Widening fault lines over Ukraine

At the end of it, Russia will become an even lesser power in comparison with what it has been in the recent past.

Irrespective of how the war in Ukraine ends on the battlefield, Russia is already a defeated country. Its adversary is not Ukraine but the West, led by the US. Its expectation was that the subjugation of Ukraine would be the point of entry to a new European order in which Russia would be a key stakeholder, and its security interests would be acknowledged and respected. This war aim will not be achieved even if its armed forces leave Ukraine as a pile of rubble. What Russia failed to appreciate is that we now live in a densely interconnected and networked world across multiple dimensions and that economic viability depends upon access to and participation in the network. It may be possible to operate in an insulated bubble but that can only be, by current metrics, at a relatively primitive level. Countries have had to face sanctions before but never as comprehensive and sweeping as they have been imposed on Russia. Russia has literally been unplugged from the global network and it is difficult to visualise under what circumstances these severed connections can be made whole again. This remains valid even if Ukraine surrenders and accepts Russian demands, for example, on declaring itself a neutral state. That may have no bearing on what the subsequent US or European reaction would be. In all probability they would continue their wide-ranging sanctions against Russia and remain united in confronting it politically, militarily, and in economic terms. Economic interdependence between Russia and Europe, in particular, Germany, is now already a thing of the past. Whatever leverage Russia had as a source of energy and food supplies is spent and is unlikely to be revived. There is pain for virtually every country in dealing with the consequences of the war and its aftermath. But in relative terms, the pain for Russia surpasses that for any other major power.

One of the advantages of being plunged into the global networks is that while it allows shocks to the system cascade through it rapidly, it also allows adjustments to take place relatively quickly. Technological advance reinforces this. The Zoom revolution spawned by the pandemic is an example. Thus, in being connected to the network, countries can adapt to changed circumstances more easily than those who are pushed to the fringes. New supply chains emerge to replace those that have been disrupted. Russia may survive in enforced autarchy or take recourse to grey markets just as Iran has been forced to. But it will have become an even lesser power in comparison with what it has been in recent years. The fault line between the West and Russia has widened into a deep chasm and this is likely to endure in the foreseeable future. Far from forcing its way into the European tent, Russia may be reduced to the status of an even more sullen and weakened bystander on its periphery.

The US appears to have won this hand with little cost to itself. Its European allies have had to make greater sacrifices. The US is more confident in confronting China while China is, relatively speaking, on the defensive. Instead of buttressing China’s position vis-à-vis the US, Russia may become a liability instead. The relative gain for the US is reflected in statements made on the eve of an important meeting between US National Security Advisor Jake Sullivan and Yang Jiechi, Chinese Politbureau member and director of the Chinese Communist Party (Foreign Affairs Commission), in Rome on March 14. There was a calculated leak suggesting that Russia had asked China to assist it with weapons and economic support in the war. This was denied by the Chinese. However, the leak makes it more difficult for China to materially support Russia even if it is inclined to do so. This was followed by an explicit warning to China by Mr Sullivan himself, who, in remarks to a news channel, said: “We are communicating directly, privately to Beijing that there will absolutely be consequences for large scale sanctions evasion efforts or support to Russia to backfill them. We will not allow that to go forward and allow there to be a lifeline to Russia from these economic sanctions from any country anywhere in the world.”

At the time of writing this column, one is not aware of the results of the Rome talks but the US threat is explicit: If China were to try and bail out Russia in any manner, it may face the same sweeping sanctions as Russia has.

It is unlikely that China can be targeted in the manner that Russia has been. Not only is China the second-largest economy in the world, it is also the world’s largest trading nation and the number one trade partner for nations across the world. To persuade these countries to limit their trade with China is unlikely to work.

In the past, China has quietly observed sanctions on Russian or Iranian entities where its own larger economic or commercial interests were at stake. It may do so again while keeping up a steady drumbeat of rhetorical attacks against the US. China is likely to bide its time while it tries to reduce its exposure to risks that are inevitable in it being enmeshed deeply in the global network. Its prosperity is a creature of the globalisation of its economy. It will redouble its efforts to create a Chinese-led alternative in trade, finance, and technology. But this will take time. US-China relations will become more confrontational as the US is tempted to press home its perceived advantage.

With the crucial 20th Party Congress only months away, there will be an aversion to taking any undue risks that may jeopardise its outcome, in particular the endorsement of another five-year term for Xi Jinping as China’s top leader. So China is unlikely to materially assist its Russian ally even though its rhetoric will be supportive. The diatribes against the US will be ratcheted up but key sanctions against Russia will be quietly observed. But the lesson for China is that it must never face a situation remotely similar to what Russia is facing now.

One should also expect greater Western pressure on India to fall in line. Prospects of a waiver of sanctions on India for having bought the S-400 missile systems from Russia could recede. Uncomfortable choices lie ahead.

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