

Inside Out: Domestic Political Change and Foreign Policy in Vladimir Putin's First Term

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Abstract: In the 1990s, scholars began to investigate the impact of democratization on the foreign policy behavior of transition states such as Russia. In the era of President Vladimir Putin, however, such analyses became problematic in light of the contradictory nature of Russia's recent political development. The author suggests a new framework for analysis that focuses on the explanatory variable of executive strength. Executive strength is defined in terms of the degree of internal fragmentation and the relative authority of the executive vis-à-vis other political institutions. The author then analyzes two relevant aspects of political change in Putin's first term: center-regional dynamics and business-state relations. The strengthening of the executive that resulted from these two shifts had several important effects on Russian foreign policy.

Keywords: executive branch, foreign policy, Putin, Russia

Introduction

How does political upheaval at home affect a state's behavior abroad? The vast domestic political change in Russia in the past twenty years has given political scientists occasion to address this question as it pertains to Moscow's foreign policy. In the 1990s, they sought answers through the lens of regime change, assessing the impact of democratization on the country's international conduct.¹ The notion that democracies do not go to war with each other (democratic peace theory) was refashioned for transitional regimes. New theories—most prominently, one that held that democratizing states are likely to behave belligerently in international affairs—were built and tested.²

Although the operational assumption of the early studies—that politics, and thus foreign policymaking, in post-Soviet Russia was more “democratic” than it was during the Soviet period—was relatively uncontroversial, there is disagreement about the democratic trajectory of Russian politics under Putin. There is a consensus that pluralism has declined significantly since 2000, but academic analysis is divided over the impact of Putin's first-

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term political reforms on the overall democratic quality of the Russian political system. Moreover, the apparent “consolidation” of a hybrid regime calls into question the utility of the term “democratization” in the Russian case.³ Focusing on the regime’s democratic credentials in a study of the links between domestic politics and foreign policy under Putin could therefore obscure more than it would illuminate.

This article addresses the external consequences of domestic political change in Putin’s first term while avoiding assessments about the democratic quality (or lack thereof) of his regime. Given the degree of change, it seems likely that Putin’s reordering of domestic politics has affected Russia’s international behavior. For the most part, however, little work on this question has been conducted.⁴ This article fills this gap by suggesting a framework for analysis and then investigating the empirical evidence from the political change that took place in Putin’s first term.

Accounting for Change: A Domestic Politics Framework

One aspect of political change in post-Soviet Russia that seems likely to have an impact on foreign policy output is variation in the authority and capacity of the executive branch in domestic politics.⁵ This analytical lens, which I call executive strength—derived from the political science literature on state strength⁶—provides for a higher degree of analytic specificity than state-centric approaches. A focus on the executive—in the Russian case, the president, the presidential administration, the government (*pravitel’stvo*) and the executive ministries—avoids certain assumptions in the state strength literature that have proven problematic in the post-Soviet context.⁷ This concept is applicable across the post-Soviet states, where the executive has, on the one hand, played a central role in public life and, on the other, varied in strength.

The concept of executive strength involves two related considerations: first, the relative power of the executive vis-à-vis other political institutions; and second, the level of fragmentation within the executive. The first aspect refers to the degree of competition between the executive and other institutions in a polity—in other words, the strength of actors in domestic politics outside of the executive. Relevant actors include the legislature, regional governments, the judiciary, and interest groups. All of these groups are centers of possible interference in the executive’s policy behavior; they can prevent the executive from translating its preferences into policy outputs.⁸

Whereas direct influence on concrete matters of policy is the most extreme manifestation of this phenomenon, the diffuse effects of criticism, independent behavior, and intense lobbying are also important. When the executive is forced to confront strong political institutions in the formulation of policy, outcomes are likely to be affected even if coercion is not employed. In this sense, the impact of strong nonexecutive political institutions is cumulative and diffuse: the more often the executive’s line is compromised by criticism or the independent behavior of other actors, the greater the possible effect on policy. Actors such as the legislature or the regional governments, if they are politically strong, can offer incentives in return for policy changes or can leverage their power vis-à-vis the executive to achieve their ends. However, findings that the executive is making policy in ways in which it sees fit are not compromised by the existence of strong support for these actions from other political actors. Thus, this factor—which can be referred to as “interference from without”—can be best measured through both an analysis of a given nonexecutive institution’s direct foreign policy activities and its overall strength and capacity relative to the executive.

A second aspect of executive strength is internal coherence or degree of fragmentation. Fragmentation refers to “the degree to which a government’s central political leadership is fragmented by persisting, internal political divisions in the form of competing personalities, institutions/bureaucracies, factions or competing parties or other such political groups.”⁹ Policy is likely to be shaped by the level of conflict within the executive, especially when internal political actors have significantly different policy agendas and the top executive leader (in the Russian case, the president) lacks the political will, legitimacy, or capacity to keep them in line.

Such internal fragmentation or incoherence can be the result of powerful interests’ “capture” of the executive—that is, when outside groups infiltrate executive structures to use them as instruments to achieve their particular goals, and in the process undermine the executive’s administrative capacity.¹⁰ The autonomy of the executive—its differentiation from other social institutions and its independence in mediating social forces—can be severely curtailed.¹¹ Strong executives can reshape society and other political actors; weak executives are in effect reshaped through other actors’ penetration of its structures. These weak executives allow inside actors to “hijack” policy—steer policy according to their own interests—or to conduct their own “shadow” policies, which can often contradict the leadership’s priorities.

In the following sections, I examine two aspects of political dynamics relevant to executive strength in post-Soviet Russia: the relationship between the center and the regions and business-state relations.¹² The evidence from these cases shows that there has been a significant increase in executive autonomy, control, and capacity from Yeltsin to Putin. In the final section, I describe four major changes in Russia’s foreign policy behavior that resulted from this strengthening of executive authority.

Russia’s Regions in International Affairs

During Yeltsin’s presidency, Russia’s regions collectively constituted the most powerful nonexecutive political institution. While the central executive’s weakness vis-à-vis the governors¹³ in the 1990s is generally well documented,¹⁴ the regional administrations’ foreign policy activity is often overlooked. This neglect has obscured the progressive regionalization of Russian foreign policy in the 1990s.

In many states (especially federations) that contain constituent units with significant delegated powers, regions often play a role in foreign relations. This is especially true in the economic sphere, where regional executives, such as U.S. state governors, often travel abroad to promote local businesses. However, the situation in Yeltsin’s Russia, although superficially resembling the “normal” patterns of regional activity found in the West, was unique. The Russian state government was both ceding powers to the regions and losing its capacity to realize the powers that remained in its purview. In this sense the regionalization of foreign policy took on two dimensions. On the one hand, the regions’ importance within the center’s policymaking process and capacity to affect both decisions and their implementation grew significantly. On the other, the central executive’s capacity to coordinate, control, and limit the activities of the regions lessened while the relative power of the regions and their leaders vis-à-vis the center greatly increased. Policy was often determined in the context of this power struggle—a scenario that did not facilitate executive coordination of policy. Whereas U.S. governors go abroad to promote local businesses, Russian governors, such as Tatarstan President Mintimer Shaimiev, delved

into international affairs to bolster their political heft and economic independence in the ongoing battle with the center.¹⁵

The most striking form of regional external activity in the Yeltsin era was the unsanctioned, independent activities of the local administrations. Approximately thirty regions actively conducted their own foreign policies.¹⁶ By mid-1999, at least eleven regions had their own representative offices in foreign countries.¹⁷ In total, the regions signed more than 130 treaties with foreign governments and international associations, some of which established obligations with subjects of international law.¹⁸ One Ministry of Foreign Affairs (MID) official notes that more than one hundred violations of federal legal norms in regions' establishment of foreign ties in 1997 alone.¹⁹ The regions often behaved like independent states within the Russian Federation, paying little heed to federal law.

Tatarstan was the most active independent player. In 1994 Shaimiev established a Department for Foreign Affairs and Commonwealth of Independent States (CIS) Issues in his government,²⁰ and by the end of the 1990s, he had opened representative offices in sixteen states.²¹ Tatarstan had its own laws on foreign investment, concluded agreements with all the former Soviet republics, and built links with the UN and other international organizations without central oversight or approval. The republican government obtained credit through private lenders in the United States, Germany, and France and guaranteed these loans itself. In October 1998, it defaulted on its Eurobond issue, worsening the effects of the August crisis.²²

Along with other predominantly Muslim republics, Tatarstan actively conducted "identity politics"—aiding and supporting other Muslim communities—both within Russia and beyond its borders. In 1996, when the Russian government was beginning to distance itself from the Iranian government, the Tatar government inked an agreement with Tehran on commercial and economic cooperation. Tatarstan cooperated intensively with Iraq on oil extraction and processing while the UN sanctions were still in place.²³

Other regions actively conducted foreign economic policy that contradicted the center's priorities. As the country's economy and reputation with the international financial institutions began to recover from the 1998 crisis, several regions, including Moscow, Nizhny Novgorod, and the Leningrad region, were forced to restructure their international debt to avoid default.²⁴ In another example, Vyacheslav Kislitsyn, president of Marii El, wrote directly to the prime minister of Kuwait in January 1999, proposing the sale of an air defense system and other armaments, components of which are manufactured in his region. His action forced the General Staff to withdraw the "offer" and issue a statement confirming that regional executives are not permitted either to sell weapons or to approach potential buyers.²⁵ Taken as a whole, the independent international activity of the Russian regions created the impression of a state with multiple foreign policies being simultaneously conducted by multiple governments. As one observer notes, "The extent of this 'fragmentation' [*razgosudarstvlenie*] of Russian foreign policy activity caused bewilderment abroad."²⁶

Along with conducting their own foreign policies, the regional leaders often "played the role of 'censor' or 'editor' of [the center's] foreign policy."²⁷ Krasnodar and Karachaevo-Cherkessiya, in direct contradiction to Russia's international commitments, conducted negotiations with the leadership of the unrecognized republic of Abkhazia (Georgia) and discussed opening representative offices in each other's respective capitals. North Ossetia went further and signed an agreement on "socio-economic, scientific-technical and

cultural cooperation" with the Abkhaz government. Their activities were justified, the governors claimed, because the center had not been sufficiently supportive of Abkhazia in its conflict with Tbilisi.²⁸

Implementation of international agreements or other foreign policy priorities was often contingent on the good will of the regional executives. Moscow was regularly forced to make concessions in political horse trades with the regions. Regional opposition made it impossible for Russia to implement the Chemical Weapons Convention of 1997: six regions (Bryansk, Kirov, Kurgan, Penza, and Saratov regions and the Udmurt Republic) demanded compensation for environmental damage that the center could not provide.²⁹ Because of its relative material well-being and its leadership's connections with central policymakers, Astrakhan was able to exercise significant influence on Russia's Caspian policy by managing its implementation. Pressure from the regional administration often trumped national priorities—such as increasing Russia's share of the sea basin—in the center's decision-making process.³⁰

Another region where foreign policy was used to increase political power at the expense of the center was Moscow, which, along with St. Petersburg, has the same constitutional status as the regions. Mayor Yuri Luzhkov, a powerful national politician, supported Russians living in the near abroad by publicly lobbying on behalf of Russian communities in Crimea and the Zaporozhia region of Ukraine, Transnistria, and Northern Kazakhstan. Crimea was of particular interest to Luzhkov. He campaigned against Russian recognition of the peninsula as part of the sovereign territory of Ukraine, initiated hearings in the Federation Council that resulted in the creation of a special commission to prepare a legal act on the status of Sevastopol, and helped fund various projects to benefit the Russian navy personnel stationed there.³¹ Luzhkov's administration also actively pursued cooperation with the CIS states, even at times when the central government was trying to take a hard-line on one of the commonwealth's members.³² Indeed, the central executive and the city rarely pursued the same line on foreign policy questions in the 1990s. This was a direct challenge to decision makers in the federal executive.

The Yeltsin-era executive was thus unable to impose its will on the regions or even coordinate their activities. The weak Russian executive could not prevent the regions from appropriating its policymaking prerogatives or from subverting federal measures that contradicted provincial economic and political interests. In terms of foreign economic activities, given the exceptional circumstances of Russia's transition from a command to market economy, this pattern of regional behavior had an important cumulative impact on the strategic course of policy. Because foreign economic activities were considered fundamental to the process of economic transformation, creating and increasing trade links and attracting, overseeing, and regulating foreign direct investment were high priorities of the center. Moreover, the center was wary of losing strategic assets to foreign entities because of lack of oversight. In such a situation, central coordination of regional external economic activity is critical.

However, during the Yeltsin era the regions regularly conducted their foreign economic activities without central consultation, let alone coordination. Such activity was often a means for regional elites to accumulate economic power. With more than thirty powerful regional bosses pursuing their own foreign policy interests both within the federal center and abroad, the executive had little chance of achieving a single, unified policy. Even if it had made such an attempt, the executive was so weak relative to the regions that it

would not likely have met with success. In the context of the struggle for power between the center and the regions in Russia, the results were damaging. The executive lost the capacity to implement a unified strategic policy course. For potential investors and trading partners, the Russian state appeared to have multiple subnational governments with greater economic policymaking authority than the center—and a habit of engaging in highly inconsistent behavior.³³

That said, there were some improvements in this situation toward the end of Yeltsin's presidency. Borrowing regulations were introduced after the 1998 crisis and in January 1999 the "Law on Coordination of the International and Foreign Economic Ties of the Subjects of the Russian Federation" was passed, which introduced a degree of legal clarity to the situation.³⁴ The law stipulated that the regions' agreements with foreign entities were not international treaties and thus not subject to international law. However, even after the law was passed, the Yeltsin-era executive was still too weak to restore central control over foreign policy. The regional governments had grown accustomed to the rights and privileges they had wrought from the center during the 1990s; another legal document, after so many had been ignored in the past, could not compel them to change their behavior radically.

Over the course of his first term, Putin transformed center-regional relations and restricted the regions' political power. The changes he implemented—too great in number to be described here—greatly strengthened the central executive's oversight and control of regional administrations and limited the governors' capacity to make policy without the Kremlin's consent. Among the many steps he took in his first term, he created the so-called supergovernors (*polpredy*) to oversee regional governors. The institution of the *polpred* allowed for greater central coordination and oversight of the regional governments' policies, including their international activities. Such supervision prioritized the interests of the center in areas where regions might have different agendas. Moreover, in usurping the role of interlocutor with other states and the regional administrations of border countries, *polpredy* presented a more unified Russian foreign policy to the outside world.³⁵

Putin also changed the structure of the Federation Council, the upper chamber of the Russian parliament. Governors and regional legislative chairmen were stripped of their ex officio right to seats in the chamber; instead, each would be allowed to appoint a representative. This step deprived the governors of immunity from prosecution and denied them a veto on federal legislation. Putin's reform of the Federation Council thus removed the governors' most direct channel of foreign policy influence—their seats in the legislature, from which they could (and often did) exercise oversight of federal policies.

Putin also reduced the governors' control over economic resources by enforcing the use of the federal treasury system established in 1998—a method of "depriv[ing] governors of access to money flows, which they frequently diverted for their own purposes."³⁶ Putin's tacit encouragement of national big business to penetrate the regions has resulted in a curtailment of the governors' use of soft budget constraints, since nonregional businessmen are not interested in subsidizing regional patronage systems.³⁷ The regional governments thus lost economic power and, by extension, the capacity to implement their own foreign economic policies.

In the sphere of regional foreign activity, as the pro-Kremlin Web site strana.ru put it, "The time, when, as in the 1990s, the subjects of the Federation began active, independent contacts with foreign economic partners, has passed. Now, after the Kremlin-initiated campaign to harmonize regional with federal laws, everything in this sphere has been

centralized under the aegis of the [central] state, and the region's representative offices overseas are only permitted to handle purely humanitarian matters."³⁸ According to one senior Kremlin official, the regions were barred from independently participating in foreign financial market transactions, and every aspect of their foreign economic policy now needs Kremlin approval.³⁹ In Moscow, Luzhkov was forced to cut back substantially on foreign activities and focus on the city's economic development. Chastened by a Ministry of Internal Affairs investigation of the city administration's activities in this sphere, the mayor took a far less confrontational stance on foreign policy matters.⁴⁰

Although this article deals with Putin's first term, it is important to note Putin's renewed recentralization effort in the wake of the hostage crisis in Beslan, North Ossetia, in September 2004. In the new balance of power that has emerged from these changes, the center has significantly augmented political authority: regional executives have been far more likely to follow the center's line, their representation in the parliament is even weaker, and the quantity of regions is gradually being reduced to a number that the federal government can better control.

Despite his zeal in curtailing the activities of the governors, Putin has stated that he actively encourages regional input into foreign policy, especially relating to trade and border regions' relations with provinces of neighboring states. Putin has met regularly with regional leaders under the auspices of the State Council, at least two plenary sessions of which have been devoted to regional participation in foreign policy. He established a Council of Governors in MID to replace the old Advisory Council, the meetings of which were primarily devoted to codifying the regions' violations of federal law in this sphere and to issuing pleas for them to coordinate their future actions with the ministry.⁴¹ Regional concerns are thus carefully "managed" by the presidential administration; the executive under Putin is influenced by the regions when it wants to be.

Thus, Putin transformed the center-periphery balance of power in the conduct of foreign policy in his first term. Whereas the governors under Yeltsin often acted with little regard for the center's priorities and regularly influenced—and at times "captured"—the foreign policy formulation and implementation process, they were stripped of this power under Putin. Instead, the central state, and the executive in particular, now has the authority and capacity to make and control policy without regional interference. However, Putin administration officials, much like those in central executives in Western states, are prepared to take into account suggestions from the regions on economic development and border security when they feel such advice is needed.

The contrast between the Yeltsin and Putin eras—in the level of executive strength vis-à-vis the regions and its resulting policy implications—is most vividly demonstrated by the case of Chechnya. The weakness of the Russian executive vis-à-vis Chechnya had important foreign policy repercussions. In 1996–99, the Chechen government essentially conducted its own foreign policy, putting a particular emphasis on friendly relations with Islamist governments and movements. These states and transnational actors supported the Chechen push for complete independence and actively propagated radical Islam in the region. The executive's weakness was fundamental to facilitating this activity.⁴²

The destruction of the 1996–99 political order in the region had direct foreign policy implications.⁴³ Not only did Chechnya's independent foreign policy maneuvering come to an end, but Russia's foreign policy also changed to reflect this new emphasis on eliminating the perceived threats from the Caucasus. Indeed, the second campaign went hand-

in-hand with a much more forceful policy of pursuing national interests and increasing security in the post-Soviet space.⁴⁴

The Chechen case demonstrates that the cumulative pattern of regionalization of Russia's external policy in the Yeltsin era had effects in addition to the aforementioned economic ones. Russia's inattention to practical foreign policy measures to augment its security can be attributed partially to this factor. Chechnya was the extreme manifestation of this trend, but it seems clear that other regions' meddling in foreign policy matters also contributed to the confusion in Moscow. The consequences for the conduct and presentation of policy were even more evident: thanks in part to the regions, Russia often appeared as if it were conducting several foreign policies at once.

In the course of transforming the relationship between the executive and the regions, Putin's federal reforms largely ended the regionalization of foreign policy. With regional input closely "managed," the executive forged a foreign policy that clearly reflects its strategic priorities, not the economic and political interests of the governors. No longer compromised by regional interference, the executive had the capacity to make policy for the entire country. The diminished influence of ambitious regional leaders such as Luzhkov has allowed the executive to focus on economic and security priorities and to streamline the overall conduct and presentation of policy.

Big Business and Foreign Policy

One might expect the role of big business⁴⁵ in Russian politics during Yeltsin's presidency—as was the case with regional political activity—to be an example of a challenge to the executive "from without." In the West, business lobbies often contest the executive's foreign economic policy initiatives on the national stage and thus serve as a counterweight to outright executive control of this sphere. However, post-Soviet Russian reality diverges significantly from the Western model. In Yeltsin's Russia, although business sometimes engaged in behavior, such as lobbying Duma committees, that resembles the Western model,⁴⁶ this activity was peripheral to the primary locus of business-state interaction: within executive structures themselves. Indeed, the executive in the Yeltsin era effectively merged with economic interests to such an extent that the distinction between the two was often meaningless.

By compromising the autonomy of the executive, the winners of Russia's economic reforms were able to shape the direction of policy to increase their rents. Under Yeltsin, as Sergei Peregudov notes, it was "the element of 'internal lobbying'"—that is, business's penetration of state structures—"that, combined with external lobbying, mostly determine[d] the rules of the game in the interaction between organized interests and the state."⁴⁷ In other words, "the formulation of the rules of the game . . . carried out by the players themselves."⁴⁸ With its structures thoroughly permeated by proxies for business interests, the executive branch, instead of formulating and implementing national policy, was often operated for the benefit of a select few.⁴⁹

Big business's influence on foreign policy has been significant throughout the post-Soviet era. That said, the tycoons had fewer vital interests at stake in foreign policy than they did in the domestic economic-reform process, and thus their influence was not quite as palpable. Their lobbying method, though, was exactly the same: compromising the autonomy of the executive from within. As opposed to organizing collectively to lobby for their interests, Russian firms preferred to act alone through loyal bureaucrats or politicians.⁵⁰ This disorganized

lobbying environment facilitated small-scale policy changes to satisfy particular interests and thus compromised the executive's capacity to implement policy in accordance with any programmatic goal. Rampant corruption facilitated this system, transforming state officials into internal lobbyists, who pushed policy in several directions at once, and thus prevented the state from acting in accordance with national interests.

Although the vast majority will likely remain unknown, some policy changes imposed by business have been documented. The most common rent-seeking behavior involved customs exemptions and privileges. The most scandalous example was the case of the Sports Foundation, which, having been exempt from tariffs in order to prepare for the 1996 Olympic games, quickly became one of the country's largest importers of alcohol.⁵¹ The tycoon Vladimir Potanin used the connections he made while in government to facilitate the entry of his financial group into the Belarusian market in 1997. Despite a major cooling in the Russian-Belarusian relationship at that time the latter's arrest of a Russian state television reporter, Potanin, then out of government, traveled to Minsk to establish his company's affiliate, meeting with, among others, Belarusian President Alyaksandr Lukashenka.⁵²

Oil and gas companies were particularly adept at steering foreign policy to serve their interests. Irina Kobrinskaya argues that Gazprom's lobbying of its interest in transporting gas through Lithuania to Kaliningrad was the major factor behind Moscow's successful completion of a border delimitation agreement with Vilnius in 1997.⁵³ (Lithuania was the first post-Soviet country to obtain such an agreement.) In 1994, Lukoil was able to defy MID in a dispute with Azerbaijan over the division of the Caspian Sea basin thanks to its successful lobbying of Prime Minister Viktor Chernomyrdin. In a separate case oil companies (including Lukoil) were able to shape a Russian governmental decree guaranteeing use of the Volga for the transport of Azerbaijani oil, which effectively deprived the state of leverage over the other Caspian littoral states.⁵⁴

As these examples demonstrate, business lobbying in the Yeltsin era was not aimed at changing the overall course of foreign policy; rather, each tycoon was concerned with particularistic issues related to his bottom line. The cumulative effect was to render foreign economic policy a Swiss cheese of exceptions, exemptions, inconsistencies, and contradictions.⁵⁵

In Putin's first term, the autonomy of the executive from big business was reestablished.⁵⁶ While the forced exile of prominent tycoons grabbed the headlines in this period, perhaps more important was Putin's creation of a new mechanism for state-business relations. Early in Putin's presidency, the Russian Union of Industrialists and Entrepreneurs (RSPP) reemerged from obscurity to become the primary intermediate organization between business and the state. From his inauguration through June 2003, the Russian president met with the RSPP Bureau (its decision-making body) seven times. The RSPP was an effective, institutionalized, and relatively transparent vehicle for interest articulation and representation—a first for post-Soviet Russia.⁵⁷ The union was more than a lobbying group; in cooperation with the presidential administration, it established mechanisms for the state to seek input from the private sector on policy matters. The group had an especially significant impact on tax policy and budgetary measures. Along with RSPP, other business associations, representing both small- and medium-size businesses and specific sectors, became active partners of the state. This pre-June 2003 situation resembled a corporatist model, in which associations are selected and given special privileges to mediate between business and the state.⁵⁸

Despite its exit from the executive, business did not lose its influence on policy in Putin's first term. However, the nature of that influence fundamentally changed. If the

business-state relationship of the Yeltsin era was characterized by parasitic, rent-seeking behavior on particularistic matters then the first Putin term was distinguished by cooperation on strategic, long-term policy planning.⁵⁹ The Putin administration appears to have recognized that a productive relationship with the private sector would allow for economic growth, which was its main economic policy goal. For their part, the big corporations, chastened by Putin's persecution of the tycoons Boris Berezovsky and Vladimir Gusinsky, were content to cooperate with, and at times be used instrumentally by, the state in service of its foreign policy goals.

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In the foreign policy sphere, RSPP President Arkady Volsky codified the new business-state relationship in an agreement of cooperation with MID and the Ministry of Economic Development and Trade (MERT), which obliged both parties to promote Russian business abroad, ensure optimal trading conditions for exports, and improve the investment climate.⁶⁰ In interviews with the author, Igor Yurgens, then-RSPP vice president; Aleksandr Shokhin, then-chair of Renaissance Capital and member of RSPP

Bureau and now RSPP president; and Andrei Bugrov, a managing director at Interros, all stated that business-state cooperation on foreign policy matters improved significantly under Putin from 2000–4. Instead of big business achieving its goals by penetrating the executive, there was now a mutually beneficial quasi-corporatist dialogue. According to Yurgens there were regular meetings between the RSPP Bureau and top foreign policymakers, including the president.⁶¹

On trade issues, according to Bugrov, “Business has become more vocal and there is a normal way of communicating its concerns to the government. This is quite helpful, because it helps [government officials] to take informed decisions.”⁶² He outlined a system of regular meetings between officials in various ministries with responsibility for foreign economic policy and industry representatives. Both Shokhin and Bugrov confirmed that Maxim Medvedkov, the chief World Trade Organization (WTO) negotiator at MERT, conducted consultations with all segments of Russian business in determining Russia's position for WTO accession talks. Shokhin said, “The fact that business is involved in these negotiations . . . allows business to defend its interests and determine the economic goals of foreign policy.”⁶³

Arguably, big business had a greater influence on policy in the first three years of Putin's presidency than it did under Yeltsin, but the form and substance of its influence were fundamentally different. The mechanism was collective, more transparent, systematic, and regularized. The lobbying was no longer focused on small-scale rent-specific trade issues; now, business could have a say on strategic policy and provide input on sector-specific issues.

It has been argued that the Yukos affair—the arrest and conviction of Mikhail Khodorkovsky and Platon Lebedev and the dismantling of what was once Russia's largest oil com-

pany—was a watershed event, marking a transition from one model of state-business relations to another.⁶⁴ Peregudov calls the new relationship “state corporatism,” characterized by the strengthening of state enterprises, the formation of a group of “loyal” private companies led by executives “with the reputation of being ‘statists’ [*gosudarstvenniki*],” and the use of demonstrative and selective repressive actions against those who do not fit into the new scheme.⁶⁵ Further, there emerged a new trend of state-controlled enterprises and government agencies asserting control over small- and medium-size private enterprises. In a sense, the Yeltsin-era situation has been reversed—the executive is now penetrating business.⁶⁶

Peregudov suggests that business began to pursue particularistic concerns via presidential administration officials, many of whom are as corrupt as their Yeltsin-era counterparts.⁶⁷ However, according to Yurgens, Putin, in a meeting with the RSPP Bureau in 2004, encouraged business to give input collectively on a variety of policies, including the construction of a common European economic space. Yet Yurgens is under no illusions about the nature of this cooperation: “This is likely just the desire to use the existing business coalitions for [the state’s] own goals, and not to recreate the dialogue in the form that it existed before.”⁶⁸ Bugrov insisted that the working-level meetings on foreign economic policy continued without pause throughout this period.⁶⁹ The new relationship has yet to crystallize fully and it is unclear what the long-term policy repercussions will be. It is clear, though, that the Yeltsin-era model of business-state relations has been thoroughly rejected.

Foreign policy conduct and content changed as a result of the new relationship between business and the state in both its pre- and post-Yukos affair incarnations. Putin’s economic platform, which has significant external components, determined Russian foreign economic goals and gives day-to-day policy work the rudder that it had previously lacked. Strategic patterns of policy behavior began to emerge where before there had been piecemeal and contradictory moves.

Having eliminated much of the influence business once had inside executive structures, Putin was able to translate his program of economic growth into a relatively coherent foreign economic strategy. Although domestically generated ideas have played a major role in defining this strategy, it is clear that the newly unencumbered executive had capabilities that it previously lacked to focus Russian foreign policy on systemic imperatives, such as economic growth, and to do so in such a way that reflects its priorities.

The Effects of Executive Strength

The previous two sections examined the foreign policy repercussions of Putin’s reform of center-regional dynamics and his redefinition of the business-state relationship independently. This section sums up these effects and assess their cumulative impact under four headings: coherence of the economic aspects of foreign policy, presentation of policy, strategic focus, and degree of politicization.

First, the increase in executive strength under Putin resulted in a more stable and consistent foreign economic policy. In the Yeltsin era, with the regional governors freelancing in international trade and big business rent-seeking from within government structures, it was exceptionally difficult for the executive to forge a single foreign economic policy for the entire country. To do so, the commercial activities of the regions had to be coordinated and policymakers that were beholden to interest groups needed to be removed from office. To a significant degree, Putin was able to accomplish these tasks in his first term.

The result was a greater degree of consistency and stability. For example, in a sharp contrast with the patterns of the Yeltsin era, Russia has adopted a policy of doggedly attenuating the burden of Soviet-era debt, thus lessening its dependency on Western donor nations and the Bretton Woods institutions. The leadership considered such dependency a major factor in the diminution of Russia's international stature in the 1990s; eliminating that leverage was expected to allow for more freedom of maneuver in international and domestic politics. Thanks to its newfound internal coherence and the lack of meddling from other political actors and institutions, the executive was able to forge an "all-Russian" foreign economic policy that reflected the leadership's priorities far more than the particularistic needs of the governors or the tycoons and had the capacity to implement it coherently.

Second, foreign policy implementation was streamlined. At multiple points during Yeltsin's presidency, it appeared to the outside world that Russia was conducting multiple foreign policies.⁷⁰ With actors such as Shaimiev, Luzhkov, and Potanin operating with little oversight and sometimes in direct contradiction to the leadership's stated priorities, it was unclear whether a "Russian" foreign policy actually existed. The strengthening of the executive allowed for a more rationalized process; nonexecutive actors could no longer conduct their own diplomacy. Indeed, foreign policy decision making was centralized, streamlined, and coordinated to an extent unprecedented in Moscow since the pre-Gorbachev era. Direct presidential control over the policymaking and implementation processes was established. The regions were no longer able to act independently and the tycoons were content to advise the executive branch, not to buy it. The president was now clearly the final arbiter in all matters of international significance. As a result, rhetorical flip-flops became a relative rarity, the executive began to operate as a unitary political institution, and the Russian state no longer moved in several directions at once on the international stage.

Third, foreign policy gained a strategic focus that it had previously lacked.⁷¹ Pragmatic steps were taken toward augmenting the country's national security and its control over the post-Soviet space and the Yeltsin-era practice of geopolitical grandstanding on issues that Russia could not control, such as NATO expansion, was largely abandoned. There was a new realism about Russia's weakness and the resulting limitations on its influence in international politics. Instead of clinging to great power pretensions, Russia focused its attention on becoming the dominant regional power. The end of grandiose geopolitical ambitions was complimented by a retreat from untenable overextension (for example, several far-flung military installations, such as the Lourdes listening post in Cuba, were closed down) and a focus on concrete steps toward achieving greater security, such as establishing the Shanghai Cooperation Organization.

Clearly, Putin's pragmatic, businesslike attitude toward foreign policy played a significant role in this change as well.⁷² However, the changes in the functioning of the executive as a political institution certainly served a primary enabling function and could have pushed policy in the same direction even without Putin at the helm. With economic interests operating freely in government structures, the Yeltsin-era executive lacked the institutional coherence to develop effective analysis and planning mechanisms. Regional meddling in foreign policy further distracted officials from the task at hand. Moreover, the executive was often deprived of important policy options by the regions' activity. Chechnya is the extreme manifestation of this trend, in that its strength relative to the executive effectively prevented Russia from securing its southern borderlands. In other cases, such as

Luzhkov's activism in the near abroad or the regions' obstruction of the Chemical Weapons Convention, the governors were able to compromise the central executive's ability to take important steps toward normalizing Russia's post-Cold War foreign relations.

In short, even when Yeltsin and his top officials attempted to forge coherent policy, the weakness of the executive limited their freedom of maneuver. Although Putin's legendary "pragmatism" could well be a defining personality trait, its translation into policy was facilitated by the strengthening of the executive branch. The policy formulation and planning apparatus was still relatively weak compared with that found in Western states, but at least it now existed. The regions and big business no longer diverted resources and attention from other priorities, and the executive was able to take practical steps that had previously been impossible because of interference from the governors.

Finally, the strengthening of the executive contributed to a noticeable depoliticization of foreign policy. Regional interference and business's meddling not only deprived the Yeltsin-era executive of institutional capacity but also diminished its legitimacy in domestic politics. This politically vulnerable executive depended on public and elite support and was thus sensitive to domestic reception of its policies. To garner support at home, the leadership turned to ideas to justify its foreign policy. As Celeste Wallander has observed, ideas gained salience in that period because they served "as stable focal points"—or unifying themes—"in an environment of unstable political competition" that mobilized elites and publics. Often, these "worldviews and principled beliefs" had a substantive impact on policy outcomes.⁷³

In the early years of the post-Soviet period, Yeltsin adopted the grand strategy of "Atlanticism," which held that an all-out alliance with the democratic West was a logical and necessary extension of the domestic democratization process. This idea gained policy relevance because of Yeltsin's attempt to divide the electorate along a pro-Western/democratic-anti-Western/communist cleavage in his domestic political battles. The extreme pro-Western accent in foreign policy rhetoric—and at times, behavior—in 1991–93 reflected this domestic political tactic being pursued by the leadership. In the mid-1990s, Yeltsin turned to the "multipolarity" concept, which essentially called for balancing against U.S. hegemony. At that time, Yeltsin's more nationalistic domestic political opponents were undermining his legitimacy with accusations of pandering to the West in foreign policy matters. With its assertive line on the CIS and tough anti-NATO policy prescriptions, multipolarity bolstered the Yeltsin administration's patriotic credentials. The Yeltsin executive's quest for legitimacy at home thus noticeably politicized foreign policy. Executive weakness forced the leadership to turn to mobilizing ideas when making policy.

Having contained the regional chiefs and tamed big business (as well as emasculating the parliament), the Putin executive was strong enough that it no longer needed to justify its policies to a domestic audience. With little threat to its dominance of domestic politics, the executive was far less prone to rely on ideas aimed at bolstering its legitimacy when conducting foreign policy. Although ideas, especially the notion that Russia should be a great power, still played a role in Putin's first-term diplomacy, ideological constructs generated from domestic politics had much less policy impact than they did in the 1990s. On the one hand, there was a new realism about the limited possibilities of forging a multipolar world (despite its desirability) and the damage such rhetoric might cause. On the other hand, good relations with the Western powers came to be viewed instrumentally—as a means of providing Russia with economic prosperity and maintaining its position as a power broker in international relations.⁷⁴

Conclusion

In this article I have focused on Putin's first term advisedly. Institutional change in this period was built on shaky foundations, and thus the changes in foreign policy were perhaps necessarily transient. The catalyst for the institutional shift was the change of presidents from the politically weak and, by that point, practically incapacitated Yeltsin to Putin, who benefited from massive popular support and backing from the elite. Putin was able to activate latent institutional capacity and change some governmental practices, but he did not implement fundamental administrative reform or democratize state institutions.⁷⁵

Thus, by strengthening the authority of the executive branch, Russia was able to make important foreign policy changes in 2000–4. However, such changes were unlikely to last long without promoting deeper institutionalization and democratization within the state. Indeed, even toward the end of that period, progress was coming undone. Competition over the massive economic resources that were up for grabs in the wake of the Yukos affair precipitated the factionalization of the Putin executive. As Putin's second term began, it became clearer that infighting between individuals and "clans" within the government was intensifying. The groups, dubbed *siloviki*, technocrats, and liberals, were pursuing conflicting policy goals and seeking personal enrichment. As a result of this factionalization, the Putin executive was weakened. Although the external threats to its dominance, such as the regions and the parliament, are still largely powerless, and the business-state relationship has changed in its favor, the executive has been compromised from within by internecine conflict.⁷⁶ The strengthening of the executive had important effects on external policy in the first term. The effects of the new dynamic, as seen in the Kremlin's hapless and inconsistent behavior during the so-called gas war with Ukraine in late 2005 and early 2006, as well as the ratcheting up of anti-Western rhetoric in the run-up to the 2007–8 election cycle, are already becoming apparent. If the past is any guide, the new trend will continue to have a significant impact on policy outcomes.

NOTES

1. Neil Malcolm and Alex Pravda, "Democratization and Russian Foreign Policy," *International Affairs* (London) 72, no. 3 (1996): 537–52; Michael McFaul, "A Precarious Peace: Domestic Politics in the Making of Russian Foreign Policy," *International Security* 22, no. 3 (1997): 5–35; Vladimir Kulagin, "Rezhimnyi faktor vo vneshnei politike postsovetskikh gosudarstv," *Polis: politicheskie issledovaniya* no.1 (2004): 115–24.

2. Edward D. Mansfield and Jack Snyder, "Democratization and the Danger of War," *International Security* 20, no. 1 (1995): 5–38.

3. Valerie Bunce, "Rethinking Recent Democratization: Lessons from the Postcommunist Experience," *World Politics* 55, no. 3 (2003): 167–92.

4. A prominent exception is Tor Bukkvoll, "Putin's Strategic Partnership with the West: The Domestic Politics of Russian Foreign Policy," *Comparative Strategy* 22, no. 3 (2003): 223–42.

5. Strength here refers to both formal legal prerogatives and informal conventions and standard operating procedures.

6. The literature that examines the impact of state strength on foreign policy includes G. John Ikenberry, David A. Lake, and Michael Mastanduno, eds., *The State and American Foreign Economic Policy* (Ithaca, NY: Cornell University Press, 1988); Peter J. Katzenstein, ed., *Between Power and Plenty: Foreign Economic Policies of Advanced Industrial States* (Madison: University of Wisconsin Press, 1978); Matthew Evangelista, "The Paradox of State Strength: Transnational Relations, Domestic Structures, and Security Policy in Russia and the Soviet Union," *International Organization* 49, no. 1 (1995): 1–38; Fareed Zakaria, *From Wealth to Power: The Unusual Origins of America's World Role* (Princeton, NJ: Princeton University Press, 1998); and Stephen D. Krasner, *Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy* (Princeton,

NJ: Princeton University Press, 1978).

7. This conceptual framework adapts the historical institutionalist approach of the state strength literature to the post-Soviet region by accounting for the blurred line between the private and public sectors; acknowledging institutional divisions within the state; and focusing on the executive branch, which due in large part to the communist legacy has been the most important institution in the politics of the post-Soviet states. See Anna Grzymala-Busse and Pauline Jones Luong, "Reconceptualizing the State: Lessons from Post-Communism," *Politics and Society* 30, no. 4 (2002): 529–54.

8. Eric A. Nordlinger, *On the Autonomy of the Democratic State* (Cambridge, MA: Harvard University Press, 1981), 8.

9. Joe D. Hagan, "Regimes, Political Oppositions and the Comparative Analysis of Foreign Policy," in *New Directions in the Study of Foreign Policy*, ed. Charles F. Hermann, Charles W. Kegley, and James N. Rosenau, 344 (Boston: Allen and Unwin, 1986).

10. Joel S. Hellman, Geraint Jones, and Daniel Kaufmann, "'Seize the State, Seize the Day': State Capture, Corruption, and Influence in Transition," World Bank Policy Research Working Paper no. 2444 (September 2000).

11. For the classic exposition of this point, see Max Weber, *Economy and Society: An Outline of Interpretive Sociology* (New York: Bedminster Press, 1968), 956–1005.

12. For a study examining the internal institutional weakness of the executive in foreign economic policy, see Peter J. Stavrakis, "State Building in Post-Soviet Russia: The Chicago Boys and the Decline of Administrative Capacity," Kennan Institute for Advanced Russian Studies, Occasional Paper 254 (1993).

13. For the sake of readability, I use this term here to refer to all regional chief executives, even though their formal titles vary from region to region (e.g., the mayor of Moscow, the governor of Krasnoyarsky Krai, or the president of Tatarstan).

14. See for example Kathryn Stoner-Weiss, "The Russian Central State in Crisis: Center and Periphery in the Post-Soviet Era," in *Russian Politics: Challenges of Democratization*, ed. Zoltan D. Barany and Robert G. Moser (Cambridge: Cambridge University Press, 2001); Jeffrey Kahn, *Federalism, Democratization, and the Rule of Law in Russia* (Oxford: Oxford University Press, 2002).

15. John W. Slocum, "A Sovereign State within Russia? The External Relations of the Republic of Tatarstan," *Global Society* 13, no. 1 (1999): 49–76.

16. V. Orlov, "Vneshnyaya politika i Rossiiskie regiony," *Mezhdunarodnaya zhizn'* no. 10 (2000): 49.

17. Jeronim Perovic, *Internationalization of Russian Regions and the Consequences for Russian Foreign and Security Policy* (Zurich: Center for Security Studies and Conflict Research, 2000), 41.

18. A. M. Salmin, "Iznanka vneshnei politiki: vnutrennie faktory v sisteme svyazei, obyazatelstv i proektov Rossiiskoi Federatsii," *Politiya* no. 5 (2001): 204.

19. Orlov, "Vneshnyaya politika i Rossiiskie regiony," 49.

20. Neil Melvin, "Regional Foreign Policies in the Russian Federation," *Royal Institute for International Affairs, Post-Soviet Business Forum* (1995): 14.

21. Salmin, "Iznanka vneshnei politiki," 204.

22. Elmar Koch and Iikka Korhonen, *The Aftermath of the Russian Debt Crisis* (Helsinki: Bank of Finland, 2000), <http://www.bof.fi/NR/rdonlyres/979B6E14-1CE9-4D23-8C79-3636049AD904/0/bon0700.pdf> (accessed May 27, 2007).

23. Andrei S. Makarychev and Vasilii N. Valuev, *External Relations of Tatarstan: Neither Inside, nor Outside, but Alongside Russia* (Zurich: Center for Security Studies and Conflict Research, 2003), 12.

24. Koch and Korhonen, *The Aftermath of the Russian Debt Crisis*.

25. Martin Nicholson, *Towards a Russia of the Regions*, Adelphi Paper 330 (London: IISS and Oxford University Press, 1999), 66.

26. Vyacheslav Elagin, "'Samostiinaya diplomatiya'—delo proshlogo," *NG Dipkur'er*, May 18, 2000, http://world.ng.ru/azimuth/2000-05-18/2_region.html (accessed May 27, 2007).

27. Salmin, "Iznanka vneshnei politiki," 203.

28. Aleksandr Bondarenko, "Polites: Po pravilam i na svoi igrat' neinteresno," *Itogi*, February 2,

1998, 17.

29. Nicholson, *Towards a Russia of the Regions*, 63.

30. Douglas W. Blum, "Domestic Politics and Russia's Caspian Policy," *Post-Soviet Affairs* 14, no. 2 (1998): 137–64. See also Igor Khripunov and Mary M. Matthews, "Russia's Oil and Gas Interest Group and Its Foreign Policy Agenda," *Problems of Post-Communism* 43, no. 3 (1996): 38–48.

31. Vyacheslav Lebedev, "Sevastopolskii Benefis Luzhkova," *Nezavisimaya gazeta*, January 21, 1997.

32. For example, at a low point in Russian-Belarusian relations in 1995–96, "in order to spite the Kremlin," Luzhkov signed major contracts with Minsk for the delivery of trolleybuses and machinery to Moscow. Oleg B. Alexandrov, *The City of Moscow in Russia's Foreign and Security Policy: Role, Aims and Motivations* (Zurich: Center for Security Studies and Conflict Research, 2001), 27.

33. OECD, *Trade Policies in Russia: The Role of Local and Regional Governments* (Paris: OECD, 2003).

34. "O koordinatsii mezhdunarodnykh i vneshneekonomicheskikh svyazei sub"ektov Rossiiskoi Federatsii," *Rossiiskaya gazeta*, January 4, 1999.

35. O. N. Barabanov, "Polpredy prezidenta i vneshnyaya politika: novye vozmozhnosti dlya Rossii," *Gosudarstvennaya sluzhba* no. 3 (2000): 77–88.

36. Robert W. Orttung, "Key Issues in the Evolution of the Federal Okrugs and Center-Region Relations under Putin," in *Dynamics of Russian Politics: Putin's Reform of Federal-Regional Relations*, ed. Peter Reddaway and Robert W. Orttung, 34 (Lanham, MD: Rowman and Littlefield, 2004).

37. Robert W. Orttung, "Business and Politics in the Russian Regions," *Problems of Post-Communism* 51, no. 2 (2004): 48–60.

38. Yevgenii Evdokimov, "Regiony khotyat aktivnee uchastvovat' vo vneshnei politike Rossii," January 22, 2003, <http://www.strana.ru/print/169597.html> (accessed May 27, 2007).

39. Andrei Reut, "'Doktrina Putina.' Gossovet pridumal ee dlya MIDa," *Gazeta*, January 23, 2003.

40. Alexandrov, *The City of Moscow*, 29.

41. Barabanov, "Polpredy prezidenta," 78.

42. Dmitri Trenin and Alesksei Malashenko, *Russia's Restless Frontier: The Chechnya Factor in Post-Soviet Russia* (Washington, DC: Carnegie Endowment for International Peace, 2004), 11.

43. The second Chechen campaign was a brutal undertaking that resulted in thousands of deaths of innocent civilians, brutal *zachistki* (mop-up operations) of Chechen men, the destruction of several cities, and has fostered the spread of radical Islam in the Russian North Caucasus. Acknowledgement of this brutality, however, should not hide the broader implications of the campaign's impact on Russian politics.

44. For example, in 2002, Kyrgyzstan requested Moscow's assistance in defending its borders, only a year after requesting the removal of Russian border guards. Later, Bishkek allowed Russia to establish a military base on its territory. See Trenin and Malashenko, *Russia's Restless Frontier*, 150–75.

45. Because of space constraints and the fundamentally different nature of its role in politics, the military-industrial complex is not addressed in this article.

46. This aspect of business's role is not examined here.

47. Sergei P. Peregudov, "Novii rossiiskii korporatizm: demokraticeskii ili byurokraticeskii," *Polis: politicheskie issledovaniya* no. 2 (1997): 25.

48. Hans-Henning Schroder, "El'tsin and the Oligarchs: The Role of Financial Groups in Russian Politics between 1993 and July 1998," *Europe-Asia Studies* 51, no. 6 (1999): 980.

49. As Thomas Graham writes, "Ultimately, the state itself was privatized and ceased to function as a unified, autonomous entity within the Russian political system." Thomas E. Graham, Jr., "The Fate of the Russian State," *Demokratizatsiya* 8, no. 3 (2000): 363. See also Michael McFaul, "Russia's 'Privatized' State as an Impediment to Democratic Consolidation, Part I," *Security Dialogue* 29, no. 2 (1998): 191–99.

50. In an article on the oil and gas industry's involvement in foreign policy, Yakov Pappé, one of the leading experts on Russian big business, lists six major associations or organizations that purportedly lobby the interests of the energy sector. "However," he writes, "not one of these has serious influence on the foreign or domestic policies of the state . . . There is only one real mechanism for oil and gas companies to lobby their interests: direct individual contacts with the state [and] direct access to high-level executive actors or officials." Yakov Pappé, "Neftinaya i gazovaya diplomatiya Rossii," *Pro et Contra* 2, no. 3 (1997): 69.

51. See, inter alia, Eugene Huskey, "The Making of Economic Policy in Russia: Changing Relations between Presidency and Government," *Review of Central and East European Law* 22, no. 4 (1996): 373.

52. Irina Kobrinskaya, "Vnutrennie faktory vneshnei politiki v postkommunisticheskoi Rossii," in *Rossiia Politicheskaya*, ed. Liliya Shevtsova, 279 (Moscow: Carnegie Moscow Center, 1998).

53. Kobrinskaya, "Vnutrennie faktory," 283.

54. Vladimir Trofimov, "Chem Pakhnut Kaspiiskie Neftedollary," *Nezavisimaya gazeta*, January 10, 1996.

55. Alex Pravda, "The Public Politics of Foreign Policy," in *Internal Factors in Russian Foreign Policy*, ed. Neil Malcolm, Alex Pravda, Roy Allison, and Margot Light, 186 (Oxford: Oxford University Press, 1996).

56. See for example Archie Brown, "Vladimir Putin and the Reaffirmation of Central State Power," *Post-Soviet Affairs* 17, no. 1 (2001): 49–55.

57. Tina Podplatnik, "Big Business and the State under Yeltsin and Putin," Paper given at St. Antony's College, Oxford, November 22, 2004.

58. Aleksei Zudin, "Neokorporatizm v Rossii? (Gosudarstvo i biznes pri Vladimire Putine)," *Pro et Contra* 6, no. 4 (2001): 171–98.

59. As Peregudov notes, "Business and the 'oligarchs' were really 'distanced' from direct influence on foreign and defense policy, personnel changes, and the resolution of purely political problems within the country. However, their role in determining the basic parameters of socio-economic issues critical for the future of Russia [grew significantly]." Sergei P. Peregudov, "Biznes i vlast' v Rossii. K novoi modeli otnoshenii," March 16, 2004, <http://www.politcom.ru/2004/pvz379.php> (accessed May 27, 2007).

60. "Soglashenie o sotrudnichestve mezhdru MID RF i RSPP," <http://www.rsppr.biz/articles?fid=19&aid=58> (accessed January 29, 2005); "Soglashenie o vzaimodeistvii mezhdru MERT i RSPP," <http://www.rsppr.biz/articles?fid=19&aid=59> (accessed January 29, 2005).

61. Author's interview with Igor Yurgens, Moscow, December 25, 2002.

62. Author's interview with Andrei Bugrov, Moscow, February 5, 2003.

63. Author's interview with Aleksandr Shokhin, Moscow, July 28, 2003.

64. See Aleksei Zudin, "Gosudarstvo i biznes v Rossii: evoliutsiya modeli vzaimootnoshenii," *Neprikosnovennyi zapas* no. 6 (2006), <http://www.nz-online.ru/index.phtml?aid=80018067> (accessed May 27, 2007); Sergei P. Peregudov, "Novyi etap v otnosheniyakh biznesa i vlasti," January 13, 2005, <http://www.politcom.ru/2005/analit200.php> (accessed May 27, 2007); and William Thompson, "Putin and the 'Oligarchs': A Two-Sided Commitment Problem," in *Leading Russia—Putin in Perspective: Essays in Honour of Archie Brown*, ed. Alex Pravda, 171–202 (Oxford: Oxford University Press, 2005). If the previous system benefited both sides, it might seem odd that it came to such an abrupt end. I would argue that Khodorkovsky had in fact not been playing by the new rules, specifically in the sphere of foreign affairs; he had struck a deal with the Chinese on the direction of the trans-Siberian oil pipeline without government approval and was about to sell his firm to Exxon-Mobil, again without the Kremlin's nod. He refused to adhere to the corporatist arrangement and continued to freelance.

65. Peregudov, "Biznes i vlast'."

66. Andrei Yakovlev, "The Evolution of Business-State Interaction in Russia: From State Capture to Business Capture?," *Europe-Asia Studies* 58, no. 7 (2006), 1033–56.

67. Peregudov, "Biznes i vlast'."

68. Maksim Glinkin, "Khishchiki v nevole ne razmnozhayutsya," *Nezavisimaya gazeta*, September 16, 2004, 1. As Yurgens suggests, the practice of the instrumental use of big business by the

state has intensified.

69. Author's interview with Bugrov, Moscow, December 12, 2006.

70. Michael McFaul, "Russia's Many Foreign Policies," *Demokratizatsiya* 7, no. 3 (1999): 393–412.

71. See Bobo Lo, *Vladimir Putin and the Evolution of Russian Foreign Policy* (London: Blackwell Publishers and the Royal Institute of International Affairs, 2003), 46ff. Katzenstein comes to the same conclusion in his analysis of French foreign policy. Peter J. Katzenstein, "International Relations and Domestic Structures: Foreign Economic Policies of Advanced Industrial States," *International Organization* 30, no. 1 (1976): 1–45.

72. Samuel Charap, "The Petersburg Experience: Putin's Political Career and Russian Foreign Policy," *Problems of Post-Communism* 51, no. 1 (2004): 55–62.

73. Celeste A. Wallander, "Ideas, Interests, and Institutions in Russian Foreign Policy," in *The Sources of Russian Foreign Policy after the Cold War*, ed. Celeste A. Wallander, 213 (Boulder, CO: Westview, 1996).

74. See Andrei P. Tsygankov, "Vladimir Putin's Vision of Russia as a Normal Great Power," *Post-Soviet Affairs* 21, no. 2 (2005): 132–58.

75. Although there is disagreement about Russia's overall democratic trajectory during this period, there is relative consensus on the continued opacity of the bureaucracy.

76. One scholar suggests a similar paradigm—state intervention eventually weakening government institutions—in Brazil. Kurt Weyland, "From Leviathan to Gulliver? The Decline of the Developmental State in Brazil," *Governance* 11, no. 1 (1998): 51–75.