

Perspectives

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RUSSIA, THE UNITED STATES, UKRAINE – Back to the future: a Cuba-like moment

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Escalating tensions in the region materialize major geopolitical upheavals under way around the world, with both local and global politics playing out. Any analysis of the intensifying crisis must be seen from both angles, and not just as a localised or individual conflict.

Whether or not fighting breaks out, these tensions point to a radical change in the idea we (the citizens of mature democracies in the West that is) have of our geopolitical environment, jolting us into the realisation that conventional wars are possible. And they could happen in our near abroad, even in “developed” countries. The signs of the shift were already evident in the French general staff’s change of strategy. France’s armed forces are preparing for a high-intensity war according to the concept known as “hypothesis of major engagement” (HEM by its French acronym for *hypothèse d’engagement majeur*). This thinking now informs the country’s preparation for a war in Europe, against a power that matches its strike force. What’s more, the strength of alliances are also more visible – something which played an outsize role in past conflicts.

Don’t look East or the return of “Zweig syndrome”

The psychological and political fallout from these events will be considerable: a perceived threat will have an impact on people’s political preferences beyond Ukraine or Russia. Security issues, which already loom large, will have even more resonance for the choices made by individuals and governments. **The collision of geopolitics and perceptions of the environmental crisis is set to alter our preferences and inform how we make economic and political choices.**

That said, such swings in expectations take time. We are hard-wired to resist change. Psychologists point to our desire to stick with what we know, our past beliefs and a level of disbelief when faced with disruptive change. This effect can also lead to analytical bias. In his memoir, “The World of Yesterday”, Stefan Zweig writes of the Viennese bourgeois’ belief that their wealth protected them and their inability to see the looming threat. Fans of “*Don’t Look Up*” will see the point.

With tensions rising fast, one question (among many to come) clamours for an answer in the short term: can conflict be avoided? For the answer, ask **who benefits from peace?**

Hostility between Ukraine and Russia goes back to 2014, but beware of binary political narratives

The historical background is important to understand. Since 2014, tensions have escalated periodically and relations between Ukraine and Russia have deteriorated. While the conflict in the Donbas region may sometimes appeared to have “stabilised”, the failure of the Minsk Protocol meant it never really “settled”. Sadly, fatalities have risen as Minsk failed to bring peace to the region, with the grim toll far from neutral politically. This history is key to the chain of events leading to the current stand-off: the extensive loss of life has shaped people’s attitudes and informs both Ukraine’s and Russia’s domestic policies as hostility between the two nations has built up over the past seven years. Both countries have increased their military build-up with no prospect on the horizon of a resolution to the ongoing conflict, a fact that explains the intensity of the current risk.

In Russia, Vladimir Putin has centralised power as he tightens his grip in response to sporadic geopolitical tensions and sanctions. But Russia has also added to its reserves, reduced its debt with rigorous budget management and started to substitute for exports in some industries. Paradoxically, these moves have improved the country's rating, although the Kremlin's focus on economic autonomy will dent growth in the long term. Clearly, Russia has been preparing for war for several years, which has dictated its economic policy choices.

It is too early to tell if higher reserves and a stronger debt margin would be enough to cushion the shock of a conflict and the tumbling confidence. What is certain, however, is that Russia will be the winner if diplomacy succeeds. The geopolitical risk premium, or in other words, the risk of distrust, may also cast a long shadow over monetary variables such as the exchange rate. Except that, as we know, financial markets have the memory of a goldfish, which is to say extremely short.

The mistreatment suffered by Ukraine, Ukrainians and Ukrainian identity has heightened the effects of geopolitical stresses. The country's government is also less centralised and less "effective". Democratic reforms to "deoligarchise" the country's institutions have either failed to materialise, or are too slow, too little or too late. Even with Russian troops massed at the borders, this political fight against the oligarchs is in full swing. In a nutshell, it is not so much the state as society in general – as is its wont – that has adapted remarkably well to lasting geopolitical tension. Again, the effects have been paradoxical: damaging growth some years, but stimulating innovation in some industries or regions. And the exceptional resilience of Ukraine's people has boosted growth and been a factor in the country's attraction for investors. Finally, external aid and relatively good monetary management have helped reconstitute the country's liquidity. But geopolitics, which have deprived the country of a significant part of its territory, has also sharpened nationalist sentiment and social conflicts, especially around language. Ukraine, *de facto*, is increasingly polarised.

This growing hostility between Russians and Ukrainians is one of the most dangerous developments, since it feeds the tendency towards rise to geopolitical extremes, which is unfortunately a classic feature of geopolitical history and contributes to creating a chain of events that elude diplomacy. This move to the extremes is fuelled by an increasingly binary friend/enemy,

good/bad political narrative, in turn added to by the conflict between the great powers of the US and China, which also feeds binary world views around the question of respect for human rights. Finally the concept of a "fluid world", described so well by Zygmund Bauman, also ratchets up the effects of "hostility between peoples". **Remember that in political science, it is precisely the attitude of peoples and political narratives that can cause an escalation from one type of war to another, namely from limited conflicts, which are extensions of politics, to major wars.**

Putin and Biden have more to gain as peacemakers than warmakers

As tensions escalate, our analysis of the geopolitical strategies at work in Russia and the United States lead us to believe that brokering a peace has more benefits for Biden and Putin than making war. Talks could still work, despite the mass military mobilisation on both sides of the conflict. Based on these analyses (see text below), we think that invading Ukraine is not Russia's main intention, a point worth keeping in mind as we observe developments in the coming weeks.

That said, neutralising the Donbas, or taking over political control, may have become Russia's immediate objective – either through conflict or at the negotiating table. In the medium term, as we well know, Vladimir Putin is also demanding guarantees of military security and protection for the Russian-speakers in Ukraine. But **these demands cannot be acceded to without detriment to Ukraine, or even to the security demands of some NATO countries, which also feel threatened – by Russia. The resulting impasse raises sharply increases the risk of conflict.** Moreover, this perception of threat on both sides complicates the negotiators' task, since the talks involve a readiness to engage in good faith on the part of many local actors in the conflict (Ukrainian, Russian or NATO member states). All feel threatened, but for different reasons. All agree that this is the only way out of the binary view of the conflict. And all share some responsibility for the chain of events, but blame others. In truth, this conviction of being in the right is the deep underlying reason for the rise in extremism.

(We are deliberately restricting our analysis below to Russian and American strategies to shed light on the dynamics of the talks. Obviously, other European countries and EU institutions also have their strategies, which could play an important role going forward).

What Putin wants to achieve and the four reasons behind his strategic choices

- 1 - Russia's president has publicly deplored the fall of the USSR. His desire to restore Russian power informs his geopolitical thinking as much as his **bid for international recognition** partly accounts for his popularity at home amongst the over-55s.
- 2 - Yet, Putin's geopolitical moves have always included a **heavy dose of realism mixed with opportunism, which certainly trumps the soviet imperial ideal**. In practical terms, this has translated into **the capability for military action, for surprise, but also for conflicts that are limited in scope** (in Georgia for example).
- 3 - Moreover, the country's geography (land, borders and the problem of access to warm waters) have a profound impact on Russia's "grand strategy" and **impart vital and special resonance to the issue of controlling its periphery**, for the population. For Russians, the accelerated rearmament of Ukraine since 2014, President Zelenski's revival of the NATO question and the country's strategic rapprochement with the United States this summer (contrary to what seemed to have been agreed in June in meetings between Biden and Putin) **all pointed to a risk that the balance of power was about to break down**. The impasse reached in the Minsk talks is another factor – for now – for Russia, which now sees more advantages in negotiating directly with the Americans **in a ploy that is very divisive for Europe. Bypassing Europe to talk directly with the US lays bare the divergent interests and geopolitical perceptions** between the countries of the East or the North and the West, especially when it comes to Russia.
- 4 - Fourth, Russia sees itself as and **remains the pivotal power on the Eurasian continent**. Its determination to preserve the independence of this central position colours the relationship with Europe, and with China: even if Russia flirts with the idea of closer ties with Beijing (a rapprochement which is accelerating de facto), it remains cautious because of the imbalance between their economies and demographic asymmetry, especially along its eastern borders. The issue of who has most influence between Beijing and Moscow will surely rear its head one day in the shared hinterland of Central Asia. **Driven by events, the Russian-Chinese alliance remains an unnatural one.**

Domestic policy will also play in role in determining what choices Putin makes and in conflict scenarios. How much room to manoeuvre does Putin have?

Fairly reliable polls by the Russian Levada Center indicate that **Russians** are tired of rolling economic crises (and Covid is just one of them). **Two-thirds are pessimistic about the future of the economy**. People are unanimous in their rejection of political institutions: 56% of the population think that politicians are first interested in their own finances and well-being. On the other hand, respect for the army remains high at 61%. Putin's approval rating was also a high 65% in December, despite the fatigue, but has slipped back to where it was in 2011/2012, before the cycle of demonstrations. **What is clear from the most recent Levada surveys however is the generational divide:** in March 2021, 57% of under-25s no longer wanted Putin as president after 2024, while he enjoys support from 59% of older people. **The Russian President has some political room for manoeuvre, but less and less as time goes by.**

How much do we know of what Russians want geopolitically? Even if a majority of Russians are in favour of rehabilitating Stalin (in a 2019 survey, 51% said their attitude to Stalin was one of respect, affection or admiration), this doesn't mean that they are in favour of building back the Soviet past. This would mean invading Ukraine, with all the attendant astronomic political, economic and human costs. **Although alive to what happens to Russian speakers, especially in Ukraine, the Baltic States and Kazakhstan, Russians have generally accepted that the empire is no more, despite the remaining deep psychological impact.** On the other hand, it is crucial to note that last April, **barely 4% of Russians thought their country was responsible for the current tensions in Ukraine, while 48% blame NATO.**

Opinion was divided on the need for a military intervention, but **65% of Russians were in favour of the Donbas region rejoining Russia, if asked to do so**. The policy of issuing more Russian passports in the Donbas over the past year reflects this position and has been rightly seen as signalling a shift in the balance of power – by Ukrainians this time.

Russian strategy

All in all, **we are unconvinced that Russia's strategic intention is to "invade" Ukraine.** The economic and political cost is too high a price to pay for any advantage gained. We think **the media and political narrative is too far from the realities of Russia's grand strategy.**

However, in our view, **control of the Donbas region has become a geopolitical priority for Russia** to secure land access to the Crimea. In the short term, the key questions are: can Russia take control of the Donbas? Would the West and Ukraine accept it? At what price? Would it wrest control of the region through conflict or by recognition of Russian domination at the negotiating table? In the medium term, Putin needs security guarantees on Ukraine and on protection for Russian speakers. He also wants to recast Russia's relationship with the Baltic states and with NATO member countries around the Black Sea. **The election calendar and his popularity, which is set to shrink as the population gets younger, are major factors in Russia's geopolitical paradigm shift.**

Yet, the possibility of a larger-scale war across the whole of Ukraine – and possibly even further afield – cannot be dismissed, because the strategic decisions the parties make will depend on unfolding events, with **a high risk of incidents or local political tensions.** In addition, the freezing conditions prompt some strategists to raise the possibility of a Russian army penetrating beyond the Donbas. By presenting the US with a non-starter ultimatum (especially with regard to NATO), **there can be no doubt that Russia has balanced the hypothesis to run this risk of a broader conflict** (Russian strategists play chess, not poker), which means **Europe and the US are confronted with very strategic binding decisions.** As the days go by, signs are mounting that anything is possible: drills in the Black Sea by Russia and by NATO, preparations for repatriating non-essential personnel from the American embassy in Kiev, to name but a few.

Strategic trap for the United States?

The Russia question is a relatively bi-partisan one in the US congress. And although Americans in general are less worried about geopolitical issues (insularity effect) than their Russian counterparts, **all external events will be weaponised in the mid-term elections in the US.** This includes Ukraine, especially since the United States will be on the front line when it comes to military and economic aid. Therefore, Biden is in a tough spot: not only is it imperative for him to concentrate on China, but he also needs some wins on the geopolitical front after the calamitous exit from Afghanistan. **Patently, closer ties between Russia and China are not in America's interests**

and would be a hindrance for Biden as the mid-terms approach. **Domestically, President Biden certainly doesn't need a conflict**, either limited or on a larger scale, but **nor can he show weakness in relations with Russia.**

On the wider geopolitical stage, **Ukraine is more important for Russia than for the Americans, which gives Russia a strategic advantage.** What is at stake in this stand-off is control of whole Eurasia. And all of American international policy since the Second World War has sought to prevent reunification ("who rules Eurasia controls the destinies of the world", the founding principle of American geopolitics since Mackinder). NATO has sought to control "pivotal countries" (Ukraine is one) along a Rimland encircling Russia in a strategy that defines the policy of containment (of Russia by the West). **The challenge for US foreign policy now is to prevent a Russian-Chinese alliance, maintain containment and pivot NATO towards the priority of curbing China.**

Ultimately, American leadership is at stake in this conflict, and Russian knows it. It is both an opportunity to successfully negotiate a solution and a trap for the US. First, because by going direct to the Americans, Russia fractures the western alliance and leaves Europe on the sidelines. What's more, **it is vital for the US to be seen as the leader of the democratic world as it seeks to reform alliances to stand up to China.** Therefore the narrative could not be more important: if the conflict is read as a threat to democracy by an authoritarian government, the US must defend this symbolic battlefield. The Ukraine situation is **a dress rehearsal for a conflict in Taiwan. China is closely watching what America does.** For the Americans, a negotiated solution would be a solution that protects democracy (or the appearance of democracy in any case). But Ukraine's internal problems, its unpopular government and a population weary of corruption by elites are obstacles to building this type of narrative for a way out of the crisis.

Ultimately, despite escalating tensions, Putin and Biden have more to gain domestically and geopolitically by making peace not war. Lest we forget, the Cuban missile crisis led to major disarmament accords. **What's needed is to find a win/win solution to the Ukraine conflict for Russia and the US, which is supported by the US Congress, Ukrainians, as well as Eastern, Western and Northern Europeans, who have different strategic interests in confronting the Russian question.**

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