The Unravelling of the Cold War Settlement

Daniel Deudney and G. John Ikenberry

Twenty years ago, as the Cold War was being ushered to a close, American and Russian leaders together articulated a vision of an emerging world order. They also crafted a settlement with principles and arrangements intended to constitute a great-power peace as well as to extend the liberal international order. Unlike any previous settlement, the Cold War settlement’s arms-control centrepiece was based not on the strength of the victor and weakness of the defeated but rather the mutual vulnerability both parties faced from a new type of weapon. Coming after five decades of intense antagonism and rivalry, this diplomatic realignment of Russia and the West seemed to mark an epochal shift in world politics. Today, the promise these arrangements once held now seems distant. Over the last decade, the relationship between Russia and the West has become increasingly acrimonious and conflictual. For both sides, relations are now marked by a sense of grievance, disappointment and dashed expectations. Many expect a future based not on a cooperative partnership but rather renewed rivalry and geopolitical conflict, in effect a return to the nineteenth century.¹

The new administration of President Barack Obama sees the repair of the relationship with Russia as a major foreign-policy objective, and is ambitiously attempting to reset it and place it on a more positive footing. These efforts began with conversations during Obama’s July 2009 trip to Moscow.

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and have already produced a major foreign-policy shift with the decision to replace the deployment of silo-based ballistic-missile interceptors and radars in Eastern Europe with a more flexible sea- and land-based system. Already this new policy has provoked a chorus of condemnation that the United States is appeasing Russia and sacrificing both its national interests and the interests of democratic allies in Eastern Europe and the former Soviet region. In reality, the Obama policy is a move toward recovering some of America’s most successful foreign-policy approaches that reached a zenith at the end of the Cold War under the later Reagan administration and the George H.W. Bush administration.

The premise of the new Obama policy is that the stakes in the relationship with Russia are very large – even larger than is widely appreciated. Its proponents recognise that achieving the goals of an American interest-based foreign policy in many areas – nuclear weapons and non-proliferation, terrorism, energy supply and climate change, and peaceful change in the former Soviet sphere – requires a cooperative relationship with Russia. A further deterioration of relations will not only undermine these goals, but also holds the unappealing prospect of a return to the type of full-blown great-power rivalry that the Cold War seemed to end. Russia is not powerful enough to dominate the international system or to even be a full peer competitor, but it is capable of playing the role of spoiler. The reigniting of a nuclear arms race and a full-spectrum competitive relationship with Russia would be a major setback for fundamental American security interests. US stakes in the relationship with Russia are not as great as during the Cold War, but remain important because of the two countries’ joint vulnerability to nuclear devastation.

The past – both distant and recent – casts a long shadow over current efforts to reset the relationship. Russia’s character and dealings with the world labour under a burden, centuries in the making, of anti-democratic and anti-liberal domestic politics and an often violently antagonistic relationship with the international system. Given Russia’s past and much of its present, it is all too easy for Americans to conclude that Russia and the United States are doomed to have an inimical relationship. This understandable reaction fails, however, to acknowledge the key role of the Cold War
settlement and Russian expectations stemming from it as an independent, and correctable, part of Russia’s hostility to the West. The basic fact of the current relationship is that many Russians think, with good reason, that the United States has essentially reneged on key parts of its settlement with post-Soviet Russia. As a result, what most marks Russia’s orientation to the world, and to the United States in particular, is a thick and toxic narrative of grievance. The key to a successful reset policy is for the United States to address these grievances, which are intelligible only in terms of the Cold War settlement.

The basic reason for Russian antagonism toward the United States is the widespread Russian perception that Washington has encroached upon legitimate and historical Russian national and security interests, which were accommodated in the settlement. Three issues dominate this narrative: two decades of NATO expansion into former Warsaw Pact and post-Soviet areas, and the prospect that Georgia and Ukraine could join as well; the termination of the Anti-Ballistic Missile (ABM) Treaty and George W. Bush administration plans for deployment of missile-defence systems in Eastern Europe; and American efforts to orchestrate oil-pipeline routes from the Caspian Basin that circumvent Russia. These American moves underscore and exacerbate the deeper Russian malaise stemming from lost status and diminished influence. Meanwhile, shortfalls on the Russian side, particularly Prime Minister Vladimir Putin’s neo-authoritarian tendencies, have undermined America’s forbearance toward Moscow and helped justify America’s retreat from the principles of the Cold War settlement. It is not today’s policy differences but the shadow of the past that most plagues the US–Russian relationship.

Successfully resetting the relationship will require not just looking ahead and building upon current common national interests, as the Obama administration is now attempting to do, but also looking back and addressing the poisoned legacies that have resulted from the unravelling of the Cold War settlement. This settlement had many elements but a major, if not central, feature was a combination of great-power restraint and liberal order build-
The principles of accommodation, restraint and integration that defined the settlement were, in turn, expressions of a larger and older agenda of great-power peacemaking and American and Western liberal order building. The key, therefore, to resetting relations is to return to and refurbish the architecture and principles of the Cold War settlement.

**Settling the Cold War**

In thinking about the shadow of the recent past on the American–Russian relationship, it is vital to put the settlement of the Cold War into proper historical and theoretical perspective. The Cold War did not just end, it was settled. As such, it invites comparison with other conflicts that produced important settlements in world political history. Across the history of the modern state system, settlements in the wake of great conflicts have become ordering moments, at which the rules and institutions of the international order were on the table for negotiation and change. The principle components of settlements are peace conferences, comprehensive treaties and post-war agreements on principles of order. At these rare junctures, the great powers are forced to grapple with and come to agreement on the general principles and arrangements of international order. These ordering moments not only ratify the outcome of the war, they also lay out common understandings, rules and expectations, and procedures for conflict resolution. Settlements have thus performed a ‘quasi-constitutional’ function. In effect, they have provided the baseline framework within which subsequent international relations have occurred. Their logic and consequence are unlike those of ‘ordinary’ foreign policies and grand strategies, which tend to be dominated by short-term, incremental and routine considerations. But there is a tendency for the regular pursuit of the national interest to take for granted these frameworks, and statesmen often fail to take steps to protect and sustain them.

Although settlements vary in their success and features, over the last several centuries there has been a progression of relatively successful ones. These settlements have been a major feature of international order and of the American liberal order, and have emerged in two overlapping phases. In the first, which occurred under the European great-power state system,
successful settlements came increasingly to be understood as reflecting principles of restraint associated with the ‘society of states’. This way of thinking continues to be a major part of moderate realist practices for maintaining international peace and order. A second phase was American in inspiration, bursting onto the European scene in 1919 with Woodrow Wilson’s bold liberal agenda articulated at the Versailles conference. Although not a central piece of the actual First World War peace agreement, this American agenda was picked up and much more extensively elaborated as the basis for the settlement among Western states after the Second World War.

Within the history of the modern state system, diplomatic historians commonly identify the settlements of Westphalia, Utrecht, Vienna, Versailles and Potsdam/Yalta as major international-constitutional moments. Particularly paradigmatic for the first phase of settlement practice and for the moderate realist model of success is the Vienna settlement of the French Revolutionary and Napoleonic Wars. Diplomatic historians characterise the Vienna settlement as particularly successful because it was based on great-power restraint. It integrated the defeated French, recognised legitimate French national and security interests, and put in place a diplomatic process for resolving emergent problems on the basis of shared principles and understandings. The resulting Concert of Europe is widely seen as a model of a stable and peaceful international order.5

In contrast, the Versailles settlement was a contradictory combination of punitive and progressive measures. It was punitive in that it embodied British and French demands for retribution; imposed heavy reparations, asymmetrical disarmament and the partial territorial occupation of Germany; and neglected legitimate German national-security interests. Diplomatic historians and moderate realists point to these punitive features as a major reason for its ultimate failure. At the same time, the Versailles settlement launched the League of Nations, which its progressive advocates hoped would usher in an entirely new system of inter-state relations based on advanced liberal principles.

The settlement of the Second World War was more complicated than that of previous conflicts. There was no negotiation with the defeated adversaries, Germany and Japan, and the negotiations that did occur at Potsdam and
Yalta were among the victors, who essentially partitioned Europe between them. Meanwhile, the United States undertook the comprehensive reconstruction of Germany and Japan as liberal-democratic, constitutional states, and championed their integration into the post-war, American-led, liberal international order. This American settlement differed from Vienna, which respected the internal integrity of the defeated regime, but resembled the progressive side of Versailles agreement because it sought to integrate the defeated states into a collective security system. These accomplishments have tended to be overshadowed by the subsequent Cold War antagonism between the major victors of the war, but they mark important advances in liberal order building.

The logic of the Cold War settlement can be more clearly understood in comparison with these previous settlements. As with earlier conflicts, the Cold War was brought to an end with a far-reaching negotiated settlement that its architects optimistically hoped would be the framework for a new international order. This settlement did not come about after any one event but unfolded through a sequence of steps and agreements: the collapse of communism in Eastern Europe, the negotiated withdrawal of the Soviet military and the reunification of Germany, the mutual disarmament of nuclear and conventional forces, and the unexpected collapse of the Soviet Union. All of this occurred rapidly, peacefully and unexpectedly. And these developments were marked by a continuous process of negotiation. Potentially explosive developments were skilfully managed by intensive diplomacy and negotiated agreements and understandings.

To a greater degree than in any previous major conflict, the settlement that ended the Cold War was centred around several major arms-control treaties. Competitive development of nuclear weaponry was the central theatre of rivalry between the United States and the Soviet Union and came to completely overshadow other differences and issues. What made the Soviet–American rivalry radically unlike any previous great-power conflict was that the superpowers had the ability not only to instantly obliterate each other but perhaps all human civilisation as well. How to manage this vulnerability was the central grand-strategy question of the era, and over time, in a long process of fits and starts, came to be the basis for its
peaceful conclusion. The central turning point came in the 1980s with the unexpected convergence of US President Ronald Reagan and Soviet leader Mikhail Gorbachev on a view of the nuclear problem that went far beyond the conventional deterrence and war-fighting wisdom of both the Soviet and American security establishments. The crucial point, often forgotten now, is that mutual vulnerability, not superior American strength, was the foundation for the end of the Cold War.

Given this mutual vulnerability, the diplomatic centrepiece of the settlement comprised several arms-control treaties. The Intermediate Nuclear Forces (INF) Treaty completely banned entire classes of weapons based in the European region, and the START I Treaty mandated deep cuts in the Soviet and American long-range strategic nuclear arsenals. These treaties built upon the legacies of the earlier détente period, particularly the ABM Treaty of 1970. That treaty’s draconian restraints on defensive deployments were widely understood to be the prerequisites for subsequent offensive-arms reductions. The animating vision of the Cold War settlement was that nuclear arms control would continue, with further rounds of arms-control measures and expansions of security institutions.

Of course, previous settlements had also contained arms-control provisions, but these were often highly asymmetrical in character. The common pattern was for arms-control provisions to essentially ratify the paramount position achieved by the victor by the end of the war. What was radically novel about the Cold War settlement was that the arms-control arrangements were explicitly and thoroughly symmetrical. This not only reflected the rough parity in the parties’ deployed nuclear forces but also the fundamental equality of vulnerability that motivated the transformation in relations.

The Cold War was also unlike previous conflicts that ended in settlements in that it was, fortunately, a cold rather than a hot war. The Soviet Union did not view itself as defeated and was certainly not devastated or occupied, thus providing very different kinds of opportunities for reconstruction. The Cold War settlement was a hybrid, a mixture of Vienna-like great-power accommodation and Versailles-like liberal international institution building.
Russia’s interests would be respected and accommodated, and on the basis of this great-power comity a new architecture of international institutions and cooperation could be built. Unlike Versailles, the punitive element was absent, and post-Soviet Russia (unlike Weimar Germany) would not bear the onus of retribution or diplomatic isolation. And unlike the League of Nations, which excluded Germany, the United Nations after the Cold War would continue to have a major role for the new Russia. Russian reformers hoped that the United Nations after the Cold War would be restored and extended now that it was free of the paralysis caused by the East–West conflict.9

**Western liberal order and the Cold War settlement**

Within the United States, the dominance of the ‘Reagan victory’ school of Cold War thought has obscured the importance of great-power self-restraint in bringing the war to an end. In this view, an exertion of American ideas and power, catalysed by Reagan’s ideological assertiveness and military build-up, and coming after decades of containment and economic weakness under communism, pushed the Soviet Union to make concessions.10 But this view is too simple, because it suggests that US assertiveness and not self-restraint was decisive. It overlooks the role of Western accommodation, engagement and restraint in making foreign-policy reorientation attractive to the Soviet Union. Moscow was not only checked by American power and purpose, but acted in the context of a wider Western system that made American power more restrained and less threatening. This system and the active diplomacy that embodied its principles made Soviet reorientation and retrenchment possible.

The Russian reformers realised that they lived in a very different international setting, one that was less threatening and potentially more accommodating. Over many centuries, the Russian empire and the Soviet Union had faced a threatening security environment from the West, culminating in the Third Reich’s onslaught in the Second World War. Moscow’s posture toward the world was understandably one of distrust, paranoia and over-armed vigilance. In earlier eras, Russia and then the Soviet Union faced an international system of aggressive, anti-liberal empires, a world of
states and blocs with low interdependence and interaction. In contrast to the Russian historical experience, the relatively benign Western system prevailing in the second half of the twentieth century was starkly novel. The ascent of the United States and the post-war reconstruction of Western Europe as integrated liberal democracies marked a watershed transformation of the Soviet Union’s security environment.

This new reality made Soviet reorientation possible. In the sequence of events that marked the end of the Cold War, the pivotal juncture was the Soviet Union’s decision to withdraw from its extended ramparts in Central and Eastern Europe. This decision was premised upon the judgement of Soviet leaders that the West would not exploit Soviet vulnerability by encroaching on its historic defensive parameter and sphere of influence to threaten core Soviet security interests. In other words, the United States and its Western allies were successful in signalling restraint to the Soviet leadership. Their retrenchment would not be exploited and their fundamental interests would not be jeopardised. In broader historical perspective, Moscow’s voluntary retrenchment from Germany and Eastern Europe has few precedents. Germany had been the lethal adversary of the Soviet Union, and the East European client states were the hard-won fruit of the great sacrifices of the Second World War. In making this historically unprecedented retrenchment, the Soviet Union was signalling its confidence that the NATO allies would not exploit its newly exposed position.

This new security environment was not only less threatening, but also offered positive opportunities. The Soviet Union could do more than retrench from its global adversarial posture. It could become, as Gorbachev frequently articulated, a leader in cooperative global problem-solving and institution building. Reformers in Moscow believed that a reoriented Soviet Union could reform, grow and integrate only if the Cold War could be ended. The international system had not only become more benign, it had changed in other important ways as well. With the emergence of the American-led Western system since the Second World War, the international system had become increasingly densely populated with international organisations,
transnational networks and market relationships. In all of its complexity, the modern Western-oriented system beckoned the Soviets to join and reap the benefits of interaction and integration. Not only had estrangement become costly and unnecessary, but reconciliation offered opportunities for membership and possibly even leadership.

Of course, the end of the Cold War and its settlement were not simply a matter of international relations, but were also heavily shaped by expectations and agendas for the domestic transformation of the Soviet Union and then Russia. Various domestic-reform agendas required cessation of international antagonism and were thus intimately related to the receptiveness of Soviet rivals to reduced antagonism. Moreover, the Western state system not only provided a suitable international context for major domestic change, it also provided a series of models for what the reformers hoped and expected to accomplish. Initially, Gorbachev and his circle of Soviet reformers held that the project of socialism had been seriously perverted during the decades from Stalin through Brezhnev. They viewed socialism as the realisation and not the violation of democracy and human rights. Their programme of perestroika and glasnost was not a rejection of socialism but rather aimed at its reformation and a return to lost first principles. They optimistically anticipated that their refurbished and revitalised socialist regime would incorporate democratic elements and come to resemble the advanced social democracies of northern Europe. This programme seemed plausible because it was associated with the expectation that modern industrial societies would eventually converge.

After the collapse of the Soviet Union and the ascent of Boris Yeltsin in Russia’s first free election, the reformers’ goal shifted to another essentially Western model. No longer was Western social democracy the aim, but rather a capitalist-democratic constitutional state. The second wave of reformers also held to a version of convergence, but now the preferred model was much closer to the Anglo-American neo-liberalist paradigm than the social-democratic welfare state.

Despite their profound differences, these two visions of domestic reform had two things in common. Firstly, they were essentially Western models. Secondly, Russian advocates of each model expected that their preferred
reconfiguration of the Soviet system could be achieved rapidly. Western observers and leaders also had high expectations that these domestic-reform agendas could be realised, expectations that played a key role in Western thinking about the new international order and Russia’s role in it. Thus, the end of the Cold War and its settlement would not only achieve the complete reconfiguration of international relations but also the complete reconfiguration of Russia itself so as to operate within this new world order.

The breakdown of the Cold War settlement
The 20 years since the ending of the Cold War have seen a slow but sure erosion of the principles and architecture of the settlement. Instead of a new world order of comity and integration, the relationship between Russia and the West is marked by grievance, disappointment and unfulfilled expectations. The sources of this deterioration are several. Certainly, the failure of the Soviet and Russian domestic-reform agenda to realise its heady vision of rapid reform and convergence is partly to blame. Instead of Sweden or Texas, Russia still looks a lot like the Soviet Union and the imperial state that came before it.

But much of this souring is the result of American policies. American foreign policy, so successful at the moment of settlement, has pursued goals contrary to the settlement’s principles. This occurred through the administrations of both Bill Clinton and George W. Bush as the United States pursued short-term and secondary aims at the expense of more fundamental interests. One reason is that domestic interest groups have excessively shaped American grand strategy. The United States has also undermined the settlement by exploiting its advantages without considering Russian interests. An inflated sense of American unipolar prerogatives, combined with the ascent of an aggressive neo-conservative ideology, has generated an American foreign policy that has lost its sense of restraint and sensitivity to the interest of others. In the overall trajectory of deterioration, three specific issues loom particularly large: NATO expansion and rivalries over former Soviet republics; the termination of the ABM Treaty and the deployment of missile-defence systems; and controversies over oil-pipeline routes from the Caspian Basin.
NATO expansion and arms control

At the top of the list of American violations stoking Russian grievance is the expansion of NATO. The major foreign-policy development in Russian–American relations in the 1990s was the expansion of NATO to include not just former Soviet satellites in Eastern Europe but also parts of the former Soviet Union and empire. Had Gorbachev and the Soviet leadership understood that former Warsaw Pact allies and parts of the Soviet Union itself would become parts of the Western military alliance, it is hard to imagine they would have retrenched so extensively. Russians across the political spectrum view NATO expansion as a major violation of their understanding of the settlement, and this has generated fears of encirclement and encroachment. Advocates of expansion point out that there was no explicit agreement not to expand NATO, but this is misleading because the idea of extensive NATO expansion was simply outside the realm of the thinkable at the time. Rather, the diplomatic conversation at the end of the Cold War concerned architectures that would integrate the Soviets (and Russians) into pan-European and pan-Atlantic institutions. The conversation centred on reconfiguring NATO as a political rather than a military alliance, and on questions of whether the Conference for Security and Cooperation in Europe would be expanded to replace or complement NATO.

How did this extensive NATO expansion, so unanticipated in the settlement period, come about so quickly? NATO expansion was both opposed and supported by diverse groups and perspectives. The most prominent critics of NATO expansion were diplomatic historians, Russia specialists and moderate realists, such as George Kennan and John Lewis Gaddis, who argued that NATO expansion violated the principles of great-power restraint embodied in the settlement and was therefore likely to trigger Russian antagonism. In contrast, many East Europeans and hardline, realpolitik analysts viewed NATO expansion as an appealing and prudent hedge against the inevitable reassertion of Russian power. American domestic politics also contributed to the race to expand NATO. The appeal of charismatic Eastern European leaders, most notably Lech Walesa and Václav Havel, combined with the mobilisation of ethnic Eastern European lobby groups in the United States, created powerful pressures for NATO
expansion. Domestic American politics, not grand-strategic calculations, carried the day.\textsuperscript{15} Liberal internationalists also championed NATO expansion as a tool of democratic consolidation. Locking transitioning Eastern European countries into Western institutions seemed like a useful means of avoiding instability and anti-democratic backsliding. Indeed, the integration of Eastern Europe and former Soviet areas into NATO was seen as an extension of the integrative principles of the overall Cold War settlement. The problem was not with the occurrence of integration but rather with the insufficiency of its reach: integration needed to incorporate Russia itself. But in contrast to the heady visions of the settlement period, the 1990s were marked by the steady atrophy of serious efforts to integrate Russia and to reconfigure Western institutions to accommodate it. And the fact that NATO expansion was occurring at the same time that the Alliance was fighting its first hot war, against Serbia (long the ‘little Slavic brother’ of Russia in the Balkans), reinforced the Russian perception that NATO was essentially anti-Russian in purpose.

Nuclear arms control is a second major source of Russian grievance that is rooted in the terms of the Cold War settlement. The deterioration of the nuclear arms-control regime began in the 1990s with a loss of momentum toward further reductions, and culminated in the arms-control rollbacks of the George W. Bush years. The Clinton administration, though committed to the goals of arms control, did not make it a central political objective, and failed to push through either the completion of the START II Treaty or the ratification of the Comprehensive Nuclear Test-Ban Treaty. With the arrival of the G.W. Bush administration, atrophy turned into active opposition. In a move that signalled a major reversal of 50 years of American nuclear policy, the administration announced America’s withdrawal from the ABM Treaty and indeed from negotiations across the board.

The causes of this reversal were several. In part, the policies of the Bush administration were simply the product of the long-standing views of the conservative critics of détente and arms control generally. Where Reagan had dramatically broken from his allies on the right, George W. Bush was
very much their captive. Like ghosts from the past, arms-control sceptics from previous administrations occupied key positions under Bush, and quickly set about implementing their agenda. At the same time, the near evaporation of popular anti-nuclear sentiment – itself a product of the successful end of the Cold War – meant that the enemies of arms control were unchecked in the American political arena. Also at play was the unexpected divergence during the 1990s in American and Russian power, and in the countries’ economic and organisational capabilities. The architecture of the settlement was bipolar, but over the course of the 1990s it became increasingly evident that the distribution of power between the two states was ever more unipolar. Thus, some of the deterioration in the post-Cold War understanding occurred because the American military establishment kept advancing while the Russians largely stopped, creating a growing gap in their capabilities and willingness to adhere to the terms of the settlement. As American capabilities surged and Russian capabilities waned, Washington policymakers increasingly acted as though Russia no longer mattered and the United States could do whatever it wanted. In the American vision of a unipolar world, particularly as understood by the neo-conservatives, the United States could increasingly secure itself and its allies without the hindrance of multilateral cooperation and institutions. Russia’s and America’s responsibilities and burdens in the broader global system also dramatically diverged as the United States’ role, already large, expanded in Europe, the Middle East, South Asia and East Asia, diverting American attention from Russia and making it seem as though the United States could largely discount its concerns.

Western encroachments
A further unexpected source of stress on the relationship between Russia and the West emerged over the newly independent parts of the former Soviet Union. Tensions have arisen over oil and pipelines, the rights of Russian minorities, borders inherited from the Soviet Union, and democratisation in former Soviet states. Questions surrounding the exploitation of energy resources in the Caspian basin, for example, have proven problematic. The sudden independence of the poorer Soviet republics created something of a
geopolitical power vacuum in the 1990s. Russian rule over the Central Asian peoples had dated back centuries, and both the Russian empire and the Soviet Union had been multinational empires overlaid with an extensive Russian diaspora community. The picture was further complicated by the fact that the regions surrounding the Caspian Basin contained substantial unexploited reserves of oil and natural gas. Into this volatile mix came American and Western energy companies seeking concessions for exploration and development. The Soviet Union had been organised as an integrated economy with few connections to the outside world. In the 1990s, the United States, at the urging of the energy companies, sought to orchestrate a network of oil pipelines from and through former parts of the Soviet Union in such a way as to bypass and exclude Russian participation and the use of Russian territory. Not surprisingly, this produced Russian fears that the United States was attempting to dominate areas with a historic Russian presence.

Questions concerning the borders and internal politics of the newly independent states are another source of tension within the Russian–American relationship. Some 25 million Russian nationals found themselves outside the borders of Russia after 1991, and their status in the tumultuous new states has been a continuing source of Russian interest, giving Russia both a stake and a set of allies in these fragile areas. An additional complication emerges from the fact that the borders of the newly independent states were taken without adjustment from the borders of the former Soviet republics, which had been essentially administrative units within the Soviet state. A particular flashpoint is the Crimean peninsula on the Black Sea. Historically part of Russia, largely populated by Russians and host to the Russian Black Sea fleet, Crimea became part of Ukraine due to the whim of Nikita Khrushchev, who transferred it from Russia to the Ukrainian Republic in 1954. Finally, Russian suspicions of Western encroachment have been produced by the active role of Americans, Europeans and transnational groups seeking democratic political change in the authoritarian regimes that sprang up in the wake of the Soviet Union’s dissolution. Taken together, these complicated and often intractable inherited points of conflict and grievance have weighed heavily upon the Russian–American relationship and undermined Russian expectations about the settlement.
Russian domestic transitions

The unravelling of the Cold War settlement also stems in part from the incomplete democratic-capitalist transition in Russia itself. In the heady days of the early post-Cold War period, many Westerners and Russians anticipated that Russia could make a relatively rapid transition to liberal-democratic capitalism. But a key feature of the Russian transition was its extreme inequality. For the vast majority of Russians, the transition from socialism to capitalism was marked by a catastrophic decline in wages, living standards and social benefits, while key assets of the Soviet state found their way into the hands of a tiny stratum of the population. In retrospect, the legacies of 75 years of communist rule in Russia posed heavy obstacles to the development of a healthy capitalist system.

But the United States and its Western allies also played a key role in the decisions of the 1990s that shaped the direction of the transition. Firstly, the template employed by Westerners seeking to shape the transition was largely inattentive to equality and the fair distribution of assets. It amounted to the export of the prevailing neoliberal, radical market ideologies that were ascendant in the United States in the later decades of the twentieth century.17 This strain of capitalism, whatever its other virtues and vices, places no emphasis on social equality and is widely associated with rising concentrations of wealth. The extremely oligarchic distribution of wealth in modern Russia is to some significant measure a result of this indifference to asset distribution.

Against this dismal record in Russia, it is worth recalling that another variant of capitalism associated with the New Deal had been the template for the reconstruction of Japan and Germany by American occupation forces after the Second World War. The liberal reconstruction of Germany and Japan had the advantage of operating against completely defeated and discredited adversaries, a circumstance unlike that of the dissolution of the Soviet Union. But the reconstruction of Germany and Japan was also guided by a New Deal variant of Western liberalism that placed heavy emphasis on social and economic equity and the economic empowerment of previously marginal groups such as labour unions, small businesses and farmers.18 Had the transition in Russia been to a New Deal type of democratic capitalism,
the prospects for Russian political liberalisation and stability would have been much greater. The liberalism exported to Russia was not the liberalism of the successful middle years of the twentieth century but rather a radical and lopsided version whose primary beneficiaries were an elite, wealthy minority.

**Lessons for liberal grand strategy**

Developments since the end of the Cold War hold important lessons for the conduct of American grand strategy and its agenda of liberal order building. How liberal goals are meshed with the pursuit of great-power politics is an enduring problem in American foreign policy. Acknowledging these dilemmas does not resolve them but rather points to deep tensions and trade-offs that must be successfully negotiated on a case-by-case basis. As a starting point, it is vital to reflect upon the deeper dilemmas of liberal order building in a world of great-power relations. Importantly, Washington’s deviations from the principles of the Cold War settlement were in part the result of the incomplete and inappropriate pursuit of liberal ends. NATO expansion, while deeply problematic for the relationship with Russia, did play a role in stabilising Eastern Europe, and continues to embody the liberal principles of integration.  

Similarly, American indifference to the historical legacies of Russian interests in its ‘near-abroad’ embodies the liberal principles of anti-imperialism, though it does provoke Russian hostility.

Liberal grand strategy necessarily occurs in a world of great-power politics. Although the ultimate liberal agenda is to replace such politics with expanding and deepening democratic accountability, capitalist prosperity and international institutional cooperation, great-power accommodation must precede liberal order building. Paradoxically, unrestrained liberal order building subverts the necessary precondition for its own realisation. This suggests the need for a ‘higher liberalism’ – a more strategic liberalism – in which the pursuit of liberal order building is tempered by appropriate regard for the historically rooted interests and aspirations of other great powers. The alternative risks triggering nationalist and statist backlashes. In the case of Russia, the liberal agenda embodied in NATO expansion and democracy promotion was blind to its potential effects on Russian histori-
cal great-power interests. Ultimately, the prospects for Russian domestic democratisation are retarded by American encroachment and the unravelling of the Cold War settlement. Just as Hitler came to power exploiting German grievances against the punitive Versailles settlement, so too Russia’s authoritarian turn is reinforced by grievances against American policies.

A second source of liberal grand-strategic difficulty emerges from the prevailing American attitude toward historical legacies. The Obama administration wants to reset the relationship with Moscow, but the metaphor of ‘resetting’ is itself revealing of chronic and deep-seated American amnesia about history. A key feature of American exceptionalism is the belief that the world can, in the words Thomas Paine, be ‘made new again’. This orientation toward the past is an important part of the positive appeal of the liberal and modernist agenda because it suggests the possibility of escaping from the ‘dead hand of history’. The presumption of this worldview is well captured by the reset metaphor, which suggests that it is feasible and desirable to respond to difficulties by simply wiping the slate clean and starting over on the basis of present and future interests. This perspective under-appreciates the extent to which the legacies of the past – memories, grievances, identities – define the present. Successfully repairing the US–Russia relationship will require the United States to not just ‘reset’ but also ‘rewind’. To do this it will be necessary to review and correct the legacies of the recent past that so heavily overshadow the relationship.

A final lesson for the pursuit of liberal grand strategy concerns the relationship between international settlements and domestic politics. The unravelling of the Cold War settlement points to the way in which archi-tectonic settlements can be undermined by routine foreign-policymaking under the influence of domestic popular interests. At moments of great crisis and opportunity, American leaders have successfully pursued grand-strategic initiatives that both reflected enduring realities of great-power politics and longstanding American liberal principles. This occurred at the end of the Cold War when the George H.W. Bush administration, although incremental by temperament, rose brilliantly to the challenge of shaping a
constitutional settlement with the Soviets. Unfortunately, during the 1990s, with attention focused elsewhere, American foreign policy towards Russia and the former Soviet Union drifted from this framework. A combination of hardcore realists and neo-conservatives, together with domestic interest groups representing, in particular, corporations and ethnic communities with foreign attachments, shaped American policy toward Russia. This experience reflects an enduring basic tension in liberal societies: on the one hand, constitutional principles and structures reflect fundamental liberal ideas but, on the other, popular pressures and short-sighted interest groups can subvert them. This problem is particularly acute for international constitutional settlements, which are much less codified and institutionalised than most domestic constitutions. The principles of inter-state constitutional settlements are particularly fragile in the face of incremental pressures and interests because they are negotiated by national security elites and only partially embodied in formal treaties. In the case of the end of the Cold War, the status of the settlement within the American political system was weakened from the outset by the pervasive domestic discourse of ‘victory through strength’. This interpretation completely contradicted the ‘mutual restraint because of mutual vulnerability’ principles of the settlement. The broader lesson is that the United States must find a way to more deeply institutionalise inter-state agreements so that they may be more firmly established. Only by doing this can the United States make these agreements commensurate with their importance in a world of intense and growing interdependence.

Rebuilding the Cold War settlement

The project of restoring the Cold War settlement and its logic to the centre of American foreign policy is vital to realising fundamental American interests. It also constitutes a return to some of America’s most successful foreign-policy moments and traditions. The Obama administration’s policy toward Russia is not so much a break from the past as an attempt to recover and refurbish a long and successful grand-strategic orientation. Given that it is less than a year old, however, it has not yet gone far enough towards overturning the trademark attributes of the recent George W. Bush administration and returning to the spectacularly successful approaches of the later Reagan
and George H.W. Bush administrations. These earlier administrations were successful in part because of unprecedented openings and reversals on the Soviet and Russian side, which created both a necessity and an opportunity for settlement-grade diplomacy. But these earlier administrations were also successful because they made addressing the joint vulnerability created by nuclear weapons central to American grand strategy. In taking advantage of this opening and addressing this central problem, Reagan and Bush drew on a diplomatic toolkit that combined traditional great-power accommodation with the principles of liberal order building. This toolkit still contains the most effective instruments and best roadmap for success.

The Obama administration, in breaking with the tendencies seen under the George W. Bush administration toward unilateralism, hegemonic primacy and active hostility toward most treaties, multilateral approaches and institution building, is restoring the two pillars of successful American grand strategy over the last century. The first pillar, founded on the best practices of the great settlements of the European state system, emphasises the principles of restraint and accommodation. The second pillar is more distinctively American, more recent and more liberal. Over the last century, liberal internationalism has defined some of the most successful accomplishments of American grand strategy. Building on the principles of earlier great-power settlement diplomacy, the liberal programme seeks to institutionalise links across borders to restrain the actions of states and bind them together in a cooperative relationship. The liberal international programme is still a work in progress and its ability to solve today’s problems will depend upon the ability of policymakers to demonstrate the same types of creativity and improvisation that have marked its progress to date.

It will not be easy to achieve the restoration of the Cold War settlement and the needed repair of the relationship with Russia. To realise this agenda, Americans will have to discipline themselves to abandon habits and mindsets, recently acquired, that are obsolete and counterproductive. Firstly, it will be necessary for Americans to give up visions of global unipolar dominance. They will have to stop thinking of any concession to Russia as ‘appeasement’. And they will have to abandon their ‘victory through strength’ narrative of the end of the Cold War. This will also require American grand strategy to
be set with fundamental, long-term national interests as their primary and overriding goal. Doing this will, in turn, require that the United States stop ‘letting the tail wag the dog’ through the intrusion of narrow but highly mobilised domestic ethnic, corporate and bureaucratic groups into the policymaking process. Most importantly, Americans will need to cultivate a mindset that puts their interdependence and vulnerability at the centre of their understanding of world affairs.

Notes


16 See James Mann, *Rise of the Vulcans: The History of Bush’s War Cabinet* (New York: Viking Press, 2004); and Ivo Daalder and James Lindsay, *America


See John Montgomery, Forced to be Free: The Artificial Revolution in Germany and Japan (Chicago, IL: University of Chicago Press, 1957).

For reflections on the liberal sources of NATO and NATO expansion, see Mary Hampton, The Wilsonian Impulse: U.S. Foreign Policy, the Alliance, and German Unification (Boulder, CO: Praeger, 1996).