THE EUROPEAN UNION AND RUSSIA, COOPERATION OR COMPETITION?

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Abstract: The unfolding events in the Ukraine remind us of Georgia 2008 and make us wonder whether their impact and implications on the EU – Russia relations will be as deep and long-lasting. Although it is too soon to ponder on the implications of these events, we can already perceive the wave of tensions and disagreements that is spreading all around the European continent; tensions that once more prove that proper economic cooperation between the two actors is merely impossible to consider without taking into account the political ties between them. How can the EU enhance greater cooperation with Russia and solve Churchill’s "riddle, wrapped in a mystery, inside an enigma"? Is the European Union vulnerable politically due to its energy dependence on Russia? Is the Russian economy dependent solely on its European consumers? Whose behaviour is more rational? Who holds the upper hand? This paper will focus on answering all these questions by analysing both actors in terms of power and will particularly highlight their paradigms, perceptions, needs and expectations from one another.

Keywords: power; interdependence; vulnerability; energy

INTRODUCTION

In the light of recent events, the annexation of Crimea have led to a steady deterioration of Russia- EU relations. Twenty years after the end of the Soviet totalitarian communism, Russia remains a major challenge for Europe. Russia’s future, unpredictability and evolution remain a mystery that raises an endless debate.

The dialogue and partnership of the European Union and Russia is complex and multilateral: from an economic standpoint the two actors are bound to cooperate due to the interdependence that characterizes their relations although politically and strategically they tend to compete since the EU and NATO enlargements clashed with Russia’s geopolitical interests.

When it comes to analyzing the relations of Russia and the European Union, the most common concept used to define their interaction refers to interdependence. From an economic perspective, their interdependence implies that the EU depends on Russian exports of energy, while Russia depends on European buyers and investors. The political perspective emphasizes on the asymmetry of their relation

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implying that whoever holds the advantage tries to influence the other and consequently holds more political power.

Essentially, interdependence means mutual dependence which, in other words, implies that the analyzed actors depend on each other. The fact that Russia and the EU are interdependent has been well established in the literature. Nevertheless, when it comes to the symmetry of their interdependence, the debate still remains: Who holds the upper hand?

There are experts who consider Europe to depend more on Russia since its developed economy cannot survive without Russia’s supplies and to substitute Russia is next to impossible. In the meantime, they consider Russia less vulnerable since, on the long run, the federation can find other buyers and investors to keep their economy going.

Other experts consider Russia more dependent on the European Union since its economy is not diversified and the energy exports represent the federation’s main income source. According to them, Russia cannot substitute the union on the short and middle term taking into account that the pipelines infrastructure is extremely expensive. They also consider Europe less vulnerable emphasizing on the efforts that the EU has made regarding the development of renewable energy production.

However, the economic analysis of Russia - European Union interdependence is not relevant enough since very often the political factor has an impact on the economic one. In other words, for a more accurate assessment it is necessary to extrapolate the political relations of the actors over the analysis of economic risks associated with dependence, as the events in Crimea prove.

From a political standpoint, the asymmetry of their independence is directly linked to the concept of power. Keohane and Nye examine the concept of asymmetric interdependence directly related to the concept of power and establish that an unequal distribution of gains and costs is central to asymmetric interdependence and this inequality represents the very source of power (Keohane and Nye, 2009, p.9). In other words, the state that holds the advantage in asymmetrical interdependence can therefore gain power.

Overall, Russia and the EU have many differences in their perceptions of each other, as well as of the role and means of power. That is why, a focus on their perceptions and an assessment of power in both spaces might shed some light on where the balance leans more: competition or cooperation?

1. THEORETICAL FRAMEWORK

Generally, in literature, the concept of power is widely used in the field of International Relations, both for the analysis of relations between states, as well as for defining the external policy and conduct of states seen as actors on the international stage, starting with Thucydides, Machiavelli, Morgenthau, Mahan, Clausewitz, Sun Tzu and continuing to contemporary researchers such as Baldwin, Gratzke, Waltz or Cohen. There are several ways in which power may be expressed, for example it may represent: a measure of the degree of influence or
control that an actor uses in order to achieve specific goals and expected results; the way in which an actor may decide or influence the course of events or issues management on the international stage; an ability to control the resources or capabilities or a status that some states or actors possess and others do not.

Researchers that analyzed this concept have not reached an agreement on what power is, how it works, how it can be measured or how to interpret or weigh different empirical results, so that there are many different opinions and contradictions when it comes to both the role and the nature of power. For example, Kenneth Waltz argued that power is based on a number of components, such as "the size of population and territory, abundant natural resources, economic capacity, military strength, political stability and competence" (Waltz, 1979, 131), but emphasizes that "defining the concept of power remains a controversial issue" (Waltz, 1986, 333). Moreover, Robert Gilpin describes power as "one of the most controversial issues in the field of international relations" (Gilpin, 1981, 13), thus pointing out the lack of a consistent and coherent orientation in the literature when it comes to this basic. Gartzke believes that purely theoretical studies do not have enough relevance and legitimacy and therefore it is necessary to supplement them with evidence and empirical analysis (Gartzke, 2001, 11).

The concept of power is complex and multidimensional and this study will use this concept in terms of exerting influence by economic or political means (Baldwin, 1985), as well as in the light of describing a state as hard or soft power.

Robert A. Dahl captured in one sentence, which became a classic notion of power, the exertion of power as the action (or ability) of a state / actor to determine another state / actor to do something that in normal conditions it would not do it (R. Dahl, 1957). Using as a start point the variety of ways and means to influence other states, David A. Baldwin made a classification of the means of influence in international relations, referring to four categories: symbolic, military, economic and diplomatic, in his book Economic Statecraft (1985) (Baldwin, 1985).

Over time, the relative importance of the traditional military power (a "national power" approach or so-called "resource-to-power") changed in favor of the economic power of the state. Moreover, the analysis of the economic power become more sophisticated as the attention shifted from the aggregation of economic capabilities to a more nuanced set of concepts such as power and recognition, as well as to the fact that they can vary considerably from one economic zone to another (the approach called "relational power") (Thomas et al., 2012).

In the literature there has been an extensive research of the concepts of economic power, the economic rationale of geopolitical and military power and how to measure them. Initially, the focus was on the various capabilities and resources of the country, population or economic size. Moreover, if in the beginning the focus was on the economic sectors which were relevant to developing and enhancing weapons and warships in order to enhance military power, gradually the attention shifted to ways and means of increasing and diversifying the state’s overall economic power. Therefore, the rigorous emphasis on increasing economic power began to expand beyond increasing the total size of
the economy and it led to a greater focus on certain key economic sectors. Today, the perception of economic power often focuses on economic growth rates and therefore it is paid increased attention to energy, education and technology, as they are considered to be important factors for economic growth. (Willet, Chiu, 2012, p.3)

It is now widely recognized that we live in a world defined by what Robert Keohane and Joseph Nye (2009, [1977]) have called "complex interdependence", in which the fungibility of power from one area to another can vary greatly. The increasing importance of economic power to the detriment of the military one led to a paradigm shift regarding the analysis of the concept of power. Joseph Nye has developed a new concept which has gained substantial importance in the philosophy of international politics of our century, namely, the concept of soft power. (Nye, 1990) This new concept, developed later in the book of the same author, entitled Soft Power: The Means to Success in World Politics (2004) was analysed in contrast with another notion, that of hard power.

Essentially, for Nye, power represents the ability to influence the behavior of others in order to achieve the desired results. There are several ways in which this can be done: by coercion / threats, by actual payment or by determining or attracting others to co-opt for the same purpose or results. The actor defined as soft power does not use coercion or payment, but influences or persuades another actor to want/desire the same results (Nye, 1990, p.181). By default, at the other end, the hard power refers to the use of coercion or payment in order to persuade others to move towards the desired results. Soft power can be exerted not only by states but also by all actors in international politics arena, such as NGOs or international institutions (Nye, 2004, p.31). The concept of soft power, is also considered "the second face of power" and it indirectly leads to the desired results. Also, Nye believes that the soft power of a country is based on three essential resources: culture (when it is attractive to others), political values and foreign policies (only when others see them legitimate, having a moral authority) (Nye, 2011, p.83).

A country can achieve the desired results in world politics because other countries – who are admiring its values or are aspiring to its level of prosperity and openness – want to follow. In this respect it is also important to establish an agenda and attract others in world politics, “not to force them to change by the threat of military force or economic sanctions.” (Nye, 2004, p.31)

Although most times it is very difficult to compare, estimate or measure objectively the effectiveness and efficiency of the two sides of power, there is increasingly little doubt about the fact that, in a world governed by peace, soft power acquires more importance than the hard one.

2. GENERAL LINES OF RUSSIA-EU DIALOGUE

The different perceptions of EU and Russia regarding the concept of space-time also refers to a difference in their perceptions of the past. A highly-sensitive link between history and memory of the twentieth century - is felt by both sides in different ways (Roth, 2009, 2). The interpretations of the recent past weighed
heavily on current political thinking. The Russian elite rejects to "reflect on the past" and prefers to refer to a glorious past, marked by a prestigious national history, instead of to reconsider and accept new interpretations. In full contrast, Europeans - mainly Germans and the French, have formed the basis for reconciliation of the peoples of Europe just through the so-called principle *devoir de mémoire* that is central to the European project (Gomart, 2008, p. 3). Without recognizing it, Russia and some EU member states are engaged in a "battle of memories", rooted in the interpretation of Communism and Nazism on the one hand, and the Cold War, on the other hand, as well as of the second World War. Therefore, the "struggle" includes a psychological dimension as well as an identity factor which are often ignored by the European Union in its relations with Moscow (Gomart, 2008, p. 4). The resurgence of nationalism in Russia can be explained by a deep nostalgia shared by much of the Russian population (Cassier, 2011, p. 23). In Russia, it is noteworthy that nostalgia is all that remains for those who were left outside the general enrichment process in recent years.

Regarding the general perception in Russia, the difficult years of transition are often associated with the West, and more specifically with the fact that the West attempted to get involved in the internal affairs of Russia which had disastrous consequences. The recent resurgence of Russia under President Putin determined the public opinion to favor the actions of their president, whatever the means and to reject any legitimacy of the West to get involved in the internal affairs and problems of the country. Moreover, the European Union would benefit from understanding that Russia's policy towards it is partly fueled by resentment so that it should consider more carefully the references of the past used by the Kremlin. (Roth, 2009, 17) When Putin stated that the collapse of the Soviet Union was "the greatest geopolitical catastrophe of the century", the entire Europe was shocked. However, when he added that the collapse of the USSR was a "real tragedy" for the Russian people, he actually spoke for the entire Russian collective mentality (Gomart, 2008, 7). Putin's Russia feels no responsibility for the past, instead it seems to focus mainly on strengthening the grandeur of a past that is strongly idealized.

EU’s perceptions of Russia are conflicting as it is the structure of EU policy towards Russia which consequently becomes very complex. This complexity includes three elements: transatlantic solidarity as the key driver of EU security policy; the deep internal splits between EU member states on Russian issues and ultimately, the energy interdependence between them (Kazantsev, Sakwa, 2012, 292).

The external policy of the European Union is strongly linked to that of the US and therefore in the security sphere there is a complex set of relations in the triangle USA–EU–Russia, while in such dimensions of European–Russian relations as economic issues EU–Russia relations can be considered separately from transatlantic issues.

The second element, referring to the internal splits of the EU member state in approaching Russia, there are basically two main paradigms: “At one end of the spectrum are those who view Russia as a potential partner that can be drawn into
the EU’s orbit through a process of ‘creeping integration.’ They favour involving Russia in as many institutions as possible and encouraging Russian investment in the EU’s energy sector, even if Russia sometimes breaks the rules. At the other end are member states, who see and treat Russia as a threat. According to them, Russian expansionism and contempt for democracy must be rolled back through a policy of ‘soft containment’ (Leonard and Popescu, 2007, p.2).

When it comes to their economic interdependence, the mutual dependence is quite obvious: 60 per cent of Russian exports go to the EU, and 70 per cent of Russian FDI comes from the EU. Gazprom alone earns 70 per cent of its profits from the EU. (Sakwa, 2012, 316) The dependence, although mutual, always comes with costs which involve sensitivity to outside pressures, which in certain cases take the form of vulnerability (Keohane and Nye, 2009, [1977]; pp. 12–13). Within this context, the unpredictable actions of the Russian Federation, in Georgia and in Crimea imply long term costs for Russia.

Putin faced a difficult choice. If he returned Crimea to Russia, his popularity would rise to the point that he would be a national hero for generations to come. Yet, in geopolitical terms there would be an exceptionally high price to pay, not only in terms of Russia’s reputation but also in terms of its relations with Ukraine, the West, and other countries in the post-Soviet space. Nevertheless he chose the first option which ultimately contradicts a rational economic approach, which in turn emphasizes the importance of prestige and power for Russia.

2.1. Outcomes of hard power in the Russian Federation

When it comes to the concept of power, Russia is a resurgent superpower and its system is based on a close association between the prestige of the state and that of the army (Gomart, 2008, p. 5). Within the world stage, Russia craves for recognition, namely to have the status of a potential global player once again (Allison, 2008, p.1171). That is why the Georgian conflict or the annexation of Crimea did not express the desire of territorial enlargement but a desire for respect, image and recognition of power. Despite Russia’s return to power through economic development, political stability and strategic ambitions, it shouldn’t be overlooked its demographic disaster and lack of technology that this country is facing. These aspects push Russia to seek and form strategic partnerships with the European Union, as well as to better valorise and use the interdependent relation which they develop.

Although it has been over twenty years since the Soviet Union disappeared from the maps of the world, in the Russians collective mentality remains the crave for what it was once lost (Kasamara, Sorokina, 279). This “post-imperial nostalgia” or “post-imperial syndrome” as it is called in political science, translates into a desire to see the great power restored (Gaidar, 2007).

Altogether, the enlargement of 2004 towards the Russian sphere of influence marked a turning point in terms of mutual perceptions of Russia and the European Union. Within this context, for Russia, the EU’s expansion coincided with Putin's consolidation of power internally and with the first dividend of economic recovery
Russia's recent aggressive foreign policy (Georgia War, Annexation of Crimea) can be explained by two arguments. First, Russia's economic recovery has been associated with the revival of a political speech on "Russian civilization" - a secular civilization that is so connected and so distinct from that of Europe – through which the federation has openly stated its intentions to remove any existing inferiority complex (Gomart, 2008, p. 13). In the eyes of the Russian political elite, the European Union has stumbled upon its own contradictions and no longer represents a dynamic model of economic development.

Secondly, Russia is always careful to distinguish between Europe and the European Union as it still harbors hopes of an European continent based on two pillars: a Western pillar (led by the Union) and an Eastern pillar (led by Russia) (Trenin, 2009, p.37). This approach can be easily detected in Kremlin’s attitude and expectations from the EU - a dialogue between equal partners. A sign of success regarding Russia’s approach is that its claim is not disputed by Russia's strategic partners in the EU -27, although it does not correspond to a real balance of power. Moreover, the Kremlin's attempts to form regional groups under the aegis of Russia, such as the common economic space, encountered a number of difficulties and challenges due to Russia’s inability to move beyond the traditional role of power. Therefore, the Federation has failed to initiate a viable process of integration without resembling a new form of domination over its neighbors. Within this context, Russia seems to be caught in a paradox: "geopolitical omnipresence and profound political solitude" (Trenin, 2009, p. 37).

In the 1990s, EU member states gathered around a strategy of “democratizing” and “westernizing” a weak and indebted Russia, and managed to get the Russians to sign up to all major international standards on democracy and human rights. But since then, soaring oil and gas prices have made the Russian governing elite incredibly powerful, less cooperative and above all, less interested in joining the West.

Beyond the facade of a new charming and arrogant Russia—which is taking advantage of the soaring energy prices in order to assert itself on the world stage once again-, the social catastrophe that befell this country remains completely impressive. The quasi-absence of a social assistance system provided by the state, as well as the Russian social body diseases (alcoholism, drug abuse, domestic violence, child abandonment etc.) heavily weigh upon the country’s demography. The deeply rooted criminality within the State’s structures- which lasts since Soviet times- is based upon an „incestuous relation” between the political power and the business sector (LeVine, 2009, p. 212)

### 2.2. The soft power of the European Union

Within the theoretical framework of the power concept, the EU is more of a political prototype as well as a bureaucracy (The Commission) reluctant to submit to democratic control. The European Union’s attitude, that of an emerging soft power which is reflected in the union’s reduced involvement in conflict (frozen)
resolution of the area, led the EU to pay the bill for reconstruction in cases such as Georgia.

The EU has been variously described as a global power, a superpower, a civilian power, a trade power, a normative power, a realist power and an ethical power, but it remains unclear when and how the EU really can exercise its power effectively (Forsberg, Seppo, 2009, p. 1805).

Overall, the EU’s power fragmentation is caused by a lack of political homogeneity of the Member States. There is a widespread conception regarding the division of the EU countries when it comes their attitude towards Russia which involves the existence of two groups of Member States: old and new. Regarding their attitude vis-a-vis Russia, the EU Member States either promote a pragmatic or a moral one. Overall, each Member State tends to adopt one of the two main political paradigms. At one end of the spectrum are those who see in Russia a key trading partner (usually the former members of Western Europe) and at the other spectrum are those who perceive Russia as a threat (usually new members from Central and Eastern Europe). In general, the bilateral disputes between Russia and the EU Member States affect the Union's foreign policy towards Russia and hinder the economic cooperation between the two at a regional level.

Through a power perspective, the reactions of Russia vis-a-vis EU’s proposal to include the federation in its European Neighbourhood Policy show Russia’s affiliation to the more traditional concept of power. Not only that Russian leaders do not appreciate that their country is put on the same footing as the others, but the ENP is seen as a competition or even a threat. This is why Russia chose not to join the ENP, in order to be „an equal partner”.

At times, instead of dialogue with Russia and genuine attempt to understand Russian concerns, the bureaucracy in Brussels simply prefers to impose its own standards on Moscow without taking into account the ability of Russia’s economic and social system to comply with these standards. It is on this basis that many Russian experts and policy-makers examine the negative aspects of the EU being a ‘normative power’ internationally. As a result, Russia prefers to deal with nation-states, who have concrete interests, not with the EU as a whole, an entity. From this point of view Russian criticism of EU resembles in some respects the criticism of British Eurosceptics. (Sakwa, 2012, p. 291)

The disappearance of mutual trust in European–Russian relations is underlined by the popularity of the metaphor of the new Cold War in the West (Lucas, 2008). The basic argument suggests that the present condition of European–Russian relations is comparable to the situation that existed during the ColdWar. The notion of a ‘Cold Peace’ is another metaphor of the same period that is directly related to discussion of a new Cold War (Bugajski, 2004).

As opposed to the EU, that perceives itself as a ‘post-modern’, ‘institutional’, ‘normative’ power, Russia is oriented towards the power politics of the great powers of the nineteenth century. The Kremlin does not understand why it needs the EU in order to deal with European states. (Kazantsez, Sakwa, 2012, p. 292) ‘Russia has sought to bilateralise both its deals and its disputes with EU member states, putting a strain on EU solidarity and making Russia the stronger power. This is not part of a
master plan to dismember the EU. It is, after all, natural for Moscow to deal with individual EU member states because that is how it sees international politics – as a series of tête-à-têtes between great powers’ (Leonard and Popescu, 2007, pp. 13–14).

CONCLUSIONS

Although they have different paradigms concerning the concept of power, the EU and Russia’s geopolitical relations cannot be defined as a simple struggle for power. Their relation is more complex than that taking into account the major differences in their values as well as in the way they perceive each other.

The lack of unity does not need to be the only explanation for the EU’s poor influence. Perhaps, even where it has been united, the EU has not been able to choose the best possible strategy or to implement it properly to achieve its aims, mainly because of their different perceptions and values. The EU does not often rely on hard military and economic power even if it has such hard power resources available, but tends to prefer persuasion, invoking norms and acting as an example: power tools that are often associated with the EU’s identity as a normative power, not with Russia’s hard power politics and perceptions.

On one hand, the European Union, through all its approaches seeks for cooperation, not competition when it comes to Russia. Nevertheless the tensions within their relations proves that somehow it cannot reach a common ground. On the other hand even if Russia perceives itself mostly as a European civilization, the affiliation for power politics makes it highly competitive, especially when it comes to its former satellites.

Conventionally, both economically and demographically, the EU possesses a greater power than Russia. However, the lack of European unity makes Russia outperform the EU, when it comes to the concept of power and influencing expected results. Therefore, Russia behaves as a real global power, while the EU still questions its own identity, thus not being able to become a credible security player.

Who holds the upper hand? From an economic point of view, the European Union, backed down by the US holds the advantage. Russia’s provocative policies and violation of the international law will definitely come at a high cost. Though the West is justifiably reticent to be drawn into any military confrontations with Russia beyond NATO’s boundaries, and is even reluctant to apply economic sanctions (especially the EU), the existing trade, investment, and financial relations between Russia and the West are already becoming severely affected after the annexation of Crimea.

From a political perspective, so far, Russia holds the upper hand. The EU has failed to influence Russia in pursuing the same results, especially in their common neighbourhood. EU has also failed to set itself as a normative power, to be a model that Russia wishes to follow. In other words, EU has hardly been able to influence Russia although it is a far bigger power than Russia in conventional terms.
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