

UNDERMINING DEMOCRACY

21st Century Authoritarians

Freedom House

Radio Free Europe/Radio Liberty

Radio Free Asia

JUNE 2009

RUSSIA

SELECTIVE CAPITALISM AND KLEPTOCRACY

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The Kremlin deploys the conceptual vocabulary of the new Russia—national renewal, anti-Western xenophobia, sovereign democracy—through a sophisticated domestic communications strategy that marshals both the traditional state resources and much-expanded control over virtually all mainstream mass media. This one-two punch, coming amid a period of rising prosperity, has had a significant impact on popular opinion, and the Kremlin’s message has resonated with its intended recipients.

INTRODUCTION

When Russian tanks halted their advance a few kilometers from Tbilisi in August 2008, with the Georgian army in full flight and Georgia’s allies in Europe and the United States reduced to fulmination, the global consensus on the meaning of the invasion was swift and bracing: Russia was back, a force to be reckoned with, and intent on reclaiming its lost share of import and influence among nations.

This consensus is as wrongheaded and simplistic as the previous incarnations of conventional wisdom it has replaced: first, that Russia was engaged in a rollicking, rollercoaster transition from communist torpor to liberal democracy and a free-market economy, and then, when that fine vision foundered in financial crisis and sundry misadventures toward the end of the 1990s, that Russia had become mired in some intermediary phase of its supposed transition and might soon slink off history’s grand stage altogether.

A transition did take place, but it was not to the hoped-for liberal democracy grounded in a free-market economy and the rule of law. Instead, it was a shift from the failing yet still functional bureaucratic authoritarianism of the late-Soviet period to a flashier, more footloose authoritarianism that rests on selectively capitalist kleptocracy, the dominance of informal influence groups, a decorative democracy that is often described as “managed,” and officially encouraged attempts to create a new and profoundly illiberal ideology with mass appeal. This system began to take shape under Boris Yeltsin in the 1990s,

matured under Vladimir Putin in the 2000s, and received a tremendous shot in the arm as oil prices rose and the Kremlin's coffers swelled. The regime has developed an elaborate and mostly effective toolbox of repressive and manipulative measures for maintaining domestic control, a conceptual vocabulary for faking democracy, and a series of strategies for wielding international influence.

The world's democracies must navigate the shoals of this system's contradictions as they fashion policies toward Russia along three major axes. The first is the advancement of common interests. These are few, as Russia's ruling elite, whatever rhetorical flourishes it may occasionally adopt for foreign ears, views the world in terms of 19th-century territorial spheres of influence, approaches international relations as a zero-sum game, and has staked much of its legitimacy—more than most outside observers seem to realize—on opposition to an American bogeyman, a “West” that is allegedly bent on Russia's destruction. The second axis is a response to the threats Russia poses to its neighbors. These are numerous, ranging from the encouragement of dictatorial regimes and the export of high-level corruption, to political meddling and even military intervention in countries deemed by the Kremlin to have misbehaved. Finally, the third axis is an attempt to mitigate the danger of systemic failure in Russia itself. This possibility is quite real, and its occurrence will be difficult to predict or prevent.

DOMESTIC METHODS OF CONTROL

Russia today presents a very particular form of authoritarianism. The executive arm of the state is the dominant force in society, allowing no challenges from an independent business community, the judiciary, an empowered electorate, or free media. Yet the state itself is dominated by a variety of informal influence groups that vie for control of key assets. Atop this complex construction stands Vladimir Putin, the de facto “national leader” and de jure prime minister, who is formally subordinate to President Dmitry Medvedev and informally powerful, but far from all-powerful. The state holds elections and boasts representative institutions, but they mean little. The ruling elite has successfully deployed a deeply illiberal conceptual vocabulary to vaunt state power and denigrate the content, if not the appearance, of democracy. This resurgent Russian authoritarianism garnered significant popular support during the recent period of relative prosperity, but the global economic crisis brought that period to an end in 2008, and the system's fate is now uncertain.

The core characteristics of Russian authoritarianism in its post-Soviet maturity are selectively capitalist kleptocracy, the dominance of informal influence groups, decorative democracy, and illiberal ideology. Together, these elements form an effective mechanism for maintaining elite control over a disempowered populace.

Selectively Capitalist Kleptocracy

Russia under the current regime can be described as a selectively capitalist kleptocracy because it employs certain genuine components of a market economy, but only to the extent that they benefit, or at the very least do not hinder, a ruling elite engaged in practices that would entail criminal prosecution in any free-market society with a functioning legal system and an independent judiciary. These practices include outright theft of budgetary funds, pervasive graft and kickbacks on all major contracts, myriad tax-evasion schemes, and a welter of unfair business tactics based on influence-peddling, access to insider information, and the manipulation of ambiguous laws and pliant courts.

The term kleptocracy, which arose to describe overtly larcenous states in conditions of scarcity like Zaire under Mobutu Sese Seko, is an imperfect one in the Russian context. Outright theft played a prominent role in the emergence of the post-Soviet system, most grotesquely during the early rounds of privatization, but it is no longer a systemic hallmark. In its latest incarnation as a petrostate, Russia even managed to parlay high oil prices into a swelling stabilization fund and substantial hard-currency and gold reserves. Yet the spirit of kleptocracy, in which the machinery of the state serves private gain before public good, is a constant. A new term might be more accurate—perhaps “kerdocracy” (rule based on the desire for material gain) or “khrematisamenocracy” (rule by those who transact business for their own profit)—but for practical descriptive purposes, kleptocracy conveys the essence.¹

The degree of selectivity in Russia’s adoption of capitalism varies from sector to sector, but throughout the system there are elements of the free market mixed with non-market-driven mechanisms and pervasive government corruption,² particularly where state-controlled companies intersect with the global economy, or where privately owned domestic corporations must bribe high-level officials. State-run energy companies like Gazprom bring in hard currency through their interactions with foreign markets, use their profits to provide domestic consumers with energy at below-market rates, and generally redistribute revenues in ways that are utterly devoid of transparency and almost certainly dismissive of market concerns. Not surprisingly, the state-controlled energy sector has displayed a marked lack of innovation and an unwillingness—or inability—to pursue effective long-term development. Gazprom’s decision to maintain domestic supplies and export volumes by purchasing Central Asian gas instead of developing new fields in Russia is but one example of this problem.

In a selectively capitalist kleptocracy, heavy state involvement in the economy and a plethora of informal relations blur the distinction between high-level “businessmen” and senior “officials.” The distinction evaporates completely when, as in Russia, government officials sit on the boards of large state-run companies. Even where a formal division exists,

businessmen must bribe officials in order to do business,³ making officials de facto participants in the management process, almost always to the detriment of corporate governance. High-ranking officials run sizable state-owned companies for private gain, amassing enormous wealth, although they must make efforts to conceal their riches from the public in order to maintain the illusion that they are, on some level, public servants.⁴

The result of this arrangement is the opposite of the level playing field that forms the foundation of a true market economy. One Russian wit summed up selectively capitalist kleptocracy with the phrase, “The elites want socialism for themselves, and capitalism for the people.” Andrei Illarionov, a former adviser to Putin, has quipped that the system involves the “privatization of profits and the nationalization of costs.”

Selectively capitalist kleptocracy is an effective mechanism for the maintenance of domestic control because it makes property rights contingent on the whim of those who can move the levers of state power. This serves a dual purpose, enriching the money-power nexus of politically connected insiders while forestalling the emergence of an independent and legally empowered business community. After the might of the state came down on Mikhail Khodorkovsky in 2003, Russia’s most powerful oil magnate soon found himself in a Siberian prison camp, and Yukos, his oil company, tumbled down the waiting maw of Rosneft, a state-owned oil company chaired by Igor Sechin, then deputy head of the presidential administration (and now first deputy prime minister, though he remains chairman of Rosneft’s board of directors).

A fine example of the subordination of business to the interests of the political elite came in July 2008, when shares in Mechel, one of Russia’s largest mining and metals companies, took a nearly \$5 billion nosedive in a single day after Putin made an off-the-cuff remark accusing the company’s chief executive of shady dealings. Mechel escaped Yukos’s fate, but the market’s reaction showed that investors, weighing a few words from the prime minister against Russian legal protections for property rights and due process, knew exactly which side represented the safer bet.

Informal Influence Groups

The Soviet system, like the tsarist system it replaced, always retained a strong informal component. The actual influence of formal Soviet institutions often did not correspond to their nominal functions. When the Soviet Union broke apart, the collapse was uneven, with formal institutions imploding while the informal component managed to survive, mutate, and thrive. This lopsided breakdown was a fixation among political and economic theorists, who correctly insisted that a successful transition depended on the emergence of strong institutions. What emerged instead were strong informal influence groups, sometimes called clans. These formations, not institutions, are the real vehicles of power in Russia.

Influence groups act as a shadow power structure that intersects both horizontally and vertically with formal institutions. While managing their assets and vying with rival groups to acquire more, they use their influence over the machinery of the state to secure their wealth in the absence of sound legal guarantees for private property. The paramount leader, whether he occupies the position of president or prime minister, is to some extent “above the system,” but he can never disregard influence groups entirely and must take care to maintain a balance of power, preventing any single group from dominating.

In a fine example of the contrast between informal power and official titles, Russia’s current paramount leader is Prime Minister Putin, who technically serves at the pleasure of President Medvedev, his de facto subordinate. Putin moved from the presidency to the premiership in 2008, but retained his leadership role in practice. He acts as both arbiter and conspirator, resolving disputes and playing interests groups against one another to ensure that they do not threaten his power or the overarching enterprise. When he performs this task successfully, he keeps conflict beneath the carpet and enhances his formal powers with informal influence. When he stumbles, the spats come out into the light and mar the facade of order and stability.⁵

Russia’s clans are complex. Some are based on corporate solidarity, like that among KGB veterans. Others form around mutual business interests, as with Oleg Deripaska’s now ailing financial empire. Still others draw on experiential bonds, like the group of friends in St. Petersburg who summered together in the 1990s, formed the Ozero cooperative to unite their out-of-town residences, and went on to obtain immense wealth and power when one of their number, Putin, became president in 2000. Most groups are held together by more than one type of glue. Yet all have a vested interest in preventing any movement toward a more transparent, genuinely democratic, and law-based system, as such a transition would undercut their informal power, threaten their stranglehold on the economy, and perhaps even expose them to prosecution.

Decorative Democracy

Decorative democracy, sometimes called managed democracy,⁶ is the political system of choice for ruling elites who grudgingly accept elections as a precondition for legitimacy but do everything in their power to control the outcome.⁷ The practice of decorative democracy amounts to a grab-bag of dirty tricks—legal devices prevent the formation of new political parties, state-controlled media relentlessly promote favored candidates and denigrate their opponents, election commissions ignore gross violations and punish minor ones, and duplicate candidates confuse voters. Recent Russian election cycles have augmented this already skewed system with additional formal hurdles: single-mandate districts have been eliminated, the threshold for party representation in parliament has been raised from 5 percent to

7 percent, and credible international observers have been excluded. Gubernatorial elections have been eliminated entirely. The goal of these measures is to reduce the necessary evil of elections to a predictable exercise that allows the ruling elite to devote the bulk of their time not to the good governance that would otherwise be the key to holding power, but rather to the more pressing pursuit of extracting the maximum material gain from selectively capitalist kleptocracy.⁸

Conceptual Vocabulary

Critics within established democracies charge that image has overpowered ideas in their practice of politics, but in Russia's decorative democracy this phenomenon has reached an extreme. Ruling elites engaged primarily in thievery and battles over assets have little time or use for a meaningful exchange of ideas. Still, they suspect that ideas are necessary, particularly in a political system that provides for little real communication between rulers and ruled, and they retain a Soviet fondness for a unifying ideology. Officially encouraged attempts to create such an ideology abound in Russia, and their products are usually cobbled together from Soviet statism, ethnic Russian chauvinism, a discourse of national renewal, indiscriminate nostalgia, and anti-Western xenophobia that is generally packaged as anti-Americanism.

What distinguishes these efforts are their illiberal essence and basic artificiality. They are illiberal in that their conception of "national greatness" is not an aggregate expression of citizens' social and economic well-being, but rather a metaphysical abstraction in which individual citizens dissolve into the faceless entity of "the people," harnessed to a vast and ill-defined project of which the state is both the primary driver and the main beneficiary. The ideologies are artificial for the same reason that communist ideology had become moribund by the Brezhnev era—they do not bear any recognizable relation to the reality they purport to describe.

Efforts to fashion a "national idea" from the country's imperial legacy tend to founder on the ineluctable fact that the empire is no more. Russian chauvinism meshes poorly with the multiethnic composition of a country that is home to millions of Muslims. Reverence for the accomplishments of both tsarism and Stalinism, coupled with a refusal to grapple with the failings of either, explains nothing about Russia's historical trajectory over the past century. National renewal becomes indistinguishable from oil wealth. Taken together, these exertions hardly betoken the birth of a viable new ideology, let alone one with appeal beyond Russia's borders, although the core concepts have been well received by a population that is understandably resentful over the depredations that followed the dissolution of the empire.⁹

Democracy is a small but important part of this conceptual concatenation. Vladislav Surkov, a top aide to Putin, famously appended the adjective "sovereign" to democracy in

2006, implying that while Russia is a democracy like other leading nations, it has the right to define the term as it pleases and deviate—by virtue of national sovereignty and tradition—from basic democratic standards and practices. The appendage proved an unhappy one, drawing ridicule from critics and even a barb from then first deputy premier Dmitry Medvedev shortly after its debut. Nevertheless, United Russia, the ruling party, foregrounds the term on its website, stating that “the renewal of the country on principles of sovereign democracy [means that] we are building a country with its own successful historical perspective.” In line with an increasingly bellicose attitude toward “Western” democracy, the party goes on to present a definition that stresses sovereignty over democracy: “For us, sovereign democracy is the right of the people to make its own choice relying on its own traditions and the law.”¹⁰

Delivering the Message

The Kremlin deploys the conceptual vocabulary of the new Russia—national renewal, nostalgia, anti-Western xenophobia, sovereign democracy—through a sophisticated domestic communications strategy that marshals both the traditional resources of the state and much-expanded control over virtually all mainstream mass media.¹¹ This one-two punch, coming amid a period of rising prosperity after a disastrous decade, has had a significant impact on popular opinion, and the Kremlin’s message has resonated with its intended recipients.

The traditional resources of the state include official pronouncements, the restoration of Soviet symbols, adjustments to school curriculums, the establishment of a ruling party, and the creation of youth movements. In 2005, Putin stressed in his “state of the nation” address to parliament that Russia “will decide for itself the pace, terms, and conditions of moving towards democracy”; he used the same speech to describe the collapse of the Soviet Union as the “greatest geopolitical catastrophe” of the 20th century. By that time, the familiar strains of the Soviet national anthem were sounding once again at official gatherings (with updated words penned by the author of the 1943 and 1977 versions). New history textbooks and manuals for teachers laud Joseph Stalin, gloss over the murderous legacy of Soviet communism, and represent the Putin era as a restoration of greatness that is imperiled by the evil designs of Russia’s enemies. United Russia has a lock on the rubber-stamp parliament and tentacles throughout the power structure. And a number of youth movements, funded directly or indirectly by the Kremlin, act as capillaries to bring new blood into the elite, cudgels to cow opponents, and bullhorns to blare approved messages. While the fate of this enterprise is now unclear in light of reduced oil prices and a global economic crisis to which Russia seems particularly vulnerable, it remains a signal accomplishment of the regime.

Mainstream mass media, from nationwide television stations to major newspapers, are now either under direct state control or owned by Kremlin-friendly business magnates.

Violence against irksome reporters is routine, and a number of critical journalists, of whom Anna Politkovskaya is the best known abroad, have been murdered with seeming impunity in recent years. The official message resounds most clearly on television, where dissenting voices are blacklisted; newspapers enjoy somewhat more freedom, but with the balance clearly in favor of the Kremlin. Where the state does not have direct control, proxies like Gazprom-Media, which owns television networks, radio stations, and newspapers, perform a similar function, although they sometimes allow their holdings a longer leash, as Gazprom-Media does with radio station Ekho Moskvyy.

The internet at first glance appears to contradict the rule, with independent voices readily available in some outlets, and even flourishing on blogs. Yet cyberspace is also the focus of increasing manipulation, with a vast array of Kremlin-funded websites promoting illiberal ideologies and regime-friendly forces stepping up their ownership of key infrastructure, like hosting sites for bloggers. And if web-based new media in functioning democracies have improved access to information and forced mainstream media to become more competitive, docile mainstream media in Russia simply ignore inconvenient online revelations and discussions, cutting off the cycle of feedback and response that has enlivened the press and enhanced accountability elsewhere.

The sophistication of the Kremlin's domestic communications strategy derives from its recognition that total control is no longer possible, or even desirable, in a 21st-century media environment. The Soviet Union devoted immense energy and effort to cutting off alternative sources of information and spoon-feeding the population its carefully crafted, ideologically uniform propaganda. The Kremlin today focuses on the media that reach a majority of the public—not coincidentally, the same majority expected to vote as needed in the rote plebiscites that pass for elections. Message control, a “party line,” is considerably less important than reach and impact, with lively debates sometimes unfolding within the approved context of authoritarian restoration. Freedom flickers at the margins, with voices allowed to cry out as long as they do so in a wilderness bounded and policed by the powers that be.

INTERNATIONAL INFLUENCE

Russia has shown an increasing willingness in recent years to exert influence beyond its borders through a combination of hard and soft power. These efforts have had the greatest impact in neighboring countries, where their effect on democratic development can be charitably described as ranging from neutral to negative.

The five-day war between Russia and Georgia in August 2008, which saw Russian forces come within easy striking distance of Georgia's capital before withdrawing to buffer zones around the Russian-backed separatist enclaves of South Ossetia and Abkhazia, was

Moscow's first major military incursion into a foreign country since the Soviet invasion of Afghanistan in 1979. Understandably, it gave rise to much talk of a "resurgent Russia" eager to reassert direct influence over the more ornery corners of the former Soviet Union, of which Georgia was the shining example. But the invasion was atypical. And while it came as a potent signal that Russia is willing to use military force abroad when it sees a domestically justifiable pretext and suitable international conditions, and that it is capable of dealing effectively with a small opponent, the spectacle of Russian tanks on the outskirts of Tbilisi should not detract attention from the wide-ranging if less spectacular efforts Moscow has made in recent years to exert international influence through nonmilitary means.

Those efforts have taken the forms of multivector diplomacy, political interference, financial leverage, energy blackmail, and strategic communications. And they have unfolded, with considerable interplay and significant variation, in four main arenas: the former Soviet Union, the community of developed democracies, what was once called the Third World, and various international organizations.

The mechanisms of Russian influence in the former Soviet Union are interference in domestic politics, financial leverage, energy blackmail, and strategic communications, all aided by the strong shared legacy of the Soviet experience. Most members of the post-Soviet elite in Central Asia and the Caucasus were educated in the Soviet Union, speak fluent or near-fluent Russian, and feel far more comfortable in a Russian cultural environment than in any other foreign setting. Millions of ordinary citizens share similar feelings. This common legacy gives rise to myriad formal and informal ties between Russian and post-Soviet elites, and it underlies receptivity to Russian messaging. Independence has also been bittersweet for many, often serving as the perceived handmaiden of greater oppression and impoverishment; nostalgia for the Soviet period is therefore not uncommon. Finally, Russia's recent economic growth has fueled impressions that Moscow might represent a viable model for emulation.

The most striking example of Russian interference in a domestic political contest in the "near abroad" took place in Ukraine, where the Kremlin provided direct rhetorical and financial support to Viktor Yanukovich in 2004 and sent an army of political consultants to aid his presidential campaign.¹² The effort was, in sum, a failure, and it has not been repeated. Subsequent support for pro-Kremlin political forces in the former Soviet Union has been less blatant, in part because political competition is rare in the almost uniformly undemocratic nations of Central Asia and the Caucasus. Nevertheless, Russia has bankrolled political movements for Russian speakers in the Baltic states and provided subtle backing for suitable candidates in Kyrgyzstan's power struggles since the 2005 ouster of President Askar Akayev.

Moscow is able to bring financial leverage to bear through direct investment, debt adjustments, and control over the flow of migrant labor. Russian direct investment plays a

Melding Power and Money in Russia

	<i>Official Position</i>	<i>Strategic Industry Link</i>
Sergei Ivanov	First Deputy Prime Minister	United Aircraft Corporation (UAC) Board Chairman
Viktor Ivanov	Aide to the President; Deputy Head of the Presidential Administration; Former Deputy Director of the Federal Security Service (FSB)	Chairman of Aeroflot and Almaz-Antei
Viktor Khristenko	Minister for Industry and Trade	Transneft Board Chairman; Gazprom Board Member; Former Director at Unified Energy System of Russia; Former Director of Jsc Russian Railway
Alexander Kozlov	Former Deputy Chief of Administrative Board of the President	Deputy Chairman of Gazprom's Management Committee
Dmitry Medvedev*	President of the Russian Federation	Former Gazprom Board Chairman
Alexei Miller	Former Deputy Minister of Energy	Gazprom's Chief Executive
Elvira Nabiullina	Minister for Economic Development	Gazprom Board Member
Sergei Naryshkin	Chief of Staff of the Presidential Executive Office	Sovkomflot Board Chairman; Rosneft Deputy Board Chairman; Former Board Chairman Channel One Television
Igor Sechin	Deputy Prime Minister	Rosneft Board Chairman
Sergei Sobyenin	Deputy Prime Minister and Government Chief of Staff	Former TVEL Board Chairman; Channel One Television Board Chairman
Igor Yusufov	Special Envoy of the Russian Federation President for International Energy Cooperation; Ambassador at Large of the Russian Federation Ministry of Foreign Affairs; Former Minister of Energy	Gazprom Board Member
Viktor Zubkov	First Deputy Prime Minister	Gazprom Board Chairman
<p>* Dmitry Medvedev served as chairman or deputy chairman of Gazprom from 2000 to 2007, during which time he also held the positions of first deputy chief of staff of the Presidential Executive Office, chief of staff of the Presidential Executive Office, and first deputy prime minister. As president of the Russian Federation since 2008, Medvedev no longer serves as Gazprom chairman.</p>		

significant role in the economies of Armenia, Kyrgyzstan, Tajikistan, and Uzbekistan. An adjustment of Tajikistan's sovereign debt to Moscow was instrumental to the conclusion of a 2004 agreement that gave Russia control over the Nurek space-surveillance station and a stake in the Sangtuda hydroelectric plant.¹³ More recently, a package of financial incentives to Kyrgyzstan totaling more than \$2 billion coincided with that country's February 2009 decision to expel U.S. forces from their air base at Manas. And at moments of conflict with Georgia and Moldova, Russia has sent home large numbers of migrant workers from those countries, squeezing economies that are dependent on remittances.

Russia remains a hub for gas exports from Central Asia and the main supplier of natural gas to Ukraine and Belarus, giving it substantial leverage over those countries. The flow of gas to Ukraine was cut in 2005, ostensibly due to a pricing dispute; however, it occurred after the ascent of Yanukovich's rival, Viktor Yushchenko, to the presidency, and the move was widely perceived as punishment for Ukraine's political choice. Moscow turned off the tap to Belarus in 2007 in the course of another pricing dispute, and cut off oil shipments to Lithuania on several occasions in attempts to acquire assets there.¹⁴

Finally, Russian-language media remain influential in the former Soviet Union, most notably in Central Asia. Russian state television is available in most of these countries, and Russian-language websites are for many residents a broader and more accessible source of information than those in the vernacular. Interestingly, the fact that viewers and readers are able to consume Russian media directly means that there are fewer opportunities for the Kremlin to design messages specifically for Russian-speaking audiences outside Russia. Nevertheless, those audiences live in media environments where Kremlin spin often drowns out other foreign, and even domestic, voices.

The main mechanisms of Russian influence among the leading developed democracies are multivector diplomacy and strategic communications. Multivector diplomacy is most closely associated with Kazakh president Nursultan Nazarbayev, who has encouraged the competitive courtship of different world powers to maximize his country's influence and standing. The Russian variant entails maneuvers along both sides of a given international fault line in an approach one might term "being part of the problem in order to be part of the solution." In Iran, for example, Russia is building the Bushehr nuclear power plant and maintains close ties with the regime while providing on-again-off-again support for international efforts to end Iran's bid to develop a nuclear weapon. In the Middle East, Russia has ambitious plans to sell arms to Syria (along with Iran) while at the same time taking part in regional peace initiatives.

Russian strategic communications in the developed democracies take the shape of international broadcasting and public relations. Russia Today, a satellite television station with a \$30 million annual budget,¹⁵ offers programming in English (and Arabic). The channel mixes

sophisticated production with a resolutely upbeat tone on Russia's image and an invariably pro-Kremlin take on political events. The Kremlin has also retained high-profile public relations firms based among its target audiences, most notably during the Group of Eight summit in St. Petersburg in 2006. Finally, the Institute for Democracy and Cooperation, a Russian organization that opened an office in New York in 2008, bills itself as an independent think tank funded by corporate donations. It positions itself as a critic of U.S. democracy and seems designed to advance a pro-Kremlin agenda, although it has maintained a low profile in its first year of operation.

In the developing world beyond the former Soviet bloc, Russia relies on multivector diplomacy, financial leverage, and strategic communications. The first two elements usually go hand in hand, with financial leverage frequently taking the form of weapons sales to countries seen as hostile to the United States and its allies, as in the above-noted cases of Syria and Iran. Venezuela, another country that has strained relations with Washington, signed weapons contracts worth more than \$4 billion with Russia in 2005–07.¹⁶ Russia has also shown a willingness to engage nonstate partners that are shunned by many other governments, such as Hamas.¹⁷ Furthermore, Russia Today broadcasts in Arabic throughout the Arab world, as well as on the internet, and the radio station Voice of Russia is, according to its website, available in 32 languages in 160 countries.

Moscow's strategy in international institutions is twofold: in institutions where Russia must work with the developed democracies, it has pursued a policy of multivector diplomacy and attempted to frustrate democracy promotion; in regional institutions, it has promoted an alternative framework for cooperation based primarily on national sovereignty and the shared interests of undemocratic ruling elites. In the United Nations, Russia has made its support for sanctions against Iran contingent on the overall state of its relations with the United States and the European Union. In the Organization for Security and Cooperation in Europe (OSCE), which has long vexed Russian and other post-Soviet rulers with observation missions that train an unsparing gaze on flawed elections, Moscow has pushed hard for "reforms" that would shift the OSCE's focus from democracy to security cooperation, and moved to curtail outside observation of Russian elections.¹⁸ In the Shanghai Cooperation Organization (SCO)—which brings together China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan—Russia has worked successfully with China to internationalize the theory behind "sovereign democracy," promoting absolute sovereignty as a guiding principle in world affairs.¹⁹ The practical result tends toward security cooperation between authoritarian states and punitive legislation codifying the sweeping, illiberal interpretation of "extremism" that underpins the SCO's guiding philosophy.

Three aspects of this broad effort to exert international influence are particularly noteworthy. First, its success has been spotty. Russia has succeeded in establishing mutually

convenient arrangements with a number of undemocratic regimes, stoked low-level rhetorical confrontation with the United States and its allies, embroiled itself in a hot conflict with Georgia, and embarked on a public-relations offensive, but it is hard to see how this adds up to vastly expanded influence, or even a coherent foreign policy. Second, Russian efforts have come amid an ascendant antidemocratic zeitgeist in much of the developing world; Russia's role in this trend is as much follower as leader. And third, the Russian push for influence relies greatly on financial muscle derived from high oil and gas prices. Prices have fallen sharply in recent months as part of the global economic crisis, which has caused Russian stock exchanges to plunge and Russian companies to seek help from the government. How this will affect the Kremlin's international maneuvers remains to be seen.

FINDINGS

- Today's Russia is an authoritarian state where a corrupt and illiberal ruling elite maintains its power through media manipulation and the subversion of the democratic process. The leadership has no discernable desire or incentive to alter its policies, and no other force in society is currently capable of fomenting change. The initial results of the global economic crisis, which has dealt a particularly severe blow to Russia's unbalanced and mismanaged economy, do not presage any positive shift in the fortunes of the country's beleaguered liberal opposition.
- An appeal to common interests is unlikely to prove a solid basis for improved relations between Russia and the world's established democracies. The Kremlin's actions over the last eight years strongly suggest that it will seek to exploit U.S. and European overtures for rhetorical purposes, even as it spreads domestic propaganda aimed at stoking xenophobic sentiment and pursues a zero-sum foreign policy agenda intended to reduce U.S. and European influence worldwide and carve out a privileged zone of Russian interest in neighboring countries. For U.S. policymakers, the implications are gravest in Iran, where Moscow's real aim is the maintenance of an uneasy status quo, and Afghanistan, where the Kremlin hopes to make U.S. and NATO supply routes contingent on Russian beneficence.
- The Russian authorities have embarked on a campaign to undercut the integrity of standards-based institutions that focus on democracy and human rights while building up regional institutions that unite authoritarian states around military and security cooperation. Targets for obstruction include the Office for Democratic Institutions and Human Rights with the OSCE, whose election monitoring has exposed the workings of decorative

democracy, and the Strasbourg-based European Court of Human Rights, whose rulings have highlighted corruption and other official misconduct in Russia. Meanwhile, Russia has favored institutions like the Shanghai Cooperation Organization, which brings together China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan, and pointedly relegates all rights concerns to the sovereign realm of individual regimes.

- Expect things to get worse before they get better. The primary goal of the Russian elite is not to advance an abstract ideal of the national interest or restore some imagined Soviet idyll, but to retain its hold on money and power. Current economic conditions threaten this goal, and the ruling cliques, to the extent that they are capable of concerted action in a crisis situation, will likely respond by tightening the screws at home, stoking anti-Western sentiment, and provoking conflicts they feel they can exploit. But the cornerstone of Russia's putative restoration under Putin is the improved material well-being of the populace. If this crumbles, popular support may crumble with it, opening the door to change but also to considerable danger.

NOTES

- 1 The author first used these terms in "Russian 'Hard Power' Changes the Balance in the Caucasus," Radio Free Europe/Radio Liberty (RFE/RL), August 12, 2008, http://www.rferl.org/content/Russia_Changes_Balance_In_Caucasus/1190395.html.
- 2 Corruption is to be understood here not in the sense of a deviation from well-established formal rules, but rather as the informal rule to which observance of formal rules is, in fact, the exception.
- 3 Transparency International's 2008 Corruption Perceptions Index ranked Russia 147 out of 180 countries, capping an eight-year downward trend. The organization noted that the "phenomenon of corruption . . . seriously undermines the very statehood of Russia." Also in 2008, Russian prosecutor Aleksandr Bastrykin estimated that corrupt officials extract some \$120 billion a year from the national budget, a figure that comes to nearly a third of the country's 2008 budget of \$376 billion.
- 4 Stanislav Belkovsky, a Russian political analyst with wide-ranging ties and opaque loyalties, told *Die Welt* in 2007 that Vladimir Putin amassed a fortune of more than \$40 billion during his tenure as president. Putin publicly shrugged off the allegations, but the Kremlin never took any action against Belkovsky.
- 5 One example of a public spat is the imprisonment of Mikhail Khodorkovsky and the expropriation of Yukos in 2003–05. Another is the open letter Viktor Cherkosov published in *Kommersant* in October 2007, criticizing the business activities of former KGB officers.

The letter was widely viewed as the public manifestation of a long-running private feud between various Kremlin clans.

- 6 Managed democracy is an unfortunate term, as it fails to convey the fundamentally undemocratic nature of the system that results from the “management” of the electoral process.
- 7 This paragraph is adapted from the author’s testimony before a hearing of the Commission on Security and Cooperation in Europe (Kyrgyzstan’s Revolution: Causes and Consequences) on April 7, 2005. See http://csce.gov/index.cfm?FuseAction=ContentRecords.ViewDetail&ContentRecord_id=341&Region_id=0&Issue_id=0&ContentType=H,B&ContentRecordType=H&CFID=18849146&CFTOKEN=53.
- 8 For a useful study of decorative democracy in the post-Soviet world, see Andrew Wilson’s *Virtual Politics* (Yale University Press, 2005), which provides an overview of how elites “fake democracy.”
- 9 The author noted the emergence of this paradoxical paradigm in an October 3, 2002, article for RFE/RL: “Is there a touch of the postmodern in all this free play of decontextualized symbols? Or is it just conceptual chaos? Vladimir Nabokov’s description of an emigre couple in his novel *Pnin* hints at one possible answer: ‘Only another Russian could understand the reactionary and Sovietophile blend presented by the pseudo-colorful Komarovs, for whom an ideal Russia consisted of the Red Army, an anointed monarch, collective farms, anthroposophy, the Russian Church and the Hydro-Electric Dam. . . .’ Although some of Nabokov’s terms have not stood the test of time (anthroposophy is not much in evidence these days), the peculiar cocktail he mixes for the Komarovs seems increasingly popular in Moscow. The intriguing question is why so many find it not merely palatable, but potent.” (<http://archive.rferl.org/newsline/2002/10/031002.asp#5-not>)
- 10 United Russia, program adopted by the party’s 7th Congress (December 17, 22008), <http://edinros.er.ru/er/rubr.shtml?110100>, accessed April 26, 2009.
- 11 “The Kremlin” here is shorthand for the primary stakeholders in the existing system, from the presidential administration to the various influence groups that control key assets.
- 12 Estimates of the amount of support Yanukovich received vary. Anders Aslund, speaking at the Carnegie Endowment in October 2004, put Yanukovich’s election war chest at a whopping \$600 million, with a significant portion coming from the Kremlin and affiliated donors. See <http://www.carnegieendowment.org/events/?fa=eventDetail&id=727&prog=zgp>. The Heritage Foundation’s Ariel Cohen stated in November 2004 that “the Kremlin has poured unprecedented resources into the election campaign—at least \$200 million from sympathetic Russian and Ukrainian businessmen.” See <http://www.heritage.org/research/russiaandeurasia/em949.cfm>.
- 13 See RFE/RL Newline, October 18, 2004, <http://archive.rferl.org/newsline/2004/10/2-TCA/tca-181004.asp>.

- 14 Vladimir Socor, “Russian Oil Supplies to Lithuania Cut Off,” *Eurasia Daily Monitor* 3, no. 150 (August 3, 2006), [http://www.jamestown.org/single/?no_cache=1&tx_ttnews\[tt_news\]=31939](http://www.jamestown.org/single/?no_cache=1&tx_ttnews[tt_news]=31939).
- 15 See “When Success and Image Don’t Mesh,” *Moscow Times*, June 27, 2008.
- 16 See “Venezuela Reaffirms Future Arms Purchases from Russia,” RIA Novosti, November 7, 2008, <http://en.rian.ru/world/20081107/118181084.html>.
- 17 The bizarre fruits of this particular diplomatic initiative ripened after the Russian-Georgian war in August 2008 and the subsequent South Ossetian declaration of independence, which was recognized by Russia, Nicaragua, Hamas, and Hezbollah.
- 18 The OSCE’s Office for Democratic Institutions and Human Rights (ODHIR) canceled planned missions to monitor Russia’s December 2007 parliamentary election and March 2008 presidential election, citing excessive restrictions.
- 19 See Daniel Kimmage, “SCO—Shoring Up the Post-Soviet Status Quo,” RFE/RL, July 8, 2005, <http://www.rferl.org/Content/Article/1059771.html>, and “Does the Road to Shanghai Go Through Tehran?” RFE/RL, June 12, 2006, <http://www.rferl.org/content/article/1069086.html>.