

Connecticut Debate Association

March 22, 2014

State Finals, Wilton High School

You are debating as members of the Russian government/establishment/people.

Resolved: We should actively seek to reincorporate those former Soviet territories with a substantial Russian population.

Putin Reclaims Crimea for Russia and Bitterly Denounces the West

The New York Times, By STEVEN LEE MYERS and ELLEN BARRY, MARCH 18, 2014

MOSCOW — President Vladimir V. Putin reclaimed Crimea as a part of Russia on Tuesday, reversing what he described as a historic injustice inflicted by the Soviet Union 60 years ago and brushing aside international condemnation that could leave Russia isolated for years to come.

In an emotional address steeped in years of resentment and bitterness at perceived slights from the West, Mr. Putin made it clear that Russia's patience for post-Cold War accommodation, much diminished of late, had finally been exhausted. Speaking to the country's political elite in the Grand Kremlin Palace, he said he did not seek to divide Ukraine any further, but he vowed to protect Russia's interests there from what he described as Western actions that had left Russia feeling cornered.

"Crimea has always been an integral part of Russia in the hearts and minds of people," Mr. Putin declared in his address, delivered in the chandeliered St. George's Hall before hundreds of members of Parliament, governors and others. His remarks, which lasted 47 minutes, were interrupted repeatedly by thunderous applause, standing ovations and at the end chants of "Russia, Russia." Some in the audience wiped tears from their eyes.

A theme coursing throughout his remarks was the restoration of Russia after a period of humiliation following the Soviet collapse, which he has famously called "the greatest geopolitical catastrophe of the 20th century."

He denounced what he called the global domination of one superpower and its allies that emerged. "They cheated us again and again, made decisions behind our back, presenting us with completed facts," he said. "That's the way it was with the expansion of NATO in the East, with the deployment of military infrastructure at our borders. They always told us the same thing: 'Well, this doesn't involve you.'"

The speed of Mr. Putin's annexation of Crimea, redrawing an international border that has been recognized as part of an independent Ukraine for 23 years, has been breathtaking and so far apparently unstoppable.

While his actions, which the United States, Europe and Ukraine do not recognize, provoked renewed denunciations and threats of tougher sanctions and diplomatic isolation, it remained unclear how far the West was willing to go to punish Mr. Putin. The leaders of what had been the Group of 8 nations announced they would meet next week as the Group of 7, excluding Russia from a club Russia once desperately craved to join.

Certainly the sanctions imposed on Russia ahead of Tuesday's steps did nothing to dissuade Mr. Putin, as he rushed to make a claim to Crimea that he argued conformed to international law and precedent. In his remarks he made clear that Russia was prepared to withstand worse punishment in the name of restoring a lost part of the country's historic empire, effectively daring world leaders to sever political or economic ties and risk the consequences to their own economies.

Mr. Putin, the country's paramount leader for more than 14 years, appeared to be gambling that the outrage would eventually pass, as it did after Russia's war with Georgia in 2008, because a newly assertive Russia would be simply too important to ignore on the world stage. As with any gamble, though, the annexation of Crimea carries potentially grave risks.

Only hours after Mr. Putin declared that "not a single shot" had been fired in the military intervention in Crimea, a group of soldiers opened fire as they stormed a Ukrainian military mapping office near Simferopol, killing a Ukrainian soldier and wounding another, according to a Ukrainian officer inside the base and a statement by Ukraine's Defense Ministry.

The base appeared to be under the control of the attacking soldiers, who like most of the Russians in Crimea wore no insignia, and the ministry said that Ukrainian forces in Crimea were now authorized to use force to defend themselves.

The episode underscored the fact that the fate of hundreds of Ukrainian soldiers, as well military bases and ships,

remains dangerously unresolved.

In the capital, Kiev, Ukraine's new prime minister, Arseniy P. Yatsenyuk, declared that the conflict had moved from "a political to a military phase" and laid the blame squarely on Russia.

Mr. Putin's determined response to the ouster of Ukraine's president, Viktor F. Yanukovich, last month has left American and European leaders scrambling to find an adequate response after initially clinging to the hope that Mr. Putin was prepared to find a political solution — or "off ramp" — to an escalating crisis that began with the collapse of Mr. Yanukovich's government on the night of Feb. 21.

Within a week, Russian special operations troops had seized control of strategic locations across Crimea, while the regional authorities moved to declare independence and schedule a referendum on joining Russia that was held on Sunday.

Even as others criticized the vote as a fraud, Mr. Putin moved quickly on Monday to recognize its result, which he called "more than convincing" with nearly 97 percent of voters in favor of seceding from Ukraine. By Tuesday he signed a treaty of accession with the region's new leaders to make Crimea and the city of Sevastopol the 84th and 85th regions of the Russian Federation.

The treaty requires legislative approval, but that is a mere formality given Mr. Putin's unchallenged political authority and the wild popularity of his actions, which have raised his approval ratings and unleashed a nationalistic fervor that has drowned out the few voices of opposition or even caution about the potential costs to Russia.

Putin Justifies Moves in Crimea

In his speech in Moscow, President Vladimir V. Putin defended Russia's actions in Crimea by pointing out past Western "interventions," including Libya and Afghanistan, at length.

Mr. Putin appeared Tuesday evening at a rally and concert on Red Square to celebrate an event charged with emotional and historical significance for many Russians. Among the music played was a sentimental Soviet song called "Sevastopol Waltz."

"After a long, hard and exhaustive journey at sea, Crimea and Sevastopol are returning to their home harbor, to the native shores, to the home port, to Russia!" Mr. Putin told the crowd. When he finished speaking, he joined a military chorus in singing the national anthem.

He recited a list of grievances — from the Soviet Union's transfer of Crimea to the Ukrainian republic in 1954, to NATO's expansion to Russia's borders, to its war in Kosovo in 1999, when he was a little-known aide to President Boris N. Yeltsin, to the conflict in Libya that toppled Col. Muammar el-Qaddafi in 2011 on what he called the false pretense of a humanitarian intervention.

Since Russia's stealthy takeover of Crimea began, Mr. Putin has said very little in public about his ultimate goals. His only extensive remarks came in a news conference with a pool of Kremlin journalists in which he appeared uncomfortable, uncertain and angry at times. In the grandeur of the Kremlin's walls on Tuesday, Mr. Putin sounded utterly confident and defiant.

Reaching deep into Russian and Soviet history, he cast himself as the guardian of the Russian people, even those beyond its post-Soviet borders, restoring a part of an empire that the collapse of the Soviet Union had left abandoned to the cruel fates of what he described as a procession of hapless democratic leaders in Ukraine.

"Millions of Russians went to bed in one country and woke up abroad," he said. "Overnight, they were minorities in the former Soviet republics, and the Russian people became one of the biggest — if not the biggest — divided nations in the world."

He cited the 10th-century baptism of Prince Vladimir, whose conversion to Orthodox Christianity transformed the kingdom then known as Rus into the foundation of the empire that became Russia. He called Kiev "the mother of Russian cities," making clear that he considered Ukraine, along with Belarus, to be countries where Russia's own interests would remain at stake regardless of the fallout from Crimea's annexation.

He listed the cities and battlefields of Crimea — from the 19th-century war with Britain, France and the Turks to the Nazi sieges of World War II — as places "dear to our hearts, symbolizing Russian military glory and outstanding valor."

He said that the United States and Europe had crossed "a red line" on Ukraine by throwing support to the new government that quickly emerged after Mr. Yanukovich fled the capital following months of protests and two violent days of clashes that left scores dead.

Mr. Putin, as he has before, denounced the uprising as a coup carried out by "Russophobes and neo-Nazis" and abetted by foreigners, saying it justified Russia's efforts to protect Crimea's population.

“If you press a spring too hard,” he said, “it will recoil.”

He justified the annexation using the same arguments that the United States and Europe cited to justify the independence of Kosovo from Serbia and even quoted from the American submission to the United Nations International Court when it reviewed the matter in 2009.

Mr. Putin did not declare a new Cold War, but he bluntly challenged the post-Soviet order that had more or less held for nearly a quarter-century, and made it clear that Russia was prepared to defend itself from any further encroachment or interference in areas it considers part of its core security, including Russia itself.

He linked the uprisings in Ukraine and the Arab world and ominously warned that there were efforts to agitate inside Russia. He suggested that dissenters at home would be considered traitors, a theme that has reverberated through society with propagandistic documentaries on state television and moves to mute or close opposition news organizations and websites.

“Some Western politicians already threaten us not only with sanctions, but also with the potential for domestic problems,” he said. “I would like to know what they are implying — the actions of a certain fifth column, of various national traitors? Or should we expect that they will worsen the social and economic situation, and therefore provoke people’s discontent?”

How to Punish Putin

The New York Times, By ALEXEY A. NAVALNY, MARCH 19, 2014

MOSCOW — AS I write this, I am under house arrest. I was detained at a rally in support of anti-Putin protesters who were jailed last month.

In September, I ran for mayor of Moscow as a pro-reform, pro-democracy opposition candidate and received almost a third of the vote despite having no access to state media. Today, my blog, which was until recently visited by over two million readers per month, has been blocked as “extremist” after I called for friendly ties with Ukraine and compliance with international law.

For years, I have been telling journalists that President Vladimir V. Putin’s approval rating would soon peak and then tumble. Russia’s economy is stagnant, I said, and the Russian people would soon weary of the president’s empty promises. Even a rally-round-the-flag military adventure — a “little war,” as it’s known in Russia — would be impossible, I believed. Russia no longer had enemies.

Then, on Feb. 28, Russia sent troops to Ukraine in precisely such a “little war.” I admit that I underestimated Mr. Putin’s talent for finding enemies, as well as his dedication to ruling as “president for life,” with powers on par with the czars’.

As a citizen and patriot, I cannot support actions against Russia that would worsen conditions for our people. Still, I recommend two options that, if successfully implemented, I believe would be welcomed by most Russians.

First, although Mr. Putin’s invasion has already prompted the European Union to impose sanctions on 21 officials, and the United States on seven, most of these government figures cannot be considered influential. They do not have major assets outside Russia and are irrelevant to Mr. Putin; sanctioning them will not change Russia’s policy. After all the tough talk from Western politicians, this action is mocked in Russia and even seen as a tacit encouragement to Mr. Putin and his entourage, who seem to possess some magical immunity.

Instead, Western nations could deliver a serious blow to the luxurious lifestyles enjoyed by the Kremlin’s cronies who shuttle between Russia and the West. This means freezing the oligarchs’ financial assets and seizing their property.

Such sanctions should primarily target Mr. Putin’s inner circle, the Kremlin mafia who pillage the nation’s wealth, including Gennady N. Timchenko, head of the Volga Group; Arkady and Boris Rotenberg, influential businessmen and former judo sparring partners of Mr. Putin; Yuri V. Kovalchuk, a financier believed to be Mr. Putin’s banker; Vladimir I. Yakunin, president of Russian Railways; the oligarchs Roman A. Abramovich and Alisher B. Usmanov; and Igor I. Sechin and Aleksei B. Miller, the heads of Rosneft and Gazprom, respectively.

The sanctions must also hit the oligarchs whose media outlets parrot the regime lines, and target Mr. Putin’s entire “war cabinet”: the TV spin doctors, compliant Duma members and apparatchiks of Mr. Putin’s United Russia Party.

The invasion of Ukraine has polarized members of Russia’s elite, many of whom view it as reckless. Real sanctions, such as blocking access to their plush London apartments, will show that Mr. Putin’s folly comes with serious costs.

Second, Western authorities must investigate ill-gotten gains from Russia within their jurisdictions. The Anti-Corruption Foundation, which I established in 2011, has revealed dozens of major cases of graft. In 90 percent of those cases, Russian money was laundered in the West. Sadly, American, European Union and British law enforcement agencies have stymied our efforts to investigate such criminal plunder.

“Crimea has always been an integral part of Russia in the hearts and minds of people,” Mr. Putin claimed this week. But even among the most nationalist and pro-Soviet of our people, a longing to restore Crimea to Russian rule faded years ago.

Yet Mr. Putin has cynically raised nationalist fervor to a fever pitch; imperialist annexation is a strategic choice to bolster his regime’s survival. Mobilizing the masses by distracting them from real problems like corruption and economic stagnation can take place only beneath the banner of fighting external enemies.

What is truly alarming in Mr. Putin’s rash behavior is that he is motivated by the desire for revenge against the Ukrainian people for revolting against a Kremlin-friendly government. A rational actor would know that the precedent of holding a local referendum to determine sovereignty is risky for Russia — a federation of more than 80 disparate regions, including more than 160 ethnic groups and at least 100 languages.

It is true that the consensus in both Russia and Crimea is that the peninsula has historically been closer to Moscow than to Kiev. But the notion that this reunification should be achieved at the end of the barrel of a gun is supported only by Mr. Putin’s hard-core base. The opposition has spoken clearly. The antiwar protest held in Moscow over the weekend was the largest in two years, and it exceeded any counterdemonstration mustered by pro-Kremlin movements.

There is a common delusion among the international community that although Mr. Putin is corrupt, his leadership is necessary because his regime subdues the dark, nationalist forces that otherwise would seize power in Russia. The West should admit that it, too, has underestimated Mr. Putin’s malign intent. It is time to end the dangerous delusion that enables him.

Alexey A. Navalny is a Russian lawyer, anti-corruption activist and opposition politician.

The Temptation of Vladimir Putin

The Wall Street Journal, By Douglas J. Feith , March 4, 2014 7:07 p.m. ET

If Russia's Ukraine incursion goes unpunished, Moscow may turn to 'rescuing' ethnic Russians in NATO countries.

If Russia's Ukraine gambit works, an emboldened Vladimir Putin may be tempted to take on the NATO alliance directly. How? By claiming danger to ethnic Russians in one of the Baltic states and intervening to protect them. President Obama's challenge is to head off the possibility of such a challenge, one that could lead to war in Europe.

The stakes in Ukraine, President Putin's motives and the region's anxieties are rooted in history that Americans tend not to know. For those who lived in the Soviet empire, however, it is history that hasn't been forgotten. It shadows today's events and wracks the nerves of those who knew Soviet domination.

In 1917, during World War I, revolutionaries overthrew Czar Nicholas II, and the Bolsheviks soon took control of the revolution. A civil war then raged for several years between the revolutionary Reds and the monarchist Whites. Ukraine took advantage of the upheaval to declare independence. Azerbaijan, Armenia and other parts of the Russian empire, singly and in groups, did likewise.

The Bolsheviks wanted to change Russia's government and rename the country, but they didn't want Russia to lose its empire. When they defeated the Whites and consolidated power, the Bolsheviks forced the split-away states to reincorporate into the empire, newly dubbed the Union of Soviet Socialist Republics. Westerners in general may be unaware of the short-lived independence of those Russian imperial lands in that time of civil war, but the people in those lands know the story well.

That's why the break-up of the Soviet Union occurred as it did. When Boris Yeltsin, the head of the U.S.S.R.'s Russian republic, declared Russia's independence in 1991, he did so in an agreement with the heads of the U.S.S.R.'s Ukrainian and Belorussian republics. Signed on Dec. 8 of that year, the Minsk accord specified that the U.S.S.R. "as a subject of international law and geopolitical reality no longer exists." It was important for Ukraine and Belarus that Russia formally renounced any claims to Soviet territory outside Russia.

President Putin, however, scoffs at legal niceties. Like the formidable Bolshevik Vladimir Lenin, Mr. Putin seems determined to reconstitute the Russian empire. In an April 2005 speech in Russia, Mr. Putin said that "the demise of the Soviet Union was the greatest geopolitical catastrophe of the century"—a century, it bears noting, rife with catastrophe, especially for the Soviets. Mr. Putin added that the U.S.S.R.'s disintegration was a "genuine tragedy" for the Russian people in that "tens of millions of our fellow citizens and countrymen found themselves beyond the fringes of Russian territory."

In 2008, Mr. Putin ran an experiment regarding Georgia and found he could invade and seize some of its territory without substantial cost. Now in Ukraine he is using Russian troops in an even bolder challenge to the post-Soviet order.

President Putin's hammer blow in Crimea reverberates throughout the former U.S.S.R. and in Eastern Europe. He is testing the resolve of a Western world that appears short on that quality. Russia lacks various objective attributes of a great power. Its population is shrinking, its economy is small, and its exports are mainly oil and gas. But Mr. Putin acts as though he runs a great power. He appears intent on cowing his neighbors and their friends.

Western leaders have insisted for years that the Cold War is over and that they have no interest in reviving it. Mr. Putin demurs. Leon Trotsky, another formidable Bolshevik, is said to have warned that, while you may not be interested in war, war is interested in you. President Putin seems to be telling us that the Cold War isn't over, despite our lack of interest. He may succeed in cracking Ukraine, or taking control over it altogether.

Then he would be free to decide what to do for his next amazing feat. Presumably, President Obama is pondering Mr. Putin's possible next moves, not just in Ukraine, but beyond. There is some danger of the Russian leader's lunging for NATO's jugular. He objected when NATO expanded eastward and embraced former Warsaw Pact members in Eastern Europe in 1999. But it was an infuriating humiliation in 2004 when Estonia, Latvia and Lithuania—former republics of the U.S.S.R.—became NATO allies.

Western officials may persuade themselves that they have no good options in Ukraine—that they cannot counter Russia there or even impose consequential penalties. If they do so persuade themselves, might they not come to the same conclusion even if Mr. Putin's next target is one of the Baltic states? The Russian leader could perceive a rare opportunity to wreck NATO.

With a victory in Ukraine under his belt, Mr. Putin might manufacture grounds for a Russian military intervention to protect the ethnic Russians in Latvia. They could be for him what Czechoslovakia's Sudeten Germans were for Hitler in 1938: a pretext for aggression. If Mr. Putin thinks NATO is bluffing when it says it will defend the Baltic states, he may call that bluff. If he's right, he could destroy NATO without war, the very alliance that destroyed the Soviet Union without war. Nice.

But President Putin may miscalculate in thinking that the NATO allies, because they didn't fight for Ukraine, won't fight for Latvia. Those allies may defend Latvia precisely because it's a formal member of the alliance. It's not in NATO's interest that Mr. Putin would misinterpret their indifference to his Ukraine incursion and make such a mistake.

Will President Obama and other NATO leaders find ways to impose significant costs on Russia for aggression in Ukraine? Will they shore up NATO's credibility regarding the sovereignty of the Baltic states and the former Warsaw Pact countries? Staying home from the next G-8 economic meeting, planned for Sochi in June, won't suffice. The stakes are huge and extend far beyond Ukraine.

Mr. Feith, a senior fellow at the Hudson Institute, served as U.S. undersecretary of defense for policy (2001-05) and is the author of "War and Decision: Inside the Pentagon at the Dawn of the War on Terrorism" (Harper, 2008).

Forgiving Putin — Again

The Wall Street Journal, By Holman W. Jenkins, Jr. , March 4, 2014 7:02 p.m. ET

He's vulnerable, but the West takes a devil-you-know attitude toward the Russian autocrat.

Vladimir Putin probably would not have spent 90 minutes on the phone with President Obama on Saturday if he intended to make a grab for eastern Ukraine. He would not have jawed twice on Friday and Sunday on the phone with German Chancellor Angela Merkel, who subsequently doubted his grip on reality.

In gratitude, once the headlines about his soon-to-be-rationalized annexation of Crimea settle down, expect Western governments to conspire in his rehabilitation. Don't be surprised if the June Group of Eight summit in Sochi even appears back on the agenda in some form.

Western leaders are a risk-averse, short-term-minded lot, but if their decisions are dictated by a conviction of Mr. Putin's iron grip on Russia, they make a mistake. Many sanguine voices, in fact, already note how the U.S. shale revolution has weakened Mr. Putin's hand. If Western leaders were so inclined, they might surprise themselves at how vulnerable Mr. Putin's petro-dependency makes him.

Unleash Europe's antitrust case against Gazprom. A report is due in the coming weeks, with the potential to levy billion-dollar fines and trigger customer lawsuits against the gas giant on which so much of Putin patronage is founded. Embargo Gazprom LNG tankers (it recently bought its fifth) from Western ports.

Withdraw Europe's support for pipelines Mr. Putin wants to build. These, by way of the Black Sea and the Baltic Sea, aim to reduce Ukraine's leverage as transit path for gas exports that generate much of his regime's income. Mr. Putin might like to shut off the gas but he can't. He needs the money.

Get moving on the pending U.S. trans-Pacific and trans-Atlantic trade partnerships, which grant member countries automatic approval of U.S. liquefied gas exports. The mere prospect of U.S. exports has already eroded Russia's pricing

power.

Let Exxon and other Western oil firms queuing up to explore Siberia and Russia's Arctic know their efforts are not currently appreciated. A single caustic hearing on Capitol Hill should do it.

Mr. Putin is a modern-day Peter the Great, we're told. He has visions—of a Eurasian Union to counter the European Union, of Russia leading an orthodox counterrevolution to Western libertinism. These tidbits of Russian propaganda, of extraordinarily recent vintage, explain nothing.

The visions that propel Mr. Putin are of himself hanging by his heels from a lamppost or spending the next 20 years in a dock answering for everything from the disappearance of \$90 million in food money in St. Petersburg when he was deputy mayor to the 2006 murder of critic Alexander Litvinenko in London.

His campaign of intimidation aimed at Ukraine is about protecting his position at the head of the Russian klepto-banquet. Popular overthrow of a crony oligarchy so close to home, his corrupt ally Viktor Yanukovich, was not acceptable. Ukraine, with its control of strategic pipelines, moving toward energy independence and even energy competition with Russia (it recently signed shale deals with Shell and Chevron) was not acceptable.

Most of all, "Putin lost Ukraine" would have been a powerful meme in the hands of his enemies, who are numerous and don't actually care about Ukraine.

Russian business oligarchs are more forward-looking than they get credit for. They don't want their country to become North Korea writ large. They would take unkindly to their Manhattan apartments and Western bank accounts being frozen.

Alas none of this is likely to happen. Germany's foreign minister has already proposed the crisis be settled by direct discussion between Ukraine and Mr. Putin. At least he didn't offer Munich as a venue.

Former Chancellor Gerhard Schröder still serves as chairman of Nord Stream on the theory that Germany's energy dependence on Russia is good for peace. Berlin will not sign on to a de facto policy of regime change in Moscow.

The West looked the other way when Mr. Putin seized the Yukos oil giant on trumped-up tax charges, though Western minority shareholders were among the victims. It looked the other way when he double-crossed Western oil companies on a serial basis. It looked the other way from murders of journalists and Russian legislators and other inconvenient persons (possibly even Mr. Putin's own mentor, a late mayor of St. Petersburg).

The West followed down his path, which bears passing resemblance to the petro-regime of Saddam Hussein, because Russia has nuclear weapons and Mr. Putin seemed preferable to chaos. The West may eventually get chaos anyway. Secretary of State John Kerry managed to put his finger on a truth. Mr. Putin knows no more about the true sources of 21st-century wealth and power than a swordfish knows about macramé. No, the Cold War is not returning. Russia does not have the heft to sustain a Cold War even against placid Europeans or a strategically listless President Obama. His current Western enablers just hope Mr. Putin self-destructs on somebody else's watch.

Let Crimea Go

By Eric Posner, Slate, Jurisprudence, March 10, 2014

Next week's referendum on joining Russia is underhanded, dishonest, absurd—and completely legitimate.

Crimea's planned March 16 referendum on whether it should leave Ukraine and join Russia is underhanded, dishonest, and absurd—and completely legitimate. Vladimir Putin has yet again maneuvered the West into a corner. Jujitsu-like, he is using one of our most prized institutions—international law—against us. This is not the first time, and so calls to punish Russia and start a Cold War II are understandable. Yet we should swallow our pride and let him bask in his victory. In the long run, it gets him nothing.

If a fair vote is held, and Crimeans vote to join Russia, then any Western effort to stop them will be seen as an attempt to thwart the will of the people.

Putin's first victory against the West took place in 2008. At the time, Abkhazia and South Ossetia, two renegade provinces in Georgia, were controlled by pro-Russian governments and patrolled by Russian peacekeepers. When the pro-Western Georgian government sent in the army to reacquire control of South Ossetia, Russian military forces moved in and crushed the Georgians. Russia then recognized Abkhazia and South Ossetia as independent states, in clear violation of Georgia's sovereignty. The West condemned Russia's actions but did nothing. Some Western analysts blamed Georgia for starting the war, but Georgia was merely trying to assert control over its own territory, which it has now irrevocably lost.

Putin's second victory came thanks to President Obama's rash announcement last year that the United States would send bombers into Syria to punish President Bashar al-Assad for using chemical weapons against civilians. Obama claimed that international law provided a basis for U.S. military intervention—but was blocked in the Security Council

by Russia and China. In a Machiavellian op-ed obligingly published by the *New York Times*, Putin pointed out that U.S. military intervention would violate the sovereignty of Syria, breaking international law and harming the U.N. system:

We need to use the United Nations Security Council and believe that preserving law and order in today's complex and turbulent world is one of the few ways to keep international relations from sliding into chaos. The law is still the law, and we must follow it whether we like it or not. Under current international law, force is permitted only in self-defense or by the decision of the Security Council. Anything else is unacceptable under the United Nations Charter and would constitute an act of aggression.

Bereft of international and domestic support, Obama backed down after Putin offered him a fig leaf in the form of Syrian chemical weapons disarmament. Assad, Russia's ally, was free to continue slaughtering civilians using bullets and bombs.

In both cases, Putin used international law to advance his interests. However, Putin's military takeover of Crimea, in the wake of the downfall of pro-Russia Ukrainian President Viktor Yanukovich flagrantly violated international law. It violated traditional principles of state sovereignty, the U.N. charter, and several agreements among Ukraine, Russia, and other countries. The temptation is therefore to punish him, to make Putin live up to his own words in the *New York Times*. The United States has imposed sanctions; other countries may join it.

But this is a mistake. By engineering the referendum in Crimea, Putin has again thrown international law back into the face of the West. If a fair vote is held, and Crimeans vote overwhelmingly to join Russia, then any Western effort to stop them will be seen as an attempt to thwart the will of the people, a violation of their right to self-determination, which is enshrined in the U.N. charter and multiple human rights treaties. And how would the West stop them anyway? Because Crimea would not be an independent state but a province of Russia, the usual ways of not recognizing a country—withholding U.N. membership, refusing to appoint an ambassador, and refraining from trade—would not work. Once Russia swallows up Crimea, we could not isolate Crimea without taking action against Russia. But Europe relies on Russia's oil and its bank accounts, and so the United States would stand alone, unable to hurt Russia and only isolating itself.

What of Ukraine's sovereign rights? We can sympathize with Ukraine while noting that Crimea is an already autonomous region over which Ukraine has enjoyed only nominal control. Crimea's ties with Russia go back centuries. It was transferred from Russia to Ukraine only in 1954 while both countries were regions of the Soviet Union. This transfer reflected a top-down administrative judgment, not the sentiments of the Ukrainian or Crimean peoples.

As for the principles of international law, Putin put it well last week:

We are often told our actions are illegitimate, but when I ask, "Do you think everything you do is legitimate?" they say "yes". Then, I have to recall the actions of the United States in Afghanistan, Iraq and Libya, where they either acted without any UN sanctions or completely distorted the content of such resolutions, as was the case with Libya.

Putin is wrong about Afghanistan (a case of self-defense later ratified by the Security Council), but he is right about Iraq and Libya, and he could have added Granada, Panama, and Kosovo as well—all wars that the United States started in violation of international law. Other countries did not try to sanction the United States for these violations because those sanctions would have hurt them more than us. And now these countries are in the same position with respect to Russia. As Putin's patron saint, Thucydides, said, "Right, as the world goes, is only in question between equals in power, while the strong do what they can and the weak suffer what they must."

We can take some comfort in the fact that, for all his cleverness, Putin's long-term prospects are bleak. Russia is a corrupt, stagnant country. Its economy, which is essentially a giant pool of oil, is the size of Italy's. It has steadily lost influence in the border regions of Europe, which long for the embrace of NATO and the European Union. Its vast neighbor, China, poses a long-term threat in the east. Along the south, weak states offer nothing but the prospect of endless ethnic strife.

In the end, Crimea—a poor, tiny region with a potentially unruly minority population of unhappy Tatars and resentful Ukrainians—is a booby prize in the contest over Ukraine. And in fact, Russia has lost that larger fight; Ukraine, more populous than Poland, is now permanently outside its orbit. Russia has no friends and only a handful of allies of convenience. Back in 2008, when Russia tried to persuade the world to recognize Abkhazia and South Ossetia as independent states, only Nicaragua, Venezuela, Nauru (population 9,000), Vanuatu (population 262,000), and Tuvalu (population 11,000) heeded the call (and Vanuatu later changed its mind). By contrast, the United States' illegal military intervention in Serbia, a Russian client state, enabled Kosovo to break away and form a state with the support of the United States and more than 100 other countries. Today, Russia can call on Syria, Belarus, and Cuba for diplomatic support. It is a declining state that can do little more than bully a few impoverished and geopolitically insignificant neighbors. Let it.

Eric Posner, a professor at the University of Chicago Law School, is a co-author of *The Executive Unbound: After the*

Putin Is No Mad Man to Russians as Power Play Trumps Economy

Bloomberg News, By Henry Meyer and Yuliya Fedorinova Mar 17, 2014 6:59 AM ET

Western leaders may think Vladimir Putin is crazy for threatening to annex Crimea and invade other areas of Ukraine. Most Russians, still bitter about the Soviet Union's demise more than two decades ago, couldn't be prouder.

Putin's approval rating, bolstered after Russia hosted its first Winter Olympics last month, reached a three-year high as he poured troops into Crimea amid the overthrow of the Kremlin-backed government in Kiev. The tensest showdown with the West since the fall of the Berlin Wall has proved to be good for the business of governing in Moscow.

"Putin is just defending his country's interests," said Yaroslav Batashev, 32, a manager at a Moscow-based trader of consumer products who says he isn't necessarily a fan of his president. "Crimea is historically important for Russia and it's Russian."

Since overcoming the biggest protests of his 14-year-rule to win a third term in 2012, Putin has reasserted his power at home and abroad. Even at the risk of sanctions that could tip the economy into recession for the second time in five years, Russians see his defiance of the West over Ukraine as a sign of strength, reinforcing his image as a leader who restored his country's greatness from the post-Communism chaos of the 1990s.

Putin's Backing

Seventy-two percent of Russians approve of the work Putin is doing as president, the independent Levada Center said March 13, citing a survey of 1,603 people that had a margin of error of 3.4 percentage points. A March 8-9 poll by the state-run All-Russia Center for the Study of Public Opinion, known as VTsIOM, also gave Putin 72 percent.

"The involvement of the U.S. in a situation with which it has nothing to do with is very irritating," said Ilya Knyazev, a 31-year-old sales director at a food distributor in Moscow. "I support Crimea joining us because otherwise NATO would be in Ukraine, hurting Russia's security."

Part of that support has been drummed up by the attacks by Putin's vast media apparatus on the "fascists" who took power in Ukraine and the portrayal on state-run television of the protests that led to the ouster of President Viktor Yanukovich.

"Russians were deeply astonished by the pictures they saw on TV from Independence Square in Kiev -- the shootings, killings, burning tires," Alexander Oslon, head of the Public Opinion Fund, said by phone yesterday.

'Overwhelming Support'

"Those pictures created the fear that it may happen in Crimea, where the majority of the population is Russian," Oslon said. "Now Putin has the overwhelming support of the majority of the population."

Putin, who came to power in 1999, the year after Boris Yeltsin defaulted on \$40 billion of domestic debt, averaged economic growth of 7 percent a year in his first two presidential terms as oil prices and output surged. The former KGB colonel reasserted state control of the economy and media and gained popularity as he reined in the oligarchs -- men who became billionaires overnight by acquiring some of the country's most valuable assets at rigged auctions. He jailed the richest of them, Mikhail Khodorkovsky.

Crimea has been home to Russia's Black Sea Fleet since its founding by Catherine the Great in 1783, after the Ottoman Empire ceded the peninsula. It was part of Russia until Soviet leader Nikita Khrushchev gave it to the Ukrainian Socialist Republic in 1954, when Putin was 14 months old.

Leaving Ukraine

A total of 96.8 percent of voters in the Black Sea peninsula yesterday backed leaving Ukraine to join Russia, the head of the election commission, Mikhail Malyshev, told reporters. The results exclude one city, Sevastopol. The U.S. and the EU have both called the vote illegal.

Crimea may be incorporated into Russia by the end of this week, Alexander Ageyev, first deputy head of the Russian State Duma lower house of parliament's committee for constitutional affairs, said in a phone interview today.

Putin's focus is already shifting to eastern Ukraine, which is also largely Russian-speaking. The Foreign Ministry in Moscow, which called the overthrow of Yanukovich a "coup" by "fascists," said March 15 people in eastern Ukraine asked for Russian protection after a series of deadly clashes in Donetsk and Kharkiv.

To be sure, many educated Russians are aghast at Putin's policy over Ukraine. Organizers of a peace march against Russian actions in Ukraine drew tens of thousands of people to central Moscow on March 15, according to organizers and media reports. Police put the number at 3,000.

'Aggressive Quest'

“Moscow’s aggressive quest for its ‘near abroad’ has become an ideological mission to fight the West, one that has left all rational grounds and that ignores all costs and consequences, including those to Russia itself,” [Joerg Forbrig](#), a senior program officer at the Berlin bureau of the German Marshall Fund of the U.S., said by e-mail.

Ukraine in general and Crimea specifically represent the latest and, for Putin, the most crucial step in his crusade to halt what he sees as the West’s relentless encroachment on Russian interests since the end of the Cold War.

Most of the buffer states between Russia and Germany, where millions of people died during World War II, has been absorbed by the North Atlantic Treaty Organization and the European Union since the Soviet Union disbanded in 1991. Sevastopol, home to the Black Sea Fleet, is a symbol of Russian heroism not unlike the Alamo for Americans. The city was under siege by the British and the French during the Crimean War in the 1850s and then by Nazi forces in 1941-1942.

Syria, Iran

In just the past year, Putin has cemented Russia’s role in the Middle East by brokering a deal that averted U.S. strikes on Syria and kept in power President [Bashar al-Assad](#), a Soviet-era ally and buyer of Russian weapons. He’s also encouraged the West to make concessions to Iran over its nuclear program and struck a multi-billion arms deal with Egypt’s new military rulers after the U.S. suspended aid.

Putin, who once described the breakup of the Soviet Union as the biggest geopolitical catastrophe of the 20th century, was named “Person of the Year” in December by the Times of London for the accord over Syria. That effort “propelled the president back into the front ranks of effective world statesmen,” the Times said.

For now, most Russians are shrugging off Putin’s crackdown on what’s left of independent media, which includes forcing out the longtime head of the country’s biggest talk radio station, Ekho Moskvyy, and the editor-in-chief of one of its most popular news sites, Lenta.ru.

‘In Ruins’

“The country was in ruins under Boris Yeltsin,” said Batashev, the Moscow trader. “Despite all of Putin’s disadvantages, he’s a tough and uncompromising leader who managed to transform Russia into a better place than it was a decade ago.”

With the presidential term extended to six years from four, Putin, first elected in 2000, may stay in power until 2024 if he runs and wins again in 2018.

Even within the government, some officials are hoping Putin will moderate his response to the crisis, though they are afraid to speak out against what they see as a course already chosen, according to two people familiar with the situation.

Russia retaliating with sanctions against the West could wipe out 10 years of achievements in financial and monetary policy, one of the people said. Such escalation could erase as much as a third of the ruble’s value, another said.

Ruble, Peso

The ruble has slumped about 10 percent against the dollar this year, the worst-performer after Argentina’s peso among 24 emerging-market currencies tracked by Bloomberg.

“I don’t want Russia to be in isolation again and be in the opposition to the rest of the world,” said Anatoly Kapralov, 29, the founder of an advertising agency in Moscow.

That kind of sentiment isn’t likely to sway Putin, said [Nicholas Spiro](#), the managing director of [Spiro Sovereign Strategy](#) in London.

“For Russia, it’s about national and cultural pride,” Spiro said by e-mail. “That is what is emboldening President Putin to face down the West.”

EU Puts Brakes on Russia Natural Gas Pipelines

The Wall Street Journal, By Vanessa Mock , Updated March 12, 2014 5:50 p.m. ET

BRUSSELS—The [European Union](#) has slammed the brakes on two big Russian pipeline projects to supply more natural gas to Europe, as part of its efforts to turn up the heat on Moscow over its incursion into Crimea.

The move will deal a blow to Russia’s ambitions of increasing its gas exports and bypassing Ukraine as a transit country. It comes as the 28-country bloc is weighing other options to reduce its dependence on Russian natural gas, which accounts for over a third of EU supplies. Six EU countries, including Bulgaria and Lithuania, depend exclusively on Russia for natural gas.

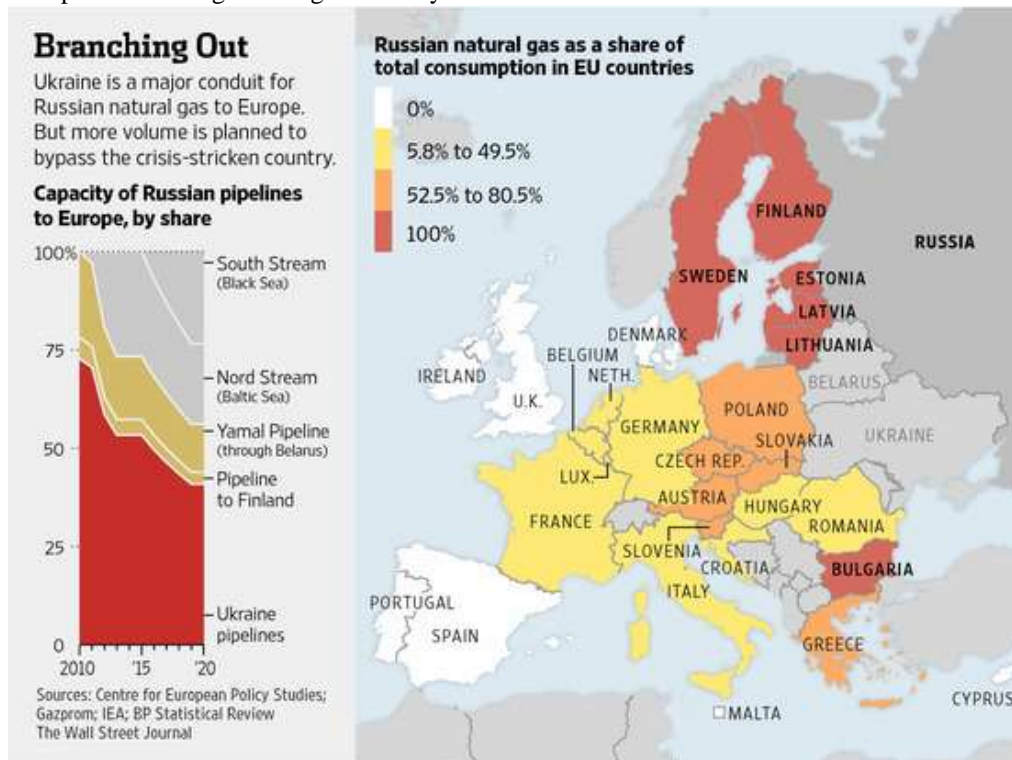
The European Commission, the EU’s executive arm, said this week that it would freeze high-level talks on South Stream, a pipeline that aims to carry up to 15% of Europe’s annual gas demand via the Black Sea. It is due to be completed by 2018.

The commission warned last year that the project couldn't proceed before it complied with EU legislation, including rules that limit pipeline ownership and require that other firms be permitted to distribute the gas, as well as environmental norms.

"I'm not accelerating our talks regarding pipelines such as South Stream. They will be delayed," Günther Oettinger, EU energy commissioner, told Germany's Die Welt newspaper this week.

A spokesman for South Stream, a joint venture between the Russian natural-gas-export monopoly GAZPROM and European companies including Italy's ENI SpA, said that as an infrastructure company, it didn't get involved in politics.

The commission this week also foiled plans by Gazprom to pump more gas through OPAL, a 290-mile pipeline that transports Russian gas through Germany to the Czech border.



Gazprom had asked to be given exemptions from EU rules that prevent it from getting full access to OPAL, arguing the pipeline was underused. The commission was due to give its approval on Monday but said this decision was now on hold.

"We need more technical information," said a commission spokeswoman, without elaborating. Russian President Vladimir Putin said last month that the EU had agreed to give Gazprom full use of the OPAL pipeline.

Julian Wiczorkiewicz, an energy researcher at the Centre for European Policy Studies, a think tank in Brussels, said the twin moves were a political signal. "Clearly the commission is trying to punish Russia for what it has done in the Crimea," Mr. Wiczorkiewicz said.

The EU is currently drafting political sanctions against Moscow, such as visa bans and asset freezes on Russian individuals, which could be adopted next week after Sunday's vote in the Crimea on ceding with Ukraine to become part of Russia. The EU has said it considers the referendum to be illegal.

At the same time, officials in Brussels say they are eager to spur discussions on how the bloc could reduce its dependence on Russian gas. The current crisis has sparked fears of a repeat of 2009, when Russia cut off gas supplies to Ukraine amid a pricing and debt dispute, curbing flows to Europe.

Mr. Oettinger says Europe is now in a stronger position to withstand possible disruptions in supplies, thanks in part to a mild winter, more storage capacity and pipeline infrastructure that allows more gas to flow from west to east.

But he has also said that the EU should reach out to other gas exporters and build more terminals for liquefied natural gas, and that countries should also start exploratory work on shale gas.

"The Russians are now more dependent on our money than we are on their gas," said Mr. Wiczorkiewicz, adding that around half of Russia's revenues are derived from oil and gas sales. "The EU could also explore ties to Norway, Algeria and Qatar as alternative suppliers, increase the use of coal and import LNG."

But in the short term, others argue that the EU is short of options if it wants to use energy as a tool against Moscow. "Russia remains the largest exporter of gas to the EU; there's no way of [quickly] sourcing those amounts of gas elsewhere," said Simon Pirani of the Oxford Institute for Energy Studies.

"Europe has to ask itself how important is the economic relationship with Russia, which provides that cheap energy, and how important is the political protest that it wants to make" about Crimea, he said.

How to Put Military Pressure on Russia

The Wall Street Journal, By Jim Thomas , Updated March 9, 2014 6:56 p.m. ET

NATO now has reason to station nuclear forces in front-line member states.

Russia's seizure of Crimea should be a wake-up call for the North Atlantic Treaty Organization. The absence of serious thinking about NATO's territorial defense mission—its *raison d'être*—and the weakness its 28 member nations have shown since the 2008 Russian invasion of Georgia have proven catnip for Vladimir Putin.

Most of NATO's European members have spent the past two decades rationalizing how they can spend ever-smaller sums on security. And now the U.S. is cutting its defense expenditures while trying to "pivot" its strategic focus to the Asia-Pacific. So it isn't surprising that pundits and government officials have tended to emphasize political and economic suasion for dealing with this latest Russian aggression.

Sanctions, skipping the G-8 summit in Sochi, hitting Russian oligarchs in their pocketbooks, isolating Russia in international forums—all of these options are legitimate responses to Mr. Putin's land grab in the sovereign state of Ukraine. But there is also a need to think about military options.

First, NATO should reconsider its so-called Three Nos from the 1997 NATO-Russia Founding Act. The Three Nos were shorthand for the NATO allies' joint declaration that they had "no intentions, no plans, and no reason" to station nonstrategic nuclear forces in new member states. But NATO left the door open to future deployments if front-line allies were threatened. While NATO still lacks the intention and plans to station nuclear forces in new member states, such as Poland, it now has more than sufficient reason to do so.

A preliminary step should be making the Polish air force's F-16s capable of carrying both conventional and nuclear weapons so that they could participate in NATO's nuclear mission. That should quickly be followed by site surveys to identify suitable locations for potentially storing nuclear weapons on the territory of front-line allies, including Poland, if relations with Russia further deteriorate.

Second, NATO should reinforce its front-line allies with additional conventional force deployments. The time has come for the U.S. and other NATO allies to consider permanently stationing forces in Poland and Romania as well as the Baltic states of Estonia, Latvia and Lithuania to back up their words of strategic solidarity. Their mission should be defensively oriented, establishing what military strategists call "anti-access, area denial" zones. (This might include missile defenses to protect major bases in those countries along with anti-air, anti-armor and anti-ship weapons to counter air, land or naval incursions.)

Taking these steps in the Baltic states would reduce Russia's temptation to encroach on their sovereignty in the name of "protecting ethnic Russian populations," a pretext it has used in Ukraine. It would also preclude Russia's option of a quick, Crimea-like operation to establish a *fait accompli* on the ground before NATO can decide to act.

Third, NATO should make it clear that it would seriously consider a future Ukrainian request for indirect military assistance, especially if Russia escalates the crisis in Crimea or deploys its forces into other eastern Ukrainian provinces. NATO could certainly provide overt nonlethal and humanitarian assistance, while the U.S. might even consider covert lethal aid, as in Afghanistan during the 1980s Soviet occupation. This might include short-range precision guided weapons that could be used by resistance forces to attack bases and facilities on Ukrainian territory seized by Russia's forces or its proxies.

It may not be realistic to compel the withdrawal of Russian forces quickly and it is far-fetched to imagine NATO boots on the ground in Ukraine. Nevertheless, it would still be possible to exact a heavy toll on Russia in blood and treasure through a protracted irregular war if it formally annexes Crimea or attempts to occupy other parts of the country.

Fourth, the U.S. and its NATO allies should revisit their self-imposed prohibitions on lethal aid to moderate Syrian opposition groups. In the post-Crimea era, Syria should be viewed through the prism of not only the West's long-term strategic competition with Iran, but also its re-emerging competition with Russia. The defeat of Bashar Assad's murderous regime and with it the potential loss of Russia's naval port at Tartus would represent a heavy tax for Russia's adventurism closer to home.

Lastly, Russia's invasion of Crimea should prompt strategic reappraisals in both Washington and Brussels. The Ukrainian crisis raises fundamental questions about the wisdom of the Obama administration's attempt to "lead from behind" on foreign-policy issues with clear U.S. interests, its pursuit of "global zero" (the elimination of all nuclear weapons world-wide) and most directly its "reset with Russia."

Rather than "reset," the administration would do well to hit the "recall" button on the Pentagon's Quadrennial Defense

Review, released March 4, which treated Putin's Russia as an afterthought relative to other global threats, and astonishingly advocated another round of bilateral nuclear-arms reductions at a time of heightened tensions.

Leaders in Washington and Europe have allowed NATO's defenses to deteriorate to the point that Mr. Putin seems to think he can act with impunity. It is past time to start rebuilding those defenses, and Mr. Putin's Ukrainian gambit should be the catalyst.

Mr. Thomas is vice president and director of studies at the Center for Strategic and Budgetary Assessments in Washington, D.C.

Putin Acts, the West Talks

The Wall Street Journal, March 13, 2014 7:06 p.m. ET

Russia tightens its grip on Crimea while Obama and Merkel do little.

President Obama and European leaders are ratcheting up their rhetoric against Russia. Too bad Vladimir Putin is a man of action who hasn't seen anything worth stopping his assault on Ukraine.

In the two weeks since Russia invaded Crimea, the U.S. has put a handful of unnamed officials in Moscow on a visa-ban list. The Europeans suspended talks on trade and visa liberalization. That's about it. Both put off sanctions to give Russia time to "slow down and take the off ramp" in Crimea, in the favorite Western evasion. John Kerry will give diplomacy another shot in London Friday with Foreign Minister Sergei Lavrov, who has lied throughout this crisis.

President Putin has in the meantime hit the gas pedal on his takeover of Crimea. The Kremlin's local toughs, who took power by force, declared independence from Ukraine this week, cut off air links with Kiev and seized branches of the country's banks. Despite Western pleas, the hasty and sham referendum on Crimea's union with Russia will go ahead Sunday with some 20,000 Russian soldiers as observers.

The "off ramp" the Kremlin boss is taking is to the first naked land grab in Europe since World War II, and Crimea may only be the start. His old intelligence pals are working overtime to import secessionists into eastern Ukraine and perhaps give the Kremlin a pretext to intervene. Moscow's defense ministry on Thursday admitted to a troop buildup along its border with Ukraine. Kiev itself is vulnerable, Ukraine's Prime Minister Arseniy Yatsenyuk said in Washington this week.

Meanwhile, Western leaders have heard from business groups about the risks of confronting Moscow economically. The Kremlin has amplified the message by threatening to confiscate foreign assets in Russia. But commercial calculations have to be set aside here. The strategic choice in Ukraine is between preserving the post-Cold War order in Europe or accepting the new Putin rules.

The modern czar probably figured on some manageable pain from this gambit. Every previous time he has misbehaved, Western greed and weakness tempered the response. (See Georgia war, 2008.) Can Mr. Putin now swallow his neighbors and do business as before in the civilized world?

After Sunday's referendum, the EU and U.S. are expected to announce financial sanctions on officials who had a direct hand in the Crimea operation. The list is likely to be limited, and these people will be hailed as heroes in Russia and compensated by the Kremlin for any losses.

Any counterpunch by the West needs to hit close to Mr. Putin with financial sanctions. Mr. Obama could expand the number of Russians covered by the 2012 Magnitsky Act, which bans human-rights abusers from traveling to or banking in the U.S. His refusal to expand the Magnitsky list as promised in December was the latest signal of this Administration's lack of concern for bad Russian behavior.

As with Iran, the U.S. can deny Russian banks access to Western capital markets. The G-7 can impose quotas on imports of Russian metals, grain and possibly energy. These sanctions would push the Russian economy, set to grow 1% this year, into recession and "sharply" weaken the already weak ruble, according to Moscow-based Renaissance Capital.

Rich Russians keep most of their money in Europe's banks, live in its capitals and send their kids to its schools. Punish Mr. Putin's circle with asset freezes and travel restrictions and you endanger his regime. Four-fifths of Russia's inward direct investment comes from the EU; half its exports go there. Vice President Joe Biden did something possibly useful this week by calling the president of Cyprus. This favorite Mediterranean destination for Russian capital is an important ally in opening up the financial front against Mr. Putin.

Europeans could also stop turning a blind eye to money laundering from the east. Earlier this week Austria arrested a Ukrainian energy oligarch closely connected to Moscow who is wanted in the U.S. A similar attitude adjustment toward rich, Kremlin-connected Russians is overdue across Europe, especially in the city often known as Londongrad.

Russia can also be squeezed through the international courts for absorbing Crimea. The Ukrainian government needs a

legal strategy to file claims for billions of dollars in state and private property lost to Russia's occupation. Aeroflot planes, overseas accounts and government real estate may be war reparations for Kiev one day.

The Kremlin says Russia will match Western measures tit-for-tat, and Mr. Putin no doubt means it. But Russia's economy is barely the size of Italy's. It has oil, gas and little else. Russian capital flees at every opportunity, and nervous outside investors have sent Russian equities down sharply. In other words, the pain of economic war will be far worse for Russia than for the rest of the world.

"If Russia continues on its course of the past weeks, it will not only be a catastrophe for Ukraine," German Chancellor Angela Merkel said on Thursday. "No, this would also cause massive damage to Russia, economically and politically." Strong and welcome words, but Mr. Putin only understands the language of action.

Economic Indicators G8 (for 2012)

Страны	Population, millions persons	GDP (official exchange rate), billions US dollars	GDP per Capita, thousands US dollars	Inflation rate, %	Unemployment rate, %	Trade balance, billions US dollars
<u>UK</u>	63.0	2434.0	38.6	2.8	7.8	-165.0
<u>Germany</u>	81.3	3367.0	41.4	2.0	6.5	216.0
<u>Italy</u>	61.3	1980.0	32.3	3.0	10.9	13.6
<u>Canada</u>	34.3	1770.0	51.6	1.8	7.3	0.8
<u>Russia</u>	143.0	1954.0	13.7	5.1	5.7	195.3
<u>USA</u>	313.8	15650.0	49.9	2.0	8.2	-745.0
<u>France</u>	65.6	2580.0	39.3	1.3	10.3	-91.4
<u>Japan</u>	127.4	5984.0	47.0	0.1	4.4	-64.0

Source - CIA World Factbook

percent since Q1 2012, Russia's GDP growth has declined from 4.8 percent to 1.2 percent during this period. Meanwhile, in the realm of public finances, public debt and deficit are manageable. However, the non-oil budget deficit is a concern. According to the Economist Intelligence Unit, Russia's non-oil budget deficit is expected to rise from 3.6 percent in 2007 to 10.3 percent of GDP in 2013.

Meanwhile, reserves where oil can be easily extracted are slowly declining. This spells trouble for Russia's hydrocarbons sector, given that any new exploration has to focus on remote areas like the Arctic and on shale formations in Bazhenov, Siberia. Although the latter is rumored to hold as much as 100 billion barrels of recoverable oil, the formations under it have not been extensively explored. So, the complexity of the extraction process is not yet clear to investors. At the same time, its remote location implies that setting up the requisite infrastructure for oil exploration, drilling, and transportation would require large investments. Given this and the complexity of extraction from shale, the cost of production is likely to be high. A review of the taxation structure has been an encouraging development in recent months. Companies operating in Bazhenov will not need to pay the mineral extraction tax. Thus, the government is also considering cutting their export duty liabilities.

A key medium- to long-term challenge for Russia's economy is the country's ageing population. According to projections by the World Bank and United Nations, the share of 15-64-year olds in total population is set to decline from 71.1 percent to 68.7 percent between 2013 and 2018.1 To offset the economic impact of this, productivity has to be increased through large investments in both physical and human capital. Unfortunately, fixed investment as a share of GDP is currently low (average of 21.3 percent between 2007 and 2012) relative to emerging-economy peers like China (44.1 percent) and India (30.4 percent). Human capital is another area where Russia's edge is quickly eroding. The World Economic Forum's human capital index ranks Russia 51 among 122 nations, with managerial talent in particular ranking pretty low...

Russia: No quick fix
Global Economic Outlook, Q1 2014,
Deloitte University Press

...Russia's overreliance on hydrocarbons makes its growth heavily dependent on the fortunes of the global economy. Hydrocarbons account for nearly two-thirds of Russia's exports and half of the government's revenues. Of late, global economic growth has been slowing with emerging giants like China and India dipping to a lower growth trajectory. What has added to woes is a revival in oil in the United States due to the discovery of recoverable shale deposits. So, with oil prices declining by about 9

