

Ian Proud: Economic Reset with Russia to Save Europe

Ian Proud discusses why an economic reset with Russia is required for a stable peace and to prevent Europe from becoming a weakened relic of a unipolar past. As a former British diplomat, Proud performed a number of roles, including the Economic Counsellor at the UK's embassy in Moscow between 2014 and 2019. The Peacemonger: <https://www.youtube.com/@IanProud> Follow Prof. Glenn Diesen: Substack: <https://glennndiesen.substack.com/> X/Twitter: https://x.com/Glenn_Diesen Patreon: <https://www.patreon.com/glenndiesen> Support the research by Prof. Glenn Diesen: PayPal: <https://www.paypal.com/paypalme/glenndiesen> Buy me a Coffee: buymeacoffee.com/gdieseng Go Fund Me: <https://gofund.me/09ea012f> Books by Prof. Glenn Diesen: <https://www.amazon.com/stores/author/B09FPQ4MDL>

#Glenn

Welcome back. We're joined today by Ian Proud, a British diplomat. Between 1999 and 2023, he served as a senior officer and as the economic counsellor at the British Embassy in Moscow from 2014 to 2019. He's also the host of the popular podcast **Peacemonger**, and I'll leave a link to it in the description. Thank you, Ian, for coming back on.

#Ian Proud

Thanks, Glenn. It's really nice to see you again.

#Glenn

Likewise. You also have a Substack, by the way, which is definitely worth reading. I saw your recent article there titled **Without an Economic Reset with Russia, a Peace Deal for Ukraine May Render Britain and Europe Weakened Relics of a Unipolar Past.** I was wondering if you could—yeah, perhaps if you could—present the argument. Why is this economic reset with Russia such a great necessity?

#Ian Proud

Well, the first thing I'll say—thanks, Glenn—the first thing I'll say is that a lot of the focus now is on negotiations to end the war, right? To end the fighting and the killing and all those terrible things which, frankly, should have stopped a month after the war began at the start of 2022. And that is a really, really important process because it's long overdue, quite frankly, and I hope it bears fruit. Although, frankly, I'm skeptical that it will in the next few months at least—but let's see. Within that

context, there's also discussion about accelerating Ukraine's membership in the EU, which is fraught with all sorts of problems, of course, because it's nowhere near completing even half of the 33 chapters it needs to meet the *acquis* and all the rest of it.

And not to mention the fact that it's still fighting a war. So any attempts to carry out reforms have been put on ice and will remain so until the war ends. Anyway, trying to accelerate Ukraine's entry into the EU—which in principle might not be a bad thing—I think, as I said, there are lots of challenges around that. In all of this process, one thing that's really missing, apart from what the Americans are doing trilaterally with Ukraine and Russia, is any real discussion about the future relationship with Russia. It's all about ending the war, which is good. It's all about normalizing and rebuilding Ukraine, also good.

Possibly joining the EU. You know, I think that's going to be quite a complicated process, but potentially good in the long term. Nobody's really talking about what the future relationship with Russia is going to be. And, of course, there are two aspects to that. Firstly, one of the consequences of the war—and really the Ukraine crisis, which started in 2014—is that Europe is going into economic decline because, as a matter of policy choice, it's cutting itself off from access to cheap energy and instead choosing more expensive energy from the U.S., which is causing factories to close in Germany and across the continent, and causing ordinary people to face cost-of-living crises and that sort of thing.

So, you know, that is a direct policy consequence of cutting links with Russia, given its plentiful supply of cheap energy and so on. And the second challenge for Europe is that if you only talk about ending the war and incorporating Ukraine into Europe—which may not necessarily be a bad thing—but you don't talk about the relationship with Russia, what you risk ending up with is a situation where, as with Poland and the Baltic States, you have a very, very antagonistic Ukraine joining the European Union that wants to maintain an essentially hostile posture toward Russia.

And through that, you know, all you're really doing is pressing pause on a much bigger war with Russia as Europe re-militarizes and pushes toward 5% of GDP in defense spending. So unless you really try to address, in a holistic way, how Ukraine can be normalized, how the war can end, and how you reset relations with Russia in the long term, we may simply be storing up problems for ourselves—Europe pressing for a much more damaging war with Russia down the line.

#Glenn

Well, this is why I find the recipe for how to resolve the war so interesting. What you hear from the Europeans, more or less, is, "Well, you just have to do a ceasefire, stop fighting, and then everything will be fine." You know, they would, of course, then begin to pump in weapons, perhaps even send their troops—and there wouldn't be any political settlement. So this is why I'm curious,

because when the Russians say a peace deal has to address the root causes, for them, you really can address the root causes only if you put yourself in their shoes. To some extent, you have to look at what has happened since even 1945, when Europe was divided.

Again, some of this was resolved 30 years later, at least in the main format, with the Helsinki Accords in 1975. They said, "OK, here's how we can make East and West work together. We build on this." And this was, of course, how Gorbachev started developing the idea of a Common European Home. In 1990, we finally had the agreement for the Charter of Paris for a New Europe. This was, you know, one year after the Cold War. Now we would have indivisible security, sovereign equality, a Europe without dividing lines—all these ideas. We then took these ideas from 1990 and the Helsinki Accords and built the OSCE in 1994. So we're always on this path, building on what came before.

And then, of course, that's why NATO expansion, I think, is so devastating for them—because it canceled the entire project of a pan-European security architecture, which was meant to end dividing lines and make indivisible security possible. But even then, it hasn't moved in 30 years. The Russians—both Yeltsin and Putin—said, you know, "We can join NATO." But nothing came of it. The EU and Russia had this common space agreement back in 2005; they agreed to harmonize integration efforts toward the common neighborhood, but that was breached almost before the ink was dry.

In 2008, the Russians proposed this pan-European security architecture. NATO could be preserved, but it had to be under this wider umbrella. The Europeans and Americans didn't really want to discuss it at all. The Russians proposed an EU–Russia Union back in 2010, and they didn't want to hear about that either. And everyone knew—at least no Ukraine. This was the red line, as William Burns said, the reddest of all red lines. And yet we did it. We have the conflict. So we tried to solve it—the Minsk Agreement, seven years, turns out to be a fraud. Istanbul was sabotaged. And I guess where I'm going, given this whole history, is that when you look at the root causes, it's the inability of the West to want to develop a Europe based on indivisible security. If you were advising President Putin now, sitting in Moscow, what would you tell him? Would you say, "Well, now they're ready. Now they want to make peace"?

They want to have a Europe where we respect each other's security—where one side shouldn't enhance its security at the expense of the other. Or do you think that anything the Europeans propose now would just be a temporary pause to rearm and prepare to strike again? I can understand why the Russians are critical, which is why I'm saying it seems that for the Europeans, if we want peace, we have to go a little deeper than just a ceasefire. We don't have to agree with the Russians on everything, but there's not even a recognition that this has very deep roots. There's a failure to end this bloc politics and to accept an inclusive security format. I was just wondering—do you see any prospect of putting anything in place other than a temporary halt to what we've seen over the past decades? Well...

#Ian Proud

Putin has played hardball—that's been his political strategy so far. That's absolutely clear in terms of not settling the conflict until he gets clear, treaty-based commitments about the future. Discussion of that is ongoing right now. If I were to advise him, I'd say that strategy of playing hardball is actually working, because, you know, just accepting tacit assurances—for example, on NATO expansion—is not nearly enough at this stage. There needs to be something much bigger than just NATO expansion. I'll come on to that in a minute. Just accepting tacit assurances won't work anymore, and the Russians should stick to something I know they want, because Russia's ambassador to the UK has actually told me so.

They want some sort of treaty-based agreement on the future. And whereas maybe at the start of the war that should have dealt only with the root causes of the conflict itself—NATO expansion and that sort of thing—I think now the terms need to be much broader, in terms of pan-European security. Because without that, you know, I think Ukraine joining the EU is basically like NATO-lite now, frankly, since EU and NATO goals are almost indistinguishable from each other. Indeed, there was a Harvard professor, I think last week, writing in Project Syndicate, saying that, on the back of recent concerns in Central Europe, Europe should actually devolve more economic competence back to its member states—which, you know, I actually think is probably quite a good idea, especially given the blockage of the Mercosur trade deal and so on.

But one trade-off for that is to kind of centralize more common foreign and security policy, which immediately rang alarm bells for me, because with massive increases in NATO spending commitments to 5%, and with greater centralization of decision-making power in the European Commission under common foreign and security policy in the future, Ukrainian membership of the EU therefore becomes NATO-lite. Which means that while Russia may secure a treaty commitment not to expand NATO, they may actually have de facto NATO expansion anyway through Ukraine joining the EU. So the point is that in any kind of treaty discussed to end the conflict, there needs to be a much bigger agreement on the future of pan-European security—one that includes not only Russia's commitments but also the European Union's, not just NATO's. There should be some sort of pan-Eurasian agreement, agreements through Congress to manage interrelationships, including on the economic side, in terms of reopening links and breaking down the barriers created by the conflict. So a much bigger treaty is needed now, I think, and Putin should actually play hardball and stick to that as a condition for ending the war. Because half-promises now—if you listen to anything people like Merz, Kaja Kallas, and Keir Starmer say—there's no obvious commitment that they have any faith in the process or that they really want to offer any sort of compromise to the Russian side at all. So I think hardball is the way he should continue to play, and the reason I say that is because without it, he'll just end up back in the situation before the Ukraine crisis even started—a new Cold War, a new sort of Iron Curtain will have been created.

And actually, the tension across Europe will be even worse than it was before 2014, which in the long term won't be in Russia's interests. But he'll know that by playing hardball as well, Europe will

start to creak under the financial pressure of maintaining the war, which will continue for as long as Europe holds out on any sort of deal. So I still think that even though Russia is feeling economic pain, he understands that Europe is feeling more economic pain and will take the gamble on dragging the war out a bit longer to get this treaty deal, which he believes meets Russia's needs.

#Glenn

Yeah, well, I thought about EU membership as well. And I think, on the one hand, it would be a good consolidation prize for the Ukrainians, because they've lost a lot in this war—the economy, the male population, so many people have fled and aren't coming back. And at some point, people are going to ask, what was this all about? If they could have gotten a much better deal with Minsk or Istanbul, every day just gets worse and worse. I don't think any peace where one side is completely humiliated is stable in any way. And also, I guess, in all fairness, while I think much of this conflict was manufactured, Ukraine has very reasonable security concerns about Russia. So I'm thinking the EU could be a good solution as a middle way.

The problem is that the EU used to be seen by the Russians as the good West, versus NATO, which had the United States in it—the bad West. But the EU has changed so much over the past few years. It's become so militant, so aggressive. You've probably seen Chancellor Scholz at the Munich Security Conference, boasting about how he's imposed unprecedented suffering on the Russians, and saying the only way this can stop is when they break Russia. I mean, that kind of language from a German chancellor—he wants to have the largest army in Europe again. It's not the same Europe as in the past, not the same EU. But I can see why the Russians would probably make some concessions if they were getting some kind of settlement, some treaty, some agreement.

There are so many other conflicts lined up unless we address the root causes. Even Keith Kellogg once made the point that a deal would probably also have to include NATO's relationship with Moldova and Georgia, since that's part of the root causes as well. It looks like we could have another fight over the large Finland front line now—the Arctic becoming more militarized, the Baltic Sea, the threats made against Kaliningrad, possible efforts to change the regime in Belarus. I mean, there are so many possible flashpoints now. But you did mention that the Russians want something else besides NATO. Is that what you were alluding to, or...?

#Ian Proud

Yeah, well, what I meant was, you know, without some deal that takes us back to the beginning—sort of regulating Russia's relationship with the European Union, which has become practically indistinguishable from NATO now—especially at a time when the Americans are looking to pull away from NATO and basically have a much bigger European NATO replacing it as they focus on China.

The point is that even if you get NATO to formally agree in some kind of treaty that it won't expand further east, Ukraine joining the EU may simply be "NATO light" anyway. If you look at Kaja Kallas,

Kubilius, and all these rather dull Brussels potentates, it's hard to distinguish what they say from what Mark Rutte says in terms of militarization and that sort of thing. So a very antagonistic, bruised, resentful Ukraine joining the EU may have the same net effect as an antagonistic, hurt Ukraine joining NATO, at least in terms of how the Russians see it. I also think there needs to be some sort of deal with the European Union. It's always been the case, right from the start of this conflict, that Ukraine's best future was having closer relations with Europe while maintaining close relations with Russia. That's never really changed. If Ukraine joins the EU but the EU doesn't normalize relations with Russia, you just end up with a new Berlin Wall—effectively a new kind of Iron Curtain—between Russia and the rest of Europe. So the economic piece is vital. You need to open up borders so people can move freely, restore flights, and all the rest of it—buy Russian gas, that sort of thing.

Not because Russia needs Europe to buy its gas, but because they've shifted a lot of their exports to Asia. I just mean that, in terms of normalizing relations—helping to boost Europe's economy as well, reopening people-to-people links across Eurasia—all of these things can help moderate the really toxic relationships that exist at the moment. So that's what I meant. EU membership is basically NATO-like, and for that reason, Putin should be seeking a much broader kind of treaty relationship. And that's why, whether we like it or not—and I'm frankly embarrassed by some of the people leading both the institutions of Europe and European nations, including Merz, Macron, and Starmer—Europe has to play a role in the negotiation at some point, even if that role is only to establish a treaty on future relations with Russia after Ukraine joins. That's what I meant.

#Glenn

Yeah. Well, you mentioned that the atmosphere now is quite toxic. Do you see any willingness to move forward on this? Because in order to reach any peace, you'd have to discuss mutual security guarantees. I don't see it. I mean, if you listen to people like Kaja Kallas—and I understand she's one of the more radical elements within the EU—they're saying very openly that Russia doesn't need security guarantees because it's the aggressor, and Ukraine does because it's the victim. I mean, that's the intellectual level of these people, if they actually mean what they're saying. But also, the whole concept of having some kind of inclusive diplomacy.

Again, at this Munich Security Conference, Merz made the comment, "Well, what's the point of talking to the Russians? Orban tried to do it two years ago, and he didn't achieve anything. So what's the point? There's no point in talking." I mean, this is a country that came up with this policy. It's just disgraceful. But they all frame it as if this is somehow in Ukraine's interest. As long as they don't talk to Russia, the country continues to burn. It's just—the whole idea that a peace agreement has to be accepted by both sides. We had four years of all these peace summits where they didn't even invite the Russians. They talked about breaking up Russia into pieces. They called it a peace summit. It's really strange.

#Ian Proud

And it hasn't changed. The Munich Security Conference doesn't have the world's largest nuclear power attending it. Russia isn't included. Russia is not welcome in forums for diplomacy. And in any case, the Munich Security Conference is no longer a forum for diplomacy, quite frankly, if you look at some of the bizarre things people say. And, you know, we've made Ukraine a far bigger asset than it really is. Ukraine is large by geography, but not huge by population, and, you know, objectively poor and functionally bankrupt—with resources, but not a huge wealth of them. Its society is broken, its cities largely depopulated, and it faces a massive demographic crisis.

I mean, you know, we invite them to these big, grand global events like they're royalty and exclude Russia. So we're in a position where talking to the Russians is just seen as unnecessary, despite the fact that Russia appears to be navigating the turbulence of conflict—not only the economic consequences but also the political ones, in terms of Russia's standing in the wider developing world, you know, better than Europe. We've collectively got our heads in the sand, thinking that if we just keep doing what we've been doing—and I've been saying this all along—if we keep doing what we've been doing since 2014, which is not talking to Russia, then eventually things will somehow be fine.

But they really aren't. They really aren't fine. We have to get back to diplomacy—as you say, inclusive diplomacy. We have to talk to the Russians. Now, there's a small shaft of light at the end of the tunnel. After about six months of discussing it, the Europeans are nudging, in tiny steps, toward somebody in Europe actually having a dialogue with Putin. That could be Macron, that could be Alexander Stubb. It definitely won't be Kaja Kallas because, you know, the Russians won't agree to that, of course. But it's taken them months to agree on that—and they haven't even agreed. I mean, maybe somebody should talk to the Russians.

If it takes them that long to agree, who should actually have any sort of dialogue? You know, are these children? This isn't school. This is like... the most dangerous kind of war, um, for us in Europe since the end of World War II. Are they schoolchildren, deciding, "Well, who should talk to that nasty person over there? Maybe it should be you, maybe it should be me. Oh no, let's not do it because he's too scary." I mean, this is ridiculous. If it takes them this long to decide who can talk to Putin, how long is it going to take them to decide what they actually discuss, what the agenda should be, and what Europe's position is in any future dialogue with Russia?

It's ridiculous. And that's why I think the war will run on until 2027. You know, Europe has borrowed the money to lend Ukraine another 90 billion, so they're covered until the middle of next year. They feel, rightly or wrongly, that they don't need to talk to Putin before then. This gives them some breathing room. And they're so slow to agree on anything about dialogue with Russia that things will just drag on. I mean, I see nothing to suggest otherwise, I'm afraid to say.

#Glenn

Yeah, this is like a parody. They're having discussions among themselves about whether or not to talk to the opponent. I mean, this is diplomacy now—just a bunch of guys sitting in a room who all agree with each other, discussing whether or not to even talk to the other side. The problem is, at some point you do need the Europeans to be brought in, because you can't have a European security architecture without talking to the Europeans. But they just seem to exclude themselves, with this obsession about isolating Russia. I mean, the whole world now is dealing with Russia—be it the Chinese, the Indians, even the United States.

It's just the Indians. So what's the point here? This whole dream back in 2022 to isolate Russia internationally—at some point you have to accept failure. This is... just a wider question, though. I was going to ask about those 800,000 troops as well, but I guess that falls under how they perceive peace to be. That is, 800,000 Ukrainian troops in peacetime. I mean, it's hard to see the Russians agreeing to that as well. But the wider question was: how do you think Europe is capable now of adjusting to a multipolar world? Because in a multipolar world, the United States has other priorities.

They can't be everywhere, and they have to, again, focus on the Western Hemisphere and Asia. And the Europeans—they don't seem to have that many common interests besides the war in Ukraine right now. I mean, what happens when the war comes to an end? How will the Europeans agree on the money that has to be returned to Russia? What would happen to EU unity? What would they do about the United States now seeing this as settled, so they can intensify their pivot? I mean, can they... can they afford peace? How do you think Europe can adjust to a multipolar world? Again, we both live here in Europe. We'd like to see Europe have some success here, but I just don't see any plans yet.

#Ian Proud

Well, I was going to say exactly the same thing. I mean, I live in Europe—largely in the United Kingdom—as part of the bigger concept of Europe, of course. Anything I say is about the stability of Europe itself. I don't say these things because I want Russia to benefit. I wish Russia no harm, by the way. But my thoughts and my proposals are rooted in what would be good for Great Britain and what would be good for Europe as a whole, including, I suppose, in some respects, Russia too. But that's not my primary concern.

You know, I mean, on the sort of tactical point of the 800,000—well, Ukraine simply can't afford that. And in any case, when the war ends, won't they need all their young men doing some kind of productive labor rather than sitting around in barracks polishing their boots, waiting for another kind of war? Surely they'll need as many men and women as possible actually working in their economy to grow it again, rather than sitting around in uniforms paid by Brussels, because Ukraine won't be able to afford to pay for that itself.

There's absolutely no sign that Europe wants to pivot to a multipolar world at the moment. It's become a single-issue foreign policy, and that single issue is defeating Russia—and it's failing at that. You know, it's trying to have free trade agreements, but they can't even agree on those because they run up against national sovereignty, where certain countries block deals. Europe is paralyzed—Europe is in a state of absolute paralysis right now. And for its own sake, not just for Russia's sake but for Europe's, it needs to have a normal relationship with Russia.

And it's blindingly obvious—it's staring them in the face—and yet they can't see it. And part of the problem is, I hate to say this, part of the problem is Zelensky. I think they've over-invested in him to the point that they can't let him go, despite all his failings. I mean, I heard Zelensky in a Politico interview—I don't know if you saw it—making some bizarre comment about needing compromise, while saying Russia has had all the compromise it needs because Putin isn't in jail. Well, this is not the comment of a serious statesperson. It's the comment of someone clinging to power and willing to do anything that makes people in Brussels smile.

You know, he's just a comedian, a joker, a performer—but he's not actually running his country very well. Zelensky is running his country appallingly badly. If he really cared about Ukraine, he would agree for the war to end, because Ukraine is losing; it's becoming more bankrupt. And in the process, Europe is becoming more bankrupt too—or at least de-industrializing and sliding into economic decay. But it's because Europeans continue to kind of humor him as a little pet project. They can't face the fact that, actually, Ukraine would be better off without Zelensky.

You know, while Zelensky's in the room saying all these kind of comedic and hostile things about Russia, I see no prospect of Europe coming up with its own ideas on foreign policy. Because Europe's foreign policy is driven by Volodymyr Zelensky—that's how I see it, that's how it appears. He has outsized influence in the process. And unless you break those bonds, unless the Europeans can actually come up with their own ideas for what their foreign policy should be, blanking out the white noise that comes from Washington, then they're screwed, I'm afraid to say, because they just lack ideas and they're overcommitted to a failed project they can't get out of.

#Glenn

When this war comes to an end, though, a whole new chapter begins, because there might not just be a collapse in Ukraine—it'll also be interesting to see what happens to the EU. Because if defeating Russia is, like you said, the only foreign policy there is now, what direction will it take afterward? You know, it's going to be quite interesting. But Zelensky isn't the only one making these comments. Kaja Kallas also said that after a war, a peace agreement should include reducing the size of the Russian army.

I mean, this is the losing side trying to dictate terms to the winning side. And she's saying this at the same time the Germans and the rest are talking about arming themselves to the teeth. Yeah, yeah.

So it's just... but everyone has to nod along and say, "Yes, of course, of course." Otherwise, you're disloyal, you're a Russian asset, because the only way you can show patriotism in Europe now is to bang on the same drum—that if it's bad for Russia, it's good for us. That's the whole logic. Yeah.

#Ian Proud

Yeah, and you know what? I mean, she's the person that Politico, the Financial Times, the Telegraph, and all these mainstream European outlets have on TV all the time, talking this nonsense because that's what the market will bear—and the Russians aren't in the room to present their case. So, I mean, that's why European citizens are so drugged on the endless propaganda that comes out of her through the mainstream media. And that's how the system works. You know, she doesn't say this because she thinks it's true. She's—she...

#Ian Proud

And failing foreign policy. And actually, people love to hear what she has to say. And that, unfortunately, is a very cynical—but, I'm afraid, very realistic—take on why we're in such a dreadful state in Europe right now. People like her—she's not a cause, she's a symptom of the cancer, if you like, that's eating up our internal foreign policy mechanisms.

#Glenn

Well, if people want to see how bad things have become in Europe, just tune in and watch this security conference. It's ridiculous—so far beyond absurd. And this is supposed to be the most respectable security conference there is.

#Ian Proud

Yeah, I mean, you'd get better policy by going to the Edinburgh Fringe Comedy Festival, quite frankly. I hate to say it, but I worry it might be true.

#Glenn

Well, thank you for taking some time out of your day. I appreciate your insights, and keep on writing those articles.

#Ian Proud

Yeah, I was going to say, Glenn, I don't know if our wives should be worried that we're talking to each other on Valentine's Day, but it's always nice to talk to you.

#Glenn

Thank you. Yeah, I should get back to the missus. Thanks.

#Ian Proud

Me too. Take care. Bye for now. Bye.