

Working with the Russians

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Much has been written about Russian president Vladimir Putin's alliance with the United States since the September 2001 terrorist attacks. Putin was the first foreign leader to call President Bush on the day of the tragedy. He followed that with an extraordinary series of actions that, for now at least, have amounted to a wholesale reorientation of Russian foreign policy.¹ Although problems remain, in less than a year Washington and Moscow have made rapid progress toward settling their differences: on counterterrorism; on missile defenses and other issues that are a legacy of the cold war; in establishing a framework for NATO-Russia security relations; and on expanding energy ties. In some ways U.S.-Russia relations are today closer than between Washington and some of its European allies.

The key issue is whether Moscow's change of direction marks a strategic shift in Russia's relationships with the United States or whether it is a short-term change that will quickly lose momentum because of countervailing pressures. I believe that it is too early to know. In this article I argue, however, that permanently embedding Russia in a set of strategically beneficial relationships with the West is more likely to be successful if care is paid to the process of Russian foreign policy-making. In that process, a wide variety of elite actors—each with their own foreign policy agenda and points of access to the system—battle for influence.

Russian Foreign Policies

Vladimir Putin's foreign policy has two main components: a drive to use Western resources to modernize Russia; and the fight against international terrorism, which he sees as the main challenge to the country's security.² However, Putin's goals are not necessarily shared by all segments of Russia's elite.

To get what he wants on a particular issue Putin must assemble effective coalitions from among the key elite centers of power: the federal bureaucracy, the military, the intelligence services, big business, and regional leaders. His task is made even more difficult because each of these centers is criss-crossed by different policy priorities, shifting political alliances, and widely disparate points of access to the system. As Celeste Wallander has written:

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Rather than asking what foreign policy is under Putin, one should ask on what political coalition does Putin rely, and what are their priorities, resources, interests and ideas. Rather than asking what are Russia's geostrategic interests in the Caspian, one should ask what are its array of interests in the Caspian, which institutions control policy toward the region, and how influential is the Caspian priority as opposed to, for example, Russian hopes to join the World Trade Organization.³

The way that these foreign policy actors interact can be explained by examining the perceived costs and benefits of a proposed policy.⁴ By costs is meant any burden, monetary or nonmonetary, that someone must bear, or thinks he must bear, if the policy is adopted. An example of a foreign policy that imposes costs would be one that forced the Russian nuclear industry to end its relationship with Iran. Benefits are any satisfaction, monetary or otherwise, that someone will enjoy if a policy is adopted. A foreign policy that brought a benefit would be one that attracted Western investment to Russian industry. However, one of the problems in analyzing Russian foreign policymaking is that it is not always easy to discover all the important players who participate in policy formulation or how they see the costs and benefits of a proposed policy.

Viewed in this way, the key issues between the United States and Russia fall into four general categories:

Majoritarian policies, which promise costs and benefits that will be distributed among large number of groups, or society at large, with no one group feeling intensely about the issue. Examples include the general pursuit of better relations with the United States or intelligence cooperation with Washington. Before the 11 September tragedies, U.S.-Russian cooperation on Afghanistan, an example of a majoritarian policy, included joint pressure to force the Taliban to change its policies on terrorism and narcotics, agreement on UN sanctions, and participation in a bilateral working group to address the threat of terrorism from Afghanistan. Since few people have direct stake in the outcome of majoritarian policies, interest group activity is low, and policy formulation and implementation largely take place in formal institutions such as the Foreign and Defense Ministries. Such policies also give the Russian president significant discretion to decide as he wishes.

Interest group policies promise benefits for relatively small, identifiable groups and impose costs on different, equally identifiable groups. An example is Russia's possible entry into the World Trade Organization. Although Putin has long spoken optimistically about his country joining the WTO in 2003 or 2004 and Russian industries welcome membership, opposition to entry from other segments of Russian business has forced Moscow to drop talk of an entry target date. Those businesses oppose the increased competition from European firms that WTO membership would bring. The formal structures of foreign policymaking are only one of several places where the struggle over interest group policies takes place, since potentially affected groups can use money, personal ties to government officials, or the media they control to lobby for their preferred outcome. In such policies, Putin often acts as an arbiter among competing group to settle disputes.

Client policies provide benefits to an identifiable group, with the costs of those

policies spread widely. An example of this kind of policy is Russia's economic ties with Iraq, which provide economic benefits to firms such as Lukoil, Tatneft, Slavneft, and Zarubezhneft. Those ties come with a cost to Russia—strained ties with the United States, which has wanted to limit their activity in Iraq. Moreover, those firms have in the past sought the lifting of UN sanctions on Baghdad. These ties are spread over the entire country, not only focused on a few powerful groups. They are thus difficult to change. As with interest group politics, client politics often play out outside the formal structures of government. Thus, in order to protect its favored position in Iraq, Lukoil or Tatneft cultivates strategically placed patrons in the government, including in government ministries sympathetic to its cause, the Duma, and the Presidential Administration. In client politics, Putin's ability to get what he wants is also limited.

Entrepreneurial policies, a fourth set of issues, promise distributed benefits such as peace, prosperity, or reform for society a whole, but impose and concentrate costs on an identifiable part of the Russian elite. Nonproliferation agreements that limit the spread of nuclear technology (in the name of national security, a distributed benefit) and are resisted by those firms and government ministries who sell nuclear technology would be entrepreneurial if Putin campaigned in favor of them in the name of some greater national interests. Since the beneficiaries of such policies tend to be the public at large and the generally passive Russian public has little incentive to press for its interests, one would expect that the better organized opponents of such policies would usually win. This is not always the case. To overcome the resistance, a policy "entrepreneur" can act on behalf of the public at large by using emotional or symbolic appeals to achieve what rational self-interest cannot. In such policies the mass media or the president can play a key role, since key journalists can articulate the powerful images and slogans in favor of their point of view and Putin is seen to represent the entire country. Boris Yeltsin often acted as a policy entrepreneur when he pushed privatization or the freeing of prices in the early 1990s. Vladimir Putin has been far less willing to do so. He would probably have to act as a policy entrepreneur if he sought to end the war in Chechnya. Although Russia would have a better international reputation if the war ended, Putin would have to overwhelm the entrenched business and military interests that profit from continuing the war.

Lessons Learned

An issue-by-issue analysis suggests three conclusions about the role of domestic politics on Russian foreign policy.

First, Putin's ability to get what he wants is often severely limited. Even on those issues he cares about deeply, Putin must build a coalition. Moreover, he has the time and willingness to battle opponents only on issues he believes are most important.

Putin has the most clout on majoritarian issues such as convincing Russian elites to go along with U.S. plans for strategic missile defense, since few Russian elites, even the military, care deeply enough to organize for or against a particular result. But on key issues such as Russia's relations with Iran and Iraq, where

entrenched domestic lobbies have a strong interest in the status quo, there is intense resistance to change. Despite his considerable formal presidential power, Putin cannot easily alter Russia's economic relationships with those two countries. On interest group issues such as WTO accession, Putin acts as an arbiter among competing interests, so far without concrete success. According to some sources, Putin postponed military reform in exchange for securing the military's acquiescence to the latest round of NATO expansion.

Second, economic issues occupy a central place in Russia's foreign policy agenda. Russia exports large quantities of oil, gas, steel, precious metals, fertilizer, and timber, mostly to the West. At the same time, it exports manufactured products,

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mainly arms and nuclear technology, to China, India, Iran, the Middle East, and Africa. The Russian president has had to balance the demands of the military/industrial lobby with those of the financial and natural resource sectors, each with allies in the Duma, the Presidential Administration, and the government ministries and agencies with which they

work. Even Russia's assistance to the United States in the war on terrorism has an economic dimension: Russia intends to build a deep-water port at Murmansk, from which it could export oil to the United States (a project that would convey benefits to a few well-connected domestic oil companies). The costs of an improved port—millions of dollars of government expenditures—are widely distributed.

Finally, Russian foreign policy involves a far wider array of informal actors than the similar process in the U.S. system. Russian political institutions, despite Putin's pledge to “strengthen the state,” are comparatively weak. Foreign policy decision making and implementation often take place far from the Russian Foreign Ministry, often in the Presidential Administration, which has extensive ties to Russian business.

The Bush Russia Policy

U.S. policy toward Russia has been conducted at many levels: direct contacts between the two presidents and their closest advisers; cooperation by U.S. agencies—NASA, the FAA, the FBI, Commerce, and many others engaged in the substantive work on the bilateral agenda—and traditional, direct diplomatic relations between the U.S. Department of State and the U.S. embassy in Moscow with the Russian Foreign Ministry. Nevertheless, the sprawling, informal system of Russian foreign policy machinery presents significant problems for Washington. First, since the rule of law in is weak, implementation of any policy is difficult. The Russian bureaucracy is often corrupt and beyond the control of the Kremlin. Second, Russian political institutions are weak, and the distinction between public and

private activity is blurred. Finally, several Washington policy initiatives would alter longstanding client or interest group policies that are difficult to change.

The Bush administration's policy toward Russia makes some headway toward addressing these problems. In contrast to the Clinton administration, which gave the domestic transformation of Russia the highest priority, the current administration today de-emphasizes that goal. Instead, its ties with Moscow, as with many other countries, are largely determined by the extent to which they can help the United States achieve broader foreign policy goals, such as halting the proliferation of weapons of mass destruction, greater energy independence, victory in Afghanistan, or the development of a missile defense system. While the Bush administration does not ignore the need for Russia's democratic development, it tends to view that transformation as a process that may be beyond the capacity of the United States to influence and that may take many years to complete. The career experience of many Bush administration officials in big business, moreover, enables the United States to be especially concerned with the commercial issues that are key feature of Putin's foreign policy.

Thus, the bilateral agenda focuses as never before on business questions, as Washington seeks economic incentives to get Russia to change its international behavior. On Iraq, the Bush administration has moved to allay what many experts believe is Russia's major concern: that its economic ties—including oil contracts and debt repayment—will continue even if Saddam Hussein is overthrown.⁴ In addition, press reports suggest that the Bush administration may have reached a gentleman's agreement with Russia to maintain oil at about \$21 per barrel to allay Moscow's concerns that the fall of Saddam and an influx of Western firms into the country could lead to a collapse of oil prices. Other noteworthy moves include an Export-Import Bank promise to guarantee loans for rebuilding Russia's oil production infrastructure and the first U.S.-Russia energy summit, which took place in Houston last October and featured business executives and government officials from both countries. Nor are the U.S. efforts limited to the energy sector. In October, the Financial Action Task Force on Money Laundering, an international agency of thirty-one nations including the United States, removed Russia from an international black list of about a dozen countries with inadequate monitoring of money laundering, a move widely seen as partly a political gesture to President Putin.

Despite those steps, some U.S. initiatives that may disadvantage key Russian interest groups have so far been unsuccessful. Moscow has reportedly resisted a lucrative U.S. deal in exchange for Russia's halting construction of a nuclear reactor in Iran. According to press reports, the United States has told Russia that if it cuts off all avenues of nuclear proliferation to Iran, the Bush administration would work to lift restrictions on the import of spent nuclear material to Russia. Russia believes it can make billions of dollars by storing and reprocessing radioactive material from around the world, but it has so far been blocked by the United States.⁵ Meanwhile, the implementation of production-sharing agreements in the oil industry has been stymied by the reluctance of many Russian oil barons to cede management of domestic oil fields to foreign competitors.

As it seeks to consolidate Russia's turn toward the West, the Bush administration can continue to make progress by calibrating its dealings with Moscow with the realities of Russian domestic politics. That will involve careful identification of key players on a given issue, devising a set of incentives that will induce the players to change their behavior toward a desired outcome, and above all, realizing that Putin is not the leader "firmly in charge" as he is often portrayed in the West. As during Soviet times, Moscow's foreign policy is both more and less than it appears.

NOTES

1. Jessica T. Mathews, "September 11, One Year Later: A World of Change." Policy Brief, Carnegie Endowment for International Peace, Special Edition 18, 3.
2. L. Shevtsova, "Onward—and Westward?" *Moscow Times*, 25 November 2002.
3. C. A. Wallander, "The International Relations of the Post-Soviet States: Global Parameters and Domestic Determinants." Unpublished paper, 2002, 29.
4. See generally, D. N. Jensen, "How Russia is Ruled —1998," *Demokratizatsiya* 7, no. 3 (Summer 1999): 341–69; J. Q. Wilson, *American Government: Institutions and Policies* (Lexington, Ma.: D.C. Heath, 1980), Part IV
5. Costs and benefits are what people believe them to be, whether or not such perceptions are accurate.
6. Those firms in recent years controlled one-third of the oil export market in that country.
7. Iraq owes Russia approximately \$12 billion, including interest. Russia has a \$3.5 billion, 23-year deal with Iraq to rehabilitate Iraqi oilfields, including the rich West Qurna deposit. Saddam's government has already announced that it is inclined to favor Russia, rather than France or other contenders, for development rights to other major oil fields.
8. P. Baker, "Russia Resists Ending Iran Project," *Washington Post*, 22 October 2002.