Old American Punishment, New Russian Strength: The Unintended Consequences

On December 18 President Vladimir Putin gave his traditional end-of-year holiday speech. Think of it as a Russian version of the American State-of-the-Union address always given by our President. In it Putin expressed dismay and concern at the manner in which Russia’s “Western partners” were behaving, even going so far as to declare Western intentions as being purposely aimed at controlling Russian national resources and leaving Russia a de facto vassal state. He vividly used the analogy of a chained bear, with Western powers looking to declaw and defang Russian power so as to make it compliant and impotent. There was even a dramatic use of old-school symbology in this expansive three-hour speech. The traditional reaction of American power to such openly bravado displays of defiance and strength is usually one of disdain and dismissal. In most cases it is fairly harmless to disregard such acts of macho. But in this case I believe there are certain signals within the speech that indicate America would do well to pay closer attention and not simply think these are the desperate actions of a man pushed to his wits’ end by sanctions that are having the desired effect on Russia.

America needs to disabuse itself of the notion that the sanctions are causing a precipitous decline in the popularity of Putin. It is not uncommon today to find numerous media accounts in the West testifying to this very issue, with many supposedly Western experts on Russian politics declaring predictions about when, not if, Putin will finally be ousted by a dissatisfied populace. Most survey polling data in Russia today, and no not all of these polling facilities are simple sycophants of the Russian government, have President Putin hovering as high as 80% approval during these difficult times, marked most powerfully by the decline of the Russian ruble. In America, where economic problems immediately and automatically translate into dismal popularity ratings for its politicians, it is easy to see where such assumptions come from. Inexplicably, we in the West seem to ignore the fact that it is relatively easy to characterize and position the decline of the ruble as a direct consequence of Western interference in the Russian economy, i.e. a result of Western sanctions against Russia. Putin for his part took a relatively stable and steady approach to the ruble crisis, saying he did not approve the Central Bank overreacting and burning through Russia’s hard-earned cash reserves and that slow progressive countermeasures would be enacted that would see the return of a healthy ruble over the course of the next two years.

Perhaps most intriguing of all was the fact that Putin actually claimed that sanctions had only a 25 to 30% causal value in the fall of the ruble. Much more important was Russia’s continued dependence on oil and natural gas, thereby making it especially vulnerable to fluctuations in the world market. Again, most in America will laugh this off. Surely this is just posturing by a desperate President. However, more astute and objective thinkers will agree that this reasoning is not only politically wise but quite possibly economically accurate. The sanctions pushed by the West throughout 2014 have been unfortunately combined with a precipitous lowering in world oil and gas prices. What this has done is potentially pushed Russia to come to a very harsh but valuable conclusion. In the past, Russia has always been rather cavalier about being a natural resources-dependent country. Given its vast reserves and untapped potential it is not entirely illogical to see where such hubris came from. But the year 2014, looking deeper within Putin’s speech, may end up being a watershed turning point year for the Russian Federation. Putin emphasized that it is necessary and indeed essential that Russia strengthen its domestic economy and domestic sources of economic production so as to not be as vulnerable and dependent upon a world market that is too often connected to the priorities and interests of the United States. If Russia truly does make inroads to enact measures that might achieve this goal long-term, then the entire nature of the Russian-American global relationship could
change fundamentally.

So here we sit, once again looking at a Cold War-like detente between Russia and America with the latter side utterly confident that its maneuvers and actions will have the desired deterrent effect on the former, bringing it to heel and making it more compliant with Western interests. But what we might be seeing instead is the impetus for creating a new Russian strategy for an economic future that will engender greater political power and more global independence. America right now sits in a position of strength, convinced it has Russia on the ropes and backed into a corner. Anyone who has even the slightest familiarity with Russian history knows that it has been just such occurrences in the past where the Russian state has usually acted in a completely unanticipated and antithetical way. Acting against the expectations of foreigners is almost a rite of passage for Russia. I do not believe the current situation in Russia is going to result in the ouster of President Putin, in the collapse of the Russian economy, or even in something as symbolically simple as Russia capitulating to Western demands on Ukraine. I find it much more likely that the events of 2014 will make the more nuanced thinkers and more profound strategic analysts in Russia devise an alternative path towards a future that will make it less vulnerable and less dependent on what it considers to be the whims of Western strategy. The recent massive economic cooperation agreement signed with China easily fits into this perspective.

So it might end up painfully surprising for the United States if its actions, done very much in the style of the Cold War, create motivations in Russia that really were not there beforehand. The greatest irony in all of this might be seeing old American punishment creating new Russian strength. Most disturbing of all, while this irony could create a more level global playing field between Russia and America, I fear this equality would not create a stronger cooperative partnership between the two countries.

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