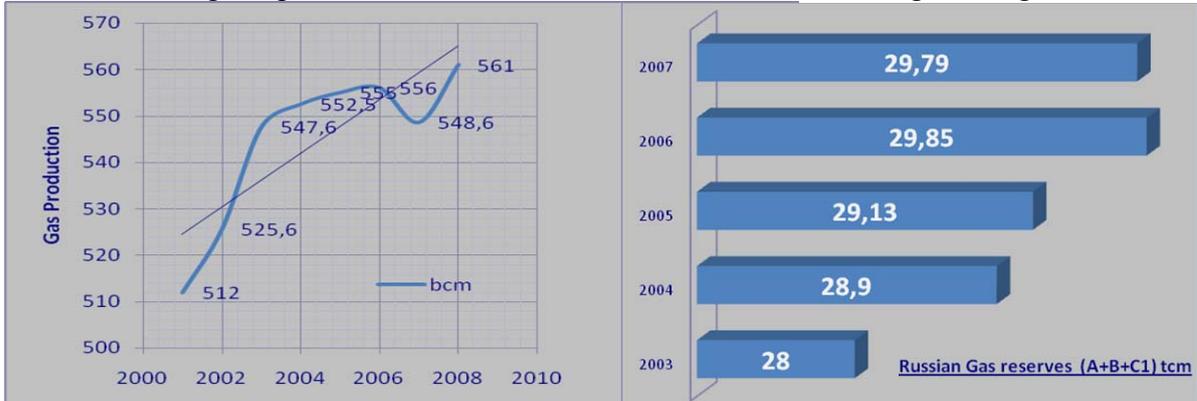
Speaking of the future of Russia's energy policy, and in the light of raising security levels in the energy offer, one cannot evade the fact that the Russian energy sector is the Russian state itself. The largest Russian state energy company (in which the Russian state owns 50,02% stocks) and at the same time the largest world gas company, „Gazprom“, holds

⁷ Russia has two billionaires less than Germany, but it is worth 282 mlrd US\$ or even 37 mlrd US\$ more than the richest in Germany). In 2008, the number of billionaires in Russia rose to 86, and the total value of their wealth is 500 mlrd \$ or even 1/3 GDP in the country.

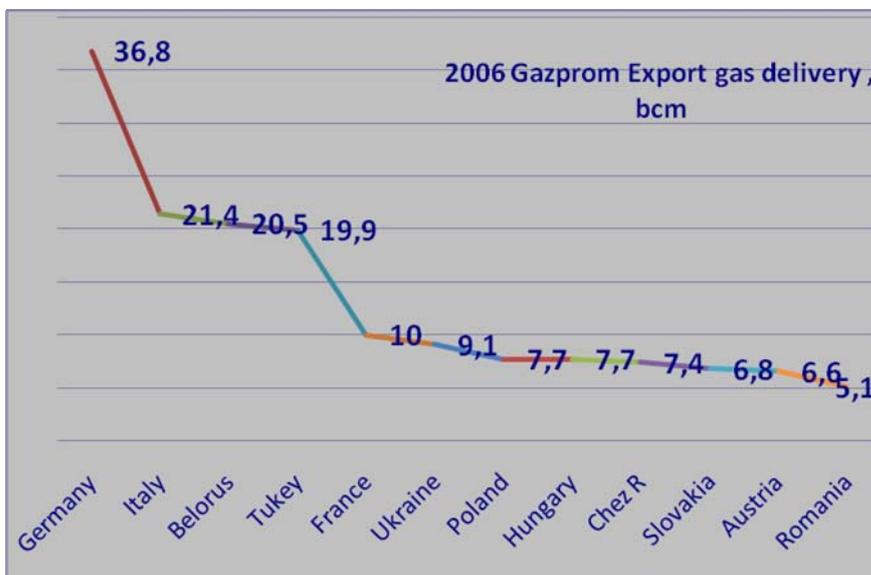
⁸ The central bank and the government started with interventions and giving loans equivalent until then to the amount of 31mlrd \$ Sberbank, VTB i VEB (Development Bank) at an interest rate of 7% for five years. It is estimated that the package of aid is around 3 trillion rubles or 10% GDP. Although the market recovered by 25% for a while (when opened on 19/09/2008) it dropped again in the following week.

16,5% of world gas reserves and 19,4% of the total world gas production. Within Russia, this company produces as much as 94% of gas. As a supplier, it is present in most of Europe, Central and Eastern Europe, but also in part of the Asian region, realizing in 2006 alone a net profit of 343,7 mlrd of Russian rubles or 7,53 mlrd €.

Since 2005, gas production and reserves have realized negative growth rates



(2007/2006 by 1,33% and 0,3% respectively). The asset of Gazprom and Russia was the high world gas prices. The main market of Gazprom is Europe, but a new strategy envisages turning towards supplies to central Asian countries. In the present European markets, this company feels pressure and barriers in the form of increased market risk, due to a growth of competition and unprojected prices and scope of changes. Gazprom is especially concerned over the possibility of a revision of the present long-term supply contracts. The standard long-term contracts in Europe are based on the „take or pay“ commission principle. They serve as a guarantee to the offerer that its investments in main gas export projects will be amortized, while they guarantee a regularity of supplies to the consumer, which has been infringed upon so far several times. Fighting the monopolist position of Gazprom in Europe, the European Commission started imposing a principle of reciprocity of investments, which caused Gazprom to protest and label such a move a measure of protectionism! However, it is clear today that there will be some changes in the next 10 years, especially in the part of supplies to the European market from other gas suppliers, e.g. from Northern Africa (Algeria, Libya, Egypt), Central Asia (Turkmenistan, Kazakhstan) and/or the Middle East (Iran). In addition to energy security, it is certain that Europe will thus obtain more realistic gas prices.



Of the total EU imports, 30% of oil and 44% of gas come from Russia. Most former Soviet republics, today Russian neighbours (Ukraine, Belarus, Armenia, Georgia, Moldova) as well as many non EU-member-states (especially the West Balkans) depend on Russia in terms of energy supplies.

Russia is also the most important channel for Euro-Asian energy lines, the main link for gas and oil exports, for which reason the Russian strategy is planning investments in the source and building of infrastructure to supply Asia. While the Sakhalin gas field is already providing some energy for countries in the Asian-Pacific region, the plans that are being realized today refer to the exploitation and development of Eastern Siberia, both oil and gas fields and the construction of a gas and oil line network. Thus the region will be connected to Asian consumers.

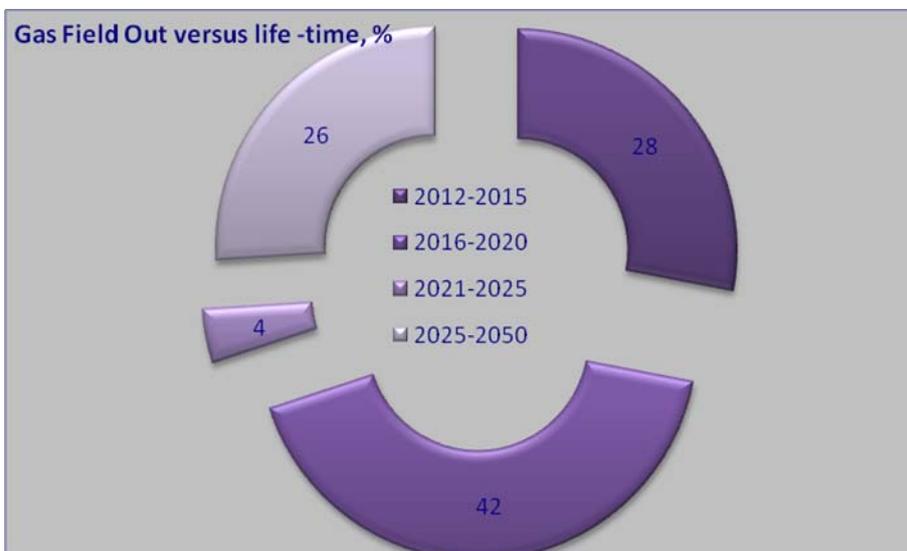
In addition to the concern over the safety of Russia as a supplier, after the first and second gas crisis (2006, 2009), today, with or without a global economic crisis, there is fear that Russia has not been investing enough in the exploitation and production of new oil and gas field. One seriously wonders if investments in production capacities are mutually sufficient, as only thus sufficient quantities of gas on the ever-increasing European demand can be provided, while at the same time Asian consumers are sustained.

T-4 Share of Gazprom in gas production on the world gas market and in sale in and outside Russia

	2003	2004	2005	2006	2007
Sales of Gazprom outside Russia, bcm	184,7	218,4	232,7	262,5	269,4
Sales of gas to consumers in Russia, bcm	309,1	305,7	307	316,3	307
share of Gazprom in world gas market production \$	19,02	18,59	18,52	18,05	17,37

Source: Gazprom, Annual report

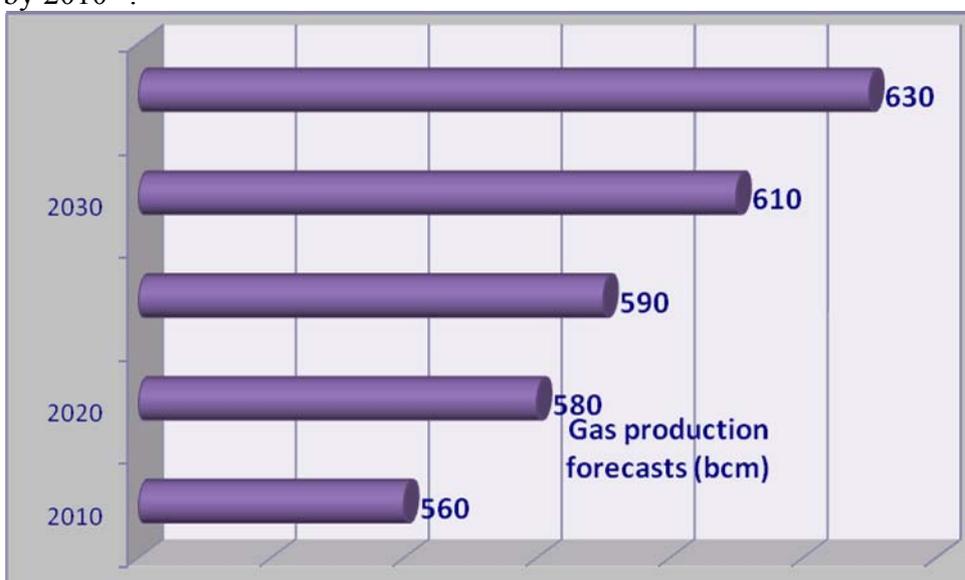
The ability of Russia to meet future demands is one of the key global issues and fears today. It was only recently that Russian companies started increasing investments in upstream projects and hence the reasonable doubt that their fields will be exploited before the present ones, on the edge of their life, cease being used. All the analyses point to the fact that the duration of gas fields in Russia, which is 24 years, is nearing its end and that by the end of 2014, 28% of them will have been closed and by 2019, the closed gas fields will have reached 67%.



As the Russian energy sector is a development engine, it has certainly an interest to remain so. In the previous period, the change of using for investments the money realized from the export of oil and gas at very high world prices was missed. The realized gas production in Russia in 2007 was lower by 2,2 mld m³, compared with 2006. Such a drop (-0,5%) resulted from a decreased gas consumption growth rate on the domestic market (1,1% 2007) compared with 3,2% 2006)), but also from a decreased scope of Russian gas exports to European countries (due to a very warm winter).

According to the current Russian energy strategy until 2020, a gas production increase of up to 650-670 bcm, and oil of up to 90-100 million tons annually is being planned. By 2015, they are planning to reach an annual gas production of 610-615, and by 2020 of 650-670 bcm, by activating new gas fields in the region *Nadym-Pur-Tazovsky*⁹, located near the present energy infrastructure, whereby energy efficiency is being additionally increased. In this area, by 2020.g, the production will have reached 500 mlrd m³ gas. A critical point of further exploitation in this region is transport infrastructure. The gas line system reached the maximum of its capacities, 522.2 mlrd m³ in 2004, for which reason three years later the capacity dropped to 495mlrd m³ gas. The bridging of the capacity gap would be possible only if Gazprom could find a joint interest with independent gas manufacturers, who would be willing to take part in UGSS - the United Gas Supply System. Russia, with the world's longest gas line system, (222,000km, with transit gas lines of 153,000km in length) ought to have invested in it a long time ago, as some 57,7% UGSS equipment is nearing its end and/or are past their shelf life¹⁰.

When Gazprom performed the projection of its gas production until 2020, there was a concern that the planned scope will not suffice for Europe and Russia. If the non-investment and/or slow investment trend persists, Russia will have faced serious cuts in power supplies by 2010¹¹.



⁹ Zapolyarnoye field, Pestsoye field, Urengoy field, Medvezhye field, YapadnoPostsovoye field, Yambarg field, Yuzhno-Russkoye field

¹⁰ The average life duration of a gas line is cc. 24 years or less, as not enough investments have been made in them. Further, 32600km gas line have been extensively used for the past 33 years and require immediate replacement.

¹¹ Michael Economides, University of Houston

Data show that in 12 years (1990-2002) Gazprom financed the reconstruction of only one third of all the transit gas lines. For that reason, the capacity from the Nadym-Pur-Tazovsky region dropped to 522,2 mlrd m³ (of the projected 577,8 mlrd m³).

By 2020 it is necessary to reconstruct 27500 km gas lines. At the same time, Gazprom is planning to build 28000 km of a new transit gas line. Gazprom and Russia will have to develop new fields and especially to raise production from Sakhalin I, II, III, IV-VI, and the Yamal region.

Besides, by 2010, the development of new strategic regions in the Yamal peninsula is being planned and that especially refers to sea reefs, including the Obskaya and the Tazovskaya regions, in the Russian Far East and Eastern Siberia.

T-5 Projection of gas production offshore Yamal

Gas production, bcm	2011	2015	2020	2025	2030
	7,9	75-115	135-175	200-250	310-360

Source: Gazprom Investment Report

Yamal is situated in northwestern Siberia and as a region it produces 78% total oil and 84% gas in Russia. It is considered a project of a strategic interest to Gazprom (since 2002, when it was proclaimed as such)¹². The proven gas reserves amount to 13,5 trillion m³, and can reach 50 trillion (with reserves on the Kara sea reef). The three largest gas fieldsa (Bovanenko, Kharasavey, NovyPort) contain 5,8 trillion m³ gas, 100,2 million t gas condensate and 227 mil t oil. The proven reserves of Yamal near those in North America (7,5 trill m³) and South America (7,1 trill m³) together.

If it is known that Russia has nearly 600 mlrd m³ gas production today (20% world consumption), and projections show that production in the Yamal region will reach 250-260 mlrd m³/annually (2030), then its size and need for investments is clear.

The plans of Gazprom and the Russian state clearly show the priorities of building in gas infrastructure¹³, whereby Gazprom is trying to assume total control over supplies to Europe and central Asian countries, especially by developing a united gas line supply system in the east of Russia, which ought to link important fields and regions (Sakhalin, Khabrovsk, Vladivostok).

The Sakhalin region is rich in oil and gas, which has enabled its fast production in the past years. In 2000, the oil and gas industry made up 58% of the industrial ouput of this region and in 2006 it was 80%. By 2005, the island was the top recipient of foreign investments in Russia and there are almost no unemployed inhbitants (unemployment rate 1-1,5%). Oil and gas reserves are estimated at 14 mlrd bbl (2,2 km²) and 96 trillion m³ (2700 km²). They develop as part of agreements with international companies, such as Exxon Mobile and Shell.

¹² Preparations for the use of resources from this part begab as early as in 1990, and the largest gas field (Bovanenko field) started working as early as in 1997. The gas for Europe will go through the main line Bovanenko-Ukhta (gas line construction began in July 2008, and the first deliveries are expected by January 2011). Besides, towards the end of 2008, a plan was made also for LNG Yamal Project, where Gazprom is still searching for a suitable partner (Shell, ExxonMObile, ConocoPhilips..).

¹³ Priorities by 2010-2012: SRTO-Torzhok, Gryayoveta – Vyborg, Nord Stream, expansion The Urengoy gas. After 2012, the priorities are: Bovanenkov – Ukhta, Ukhta – Torzhok trunk gas line., Murmansk –Volkhov gas line, South Stream gas line

In 1996, two big consortiums signed a contract on the exploitation of oil and gas from the northeastern side of the island: *Sakhalin I, i Sakhalin II*. The initial investment value was 21 mlrd US\$ to be increased by 76% by 2006. The commercial use of oil and gas from Sakhalin I started in 2001. The quantities are estimated at 2,3 mlrd bbl oil and 485 mlrd m³ gas. Sakhalin I was run by the Consortium, on the basis of a production sharing agreement PSA among Sakhalin and the Consortium¹⁴, the Russian federation and the Sakhalin government.

In 2007, Exxon Mobil reached production of 250,000 bbl oil daily and of 140 mil m³ gas daily. Russia is currently building of a 219 km gas line through the Tatar strait to the Russian mainland, from which point transport tankers will go to the East Asian market, especially Japan, South Korea and China. During the project, the Russian state's profit will amount to some 50 mlrd US\$.

Sakhalin II is running another consortium, Sakhalin Energy, and the first production sharing agreement was signed in it by the Russian state as early as in 1994. It is in charge of the building of two gas lines of 800 km, which are to connect the northeast and the south of the island. It is very important that the first LNG power plant for supplies to the East Asian market has been built and put into operation in 2009¹⁵.

Only two fields of Sakhalin II are overestimated with reserves of 1200 mil bbl crude oil and 500 mlrd m³ gas. The total investment costs of the Project by 2014.godine (estimated by Shell) originally amounted to 9-11 mlrd \$, to rise to 20 mlrd \$, which agitated the Russian public. Due to the so-called ecological problems, the Russian government stopped the project. There is a reasonable public suspicion that the Russian government used ecological standards to increase its participation in project incomes, in which it succeeded eventually. In 2007, Gazprom took over 50% + 1 stocks in project Sakhalin II, having bought stocks from Shell, Mitsua and Mitsubishi.

In order for the world to be more peaceful, Russia should develop two main fields in the forthcoming period, *Shtokman* and *Yamal*. The real time and investments not being known yet, a serious issue of future gas production quantities and demands for the same is being imposed. Both investments are very expensive, for which reason there is a need to rank fields to be prepared and exploited first.

The Shtokman field in northeastern Russia, geographically close to the Norwegian border in the Barents Sea, was discovered as early as in 1988, with projections of reserves of some 3.8 trillion m³ gas and over 31 mil tons of condensates. Norwegian company StatoilHydro is one of the two partner-companies in the business.

With its reserves, Shotkman can meet the needs of the entire EU for gas for a period of seven years. By signing an agreement in February 2008, Gazprom, Total S.A. and Statoilahydro, formed a joint company, Shtokman Development AG, whereby the realization of a strategic project in the Barents Sea began. The project is waiting for more than 20 years to be realized, due to the lack of required financial funds. Project development costs are estimated at 15-20 mlrd \$.

¹⁴ Consortium partners are: 30% Exxon Mobil UZS, 30% Sakhalin Oil And Gas Development Japan, 20% ONGC Videsh India, 11,5% Sakhalinmorneftgas Shelf, i 8,5% RN Astra, both Russia, and both Rosneft affiliates.

¹⁵ "It is one of the most progressive energy sources, which meets the highest standards. It marks the new energy epoch", Russia's President Dmitry Medvedev, at the opening of LNG power plant Sakhalin II, February 2009

The serious financial crisis will lead to the stopping or slowing down of numerous large infrastructure projects. One of them is certainly the Shtokman project, bearing in mind the required finances. The financial crisis has ensued just at the moment when Gazprom needs to develop new fields as quickly as possible, in order to meet the ever-increasing demand. According to the investment plan, Gazprom will by 2030 have invested 647 mlrd \$. Investments were launched in 2008, with a view to increase by 25% annually. On the other hand, Gazprom is not in an enviable financial position. The debts rose to 60 mlrd € (Jan 2009), as Gazprom faced the problem of a drop in demand, a drop in prices, problems with transit countries and a lack of investments in emergency projects.

Yamal, on the other hand, is closer to the East and the Asian part of Russia, with a projection of some 30 trillion m³ gas, which suffices for supplies worldwide for at least a decade. However, this field is very inaccessible, with neither access roads nor railway, so the price of complete development ranges from several hundred to billions, and it will take almost 50 years for it to reach its peak. Its advantage reflects in the possibility of an easy connection to the Russian gas line (Nadym Pur Taz), whereby it will meet both local needs and foreign markets. A choice between the two projects will not have effects on Russia itself as a manufacturer and supplier only, but also on supplies to the EU and Nordic countries. In Russia itself, it is believed that an option between the two fields is actually a battle between various groups within the oil sector of Russia and Gazprom itself.

It is not important anymore today if the crisis originated in the US or not, if it was due to the *"economic egoism of certain countries"* (The World Policy Forum in Evian, France 2008, October 08 president Dmitry Medvedev *„the crisis was caused by the economic egoism of certain countries“*) or to the non-existence of an economic and political balance and a vision of global development.

The Russian gas and oil sector are characterized today by **insufficient investments in new fields**, for which reason they cannot arrive before the present ones have been exhausted, and by **insufficient investments in transport and other capacities**, as they have been either overused or at the end of their life period.

Investments in new sources need to be fast, as the local demand growth in Russia alone amounts to 2,55 annually, to which one should add demand in the EU, CIS, China and other central Asian states.

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Part Two

Past and Present of Russia – Serbia Relations

Two Russias: On The Two Dominant Discourses Of Russia In The Serbian Public

*Dr. Miroslav Jovanovic*¹

In late 2008 and in early 2009 heated debates were held in the Serbian public regarding the signing of the oil and gas arrangement with Russia and the sale of NIS. Similar, and slightly hysterical, debates were held in the spring of 2007, on the issue of a possible Russian veto in the UN Security Council on the future status of Kosovo².

Those two events - with an entire series of other indicators - clearly testify to the fact that the Serbian public today is very focused on Russia, events related to Russia and the new yet historical Russian-Serbian relations.

Two Discourses of Russia

It is in the course of these latest events that the Serbian public has again been polarized very clearly and for a zillionth time.

Observed from the extremes of the Serbian public scene, we have, on one side, the apologists of Russia, those who see in Russia a protector, an elder brother or a savior of Serbia, the Serbian people, the Orthodox spirit, etc. That side of the spectrum is very often associated with Tomislav Nikolic, a short-term Serbian Parliament speaker (May 2007), who earned "fame" at that time owing to his clumsy and inept statement about Serbia as a "Russian guberniya", which he was later to disown³. We also have on this side intellectuals such as Veselin Djuretic, who publicly champion a confederacy of *Russia and Serbian Lands* as the only salvation for the Serbs⁴, and who, like Nikolic at the time, offered Russia a military base on Mt Kopaonik⁵. Such intellectuals include, among others, Radomir Smiljanic, who founded the Putin Association of Serb-Russian Clubs in Serbia⁶ and who as

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² Cf. Antonijevic: Russia Will Not Give In, Glas javnosti, 6 June 2007 (<http://arhiva.glas-javnosti.rs/arhiva/2007/06/06/srpski/P0706503.shtml>); Slobodan Samardzic: The USA Is Not Deciding about Independence of Kosovo - Americans Are Doing Things on Their Own, Glas javnosti, 12 June 2007 (<http://arhiva.glas-javnosti.rs/arhiva/2007/06/12/srpski/T07061101.shtml>); Resolution in Two Steps or a Russian Veto, Danas, 11 June 2007 (<http://www.danas.rs/vesti/politika/rezolucijaizdvakorakailiruskiveto.56.html?newsid=113394>); Serbia and Russia Are Defending Kosovo, Press online, 6 June 2007 (<http://www.pressonline.rs/page/stories/sr.html?view=story&id=12804>); Russian Support to Serbia for Kosovo, Politika online, 10 June 2007 (<http://www.politika.rs/rubrike/Svet/t30993.sr.html>);

³ "EU Is Taking Away and Humiliating, Russia is Helping", an interview: Tomislav Nikolic, Politika online, 10 June 2007 (<http://www.politika.rs/rubrike/Politika/t27907.sr.html>)

⁴ Interview: Veselin Djuretic, historian, Confederacy of Russia-Serbian Lands - the Only Salvation for the Serbs, Glas javnosti, 9 May 2008 (<http://www.glas-javnosti.rs/clanak/glas-javnosti-09-05-2008/konfederacijarusija-srpske-zemlje-jedini-spas-za-srpstvo>)

⁵ Nikolic: The Russian Base on Kopaonik or on Pasuljanske livade, Blic online, 19 December 2007 (<http://www.blic.rs/politika.php?id=23853>)

Interview: Veselin Djuretic, historian: The Russian Base Creating a Balance, Glas javnosti, 7 July 2008 (<http://www.glas-javnosti.rs/clanak/tema/glas-javnosti-07-07-2008/ruska-baza-pravi-ravnotezu>)

⁶ Interview: Radomir Smiljanic, writer, on his three new novels ready for publication: Resisting the Evil Spirit of Time, Glas javnosti, 30 June 2008 (<http://www.glas-javnosti.rs/clanak/kultura/glas-javnosti-30-06-2008/odupreti-se-zloduhu-vremena>)

well supports the idea of "achieving our goal and becoming part of the Russian Federation"⁷, and Sava Zivanov, who emphasizes that "one should strive to get to know Russia in order to love her even more".⁸

On the other side of this imaginary front there are those who look upon Russia with mistrust, as a "source of all evil", something one should be beware of, since they believe that Russia has always aspired to occupy and colonize Serbia. It is, however, hard to resist the impression that, at the same time, it is under a strong influence of Western stereotypes, with a barely concealed malicious criticism and a fondness to give arrogant lectures on democracy and human rights. It is in this context that they assess the modern Russian politics and the role of V.V. Putin or D.A. Medvedev in the Russian and world politics. When we come to the numerous negative statements on Russia and Russian politicians, many of which are totally out of place and sometimes truly disparaging, we can quote the president of the Liberal-Democratic Party, Cedomir Jovanovic, as saying that the signing of the NIS sales agreement represents "a colonization of Serbia achieved through the realization of the energy agreement with Russia"⁹ or saying that "We know very well why we knelt before Russia - we did it for Kosovo"¹⁰. We can also quote Vesna Pesic as saying "You know, Russia has recognized Serbia the way it wants it to be and I cannot rule out that with this statement it confessed to having taken part itself in the murder of Zoran Djindjic"¹¹. On this side of the spectrum there are also public figures such as Petar Lukovic, who describes the NIS sales agreement as "the most shameful treaty in modern Serbian history" and says that "Boris Tadic presented the Serbian Oil Industry (NIS) to Russia under such humiliating conditions that the German capitulation in the First World War seemed honourable compared to it"¹². Speaking of modern Russia, Vladimir Gligorov says that the "autocratic regime is striving to impose itself on democratic countries by means of conflicts, especially if they have no significant military power, at least not the one Russia boasts."¹³ Let us also quote Nikola Samardzic, among whose numerous statements on modern Russia, uttered too often with a large dose of arrogance, it is those on Vladimir Putin that stand out, especially: "He is an uneducated KGB spy, who talks rubbish from time to time. I do not want to exaggerate and to stress any role or ability of his, as I think he has none..."¹⁴. He also objects on the EU its lenient policy towards Putin, Russia and concludes: "But what on earth is happening to the EU? They are not able to deal with an average, primitive KGB member such as Vladimir Putin!"¹⁵

⁷ Interview: Radomir Smiljanic, on his new literary project: Trilogy of Disorder, Only Russia Can Save Us, Glas javnosti, 7 November 2007

(<http://www.glas-javnosti.rs/clanak/glas-javnosti-07-11-2007/samo-nas-rusija-moze-spasti>)

⁸ One should strive to get to know Russia and one should love it even more, Radio Svetigora 2008

(<http://www.svetigora.org/node/3155>)

⁹ Cedomir Jovanovic, president of the LDP, Hostages of Political Ambitions, Poligraf, 24 December 2008

(<http://b92.fm/channel/Poligraf/28928.html>)

¹⁰ The transcript of Cedomir Jovanovic's speech in the Serbian Parliament at a session on the confirmation of the energy agreement with Russia, the Serbian Parliament, 5 September 2008

(<http://www.ldp.rs/vesti.84.html?newsId=1693>)

¹¹ The State against Serbia, an interview for magazine Dani, 5 March 2008

(<http://www.ldp.rs/vesti.84.html?newsId=1225>)

¹² Petar Lukovic & Tomislav Markovic, Tadic, the Russian Santa Claus: Elementary, My Dear Boris!

Elektronske novine, published on Wednesday, 24 December 2008, 16:59

(<http://www.e-novine.com/sr/srbija/clanak.php?id=20537>)

¹³ The Russian Problem – Vladimir Gligorov, Pešćanik, 17 August 2008

(<http://www.pescanik.net/content/view/1849/1060>)

¹⁴ Tangent of the Heart, Pešćanik, 14 September 2006 (<http://www.pescanik.net/content/view/1206/206>)

¹⁵ Nikola Samardzic, Serbia should be the first to recognize independent Kosovo, Nezavisni magazin BH Dani, No. 553-18 January 2008 (<http://www.zokster.net/drupal/node/814>)

Of course, there are authors in the Serbian public who are trying to give a balanced picture of Russia¹⁶, but the fact is that the mutually excludable *pro & contra* opinions, charged with emotions and therefore very frequent in the internal political battle in Serbia, are much more present and have a much bigger force in society, on which imperative decisions in an *either/or* key are constantly being imposed. (That fits very well in the talk of "two Serbias" - actually two marginal political and ideological groups in Serbia, which, with their aggressive public approach, create a false impression that Serbia has been sharply cleft ideologically and politically and that its only prospects lie in choosing between these two possibilities - which, of course, does not correspond to the real situation in any way whatever, but exclusively suits the aggressive and logoreic champions of the simplified division). Those mutually excludable discourses can be interpreted at several levels:

1. at the level of various political "codes" which reflect two opposed political/ideological positions (in that sense, they can be "read" and interpreted as the position of the "first" or "second" Serbia and as the "Russian" or the "American" or "Western" vision of Russia and Russian politics in the Serbian society, or a "pro-Russian" and "pro-American"/"pro-Western" political position);
2. at the level of dominant social stereotypes/myths, which have been present in the Serbian culture for two centuries now and which have become part of collective mentality (reflecting the centuries-long division of the Serbian society into Russophiles and Russophobes, traceable in continuity since no later than 1878);
3. at the level of various strata of historic memory and ideological heritage: Romantic, Communist, Stalinist

The fact is that there are two discourses prevailing in the Serbian public speech which, to a large extent, represent either an uncultured adulation or an uncultured disparaging of Russia, i.e. that it is the champions of primitive, out-of-place Russophilia, on one hand, and the champions of primitive, arrogant Russophobia, on the other, that are the loudest in public, which clearly testify that rational analyses of the mutual relations have been largely expelled from the Serbian public discourse.

The suppression of the rational and the domination of an emotional attitude to politics is one of the serious constant features and faults of the Serbian political mentality. However, its practical consequence - in this specific case - means that the prevalence of two discourses in the Serbian public speech - from an extreme Russophilia to an extreme Russophobia - points to the prevalence of the emotional (love vs. hate) and to the suppression of the rational when envisaging the complex issue of Russian-Serbian relations (both in the present and in the past). Although both approaches are basically irrational, regardless of the positive or negative terms they employ, either side emphasizes in mutual disputes that its stand is an "objective" one and accuses the other side of an "emotional" approach.

Of course, there is absolutely no need to prove that the radically positive or radically negative perceptions of Russia, Russian politicians or Russians in the Serbian public speak little or almost nothing of Russia itself. Those apologetic or disparaging presentations actually show that the Serbian public and social elites - focused on themselves - are in fact not interested at all in the real picture and information of Russia and what is happening there. They actually speak about us and our views of the world around us, of the mythological concept of the experience of Serbian-Russian relations in the past decades and centuries, of our proclivity for stereotypes when we speak of "others" - in this case, the Russians and Russia. Transposed into the past, these images offer a picture of Russia which

¹⁶ e.g. the articles of Petar Popovic and Slobodan Samardzija in the Politika daily or formerly, by Dragoslav Rancic in NIN

laid itself, i.e. its own empire, as a sacrifice to "protect" Serbia in 1914¹⁷, or of Russia that "betrayed" Serbia in 1878 having concluded the Treaty of San Stefano, thereby creating a Greater Bulgaria¹⁸. Russia is thus converted into a symbol with a functional value exclusively in the Serbian political speech and ideological battles.

A big problem, when speaking of the repression of the rational and the domination of the emotional, based on stereotypes and myths, envisaging of Serbian-Russian relations, is the fact that emphasis on an irrational discourse (love vs. hate Russia) imposes on the Serbian public (and very often on the Serbian politics, for that matter) a totally artificial choice, in the form of an imperative dilemma/decision: either Europe or Russia, or, at the metaphysical level, a decision between the East and the West.¹⁹ That enhances the already over-emphasized proclivities in the Serbian politics and public for a constant imposition of making imperative political decisions, for a constant classification of the Serbian society, public persons and politicians into "ours" and "theirs". Such divisions in a small and undeveloped society and in a country such as Serbia represent a big burden and prevent a rational foreign policy from being profiled.

The extent of the emotional perception of Serbian-Russian relations can also be proved by the fact that in Serbia, a large number of scientists and publicists regard as necessary and opportune to voice their opinion in public and analyze Serbian-Russian relations, modern Russian politics or politicians. It is hard to count the total number of texts published in the press and on the Internet. The fact that in the past 10 years at least 30 books on modern Russia have been published is enough to testify to the extent of this production²⁰. (The number of books by Serbian authors on the USA and other countries in the West published in the same period is much less.) In most cases, at issue are works with a hypothesis set in advance (mainly the glorification of Putin and Russia), which can be seen from the very titles: *Vladimir Putin and the Resurrection of Russia (2001)*, *Rise of Russia (2002)*, *The West or Russia (2004)*, *A new course of Russia (2005)*.

¹⁷ Highlight of the week: Russia's Awakening, Sava Zivanov, Politika online, 18 February 2007 (<http://www.politika.rs/rubrike/Tema-nedelje/Budjenje-Rusije/t20106.sr.html>)

¹⁸ Cf. Dubravka Stojanovic, The Serbs and the Russians, Blic online, 15 January 2009 (<http://www.blic.rs/temadana.php?id=74306>)

¹⁹ Regardless of dilemmas in the remote or distant past regarding taking the "Eastern" or the "Western" passage (Borislav Pekic) and fears of and resistance to "Westernization", it was **orientation towards the European West** (and not towards the East) that brought **progress and modernization** in all fields. (Ljiljana J. Bacevic, *The Serbs and Europe*, Belgrade, 2001, 7)

²⁰ B. Gvozdenovic, *Russia, a Land above the Earth: Remembrance: As It Had Been Yesterday*, Belgrade 2002, V. Djuric *Vladimir Putin and the Resurrection of Russia*, Belgrade 2001, V. Djuric *Vladimir Putin and the Resurrection of Russia, Part 2, In the Midst of the Journey*, Belgrade 2004, V. Djuric, *Putinism: History, Theory, Practice*, Belgrade 2008, Lj. Milincic, *Vladimir Putin: My Battle for Kosovo*, Belgrade 2007, D. Milicevic, *Stories from Russia*, Belgrade, 2002, Dj. Milosevic, *Time of Shame and Crime*, Novi Sad 2005, Dj. Milosevic, *Russia on the Crossroads*, Novi Sad 2003, P. Rak, *Nationalist International*, Belgrade 2002, J. Salevic, *Little Russian Stories*, Belgrade 2004, A. Uzelac: *Putin's Children*, Belgrade 2005, J. Kurjak, O. Popovic-Obradovic, M. Sukovic, *Russia, Serbia, Montenegro*, Belgrade 2004, J. Kurjak, *Political Changes in Russia 1990-1996*, Belgrade 2000, Z. Milosevic, *The Russian Question Today*, Belgrade 2006, D. Mirovic, *The West or Russia*, Belgrade 2004, *The Russian Policy in The Balkans: Collection of Works* (edited by Jelica Kurjak), Belgrade 1999, V. Veres, *Serbia and Russia – Reality and Illusions*, Belgrade, 2000, S. Zivanov, *Russia at the Time of Yeltsin – Social Processes and Political Organization (1990-1999)*, Belgrade 2002, S. Zivanov, *Russia at the Turn of the Centuries – the Last Decade of the Russian Empire, from the End of the Crimean and to the Beginning of the First World War (1855-1914)*, Belgrade 2002, S. Zivanov, *The Fall of the Russian Empire 1-2*, Belgrade 2007, S. Zivanov, *Russia and the European Schism: Relations among European Powers on the Eve of the First World War: from the Berlin Congress to the Beginning of the War (1878-1914)*, Belgrade 2005, N.B. Popovic, *Serbia and the Imperial Russia*, Belgrade 2007, D. Petrovic: *Geopolitics of the Post-Soviet Regions*, Belgrade, Novi Sad, 2008, D. Petrovic, *Russia at the Beginning of the 21st Century – a Geopolitical Analysis*, Novi Sad, Belgrade, 2007, D. Petrovic, *Demographic Marks of Modern Russia*, Belgrade 2007, etc.

Speaking of authors in our country, what is fascinating is the fact that in most cases it is those who not only have no special knowledge of Russia, of the nuances in the Russian politics or Russian reality and are not involved in Russia in any way (on the basis of any research or analysis), but also do not know the essential facts of Russia itself and the Russian history, that express their opinions²¹. As a rule, they found their stands on impressionism rooted in an emotional experience of Russia and Serbian-Russian relations (*it seems to me...., I think that...., that reminds me of*) and draw their conclusions on the basis of the utilitarianism of presented attitudes in the internal Serbian policy.

A special problem of such an approach is reflected in the fact that thus authors do not present objective information on Russia, but rather "read" the Serbian politics and projections of Serbian wishes into the Russian context. Such an act of "reading into" can be recognized in an enormous number of works. The most characteristic, however, in this respect, include a book by Ljubinka Milicic: *Putin - My Battle for Kosovo*²², which, with its very title, suggests that the then Russian president has decided not to conduct a Russian policy or fight for Russian interests, but to "fight for Kosovo" like a mediaeval crusader. Another example is an analysis of Slobodan Antonic, who, on the margins of a book by Vinko Djuric, is attempting to explain the formation of Putinism as an ideology of a "patriotic" elite, into which he "reads" a large number of positive social characteristics, which people living in today's Russia can in no way, not by means of any magic wand whatsoever, recognize - for example, that the third principle of Putinism is *progress for all*, not only for the rich, allegations that "Putinians" (without being explained at all what those terms mean) are not corrupted, which is the result of *traditional morals*, that a principle of Putinism is a high-quality patriotic education...An inevitable inference ensues that Serbia, although not so big and powerful as Russia and therefore unable to literally *copy Putinism*, must learn how important a dedicated, moral and patriotic elite is.²³

What is all this leading to? In 99% of cases, the Serbian public discourse is overflowed with texts or statements that are clearly placed into one of the two mythological moulds - the one about Russia as a "protector" and the one about Russia as a "source of all evils". Thus, by "reading" modern Serbian political needs into it, the Serbian public discourse is turning Russia into a political code, which again, as a rule, serves for classification into "ours" and "theirs".

The emotional attitude and the repression of the rational is also expressed through a clearly visible "experience" of Russia (Russian politics, culture, society). Most authors, when writing about Russia, experience it as equal to themselves, i.e. Serbia, and at that level, from both sides, they even keep instructing Russia (e.g. what kind of a more "proper" policy it should apply to protect Serbia, what it "needs" to do in the protection of human rights and how, etc. - as if Serbia were an acknowledged world leader in that field).

²¹ Some of them cannot even spell the name of Russian President Yeltsin in the original D. Petrovic, *Russia at the Beginning of the 21st Century – a Geopolitical Analysis*, Novi Sad, Belgrade, 2007, p.577), or claim they do not want to visit Russia, because: "I don't travel to countries in which people are unequal, mostly poor, unhappy, deprived of basic rights and prospects in democracy and culture of progress, development and tolerance" (Nikola Samardzic, *A Month in Siberia*, Pešcanik, 24 February 2009 (<http://www.pescanik.net/content/view/2737/78>))

²² Lj. Milincic, *Vladimir Putin: My Battle for Kosovo*, Belgrade 2007

²³ Slobodan Antonic, "Putinism" – an Idea of a Patriotic Elite, NSPM, Thursday, 5 February 2009 (<http://www.nspm.rs/prikazi/qputinizamq-ideja-patriotske-elite.html>); By this term Slobodan Antonic probably means the elite one of the most eminent representatives of which is Sergei Polonsky, who is famous for his phrase "who does not have a billion, can go and" (Снесло башню, Экспресс газета online, Опубликовано 22 Октября 2008г. (<http://eg.ru/daily/politics/11366/print/>))

In that sense, it is characteristic that in both dominant discourses a self-reception of Serbia as equal with Russia prevails (as it is the case when comparing Serbia to some other "powerful" states - Germany, Britain, France...), which is actually quite an illusory one.²⁴

Unlike Serbia - Russia and the Russian society experience Serbia and the Serbs in quite a rational manner (an emotional or irrational attitude, if any, can be perceived in its attitude to Montenegro, while a specific attitude to Yugoslavia can be noticed among elderly Russians).

Historical Framework of Russian-Serbian Relations and the Perception of Russia

The complex three-century-long relations between Russia and Serbia, which have included both cooperation and patronage, but also confrontations and disharmony, are difficult to explain and even more difficult to understand if they are viewed in simplified black and white stereotypical categories of "матушка", "a good protectress", or "an evil, despotic and tyrannical" Russia. One thing is certain - whenever, in the past three centuries, decisions have been made on the fate of Serbia and the Serbs, Russia has always tried, in one way or another, to participate in such decision-making, protecting its own vital interests as a rule (e.g. during the reign of Peter the Great, when the Serbs asked him to protect them from the Turks on one hand, and conversion to Catholicism, on the other, and even today, when resolving the issue of the final status of Kosovo is on the agenda of the international community).

If we observe the general trends of the development of mutual Russian-Serbian relations during the three centuries, periods of close cooperation, patronage and protection, but also conflicts and confrontations, are clearly visible and so are several key points and events.

Intensive Serbian-Russian relations in modern times started developing as early as towards the end of the 17th century (although individual contacts dated back to as early as the Middle Ages), when the most eminent Serbs, led by Patriarch Arsenije III Crnojevic, asked Russian Tzar Peter I The Great to help them liberate themselves from the Turks and when the Russia of Peter The Great decided to embark on a more active policy in the Balkans (which, along with other reforms and changes of the epoch of Peter I, marked the beginning of its more resolute battle for its place among the leading European states).

During the 18th century, the mutual relations were characterized by the fact that Serbs most often addressed Russia with a request to help them in their battle for liberation from the Turkish sway by military, political, educational, cultural, spiritual or financial means, and also, as the Serb people, after the Viennese War and migrations under Patriarch Arsenije III, lived divided, i.e. in two states - Austria and Turkey - to protect them from Catholic pressure and attempts at converting them to Catholicism in the territories under the Habsburgs and the Venetians. This was also the time of mass migrations of Serbs from the Habsburg Empire to Russia, in 1724 and 1747, which were also instigated by the feeling of political, cultural and spiritual affinity. In that century, fighting with the Habsburgs for political

²⁴ It suffices to state just a few examples: Serbia spans 88,361km² and Moscow and the Moscow district spans 47,000km²; Serbia has a population of 7,479,437 (8,116,552 inclusive of Kosovo), while Moscow has 10,126,424 (16,744,962 people inclusive of the Moscow district); London has a population of 8,278,251 in the urban zone, or 13,063,441 in the "broader" London and Paris has 10,142,977 in the urban zone, or 12,067,000 inclusive of its suburbs; Novi Sad, the second largest town in Serbia, has 191,000 people (altogether 298,139 in the wider territory of the town), while one of the Moscow regions alone, Certanovo, has 341,633 inhabitants, etc.

influence in these regions, Russia succeeded in imposing itself as the patron of Orthodox Balkan nations, so it was precisely that role that it chose for itself when concluding the peace treaty in Kuchuk-Kainarji in 1774.

At the beginning of the "long-lasting" 19th century, as early as during the First Serbian Uprising (1804-1813), the Serbs showed clearly that they expect essential support from Russia, whether in the case of Uprising deputies, led by Archpriest Mateja Nenadovic, who were sent to Petersburg as early as in 1804 to officially ask for aid from Russia, or in the case of the political projects of Metropolitan Stefan Stratimirovic and Bishop of Backa Jovan Jovanovic, who addressed Russian Tzar Alexander I, proposing him that Russia should establish a protectorate over Serbia. However, the first conflicts and disagreements ensued during the Uprising, between Karadjordje and Russian representative Rodofinikin.

Russia had a role of Serbia's protectress, guarantor and patron in Turkey almost throughout the 19th century (which role it assumed when signing the Treaty of Bucharest with Turkey in 1812), although its politics did not always and fully live up to Serbian hopes and expectations.

The period of Russian patronage lasted until a major political turning-point in mutual relations in 1878, when, after the Treaty of San Stefano and later the Berlin Congress (at which Serbia obtained independence) a first radical dissension between the Russian and Serbian politics occurred. It was then that Russia directed its political aspirations in the Balkans to Bulgaria, leaving Serbia willingly to the Austrian sphere of influence. The cooling down of relations and the Serbian disappointment with Russian politics, which inevitably ensued, were prevailed over only after the Karadjordjevic dynasty returned to the throne in 1903 (they had close ties with the Russian imperial house) and after the Radical politician Nikola Pasic strengthened his position of power.

During the 20th century, radical turning-points in Serbian-Russian relations occurred at several intervals. First, after Serbia reassumed the policy of reliance on Russia, at the time of the outbreak of the First World War in 1914, the Russia of Tzar Nicholas II gave unreserved support to Serbia, which was exposed at the time to an Austro-Hungarian ultimatum and pressure. However, a dramatic turning-point ensued soon – the Romanov dynasty (the patron of Serbia until then) was brought down. Soon, the Russian Empire itself vanished through revolutionary transformations and the civil war of 1917-1920). Ideological intolerance and radicalism exerted a decisive influence on the decision of King Alexander I Karadjordjevic (who was, incidentally, educated in Russia) and Nikola Pasic to sever all political ties and contacts with the new, Communist creation – the USSR.

The intensification of relations, but in an entirely different international context, that of the Second World War, the triumph of the USSR, the expansion of the Soviet Empire onto Eastern Europe and the victory of Communists in the civil war in Yugoslavia, ensued as of 1944. That represented a new strong and deep turning-point in mutual relations, which were built in the framework of the Communist ideology and were observed and assessed from that angle. However, very soon, as early as in 1948, Tito and Stalin conflicted and a new radical turning-point occurred in mutual relations. The former closest allies, Yugoslavia and the USSR became bitter opponents within the Communist world.

The end of the 20th century saw new turmoils, temptations and challenges. Both countries underwent a traumatic common experience of the "fall of Communism", in 1985-1991, when both federations, the Soviet and the Yugoslav one, disintegrated. Yeltsin's Russia, although defeated in the Cold War, continued acting like a great power (looking for its own

place in the post-cold war world), while, during the "Yugoslav heritage wars", Milosevic's Serbia often turned to "matuska Russia", expecting help – or rather, expecting that the confrontation between Russia and the West will resume and that the FRY will reoccupy its "comfortable" position between the two opposing blocs. In those years, Russia tried to take part in making decisions on war issues in former Yugoslavia, but its engagement and power failed to satisfy the unrealistic ambitions of the Serbian political leadership (who were, by the way, too often tied with marginal persons from the Russian politics and even helped them financially, hoping they will come to power), which constantly led to new disappointments (especially during and after the NATO bombing of Serbia in 1999).

The political changes in Serbia of 5 October 2000 resulted in changes in mutual relations as well. Owing, to a large extent, to Milosevic's unrealistic expectations from Russia and partly to the Russian decision to "withdraw" from the Balkans, the relations cooled down abruptly in the first years of the 21st century (to such an extent that in June 2001, FRY President Kostunica made a diplomatic gaffe – instead of welcoming Russian President Putin at the airport during his first visit to Serbia after the changes of October 2000, he waited for him in the federal government building).

* * *

Ever since the beginning of the 18th century, the general perception of Russia in these regions has largely depended on mutual political relations. Before that time, in the period from the 15th to the 18th century, the prevailing perception of Russia among the Serbs amounted to a basically religious idea of Moscow as the Third Rome (the elements of which were recognizable in subsequent times as well). After the Viennese War, the address of Serbian dignitaries to Tzar Peter the Great and the migrations of Serbs to Russia, the prevailing idea among the Serbs in the 18th century was that of a "great Orthodox emperor", who was a protector of the Serbs, whereas Serbian travellers looked upon Russia as their "third homeland", owing to a large number of Serbs that had moved there.

The 19th century brought an image of Russia as the leader of awakened Slavism. In that period as well, though, there were some reserved and even skeptical stances when Russia was at issue.²⁵ However, the political turning-point of 1878 saw the first traces of Russophobia in the Serbian society. The next, 20th century, highly ideologized due to the Communist victory in Russia, brought two extremities – ideologically close Serbian communists saw in Russia the leader of those who were humiliated and deprived of their rights, while its opponents considered it a sanguinary Communist form of despotism.

The turning-point in 1948 introduced an important novelty in the perception of Russia (USSR). As of that time, local communists waged a never-ending battle against Soviet ones on the following issue: who of them was the true interpreter and successor to Marx and Lenin. That "battle", which was vividly described by M.S.Gorbachev after his meeting with Milosevic, when he said that Milosevic had been arguing with him for two hours about the way he should be leading Russia, turned into an irrational and arrogant manner of belief that politicians and intellectuals here were "used" to "conduct" the Russian policy²⁶ instead of

²⁵ Cf. Jakov Ignjatovic, *Russian Chauvinism among the Serbs*, J. Ignjatovic: Publicist Writings, Book 2, Novi Sad, Pristina 1989, 67-82

²⁶ "The Serbs are persistently putting up resistance and defending their homeland. And Russia is sleeping. We are defending Russia as well, trying to awake it at the same time" (Vojislav Seselj, "The Serbian People and New World Order", *New World Order* (<http://www.antiglobalizam.com/?lang=cyr&str=nspp>)). It will be unrealistic if Russia should continue pursuing a course of a repressed historical and traditional consciousness, if it should continue walking along the line of a "diplomatic equidistance" and keep mistaking things for one another in the field of the former Yugoslavia. Therefore the Serbs are still criticized today with indignation, while "Croatian heroes under Stalingrad" are still being used against the Serbs, the way Tito did. (...) Hence

complying with it. Hence the support Milosevic often received in the 1990s from a circle of marginal persons in the Russian politics and hence the numerous and deep disappointments with the Russian politics during wars in the region of the former Yugoslavia and during the NATO bombing.

A Modern Dilemma - Serbia EU vs. Serbia - Russia

In my opinion, the only option Serbia has today is - BOTH RUSSIA AND THE EU. No other variant is possible in the modern Serbian politics. On one hand, if all Serbian neighbours join the EU and NATO, which is something they are all aspiring to - and some are already there - it is totally illusory to search for Serbian prospects outside the EU. Russia, on its own part, neither will nor is able to replace the EU as far as economy is concerned and under such hypothetical circumstances. On the other hand, any serious political force in Serbia (planning to wield authority in near or remote future) simply needs to count on the "Russian factor" in its political activity, not so much in international relations (more specifically, in relations to Russia or the EU), but, above all, in internal political relations, for a total abandonment of any serious political contact with Russia, the taking of a severe anti-Russian stand and an expressed anti-Russian (Russophobic) rethoric, due to many factors (historical relations, collective mentality and memory, the NATO bombing of 1999 and the self-proclamation of Kosovo's independence in 2008) would clearly open a huge area for those political forces which would occupy that area very easily (or are already doing so by means of a cheap propaganda rethoric) and impose themselves as a very serious (decisive?) political force in Serbia.

the hoax of the recognition of independence of Montenegro played upon President Putin, although he himself had timely seen a solution for the two Serb units in a Serbian Federation. The Russian Russia is going to weep should it soon face NATO bases in Boka Kotorska, in the school of Peter the Great...(Interview: Veselin Djuretic, historian, Confederacy of Russia-Serbian Lands - the Only Salvation for the Serbs, Glas javnosti, 9 May 2008 (<http://www.glas-javnosti.rs/clanak/glas-javnosti-09-05-2008/konfederacija-rusija-srpske-zemlje-jedini-spas-za-srpstvo>))

Myths about Russia and Dynamics of the Development of Russian Foreign Policy Interests in the West Balkans

Aleksej Timofejev¹

Summary

The Paper views the development of the dynamics of Russia's foreign policy in the West Balkans and myths thereof, which are present in the ex-Yugoslav area. The author tried to extrapolate a sequence of phases in which Russian interests in the Balkans changed depending on the internal affairs in Russia and its position in the World. The interference of Russia in different periods and impressions of the continuity of that trend in the Balkans represents one of the factors for the creation of myths represented in the "Russophile" and "Russophobic" circles of the Serbian society.

Traditional Serbian impressions of Russians started to formulate before the beginning of the 19th century. The ties between Serbian monasteries and Moscow (arrival of books, icons and certain financial aid) were the only form of Russian presence in the Balkans in 15th, 16th and 17th century. In the 18th century Russia became the place of targeted emigration for one part of the Serbian population from the Austrian areas. Due to the Russo – Turkish wars in 18th and 19th century Russia begun to actively interfere in the West Balkans. All this gave a picture of Russia as „the protector of Serbs“, which led to the creation of stereotypes. Due to the intensified impression of ”Russia as the protector of Serbs”, an opposite stance was created within a segment of the population. A naive belief that Russia shall “always protect the Serbs“ and the extrapolation of the term “mother” on a foreign country often lead to the exalted and unrealistic expectations and „demands“² due to the clash of reality with a projected image, there were frustrations and “fall of ideals” which resulted in sympathies turning into phobias. The inclusion of the Serbian elite into the mainstream European culture in the form of business and educational ties with Vienna and Paris, played a certain role in the creation of negative mythological constructions connected to Russia. With certain academic knowledge and work habits local stereotypes were accepted and thereby the acceptance of certain local „geopolitical concepts“ with one part of the Serbian citizenry. In such a manner a certain division to „Russophiles“ or “Russophobes” emerged. Sympathies and phobias somewhat decreased with the disappearance of the Imperial Russia after 1917 when “right” or “left” orientation received more prominence than love towards “West” or “East”.

The situation began to change in the 1930s with the increase of extreme nationalism in Germany and strengthening of Germany as a strong state in general. The criticism of the Yugoslav centralism from the right with Croatians and Bosnians started to receive much more mass character than the same criticism from the extreme left. Finally, this trend reached its peak during the Second World War. By the creation of the Independent Croatian State (NDH) as a state which fulfils state building projects of the most part of the Croatian people and part of Bosnian people there was an entire sequence of circumstances – from “Moscow inspired” partisan uprising until the participation of Croatian legions in infantry and air operations in the Eastern front. All in all, this lead to the strengthening of negative prejudices about the USSR and also Russia. Much like during the First World War, mass propaganda and the circumstances of the war had to leave mark on the mass

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² Rovinsky P.A. Notes on Serbia: 1868 – 1869: (from travelers travel notes), Novi Sad, 1994, Russians on Serbia and Serbs. Под.ред. Шемякин А.Л., Спб., 2006

conscientiousness of individuals. On the other hand, most of Serbs and Montenegrins found themselves in difficult circumstances, due to occupations, from the loss of statehood to genocide. For this reason, again, an image of Russia as a protector has been revitalized. This revitalization went parallel with the further development of the concept of “Russia as an opponent of the Serbian welfare” with one part of the society. Due to the complicated and multi-layered civil war in Yugoslavia, different forms of imaginary impressions of Russia nuanced all the way to the emergence of special pro Russian and pro Soviet stereotypes, anti-Soviet and, at the same time, anti-Russian concepts, anti-Soviet and at the same time Russophile concepts and even anti-Russian but, at the same, time pro-Communist positions. This division of the Serbian citizenry has, with certain permutations survived until the present day.

In most of former Yugoslav countries ruling elites as well as wider social circles managed to recognize in Russia not an opponent or ally but economic partner, whose market and investing potential could be used to the mutual benefit, without any political consequences and influence of traditional myths and stereotypes, without divergence from the firm Euro Atlantic orientation. Lately, Serbia has an opportunity to follow this road. In Serbia, however, even today one could feel the burden of firm mythological constructions connected to phobias and philiis of individuals and his or her family and environs. Formulas “my dad sat me in his lap and told me about Russia” or “Grandfather advised me to be aware of the Russians” could be, even today heard in informal conversations with most Serbian citizens.

In the “sympathies” and “phobias” of peoples of the West Balkans, connected to Russia, one can extract one main line of fallacies – notion of some “permanent Russian attitude towards the Balkans”. Historically speaking, one could barely speak of some continuity of Russian politics on the Balkans or Southeast Europe. It would be more logical to extract a sequence of separate, less connected periods in Russian foreign politics when continuous following of separately solidified courses were taking place.

The first period of Russian politics in the Balkans. In the conditional boundaries of this period one could delineate since the establishment of a Russian state, after the Tatar invasion of the 15 century all the way to the middle of 18 century. In this period, the Eastern frontier of Turkish Empire lied deep in the East on the territory of modern – day Ukraine. For this reason it was natural that all Orthodox peoples under the rule of *ungodly Agaryans* were viewed as a far away and less known periphery of the Orthodox world with deep background of the neighbouring enemy and the Islamic Empire. Aid, in the form of Church – related objects, cloths and permissions for collecting money in Russia was given at that time to Serbs and Montenegrins based on confessional closeness. Language closeness could give only technical facilitation of communication but were not taken into account in the case of passing certain decisions. Aid which was at that time given to the Orthodox population of the Balkans by some Russian religious circles did not overstep boundaries of confessional solidarity and humanitarian activity and did not have any deeper Governmental foundations.

The second period of Russian foreign policy in the Balkans. The inauguration of the Ekaterina II (1762 – 1796) brought a change in Russia’s Balkan policy. Russian state interests in the Balkans were formulated. After the first Russia – Turkey war from Ekaterine’s time (1768 – 1774) a peace treaty in Kučuk-Kajnardži was signed. Here Russia for the first time asked and Porta acknowledged the exclusive right of Russia on „protection of Orthodox peoples under the reign of Porta“ which gave Russia the opportunity to interfere in the internal affairs of Porta during the course of the entire next century. Even greater changes emerged during the following Russian – Turkish war (1787 – 1792). With

the support of her advisor and civil partner Grigoriy Potemkin, Ekaterine II launched the so-called “Greek project”. Here one should mention that “Greek“ in Russian language until the end of the 18th century meant “Balkan”, and Greeks were named “Yelens”, per Greek self-identification. This is why this “Greek project“ in effect meant “Balkan project”. Therefore, it was a project of division of the European Turkey into two parts between Austria and Russia. The Eastern part of the Balkans with Constantinopolis had to be converted into some “renewed Byzantine Empire” in vassal state towards Russia with Ekaterine's grandson Constantine as its head. The draft of the proposal on division was brought to light during negotiations with Austria 1789. However, due to the death of those inclined to this idea Jozeph II (1790), the proponent of this idea Gregory Potemkin (1791) and Ekaterine herself (1796), this project was terminated and the war itself, although victorious, did not bring any changes on the political map of the Balkans. Interestingly enough, West Balkans was left outside of the Russian interest sphere even in the most spectacular form for Russian expansionist appetites depicted in the “Greek project”.

The logic of the Russian – Turkish wars led to the, following the Russian – Turkish war (1806 – 1812), land arrival of the Russian troops to the borders of the West Balkans. These events overlapped with the First Serbian uprising. Already in this first engagement one could see the “*modus vivendi*” which will follow the Russia’s behaviour in the West Balkan Peninsula, above all in Serbia from thereon. Moscow does not have ambition to include this area in the composition of the Empire. There were pleas heard by the leaders of the uprising of including Serbia into the Russian Empire, motivated by the hope that this will increase Russia’s interest for the fate of Serbs.³ However, Russia did not have ambition to incorporate war-like and poor province in the middle of the Balkan Peninsula, surrounded from all sides with more powerful and not exactly friendly empires. Russia saw in Serbs only “Orthodox Christians” and the maximum what could have been offered was the care of their status within the foreign Empire. This care was a second grade issue in the case of direct threat to the interests of Russia itself. The Bucharest Peace (1812), Akkerman Convention (1826) and Andrianopolis Peace (1829) have diligently among other Russia’s demands fixed an obligation of Turkey to preserve the right of Serbs to autonomy. Turkey had to recognize, under the threat of Russian arms, each time the right of Serbs to autonomy. This road was definitely ended in 1878 when Turkey had to recognize the independence of Serbia. However, both 1878 the end of this road as well as 1812 as the beginning of this road, the interests of the Empire had primacy, and if interests of Serbs or some other “protégées” came into conflict with these Empires’s, they had to be buried. In any case, this logic of great powers and their little allies is typical in all times.

It is very difficult to credibly determine what was in the essence of this “defence of Orthodox Christians”, and not only Serbs, but also Greeks, Bulgarians, Montenegrins and others. Was this only the cunning way of weakening Turkey (and later Austria as well)? Most probably this motivation had the dominant role in this policy. We cannot in any case claim that, even in the case of the Eastern part of the Balkan Peninsula, this was a preparation of grounds for some further expansion. Valakhiya and Bulgaria in 18 and 19 century, in different times, were in the role of territories under the temporary Russian occupation. However nobody ever in Russian or foreign archive found a document which would show Russia’s desire for permanent occupation of this territory. Russia’s occupation administration in the Balkans never built big military installations, fortresses or railroads (such as those Russia built in the Caucasus for instance) which gives us a chance to negate this second assumption. As a third possible motivation one could bring forward the fact that Russia until the breakdown of Empire in 1917 represented not only an absolute monarchy

³ We must mention that these contacts were done parallel with contacts with France and Austria, which received similar offers.

but also some form of “Orthodox Theocracy”. The role of the Orthodox Church was exceptionally high as well as a level of religious motivation not only with wider social circles but also with ruling Russian elites. Russia of Imperial times one can be compared to Saudi Arabia of modern times, a country which supports follow believers in the world not only for the purpose of economic and political but also for irrational and religious reasons.

The second period of Russian policy in the Balkans ended with a complete failure if one would view it as an attempt of expansion. However, if one views it as an attempt of creation of independent Orthodox states in the Balkans, friendly towards Russia one would have to say that these goals were fulfilled in full. The events of the First Balkan War when the former “protégées” of Russia passed a final verdict to the Ottoman domination in Europe could be seen as a triumph of this policy. Another feature of Russian policy in the Balkans at the time is almost complete absence of economic cover of the relations of Russia towards the Balkans. The trade balance of Russia – Serbia, Russia – Bulgaria, Russia – Montenegro and Russia – Greece relations and its role in the economic balance of these countries was as insignificant at the beginning of the 20th as it was at the end of the 18th century. Only striving of Russia to control Bosphorus and Dardanele straits could be connected with economic interests.

The third period of Russian foreign policy in the Balkans. After the Revolution and the Civil War 1917 – 1921 Russia disappeared from the political map of the world and the state gained an abbreviation, USSR. The new state which was formed conducted a new, totally unrelated to the previous, policy in the Balkans. As an example of this totally different policy we could mention Soviet military aid to Turkey in fight against Greece which the young Soviet state gave to Ataturk in arms and military specialists during the Greeko-Turkish war of 1919 – 1922).

This period of the third “Soviet” age, one must divide into several sub periods, because the Soviet foreign policy at that time towards the West Balkans fundamentally changed several times.

The first such sub period is connected to the work of Komintern – international organization with the headquarters in Moscow with the desire to implement some “world revolution”. Due to the political changes there was a complete breakdown of traditional comprehensions of the wider Russian state circles on the Balkans and Balkan nations. The criticism of all that the „cursed Tsarism“ was doing led to the complete negation of all steps and connections which were made between Russia and Orthodox peoples of the Balkan Peninsula. The witch hunt against academic *slavistics* and change of diplomatic cadre and governing bureaucracy in general contributed to this. Significant role in this anaesthetising awareness of peoples on existence of the Balkans played a relatively beneficial climate for Russian political emigrants and fierce Bolshevik critics which formed in Balkan countries, above all in Yugoslavia and Bulgaria in the period between the two wars. Yugoslavia led the way and did not have diplomatic relations with the USSR until 1940. Komintern’s position was not softer. “Yugoslavia – a dungeon of peoples” and “great Serbian chauvinists – oppressors of the suppressed Macedonians, Croats, Albanians, Montenegrins Hungarians, Germans and Italians”. Later, due to the Hitlers’ coming into power and strengthening Stalin’s authorities in the USSR, Komintern softened its sharp criticism. There was a correction of attitudes on Yugoslavia. Komintern did not any more bring forward thesis on artificial Versailles creation but only on the need for the federalization of Yugoslavia as a state. After the breakout of the Second World War Soviet – Yugoslav relations were created (in summer of 1940). However, this unfreezing of relations did not mean the ceasing of Soviet attempts to postpone, at any cost, Hitler’s imminent attack on the USSR. USSR’s

neutrality was not interrupted even after the lightning destruction of Yugoslavia by the Wehrmacht. Due to Germany's attack on the USSR there was an activation of the Communist Party of Yugoslavia cadre, specially prepared in schools and courses of the Komintern and the beginning of the partisan war which turned into the Civil War.

The second short, but very significant sub period of the Soviet foreign policy in the West Balkans started in the fall of 1944 with the arrival of Soviet troops which liberated Serbia from the Germans, but installed cruel partisan rule. From then on until 1948 a vassal towards Moscow regime was in power in Yugoslavia. The roots of this state lied in earlier agreements between Stalin, Roosevelt and Churchill. However, one should emphasize a relative low significance of the West Balkans region on the map of Moscow interests. Easiness, with which Stalin accepted Churchill's "fifty – fifty" in defining the future of Yugoslavia is very telling. It is less known that after the insight into the opened Soviet achieves, it became obvious how easy Stalin gave up Yugoslavia after the conflict of 1948. Although border skirmishes and provocations on the borders and propaganda activity were not insignificant, all in all, Moscow never seriously considered an option of military – police return of Yugoslavia under its control. It would be erroneous to consider this short, but very intensive period of the Soviet patronage in Yugoslavia for the internal circumstances in the country. The trails of these contacts remained visible in Serbia all the way until the end of 1990s on very different levels: from the look of the officers military documents to the textbooks of the Ancient World History. This short sub period is interesting also because of the fact that that for the first time there was an attempt of a certain economic expansion of Moscow in the West Balkans. Although in the conditions of command – administrative and Socialist economy, this expansion had relatively non – violent character. The first and the last time in the history of Russian and Soviet actions in the West Balkans area there was a strong cultural expansion which, unlike the economic attempts, left more traces in the later time.

From the deterioration of the relations in 1948, *until the fall of the USSR one could point out the third sub period of the USSR's policy towards Yugoslavia.* The relations between Moscow and Belgrade of that time were based on the bloc division in which Yugoslavia was not on the side of the USSR (for instance, during the crisis in Hungary in 1956, Czechoslovakia crisis in 1968, during Afghanistan and Poland events). It is symptomatic that in military rules and exercises the Yugoslav Peoples' Army was preparing to defend the country both from the blue arrows drawn from the West and from the red arrows pointed from the East. Only during the 1970s, with the easing of the sense of jeopardy with the Yugoslav establishment there was strengthening of Soviet – Yugoslav economic and cultural ties. However, this strengthening did not have a dominant character and in any case had a secondary character not only for the USSR but also for Yugoslavia economically and culturally connected to countries of the West Europe above all for Germany. The statistics of the Serbian export and import for 1991 is very telling. The SFRY export in 1991 was \$13.8 billion (Serbia's share was \$4.5 billion) and import \$14.8 billion (Serbia's share was \$5.2 billion). The most important consumer of the Serbian export was Germany (\$1.1 billion) and only after Germany the USSR (\$0.8 billion)⁴ Germany's share of import into Serbia was the most important (\$1.9 billion) against \$0.7 billion of the Soviet goods. In cultural contact the modern production of culture of the USSR (music and film) although present in Yugoslavia could not compare with the modern West European or American cultural expansion which completely flooded the socialist Yugoslavia.

⁴ Economic Sanctions or Military Interference // Nezavisimaya gazeta 1992 – 18 June. (Экономические санкции или военное вмешательство//Независимая газ. - 1992. - 18 июня).

The fourth period of Russian foreign policy in the Balkans. Due to the fall of the Communist ideology and the disappearance of the USSR and SFRY there was a new turn in the history of the Russian foreign policy in the Balkans. This last, contemporary period of Russian foreign policy measures in the Balkans deserves a separate research.⁵ We would only point out several most important guidelines of this policy. Russia, from 1991 until today does not have special official political goals in the Balkans. From 1991 until 2009 Russia did not once personify its allies in political elites of neither of the countries of the West Balkans. There were almost no investments of Russian tycoons' in significant local media in countries of the West Balkans. Neither in Serbia nor in Montenegro, let alone other countries of the West Balkans, no journal or TV station turned into a consistent voice of a separate "Russian view" although there are several examples of such "marked" media of other orientation in all countries of the region.

For now, the only consistent expression of separate position of Russian official policy was the example of the status of Kosovo. However, here as well as during the 1990s the basic visible goal is not some real result in the region itself, but a need to express certain „foreign policy messages“ to partners on big and far away from the Balkans political theatre. During the 1990s the message sounded as „peace at all cost“, and in this decade “peace, but it would be good if you respected us”. Today, Western Balkans is outside of the defined Russian interest sphere and only Russian economic interests, by and large connected to private enterprises without major governmental support, are present. The only exceptions are projects connected to the energy sector. Regardless of significance on the region and regardless of the strong Russian institutions backing, these projects are not directed at the achievement of some major goals in the region but are to the much larger extent directed at achieving certain economic Russian goals in the EU. It is difficult to speak of any significant cultural presence of Russia in the region. The level of Russian cultural centres is far behind to similar American, German, Spanish and French institutions. Even the mass presence of Russian tourists in Montenegro is felt weak outside the hotel – service objects intended for the arrival of guests from Russia. Russia after break-up of the USSR definitely accepted role of big and developed state with economic interests, but has no ambitions or capacity of a superpower. Multiple repetition that it has nothing against Serbia's (or other countries from the region) European integration, Russia strived to show absence of its own political ambitions in the region. The contemporary official Russia did not once criticize Atlantic integration of the region firmly and vigilantly as it criticized the striving of former Soviet republics into NATO. Alleged closeness of Russian ties with Serbia is also in the realm of myths. Relations with Montenegro, Bosnia and Croatia are not worse if not better than those established between Moscow and Belgrade. A good testimony of that are not only statements of Russian Ambassadors in these countries but also the same level of visa facilitation granted by Russia to citizens of not only Serbia but to citizens of Montenegro, Bosnia and Hercegovina and Croatia. Sometimes relations between ex – Yugoslav Republics with Russia are closer than Russia – Serbia relations. In this context we could mention the more positive climate for Russian investments in Montenegro, Croatian recognition of its citizens of Russian origin as a national minority and some other

Conclusion

Generally speaking it would be wrong to claim that there was a constant and continuous Russian policy in the Balkans. However, it would be wrong to claim that new periods in the

⁵ See for instance relatively old, but methodologically correct „Russia in the Balkans“. Scientific Papers/ Moscow Carnegie Center, 8 Edition, Moscow 1996. (Россия на Балканах. Науч. доклады / Моск. Центр Карнеги; Вып. 8, Москва, 1996).

Russian policy on the Balkans were unconnected to the previous periods. The four extracted periods in Russian foreign policy in the Balkans brought significant changes. Interference of Russian foreign policy interest in the Western part of the Balkan Peninsula from different periods lead to the creation of different “Russophile” and “Russophobe” myths. Another source of these myths are various “conspiracy theories” on alleged Russia’s involvement in state coups in Serbia of 29 May 1903, 28 June 1914 or 27 March 1941, “Tito was not a Croatian but Russian secretly infiltrated by NKVD” or that the “late S. Milošević was an ally of the official Russia”. In the latest “conspiracy theories” it is alleged that Russia’s desire to obtain a military base in Montenegro or in Serbia. These non-economic theories and explanations create a specific relations towards major Russian investments in Serbia. It is symptomatic also of the apocalyptic display in Serbian media of the cooling of relations between the US and Russia towards the end of the mandate of the previous US President as some overture into the nuclear Armageddon. These “conspiracy theories” receive different colour depending on whether the analyst, journalist or simple speaker in the bar is sharing “philiias” or “phobias” towards Russia. Neither helps the stabilization of the Western Balkans as a European region which sooner or later must find its way into the Euro Atlantic all the way. Lastly, these myths do not serve neither the interests of the EU nor Russia in the Western Balkan countries. With in these myths there is no room for rational thinking or vision of global and a well connected modern world economy.

Political – Military Relations Between the Republic of Serbia and the Russian Federation in the Process of Dismemberment of Yugoslavia

Dragan Vukšić¹

Introduction

Political – military relations, with an emphasis on military relations, have always been a significant part of Russian-Serbian relations. Sometimes the military factor and even military relations were not under the full control of the policy, especially during the course of historic changes in Europe and in the world (the fall of Communism the dismemberment of the Soviet Union, and the disbanding of the Warsaw Pact) as well as the crisis and the dismemberment of the Socialist Federative Republic of Yugoslavia (SFRY), which is the topic of this Paper.

Although the military factor did not play a significant role in the process of resolving problems of global significance (except in Romania during the ousting of the Ceaușescu dictators couple, and in Russia in the form of the naive military coup attempt), it played a decisive role during the Yugoslav crisis.

The conflicts between the Yugoslav Peoples' Army (JNA) and Serbian units in Croatia and Bosnia and Herzegovina (BiH) on one side, with newly founded armies of Slovenia and Croatia and ethnic Croatian and Muslim units in BiH on the other, had all elements of national, religious and civil war. The international community mediated politically, including through the European Community Observer Mission and UN peacekeeping forces (UNPROFOR). In BiH and in Kosovo, for the first time, NATO acted militarily.

The West has, since the beginning of the Yugoslav crisis, had a dominant political and military influence over the Yugoslav crisis, but Serbian political and military leadership turned, both for ideological and other irrational reasons, to the Soviet Union, i.e. to Russia, and automatically meeting head-on the West and NATO. The attempt to clarify this phenomenon is the main topic of this Paper. The second part deals with the contradictions of military-political relations between Russia and Serbia during the course of the Yugoslav crisis. The topic of Serbia – Russia military-political relations in connection to Kosovo as well as the future of these relations will be covered in the next Paper.

Turning of the Military Leadership towards Russia and Confrontation with the West and NATO

Relying on Russia by the military and Serbian political leadership in the process of “Defence of Yugoslavia”, and consequent confrontation with the West and NATO, represents the main content and contradiction of Russian – Serbian military-political relations in the process of deterioration of the Yugoslav crisis. Considering that the SFRY, with its military, officially had a “neutral and non-aligned position”, and kept an equal distance towards both the East and the West, it was inevitable that significant changes in relations with the former achieve negative reflection on relations with the latter.

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The fanatical course of action by a large part of the military leadership in opting for the Soviet Union, i.e. Russia at the time of erupting and deterioration of the Yugoslav crisis had deep ideological and political roots and was emphasized more than in other social structures for several reasons:

1. The historical misconception that Russia helped always when it was difficult, above all during wars. Considering the lack of precision as to in which wars did Russia help and how, bearing in mind that some “fraternal republics” would found themselves outside of the circle of this aid, and even on the opposite side thereof, it was self explanatory that this related mainly to the Second World War, struggle for liberation against Fascism and creation of new, Communist Yugoslavia. With the deterioration of the crisis and the dismemberment of the SFRY, as the theory of anti-Yugoslav was turning into the anti-Serbian conspiracy, it was more and more said that Russia was always helping Serbia and Serbian people, including of course, Montenegro. That fact received a first grade significance. It seemed logical that one should military rely on the Soviet Union i.e. Russia, since we are in the difficult position again, and Serbia and Montenegro are, with each day, more and more jeopardized and isolated.

2. The ideological connection between the two “brotherly socialist states“ and the role and influence of the Alliance of Communists of Yugoslavia (SKJ) in the society and in the JNA, made the SKJ and JNA the main building blocks and keepers of Tito’s Yugoslavia, securing their determining influence. It was widely considered that the real ideological opponents were in the West. Conflicts with Russia were merely „family quarrels“. The fact that the SKJ survived in the JNA for almost a full year after the break-up at the 13th Congress, is the best testimony of the level of ideological determination of the military leadership of the time. Instead of removing ideology and depoliticising, the Army was even the bearer of the new political party “Alliance of Communists – Movement for Yugoslavia“.²

3. The JNA was by and large, equipped with armaments and means of Russian origin. A large number of its officers was educated in the former Soviet Union and adopted their doctrine conceptions. The existing rules and instructions on the rules of engagement and command were, for a long time, nothing but a mere translation of the Russian rules, modified and adopted to the Conception of the General Peoples’ Defence (ONO) and Social Self – Protection (DSZ). The upbringing system was based on the “Russian discipline and drill”. Although the upbringing and internal relations in the JNA later received “self – governed” (*samoupravni*) and ‘all-peoples’ (*opstenarodni*) quality”, the “Russian officers” nevertheless dominated, primarily in the Air Force and Navy more than in the Land Forces.

4. The paranoid and hysterical invention and development of the conspiracy theories and the special war conducted from the West, which, tasked by “the ideology” and “the politics”, were thrown onto the public by the Security Services and the Intelligence Services, and were in detailed manner exploited by party and political structures. This created the situation in which the leadership of the JNA in the moment of dismemberment of Yugoslavia turned to Russia. The educational system and the system of upbringing in the JNA was filled with contents on conspiracies and special wars, doctrines on low-intensity conflicts, provoking and management of crisis etc. Ideas of the special war were kept in all ideological, political and military doctrine documents. In the top secret document “Special War against the SFRY”³, it was repeated, in different modifications, that the SFRY was the prime object of attacks by the means of the special war from the outside, in concert with the internal enemy.

² Dragan Vukšić, “JNA i raspad SFR Jugoslavije, Tekomgraf, Stara Pazova, 2006, str. 156.

³ General Staff of JNA, Beograd, 1981.

That doctrine had its special “proscribers”. They, with the considerable level of persistence and bias, strived to prove that the West was our ideological and political opponent and that the military aggression against the SFRY could come only from that side.⁴

5. The loss of the “Yugoslav Identity”. Considering that the outside factors were mostly to blame for the dismemberment of Yugoslavia (the US, the Vatican and Germany), as well as Slovenia and Croatia, this loss had to be compensated. The jeopardized (great) Serbianhood and Orthodoxy could find its salvation and new identity only relying on the Slavic, Orthodox and Brotherly Russia, which was valued as „patriotism“. Warnings not to go into conflict with the West and NATO amounted to treason.

6. The JNA intelligence service, as the crisis progressed, more and more turned to Russia, its military leadership, intelligence services and their branch offices. This cooperation had very damaging consequences. It reached its peak during the Kosovo crisis and the armed NATO intervention, therefore it deserves to be reviewed as a separate phenomenon of the relations with Russia. The Military Security Service took time to “adapt” to the new realities, so it lagged behind compared to the Intelligence Service.

7. The sense of closeness with the Russian people as Slavic and Orthodox, could have been an advantage for developing relations, including military relations and cooperation, if it had been based on the basis of real interests. However, the practice started from “brotherly connections”, and even “brothers in arms”, as a communist accomplishment and ideological alliance in combating the West.

All these and many other reasons were not, and should not have been a cause and justification for the policy of relying on what was overcome and defeated. This is precisely what happened during the deterioration of the Yugoslav crisis. The consequences were devastating. Instead of letting go past misconceptions, reliance on Russia became more and more visible.

At first, the military leadership led the way. This came into light already during the official visit of the Minister of Defence of the USSR, Marshal Dmitry Yazov, at the end of 1989. The host, the Federal Secretary of Peoples’ Defence, General Veljko Kadijević, assured Yazov that Communism must be saved and that the USSR has a historic role therein, and especially the Red Army, whose first task should be the removal of the “treacherous forces headed by Gorbachev”.⁵

Upon the exchange of letters after the visit, the Kadijević’s letter to Yazov emphasized the “high degree of mutual understanding and agreement in assessment of international relations

⁴ The best placed and the most fruitfull were retired Colonels Dušan Vilić and Boško Todorović. Their "capital works" were "Disolving Yugoslavia 1990-1992“, *DIK Književne novine*, Belgrade, 1995. and "Crisis, causing and managing crisis", *GrafoMark*, Belgrade, 1997. For them, everything was a special war. When the West grants pleas of the Yugoslav leadership and approves loans or stipends education and advancement of students and scientists than that is not aid, but a special war, for the purpose of destabilizing Yugoslavia. If the West writes off the loan payment in default, it has its own special interests. When Secretary of Defence Caspar Weinberger comes on an official visit to the SFRY in 1982 and announces that Yugoslavia was approved \$6 billion in aid and Ambassador to the SFRY Lorence Egelberger says that the SFRY debt of \$18 billion is the least of problems, meaning that far greater problems are political relations and internal conflicts, than the abovementioned authors interpret that „the final blow to SFRY was not on the agenda yet“ (see the second abovementioned document, page 192). Behind them **were**, powerful mentors such as Lieutenant General Aleksandar Vasiljević, the Chief of the Military Security Service, and omnipresent Lieutenant General prof. dr. Radovan Radinović. These authors were especially „fruitfull“ during and after the Kosovo disaster.

⁵ The Author was Advisor on Foreign Policy Relations in the General Kadijevic’s Cabinet from 1988 until 1992.

of interest and influence to the security of the two countries". However, the draft was returned, with a reprimand that the content did not well reflect the essence of what was understood and agreed and that the "Federal"⁶ wrote what he wanted to be said. Kadijević more than just suggested to his colleague that the Army should save Communism and the Soviet Union.

However, before Yazov attempted a military coup in Russia, Kadijević asked him for support for performing a military coup in Yugoslavia. After the interruption of the dramatic joint session of the Presidium of the SFRY and the Supreme Command Headquarters, on 12 March 1991, General Kadijević and the Chief of his Cabinet, Colonel Vuk Obradović secretly left for Moscow.⁷ It was not difficult to conclude that Kadijević went to ask Yazov's support for (some sort) of a state coup. Borislav Jović confirms that Kadijević asked him for an agreement for going to Moscow, which means that the military and Serbian leadership had an understanding.⁸

Discussions with Yazov were disappointing. After Kadijević's statement on the catastrophic situation in SFRY and danger of the break up of the country and the JNA, Yazov coldly, out rightly said that their situation was even more difficult. Yazov did not directly answer the question of what could the USSR leadership do to bring to the attention of the USA that it should stay away from the internal matters of the SFRY, because one should not ask such questions in the first place. On the role and behaviour of Germany, Hungary and Bulgaria, Yazov answered in such a manner that Kadijević could have seen how much he missed the point there as well. Yazov said that in their country already "six republics do not recognize the central power", but also that the "main source of destabilization of the USSR was a destroyed economy, and that only a blind man could not see that there was no more Warsaw Treaty and the socialist community".

As far as the JNA actions are concerned, i.e. the state coup, he said: „act courageously and fear no one“, but no word of support or aid by the USSR. However, the most grotesque was his comment: "If you decide to crush Croatia on your own, do it like the Chinese did it". If he meant the tragic events at Tiananmen Square, than it was ultimately inappropriate comparison and advice.⁹

Upon his return, Kadijević did not speak much about his mission. General Kondrad Kolšek, then Commander of the Fifth Military District wrote down: "Kadijević repeated several times that the Russians are in the mud up to their knees and that they are in no shape to help themselves, let alone us".¹⁰ It would have been good if that was kept in mind for the upcoming nine years. The illusion called Russia, however, deepened, all the way to Kosovo events.¹¹

⁶ „The Federal“ was a nickname for the Federal Secretary for Peoples' Defence in everyday communication and it was inherited since the time of Branko Mamula, who was the Federal Secretary for Peoples Defence 1982 - 1988.

⁷ It was naive to even think that this trip and the mission could remain a secret. From still "Yugoslav" and ethnically mixed Air Force the word got out to the retired general Anton Tus, until recently commander of the Air Force and Air Defence, who in the meantime placed himself at the disposal of Franjo Tuđman. General Kadijević said that Colonel Obradović was to blame for this leak, because he was acting incompetently.

⁸ B. Jović. "The Last Days of SFRY", page. 295.

⁹ Colonel Vuk Obradović published the Content of the conversation based on the personal note in daily „Danas“ in sequels from 11 until 14. June 1997;

¹⁰ K. Kolšek, „First Shots in SFRY“, page 108;

¹¹ It is well known that General Veljko Kadijević, with the help of his Russian friends, several years ago found refuge in Russia, in order to avoid possible responsibility due to the accusation in Croatia. He got asylum and then citizenship of the Russian Federation. He wrote the new version of „His vision of the Dismemberment of Yugoslavia“

The result of the “first part of Kadijević and Yazov agreement”, i.e. the attempt of the state coup in the USSR, happened on 19 August 1991, when the news exploded – the USSR suffered a state coup. The reports were scarce and contradictory, taking everyone by surprise. The only ones who were not surprised was the JNA Headquarters Intelligence department, which was usually surprised by events much less significant than that.¹²

The report of the JNA Intelligence department stated that “the military coup is developing well and will succeed any time now”. Colonel Vuk Obradović ordered the entire Cabinet of Federal Secretary of National Defence (SSNO) to gather and enthusiastically stated that the a state coup was performed in Russia and that there are no doubts as to its success and that now “Kučan, Tuđman and many others are scared to death, [*curses*]”. It was a completely uncalled-for reaction caused by ideological blindness.

Grabbing the Russian rope would not have had such disastrous consequences had it not meant also the confrontation with the West and NATO. Many considered that NATO, taking into account that with the dissolution of the Warsaw Agreement was left it without opponents, should have disbanded itself. That logic had irrational ideological and political background and more and more became basis for the anti-policy and anti-strategy of the regime: deception of people and defiance towards the West and NATO at the expense of state and national interests.

Rejection and defiance of the West and NATO was the only thing over which everyone agreed: The Red-Black coalition, led by Milošević and his “lifetime companion”, Šešelj, Bulatović’s socialists in Montenegro and military leadership. Particularly the Church and political and military leadership of Serbs in Croatia and BiH, soon outdid Milošević himself and his regime. Such politics lead to the open conflict with NATO: first bombing of the Army of the Republic of Srpska in 1994 and 1995 and then, since no lessons were drawn from that, also the Federal Republic of Yugoslavia in 1999, due to the Kosovo conflict.

Contradictions of military-political relations of Russia and Serbia in Solving of the Yugoslav Crisis

Yugoslavia dismembered through bloody civil, national and religious wars, with the military factor being a decisive driving force. Slovenia confirmed its independence through war. Croatia solved, through military force, the problem on its territory. NATO compelled conflicting parties in Bosnia and Herzegovina to negotiate in Dayton. The Dayton Peace Agreement was applied through the engagement of IFOR military forces, accompanied with the direct threat of force. NATO had, after 78 days of bombing of the FRY forced Milošević to withdraw and Kosovo was taken by the KFOR military forces.

The Soviet Union fell apart and the Russian Federation was being created in parallel with the deterioration of the Yugoslav crisis. Russia has been present politically, since the beginning of the crisis but was an insufficiently influential factor, both for objective but also for subjective reasons. It aimed to “catch up with reality”, behind which it constantly lagged.

¹² The Chief of Intelligence Department was Major General Vuleta Vuletić, former Chief of Kadijević's cabinet, an officer who was in the USSR for five full years studying military sciences, a Russophile to the bone without sense of propriety. Interestingly, it is worthwhile emphasizing that the Desk Officer in the Intelligence Department was then a young officer who was later the assistant to the military attaché in Moscow, later the Chief for the Intelligence Service, which is just one of the examples how Russian cadres advanced in the Intelligence Service of the JNA and Army of Yugoslavia.

It did not have any official policy, and neither time nor possibilities and desire to deal with the Yugoslav crisis. The Serbian political leadership did not understand nor accept Gorbachev's policy and military leadership, and General Kadijević, more than anyone, was attacking him in front of his own Minister of Defence.

This ground was "fruitful" for the solo action of military circles, especially intelligence-security structures and leading informal centres of power, to permanently support the Serbian side (Serbian leadership, JNA and Serbian para-military units in Croatia and Bosnia and Herzegovina) and push it into conflicts and forceful solutions.

Although, seemingly rhetorically on the Serbian side, Russia voted for each and every Security Council Resolutions, starting with Resolution 713 and prohibition of arms delivery to the Yugoslav territory, through Resolutions which recognized independence of Slovenia, Croatia and Bosnia and Herzegovina. Considering that it established full diplomatic relations with the former republics - newly independent states, the contradiction of the Russian politics towards the Serbian side deepened. Russian representatives (military and civil diplomats and representatives in international missions and forces) pointed out that the confusion in the Ministry of Foreign Affairs is deepening, as a result of differences in reporting and diplomats' assessments of and other representatives from certain former Yugoslav republics.¹³

In UNPROFOR Russia had a contingent of the size of an airborne battalion, deployed in Slavonia, with headquarters in Klisa and strived to send its representatives in other missions as well. Russian officers and soldiers were openly on the Serbian side in JNA – Army of Yugoslavia (VJ) relations, especially Serbian forces, which was neither in the interest of Russia nor Serbia. UNPROFOR command and Croatian side and other international political and military actors knew about that. Some openly and in a well-intended manner warned us of that.

In the framework of the realization of the Dayton – Paris Peace Agreement, Russia deployed its military contingent in the IFOR forces, but could not get its separate sector. Its forces were deployed in an American contingent (in the region of Tuzla). The US and NATO did not allow the Russian contingent to be autonomous, because they wanted to show to Russia "who is the boss", taking into account the advanced knowledge that the Russians were on the Serbian side.¹⁴ Thus, Russia had to accept the supremacy of the American military.

Certain Russian representatives in international missions and forces and diplomatic representatives in Belgrade and other European countries, starting from 1991 until the Kosovo war, voiced different views from those which could be called official Russia's policy and were ready to warn of to the real state of affairs, above all to the (in)ability and Russia's lack of readiness to help. They were more open and honest as they were farther away from Moscow and the more trust they had in their interlocutors.¹⁵

¹³ The Author was at the time responsible for the relationship between JNA and international missions and forces. Several Russian representatives, especially military, were pointing out the difference in reports sent to Moscow by the Russian Ambassador in Zagreb, Kerestedžijanc and the Embassy in Belgrade.

¹⁴ Due to the breaking of the no – fly zone of the Yugoslav Air Force in BiH, UNPROFOR once formed an international expert group. Russians designated Lieutenant Colonel Dikin Assistant, Military Attache in Belgrade, an officer of the Anti Air Defence. Given that other members of the group were either not experts or uninterested, Dikin's arguments prevailed, so the conclusion was that there was no breaking of the no-fly prohibition in BiH airspace, although everybody knew the truth.

¹⁵ As an example **should be mentioned** Colonel Petruniev, of the UNPROFOR command in Zagreb 1992-94 and Military Attache of Russia in Bonn Lieutenant General Koshin, before the NATO bombing in 1999.

Particularly damaging was the fact that Russia, apart from ties with Milošević regime, had simultaneous more subtle ties with Serbian leadership in Croatia and Bosnia and Hercegovina. While the Ministry of Foreign Affairs of the Russian Federation, especially Minister Kozirjev and his deputy Churkin, tried to influence all three “wise Serbian leaderships”, Russian Ministry of Defence, Military Intelligence and Security Services and their outposts in Moscow and in Belgrade, on Pale and even in Knin were running their own politics, which nobody could foresee, let alone control.¹⁶ To whom Radovan Karadžić and Ratko Mladić and their trustees spoke and what they agreed on was impossible to establish.¹⁷ This was fruitful ground for criminals and war profiteers, who had only personal and group interests in mind. Physical showdowns and liquidations were not inconceivable.¹⁸

Notwithstanding the stark prohibition delivery of arms and military equipment to the area of former Yugoslavia, the public saw constant speculations that Russia will deliver arms and ammunition to the Serbian side. The ruling regime persistently supported and spread those rumours. This became critical after the Dayton Peace Agreement, when sanctions were partly abolished, although the so-called “outside wall” and prohibition of import and export of arms remained.

As the crisis in Kosovo deteriorated and the danger of armed NATO intervention grew, a lie that the Russians will deliver modern Anti Aircraft System S-300 was purposefully disseminated. It was as realistic as if the water would start flowing uphill. The deception on the delivery of S-300 is still a secret. This is confirmed every day. To the Author’s amaze, some of the participants of the Roundtable on Russia – Serbia relations on 21 January 2009 in Belgrade,¹⁹ showed not only a considerable lack of information on the possibilities of Russian arms delivery, but persistence in negating facts. The retired Lieutenant General Blagoje Grahovac, then Assistant to the Chief of General Staff for Air Force and Air Defence was the first who came out with the truth of his mission to acquire S-300 system.²⁰

¹⁶ An example of the coordinated action of the Ministry of Foreign Affairs and Defence is the arrival of the Ministers of Defence, Army General Pavel Grachov and Deputy Minister of Foreign Affairs Vitaly Churkin at the end of July 1994, and talks with Serbian civil and military leadership in Belgrade, Pale and in Knin.

¹⁷ Mladić’s Aid for Intelligence – Security Affairs and a man of special trust was Major General Zdravko Tolimir, especially enjoyed to, much like Milošević, say how he has other information from friendly and trustworthy sources.

¹⁸ The victim of these showdowns was a Russian Military Attaché of Russia in Belgrade, Major General Viktor Dimitrijevič Shipilov. His leg was broken, and he became mentally ill and, he refused to return to Moscow, due to fears of liquidation. Since he was forcibly taken he was put in a mental institution in Moscow where he took his own life by jumping through the window.

¹⁹ Organized by International Security and Affairs Center – ISAC www.isac-fund.org

²⁰ General Grahovac suddenly on 12 October 1998 got orders to depart tomorrow with two associates (General B. Đokić, the Chief of Air – Technical Department and General M. Karanović, the Chief of Air Defence Department) for Minsk, capital of Belarus. They were told that the purpose of the trip was the acquiring of the Air Defence system S-300 in Batajnica airport by Zoran Lilić, who was the Head of the Delegation. They were put in a Military Hotel “Zaslav” in Minsk. No one from the officials talked to them and Ambassador Nikola Pejaković seemed lost. After some insisting, the Chief of General Staff of the Belarus Army, with associates received them only on 14 October in the evening. The Belorussians had no clue what is the trip about. When Grahovac mentioned why they came, they were confusedly looking at each other. Finally the Chief of General Staff said that yesterday the son of the President Lukashenko departed for Belgrade on that matter heading a large delegation. Answering the question what was the function of the Lukashenko Junior the Chief of Staff ironically answered „Son of the President“. Grahovac asked that the Belorussians show them the system, which they did on the following day and the representatives of the Army of Yugoslavia saw the weapon for the first time. It was established that the delivery of one brigade (five divisions acting on their own): loading, transport, installing weapons on positions and training the crew) would take two months and 102 flights of Il-76 transport planes. The price was not even an issue. Everyone knew very well that there is a prohibition on delivery of all arms and military equipments, as well as that even if there was a readiness for delivery, they would not receive a consent on over flight of countries separating us from Russia and Belarus. Upon return to Belgrade, Grahovac submitted a report, whose conclusion was that “it was a brutal scam”. As it was later shown, the

Milošević himself assessed in his own style the total Russian military aid. He said “I look at Karanović (General M. Kananović) with his multiple trips to Russia with promises of great deliveries, of which we’ve seen nothing, in words ‘zero’, apart from a few cigarettes and matches brought by Primakov on his two flights at the beginning and a few boxes transferred through the Republika Srpska and all that was enough to put a grain of salt in the soup. Therefore nothing.”²¹ Of course, Milošević told this to his trustworthy associates, but did not even think of saying it publicly.

Based on above stated, one could draw a conclusion that Serbia and Serbian people, as a whole, would have been better off if Russia had not militarily-political supported and defended Serbia the way they did during the course of the dismemberment of Yugoslavia. Without Russian help, the Yugoslav crisis would have lasted shorter, Serbia and Serbian people would not have lost more because they lost all what could have been lost anyhow. There is no doubt that there would have been fewer victims and destruction in total, especially on the Serbian side.

sense of stay of “President’s son” was developing brotherly relations with large amounts of food and drinking in air force units and there was no mentioning of the delivery of S-300.

²¹ Military Secret, Book I, „Helsinki Committee in Serbia, Belgrade, 2004, page 125.



* CENTAR ZA MEĐUNARODNE I BEZBEDNOSNE POSLOVE
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