IRON TROIKAS:
THE NEW THREAT FROM THE EAST

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March 2006

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This manuscript was funded by the U.S. Army War College External Research Associates Program. Information on this program is available on our website, *http://www.StrategicStudiesInstitute.army.mil*, at the Publishing button.

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ISBN 1-58487-236-5

FOREWORD

There has been widespread discussion of Russia's efforts to exploit its energy assets to influence developments in Ukraine; specifically, to put pressure on the leaders of the Orange Revolution who have adopted a Western orientation, rather than one toward the East—Russia. Less attention has been devoted to similar efforts undertaken by Russia to advance Moscow's security objectives in the East Baltic Sea Region (EBSR).

Through what the author of this monograph, Dr. Richard Krickus, calls Iron Troikas, he demonstrates how the Russian leadership has exploited its energy assets to advance its security interests in the vital EBSR—with emphasis on Poland and the Baltic countries. This triad of power is comprised of former members of the military and security service—the siloviki; economic warlords, members of organized crime, and rogue military personnel; and "local elites" in Poland and the Baltic countries who have advanced Russia's security interests in the region.

The analysis provided by Dr. Krickus is driven by the failure of the Western defense community to understand this "new threat from the East," and to provide recommendations bearing on how it can be addressed by the U.S. military and the EBSR defense establishments. The thrust of this monograph is in keeping with the U.S. Army's and U.S. Government's ongoing exploration of ways to advance their goals in an ever changing global security environment.

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BIOGRAPHICAL SKETCH OF THE AUTHOR

RICHARD J. KRICKUS is a Distinguished Professor Emeritus at the University of Mary Washington and had held the H. L. Oppenheimer Chair of Warfighting Strategy at the U.S. Marine Corps University. Before that, he had co-founded The National Center for Urban Ethnic Affairs in Washington, DC, and in the early 1970s began conducting research on the USSR's "nationalities question." In this connection, Dr. Krickus began to write about popular unrest among the people of Lithuania. In 1990, Sajudis, the Lithuanian popular front movement, invited him to serve as an international monitor for the first democratic election conducted in Soviet Lithuania. He has offered testimony at the Senate Foreign Relations Committee and has lectured at the U.S. Foreign Service Institute, the Polish Foreign Ministry, the European Commission and other domestic and foreign venues on the Soviet Union/Russia, the Baltic countries, NATO and Kaliningrad. Dr. Krickus has published widely on these issues for academic and policy-oriented journals as well as newspapers like *The Washington Post*, *The Chicago Sun Times*, *The Los Angeles Times*, and *The Wall Street Journal Europe*. For the past 8 years, he has written a column on world affairs for *Lietuvos Rytas*, Lithuania's leading national daily. He is the author of a number of books: *Pursuing the American Dream, The Superpowers in Crisis, Showdown: The Lithuanian Rebellion and the Break-Up of the Soviet Empire*, and *The Kaliningrad Question*. Dr. Krickus holds a B.A. in government from the College of William and Mary, an M.A. in international affairs from the University of Massachusetts, and a Ph.D. in comparative politics from Georgetown University.

SUMMARY

In the aftermath of September 11, 2001, American security analysts preoccupied with global terrorism have ignored Russia as a security threat, but this is a mistake for two reasons. First, violence in the Caucasus, a demographic and health crisis, economic uncertainty, income inequality and a return to autocracy suggest a problematic future for Russia. Though deemed implausible, an imploded Russia would have massive security implications for the international community.

But second, there is an existential threat posed by Russia which Janusz Bugajski has described in his book, *Cold Peace: Russia's New Imperialism*. It involves Moscow's campaign to reassert its influence over the security policies of the countries in Central and Eastern Europe. The purpose of this monograph is to identify the actors and circumstances—characterized as Iron Troikas—which the Kremlin is employing to achieve these goals. The focus will be upon four U.S. allies in the East Baltic Sea Region (EBSR): the Baltic countries and Poland. Toward this end, the monograph will analyze:

- The siloviki, the "men of power" who represent the first component of Iron Troikas. Like President Vladimir Putin, they hope to create a strong state that will project Moscow's security interests in areas formerly dominated by the Soviet Union by exploiting Russia's massive energy wealth.
- The economic warlords, Mafia, and rogue military personnel, who have exploited the collapse of the Union of Soviet Socialist Republics and the drive toward privatization, comprise the second component. Even if they are not working under the direction of the siloviki, they have advanced the Kremlin's goals in the EBSR. As Keith Smith of the Center for Strategic and International Studies has documented, Putin's renationalization of Russia's energy sector is designed to project Russian influence throughout the EBSR; that is, through its "energy card," compel the Baltic peoples and Poles to adopt security policies favorable to Moscow. Simultaneously, criminal and rogue military personnel have shipped contraband through the Baltic Corridor—including weapons—and one day may provide an infrastructure that terrorists can exploit.
- The Old Nomenklatura and New Oligarchs in the EBSR countries constitute the third component of Iron Troikas. They provide a

network of "local" actors that aid and abet—primarily in pursuit of economic and political advantage and not subversive goals—Russian interests seeking to penetrate their societies. The 2002-03 presidential crisis in Lithuania provides evidence that Russian officials, with the complicity of Russian economic interests, came close to achieving that objective.

Against this backdrop, Western defense analysts must acknowledge that Iron Troikas represent a "new threat from the East"—in the EBSR but throughout the Near Abroad as well. To date, the Western security community has failed to acknowledge this threat primarily because it does not involve classical military operations. Simultaneously, American and European political authorities have been reluctant to challenge Russia on Iron Troikas out of concern that to do so will place at risk joint Russian-Western efforts to fight the global war on terrorism, to curb the proliferation of weapons of mass destruction and to gain access to vital energy assets from areas other than the unstable Middle East.

But on the basis of this initial assessment of Iron Troikas, it is apparent that Russia hopes to achieve a number of goals, all of which are detrimental to U.S. security interests in New Europe. For example, to foreclose the possibility that New European states will join the United States in future military ventures similar to Iraq, to promote a common European Union security policy that diminishes North Atlantic Treaty Organization (NATO) effectiveness, and to coerce the Poles and Balts into accepting a security arrangement more in keeping with Russia's interests.

The U.S. defense community must revisit Russia not as a peer military threat, but as an unstable area that could influence developments throughout Eurasia. Most specifically, it must acknowledge that Iron Troikas represent an existential security threat to America's EBSR allies. The region represents a potential theater of strategic operations in the easternmost frontier of NATO and can provide access and bases that one day may be required out of political necessity or for operational reasons. Its importance may grow as developments in Belarus, Northwest Russia, and Ukraine become more problematic.

Measures therefore must be taken by the defense community to address this "other than war" threat. Toward this end, the U.S. Army should develop programs bilaterally or with NATO and through existing networks help the military establishments in the region cope with it.

IRON TROIKAS:
THE NEW THREAT FROM THE EAST

Introduction.

In the aftermath of September 11, 2001 (9/ll), American defense analysts have been preoccupied with global terrorism and have ignored Russia as a security threat to the United States and its allies. Thomas P. M. Barnett writes, "In Europe, we have no compelling need to prepare for war, and that definition includes the Russian Federation."[1] As the successor state to the Soviet Union, Russia certainly does not constitute the peer threat that the Union of Soviet Socialist Republics (USSR) did during the Cold War, but dismissing it as a security threat altogether falls short on two counts.

First, while it may be an exaggeration to proclaim the Russian Federation a failed state, it faces many daunting challenges and it will remain unstable for years. As Paul Goble has observed, key institutions that functioned during the Soviet Union have become badly weakened. "The Communist Party is gone. The KGB has been reduced to a shadow of its former self, however threatening it may still appear. The armed forces are a hollow shell, one made ever more so by demographic decline and the shortage of funds. And the interior ministry and its police are simultaneously weak, incompetent, and corrupt."[2]

As a consequence, Russia faces a serious internal security problem. In spite of years of military operations, the Chechen insurgents have not been crushed, and reports from Dagestan, Ingushetia and North Ossetia indicate that the insurgency will spread and inflame the entire North Caucasus.[3] This development alone justifies the claim that Russia is an unstable society. But perhaps of even larger long-term significance is Russia's demographic crisis that is exemplified by the fact that the Federation's population shrinks by one half-million people annually. What's more, while the ethnic Russian population stagnates, growth rates are highest among their fellow citizens, those of the Muslim faith in particular. With the demographic collapse of the Russian population, "Moscow is already the largest Muslim city in Europe, that by 2010 forty percent of the country's 18-year-old

males will be from traditionally Muslim nationalities, and by 2030, the Russian Federation will have a non-Russian and quite possibly non-Slavic majority."[4] Consequently, resistance to Russian rule is likely to spread to other areas of the country where non-Russians are a majority population such as Tatarstan—even though it is surrounded by ethnic Russian provinces.

Throughout Russia, corruption at all levels of government flourishes, including the law enforcement and court system, and criminals without fear of prosecution sell weapons and even more dangerous materials to the very people—including terrorists—the police are supposed to be fighting.

Meanwhile, the military is shrinking in numbers, fire-power, and capability. Its performance in Chechnya has been abysmal, and reports that rogue military personnel are selling weapons to the people Putin calls terrorists testifies to the decline of a once mighty fighting force. Only the most undesirable elements of Russia's draft age population serve in the armed forces, and they are lucky to get an adequate diet, much less serious training during their active service. Brutal beatings and other forms of mistreatment tolerated by their officers account for high rates of suicide among enlisted men. Aircraft, naval vessels, and heavy Army equipment are in advanced stages of decrepitude, and few military personnel have the opportunity to use them in meaningful training or combat operations.[5]

While Putin's popularity among ordinary folk remains high, the January 2005 protests clearly indicate that the Russian people are anxious about their future. Many ordinary Russians were appalled by Putin's casual, hands-off treatment of the Kursk submarine disaster and the ineptitude of his underlings in their mishandling of the Moscow theater and Beslan school terrorist massacres.

Among Russia's best and brightest in the liberal community, few voices are raised in Putin's defense. He has systematically destroyed the fledgling democratic institutions that appeared in the 1990s. The Duma is subservient to the Kremlin, elections may be free but not fair, the Federation's governors are now hand-picked by Putin, and, while newspapers may criticize the government, television carries few reports of that nature.

With the jailing of Mikhail Khodorkovsky, "the richest man in Russia," the business elite—and not only the wealthiest oligarchs—

have expressed concern about further efforts on the part of the Kremlin to interfere in their affairs and complain that government-initiated corruption is on the upswing.[6]

Of course, the escalation in oil prices has provided Putin with a windfall that has enabled him to fund social programs that are popular, and to entice the military and hardliners with the prospect of substantial increases in defense spending. But it is conventional wisdom among economists that no large society can base its economic development on the sale of commodities alone.[7] Moreover, it was the fig-leaf of the USSR's energy wealth during the Brezhnev era that mislead so many elites in the Soviet Union and the West alike to conclude that Soviet rule would prevail whatever its problems. Consequently, the vast majority of Soviet experts in the West failed to anticipate the USSR's collapse in 1991.[8]

Developments on the foreign policy front have not been favorable to Putin either. He skillfully played a weak foreign policy hand during his first term in office, and even today continues to parry American and European criticism of his anti-democratic policies and his brutal war in Chechnya with some success. The leaders of the Trans-Atlantic alliance have been timid in their criticism since they look to Russia to join the global war on terrorism (GWOT), to curb the proliferation of weapons of mass destruction (WMD), and to provide energy inputs from areas other than the unstable Middle East.

But he has suffered a series of foreign policy setbacks during his second term. The Baltic countries have entered both the European Union (EU) and the North Atlantic Treaty Organization (NATO) on his watch. He has had to accept American penetration of areas that were previously under Moscow's domination—the Caspian Sea Basin and Central Asia. The knowledge that American troops and military assets are now deployed in bases that once housed Soviet forces has outraged the generals and explains why some in the military are unhappy with their president. And even while they may support his attempts to establish security ties with China, the Russian defense establishment remains suspicious of the giant to its south. There is substance behind such fears. Among other things, the massive Chinese population situated below Russia's borders in the

Far East is likely, in the next several decades, to gain de facto, if not de jure, control of resource rich Russian territory.

Furthermore, the Commonwealth of Independent States (CIS)—comprised of former Soviet Republics—has not become the Russian-dominated security system that Kremlin planners had anticipated. The "colored revolutions" in Georgia, Ukraine, and Kyrgyzstan have forced Putin to the unappealing conclusion that the CIS is doomed. Having played a visibly active role in a campaign to elect a pro-Russian candidate in Ukraine, and failing in that venture, was especially humiliating for him. It clearly is another reason why many imperial minded in the military and among the security forces have begun to doubt his capacity to manage Russia's foreign affairs.

A new phase in the USSR's demise is unfolding as Soviet-era elites surrounding Russia cling to power with little prospect that they will do so for much longer. Those in Azerbaijan and Uzbekistan, for example, are faced with mounting resistance to their dictatorial rule, and their days are numbered.[9] The demise of "pro-Russian" regimes throughout Eurasia in favor of those that view Moscow with enmity or are driven by religious zeal represents a profound threat to the Kremlin's imperial ambitions and to its internal security as well.

Widespread and serious discord will continue to produce shock waves of instability over vast areas of Eurasia for many years. In the face of these developments, Russian watchers have begun to think about the unthinkable—the break-up of Russia itself, an event that will have a far greater impact upon global security than anything al Qaeda or like-minded terrorist groups can achieve in their wildest dreams. An aggressive Russian military strike is not an issue here, but the following three factors demonstrate why an imploding Russia is a security threat of ominous proportions: most of the people who live on earth reside in or adjacent to Russia's vast territory; a growing proportion of the world's economic output can be found in this area; apart from the United States, Russia possesses the largest nuclear arsenal in the world, as well as a massive biological and chemical weapons capability. An imploded Russia would destabilize countries and governments over a wide area of Eurasia. It would wreak havoc with any Western effort to achieve energy security. It would also disseminate components of Russia's vast WMD and conventional

arsenal to terrorists and rogue states that consider the United States their principal international enemy.[10]

While Russia may not be stricken by the worst case scenario described above, there is a second, existential Russian threat that cannot be ignored by the United States. Because it is diffuse and represents a host of different players—security operatives, criminal elements, rogue military personnel, and economic "warlords"—it has not received the attention it deserves. This is true largely because it has not as yet been identified as a coherent entity that is driven by intent and not just random circumstances. The players and their destabilizing activities will be described in this monograph as belonging to Iron Troikas. The purpose of this analysis is to identify and evaluate these phenomena and show how they are shaping the security environment in the vital East Baltic Sea Region (EBSR). While military planners in the West have failed to fathom their importance, strategists in Moscow hope to exploit them and thereby project Russian power over areas formerly under the control of the USSR.

To place Russian Iron Troikas into a broader perspective, we might consult Janusz Bugajski's book, *Cold Peace*.[11] He argues that in keeping with past practice, Russia's leadership, like those who preceded it, covets the states of the Baltic Sea region. Indeed, he contends, "An important measure of Russia's global role is the nature of its policies toward former East European vassals." While complaining about how their policies may compromise Moscow's interests, "Russia has failed to take into account, the national interest of its East European neighbors." Moreover, widespread ignorance about these countries on the part of the Russian population fosters hostility toward them as they are considered to be "Russo-phobic." Inadvertently or not, this mindset gives legitimacy to those in the Kremlin who continue to harbor imperialistic ambitions towards countries once under Russian domination.[12]

Consequently, the vast majority of security analysts in Eastern Europe agree with Janusz Bugajski. "If Russia had a thriving liberal democracy, a vibrant civil society, an effective multi-ethnic system, a productive capitalist economy, and a genuine peace policy in Chechnya, then its influence may have been welcomed in Eastern Europe, regardless of historical experiences with Russian

imperialism."[13] Given Russia's size and geographical proximity, all the EBSR states desire harmonious relations with their giant neighbor. That they continue to fear Russia's enmity was the major reason why they sought membership in NATO in the first place.

At the same time, given Russia's internal security problems and threats to its interests to its south and the Far East, logic dictates Moscow should welcome stable democracies on its European frontier. Among other things, on-going friction between Russia and the East European countries compromises Putin's efforts to develop cooperative relations with the Trans-Atlantic community.

Yet, in his approach to the region, Putin continues to cling to imperialist ambitions that Bugajski claims are reflected in six broad strategic goals.

1. *Expanding foreign policy influences.* Capturing and exerting predominant, if not exclusive, influence over the foreign policy orientations and security postures of nearby states formerly in the Soviet zone of influence.
2. *Promoting economic monopolization.* Obtaining economic benefits and monopolistic positions through targeted foreign investments and strategic infrastructure.
3. *Consolidating political dependence.* Increasing East European dependence on Russian energy supplies and capital investments.
4. *Limiting Western enlargement*. Limiting the pace and scope of Western penetration in Russia and its 'zone of interest' and constricting Western enlargement, especially with regard to the security arena in the CIS states.
5. *Rebuilding global influence.* Using the broader East European region as a springboard for rebuilding a larger sphere of predominant influence and great power status.
6. *Eliminating U.S. unipolarity.* Gradually but systematically undercutting and restricting the transatlantic or Europe-United States relationship, as well as Eastern Europe's direct ties to Washington.[14]

The focus of this monograph is to describe how Iron Troikas function and explain why they represent a "new threat from the East" to four states in the EBSR—Poland and the Baltic democracies. Western security analysts have neglected Iron Troikas largely

because they do not represent a security threat in strictly military terms, while their activities and players are often only tangentially associated with the military. But those who control and manipulate Iron Troikas do so with the goal in mind of projecting Russia's influence over neighboring states that were once closely associated with the former Soviet Union but now are members of NATO or seek that affiliation.

The East Baltic Sea Region is of strategic importance since it provides a transit route for shipping and the off-loading of cargo in Northwest Europe through its many ice-free ports. It is a connecting link via air, land, and sea with Northwest Russia and is close to Belarus and Ukraine—two segments of the former Soviet Union whose near-future will have a dramatic impact on the spread of democracy in the European half of Eurasia.

For the most part, Poland, Estonia, Latvia, and Lithuania were ignored or mistreated in the 20th century by the West as exemplified by the misfortunes of Yalta. But in the post-Soviet period, they have received more favorable attention. The reasons are many: Solidarity in Poland led by Lech Walesa and his Gdansk ship-yard workers provided the shock troops for the popular resistance that led to the demise of communism in their country and expedited the decline of "Marxist-Leninist" regimes throughout the Soviet Union's "outer empire" in Eastern Europe.

The three Baltic countries, through their "singing revolution," with Lithuania taking the lead in 1990, helped contribute to the demise of communism in the USSR's "inner-empire." Had the Lithuanian independence movement been crushed on "bloody Sunday," January 13, 1991, the hard-line coup in August of that year would not have occurred, Mikhail Gorbachev would have remained in power, and the Soviet Empire would not have disappeared in December 199l.

Poles and Balts in exile played a crucial role in lobbying political elites and opinion molders in the United States to facilitate their old homeland's gaining entry in the EU and NATO years before most commentators thought that eventuality likely. Finally, well-deserved Western guilt played a vital role here as well.

In spite of popular opposition at home, the governments of all four countries have supported the United States in its war against Saddam Hussein's Iraq. The Balts have provided far less than

the several thousand troops that Poland has deployed, but their participation has enhanced Washington's claim that an international and not only an American force deposed the Iraqi dictator. All four governments have demonstrated their loyalty to Washington, even though public opinion opposes their participation in the war. And in light of the fact that the European half of Eurasia including Belarus, Russia and Ukraine remains unstable, the bases all four countries can provide NATO/U.S. military deployments are significant. (Reference already has been made to instability in Russia; in the text below, arguments will be proffered to demonstrate why the word "unstable" is appropriate in describing Belarus and Ukraine.) Unlike the Caspian Sea and Trans-Caucasus, the United States can be confident that it can gain and maintain access and transit rights and permission to deploy troops in the region—at least under existing circumstances.[15]

All four belong to a segment of the EU—New Europe—that is said to represent, with some justification, the interests of the United States in that body. In this part of Europe, one does not find the kind of raw anti-Americanism rampant in many parts of Old Europe. Even though 90 percent of the Polish population opposes their government's decision to deploy a large number of troops in Iraq, anti-war sentiment has not been translated into hostility toward Americans. Also, all four made these troop deployments with the full knowledge that this action would alienate major EU partners such as France and Germany. The Lithuanians working with the Poles in Ukraine, for example, was not looked upon with favor in many European capitals, either.[16] Representatives from New Europe working through the European Parliament and other EU bodies have adopted positions on a host of defense and foreign policy matters that have been influenced by U.S. analysts with whom they enjoy close relations. Consequently, it is not fanciful to assert that through New Europe, American concerns will be advanced in EU bodies.

Lithuania and Poland have developed close and growing diplomatic, economic, political, and military ties with Ukraine, suggesting a new bloc of pro-American states in the heartland of Europe running from the Baltic to the Black Sea. (There is a caveat here, of course: not all segments of Ukraine look upon the United States with favor.) The combined population of the Baltic States, Poland,

and Ukraine is about 95 million; that is a population larger than any single state in the EU. With a halt in enlargement as dictated by the French and Dutch rejection of the new constitution, this linkage may be even more significant to U.S. strategic interests as the EU's future remains problematic.

Poland and Lithuania occupy territory bordering on Kaliningrad—Russia's western-most oblast—that represents the extension in each case of EU and NATO borders with Russian territory. Consequently, Kaliningrad enjoys a special status not true of Russia's other 88 regions. Most unsettling for its neighbors, the oblast has served as a transit route for illegal contraband, including weapons and strategic goods, not just cigarettes, alcohol, narcotics, and human cargo. For some time now, analysts have been concerned about Kaliningrad serving as a base for criminal organizations, in league with members of the Russian armed forces, using the oblast as a springboard to sell weapons from the old Soviet arsenal to any buyer with the money to purchase the goods—and whatever their intentions. These sales are of special concern, since nuclear weapons were deployed in the oblast during the Cold War, and it was reported only a few years ago that tactical nuclear weapons were still there.[17]

American security analysts, of course, cannot ignore the fact that Poland and Lithuania share a common border with Belarus, a country led by the man President George W. Bush has called "the last dictator in Europe"—Alexander Lukashenko. As presidential elections in 2006 approach, many expect Lukashenko to accelerate oppressive measures that have escalated in 2005, and this has produced growing pressure from the United States and the EU upon the dictator to conduct fair and free elections. Opinion is growing in conviction that Belarus may eventually experience the same kind of popular upheaval that spawned the colored revolutions in Georgia and Ukraine. But if a popular uprising occurs, Lukashenko will use brutal force to crush it. This prospect accounts for demands emanating from both sides of the Atlantic among democratic activists that the international community prevent this outcome and remove Lukashenko from office. One might assume that a relatively small European country whose leader has been targeted for destruction by the world's only superpower and Europe's most powerful organization faces a stormy—unstable—future.

Such talk, of course, is not well-received in the Kremlin where Russian analysts predict a Belarus-Russian Union—under discussion for years—will materialize in the near future. The prospect that Belarus will become a flash point of conflict between Russia and the West is further reason to explore security issues in the East Baltic Sea Region. But at the same time, a strong case can be made that Lukashenko's greatest threat is not from the West but from the East, for in a Russian union with Belarus, Lukashenko will be a marginal figure at best. The people of Belarus, of course, will lose their sovereignty as well.[18]

Finally, there is a more generic reason to understand how Iron Troikas function: they have the potential of providing terrorist organizations with the infrastructure to transport WMD and associated materials, and people who might use them, to the heartland of Europe—and perhaps North America as well. Indeed, they may already be doing so. This may not be the intent of those in Moscow who are manipulating them for Russia's security interests but that nevertheless may be the outcome. It is pivotal, then, for American defense analysts to acknowledge them, understand how they function, and develop strategies to deal with them. If left unattended, they could contribute to the host of disparate threats to the global order that the United States played such a pivotal role in developing in the last half of the 20th century.

The *Siloviki*.

The team surrounding Boris Yeltsin in the 1990s was comprised of party cadre, government technocrats, liberal reformers, and even one-time dissidents. Those who were largely responsible for economic reforms, like Yegor Gaidar and Anatoly Chubais, were champions of a free market. They also believed in democracy and encouraged the rapid transition from a command to a market economy to undermine the capacity of left and right-wing autocrats to dominate the political system. Given their economic and political priorities, it was not surprising that they were pro-Western in their foreign policy orientation, although perhaps naïve about the West's capacity or predilection to embrace them as newly minted allies.

The Russian Academy of Sciences estimates that under Yeltsin 11 percent of the country's senior officials were former members of the military and secret service. Perhaps the most prominent post-Soviet politician rumored to be a former security operative—and/or a KGB invention—was the neo-Stalinist, anti-Semite Vladimir Zhirinovsky. As leader of the Liberal Democratic Party, pundits considered him at one point a serious successor to Yeltsin. And we now know that he enriched himself while collaborating with Saddam Hussein after a United Nations (UN) oil embargo was placed upon Iraq.[19]

With the appearance of Putin, these "men of power"—popularly known as the *siloviki*—have proliferated in numbers and influence in the Russian Federation. The Russian Academy of Science estimates that about one-fourth of the senior officials in the government today are *siloviki*. Putin is the most talked-about member of this clan, but his Defense Minister and close friend Sergei Ivanov also is a former KGB operative, as is the head of the Interior Ministry, Rashid Nurgaliyev. *Siloviki* hold prominent posts in the president's office; for example, two of Putin's deputy chiefs of staff, Viktor Ivanov and Igor Sechin, worked for the KGB in Leningrad.

The *siloviki* have played a prominent role in Putin's attempt to marginalize the regional governors, and many of them now hold executive positions in one of the 89 governorships; i.e., former generals in the army and KGB. Furthermore, five of the seven men who have been selected to serve as "super-governors" are *siloviki*. For example, Viktor Cherkesov, who was pursuing "anti-Soviet" dissidents as a KGB operative right up the USSR's implosion—and did much the same thing as the head of the KGB successor organization, FSB, in St. Petersburg—was named presidential envoy for northwest Russia. What is more, people like Cherkesov hired *siloviki* to meet his staffing needs; indeed, 70 percent of the individuals hired by the "super-governors" are *siloviki*.[20]

Finally, *siloviki* control or hold important positions in all of Russia's natural gas, petroleum, and pipeline companies, privately or publicly owned—Gazprom, Rosneft, Transneft, etc. It has been estimated that 6,000 former members of the security services and other power ministries now are in place to exploit Russia's economic assets and to enable Moscow to project power beyond Russia's borders.[21]

The *siloviki*, who constitute the first element in an Iron Troika, are said to be free of ideological baggage, but like Putin they believe that Russia cannot be ruled without a strong state. In this sense, they retain their Soviet sensibilities and, like the old leadership in the USSR, they think first about the state and only secondarily about the people as the world learned with the Kursk explosion, the Moscow theater tragedy, and the Beslan school massacre. They realize that a strong state and a weak economy are mutually exclusive, and if something approaching a free market generates the wealth they need to restore the state and Russia's armed forces, they will accept it even though reluctantly. And yes, like the Yeltsin family, they are not disinclined to acquire wealth while going about the business of revitalizing the Russian Leviathan.

They still harbor imperial ambitions and cling to the fantasy that Russia can restore the power that enabled the Soviet Union to be a major player in world affairs. To achieve this objective, they are prepared to make tactical moves that they find unsavory, such as feigning cooperation with the West, but they still cling to the conviction of their predecessors that the West is the enemy, and indeed the United States as the leader of the Western alliance is bent upon emasculating Russia, humiliating its people and leaders.

Consequently, in the wake of 9/ll, Sergei Ivanov stated categorically that Russia would in no way provide assistance to the United States in its war against the Taliban and al Qaeda in Afghanistan. He was overruled by Putin, but Ivanov's attitude reflects the true sentiments of the *siloviki*. Currently, as the American presence grows in the former Soviet space, the *siloviki* find new evidence that America remains Russia's principal adversary in the world. If they occasionally play by the rules of the American-dominated global order, it is only because they are too weak to do otherwise.[22]

Russia's weakened position, however, has not prevented them from provoking the world's only superpower by opposing the war in Iraq and by providing Iran with help in its nuclear industry—enabling Teheran, in the opinion of American analysts, to develop a nuclear weapons capability.

After the Soviet Empire's demise, they continued to deem the EBSR as vital to Russia's security. After all, for centuries invaders from the West used Poland as a pathway into Russia's heartland,

while northern marauders crossed the Baltic Sea and penetrated "Russian territory" through Estonia, Latvia, and Lithuania.

During the Cold War, the Soviet Union deployed significant ground, naval, and air forces in the region with two missions in mind: as a defensive barrier against invasion from Europe, and as a strategic base to conduct an offensive campaign against NATO targets in the West.

In wake of the USSR's collapse, Russia hoped to establish a formal security system throughout the CIS but was rebuffed by Poland and the Baltic states. Historical enmity toward Russian imperialism, exacerbated by a half-century of brutal Soviet occupation, accounted for deep-seated fears of post-Soviet Russia, and that impulse was compounded by persistent revanchist rhetoric from the Russian political classes. According to the imperial-minded in Moscow, all four were vital parts of Russia's legitimate geo-political space.

In 1993, Russia's defense doctrine "classified Poland as a potential threat to its security and placed the country firmly within Russia's sphere of interest."[23] Moscow pressed Poland to join a Russian-dominated security system and labeled Poland's bid to join NATO a hostile act. In an attempt to drive a wedge between Poland and Ukraine, President Yeltsin announced that he would accept Poland's membership in NATO. Later he retracted that position and warned the Trans-Atlantic leadership that to include Poland in NATO was to draw a new line across Europe and create a flashpoint of tension between Russia and the West.

After Poland entered NATO and the EU, relations between Warsaw and Moscow improved, but only for a short time. Polish President Alexander Kwasniewski met with his Russian counterpart ten times during the first term of Putin's presidency. Poland became Russia's eighth largest trading partner, and three out of every four Poles favored close commercial relations with Moscow, while a similar percentage of Russians favored good commercial exchanges with Warsaw.[24]

But by the end of Putin's first term in office, the Kremlin began to express grave concerns about Poland's foreign policy initiatives similar to those that Moscow had expressed in the previous decade. Namely, Poland was promoting an imperial agenda of its own in Russia's Near Abroad; Warsaw's preoccupation with development

in Ukraine was especially resented. "The Kremlin was perturbed that Warsaw was intent on pursuing close ties with Kyiv and depicted Poland as an aspiring regional power seeking to replace Russia. Warsaw was allegedly pursuing the formation of a belt of states between the Baltic and Black Sea and constructing a cordon sanitaire around Russia."[25]

Moscow's worst fears were reconfirmed by the formation of a Polish-Ukraine peacekeeping battalion and talk about a Baltic-to-the-Black-Sea-Security Zone. The Poles eagerly adopted the role as "Russian experts" in the EU and championed an initiative—the "eastern dimension"—that offered "partnership relations" with countries located between the expanded EU and Russia. Poland has welcomed the prospect of leading the block of states that U.S. Secretary of Defense Donald Rumsfeld has labeled New Europe. From the perspective of the Kremlin, the forgoing provides strong evidence that Russia is right in seeing Poland as an American Trojan Horse in the EU.

After accepting an enlarged EU as a fact of life, Moscow hoped to countervail U.S. unilateralism with the help of President Jacques Chirac in France and Chancellor Gerhardt Schroeder in Germany. Differences in the Trans-Atlantic alliance over Iraq were a divisive force in the EU, but the Poles provided several thousand troops as a sign of solidarity with America. While the number of troops was not all that large, the political cover that Poland's support provided the administration of George W. Bush was significant.

The specter of a Polish Trojan Horse complying with Washington's dictates gained velocity as the Polish government supported the "pro-American" presidential candidate in Ukraine, Victor Yushchenko, in his bid to defeat the "pro-Russian" candidate, Victor Yanukovich, after a disputed election in December 2004. In post-mortems of the Orange Revolution, pro-Kremlin commentators in Russia not only blamed President Alexander Kwasniewski for contributing to Yanukovich's defeat but claimed that a Polish-American, Zbigniew Brzezinski, and his two sons were the brains behind the insidious campaign to defeat a pro-Russian candidate for the high post. To make matters worse, the Orange Revolution gave impetus to talk about Ukraine joining the EU in the very near future. Without

Ukraine, what was left of Putin's quest to create a new Russian imperial state via the CIS?[26]

After Putin's setback in Ukraine, Polish-Russian relations became even more fractious as Moscow refused to denounce the Molotov-Ribbentrop Pact or the Katyn Forest massacre of Polish officers during World War II as President Kwasniewski demanded. And in the summer, attacks upon the sons of Russian diplomats in Warsaw—followed by assaults on Polish diplomats in Moscow—became an additional source of Polish-Russian enmity.[27]

At the same time, the Kremlin could not shake the idea that Belarus was Poland's next target as evidenced by Polish diplomats "meddling in internal Belarus affairs," prompting the government in Minsk to declare them persona non grata in the spring of 2005. Pronouncements on the part of U.S. Secretary of State Condoleezza Rice and President Bush himself that Alexander Lukashenko was the "last dictator in Europe" and had to be removed only reinforced Moscow's conviction that the Poles were doing Washington's dirty work.

While the Baltic democracies have a much smaller population than Poland and have fewer resources to cause trouble for Moscow, the *siloviki* have displayed special enmity toward them ever since the collapse of the Soviet Empire. For the imperial-minded in Russia, the Baltic states, like Poland, were part of Russia for centuries; what is more, they were republics within the USSR for 50 years. They played a pivotal role in precipitating the eventual demise of the Soviet Empire, and mere mention of them enrages the Russian political elite. The drum-beat of anti-Baltic rhetoric produced by Russia's ruling classes—as exemplified by developments associated with the 60th anniversary of Nazi-Germany's defeat in May 2005—unquestionably has contributed to negative sentiments that ordinary Russians voice toward the Balts. Recent polls show that when asked: "What country do you consider unfriendly to Russia?" Latvia scores first with 49 percent; Lithuania, second with 42 percent; and Estonia, third with 32 percent.[28] These findings are explained in part by the fact that many ordinary Russians deem the Baltic countries as integral parts of Russia.

Under American pressure, Yeltsin removed Russian troops from all three states by the end of the 1990s, but he and his successor,

Putin, sought to deny them NATO membership by alleging that they had subjected ethnic Russians to human rights violations and by refusing to sign border agreements with them, a precondition for membership.

Kremlin strategists bristled at the notion that the pesky Balts were portraying themselves as models for those former Soviet Republics that sought membership in the West. Lithuania was deemed especially troublesome since it encouraged the EU to deny Russians visa-free access in their travels to and from Kaliningrad and enthusiastically sought the role as interlocutor between Brussels and the government of Belarus via its policy of "constructive engagement." What is more, Chechen exiles have been allowed to express criticism of Moscow in all three countries.

Russian security analysts see Estonia, Latvia, and Lithuania's pro-American orientation as a barrier to their establishing a relationship with major EU countries in Moscow's effort to countervail U.S. power. Indeed, the Baltic leadership's enthusiastic support of the American-led coalition in Iraq prompted expressions of outrage from Berlin and Paris. At one point, French President Chirac responded with the intemperate remark—"shut up!" when they and other new EU members signed a letter of support for the American-led effort to topple Saddam Hussein.

And, of course, in late 2004, the Lithuanian president Valdas Adamkus joined his Polish counterpart in the campaign to resolve the political crisis in Kyiv in Yushchenko's favor peacefully. The Kremlin, moreover, was humiliated when Vilnius was the site for the first NATO foreign ministers' meeting in space formally controlled by the USSR the following spring. Nor was Putin happy about Bush's visit to Latvia before he attended the May 9 celebration in Moscow commemorating the 60th anniversary of Nazi Germany's defeat.

The fact that the Lithuanian president and his Estonian counterpart, Arnold Ruutel, did not attend the Moscow celebration gave hard-liners in Russia additional reason to express outrage at the "uppity Balts." They were not happy with Latvian President Vaira Vike-Freiberga, either. She attended but issued a statement asserting she was doing so to extend a hand of "friendship and reconciliation to the Russian people, while encouraging the present-day leadership

of their country to denounce the crimes committed by the Stalinists in Latvia and elsewhere in Central and Eastern Europe."[29] And as she anticipated, Putin's attempt to divide and denigrate the three presidents by sending them an invitation in the first place proved to be a diplomatic blunder. Among other things, it called attention to his autocratic policies at home and his imperial ambitions abroad.

Finally, in 2005 Russian defense planners expressed outrage that the United States was contemplating the closure of bases in Old Europe and relocating ground, air, and naval units in New Europe. Poland was mentioned as a candidate for such installations. The Russian Defense Ministry charged that this constituted a violation of the NATO-Russian Charter—and was nothing less than a dangerous provocation. Not only would Western Russian territory be placed a risk but so would Russia's exclave Kaliningrad; previously it was surrounded by Poland and Lithuania and subjected to their economic and political pressure, but now it would be confronted with an even more explicit military threat from NATO. Such talk naturally has prompted Western defense analysts to consider how Russia might respond; for example, in the late 1990s, when Moscow expressed concern about Kaliningrad's security, Western intelligence reported that the Russian high command had deployed tactical nuclear weapons in the oblast to protect that exposed part of Russia.[30]

If Russian national security analysts had little faith in their ability to coerce Poland and Baltic states with Russian military might prior to their joining NATO, this option was even more unlikely under present circumstances. To subject all four to the same kind of "discipline" that Moscow enjoyed in the past, the Kremlin had to craft a new strategy to regain its hegemony over all of them; to tarnish their images and undermine their appeal to other CIS states; to use them as a springboard into the vast EU market and exploit their membership to shape EU policies toward Russia at large; and to gain sufficient leverage over them to prevent Washington from using them as agents of influence in Russia's Near Abroad.

Perhaps by happenstance, rather than design, Kremlin planners realized at some point in the 1990s that they possessed an economic weapon of significant potential, one capable of promoting Russia's foreign policy objectives in the space of the former Soviet Union. The weapon was a massive supply of natural gas and petroleum

along with strategic pipelines from east to west, refineries, pumping stations, and other installations associated with Russia's energy wealth.

As Keith Smith at the Center for Strategic and International Studies has observed, "By the mid-1980s . . . the USSR had become the largest oil producer in the world, with peak production at 12.5 million barrels per day in 1988 and exports of more than 4.09 million barrels per day." Low and/or fluctuating oil prices during the 1990s masked the significance of Russia's energy wealth, but a decade later with soaring oil prices and growing concern about disruptions in the flow of oil from the Middle East, that asset has increased as a geo-political weapon. At the same time, "Russia's proven reserves of natural gas . . . are the largest in the world and twice those of Iran which possesses the second-largest reserves . . . The energy industry accounts for about 20 percent of Russia's GDP, approximately 60 percent of its export revenues, and well over 40 percent of the government's fiscal revenues."[31] Through its energy industry, Russia has vast resources that enable it to play the energy card on a global basis.

Lukoil is Russia's largest privately owned petroleum company and is said "to have the largest reserves of oil and gas outside of the Persian Gulf states."[32] It is not only a powerhouse within Russia; it has made a large imprint upon energy markets outside of the country. In addition to the sale of its product on the wholesale market, it also owns retail enterprises in Europe and North America. The countries of the East Baltic Sea Region, like many other countries that formerly were associated with the Soviet Union, rely upon Russian petroleum imports to meet their commercial, transportation, and industrial requirements. Russia's percentage of crude oil exports to Poland amounts to 94 percent; for Lithuania, the figure is 100 percent; and for the two other Baltic countries, an estimated 90 percent.[33]

Gazprom, the state-run natural gas giant, controls all the natural gas lines in Russia and is a major exporter of gas abroad. Russia provides Poland with 84 percent of its natural gas, and for the three Baltic countries, the figure is 100 percent. Gazprom was legally a private entity before June 2005 but, in fact, was under the Kremlin's political control. Transneft operates a system of pipelines that carries oil from Russia's fields—as well as from some energy-rich

neighboring states such as Turkmenistan—to markets at home and abroad.[34]

Moscow has used the pipeline system as a foreign policy weapon. Indeed, the Kremlin is prepared to make economic sacrifices to promote its foreign policy agenda. Russia, for example, is building its Baltic Pipeline System to carry oil to the Russian port of Primorsk; it could find cheaper outlets were it to use the underutilized oil transit routes through the three Baltic countries.

At the same time, skeptical about Warsaw's good will or merely wishing to punish Poland, Russia is building an undersea gas pipeline to Germany at a cost "three to four times as much as running a parallel pipe along the Yamal route through Poland."[35]

It was not until Putin's election as president in 2000, that the geopolitical potential of Russia's energy asset was fully acknowledged and acted upon. According to Smith, "Putin appears to share the widespread view in Russia that energy is too important a national asset to allow the market or any private individual free rein in deciding on issues such as links to foreign partners, pipeline construction, or competition for the right to explore new oil and gas fields."[36]

Putin has coveted Russia's energy wealth to resurrect a stable and prosperous state but at times has ignored the dictates of the marketplace to achieve important foreign objectives. This is not only the case in the Near Abroad, it holds true of his relations with the Western democracies. The Europeans are desperate to gain access to Russia's vast pool of natural gas and petroleum, so desperate that many of them have ignored Putin's flirtation with autocracy and old-fashioned Russian imperialism. The energy card has provided him with the opportunity to join the French in Chirac's effort to countervail the power of American unilateralism. Meanwhile, Gerhard Schroeder, when he was Chancellor, was under enormous pressure from his business community to develop close relations with Russia.[37]

In attempts to countervail American unilateralism, Putin has been cautious; that is, careful not to push the Americans too far. But he can take comfort in the fact that Washington also covets Russian energy assets. Like its European cousins, it, too, is desperate in its search for energy sources in areas outside of the volatile Middle East and eager to find replacements for those purchased from hostile traditional suppliers such as Venezuela under the leadership of a

"new Castro," Hugo Chavez. Putin, with the rising costs of gas and petroleum on the one hand, and the dip in energy resources globally on the other one, has played the "energy card" to good effect. He has blatantly violated adherence to free market regulations in playing that card—rules that Russia is required to abide by if it is to enter the World Trade Organization (WTO)—because of the West's growing energy dependency upon Russia. The aftershocks for the global energy market that Hurricanes Katrina and Rita have produced can only work in Putin's behalf.

To orchestrate an energy strategy that places Russia's foreign and security objectives first and economic goals second, Putin has relied upon the *siloviki* who remain wedded to their traditional way of operating. They conduct commercial affairs like they would an intelligence or military operation. Such notions as transparency, the sanctity of contracts, and other practices common in advanced democratic capitalist societies are alien to them. Because they see economic affairs primarily in security terms, they believe that violence is a legitimate tool in advancing their "commercial objectives." It is just such a mindset that has given impetus to the notion that Russian foreign policy has been criminalized.

Economic Warlords, the Mafia, and Rogue Military.

As is true of 19th century American robber barons, number of individuals have played a prominent role in post-Soviet economic affairs whose commitment to free market values and the rule of law is tenuous or nonexistent. These people will be identified as "economic warlords." Closely associated with them are members of organized criminal organizations, the Mafia, and "rogue elements" in the military.

All three groups have exploited Russia's drive for economic privatization and have enjoyed a symbiotic relationship even prior to the Soviet Union's demise. By design or circumstance, they have provided the Kremlin with resources and personnel in its campaign to advance Russia's foreign and security objectives in the East Baltic Sea Region.

One of the great mysteries of the USSR's collapse involves the disappearance of vast sums of money controlled by the Communist

Party of the Soviet Union (CPSU). Many commentators believe that prescient party members, anticipating the USSR's collapse, became virtual private "investors." It has been estimated that millions and perhaps billions of dollars from party coffers found their way to the West. They were invested in a host of legal and illegitimate enterprises by individuals uniquely qualified to invest funds outside of the USSR. Many were intelligence operatives in the KGB and military units like the GRU. They spoke foreign languages, lived in the West, and had extensive contacts abroad that were developed during the Cold War. Consequently, after the Soviet Union's collapse, they were well-positioned to work with their old associates in exploiting the first privatization drive that dominated the Russian economy during its stormy period in the 1990s.[38]

They also worked closely with the "red directors" who, as managers of major enterprises, had access to hard cash commodities like natural gas, oil, metals, and wood products. The "red directors" had remained in control of their enterprises after the USSR's demise in part because the liberal reformers did not want to alienate powerful members of the Old Nomenklatura. In many instances, then, "ownership" remained in the same hands in the new economy as it did in the old one. The reformers calculated that by allowing the "red directors" to gain a stake in the new economy, they would not block efforts to facilitate the destruction of the command economy. That outcome had the additional benefit of undermining the power of the political reactionaries on the far left and right who opposed democracy and/or market reforms. At the same time, mesmerized by their new wealth, they would pay little attention to the pro-Western reformers' quest to establish close ties with the countries in the Trans-Atlantic alliance.

A second group of bright and enterprising people with high level contacts and entrepreneurial skills competed with the "red directors" for control of Russia's wealth. They came from various sectors of society and eagerly assisted President Yeltsin in dismantling the command economy. Through a "loans for shares" scheme, the reformers hoped to create momentum for a market economy that could not be reversed—even if, in the process, it precipitated widespread corruption. Enterprises such as Norilsk Nickel and

Yukos oil company were auctioned-off for a pittance, allowing a small number of the most ruthless and most enterprising of Russia's oligarchs to gain control of the country's vast resources in less than a decade.

The oligarchs and Yeltsin "family" facilitated Vladimir Putin's rise to power in the conviction that the former KGB operative would not turn against them if he replaced the aging alcoholic president. Putin demonstrated his loyalty, even at risk to his own welfare, when he was an aide to the mayor of St. Petersburg, Anatoly Sobchak, who was accused of corrupt practices. The mass media, largely under control of the tycoons—e.g., Boris Berezovsky and Vladimir Gusinsky—helped elect him in 2000. Soon afterwards, however, Putin turned against those of his benefactors whom he considered a political threat to him and his entourage of *siloviki*.[39]

One of the new team's first priorities was to destroy the capacity of the independent oligarchs to wield the same kind of power that they did under Yeltsin. Indeed, it was their money, energy, and enterprise that enabled Yeltsin to win re-election when polls indicated that the vast majority of Russians had lost faith in his stewardship in 1996. In a society with a small middle class and economic power and mass media concentrated in the hands of a few tycoons, Putin knew that democratic institutions could be easily subverted.

Fully cognizant of their power, Putin and his team hounded the oligarchs and ultimately forced some to leave the country or face much worse outcomes; Berezovsky and Gusinsky were among the richest and most prominent who sought the safe harbor of exile. The domestic political ambitions of both men have been cited as the reason for Putin's forcing them to go abroad, but he also has feared the oligarchs might tamper with his foreign policy priorities.

In October 2003, the wealthiest oligarch, Khodorkovsky, celebrated by foreign investors as the most progressive of the bunch, was arrested for tax evasion and other "economic crimes." In 2005, he received a 9-year jail sentence. On the basis of the evidence, there is no question that he should be in jail, but so should many oligarchs who are now free because they have not challenged Putin. This is just one example of how Putin has applied the law selectively and, in the process, has undermined the legal system in Russia.[40]

The conventional explanation for Khodorkovsky's downfall is that Putin considered him a political opponent, indeed a potential competitor for the presidency. Absent from this analysis are the foreign policy factors that contributed to the Yukos President's demise.

As the head of Yukos and bent upon operating the company in a manner in keeping with Western and not Russian enterprises, Khodorkovsky had refused to abide by the Kremlin's direction that Russian energy entrepreneurs advance the government's security priorities first and only later think about profit margins. He not only purchased the largest oil refinery in the Baltics—Lithuania's Mazeikiu Nafta—thereby denying that prize to Lukoil, a Kremlin favorite; he also contemplated a partnership with China in the construction of an oil pipeline, and indicated that he sought a close commercial relationship with one of the major American oil companies. If successful, Khodorkovsky would have compromised Putin's drive to play the energy card on the global chessboard.[41]

In addition to being the dominant provider of energy to the countries of the East Baltic Sea Region, the Kremlin has set its sights on dominating the energy infrastructure as well. Gazprom and Lukoil own or control natural gas outlets, power stations and petroleum service stations in all four countries. To reduce concerns about "Russian domination," they often have engaged in joint ventures with local enterprises and governments and with Western firms like Germany's Ruhrgaz. Through ownership and contractual relationships that lock-in local companies and governments, they are intent upon consolidating their control of the "local" energy sector. The fact that they also are the only energy source available confronts their customers with deals that "they just cannot afford to refuse."

Russia's energy giants had engaged in rapacious activities prior to Putin's rise to power, but he has achieved even greater government control of their assets and operations in his campaign to renationalize Russia's energy sector. Yukos was the first energy giant to fall victim to this campaign; in addition to Khodorkovsky's arrest and incarceration, major Yukos subsidiaries have been absorbed by the government or its close associates. On June 16, 2005, it was announced that the Russian government was increasing its stake in

Gazprom's ownership with the intent "to create a national energy giant in the style of Saudi Arabia's gargantuan Aramco."[42]

It is against this backdrop that Russia's energy enterprises, public and private, have colluded with the Kremlin to secure control of strategic energy assets in the East Baltic Sea Region.

In 1999, the Conservative/Christian Democratic coalition government deemed it in Lithuania's strategic interest to deny Lukoil the opportunity to gain operational control of Mazeikiu Nafta, the largest energy enterprise in the country. It included the oil refinery at Mazeikiai, a pipeline at Birzai, and a port terminal at Butinge. The government snubbed offers from Lukoil and instead sold a controlling share to the Tulsa-based energy company, Williams International. Conservative leaders like the former "president" (head of the parliament—Seimas) Vytautas Landsbergis, who led the country to independence through the popular front movement, Sajudis, recalled how Mikhail Gorbachev had punished Lithuania in the early 1990s through economic embargos when it broke with Moscow. He and his associates feared Russian control of Lithuania's major energy enterprise would not only provide Moscow with a hammer-hold over Lithuania's energy infrastructure, it would enhance its efforts to influence both Lithuania's foreign and security policies.

To sabotage the Williams deal, Lukoil persuaded Transneft and the Russian Ministry of Industry and Energy on several occasions to halt the flow of oil to Lithuania. When Moscow failed to gain ownership, it resorted to other tactics to undermine the Williams operation. In a surprise move, in 1999 Yuri Zubakov, a KGB veteran for 25 years, was appointed Ambassador to Lithuania in an effort to compromise the Williams operation.[43] Zubakov, for most of his career, served as Yevgeny Primakov's assistant when the latter was the director of security services, foreign minister, and prime minister. Keith Smith—U.S. ambassador to Lithuania at that time—observed that immediately afterwards unfavorable reports about Williams appeared in the Lithuanian media concerning the merits of the transaction and fears that Lithuania's sovereignty would be comprised.[44] Meanwhile, critics of the deal remarked that it was imprudent to snub Russia, the country's largest supplier of petroleum.

Similar reservations were expressed by opposition politicians in the Seimas. The objectivity and motives of their protest was in question since some of them reputedly had close business ties with Russian energy firms or were benefactors of their campaign contributions.

Lukoil's local affiliate, Lukoil Baltija, established an "independent" company, Vaizga, that provided campaign funds to various political parties; during the 2000 Seimas elections it provided the leading opposition party, the Social Democratic Party, with a reported $90,000 contribution. The party was under the leadership of former communist party chief Algirdas Brazauskas who was rumored to have close links with Russian energy interests. This was one of the first signs of Russian attempts to influence Lithuania's political process; a more ambitious effort would soon be forthcoming.

Through such tactics, the withholding of crude oil and management problems within the company, Williams later sold Mazeikiu Nafta to a Russian energy giant—not to the pro-Kremlin Lukoil but to Khodorkovsky's Yukos. In the wake of the young oligarch's imprisonment, Russian energy interests friendly to the Kremlin now are seeking to buy a controlling share in the company. Among national security analysts in Vilnius, this has caused some concern because in both 2004 and 2005, the Lithuanian government issued reports warning that a Russian takeover of Mazeikiu Nafta would jeopardize the country's national security.

Moscow has played its energy card in Latvia as well. In 2002 ". . . the owners of the port of Ventspils rejected a purchase offer from Transneft and Lukoil to buy them out, an offer transmitted more as a nonnegotiable demand than a friendly takeover. Almost immediately, Transneft let it be known that no Russian crude would be carried by pipeline to Ventspils until a sale was negotiated that would give a working majority of the shares to a Russian company."[45]

The port, which until recently was Russia's second largest oil export terminal, provides a major source of revenue for the economy and government, and the Latvian owners refused to sell. Circumstances suggest, however, that they eventually may do so. Russian oil continues to be transported through the port via rail, but the costs of such shipments are higher than by pipeline. Russian oil

companies, now selling their product in this fashion, will connect to expanded pipelines, stop using Ventspils, and turn to the new Russian port of Primorsk northwest of St. Petersburg on the Barents Sea instead. As a consequence, the Latvians will be compelled to sell the port, and at deflated prices.

Under the stewardship of Simyon Weinshtok, Transneft has sought to consolidate control over oil shipments through its pipelines and in a manner that promotes the Kremlin's efforts to squeeze the Baltic states economically. In July 2004, and in a replay of the Zubakov ploy, the Kremlin sent Victor Kaluzhny, a former minister of fuel and energy, to Riga to serve as Russia's ambassador to Latvia. In 1999, Kaluzhny had sent a letter to Russian oil companies urging them to halt oil supplies to Lithuania in an obvious attempt to promote Lukoil's gaining control of Mazeikiu Nafta.[46]

Kaluzhny's appointment was an attempt to facilitate Russian control of Ventspils, but in spite of Moscow's efforts to by-pass the port, it may continue to remain an important terminal for the export of petroleum; new outlets in Russia may not be constructed in time to ship product to the West and take advantage of the current high oil prices.[47] This campaign may not make economic sense, but it is consistent with Putin's desire to play the energy card for foreign policy gains.

Moscow has enjoyed less success in gaining leverage over Poland's energy infrastructure because, unlike its Baltic neighbors, Poland is a large country and has the economic and political resources to cope with outside interference in its society. Furthermore, throughout its, history it has demonstrated on numerous occasions that it does not bend easily to Russia's will, and the Russians respect that tenacity.

Nonetheless, Russian energy interests have penetrated Poland's energy sector as previously indicated; Poland receives 91 percent of its crude oil from Russia, along with 84 percent of natural gas from that same source. Gazprom has been most active in attempts to secure control of local energy assets and has used its monopolistic clout to force Poland to sign an unfavorable contract that was only recently revised. Russian investors also have attempted to purchase the country's second largest oil refinery, Rafineria Gdanska. Polish officials, therefore, have observed. "The Polish energy market is

murky, full of unclear deals and suspicions of links between business and politics. . . . By letting in the Russians, we will ultimately lose any chance to regulate and make the Polish energy sector more civilized."[48]

Unlike Lithuania, Russia has experienced less success in efforts to acquire control of Poland's energy companies. Still, the Russians have been active. Specifically, Polish concerns have focused on Polski Koncern Naftowy (PKN) Orlen, the country's largest producer and distributor of fuel and a most profitable enterprise. For example, in the second quarter of 2004, its profits soared by 317 percent. About 94 percent of the company's crude oil comes from Russia so, like Mazeikiu Nafta, it is vulnerable to Russian export policies.[49]

Moscow's decision to build a pipeline under the Baltic Sea rather than one via a route parallel to the Yamal I pipeline underscores the fear of Polish security analysts about the Kremlin's intentions. Consequently, when allegations circulated that Russian energy interests were seeking to buy into Orlen, Polish authorities expressed keen concern about them.

Mentioned in this connection were President Kwasniewsi and his wife, Jolanta. But the key figure was Jan Kulczyk, Poland's "richest man," who in December 2004 appeared before a parliamentary committee, explaining charges that he had been involved in a scheme to sell Orlen to Russian buyers. In this connection, it was alleged that he had met with the president of Lukoil in London in October 2002. The subject of the meeting was said to be the merging of Orlen and Rafineria Gdanska and then the sale of the new entity to Lukoil. In addition, it was alleged that Kulczyk met with an ex-KGB agent a year later in Vienna, and his detractors saw it as further evidence of his playing ball with powerful Russian energy companies. Kulczyk has denied the allegations and claims that they are part of a political witch-hunt directed at big business.[50] Whatever the facts, here is further evidence that even government officials in a country as large as Poland are concerned about what Keith Smith has characterized as Russia's campaign of "stealth imperialism."

In Estonia's case, the newly independent government in Tallinn, unlike its counterparts in Riga and Vilnius, embarked upon a crash campaign to break its traditional dependence upon Russia's commercial assets and adopted a comprehensive campaign to sweep

Estonia's Old Nomenklatura from power. Consequently, its business sector has not been penetrated by Russian interests and their political and business friends operating within the country to the same degree that is true of Latvia and Lithuania. Even so, Moscow has withheld energy inputs using anti-Russian actions—allegations that ethnic Russians are being mistreated in Estonia—as a pretext.[51]

In addition to assaults upon their energy infrastructure, all four countries have been threatened by the activities of the Russian mafia and others with links to criminal organizations. Included here are members of the military and military/industrial complex and "local" criminal enterprises.

During the Soviet era, and contrary to the claims of Kremlin propagandists, organized crime thrived in the USSR. Criminal gangs compensated for the flaws of the command economy by providing scarce goods and services. For years they cooperated with government and party officials in profit-making ventures in the "black economy," especially during the final 2 decades of the USSR.

"The Russian mob, working with corrupt officials, developed the underground channels of trade which helped that economy prosper. When Gorbachev came to power in 1985, most Russian cities already had powerful organized gangs. Their cohesiveness and wealth enabled them to survive the collapse of the old regime, and to profit from the disarray of the new one."[52]

It was only after the Soviet Union's collapse that Western observers gained full appreciation of just how extensive were the Mafia's operations, not only in Moscow but in all of the republics as well. In 1995, "of the estimated $43 billion sent out of Russia for investment abroad . . . some $15 million was thought by Russian authorities to have been earned illegally."[53]

Of course, the Mafia could not have functioned without the complicity of high-level officials and members of law enforcement agencies. The mobsters became even more assertive after the old economy's collapse; without a functioning banking system, firmly established business practices and a viable legal system, criminal organizations provided all of these services, although at a high price and without much subtlety. The world press in depictions of the "wild-wild-East" provided numerous accounts of Mafia killings related to the violent and chaotic business climate in post-Soviet Russia.

Leading businessmen, public officials, and even foreign investors—not only mobsters—were the victims of bombing, machine gun and rocket-propelled grenade attacks, and other violent attempts to settle business deals. The most recent example attracting attention in the West was the murder of Paul Klebniov, the Moscow station-chief of *Forbes* business magazine. His stories about the illegal practices of Russian business enterprises, it is believed, got him killed.

Criminal gangs that had functioned throughout the Baltic Sea region during the Soviet-era enjoyed a similar profound improvement in their prospects when the USSR collapsed. Most of them had established close ties with the Russian and Chechen Mafia, and, with a large inventory of military equipment on their territory, they thrived in the corrupt environment that prevailed.

According to Transparency International's *Corruption Perceptions Index*, Poland and the Baltic countries have earned high scores for corruption for many years. In each case, citizens have complained about corrupt practices associated with the police, courts, customs, and tax and privatization authorities. In all four countries, there has been a blurring between legal and illegal activities; criminal organizations have exploited the subsequent chaos to their advantage, often resorting to violence to achieve their objectives.[54]

Mobsters have not only dealt in alcohol, drugs, human cargo, and tobacco, they also have been engaged in the illicit transfer of arms and strategic goods. "Local" and Russian gangs, along with military personnel and customs and other government officials have sold assault rifles, pistols, machine guns, anti-aircraft weapons, explosives, and even nuclear materials to a wide variety of customers. Paul Holtom at the University of Glamorgan's Centre for Border Studies has written widely about arms brokers and arms transfers in the East Baltic Sea Region.

- In 1994, the Estonian "Interior Minister Heiki Arike granted a permit to acquaintances to import 25,000 Kalashnikov assault rifles and 40,000 Tokarev military handguns from Poland and Austria, which subsequently 'disappeared,' with occasional appearances in the hands of criminals. He managed to survive a nonconfidence vote by 51 to 49 votes." Furthermore, the civil guard unit, Kaitseliit, was accused of engaging in arms and

explosive transfers to criminal groups in Estonia and Russia but as far West as the Irish Republican Army.[55]

- In Latvia—as in Estonia—weapons not only circulated within the country but were transported farther east. Officials in the Russian town of Pechora "discovered three tons of aviation weapons and 347 gun parts in two railway carriages during a routine check of a train heading from Russia to Riga."[56]
- In Lithuania, the criminal situation in the early years was much the same as in Estonia and Latvia with gang killings, the murder of journalists, and "unexplained" bombings recurring on a steady basis. Lithuania served as a transit route for illegal contraband since it bordered both Belarus and Kaliningrad—two territories where local officials and the mob operated with special zeal. Lithuania's proximity to Kaliningrad "accounted for the high percentage of Lithuanian-based organized crime groups involved in the illegal weapons trade, estimated at one time to number more than forty." What is more, in 2002, "six Lithuanians were arrested in Vilnius while apparently trying to sell a kilogram of radioactive cesium-137 to a German national suspected of having links to organized crime."[57]
- Like many countries in the Warsaw Pact, arms from military units—Polish and Russian—have found their way into the hands of criminal organizations in large Polish cities. "The fact that Poland has developed into an important transit route for supplies of drugs to and from Eastern and Western Europe has been known and documented for some time, with the role of the northeastern ports of Gdansk and Gdynia believed to play an important role in moving illicit goods through Europe." At the same time, Poland is a unique case, since it is an arms producer in its own right and has a large arms inventory under its control. Consequently, arms have been "lost" in Poland as well; for example, four *Arrow* anti-aircraft missiles in 2002.[58]

Finally, there is the matter of Kaliningrad, the Western-most Russian oblast. Given its unique position of being a Russian political entity in the geographical heartland of Europe, as well as

former military bastion, it deserves special attention. In addition to the weapons that were deployed there during the Cold War, after the USSR's collapse, a vast amount of military equipment found a home there after it was returned from bases in "the west," primarily East Germany. Consequently, many defense and law enforcement analysts in Europe fear that the oblast could become a strategic base for criminal gangs that, with the help of business enterprises, government officials, and military personnel, could serve much like Columbia today where the Revolutionary Armed Forces of Colombia (FARC) thrives.

During the Cold war, Kaliningrad was a closed territory with a heavy military presence. The USSR's Baltic Sea fleet was located there, along with contingents of ground and air defense units. It was the first line of defense against an attack from the West and could be used simultaneously for offensive operations in a westward coup de main.[59]

With the collapse of the Soviet Union in 1991, Kaliningrad became an exclave of the Russian Federation. All land and rail routes to and from Kaliningrad to Russia henceforth had to traverse foreign borders.

In the 1990s, Kaliningrad was perceived simultaneously as a flash point of conflict with its neighbors and a gateway to Europe. The first perspective was based on the presence of large numbers of Russian troops and on Russian fears that foreign revanchists (in Germany and Lithuania) claimed the oblast. Later in the decade, none of these latent points of conflict became manifest. According to U.S. Government estimates, there were 25,000 Russian military personnel in the oblast, and no foreign governments had claims on it.

But Kaliningrad did not become a gateway to Europe either. On the contrary, afflicted by daunting economic, political, and social problems, it was described as a "black hole" in the center of Europe. Today it no longer receives the heavy subsidies it enjoyed during the Soviet era, and it has experienced greater dips in its agricultural and manufacturing sectors than other Russian regions. To make matters worse, the region's residents and political leadership complain that the authorities in Moscow have ignored them or have adopted conflicting policies that have exacerbated the oblast's economic problems.

To attract domestic and foreign investment, first a "free" and then a "special" economic zone was created. But Moscow's failure to enact enabling legislation or to change existing laws has undercut the zones. After Russia's August 1998 fiscal crisis, Kaliningrad's economic situation deteriorated even further.

By 2000, the EU indicated that it was prepared to address the "Kaliningrad Question" through its Northern Dimension—a development plan for Russia's northwestern regions—but the initiative received a mixed reception from Moscow. Russian authorities expressed concern that Kaliningraders would suffer once Poland and Lithuania entered the EU and adopted stricter border controls. Also, while President Putin indicated that he desired closer ties with Europe, his representatives in Moscow and Kaliningrad were slow to adopt a common approach toward the oblast's problems. By the fall of 2002, however, the EU and Russia reached an agreement on providing transit documents (and a sealed train) to facilitate travel to and from Kaliningrad to Russia through Lithuania.

At the same time, Russia continues to press Lithuania for revisions in the existing agreement that governs the shipment of Russian military personnel and equipment through Lithuania; the government in Vilnius argues that there is no reason to do so because the existing one has worked without any serious difficulties.[60]

Against this backdrop, Kaliningrad's neighbors remain concerned that it has become a focal point for criminal operations that not only prevail within the oblast, but have crossed their borders linking Russian criminal enterprises with "local" ones.

And as is true of many areas in Russia where there are large number of military personnel, elements of the military establishment have become involved in criminal activities. The criminal activities of the Russian military-industrial complex can be assessed on the macro and micro levels of operations. In the first case, the defense industry controlled vast inventories of aluminum, copper, silver, tin, titanium, and other precious metals that Western companies would pay high prices to purchase. Here, we find a major source of raw materials that were moved through a corridor running from the Baltic countries to Poland and then westward via land, or via the Baltic Sea to Scandinavia—i.e., the "Baltic Connection."

Military personnel, along with Russian criminal gangs, have facilitated this monumental looting of Russia's vast wealth with the assistance of "local" officials, business people, and criminal organizations. Over time, then, an extensive network was created and today facilitates the transport of alcohol, drugs and tobacco, gasoline, human beings, and military weapons and equipment. Included here ominously are nuclear materials such as uranium, red mercury, and other dangerous materials that can be used by terrorists to kill large numbers of people.

Lithuanian and Polish gangs, in cooperation with Russian colleagues and military personnel, have sold a significant storehouse of weapons in and around Kaliningrad city and the naval port at Baltiysk. While crime and corruption are prevalent in all of Russia's 89 regions, the situation in Kaliningrad was deemed so bad in the late 1990s that Boris Yeltsin engaged in a special campaign to oust its governor, Leonid Gorbenko. Among other things, Gorbenko surrounded himself with advisors with dubious backgrounds. For example, his former Vice-Governor, Georgi Topazly, was arrested in 1992 at the Polish border for possessing $12,000 that he had allegedly earned from selling ammunition. Much larger shipments of arms and explosives, it was assumed, went undetected. The governor also gave local officials the power to determine quotas on imported goods. These "Mafia laws" provided Gorbenko and his associates with the authority to earn handsome profits in transactions that were of questionable legality.

While high-level commanders and civilian defense administrators have been active in wholesale deals, smaller transactions involving military personnel have occurred at the retail level. With the USSR's collapse, members of the Russian military in Kaliningrad who had served honorably and bravely in the past found they had the choice "to remain in service"—in dramatically reduced economic circumstances—"or retire." Those who stayed active suffered humiliation as their families lived in decrepit housing—in some instances on rotting ships in conditions of poverty and destitution. Under these circumstances and like their colleagues in Chechnya, military personnel in league with the Mafia have sold weapons and military equipment via Lithuania and Poland to buyers both east and west. They also have used their facilities and transport to collaborate

with criminal gangs and business interests in the massive sale of all manner of contraband.

The Foreign Connection.

The third element of the Iron Troika involves the Old Nomenklatura and New Oligarchs that have appeared in the four countries under analysis.

With the collapse of communism in Europe, the former Nomenklatura in the Soviet bloc was split into two political movements. The first group adhered to Marxist-Leninist ideology, favored a command economy, and in the area of foreign policy was anti-American and looked toward Moscow for leadership. The best example of these people and the neo-Leninist political organizations they maintained were those that survived the demise of the USSR in Belarus, Russia, and Ukraine and deemed NATO and the EU hostile foreign opponents.

The second, more pragmatic group, adopted a social-democratic orientation that accepted the free market and looked favorably toward the West in the realm of foreign affairs. If they were not the most steadfast supporters of NATO and EU membership, they did not oppose affiliation with either entity. The post-communist left in Lithuania and Poland most clearly fit this description.

The Lithuanian and Polish ex-communists, who adopted the Western-oriented, social democratic road, have skillfully conducted their affairs since the early 1990s and in recent years have become a powerful political force in both countries. Simultaneously their neo-Leninist comrades have faded from the political scene in the EBSR. But as Joan Barth Urban has observed, "The shared communist legacy of these successor parties affected all of them in vital and often similar ways."[61]

First, in the face of hostility from the early post-communist governments and a large segment of the population, they were forced to adopt a posture of discipline and solidarity among themselves and their close supporters. In Poland, the former communists made every effort to disassociate themselves from their political legacy, and they adopted a pragmatic not ideological approach to resolving the country's problems. Consequently, "Poles came to see the social

democrats as professionals who could run the government better than anyone else—in part because they were excluded from the great policy and personal battles of the early nineties."[62]

Against this backdrop, Alexander Kwasniewski, the ex-communist official, defeated former Solidarity leader Lech Walesa in the 1995 presidential race. Like the case of Vytautas Landsbergis in Lithuania, many Poles were put off by what they deemed to be Walesa's preoccupation with "the communist threat" and insufficient interest in mundane domestic matters that preoccupied ordinary folk. In both cases, the ex-communists, Kwasniewski in Poland and Algirdas Brazauskas in Lithuania, were deemed steady, pragmatic politicians preferable to activists like Walesa and Landsbergis, who played a vital role in the struggle against Soviet rule but now were "no longer relevant" in the post-Soviet period.

Second, the former communists inherited party resources, personnel, and organizational networks that they had enjoyed under the old system. For example, even after the collapse of the command economy, the administrators and managers in the old Soviet-style enterprises have remained in place. In 1995, Kwasniewski's ". . . greatest support . . . came from those associated with the old regime: enterprise managers, peasants, the military, and the police."[63]

Brazauskas as president and prime minister—the post he holds today—has gleaned support from similar segments of Lithuanian society. What is more, in Lithuania the Polish and Russian minorities—representing about 13 percent of the population—remained loyal to the ruling communist government and continue to provide the leftist parties their support in the post-Soviet period. They feared the rise of Sajudis, and even today, the conservative parties have difficulty gaining rapport with them.[64]

Third, "Given the socioeconomic upheaval, income polarization, and relative impoverishment caused by all the post-communist economic transitions, the ability to play on the widespread nostalgia for lost social security was by no means a negligible advantage for the successor left parties."[65] Unquestionably, this factor has contributed to a firm political base for the former communists in both Lithuania and Poland. In Estonia and Latvia, the presence of a large ethnic Russian population and the close attachment of the communist Nomenklatura to Moscow—in the eyes of the Estonian

and Latvian people—denied the former communists the same political opportunities that they enjoyed in Lithuania and Poland. As the indigenous governments in Tallinn and Riga adopted what their ethnic Russian populations characterized as daunting citizenship requirements, tensions between the ethnic communities remained high and resulted in parties that were marked by sharp ethnic divisions.

At the same time, communal friction was exacerbated by the fact that the ethnic Russians very successfully adapted to the new economy, in part because of their old political contacts but also because of their past training and urban location. For example, half the people who live in Latvia's capital, Riga, are ethnic Russian or Russian-speakers. It did not hurt, either, that the Russians found it easier than their Estonian and Latvian counterparts to do business in Russia. These Russian connections were cited by the "locals" as further reason why the "Russians" in their midst could not be trusted.

A further source of communal friction was associated with the presence of powerful Russian criminal organizations in the Baltic countries that maintained close ties with their counterparts "back home." Of course, there were Estonian and Latvian mobsters who took advantage of criminal contacts in Russia in "business" ventures both within the Baltic region and beyond.

Like their old comrades in Russia, former Soviet government officials were well placed to exploit the privatization campaigns in both Lithuania and Poland. It is no surprise, then, that many of the most successful New Oligarchs in both countries are ex-communists or those with close ties to the successor left-wing parties. Some have also used their old political contacts in Russia to facilitate attempts to gain economic power in the new economy; unlike their political opponents on the right, they feel quite comfortable working with Russians. What is more, no one in the EBSR, whatever their political orientation, can ignore an overwhelming fact: Russia is a natural business partner, especially in the critical area of energy.

In addition to the individuals who used their past political positions and contacts to advance their economic ventures, are enterprising individuals unaffiliated with the Old Nomenklatura

who first gained wealth by participating in the wholesale plunder of Russia's energy, metal and commodity resources in the 1990s. These individuals, along with those who have gained economic prominence by virtue of their entrepreneurial skills, welcome Russian investment as it has helped fuel economic growth in the region. They have found it very profitable to do business with the Russian energy firms that have established operations in their countries and have used Russian capital to invest in the brisk real estate market.

Moreover, privatization campaigns in the ESBR countries have involved people of all political stripes, not only those who wielded influence in the old system. Especially in the early stages of the economic transition, they conducted business in a manner that involved a cavalier attitude toward the law and accepted corruption as "the price of doing business." And when pressed, many entrepreneurs who engaged in questionable business ventures could point out with justification that "at the time there was no law against it!" It, for example, could mean money made in gray areas where the law did not apply. In this last connection, one hears accounts of profitable outcomes achieved by currency exchanges that were not deemed illegal because there were no laws extant that forbid them.[66]

Consequently, many members of the EBSR business community, who today operate within the law, have skeletons in their closet similar to those of the Russian oligarchs, even if they have not achieved the same level of economic success. This may account for the reluctance of economic and political elites to enforce corruption laws on the books and to prosecute individuals who engage in illegal activities.

To look more closely at the relationship between the Old Nomenklatura and the New Oligarchs in the region, let us turn to a case study of the privatization of security services in Poland. Because of the lawlessness that prevailed during the early years of privatization, security firms played a larger role in bourgeoning market economies than in mature ones.

Maria Los has observed that, with the rise of Solidarity in 1980, there was "an extraordinary mobilization of the military and civilian secret services. Additionally, the Soviet, East German, and other communist intelligence services, alarmed by the Solidarity

movement's potential influence, rapidly expanded their clandestine presence in Poland."[67] Equally important, thousands of civilian and military intelligence and secret service operatives henceforth were dispatched to disparate state institutions and enterprises.

On the eve of communism's demise in Poland, and in keeping with a similar situation in the USSR then, the party relied upon former intelligence operatives to give the communists purchase in the new economy as the old one expired. Insofar as they operated outside of Poland's borders, their activities were enhanced and monitored by the KGB. Consequently, the ties between these Polish and Soviet/Russian actors would remain in place after the USSR's collapse and serve them well today.

In possession of vast state and private assets in the 1990s, the former communists held a financial edge that they used to good advantage in their clashes with Solidarity and parties on the right. Los concludes, "As of 2005," they had been "in power for 8 out of 15 post-communist years. The key of their success lied in their foresight, founded on the secret services' intelligence. Their comprehensive but flexible management of the transition process was made possible by a combination of knowledge, skills, and operation resources of the united political (party/secret services/army) elite that allowed a swift take-over of both the economy and the strategic power/information/financial sectors."[68]

She also claims that members of the secret services networks were involved "in criminal economic schemes" while "no serious economic scam would have been possible without an active presence and often the leading one of former secret service operatives and their secret collaborators."[69] At the same time, these economic schemes were often associated with "international activities" that provide government officials with cover—i.e., they were portrayed as matters of national interest and, unlike domestic matters, were not subject to the same principles of transparency.

Former members of the security services—including those in the military—had created private security agencies, often with links to organized crime groups. "Security sector employees have been identified in numerous bank robberies, vanishing security vans transporting large sums of money, hostage-takings and kidnappings."[70] Los claims it is also evident that these people have

a close working relationship with many municipal police agencies. Finally, in underscoring Russian involvement in these security enterprises, Los writes,

> According to Antoni Macierewicz, the Interior minister in 1991-92, the creation of the detective and security companies was initiated and at least in part directed by the Soviet/Russian intelligence services as an alternative surveillance apparatus to replace the old one, which had been fully integrated with the Soviet services. He commented on the private security industry: "The Russians organized it, shaped it into one organizational structure, penetrated it and maintained it, apparently for information gathering purposes."[71]

These private entities possessed knowledge and had connections that were vital to successful economic and political enterprises. Furthermore, they could rely upon criminal organizations to provide the muscle to enforce business transactions.

In assessing the activities of former members of the Nomenklatura, it would be a grave error to disparage the post-Soviet activities of all members of this group. Many former members of the Communist Party, the Komsomol, *et al*., today are honest, patriotic members of society. Having done well in the new system, they have no reason to welcome a return to a Soviet-style political or economic system. The same holds true for successful members of the business community throughout the East Baltic Sea Region. Nonetheless, some members of the Old Nomenklatura and New Oligarchy have engaged in activities that are detrimental to the welfare of their respective countries. But given the lack of transparency in the business ventures of entrepreneurs throughout the former communist bloc, it is difficult to make such determinations.

Simultaneously, it is difficult to determine the extent of organized crime in any society, since much of what criminals do lacks transparency, and many individuals who know about their activities and have inside information prefer, for safety sake, not to discuss them. Much the same thing can be said about the activities of economic warlords who have resorted to murder to silence journalists and who have discovered a new weapon of late, law-suits. Anyone who consults with people knowledgeable about such activities soon learns that they are reluctant to "name names" for

these reasons.[72] Consequently, while frequent mention is made of Russian security operatives and/or criminal elements that are active in nefarious activities in the region, it is difficult to determine the nature and extent of such activities.

Also, law enforcement agencies everywhere are reluctant to share information with their counterparts in other jurisdictions, much less other countries. Various investigations of the 9/ll attacks clearly demonstrate this practice. Moreover, none of the countries under scrutiny possess the wealth and academic, journalistic, and think tank network of enterprising researchers required to investigate these matters in a manner Americans take for granted.

In each case, the law enforcement agencies and court systems are still developing and, like other government bodies, their operations are marked by widespread corruption. Under these circumstances, even when criminals are caught or public officials are found guilty of misdeeds, they often escape punishment. This only encourages potential whistle-blowers to remain silent and discourages enterprising analysts from reporting about criminal activities.

To explore the Russian factor further and gain insight into how elements of Russian Iron Troikas threaten the political and security prospects of the countries under scrutiny, we shall turn to recent political developments in Lithuania.

In the spring of 2004, President Rolandas Paksas, a two-time mayor of Vilnius who had served twice as Prime Minister, was impeached after being found guilty on three counts.[73] A year earlier he had defeated Valdas Adamkus, an American émigré, by a five-point margin in the second round of the presidential election. The latter's defeat was attributable to his age, a lack-luster campaign, and hostility on the part of many voters toward all of the mainstream parties on the one hand, and Paksas's youth, energy, and appealing populist agenda on the other. Furthermore, the younger man's effort was both well-financed and skillfully orchestrated. Indeed, it looked much like an American-style campaign.

In post-mortems of the election, it was revealed that Russian money and Russian public relations experts had played a vital role in Paksas's unexpected victory. Yuri Borisov, a Russian businessman who serviced and sold helicopters from his company in Lithuania, conceded that he had donated 350,000 euro to the Paksas campaign.

His help, as expected, had strings attached to the contribution because Paksas had promised him a high-level post in his administration and granted him Lithuanian citizenship—one of the actions that had resulted in his ultimate impeachment. Borisov's contribution was just the tip of the iceberg, because it has since been alleged that he provided one million dollars to the campaign. Lithuanian and Russian analysts claim that "Russian interests" contributed as much as $5 to $7 million to Paksas's war-chest.[74]

Clearly, whatever the precise amount, when the financial records were published, it was reported that both candidates received roughly similar sums of money. Lithuanian analysts, however, are convinced Paksas received far more than that from Russian sources, and this explained why the Paksas's campaign was so prominent on TV, why it demonstrated a focused and on-message American style race, and why it distributed all manner of material that blistered Adamkus for his age, his attachment to the Williams deal, and for ignoring the plight of those Lithuanians who did not benefit from the new economy.

Russian political analysts had discussed openly Lithuania's vulnerability to outside manipulation for some time. Confusion over the relationship between the president and government provided an institutional wedge that could be exploited. For example, since the president cannot belong to a political party, he is detached from the legislative majority and cabinet.

But even more inviting for manipulation was widespread voter unhappiness with the political process and mainstream parties, and doubts about economic reforms. As was true of Russia, those Lithuanians who continued to work in Soviet-style enterprises or lived in the countryside were disenchanted with "the new Lithuania," and they would provide their votes to Paksas who claimed to speak in their behalf. In the Duma elections of 2002, the Motherland Party captured the votes of similarly situated voters in Russia, and there were indications that the Paksas campaign had people working for it who borrowed directly from this successful electoral effort.

Political scientist Raimundas Lopata and Baltic News Service editor Audrius Matonis have provided a detailed analysis of Russian involvement in the Paksas affair in their book, *A President in a Tailspin*.[75] The Russian input was not merely an ad hoc, random affair; it was

a premeditated campaign to subvert Lithuania's political process. It was crafted in Moscow and carried out in Lithuania through the Russian Embassy under the stewardship of Yuri Zubakov. It was Primakov's right-hand man, then, who would orchestrate the campaign to replace the American Valdas Adamkus as Lithuania's president with a compliant Rolandas Paksas in the 2002 election.

Contrary to prevailing conventional wisdom that the Kremlin was most dissatisfied with Estonia and Latvia because of their alleged mistreatment of ethnic Russians, Lopata and Matonis claimed that Lithuania was Moscow's priority target. It was the Lithuanians who had prevented a visa free regime for Russians traveling to and from Kaliningrad, it was the government in Vilnius that, in league with the Poles, was meddling in Ukraine and Belarus, and it was the presumptuous Lithuanians who claimed that they were a model for a successful transition from a closed to open society that other former Soviet republics could emulate.

Almax, a Russian PR firm with reputed close ties to the Russian secret service, helped implement a strategy that targeted those Lithuanians left behind by the new economy. In a search of Borisov's villa after Paksas was impeached, Lithuanian authorities found a plan designed by Almax to discredit the country's political elite and mainstream parties, presumably with the intent of promoting the fortunes of Paksas's Liberal Democratic Party (LDP) in the fall 2004 parliamentary elections. (He had formed it prior to becoming a presidential candidate.) But many Lithuanian analysts concluded that its real aim was to destabilize their country. The Paksas team had proposed an expansion of presidential powers, and, if they had succeeded in that effort and the LDP had formed a new government in 2004, a man beholden to Russia would be in charge of a high office with new authority to shape policy at home and abroad.

Lithuania's leading national daily, *Lietuvos Rytas*, reported that Paksas's principal campaign supporter, Borisov, had been a member of a Soviet military intelligence (GRU) unit in Afghanistan. It surmised that he did not act on his own to curry favor with the president or simply to gain a commercial advantage, and observed that anyone involved in the sale and servicing of Russian helicopters had to enjoy close ties with Russia's military-industrial complex.

After coming under attack, Paksas denied that he sought help from radicals, but the media reported that many of his benefactors were tied to individuals with anti-democratic credentials and criminal associations. Several radical fringe groups that opposed the government's pro-Western orientation actively organized to block the president's impeachment. In pro-Paksas demonstrations, one could find evidence of a Lithuanian red-brown coalition of sorts. Lithuanian police officials indicated that the radical-right (brown) anti-Semitic deputy, Vytautas Sustauskas, sought the help of Henrikas Daktaras, the reputed Kaunas mob boss, to organize demonstrations favorable to Paksas. Also, Valery Ivanov was present at such demonstrations, providing the red component of the "coalition." He had led the pro-Soviet Yedinstvo or Unity movement that organized anti-independence demonstrations in the early 1990s. At the time, the KGB had calculated that the demonstrations would provoke violence and provide Moscow with the pretext to crush the rebellion. [76]

In a fall 2003 memo authored by Mecys Laurinkus, the head of Lithuania's State Security Department (SSD), that precipitated the presidential scandal, the activities of Russian criminal organizations in Lithuania, as well as Lithuanian criminals who often worked with them, were cited. "Especially active on Lithuania's territory is 'XXI vek' (21st Century), an organization which is directly connected to Russian and international crime groups." At the same time, "Special services and high officials (in) NATO countries possess information that Lithuania is being used as a third country for arms sales in violation of embargoes involving countries that support international terrorism."[77]

In a meeting with the Seimas, Laurinkus charged that one of the president's aides, national security advisor Remigijus Acas, had ties with Russian mobsters. Lithuanian and Russian criminals hoped to exploit Lithuania's next round of privatization and looked with great expectation toward the spring of 2004 when Lithuania was scheduled to join the EU. Afterwards, they hoped to gain access to Europe's vast market by using Lithuania as base from which to operate. Later phone taps revealed individuals associated with Paksas making threatening remarks about what they would do to Laurinkus when they had a chance to act.

Conservative politicians were convinced that here was further evidence to support their charge that Moscow was attempting to subvert Lithuania. Vytautas Landsbergis, the leader of the Lithuanian rebellion in the early 1990s, claimed that Russian penetration of strategic industries was both an economic and political threat to his country. According to the former Sajudis leader, the Kremlin began a decade ago to place economic operatives throughout the former Soviet Republics and satellite states with the hope of influencing political as well as economic affairs in those countries. He claimed that Lithuanian politician Victor Uspaskich, a Russian-born businessman from Kedainiai and founder of the popular Labor Party, had been functioning in this capacity.[78] In 2004, Uspaskich's party received the largest number of seats in the Parliament but was unable to form a government; the previous one remained in power with Brazauskas serving as Prime Minister. The Labor Party got several important cabinet posts—for example, Uspaskich became the economic minister. But the next year, he was forced to leave office because of a conflict of interest involving his business enterprises and Russian officials and his use of fraudulent academic documents. Notwithstanding his somewhat diminished political fortunes, he remains one of the most popular politicians in Lithuania and has been an active player in the attempt of Russian energy interests to purchase Mazeikiai Nafta.

At the time of Paksas's impeachment, American officials denied a major Russian orchestrated campaign to subvert the Lithuanian political system and claimed the Russian mafia was not a problem. American diplomats—no longer in government—and others knowledgeable about the region, however, were of the opposite opinion. After revelations about massive Russian intervention in Ukraine in the 2004 presidential race there, the claims made by Lithuanian leaders like Landsbergis clearly deserve a second look. In the opinion of conservatives in Lithuania, however, Brussels and Washington, in their courtship of Putin, would prefer not to acknowledge Russian attempts to subvert an allied country.

But just how do the various actors associated with Iron Troikas interact? Is it plausible that Russian officials in league with criminals, economic warlords, rogue military personnel, as well as "local" individuals who represent the Old Nomenklatura and New Oligarchs,

are collaborating in a well-orchestrated campaign to subvert the four countries in the region? Or perhaps there is another explanation: these individuals and groups are working along parallel lines and at times seemingly cooperate to achieve diverse objectives but do not represent a single, unified entity.

Events associated with the Lithuanian presidential crisis provide a plausible answer to these questions. In the spring of 2004, *Lietuvos Rytas* ran a series of articles based upon interviews with Yevgeny Limanov. The name is a pseudonym for a former Russian KGB operative who a decade ago was assigned to get involved in business affairs that promoted the interests of his superiors. Now living in the French Alps, he has provided insight into how Russian criminal gangs, economic warlords, and government officials (Russian and "local") work along parallel lines, or together, to promote their economic interests in countries that formerly were in the USSR's sphere of influence.

These associations of interests are led by the "Ultra-Patriots." They represent the hard-core leadership or controlling groups of cadres; i.e., individuals associated with the "power ministries," but who at times may operate independently of those ministries—e.g., the Ministry of Defense. The second tier is comprised of "Trustees"—i.e., individuals who do not belong to government agencies nor are they entrusted with inside information, but they work closely with the "Ultra-Patriots."

A third group is comprised of "Agents"—involved in a variety of activities—who may not know who they work for and are clueless about the ultimate goals of the people at the top of the pyramid. They simply expect to derive economic or political benefits from the relationship.

Limanov observes, "I have no doubt that Almax is one of many organizations that works under orders from special services or some groups of 'Ultra-Patriots' and represents their interests." He is not certain whether Ana Zatonskya, an Almax employee who worked both in the Paksas campaign and later arrived in Lithuania to prevent his impeachment, is directly working for the Ultra-Patriots or is a mere Trustee. But he would not be surprised if she belonged to the former. Of Borisov, Limanov says, "I know for sure that he is directly

connected to the GRU group of Ultra-Patriots . . . not as an officer on the payroll but as a Trustee." Finally, he believes that Paksas was under the control of Borisov without knowing that he was being used as a pawn to help Russian interests gain access to the highest reaches of the Lithuanian government. Moscow, however, had been watching him for years and concluded that he could be easily compromised. Limanov has reached these conclusions on the basis of sources that he is currently associated with and that belong to strategic agencies in Moscow—they are not based on past relationships.[79]

A lot more work needs to be done to determine how Iron Troikas function, but if one accepts that the Russian government is seeking to exploit them to promote Moscow's foreign policy and security goals, what are they? Five goals come to mind.

1. Moscow's activities in the East Baltic Sea Region are driven by mundane commercial considerations. That is, they hope to consolidate Russian economic interests through former Soviet-bloc countries and use them as a pathway into the vast EU market.
2. The Kremlin wants to punish the four countries for joining NATO and to discredit them in the eyes of former Soviet entities that contemplate EU/NATO membership.
3. The Russian government hopes to use Iron Troikas to influence the activities of the four countries within the EU and NATO; for example, to marginalize them so that they are incapable of serving U.S. interests in both bodies.
4. Russia remains wedded to the idea that it can Finlandize them; that is, to gain virtual control of their foreign policies.
5. Moscow hopes to destabilize all four of them and to force them back into Russia's sphere of influence.

Most observers of Russia and the East Baltic Sea Region would agree that the first three objectives are plausible; indeed, facts on the ground already support them. They also might concur that the *siloviki* would like to achieve the fourth and fifth goals, but there is no evidence that efforts to achieve them are underway—nor are they achievable.

On the basis of the analysis provided here, the evidence supports the proposition that Kremlin operatives have made an effort to achieve all five, although with limited success. But there is no indication that they will desist in their efforts, and the West must respond accordingly. Since the Kremlin planners view Iron Troikas as instruments to advance Russia's security interests, it behooves the West to think of them in military terms and not to dismiss them as economic or law enforcement threats.

Concluding Remarks and Recommendations.

Since the strikes on the Twin Towers and the Pentagon, the U.S. defense community has been preoccupied with the GWOT and has paid little attention to Russia. The time has come, however, to look at potential threats associated with developments there. While policymakers and scholars may squabble over the proper term to describe Russia—e.g., whether it is or is not a "failed state"—it is grappling with a range of problems that explain why many analysts deem it "unstable." Namely, a war that started a decade ago in Chechnya is still raging—with civilian and combatant casualties numbering in the tens of thousands—and the insurgency is spreading over wide areas of the Northern Caucasus. Neither the military nor the law enforcement agencies have demonstrated the capacity to deal with it. At the same time, the world's largest geographical state is losing about 500,000 people per year, while situated below Russia's resource-rich regions in the Far East are 1.3 billion land and commodity hungry Chinese inhabitants. In several decades they may gain de facto, if not de jure, control of this area. One could cite other examples of why many analysts believe Russia's future is problematic: crime, corruption, a public health crisis, uneven economic development and income inequality, to name several serious and protracted internal problems.

It is plausible that, with the help of vast profits secured through the sale of its energy assets, Russia will address and resolve the myriad problems that threaten its internal security. But U.S. defense planners cannot ignore the possibility that the situation can get much worse, and, like their Soviet predecessors, the ruling elite proves incapable of preventing fragmentation of Russian society. If this outcome came

to pass, it would have significant implications for the international community, and the security implications associated with it would far exceed any threat that could conceivably occur as a consequence of anti-American terrorist actions.[80]

As a consequence, it behooves the U.S. Army to undertake a comprehensive assessment of various futures that are associated with an unstable Russia. And yes, even if one doubts the plausibility of a Russia following the lead of the USSR, the security implications of that colossal outcome are so far-reaching and ominous, it cannot be ignored.

There is a new threat from the East, however, that is existential. It involves the activities and actors associated with Iron Troikas that jeopardize the security of American allies in the EBSR. U.S. security analysts have ignored them because they do not involve traditional military operations—no tanks are crossing borders nor are cities being devastated by air strikes. What is more, the four countries under scrutiny have found a safe harbor in NATO, so nothing really bad can happen to them, at least at the hands of an outside military force. Widespread corruption and criminal behavior, the primitive activities of economic warlords and the complicity of local economic and political elites in promoting Moscow's goals are unfortunate; but they are by-products of the difficult transition from a closed to an open society. Over the long run, all of them will become attenuated, and in the meantime, EU and NATO membership will provide protection to the countries threatened by Iron Troikas. [81]

Finally, Western analysts have ignored Iron Troikas in the EBSR in the conviction that the countries in question all enjoy "democratic consolidation" and cannot be subverted by hostile foreign intervention. All four have conducted numerous free and open elections since the collapse of communism, and the rule of law prevails in spite of the aforementioned scourge of corruption. With Paksas's impeachment, Lithuania faced a serious political crisis but resolved it within its constitutional and legal system. Perhaps the Russians tried to meddle in the country's internal affairs in the hope of subverting the Lithuanian government, but that did not happen.[82]

The events surrounding the Paksas affair, however, suggest Moscow came very close to subverting that country's democratic

institutions. Missing from Western assessments of the crisis are the following caveats. Had Paksas not made the colossal blunder of announcing the weekend before his impeachment that he had agreed to give Borisov a high post in the president's office, he probably would have escaped impeachment. This is the view of Seimas staff members that I had interviewed days after Paksas was impeached. The votes favoring his ouster were only passed by a margin of 2, l, and l respectively.

If Paksas had remained in power, a former member of the GRU would have direct ties to the president's office even if he did not hold an official post there. This is a man who had been accused of negotiating with the government of Sudan, which both the EU and the United States have declared a terrorist state. In 2001, he helped Sudan acquire Mi-8T helicopters.[83] Some news accounts and the SSD memo indicated that American intelligence sources reported that Borisov had attempted to do business with Saddam's Iraq as well. Efforts to deport him have failed because the law enforcement agencies and courts have not acted in a concerted manner. Both remain riddled with corruption and have difficulty addressing important security matters even though there are honest and patriotic individuals associated with them. And, of course, wealthy individuals accused of crimes in democratic societies can manipulate legal procedures to their advantage for a long time.[84]

What is more, conservative politicians like Landsbergis and former Prime Minister Andrius Kubilius claim that the Almax plan discovered in Borisov's villa outside of Vilnius represented nothing less than a plan to subvert Lithuanian democracy. It is noteworthy that Lithuanian commentators, who frequently dismiss Landsbergis' warnings about Russian influence as "excessive," consider Russian involvement in the Paksas affair and the Almax document in much the same terms as the old Sajudis leader.[85]

Lithuanian observers believe that criminal organizations—both Russian and Lithuanian—as testified to by phone taps, would have found a friendly reception among some elements of the president's office had he remained in power. Some individuals under surveillance spoke openly about removing officials who could not be compromised such as the popular "Chief of Police" Vytautas Grigaravicius. Recall that the crisis first surfaced when the director of security, Laurinkus,

revealed that the president's national security advisor, Remigijus Acas, had ties with Russian mobsters. Laurinkus claimed that Paksas had been informed of allegations regarding Acas's ties to the mafia but ignored them. Many questioned the appointment of Acas, a businessman who managed a Lithuanian-Russian joint-venture in Belarus, since he had no experience relevant to his post.

If Paksas had escaped impeachment, then one must ponder how NATO officials might have responded. For example, could classified material be shared with Lithuania when the president was accused of security leaks, when close political supporters were deemed Russian security agents, and when members of his own staff were linked to international criminal elements?[86]

When a comprehensive assessment of Lithuania's political crisis and the work of Keith Smith and Janusz Bugajski are taken into account, there is ample evidence suggesting that Iron Troikas are a threat to U.S. allies, and the American security establishment must acknowledge this fact. Many analysts, journalists and politicians in the region have expressed alarm about their inability to deal with the Russian subversive campaign to undermine their political systems. During the height of the Paksas scandal, for example, I received an e-mail from an otherwise cool-headed journalist who lamented: "I'm really not convinced that Lithuanian democracy will survive. I should say I am very afraid that it will not survive . . . that's why I am so worried (about) U.S. apathy and indifference in this case. Lithuania is too weak to confront these dangers alone."[87]

Conservatives in particular have been dismayed by Washington's refusal to acknowledge Russian attempts to subvert Lithuania's political process. How can the United States remain silent, they ask, when Putin savages the same democratic institutions in Russia that the United States is seeking to establish in Iraq? Clearly, the imperial-minded in Moscow, who deem the Baltic democracies an integral part of Russia's geo-political space, are encouraged by Washington's failure to confront Putin on this matter. This explains why many conservatives in Lithuania speak about "another Yalta." [88]

Their counterparts in Poland are not happy with Washington's indifference toward their grievances either. In this connection, the new government of Prime Minister Kazimierz Marcinkiewicz will not be shy in pressing Washington to pay more attention to Russian

policies that rile the waters with Poland. Radek Sikorski, the articulate former AEI director of the New Atlantic Initiative, has been named defense minister. Sikorski, although identified as a Reaganite, has expressed displeasure with Washington's failure to provide Polish enterprises with Iraqi redevelopment funds, and he can be expected to challenge the United States should it continue to disregard what he deems anti-Polish policies emanating from Moscow. [89]

In spite of being disheartened by Washington's silence on Iron Troikas, security officials in the EBSR are even more disenchanted with their European EU allies. They lament that neither the EU nor the major states associated with it—France, Italy, Germany, and the United Kingdom—are prepared to confront Russia and acknowledge the Kremlin's efforts to compromise them. Desperate for Russia's energy, they do not want to provoke a row with Putin. The Balts and the Poles, in particular, have expressed concern about Germany's plans to build a pipeline under the Baltic, while not even bothering to consult them on this vital matter. As a consequence, they look to the United States to address the "new threat from the East," because they have nowhere else to go.

Of course, any truly effective response to Russia's stealth imperialism must involve a joint EU-U.S. effort to put Putin on notice that threats to Poland and the Baltic states will not be tolerated. Consequently, just as the United States took the lead in encouraging European countries to support the latest round of NATO enlargement, it will have to take the initiative on this matter as well. Measures taken to cope with the threats associated with Iron Troikas must be holistic, and the Americans and Europeans must back their words with actions. While there may be many branches of the American government associated with this enterprise, it is predicated on the assumption that it is a security problem that cannot be treated piecemeal or via ad hoc measures.

On the economic front, the time is long overdue to acknowledge that the West must develop a comprehensive energy security program; energy security can no longer be treated as a matter of the free market alone. In London's *Financial Times*, hardly a mouthpiece for left-wing orthodoxy, Phillip Ellis, an advisor to The Boston Consulting Group, writes. "Energy security, including energy at affordable prices, is a basic public need that cannot be met purely by

market forces when a country is short on domestic energy reserves." Moreover, "The passive role that government has played in energy security since the Thatcher-Reagan revolution is a luxury we can no longer afford."[90]

If the Americans and Europeans are going to deal with the vulnerability of the Western alliance to energy blackmail, whatever its source, they must develop a global energy security strategy; failure to do so will place the security of all Western democracies at risk. This means, of course, addressing the controversial question: "In light of the critical role energy plays in the economic vitality of the Western democracies, can we allow free market forces alone to determine the availability and price of this strategic resource?" The answer is obviously a resounding "No!"

A stable supply of energy represents the center of gravity in determining the outcome to the most pressing security issues in the 21st century. By definition, the Organization of Petroleum Exporting Countries (OPEC) as a cartel is in direct violation of free market principles. But, as we have indicated, so is Russia. Consequently, by itself, a free market response to the problems that they promote is inappropriate.

Turning to less dramatic responses to the Iron Troikas threat, Keith Smith writes, "The EU's focus has been upon increasing supplies from Russia instead of on the conduct of Russian companies in the region." Individual EU countries have chosen to deal with Russia on a bilateral basis and to ignore complaints from East European members about Russia's harmful economic policies. Here he mentions the proposed gas pipeline that will run under the Baltic Sea from Russia to Germany. Since he first wrote about it, German and Russian officials have moved forward toward finalizing an agreement; one that the Poles and Balts have condemned because it is directed at them and has no economic justification. Their counterparts in Berlin have ignored their complaints, and this response will encourage Putin to look toward the future with the expectation that his energy card will serve as a wedge within the EU. At the same time construction of the North European Gas Pipeline will undermine efforts to develop a pan-European energy policy.[91]

Smith devotes a long detailed analysis of what should be done to cope with Russia's playing the energy card at the expense of both

EU and NATO members in the EBSR. Brussels must reconsider measures that compromise the ability of the four countries to cope with Russia's predatory economic policies; for example, the closing of Lithuania's nuclear power complex at Ignalina (assuming it is a safe facility) and efforts on Brussels' part to reduce their dependency upon Russia, such as making it more feasible to purchase petroleum from Norway.

The single most important measure that the EU could take is to have Russia sign the EU's energy charter, "which requires the parties to be more transparent and competitive in their business dealings with member state companies. Transneft should be required to give up its monopoly pipeline to the West, and, along with Gazprom, should be made to allow other gas companies to use its pipeline system, particularly in the case of spare capacity."[92]

Directing his attention toward Washington, Smith observes. "The United States has not had a well-documented policy focused on countering the dubious business practices of Russia's energy companies. Nor has much attention been paid to the growing potential for these firms and the Kremlin to undermine the new political and economic systems that emerged from the collapse of communism in East Central Europe." [93]

This posture cannot help sustain positive attitudes toward Washington on the part of the people in New Europe. It has not escaped leaders there that while the U.S. Congress sabotaged a deal in 2005 that would have resulted in China gaining control of Unocal, a relatively small American oil company—justifying it by citing negative national security consequences—its members have said little about Russia's energy domination of four close allies.

Among specific measures the United States must take to reduce New Europe's energy dependence upon Russia, Smith provides the following. The U.S. embassies in all four countries (and he includes Ukraine) must conduct studies to determine their energy dependence on Russia, and the findings should be used in negotiations with the EU to determine how that dependency can be reduced. The United States must take a host of measures to encourage greater transparency on the part of Russia's energy giants—including closing markets to those Russian companies that do not practice it. With the EU, the United States should press Russia to adopt real privatization policies

in its energy sector, and both should fund expensive regional projects to help meet the energy needs of all five countries as well.

Turning to recommendations pertinent to the diplomatic and political dimensions of the Iron Troika threat, it is imperative that the West,in its relations with Russia, acknowledge their existence. Developing a cooperative relationship with Russia is a vital U.S. goal, but in approaching it, we cannot fantasize about Russia's true nature. Few serious observers of Putin's Russia would agree with Barnett's assessment that Russia is a Core state—that is, one where values shared by other democracies are cherished. This is certainly not the case of the ruling elite or, for that matter, of most ordinary Russians. The rule of law in Russia is a shame, pure and simple.

What is more, Russia, through its predatory economic policies, is violating the very norms of behavior that are prerequisite to membership in the G-8 (the United States, Japan, Germany, France, the United Kingdom, Italy, Canada, and Russia) and WTO. The evidence that has been provided above clearly indicates that it is doing so through Iron Troikas. Russia will host the next G-8 meeting in St. Petersburg, and that event provides an opportunity for the United States to demand it subscribe to the rules that govern membership in both—rules that Russia is violating on a systematic basis. There will be powerful Western economic interests that oppose this "radical" gesture, but the time has come for the American security community to take a stand.

The United States must confront Moscow on its manipulation of Iron Troikas at the expense of American allies. Not to do so will send mixed signals to the Kremlin, lead to failed policy initiatives, and undermine cooperation between both sides that is based on a sound assessment of facts on the ground.

At the same time, Washington must put Poland and the Baltic countries on notice that the failure to fight corruption and crime and the complicity of local economic and political elites in promoting the *siloviki*'s imperial objectives—even though greed and not treason may be the basis for their complicity—cannot be tolerated. The New European countries seeking NATO membership were required to adhere to certain principles in keeping with democratic practices. Why should these same principles be ignored by member states after they join NATO?

In spite of impressive gains in building civil society, the nongovernment organizations (NGOs) in all of the former communist states of Europe are too weak to perform activities that serve—as they do in Old Europe—as checks on private and public corruption. Their members may be as honest and determined as their counterparts in Old Europe, but they simply lack the financial resources and public acceptance to function the way NGOs do in America or the United Kingdom. Take, for example, the issue of transparency in both the public and private sectors. Various NGOs like Transparency International have affiliates in all four states, but their budgets are woefully inadequate to deal with the enormity of the problems they are obligated to oversee. Furthermore, the law enforcement agencies and courts have found it difficult to deal with economic and political corruption and the activities of criminal organizations. This situation feeds wide-spread political alienation among the citizens of these countries, and that affliction, in turn, makes it more difficult to address the former pathologies.

By contrast, business and criminal interests that violate democratic norms and engage in illegal behavior have enormous sums of money to negate efforts on the part of government to hold them accountable. The ability of these powerful interests to influence the courts, as well as the legislative and executive branches of government, also explains why Central and Eastern European governments often are not up to the challenge that their counterparts in more mature democracies undertake. Clearly, financial and technical assistance from the United States and Europe are needed here and should be forthcoming since the problem involves security issues relevant to NATO and not just several member states.

Making clear that the United States is concerned about this matter will go a long way in helping EBSR officials mobilize a wider spectrum of their populations to fight for greater transparency and openness in the public's business. Of course, Brussels is even more important here since it has the right to look closely at how member states are using EU development funds and other financial grants-in-aid such as agricultural subsidies. But once the United States, with its enormous capacity to influence developments in Europe—through its media and academic and research institutions and not

only through political channels—acknowledges the existence of Iron Troikas, the EU will find it more difficult to ignore them.

Turning to the security dimensions of the Iron Troika threat, an assessment of their activities in the EBSR suggests an important two-fold conclusion. First, Bugajski's claim that Russia is practicing a new form of imperialism throughout Central and Eastern Europe is justified. On the basis of this initial assessment of Iron Troikas, it is evident that Kremlin planners hope to achieve the following goals, all of which are detrimental to U.S. security interests in New Europe.

- To foreclose the possibility that New European states will join another U.S.-led military action akin to the one in Iraq. Their military contribution might be marginal, but consider the difficulty an American president would encounter among his own electorate if the participation of allied countries was not forthcoming in what was billed as a "multilateral" operation.
- To promote a common EU defense and security policy that is in keeping with the worst fears of American analysts; that is, one that would undermine NATO's viability as an effective military alliance.
- To preclude the transfer of bases, access and transit rights from Old to New Europe by turning public opinion in Eastern Europe against these initiatives.
- To undermine efforts to expand the zone of democracy in areas "further East," such as Ukraine and Belarus, by denying activists in those countries, and NGOs in neighboring ones, the opportunity to aid and abet "democratization campaigns."
- To convince local economic and political elites that they must reconcile with Russia—a powerful country that they share borders with, not the United States thousands of miles distant from them on the North Atlantic Continent. Ultimately, this will mean making security compromises in return for profitable business opportunities.
- To exploit linkages established during the Soviet era to penetrate the security establishments of Poland and the Baltic countries. Los has found evidence to this effect, and Bugajski

has observed: "In July 1999, Polish counterintelligence agents arrested three Polish army officers on charges of spying for Russia since the early 1990s. All three were colonels in military counterintelligence, the nerve center of Poland's armed forces, and were unmasked by a double agent."[94] Now one can presume with passage of time and the departure of Soviet-era military personnel in all four countries, such activities on the part of military personnel and security operatives will be rare. Nonetheless, the problem cannot be ignored. Indeed, one of the first steps that the new conservative government in Warsaw took after it was installed in November 2005 was to disband The Military Information Service and to replace the heads of two civilian intelligence bodies because the authorities had reservations about them.[95]

There is a second threat that does not involve the complicity of the Kremlin, but it involves most of the key actors and circumstances associated with Iron Troikas. Included here are criminals, economic warlords, and "local" actors operating in environments afflicted by remnants of the old Soviet system that may provide terrorists with dangerous weapons, including those with the capability of killing large numbers of people. In this instance, however, there is no conclusive documentation to support the claim that criminals are aiding and abetting terrorists.

In any event, defense analysts must acknowledge that criminal activities are worthy of attention by military establishments. In Estonia's national security planning document, one can read the following. "Against a backdrop of a reduced military threat, rapid changes in the international arena in economy and in technology have brought a number of so-called new, non-military risks to the fore." Included here are "international organized crime." Meanwhile, we see much the same concern on the part of Lithuanian military planners. "Lithuania does not face immediate foreign military threats. Nonetheless, numerous new challenges to the country's security have arisen over the past decade." "Organized crime, trafficking, and smuggling" are mentioned here.[96] Working with allied defense analysts, those in the EBSR must gain a clearer idea of how criminal activities figure into their military planning and operations.

It remains to be seen just how criminal organizations are working with potential terrorists, but even if the clear linkage between organized crime groups in the region and terrorists' organizations operating outside of the EBSR cannot be documented (as yet), the following observation is worthy of consideration. As noted above, criminals have been involved in the sale of arms and military-related material. The people selling these items are hardly individuals who do background checks on their customers. And there is documented proof that weapons that are being sold by criminals are not merely hand guns nor are the sales restricted to Europe as was documented above. According to Holtom, "In 1995, two Lithuanian citizens, acting as brokers for the Bulgarian arms firm Armimex, were caught in a U.S. sting operation after having successfully demonstrated their abilities at diverting weapons . . . The publicly available details of the sting clearly demonstrate the way in which arms brokers operate from a variety of locations, use corrupt officials, front companies, flags of convenience and circuitous routes with weak customs and border controls to supply 'undesirable end-uses'." The weapons in question were ground-to-air missiles.[97] Like its Estonian, Latvian, and Polish neighbors, Lithuania has laws regulating arms transfers, but since the problem is international in scope, it does not possess the resources to deal with them.

As in Soviet days, the "Baltic corridor" is being exploited by criminals who transfer contraband from east to west. For example, Jonas Kronkaitis, the former commander of Lithuania's armed forces, asserts that drugs from Afghanistan—presumably shipped by individuals associated with terrorist organizations there—are passing through Lithuania. This pathway for drugs from the Far East through Lithuania to Europe has been alluded to by Roman Kupchinsky, who for years was Radio Free Europe's principal investigator of criminal matters in Russia and Eastern Europe. He has written about a "Silk Route through Russia to Lithuania which acts as a hub for the heroin trade to Poland and Scandinavian countries."[98]

A lot more work must be conducted to determine the relationship between organized crime and terrorism in Central and Eastern Europe, but the U.S. security community must recognize that Iron Troikas represent a "new threat from the East." Moreover, this threat

must be treated holistically. Iron Troikas involve a host of activities that are not directly military ones, and many of the players involved are not military personnel. Consequently, Army analysts are inclined to dismiss them as "not in keeping with our mission." For reasons mentioned above, this posture is no longer warranted. Also, the "local" law enforcement agencies do not have the expertise, intelligence, or manpower to deal with the large, powerful, and deadly criminal organizations—often in league with rogue military personnel—that thrive throughout the former communist lands of Europe. Because they often operate with or are integral to the activities of powerful economic interests, Russian criminal organizations have massive financial resources at their command. What is more, the criminal networks, Russian and "local" that have worked together for many years, operate throughout Eurasia. It is through such entities that conventional arms are proliferating throughout Eurasia, and it is through them that WMD may one day find themselves in the hands of terrorists who will strike Europe or the United States with them.

The U.S. Government estimates that there are 18,000 to 19,000 tactical nuclear weapons located in Russia. Unlike strategic nuclear weapons, there is no U.S.-Russian agreement regarding their status. Consequently, American analysts have expressed concern about terrorists gaining control of nuclear arms and other WMD. For example, Mark Helmke, a Senate Foreign Relations Committee staffer, has warned. "We have to understand the sense of urgency here. It is remarkable that no terrorist in the past 10 years has been able to get a hold of and use any of the nuclear, biological, or chemical weapons that are spread all over the former Soviet Union."[99]

The U.S. security community must devote more time in determining the character of Iron Troikas to better understand the threat they represent and how that threat can be addressed. At the same time, the military establishments in the EBSR neither have the resources to cope with them, nor, like their American counterparts, have they concluded that Iron Troikas are relevant to their activities. Consequently, Washington must develop programs that can be conducted bilaterally or through NATO to help allies in New Europe better cope with this "other than war" threat to their security. Assessments must be made concerning what additional

financial and other resources are needed to enable the New European countries to deal better with the threats associated with Iron Troikas. This is a vital security matter in New Europe and must be addressed as such.

In this connection, the U.S. military must reconsider the importance of the EBSR as a potential theater of strategic operations for the following reasons:

- The region provides the U.S. military with air, ground, and sea access to areas adjacent to Northwest Russia (including Kaliningrad), Belarus, and Ukraine where latent security issues may become manifest in the near future and access to the EBSR will become even more vital than it is today.[100]
- Unlike other regions that have been identified as potential theaters of strategic operations close to Eurasia—the Caucasus and Central Asia—the governments in question are stable, the populations are pro-American, and the prospects that U.S. forces may become embroiled in violent civil disturbances are remote.
- As plans for transferring bases and staging areas from Old to New Europe are being considered—because of a changing political climate in the former area or for operational reasons—the ESBR offers a number of advantages. In addition to the air, ground, and sea transit routes that cover the EU-NATO frontier and Russia, the political elites in all four countries have demonstrated that they are favorably disposed to bases and installations being relocated on their territory.
- Since the collapse of the USSR, the region has been a corridor through which criminal organizations have operated in transporting east to west—and as far as the United States—all manner of contraband, including weapons.

In conclusion, under Washington's leadership, NATO must provide a comprehensive response to this "other than war" security menace to member states in New Europe. It must respond with greater alacrity than it has to date to the requirements of the military establishments in the EBSR. In this connection, Radek Sikorski has urged the United States to expand its military assistance to Poland. He

said, prior to being named that country's defense minister, "Poland can't afford to subsidize the U.S. any more. We were hoping that the U.S. would help us organize our army and share this burden, but it has not materialized. I find it odd that the United States doesn't want to show that it pays to be America's friend in need. If that's how you treat your friends, you will have fewer of them in the future."[101]

The U.S. Army has a long and substantial presence in Europe and it enjoys close relations with the military establishments of the four countries under scrutiny. It has civil affairs, intelligence, police, and other units that deal with arms transfers to develop—along with civilian agencies in the U.S. Government—a response to Iron Troikas. It should employ all of these assets in addressing this "unconventional" threat. Toward this end, it should utilize the IMET program, the Marshall Center, and the Defense College at Tartu to help the Polish and Baltic military establishments better understand the threats posed by Iron Troikas and find solutions to them.

ENDNOTES

1. Thomas P. M. Barnett, *The Pentagon's New Map*, New York: G. P. Putnam's Sons, 2004. Barnett claims that the world is comprised of Core States that adhere to the rules of the international order and Gap States that do not. For reasons that will be revealed below, we will see why he is mistaken in his including Russia in the first category; that is, identifying it as a Core State.

2. Paul A. Goble, "Russia as a Failed State: Difficulties and Foreign Challenges," *Baltic Defense Review,* Vol. 2, No. 12, 2004, pp. 78-79.

3. For a discussion of Chechnya and the spreading conflict in the Caucasus, see Anatol Lieven, *Chechnya: Tombstone of Russian Power*, New Haven and London: Yale University Press, 1998; Neil Buckley, "Russia faces spreading threat from insurgents," *Financial Times*, October 17, 2005. Buckley reports that the successor to the assassinated Chechen president Aslan Maskhadov, Abdul-Khalim Sadulayev, "has made clear his aim to spread the decade-long conflict in Chechnya across the region and gain the support of populations in Russia's other six north Caucasus republics"; Masha Lipman, "Putin's Spreading War," *Washington Post*, October 17, 2005; Alan Cullison, "Kremlin's Heavy Hand May Be Fanning Extremism," *Wall Street Journal,* October 17, 2005; Nick Patrick Walsh, "Chechnya Dispatch," *The Guardian,* September 16, 2005.

4. Goble, p. 78; Julie Da Vanto and David Adamson, "Russia's Demographic 'Crisis': How Real Is It," *Rand Issue Paper*, July 1997; and Otto Latsis, "Russia Faces Demographic Disaster," *Mosnew.com*, September 9, 2005.

5. For a discussion of the Russian military's varied problems, see Peter Baker and Susan Glasser, *Kremlin Rising: Vladimir Putin's Russia and the End of Revolution*, New York: Scribner, 2005, pp. 197-206. For a comprehensive view of the Russian military, see William Odom, *The Collapse of the Soviet Military*, New Haven: Yale University, 1998.

6. For an excellent discussion of Khodorkovsky and his troubles, see Baker and Glasser, pp. 333-353.

7. Anders Aslund, "Putin's Decline and America's Response," Carnegie Endowment for International Peace, Policy Brief # 41, August 2005; see also Richard N. Haass, "Dividends handling Russia wisely," *Financial Express (India)*, October 20, 2005. Haass writes, "High energy prices are a boon to Russia's economy, but, as is often the case in oil-and-gas-rich regimes, they can be a burden as well, feeding corruption and discouraging real economic activity."

8. One of the few exceptions was Zbigniew Brzezinski, who correctly predicted that the failure of the Kremlin leaders to resolve "the nationalities question" would help precipitate their demise. See his, "The Soviet Political System: Transformation or Degeneration," in Zbigniew Brzezinski, ed., *Dilemmas of Change in Soviet Politics*, New York: Columbia University Press, 1963, pp. 1-24. For a more contemporary discussion of the reasons behind the USSR's collapse, see Mark R. Beissinger, *Nationalist Mobilization and the Collapse of the Soviet State*, New York: Cambridge University Press, 2002. The author notes the important role that the Baltics played in this historical event; see pp. 57-69.

9. The November 2005 elections in Azerbaijan were deemed fraudulent by the international community, and opposition activists took to the streets in its aftermath, but to no effect; they did not reach the numbers that led to a reversal in the elections' outcome as had occurred in Ukraine. Peter Finn, "Rally Does Not Become A Revolt In Azerbaijan," *Washington Post*, November 10, 2005.

10. For two current but conflicting assessments of Putin's rule—in addition to Aslund's work cited in endnote 7—see Dmitri Trenin, "Reading Russia Right," Carnegie Endowment for International Peace, October 2005; and James M. Goldgeier and Michel McFaul, "What To Do About Russia?" *Policy Review,* Hoover Institution, October-November 2005.

11. Janusz Bugajski, *Cold Peace*, Washington, DC: Center for Strategic and International Studies, 2004.

12. *Ibid.,* pp. 1-2.

13. *Ibid.,* p. 219.

14. *Ibid.,* pp. 219-20.

15. For an overview of American strategic interests in Central Asia, see Stephen J. Blank, *After Two Wars: Reflections on the American Strategic Revolution in Central Asia*, Carlisle Barracks, PA: U.S. Army War College, Strategic Study Institute, July 2005.

16. For a discussion of Polish attitudes toward the United States, see Radek Sikorski, "Defense Reform in Europe: The Case of Poland," *European Outlook AEI Online*, August 10, 2005. In background discussions with Baltic diplomats, they mentioned to me that many of their EU partners were not happy with their "pro-American" policies on a range of issues—Iraq, Ukraine, and Belarus.

17. Bill Gertz, "Russia Transfers Nuclear Arms to Baltics," *Washington Times*, January 3, 2001.

18. For a discussion of the problems and prospects of replacing Lukashenko, see Richard J. Krickus, "Losing Lukashenko," *Moscow Times,* April 15, 2005; see also Grzegorz Gromadzki, Vitali Silitski, and Lubos Vesely, "Effective Policy Towards Belarus: A challenge for the enlarged EU," Stefan Batory Foundation, April 2005; *Belarus: Bi-weekly News Digest*, CSIS, May 30-June 10, 2005.

19. In late October 2005, the Volcker Committee that was authorized to look into corruption associated with the UN's oil-for-food program produced its findings. The *Economist* reported: "One of Saddam's schemes involved awarding allocations of oil to individuals and organizations that Iraq believed would support its case politically." Vladimir Zhirinovsky was cited as one of these individuals. See "A Grim Reckoning," *Economist.com*, October 31, 2005. For a discussion of divisions with the *siloviki*, see Greg Walters, "Study: Siloviki Struggle for Assets Not Over," *Moscow Times*, June 27, 2005.

20. For a detailed and insightful discussion of the *siloviki* by two *Washington Post* reporters, see Baker and Glasser, pp. 251-271. For a discussion of why the influence of the *siloviki* is exaggerated, see Dmitri Trenin, endnote 10.

21. "Checkists in the Corridors of Power," *Novaya Gazeta*, July 2003.

22. Baker and Glasser, pp. 129-130.

23. Bugajski, p. 140.

24. Irina Kobrinskaya, "Love and Hate: Polish-Russian Relations Marred by Russian Unpredictability and EU and NATO Uncertainty," *Polish News Bulletin*, February 3, 2005.

25. Bugajski, p. 140.

26. Adrian Karanycky, "Ukraine's Orange Revolution," *Foreign Affairs*, March/April 2005, pp. 35-52.

27. Igor Torbakov, "What Is Behind The Growing Tension in Russian-Polish Relations?" *Eurasia Daily Monitor,* August 12, 2005.

28. Angus Reid Global Scan, June 5, 2005.

29. Address of Vaira Vike-Freiberga to the foreign diplomatic corps in Riga, Latvian Foreign Ministry, January 14, 2005.

30. See endnote 17.

31. Keith Smith, *Russian Energy Politics in the Baltics, Poland, and Ukraine,* Washington: Center for International and Security Studies, December 2004, p. 9.

32. *Ibid.,* p. 11.

33. *Ibid.,* p. 10.

34. *Ibid.,* p.14.

35. *Ibid.,* p. 17.

36. *Ibid.,* p. 14. There is, however, some indication that some leaders in the energy community do not always bow to pressure from the Kremlin. For example, it was reported in the spring of 2005 that both Rosneft and Gazprom resisted—because the business climate did not warrant it—government pressure to be more active in Chechnya. Andrei Smirenov, "Assassination in Dagestan Damages Kremlin Attempts To Attract Foreign Investment For the Caucasus," *Eurasia Daily Monitor,* May 26, 2005.

37. In discussions with German foreign policy analysts in 2002, the author was told by them: "We have little impact upon German foreign policy towards Russia, the business community is dominant here."

38. David E. Hoffman, *The Oligarchs: Wealth and Power in the New Russia*, New York: Public Affairs, 2001. See also Martin McCauley, *Bandits, Gangsters, and the Mafia: Russia, the Baltic States and the CIS*, Harlow, England: Longman, 200l; and CSIS Task Force Report, *Russian Organized Crime and Corruption: Putin's Challenge*, Washington, DC: CSIS, 2001.

39. Baker and Glasser, pp. 78-98.

40. For Khodorkovsky's misdeeds, see *Ibid,* pp. 337-338.

41. This is the opinion of Keith Smith who has continued his analysis of Putin's exploitation of Russia's "energy card" to achieve foreign policy and security objectives; e-mail communication, November 17, 2005.

42. "Mixing Oil, Gas and Politics," *Economist.com*, June 20, 2005; Kim Murphy, "As Gazprom Grows, So Does Russia's Sway," *Los Angeles Times*, October 16, 2005. In his article, Murphy argues that, by Russia's threatening to raise gas prices, the new government in Kyiv quickly adopted a more accommodating posture toward Moscow.

43. Smith, p. 41.

44. Keith Smith, "Mazeikiu Nafta: Controversy and Corruption," *Vilnius Monthly,* Issue No. 8, 2005, pp. 10-13.

45. Smith, *Russian Energy,* p. 43.

46. It is noteworthy that Victor Chernomyrdin, the former prime minister and Gazprom director, is the Ambassador to Ukraine. Taking these appointments together, we clearly see the link between Russian energy and vital foreign policy concerns on Moscow's part.

47. Smith, *Russian Energy*, p 44.

48. Bugajski, p. 145

49. Wanda Jelonkiewica, "PKN Orlen: Quest for Oil," *The Warsaw Voice Online*, September 1, 2004.

50. *Polishnews.com*, July 2, 2005.

51. Bugajski, pp. 117-118.

52. Hoffman, p. 9.

53. *Ibid.*

54. See *Transparency International Corruption Press Release Perceptions Index 2005*, October 18, 2005. It shows that Estonia scores most favorably of the four countries, getting a score of 6.4 (with the highest score being 10), while Lithuania scored 4.8; Latvia, 4.2; and Poland, 3.4. Keep in mind that Estonia has had a smaller number of Old Nomenklatura still in power, while the same cannot be said for Lithuania and Poland. Indeed, in the elections of 2005, the right rode back to power in Poland, because its message that the "old communists" were responsible for widespread corruption there resonated with the voters. See also "Corruption Manifestation in the Selected Counties and Municipalities at a National Level in 2004," *Lithuanian Branch of Transparency International,* Vilnius, 2004. See also Aaris Jansons, "Pirates of the Baltics," *Transitions Online*, March 21, 2005.

55. Paul Holtom, *Arms transit trade in the Baltic region,* London: Saferworld, 2003, p. 31.

56. *Ibid.,* p. 41.

57. *Ibid.,* p. 52.

58. *Ibid.,* pp. 64-65.

59. This discussion of Kaliningrad is derived from my book, *The Kaliningrad Question*, Lanham, Maryland: Rowman & Littlefield, 2002.

60. Moscow also attacked the Baltic countries for not living up to agreements under the Conventional Forces in Europe (CFE) Treaty. The Lithuanian government's response is:

> Russia's failure to comply with its 1999 Istanbul commitments constitutes the obstacle for the entering into force of the adopted CFE Treaty. Although not being part of the CFE Treaty, we fully concur with the position of NATO that the fulfillment of the remaining Istanbul commitments will create the conditions to move forward on the ratification of the Adapted Treaty. Lithuania retains its position to seek to accede to the adapted CFE Treaty, when this enters into force. We will be doing so not because of our NATO membership, but because the participation in the multilateral arms control and confidence building regimes suits our security policy objectives, consistent with the National Security Strategy.

Statement from the Embassy of the Republic of Lithuania, Washington, DC, January 2004.

61. Joan Barth Urban, "The Post-Communist Left: Divergent Trajectories, Shared Legacies," in Jane Leftwich Curry and Joan Barth Urban, *The Left Transformed In Post-Communist Societies,* Lanham, Maryland: Rowman & Littlefield, 2003, p. 245.

62. Jane Leftwich Curry, "Poland's Ex-Communists: From Pariahs to Establishment Players," Curry and Urban, p. 36.

63. *Ibid.,* p. 33.

64. For a discussion of the Lithuanian left, see Algis Krupavicius, "The Left-wing Parties in Lithuania, 1990-2002," Curry and Urban, pp. 99-136.

65. Urban, p. 246.

66. Author's discussion with business people in Lithuania conducted over the past 8 years that I have been writing a column on world affairs for *Lietuvos Rytas*, Lithuania's leading national daily.

67. Maria Los, "Reshaping of Elites and the Privatization of Security: The Case of Poland," *Power Institutions in Post-Soviet Societies, An Electronic Journal of Social Science*, May 13, 2005, p. l.

68. *Ibid.,* p. 5.

69. *Ibid.*

70. *Ibid.,* p.9.

71. *Ibid.,* p. 6.

72. I experienced this in discussions with analysts writing about Russian energy interests.

73. See Richard J. Krickus, *The Presidential Crisis in Lithuania: It's Roots and the Russian Factor*, Washington, DC, East European Studies Occasional Paper, Woodrow Wilson International Center for Scholars, November 2004, pp. 12-15. Also for a more optimistic assessment of the scandal, see Terry D. Clark and Egle Versikiene, "Paksas-Gate: Lithuania Impeaches A President," *Problems of Post-Communism*, May/June 2005, pp. 1-8.

74. For a discussion of Russia's penetration of the Lithuanian political process, see Arturas Rozenas and Audrius Baciulis, "Sunkus atsisveikinimas su Rusija" (Difficult Farewell To Russia), *Veidas*, March 11, 2004.

75. For the most comprehensive discussion of the Lithuanian presidential political crisis, see Raimundas Lopata and Audrius Matonis, *Prezidento Suktukas* (President in a Tailspin), Vilnius: Versus Aureus, 2004.

76. Richard J. Krickus, *Showdown: The Lithuanian Rebellion and the Break-Up of the Soviet Empire*, Washington and London: Brassy's, 1998, pp. 140-141.

77. See the Lithuanian website *Delfi.lt*, November 1, 2003. It carried in English Laurinkus's memo, "Regarding the Negative Tendencies that are a Threat to the State's National Security." The memo was published the same day by the national daily *Respublika*.

78. Interview, Vytautas Landsbergis, April 2004.

79. Marius Laurinavicius, "Maskvos Tinklai Supanciojo R. Paksui Rankas ir Kojas" (Moscow's Web Tying R. Paksas's Arms and Legs), *Lietuvos Rytas*, July 23, 2004.

80. The current practice of denial recalls the failure of American policymakers to recognize as late as mid-1991 that the Soviet Union was imploding, and Mikhail Gorbachev's days were numbered. This myopia was driven by the conviction that a USSR intact was better than one in disarray, and that while Mikhail Gorbachev was not exactly a democrat, the people waiting in the wings to replace him "were worse." Gorbachev was providing stability to the USSR at a time when it needed it most. It was thinking along these lines that led to President George H. W. Bush's "Chicken Kiev" speech in the summer of 1991 when he urged the Ukrainians not to bolt from the USSR. More recently, Paul Goble has noted that if one speaks of Russia as a failed state, then the "question . . . inevitably arises as to who is in control of that country's nuclear stockpile. It is one thing to talk about a failed state in a place like Somali or Eritrea; it is quite another to talk about it in the case of a country with the second largest nuclear arsenal in the world." Goble, p. 78. At the same time, many analysts dismiss preoccupation with internal developments in Russia. This is in keeping with the realist conviction that the domestic character of a state is of little interest to us, only its foreign behavior is. Nikolas K. Gvosdev and Dimitri K. Simes make the case succinctly. "Doesn't the United States already have enough problems to deal with in the world? Osama bin Laden and Abu Musab Al-Zarqawi remain at large, our work in Afghanistan and Iraq remains incomplete, and North Korea and Iran are both poised to become nuclear powers. So why do so many think Russia's daily twists and turns are our biggest problems?" See their "Rejecting Russia?" *The National Interest Online*, June 28, 2005, p. l. In assessing the realist approach to Russia, we should keep in mind that most American analysts failed to anticipate the USSR's demise precisely because they ignored the domestic character of that entity. Had they done so, the United States might have responded to the post-Soviet period in a manner more favorable to the democrats there than it did. A window of opportunity briefly opened after the USSR's collapse, and it afforded the West the prospect of influencing developments there—if only on the margins—while the Soviet elite were despondent and in disarray.

81. Lithuanian authorities, however, were put-off when an armed Russian Su-27 fighter crashed on Lithuanian territory on September 15, 2005, and NATO aircraft only detected the incursion into Lithuanian airspace after the pilot ejected from the aircraft and it was plunging to earth. See more in Vladimir Socor, "Moscow Sees Su-27 Crash As Opportunity For NATO Cooperation," *Eurasia Daily Monitor*, October 17, 2005.

82. This was the reaction that I received upon presenting my findings at two briefings at the Woodrow Wilson Center in 2004. On one occasion, a member of the audience, a former State Department official, observed that he found it rather strange that I was talking about Russian attempts to subvert Lithuanian democracy when it just entered NATO.

83. See Paul Holtom, "The Baltic States, Arms Brokers and Diversions of Arms," unpublished paper awaiting publication, p. 9. It should be acknowledged, however, that Borisov did not break any law, but it is also noteworthy that, in spite of having his Lithuanian citizenship nullified, he remains in the country. Here is just another indication of how the legal system in all former communist countries has been exploited by people committing crimes. In this connection, see the endnote 84.

84. Major General Jonas Kronkaitis, former commander of Lithuania's armed forces, has observed: "Whatever case you study is some how controversial or politically connected, you will see that such cases normally don't reach a clear resolution, they normally die at the prosecutor's office or in the courts of old age." See Aage Myhre, interview, "Lingering Nomenklatura," *Vilnius Monthly*, No. 6, 2005, p. 13.

85. Interviews with Seimas staff members and journalists, April 2004.

86. In the special election to replace Paksas, the leader of the left-leaning Farmers and New Democracy Union, Kazimiera Prunskiene, lost to Adamkus in a run-off election. She had been prime minister during Lithuania's struggle for independence in the early 1990s, but left the government under mysterious circumstances. More recently, her opponents have accused her of pro-Russian bias, alleged that she had been a KGB agent, and claimed that she had attended to Moscow's concerns through business dealings associated with the Ignalina nuclear power plant. Russian commentators indicated that Prunskiene would be the best choice for them, although she rejected the "pro-Russian" label that her opponents had fixed upon her. She said that she would continue the country's pro-Western foreign policy course and maintain good relations with Washington. Her words were greeted appropriately with skepticism. Several days prior to the election, she met with Stephen Mull, the U.S. Ambassador to Lithuania. She said she opposed the war in Iraq and favored withdrawing Lithuania's troops stationed there but would follow the course that the government had taken. Immediately afterwards, she met with reporters and indicated the opposite. Specifically, she would follow the EU's lead on Iraq and pay close attention to public opinion to consider what policy she would adopt. Pro-American analysts did not take much comfort in these words since she undoubtedly was talking about the French and German position on Iraq. Also, since 67 percent of the people polled favored the withdrawal of Lithuanian troops from Iraq, it was clear she could follow their preferences if able to do so. She lost the election to Adamkus by a five-point margin, but had she been elected, it is likely she would have used her authority to achieve a troop withdrawal. She probably would have failed, since the ruling parties are not prepared to break with the United States on the foreign policy front. Those who held high positions in the former Soviet government, what's more, would prefer not to call attention to themselves by openly breaking with Washington. Besides, the foreign capital that most intrigues them is Brussels, the source of a huge pile of development funds.

87. Private communication, February 3, 2004.

88. In discussing this matter with the former conservative prime minister, Andrius Kubilius (October 21, 2005), I asked him why he and his colleagues did not press this matter more forcefully with Washington. He responded that, because the U.S. administration had indicated it wanted to cooperate with Moscow on a host of issues mentioned in this monograph, he did not think it prudent to do so.

89. See Shawn Macomber, "The New Sikorski Initiative," *The American Spectator*, November 2, 2005; and Monika Scislowska, "Conservatives Take Power in Poland," *Washingtonpost.com*, October 31, 2005.

90. Phillip Ellis, "The State Must Be Responsible for Energy Security," *Financial Times*, September 15, 2005.

91. For a discussion of the GNP dispute, see Federico Bordonaro, "German-Russian pipeline plans upset neighbors," *INS Security Watch*, September 28, 2005, pp. 1-4.

92. Smith, *Russian Energy*, p. 65.

93. *Ibid.,* p. 59.

94. Bugajski, p. 148.

95. See "Lenkijos politiku nesutaike net arkivyskupas" (Even the Arch-Bishop could not reconcile Polish politicians), *Lietuvos Rytas*, November 2, 2005. The truth is that one can even find intelligence operatives in mature democratic countries like the United States who will spy for a foreign power. Also, some may inadvertently participate in activities that are economically attractive and not judged subversive under conventional circumstances.

96. Quoted in Pual Holtom, "The Gatekeeper 'Hinge' Concept and the Promotion Of Estonian, Latvian And Lithuanian New/Postmodern Security Agendas," unpublished paper awaiting publication, 2005, p. 305.

97. *Ibid,* p. 17.

98. Conversation with J. Kronkaitis, October 2005; and see Roman Kupchinsky, "Special Issue: The Globalization of Narcotics," *RFE/RL Organized Crime and Terrorism Watch*, June 5, 2003, p. 4.

99. See Dmitri Litovkin, "Senator Nunn Against Russia. He Wants To Control Tactical Nuclear Weapons," *Izvestia*, June 1, 2005. The Helmke quotation can be found in Philip Turner, "Former Soviet Nukes Still a Threat," *UPI*, June 3, 2005.

100. Deployment of U.S.-NATO military assets to the region may be required in response to developments in both Belarus and Ukraine. In the first case, many analysts believe that the presidential election scheduled for March 2006 will result in popular protest as Lukashenko denies a free and fair race. Unlike his counterparts in Georgia and Ukraine, he will crush any attempt to achieve a "colored revolution" in his country of 10 million people. Consequently, tensions between the government in Minsk and its neighbors—Poland and Lithuania in particular—are likely to escalate. In the summer of 2005, the Polish government claimed that Lukashenko was violating the human rights of Belarus' 400,000 Poles. As the

election approaches and Lukashenko continues to oppress the opposition, one can anticipate that strains between the West and Russia on the Belarus Question will become sharper. The real threat to Belarus' sovereignty, however, is manifested in efforts on the Kremlin's part to develop a "union" with this fellow-Slav country. Indeed, there are many people in Belarus who will not take to the streets to oust Lukashenko, but there may be many more who will do so in face of a Russian takeover of their country. Also in the September of 2005, Ukraine was stricken by a political crisis when President Viktor Yushchenko fired the government of Yulia Tymoshenko. He took this drastic step because he said some members of her government were corrupt, but analysts used the occasion to express doubts about his own leadership. As his popularity declined and the team that fought for his election in 2004 turned against him, pundits questioned how long he would remain in power. All of the problems prior to the Orange Revolution that led analysts to conclude that the country was unstable—a large Russian population, pro-Soviet sentiments among many Ukrainians, a powerful Russian-oriented business class, corruption, etc.—remain in place. Under these circumstances, many Ukrainian-watchers have expressed doubts about the country's future. Of course, in contrast to Belarus, turmoil in Ukraine with a population of almost 50 million and territory the size of France poses even more serious consequences for stability in an enlarging Europe. To make matters even worse, the crisis occurred amid reports that Gazprom would raise the price that Ukrainians paid for natural gas. Under existing circumstances, it is remote that the United States and/or NATO will respond in some military manner to developments in either country. But there is no reason to foreclose contingency planning along these lines. Such planning may become more relevant because of developments within both countries or within Russia itself.

101. See Scislowska, p. 2.