

# Dangerous Drift

Russia's Middle East Policy

Eugene B. Rumer

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Eugene B. Rumer  
Washington  
August 2000





## Preface

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Throughout the Cold War, the Soviet Union played a nefarious role in the Middle East, supporting radical states and terrorist groups with arms, money, and diplomatic backing. After a brief period of U.S.–Russian cooperation, symbolized by their co-sponsorship of the Madrid peace conference, Moscow seems once again to have returned to an adversarial posture in this volatile region, with special emphasis on gaining influence in the northern Gulf.

On no issue are Russian policy and actions more threatening to regional stability than the proliferation of dangerous technologies—especially missile and nuclear technology to Iran. Despite the signing of several agreements, as well as numerous tête-à-tête encounters between American and Russian leaders, Russian proliferation continues unabated. Among the many aspects of a highly complex U.S.–Russian relationship, policymakers and analysts have been confounded as to why this problem persists, what motivates the Russians to proliferate technologies that could come back to haunt them, and how the United States can secure more effective Russian cooperation.

In this Policy Paper, Russian foreign policy expert Eugene Rumer unravels these enigmatic questions. A native of Moscow, he has worked for two decades on understanding the mechanics and dynamics of Soviet and Russian foreign policy at the Pentagon's National Defense University, on the Clinton administration's National Security Council and State Department Policy Planning Staff, and in the RAND Corporation's field office in the Russian capital.

Based on in-depth interviews in Russia, careful research in Russian-language sources, and an extended visiting fellowship at The Washington Institute, Dr. Rumer concludes that

Moscow's Middle East policy is chaotic and adrift in contradictions. Moscow's pursuit of good relations with Israel and Iraq simultaneously illustrate the absence of a clear sense of strategic interests and priorities. But to the extent that Russia does have a vision in the region, it is one that sees Iran as a reliable strategic partner, on issues ranging from curbing U.S. influence in the energy-rich Caspian basin to opposing Islamic militants in Afghanistan and Chechnya.

Dr. Rumer's conclusion is sobering: the combination of corporate greed, lack of bureaucratic restraint, and relaxed Russian views on proliferation means that Moscow is unlikely to be a reliable partner in the fight against proliferation. Although this does not mean the United States should give up on efforts to shut down the Russian supply of dangerous technologies, Dr. Rumer urges that Washington not wait for Moscow's cooperation to find new ways to reduce demand, in other words, to convince, cajole, and even coerce the Iranians and other buyers to stop their own weapons programs.

New thinking about ways to stem proliferation on both the demand and supply sides needs to be at the top of the national security agenda for the next president of the United States. We are proud to present this Policy Paper to promote this important policy discussion.

Michael Stein  
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President

## Executive Summary

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With the dissolution of the Soviet Union and the end of the Cold War, Russian superpower presence in the Middle East faded, and since 1991, a vision of Russian national interest in the region has been missing. Pushed by a succession of narrow domestic corporate and bureaucratic interests, as well as by various Middle Eastern interests in Russia, Moscow has been drifting along in the Middle East rather than pursuing a strategy with a purpose. Its most active relationships in the region—with Israel and Iran—are to a large degree the result of, respectively, Israeli and Iranian interests in Russia, rather than Russia's strategic interest in them. In other words, the various policies it has pursued or had thrust upon it have sent mixed signals to the region concerning the degree of Russia's interest in the Middle East.

Generally speaking, Russian interest is lacking. This is evident in both the nature of Russian strategic debate and the anemic bilateral relationships between Russia and key Middle Eastern countries—Saudi Arabia, Syria, and Egypt. Throughout the 1990s, Russian debates about foreign policy reflected little interest in the Middle East, focusing primarily on Moscow's interests in and relations with Europe and the United States. With the exception of weapons-related trade and the notable case of Russian nuclear cooperation with Iran, the region has been of little commercial interest to Russia.

Russia's posture in the Middle East is a product of a new policy-making environment in Moscow that emerged from the economic and political reforms of the early years of President Boris Yeltsin's administration. The rise of powerful corporate and bureaucratic clans in the early 1990s left Russian domestic and foreign policy at their mercy. The young Russian state proved unable to control these powerful indus-

trial, regional, and bureaucratic lobbies, which left them free to pursue their interests without regard for the public good or the national interest. As a result, Russia has experienced the rise of multiple foreign policies—in the Middle East and elsewhere—pursued virtually independently by corporate giants like Gazprom, bureaucratic entities like the Ministry of Atomic Energy (MINATOM), and others with a stake in a particular part of the world. Thus, Gazprom could pursue projects in Iran without regard for U.S.–Russian relations, while MINATOM could offer its wares to Tehran, equally without regard for the effect its actions might have on Russian security, relations with Washington, or global proliferation trends.

Throughout the 1990s, if no powerful clan took an interest in a particular part of the Middle East, Russia's posture there remained indifferent. In the rare instances in which active relationships developed, they resulted from a particular country's interest in Russia. For example, Israel, with the largest Russophone diaspora outside the former Soviet Union, has actively—and successfully—pursued good relations with Russia. Iraq, looking for Russian support in opposition to United Nations (UN) sanctions, has also courted Russia and Russian private interests with determination and success. Russia's good relations with Israel and Iraq simultaneously are indicative of an indiscriminate, short-sighted quality of Russian policy in the Middle East, which in turn suggests the lack of a clear sense of strategic interests and priorities.

Iran is another country in the Middle East with which Russia enjoyed good relations throughout most of the 1990s. This relationship is the result of Russia's clan interests, geopolitics, and, again, a short-sighted approach to foreign policy. Russian–Iranian nuclear cooperation is a product of MINATOM's virtually unrestrained pursuit of its corporate and bureaucratic—or clan—interests. Russia's relaxed attitude toward Iran's pursuit of weapons of mass destruction (WMD) and ballistic missile capabilities stems from Moscow's peculiar perspective on proliferation in general and on Iran

in particular: Against the background of the upheavals of the 1980s and 1990s, Iran's proliferation ambitions are not a top concern on Russia's national security agenda. Besides, from Moscow's point of view, Iran proved a reliable, nonthreatening partner. Tehran and Moscow have found themselves on the same side of the geopolitical fault lines in Central Asia and the Caucasus—opposing the Taliban in Afghanistan and seeking to curb U.S. influence in the Caspian. Tehran, moreover, has not criticized Moscow's policy in Chechnya. Russian–Iranian relations owe much to a coincidence of the two countries' interests, rather than to a deliberate Russian strategy in the Middle East.

In the absence of strategic or commercial interests in the Middle East, Russia is likely to remain a marginal player in the region's affairs for the foreseeable future. Such a forecast rests primarily on this author's assessment of Russia's internal decline and the dim prospects of its reversal. The country's fragile economy, impoverished and declining population, and shrinking military—whose power projection capabilities have been severely tested by the war in Chechnya—all suggest that Moscow is not coming back to the Middle East for at least a decade.

Yet, Moscow's disappearance from Middle Eastern politics does not mean that Russia will not influence the region's affairs. The area where it is likely to have the most impact is missile and nuclear proliferation. The unfortunate combination of corporate greed, lack of bureaucratic restraint, and relaxed Russian views on proliferation means that Russia is in no position to be a reliable partner in the fight against proliferation, let alone to offer a solution to the problem. The United States has few if any levers with which it could affect Russian behavior in this sphere. Sanctions, for example, have not worked. Incentives may have a better chance of encouraging responsible Russian behavior. In the end, however, U.S. policymakers must realize that the solution to the problem does not lie in Russia; it must be found elsewhere.



For nearly half a century after the end of World War II, the Soviet Union was a major power in the Middle East. As the old colonial powers retreated and the Cold War intensified, Moscow proceeded to acquire a network of client-states dependent on its weapons deliveries and economic largesse. Soviet muscle-flexing during the Arab–Israeli wars of 1967 and 1973, as well as naval deployments to the region and aggressive rhetoric, sent a clear signal to the United States and the rest of the world that Moscow had finally become a superpower second to none. Egypt’s defection to the U.S. camp and the beginning of the U.S.-sponsored Arab–Israeli peace process, which culminated in the Camp David accords in 1979, hurt Moscow, but the Soviet Union remained a major player in the Middle East with Syria, Iraq, and the Palestine Liberation Organization (PLO) squarely among its allies in the region.

By the early 1990s, however, the end of the Cold War and the dissolution of the Soviet Union produced a radically different environment in the Middle East. Russia now plays only a minor role in the Middle East peace process. Its network of clients has vanished. Its naval presence in the region is practically nonexistent.

Nevertheless, memories of Moscow’s activism in the Middle East are still fresh. Russia’s geographic proximity to the region makes it difficult for students of Russian foreign policy to accept as a permanent phenomenon its diminished role in, or even disappearance from, Middle Eastern politics. The difficulty of understanding Russia’s marginal role in the Middle East stems also from the fact that Russia has occasionally hinted at its desire to come back as a player in the region.

Such developments as long-time Arabist Yevgeniy Primakov's appointment as Russian foreign minister in 1996, U.S.–Russian disagreements over Iraq, and Russia's good relations with Iran have at times been interpreted as signs of Moscow's renewed ambition in the Middle East and its willingness to challenge U.S. supremacy in the region.

Speculations about Russia's renewed ambition in the region have been particularly reinforced by Moscow's expanding web of economic and military ties with Iran. Most credible analysts in the United States and even Russia acknowledge that Russian cooperation with Iran has included assistance to its nuclear and ballistic missile programs. Russian cooperation with Iran on weapons of mass destruction has been interpreted by some analysts as a sign of Russian ambitions to undermine U.S. military superiority in the region. This aspect of Russian behavior, and the fact that the United States has been at the forefront of a vigorous international campaign to prevent Iran from acquiring nuclear and ballistic missile capabilities, has triggered speculations that Russia is intent on rebuilding its position in the Middle East.

Russia's relationship with Iran has been a particularly puzzling aspect of its policy in the Middle East. Why is Russia aiding Iran's ballistic missile and weapons of mass destruction (WMD) programs, if these programs will likely endanger Russian security in the future? Considering Russia's proximity to Iran, its policy defies all logical explanations. Furthermore, since the early 1990s—a time when Russia was badly in need of U.S. support and economic assistance—Russian–Iranian cooperation has been a major sticking point in U.S.–Russian relations. Given Russia's precarious condition throughout much of the 1990s, antagonizing Washington by having good relations with Tehran made little practical sense.

The key to understanding Russian conduct in the Middle East lies first and foremost in Russia's weakness, chaotic policymaking, and lack of a coherent foreign policy strategy. These quintessential features of contemporary Russian international behavior are reinforced by a peculiar combination of geopolitical and historical factors that have shaped Rus-



sian perceptions of Iran, the Persian Gulf, and the Levant. This argument is developed in the following chapters, which discuss, in succession, the role of the Middle East in the Russian strategic debates of the 1990s; the political context of Russian policymaking; the role of corporate interests; Russia's relationships with a select group of Middle Eastern nations; Russian–Iranian relations; and Russia's domestic decline. In addition to conclusions about the prospects for Russian policy in the region, this study offers implications for U.S. policy toward Russia and in the Middle East.

Searching for the rationale behind Russian policy in the region in general and toward Iran in particular is hardly a matter of purely academic interest. In a number of significant ways, Moscow's behavior affects U.S. policy toward Russia as well as toward Iran, and potentially toward the entire Middle East. Russian–Iranian collaboration on WMD and ballistic missiles could have major implications for U.S. arms control and nonproliferation policies and for its national and theater missile defense postures. The U.S. response to Russian behavior will have far-reaching consequences in all these areas, as well as in U.S.–Russian bilateral relations.



## The Middle East in Russia's Strategic Debate

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Russian policy toward the Middle East in general and Iran in particular has been the subject of considerable interest in U.S., European, and Middle Eastern policy and academic communities.<sup>1</sup> Third parties have long played a prominent role in Middle Eastern affairs, as evidenced most recently by the dominant role the United States assumed in the region after the Persian Gulf War and after the Soviet Union's retreat at the end of the Cold War. For that reason, the question of Soviet (and then Russian) Middle Eastern policy has generally been considered in the broad context of U.S.–Soviet and U.S.–Russian relations.

### The Cold War: Soviet Policy toward the Middle East

For a long time, Moscow's approach to the Middle East was fully justifiable because of the region's position in Soviet foreign and military policy. The Soviet Union, although a major player in the Middle East, was interested in the region primarily in the context of superpower competition with the United States. With the disappearance of U.S.–Soviet competition at the end of the Cold War, however, Russia had to define its interests in terms of the Middle East itself, rather than in terms of what U.S. interests were. Russia's strategic inheritance from the Soviet Union hardly amounted to a solid foundation on which to build a new approach to the region. Even during the heyday of the Soviet empire, Moscow lacked a vigorous strategy in the Gulf. Moreover, it lacked a sizable power-projection capability beyond the continental theaters of military operations that were so critical to the defense of the Soviet

heartland.<sup>2</sup> The Soviet naval posture was driven primarily by the requirements of a large continental war in Europe and protection of its ballistic missile submarine fleets in their home bases in the Barents Sea and in the Sea of Okhotsk.<sup>3</sup>

Despite the risk of digressing into a discussion of whether geography is destiny, one must mention the role that geography has played in shaping U.S. and Russian views on Iran and the Gulf during and since the Cold War. The military and strategic issues at the heart of the U.S. relationship with Iran primarily concern access to and security in the Persian Gulf. The issue at stake, in other words, is maritime.<sup>4</sup> U.S. preoccupation with continental concerns—Iran's northern borderlands along the Caucasus, the Caspian Sea, and Central Asia—is a very recent and, some have argued, very marginal aspect of U.S. policy, especially when compared to U.S. interests in the Persian Gulf.<sup>5</sup>

By contrast, Russia's primary interest in Iran has involved the latter's proximity to the Caucasus and Central Asia region, not its position in the Persian Gulf; in other words, Moscow's approach is and has always been continental. Iran's position in the Gulf emerged as a factor in Moscow's calculations—not in the context of its policy toward Tehran per se, but rather in the context of the Cold War standoff between the Soviet Union and the United States.<sup>6</sup> In this setting, Iran was an important country during the Cold War, but not so much in its own right. Rather, its importance was an extension of Moscow's global competition with Washington.

In the late 1980s and early 1990s, most observers viewed Moscow's abandonment of its longstanding antagonistic position in Middle Eastern affairs as an integral part of Soviet premier Mikhail Gorbachev's policy of *perestroika* (rebuilding) and the so-called "new thinking" in foreign policy.<sup>7</sup> Many analysts perceived these moves largely to be a subset of broader East–West normalization.

Considering the prominence of the Middle East in the superpower confrontation, it was only logical to look for signs of a thaw in Moscow's attitudes toward the region and to interpret them in the context of improving U.S.–Soviet relations.

These changes provided the backdrop for the reestablishment of Soviet–Israeli relations, beginning with consular ties in 1990 and the shift in Moscow’s position on the Middle East peace process. Of course, the most dramatic reversal of Soviet behavior occurred in 1990, when Moscow chose not to intervene on the side of its client-state Iraq during the Gulf War as it had done in the 1967 and 1973 Middle East crises.

Although these were major changes in Soviet and Russian behavior, throughout all these developments, Moscow had not so much developed a new approach to the Middle East—doing so would have required a new formulation of its interests there—as merely abandoned its old approach to the region.

Global competition with the United States had for decades served as the chief determinant in the Soviet Union’s approach to the Gulf and the Levant. With that competition gone, Moscow was left without a vision of its interest in or strategy toward the region. The series of steps undertaken in the late 1980s and early 1990s—normalization of relations with Israel, participation in the Middle East peace process, and support for the allies in the Gulf War—were merely intended to correct or reverse the failed policies of the previous decades in the Middle East. None answered the questions of “What is next for Russia in the Gulf and in the Levant? What are Russia’s interests there?” No action by the Russians reflected a proactive, forward-oriented vision of Russian interests; they merely undid the errors of the past. For example, Russian policymakers had neither the historical nor the ideological foundation to determine the nature of Russian interests in Kuwait. If Iraq was no longer Moscow’s client-state and Washington was not Moscow’s archenemy, what was Russia’s interest in Kuwait?

### Russia’s Foreign Policy Priorities after the Cold War

The breakup of the Soviet Union was swift and sudden and left Russia’s foreign policy elite little time for deliberations about the country’s place in the world and its interests abroad, “near” and “far.” Out of sheer necessity and dictated by dire

financial circumstances and geography, Russia's foreign policy agenda following the Soviet breakup reflected a continuing preoccupation with two sets of relationships: with Europe and the United States and with the newly independent states around its periphery.

Russian foreign policy at that time was motivated by two key requirements: settling the legacy of the Soviet Union within former Soviet borders and securing stable relations with—and aid from—the United States, its European allies, and the international financial institutions in which they played the key roles. Everything else was a luxury for which the new Russian government had neither the time nor the resources.

Russian preoccupation with the “post-Soviet space” does not require an extensive and elaborate explanation. It stems from a long history of coexistence in the Soviet Union and czarist Russia; the monumental challenge of transition from an empire to a new state; the recent memory of domestic political debates about the future of the Soviet Union prior to its rapid dissolution; and a huge unfinished agenda still to be resolved, involving economic links, finances, transportation, military facilities, troops, and not least the fate of some 25 million ethnic Russians residing outside the Russian Federation proper and millions of members of other ethnic groups dispersed throughout the former Soviet Union.

In addition to this long list of issues to be addressed in the normal course of post-Soviet settlement, Russian policymakers were confronted with several new armed conflicts on the territory of the former Soviet Union either bordering Russia or involving Russian troops: Abkhazia, Moldova, Tajikistan, North Ossetia, and Nagorno-Karabakh. By any measure, it was a full agenda, enough to occupy and possibly overwhelm even the most efficient foreign policy establishment, let alone the national security apparatus of a new country in the midst of a severe economic crisis and lacking both a sense of national interest at home and its place in the international system.

That relations with Europe and the United States would

be among the chief preoccupations of the new Russian foreign policy agenda was self-evident. Russia had yet to complete its withdrawal from Eastern Europe, but the new states in the region were already preparing for a new security architecture based on the North Atlantic Treaty Organization (NATO) and were clamoring to join the alliance. From Moscow's perspective, the emerging European security architecture would not guarantee Russia a place commensurate with its potential, history, or aspirations as a global power or its contribution to the peaceful resolution of the Cold War. The prospect of a NATO-dominated Europe without Russia, or with Russia relegated to the margins of the continent's political and security affairs, became the major theme in Russia's strategic debate. It consumed the attention of Moscow's policymakers and strategic community at the expense of many other extremely important issues.<sup>8</sup>

Building on the considerable inertia in Russian thinking inherited from the Cold War, a disproportionate preoccupation with the Europe–NATO nexus throughout the 1990s has also shaped or influenced many other important foreign policy discussions in Russia. For example, Russian foreign policy specialists have often discussed the relationship between Russia and China not on its own merits, but rather in the context of U.S.–Russian tensions. Such thinking found an outlet in then-Prime Minister Yevgeniy Primakov's 1998 proposal for a trilateral alliance between Russia, China, and India to counter NATO and the United States.<sup>9</sup> Other proposals occasionally put forth in the course of Russian foreign policy debates of the 1990s have reflected little realistic consideration given to countries outside the NATO-framed Euro-Atlantic community. The idea of a Russian alliance with Libya, Iraq, and Iran falls into that category. Little if any serious thought had apparently been given to the question of how such an alliance might work. Its chief advantage from the point of view of its advocates seemed to be the irritation it could provoke in Washington and the other major capitals of the Euro-Atlantic community.<sup>10</sup>

## Russian Priorities Beyond the Near Abroad and NATO

Beyond relations with the Near Abroad and the West, Moscow's foreign policy establishment appears to have followed the path of least resistance and its attention has been riveted to the most immediate and tangible economic and security considerations. This choice has resulted in a shrinking and smaller Russian presence beyond the Euro-Atlantic region and the former Soviet states, continuing the trend which began during the late-Soviet period.

Russia's lack of a strategic interest in the world beyond the former Soviet Union and the Euro-Atlantic region manifested itself in debates conducted by the country's foreign and security policy elite throughout much of the 1990s. Major regions of the world that were critically important to Russia's friends and foes in the international arena—including the Middle East, Africa, and Latin America—were virtually missing from Russian discussions about foreign policy. The most recent comprehensive strategy report from the Council on Defense and Foreign Policy—the most prominent non-governmental foreign policy organization—contains one reference to the Middle East, merely a passing statement that Russian influence in the region is “increasing.”<sup>11</sup> When the Middle East was discussed, moreover, the quality of the debate was superficial at best. Concerning Iran and its relations with Russia, for example, the discussion was relatively simplistic and lacked the sophistication of debates about NATO and Russia's place in the Euro-Atlantic community.<sup>12</sup>

It is also noteworthy that the foreign policy debates mentioned little or nothing about the country's role as a cosponsor of the Middle East peace process. Occasional Russian manifestations of interest in the Middle East peace process have been conspicuously laden with ulterior motives. For example, in February 2000, Moscow used the ministerial meeting of the Multilateral Steering Group, attended by U.S. secretary of state Madeleine Albright, to punch a hole in the international isolation and condemnation Russia had suffered because of its military campaign in Chechnya. In other words,



the meeting was important for Russia not because of its interest in the Middle East and the Middle East peace process, but because of its desire to show that, even in the midst of international condemnation of the war in Chechnya, Russia was important enough to host a major international gathering.

In this regard, omission of the Middle East as a topic from the strategic debate probably says more about the Russian mindset than do pro-forma declarations about the importance of activism in foreign policy. For example, in the excellent essay by leading strategist Alexei Arbatov concerning "Russia's Foreign Policy Alternatives," published in 1993, the Middle East is barely mentioned, and the author offers few if any insights into the nature of Russian interests there.<sup>13</sup>

An earlier article by then-Foreign Minister Andrey Kozyrev, published on the first anniversary of the failed August coup of 1991, similarly bypassed the question of Russian interests in the region. It noted only that proliferation in general, coupled with the threat of Islamic fundamentalism and Iraq's weapons of mass destruction in particular, posed a threat to Russia. Russian interests, as defined by Kozyrev, lay in making the right choice—"joining the European structures and establishing relations with [the] NATO/Euro-Atlantic alliance."<sup>14</sup>

The world beyond the Euro-Atlantic region and the former Soviet Union seemed to be largely absent from deliberations of Russia's premier foreign and security policy association, the Council on Defense and Foreign Policy, which since 1992 has regularly brought together Russia's leading government and nongovernmental foreign and defense policy specialists to debate and issue reports on major issues of international strategy. In its reports, which prominently featured the question of Russian policy toward the Euro-Atlantic region, the council has paid scant attention to the Middle East.<sup>15</sup>

The Euro-Atlantic aspect of Russian foreign policy dominated the country's strategic debate even after the passing of the early, euphoric phase of 1992–93, during which Russian foreign policy officials embraced the task of "joining" the West.<sup>16</sup> In a 1997 article describing the new foreign policy consensus in Russia, Alexei Arbatov argued (accurately in this

writer's view) that a consensus was emerging in Russian political circles that was opposed to the very notion of U.S. hegemony and a U.S.- and NATO-dominated unipolar world. If Arbatov's article is to be believed, Russian interests in Iran primarily concern the useful role Iran can play in the Caucasus and Central Asia by countering U.S.- and NATO-backed Turkish advances there.<sup>17</sup>

Thus, neither the Soviet Union in its waning days nor Russia since the Soviet dissolution developed a strategy in the Middle East specific to the region itself. Russian strategic debates of the last decade have seldom addressed the question of Russian interests in the Middle East. Although it is a region of unmatched importance to the United States, Europe, and Asia, the Middle East barely entered mainstream strategic deliberations of Russia's foreign policy elite. When it was discussed, rarely if ever did the Middle East receive attention as an important part of the world where Russia might have considerable interests. Instead, it remained little more than a pawn of Russia's ambition to establish a worthy position vis-à-vis the West.

## Notes

1. See, for example, Galia Golan, *Russia and Iran: A Strategic Partnership?* (London: The Royal Institute of International Affairs, 1998); Robert O. Freedman, "Russia and Iran: A Tactical Alliance," *SAIS Review* (Summer-Fall 1997); "Russia and the Middle East under Yeltsin," Part 2, *Digest of Middle East Studies* 6, no. 3 (Summer 1997); Stephen Blank, "Russia and the Gulf," *Perceptions* 1, no. 4 (December-February 1996-97); Stephen Blank, "The Spirit of Eternal Negation: Russia's Hour in the Middle East," in Stephen Blank, ed., *Mediterranean Security into the Coming Millennium* (Carlisle, Penn.: U.S. Army War College Strategic Studies Institute, 1999).
2. See Eugene B. Rumer, "Soviet Capabilities for Power Projection," in Kurt M. Campbell and S. Neil MacFarlane, *Gorbachev's Third World Dilemmas* (London: Routledge, 1989).
3. See Michael McGwire, *Military Objectives in Soviet Foreign Policy* (Washington: Brookings, 1987).
4. On the geopolitics of the Middle East, see Geoffrey Kemp and Rob-

ert E. Harkavy, *Strategic Geography and the Changing Middle East* (Washington: Brookings, 1997).

5. For discussion of the marginal importance of the Caspian region in U.S. policy, see Amy Myers Jaffe and Robert A. Manning, "The Myth of the Caspian 'Great Game': The Real Geopolitics of Energy," *Survival* (Winter 1998-99); Anatol Lieven, "The (Not So) Great Game," *National Interest* 58 (Winter 1999/2000).
6. See Adam Ulam, *Expansion and Coexistence: Soviet Foreign Policy, 1917-73* (New York: Praeger, 1974), pp. 425-428.
7. See, for example, Galia Golan, *Soviet Policies in the Middle East from World War II to Gorbachev* (Cambridge: Cambridge University Press, 1990); *Moscow and the Middle East: New Thinking on Regional Conflict* (London: The Royal Institute of International Affairs, 1992); Robert O. Freedman, *Moscow and the Middle East* (Cambridge: Cambridge University Press, 1991).
8. The importance of East-West relations in Russian foreign policy discussions is reflected in deliberations of the leading public foreign policy organization, the Council on Foreign and Defense Policy, since its inception in 1992. See "Strategiya Dlya Rossii" (Strategy for Russia), *Nezavisimaya Gazeta*, August 19, 1992; "Strategiya Dlya Rossii-2," *Nezavisimaya Gazeta*, May 27, 1994; and "Strategiya Rossii v XXI Veke: Analiz Situatsii in Nekotoryye Predlozheniya (Strategiya-3)" (Strategy for Russia in the Twenty-First Century: An Analysis and Some Proposals [Strategy-3]), *Nezavisimaya Gazeta*, June 18 and 19, 1998. See also the writings of prominent foreign policy specialists Aleksei Arbatov, *Bezopasnost': Rossiyskiy Vybór* (Security: Russian Choice), (Moscow: Epicenter, 1999); Sergey Kortunov, "Is the Cold War Really Over?" *International Affairs*, no. 5 (1998); and A. Pushkov, "National Interests in Russian Foreign Policy," *International Affairs*, no. 2 (1996).
9. *Christian Science Monitor*, December 28, 1998; Radio Free Europe/Radio Liberty (RFE/RL) *Newsline* 2, no. 244, Part I, December 21, 1988.
10. See, for example, Vladimir Zhirinovskiy's Liberal-Democratic Party of Russia proposal for increased cooperation with Iraq and Libya. The draft legislation intended to promote such cooperation was rejected by the Federation Council (the upper chamber of the Russian parliament) on July 4, 1997. RFE/RL *Newsline*, July 7, 1997. On Zhirinovskiy's proposals, see RFE/RL *Newsline*, May 23, 1996; January 5, 1998. See also *Pravda*, July 18, 1996. Such proposals are not limited to the radical fringe, however, and are mentioned occasionally by moderate analysts. See Pavel Felgengauer, *Segodnya*, September 23, 1998.

11. *Nezavisimaya Gazeta*, June 18 and 19, 1998.
12. See E. G. Nikitenskiy, N. I. Pikov, and S. M. Shilovskiy, "Duga Nestabil'nosti" (An Arch of Instability), *Nezavisimaya Gazeta*, December 4, 1996; N. M. Mamedova, "Novyye Ekonomicheskiye Interesy Irana" (New Economic Interests of Iran), *Nezavisimaya Gazeta*, March 24, 1998; R. S. Safarov, "Rossiya i Iran na Poroge Partnerstva" (Russia and Iran on the Threshold of Partnership) *Nezavisimaya Gazeta*, March 20, 1997; A. Fomenko, "Os' Moskva-Tegeran kak Politicheskaya Real'nost'" (The Moscow-Tehran Axis as Political Reality), *Nezavisimaya Gazeta*, May 21, 1997; A. A. Gromyko, "Rossiya i Iran: Novaya Real'nost'" (Russia and Iran: New Reality), *Nezavisimaya Gazeta*, June 26, 1998.
13. Alexei G. Arbatov, "Russia's Foreign Policy Alternatives," *International Security* 18, no. 2 (Fall 1993), pp. 5-43.
14. Andrey Kozyrev, "Transformation or Kafkaesque Metamorphosis: Russia's Democratic Foreign Policy and Its Priorities," *Nezavisimaya Gazeta*, August 20, 1992, in Foreign Broadcast Information Service-Soviet Union (FBIS-SOV) Daily Report 92-167.
15. See for example the council's 1998 theses, "Strategiya Rossii v XXI Veke: Analiz Situatsii i Nekotoryye Predlozheniya" (Strategy for Russia in the Twenty-first Century: Analysis of the Situation and Some Proposals) *Nezavisimaya Gazeta*, June 18, 1998.
16. See Kozyrev, "Transformation."
17. Alexei Arbatov, "Vneshnepoliticheskii Konsensus v Rossii" (The Foreign Policy Consensus in Russia) *Nezavisimaya Gazeta*, March 14, 1997. Arbatov also noted in passing Iran's potential as a market for Russian weaponry and peaceful nuclear technology and its common position with Russia on Caspian delimitation. It is worth noting here that Arbatov's discussion of Iran reflected his purely continental perspective, with no mention of the Middle East or Russian interests there. See also Petr Romanov, "Mogut li Rossiya i Iran Protivistoyat' SshA? Dlya Etogo Im Sleduyet Soglasovat' Svoyu Politiku v Regione" (Can Russia and Iran Stand up to the United States? For That, They Ought to Coordinate Their Policies in the Region), *Nezavisimaya Gazeta*, February 18, 2000.

Since 1991, Russian foreign policy has not merely been biased in its “Euro-Atlantic direction.” It has also been largely in disarray, much like the rest of the Russian government. But rarely, if ever, has the disarray in Russian foreign policymaking manifested itself so vividly as in Moscow’s relations with the Middle East.

### Theory One: A Rational Cost–Benefit Calculation

The weakness of the economic foundations of Russian foreign policy is well known and needs not be addressed here. Suffice it to say that Russia’s economic woes include but are not limited to a decade of falling national income statistics, widespread poverty, alarming gaps in public health coverage, a declining population, and a desperately stalled program of military modernization and reform.<sup>1</sup> It has been a widely held conviction among students of Russian foreign policy that “Russia knows that its bread is buttered on the Western side.”<sup>2</sup> Therefore, the argument goes, Russian international behavior is guided by a rational cost–benefit calculation in which internal economic weakness works as an effective constraint on those occasional Russian impulses that could seriously hurt its relations with major donors in the West.

According to this school of thought, Russian international behavior has been showing increasing signs of rationality, guided by the “real” interests of the emerging Russian economy, reflected in the flows of trade and the requirements of securing a permanent place in the increasingly open global economy. Thus, Russian foreign policy has been described more and more as resembling that of “normal” countries, reflecting the nation’s new sense of priorities consistent with a successful se-

ries of domestic economic and political reforms—trade and such related issues as “debt, currency stability, balance of payments, and integration in the world system.”<sup>3</sup>

This new set of priorities has been, according to this school of thought, manifesting itself in growing trade with Poland, the Czech Republic, and Hungary. As successful aspirants for first-tranche membership in the North Atlantic Treaty Organization (NATO), these three countries are therefore, presumably, also the most likely to alienate Russia and become targets of its retribution. But Russian trade statistics, it has been argued, have reflected a clear momentum toward Russian integration in the international economy at the expense of the retrograde set of priorities implicit in Russian rhetoric about integration within the Commonwealth of Independent States (CIS).<sup>4</sup>

Although not devoid of its own logic, this explanation of Russia’s international behavior nonetheless fails to explain Russian behavior vis-à-vis Iran: Russia’s good relations with Tehran throughout the 1990s have been one of the major sticking points in U.S.–Russian relations and could potentially jeopardize Moscow’s relations with Washington. Furthermore, this explanation fails to account for some egregious examples of Russian irrationality in the foreign policy arena. For example, Russia has continued its nuclear cooperation with Iran, even in the face of U.S. sanctions—both those threatened and those already imposed. Moscow has also undertaken a host of other highly uneconomic pursuits—including, but not limited to, the creeping reintegration with Belarus; continuing Russian military presence in Tajikistan, Georgia, and Armenia; and a proposed arms deal with Syria. Russian support for relaxing international sanctions on Iraq also seems to fall in the category of irrational economic initiatives, because an increase in Iraqi oil exports undermines the price of oil—Russia’s major export and revenue earner.

### Theory Two: Opposition to the West

Other theorists offer a different explanation—and far more troubling trend—for Russian international behavior at large

and toward Iran.<sup>5</sup> They maintain that Russia long ago completed the “rational” phase in its foreign policy, which lasted only briefly in the early 1990s, and that it has embarked on a course of deliberate opposition to the United States and the West. Russia, effectively a revisionist power not content with the status quo that has relegated it to second-class citizenship in world affairs, has cleverly exploited its weakness to contradict and frustrate U.S. initiatives in the Middle East and elsewhere. Russia’s revisionist outlook in world affairs is the result of a conservative backlash in domestic politics, manifested by Russia’s desire to resurrect its lost empire or, at the very least, carve out for itself an exclusive sphere of influence around its periphery.

As a result, Russian policy toward the Middle East is filled with a spirit of “eternal negation” or “strategic denial across the board, in economics, diplomacy, and military policy.”<sup>6</sup> According to this interpretation of Russian motives, the Middle East, just as the CIS, must become an exclusive sphere of Russian influence or, if nothing else, be excluded from the sphere of influence of other powers. If the enemy of one’s enemy is automatically one’s friend, then according to this line of reasoning Iran is Russia’s natural ally in the region. Both countries are revisionist powers challenging U.S. hegemony. Therefore, selling arms and dual-use technology to Iran is a commercial and strategic win–win situation for Russia.

This explanation of Russian foreign policy, behavior in the Middle East, and relations with Iran, however, fails to answer certain questions. If Russia is so intent on frustrating U.S. hegemony in the region, why does it not try harder? Why does it not sell more arms and critical technology to Iran? Why maintain good relations with Israel—the key U.S. partner in the region? Why pursue an ever-expanding set of relationships with Turkey, the other U.S. partner in the region and indispensable NATO ally? How can Russia’s growing weakness and dangerous decline toward failure as a state be reconciled with a strategy that allegedly aims to compete for influence in a vast region against both regional powers and those aspiring to global leadership?<sup>7</sup> Finally, how can Rus-

sian policymakers fail to understand that aiding and abetting Iran's weapons of mass destruction and ballistic missile development will create another regional superpower in their own backyard and thwart their alleged strategy of carving out an exclusive Russian sphere of influence among the former Soviet states and in adjacent regions, including the Persian Gulf and the Levant?

The pattern of Russian behavior in the Middle East, and especially regarding Iran, defies prevailing theories about the driving forces in Russian foreign policy. Moscow's friendly posture toward Tehran, which continues to antagonize its biggest benefactors abroad, is inconsistent with the argument that Russian foreign policy is increasingly more rational and driven by economic factors. Moreover, is it not apparent that Russia is pursuing a vigorous strategy aimed at denying the United States access to the Persian Gulf and undercutting its influence elsewhere in the region.

### Theory Three: Political Free for All, or, The Powerful Do What They Want

The best explanation for Russia's international behavior, which is consistent with the picture of Russian strategic confusion, lies in the decline of the Russian state, the structure of Russian domestic politics that had emerged by the mid-1990s, and the ensuing disarray that has surrounded Russian foreign (as well as domestic) policymaking in the decade since the breakup of the Soviet Union. Long accustomed to tight central controls over foreign policy formulation and implementation, at the end of 1991 the old Soviet diplomatic establishment was taken over by a new political regime and a new country. During the presidency of Mikhail Gorbachev, foreign policymaking was an arena of intense competition for influence between the military on one side and civilian diplomats and their academic allies on the other.<sup>8</sup> Nonetheless, the Foreign Ministry had remained a bastion of ideological purity throughout the Soviet period. Following the demise of the Soviet Union, however, the ministry was confronted with a new leadership, an uncertain ideological



environment, and no clear vision of realistic objectives or priorities to be pursued in the international arena.<sup>9</sup>

To compound these problems, many top Foreign Ministry personnel, long accustomed to the sheltered life of the Soviet elite, resigned. Government finances had deteriorated and unprecedented new opportunities were presenting themselves in the private sector, where demand for people with language skills and international experience grew as a function of the opening of the Russian economy to the outside world. Worse yet, with the country's domestic politics in the throes of a rapid and radical transition to a more open system and its political leadership preoccupied with the most immediate domestic crises, foreign policymaking became a free-for-all, unconstrained by ideology—old or new—or by tightly and consistently enforced bureaucratic procedures. Moreover, in an atmosphere of permanent crises and in the absence of continuous top-level political oversight, the emergence of new bureaucratic structures like the Security Council, which reported to the president, generated only more bureaucratic confusion and contributed to the chaotic atmosphere in Russian foreign policymaking.<sup>10</sup>

In fact, in the chaotic environment of Russian domestic politics, the establishment of new bureaucratic structures such as the Security Council—a move intended to improve decision making and coordination—has produced the opposite result. The council, a coordinating body designed to assert the president's authority over bureaucratic and even corporate actors, in reality became a channel for those bureaucratic and corporate actors to reach out to the president, exercise their influence over him, bypass established procedures and stages in the decision-making process, and thus contribute to the increasingly chaotic environment.

According to a former senior official in the Russian government, the fact that the Russian minister of atomic energy is by statute also a member of the Security Council has enabled the Ministry of the Atomic Energy (MINATOM) effectively to bypass the regular interagency review process that former Prime Minister Viktor Chernomyrdin established to vet all planned

projects involving trade and technological cooperation with Iran.<sup>11</sup> As a result, MINATOM was in the position to pursue its own foreign policy toward Iran without subjecting its plans to interagency review.<sup>12</sup> Russia, in the words of Vladimir Lukin, a prominent Russian politician and past chairman of the Duma's Foreign Affairs Committee, has "several foreign policies," including, but not limited to, those of the ministries of foreign affairs, defense, and atomic energy.<sup>13</sup>

The chaotic quality of new Russian policymaking is reflected not only in the by-now-familiar competition for influence in the foreign policy and national security arena between the military and the diplomatic establishments—the late-Gorbachev era was marked by intense competition for influence in foreign policy between the ministries of foreign affairs and defense—but also in the rapid entry into this environment of various other bureaucratic, corporate, and political players. Their emergence on the national scene was the result of the domestic economic and political changes under President Boris Yeltsin. Their ranks quickly expanded to include new actors that previously had not played a visible role in Russian foreign-policy decision making. These new players include Russia's newly privatized oil companies; its mammoth natural-gas monopoly, Gazprom<sup>14</sup>; the Ministry of Fuels and Energy, which is supposed to regulate the oil industry, but which some say is regulated by the industry instead; and various arms merchants, to name just a few.<sup>15</sup>

The result of this proliferation of interests has indeed been a proliferation of foreign policies. This tendency has been widely noted in the case of Russian policy in the Caspian region, where in 1994 an unprecedented constructive position on Caspian demarcation issues adopted publicly by the Ministry of Fuels and Energy contradicted the tough stance put forward by the Ministry of Foreign Affairs. The former was widely believed to be acting under the influence of one of Russia's corporate giants—Lukoil, the country's biggest oil company<sup>16</sup>—whose commercial interests were at stake.<sup>17</sup> Lukoil's investment in Caspian oil projects in Azerbaijan and Kazakhstan, along with the investments of major Western oil

companies, would have been negatively affected if the obstructionist position taken by the Foreign Ministry had prevailed.<sup>18</sup>

### The Rise of 'Clans' as Policymakers

The Caspian demarcation incident involving Lukoil signaled a broad and important trend in Russian domestic politics that first became perceptible in the early 1990s. Thomas Graham, then an American diplomat based in Moscow, first spotlighted this aspect in a seminal article published in 1995. Graham described the new structure of power in Russia as an oligarchy based on the economic institutions that had developed as a result of the economic and political reforms that had taken place in the early years of Boris Yeltsin's presidency.<sup>19</sup> By the mid-1990s, the Yeltsin administration was drawing support not only from the relatively narrow circle of so-called "radical reformers" and "Westernizers"—political forces favoring a swift transition to free markets domestically and the equally speedy establishment of an alliance with the West internationally—but also from a powerful segment of the old Soviet industrial *nomenklatura*-cum-new-Russian-corporate-elite. This latter group had first risen to prominence in the old centrally planned economy and then strengthened its hold as the state withdrew its controls and the reformers implemented a large-scale program of privatization.<sup>20</sup> With the Russian state weak and the presidency continuously embattled, the old *nomenklatura* had little incentive to oppose privatization. Its privileged position and de facto control of major assets amounted to a virtual guarantee that it would emerge as one of the major beneficiaries of privatization. The young Russian state was simply in no position to enforce the necessary transparency, openness, and fairness of the privatization process, and as a result, many billions of dollars of the country's most prized possessions were systematically transferred into the hands of the new Russian elite, which included many individuals from the old Soviet elite.<sup>21</sup>

The emergence of the new ruling class—or the metamorphosis of the old ruling class—occurred in an almost complete

ideological vacuum in Russia. The country lacked a broadly shared ideological consensus, and the population at large was averse to any ideology whatsoever after 75 years of Communist monopoly on thought. Even the oft-cited nationalist idea failed to take hold with the general population because, in Russia's multiethnic society, nationalism has yet to be clearly defined.

Thus, the major fault lines in Russian politics after 1991 were caused not by fundamental ideological divisions and differences but by a competition for property and control of resources. With regard to domestic policy, no mainstream party or movement argued that there should not be privatization. The real question has been not *whether* to privatize or to retain state controls over property, but *how* to privatize and who should be in charge of the process. For example, the longstanding and well-publicized rivalry between Moscow mayor Yuriy Luzhkov and former Federal Privatization Chief Anatoliy Chubays focused on their struggle for control over Moscow city property and the manner of its privatization. Both favored privatization in principle and publicly endorsed it, but they disagreed vehemently about its implementation. Controlling the process has been tantamount to a guarantee of manipulating it to one's own advantage, for nobody in Russia has ever expected the process to be fair and open.

In other areas, such as foreign policy, there has been little disagreement on major issues among political parties and personalities. For example, almost everyone in Russia across the entire political spectrum has opposed NATO's enlargement. As a result of a near-total absence of major ideological fault lines, key players in Russian politics have emerged not as political parties operating on the basis of platforms, programs, and ideologies, but as interest groups or lobbies, less charitably described by Graham as "clans." In that context, membership in a clan has usually been based on a common material interest shared by a group of individuals allied with a major political figure, government official, or institution whose mission is to protect and advance the clan's interests.

Therefore, the process of Russian domestic policymaking has developed primarily as a competition among clans for power and resources.

In practical terms, this arrangement has meant that government connections and access to the bureaucracy are little more than a means of rent-seeking by lobbies. For example, the Customs Service, with its large stream of cash revenues from import and export duties, has long been a prized asset and subject of intense competition among major Russian banks, eager to win it as a client. In 1997–98, Oneximbank—which, prior to the August 1998 financial crisis, was a major bank owned by former deputy prime minister and “oligarch” Vladimir Potanin and closely allied with then–Deputy Prime Minister Chubays—had the Customs Service as its client. Its critics and competitors charged that Oneximbank had abused its position of trust and used the Customs Service’s funds to bid in hotly contested privatization schemes and invest in risky high-yield government securities, while delaying budget transfers.<sup>22</sup> The controversy ultimately grew into a major political scandal and the so-called war of *kompromats* (compromising materials) pitting rival tycoons Boris Berezovskiy and Vladimir Gusinskiy against Chubays and Potanin.<sup>23</sup> The scandal eventually led to the dismissal of Chubays from the government.

Oneximbank’s alleged use of an estimated \$1 billion from the Customs Service’s account at the bank became one of the most contentious issues in the battle for 1997 privatization of the major Russian communications concern SVYAZINVEST.<sup>24</sup> The competing clans argued that the use of these funds constituted an unfair and even illegal advantage. The episode demonstrated, however, the insidious link between major lobbies and government agencies.

Control of the Customs Service and its large cash flow has been so important to the Russian government that one of the first moves by the Kremlin following the dismissal of Prime Minister Yevgeniy Primakov was replacing the head of Customs.<sup>25</sup> In the period leading up to the 1999–2000 parliamentary and presidential election season, Yeltsin’s clan evidently deemed the cash-rich Customs Service much too

important to be left under the control of an appointee of Primakov's, given the former prime minister's seemingly unstoppable bid to succeed Yeltsin.

Other agencies have not fared any better than did the Customs Service. The Tax Ministry is another key institution long considered a major prized asset whose control translates directly into considerable political and economic advantages. Its ability to confer a variety of tax privileges and accept tax payments in kind and with promissory notes, rather than in cash, has been a source of political patronage the Kremlin has been unwilling to surrender.<sup>26</sup> Following Primakov's dismissal in May 1999, members of the Yeltsin clan felt compelled to dismiss Primakov's tax minister, Gerorgiy Boos, a known supporter of Moscow mayor Luzhkov. To underscore the ministry's political role, Boos was replaced with his immediate predecessor and Yeltsin loyalist, Aleksandr Pochinok.<sup>27</sup>

The preceding examples illustrate that the Russian government under current circumstances is little more than a collection of lobbies, with those closer to the presidency better positioned to advance the interests of their client groups or clans. Government institutions largely cease to function as instruments of policy and become tools for the furthering of clan interests. Although the impact of this trend in Russian politics has been felt and discussed mainly in the domestic political and economic arena, one cannot and should not underestimate or overlook its significance for Russian behavior in the international arena.

First outlined by Thomas Graham in 1995<sup>28</sup>—ancient history by the standard of contemporary Russian politics—the clan model has proven remarkably enduring and has become widely accepted by both Russian and Western media, as well as within the academic community. The prevalence of clans—in the Kremlin, in Moscow, and regionally—in the domestic political arena throughout the 1999–2000 electoral season was one of the main features of Russian political life. One of the key questions for the presidency of Vladimir Putin is whether the new leader will be able to assert his authority over the lobbies that elected him or whether he will remain their pawn.<sup>29</sup>

## Clans and Russian Foreign Policy

Understandably, Russian domestic policymaking has received the lion's share of attention from the media and the academic community in recent years because most of the breathtaking changes and struggles in Russian society have occurred in that arena throughout the 1990s. By comparison, national security and foreign policymaking has been neglected, largely because Russia has been on the sidelines of international politics. Its position on many, if not most, major issues of the day has been of such little consequence that it is pointless to ask the question of how that position might have been derived.

As a result, both the media and the policy community have frequently overlooked the domestic context of Russia's international behavior and the influence that clans have had on that behavior. That influence has been appreciable, and nowhere has it been more pronounced than in the case of Russian policy toward Iran and the entire Middle East.

Russian policy in the Middle East has provoked considerable interest in recent years in the context of nuclear and ballistic missile proliferation. Clan politics has not left the Russian nuclear sphere unaffected. Although nuclear weapons have remained a critical element of Russian national security, as the country's conventional capabilities declined and as its nuclear arsenal became its sole remaining claim to superpower status, the fate of the arsenal and the country's attitudes toward nuclear proliferation became the subject of an intense debate. Despite the publication of a series of national security documents<sup>30</sup> that explicitly embrace the concept of nuclear escalation, Russia lacks a broad consensus on such essential matters as the future of its nuclear force and whether nuclear proliferation will hurt or help Russia's international position—and the reason often lies in difference among the clans.<sup>31</sup>

Clans have also proven a factor in the Russian military's battle for resources. Quite apart from debates about the preferred military structure and nuclear posture for Russia, top generals, including the chief of the General Staff and the

minister of defense, have engaged in a public struggle at the heart of which is the issue of scarce resources, financial flows, who will get to control them, and how.<sup>32</sup>

The preeminent position of clans in Russian domestic politics and policymaking has left Russia an extremely weak state, struggling to perform its critical function of enforcing commonly agreed-upon rules and adjudicating among competing lobbies. In an environment lacking firm ideological guidelines and a broadly shared vision of national interest, these lobbies have, in effect, been free to pursue their narrow interests without regard for the common good. Because such clans' main areas of interest lie overseas and are peripheral at best to the major concerns of the country's foreign policy and political elite, and because their actions have a low likelihood of impinging on other clans' interests, they possess all the more latitude to pursue their export opportunities with little regard for the effects their actions.

The new Russia's general systemic predisposition toward uncontrolled and uncoordinated endeavors in foreign policy has been compounded by the fact that the Middle East has been the target of interest for two major Russian lobbies—the energy lobby and the military–industrial complex—whose actions in that region have had little, if any, negative consequence in the domestic arena.<sup>33</sup> In other words, how Russian energy companies and weapons exporters have chosen to act in the Persian Gulf region has had little adverse impact on the interests of other domestic lobbies and largely has not impinged on the interests of other groups. Therefore, these actions have encountered little domestic opposition.

## Notes

1. Data on Russian economic performance is reported in statistical yearbooks published by Goskomstat, the State Committee for Statistics (online at <http://www.gks.ru>). A succinct overview of the country's economic decline and its relationship to foreign policy can be found in the 1998 report of the Council on Foreign and Defense Policy, "Strategiya Rossii v XXII Veke" (Strategy-3), reprinted in *Nezavisimaya Gazeta*, June 18-19, 1998. For an insightful Western analysis of the



Russian economy, see Clifford G. Gaddy and Barry W. Ickes, "Russia's Virtual Economy," *Foreign Affairs* (September/October 1998).

2. This phrase was used by a senior European diplomat at a June 1999 conference near London to reassure the audience about Russian intentions during the crisis in Pristina, Kosovo, when a detachment of Russian paratroopers seized and held the Pristina airport in a tense stand-off with NATO forces. See also Celeste Wallander, "The Economization, Rationalization, and Normalization of Russian Foreign Policy," *Program on New Approaches to Russian Security*, Policy Memorandum Series no. 1, July 1997, online at <http://www.fas.harvard.edu/~ponars>.
3. Ibid.
4. Ibid.
5. See Stephen Blank, "The Spirit of Eternal Negation: Russia's Hour in the Middle East," in Stephen Blank, ed., *Mediterranean Security into the Coming Millennium* (Carlisle, Penn.: U.S. Army War College Strategic Studies Institute, 1999); Ariel Cohen and James Phillips, "Russia's Dangerous Missile Game in Iran," Heritage Foundation *Executive Memorandum* no. 503, November 13, 1997, online at <http://www.heritage.org/library/categories/forpol/em503.html>; and Ariel Cohen, "The Watershed in U.S.–Russia Relations: Beyond 'Strategic' Partnership," Heritage Foundation *Backgrounders* no. 1252, February 17, 1999, online at <http://www.heritage.org/library/backgrounder/bg1252.html>.
6. Stephen Blank, "The Spirit of Eternal Negation," p. 447.
7. For more on Russia's growing weakness and dangerous decline, see *ibid.*, p. 446.
8. See Benjamin Lambeth, *Is Soviet Defense Policy Becoming Civilianized?* (Santa Monica, Calif.: RAND, 1990), document R-3939-USDP; John Van Oudenaren, *The Role of Shevardnadze and the Ministry of Foreign Affairs in the Making of Soviet Defense and Arms Control Policy* (Santa Monica, Calif.: RAND, 1990), document R-3898-USDP; A. Alexiev and R. Nurick, eds., *The Soviet Military Under Gorbachev: Report on a RAND Workshop* (Santa Monica, Calif.: RAND, 1990), document R-3907-RC.
9. See N. Malcolm et al, *Internal Factors in Russian Foreign Policy* (London: Oxford University Press, 1996).
10. On internal influences in foreign policy decision-making, see Irina Kobrinskaya, "Vnutrenniye Faktory Vneshney Politiki v Post-

kommunisticheskoy Rossii” (The Internal Factors of Foreign Policy in Post-Communist Russia), in Liliya Shevtsova, ed., *Rossiia Politicheskaya* (Political Russia), (Moscow: Carnegie Endowment for International Peace, 1998).

11. The regular interagency review process involves a government commission at the level of first deputy ministers, chaired by a deputy prime minister.
12. Author interview, Moscow, November 1999.
13. Quoted in Irina Kobrinskaya, “Vnutrenniye Faktory Vneshney Politiki v Postkommunisticheskoy Rossii,” p. 277.
14. According to Gazprom’s website, [www.gazprom.ru](http://www.gazprom.ru), the company “accounts for 25 percent of world gas production,” approximately 23.5 percent of proven world gas reserves, and “represents about 8 percent of Russia’s [gross national product].”
15. One of the best and most succinct descriptions of Russia’s new industrial–financial empires can be found in Donald N. Jensen, “Russia’s Financial Empires,” a special report by Radio Free Europe/Radio Liberty (RFE/RL), updated January 1998, online at <http://www.rferl.org>.
16. By its own account, Lukoil produced more than 70 million tons of oil in 1999—approximately 24 percent of total oil production in Russia; see “Novosti/Press-Relizy-2000: Soviet Direktorov OAO “Lukoil” Obsudil Itogi Deyatel’nosti Kompanii v 1999 Godu i Nametil Zadachi na 2000 God” (News/Press Releases-2000: The Board of Directors of Lukoil has Discussed the Results of the Company’s Activities in 1999 and Set out Goals for 2000), online at [http://www.lukoil.ru/news/pressreleases-00/01\\_january/13\\_01\\_2000.html](http://www.lukoil.ru/news/pressreleases-00/01_january/13_01_2000.html)). According to a profile of company president Vagit Alekperov online at <http://www.lukoil.ru/news/publications-00.html>, Alekperov believes that Lukoil “can play the same role in the economy of the country as Ford [once] played in America.”
17. See also Yuriy Fedorov, “Kaspiyskaya Politika Rossii: K Konsensusu Elit,” (Russia’s Caspian Policy: Toward a Consensus of Elites) *Pro et Contra* 2, no. 3 (Summer 1997).
18. See Robert O. Freedman, “Russia and Israel Under Yeltsin,” *Israel Studies* 3, no. 1 (Spring 1998), pp. 145–146.
19. Thomas E. Graham, “Novyy Rossiyskiy Rezhim” (Russia’s New Regime), *Nezavisimaya Gazeta*, November 23, 1995.

20. For a thorough and succinct overview of the new political structure in Russia, see Donald N. Jensen, "How Russia is Ruled," a Radio Free Europe/Radio Liberty report, online at <http://www.rferl.org>; as well as Jensen, "Russia's Financial Empires"; and Floriana Fossato and Anna Kachkaeva, "Russian Media Empires," August 1999, online at <http://www.rferl.org>
21. The weakness of the Russian state and its impact on the reform effort, as well as the development more generally of Russia's economy and society, became the subject of a lively academic and policy debate in 1998–99 following the August 1998 financial collapse in Russia and revelations of widespread corruption. See Joseph E. Stiglitz, *Whither Reform? Ten Years of the Transition*, Keynote Address at the World Bank Annual Bank Conference on Development Economics, Washington, D.C., April 28–30, 1999. See also Joseph Blasi et al., *Kremlin Capitalism: Privatizing the Russian Economy* (Ithaca, N.Y.: Cornell University Press, 1997).
22. See RFE/RL *Newsline*, November 25, 1997; May 22, 1998; and March 24, 1998.
23. David Hoffman, "Russia's Clans Go To War: Phone Giant's Sale Splits Tycoons' Tight Ranks," *Washington Post*, October 26, 1997; David Hoffman, "Yeltsin Fires Aide in Growing Scandal Over Top Reformer's Book Fee," *Washington Post*, November 15, 1997; Daniel Williams, "Clans' Feud in Sale of Russian Assets: Losers in Telecommunications Bidding Assail Government, Rivals," *Washington Post*, July 30, 1997.
24. *Ibid.*
25. RFE/RL *Newsline*, May 28, 1999.
26. On Russian taxes and their role in the "virtual economy," see Clifford G. Gaddy and Barry W. Ickes, "Russia's Virtual Economy," *Foreign Affairs* (September/October 1998); Thane Gustafson, *Capitalism Russian-Style* (Cambridge: Cambridge University Press, 1999).
27. RFE/RL *Newsline*, May 26, 1999.
28. Graham, "Novyy Rossiyskiy Rezhim."
29. For a stark treatment of this issue, see Lee S. Wolosky, "Putin's Plutocrat Problem," *Foreign Affairs* (March/April 2000).
30. See "Voyennaya Doktrina Rossiyskoy Federatsii" (Military Doctrine of the Russian Federation), online at <http://www.scrf.gov.ru/Documents/Decree/2000/706-1.html>.

31. See "Political Scientist Criticizes Planned Reform of Russian Missile Forces," *Interfax*, Moscow, July 26, 2000; Sergei Rogov, "Does Russia Need Unilateral Disarmament?" *Vremya*, July 18, 2000; Aleksei Arbatov, *Bezopasnost': Rossiyskiy Vybory*, (Security: Russian Choice), (Moscow: Epicenter, 1999), pp. 305–306; and Sergey Rogov, "Yadernoye Oruzhiye v Mnogopolyarnom Mire. Passivnost' v Otnoshenii Rezhima Nerasprostraneniya Vryad li otvechayet Interesam Moskvy" (Nuclear Weapons in a Multipolar World: Passivity toward the Nonproliferation Regime Is Hardly in Moscow's Interest), *Nezavisimaya Gazeta*, June 5, 1998;
32. See Ariel Cohen, "The Russian Generals' War of Self-Destruction," UPI, August 10, 2000; see also Vladislav Shurygin, "Sergeyev i Kvashnin Porugalis' iz-za Deneg" (Sergeyev and Kvashnin Have Squabbled over Money), *Agenstvo Politicheskikh Novostey* (Agency of Political News), July 28, 2000, online at <http://www.apn.ru>.
33. See Irina Kobrinskaya, "Vnutrenniye Faktory Vneshney Politiki v Postkommunisticheskoy Rossii."

## If It's Good for Gazprom and MINATOM . . .

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Throughout the 1990s, Russian policymaking with regard to Iran and the Middle East occurred in a strategic vacuum and without strong oversight. Such policymaking was in effect commandeered by the lobbies or “clans” that dominated Russian domestic politics since the early 1990s as a result of the economic and political reforms undertaken during Boris Yeltsin’s first presidential term. Rent-seeking, frequently noted by academic specialists as a major feature of the Russian economy and Russian domestic politics, became an integral part of foreign policy as well.<sup>1</sup>

### Gazprom and Russian Policy in the Middle East

Students of the Russian economy and domestic politics have for some time considered Russian energy companies to be some of Russia’s most powerful and prosperous clans. Corporate names like Lukoil, Yukos, and Gazprom have become associated both in Russia and abroad with vast wealth, privilege, and virtually unlimited influence in Russian domestic politics. Together with the country’s major banking empires, the energy sector played the critical role in financing Yeltsin’s 1996 reelection campaign.<sup>2</sup> It has maintained a revolving-door relationship with the uppermost echelons of the government, supplying two of the country’s prime ministers, one chairman of the Central Bank, and scores of cabinet and sub-cabinet-level officials from its corporate hierarchy.

Gazprom, the country’s natural gas monopoly and, arguably, its most influential company, has throughout its decade-long history as a corporate entity enjoyed special sta-

tus as a virtual state within the Russian state, enjoying an unheard-of degree of freedom to act in its own interests. Privatized under a special arrangement, the company has operated under its own unique set of corporate governing rules, including an unparalleled degree of control over trading—and, therefore, ownership—of its shares. It has effectively been able to negotiate its own tax rate with the government and has waged several highly publicized and politicized campaigns with the government, fending off attempts to dismantle the company or force it to pay back taxes. The government was defeated with regard to the former issue; on the latter, it was able to win only partial victories at best.<sup>3</sup>

Still, Gazprom has been severely constrained in its domestic operations by the condition of the Russian economy, and its finances have suffered from its position as “the hub of Russia’s socioeconomic system”<sup>4</sup> which, as a whole, has yet to address the challenge of real reforms. Gazprom is reportedly able to collect less than one-fifth of its receipts in cash, with the remainder consisting of payments in kind and IOUs. A September 1999 DeutscheBank analysis of Gazprom estimated that only 16 percent of the company’s gas sales within Russia were paid in cash.<sup>5</sup> This receipts disparity leaves the company disproportionately dependent on foreign markets as the major source of revenues. Indeed, the same DeutscheBank report argues that, considering the uncertain value of Gazprom’s noncash receipts and their high percentage as a share of the company’s revenues, the company’s exports to Europe represent its only reliable and quantifiable source of revenue.

In the eyes of its officials, Gazprom’s freedom to pursue ventures abroad is merely compensation for the obligations it is forced to bear in the domestic market.<sup>6</sup> In what may be an unspoken quid pro quo between the company and the Russian government, Gazprom appears to face virtually no restrictions in its pursuit of opportunities abroad, regardless of their potential international implications for other Russian interests and without the strategic cost-benefit analysis of the full effect of its actions. One might easily argue that

Gazprom's domestic role as a major source of revenue for the federal budget and of subsidies for much of the rest of the Russian economy leaves it free to follow its commercial interests in the international arena regardless of other considerations—political, strategic, or economic. Some in Russia have complained that Gazprom and other Russian energy companies have no choice but to pursue their own course overseas because they cannot rely on a disorganized Foreign Ministry to look after their interests.<sup>7</sup>

Consequently, Gazprom's decision to take part in the 1997 South Pars gas project in Iran appears to have been driven primarily by its own internal technical and commercial considerations, rather than by Russian foreign policy considerations or grand strategic designs. Interviews with industry sources suggest that Gazprom's participation in the South Pars project was motivated by the company's interest in gaining a foothold in Iran, the opportunity for Gazprom to gain valuable off-shore experience, the possibilities for Gazprom to expand into South Asian markets, and its chance to acquire a financial interest in a project that is likely, when completed, to be one of Gazprom's competitors in the Turkish market.<sup>8</sup> Gazprom representatives maintained that the Russian government and the Russian state have no foreign policy strategy and have offered no guidance or assistance to the company during its pursuit of initiatives either in the Middle East or elsewhere.<sup>9</sup> The latter charge may be unfair to the Russian government; Gazprom was able to enlist Viktor Chernomyrdin and Yevgeniy Primakov, when each was prime minister, as lobbyists for its "Blue Stream" gas pipeline project under the Black Sea to Turkey. In any event, Chernomyrdin's and Primakov's lobbying on behalf of Gazprom's business interests in Turkey in no way contradicts the argument about the clan's domination of Russian politics and government.

The political repercussions from the South Pars deal, including the threat of U.S. sanctions against Russia under the Iran–Libya Sanctions Act (ILSA), apparently generated little concern on the part of the company's management or the Russian foreign policy establishment. The potential impact of

the sanctions on Russian–U.S. relations and the threat that the ILSA-mandated punishment could have jeopardized U.S. support for Russia appear not to have been part of the calculation. Gazprom officials have also argued that South Pars was a commercial opportunity that simply makes it possible for the company to carry its domestic burden. They dismissed as irrelevant any questions about the deal’s strategic implications and effect on U.S.–Russian relations. It was a strictly commercial deal, without any strategic or political considerations involved, they insisted. It is not Gazprom’s responsibility to set the strategy, they continued; it is the state’s. When the state is weak, companies such as Gazprom have no choice but to wait or act on their own. The absence of such a strategy leaves companies like Gazprom free to pursue their own initiatives.<sup>10</sup>

Gazprom’s interest in the Persian Gulf seems to make little economic sense, given that Russian interests can only be hurt by new exports from the Persian Gulf into key markets—Turkey and Western Europe—which are so important to Russia as a source of export revenues. Furthermore, given Gazprom’s difficulties raising capital to develop new domestic gas reserves, investment projects in the Persian Gulf make even less sense. A shroud of secrecy surrounds Gazprom’s finances and corporate governance, however, and the precise nature of Gazprom’s rationale for participation in the South Pars project is unlikely ever to be made public. Nevertheless, one can speculate that, in addition to the reasons mentioned earlier in this chapter, Gazprom’s management may have found the deal attractive because, as an off-shore venture (both physically and financially), it would enable the company to escape Russia’s onerous tax burden. However complex and opaque Gazprom’s rationale for participating in the South Pars deal may have been, both commonsense considerations and interviews with company representatives suggest that its decision was driven by narrow corporate interests rather than national economic or strategic ones.

Gazprom’s participation in the South Pars deal regardless of the damage to Moscow’s relations with Washington at a time of Russian decline and reliance on U.S. support is il-



lustrative of clan, or corporate, influence in Russian foreign policymaking. The question of whether a commercial opportunity perceived as good for Gazprom was also good for Russia was never an issue in Russian foreign-policy debates. In pursuing its corporate interest, Gazprom was in effect pushing against an open door, encountering no opposition either in the form of a competing clan whose interests might have been threatened or by an established foreign policy or strategic consensus.

### The Role of Russia's Arms Exporters

Although Russian arms makers and exporters lack Gazprom's resources, stature, and influence, they have sought to replicate the gas giant's success and have been equally unrestrained in pursuing business opportunities throughout the Middle East. Because of the dire financial circumstances of Russia's military establishment and the lack of domestic orders for weapons and equipment, the industry's search for customers in the region truly represents a quest for survival.

The leaders of Russia's military-industrial establishment consider the issue of arms exports to be much more than simply a commercial opportunity.<sup>11</sup> Rather, left to their own devices when domestic orders disappeared in the late 1980s and early 1990s, they have treated arms exports as a vital opportunity to preserve and develop the country's most advanced industrial capabilities and talents, which during the Cold War had been concentrated in the defense sector. Furthermore, according to the leading ideologists of Russia's military-industrial doctrine, the country's military-industrial complex can—once primed—spur economic growth in the Russian economy at large.<sup>12</sup>

Although extremely important and attractive to Russia's military-industrial complex as a market, the Middle East is no different from other regions of the world where opportunities to sell arms might become available. The region's attractiveness and importance stem from its position as one of the biggest and most lucrative bazaars for weapons manufacturers worldwide. The Middle East is "where the money is," and Russia's

military-industrial complex is not in the position to disregard this potentially lucrative opportunity. There is no evidence to suggest, however, that the behavior of Russian companies in the region has been influenced by broader geopolitical concerns. In fact, no such concern has been articulated. Similar to Gazprom's ventures, commercial opportunities good for Russian weapons manufacturers are almost automatically presumed to be good for Russia, and therefore they generate little, if any, domestic discussion or controversy.

The dominance of commercial considerations in Russian arms sales policy is further bolstered by the role the country's chief arms export agency has played in domestic politics. Arms exports have been entrusted to a state-owned company, Rosvooruzheniye, which quickly became a pawn in the hands of competing clans, attracted by the hundreds of millions if not billions of dollars in export revenues and the obvious opportunity to exploit this cash flow.<sup>13</sup> In Russia's cash-strapped economy, the ability to control Rosvooruzheniye's stream of revenues is a powerful political and economic weapon, a prized possession that no "clan du jour" has been willing to overlook. Far from becoming an instrument of state policy abroad, it became a cash cow, serving the needs of the ruling clan.<sup>14</sup>

For example, when he became prime minister, Yevgeniy Primakov did not miss the opportunity to put his protégé, Grigoriy Rapota, in charge of the export company—instead of the candidate promoted by the Kremlin earlier in 1998. Having a man he could trust in charge of Rosvooruzheniye was undoubtedly important to Primakov as he found himself increasingly at odds with the Kremlin and considered a run for Russia's presidency. Following Primakov's dismissal a few months later, Rapota was in turn fired and replaced with the original candidate, Aleksey Ogarev, who was favored by the Yeltsin clan.<sup>15</sup>

### The Independent Role of MINATOM

Rosvooruzheniye has been relegated to the role of a mere pawn in the hands of competing clans, whereas Russia's Min-

istry of Atomic Energy (MINATOM) has been able to carve out a far more independent role and emerge as a powerful lobby in its own right under the successive leadership of two outspoken ministers, Victor Mikhailov and Yevgeniy Adamov.

MINATOM is the successor agency to the Soviet Union's once-privileged and politically powerful Ministry of Medium Machine-Building, which produced the country's nuclear arsenal. Unlike Gazprom, whose status as a political powerhouse emanates from its vast resources, huge export revenues, and financial muscle, MINATOM owes much of its political influence to its dire financial circumstances and inability to generate sufficient revenues to maintain the country's nuclear industry workers in the style to which they became accustomed during the Soviet period. Its precarious financial condition and the memory of its privileged status in the Soviet days have given MINATOM's leadership a powerful political weapon. The agency's top officials, as custodians of the nation's nuclear patrimony and representatives of hundreds of thousands of disgruntled workers and their families, claim to speak on behalf of an important political constituency.<sup>16</sup>

The promise of lucrative nuclear power generation exports and jobs for tens of thousands of workers, many of them barely surviving after months or years of wages in arrears, is a formidable argument that no Russian government has been able to resist. With tens of thousands of workers easily manipulated by promises of overseas contracts and jobs, MINATOM's leadership is able to present a powerful case to the government and demonstrate that what is good for the agency is also good for Russia. Moreover, MINATOM's special status as the custodian of the country's nuclear patrimony has ensured its minister a seat on the Security Council and direct access to the president, in effect exempting its decisions and proposals from normal interagency review procedures. MINATOM was presumably able to make a very compelling case to Yeltsin because the Bushehr nuclear power plant project in Iran is one of just a handful of the agency's successful foreign marketing deals.<sup>17</sup>

Over the years, MINATOM's lack of domestic commer-

cial success appears to have only encouraged the ministry's enthusiasm for foreign commercial ventures and domestic political ambitions. Speaking at the press conference following his appointment as atomic energy minister, Adamov made clear that the model he would like to emulate during his tenure at MINATOM was Gazprom: "It is absolutely feasible immediately to enter the international market with electric energy from nuclear power plants. This product is competitive. . . . [W]e must create another 'Gazprom' if you wish."<sup>18</sup>

MINATOM's controversial relationship with Iran and its ability to deflect allegations that it is assisting Iran's program to develop weapons of mass destruction (WMD) is bolstered by its representatives' claims that the agency's dealings with Tehran have neither run afoul of the International Atomic Energy Agency (IAEA) and its inspectors nor otherwise violated the letter or the spirit of the Nuclear Nonproliferation Treaty (NPT). Hence, it has been argued, MINATOM's activities in Iran are legitimate.<sup>19</sup> According to Russian analysts, the absence of IAEA-supported claims against Iran's use of its nuclear facilities is one of the key factors behind MINATOM's ability to make its case to the highest levels of Russian government that its business dealings are legitimate.<sup>20</sup>

## Notes

1. For a Russian elaboration of this point of view see Vladimir Orlov, "Chto Vygodno Minatomu. . ." (What Is Profitable for MINATOM. . .) *Pro et Contra* 2, no. 3 (Summer 1997).
2. See Donald N. Jensen, "Russia's Financial Empires," a special report by Radio Free Europe/Radio Liberty (RFE/RL), updated January 1998, online at <http://www.rferl.org>.
3. See Thane Gustafson, *Capitalism Russian-Style* (Cambridge: Cambridge University Press, 1999).
4. Deutsche Bank AG, *Gazprom: Show Me the Money* (London: Deutsche Bank AG, 1999). Similar numbers were also cited in *Jamestown Monitor*, December 23, 1997.
5. *Ibid.*
6. Author's interviews in Moscow, November 1999. See also Yakov Pappé,

- "Neftyanaya I Gazovaya Diplomatiya Rossii" (The Oil and Gas Diplomacy of Russia), *Pro et Contra* (Summer 1997), p. 56.
7. Rustam Narzikulov, "Neft', Gaz I Vneshnyaya Politika Rossii" (Oil, Gas and Foreign Policy of Russia), *Nezavisimaya Gazeta*, October 29, 1997.
  8. Confidential interviews with the author.
  9. Interviews with the author in Moscow in November 1999.
  10. Ibid.
  11. See "Kruglyy Stol 'Krasnoy Zvezdy. Rossiya na Rynke Oruzhiya'" (The Red Star's Roundtable: Russia in the Weapons Market), *Krasnaya Zvezda*, November 27, 1999; Oleg Shulyakovskiy and Aleksandr Luzan, "Natsional'nyye Interesy. Oruzhiye Pomogayushcheye Vyzhit'" (National Interests: Weapons that Help to Survive), *Krasnaya Zvezda*, November 25, 1998.
  12. Ibid.
  13. Rosvooruzheniye exports in 1999 reached \$3.5 billion; orders worth \$9 billion have been signed to be filled by 2005. See ITAR-TASS, November 27, 1999; *Arms Trade News*, February 2000.
  14. See Reuben F. Johnson, "Notes of an Idler: Scrambling Arms Exports Agencies," *Moscow Times*, May 12, 2000.
  15. See RFE/RL *Newsline*, August 3, 1999. This situation is analogous to the changes in the leadership of the Tax Ministry, discussed in this study.
  16. According to a Russian newspaper, 700,000 people in 1998 lived in Russia's so-called "closed cities"—cities under MINATOM's purview. The total number of people directly in "MINATOM's orbit" was estimated at 2.5 million. A. Vaganov, "Atomnyye Manevry" (Atomic Maneuvers), *Nezavisimaya Gazeta*, March 21, 1998. See also former MINATOM minister Viktor Mikhailov's interview, "Viktor Mikhailov: 'Atomnaya Promyshlennost Opredelyat I Silu Armii I Silu Ekonomiki'" (Viktor Mikhailov: 'Nuclear Industry Determines the Strength of the Army and the Strength of the Economy'), *Nezavisimaya Gazeta*, January 30, 1997.
  17. Aside from Bushehr, other MINATOM deals include an agreement with India to sell two nuclear reactors, which is yet to be finalized. See Michael R. Gordon, "Russia Is Selling Nuclear Reactors to India; U.S. Protests," *New York Times*, February 6, 1997; and "Despite Bomb

Tests, Russia Is Selling 2 Nuclear Plants to India,” *New York Times*, June 23, 1998. See also RFE/RL *Newsline*, December 30, 1997; and Orlov, “Chto Vygodno Minatomu . . .,” on the agreement with China to build two nuclear reactors estimated to be worth some \$3 billion, with Russia reportedly to provide financing on favorable terms.

The deal with India appears to be moving forward; according to a May 12, 2000, *Washington Post* report, President Vladimir Putin has signed a decree authorizing MINATOM to export nuclear materials to countries that have not signed the Nuclear Non-Proliferation Treaty (NPT). This move signals Russias willingness to retreat from the 1992 nuclear suppliers agreement not to sell to countries that have not agreed to comprehensive international monitoring, which India has not. See David Hoffman, “Russia to Allow Nuclear Exports,” *Washington Post*, May 12, 2000.

18. Andrey Vaganov, “My Dolzhny Vyrastit’ Vtoroy ‘Gazprom’” (We Must Raise the Second ‘Gazprom’), *Nezavisimaya Gazeta*, April 8, 1998.
19. See for example Andrey Vaganov, “Geopoliticheskiy Shantazh” (Geopolitical Blackmail), *Nezavisimaya Gazeta*, January 15, 1999; MINATOM’s Yevgeniy Adamov is quoted in the article describing Iran’s compliance with all aspects of the NPT as “exemplary.” See also “Strasti Vokrug Iranskoy AES” (Passions Surrounding the Iranian Power Plant), January 26, 1998; Dmitriy Gornostayev, “‘Semerku’ Volnuyet Yadernaya Bezopasnost’” (The Seven Are Worried about Nuclear Security), *Nezavisimaya Gazeta*, April 19, 1996; Igor’ Korotchenko, “Nadumannye Pretenzii SshA” (Made-up Claims of the United States), *Nezavisimaya Gazeta*, February 27, 1999. It is noteworthy that this argument has been put forth not only by MINATOM’s representatives, but also by Vladimir Orlov, a prominent Russian specialist on nuclear proliferation and advocate of effective export controls. In 1997, Orlov wrote, “Personally, I consider the Bushehr deal beyond reproach from the standpoint of international law. It fully conforms to the spirit and the letter of the NPT and in practice implements Article IV of that treaty.” See Orlov, “Chto Vygodno Minatomu . . .”
20. Author interviews, Moscow, November 1999.

The clan-based model of Russian foreign policymaking is useful for understanding Russian policy not just toward Iran but toward the entire Middle East region. The model explains not only certain Russian actions, such as the activities in Iran of Russia's Ministry of Atomic Energy (MINATOM), but also the government's lack of interest in several other areas. Russia's relationships with Jordan, Syria, Saudi Arabia, Iraq, Egypt, and Israel illustrate this latter point.

In the absence of a comprehensive approach to or generally accepted strategy in the Middle East, Russian initiatives are usually attributable to concrete domestic interests or clans. Similarly, the absence of domestic interests and lobbying usually means a lack of initiatives. With the decline of Russian "great power" diplomacy, a number of important regional Middle East actors have practically disappeared from Russia's foreign policy agenda.

### Saudi Arabia

Common sense dictates that Saudi Arabia should be one of the most important countries in the world for Russia. As the key player in the global oil market and a major consumer of military hardware, the kingdom is a natural partner for Russia, whose economic—and political—fortunes are so closely tied to the price of oil and whose defense industry desperately needs new markets. Close cooperation and coordination in an effort to control fluctuations in the price of oil would be in the interest of both countries.

Despite its preeminent position in the global oil market and in the Persian Gulf, however, Saudi Arabia has not been accorded a prominent place on Russia's foreign policy

agenda,<sup>1</sup> a circumstance that is attributable to two important factors. First, the kingdom continues to maintain its close security relationship with the United States and its long-standing reliance on U.S. and European weapons.<sup>2</sup> Second, Russian oil companies were latecomers to the Persian Gulf and Saudi oil scene and cannot match the historical relationships and access of their U.S. and European counterparts. In the words of one Russian observer, the Persian Gulf region has already been “divvied up.”<sup>3</sup> Additional reasons why Russian oil companies could find it difficult to compete against their Western counterparts in the Persian Gulf include access to technology and capital markets. Even Gazprom, with its established reputation in European financial markets, is evidently having a difficult time fulfilling its financial commitment in the South Pars project with Iran.<sup>4</sup>

Neither of the two major Russian lobbies—the energy sector or the arms industry—has consistently pursued a vigorous relationship with Saudi Arabia. As was mentioned earlier, this course of action is somewhat paradoxical, considering Saudi influence in the global oil markets and Russian dependence on oil exports. In special circumstances, such as in March 1999, when long-depressed global oil prices forced members of the Organization of Petroleum Exporting Countries (OPEC) to cut production, Russian companies agreed to go along with OPEC’s decision and cut production by 400,000 barrels a day.<sup>5</sup> Generally speaking, however, Russia has expressed little interest in OPEC. One possible explanation may be that, because Russia is the world’s second largest oil exporter,<sup>6</sup> its oil companies—individually and collectively—have been reluctant to commit to OPEC rules and thus be subject to cuts in production in times of gluts in the world oil markets. Lukoil, for example, has publicly opposed OPEC membership for Russia unless Kazakhstan, Azerbaijan, and Turkmenistan also join the cartel. In justifying this position, the company’s spokesman cited fears of losing markets to these neighboring states because of OPEC-mandated production and export cuts.<sup>7</sup>

The record of diplomatic activity between Saudi Arabia



and Russia suggests a pattern of mutual disinterest. Senior-level contacts have been few. Saudi foreign minister Prince Saud al-Faisal visited Moscow in March 1999,<sup>8</sup> but Russian interest in hosting the Saudi visitor had an important domestic political dimension. Concerned about the situation in the northern Caucasus, Moscow must have perceived some advantage in engaging the Saudis on issues of terrorism and religious fundamentalism in Chechnya as well as in enlisting Saudi support for its efforts to combat these problems.<sup>9</sup>

The visit's agenda—religious fundamentalism, Iraq, Kosovo, strengthening the United Nations (UN) Security Council, and fighting crime and terrorism<sup>10</sup>—suggests that, beyond perfunctory declarations about better bilateral relations, the discussions were unrelated to Moscow's ambitions in the Persian Gulf and were more relevant to Russian domestic concerns and Russian relations with the United States. The UN Security Council is the sole remaining forum where Russia can still pretend to be the superpower it once was, and Iraq and Kosovo are two major international issues in which Russia has found itself sidelined by the United States. To host the foreign minister of a major U.S. client-state at a time of considerable tension in Russian–U.S. relations was undoubtedly seen by Russian diplomats as a feather in Moscow's cap.

## Syria

Syria—arguably Moscow's oldest and staunchest client in the Middle East—has declined in importance on Russia's foreign-policy agenda following the breakup of the Soviet Union. Economic subsidies and arms transfers had been one of the pillars of the Russian–Syrian relationship during the Cold War and had made it possible for Moscow to project its power and influence in the Middle East. With Russia's economy in trouble throughout the 1990s, these subsidies and transfers quickly dried up.<sup>11</sup>

Despite being cash-poor, however, Syria has nonetheless remained a target of considerable commercial and financial interest for Russia. Damascus owes Moscow some \$12 billion for past arms deliveries during the Soviet era. Furthermore,

Syria, whose military is armed mostly with Soviet-made weapons, is interested in buying more Russian equipment. An arms deal valued at \$2 billion has been under consideration for several years, and the late Syrian President Hafiz al-Asad's visit to Moscow in June 1999 renewed Russian interest in it.<sup>12</sup> Because neither Syria nor Russia has been able to arrange the necessary financing for the deal, however, it remains in limbo.

President Asad's Moscow visit was accompanied by the customary political declarations about the need to reinvigorate the Middle East peace process and for Russia to play a more active role in it. Little progress resulted from these declarations because both sides were focused primarily on the tangible aspect of the visit—the arms deal, which if finalized will be welcome news for Russian weapons manufacturers. As for the peace process, without further incentive, Russian interest in it subsided until February 2000, when Moscow hosted a meeting of the Multilateral Steering Group. Even on that occasion, Russian interest in the peace process had to do less with the process itself than with the Kremlin's desire to host an important foreign ministers' meeting in Moscow at the time of the country's international diplomatic isolation during the Chechen War.

## Egypt

The record of Russia's relations with Egypt reflects general indifference as well.<sup>13</sup> Diplomacy between the two countries in recent years has focused primarily on third-party issues—Iraq and the Middle East peace process.<sup>14</sup> Egypt's weapons acquisitions from Russia have been sporadic because of Egypt's longstanding security relationship with the United States and reliance largely on U.S. armaments. In 1997, Russia delivered 20 Mi-17 helicopters to Egypt,<sup>15</sup> and although Russian weapons manufacturers undoubtedly valued the deal, this sale has not led to the resumption of the steady defense cooperation the two countries had had prior to the U.S.–Egyptian rapprochement in the 1970s. Unable to match the United States in terms of its generous security assistance, Russia cannot afford to subsidize its weapons manufacturers and their export

sales, nor does it have the strategic or political incentives in the Middle East to do so. Like Russia's relationship with Syria, scarce financial resources and the lack of a compelling interest in the Middle East have resulted in what can at best be described as a limited Russian relationship with Egypt.

## Israel

In contrast to other countries in the Middle East, Russia has a much more diverse and active relationship with Israel.<sup>16</sup> Russian-Israeli relations represent something of an inconsistency: the two countries had no diplomatic relations for nearly a quarter of a century after the 1967 Arab-Israeli War. A staunch supporter of Israel's Arab allies throughout the Cold War, Moscow had also promulgated a domestic policy of official anti-Semitism, prompting hundreds of thousands of Soviet Jews to emigrate, including many who went to Israel. In the early 1990s, these Russian Israelis were joined by hundreds of thousands—as many as 700,000 throughout the 1990s, according to Israeli immigration statistics—of their co-religionists who fled the former Soviet Union, driven by fears of even greater economic hardships in Russia and expectations of the rise of grass-roots anti-Semitism.

Although these fears and expectations have so far fortunately failed to materialize, Russia's human exports to Israel have become an important factor in bilateral political relations, a relationship in which Israel and its interests, rather than Russia and its interests, appear to have played the crucial role in shaping. Israel has the largest Russian-speaking diaspora outside the former Soviet Union—approximately one in six Israelis is an immigrant from the USSR or its successor states. These people left behind relatives, friends, and in some instances property. Some immigrants have reportedly retained their old passports and acquired dual citizenship and have been able to travel freely—on business or for personal reasons—between their historic and current homelands. In Israel's domestic politics, Russian-speaking Jews have emerged as a prominent interest group.

Moreover, immigrants from post-Soviet Russia do not seem

to harbor intense feelings of animosity toward the country of their birth. This is likely to be attributable to gains made by Jews in Russia in the 1990s, including a renaissance of Jewish cultural and religious life and the rise of a number of Jews to positions of prominence in the country's media, business community, and politics. In addition, Jews leaving post-Soviet Russia have been able to emigrate under relatively normal conditions and without the fear of official persecution that was characteristic of the Soviet period. The lack of animosity toward their country of birth distinguishes immigrants from post-Soviet Russia from their fellow Jews who had emigrated from the Soviet Union prior to its dissolution, as well as from those who came to Israel to escape persecution elsewhere in the Middle East.

The rise of Russophone Jews in Israeli grassroots politics has paralleled the ascent of a handful of prominent Jewish businessmen to the upper echelons of Russia's business and political elite. The Jewish origins of the best-known Russian "oligarchs"—Boris Berezovskiy, Vladimir Gusinskiy, and Mikhail Khodorkovskiy—have been widely reported in the Russian and foreign press. Berezovskiy was once reported to be a dual Russian and Israeli citizen.<sup>17</sup> Gusinskiy, as president of Russian Jewish Congress, has on occasion publicly taken a stance on Jewish causes in Russia and abroad.<sup>18</sup> No evidence suggests, however, that Jewish "oligarchs" have acted as a coherent lobby in pursuit of Russian or Israeli foreign policy interests.<sup>19</sup>

It would be incorrect to assume that Russia's Israel-friendly stance in recent years is the result of domestic Jewish influence on Russian policy in the Middle East. Despite the alleged political and economic muscle of the country's prominent Jewish businessmen, for example, Russian policy regarding Iran remains unaltered and shows few if any footprints of the ostensibly omnipotent Jewish-Israeli lobby. Russian Jewish leaders have reportedly lobbied Russian officials, urging them to intervene on behalf of the thirteen Iranian Jews accused of spying,<sup>20</sup> but no evidence indicates that they have been able—or willing—to lobby on behalf of Israel's concerns about Russian-Iranian nuclear and missile cooperation.

In the absence of major commercial or strategic Russian interests in Israel, the unusually active (by Russian standards) bilateral agenda between the countries is the result of Israeli strategic interests in Russia. Israel's interests appear to have been a much more important factor in shaping an active Israeli–Russian agenda than were Russian interests in Israel. In addition to the grassroots ties that have developed between them in the 1990s, Israel has an important strategic interest in Russia influenced by, among other reasons, its desire to curb Iranian nuclear and missile pursuits and Russian collaboration with them. This strategic interest helps explain the frequent visits to Moscow by senior Israeli politicians.<sup>21</sup> Improving relations with Russia, said one Israeli politician, is a “strategic goal” for Israel.<sup>22</sup> One has yet to find a similar statement by a Russian politician.

## Iraq

Another country which, not unlike Israel, has paradoxically had a disproportionate influence on Russian foreign policy is Iraq. A long-time client of the Soviet Union and consumer of Soviet weapons, Iraq became by the late 1990s a highly contentious issue on Russia's Middle East agenda, albeit for reasons unrelated to Iraq proper or Russian–Iraqi relations.

The close relationship between Moscow and Baghdad ended with the Soviet about-face during the Persian Gulf War. Constrained by the UN-mandated sanctions regime against Iraq in the aftermath of the war, Iraq lost its attractiveness to Russia as a market for Russian-made arms. Although Russia has an obvious interest in having Iraq repay its estimated \$7-billion debt for past weapons deliveries,<sup>23</sup> it remains an uncertain prospect at best, even if the sanctions regime is lifted. Nonetheless, there can be little doubt that Russian weapons manufacturers and exporters are among the most eager advocates of better Russian–Iraqi relations and the lifting or easing of UN sanctions.

Russian oil companies constitute another domestic constituency in favor of improving relations with Iraq. Several of them—Lukoil, Tatneft', and Zarubezhneft'—have already

pursued business opportunities in Iraq. These opportunities have included both UN-approved oil purchases under the auspices of the oil-for-food program, and a contract for the development of untapped oil reserves. (Iraq has signed similar deals with French and Chinese companies; these contracts will be implemented only after the sanctions on Iraq have been lifted.<sup>24</sup>) By signing such contracts, Baghdad has given Russia's most powerful companies a strong incentive to support Iraq's demand that the UN sanctions be lifted. Commenting on the deal with Lukoil, Iraqi oil minister Safa Hadi Jawad was quite open about his government's political, rather than commercial, rationale in awarding the contract to a powerful Russian company. He said Iraq preferred to deal "with companies that can influence decision makers in their country." Hence, a Russian company had been selected, despite offers reportedly submitted by two U.S. companies.<sup>25</sup>

It would be an oversimplification, however, to conclude that Moscow's foreign policy regarding Iraq is the result of manipulation by two powerful domestic lobbies—the oil and gas sector and the weapons manufacturers—that are driven by commercial interests. Russian policy on Iraq has long been an integral part of Russia's bilateral relationship with the United States. From Moscow's perspective, Iraq is one of the few places in the world—if not the only one—where it still has superpower status, and where the United States has to pay attention to Russia's views because of its membership in the UN Security Council.<sup>26</sup>

At a glance, Russia's relationship with Iraq is an example of a policy backed up by a broad domestic political consensus—confronting the United States is a popular pastime for Russian politicians—and a coalition of powerful commercial interests. In the clan-dominated world of Russian policymaking, however, this confluence of interests should have long ago secured such Russian opposition to the UN sanctions regime on Iraq that the sanctions would have been broken. There appear to be several complementary explanations for the paradox of why this has not happened. The most important among them is that the sanctions regime is actu-

ally beneficial to a number of important Russian interests. As a major oil producer and exporter whose economic fortunes are vastly dependent on its oil export revenues, Russia would be among the first victims of a decline in the price of oil caused by the removal of sanctions and the increase of Iraqi oil exports. This important linkage is not lost on Russia's foreign policy community. Sergey Karaganov, a prominent foreign policy analyst and head of the influential Council on Foreign and Defense Policy, wrote in December 1998:

Have we forgotten that OPEC's ability to cut back oil production is decreasing and it will not—if the embargo [on Iraqi oil] is lifted—be able to compensate for a large flow of cheap Iraqi oil to the world market? World market prices [for oil], which are already strangling Russian producers, will fall even lower.<sup>27</sup>

UN sanctions on Iraq have also been a boon to Russian diplomats and politicians. As a permanent member of the UN Security Council, Russia is guaranteed a seat at the decision-making table alongside the world's leading powers, with full voting and vetoing privileges—something that has rarely existed at other times in the 1990s, when the center of gravity in world affairs shifted toward organizations such as the North Atlantic Treaty Organization (NATO), the Group of Seven (G-7) industrialized nations, and the World Trade Organization (WTO). Unlike NATO, where Russia's role has been restricted to the now-proverbial “voice, not a veto,” the UN is the one forum in which Russia has both. Thus, Russia's—or, rather, its Foreign Ministry's—interest in shoring up UN authority has grown. Russia's struggle against the harsh U.S. position on Iraq has become more important than its outcome.

Russia's obvious self-interest is to enhance further the authority of the UN, not undercut it. Notwithstanding Moscow's loud complaints about the adverse impact of UN-imposed sanctions on Russian economic interests,<sup>28</sup> Russia can ill afford to disregard the sanctions or deliberately violate them, regardless of reports about sanctions violations by Russian vessels smuggling Iraqi oil.<sup>29</sup> Despite the denials and the rhetoric from

the Foreign Ministry,<sup>30</sup> Russian indignation is more likely to reflect the country's humiliation in the face of perceived U.S. heavy-handedness than to reflect a deliberate, officially approved, and coordinated policy of sanctions-busting.

Last but not least among Russian interests in maintaining the status quo with regard to Iraq is the fear that, once freed from UN sanctions, Iraq will no longer need Russia and its oil companies, and Russian arms exporters will face stiff competition from other countries. Admittedly, such fears have yet to be voiced in public, but it is likely that Russian diplomats and businessmen are aware that Baghdad's interest in Russia is driven by political, not economic, considerations—particularly since that interest is something their Iraqi counterparts freely and publicly admit.<sup>31</sup>

## Jordan

As a relatively insignificant customer for Russian weapons manufacturers,<sup>32</sup> and as a country that lacks the energy resources found elsewhere in the Middle East, Jordan has received little attention from Moscow's foreign policy establishment and is rarely, if ever, mentioned in foreign policy debates.<sup>33</sup> Arguably the most significant event involving Jordan and Russia in recent years was President Boris Yeltsin's sudden visit to Amman to attend King Hussein's funeral, an act widely perceived as a domestic political gesture aimed at the Russian audience, rather than as a diplomatic initiative.<sup>34</sup> In other words, it was a move by the Kremlin clan designed to boost the ailing Russian leader's sagging public image at a crucial time in the struggle against rival political groupings.

Russian–Jordanian relations are emblematic of new Russia's posture in the Middle East. Cash-poor, energy-poor, and closely aligned with the United States, Jordan is of little interest to Russia from the standpoint of clearly identifiable interests that have influenced Russian policy elsewhere in the region. Since the mid-1990s, however, Russia has been of considerable interest to Jordan—or, rather, to those Jordanians whose ancestors emigrated from the Caucasus in the nineteenth and early twentieth centuries, fleeing Russian



persecution.<sup>35</sup> The Chechen conflict has attracted a number of volunteers from the Middle East who have fought against the Russian Army. One of the best known commanders on the Chechen side, known as Khattab, is reportedly a Jordanian citizen of Chechen extraction, who has returned to resume the fight of his forefathers against Russian occupation. Thus, in this case as elsewhere in the Middle East, the “relationship” is a product of a peculiar local interest in Russia met by Russia’s narrow and sporadic interest in Jordan.

## Notes

1. Russian exports to Saudi Arabia in 1997 were \$189 million; Russian exports from Saudi Arabia were \$1.5 million. See Mezghosudarstvennyy Statisticheskiy Komitet Sodruzhestva Nezavisimykh Gosudarstv (Interstate Statistical Committee of the Commonwealth of Independent States), “Vneshneekonomicheskaya Deyatel’nost’ Gosudarstv Sodruzhestva Nezavisimykh Gosudarstv” (Foreign Economic Activity of the States of the Commonwealth of Independent States), Moscow, 1999.
2. International Institute for Strategic Studies (IISS), *1999–2000 Military Balance*, (London: IISS, 2000).
3. Yakov Pappé, “Neftyanaya i Gazovaya Diplomatiya Rossii,” (The Oil and Gas Diplomacy of Russia) *Pro et Contra* (Summer 1997).
4. Michael Lelyveld, “Russian Investment in Iranian Energy Falling,” Radio Free Europe/Radio Liberty (RFE/RL) *Newsline*, January 18, 2000.
5. Charles Recknagel, “OPEC States Approve Cut in Oil Output,” RFE/RL *Newsline*, March 24, 1999.
6. BP Amoco, *Statistical Review of World Energy*, 1999.
7. RFE/RL *Newsline*, June 5, 1998.
8. RFE/RL *Newsline*, March 30, 1999; March 31, 1999.
9. Ibid.
10. Ibid.
11. In 1997, Syrian exports to Russia amounted to \$11.5 million, while Russia exported to Syria \$58.5 million worth of goods. See “Vneshneekonomicheskaya Deyatel’nost’ Gosudarstv Sodruzhestva Nezavisimykh Gosudarstv.”

12. See Charles Recknagel, "Russia: President Assad's Visit Shows Strength of Ties with Syria," RFE/RL *Newsline*, July 7, 1999, online at <http://www.rferl.org/nca/features/1999/07/F.RU.990707135525.html>.
13. Egypt's exports to Russia in 1997 amounted to \$34.6 million; Russia exported \$438 million worth of goods to Egypt in 1997. See "Vneshneekonomicheskaya Deyatel'nost' Gosudarstv Sodruzhestva Nezavisimyykh Gosudarstv."
14. OMRI *Daily Digest*, March 30, 1995; RFE/RL *Newsline*, November 13, 1998; RFE/RL *Newsline*, October 30, 1997; OMRI *Daily Digest*, October 30, 1996; RFE/RL *Newsline*, December 20, 1999.
15. See U.S. Department of State, Bureau of Arms Control, "World Military Expenditures and Arms Transfers, 1998," online at [http://www.state.gov/www/global/arms/bureau\\_ac/wmeat98/wmeat98.html](http://www.state.gov/www/global/arms/bureau_ac/wmeat98/wmeat98.html); and IISS, *1999-2000 Military Balance*, p. 125.
16. Russian exports to Israel in 1997 amounted to \$427 million. Israel exported to Russia in 1997 \$186 million worth of goods. See "Vneshneekonomicheskaya Deyatel'nost' Gosudarstv Sodruzhestva Nezavisimyykh Gosudarstv."
17. See LogoVAZ, "Russian Financial Empires, A Special Report by Radio Free Europe/Radio Liberty," January 1998, online at <http://www.rferl.org/nca/special/rufinance/logovaz.html>.
18. See RFE/RL *Iran Report*, January 3, 2000; Neil McFarquhar, "Iranian Jews Have Kremlin's Support," *Moscow Times*, April 27, 2000.
19. Just as prominent Jews in Russia have not acted as a coherent lobby for Russian foreign policy, neither have they acted with cohesion at some important domestic junctures—for example, Berezovskiy and Gusinskiy found themselves on the opposite sides of the bitter feud among clans surrounding the 1997 privatization of Svyazinvest, a communications concern. See David Hoffman, "Russia's Clans Go to War: Phone Giant's Sale Splits Tycoons' Tight Ranks," *Washington Post*, October 26, 1997; Daniel Williams, "Clans' Feud in Sale of Russian Assets: Losers in Telecommunications Bidding Assail Government, Rivals," *Washington Post*, July 30, 1997.
20. *Ibid.*
21. Sophie Lambroschini, "Russia: Moscow Seeks Larger Role in Middle East Peace Process," RFE/RL, August 3, 1999; RFE/RL *Newsline*, January 26, 2000, February 23, 1999, and March 4, 1998. It is noteworthy that, while visiting Moscow in December 1999, Israeli foreign minis-

- ter David Levy went so far as to express understanding of the Russian military campaign in Chechnya and said, "We appreciate Russia's position and understand that Russia has no choice but to fight [terrorism]." RFE/RL *Newsline*, December 3, 1999.
22. RFE/RL *Newsline*, March 4, 1998, quoting Natan Sharansky.
  23. OMRI *Daily Digest*, March 6, 1997.
  24. RFE/RL *Iraq Report*, April 30, 1999; OMRI *Daily Digest*, June 27, 1995; March 24, 1996; Ol'ga Yevgen'yeva, "Irakskuyu Neft' v Moskve Uzhe Podelili" (Iraqi Oil Has Already Been Divided up in Moscow) *Nezavisimaya Gazeta*, December 16, 1999.
  25. OMRI *Daily Digest*, June 27, 1995.
  26. See Sergey Karaganov, "Vrag Vneshniy I Vnutrenniy" (The Enemy External and Internal), *Moskovskie Novosti*, December 22, 1998.
  27. Ibid.
  28. OMRI *Daily Digest*, September 5, 1996; March 6, 1997.
  29. RFE/RL *Newsline*, April 28, 2000; April 20, 2000; April 14, 2000; April 10, 2000; February 17, 2000.
  30. Ibid.
  31. OMRI *Daily Digest*, June 27, 1995.
  32. According to the IISS *1999-2000 Military Balance*, Jordan had only thirty-five Russian infantry fighting vehicles delivered between 1995 and 1997.
  33. The 1997 Russian statistics on foreign trade contain no mention for Jordan; for 1996, the Customs Service of the Russian Federation reported exports from Russia to Jordan in the amount of \$17.6 million and exports from Jordan to Russia in the amount of \$3.9 million. See Gosudarstvennyy Tamozhennyi Komitet Rossiyskoy Federatsii (Stated Customs Committee of the Russian Federation), "Tamozhennaya Statistika Vneshney Torgovli Rossiyskoy Federatsii" (Customs Statistics of Foreign Trade of the Russian Federation), Moscow, 1977.
  34. See Michael R. Gordon, "Yeltsin's Trip Just Spotlights his Frailty," *New York Times*, February 10, 1999.
  35. On Caucasian minorities in the Middle East, see Moshe Ma'oz, *Middle Eastern Minorities: Between Integration and Conflict* (Washington: The Washington Institute for Near East Policy, 1999).



## Chapter 6

# The Mystery of Russian–Iranian Relations

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Future students of Russian foreign policy will look back at the 1990s and describe the final decade of the twentieth century as the “decade of Iran” in U.S.–Russian relations. No issue on the U.S.–Russian bilateral agenda has proven more contentious and more difficult to settle than the thorny problem of Russian–Iranian relations. No issue on the bilateral U.S.–Russian agenda has the potential to cause more harm to the relationship, which in recent years has limped along under the constant threat of congressionally mandated sanctions, urged by Russia’s critics in retaliation for Russia’s assistance to Iran’s weapons of mass destruction (WMD) and ballistic missile programs. No issue on the Middle East agenda is likely to have greater impact on the fragile military and strategic balance than Iran’s acquisition of WMD and the means for their delivery.

This chapter therefore begins by looking at the early post-Soviet years of Russian–Iranian relations, particularly the influence of the Caspian, Caucasus, and Central Asian region on their development. Tehran’s, Moscow’s, and Washington’s perspectives on Russian–Iranian relations are then examined, followed by a look at the role that Iran’s WMD program plays vis-à-vis Russia’s long-term strategic interests. Finally, given Russia’s tolerance of a developing Iranian nuclear weapons program, the chapter concludes by questioning whether Russia is still a major power.

### The Importance of the Short-Term Regional Agenda: The Caucasus, Caspian, and Central Asia

Chapter 3 described the domestic political factors that shape Russian policy toward the Middle East, but peculiar regional

circumstances have also shaped Russian policy toward Iran since the breakup of the Soviet Union. In particular, Russia does not perceive Iran as a threat to its security interests in the geographic and strategic environment that has been most important to Russia since 1991.<sup>1</sup> That environment includes the geographic area from which Russia withdrew following the breakup of the Soviet Union—the Caucasus, the Caspian, and Central Asia. Throughout the 1990s, Russia and Iran landed on the same side of the major security and political fault lines in each of these three regions.

Russian perceptions of Iran underwent a certain evolution in the early 1990s. The early phase, immediately following the breakup of the Soviet Union, was marked by suspicious attitudes toward Iran, which resulted from several factors. First, during the brief “pro-Western” phase in Russian foreign policy in 1992–93, the country’s foreign policy establishment identified closely with U.S. and, broadly speaking, Western security concerns and sought a close alliance with Washington and other Western capitals. Iran’s antagonistic relationship with the United States therefore presented an obstacle to good relations between Moscow and Tehran. Another factor shaping early Russian perceptions of Iran was the latter’s reputation as the leader of militant and politically active Islam, eager to spread its destabilizing influence throughout the former Soviet states and in Russia proper. Iranian support for the Islamist opposition in the Tajik civil war in 1992–93, against the Russian-supported government of Tajikistan, as well as fears of Iranian influence spreading in Azerbaijan and throughout the Caucasus, were two important areas of concern that affected Russian attitudes toward Iran in the early 1990s.<sup>2</sup> As it happened, however, events elsewhere in the Caucasus and Central Asia, as well as Tehran’s caution in dealing with Moscow, convinced Russian policymakers that their suspicions of Iran were unfounded.

### Tehran’s Perspective

For Tehran, the opening of Central Asia and the Caucasus in the early 1990s presented new commercial, cultural, politi-

cal, and strategic opportunities. Given Iran's proximity to the region and its historic imperial presence in the Caucasus until 1828, as well as its cultural affinity with Farsi-speaking ethnic groups in Central Asia, it was only natural for many Iranians to view the newly opened lands as an area of special interest. Nonetheless, the region appears to have been far less prominent on Iran's foreign policy and security agenda than were Iraq, the Persian Gulf, and U.S. military and strategic pre-eminence in the Gulf.<sup>3</sup>

The rise of the Taliban in neighboring Afghanistan in the mid-1990s posed a new security challenge for Tehran, beyond that which already existed in the Persian Gulf. But while it added urgency to Iran's concerns about Central Asia, it did not create an incentive for Iran to challenge Russia's fading influence in the region. To the contrary, in their opposition to the Taliban, Iran and Russia found themselves together on the same side of the Afghan divide. From Tehran's perspective, any potential gains in the Caucasus–Central Asia region must not have been worth the risk of jeopardizing its relations with Moscow, which thus far had been far more useful to Tehran than Tehran had been to Moscow. In the midst of Iran's international political and economic isolation, Russia emerged as an important interlocutor, as well as an eager, cash-starved supplier of arms and military technology. Its strategic decline notwithstanding, Russia remains a member of the UN Security Council and has retained some ability to confront the United States and, on occasion, frustrate its global ambitions—an important quality Tehran sought in an ally after years of international isolation and even ostracism. Considering the priority that Iran's strategic agenda accorded to the Persian Gulf and the importance of maintaining good relations with Russia, opportunities in the Caucasus and Central Asia must have seemed less important to Iran's interests. Finally, one other factor may explain why Tehran proved itself to be a reliable partner to Moscow in dealing with the Caucasus. Iran had its own sizeable Azeri minority and could not disregard the challenge, however remote, that the specter of ethnic unrest represented to Iranian internal stability

in the event of further destabilization of the Caucasus in general and of Azerbaijan in particular.

Iran and Russia shared one further interest: the mutual dislike of the U.S. presence that both countries confronted in the region. From Iran's perspective, the growing U.S. presence and interest in the region throughout the 1990s was worrisome because U.S. policy has deliberately attempted to drive Iran politically out of the Caucasus and Central Asia and minimize its influence there. Thus, challenged in its strategic backyard of Central Asia and the Caucasus by the same superpower that was threatening Iran's position on its front doorstep—the Persian Gulf—Tehran was hardly in the position to risk its developing relationship with Russia.

### Moscow's Perspective

From Moscow's point of view, the U.S. presence in the Caucasus and Central Asia has long been a source of considerable irritation. Relative to Russia's own decline, the newfound U.S. interest and activism in Central Asia and the Caucasus must have been a constant, loud, and frustrating reminder of who lost the Cold War and who emerged in its aftermath as the indispensable nation with truly global interests and reach.<sup>4</sup> Consequently, Iran has proven to be a valuable partner for Russia in the region. By the mid- to late-1990s, the early fears of Iran as a destabilizing source of radical Islam were fading. Russia's strategic presence had continued to erode to the point when, in 1997–98, Russia found itself in danger of being replaced by the United States as the security manager in the region. Iran emerged as the sole partner with which Russia could share a sense of strategic frustration and irritation at the growing U.S. influence in what until only recently was its exclusive domain.

Most important perhaps, from the point of view of Russian policymakers besieged by a succession of crises at home and abroad, was that perception that Iran was not part of the problem, but part of the solution. It was a source of increasingly rare contracts for Russia's defense industry. It did not challenge Russia's lingering imperial ambitions in the Caspian



region. It was an early supporter of Russia's position on Caspian delimitation, and it sought to counter and diminish the growing U.S. influence in Caspian affairs. It even shared Russian irritation at Washington's omnipresence as the sole remaining superpower.

Furthermore, it proved to be an important partner and ally in the new crisis confronting Russia's security establishment—the rise of the Taliban and the threat of that brand of militant Islam to the stability and security of the entire southern tier of post-Soviet states from Central Asia to Russia's northern Caucasus. By the late 1990s, the specter of Taliban-sponsored radical Islam became an obsession for Russian foreign and security policymakers dealing with the Caucasus and Central Asia region. The Taliban's largely successful military campaign in Afghanistan against the Northern Alliance, which was supported jointly by Russia and Iran among others, had a further positive effect on Moscow's attitudes toward Tehran and its role in the Caucasus and Central Asia. Whereas prior to the Taliban takeover of Kabul in late 1996 Russian policymakers had harbored lingering suspicions toward Iran and in particular its relationship with the opposition in Tajikistan, the Taliban's new challenge to the region's stability and security had a galvanizing effect on its two main opponents. Whatever fears Russian policymakers might have had about Iran's militant brand of Islam and ambitions in Russia's "strategic underbelly," they paled by comparison with the new threat, which was aimed not only at remote parts of Central Asia, but also at Russia proper. The specter of radical Islam, both home-grown and supported by the Taliban and spreading its tentacles to Russia's periphery in the northern Caucasus as well as the Russian heartland—Tatarstan and Bashkortostan—emerged as a serious concern on Russia's national security agenda.<sup>5</sup> Increasingly, as Russia's own southern periphery along the Caucasus mountains continued to slide toward chaos, the challenge of radical Islam became a domestic security issue for Moscow.

Much to the relief of Russia's policymaking community, Iran has proven a steady and reliable partner on this issue as

well. Tehran's leadership clearly indicated in the autumn of 1999 that it cared about its strategic relationship with Moscow much more than about the fate of its co-religionists in Chechnya, who at the time were being pounded by Russian artillery. Iranian leaders demonstrated their reluctance to criticize Moscow's campaign in Chechnya during Russian foreign minister Igor Ivanov's visit to Tehran in November 1999. Ignoring the wave of international condemnation of the war in Chechnya, Iranian president Muhammad Khatami emphasized his government's respect for Russia's territorial integrity—a code word signaling his rejection of Chechnya's claim to independence—and condemned terrorist acts, thus implicitly accepting Russian claims about Chechen terrorist activities.<sup>6</sup> Iran's leaders made it clear that the strategic value of their relationship with Russia meant much more to them than did purely humanitarian concerns for the people of Chechnya or Islamic solidarity with them.

### Washington's Perspective

Russian-Iranian relations may seem to make sense from a strategic point of view given the case presented above, but that ignores the question of Russian alleged aid to Iran's WMD and ballistic missile programs. From Washington's perspective, Moscow's rapprochement with Tehran is irritating for obvious reasons. Chief among these are the generally poor state of U.S.-Iranian relations since the Iranian revolution of 1979 and the widely held view in the U.S. strategic community that Russia is assisting Iran's WMD and ballistic missile program—which, once successful, is bound to have far-reaching negative implications for the security interests of the United States and its allies in the Persian Gulf. A possible third reason is Russia's recent embrace of the longstanding U.S. concern about the spread of international terrorism. Iran has for some time been a sponsor of international terrorism, which should at least, according to conventional wisdom, serve as a deterrent to Moscow from seeking a rapprochement with Tehran.

Because of Iran's critical position in the Persian Gulf, the extent of U.S. interests there, and the broad consensus in the

United States on the region's importance and its inherent volatility, U.S. irritability with regard to Iranian acquisition of WMD and ballistic missiles requires little further elaboration. Even if the longstanding mutual suspicions were suddenly alleviated and U.S.–Iranian relations moved toward normalization, Iran's acquisition of nuclear weapons and delivery systems for them would be fraught with major consequences for U.S. interests in the Persian Gulf.

### Nuclear Weapons and the 'Marriage of Convenience'

No aspect of Russia's international behavior defies conventional wisdom and common sense more than its assistance—or alleged assistance, if Russian denials are to be believed<sup>7</sup>—with Iran's WMD and ballistic missile programs. Because of Russia's geographic proximity to Iran, the latter's acquisition of WMD and ballistic missiles would seem to constitute an obvious, direct, and immediate challenge to Russian security. On the other hand, members of the Russian national security establishment may be so confident of their good-neighborly relations with Iran that they dismiss any future threat.

Russian analysis notwithstanding, the fact remains that Russian collaboration—whether real or alleged—casts a long shadow upon several other important interests that throughout the 1990s should have concerned Kremlin decision makers. Chief among these concerns is Moscow's relationship with the Washington. The United States is the sole remaining truly global superpower. It is Russia's chief partner in several global, regional, and bilateral arms control regimes, including the Nuclear Nonproliferation Treaty (NPT), the Chemical Weapons Convention (CWC), the Strategic Arms Reduction Talks (START I and II), the Anti-Ballistic Missile (ABM) Treaty, and the Conventional Forces in Europe (CFE) Treaty, not one of which Russia seems to have either the strategic rationale or the necessary financial resources to undermine. The United States is also Russia's sponsor in the G-8 and a major supporter and source of bilateral and multilateral aid and credits through the International Monetary Fund (IMF), the World Bank, and

the European Bank for Reconstruction and Development (EBRD).

Moreover, Russian policymakers are aware that their “strategic partnership” with Iran could much more aptly be described as a marriage of convenience.<sup>8</sup> It is well understood in Moscow that Russia’s attractiveness to Iran and the partnership between the two countries may well be a passing phenomenon. It is equally well understood—and even feared by some—that Russia is vulnerable to displacement from or marginalization on Iran’s strategic agenda in the event of a normalization of U.S.–Iranian relations.<sup>9</sup> Indeed, from Tehran’s perspective, relations with Russia have been purely pragmatic, and it is entirely reasonable to expect that a normalization of U.S.–Iranian relations could lead Tehran to reassess its entente with Moscow.

Thus, although Russian foreign policy experts maintain that good relations with Iran are in Russia’s long-term interest, they reveal a good deal of awareness about Iran’s long-term strategic objectives and its pursuit of WMD and ballistic missile capabilities.<sup>10</sup> According to Russian analysts, Iran is indeed pursuing active ballistic missile and WMD programs. They mention this almost casually, in fact.<sup>11</sup> These analysts, however, dismiss the Iranian threat to Russian security interests, citing primarily the lack of strategic motives on the part of Iran in threatening Russia. The challenge to Iran’s security interests, they believe, stems primarily from the south—the Persian Gulf—where the United States has sought to establish a perceived hegemony. Therefore, Tehran’s proliferation pursuits are intended to counter that challenge, rather than to advance ambitious schemes to expand its sphere of influence northward.

Occasionally, the Russian foreign and security policy community has expressed concern about WMD and missile proliferation and Iran’s pursuit of these capabilities. For example, the Russian Foreign Intelligence Service published a report on nuclear proliferation in 1995, spotlighting proliferation as one of the major security challenges to the international system. Former Foreign Minister and Prime Min-

ister Yevgeniy Primakov was the head of the Foreign Intelligence Service at the time and presumably shared the report's conclusions, as did many specialists in the policy-academic community. Primakov's U.S. critics have often accused him, a long-time Middle East expert, of deliberately pursuing a policy encouraging Iran's proliferation efforts. The publication of such a report by the Foreign Intelligence Service on his watch would suggest, however, that Primakov harbors no illusions about the international challenge of Iranian weapons development and its implications for Russia.

Nevertheless, a mix of domestic political, economic, and strategic circumstances has tempered Russian attitudes and reactions. Chief among these circumstances has long been the atmosphere of crisis that has permeated Russian domestic political and economic life, and which precludes orderly policymaking. The resulting weakness of the Russian state apparatus and the strength of private corporate and quasi-private interests has resulted in the government's inability to enforce a consistent policy line. Hence, short-term issues and challenges have dominated the Russian policymaking agenda; they have crowded out long-term concerns, making them peripheral at best. The issue of proliferation, as a long-term concern, has found itself squarely in that category.

A logical extension of the Russian argument that Iran's WMD and ballistic missile programs are driven by U.S. hegemony in the Persian Gulf is that the United States is responsible for Iran's pursuit of these destabilizing capabilities. If, according to this logic, Iran is merely seeking a counter to U.S. influence in the Gulf, then Washington, rather than Moscow, is to blame for Iran's nuclear ambitions. Russian analysts put forth this point of view in the aftermath of the Kosovo conflict.<sup>12</sup>

They have also attempted to rationalize Russia's lackadaisical attitude toward Iran's pursuit of ballistic missiles and WMD capabilities, maintaining that Russia does not share the U.S. fear of having its homeland targeted by foreign missiles, especially nuclear ones. Russia has been living with such a threat—from neighboring countries—for more than a half-

century. One more country with some, quite uncertain, capability to strike at the Russian homeland will not have a large effect on Russian security concerns, which are otherwise challenged from many directions both within and outside the borders of the Russian Federation. Furthermore, Iranian proliferation issues are a long-term concern, superseded by many other more important issues, and are relatively insignificant in light of Iran's current friendly posture toward Russia. Lastly, the mere acquisition of such a capability by Iran would be meaningless in the absence of an Iranian strategic rationale to threaten Russia. Hence, it is extremely important for Russia to maintain good relations with Iran.<sup>13</sup>

### Is Russia Still a Major Power?

The above explanation of Russian–Iranian relations not only belies the fact that Russia has a fundamentally different approach to Iran than does the U.S. government and much of the U.S. strategic community, but it also presents a very different view of Russia. From the U.S. point of view, Russia is a major power down on its luck, but a major power nonetheless. As a result, it ascribes to Russia ambitions and aspirations commensurate with this perception. U.S. views of Russia as a major power are further reinforced by the dominant position that arms control and nuclear issues occupy on the U.S.–Russian agenda. The perception of balance in the overall bilateral relationship that this view helps to create is misleading, because Russia's decline has so greatly disrupted the balance in the relationship in other areas that the bilateral relationship barely even exists.

Other than in the nuclear arena and in U.S.–Russian relations, Russia no longer qualifies as a major power, much less a superpower. The reality of this has yet to sink in and the ambitious rhetoric has yet to be adjusted, but implicitly, the recognition of Russia's increasingly marginal status in the international arena is beginning to work itself into Russian strategic analysis. How else can one explain Moscow's acquiescence in Iran's pursuit of WMD and ballistic missile capabilities? Would the Soviet Union have simply accepted

Iran's ambitions because the capabilities, once acquired, were not intended to threaten Russia and because Moscow needed to have good relations with Tehran? That would hardly have been the geopolitical decision of a major power facing a new challenge to the physical security of its homeland. Russia may have retained some remnants of superpower status vis-à-vis the United States, but its regional relationships are increasingly devoid of such pretensions. Moscow appears reluctant to dictate the nature of the environment in which regional powers like Iran must act.

Thus, without necessarily disagreeing with the facts about Iran's WMD ambitions, as described by U.S. government representatives, Russia has by default embraced a very different approach toward both the alleged threat and the country itself. It is an approach that stems from Russia's preoccupation with short-term security challenges, the domestic political context of Russian policymaking, and the geopolitics of Russian-Iranian relations. It is not, however, an example of a deliberate strategic choice by Russia.

Russian behavior in the Middle East, as well as its relationship with Iran, suggests one important conclusion: Russia's superpower aspirations are gone. Other than occasional outbursts of nostalgic rhetoric, Russia faces the region as hardly more than a mid-sized, regional power. Short-term political concerns, narrow commercial interests, and immediate considerations of security are the primary and almost exclusive determinants of its actions and attitudes. The capabilities, ambitions, and ideological rationale of superpower status are gone, leaving the realities of Russia's diminished circumstances and geography which have long been an obstacle to Russian ambitions south of the border.

## Notes

1. See, for example, Yuliya Zheglova, "Yadernyye Vzglyady Irana" (Iran's Nuclear Views), *Nezavisimaya Gazeta Voyennoye Obozreniye*, March 15, 1997.
2. Author's interviews in Moscow, 1990, 1991, and 1999.

3. The challenge associated with the rise of the Taliban in Afghanistan was added to that agenda in the mid-1990s.
4. For a centrist, moderate Russian view on this subject, see Aleksei Arbatov, *Bezopasnost': Rossiyskiy Vybór* (Security: Russian Choice), (Moscow: Epicenter, 1999); on p. 41, Arbatov refers to U.S. "dizziness from its own greatness and might afflicting U.S. foreign policy beginning in the mid-1990s."
5. Author interviews, Moscow, November 1999. See also Igor' Ivanov, "Russia Has Nothing to Hide in Chechnya: Western European Countries Should Support Moscow's Military Operation against Terrorism Backed by Islamic Extremists," *Financial Times*, May 11, 2000. For an American perspective on this issue, see Rajan Menon and Graham E. Fuller, "Russia's Ruinous Chechen War," *Foreign Affairs* (March/April 2000).

Speaking on Russian television in February 2000, the head of Russian Security Council Sergey Ivanov threatened the use of Russian military force against the Taliban if political containment fails; see Radio Free Europe/Radio Liberty (RFE/RL) *Newsline*, March 23, 2000. An equally concerned perspective on Afghanistan and the Taliban, albeit arriving at diametrically opposite conclusion, can be found in Arbatov, *Bezopasnost': Rossiyskiy Vybór*. On pp. 173–182, Arbatov describes radical Islam as a "significant threat." He argues that the spread of Islamic fundamentalism threatens Central Asia, but that it is not in the interest of Russia to get militarily involved in regional conflicts. Hence, he advocates a gradual withdrawal of Russian border troops from Tajikistan and a shift toward economic assistance and military aid to Tajikistan, rather than direct military operations. Direct Russian military involvement "would be fraught with the danger of armed Islamic movements sweeping away the moderate regimes [of Central Asia] and eventually reaching Kazakstan," which is Russia's major partner and security interest. Therefore, Russia "must approach military actions in this region with extreme caution and in most instances limit itself to economic and political influence."

6. See Foreign Broadcast Information Service–Near East and South Asia (FBIS-NES) Daily Report 1999-1128, Tehran, IRIB Television First Program Network, November 28, 1999.
7. Sources on Iran's WMD and ballistic missile programs and Russian involvement abound. See Andrew Koch and Jeanette Wolf, *Iran's Nuclear Facilities: A Profile* (Monterey, Calif.: Center for Nonproliferation Studies [CNS], 1998), online at <http://cns.miis.edu/pubs/reports/pdfs/iranrpt.pdf>; CNS, "Appendix: Selected Iranian Nuclear



- Imports,” online at <http://cns.miis.edu/pubs/reports/pdfs/irantbl.pdf>; Fred Wehling, “Russian Nuclear and Missile Exports to Iran,” *Nonproliferation Review* (Winter 1999); CNS, “Institutions Suspected by the Russian Government of Violating Export Control Legislation,” online at <http://cns.miis.edu/research/summit/9firms.htm>; Central Intelligence Agency, Nonproliferation Center, “Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions,” online at [http://www.cia.gov/cia/publications/bian/bian\\_feb\\_2000.html](http://www.cia.gov/cia/publications/bian/bian_feb_2000.html).
8. Author interviews with Russian specialists, Moscow, November 1999.
  9. Author interviews in Moscow, November, 1999. A leading Russian specialist on the Middle East has argued that “it is much more advantageous for Russia to be Iran’s partner in military–technical cooperation than to yield this role to other countries”; see V.V. Naumkin, “Rossiya i Iran v Tsentral’noy Azii i Zakavkaz’ye v Regional’nom i Global’nom Kontekste” (Russia and Iran in Central Asia and the Transcaucasus), *Doklady Rossiyskikh Uchastnikov 5-I Konferentsii ‘Kruglogo Stola,’ Po Rossiysko-Iranskim Otnosheniyam* (Reports of Russian Participants of the Fifth Roundtable Conference on Russian–Iranian Relations), (Moscow: Tsentr Strategicheskikh i Politicheskikh Issledovaniy [Center for Strategic and Political Studies], 1999), p. 30.
  10. *Ibid.*
  11. Yuliya Zheglova, “Yadernyye Vzglyady Irana. V Ikh Osnove Lezhit Nedoveriye k Voyennoy Politike Sosednikh Stran i SShA” (Iran’s Nuclear Views: They Are Based on Mistrust for Military Policies of its Neighbors and the United States), *Nezavisimaya Gazeta, Voennoye Obozreniye* (Military Review), March 15, 1997; Aleksandr Shumilin, “Iran Salyutoval Goru Raketoy Sredney Dal’nosti. Ona Mozhet Doletet’ I do Rossii” (Iran Saluted Gore with a Medium-Range Missile; It Can Reach Russia, Too) *Kommersant-Daily*, July 25, 1998; Aleksandr Korestskiy, “U Irana Poyavilis’ ‘Dlinnyye Ruki’” (Iran Has Acquired ‘Long Arms’), *Segodnya*, July 25, 1998. See also Arbatov, *Bezopasnost’: Rossiyskiy Vybor*, pp. 305–306. On p. 307, Arbatov writes that “the appearance of two to three more nuclear powers would be bad news for Russia, but not revolutionary. And their weapons will not be aimed at Russia even if they are geographically closer to it than to the United States.”  
For a sophisticated Russian counterargument to Arbatov’s relaxed attitude toward proliferation, see Sergey Rogov, “Yadernoye Oruzhiye

v Mnogopolyarnom Mire. Passivnost' v Otnoshenii Rezhima Nerasprostraniya Vryad li otvechayet Interesam Moskvyy" (Nuclear Weapons in a Multipolar World: Passivity toward the Nonproliferation Regime Is Hardly in Moscow's Interest), *Nezavisimaya Gazeta*, June 5, 1998. Rogov writes, "For as long as Russia's economic might is not restored and political and social stability has not been guaranteed, our nuclear status remains almost the only argument in favor of maintaining the status of the Russian Federation as one of the power centers in a multipolar world. Failure of the nonproliferation regime and a sharp shift in the military balance of forces between Russia and other countries will significantly undercut this position."

12. This argument was put forth by Valeriy Aleksin under the guise of lessons to be learned from "NATO's aggression against Yugoslavia, which changed has attitudes toward nuclear weapons all over the world. . . . It has become clear for countries that have interethnic problems, like China, India, Pakistan, Brazil, Iran, and Indonesia, that with the existing international lawlessness any of them can become a victim. And it is impossible to defend one's independence without nuclear weapons." See Valeriy Aleksin, "Voyny Tretyego Tysyacheletiya. Akademiya Voyennykh Nauk Prognoziruyet Kharakter Budushchikh Konfliktov" (Wars of the Third Millenium: The Academy of Military Sciences Forecasts the Nature of Future Conflicts), *Nezavisimaya Gazeta Voyennoye Obozreniye*, July 16, 1999.
13. Arbatov, *Bezopasnost': Rossiyskiy Vybor*, p. 307.

Russia's transition to mid-size, regional-power status in the Middle East is a reflection of a fundamental trend—the long-term decline of the Russian state. This process did not begin with the breakup of the Soviet Union in 1991 or the August 1998 financial collapse. These events have merely been notable manifestations in a long regression that by 1991 had been in progress for decades.

When the process of Russian decline began is likely to be a subject of multiple dissertations and protracted academic debates among historians and political scientists. Some may argue that it started with the ill-advised decision to invade Afghanistan in 1979. Others may claim that General Secretary Leonid Brezhnev's stagnant rule marked the beginning of the end for the Soviet empire. Others still may argue that the powerful Soviet state could have coasted along without major disruptions precisely if the Brezhnev "live and let live" formula had been adhered to and Mikhail Gorbachev had not initiated reforms that quickly led to the downfall of the Soviet Union.

Regardless of when exactly it began, the fact remains that Russia's decline has indeed been long term. Decades of deteriorating economic performance were followed by failed attempts to revive the economy. The shock of a precipitous fall in industrial production was then triggered by the start of economic reforms in 1992 and continued throughout most of the 1990s.<sup>1</sup> But many of the chronic, systemic problems that have plagued the Russian economy throughout the past decade have their roots in the Soviet era and were observed by students of the Soviet economy nearly half a century ago. For example, the problem of nonpayment of taxes and the

existence of the so-called “shadow” or “gray” economy, as well as the barter system, have their roots in the underground economy of the Soviet period and the long-standing practice of underreporting economic performance.<sup>2</sup>

In modern-day Russia, the problem of tax payments has become far more than a matter of fiscal policy and has emerged as a challenge to the power and authority of the Russian state. Similarly, in hindsight, it is apparent that the shadow economy, economic underreporting, organized crime, and corruption<sup>3</sup> were more than sporadic phenomena in Soviet economic life. Rather, they reflected the fact that these powerful, coercive institutions had in fact slowed the gradual process by which the state’s power eroded.<sup>4</sup> With the demise of the official ideology and the delegitimization of the coercive institutions, the state was left with few defenses.

This discussion of Russia’s decline and its roots is of the utmost importance to the future of Russian foreign policy in general and in the Middle East in particular. Will Russia re-emerge on the international scene in the foreseeable future with hegemonic aspirations in the Middle East? As Russia enters the post-Yeltsin era, how likely is it that a change in leadership will soon give new impetus to a new and more vigorous Russian policy there? Is Vladimir Putin’s leadership likely to lead in the near term to a more orderly policymaking environment at home and a more assertive Russian posture abroad, including in the Middle East? The answer to these questions seems to be a rather resounding “no.” It took Russia a long time to reach this nadir, and it will take a long time for it to rise again.

At present, Russia seems to lack even the most basic prerequisites for a return to the foreign stage. Its economy, some recent improvements notwithstanding, is at best at the “beginning of the end” of a long-term and profound decline.<sup>5</sup> Its military establishment is in dire need of modernization and reform and is preoccupied with the smoldering conflict in the Caucasus. Russia’s demographic base is shrinking; estimated at more than 150 million at the time of the breakup of the Soviet Union, the population of Russia fell to 145 million in

2000 and is expected to decline to 125 million in the next twenty years, as a result of substandard health care, high mortality, and low birth rates.<sup>6</sup> Russia's naval presence on the high seas is a pale ghost of itself in crises past. It has enunciated a new military doctrine that increasingly relies on the country's nuclear deterrent in lieu of its vastly diminished conventional capabilities.<sup>7</sup> Its power projection capabilities have been severely diminished, and one of its few remaining trump cards—its military-industrial base—is increasingly obsolescent, clouding further Russia's already questionable prospects for arms sales, its last ticket for entry into the region.

Furthermore, as the preceding chapters have illustrated, Russia lacks a coherent decision-making process and an ideological consensus at home, let alone a comprehensive strategy for the region. Its politics and policymaking are dominated by various clans whose pursuit of individual parochial interests crowd out national interests from the policymaking agenda. Because of the fractionalization of Russian politics and the pervasiveness of the clan mentality, any Russian leader intent on implementing any comprehensive strategy must first challenge the influence of clans in policymaking and politics, a formidable political challenge by any measure.

A serious Kremlin assault on the influence of the clans must not be limited to the power and privileges of a handful of Russia's best-known oligarchs or corporate fiefdoms. The challenge is literally to restore the governability of Russia—a federation of eighty-nine constituent entities with varying degrees of autonomy whose self-governing ability has increased in the 1990s at the expense of the federal government's authority.<sup>8</sup> Should the Kremlin pursue such an agenda, it is likely to have few resources and little remaining political capital to devote to an ambitious foreign policy.

Although internal regional reforms are primarily a matter of domestic policy and politics, their outcome will have important international consequences beyond the Kremlin's ability to devote attention to international affairs. In recent years, Russian regions have engaged in foreign policy pursuits of their own. For example, the president of the

autonomous Russian republic Marii El was reported in January 1999 to have offered an advanced version of the S-300 missile to Kuwait, in violation of Russian federal laws.<sup>9</sup>

The critical issue in the ongoing transformation of Russia is not whether Putin will be able to tackle the power of the clans—regional, industrial, or otherwise. He may very well succeed in these endeavors, considering his fresh mandate from the polls and the widespread popular frustration with the status quo. The key issue is whether his ascent to the presidency and his plausible success in tackling the power of the ruling clans will signal victory by yet another clan—St. Petersburg, the KGB, and so forth—or the beginning of the restoration of the Russian state. To succeed, Russia's new leader will have to begin to dismantle the very system that propelled him to the presidency. The record of his two immediate predecessors—Boris Yeltsin and Mikhail Gorbachev—is not encouraging in this regard.

How will Russia's transformation process affect Putin's policy in the Middle East? Because of the magnitude of Russia's domestic problems and the lack of a compelling Russian interest in a more vigorous regional posture, Moscow will not reenter the Middle East soon as a major player. Gaining a strategic foothold in the Middle East region is not likely to be a priority for the Russian government.

Moscow's disinterest in the region, however, is a double-edged sword. With the Kremlin's primary struggles much closer to home and no vital Russian interests at stake, the Putin presidency is not likely to be responsive to U.S. and Western concerns about weapons of mass destruction (WMD) and missile proliferation or arms sales, especially if such requests call for intervention in Russian commercial activities and could impinge on important domestic interests—such as those of the Ministry of Atomic Energy (MINATOM), the gas giant Gazprom, or others.<sup>10</sup>

The consequences of the Russian decline mean that the prospects for a Russian great-power-style emergence in the Middle East are dim. The prospects for Russia becoming a constructive player in the region are equally distant.

## Notes

1. On this, see Henry S. Rowen and Charles Wolf Jr., eds., *The Impoverished Superpower: Perestroika and the Soviet Military Burden* (San Francisco: Institute for Contemporary Studies, 1990).
2. See Joseph A. Berliner, *Factory and Manager in the Soviet Union* (Cambridge, Mass.: Harvard University Press, 1957); on the “gray” or the “second” economy, see Gregory Grossman and Vladimir Treml, eds., “Berkeley-Duke Occasional Papers on the Second Economy in the USSR.”
3. See Konstantin Simis, *USSR—The Corrupt Society: The Secret World of Soviet Capitalism* (New York: Simon & Shuster, 1982); Boris Rumer, *Soviet Central Asia: A Tragic Experiment* (Boston: Unwin Hyman, 1989).
4. For an example of how powerful institutions helped keep the state’s power from eroding, one can look at the Soviet experience in Central Asia, in particular at such episodes as the infamous “cotton affair” in Uzbekistan, which involved massive theft of government resources by the local elite and falsification of economic statistics; from this, one is more likely to conclude that it was an example of failure and loss of control by the state rather than a mere economic crime. On the cotton affair, see Rumer, *Soviet Central Asia*.
5. According to President Vladimir Putin’s millennial address, Russian gross domestic product at the end of the 1990s was half of what it was at the beginning of the decade. See “Rossiia na Rubezhe Tysyacheletiy” (Russia on the Threshold of the Millennium), online at [http://www.government.gov.ru/government/minister/article-wp1\\_txt.html](http://www.government.gov.ru/government/minister/article-wp1_txt.html). For an overview of Russia’s social welfare challenges, see Tatyana Maleva, “What Sort of Russia Has the New President Inherited? Russia’s Key Social Problems,” Briefing no. 4 (Moscow: Carnegie Moscow Center, 2000).
6. Associated Press, July 29, 2000.
7. See “Voyennaya Doktrina Rossiyskoy Federatsii” (Military Doctrine of the Russian Federation), online at <http://www.scrf.gov.ru/Documents/Decree/2000/706-1.html>. Also see Celeste A. Wallander, “Russian Policy and the Potential for Agreement on Revising the ABM Treaty,” Program on New Approaches to Russian Security, Policy Memorandum Series no. 134, online at <http://www.fas.harvard.edu/~ponars>.
8. Notably, one of Putin’s first moves following his inauguration was to sign a presidential decree on regional administration intended to curb the power of provincial governors. See *Izvestiya*, May 15, 2000; also,

Ian Traynor, "Putin Redraws the Map of Russia; Plans to Put the Kremlin Back in Control Face Resistance in Bashkortostan," *Guardian* (UK), May 15, 2000. The decree was followed up with an even more ambitious legislative proposal aimed at reducing autonomy of regional elites and shoring up the power and authority of the federal executive. David Hoffman, "Putin Moves to Bolster Central Rule; Plan Would Rein in Regional Governors," *Washington Post*, May 18, 2000.

9. See Radio Free Europe/Radio Liberty (RFE/RL) *Newsline*, January 26, 1999.
10. For a recent example of Russian obduracy, see David Hoffman, "Russia to Allow Nuclear Exports," *Washington Post*, May 12, 2000.



## Chapter 8

# Conclusion and Policy Implications

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The questions repeatedly asked—What drives Russian policy in the Middle East? and What motivates Russian policy toward Iran?—seem to have a peculiar answer: nothing in particular. Domestic weakness, compounded by the absence of a comprehensive international strategy, accounts for most of Russia's sometimes inexplicable behavior in the region.

Russia does not have a policy either in the region or toward Iran. Nor, considering its diminished domestic and external circumstances, does it have the need for a coherent policy there. Its policy agenda is dominated by other far more important concerns than the events in the Middle East. Its behavior in the region is the result of uncoordinated pursuits by state and private entities—"clans"—among which the presidency is but one, acting in pursuit of its own parochial interest rather than in defense of a clearly articulated and broadly agreed-upon vision of national interest. The present structure of Russian domestic politics suggests that this enduring feature of Russian international behavior will continue.

Certainly, for political and strategic reasons, Russia has assumed a far more benign position regarding Iran than has the United States. It also finds itself at odds with Washington on how to deal with Iraq. These disagreements must be placed in the proper context from Moscow's perspective. Instead of pursuing an aggressive expansionist policy in the Middle East, Russia is finding itself increasingly on the sidelines. Hardly unique in its opposition to U.S. policy toward Iraq and espousing a different perspective on weapons of mass destruction (WMD) proliferation than Washington, Moscow has been resentful of what it has perceived as U.S. unilateralism in the Persian Gulf, which has marginalized the

Russian role in the United Nations (UN) Security Council.

Frustrated with U.S. Iraq policy and sidelined in the Middle East peace process, Moscow is therefore looking at the prospect of losing its last remaining client in the Middle East—Syria. No longer able to afford a patron–client relationship with Damascus, Moscow is faced with the possibility of being edged out of one more weapons market.

In fact, looking across the Middle East, it appears that Russia has sunk to the point at which it has less interest in the region than the region has in Russia. Israel, with the largest Russophone diaspora outside the former Soviet Union; Iran, with its quest for WMD and ballistic missiles; and Iraq, with its need for Russian support in the UN Security Council, all have a much greater stake in Russia than Russia has in them.

Russian weakness and drift, rather than vigor in pursuit of a coherent strategy, are likely to continue to pose major challenges to the United States and its allies and partners in the region. This conclusion should be no less disturbing to the policy community in the United States than claims that Russia is intent on conducting a neo-imperialist quest in the Middle East. The policy challenge would have been much easier had the United States faced a replay of the Cold War in one region, on a much smaller scale, but with the help of familiar and tested instruments at its disposal. This time, however, the challenge is far more complex and the tools have yet to be tested.

For example, if Russia is a deliberate perpetrator eager to aid and abet U.S. adversaries in the Middle East, then a U.S. strategy of deterrence and sanctions, combined with occasional incentives, could provide the solution. If Russia is a country without a strategy or an effective government, however, it is difficult to determine what tools the United States possesses for deterring irresponsible behavior by Russian individuals and businesses. Comprehensive sanctions would threaten what little cooperation Russian authorities could provide, and they would almost certainly fail to accomplish the desired result. Moreover, they would generate a great deal of adverse publicity and further sour the climate in bilateral

relations. Even more narrowly focused sanctions against specific entities are likely to prove of little use. In 1998 and 1999, the U.S. administration introduced sanctions intended to punish a handful of Russian institutions accused—by both the U.S. and the Russian governments—of violating Russian export control laws and providing assistance to Iran's WMD and missile programs.<sup>1</sup> Sanctions imposed in 1998 and 1999 bar the entities in question from receiving U.S. aid, selling goods or services to the U.S. government, or exporting goods or services to the United States. In addition, Congress passed the long-promised Iran Nonproliferation Act of 2000, which President Bill Clinton signed in March.<sup>2</sup> The legislation restricts U.S. payments to the Russian Space Agency for its work on the International Space Station, unless the president certifies that no WMD or missile technology transfers have taken place in the preceding year.

Neither this legislation nor the 1998–99 executive actions are likely to have the desired deterrent effect on current or future Russian transgressors. Sanctioning a research institute for actions committed by an individual scholar in his private capacity would hardly seem efficient or effective.<sup>3</sup> Because of the ease of communication through personal contacts and the Internet, the flow of technology and know-how would be extremely difficult to monitor or control. Thus, coercion under these circumstances is more likely to contribute to the problem than to solve it. This indeed seems to be the case with selective U.S. sanctions imposed in January 1999 on a group of Russian institutions suspected of aiding Iran's proliferation efforts. The difficulty of finding the proper punishment to fit the crime, evidently, is a problem that both Russian and U.S. officials have confronted in their efforts to devise and implement an effective export control monitoring regime.<sup>4</sup>

Whether comprehensive or narrowly focused, individual or institutional, sanctions offer little hope as a counterproliferation strategy to stem the brain drain from Russia. Some U.S. restrictions on Russian commercial space launches have also proven counterproductive, as they threaten U.S. com-

mercial interests and U.S.–Russian cooperation that could relieve the financial pressures on the research and development establishment in Russia.<sup>5</sup>

The approach currently adopted by the U.S. government—to emphasize cooperative threat reduction—appears to be more promising, albeit still unlikely to end U.S. concerns about Iran’s proliferation pursuits and Russia’s role in them. This approach cannot guarantee success, regardless of how success is measured, but it appeals to the longstanding Russian scientific interest in exchanges and cooperation with the West. In the words of one prominent Russian scientist, Iran has little to offer to Russia’s scientific community except for cash. The mercenary quality of this collaboration is well understood in Russian academic circles, which have established traditions of scientific dialogue with the leading research centers in Europe and the United States. Further opportunities to maintain this dialogue represent a powerful incentive for Russia’s scientific community to avoid collaboration with Iran’s nuclear and missile programs. Conversely, the fear of losing ties to the West and being branded as irresponsible scientific guns-for-hire is real and widespread in Russian academic institutions.<sup>6</sup>

The temptation of imposing sanctions in retaliation for Russian transgressions notwithstanding, any such initiative should consider two important factors: their limited or non-existent effect on Russia in general and on specific transgressors in particular, and the destructive potential that could be further unleashed if Russia’s military–industrial and scientific community were further isolated and left to fend for itself,<sup>7</sup> which would be likely in the prevailing domestic chaotic circumstances.

Perhaps most troubling, the United States cannot rely on any policy toward Russia, whether pressure or inducement, to address growing U.S. concerns about Iran’s proliferation ambitions. It appears that Russia can offer no solution to the proliferation challenge of Iran, or at least one upon which the United States could rely with confidence, considering the extent of U.S. interests at stake. Indeed, the solution to this

problem does not lie in Russian policymaking; it must be found elsewhere. The question of how to deal with the challenge of Iran's proliferation lies well beyond the scope of this study, but it is worth listing some of the alternatives that should be explored: active defenses, such as the Theater High-Altitude Area Defense (THAAD) and the Arrow interceptor program; closer security relationships with Iran's neighbors, including Turkey and the Gulf Cooperation Council (GCC); support for the forces of domestic change in Iran; and further economic sanctions and isolation of Iran.

Russia is adrift; weakness, decline, and a lack of strategic focus are the hallmark features of its presence in the Middle East. Its biggest challenge to the United States and its allies is likely to test not the U.S. capacity to deter, but its ability to cope and manage Russia's decline.

## Notes

1. Center for Nonproliferation Studies, Monterey Institute for International Studies, "Institutions Suspected by the Russian Government of Violating Export Control Legislation," online at <http://cns.mii.edu/research/summit/9firms.htm>; White House, Office of the Press Secretary, "Proliferation of Weapons of Mass Destruction," Executive Order 13094, July 28, 1998, online at <http://www.pub.whitehouse.gov/uri-res/I2R?urn:pdii://oma.eop.gov.us/1998/7/29/4.text.2>; National Security Advisor Samuel R. Berger, Address to the Carnegie Endowment for International Peace International Non-Proliferation Conference, December 12, 1999, Washington, D.C., online at <http://www.ceip.org/programs/npp/berger99.htm>; Andrey Smirnov, "Moskva I Vashington Nashli Vinovnykh v Uspekhhakh Iranskogo Raketostroyeniya" (Moscow and Washington Have Found Those Who Are Guilty of Successes in Iran's Missile-Building), *Segodnya*, July 30, 1998. See also Patrick Tyler, "A Case Shows Russia's Quandary in Preventing Leaks of Arms Lore," *New York Times*, May 10, 2000.
2. The White House, Office of the Press Secretary, "Statement by the President," March 14, 2000, online at <http://www.pub.whitehouse.gov/uri-res/I2R?urn:pdii://oma.eop.gov.us/2000/3/15/6.text.1>.
3. According to the head of one Russian institution punished by President Clinton's 1998 executive order, the violation in question occurred as a private consulting arrangement between one of its employees

and another entity, thus leaving the sanctioned institution with few, if any options for correcting the wrong to which it was not a party in the first place. Author's interview, Moscow, November 1999.

4. James Risen and Judith Miller, "C.I.A. Tells Clinton and Iranian A-Bomb Can't Be Ruled Out," *New York Times*, January 17, 2000. According to unnamed U.S. officials cited in the article, "the United States cannot track with great certainty increased efforts by Iran to acquire nuclear materials and technology in the international black market, mainly from the former Soviet Union. . . ."
5. In the words of one U.S. defense industry consultant, arguing for the removal of U.S. quotas on Russian commercial space launches in 1999, "Russian space scientists can work for U.S. space and defense companies or they can hire out to the Iranians." See also Steven Erlanger, "U.S. Gets Russia's Firm Vow to Halt Missile Aid to Iran," *New York Times*, January 16, 1998; Michael R. Gordon, "U.S. Pressing Moscow on Iran and Missile Aid," *New York Times*, March 9, 1998.
6. Author interviews, Moscow, November 1999.
7. In the words of one U.S. scholar with first-hand experience of dealing with Russian nuclear cities, when it comes to their proliferation potential, "we haven't seen nothing yet."

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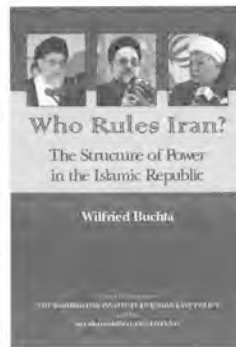
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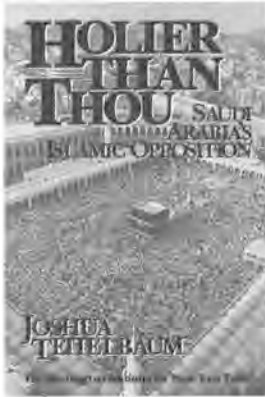
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