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MA thesis

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**Complex Interdependence and Peace: a  
Comparative Analytical Study of Ukraine,  
Georgia and CIS member-states from 2000 –  
2014.**

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## Abstract

The idea of the research project is to examine the possible correlation between economic interdependence and security. The following thesis will look at the members of Commonwealth of Independent States in a dyad with Russia over the last decade in order to determine the variables, that accordance with the independent variable, i.e. economic interdependence can affect security in the mentioned dyads. Already from the 1950s, liberals in international relations along with liberals in economics have described the benefits of trade and economic interdependence, making it too costly to engage in a conflict. Globalization theorists have evolved the concept and economists tend to say that the world is (at least in financial terms) very much interdependent. This all should make conflict a very costly option for a state and enforce pacifism between states and in the international arena in general. But economic interdependence can also be of asymmetric nature, making the costs of a conflict very high to one counterpart and thus reducing the threat of a conflict to the second counterpart. The thesis will look at how economic interdependence along with other relevant variables can affect conflict or perhaps prevent it from happening in the first place. A theory is presented and it is tested through corroborative examples of military disputes between Russia and the members of the Commonwealth of Independent States.

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## Introduction

The Ukrainian conflict, that started with the Euromaidan protests back in November of 2013, against the decision of declining the Ukrainian European-Union Associations Agreement. The decision to decline the agreement and align Ukraine's foreign- and economic policy away from the European Union and towards Russia was made by the now former president Viktor Yanukovych and his government in Vilnius, during the European Union summit. The decision of declining the Associations Agreement sparked a spontaneous non-political gathering of Kiev's younger generation that quickly escalated with violence and evolved into a confrontation between the sitting president Yanukovych and the protesters who demanded Yanukovych's resignation and a whole new policy towards the European Union. The protests that started on the night of 21 November 2013 were a surprise to the ruling regime and the president hoped to dissolve the protests and continue its path to further integrate Ukraine with Russia.

Irregardless of Yanukovych's attempts to dissolve the protests, they failed and had a contrary effect – the more the ruling regime tried to break the opposition on Euromaidan, the stronger it grew and the more it demanded from the ruling regime to step down. Even more, since the protests got more and more attention from foreign media and from the European Union who all supported publicly the protesters, the support for the protesters and a new potential government also increased within the public of Ukraine and sparked pro-European protests throughout Ukraine.

Yet at the same time, pro-Russian and pro-regime protests started in Eastern-Ukraine that had a strong economic, political, historical and perhaps most importantly – a strong identity connection with Russia. After the Agreement on Settlement of Political Crisis in Ukraine was signed between Yanukovych's regime and the opposition, Yanukovych fled the next day to Russia and Russia started backing the pro-Russian protests in the regions of Donetsk and Luhansk. The dominant population in Eastern-Ukraine was poorly assimilated with the Western-Ukraine and did not share the same values and beliefs as the Western-Ukraine, the two Ukraine's did not have a unifying single identity.

After Yanukovych fled to Russia and Russia started actively backing the pro-Russian movements in Donbass, a civil war broke loose and Russia had lost one of its strongest allies in Eastern Europe besides Belarus. Yet Ukraine was both politically and economically heavily integrated with the Russian economy through trade, FDI and strategic energy carriers (in our case natural gas) and through the liberal discourse of economic interdependence and peace and through the realist discourse of asymmetric economic dependence,<sup>1</sup> Russia should have increased its influence and power over Ukraine and making it eventually dependent on its own economy. This should have eventually increased security for both Russia and Ukraine since the higher the level of interdependency. In theory, the higher the level of interdependency, the lower the potential gains of war and the higher the potential losses of war. In the current case, this model especially applies for Ukraine, since Ukraine was the economically smaller, more dependent partner of Russia and was also weaker in terms of military power. It seems like the liberal theory of complex interdependence and peace failed in Ukraine and the realist perspective of an anarchic international system prevailed.

The current research tries to look at the conflicts of Ukraine and Georgia through the model of complex interdependence and answer the question, if interdependence did fail and could not have prevented the crises of Ukraine and Georgia. The scope of the research is wide, since the question of interdependence and peace has been advocated by liberals for decades and several quantitative researches confirm the hypothesis that interdependence fosters peace between its members. Realists on the other hand have been implying that increased levels of interdependence not reduce, but increase the likelihood of militarized interstate disputes between its parties. The idea is to map the existing theoretical framework of liberalism and realism by analyzing studies conducted within the discourse of international relations and international political economy. After a comprehensive analytical overview about the arguments of both liberalism and realism, the study tries to find out the reasons behind the Ukrainian and Georgian conflict. This is done by using the model of complex interdependency. The complex interdependence model was chosen, since it incorporates

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<sup>1</sup> Steven C. Denney, Brian D. Gleason, Yonsei University, 2012. „The Political Economy of Trade Policy: A Realist Perspective” available at: [https://sinonk.files.wordpress.com/2012/05/the-political-economy-of-trade-policy-steven\\_c\\_denney-brian\\_d\\_gleason.pdf%20Accessed%207/1/12](https://sinonk.files.wordpress.com/2012/05/the-political-economy-of-trade-policy-steven_c_denney-brian_d_gleason.pdf%20Accessed%207/1/12) (accessed 04.05.2016).

different inputs of societal variables like political economy, international (trans)governmental organizations and business corporations, but also emphasizes the importance of formal and informal communication on different levels between the states in a dyadic relationship. The theory describes the complex relations of states on an international arena and tries to explain that states can no longer be seen as entities that act and evolve on their own. A state is not a *ding an sich*, it is a political and legal entity created by men and run by men. For the latter reason the current research also pays attention to the factor of public opinion and the valid national values and morals of a society. The discourse of international political economy is strongly related with complex interdependence and more so, with economic interdependence. Economic interdependence has evolved into a big part of complex interdependence and is considered in IPE as important as complex interdependency itself. The values and measures of economic interdependence will be the markers in this research for determining whether the existence of complex interdependence will be studied or not. For the latter reason, economic dependence is measured by methods evolved in the field of IPE.

The study's structure is to determine the amount of economic interdependence between Russia and its eight CIS partner in a dyadic relationship. This means economic interdependence is measured and the results presented for eight different dyads plus the two dyads of Russia-Ukraine and Russia-Georgia. After determining the scope of economic interdependence within the dyads, the focus will be turned towards Ukraine and Georgia in order to find answers about the origins of conflict in the framework of complex interdependence theory. This is done to determine whether the liberal or realist theory about interdependence and peace prevails and if the liberal assumption of interdependence and peace can be blamed in the case of Ukraine and Georgia. When economic interdependence prevails in other dyads as well, they will be also studied within the model of complex interdependence and compared with the cases of Ukraine and Georgia.

The research starts by giving an analytical overview about the aspects of complex interdependence theory, the liberal and realist arguments, presents the theoretical framework of the current research and presents the variables used to measure complex interdependence.



After the findings of economic interdependence are presented, the Russia-Ukraine and Russia-Georgia dyad will be analyzed within the complex interdependency framework and compared with any other dyad which showed the existence of economic interdependence with Russia.

## Theoretical base

The two predominant discourses in the field of international relations about the potential correlation of economic interdependence and peace/war are derived from the ongoing realism and liberalism debate. The following chapter will look more in-depth first of all the theory of complex interdependence that will offer the theoretical base for the empirical analysis in the current research. The two competing international relations theories presented after Keohane & Nye's theory serves the purpose to give an overview how the two big schools in international relations interpret interdependence and how a different end result can be possible by interpreting the facts and figures from a different perspective. and brings forth the main concepts and ideas behind the two schools of thought.

### Theory of Complex Interdependence

Keohane & Nye's theory of complex interdependence has three main dimensions<sup>2</sup>:

1. *Multiple Channels* connect societies, including informal ties between government elites as well as formal foreign office arrangements; informal ties among nongovernmental elites (face-to-face and through telecommunications); and transnational organizations (such as multinational banks or corporations). These channels can be summarized as interstate, transgovernmental, and transnational relations. *Interstate* relations are the normal channels assumed by realists. *Transgovernmental* applies when we relax the realist assumption that the states act coherently as units; *transnational* applies when we relax the assumption that states are only units.

2. The agenda of interstate relationships consists of multiple issues that are not arranged in a clear consistent hierarchy. This *absence of hierarchy among issues* means, among other things, that military security does not consistently dominate the agenda. Many issues arise what used to be considered domestic policy, and the distinction between domestic and foreign issues becomes blurred. These issues are considered in several government departments (not just foreign offices), and at several levels. Inadequate policy coordination on these issues involves significant costs. Different issues generate different coalitions, both

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<sup>2</sup> Robert O. Keohane, Joseph S. Nye, 2011. *Power and Interdependence*. Pearson.

within governments and across them, and involve different degrees of conflict. Politics does not stop at waters' edge.

3. Military force is not used by governments toward other governments within the region, or on the issues, when complex interdependence prevails. It may, however, be important in these governments' relations with governments outside the region, or on other issues. Military force could, for instance, be irrelevant to resolving disagreements on economic issues among members of an alliance, yet at the same time be very important that alliance's political and military relations with a rival bloc. For the former relationship this condition of complex interdependence would be met, for the latter, it would not.

Keohane & Nye also explained the term 'dependence': "Dependence means a state of being determined or significantly affected by external forces. Interdependence, most simply defined, means mutual dependence. Interdependence in world politics refers to situations characterized by reciprocal effects among countries or among actors in different countries."<sup>3</sup> The latter concept was further developed in 1996 by Marc A. Genest: "An economic transnationalist concept that assumes that states are not the only important actors, social welfare issues share center stage with security issues on the global agenda, and cooperation is as dominant a characteristic of international politics as conflict."<sup>4</sup>

It is also vital to point out, that the "reciprocal effects of interdependence always involve both costs and benefits, since interdependence restricts autonomy and benefits from interdependence are not always guaranteed. Therefore interdependence between states will directly or indirectly constrain state behavior in that states have to maximize the benefits and minimize the costs of interdependence by choosing between military balancing and institutional balancing," as described by Kai He who analyzed the concept of interdependence by Keohane and Nye.<sup>5</sup> Military balancing is seen by Keohane and Nye, just

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<sup>3</sup> Ibid.

<sup>4</sup> Marc A. Genest, 1996. *Conflict and Cooperation: Evolving Theories of International Relations*. Thomson&Wadsworth.

<sup>5</sup> Kai He, „Institutional Balancing and International Relations Theory: Economic Interdependence and Balance of Power Strategies in Southeast Asia,“ *European Journal of International Relations*, 2008, (14), pp. 489-518

like by all the economic liberals, not a viable option, since the negative effects associated with a less friendly strategy would only deepen due to the high levels of interdependence. Instead institutional balancing becomes a potential option of dealing with the rival when in a highly interdependent relationship.<sup>6</sup> The described situation also applies when talking about a high level of economic interdependence. In such a relation, the states are more likely to opt for a different, in this case for institutional balancing, instead opting for military balancing.

So what Keohane and Nye along with Genest are implying, is that in a complex interdependence relationship, states tend to avoid military conflicts and disputes and rather see cooperation as the key of success. Cooperation and competition between different economic sectors for instance would make it too costly for the states to interact in a war. Especially when talking about economic gains, war is a very costly and risky option. Since war itself demands a lot of resources and in severe cases paralyzing the industrial sector and making it a part of the military industry. This in return puts the economy in general on hold and the impelling sectors of a state economy cannot function as in a state of zero conflict. This creates a financial situation, where the state who is engaged in a military dispute is losing money – as an ongoing war itself is not a profitable economic action and as historic evidence shows in the case of Russia for instance, that a military conflict can end up very costly for the stronger party in a dyad (i.e. Soviet-Afghan War, Russo-Georgian War). This applies to both parties of the interdependent dyad, but especially for the smaller party, since the dependence of trade and inward capital flows are higher and breaking those ties is economically much more costly for the smaller party in a dyad than it is for the stronger party.

The given example can also be explained by the concepts of sensibility and vulnerability, created by Keohane and Nye as a part of interdependence. Sensitivity, “involves degrees of responsiveness within a policy framework—how quickly do changes in one country bring costly changes in another, and how great are the costly effects.” Vulnerability can be described as, “the relative availability and costliness of the alternatives that various actors face.” In more distilled terms, sensitivity is used to describe the pressures

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<sup>6</sup> Ibid.

faced by various State actors as the result of others' actions, while vulnerability is how open their options are to changing the processes and framework of their own structure to suit their needs.<sup>7</sup>

### Liberalism

The two theoretical schools of thought have argued from the 18<sup>th</sup> century, when Immanuel Kant published his essay "Perpetual Peace: A Philosophical Sketch" whether economic interdependence and greater economic integration fosters peace between states and potentially hinders the rise of conflicts between economically interdependent trading partners. Susan M. McMillan studied the works of Immanuel Kant and Richard Cobden in order to determine their impact on modern economic liberalism in the context of economic interdependence: "For [Richard] Cobden free trade was expected to help end warfare in two ways. First free trade would help by "undermining the income and position of the ruling landlord class" such that the aristocrats would not be able to raise an army and fight effectively. Second, free trade was expected to help by bringing nations into a relationship of economic dependence in which they would recognize that their own wealth and prosperity depended on others. Because disruption of commercialities by war would be against a country's interest, dependence would lead to a reduction of conflict"<sup>8</sup> McMillan continues by analyzing the works of Norman Angell: "Economic interdependence creates a situation in which the use of military means will not improve a conqueror's wealth. Because the "financial and industrial security of the victor is dependent upon financial and industrial security in all considerable civilized centers."<sup>9</sup> For Angell the only viable option was to leave the wealth and territory in the possession of its occupants. The latter ideas also formed Angell's main hypothesis, "that increasing territory is no longer the way to increase wealth,

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<sup>7</sup> The Meridian Journal, 2014. "Disparities in Sensitivity and Vulnerability in the Liberal System" available at: <https://lcmjournal.com/2014/11/16/disparities-in-sensitivity-and-vulnerability-in-the-liberal-system/> (accessed: 03.05.2016).

<sup>8</sup> Susan M. McMillan, "Interdependence and Conflict," *Merishon International Studies Review*, 1997, (41), pp. 33-58.

<sup>9</sup> Ibid.

given that political administrations change but victory does not ensure a transfer of property from one owner to another.”<sup>10</sup>

Gartzke and Lupu also elaborated the on the concept of interdependence and conflict by reexamining the works of late 19<sup>th</sup> century and 20<sup>th</sup> century scholars like Richard Cobden, Norman Angell and Richard R. Rosecrance in the context of World War I. Gartzke and Lupu argued that although WWI did occur, economic interdependence and interdependence in general did manage to prevent some crises before the war between interdependent nations, but “economic integration was incapable of forestalling conflict where integration had yet to occur.” Gartzke and Lupu continue: “interdependence, primarily in the form of interstate trade, raises the opportunity costs of war, thus making contests less likely. The logic of these arguments is that a war between trading partners would likely disrupt that trade, forcing states to seek other markets. This would require a shift to different, less lucrative, trade partners.”<sup>11</sup> They continue their analysis by expounding the liberal economic interdependence concepts of Arthur A. Stein and again Richard R. Rosecrance and summarize: “As trade increases, states can achieve gains more efficiently through economic means than through warfare. In other words, when states can grow their economies through international commerce, there is a decreased incentive to attempt to do so through territorial conflict. Open financial and goods markets may also create similar disincentives for states to fight.”<sup>12</sup>

Edward Mansfield and Brian Pollins researched the subject of economic interdependence and war in their book “Economic Interdependence and International Conflict New Perspectives on an Enduring Debate”. The authors, like Gartzke and Lupu, look at liberal theorists like Eugene Staley and Richard R. Rosecrance, their concepts about economic interdependence and peace and conclude: “Economic exchange and military conquest are substitute means of acquiring the resources needed to promote political security

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<sup>10</sup> Ibid.

<sup>11</sup> Erik Gartzke, Yonatan Lupu, „Trading on Preconceptions. Why World War I Was Not a Failure of Economic Interdependence,“ *International Security*, 2012, (36), pp. 115-150

<sup>12</sup> Ibid.

and economic growth. As trade and foreign investment increase, there are fewer incentives to meet these needs through territorial expansion, imperialism, and foreign conquest.”<sup>13</sup>

Erik Gartzke, Quan Li and Charles Boehmer make an argument, that along with trade, interstate monetary policy cooperation and capital flows reduce the likelihood of conflict by allowing states in crisis situations to send costly signals without needing to resort to violence or crisis escalation that may precipitate violence.<sup>14</sup> Gartzke, on his own, continued to develop the concept and argued that “interdependence, defined as including trade, development, open financial markets, and monetary policy coordination, reduces conflict by (1) aligning state’s interests, which gives them less to fight over; (2) providing a means of peacefully securing resources; and (3) allowing states to foresee the costs of fighting, which facilitates bargaining and compromise.”<sup>15</sup> Again it is clear how interdependence, and in the present case, economic interdependence can act as a tool for avoiding conflicts. The latter three options and possibilities for states to avoid conflict can be seen as arising from interdependence, especially economic interdependence, but the proposed options can also be linked and occur within an supra-national institution. This is what Keohane and Nye described as institutional balancing through multilateral institutions. The concept of institutional balancing is derived from interdependence itself and also withholds the concept of economic interdependence, that, just like interdependence, intertwines the states and makes the option of a conflict or a military dispute a very costly one, so states will look for alternative actions, just like Gartzke pointed out.<sup>16</sup> So the concept of institutional balancing can be linked with Gartzke’s options for states to avoid conflict.

Richard Rosecrance developed further the liberal theory of economic interdependence based on the cost-benefit analysis suggested by Angell. For Rosecrance, states conduct a cost-benefit analysis to find out the needs and necessity to use force in the international system. Liberal economy for Rosecrance is necessary to increase trade. With

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<sup>13</sup> Edward D. Mansfield and Brian M. Pollins, 2003. *Economic Interdependence and International Conflict New Perspectives on an Enduring Debate*. Michigan Publishing: University of Michigan Press.

<sup>14</sup> Erik Gartzke, Quan Li, Charles Boehmer, „Investing in the Peace: Economic Interdependence and International Conflict,“ *International Organization*, 2001, (55), pp. 391-438.

<sup>15</sup> Ibid.

<sup>16</sup> Robert O. Keohane, Joseph S. Nye, 2001. *Power and Interdependence*. Pearson.

the increasing growth of interdependence, both economic and military, the costs of war for both interdependent parties becomes too high to pursue their interests via. military actions. Since trade is seen now as a more efficient way to gain their objectives, the states within the interdependent system will choose a peaceful way to pursue their objectives and interests.<sup>17</sup>

In the Western-Europe, the idea of a more integrated society, with strong economic links and financial still prevailed after the two great wars and it was believed by liberal politicians, that economic and political ties would benefit the region in general and would potentially make it if not entirely impossible, but at least very hard to provoke a conflict between the Western-European states. All the concepts and ideas described earlier were put to test when creating the European Coal and Steel Community (ECSC) served the purpose of unifying the adversaries of the preceding war. The main idea was based on the liberalism argument, that a common market with shared regional integration would make war between historic rivals France and Germany "not merely unthinkable, but materially impossible".<sup>18</sup> The plan was derived and put together by Robert Schuman and was in some sense one of the first big liberal ideas after the League of Nations and the United Nations that withheld in its original concept a supra-national legal body that would have had a supervising duty over the nations and over some of their policies. But most importantly the idea was to intertwine the economies of mostly Germany and France with each other and with Belgium, France, West Germany, Italy, Luxemburg and the Netherlands so that the Western-European nations would be in an economically interdependent relationship, which would make the occurrence of conflicts ever harder. Economic interdependency does not come just as a "thing-in-itself". It is a product of political integration and cooperation that is done within a liberal supra-national organization by the supra-national governing institution (that is in turn proportionally managed by the member-states). The latter managing system assures that every decision made has to be a joint decision, agreed by all the participating members. This ensures a deeper level of political integration and fosters cooperative political relations, thus, again increasing

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<sup>17</sup> Richard N. Rosecrance, 1986. *The Rise of the Trading State: Commerce and Conquest in the Modern World*. First Edition: Basic Books.

<sup>18</sup> European Union, „About the EU“ available at: [http://europa.eu/about-eu/basic-information/symbols/europe-day/schuman-declaration/index\\_en.htm](http://europa.eu/about-eu/basic-information/symbols/europe-day/schuman-declaration/index_en.htm) (accessed 01.05.2016)



the level of both political and economic interdependence. The original ECSC project developed over time, since it showed and promised real economic and political stability for all the participating member-states. This was a real-life proof that the liberal argument of deeper political and economic integration between states really does work and proves to be useful. Just as Rosecrance pointed out in 1986.<sup>19</sup>

The described liberal concepts with the real-life example of the ECSC, that later developed into the European Union, withholds another concept in itself that was not elaborated that much by the works and concepts cited and referred. Mansfield and Pollins described the situation in their described book as follows: "The idea is that the more opened the market between states is, the more trade between nations and foreign market exist, the more dependent the state becomes of financial gains originating from the trade itself. But not only will the state get dependent on foreign market, foreign trade and foreign direct investments, i.e. from foreign inwards capital flows in general, but so does the industrial sector become dependent both from imports and exports. This creates a situation where the economically dependent actors start to influence the governing regime not to engage in costly (military) conflicts. The ruling regime and the political elite in turn are highly dependent on the public opinion and on the economically dependent actors (i.e. the business sector). The ruling regime receives political, public and financial support from the latter actors and it is in their interests not to get engaged in costly (military) conflicts. The concept goes back to Montesquieu, who claimed that "the natural effect of commerce is to lead to peace. Two nations that trade together become mutually dependent: if one has an interest of buying, the other has an interest in selling; and all unions are based on mutual needs" (quoted in Hirschman 1977, 80).<sup>20</sup> So we see how economic interdependence between states really does foster peace and it seems very logical that due to the dependence of the government from the business sector, the government will opt for less costly options when dealing with a potential conflict. The well-being of different groups in society and their political support is essential

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<sup>19</sup> Richard N. Rosecrance, 1986. *The Rise of the Trading State: Commerce and Conquest in the Modern World*. First Edition: Basic Books.

<sup>20</sup> Edward D. Mansfield and Brian M. Pollins, 2003. *Economic Interdependence and International Conflict New Perspectives on an Enduring Debate*. Michigan Publishing: Univesity of Michigan Press.

for the government so they are in some sense bound to choose the less costly option when dealing with an “adversary” with whom there is a highly economically interdependent relationship. If states A and B are in an economically interdependent dyad and a potential conflict arises, in both states, the business sector is dependent on trade with the other member of the dyad. So the business sector, along with the rest of the public, will lobby the government for a less costly option – i.e. institutional (bi- and multilateral talks between the dyadic states, a third party regulated negotiations, international arbitration, international legal institutions like WTO for economic conflicts and ICC in criminal matters) balancing. The potential gains from a militarized conflict are not as high as they might seem. Just as described earlier through the work of Angell: “Increasing territory is no longer the way to increase wealth, given that political administrations change but victory does not ensure a transfer of property from one owner to another.”<sup>21</sup>

All the previously described principles of liberalism, interdependence and economic interdependence clearly show the logic behind interdependence and peace. The liberal theory withholds several incentives for states to recuse themselves from potential conflicts and clearly indicates the costs and vulnerability of a conflict. The given example of the European Union is a great example that proves the liberal arguments and shows how interdependence can and has reduced conflict and promoted peace in the region. On the other hand, conflicts still arise even if interdependence could be states as high. What is needed to be done, is to link the concept of the state with the society. For realists, society in general is not an important variable, but as the liberal arguments show, the state is not just an entity, a thing in itself, the state is run by politicians who seek economic and public support. So the public has the ability to steer the state, to decide its internal and foreign goals - for instance interdependence. The European Union works since it is supported by the public, states do not act as third parties, states are entities created by societies and run by institutions that are derived from the society. So one cannot draw a simple conclusion that the international system is anarchic and since states only concern about war, war is always to be expected.

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<sup>21</sup> Susan M. McMillan, “Interdependence and Conflict,” *Mershshon International Studies Review*, 1997, (41), pp. 33-58.

When looking at CIS countries in an interdependent dyad with Russia, it is vital to draw the links that connect the state with the society, how does society affect the state and its decisions and are there even any connections.

### Realism

The counter theory of liberalism in the international relations theory is realism. Realists do not share the concept that (economic) interdependence reduces the likelihood of militarized conflicts and disputes and argue that interdependence and economic interdependence are not sufficient incentives for the states that would outweigh the potential costs to be gained from a militarized conflict. But not only the aspect of a conflict is different for realists, they also see interdependence as a mean for an economically superiors state in a dyad to control internally a smaller state towards favorable direction for the stronger party in the dyad. Realists describe the situation as asymmetric economic interdependence. Asymmetric interdependence, potential gains from a militarized conflict and the diametrically different principles of realism and liberalism all describe how it is useful for a state, whenever necessary, to be engaged in a conflict and most importantly, in an anarchic system, there is no supra-national institution that can really control (not just with binding legal measures and sanctions) a state. So states must always be prepared for war and interdependence can offer good grounds for states to be engaged in a conflict. As McMillan puts it: “From this different starting point, realists come to the conclusion that interdependence either increases the likelihood of war or is not related to war initiation.”<sup>22</sup>

Dougherty and Pfaltzgraff describe the realistic international system and summarize, that in realism, nation-states are the key actors in the international system and they struggle for power in an anarchic world system that produces the need for security policies based on the “self-help” principle.<sup>23</sup> McMillan refers to Betts when trying to find the reasons why states get involved in militarized conflicts despite being in an interdependent relationship: “Wars happen because nothing prevents them whenever “countries would rather fight than

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<sup>22</sup> Ibid.

<sup>23</sup> James E. Dougherty, Robert L. Pfaltzgraff, Jr., 2001. *Contending Theories of International Relations. A Comprehensive Survey*. Pearson, 5th Edition.

relinquish competing claims” Power is assumed to determine which country will prevail in a conflict. Peace is most likely to result from a distribution of power that “convinces states that the costs of enforcing or resisting claims exceed the gains.””<sup>24</sup> Stanley Hoffmann went as far back as to Jean Jacques Rousseau when trying to find the realist assumptions that interdependence rather than fostering peace, gives states more reasons to get involved in a militarized disputes: “Interdependence breeds not accommodation and harmony, but suspicion and incompatibility.”<sup>25</sup> So increasing interdependence for realists only increase the likelihood of a militarized conflict since first of all war is something to be expected when dealing with states, because the international regime is anarchic. Secondly there does not exist a mean to prevent wars or to stop states from entering militarized conflicts. Thirdly interdependence only increases chaos, suspicion and economic inequality between states. “Inequality between states is as a source of insecurity and thus a key source of world conflict.”<sup>26</sup> So economic interdependence and interdependence in general creates havoc between states and makes their intentions towards each-other unclear, which in turn creates potential for conflicts and militarized disputes. The effects of dependency for realists are the exact opposite as they are for liberals since the international system in general is seen differently for states. For realists, the international system is seen as a zero-sum game. Since the system is anarchic, security as a strategic goal must always prevail. Even when interdependence creates economic wealth and prosperity, the risk of being exposed, i.e. vulnerability, increases. A country may become so dependent from its trading partner not only through FDI-s and the regular import/export, but also from strategic goods like oil, gas and energy. The previously described situation about strategic goods was also emphasized by Robert Giplin: “According to the economic nationalists, interdependence leads to increasing insecurity because trade yields uncertainty about the continued supply of international strategic goods. This heightened insecurity leads to a greater potential of

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<sup>24</sup> Susan M. McMillan, “Interdependence and Conflict,” *Mershshon International Studies Review*, 1997, (41), pp. 33-58.

<sup>25</sup> Stanley Hoffman, „Rousseau on War and Peacem,“ *American PoliticalScience Review*, 1963, (57), pp. 317-333.

<sup>26</sup> Ibid.

military conflict” (quoted in McMillan 1997, 41).<sup>27</sup> In such a situation, war for a state is a solution to escape the asymmetric interdependency and increase its own security over the stronger trading partner. McMillan also points out another realist hypothesis, that “interdependence has no systematic effect on war because the causes of war lie in political and military-strategic considerations.”<sup>28</sup> This is a very interesting and relevant argument in the light of the current research; according to liberals the described causes are irrelevant, since the effect of interdependence rules them out and channels states towards a peaceful solution, since not only is it the most effective, but also the most profitable. Considering the course of the current research – there is the question, why did Georgia and Russia disavow themselves from the interdependent dyad with Russia? Both Russia and Ukraine were in a militarized dispute with Russia, when by liberal arguments this should have been the case with Russia. But are the described causes of politics and military-strategic considerations the key when studying the effects of interdependence on war. A question arises, when will interdependence in accordance with peace prevail and when not, are the described realistic variables the ones which determine the outcome and cost of war or not? For Buzan and Holsti, as described by McMillan, the effects of interdependence were marginal – “political and strategic factors will be more important for understanding the outcomes.”<sup>29</sup> Economic factors on the other hand, derived from interdependence will never be as important and can be described as marginal. “Strategic interests are the primary causes of war. It also fits with the argument that economic considerations are sacrificed for security interests at times of serious conflict.”<sup>30</sup> The question arises once more, if by the Russo-Ukrainian conflict and the Russo-Georgian conflict interdependence as a mean was just not enough to avoid conflict and if other variables outweighed the costs of war.

Denney and Gleason describe the exact same situation about economic interdependence, as did Mansfield and Pollins in the liberal chapter, but from a realist perspective. The basic concept is the same – when two nations are in a trading relationship

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<sup>27</sup> Susan M. McMillan, “Interdependence and Conflict,” *Merhshon International Studies Review*, 1997, (41), pp. 33-58.

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

that develops in an economic interdependence between the two nations. Economic interdependence will foster peace. It is derived from the already described Norman Angell's concept that "war in the modern era is economically destructive reflects the general position of liberals regarding the nexus between trade and security." The authors continue: "Liberals believe that economic interdependency lessens the likelihood of conflict by restraining aggressive behavior of states through economic incentives, granted national leaders are aware of the economic benefit."<sup>31</sup> But, at the same time the authors turn the liberal argument of economic interdependence fostering peace into a realist argument and ask the question: *why states trade in the first place?* The latter question is answered through a liberal perspective referring the work of Norman Angell: "Due to the interconnectedness of the world economy, war can no longer be used as a means of enriching states, only as a means to economic destruction. Angell's main argument creates a dichotomy. On the one hand is the pursuit of trade and cooperation, leading to an increase in wealth and prosperity between states, so that as a result of greater interdependence, war becomes too costly and thus an imprudent decision. On the other hand is the pursuit of machtpolitik, representing a strategy whereby each state pursues a relative gains strategy focusing on increasing wealth and power at the expense of others. The latter strategy, according to Angell's logic, is the surest way to economic ruin and national disaster, since such a strategy increases the probability of an economically ruinous war."<sup>32</sup> Angell argues, that the only way the ruling regime will engage itself and its state in an act of war, is due to the fact, that they do not know the high economic costs of war.

Realists, as Denney and Gleason describe, point out that dependency and interdependence between states creates high level of vulnerability. According to Kenneth Waltz, vulnerability is the outcome of the structural effect in the international system. The anarchic structure of the international system creates a situation where states are compelled to consider their vulnerability vis-à-vis other states. Vulnerability places states into a

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<sup>31</sup> Steven C. Denney, Brian D. Gleason, Yonsei University, 2012. „The Political Economy of Trade Policy: A Realist Perspective” available at: [https://sinonk.files.wordpress.com/2012/05/the-political-economy-of-trade-policy-steven\\_c\\_denney-brian\\_d\\_gleason.pdf%20Accessed%207/1/12](https://sinonk.files.wordpress.com/2012/05/the-political-economy-of-trade-policy-steven_c_denney-brian_d_gleason.pdf%20Accessed%207/1/12) (accessed 04.05.2016).

<sup>32</sup> Ibid.

position, where they are forced to seek ways to control the level of dependence on other states.<sup>33</sup> The latter is in accordance with the prospects of Ripsman and Blanchard who argued, that when states perceive that their level of vulnerability through dependence has increased to an inadmissible level relative to their dependency partners, a militarized conflict might be seen as a viable and rational decision. The arguments behind war are supported by the main realist assumptions, that states operate and compete with each other in an anarchic system and that security is the primary goal. So the international system itself forces states to prioritize security, even through war, when war can restore the balance of powers between the states.<sup>34</sup>

Denney and Gleason combine the realist theory of asymmetrical economic interdependence of Albert Hirschmann with the critique of Jonathan Kirshner and coin the two together into the Hirschman-Kirshner Theory. “Kirshner’s critique of Hirschman’s theory that larger states use asymmetric trading relationships to increase national power revolves around the concept of influence. Kirshner’s interpretation of Hirschman’s theory posits the idea that large states use political leverage in asymmetric trading relationships with small states to redefine the smaller state’s perception of its own national interests.”<sup>35</sup> The authors continue to summarize Kirshner: “Hirschman’s National Power, according to Kirshner, “shows that the pattern of international economic relations affects domestic politics, which in turn shape the orientation of foreign policy” of the smaller state. “This effect is always present but most consequential in asymmetric relations, where the effects are typically large, visible, and almost wholly found within the smaller economy.”<sup>36</sup> The idea behind the Hirschmann-Kirshner theory is, that when two states, A and B are in an economically asymmetric interdependent dyad, the larger, economically more able and capable state A will offer the smaller party in the dyad, i.e. state B economic incentives for instance through a Most Favorable Nation agreement between the states A and B. The offered

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<sup>33</sup> Kenneth Waltz, 1979. *Theory of International Politics*. New York: Random House.

<sup>34</sup> Norrin Ripsman, Jean-Marc Blanchard, “Commercial Liberalism Under Fire: Evidence From 1914 and 1936,” *Security Studies*, 1997, (6), pp. 4-50.

<sup>35</sup> Steven C. Denney, Brian D. Gleason, Yonsei University, 2012. „The Political Economy of Trade Policy: A Realist Perspective” available at: [https://sinonk.files.wordpress.com/2012/05/the-political-economy-of-trade-policy-steven\\_c\\_denney-brian\\_d\\_gleason.pdf%20Accessed%207/1/12](https://sinonk.files.wordpress.com/2012/05/the-political-economy-of-trade-policy-steven_c_denney-brian_d_gleason.pdf%20Accessed%207/1/12) (accessed 04.05.2016).

<sup>36</sup> Ibid.

incentives will favor the local business sector of state B and will channel the business sector towards state A and eventually the business sector will become dependent on state's A internal market. This in return will have an effect on the attitude, behavior and goals of the smaller state's business sector. They will start to affect the ruling regime to take favorable policies towards state A, since the costs of doing otherwise are very high. The exact situation was also describe in the liberalism subsection, but the liberal argument is, that the ruling regime will adapt the policies recommended by the business sector, since the ruling regime needs the support and the financial aid of the business sector in order to maintain their political leadership position. The business sector is also strongly intertwined with the public in general and can alter the public opinion favorably or negatively towards the ruling regime. So the government, in order to maintain its position, needs to listen and shape its policies towards state A, because the costs of doing otherwise would be harsh for not only the ruling regime, but for the financial and economic health of country B. As Denney and Gleason put it: "At this point, a preliminary conclusion can be drawn. Hirschman's classical approach and Kirshner's modern interpretation support the notion that trade between large and small states is less a matter of commercial interests and more a matter of political and strategic concerns. The larger state is seeking to achieve international political and strategic goals."<sup>37</sup>

So it is clear, that liberal interdependence can foster peace, but it can also be used as a tool of altering the internal policies of a country when interdependence is turned into asymmetric interdependence. The concept is pretty straightforward, but also creates questions – when talking about strategic goods, realists like Gilpin argue, that in such a position war is actually the only viable option in order to escape the costly interdependent relationship and the public opinion does not matter. This shows that there are contradictions in the realist concept about the relationship of economic interdependence and war. In the current research the same question arises when looking at the CIS countries in an economic interdependent relationship with a much stronger (economically and military) partner – Russia. At first glance it would seem that the Hirschmann-Kirshner theory does not always

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<sup>37</sup> Ibid.



apply, when talking about Georgia and Ukraine. On the other hand it just might be true with the rest of the states analyzed in this research.

All the variables used in the current research are derived from the theoretical concepts of liberalism and realism analyzed in this chapter and have been selected as the most applicable for the current research.

### Independent Variable

In the current research the independent variable is economic interdependence. Economic interdependence is measured through imports from Russia and exports to Russia as a percentage from the GDP of the dyads smaller state. For instance Armenia's exports to Russia plus Armenia's imports to Russia as a percentage of Armenia's GDP. The latter is made through a mathematical formula, used by Russett, Oneal and Davis in their 1998 analysis "The third leg of the Kantian Tripod for Peace: International Organizations and Militarized Disputes, 1950-85,"<sup>38</sup>

Due to the lack of trustworthy and official statistics, the timespan of the current research is from 2000 – 2014 (2014 being the last year from official statistics has been published). Data about external trade between Russia and the rest of the CIS countries is collected from the Russian Federation Federal Statistics Service database. Gathering and using data from one source minimalizes the chances of deflection in dependency calculations, since using official data from every single member state might cause a deviation in the end results. The official statistics published by the CIS member states tends to differ from the official statistics published by Russia. For the latter reason official statistics, calculated by the same methodology, from Russia is being used in order to minimize the differences in statistics and to minimize the potential differences in end results that might occur when using statistics from every member-state.

The second aspect of economic interdependence is measured with inward Foreign Direct Investments (FDI) as a percentage of GDP. Foreign Direct Investments play a key role

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<sup>38</sup> Bruce Russett, John R. Oneal, David R. Davis, "The third leg of the Kantian Tripod for Peace: International Organizations and Militarized Disputes, 1950-85," *International Organization*, 1998, pp. 441-467

in a countries development. Research conducted by Qiang and Mawugnon<sup>39</sup>, Sandalcilar and Altiner<sup>40</sup>, Heang and Moolio<sup>41</sup>, as well as Iqbal and Anwar<sup>42</sup> all show the importance of FDI-s in the development of a developing country. FDI-s very broadly means cash – money is invested from abroad into a country in order to get financial gains back from the investment. But it is not just only capital that defines FDI-s. There is also technology, even distribution of sources, capital efficiency increasing, increasing in efficiency in general, increase in high-end labor force, relevant know-how in the business sector etc. These described positive effects also make it for the target country to modernize its economy and also grants easier access to foreign markets, due to more competitive products. The latter positive impacts derived from and with FDI-s, all create a spill-over effect in the economy. That is – modernizing the economy will help to create jobs, improve education, increase wages and most importantly, it gives the government capital in terms of received tax money from the private sector.

Sandalcilar and Altiner have described the positive impacts of FDI-s as follows: “The most important impact of FDIs is their net contribution to host country income. FDI’s influence over host country’s economy can be analyzed by two channels. The first is the contribution of FDIs to the sector of intermediate goods which is also defined as growth effect and the increasing specialization of input producers by this way. The second is the externality effect stemming from R&D activities. Thus, domestic firms can benefit from advanced knowledge of foreign enterprises.”<sup>43</sup> Sandalcilar and Altiner continue to describe the effects of FDI-s into a countries economy, citing Karluk and Moosa themselves: “FDIs

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<sup>39</sup> Assiobo Komlan Mawugnon, Fang Qiang, Proceedings of the 8th International Conference on Innovation & Management, 2015. “The Relationship Between Foreign Direct Investment and Economic Growth in Togo [1991-2009]” available at: [http://www.pucsp.br/ictim/ingles/downloads/papers\\_2011/part\\_7/part\\_7\\_proc\\_43.pdf](http://www.pucsp.br/ictim/ingles/downloads/papers_2011/part_7/part_7_proc_43.pdf) (accessed 04.05.2016).

<sup>40</sup> Ali Riza Sandalcilar, Ali Altiner, „Foreign Direct Investment and Gross Domestic Product: An Application on ECO Region (1995-2011),“ *International Journal of Business and Science*, 2012, pp. 189-198

<sup>41</sup> Lim Guech Heang, Pahlaj Moolio, “The Relationship between Gross Domestic Product and Foreign Direct Investment: The Case of Cambodia, “ *KASBIT Business Journal*, 2013, pp. 87-99

<sup>42</sup> Nadeem Iqbal, Naveed Ahmad, Zeeshan Haider, Sonia Anwar, “Impact of foreign direct investment (FDI) on GDP: A Case study from Pakistan,” *International Letters of Social and Humanistic Sciences*, 2014, pp. 73-80

<sup>43</sup> Ali Riza Sandalcilar, Ali Altiner, „Foreign Direct Investment and Gross Domestic Product: An Application on ECO Region (1995-2011),“ *International Journal of Business and Science*, 2012, 189-198

can be evaluated by treating them as a special kind of capital transfer. Accordingly they have two characteristics: Firstly, FDIs may enhance competitiveness of host country by bringing “specialization” and “know-how”. Secondly, FDIs directed to industrial sectors may be seen as a transfer of capital between capital sectors of two countries. Briefly, positive influences of FDIs on production factors in industrial sectors make a direct impact on economic growth. According to the studies performed, FDIs make contribution to capital accumulation in host country, ensure training and hence specialization of labour force, increase entrepreneurship skills and enable better use of natural sources. What is more, one of the features that differentiate FDIs from other investments is the fact that FDIs have a control power on the management policy and decisions of the business.”<sup>44</sup> They conclude their research: “The effect of FDI inflow on the economic growth achieved in process cannot be denied in the countries gained their independence after 1990s (primarily Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan).”<sup>45</sup>

Data from the World Bank, international Monetary Fund, European Commission Directorate-General of Trade and from the Russian Federation Federal State Statistics Service, also from the Central Bank of the Russian Federation. The latter organization is useful, since it provides the necessary statistical data on all the CIS member states based on the same methodology. Using the statistics services of all the individual countries might compromise the credibility of the data, since all the individual CIS member states might want to manipulate the data by showing inward FDI stocks from Russia either larger or smaller due to different political reasons in the relations with Russia.

### Control Variables

**Energy dependence** - energy dependence is a very important variable when analyzing the existence of dependence and interdependence. Dependence from energy can prevail even when dependence from foreign trade and foreign direct investments is not noteworthy and remains under a given threshold (five percent of GDP in this research). Energy dependence in the current study means the concept of natural gas imports from Russia and the end

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<sup>44</sup> Ibid.

<sup>45</sup> Ibid.

consumption as a percentage of total natural gas consumption. Finon and Locatelli studied the (inter)dependence of the European Union and Russia in the context of contractual gas deals. Russia's new geopolitical and foreign policy goals in the "near abroad" countries and the aim to strengthen its positions in the Eastern-European/CIS countries, but also in the European capitals is achieved under Putin's administration through the energy giant Gazprom. Russia was trying to become an "energy power" and the companies representing the Russian state in gas and oil deals "also underpin foreign policy goals and their action is not restricted exclusively to Russian resources and the domestic markets."<sup>46</sup> Russia is seeking to gain influence in the energy sector in the energy dependent countries to secure revenues and alter the states foreign policy favorably to Moscow. "The deliberate politicisation of the gas issue by the Putin government as a way of affirming Russia's ambitions to recover its international influence undoubtedly contributed to creating interference between energy trade and foreign policy."<sup>47</sup> Such an analysis is also provided by Jack D. Sharples, who analyzed Gazprom's (and its predecessors) policies from the 1970s until the 2010s. Sharples stated, that Gazprom's long term policy reflects a strategy towards long term dependency for Europe from the Russian gas.<sup>48</sup> Adam N. Stulberg has also studied the complex issue of Russian-EU gas interdependence in the light of 2013/14 Russian-Ukrainian war. Stulberg concludes, that Gazprom is merely a tool for president Putin in order to secure its influence in Europe and to help achieve Russia its foreign policy goals. It also serves as a tool in the European capitals to influence Brussels official policy towards Moscow. Gazprom has managed to tighten the grip on natural gas supplies in Germany and is hoping for an internal lobby that would eventually change the foreign policy course towards Russia.<sup>49</sup> The Oxford Institute for Energy Studies issued a report in the fall of 2014 about the dependence of Russian gas in the the European Union. The report analyzes the complex energy relations between Brussels and Moscow in the light of the Ukrainian conflict and clearly states, that Moscow might likely

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<sup>46</sup> Dominique Finon, Catherine Locatelli, „Russian and European gas interdependence: Could contractual trade channel geopolitics?“ *Energy Policy*, 2008, (36), pp. 423-442.

<sup>47</sup> Ibid.

<sup>48</sup> Jack D. Sharples, The Shifting Geopolitics of Russia's Natural Gas Exports and Their Impact on EU-Russia Gas Relations;“ *Geopolitics*, 2016, pp. 1-33.

<sup>49</sup> Adam N. Stulberg, „Out of Gas?: Russia, Ukraine, Europe, and the Changing Geopolitics of Natural Gas;“ *Problems of Post-Communism*, 2015, (62), pp. 112-130.

use its natural gas exports to the EU as a weapon in order to fulfill its political and strategic aims.<sup>50</sup> The described theoretical and analytical analysis about how Russia uses natural gas as a (geo)political tool in order to gain its foreign policy aims and to secure its economic interests in Europe proves that in relations with Russia, in this case in several dyadic relations, when energy carriers, especially natural gas, are involved, they are used by Russia as political tools to keep the energy dependent countries related to Russia. For the latter reasons energy dependence is looked as a control variable in this current research.

**Regime Type** – regime type has been used as a control variable in several studies that have examined the connection of interdependence and conflict. Gartzke, Li and Boehmer used regime type as a control variable in their probit analysis model when finding positive correlations between interdependence and conflict. Gartzke et al. did mark regime type as an insignificant variable because of covariance with capital values, it indicated that variance in regime type is subsumed by greater variation in these economic variables.<sup>51</sup> Gartzke and Li used the probit analysis model once more in 2003 when trying to find if states whose capital markets are more integrated with into the global economy are less likely to experience militarized disputes between them. Dyadic Democracy was added as a control variable for regime type, varying from democracy and autocracy. Gartzke and Li found that joint democracy has a pacifying effect in a dyadic relationship, although regime differences are significant across their models.<sup>52</sup> The question here is, if taken into account the liberal argument that democracies do not go to war against each other, does it also apply on other regimes as well? Or does it contrary increase the likelihood of conflict between the members of a dyad. The question is important, since all the reviewed states in the current research are not full democratic regimes and are semi-autocratic or autocratic regimes. Taken these

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<sup>50</sup> Ralf Dickel et al., The Oxford Institute of Energy Studies, 2014. “Reducing European Dependence on Russian Gas: distinguishing natural gas security from geopolitics” available at: <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2014/10/NG-92.pdf> (accessed 22.02.2016).

<sup>51</sup> Erik Gartzke, Quan Li, Charles Boehmer, „Investing in the Peace: Economic Interdependence and International Conflict,“ *International Organization*, 2001, (55), pp. 391-438

<sup>52</sup> Erik Gartzke, Quan Li, „War, Peace and the Invisible Hand: Positive Political Externalities of Economic Globalization,“ *International Studies Quarterly*, 2003, (47), pp. 561-586

indicators into account, how do they affect the relationship of economic interdependence and war.

**Public opinion** – various researches have showed the importance of public opinion in the political decision making process, even in foreign policy. In the current case the decision whether or not to go to war, even when constrained by interdependence, is dependent on the public opinion. Whether the public supports war or not. War in itself is the most extreme case of a military dispute, but the issue might also be in a secession (supported by the military). A change in the public perception about the second party in a dyad can cause also a revolution (Ukraine back in 2013). The public discourse in a democratic regime is very important, several authors have suggested, that it might not be that important in semi-authoritarian or authoritarian states, since the ruling regime does not depend so much (if all) from the public support. Ripsman and Blanchard describe the situation with the example of the Third Reich, Britain and France in 1936: “despite their awareness of vulnerability, German leaders did not consider it relevant when they decided to go to war in 1914; ideological and security concerns overrode the constraints of dependence. Similarly, British and French economic sensitivity played almost no role in the Western reaction to German actions in 1936. Rather, strategic concerns and deference to public opinion were more important in decision making.”<sup>53</sup> As Susan M. McMillan puts in her analysis of economic interdependence and conflict: “Unfortunately, this conclusion leaves open the question of how economic ties affect public opinion. If public opinion is influenced by the benefits (costs) of interdependence, as modeled by Arad and Hirsch (1981), then a case could still be made that Britain’s decision was constrained in the ways political and economic liberals would expect. This is not the interpretation that Ripsman and Blanchard made of the findings however.”<sup>54</sup> McMillan concludes the discussion about public opinion as follows: “several case studies suggest public opinion is considered by decision makers. These studies, however, leave open the question of how international economic ties might affect public opinion—the causal mechanism

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<sup>53</sup> Jean-Marc Blanchard, Norrin Ripsman, University of Pennsylvania, „Measuring Vulnerability Interdependence: The Strategic Goods Test,” *Geopolitics and International Boundaries*, 1996, (1), pp. 225-246.

<sup>54</sup> Susan M. McMillan, „Interdependence and Conflict,” *Mershon International Studies Review*, 1997, (41), pp. 33-58

through which political liberalism connects interdependence to less war.”<sup>55</sup> So the role of the public opinion is towards the opposite party of the dyad could determine the actions of a government towards the opposite party as described by Ripsman and Blanchard. Yet the public opinion towards the ruling regime and towards the opposite party might spark a secession (a civil war even) as happened with the divided regions of Ukraine and the public’s perception of Russia and the same logic also applies for the Rose Revolution in Georgia back in 2003, the Orange revolution in Ukraine back in 2005, the Russo-Ukrainian war back in 2008 and for the 2013 Euromaidan events in Ukraine. The public played a remarkable role in the latter crises, since the public perception was in some sense diametrically different from the ruling government discourse towards Russia.

**Corruption** – in several researches has corruption marked as one of the key indicators of public and social unrest. Ashley J. Tellis and Michael Wills have investigated how different level of corruption in different regime types, as well as in different economies, affect the public perception of the government and the ruling regime in general. “In an authoritarian developmental state, collusive corruption is inevitable, being the optimal survival strategy for the local elites who face no democratic constraints from below and know how to use the advantage of information by other local elites poses the most dangerous threat. The optimal strategy for eliminating this threat is to cooperate – indeed collude – with these elites.”<sup>56</sup> The authors conclude: “The more that an authoritarian regime must depend on the same agents, whose corruption is endangering the long-term survival of the regime, to maintain the regime’s security and power, the more the autocracy is ill-positioned to fight corruption; a serious anti-corruption drive will likely turn many of the regime’s most loyal agents into its fierce foes and put the survival of the regime at great risk.”<sup>57</sup> They even go as far and state: “In other words, corruption by the insiders of the regime is the Achilles’ heel of an authoritarian developmental state.”<sup>58</sup>

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<sup>55</sup> Ibid.

<sup>56</sup> Ashley J. Tellis, Michael Wills, 2006. *Trade, Interdependence and Security*. The National Bureau of Asian Research.

<sup>57</sup> Ibid.

<sup>58</sup> Ibid.

Not only is corruption costly for the ruling regime and not only does it foster even more corruption in order to uphold the system. High levels of corruption might eventually foster the need for a change in the society through several civil society movements, online media protests and prompt demonstrations organized through social media. It can also evoke large scale public protests and perhaps even revolutions. A non-democratic authoritarian regime that is highly dependent on corruption can generate even more problems:

1. A centralized state that is highly dependent on the ruling regime and the so called capital can create dissatisfaction within the public, since the public perception might see the ruling regime throughout the state as the liable unit. When the local governments have no real power in the decision making process and a lot of the wealth generated within a sub-region is channeled to the core, it could cause public unsatisfaction within the local population.

2. On the other hand, when the state is decentralized, as Ukraine was, the local authorities is given more power in decision making. That might be a good thing when done correctly, but without the necessary democratic regime, the decentralized state could create a hotbed for local oligarchs and their rule over the region. The local regime might grow sufficiently strong and become less dependent from the central power. Such a situation might create more corruption within the local elites and suppress civil society movements, freedom of speech, hinder economic development and eventually make the local regime independent from the central government. This might lean the public opinion not only against the local government, but also against the central government as well.

3. There is also a third option, a “Ukrainian” option. This is well described by Allison Smith, in her article “International Actors in Ukraine’s Revolution to Democracy From 2004 to 2014.” ”Yanukovych had constructed a powerful local political machine in the Donbas region, an eastern region known for its corruption and use of state resources for regional gain, which allowed him to deliver Kuchma the vote in 1999 in exchange for hands-off approach



in the region.”<sup>59</sup> The thought is elaborated by Andres Aslund: “Kuchma also saw that Yanukovych represented the strongest clan of the oligarchs in Donetsk and that he received support from three groups of oligarchs in Donetsk, Dnepropetrovsk, and Kiev, making him the best possible candidate for the government that was mostly comprised of oligarchs and policies that benefited their interests.”<sup>60</sup> This shows the interdependence between oligarchs and the central power, but also the interdependence with the ruling regime in Moscow. The economy of the Eastern-Ukrainian regions was based on heavy industries like steel, coal and military industries. Ukraine inherited up to a third of the Soviet Union’s military industry and “although Russia and Ukraine moved apart in the political sphere, they remained closely integrated in defence industry and military R&D.”<sup>61</sup> So the industry in general remained not only closely linked with Russia, but it also remained highly dependent on Russia’s money. This only increased the ties of the already Russian biased oligarchs even more and also linked the ruling regime with Minsk. President Viktor Yanukovich built a system that allowed him and the members of his system to stay in power somewhat independently from the public will, since the system was also financially very well funded through the oligarchs economic and financial ties with Russia. As Smith concludes: “He consolidated his power by overturning the constitutional changes that were made after the Orange Revolution. Yanukovych used his new powers to replace all government officials with those who were loyal to him, giving his political party full control. Yanukovych also had Timoshenko sent to jail on the charges that she had made a bad business deal with Russia.”<sup>62</sup>

Liberals argue that one of the indicators of Arab Spring was the very high level of corruption in those states that eventually helped to spark the revolutions against the ruling

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<sup>59</sup> Allison Smith, 2<sup>nd</sup> Annual Nelson Institute for Diplomacy and International Affairs - Undergraduate Conference on Global Affairs, 2015. „International Actors in Ukraine’s Revolution to Democracy From 2004 to 2014” available at: [Drake.edu](http://Drake.edu) (accessed 12.05.2016).

<sup>60</sup> Andres Aslund, Michael McFaul, 2006. *The Ancien Regime: Kuchma and the Oligarchs*. Carnegie Endowment for International Peace

<sup>61</sup> Christopher Mark Davis, “The Ukraine conflict, asymmetric economic dependence. Russia should have increased its influence and power over the nations, linking them so much with its own economy, that the cost of war would have outweighed the economic and political potential gain.economic–military power balances and economic sanctions,” *Post-Communist Economies*, 2016, 167-198

<sup>62</sup> Allison Smith, 2<sup>nd</sup> Annual Nelson Institute for Diplomacy and International Affairs - Undergraduate Conference on Global Affairs, 2015. „International Actors in Ukraine’s Revolution to Democracy From 2004 to 2014” available at: [Drake.edu](http://Drake.edu) (accessed 12.05.2016).

regime. So there seems to be no win-win solution for the ruling government when dealing with high level government and government related corruption. It seems that eventually this will wear the system down and will create unrest within the public.

### Dependent variable

The dependent variable in the current research is a militarized interstate conflict. In the current research, conflict is considered as a conflict, when one of the two parties in a dyad has officially declared war. A militarized conflict between the dyad members, lasting only for a brief period of time is considered not a conflict in the current research since although it represents a clash of state interests, but when remaining as a single incident in a longer time span (for instance a single incident within two years, it still is and can be considered as a single act of display of force, but is not relevant in the current research, since there was not a conflict escalation into a war. The use of militarized force does not constitute as a large scale militarized conflict, i.e. war in this research. International law defines war as the use of violence and force between two or more states to resolve a matter of dispute. The United Nations General Assembly resolution 3314 (XXIX) on the Definition of Aggression states that a war can be present due to the nature of the conflict even without a declaration of war from one of the involved parties.<sup>63</sup> In the current research one of two requirements is needed in order to define what is counted as a war between a dyad members and not just a (militarized) conflict. First of all a large or full scale use of militarized force on one or both sides is needed. Secondly, the declaration of war from one of the involved parties is necessary. When one of those two criteria are fulfilled, the militarized interstate dispute is considered as war in the current research.

The hypothesis of this research is that the complex interdependence system (derived from, economic dependence, energy independence, corruption, regime type and public opinion) will decrease the likelihood of war within the members of the complex interdependent system.

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<sup>63</sup> United Nations Audiovisual Library of International Law, 2008. "Definition of Aggression" available at: [http://legal.un.org/avl/pdf/ha/da/da\\_e.pdf](http://legal.un.org/avl/pdf/ha/da/da_e.pdf) (accessed 12.05.2016).

## Research Design

The conceptual theoretical framework of this thesis is based on several research designs written over the last three decades, describing the (causal) relationship of economic interdependence and peace. The main base of the current research is derived from Keohane & Nye's theory of complex interdependence<sup>64</sup>, coined with the liberal argument on Kantian peace in a dependent relationship with economic interdependence, developed further by theorists like Michael Doyle<sup>65</sup>, Erik Gartzke, Quan Li, Charles Boehmer<sup>66</sup>, Albert O. Hirschmann<sup>67 68</sup>, Richard Rosecrance<sup>69</sup>, Peter Cain<sup>70</sup>, Arthur R. Stein<sup>71</sup>, and others.

The main idea of the research is to find comprehensive and extensive evidence that interdependence in a dyadic relationship can minimize the chances of a militarized disputes between the dyad members. The dyads used in the current research are Russia and its CIS partners, who have ratified the CIS charter, i.e. Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan. As well as Georgia, who was a CIS member until 18 August 2008 and Ukraine, who was both economically and politically one of the key partners for Russia in the Eastern-European region and also operated with large amounts economics wise in the CIS. The data analyzed in the current research should either present evidence to support the liberal theory of interdependence – that interdependence prevents the likelihood of conflict or if the conflicts between Russia-Ukraine and Russia-Georgia constitute as a failure of interdependence. In order to answer the latter question, the level of economic interdependence between the examined dyads is calculated and used as an Independent

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<sup>64</sup> Robert O. Keohane, Joseph S. Nye, 2001. *Power and Interdependence*. Pearson.

<sup>65</sup> Michael Doyle, „Kant, Liberal Legacies and Foreign Affairs,“ *Philosophy and Public Affairs*, 1983a, pp. 205-235.

<sup>66</sup> Erik Gartzke, Quan Li, Charles Boehmer, „Investing in the Peace: Economic Interdependence and International Conflict,“ *International Organization*, 2001, (55), pp. 391-438

<sup>67</sup> Albert O. Hirschmann, 1978. *The Passion and the Interests*. Princeton: Princeton University Press.

<sup>68</sup> Albert O. Hirschmann, 1980. *National Power and the Structure of Foreign Trade*. Berkeley: University of California Press.

<sup>69</sup> Richard Rosecrance, 1986. *The Rise of the Trading State: Commerce and Conquest in the Modern World*. New York: BasicBooks.

<sup>70</sup> Peter Cain, „Capitalism, War and Internationalism in the Thought of Richard Cobden,“ *British Journal of International Studies*, 1979, pp. 229-247

<sup>71</sup> Arthur R. Stein, „Governments, Economic Interdependence, and International Conflict,“ *Behavior, Society and International Conflict*, 1993, pp. 241-324.

Variable. Adding to the independent variable three control variables ‘Regime Type’, ‘Public Opinion’ and ‘Corruption’ it is possible to determine the scope of interdependence between the dyad members and if economic interdependence alone can prevent or decrease the likelihood of conflicts, or the deescalating effects (if there are any) is only significant when the mentioned control variables are significantly existing with interdependence. If they are present in the case of Russia-Georgia and Russia-Ukraine, it is the question why did war break out between the members of the dyad. This means a positive correlation between interdependence and conflict has to be found. The latter option would provide strong evidence against the liberal theory of interdependence. If a positive correlation occurs between complex interdependence and peace, it would suggest that the realist argument that interdependent increases the likelihood of war is based on wrong assumptions. In order to find the answers for the proposed correlations, it is vital to locate the major sources of conflict between Russia-Georgia and Russia-Ukraine that can be used to determine if the two latter conflicts were bound to happen whether complex interdependence was existent or not. In both cases they can be used as counterfactuals analysis with the other CIS member states on whom economic interdependence prevails and are needed to be examined further. In addition to the potential correlation between interdependence and conflict, the three control variables are being studied and their potential effect to the correlation between interdependence and conflict.

### Operationalization of Variables

#### Independent variable

Economic interdependence is the current research is measured as a percentage of the host states GDP. The two major indicators used to measure economic interdependence are international trade flows (import and export) and foreign direct investments (FDI). Both values are measured as a percentage of the recipient country’s GDP. The two values are added up to get an end value, again measured as a percentage of the host countries GDP. The end value represents the recipient state’s dependence from the host state as a percentage of the recipient state’s GDP. This operationalization gives an opportunity to measure dependency based on official data and statistics and will show a neutral measurable value

that cannot be interpreted as somewhat biased towards one of the states in the dyad looked at. The time range is from the year 2000 until 2014. The year 2000 was chosen for the beginning of the research since it was the year Vladimir Putin was elected as the new president of the Russian Federation and this marked a change in the Russian foreign policy doctrine. Geopolitics, realism in foreign policy and the “near abroad” policy of the former president Boris Yeltsin was altered to the “sphere of influence” policy under president Putin in the beginning of 2000s. The data is measured for years 2000, 2005, 2009-2014. This is due to the reason that trustworthy statistics about the period of early 2000s is very inconsistent and hard to find. This would create a situation where the data might not be usable and the end results compromised.

Economic Interdependence will be measured through foreign direct investments in a dyad and through foreign trade (export (X) and import (Y)) in a dyad. Then, the values are calculated the economic importance of trade to the gross domestic product (GDP). The interdependence of a country *i* on trade with *j* is  $DEPEND_{ij}$  which equals  $X_{ij} + M_{ij}/GDP_i$ .

$$DEPEND_{ij} = X_{ij} + M_{ij}/GDP_i$$

The percentage of foreign direct investments in a countries GDP is measured in the current research with the following equation:

$$FDI \text{ inward stock (\% of GDP)} = FDI_j/GDP_i \times 100\%$$

The two values of the independent variable – dependence on trade as a percentage of the host countries GDP, as well as FDI-s as a percentage of GDP are combined together in order to determine and measure the interdependence of the host country from in our case, Russia. In order to isolate significant dependency cases from non-significant dependency cases, the calculated dependency has to excel a five percent threshold set in this research. The threshold was set in place since when an economy in a dyad is affected directly under the amount of 5% of the total GDP, one can not imply on economic dependence or interdependence. The latter variable being the independent variable in this research, it is not

viable to study the effects of economic interdependence on peace, when there is no economic interdependence between the members of a dyad.

#### Control variables

Energy dependence is marked as significant when the total share of net imports from Russia exceeds 25% and the total production of energy exceeds 25% from natural gas. This threshold was created for the current research based on the work of Finon and Locatelli<sup>72</sup> and on the Oxford Institute for Energy Studies report.<sup>73</sup> A lower indicator might not show the dependent nature of the analyzed dyad.

Level of democracy is measured based on the Economist Intelligent Units published data on Regime Type and Level of Democracy in the world. Coded 1 – 10 from least to most. EIU's level of democracy is in a correlation with regime types. That is the lower the level of democracy score, the more it indicates the regime is authoritarian and vice versa. Using EIU's data will offer a neutral third party evaluation about the level of democracy in the researched states.

Public opinion is measured through various third party institutions who have conducted public opinion polls about the perception of Russia, its government and actions towards other states in the recipient states of the dyad. Public opinion is measured on a percentage scale coded 0 – 100 where 0 marks the least possible amount of support towards Russia and 100 the maximum possible amount of support towards Russia.

Corruption is measured using data from Transparency International's Corruption Perception index. Just like with the first two control variables, corruption is measured as a value on a scale from 0 – 100, where 100 indicates the least possible amount of corruption and 0 the highest perceived amount of corruption. It is important to note, that until 2011,

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<sup>72</sup> Dominique Finon, Catherine Locatelli, „Russian and European gas interdependence: Could contractual trade channel geopolitics?“ *Energy Policy*, 2008, (36), pp. 423-442.

<sup>73</sup> Ralf Dickel et al., The Oxford Institute of Energy Studies, 2014. “Reducing European Dependence on Russian Gas: distinguishing natural gas security from geopolitics” available at: <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2014/10/NG-92.pdf> (accessed 22.02.2016).

corruption index was published on a scale from 0 – 10, where 10 indicated the least possible amount of corruption and 0 the highest perceived amount of corruption.

#### Independent variable

Interstate militarized conflict is counted as war in the current research when one of two conditions are fulfilled. First of all a large or full scale use of militarized force on one or both sides is needed. Secondly, the declaration of war from one of the involved parties is necessary. When one of those two criteria are fulfilled, the militarized interstate dispute is considered as war in the current research.

## Results

### CIS dyads

In this chapter, all the results about the dyads studied is presented. The timeframe is selected to reflect the years of Georgian and Ukrainian crisis in order to present a bigger comparative picture between the dyads studied.

Country	Dependence as a % of GDP				Index of Democracy				Corruption			
	2014	2013	2009	2008	2014	2013	2009	2008	2014	2013	2009	2008
Armenia	5,13	4,10	3,42	4,09	4,13	4,02	n/a	4,09	37,00	36,00	2,60	2,90
Azerbaijan	0,85	0,95	0,85	1,10	2,83	3,06	n/a	3,19	29,00	28,00	2,40	1,90
Belarus	16,54	20,55	16,78	19,45	3,69	3,04	n/a	3,34	31,00	29,00	2,40	2,00
Kazakhstan	3,65	2,90	4,18	5,12	3,17	3,06	n/a	3,45	29,00	26,00	2,90	2,20
Kyrgyzstan	1,81	1,93	8,02	9,83	5,24	4,69	n/a	4,05	27,00	24,00	2,00	1,80
Moldova	1,49	5,93	8,62	11,21	6,32	6,32	n/a	6,50	35,00	35,00	2,90	2,90
Tajikistan	0,38	0,06	4,67	4,73	2,37	2,51	n/a	2,45	23,00	22,00	2,10	2,00
Uzbekistan	1,47	2,05	3,29	6,21	2,45	1,72	n/a	1,74	18,00	17,00	1,60	1,80
Ukraine	7,91	9,01	8,49	9,24	5,42	5,84	n/a	6,94	26,00	25,00	2,20	2,50
Georgia	2,26	1,42	0,24	0,92	5,82	5,95	n/a	4,62	52,00	49,00	4,10	3,90

Table 1. Dependence as % of GDP (Foreign trade + Inward FDI), Index of Democracy, Corruption Perception Index. All countries. Source: Authors own calculations. Economic dependence formula by Russet, O'Neal, Davis, 1998. Original data originating from the World Bank, Russian Federal Federation Federal State Statistics Service, Central Bank of the Russian Federation, United Nations Database, Transparency International, Corruption Perception Index Database, Economist Intelligent Unit Index of Democracy.

The comparative table shows the differences and similarities between the examined states. All the states, except for Ukraine and Georgia, are linked with Russia through the Commonwealth of Independent states. Georgia was a full member until 2008 and although Ukraine was one of the three founding members of CIS, the Ukrainian parliament never ratified the unions Charter, this was also the case with Turkmenistan. The biggest difference between Ukraine, Georgia and the rest of the CIS states, is that the first two have been engaged, or are engaged in a large scale interstate militarized dispute.

As seen from the comparative table of all the states studied, economic dependence only prevailed with dyads between Russia-Ukraine and Russia-Belarus. Moldova's dependence has declined to a marginal 1,49% in 2014.



All in all the economic dependence varied from 0,06% for Tajikistan in 2013 up to the described 5,13% for Armenia in 2014. Other than that, the dependence measured was not significant and since economic interdependence is the main base for determining whether to apply the model of complex interdependence, the findings did not support to use the complex interdependence model on those states in order to study their dyadic relationship with Russia.

Country	Energy dependence, as a % of net imports from Russia			
	2014	2013	2009	2008
	Gas import	Gas import	Gas import	Gas import
<b>Armenia</b>	<b>84,12</b>	<b>93,00</b>	<b>109,67</b>	<b>110,52</b>
<b>Azerbaijan</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>Belarus</b>	<b>107,10</b>	<b>108,19</b>	<b>109,00</b>	<b>109,89</b>
<b>Kazakhstan</b>	<b>90,07</b>	<b>102,17</b>	<b>52,54</b>	<b>91,42</b>
<b>Kyrgystan</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>Moldova</b>	<b>99,90</b>	<b>99,90</b>	<b>99,90</b>	<b>99,90</b>
<b>Tajikistan</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>Uzbekistan</b>	<b>0,00</b>	<b>0,66</b>	<b>0,00</b>	<b>0,00</b>
<b>Ukraine</b>	<b>34,00</b>	<b>92,00</b>	<b>80,77</b>	<b>93,70</b>
<b>Georgia</b>	<b>2,80</b>	<b>0,00</b>	<b>9,80</b>	<b>34,00</b>

Table 2. Energy dependence, as a % of net imports from Russia. Source: Authors own calculations. Original data originating from Gazprom, Forbes, Knoema, Index Mundi, British Petroleum, Arka News Agency, Energy Regulators Regional Association.

Table 2 shows the energy dependence from Russia, measured as a percentage of a countries net imports from Russia. The data indicates, that the *-stan* states, although being active CIS members, have decreased their economic dependence on Russia from the first year observed (Russo-Georgian war). This indicates that the states have re-modeled their economy in the sense that they do not rely and depend almost not at all from Russia. The *-stan* states are trading more with themselves, with the EU, India and China, who has become the biggest market for the *-stan* states energy. They are competing with Russia for energy deals and potential infrastructure to Europe and China and are economically more competitors than allies. The fact, that Kazakhstan is importing natural gas from Russia, is due to the lack of infrastructure in Kazakhstan that is oriented for export and not for internal use. The infrastructure for domestic use are in development, but the export infrastructure to the Caucasus region, Pakistan-India, Europe and China is economically more important than the domestic infrastructure. Kazakhstan has vast natural gas reserves and is a natural gas exporter and due to the shared natural gas infrastructure with Russia, Kazakhstan is importing natural gas for domestic usage and at the same time is exporting gas to Russia or channeling Russian gas to the Caucasus region. The high number of energy dependence does not tell the real

story here. By looking at the whole natural gas sector of Kazakhstan, one can state, that the economic interdependence between Russia and Kazakhstan (including economic interdependence) does not come forth. Kazakhstan is more interdependent economically with China than it is with Russia. The rest of the *-stan* states are also trying to balance themselves between the East and the West, focusing their economy more towards the EU, the Caucasus region and China, than towards Russia. China with its still high energy demands is a reliable and good partner for the region who is also investing heavily through FDI-s into the region economies and is creating joint ventures with the local enterprises.

Azerbaijan does not classify as a dependent state in a dyad with Russia as well. As a natural gas net exporter, Azerbaijan does not depend economically nor energetically from Russia in any way. Azerbaijan has turned its economy also towards the EU and the Caucasus region, competing with other Caspian Sea states for a share in the natural gas export market to the EU and to the rest of 'East'.

Armenia and Moldova do not have their own natural gas reserves and are highly dependent on Russian natural gas exports. Armenia has decreased its level of dependence from Russian gas, but on the same time has increased its economic dependence from Russia. Although the statistics here is presented until 2014, due to the lack of trustworthy newer data, it is a fact that Armenia joined the EEU in 2015 and seems to integrate its economy, regarding foreign trade and inward FDI flows more with Russia than with the EU. In order to get a clearer picture, Armenia is analyzed more in-depth.

Moldova is fully dependent from Russian natural gas, as Russia being the sole exporter of natural gas into Moldova. Moldova's economic dependence from Russia was also significantly high between the years 2008 – 2013. Extending from 11,21% in 2008 to 5,93% in 2013. In 2014, the dependence fell down to a relatively marginal 1,49%. The latter number might indicate that the former dependence does not exist anymore, but the energy dependence figures might suggest otherwise. In order to get a clearer picture, the dyad between Moldova-Russia is analyzed more deeply.

Democracy Index by itself does not tell you much. Democracy index in 2008 for Georgia was 4,62, even a bit lower than 2006, when it was 4,90. After the Russo-Georgian war in 2008, the democracy index even fell by a margin to 4,59. From the first index published in 2006 up until 2014, Georgia has remained a hybrid regime and by just looking at the data, one could not see an implication for a conflict. The same actually applies for Ukraine as well, if anything, the democracy index and regime type fell, i.e. Ukraine became politically closer with Russia. The two regimes started to resemble. Nevertheless in the end of 2013, student protests in Kiev escalated into an ongoing war with Russia. When looking at the other CIS countries, nothing indicates a severe clash of interests and ideologies between the dyad members.

Corruption perception index years are also chosen to reflect any significant deviance in during the previous, ongoing, and after years of Russo-Georgian war and Russo-Ukrainian war. As was the case with Ukraine and Belarus, in highly corrupt and economically dependent states, the two variables can evolve into a triadic nexus that intertwines the political with business and links the two dyadic states. Such a development makes it harder for a state to break itself apart from the system, since complex interdependence prevails. Again, the presented data does not suggest that would be the case with the other dyads looked into.

The reasons for the lack of interdependence may also lie in geography. Although Russia's foreign policy under president Putin values its newly found policies like the sphere of influence, CIS and the near abroad policy. But the truth is, when almost nothing connects the two countries, not even a border and their economic and political relations are modest, conflict is hard to prevail. Gartzke and Li used geographic distance as a control variable when testing a model of interdependence and peace and one of their findings was that geographic distance fosters peace between power dyads.<sup>74</sup> This might just be the case with *-stan* states and Azerbaijan. Belarus, Ukraine and Georgia mark the border between the East and the West for Russia and border areas are always worth to control. A lack of economic

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<sup>74</sup> Erik Gartzke, Quan Li, „War, Peace and the Invisible Hand: Positive Political Externalities of Economic Globalization,“ *International Studies Quarterly*, 2003, (47), pp. 561-586.

dependence, a lack of energy dependence and a lack of a mutual border are all indicators that dramatically decrease the potential for complex interdependence to evolve between states. The CIS countries who are not economically and energetically intertwined with Russia and are also geographically insignificant do not hold such a value for Russia, as simple as that. Since economic dependence and energy dependence form the bases of complex interdependence in this research, the –*stan* states with Azerbaijan (and their lack of economic and energy dependence from Russia) are not being studied further in this research.

The states that are going to be analyzed more specifically in the current chapter, are chosen based on evaluating the data and findings on economic dependence and energy dependence. The latter two variables form the base pillars for complex interdependence to arise and when the threshold of these two variables are exceeded. The dyads are analyzed more thoroughly if the two mentioned variables prevail with geographic relevance (to some extent). Other control variables described in the theoretical framework are added in to the analysis in order to determine the scope of complex interdependence between the dyad members. Ukraine and Georgia are analyzed whether complex interdependence prevails or not since the two countries were involved in a war with Russia and the aim is to determine whether complex interdependence could have potentially hindered the conflict escalation into a war.

### Moldova

Moldova's dependence on Russian economy surpassed the economic dependence threshold from 2008 – 2013. Add to that the high levels of energy dependency, the first two pillars of complex interdependence are existent. The energy situation for Moldova shows, that not only is the country heavily dependent on natural gas imported from Russia, over 90% of its electricity produced is also produced from natural gas sources. In 2008, 93,3% of electricity produced in Moldova was from natural gas resources and the number was the same in 2009, increasing by 0,1% to 93,4%. The relevant number in 2013 was 92,7%<sup>75</sup> Moldovan government did saw a problem in the high energy dependency from Russia and tried to

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<sup>75</sup> World Bank, 2015. „Electricity production from natural gas sources (% of total)“ available at: <http://data.worldbank.org/indicator/EG.ELC.NGAS.ZS> (accessed 22.05.2016).

diversify their natural gas import portfolio, by constructing a new gas pipeline, connecting Moldova with its neighbor country Romania. The pipeline, called Iasi-Ungheni was completed in 2014, but remains basically unused until this day. This is due to the fact, that 50,1% of Moldova's national gas company called Moldovagaz is owned by Gazprom and another 13,4% by Transnistria (de facto Russia).<sup>76</sup> This gives Russia legally a complete control over the Moldovian domestic gas sector and due to the undermining of Moldovagaz, i.e. Russia, Moldova has not been able to import any gas from Romania. Still, the pipeline is now, under the support of the EU lengthened so in 2017 import from the Romanian and EU market could start. Moscow has rejected the plan and is threatening to cut gas supplies if Moldova continues its implementation of the European Union Third Energy Package. One of the conditions under the package is, that the production, transport and distribution cannot be done by the same company, something that Gazprom is enjoying at the moment. Russia has proposed a deal for Moldova to postpone the package until 2020, otherwise they would cut the gas supplies.

Moldovagaz will probably use every chance it has to undermine domestically and internationally the deal and Moldova's foreign policy goal to join the united EU energy market and the EU in general one day, in order to keep Moldova energy dependent from Russia. This might prove hard, since Moldova does not enjoy strong economic relations with Russia anymore, after Moldova signed the Associations Agreement with the EU, this also shows why the economic dependence fell drastically in 2014. The trade and inward FDI-s will not resume when Moldova will hold its foreign policy to distance itself economically and energetically from Russia and move closer to Brussels. Since it is the governments clear policy to decrease energy dependence from Russia and to link Moldova's economy with the EU, Russia, except for its natural gas, does not have many means to influence the government from the inside. Public opinion polls show that the population equally supports the EU and

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<sup>76</sup> Rodica Zadnipro, State Chancellery, 2011. „Energy Policy of Republic of Moldova“ available at: <https://eneken.ieej.or.jp/data/3923.pdf> (accessed 22.05.2016).

the Customs Union with Russia-Belarus-Kazakhstan, the numbers being 45% for the EU and 48% for the CU.<sup>77</sup>

A potential interstate militarized dispute between the two nations is almost impossible, not only because of the declined economic relations and the low corrupt ties between the two nations, but also due to the fact that the two nations do not share a border. So geographical distance is somewhat a security guarantee for Moldova. It is clear that complex interdependence does not prevail in the dyad of Moldova-Russia due to Moldova's new foreign policy goals.

### Armenia

Although Armenia in 2014 exceeds the five percent threshold set in this research, it is too soon to make any conclusions, since trustworthy data for 2015 is still not available and the economic dependence rate of 5,13% could be a one-time thing and not have a greater effect on the countries internal, foreign and economic policy. On the other hand, Armenia joined the Eurasian Economic Union in 2015 that marks a shift away from the European Union and indicates a united economic and foreign policy with Russia. Armenia's economic dependency from Russia has not been that significant in the former years, yet in 2010 an 8% decline in Russian GDP caused 15% drop in Armenian GDP shows how intertwined the economies were.<sup>78</sup> This resulted in a very low dependence from Russia in 2010, declining from 3,42% in 2009 to 1,85% in 2010.<sup>79</sup> Economic dependence has been rising steadily ever since, peaking at the mentioned 5,13% in 2014. One could assume, that after joining the Eurasian Economic Union, economic dependence from Russia will increase. Another important issue is Armenia's energy dependence from Russian energy carriers. Russia

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<sup>77</sup> Institute for Public Policy, 2015. "Final Report, BPO – November 2015" available at: [http://www.ipp.md/public/files/Barometru/Brosura\\_BOP\\_11.2015\\_first\\_part\\_ENGLISH\\_V1.pdf](http://www.ipp.md/public/files/Barometru/Brosura_BOP_11.2015_first_part_ENGLISH_V1.pdf) (accessed 22.05.2016).

<sup>78</sup> Ian J. McGinnity, Claremont McKenna College, 2010. „Selling its Future Short: Armenia's Economic and Security Relations with Russia“ available at: [http://scholarship.claremont.edu/cgi/viewcontent.cgi?article=1059&context=cmc\\_theses](http://scholarship.claremont.edu/cgi/viewcontent.cgi?article=1059&context=cmc_theses) (accessed 20.05.2016).

<sup>79</sup> Source: Authors own calculations. Dependence as % of GDP (Foreign trade + Inward FDI), formula by Russet, O'Neal, Davis, 1998. Original data originating from the World Bank, Russian Federal Federation Federal State Statistics Service, Central Bank of the Russian Federation.

acquired in the course of 2000s several key energy infrastructure units like Metsamor nuclear power plant and acquired stakes in the Armenian natural gas infrastructure system. Russia then went on to undermine the Tabris-Yershak gas pipeline construction with between Armenia and Iran. A deal that would have decreased Armenia's energy dependency from Russia and allowing Armenia to diversify its energy imports. Russia answered by doubling the natural gas prices for Armenia from 54 US dollars in 2005 to 110 US dollars per 1000 cubic meters from 2006 – 2009. The rapidly increasing gas prices affected all of Armenia and the consumers could not afford to pay the newly set price. This was also seen as a punishment action from Moscow to warn the Armenian government about the consequences of trying to leave Russian sphere of economic and political dependence. A move that had been used to punish Ukraine and Georgia after their Color Revolutions and aligning with the policies of the West, i.e. the European Union, the United States and NATO. Such moves were seen by Moscow as hostile. Potential revolutions in the future with possible receding from Russian economy and energy dependence, had to be stopped. After facing years of unpopularity and the dissatisfaction from the Armenian consumers, president Robert Kocharyan gave in to Moscow and Gazprom not only acquired the first part of the Armenian-Iran gas pipeline in Armenian territory, allowing Gazprom, i.e. Moscow to control the flow of natural gas Armenia receives from Iran. Gazprom also managed to acquire 82%-92% of Armenia's national gas company ArmRosGas.<sup>80</sup> This shows relatively high level of economic and energy dependence from Russia that form the first pillars of complex interdependence. Yet, looking at plain economic statistics, economic dependence could not be marked as significant in most of the studied years.

Corruption, both political and business corruption is also high in Armenia. These sectors are also connected with Russia and depend on Russian orders and political decisions. Personal connections between politicians and business men in Armenia and between Moscow and Yerevan have created a highly monopolized economy divided between local,

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<sup>80</sup> Vladimir Sokor, Eurasia Daily Monitor Volume: 3 Issue: 76, 2006. „Armenia's Giveaways To Russia: From Property-For-Debt To Property-For-Gas“ available at [http://www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews\[tt\\_news\]=31599#.V0GzcvmLSUk](http://www.jamestown.org/single/?no_cache=1&tx_ttnews[tt_news]=31599#.V0GzcvmLSUk) (accessed 21.05.2016).



foreign and Russian business men and companies. Different Russian state owned and private multinational corporations own large shares of the countries mining, telecommunications and most importantly, energy sector. Also a lot of Armenians are dependent on their relatives working in Russia and sending remittances back to home. But due to the worsening economic climate in Russia, a lot of Armenians have lost their job in Russia, forcing the government to seek new economic and business relations with the West once again.<sup>81</sup> ArmeniaNow made an analysis about the economic sector and the political and business ties in 2008. According to the analysis and information provided by the former Prime Minister Hrant Bagratian, around 55% of Armenia's GDP is controlled by only 44 oligarch families. At least 25 of the 131 total parliament members were business men, creating a very favorable opportunity to control the business sector through official state policies.<sup>82</sup>

The heavy corruption in the political and economic sphere, combined with the politicians, who own and control over half of the economy, and the relations with Russia, show how complex interdependence does exist in the Armenia-Russia dyad. What also contributes to the high level of political and economic corruption is the lack of democracy and an semi authoritarian government that has to protect its interests by maintain good relations with Moscow and the business elite. The lack of political opposition and free and fair elections has created a situation where change is hard to occur. It is too soon to make any future projections, since Armenia is already looking for new markets and trading options with the West and it seems the decision by joining the EEU in 2015, is already regretted. Moscow's next moves could again be energy related trying to tighten its political and economic grip on Armenia. When the overall economic climate worsens and the majority of the population is going to be unsatisfied for a longer period of time with the government's official policy.

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<sup>81</sup> Marianna Grigoryan, Eurasianet, 2015. „Armenia: Trying to Break Free of Economic Dependence on Russia?“ available at: <http://www.eurasianet.org/node/73486> (accessed 21.05.2016).

<sup>82</sup> Haroutiun Khachatrian, ArmeniaNow, 2008. “Competitive Edge: The pitfalls of monopolies, and the challenges of a business-influenced parliament” available at [https://www.armenianow.com/special\\_issues/agbumag/8033/competitive\\_edge\\_the\\_pitfalls\\_of\\_m](https://www.armenianow.com/special_issues/agbumag/8033/competitive_edge_the_pitfalls_of_m) (accessed 21.05.2016).

When looking at the CaucasusBarometer statistics, only 19% of voters trusted the president and its institution, compared to the 59% of voters who fully distrusted or somewhat distrusted the president and its institution. The support for Armenia's membership to the EU was 45% compared to the 26% who did not support membership to the EU. Membership to the EEU was supported by 55% of voters, the membership was rejected by just 13%.<sup>83</sup> The respective numbers in 2015 were almost the same. But the distrust for president's institution had declined to 63% and trust had declined to 16%. On the other hand, support for Armenia's membership to the EU had also declined to 39%, and the number of voters who declined Armenia's membership to the EU had also declined to 22%. Membership support for the EEU was 55% compared to the 12% who did not support the membership to the EEU.<sup>84</sup>

The statistics are somewhat controversial. Although the majority of the voters distrust the president's regime, the support for EEU membership is higher than the support for EU membership. It is hard to make any long term projections what might happen. Dissatisfaction and the declined support for the ruling regime is what sparked the Euromaidan events in Ukraine back in 2013. This was backed by the support for the membership to the EU and the anti-support attitude towards the new economic deal with Moscow. Such a future might be possible in Armenia, since the dissatisfaction with the president's institution is very high, on the other hand the public seems to support Armenia's belonging to the EEU. It would be the authors conclusion, that when the support for the EU increases in a correlation with the decrease in support for the EEU (i.e. basically towards a Russian favored foreign policy), and given the fact that the dissatisfaction and distrust with the president's regime remain high, events like Euromaidan might be possible.

## Ukraine

Ukraine's economic dependence from Russia has been high since the early two thousands. This is due to the very strong historic economic ties between Russia and Ukraine. Ukraine inherited approximately a third of the Soviet Union's heavy war industry and is

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<sup>83</sup> CaucasusBarometer, 2013. „Caucasus Barometer 2013 Armenia“ available at: <http://caucasusbarometer.org/en/cb2013am/codebook/> (accessed 22.05.2016).

<sup>84</sup> CaucasusBarometer, 2015. „Caucasus Barometer 2015 Armenia dataset“ available at: <http://caucasusbarometer.org/en/cb2015am/codebook/> (accessed 22.05.2015).

highly dependent on Russian orders, state owned companies like Ukroboronprom, which unites one hundred and twenty five domestic defense companies mostly rely on Russian orders (for instance Antonov aircrafts, Mi helicopter engines, ammunitions, guided missiles, ammunition etc.) and their profit goes directly into the federal budget. Russia has been the biggest single market for Ukraine in both import and export-wise from the dissolution of the Soviet Union back in 1991 until 2013, which marked the last year when Russia was the single biggest trading partner for Ukraine<sup>85</sup>. Still, heavy industries like the war industry, metallurgy industry and the coal industry, but also the agriculture industry remained heavily dependent on Russia's import. So due to the historic reasons, the economies of Ukraine and Russia have always been strongly linked in the described sectors which carried remarkable losses after the conflict between Russia and Ukraine escalated in the end of 2013.

When looking at Table 3, the data shows how from the end of the global financial crisis Ukraine's dependency from Russia rose almost up to 13% in 2012 and then began to fall. Before the conflict escalation, the dependency percentage was 9,01 for Ukraine. This number indicates a relatively high number of dependence, in fiscal terms it means 16,51mln US dollars from the total GDP of 183,31mln US dollars.

Country	Dependence, as a % of GDP (Foreign Trade + Inward FDI)							
	2014	2013	2012	2011	2010	2009	2005	2000
Ukraine	7,91	9,01	10,70	12,95	10,82	8,49	9,35	11,92

Table 3. Dependence as % of GDP (Foreign trade + Inward FDI). Ukraine. Source: Authors own calculations. Formula by Russet, O'Neal, Davis, 1998. Original data originating from the World Bank, Russian Federal Federation Federal State Statistics Service, Central Bank of the Russian Federation, United Nations Database.

Statistics show that the dependence from Russian money in Ukraine is relatively high, but the dependence started to decrease from its peak of 12,95% in 2011 and had fallen to 9,01% in 2013, the year the conflict between Ukraine and Russia escalated. According to the liberals, such an escalation should not have happened. But there is more to it than just economic dependency. The conflict between Ukraine and Russia started to unravel back in the end of 2013 and was sparked due to the disappointment about the decision to reject the

<sup>85</sup> European Commission Directorate-General for Trade, 2015. "Ukraine Trade Profile" available at: [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113459.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113459.pdf) (accessed 10.05.2016).

European Union Association Agreement at the EU Vilnius summit. The president at the time, Viktor Yanukovych was supported financially and politically by the Putin led Russian government. The political support from Russia, coupled with promises about financial aid from Moscow and president Yanukovych's strong personal ties with president Putin, made it very hard for Yanukovych to accept the EU offered agreement. Russia had warned Ukraine with different economic sanctions during 2013 not to accept the EU-s offer. For instance, in July 2013 Russia's consumer rights watchdog, Rospotrebnadzor banned the import of Ukrainian made chocolate products made by Roshen, a company owned by pro-European politician (former minister of foreign affairs and of trade) and businessman Petro Poroshenko. The move was seen as a punishment and warning for Ukraine by their Russian counterparts for the deepening economic and political relations with the EU. Facing political and financial pressure from Moscow, president Yanukovych declined the EU offered deal, stating the offered financial aid of 610 million Euros (intended as a loan) offered by the EU to Kiev is inadequate and that demanded political changes are not reasonable.<sup>86</sup> The political games played by president Yanukovych seemed to favor the Russian bound oligarchs and business sector, since right after the rejected EU deal, president Yanukovych met with his Russian counterpart and on the 17<sup>th</sup> December 2013, the Ukrainian-Russian action plan was signed, granting 15 billion dollars to the Ukrainian government in loans and a new, fixed and lowered gas price.<sup>87</sup> But the latter deal between Ukraine and Russia did not save Yanukovych's political career. In order to understand, why the rejection of the EU deal did spark the Euromaidan events that eventually pinnacle with a second revolution within ten years, it is important to look at the whole situation through the complex interdependence theory.

It is also very important to notice that Ukraine is also highly dependent on Russian energy carriers, especially from Russian oil products and natural gas. Russia is the main importer of natural gas to Ukraine. In 2013, Ukraine imported 25,8bln cubic meters natural

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<sup>86</sup> BBC, 2013. "Ukraine protests after Yanukovych EU deal rejection" available at: <http://www.bbc.com/news/world-europe-25162563> (accessed 10.05.2016).

<sup>87</sup> Deutsche Welle, 2013. „Russia makes \$15 billion, gas discount commitments to Ukraine“ available at: <http://www.dw.com/en/russia-makes-15-billion-gas-discount-commitments-to-ukraine/a-17303930> (accessed 10.05.2016).

gas from Russia (92% of all the natural gas imported), which is nevertheless 15,1% less than in 2012. In 2014 Ukraine managed to reduce its import of natural gas from Russia even more to 14,5bln cubic meters, an import downfall of 1,8 times. This was possible due to the increased import of natural gas from the EU what rose 2,4 times to 5bln cubic meters in 2014, compared to 2,1bln cubic meters in 2013. Equally important is the energy consumption by sector in Ukraine. In 2012, the industrial sector used 33,98% of the produced energy and the residential and household sector 32,10%, transportation was the third biggest energy consumer with 15,66% of the produced energy.<sup>88</sup> The latter statistics shows how dependent and vulnerable Ukraine is from Russia and Russia has over the years effectively used energy carriers as means of influence. Russia is dictating the price of gas and since the industrial sector is using a third of the produced energy it is highly dependent on Russian natural gas and will influence the government not choose a favorable foreign policy, in order to maintain the sustainable energy flows with a price lower than on the market. Since the industrial sector is run by oligarchs standing close to the government, corruption will prevail and this will create a situation, where all the parties need each other in order for the system not to fail. The same logic also applies for the residential and household sector. The government is dependent on its electorate and when gas flows are cut, the citizens will literally be left in the cold. This again reflects on the support of the government. So Russia has, via. energy carriers influenced Ukrainian foreign policy towards Kremlin by making them dependent on both energy, trade and FDI-s. The 2005 and 2008/9 gas disputes between Ukraine and Russia showed exactly how vulnerable Ukraine is and that settling the disputes is a high-stakes political game that involves potential corruption and oligarchs. One must not also exclude the rest of Europe – in both cases of 2005 and 2008/9, gas flows did not only stop for Ukraine, they also stopped for the rest of Europe who is more or less dependent on Russian gas. For Moscow, the plan all along was to subject Ukraine in order to “become a single transit space between Europe and China, between European and Asian markets,” as explained by the chairman of the

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<sup>88</sup> Inna Semenenko, Institute of Economic Research and Polish Economic Society Branch in Toruń, 2015. „Energy Security of Ukraine in the Context of its Sustainable Development“ available at: [http://www.badania-gospodarcze.pl/images/Working\\_Papers/2015\\_No\\_22.pdf](http://www.badania-gospodarcze.pl/images/Working_Papers/2015_No_22.pdf) (accessed 10.05.2016).

International Affairs Committee of the State Duma, Konstantin Kosachyev.<sup>89</sup> This would have given Moscow even more power not only over Ukraine, but also against the EU. Moscow continued to pressure Kiev in acquiring 50% of its national gas company, Naftogas, but Kiev did not sell its shares like did Belarus in 2007. Moscow took the negative step again as threat what escalated with the 2008/9 gas dispute. So not only is Kiev facing political pressure from inside its own country, but also external pressure both from Moscow and the capitals of Europe.

As described in the theoretical base section, complex interdependence consists of three main pillars – multiple channels, absence of hierarchy and the absence of military force when complex interdependence prevails. Now it is established, that dependency in several key economic areas did prevail and forced the president to align its foreign policy with the one of Moscow, not Brussels. The other three variables used on the current research are corruption, public opinion and the level of democracy represent the other pillars of complex interdependence. As explained in the research design chapter, corruption can not only encompass the political institutions and the ruling government, but can also incorporate the business sector with the political sector and intertwine the two. In the Ukrainian case, levels of corruption were very high and the political elite was dependent on the business elite and vice versa. The ties are also present and extend over the borders – the oligarchs in the Eastern-Ukraine were financially and economically very much interweaved with the Russian economy and they depended on the Russian market. The oligarchs also relied on personal ties with the Russian political and business elites so it created a triadic nexus between the Russian business/political elite, the Ukrainian business elites and the Ukrainian political elites. They all depended on each other in different ways and the triadic system fostered corruption and it was crucial for the system that all the parties would remain relatively intact from democratic control mechanisms (for instance democratic elections that could change the working system). The proposed triadic nexus was present within the energy sector that was described before and linked Kremlin with Kiev and Ukrainian oligarchs. Just as Smith

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<sup>89</sup> Kyiv Post, 2011. “Moscow to counteract "anti-Russian" form of Ukraine's integration with EU” available at: <https://www.kyivpost.com/article/content/russia-and-former-soviet-union/moscow-to-counteract-anti-russian-form-of-ukraines-99007.html?flavour=mobile> (accessed 05.05.2016).

described about the ties of politics and the business sector: “Yanukovych had constructed a powerful local political machine in the Donbas region, an eastern region known for its corruption and use of state resources for regional gain.”<sup>90</sup> “Yanukovych represented the strongest clan of the oligarchs in Donetsk and that he received support from three groups of oligarchs in Donetsk, Dnepropetrovsk, and Kiev, making him the best possible candidate for the government that was mostly comprised of oligarchs and policies that benefited their interests.”<sup>91</sup> Yanukovych rose to presidency in 2010, after the opposition was split and the electorate wanted change in the economic policies. He then started consolidating his power by “overturning the constitutional changes that were made after the Orange Revolution. Yanukovych used his new powers to replace all government officials with those who were loyal to him, giving his political party full control.”<sup>92</sup> Angela Stent described, that Russia still viewed Ukraine not as a partner on equal terms, but as a former member of the Soviet Union that now, with the rest of the former members were part of Russia’s sphere of influence. The sphere granted Russia special privileges and rights, but it also meant Russia maintained close business and political relations with Kiev, in order to keep Ukraine in its sphere of influence by keeping close relations with the country’s political and business elites, i.e. with oligarchs. Stent points out, that another crucial factor was maintain influence through “linguistic, educational, and cultural ties.”<sup>93</sup> After Russia declined the Association Agreement with the EU, Frank-Walter Steinmeier, the foreign minister of Germany accused Russia in its inauguration speech, stating that: “It is scandalous how Russia used Ukraine’s economic plight in order to prevent the signing of the association agreement with the European Union.”<sup>94</sup> This all shows that the described triadic nexus of corruption indeed existed, Yanukovych and the political elite depended on money flowing in from Moscow. Moscow

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<sup>90</sup> Allison Smith, 2<sup>nd</sup> Annual Nelson Institute for Diplomacy and International Affairs - Undergraduate Conference on Global Affairs, 2015. „International Actors in Ukraine’s Revolution to Democracy From 2004 to 2014” available at: [Drake.edu](http://Drake.edu) (accessed 10.05.2016).

<sup>91</sup> Andres Aslund, Michael McFaul, 2006. *The Ancien Regime: Kuchma and the Oligarchs*. Carnegie Endowment for International Peace.

<sup>92</sup> Serhiy Kudelia, “The House that Yanukovych Built,” *Journal of Democracy*, 2014, (25), pp. 19-34.

<sup>93</sup> Angela Stent, 2014. “The Limits of Partnership: US-Russian Relations in the Twenty-First Century”, New Jersey: Princeton University Press.

<sup>94</sup> Deutsche Welle, 2013. „Russia makes \$15 billion, gas discount commitments to Ukraine“ available at: <http://www.dw.com/en/russia-makes-15-billion-gas-discount-commitments-to-ukraine/a-17303930> (accessed 10.05.2016).



on the other hand saw the semi-authoritarian regime as close ally over whom Putin can extend its political power and influence. Maintaining the *status-quo* in Ukraine would give Moscow and the Putin's regime the opportunity to not only control the local political and business elite, but it would give Moscow the chance to control the gas flows into Europe and maintain a military upper-hand in the Black Sea by maintaining its naval base in Sevastopol. Maintaining its security in the region was one of Kremlin's main concerns. The theoretical and empirical evidence provided here is also backed by the Transparency International Corruption Perception Index (CPI), as seen in Table 4.

Country	Transparency International Corruption Perception Index							
	2014	2013	2012	2011	2010	2009	2005	2000
Ukraine	26,00	25,00	26,00	2,30	2,40	2,20	2,60	1,50

Table 4. Transparency International Corruption Perception Index. Source: Transparency International, Corruption Perception Index Database.

It is clear from the CPI data, that corruption has been a big problem in Ukraine within the last decades and the events in the end of 2013, when Yanukovich neglected the proposed EU deal were seen as the continuance of the ruling regimes corrupt policies and sparked the Euromaidan events. The described gas disputes were only one of Kremlin's levers to influence Kiev. Putin and Medvedev's regime also undermined Ukraine's attempts to gain a NATO Membership Action Plan back in 2008 in order to protect its influence and power in the region. President Yushchenko's EU and NATO oriented foreign policy and receding from Russia and its sphere of influence challenged Moscow to take somewhat drastic measures for retaining its position in the region.

As described in the latter sections, corruption and economic dependency were heavily linked in Ukraine during the past decades. This, just like inter-state corruption tied with personal relations of politicians and oligarchs, fits in the model of complex interdependence. Public opinion in the Ukrainian case is closely linked with corruption. Researchers like



Allison Smith<sup>95</sup>, Dmitry Gorenburg<sup>96</sup>, Aleksei Poltorakov<sup>97</sup>, Aleksei Shestakovskii<sup>98</sup> and Ilya Gerasimov<sup>99</sup> have all stated that one of the key reasons behind the Euromaidan events was corruption. And not only political corruption, but the already described corruption within the political and business sector, since the two are intertwined in Ukraine. But it is vital to explain how the Ukrainian society had differentiated into two major value based societal units. Shestakovskii explained in his study about Euromaidan values that Ukraine as an entity was split in half – west vs. east, western values vs. eastern/Russian values, capitalist vs. socialist values, secular vs. orthodox values. Kiev as the capital was leaning more towards west and the younger generation in Kiev felt disappointed and saw Yanukovich's decision to reject the EU deal as degrading for Ukraine and again falling more under Moscow's control. The values portrayed by the Euromaidan protestors were more in common with the conservative Scandinavian and Western-Europe values than with the ones originating from Russia. The protestors valued the common good and a high moral standards more than individual gain (that is a common factor in corruption) and were willing to risk for the values.<sup>100</sup> Ilya Gerasimov found in his study about Euromaidan, that indeed a clash of traditional and western values sparked the conflict. "The Ukrainian revolution is a postcolonial revolution because it is all about the people acquiring their own voice, and in the process of this self-assertive act forging a new Ukrainian nation as a community of negotiated solidary action by self-conscious individuals."<sup>101</sup> This is explained by Gerasimov by referring to an essay by Yaroslav Hrytsak: "The distinction between identity-centered and value-oriented approaches. Many experts in the region and left-leaning intellectuals prefer to support

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<sup>95</sup> Allison Smith, 2<sup>nd</sup> Annual Nelson Institute for Diplomacy and International Affairs - Undergraduate Conference on Global Affairs, 2015. „International Actors in Ukraine's Revolution to Democracy From 2004 to 2014" available at: [Drake.edu](http://Drake.edu) (accessed 10.05.2016).

<sup>96</sup> Dmitry Gorenburg, „The Maidan: A Ukrainian Revolution," *Russian Politics and Law*, 2015, (53), pp. 1-5.

<sup>97</sup> Aleksei Poltrakov, „The Functional Dynamic of Ukraine's "Maidan"," *Russian Politics and Law*, 2015, (53), pp. 28-36.

<sup>98</sup> Aleksei Shestakovskii, „Radicalized Europeans? The Values of Euromaidan Participants and Prospects for the Development of Society," *Russian Politics and Law*, 2015, (53), pp. 37-67.

<sup>99</sup> Ilya Gerasimov, „Ukraine 2014: The First Postcolonial Revolution. Introduction to the Forum," *Ab Imperio*, 2014, (3), pp. 22-44.

<sup>100</sup> Aleksei Shestakovskii, „Radicalized Europeans? The Values of Euromaidan Participants and Prospects for the Development of Society," *Russian Politics and Law*, 2015, (53), pp. 37-67.

<sup>101</sup> Ilya Gerasimov, „Ukraine 2014: The First Postcolonial Revolution. Introduction to the Forum," *Ab Imperio*, 2014, (3), pp. 22-44.

Russian aggression against Ukraine because in this way they can keep unchanged their worldview structured by taxonomies of fixed identities: “Russia as a main antifascist force,” “Ukrainian fascists,” “American imperialists,” and so on. A critical deconstruction of familiar clichés implies that one has to enter uncharted waters and embrace a new, unfamiliar reality of post-postmodern society and postcolonial revolution.”<sup>102</sup> Again, a pattern of a clash of values within the Ukrainian society emerges that paved the way from Euromaidan to the revolution. The old vs. new values within the society marked the postcolonial revolution, as described by Gerasimov. It shows, that the values represented by the governing regime did not match the expectations of the younger, western oriented generation and since the political regime was also highly corrupt, the pivot towards Moscow was seen as a stagnation for Ukraine. Alexander Vinogradov conducted a psychological case study and presents the same results about the values of Euromaidan. Vinogradov uses the Schwartz Value Theory to measure the values of Euromaidan protestors and to determine what are the motivators of their actions and what are the potential end-goals. Vinogradov determined, that the values represented by the Euromaidan protesters were mainly the in line with the Western-European and Scandinavian values. Benevolence, universalism, self-direction and security prevailed over values like power, tradition, conformity heroism and achievement. The rest of the Ukraine did value conformity, tradition, power and did not value the universal moral values as much as the Euromaidan part of the society. Schwartz Value Theory also determines, that the values represented within the Euromaidan generation, did spark the need for protest, the need for a change and the need to change the moral values in the society. “After the first week and after the brutal beating of students, the Revolution of Dignity began. It was followed with the expression of negative attitudes towards government, police, and personally Yanukovych and Azarov together with the manifestation of the values of equality, fairness, security, human rights, and respect for dignity.”<sup>103</sup> The presented studies and explanations about the clash of values that sparked the revolution also coincide with the public opinion polls in Ukraine, as seen in Table 5.

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<sup>102</sup> Ibid.

<sup>103</sup> Alexander Vinogradov, Sviatoslav Sviatnenko, „EuromaidanValues from a Comparative Perspective,” *Socia, Health, and Communications Studies Journal*, 2014, (1), pp. 41-61.

<b>Public opinion, European Union <i>versus</i> Russia</b>		
<b>Year</b>	<b>EU</b>	<b>Russia</b>
<b>2014</b>	<b>52,50</b>	<b>16,60</b>
<b>2013</b>	<b>n/a</b>	<b>n/a</b>
<b>2012</b>	<b>38,75</b>	<b>33,15</b>
<b>2011</b>	<b>36,95</b>	<b>37,85</b>
<b>2010</b>	<b>26,50</b>	<b>46,30</b>
<b>2009</b>	<b>25,70</b>	<b>50,55</b>
<b>2005</b>	<b>34,56</b>	<b>38,93</b>
<b>2002</b>	<b>29,63</b>	<b>29,90</b>

Table 5. Public opinion, European Union *versus* Russia.

Source: Authors own calculations. Original data originating from Razumkov Centre.

The public opinion polls conducted yearly by the Razumkov Centre in Kyiv, confirm the studies presented and analyzed in this research. From the public opinion polls, again the described pattern emerges, where a nation is divided largely into two. In the early 2000s, the difference between the west vs. east values was not that big, but peaked in 2009, when Russia used its second gas dispute to split the local political opposition and undermined the positions of president Yushchenko. Such tactics helped Moscow to support once again the candidacy of Viktor Yanukovych and tighten the political and economic “noose” around Ukraine’s neck. But the deepening corruption within the political and business elite combined with the bad economic results, paved way to ideas, that Moscow and president Yanukovych had reversed the positive effects of democracy and the 2005 Orange revolution. The support for Russian biased policy declined fast and already in 2011, the two sides of one country were on even terms, in 2012, the Western values already prevailed and the majority of Ukrainian citizens wanted to see a change of foreign policy from Russia towards Brussels. The pro-Russian values and the deepening corruption were seen as one of the indicators the public opinion towards Russia changed and the Western Values and the EU was seen as a viable new course for Ukraine. As Olga Chuprya is referred by Gorenburg in his editors overview: “The resulting mixing of people with different cultural backgrounds in a highly fraught environment may have helped to bridge the cultural gap that has dominated Ukrainian politics

since independence, strengthening civic Ukrainian national identity in the process.”<sup>104</sup> The described situation of corruption, economic dependence and the governing regime of Yanukovych can be described with the words of Tellis: “In other words, corruption by the insiders of the regime is the Achilles’ heel of an authoritarian developmental state.”<sup>105</sup> But in the Ukrainian case, corruption marked only one pillar of the many that lead up to the events of Euromaidan.

It is clear how corruption is closely intertwined and linked with economic dependency and how the two variables very much influenced the public opinion in Ukraine, but the third control variable used in the study, regime type is also closely linked with the latter two pillars of complex interdependence.

Country	Democracy Index							
	2014	2013	2012	2011	2010	2008	2006	2000
Ukraine	5,42	5,84	5,91	5,94	6,30	6,94	6,94	n/a
Regime Type	Hybrid Regime	Hybrid Regime	Hybrid Regime	Hybrid Regime	Flawed Democracy	Flawed Democracy	Flawed Democracy	n/a

Table 6. Democracy Index and Regime Type. Source: Economist Intelligent Unit Index of Democracy.

The regime types in Russia and Ukraine have been relatively alike. When Ukraine was until 2010 marked as a flawed democracy, the regime change from Yushchenko to Yanukovych with the imprisonment of Yulia Tymoshenko in 2011 marked the regime type change in Ukraine towards a hybrid regime that can also be described as a semi-authoritarian regime. When looking at the empirical data presented and the studies analyzed, one can conclude, that regime change and aligning more with Moscow increased the dependency from Russia for a couple of years and also the support towards a Russian friendly foreign policy increased. But as explained, the stagnation in economy with the increased corruption, turning away from the EU and aligning with Russia all created the perfect conditions for Euromaidan that escalated into a revolution.

<sup>104</sup> Dmitry Gorenburg, „The Maidan: A Ukrainian Revolution,” *Russian Politics and Law*, 2015, (53), pp. 1-5.

<sup>105</sup> Ashley J. Tellis, Michael Wills, 2006. *Trade, Interdependence and Security*. The National Bureau of Asian Research.

Although in the Russo-Ukrainian case the similar regimes contributed to the complex interdependence model, since not only were the two regimes similar, but they were also connected via. personal/formal, as well as impersonal/informal ties. This applies both to the political and economic sector and the triadic nexus model can also be applied to the elite's relations between Kiev and Moscow. So it seems that the complex interdependence model can be applied to the Russo-Ukrainian relations. As explained, there were formal and informal ties between the government officials, political elite and the business sector. Military security was not always the top priority of interstate relations. Russia did feel it is losing its economic and military influence in the region and did undermine the Ukrainian MAP from NATO, but at the same time there was a constant battle over the prices of energy carriers and the heavy industry sector wanted to secure orders from Russia and retain the cheap gas originating from Russia. Corruption also tied the two countries together and did that from the highest level, in both political and business spheres. The regime type statistics shows how the two governmental systems were similar and this should have avoided a possibility of a militarized conflict, as suggested by Benoit<sup>106</sup> and Gleditsch and Hegre.<sup>107</sup> But Gleditsch and Hegre also imply, that the process of democratization, that started in Ukraine with the events of Euromaidan might be the cause of a conflict. This might also be the case with Russia and Ukraine. Although the complex interdependent model did exist between the dyad, the key variable was the public opinion. A dramatic change in the public perception that could even be described as a change in the collective paradigm. The shift in the collective consciousness made people come to the streets and sparked the demonstrations. Yanukovych did not reply, aligned with Moscow, who feared of losing its influence in the region and eventually Yanukovych sent its own troops against its own people. This was the last straw so to speak. The public wanted a change towards the West and also valued the Western values as well, so a democratization process was about to happen in Ukraine that again frightened Moscow and eventually put them in a position to undermine the newly

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<sup>106</sup> Kenneth Benoit, „Democracies Really Are More Pacific (in General). Reexamining Regime Type and War Involvement,“ *The Journal of Conflict Resolution*, 1996, (40), pp. 636-657.

<sup>107</sup> Nils Petter Gleditsch, Havard Hegre, „Peace and Democracy, Three Levels of Analysis,“ *Journal of Conflict Resolution*, 1997, (41), pp. 283-310.

appointed government and to spark a civil war in Ukraine, while being a silent supporter of the pro-Russian regimes in Crimea, Lugansk and Donetsk.

The question, whether there is a militarized interstate conflict between Russia and Ukraine that can be considered as an act of war in the current research, it is necessary to look at the scale of the conflict and the chronology of public statements and actions made by the political leaders of Ukraine and Russia. The scale of the conflict can be described as extensive. Unmarked Russian troops invaded Crimea in February 2014 and illegally seized power from the local authorities in Simferopol. Also in February, president Putin asked the Federal Assembly “to authorize the use of force not just in Crimea, but "on Ukraine's territory until the socio-political situation is normalized.””<sup>108</sup> A referendum was held in March, where 97% of locals have said to voted to join Russia. A step that Prime Minister Arseny Yatsenuk described as not as a threat, but an act of war against Ukraine.<sup>109</sup> The first battles in the Donbass region broke out in April 2014. But already in March, Ukraine mobilized its troops and called up military reservists in order to battle the separatist republics, whom Russia continues to support until this day with financial, military and technical aid. In March 2015, Yatsenuk stated that ““Ukraine is in a state of war with a nuclear state, which is the Russian Federation. Hostile countries over the past decade have spent billions of dollars rearming it.””<sup>110</sup> In June, 2015, president Poroshenko signed the Bill No 389-VIII On Legal Regime of Martial Law.<sup>111</sup> The latter legal document gave the Ukrainian head of state the power to declare war. Although neither parties have actually declared the state of war, the Ukrainian side has mobilized its troops and moved its heavy weaponry to the civil war border. This all indicates a large scale use of military force in the Ukrainian side. Russia has officially denied

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<sup>108</sup> Julia Ioffe, New Republic, 2014. „Putin's War in Crimea Could Soon Spread to Eastern Ukraine“ available at: <https://newrepublic.com/article/116810/putin-declares-war-ukraine-and-us-or-nato-wont-do-much> (accessed 11.05.2016).

<sup>109</sup> Marie-Louise Gumuchian, Ben Wedeman, Ian Lee, CNN, 2014. “Ukraine mobilizes troops after Russia's 'declaration of war” available at: <http://edition.cnn.com/2014/03/02/world/europe/ukraine-politics/> (accessed 11.05.2016).

<sup>110</sup> Eric Zeusse, RINF, 2015. „Ukraine’s Prime Minister Yatsenyuk Declares War On Russia“ available at: <http://rinf.com/alt-news/editorials/ukraines-prime-minister-yatsenyuk-declares-war-on-russia/> (accessed 11.05.2016).

<sup>111</sup> Glavnoe 2015. “Poroshenko signed a law on the legal aspects of the martial law” available at: <http://en.glavnoe.ua/news/n229241> (accessed: 11.05.2016)

any involvement in the war in Donbass, but it has become an open secret within the Western societies and political leaders, that Russia is involved, is supporting the separatist regions with armed forces, heavy weaponry, financial means and with overall coordination from Moscow. When looking at the conflict from the perspective of international law, the conflict cannot be considered as a war between two states. It can be classified as militarized interstate dispute, since no party has declared war and in legal terms Russia is not involved in the crisis. But when considering all the events related with the conflict, the scale of the conflict itself, the different parties of the conflict, the Russo-Ukrainian conflict is considered as an act of war in the current research. Such an analysis also supported by the Swedish Defense Research Agency, what has mapped the Russo-Ukrainian conflict and carried out a legal analysis based on international war by looking at all the different actions and variables involved in the crisis. “Given the reports on Russian involvement in Ukraine, however, it may be more likely that the ongoing armed conflict on Ukrainian territory amounts to an international armed conflict as defined in common article 2 of the Geneva Conventions, which holds that an armed conflict may arise between two or more of the high contracting parties (which today means states).”<sup>112</sup> However, the SWDA does admit, that Russia’s hidden involvement may not give enough legal ground to define the conflict as an international one, all the evidence point that the legal and political framework in the international community should state “it as it is in Ukraine, namely war.”<sup>113</sup>

So although complex interdependence did prevail in the dyad between Russia and Ukraine, factors like corruption, intertwined personal relations with Russia and economic dependence rather evoked the chances of a conflict, since they made to change the public discourse. Peace should have prevailed over conflict, since the potential economic and political gains for the country, as an abstract unit were far greater than the outcomes of the ongoing crisis, but the psychological effect of the Euromaidan and the changed values in the societies did not take into account the rational arguments of potential gains and losses, since

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<sup>112</sup> Carina Lamont, Swedish Defence Research Agency, 2014., „What is War? Ukraine and the Legal Definition of War“ available at: <http://www.foi.se/Documents/RUFS%20Briefing%20Carina%20Lamont%20.pdf> (accessed: 11.05.2016).

<sup>113</sup> Ibid.

the collective mind had already decided that the current political order has to be changed and from one moment on the only possible way was a revolution that escalated with a civil war/war with Russia. The escalation of once peaceful protests into an international militarized conflict, i.e. war, indicates that the assumption about interdependence and peace in the context of Ukraine does not apply.

### Georgia

Georgian economic dependence from Russia has never been in as high that it could be marked as significant. Table 7 shows Georgia's economic dependence from Russia from 2000 – 2014.

Country	Dependence, as a % of GDP (Foreign Trade + Inward FDI)							
	2014	2013	2012	2011	2010	2009	2005	2000
Georgia	2,26	1,42	0,68	0,69	0,73	0,24	3,13	2,67

Table 7. Dependence as % of GDP (Foreign trade + Inward FDI). Georgia. Source: Authors own calculations. Formula by Russett, O'Neal, Davis, 1998. Original data originating from the World Bank, Russian Federal Federation Federal State Statistics Service, Central Bank of the Russian Federation, United Nations Database.

The Russo-Georgian war in 2008 cut the economic and financial ties between the two countries and the inward FDI-s from Russia stopped, along with foreign trade with Russia almost to a complete zero in 2009. The calculated dependency from Russia was just 0,24% for Georgia in 2009, but has steadily risen up to 2,26% in 2014. But even before the Russo-Georgian war in 2008, Georgia's dependency from Russian economy was never over the 5% threshold. So the Georgian case should not be viewed in this research, but the lack of economic interdependence and a clear presence of war back in 2008, might indicate that the realist assumptions that interdependence either increases the likelihood of war or is not related to the causes of war, about interdependence and peace have at least in one aspect failed in Georgia. The liberal argument that interdependence decreases the likelihood of conflict might seem to hold in the case of Georgia. But in order to confirm or disconfirm the assumption, the Russo-Ukrainian dyad is needed to be looked in the complex interdependence model also used for Ukraine.



Coming back to the economic dependency from Russia, the presented statistics clearly indicate how Georgia's economy was not dependent from Russia. In 2009, Georgia's GDP was 10,77mln US dollars and the dependence of just 0,24% in 2009, equals just 0,026mln dollars originating directly from Russia via FDI-s and through foreign trade with Russia. In 2014, Georgia's GDP had risen to 16,53mln US dollars and the 2,26% dependence ration equals to a not very remarkable 0,37mln US dollars originating directly from Russia via FDI-s and through foreign trade with Russia. Again, the dependence is not remarkable and cannot be considered as economic dependence at all. But, just like it was the case with Ukraine, Georgia was also highly dependent on Russian energy carriers, especially Russian gas. Table 8 presents Ukrainian dependency from Russian natural gas between 2003 and 2014 (older data was not available).

**Georgia's natural gas consumption and import from Russia**

<b>Year</b>	<b>Georgia's natural gas consumption (cubic meters)</b>	<b>Georgia's natural gas imports from Russia (as a % of total consumption)</b>
<b>2014</b>	<b>2177036,00</b>	<b>2,80</b>
<b>2013</b>	<b>1912530,00</b>	<b>0,00</b>
<b>2012</b>	<b>1916199,00</b>	<b>1,60</b>
<b>2011</b>	<b>1782729,00</b>	<b>1,70</b>
<b>2010</b>	<b>1121140,00</b>	<b>3,90</b>
<b>2009</b>	<b>1188822,00</b>	<b>9,80</b>
<b>2008</b>	<b>1471218,00</b>	<b>34,00</b>
<b>2007</b>	<b>1700020,00</b>	<b>57,00</b>
<b>2005</b>	<b>1331575,00</b>	<b>87,00</b>
<b>2003</b>	<b>878791,00</b>	<b>86,00</b>

Table 8. Georgia's natural gas consumption and import from Russia (as a % of total consumption). Source: Authors own calculations. Original data originating from Civil Georgia.

According to an energy report by Georgia, conducted by the Energy Efficiency Centre Georgia, a pattern emerges that in some sectors resembles Ukraine, 31% of the energy produced in Georgia (as of 2012) is produced from natural gas and the primary energy consumers (in 2012) were the residential (36%), transportation (29%) and industrial sector (22%). Tbilisi, the capital is getting 43% of its primary energy from natural gas and all of it is imported. The rural regions and other cities do not depend as much from natural gas and the electricity originating from natural gas. According to the report, the energy production

and consumption did decline up until the early 2000s, when it started to increase again, but the report implies that the estimations about energy production from basic energy carriers and energy consumption by sectors has remained the same in time.<sup>114</sup> So it is safe to assume, that the values given about consumption and production were also relevant in 2008, at the time of the Russo-Georgian war. Georgia's energy dependency from Russia. What increased Georgia's dependency from Russian gas even more, was the fact that Gazprom acquired the Georgian gas main in 2005 for a restructuring of Georgia's national debt in front of Russia. Although the natural gas prices went up for Georgia from 2006 FY from previous 64 US dollars to 110 US dollars, it was still considered as a win, since Gazprom, as the sole exporter of natural gas into Georgia at that time threatened to increase the price up to 200 US dollars (per thousand cubic meters). The events that followed put even more pressure on Georgia, since in 2006, the only pipeline carrying natural gas to Georgia was sabotaged on the Russian side. No proof or evidence about the organizers were found, but Georgia's high ranking politicians, like the president Saakashvili referred on "dark, barbaric forces," implying sabotaging by Gazprom.<sup>115</sup> At the end of 2006, Gazprom announced it would increase the natural gas prices for Georgia from the settled 110 US dollars to 230 US dollars for 2007 (per thousand cubic meters). Gazprom also offered it would lower the price "in exchange for a stake in the Georgian energy sector."<sup>116</sup> Georgian officials eventually declined the offer and accepted the higher gas prices for FY 2007.

Georgia could reject the energy dependency pressure originating from Gazprom and Russia by averting its natural gas imports and to reverse its energy dependency from Russia and Gazprom. This was possible since Georgia was a "transit state for a pipeline completed in mid-2006, carrying one million barrels per day of Azerbaijani oil to the Turkish port of Ceyhan (the Baku-Tbilisi-Ceyhan or BTC pipeline). Another pipeline completed in early 2007 initially carries 2.2 billion cubic meters of Azerbaijani natural gas to Georgia and

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<sup>114</sup> Elena Gvilava, Liana Garibashvili, Energy Efficiency Centre Georgia, 2014. „Reinforcing Cooperation With ENP Countries On Bridging The Gap Between Energy Research And Energy Innovation“ available at: [https://ener2i.eu/page/34/attach/0\\_Georgia\\_Country\\_Report.pdf](https://ener2i.eu/page/34/attach/0_Georgia_Country_Report.pdf) (accessed 12.05.2016).

<sup>115</sup> Radio Free Liberty Radio Europe, 2006. "Newslines" available at: <http://www.rferl.org/content/article/1143562.html> (accessed 12.05.2016).

<sup>116</sup> Beryl Nygren, „Putins Use of Natural Gas to Reintegrate the CIS Region,“ *Problems of Post-Communism*, 2008, (55), pp. 3-15.

Turkey, lessening their dependence on Russia as a supplier. Another pipeline carries oil from Baku to the Georgian port of Supsa.”<sup>117</sup> The presented evidence about Georgia’s economic dependence and energy dependence all suggest that Georgia was not dependent on Russia neither economically nor energetically when the Russo-Georgian war broke out in 2008. Such economic levers to control Georgia externally and internally to change its foreign policy towards Russia did not exist for Moscow. The two political regimes were not as intertwined with each other as was the case with Ukraine. The same applies to the business sector as well. Georgia did not have a very strong and politically influential group of oligarchs in the society who were in turn dependent on Moscow and lobbied the central government for more favorable deals with Russia.

The absence of such a pillar from the complex interdependent theory could also not foster corruption that was always present in Ukraine, when describing the dyadic relation of Ukraine and Russia, i.e. the personal ties of political and business leaders. As described with the Ukrainian case, such ties did only foster Ukraine and eventually brought people to the streets. It is wrong to say there was no corruption in Georgia, since according to the Corruption Perception Index Georgia was in some sectors as corrupt as Ukraine, but due to the lack of political and economic relations between Thblisi and Moscow, corruption was never a part of foreign policy, as was the case with Ukraine. Table 9 indicates the corruption index in Georgia.

Country	Transparency International Corruption Perception Index							
	2014	2013	2012	2011	2010	2009	2005	2000
Georgia	52,00	49,00	52,00	4,10	3,80	4,10	2,30	n/a

Table 9. Transparency International Corruption Perception Index. Source: Transparency International, Corruption Perception Index Database.

The triadic nexus of corruption does not apply in the case of Georgia for the already described reasons – the lack of personal political ties between Georgia and Russia, just like the lack of personal business ties between Georgia and Russia with the lack of a strong oligarchic group

<sup>117</sup> Steven Woehrel, Congressional Research Service, 2010. „Russian Energy Policy Towards Neighboring Countries“ available at: [https://www.researchgate.net/publication/235213404\\_Russian\\_Energy\\_Policy\\_Toward\\_Neighboring\\_Countries](https://www.researchgate.net/publication/235213404_Russian_Energy_Policy_Toward_Neighboring_Countries) (accessed 12.05.2016).

within the society who also has strong personal relations with both Thblisi and Moscow did not allow Moscow to control and direct Thblisi's foreign policy away from the EU and NATO. So the complex interdependence model also used to describe the dyadic relationship between Ukraine and Russia and to show how some of the sectors of each country have heavily intertwined and can be described as complex interdependence. In the case of Georgia, its relationship with Russia cannot be described with the first pillar of complex interdependence 'multiple formal and informal ties between government officials, nongovernmental elites and transnational organizations.'

The second variable, that turned out to be very significant in the Ukrainian case, was public opinion. In order to assess, if public opinion played the same role in the Georgian society as it did in the Ukrainian one.

<b>Public opinion, European Union <i>versus</i> Russia</b>		
<b>Year</b>	<b>EU</b>	<b>Russia</b>
<b>2014</b>	<b>29,50</b>	<b>10,00</b>
<b>2013</b>	<b>34,00</b>	<b>5,50</b>
<b>2012</b>	<b>36,00</b>	<b>9,00</b>
<b>2011</b>	<b>34,50</b>	<b>9,00</b>
<b>2010</b>	<b>44,00</b>	<b>11,50</b>
<b>2009</b>	<b>27,00</b>	<b>22,00</b>
<b>2008</b>	<b>14,00</b>	<b>33,00</b>
<b>2002</b>	<b>n/a</b>	<b>n/a</b>

Table 10. Public opinion, European Union *versus* Russia. Source: Authors own calculations based on different datasets. Original data originating from Caucasus Barometer, The National Democratic Institute, Gallup, Leibniz-Institut für Sozialwissenschaften, Europe Foundation.

As seen from Table 10, the public opinion favored towards Russia in 2008, but dropped slightly in 2009, after the Russo-Georgian war. The support for the EU was at its highest in 2010, when 44% of the public supported the EU over Russia in issues like integration, economic cooperation and security. The support towards Russia and towards a foreign policy aligning with Moscow continued to decrease from 2008 and reached its lowest in 2013, when only 5,5% of the public supported Russia over the EU. The public opinion polls seem to actually have favored Russia when the conflict escalated between Russia and Georgia and the shift from supporting Russia over to supporting the EU was not as dramatic

as it was in Ukraine. Also important, the “values of the West” were already supported more or less in Ukraine, since at least one third of the population supported assimilating with the EU and this also resulted in the support for democratic values.<sup>118</sup> So there was not a shift in the public paradigm, called forth by a sudden change in the government politics that altered the public perception of moral values and beliefs. More so the variables of economic dependency and corruption did not have the possibility to alter the public opinion towards the EU and against Russia as it did in Ukraine. Still, when looking at statistics published by the International Republican Institute, Russia has been seen as either an immediate or a stand-by threat to Georgia by the Georgian public since the beginning of 2009. There was a shift in favor of Russia from the end of 2012 until the beginning of 2014, when the Georgian public again saw Russia as the main threat for its countries security and territorial integrity.<sup>119</sup> Even though Russia is seen as the biggest threat for Georgia’s security and the public favors the European Union, the results do not fit in the context of complex interdependence, as it did with Ukraine. Moscow did not have any personal ties with the ruling government in Tbilisi and could not control or alter the behavior of Georgia in 2008. The ruling regime in Georgia already shared the values of its people and also saw Russia as a threat to Ukraine. This is the reason Ukraine sought stronger cooperation with the EU, the United States (who solely have been seen one of the biggest security guarantors and friends in Georgia) and NATO. What is in common with Ukraine, is that Moscow undermined the potential MAP-s for both Ukraine and Georgia in 2008, when both countries were denied the MAP due to opposition from France and Germany. But the act itself did not change the public perception negatively towards Russia, it might have just done the opposite, put the West and NATO in the bad light by denying their accession. All in all, public opinion can be ruled out as a cause of the Russo-Georgian war and public opinion along with economic dependence and corruption is not intertwined and dependent in between the variables itself. So it also cannot contribute to the complex interdependent model between Russia and Georgia since the ties

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<sup>118</sup> Martin Müller, „Public Opinion Toward the European Union in Georgia,“ *Post-Soviet Affairs*, 2011, (27), pp. 64-92.

<sup>119</sup> International Republican Institute, 2015. “Public Opinion Survey. Residents of Georgia” available at: [http://www.iri.org/sites/default/files/wysiwyg/iri\\_georgia\\_public\\_2015\\_final\\_0.pdf](http://www.iri.org/sites/default/files/wysiwyg/iri_georgia_public_2015_final_0.pdf) (accessed 12.05.2016).

between the two nations are still too low and it is not clear how one variable can affect another one, or if all.

The third variable that is needed to be analyzed is the regime type. As explained in the Ukrainian chapter by referring to Benoit and Gleditsch, states with ruled by a similar regime tend to engage less in interstate militarized disputes. Just like democracies. Russia, under the regime of president Putin (even when he was officially the Prime Minister) has been ruled by the Economist Intelligent unit as either a semi-authoritarian regime<sup>120</sup> or as an authoritarian regime.<sup>121</sup> This might suggest, that a potential interstate militarized dispute between Russia and Ukraine is not that plausible, but then again it still happened.

	Democracy Index							
Country	2014	2013	2012	2011	2010	2008	2006	2000
Georgia	5,82	5,95	5,53	4,74	4,59	4,62	4,90	n/a
Regime Type	Hybrid Regime	Hybrid Regime	Hybrid Regime	Hybrid Regime	Hybrid Regime	Hybrid Regime	Hybrid Regime	n/a

Table 11. Democracy Index and Regime Type. Source: Economist Intelligent Unit Index of Democracy.

During the five day war in 2008, Russia was considered, just like Georgia, as a hybrid regime. So the conflict should have had less of a possibility to arise when one of the countries would have been an emerging democracy or an authoritarian regime. But the causes in this case lay elsewhere. Just like with Ukraine in 2013, Moscow felt threatened by the shift in Georgian official government discourse that happened after the Rose revolution. The revolution happened when Russia had found its new strength in the international arena and wanted to secure its position firstly within the former Soviet states. Near abroad policy reintroduced by president Putin along with Russia's new geopolitical ambitions in the Caucasus region, not to mention the economic and financial alliance of CIS, that was supposed to become Russia's success story of the 21<sup>st</sup> century. Georgia's Rose revolution did not fit in those plans and the constant help seeking with constant seek of support from the

<sup>120</sup> The Economist Intelligent Unit, 2012. „Democracy Index 2012 Democracy at a Standstill“ available at: <http://www.visionofhumanity.org/sites/default/files/Democracy%20Index.pdf> (accessed 12.05.2016).

<sup>121</sup> The Economist Intelligent Unit, 2014. „Democracy Index 2014 Democracy and its discontents“ available at: <http://www.sudestada.com.uy/Content/Articles/421a313a-d58f-462e-9b24-2504a37f6b56/Democracy-index-2014.pdf> (accessed 12.05.2016).

US, NATO and the EU made Russia react in a way, that they had to “retaliate” in order to drive the new potential allies of Georgia back. It was not so much connected with the regime in Georgia at the time of the war, but what the regime persuaded – democracy and security along with independency from Russia. This is what made Russia act through pretexts found in Abkhazia and South-Ossetia.

McMillan, in her analysis about sophisticated liberalism analyzed the change in societies through Keohane. McMillan concludes that when one member of a dyad wants to pursue its liberal economic goals and interests, it requires the extension of a certain political order “and this can produce conflict between states. Likewise, if the political order is threatened, force may be required to defend it.”<sup>122</sup> This is what happened in Georgia 2008 and in Ukraine 2013. Russia felt threatened by the new liberal goals of both states that required the extension of the new political order, thus moving away from Moscow’s sphere of influence. This made Russia feel threatened and in order to secure its position, force had to be used. So complex interdependence might or might not have existed, it could not overcome the threat for security.

The question, whether there was not only an act of aggression from the Russian side, but if there was a war in the context of international law is easier to answer than it was with the Ukrainian case. President Saakashvili declared war over the territories of South-Ossetia in August 2008: “I have signed a decree on a state of war. Georgia is in a state of total military aggression,”<sup>123</sup> Considering the statements made by president Putin, who declared that: “War has started,”<sup>124</sup> and the scale of the interstate militarized dispute, i.e. the forces used and the casualties carried, there is little or no doubt that the two countries were at war in 2008.

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<sup>122</sup> Susan M. McMillan, „Interdependence and Conflict,” *Mershon International Studies Review*, 1997, (41), pp. 33-58.

<sup>123</sup> The Guardian, 2008. “Georgia declares 'state of war' over South Ossetia“ available at: <http://www.theguardian.com/world/2008/aug/09/georgia.russia2> (accessed 15.05.2016).

<sup>124</sup> Adrian Blomfield, The Telegraph, 2008. „Georgia: Russia enters into 'war' in South Ossetia“ available at: <http://www.telegraph.co.uk/news/worldnews/europe/georgia/2525400/Georgia-Russia-enters-into-war-in-South-Ossetia.html> (accessed 16.05.2016).

## Belarus

In order to fully understand the relationship of complex interdependence and how economic interdependence can potentially decrease the likelihood of interstate militarized disputes or not, and on what conditions. It is necessary to look at a third country as a comparison with Ukraine and Georgia in order to compare the complex interdependence model and to determine regarding the control variables used in this research, on what conditions complex interdependence will prevail or fail.

Regarding economic dependence, Belarus's economy has been the most dependent on Russia's economy. The dependence was at its highest in 2000, peaking at almost 30%, but the dependency has steadily declined ever since and was at 16,54% in 2014.

Country	Dependence, as a % of GDP (Foreign Trade + Inward FDI)							
	2014	2013	2012	2011	2010	2009	2005	2000
Belarus	16,54	20,55	22,71	29,43	20,04	16,78	20,03	29,96

Table 12. Dependence as % of GDP (Foreign trade + Inward FDI). Georgia. Source: Authors own calculations. Formula by Russet, O'Neal, Davis, 1998. Original data originating from the World Bank, Russian Federal Federation Federal State Statistics Service, Central Bank of the Russian Federation, United Nations Database.

Belarus's GDP in 2014 was 76,14 mln US dollars, 16,54% equals 12,59 mln US dollars originating directly from Russia via FDI-s and through foreign trade with Russia. In 2014. Also, as was the case with Ukraine, Belarus is also highly dependent on Russian natural gas and gas disputes between the two countries have occurred on several occasions since the early 2000s. Not only was and is Belarus itself highly dependent on Russian gas, but around 20-25% of natural gas is passing Belarus and is being exported to the rest of Europe. Belarus energy carrier disparity has basically not changed over the last decades, if not, Belarus has become even more dependent on Russian natural gas than before, although Belarus is trying to decrease its energy carrier dependence from Russia by decreasing the natural gas import from 90% to 70% in 2035. More so, the official government plan also foresees the reduction of natural gas in electricity and heat production from 90% to 50% in 2035.<sup>125</sup> As hinted, over

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<sup>125</sup> Vadzim Smok, Belarus Digest, 2016. „Belarus Struggles To Reduce Energy Dependence On Russia,“ available at: <http://belarusdigest.com/story/belarus-struggles-reduce-energy-dependence-russia-24413> (accessed 16.05.2016).



90% of natural gas and oil is being imported from Russia and when looking at energy production from energy carriers, the dependency ratio from Russia increases even more. In 2011, 98,28% of electricity produced in Belarus, was from natural gas and 88,57% of heat was produced from natural gas. The energy and heat produced is being used by mostly the industrial and residential sectors in Belarus. Combined the two sectors use 65,64% of electricity produced and 77,12% of heat produced.<sup>126</sup>

The economic and energy dependence in Belarus is, just like it was in Ukraine, deeply intertwined with corruption in the political and business sector. The UN Innovation Performance Review on Belarus states: “The influence of the government over the economy remains extensive, including not only direct ownership of enterprises but also administrative intervention in credit allocation and widespread subsidies.”<sup>127</sup> The triadic nexus of business, politics and corruption between the concerned parties, as it was described in Ukraine, is also present in the case of Minsk and Moscow. Not only are Belarusian private and state owned enterprises dependent on the Russian market, the personal formal and informal ties are also extensive. The ruling regime in Minsk has been over the past decades on good terms with the ruling regime in Moscow. Moscow has seen Minsk and president Lukashenko not only an international ally, but also a personal one. Yet on the other hand, the energy disputes initiated from the Russian side (either by Gazprom or directly by Moscow) in 2004, 2007, 2010 and 2013 have shown that Minsk cannot always be controlled as easily as Moscow would hope. As Peter Rutland describes: “Using energy as a carrot rather than a stick has not proved any more effective. Ten years of subsidised energy prices for Belarus did not produce a loyal and subservient ally. Belarusian President Alyaksandr Lukashenka grew increasingly hostile towards Putin.”<sup>128</sup> Lukashenka went even as far as calling the pause in gas supplies from Russia to Belarus an act of terrorism. The reason behind this are the numbers of energy and

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<sup>126</sup> Olga Meerovskaya, Yauhen Hurynau, Anatoly Hryshanovich, Alla Minko, Belarusian Institute of System Analysis and Information Support of Scientific and Technical Sphere, 2014. “Belarus ENERGY Sector: The Potential for Renewable Energy Sources and Energy Efficiency” available at: [https://ener2i.eu/page/34/attach/0\\_Belarus\\_Country\\_Report.pdf](https://ener2i.eu/page/34/attach/0_Belarus_Country_Report.pdf) (accessed at 15.05.2016).

<sup>127</sup> United Nations, 2011. „Innovation Performance Review of Belarus“ available at: <https://www.unece.org/fileadmin/DAM/ceci/publications/icp4.pdf> (accessed 15.05.2016).

<sup>128</sup> Peter Rutland, „Russia as an Energy Superpower,“ *New Political Economy*, 2008, (13), pp. 203-210.

heat consumption. Just like in Ukraine, the Belarus government would lose a lot of its political credibility it needs very much to stay in power, when a major stop in energy supplies would occur. So Lukashenka needs leverage from its own internal sphere of political supporters, he also needs the support from public and at the same time he needs to hold favorable relations with Moscow, purporting himself as a strong leader in relations with Russia. Moscow eventually succeeded in acquiring 50% of the Belorussian gas line and the infrastructure now is shared by Gazprom and the local Beltransgaz. Russia also owns several large oil refineries in Belarus and is supposedly looking to take over the oil sectors infrastructure in Belarus. The intertwined political and business sphere in Belarus and in the dyadic relationship between Belarus and Russia also can be seen in the CPI of Transparency International.

Country	Transparency International Corruption Perception Index							
	2014	2013	2012	2011	2010	2009	2005	2000
Belarus	31,00	29,00	31,00	2,40	2,50	2,40	2,60	4,10

Table 13. Transparency International Corruption Perception Index. Source: Transparency International, Corruption Perception Index Database.

Table 13 supports the arguments about corruption and the ties between Belarus and Russia. This indicates that the complex interdependence model at least so far can be fitted to the relationship of Belarus and Russia and considering the amount of dependency in different sectors combined with corruption.

Public opinion, European Union <i>versus</i> Russia		
Year	EU	Russia
2013	40,00	40,00
2012	47,00	35,00
2011	41,00	38,00
2010	34,85	27,00
2009	38,70	42,20
2008	30,00	46,00
2007	33,30	47,50
2006	29,30	56,50
2005	24,80	51,60

Table 14. Public opinion, European Union *versus* Russia. Source: Authors own calculations. Original data originating from Independent Institute of Socio-Economic and Political Studies.

<b>2004</b>	<b>37,60</b>	<b>47,70</b>
<b>2003</b>	<b>36,10</b>	<b>47,60</b>

As seen from the public opinion polls about favoring the EU or Russia, the stand between the two neighbors for Belarus has been pretty evenly matched. Vadzim Smok has analyzed the Belorussian national identity between the democratic West and the authoritarian, post-Soviet East. He argues that president Lukashenko has been able to build a weak national Belorussian identity that in some levels unites the nation. “The Belarusian state (or political regime, which is one in same in this case) retains a strong hold over society and has deeply affected the self-consciousness of its citizens over nearly two decades of Lukashenka’s rule. It has brought much of the Soviet legacy back and rejected an ethno-national identity as a path for state building.”<sup>129</sup> But the identity itself, just like the state of Belorussia is dependent on Russia. Russia is keeping Belarus within its sphere of influence by feeding Belarus cheap natural resources (compared with the prices eligible for the rest of Europe) and favorable trading deals and until this is favored, the Russia oriented-identity will prevail in Belarus. Smok argues that if there would be a long-term dispute in the Russian-Belarus dyad, the public opinion that at the moment is more based on territory and state, rather than language and culture, will change rather sooner than later. This, as Smok implies, will also bring along inevitable changes in the governing regime itself. He continues: “There is still another problem that can yet emerge, particularly considering the attitude of the political and economic elite towards the issue of identity. The current Belarusian elite has no sense of national pride or concern for anything to save their own material wellbeing. Whether they will alter their behaviour and involve alternative identity politics when the regime changes is still unclear.”<sup>130</sup> Interestingly, when looking at public opinion polls about re-establishing and joining the USSR, the latter concept is viewed negatively. More so, up to half of the population is in contact with the Western, European values and the EU is favored in the society. A Ukraine like pattern might emerge in Belarus as well. This is due to the lack

<sup>129</sup> Vadzim Smok, 2013. Ostrogorski Centre “Belarusian Identity: the Impact of Lukashenka’s Regime” available at: <http://belarusdigest.com/papers/belarusianidentity.pdf> (accessed 17.05.2016).

<sup>130</sup> Ibid.

of a national identity in Belarus, severe changes within the society can create a new national identity discourse that might overshadow the potential political and economic gains from Moscow. Also there is the question of younger generation. The younger generation does not share the old pro-Russian and pre-independence values. The new generation is exchanging its values and ideas in the social media where the official propaganda is not seen so much. Also unlike Russia, Belarus has not forbid independent media enterprises and third party operated media sites (blogs, political comments etc.). The younger generation shares more democratic values and is less connected with the European values than it is with the Russian-orthodox ones. A political “coup” that was the outcome of Euromaidan – a spontaneously organized demonstration, where information was exchanged via. social media was formed originally by the younger generation, who were disappointed with the government decision to favor Russia over the EU. Such events are plausible in Belarus as well and it is the author’s opinion, that sooner or later the younger generation will take power in Ukraine.

The case of regime type in Belarus is also noteworthy. Belarus, as Russia, has been an authoritarian regime, thus it could be implied, that since the two regimes are closely linked to each other and the regime type is the same, it would rather foster security in the dyad, rather than evoke it.

Country	Democracy Index							
	2014	2013	2012	2011	2010	2008	2006	2000
Belarus	3,69	3,04	3,04	3,16	3,34	3,34	3,34	n/a
Regime Type	Authoritarian	Authoritarian	Authoritarian	Authoritarian	Authoritarian	Authoritarian	Authoritarian	n/a

Table 15. Democracy Index and Regime Type. Source: Economist Intelligent Unit Index of Democracy.

Sharing the same regime type and the same governmental policies ties the two states together even more. Just like in Russia, the political regime can be described in Belarus as a hierarchical pyramid. The president and his closest allies are at the top and are supposedly untouchable from the judicial system. Corruption levels are also the highest at the top. This secures the regime its power, but makes it in turn dependent on corruption. A scheme that was also present in Ukraine.

All in all the complex interdependence model is functioning in the Russia-Belarus dyad. It supports the liberal theory, that interdependence increases the likelihood of war and decreases the likelihood of a militarized interstate conflict. Russia has also managed to make Belarus dependent on its economy and energy, thus also implying that the realist asymmetric dependency model, i.e. the Hirschmann-Kirshner model works favorably for Russia. At least for now. The key issue again, just like it was in Ukraine, seems to be the public opinion. At the moment, president Lukashenka and its regime are enjoying a very high support rate – in the presidential elections back in October, 2015, Lukashenko received 83,5% of the total votes and continues to be the president for the fifth term.<sup>131</sup> But the Ukrainian events that started in 2013 have shown that the public opinion and the national identity values can change very quickly and have severe consequences for the ruling regime.

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<sup>131</sup> The Central Commission of the Republic of Belarus on Elections and Holding Republican Referenda, 2015, “Results of the elections of the President of the Republic of Belarus (2015)” available at: [http://www.rec.gov.by/sites/default/files/pdf/Elections-PRB2015-result\\_en.pdf](http://www.rec.gov.by/sites/default/files/pdf/Elections-PRB2015-result_en.pdf) (accessed 17.05.2016).

## Conclusion

The objective of this research was to determine whether complex interdependence can increase peace and decrease the potential of war among its members. The study focused on Russia-Ukraine, Russia-Georgia and eight CIS members in a dyadic relationship with Russia. The third dyad analyzed was Russia-Belarus, since economic dependence was very strong and this hinted the existence of complex interdependence between the dyadic members.

After considering the analysis about the three cases, in some sense it might seem that Russia is applying the Hirschmann-Kirshner model on its dyad members – by giving its partners economic discounts (through trade, FDI-s and energy) it is making the partners within a dyad dependent on himself. On the other hand Russia is known to cut the export of gas into its strategic partner countries and force the partners to pay a much higher price if they do not obey on some Russia set preconditions. Such a behavior does not fit into the Hirschmann-Kirshner model.

Armenia-Russia dyad was analyzed, since economic dependence statistically was not significant in the years before 2014, but Armenia was, and is, highly energy dependent from Russia. Also, the Armenian business and political elites are intertwined with Moscow's elites and are somewhat dependent on Russian money and tenders. The leverage Moscow has over Armenia could be described as the Hirschmann-Kirshner model, since when Armenia wanted to diversify its energy import in order to decrease its dependence from Russia, Russia cut the subsidies and forced Armenia to change its economic and foreign policy directions. It seems that Russia does not have that many economic handles to control Armenia (though relevant and trustworthy statistics for 2015 and Q1 2016 is not available), it can control and alter its economic and foreign policy course through energy dependence. Selling cheap natural gas will keep Yerevan closely linked to Moscow, but recent news might suggest a change again, Russia's actions will probably escalate in a gas dispute between the two nations.

The second dyad analyzed was Russia-Ukraine. The findings implied for a strong case of complex interdependence between Russia and Ukraine, originating from strong economic dependence and continuing into energy dependency, corruption and from there on into political interdependence and eventually into the public opinion. Public opinion in Ukraine was the key variable in this research. It showed how Ukraine was split into two different societies: pro-Western and pro-Russian. The Euromaidan started out as a rather small protest of the younger generation who rejected the governing regime policies and wanted Ukraine to turn to the West. They represented and shared the Western values and eventually the Euromaidan helped to create a new Ukrainian identity that united both young and old and both Ukrainian and Russian speaking parts of the society. Such a change in values was eventually seen as a security threat by Russia which escalated into an ongoing war between Ukraine and Russia. Research showed that newly found and created national identities, shared values and beliefs and dissatisfaction with high levels of corruption and a poorly governed state can be the variables that can potentially set a nation into a revolution. Although complex interdependence was present and existed in the dyad, it could not stop changes originating from inside the society. The newly found unifying identity of Ukrainians did not care about the potential losses when breaking a costly economic dependent relationship since in the Ukrainian case, values and identities overshadowed the potential gains and losses of complex interdependence. A statement that was also assured with the Schwarz Value Theory as well. Russia did had leverage over Ukraine and saw Ukraine as a security buffer and also as a mean to influence the EU. A change in that made Moscow react, the fear of losing some of its security in the region and the fear of losing its influence over the region. It is not the 'fault' of complex interdependence, since an internal revolution does not really care about external relations of its government.

Russia did not have the same amount of leverage within its dyadic relationship with Georgia (if any at all) to influence Georgia internally by using economic means, in order to keep the country in its own sphere of influence. Although Georgia was CIS country, after the Rose Revolution in 2003, Georgia had turned its back on Russia and wanted to cooperate both with the EU and NATO. Georgia's foreign policy was directed towards the cooperation

EU and Washington (NATO) in order for Georgia's ultimate goal to gain access at least one of the unions, but preferably both. Russia's new ruling regime under president Putin and Russia's attempts to revive the sphere of influence over the former Soviet states so they could be controlled economically and politically were diametrically different from the course of actions Georgia, under the new president Mikheil Saakashvili had chosen. Since the economic ties with Russia were basically nonexistent and Georgia making new deals with its neighbors for acquiring natural gas, Russia could only see Georgia slipping away. When aligning its foreign policy with the European Union might even have been acceptable for Moscow, the pursuits to gain a full membership status in NATO was seen as a major threat from Moscow's side. At the same time Ukraine as well was seeking a MAP from NATO and pushed to increase cooperation between Ukraine and Washington. The two countries, one on the Western border and the second one in the South being both a member of NATO was a possibility Russia had to stop. The NATO enlargement of 2004 was seen already as a security threat from Moscow and an even further enlargement and coming more closer towards Russian borders had to be undermined. Except for the presence of complex interdependence, the reason for war is somewhat the same as it was with the case of Ukraine. Moscow, after reinventing its foreign policy doctrines and trying to raise its influence in its neighboring countries through economic levers like CIS and energy supply, Moscow also wanted to secure its positions security wise and Georgia turning more and more towards the west, seeing its main security partners the United States and NATO were the factors that made in this case Moscow react. Complex interdependence in the Russia-Georgia dyad was present, but it could not have hindered the war between the two states, since the later scenario of Ukraine would have prevailed in Georgia as well. Again it is safe to state that interdependence could not have avoided something it did not control –an emerging (super) power who once again was seeking recognition and influence and wanted to show the US and NATO it can do basically whatever it wants in its own backyard. Even the membership of CSTO could not stop the states of entering a state of war.

In the dyad of Russia and Belarus, complex interdependence exists just like it did within the Russia-Ukraine dyad. A lot is same when comparing the two dyads. Belarus, as



was Ukraine, is seen the last authoritarian ally for Russia in the West. The governing regime is same, the hierarchical system is the same. Belarus is heavily dependent on Russian economy and even more so, on Russian energy carriers. Just like in Ukraine before the events of Euromaidan, there is a lack of unifying national identity and values and the society is somewhat split into half, a pro-Western and pro-Russian side. As was already implied in the last chapter, the Ukrainian events are possible in Belarus as well when there is a sudden shift of values and beliefs in society that will unify the nation. As seen on Ukraine, history will probably repeat itself in the case of Belarus. Since the patterns is the same – economic and energy dependence, high level of corruption, similar regimes, complex interdependence prevails and just like Russia and Georgia were both members of the CSTO, are Belarus and Russia members of the CSTO. But a fundamental shift towards the EU and the West in general would make Russia act once more. Belarus seems to be Russia's last stand between itself and the West. Russia cannot allow to lose its position.

It seems that complex interdependence can be divided into two main categories. Complex interdependence between democracies and complex interdependence between semi-authoritarian and authoritarian regimes in dyad where one part is economically and politically significantly stronger. In the first case, research has shown that interdependence indeed decreases the likelihood of militarized interstate disputes. But on the second case, the stronger partner in a dyad might seem threatened by internal changes within the smaller state. Those internal changes (changes in national and moral values, national identities, dissatisfaction with the ruling regime, a desire for a change) are the results of bad governing and bad complex interdependence, favoring the corrupt on the top of the hierarchy and damaging the lower classes in the society. A very broad statement, but looking at the conflicts between Ukraine-Russia and Georgia-Russia and the internal tendencies within Belarus and Armenia, it might have some truth behind it. Future changes could be foreseen by looking at the levels and nature of complex interdependence between the dyad members and the internal changes within the societies. All in all, future research is needed in order to fully unravel the topic in hand.

## Appendix 1.

Sources for statistics:

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