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Managing Strategic Trilemmas and Trade-Offs: The OSCE's Core Challenge?

Introduction

Strategic uncertainty is the pervading current leitmotif in international security studies and practice. Calls for greater adaptation or “dynamic resilience” and the virtues of “anti-fragile” postures in the face of future risk are all symptoms of this deficit. As the international strategic landscape evolves, with power shifting ever more rapidly from the United States and Western Europe to East Asia, the continued viability of existing co-operative security governance frameworks is being brought into question. As Bilahari Kausikan, the Permanent Secretary at the Singapore Ministry of Foreign Affairs, observes: “A global transition of power and ideas is under way. Transition to what, no one can yet say. We have no maps and will have to improvise our way forward the best we can.”¹ Charles Kupchan argues that an unstable multipolar order has emerged after a US withdrawal from a bi- then unipolar order, and argues that transitional multipolar orders, especially, are volatile: “The end of the American era is not just about the end of American primacy and the return of a world of multiple centers of power. It is also about the end of the era that America has played such a large role in shaping – the era of industrial capitalism, republican democracy, and the nation-state.”² The accelerated power shift to East Asia, as well as regime instability in Tunisia, Egypt, Libya, and Syria and the other implications of the Arab Spring, all provide an immediate strategic context within which the OSCE will have to adapt or fail. Gideon Rachman of the *Financial Times* concludes: “If neither the United States nor some form of ‘world government’ can provide the leadership to tackle the world’s common political problems, then, a ‘third alternative’ will emerge, with China and Russia spearheading an ‘axis of authoritarianism’.”³

Ian Bremmer of Eurasia Group suggests that disorder is the new order and that we are moving into a G-zero world in which no global leadership is in evidence: “There is no single country or bloc with the political or eco-

1 Bilahari Kausikan, The curse of the highly successful, in: *The Straits Times* (Singapore), 28 July 2012.

2 Charles A. Kupchan, *The End of the American Era: U.S. Foreign Policy and the Geopolitics of the Twenty-First Century*, New York 2002, pp. 303; see also Charles A. Kupchan, The Democratic Malaise: Globalization and the Threat to the West, in: *Foreign Affairs*, January/February 2012, at: <http://www.foreignaffairs.com/articles/136783/charles-a-kupchan/the-democratic-malaise>.

3 Gideon Rachman, *Zero-Sum Future: American Power in an Age of Anxiety*, New York 2011, p. 175.

conomic leverage to drive a truly international agenda. The result is uncertainty and conflict over international economic co-ordination, financial regulatory reform, trade policy and climate change.”⁴ On a macro level, there is also no global consensus on strategy. A Bretton Woods II agreement – with a reformed International Monetary Fund (IMF), World Bank and UN Security Council (UNSC) – has not been agreed on. This global power vacuum results from a lack of self-confidence amongst European states, as well as a lack of strategic clarity in the United States. The sprawling size of the G20 underscores the loss of European power (the G8 includes five European states, while six European countries and the European Commission are represented in the G20) but also accounts for the consequent lack of shared values among its members. China, India, and Brazil are unwilling to bear the financial and political costs of growing international responsibilities. The resultant power vacuum, Bremmer argues, will benefit some governments, institutions, and companies which can adapt in a leaderless world. He argues that Turkey and Brazil, for example, are the best-placed pivot to new markets, allies, and partners as necessity demands.⁵

When we look to the future, the latest National Intelligence Council Global Trends report, *Global Trends 2030: Alternative Worlds*, identifies four potential alternative worlds, four mega-trends (individual empowerment, diffusion of power, demographic patterns, a food-water-energy nexus), and six game changers – critical variables include a crisis-prone global economy, governance gaps, the potential for increased conflict, a wider scope for regional instability, the impact of new technologies, and the role of the US.⁶ With this prognosis in mind, when we turn to critical OSCE sub-regions, the food-water-energy nexus mega-trend and three of the critical variables – governance gaps, the potential for increased conflict, and a wider scope for regional instability – are of direct relevance. In 2013 and beyond, interplay amongst them will generate emergency “hot spots” with political, societal, economic, and military security consequences that will require co-ordinated early action.

What are the current obstacles to effective transnational leadership and management of multilateral interventions to bring about the sustainable resolution of such conflicts? As a result of such dissonance, intra- and inter-institutional splits are occurring, as organizations are torn between competing regional and global responsibilities. As Sergei Karaganov has noted: “There is also a progressive deterioration of the institutions of supra-national political and economic management: The UN, IMF and others are growing

4 Ian Bremmer, Every Nation for Itself: Winners and Losers in a G-Zero World, in: *South China Morning Post*, 25 March 2012, p. 15.

5 Cf. Ian Bremmer, The power of the pivot, in: *The International Herald Tribune*, 15 May 2012, p. 6; Ian Bremmer/David Gordon, Rise of the different, in: *The International Herald Tribune*, 19 June 2012, p. 8.

6 Cf. National Intelligence Council, *Global Trends 2030: Alternative Worlds*, December 2012, available at: <http://publicintellgence.net/global-trends-2030>.

weaker. The G8 has become a parody of world government, as is most evidently the G20. BRICS and the SCO are in no hurry to compensate for their weakness.”⁷

When we turn to the ability of Euro-Atlantic and Eurasian organizations and institutions to respond to crises, governance gaps are very apparent. Intra- and inter-institutional splits remain a constant, with organizations torn between competing regional and global responsibilities. Within the Euro-Atlantic and Eurasian space, security multilateralism exists in quantity but its qualitative unevenness is remarkable. This can be attributed to a number of factors: the weak nature of inter-institutional ties (e.g. the lack of coherent EU-NATO relations); very low levels of contact between old institutions (e.g. the EU and NATO) and relatively new institutions (e.g. the CIS and the CSTO); and the questionable utility of ideologically pure, universalist, comprehensive approach-based institutions (e.g. the OSCE). As the International Peace Institute noted at a workshop in December 2011: “Since the OSCE is one among a crowded field of players offering assistance to Mediterranean countries in transition, the need for close cooperation with partners like the EU, the League of Arab States, and the Union for the Mediterranean was stressed. It was also noted that the OSCE could work with participating states that have large bilateral missions in the partner states.”⁸

Despite huge economic trade turnover, dense and growing networks of interconnectedness, and normalization of once-tense relations (e.g. Russo-Polish relations), persistent asymmetries are in evidence, from differences in economic power to approaches to human rights and statehood. There is no agreement in the United States and Europe about how to relate to Russia in general and to Russia’s role in the post-Soviet space in particular. Reciprocally, Russia neither trusts the West (due to double standards, hypocrisy, and NATO’s operation in Libya) nor believes that Russia receives the respect it deserves. Increasingly, national strategic narratives concerning threats and how best to approach them diverge from current realities on the ground, with states finding agreement on abstract strategic ends (peace and stability) but not means. Over the past year, we have witnessed multilateralism becoming less effective, efficient, and legitimate on account of institutional and organizational weaknesses. Solidarity and shared responsibility are less in evidence – states prefer to act according to their own immediate interests and priorities, giving these precedence over the longer-term interests of preserving peace in the system.

7 Sergei Karaganov, Ekho prishedshei voyny [Echo of war that has come], in: *Vedomosti*, 15 June 2012, at: http://www.vedomosti.ru/opinion/news/1853259/eho_prishedshej_vojny; an English version can be found in: BBC Monitoring International Reports, 20 June 2012, at: <http://www.accessmylibrary.com/article-1G1-293917912/russian-paper-says-war.html>.

8 International Peace Institute, *The OSCE-Mediterranean Partnership and the Arab Uprisings*, December 2011, p. 4, at: http://www.humansecuritygateway.com/documents/IPI_TheOSCEMediterraneanPartnershipandtheArabUprisings.pdf.

The Arab Spring and the OSCE

When we survey the strategic landscape through 2011 and 2012, a crisis of governance – with governments being overwhelmed – manifests itself at the level of leading states and international organizations within the OSCE area. In addition, three other dynamics are notable. First, the reach and significance of China's role in Eurasia has steadily increased. This is likely to be further accelerated in response to the US 2011 "strategic pivot" to the Asia-Pacific. Second, OSCE States have begun to identify and hedge against the potential negative strategic implications of the series of transitions which 2014 will bring to Afghanistan and potentially Eurasia as US and ISAF troops draw-down. Third, the Arab Spring in the Middle East and North Africa (MENA) continues to reverberate through OSCE space.⁹ Let us focus on this last dynamic.

Through 2011 and into 2012, uprisings, disorder, and regime change have rippled across North Africa: from Tunisia through Egypt to Libya. The effects of this have already been felt in Yemen and Bahrain, and now Syria totters on the brink of implosion. The Arab Spring has implicitly questioned the viability of existing US, NATO, Russian, and EU strategic approaches to the MENA region – especially the assumptions upon which these approaches rest. Lamberto Zannier, the new OSCE Secretary General, is signaling that democracy promotion in the MENA region will become an OSCE priority, given that there are common interests in oil, trade, migration, and combating terrorism.¹⁰ This commitment was underlined at the OSCE Annual Review Conference in June 2012: "We will continue to seek ways to strengthen the OSCE's conflict cycle toolbox, including its analytical, early warning, operational and mediation tools, and to consolidate the Organisation's role in post-conflict rehabilitation and reconstruction."¹¹ However, realizing this "priority" will be problematic given the lack of both capacity and unity within the OSCE. What are the priorities of other international organizations and the states that shape their agendas?

The United States is also in a period of transition – for 60 years it has been the global strategic actor, but its primacy is now being questioned: externally by emerging powers as we move towards an unstable multipolar order, and internally by the dysfunctional nature of its political system, as demonstrated by Congressional gridlock and extreme political polarization.

9 Cf. League of Arab States, *Statement by Mr. Hesham Youssef, Assistant Secretary General of the Arab League, Before the 2012 Annual Security Review Conference of the OSCE Regarding Developments in Middle East*, Working Session IV: OSCE Partners for Cooperation, 28 June 2012, PC.DEL/681/12, 9 July 2012, at: <http://www.osce.org/cio/92004>.

10 Cf. OSCE offers to Aid for Arab Spring Democratization, in: *AssA-Irada*, 21 July 2011.

11 European Union, OSCE Annual Security Review Conference, Vienna, 26-28 June 2012, Working Session II, *EU statement on early warning, conflict prevention, crisis management, conflict resolution and post-conflict rehabilitation: lessons learned and way ahead*, 27 June, PC.DEL/612/12, 27 June 2012, at: <http://www.osce.org/cio/91744>.

As a result, the US appears less able but also less willing to guarantee global prosperity. As Barry Desker notes, leadership to galvanize allies was lacking at the last G20 Summit in Los Cabos, Mexico: “The leaders failed to agree on urgent action to increase the financial firewalls, and to push for concerted action using the available funds, especially the eurozone’s bailout funds, to purchase sovereign bonds from countries like Spain and Italy. [...] But a multipolar world complicates efforts to ensure more effective global governance and burden sharing.”¹²

The Arab Spring has also posed questions as to whether the US can formulate a prudent blend of power and interests with principle and values, of *realpolitik* and idealism. Has US policy towards the Middle East sacrificed liberty on the altar of authoritarian stability but failed to gain either stability or liberty over the last six decades? Western strategic interests (regional stability, the continuation of the Egyptian-Israeli peace treaty, and access to the Suez Canal and Egyptian airspace) was secured through long-standing strategic partnerships with US-backed autocratic security providers. Western democratic states with market economies appear to be giving the promotion of democratic principles and values (accountability and transparency) precedence over interests, and in their rhetoric at least (if not yet in practice), they align the two – democratic security-building as a national interest. But will, as Henry Kissinger has warned, support for “fragile governments in the name of international stability guarantee long-term instability?”¹³

The EU is in the midst of a financial crisis, without the leadership or will to turn monetary union into economic and then political union, never mind think about and develop a strategy for a host of emergent challenges and dilemmas such as tension between “Southern engagement” and “Eastern enlargement”. Before the Arab Spring, the EU had been gradually enlarging its presence in Central Asia. In 2005-2007, a Special Representative for Central Asia was designated, the new Development Cooperation Instrument introduced a special component of Central Asia, individual partnership agreements were signed with each of the region’s countries, and the EU’s Central Asia Strategy was adopted under the German EU Presidency. However, EU interest in Central Asia is easily trumped by North Africa as an overriding strategic priority. The “southern neighbourhood” is referred to in the EU’s neighbourhood policy as “our neighbourhood”, one which the EU considers part of a future “common” economic and security zone. Central Asia, by contrast, is relegated to “neighbours of the EU neighbourhood”, a region where dialogue and networks have to be built to serve the EU’s growing needs in energy resources and to fulfil security commitments in Afghanistan. On 25 May 2011, the EU rejuvenated its European Neighbourhood Policy (ENP). It announced that the post of EU Special Representative for the

12 Barry Desker, Squandered opportunity, in: *The Straits Times* (Singapore), 25 June 2012.

13 Henry A. Kissinger, Managing the Arab Spring, in: *The Washington Post*, 1 April 2012, p. 19.

Southern Mediterranean would be created, that the European Investment Bank and European Bank for Reconstruction and Development would extend their operations (and funding) to the MENA region, and that the EU would support “deep democracy” efforts.¹⁴ But might zero-sum logic become apparent within the EU and Russia? A reinforced European southern engagement will, in an era of financial constraints and eurozone crisis (which leaves no opportunity for strategic thinking), result in less time, attention, and resources being spent on states in the common neighbourhood, which gives Russia more power and influence within its self-declared zone of privileged interest.

Russia represents a post-imperial modernizing project that looks set to enter a period of stagnation and ongoing challenges to its legitimacy, highlighted by the December 2011 Duma electoral fraud and the protest movement. It has a political elite estranged from the West and fearful of economic and societal modernization – as this implies a different political order – and a young, rich, entrepreneurial “creative class” estranged from its own political elite. Despite the Arab Spring, the notion that authoritarianism is the solution to instability, rather than its cause, still prevails in the minds of many elites. According to this understanding, human rights, democracy, and humanitarian interventions undermine the stability of government and societies. Eurasian normative unity has been forged in many fires. The events of 9/11 and the US response – to kill or capture terrorists – were understood as legitimizing pre-existing anti-radical Islamist narratives in Eurasia and beyond. In addition, Eurasian power-elite understandings of the nature of colour revolutions in Serbia, Georgia, Ukraine, and Kyrgyzstan – Western security services in collusion with NGOs (“CIA-Soros”) attempting to implement a post-modern coup d’état – reinforced a shared commitment to oppose the “export” of such revolutions by the West. Moreover, Russia’s doctrinal lead helps to socialize and institutionalize a common set of assumptions and norms in Eurasia. In contrast to the EU, NATO, and US strategic approach to the MENA region, the most powerful regional actors and institutions in Eurasia – the Russian Federation/Collective Security Treaty Organization (CSTO) and China/Shanghai Cooperation Organization (SCO) – are conservative and cast normative shadows which strongly support the sovereignty and territorial integrity of states.

The commonalities between the Arab Spring in the MENA region and conditions on the ground in Eurasia are apparent: Enduring inequalities and dignity deficits persist; long-standing authoritarian republicanism prevails; intra-regional transnational societal spillover potential is ever-present; and, resource distribution and allocation is based on pre-existing family, clan, tribal, ethnic, religious, and gender allegiances and animosities. In Central

14 Cf. *A New Response to a Changing Neighbourhood: A review of European Neighbourhood Policy*, Joint Communication by the High Representative of The Union For Foreign Affairs And Security Policy and the European Commission, Brussels, 25 May 2011, at: http://ec.europa.eu/world/enp/pdf/com_11_303_en.pdf.

Asia, authoritarian incumbents in Kazakhstan and Uzbekistan have held power for over twenty years. Dignity deficits are well attested. Food price hikes and power cuts in Kyrgyzstan and Tajikistan are ongoing, and border regimes are opaque. Political rights are not guaranteed and, with regard to Turkmenistan and Uzbekistan, these rights are suppressed with coercive force. The rise of factional elites undermines the legitimacy of the state throughout Central Asia.

The Arab Spring as a Symptom and Cause of Wider Strategic Dissonance

Strategic dissonance (agreement on strategic ends but not means) characterizes Russian, European, and US approaches to contemporary strategic issues which dominate the international agenda. NATO's humanitarian intervention in Libya posed a set of strategic dilemmas for Russia. Russia did not want to support and thus justify a humanitarian intervention in Libya, as this would only serve to advance US and European interests and reinforce dangerous precedents set in Kosovo and Iraq. However, there was significant regional support for the resolution. In addition, the Obama administration was willing to decide on the issue of military intervention within the UNSC. This was a demonstration of multilateralism, and therefore a repudiation of Bush-era unilateralism and implicit support for the US-Russia reset agenda. For all these reasons, a veto from Russia would have sent the wrong strategic signal. Abstention from UNSC Resolution 1973 had the strategic advantage of "placing Russia in a position to benefit from whatever political outcome".¹⁵

By contrast and with regard to Syria, Russia (alongside China and other BRICS countries) strongly opposed UNSC resolutions condemning violence, sanctions, and foreign intervention against Syria and has threatened to veto any such UNSC resolution. Unrest in that country is regarded as a purely internal affair. Syria, as Russia's one remaining strategic partner in the region, buys virtually all its weaponry from Russia and provides naval bases in warm waters. Furthermore, there is a strong feeling in Russia (and China) that UNSC Resolution 1973 should have been vetoed at the time, as NATO exceeded its mandate and has emerged as a strategic winner. This perception reinforces the will to veto an equivalent resolution on Syria, were one to be drafted and presented to the Security Council.¹⁶ An additional factor is that in 2012, Russia and the US presidential elections encouraged "toughness" and blame, rather than further accommodation or compromise. Thus, while the

15 Roland Dannreuther, Russia and the Arab Revolutions, in: *Russian Analytical Digest*, No. 98, 6 July 2011, pp. 2-4, here: p. 3; see also Mark N. Katz, Russia and the Arab Spring, in: *ibid.*, pp. 4-6.

16 Cf. Iftekhar Ahmed Chowdhury/Yang Razali Kassim, Libya and the UN: Whose Responsibility to Protect? *RSIS Commentaries* 34/2011, 4 March 2011 at: <http://www.rsis.edu.sg/publications/Perspective/RSIS0342011.pdf>; Alex J. Bellamy/Paul D. Williams, The new politics of protection? Côte d'Ivoire, Libya and the responsibility to protect, in: *International Affairs* 4/2011, pp. 825-850.

United States, Europe, and Russia agree that a stable and peaceful Syria is the desired end state, they disagree on how to achieve this – with the EU and United States adopting an approach divergent from that of Russia by imposing sanctions and pursuing tough UN resolutions.

The Arab Spring has also highlighted a collective action problem, with splits within and between the Non-Aligned Movement, Arab League, UNSC and EU. The EU, with 27 national governments, was in disarray over Libya, demonstrating that a pre-emptive humanitarian operation is much harder to legitimize than one after the fact. On 17 March 2011, when the UN Security Council passed its Resolution 1973 on the creation of a no-fly zone over Libya, Germany abstained along with Russia, China, India, and Brazil. Among the big EU three (France, Germany, and the UK), the UK and France were unable to find a common cause with Germany in a high-profile foreign policy challenge: “The vote represented a break with Germany’s foreign policy maxim to never oppose its European partners and the United States.”¹⁷ Eighteen months since the Lisbon Treaty which led to the creation of the European External Action Service (EEAS), it is clear that “a ‘foreign ministry’ is not a foreign policy, and there is little sign that the EU will devise one anytime soon”.¹⁸

Russia’s narrative presents itself as an embattled “sovereign democracy”, encircled by threats which only elite continuity can manage. Russia continues to understand the European security system as being characterized by its NATO-centric dominance and balance-of-power Cold War bloc mentality. It views NATO as a threat, particularly with regard to missile defence and the perception of its ability to compromise its own strategic second-strike capability. For Russia, the EU represents a revisionist power in post-Soviet space. If former republics choose closer economic association with the EU, this – from the perspective of a zero-sum Moscow – represents a decision to disassociate themselves from Russia. This means that while multipolarity has developed in Europe, there has not been any success in tying these poles together; indeed, Russia has sought a strategic partnership with China to boost its leverage in relations with Europe and the US. As Bobo Lo has argued: “For Moscow, partnership with China serves multiple purposes. It counterbalances the strategic and normative dominance of the United States. It confers on Russia a ‘success by association,’ helping to legitimize Vladimir Putin’s domestic and foreign policies. It strengthens Moscow’s bargaining position with the West, whether in energy negotiations with the European Union or missile defense talks with Washington. And it allays vulnerabilities about the sparsely populated but resource-rich Russian Far East. Most im-

17 Ralf Neukirch, Germany’s Woeful Security Council Record, in: *Der Spiegel*, 21 September 2011, at: <http://www.spiegel.de/international/world/0,1518,787322,00.html>.

18 Giles Merritt, Where is Europe’s Foreign Policy? In: *The Korea Times*, 31 July 2011, at: http://www.koreatimes.co.kr/www/news/opinion/2012/11/160_91933.html.

portantly, with China by its side Russia feels able to promote itself as global great power, one of the ‘winners’ in a post-American century.”¹⁹

On 24 September 2011, after announcing his intention to return to the presidency, Prime Minister Putin announced his “Eurasian Union” initiative aimed at promoting Russia as the centre of geo-political gravity in the former Soviet space. As the “Eastern vector” is of “paramount interest” for President Putin, it is worth noting that the Customs Union represents politico-economic integration, and a reformed CSTO advances integration in the political-military sphere. Russian attempts to consolidate its re-integration into the former Soviet space by adapting the CSTO to address domestic contingencies and pushing the Customs Union and Eurasian Union concepts will create an informal division between Euro-Atlantic and Eurasian security structures. However, the functioning of these institutions will be more indicative of a symbolic and virtual division than a real one thanks to lack of political will, capability deficits, and capacity and implementation gaps among the key actors.

If we look at the economic importance of the Customs Union for its member states (Russia’s centrality is a given), we can note that direct foreign trade between Kazakhstan and Belarus is, at most, one per cent of their respective totals. Even in the case of Russia, Kazakhstan accounts for only 7.5 per cent (and falling) of its total trade and half of that is in hydrocarbon swaps. This is not an efficient or sustainable economic enterprise – indeed, it is a deeply political one – and it will not allow for the modernization of the Russian economy.

Turning to CSTO reform debates, proposals that decision-making within the CSTO could be by majority vote rather than consensus acknowledge that Russia and the CSTO (along with all other international organizations) were strategically paralysed in the face of the events in Osh and Jalalabad in June 2010. Second, consideration given to developing the capacity to carry out peace-enforcement operations in Central Asia in the face of domestically-rooted calamities, in addition to interstate attacks, demonstrates a fear of Arab Spring-type spillovers into Central Asia in 2012. Indeed, in September 2011, CSTO “*Tsentr-2011*” military exercises were hosted simultaneously by Russia, Kazakhstan, Kyrgyzstan, and Tajikistan. President Dmitry Medvedev and Defence Minister Anatoly Serdyukov attended a military exercise in the Chelyabinsk region in which the scenario involved “mock terrorists dressed in white Arab robes taking over a school, infantry fighting vehicles advancing, airborne troops conducting a parachute drop, *spetsnaz* catching insurgents”.²⁰ Third, it recognizes that, in the words of

19 Bobo Lo, A partnership of convenience, in: *The International Herald Tribune*, 8 June 2012, p. 6.

20 Presenters of “*Den*” news, Alena Vasilevykh and Yaroslav Borodin, on Yermak TV, Yekaterinburg, 27 September 2011 (in Russian); an English version can be found in: BBC Monitoring International Reports, 28 September 2011, at: <http://www.accessmylibrary.com/article-1G1-268299617/programme-summary-yekaterinburg-yermak.html>.

Fedor Lukyanov, editor-in-chief of the *Russia in Global Politics* journal: “In light of the situation in Afghanistan, a viable CSTO is not only necessary for Russia but even for NATO.”²¹

Russian Presidential spokesperson Natalya Timakova had announced after the December 2011 CSTO Summit that: “The Russian delegation considers the agreement on the placement of military bases of non-regional countries in the territories of the CSTO member states only on the condition of consent by the CSTO partners as one of the main agreements concluded today.”²² Dmitry Trenin had argued that the CSTO has symbolic importance for both Moscow and “allied” capitals which hitherto has remained compatible: “To all intents and purposes both Moscow and the allied capitals regard the CSTO, rather, as a symbol: The former regards it as something like a Russian sphere of military-political influence, while the latter regard it as an outward sign of loyalty guaranteeing Moscow’s favour even in cases of acute contradictions and differences, as has happened periodically with Belarus and happens chronically with Uzbekistan. It turns out almost as in the anecdote from Soviet times: Both parties are pleased to pretend.”²³

Interestingly, Uzbekistan’s decision on 28 June 2012 to suspend its CSTO membership and put greater emphasis on its bilateral partnerships increases both intra-CSTO cohesion and strength as a systemic counter-weight to the US, but at the price of increasing the likelihood that Uzbekistan will reopen an air transit centre for US use.²⁴ As Stanislav Pritchkin has noted: “In 20 years of independence, the countries of the Central Asian region have not been able to form regional mechanisms for ensuring security and resolving

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- 21 Cited in: Alexander Gabuev/Vladimir Solovyev, ODKB razvorachivayut litsom k NATO – Rossiya gotovit plan reformy organizatsii [CSTO Turns to NATO – Russia Prepares Plan to Reform Organisation], in: *Kommersant*, 6 September 2011, at: <http://www.kommersant.ru/doc/1766641>; an English version can be found in: BBC Monitoring International Reports, 8 September 2011, at: <http://www.accessmylibrary.com/article-1G1-266553815/russia-said-planning-csto.html>; see also Igor Yurgens (ed.), *Collective Security Treaty Organisation: Responsible Security* (Synopsis of Report of Institute of Contemporary Development), Moscow, August 2011, pp. 1-26.
- 22 Cited in: Lyudmila Alexandrova, Moscow sees CSTO as reliable screen from western, southern threats, *Itar-Tass World*, Moscow, 21 December 2011, at: <http://www.itar-tass.com/en/c39/303243.html>.
- 23 Dmitry Trenin, Tsena voprosa [Bottom Line], in: *Kommersant*, 15 June 2012, at: <http://www.kommersant.ru/doc-y/1951056>; an English version can be found in: BBC Monitoring International Reports, 28 June 2012, at: <http://www.accessmylibrary.com/article-1G1-294798820/russia-pundit-views-challenges.html>.
- 24 Cf. Viktoriya Panfilova, Uzbekistan vozvrashchaetsya k CSHA. Tashkent stanovitsya soyuznikom Vashingtona v antiiranskoi kampanii [Uzbekistan Returning To US. Tashkent Becoming Ally of Washington In Anti-Iran Campaign], in: *Nezavisimaya Gazeta*, 4 July 2012, at: http://www.ng.ru/cis/2012-07-04/1_uzbekistan.html; an English version can be found in: BBC Monitoring International Reports, 5 July 2012, at: <http://www.accessmylibrary.com/article-1G1-295406852/russian-paper-says-uzbekistan.html>. See also Georgy Kovalev/Oleg Gorbunov, NATO pereezhaet na sever [NATO moving north], *Politkom.ru*, 8 June 2012, at: <http://www.politcom.ru/13980.html>; an English version can be found in: BBC Monitoring International Reports, 11 June 2012, at: <http://www.accessmylibrary.com/article-1G1-292841020/russian-commentary-eyes-impact.html>.

disputes and conflicts, nor to create working institutions for economic cooperation”.²⁵

Even within one leading and heavily institutionalized organization – NATO – it is clear that allies are becoming less interested in NATO’s future. Although burden-sharing disputes have been a constant feature of NATO’s evolution, the impact of the financial debt crisis has cut deep (the US, UK, France, and Germany are all slashing their defence budgets) and is likely to be longer-lasting than any similar downturn in the Alliance’s history. Heterogeneity is apparent in the NATO allies’ approaches to the new threats identified at the 2010 Lisbon Summit – from cyber to energy to terrorism – which impact allies differently and make reaching a consensus on collective action difficult.

“G3” as a Strategic Damage Limitation Mechanism?

The twin impact of accelerating power shifts and increasing interdependence is bringing about an ambiguous strategic environment. This is demonstrated by China, and given that these transitions are flowing in the direction of “the West to the rest”, it is worthwhile to examine Chinese ambiguity more closely so that we can better understand developing dynamics within the lynchpin at the heart of the OSCE – the US-Europe-Russia strategic triangle. Some strategic analysts see China as being in open military and ideological competition with the United States while others view China as wanting to be in the front seat of global governance and strategic decision-making: alongside the US driver as a co-equal, but in reality both unable and unwilling to build a Sino-centric regional order, let alone attain global hegemony.²⁶ Others still see a natural and peaceful historical shift under way, one that brings in its wake points of tension and friction in the relationship between China as an ascending and the United States as a descending power.

If we take the Cold War as a guide, then one would expect the swift and extensive militarization of rivalry: the US’s renewal and extension of a formal structure of alliances to contain China met by Chinese efforts to escape such encirclement.²⁷ While there is a regional arms race as evidence of an

25 Stanislav Pritchkin, SHOS na tsentralnoaziatskom perekrestke. Politicheski spros na region stremitelno rastet [SCO At Central Asian Crossroads. Political Demand For Region Is Rapidly Growing], in: *Nezavisimaya Gazeta*, 18 June 2012, at: http://www.fskn.gov.ru/includes/periodics/Pressa_Afganistan/2012/0618/165319323/detail.shtml; an English version can be found at: BBC Monitoring International Reports, 19 June 2012, at: <http://www.accessmylibrary.com/article-1G1-293788231/shanghai-bloc-struggle-power.html>.

26 “International forces are trying to Westernize and divide us by using ideology and culture. The international culture of the West is strong while we are weak. Ideological and cultural fields are their main targets.” Hu Jintao, President of the People’s Republic of China, in: *Seeking the Truth* (Communist Party Magazine), 2 January 2012, cited in: Peter Simpson, Hu Warns of Culture War, in: *Australian Financial Review*, 4 January 2012, p.13.

27 For a comprehensive definition of “soft balancing” by US scholar Randall Schweller, see: Thazha V. Paul/James Wirtz/Michel Fortmann (eds), *Balance of Power: Theory and Practice in the 21st Century*, Stanford, Ca., 2006, p. 3.

intensified “integrate but hedge” strategy, China has not sent warships to protect its oil and gas drilling and pipeline interests in Burma or deployed submarines to patrol the Bay of Bengal, nor has it used its financial leverage to influence US foreign policy directly. Over the past 30 years, China has managed an economy built upon export-led growth (based on cheap, low-technology goods) with the result that it is integrated into world trade and is the largest holder of US securities. Economic interdependence provides a shock absorber for more fractious security relations. Looking forward, however, China plans to restructure its economy around a different growth model, one led by domestic consumption with a macro-economic environment that would encourage domestic spending. This would change the size and function of its foreign exchange reserves, allowing China to leverage these reserves to achieve geo-political goals. As this shift will be ten to fifteen years in the future, if it occurs at all, for now, while we can note a lack of strategic trust and confidence, open hostility is not in evidence. As in the realm of “mutually assured economic destruction”, moreover, there is a growing realization that power shifts deepen shared strategic vulnerabilities (nuclear, cyber, and space) between the United States and China (and Russia to a lesser extent) and will encourage mutual strategic restraint.²⁸

In 2012, the Year of the Dragon, elections and power transfers in Russia, the United States, and China add a potentially combustible ingredient to the pot of global transformation. Elections are traditionally a time for blame and tough assertiveness rather than compromise and accommodation, increasing the chances of strategic misunderstanding and of uncertainty driving events. Until new leaderships have settled in or existing leaderships have been confirmed, we can expect few new initiatives that build long-term trust or confidence. Instead, the best that we could have hoped for in 2012 was limitation of strategic damage during the electoral year.

When new leaders emerge in China and the United States after October/November 2012, or old leaders are re-legitimized, will the United States and China be able to discover a common strategic purpose? Could Xi Jinping, China’s new President, travel to Washington in April 2013 to reset relations with the United States and then to the Philippines to reset relations in the Asia-Pacific region? If so, what framework could sustain a reset? Firstly, a mechanism or framework must be created within which agreed strategic agendas can be implemented. The G3 has been posited as an inclusive burden-sharing mechanism capable of achieving a balance of mutual benefit, not power. Together, the EU, China, and the United States constitute 60 per cent of the world economy, and their comparative advantages are complementary: The United States is the prime military power and consumer, China offers capital and labour, and the EU provides normative power, advanced technology, and a strategic buffer between the United States and

28 Cf. David C. Gompert/Phillip C. Saunders, *The Paradox of Power: Sino-American Strategic Restraint in an Age of Vulnerability*, Washington, DC, December 2011.

China. Each of these entities is systemically relevant, if only because each is too big to fail.

The G3 countries are producers of global governance while most other states are receivers – but does this common characteristic forge common interests? Can China and the United States identify areas of strategic cooperation? Afghanistan might constitute one such topic for strategic dialogue. However, US strategic interests in Afghanistan and Central Asia will diminish following the drawdown of US forces. A stagnating and gradually destabilized Russia is another possible topic for a US-China strategic dialogue. However, the risk of strategic miscalculation makes Russia a difficult focus for such a dialogue. Managing India's rise is also a non-starter. The ongoing Sino-Indian border dispute and China's non-ideological strategic partnership with Pakistan mean that India is already a counterpoint to China. The preservation of the "Global Commons" also appears to be a non-starter given the normative differences between China and the United States over rights and responsibilities within maritime exclusive economic zones, legal disparities on intellectual and technological property rights, and an undeclared war in cyberspace. Moreover, each member of this group is grappling with its own trilemmas. In Beijing a struggle for strategic direction appears to be ongoing between the people, the party and the military. In Washington, DC, the struggle is between a Congress that is gridlocked, an executive whose position is contested, and a society that is polarized, and all this leads to indecision and paralysis. In Brussels, arguments over "more" or "less" Europe conceal a fundamental divide over the appropriate, affordable, and acceptable balance between efficiency, effectiveness, and legitimacy in governance.

Managing Strategic Trilemmas?

The international governance structures that have ensured relative stability for the past half-century are no longer sound. Since the 17th-century European Enlightenment, Reason rather than God has provided the key to a Western-defined paradigm based on progress. In this century the financial, then economic, crisis of 2008 has now migrated to the politics (including foreign and security policies) of the enlarged "Europe" – including key OSCE participating States. The questions surrounding the core issue of this modernity crisis are as follows: Are existing economic and political systems still fit for purpose? Increasingly, the answer appears to be highly caveated and conditional "maybe" or an outright "no". If they are not, what sort of world order is likely to develop?

Dan Rodrik, author of *The Globalization Paradox*, identifies a "fundamental political trilemma" that shapes contemporary security and stability, namely the notion that although democracy, self-determination, and globalization are key contemporary dynamics, only two can exist in conjunction

and harmony: If democratic governance is the goal then a state can embrace either national sovereignty or democracy, but not both; more comprehensive globalization demands that the democratic political process of the state be sacrificed.²⁹

While the notion of a trilemma has an analytical utility in that it signals the complex nature of trade-offs between competing demands, interests, and norms, a more comprehensive and appropriate trilemma can be identified which has greater relevance within the OSCE region. The financial crisis and its effects, as well as the Arab Spring, prompt us to question the assumptions embedded in the notion that democratic states with market economies are inherently prosperous, that the sum of these parts is a “democratic peace”, and that the process is more or less linear and inevitable. These sets of understandings are holding up in some parts of the OSCE area, appear badly frayed in others, and in some places are being called into question and even rejected in favour of alternatives. Might we identify an emergent “modernization” rather than “globalization paradox” that helps to explain the underlying tensions and discord within the OSCE area, indeed which accounts for the paralysis within the OSCE itself?

Contemporary modernization projects/pathways have certain recurrent core characteristics which give legitimacy and thereby lead to sustainability: democracy (with attributes such as self-determination, transparency, human rights, freedom, etc.); stability (understood in terms of security, safety, peace, etc.); and prosperity (via economic growth and markets, etc.). These attributes are echoed by the three pillars of the OSCE: human rights (democracy), politico-military (stability) and economic and environmental (prosperity). A compelling narrative that binds the three baskets of the OSCE in a mutually reinforcing virtuous cycle can be made: “One basket deals with human rights because it is critically important that the countries respect the rights of their citizens. Another basket deals with security because you cannot have human rights unless you have a secured country that protects the security of its people. The third basket deals with economics and environment because you cannot have a secure country and you cannot have human rights unless there is economic opportunity for your citizens and you respect the environment in which we live.”³⁰ When we survey the OSCE area, we find states in the East that are stable and increasingly prosperous but where democracy is a virtual construct – raising the question of whether democratic processes and practices will gradually grow within a garden of stability and prosperity. Other states in the West are stable and democratic, but increasingly impoverished –

29 Cf. Dan Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy*, New York, N.Y., pp. xviii-xix.

30 *The OSCE as a Model for the Middle East*, Speech by Hon. Benjamin L. Cardin of Maryland, 2 March 2011, available at: http://www.osce.org/index.cfm?FuseAction=ContentRecords.ViewDetail&ContentRecord_id=424&Region_id=0&Issue_id=0&ContentRecordType=E&ContentRecordType=E&CFID=5204414&CFTOKEN=10388841.

the question here relates to how long they might remain stable and/or democratic without prosperity.

The perception that debtor democracies may become more dependent on creditor autocracies, such as China, is heightened and the question is raised as to whether democracies are dysfunctional relative to state capitalist and other authoritarian political systems. However, China, now the most consequential actor in Central Asia and increasingly in other parts of the OSCE area, faces its own ticking-time bomb of a trilemma. For the Party and State to survive, Xi Jinping must address three tasks: curbing corruption, maintaining the Communist Party's monopoly on power, and rebalancing the economy from export to domestic consumption-led growth to maintain performance legitimacy. The Politburo can push ahead on two fronts but not all three: If the Party curbs corruption and rebalances the economy, it will not be able to maintain its monopoly on power; if it attempts to rebalance the economy and maintain its monopoly control over politics, it will not curb corruption; if it maintains the existing political structure and lives with corruption, it will not be able to rebalance the economy. In effect, if Xi Jinping opts for business as usual – rhetorical anti-corruption window dressing but no fundamental change – his task will be to manage escalating tensions generated by the trilemma, to contain rather than resolve the resultant social explosions.

The year 2012 will prove to have been a turning point and litmus test for whether consolidated democratic states with market economies within the OSCE can continue to enjoy prosperity and stability. Those that cannot will face the modernization trilemma that looks set to characterize the second and third decades of the 21st century. How such states answer this question will help to validate the more limited choices of other states within the OSCE which will have to choose two of the three – democracy, stability, and prosperity. Which two best serve the interests of states and societies in the OSCE region and beyond will differ depending on different understandings as to what is appropriate (to the strategic context), acceptable (to the societal context), and affordable (according to material resources). The sum of these choices will inform and drive the nature of OSCE States and their leaderships, and so the OSCE agenda, its priorities, and emphasis, in the years ahead.