

Russian Transimperialism and Its Implications

There is a new reality on the global scene: a Russian foreign policy that is proactive and strategic. In Central Asia, the Shanghai Cooperation Organization (SCO) is an increasingly effective instrument of Russian-Chinese security and economic cooperation, one that includes Iran as an observer and not the United States. Russian energy negotiations with Kazakhstan, Turkmenistan, Ukraine, and China have yielded exclusive contracts for Russian energy exports at higher prices, agreements for Russian control over strategic pipelines, and even joint investment arrangements for Russian companies abroad.

After a decade of inaction on separatist conflicts in Georgia and Moldova, Russia has developed a new policy stance leveraged on international norms for self-determination and the potential precedent of an independent Kosovo that may result in outright Russian control of those regions. In the past two years, Moscow has opposed Western democratization policies in post-Soviet countries such as Belarus and Uzbekistan by forging partnerships with like-minded nondemocratic leaderships in strategically important neighboring countries. Although the outcome of international bargaining on Iran's nuclear programs is far from certain, Moscow is poised to advance an emerging strategic partnership with the Middle East's most important regional power.

In Europe, President Vladimir Putin's Russia has had breathtaking success in effecting a bilateralization of Russia's relations with key countries, primarily Germany and France, undermining the European Union as a unified force and eliminating any advantage European countries might have had in insisting

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on a multilateral approach in their strategic, political, and economic relations with Russia. Toward the United States, it is fair to say that Washington now needs Moscow on vital U.S. priorities such as North Korea, Iran, Eurasian security, and energy more than Moscow believes it needs Washington.

To some extent, Moscow's newly effective strategic foreign policy is a matter of luck brought about by high energy prices, the United States' ongoing nightmare in Iraq, the backlash against democratization and liberalization

in Eurasia, and the autonomous forces behind the rise of the twenty-first century's likely global powers in Asia. Nevertheless, Russia must have had a strategy poised to take advantage of this favorable environment.

What is behind this new strategic reality? Is it a postimperial Russia that pursues its national interests through global cooperation and healthy economic competition while respecting the sovereignty, independence, and

legitimate national interests even of its weak neighbors? Is it a neoimperial one that defines Russian security in terms of establishing control over the foreign and domestic policies of weaker powers, as the Russian empire did for centuries and as the Soviet Union did in modern form in the last century?

A postimperial Russia can be an integrated member of the international community and a worthy partner among the emerging ranks of postmodern great powers. Such a Russia could help to develop effective responses to the range of emerging twenty-first-century security threats, including substate actors, transnational networks, and traditional nation-states. It could be an effective partner in the ongoing and long-term challenge of Eurasian security, including the region's potential for weapons proliferation. Moreover, a postimperial Russia, with its hydrocarbon energy wealth, nuclear energy technology, and advanced capacities in science and engineering, could be a major player in addressing the global energy transformation challenge in the coming decades.

A neoimperial Russia, however, would be of little help in solving these challenges, and it could create important challenges and problems itself that might drain Western resources and divert a strategic focus from global problems. A neoimperial Russia would reverse the opening of Eurasia to global and transatlantic security, political, and economic integration. It would be a force against liberalization and democratization in Eurasia, objectives of U.S. and European foreign policy on both principled and pragmatic grounds. This Russia would be more likely to define its national interests in zero-sum terms vis-à-vis other regional or global powers, including the United States and Europe. Further, a neoimperial Russia would be very unlikely to be a successfully integrated and

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dynamic economy because power and state control, instead of markets and growth, would play a dominant role in its commercial relations.

Not surprisingly, debate about Russia's motivations and strategy has been quietly occupying analysts and policymakers in Western capitals. That quiet debate has begun to take public form in disagreements. These quarrels have included, for example, whether it is reasonable for the Russian state to exclude foreign investors in the energy sector, to insist on bilateral negotiations on energy prices, or to restrict foreign-funded nongovernmental organizations (NGOs). For the United States and Europe to develop effective strategies to cope with whatever kind of Russia there may be and to avoid more of the ineffective tactical policy adjustments that have preoccupied the West in dealing with Russia of late, they will need to better understand what is motivating Russian foreign and security strategies, what that implies for the next decade, and what kinds of Western strategies will best secure transatlantic interests.

Analysts and policymakers are engaged in a fruitless debate over postimperialism versus neoimperialism.¹ Neither adequately explains the range of Russian policy and behavior, and both are partially correct. Instead, both the twenty-first century's globalized strategic context and the nature of the authoritarian political-economic system that has been consolidated within Russia during the Putin years are the keys to explaining Russian foreign and security policy. These causal roots have shaped a Russian strategy that is modern and transnational as well as imperialist—in other words, transimperialist.

The Contradictions of Putin's Russia

Russian foreign policy has dual and mutually reinforcing objectives: increase economic growth and global power. Economic growth, at least six percent annually since 1999, provides the state with resources and leverage in its diplomatic relations. During the 1990s, high inflation and severe economic dislocation made President Boris Yeltsin dependent on International Monetary Fund credits and Western goodwill in negotiations on debt payments and trade concessions.

Putin's Russia, on the other hand, can pay its bills, has a booming economy, and has among the world's largest aggregate carbon-based energy reserves, counting oil and natural gas. Strong demand for Russian energy, defense goods, and industrial products such as steel does not merely contribute to economic growth but also affords Russia diplomatic stature in forums such as the Group of Eight. Foreign investor interest in Russia's still largely underserved domestic consumer economy draws global businesses in the consumer sectors with major investors such as Procter and Gamble, Coca-Cola, and Daimler-Chrysler. The prospect of further growth drives interest in Russia's stock market and financial services companies.

Thus, it is not surprising that Putin cites strengthening the Russian state, growing the economy while paying foreign debt, and restoring Russia's international status as his three main achievements.² They are the pillars of Russia's successful foreign policies in recent years. Yet, although Russia's great-power stature and influence are built on its participation in the international economy, Putin's foreign policy is not one of integration or liberalization. In Russia's international economic strategy, the state plays a central role in managing the domestic economy and society as well as in interacting with the outside world.

A postimperial Russia can be an integrated member of the international community.

Russia is engaged with the international economy, but on terms antithetical to economic liberalism. Transactions, negotiations, and relationships are channeled primarily through the state; and the state controls major sectors of the Russian economy, particularly in sectors deemed strategic, including energy, metals, and defense. The trend toward privatization, particularly in important sectors such as energy, defense, high technology, and natural resources, has been re-

versed. Foreign direct investment outside of the consumer goods sector and agriculture is increasingly unwelcome. Foreign investment in strategic sectors must be limited to less than 50 percent and perhaps as little as 30 percent of a firm's value, with close state oversight of foreign investors and their proposed purchases requiring state approval.³

Energy, of course, has become the single most important issue in Russian foreign policy, occupying the place of importance and emphasis that military relations used to have in Soviet foreign policy and creating speculation about Russia as an energy superpower, Putin's recent denials notwithstanding.⁴ Energy dominates Russia's relations with almost every important country or region, namely its post-Soviet neighbors, Europe, China, and Iran. It is less dominant in relations with the United States, reflecting a larger diplomatic agenda that includes counterterrorism and the nonproliferation of weapons of mass destruction. Furthermore, the United States is not directly dependent on Russian energy exports. Because the vast majority of Russian natural gas must be exported directly to customers through pipelines and cannot be shipped by tankers across oceans as oil is, the United States has little to gain directly in the energy sphere from warm relations with Russia. Yet, U.S. preoccupation with the problem of energy supply and prices keeps the issue on its main Russia agenda as well.

Moscow has used its importance in global energy markets to fracture the EU's common trade policies; to limit its neighbors' willingness to pursue po-

litical and security relations that Russia opposes (influencing Ukraine's new reticence on NATO membership, for example); to lay the groundwork for multifaceted cooperation with a rising China; and to create leverage for Russia's entry into the global economy as an investor and owner. Sometimes this has been quite obvious. In November 2006, Belarus and Russia faced off in a confrontation over the state-owned gas company Gazprom's demand that it be allowed to buy 50 percent of Beltransgas or it would triple or even quadruple the price Belarus pays for Russian natural gas.

In other cases, it has been subtler. Gazprom is joint owner with a company called Centragas Holding (the ownership of which remains a mystery) of RosUkrEnergo, a Swiss-registered company that serves as an intermediary for selling Russian and Central Asian gas to Europe. Instead of buying natural gas directly from Gazprom, Ukraine's state energy company Naftogaz buys it at a negotiated price from RosUkrEnergo, leading corruption experts to believe that the company's sole purpose is to generate and siphon rents in interstate energy deals.

The subtlety increases the further one gets from Russia's post-Soviet borders. In western Europe, Gazprom created a subsidiary company with minority German ownership chaired by former German chancellor Gerhard Schroeder, conveniently not long after Schroeder as chancellor had approved the agreement to build the new Northern European Gas Pipeline. Gazprom is seeking to build a new pipeline to Germany that bypasses transit countries such as Ukraine and Belarus, an objective that many in Europe viewed with concern insofar as it would increase European dependence on Russian energy exports. By creating a subsidiary in which German political and business interests have a direct stake, Gazprom succeeded in persuading key players to go ahead with the deal.

The spectacle of Western companies such as Hydro, Statoil, Chevron, ConocoPhillips, and Total vying to become the chosen foreign investor in the Shtokman natural gas project is yet another example of Russia's ability to leverage its potential energy exports to facilitate close international ties. That competition, however, ended with the Kremlin's decision in October 2006 to retain control by excluding foreign ownership.⁵

Russia's interest in entangling foreign investors has extended to industrial and defense sectors as well. The state-owned Vneshtorgbank bought five percent of the European defense giant EADS in 2006, with Russian sources calling for a 25 percent controlling stake and Putin raising the idea of a Russian seat on the board. Russian steel giant Severstal sought unsuccessfully to ac-

A neoimperial Russia could divert a strategic focus from global problems.

quire European steel firm Arcelor. Russian steel and iron ore firms have large investments in Ukraine's steel sector and related industrial sectors.

Investment and internationalization are, in principle, positive aspects of a modernizing Russia. The key question is whether the investment conforms to global standards for transparency as well as commercial interests and is consistent with competition, profit, and growth. Russian investments driven by private firms in a competitive and transparent economy would have implications for Russia's foreign policy, but they would not be of major concern. Investments managed or even owned by the Russian state, however, are a different matter.

Recent patterns suggest that Russian international investment is not consistent with liberal integration. Moscow uses political relations for economic benefit and economic leverage for political benefit and increasingly resists transparency and international oversight in its domestic and international commercial relations. Furthermore, this new element in Russia's international economic presence comes at the same time that the Putin leadership has taken a very strong interest in the internal domestic political-economic orders of its post-Soviet neighbors.

Namely, Moscow exhibits a strong dislike and even fear of the recent Color Revolutions in Georgia, Ukraine, and Kyrgyzstan. In addition to assisting the Kuchma regime in conducting fraudulent elections in the fall of 2004 to ensure the victory of Viktor Yanukovich in Ukraine—a successful effort that was nonetheless overturned by the Orange Revolution—the Russian leadership has sought to strengthen relations with other authoritarian regimes, most notably in Uzbekistan, with the explicit objective of helping them to fend off democratization. With Georgia appearing to move forward on its transatlantic course with a NATO Intensified Dialogue on its membership aspirations and reforms, Georgian-Russian relations have escalated to confrontation in the aftermath of Georgia's arrest of alleged Russian spies and Russia's virtual blockade of the country.

Neoimperialism or Postimperialism?

Given these trends, the question is unavoidable: Is Russia going through understandable bumpy patches in a transition to postimperialism, or is it constructing a form of neoimperialism? A postimperialist Russia would explain recent policies as those of a normal middle-power seeking security and prosperity. In this view, Russia is undergoing an economic and political transformation that is gradually creating a political and economic system with elements of political freedom and economic competition. With involvement in the international economy, Russia will come to have a stake in the global economic

system and will begin to play by the rules. As the stakes for Russia rise in foreign investment and trade, the cost-benefit ratio of hegemonic or imperialistic strategies in the definition of Russian national interests and the developments of its foreign and security policies will change in favor of liberalization.

A neoimperial Russia, on the other hand, would explain Russian policies as the establishment of an informal empire as a vehicle for Russia's emergence as a quasi-modern great power. It points to the importance of a geopolitical definition of Russian national interests heavily influenced by Eurasianist thought and Russian nationalism. This neoimperial Russia would seek wealth, power, and security through a position of strength vis-à-vis the West, as well as other powers, such as Iran and China, by exercising power over dependent neocolonies, primarily the former Soviet states. This Russia would be primarily focused on zero-sum competition with the United States, but also potentially with regional competitors.

Russian international investment is not consistent with liberal integration.

Both explanations have elements of truth and fit with aspects of Russian policy and behavior. Neither, however, can account for the range and variety of Russian policies and behaviors. Postimperialism cannot explain Russia's obstructionist stance on frozen conflicts in Moldova and Georgia, blatant use of energy as a tool of power in its foreign policy, or interests in special commercial deals with Iran and Venezuela. It is entirely contradicted by Russia's reliance on authoritarian regimes in Belarus, Uzbekistan, and Kazakhstan.

Most importantly, postimperialism cannot explain Russia's refusal to accept international rules of the game as defined by the liberal international economic order, including contracts and private investment in the energy sector. For example, by threatening massive fines and investigations based on accusations of environmental damage in the international joint venture Sakhalin-2 to develop natural gas exports in the Far East, accusations to be viewed with considerable skepticism given the Russian government's poor track record on environmentally sound policies and practices, the Russian government has forced Mitsubishi, Mitsui, and Royal Dutch/Shell to sell enough of their majority stake in the venture to cede majority ownership to Gazprom. The Russian government has also refused to ratify the European Energy Charter, which it signed in 1994, because implementation of the charter would require transparency and competition in Russia's pipeline systems, currently monopolized by the state companies Gazprom and Transneft.

Neoimperialism as an explanation for Russian foreign and security policy is flawed as well. If the Russian leadership is bent on reestablishing an informal

Neoimperialism also does not entirely explain Russian foreign and security policy.

Russian/Soviet empire, why does the Kremlin continue on the path of the malign neglect and failure to reform the Russian military? In contrast to the expectations of a neoimperial model, Russia has been very restrained in the use of force toward its post-Soviet neighbors. Russia played a constructive role in resolving the crisis over Ajaria in 2004 and has been withdrawing military

forces from Georgia. Although Russia did endorse fraudulent elections in Ukraine, it also accepted the results of the Orange Revolution and the free and fair elections that ultimately made Viktor Yushchenko president. Russia is now poised to join the World Trade Organization (WTO) and its leadership remains active in pursuit of that goal, having compromised a great deal and made substantial progress in its negotiations with the United States. The

disputes that delayed its WTO accession agreement were not those of an empire and are all too familiar in the normal trade realm of the international economic system.

Perhaps the most important anomaly both for neoimperialism and postimperialism as explanations for Russian foreign policy is the deep complicity of leaderships abroad in Russia's new activism in international politics and economics. Russia's favorable gas deal with Ukraine in January 2006, which keeps Ukraine largely vulnerable and dependent on Russian energy and goodwill, was not imposed on an unwilling Ukrainian leadership. The winning government of the Orange Revolution agreed to it, and the deal profits not only Gazprom but also the Ukrainian joint owners of RosUkrEnergo.

Gazprom may be pressuring Belarusian president Aleksandr Lukashenka for partial ownership and thus control of gas pipelines, but without the billions of dollars in implicit and explicit subsidies received over the past years, Lukashenka would face domestic discontent and potentially more effective opposition. Georgia is vulnerable to a Russian blockade precisely because so many illicit economic and commercial relations with Russia sustain the Georgian economy. Uzbek president Islam Karimov did not expel the U.S. military presence in 2005 because of Russian neoimperialist pressure. Rather, he saw a common interest in joining with Russia to resist the perceived threat of a Color Revolution that would shake his authoritarian rule.

Both models ignore an essential dynamic of Russia's foreign policy: how the Russian leadership pursues power and wealth. At the level of the international system, this means globalization. At the level of Russia's emergent domestic political-economic system, the key factor is patrimonial authoritarianism.

Globalization Shapes Russia's Choices

Globalization is created by networks of interdependence on a global scale. Although it has taken place in previous historical periods, its current scale, speed, and multiplicity are unique, and it is the defining feature of the contemporary global system.⁶ One of globalization's attractions is that it can increase trade, spur innovation, and create efficiencies. It leads to economic growth and development and affects the power and wealth of nations. Yet, globalization creates challenges as well as opportunities. It brings information, ideas, resources, wealth, disease, and external threats. Increased interaction can challenge existing social and political institutions, especially their ability to regulate and control the lives and behaviors of citizens. As a result of globalization, states must often cope with shifting configurations of power and interest within their own societies.

Leaders can respond by adapting well to the new challenges, developing capacities for dealing with new areas of economic policy, and cooperating with other governments to create international institutions to manage transnational global challenges. States can also erect barriers to globalization's networks of interdependence, however, insulating the country. In doing so, the state may forgo the opportunities of globalization. Barriers to trade maximize control and minimize foreign influence over the state and its society but limit the growth effects of free trade that competitive and integrated economies enjoy. In the modern world, no country can aspire to prosperity or greatness by isolating itself from globalization, especially if, like Russia, its economic base requires exports. If Russia wishes to be a wealthy great power, it is going to have to participate in the globalized international system.

Therein lies the dilemma. In order to participate successfully in the globalized economy and to benefit from it, Russia would have to open its economy, following liberal practices such as transparency, rule of law, and the sanctity of contracts. To compete and innovate, it would have to allow its citizens access to information, ideas, the global media, and ultimately the right to hold the government accountable for its policies. A globalized Russia would in fact be a postimperial Russia. This would be consistent with Russia's national interests and its stated objectives for prosperity and security. It is not consistent with Russia's internal political-economic system, however, and thus not consistent with the interests of the current Putin regime.⁷

Moscow's Patrimonial Authoritarianism

Russia is neither the Soviet Union nor a partial democracy. The Russian political system is not totalitarian; the state does not control every aspect of life

or aspire to do so. Neither is it a democracy. The conditions for democracy, including competitive political parties, independent media, free and fair elections, and government accountability to a constitution, are not only lacking but have been systematically dismantled.

Russia is an authoritarian system based on centralization, control, and rule by an elite that is not accountable to its society. It is a special variant, which I term “patrimonial.” “Patrimonial” means that the primary relationship in the system is that between patron and client.⁸ Patron-client relationships are

dependent on control and distribution of “rents,” wealth created not by productive economic activity but by the political manipulation of economic exchange.

Patrimonial authoritarianism is a political system based on holding power in order to create, access, and distribute rents. It is well known that Russia is deeply corrupt,⁹ but corruption in the Russian system of patrimonial authoritarianism is not merely a feature of the system; it is essential to the very functioning of political power. The

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political system is based on the political control of economic resources in order to enrich those within patron-client clans.¹⁰ The patron remains in power by rewarding clients, and the clients are rewarded by supporting their patron. The patron requires support from his clients, and he must access and distribute rents for that support. Without the creation and control of rents, political power disappears. At the top of the political system, Putin manages relations among competing patron-client clans headed by top government and business figures, such as Development and Trade Minister German Gref, Deputy Prime Minister and Gazprom chairman Dmitry Medvedev, Gazprom president Alexei Miller, and Igor Sechin, deputy head of the presidential administration and chairman of Rosneft. Each of these individuals in turn has his own set of clients, who are in turn patrons of their own clans, and so on, creating a complex web of relationships that sustain political power and distribute patronage rents.

Obviously, patrimonial authoritarianism is wholly inconsistent with transparency, rule of law, and political competition. The true purpose of the political system is not to mediate among citizens, businesses, or interest groups but to manage and control them so that they do not impinge on the ability of the patron-client clans to use their political power to generate, access, and distribute rents. Patrimonial authoritarianism requires a nontransparent, nonaccountable, nonpermeable, vertical, and centralized political system.

It also requires a central role for the state in the economy. For the political system to work, the state must control at least the most important economic

assets of the country, and it must do so in a nontransparent way. Patrimonial authoritarianism is thus incompatible with liberal capitalism, which requires contracts, commercial accountability, and ownership rights. All these would interfere with the ability to generate, access, and distribute rents. They would bring independent sources of power, with interests and competition outside the patron-client system.

This partially explains why the Kremlin was and remains so threatened by the Color Revolutions in post-Soviet countries, why it seeks to control NGOs and their foreign funding, and why it has turned against foreign investors. The Russian political system of patrimonial authoritarianism and the personal interests of its elite in rents need self-isolation to prevent the loss of control, to resist transparency, and to prevent any kind of competition.

There are two problems for the Russian elite. First, this domestic political system is fundamentally inconsistent with globalization, in which a great deal of economic growth, wealth, and thus potential rent is to be found. Second, as the state increases its control of the Russian economy, the economy is beginning to falter. In the energy sector, the very linchpin of the Kremlin's power and wealth, growth has been slowed as the sector comes under state control. Growth in oil production is leveling off, and Gazprom's failure to increase its natural gas production means that the only way it can fulfill its international contracts is by buying cheap natural gas in Central Asia and reselling it abroad. Russia faces electricity shortages in the coming year and may have to import electricity from neighbors such as Ukraine.

There are still resources and rents within Russia, but because state control is depressing economic growth, the big money lies in participation in the globalized international economy. Because of the effects of state control, elites must seek out rents abroad. Because the political system at home depends on rents to sustain the patron-client relationships, the internal political system will need access to international trade and investment. Russia needs to export to the West, China, India, and nearby neighbors, all of whom are to some extent participating in the globalized system.

Transimperialism

The dilemma for the Kremlin is that the logic of its domestic political-economic system requires isolation, but sustaining power requires the wealth generated by participation in globalization, which would undermine that very system. So, how can Moscow deal with the international context of globalization and yet sustain patrimonial authoritarianism at home? The answer is transimperialism. Transimperialism is the extension of Russian patrimonial authoritarianism into a globalized world. Russia can trade and invest without

being open and permeable by selectively integrating transnational elite networks in the globalized international economic system and replicating the patron-client relations of power, dependency, and rent seeking and distribution at the transnational level.

Russian foreign policy is increasingly focused on creating transnational elite networks for access to rent-creating opportunities in the globalized international economy. Moscow functions as the arbiter and control point for Russia's interaction with the outside economy to ensure that Russia is not exposed to the liberalizing effects of marketization, competition, and diversification of interests and social power. If that were to happen, the political system that keeps the present leadership in power would be at risk of failing. In this sense, globalization is a threat not to Russian national interests but to the interests of Russia's political leadership.

In the transimperialist framework, it is not surprising that Russia is withdrawing military forces from the Caucasus while extending Russian ownership of gas pipelines through joint projects with its post-Soviet neighbors. Military power is not key to sustaining the patrimonial networks at home and abroad. Instead, nontransparent transnational companies and state-to-state negotiations beyond the scope of normal commercial relations create the rents and mechanism for accessing and distributing them. Russia can live with the Yushchenko government, for example, as long as Ukraine's internal political economy is sufficiently patrimonial and corrupt to prevent transatlantic standards of transparency and rule of law in its commercial dealings with Russia.

In Central Asia, Russian state control of Gazprom and pipelines creates the mechanism for nontransparent agreements between Russia and Turkmenistan for the purchase of Turkmen gas at below-market rates and for Russian sales of that gas through RosUkrEnergo to Ukraine. Rent-seeking opportunities are thus facilitated through global energy networks kept under Russian state control and impervious to Western scrutiny.

Transparency is more of an obstacle for Russia in energy deals with Europe, but the same mechanism of relying on transnational patron-client relations and the control of commercial ventures for generating and distributing wealth is apparent. Witness the commercial transnational manifestation of the Putin-Schroeder relationship in the latter's chairmanship of the company extended from Gazprom to manage a northern European gas pipeline. We should expect to see more Russian efforts to create special transnational commercial relationships with friendly Western leaders.

Western companies tend to expect Western standard business practices in their investments globally, and such practices would threaten Russian patrimonial authoritarianism at home. The Russian government has responded by passing legislation requiring majority Russian ownership and thus control of

oversight and composition of management in increasing sectors of the economy, particularly growth areas such as energy, metals, and heavy industry. Royal Dutch/Shell is now a minority owner in the Sakhalin-2 natural gas project and will have no veto over how the project is managed. BP-TNK is under constant pressure regarding its energy investments in Russia, and industry experts expect that Gazprom will make a move to buy out TNK, gaining a controlling stake in the transnational company.

Such privately owned, joint transnational ventures, along with the now effectively defunct, nonstate oil company Yukos, seemed in the early years of the Putin era to herald Russia's global commercial integration and thus its transition to postimperialism. Yukos was broken apart through state claims for enormous back taxes and the consequent sale of its most valuable component, Yuganskneftegaz, to Rosneft, which is chaired by Putin associate Sechin.

Mikhail Khodorkovsky, Yukos's chief executive officer, was sentenced to nine years in prison. The elimination of such competition and establishment of new joint ventures have become the leading examples of Russia's transimperial modus operandi to access global networks, wealth, and rents. The common elements are Russian state control, mutual gain for elites in nontransparent commercial deals in global markets, and Russia's growing leverage as a result of such dealings with the United States and Europe.

Transimperialism is not consistent with integration. It includes involvement in the international economy, but only insofar as it can be managed from Moscow in cooperation with corrupt elites in partner countries. It is based on a form of political-economic management highly dependent on personal relationships. This would have been difficult to achieve on an international scale in the past, but in a globalized world, such transnational networks are easy to build and are even the norm. Nontransparent commercial and political relationships are essential, allowing rents to be acquired and distributed. Political and commercial openness and oversight would drive the system to competition and accountability. Those attributes would allow for profits but not rents. Profits would accrue to the productive, the innovative, and accountable business and political leaders rather than to the current Russian leadership.

Transimperialism is a form of geopolitics through commercial relationships and transnational patron-client relationships. The interests at stake are not national security interests arising from geopolitics or national wealth. Searching for meaning in the foreign relations of Russia with its neighbors in such concepts leads nowhere. The interests at stake are those of the Russian elite

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and the transnationalized elites in the former Soviet republics, China, India, Iran, and even the West who profit from Russia's interest in the rent-seeking opportunities of a globalized system. The hope that Russia's genuine need for investment, expertise, and technology would liberalize the Russian economy has proven to be a false one. The price would be to undermine the Russian political-economic system of patrimonial authoritarianism, and that price is too high for the Kremlin to pay.

How the West Should Respond

Were the West to face a neoimperial Russia, the policy prescription would be neocontainment. A neoimperial Russia would be a threat to the sovereignty and security of countries in Europe and Eurasia. Were the West to face a postimperial Russia, the policy prescription would be integration. If Russia were postimperial, it would be ready to play by the rules of the game of the globalized economy. It would benefit from investment and healthy competition in markets and politics. Russian partners would represent the wide array of Russian societal interests, and the Russian political system would become accountable and responsive to citizen demands, as political systems in the West ultimately are.

If neither is the case, however, neither policy is the right one. Integration of an illiberal, patrimonial, authoritarian Russia would give the Kremlin the resources of globalization without the rules, constraints, and competition-inducing aspects of political and economic liberalization. It would feed Moscow's power and leverage. Neocontainment of an illiberal Russia would be a flawed policy as well. It would reinforce the ability of the Kremlin to isolate and control its commercial and business interests, society, media, and potential political challengers. Because the transnational relations among Russian and post-Soviet leaderships are welcomed by many of the latter that profit very well from them, neocontainment might limit the range of Russia's access to international rents, but it would not eliminate them. Furthermore, neocontainment would feed the image of the outside world as a threat to Russia, helping to justify isolation and patrimonial authoritarianism.

Instead, transimperialism requires a policy of liberal engagement. Liberal engagement involves Russia, but not exclusively through the Kremlin and not on the Kremlin's terms. It refuses to accept nontransparency in global commercial relations and engages Russian society, including the broadest array of business interests, as widely and deeply as possible. Russia should become a member of the WTO as long as it plays by the rules. Foreign investors should go to Russia but invest only when their standards for rule of law and good corporate governance are met. The transatlantic community should pursue every opportunity to negotiate with the Kremlin, but never to agree to com-

mercial initiatives that require nontransparency or lowered standards. The West should welcome Russian investment, but on the most stringent Western rules and to the standards required of Western companies.¹¹

Transimperialism is not sustainable if liberal economic and political conditions for Russian participation in the globalized international system are upheld. Over the next decade or so, Moscow will not be able to sustain state control over increasing sections of the Russian economy unless it can participate in globalized economic networks without adhering to the system's rules. The Russian system cannot generate sufficient rents without international participation, but it cannot both participate internationally and sustain patrimonial authoritarianism at home.

Such a policy can only be effectively sustained transatlantically, with cooperation between an effective EU and a strategic United States. The Russian leadership's recent successes in bilateralizing its relations with Europe is evidence of how important a common approach is in sustaining the rules and effectiveness of the international system built over the past 60 years. For a secure and prosperous Russia, an objective in the interests of the transatlantic community, the West must be idealistic in its hope for an integrated modern Russia and realistic that such a Russia will not emerge from the Kremlin's transimperialism.

Transimperialism requires a policy of liberal engagement.

Notes

1. For contrasting arguments, see Jackson Diehl, "Russia's Unchecked Ambitions," *Washington Post*, December 6, 2004, p. A21; Eugene B. Rumer, "Why Contain Russia?" *Washington Post*, December 17, 2004, p. A33.
2. "Full Text: Vladimir Putin Interview," September 9, 2006, <http://en.valday2006.rian.ru/materials/20060910/52329444.html> (hereinafter Putin interview).
3. Organization for Economic Co-operation and Development (OECD), *Investment Policy Review of Russia 2006: Enhancing Policy Transparency* (Paris: OECD, 2006), ch. 4.
4. Putin interview.
5. Agata Loskot-Strachota, *Russian Gas for Europe* (Warsaw: Centre for Eastern Studies, 2006).
6. Thomas L. Friedman, *The Lexus and the Olive Tree* (New York: Random House, 1999), ch. 1.
7. See Celeste A. Wallander, "Global Challenges and Russian Foreign Policy," *Twenty-First Century Russian Foreign Policy and the Shadow of the Past*, ed. Robert Legvold (New York: Columbia University Press, 2007).
8. On patrimonialism, see Georgi Derluguian, "The Coming Revolutions in the North Caucasus," *PONARS Policy Memo*, no. 378 (2005).

9. See Transparency International, "Corruption Perceptions Index 2006," <http://www.infoplease.com/ipa/A0781359.html>; Tom Parfitt, "Corrupt Bureaucrats Cost Russia £125bn a Year, Prosecutor Says," *Guardian*, November 8, 2006, <http://www.guardian.co.uk/russia/article/0,,1941743,00.html>.
10. See Thomas Graham, "The New Russian Regime," *Nezavisimaya gazeta*, November 23, 1995, http://www.prospect-magazine.co.uk/article_details.php?id=4909.
11. For a similar conclusion, see Roderic Lyne, Strobe Talbott, and Koji Watanabe, *Engaging With Russia: The Next Phase* (Washington, D.C.: Trilateral Commission, 2006), ch. 9.