

WHAT DOES RUSSIA THINK?

Edited by Ivan Krastev, Mark Leonard
and Andrew Wilson



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Preface

The essays in this volume are collected from the conference ‘What Does Russia Think?’ held in Moscow from 29 June to 3 July 2009, which was organized by the Russian Institute and the Centre for Liberal Strategies in co-operation with the European Council on Foreign Relations (ECFR) and the German Marshall Fund of the United States.

The conference invited high level thinkers from Europe and America to hear leading Russian intellectuals explain Russia’s priorities at first hand and acquaint themselves with official Russian thinking without intermediation or the interpretation of Western or Russian media. The collection does not claim to represent the whole spectrum of opinion in today’s Russia, but we hope it is a good guide to ‘what the Kremlin thinks’ on three key sets of issues: the Russian political system and the role played in it by Vladimir Putin and Dmitry Medvedev; the economic crisis and how it affects Russia’s plans for modernization; and Russia’s role in the world in the light of President Medvedev’s call for a new European Security Treaty.

On the Russian side the conference participants included, in addition to the authors of the papers (see below): **Aleksey Arbatov**, Head of the IMEMO RAN Centre for International Security, Member of the Moscow Centre of the Carnegie Research Council; **Aleksandr Auzan**, President of the Social Pact national project, Board member of the Institute of Modern Development; **Dmitry Badovsky**, Leader of the Department for Special Programs of the Social Systems Research Institute at the Moscow State University, Member of the Public Chamber of the Russian Federation; **Ivan Bunin**, President of the Centre for Political Technology; **Andrey Bystritsky**, Chairman of the FSUE RGRK Voice of Russia; **Aleksey Chadaev**, Member of the Public Chamber; **Sergey Chernishev**, Chairman of the Advisory board of the Managing company No. 1, Director of the Russian Institute; **Yosif Diskin**, General Manager of TriD Store Vostok, D.E.N., Professor, Member of the Public Chamber; **Mikhail Dmitriev**, President of the Centre of Strategic Research;

Aleksandr Dugin, Leader of the International Eurasian movement, President of the Centre of Geopolitical Expertise fund; **Valery Fedorov**, General Director of the All-Russian Centre for Studying Public Opinion; **Ruslan Greenberg**, Director of the RAN Institute of Economics; Board member of the Institute of Modern Development; **Leonid Grigorev**, President of the Institute of Energy and Finance; **Vyacheslav Igrunov**, Director of the International Institute for Humanitarian-Political Research; **Andrey Isaev**, State Duma, Chairman of the Committee for Labour and Social Policy; **Sergey Karaganov**, President of the Council for Foreign and Defence Policy (SVOP), Assistant Director of the Academy of Sciences' Europe Institute; **Andrey Kortunov**, President of the New Eurasia fund; **Yevgeny Kozhokin**, Deputy Director of the Federal Agency on Matters of the CIS within the MFA of the Russian Federation; **Yaroslav Kuzminov**, Rector of the Higher School of Economics; **Misha Leontev**, Journalist and publicist; **Andrey Makarov**, Deputy Chairman of the Russian State Duma Committee on budget and taxes; **Vyacheslav Nikonov**, President of the Politics Fund, President of the 'Unity in the name of Russia' fund, Editor-in-chief of Russian Strategy; Member of the Public Chamber; **Aleksandr Oslon**, President of the Public Opinion Fund, Board member of the Institute of Modern Development; **Aleksey Pushkov**, Host of the Postscriptum program on TVC; **Maksim Shevchenko**, Host of the *Sudite Sami* ('Judge Yourself') program on ORT; **Konstantin Sonin**, Professor at the Russian School of Economics (RSE); **Nikolay Svanidze**, Member of the Public Chamber and television journalist; **Valery Tishkov**, Director of the Institute of Ethnology and Anthropology of the Russian Academy of Sciences, Member-correspondent of the RAS; **Dmitry Trenin**, Acting Director of the Carnegie Fund; **Yevgeny Yasin**, Head of Research at the Higher School of Economics; **Igor Zadorin**, Sociologist, organizer and leader of the Centre for Intellectual Resources and Cooperation in the Sphere of Social Sciences research group; and **Aleksey Zudin**, Associate Professor of the Department of Public Politics at the Faculty of Applied Political Science at Moscow State University's Higher School of Economics.

From the EU and US, the participants included **Sandra Breka**, Head, Berlin Office, Robert Bosch Foundation; **Carmen Claudín**, CIDOB Foundation, Spain; **Yehuda Elkana**, Former President and Rector of the Central European University; **Heather Grabbe**, Director, OSI – Brussels and ECFR Council Member; **Thomas E. Graham**, Senior Director, Kissinger Associates Inc.; **David Ignatius**, Columnist, *The Washington Post*, and Board Member; **Diane Janse**, Swedish Foreign Ministry; **Ken Jowitt**, Pres and Maurine Hotchkis Senior Fellow Hoover Institution; **Craig Kennedy**, President, German Marshall Fund of US; **Gerald Knaus**, Chairman, European Stability Initiative, and ECFR Council Member; **David Kramer**, Senior Transatlantic Fellow, German Marshall Fund of US; **Soli**

Ozel, Bilgi University; **J. Robinson West**, Chairman, Founder and CEO, PFC Energy; **Aleksander Smolar**, President, Stefan Batory Foundation and ECFR Board Member; **Ivan Vejvoda**, Executive Director, Balkan Trust for Democracy; and **Nicolas Véron**, Research Fellow, Bruegel.

Thanks are due to Anna Ganeva for organising the project at the Sofia end, and to Gleb Pavlovsky and his team at the Russian Institute for organizing the Russian side, and for hosting the conference.

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Ivan Krastev, Mark Leonard, and Andrew Wilson, September 2009

Contents

Introduction	1
Ivan Krastev, Mark Leonard and Andrew Wilson What does Russia think?	
THE PUTIN CONSENSUS	7
1. Vyacheslav Glazychyev	9
The “Putin consensus” Explained	
2. Modest Kolerov	15
The School of Consensus and the War of the Majority	
3. Leonid Polyakov	21
An Ideological Self-Portrait of the Russian Regime	
DILEMMAS OF RUSSIA’S MODERNIZATION	25
4. Olga Kryshtanovskaya	27
Authoritarian Modernization of Russia in the 2000s	
5. Aleksey Chesnakov	35
A Bit of Luck: The Development of the Political System in Russia	
6. Valery Fadeev	41
Has the Economic Crisis Changed the World View of the Russian Political Class?	
7. Vladislav Inozemtsev	47
Dilemmas of Russia’s Modernization	
RUSSIA AND THE WORLD: MEDVEDEV’S “EUROPEAN SECURITY TREATY” PROPOSAL	53
8. Fyodor Lukyanov	55
Rethinking Security in “Greater Europe”	
9. Timofey Bordachev	61
Multipolarity, Anarchy and Security	
10. Boris Mezhuyev	67
The Medvedev Initiative: The Origins and Development of a Political Project	
Afterword	73
11. Gleb Pavlovsky How the West Misunderstands Russia	

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Gleb Pavlovsky is often called the *éminence grise* of Russian politics, or the Russian version of Karl Rove; although he is a former dissident who once worked for the Open Society Institute. He helped to launch Putin as Yeltsin's successor and to run his two election campaigns in 2000 and 2004. Pavlovsky runs the Foundation for Effective Politics (FEP), a peculiar combination of political consultancy and think-tank. He is also a public intellectual and head of the Russian Institute. He helped found both the *Russian Journal* and the *Evropa* publishing house.

Introduction

Ivan Krastev, Mark Leonard and Andrew Wilson

What does Russia think?

If we want to influence and deal with Russia, we need to understand it. But if we want to understand Russia, we should be interested in it. Unfortunately, we are not. The German political philosopher Carl Schmitt – who has become surprisingly popular in intellectual circles around the Kremlin – once noted that “victors feel no curiosity”. This is exactly what has happened to the European Union since the end of the Cold War. Gleb Pavlovsky, a political thinker with a novel-like biography, who is one of the Kremlin’s leading strategists, is right when he argues that the dominant discourse on Russia among Western liberals focuses on what Russia lacks – be it Western-style democracy, the rule of law or property rights. The tragedy of European foreign policy thinking is that we fell in love with our own paradigm. We are so convinced that what others want is to be like us that we are only really interested in whether, when and how they can be like us. For the moment, the Russian political elite does not dream of being like us nor does it want Russia to join the EU. But this does not mean that ideas mean nothing in Russian politics. On the contrary, after the de-ideologized 1990s, Russia is much more like it was in the 1980s, with a lot of intellectual energy unleashed by its quest for its own model.

As the essays in this volume show, the Russian intellectual debate is lively and is taking place on many different levels. It is also an eclectic debate, in which fashionable leftists and post-modernists such as Slavoj Žižek compete with geopolitical thinkers such as Schmitt. “Think-tank wars” are as important in Moscow as they are in Washington. The existence since 2008 of two institutional centres of power – President Medvedev and Prime Minister Putin – has stimulated the debate within the Russian establishment on the future development of the country. There is a Medvedev camp and a Putin camp – though it is often difficult to know to what extent President Medvedev himself is a member of the Medvedev camp. A mixture of ideological preferences, institutional interests, former allegiances, career perspectives, sources of

funding and fields of expertise (economists versus non-economists) define who stands for what in Moscow's policy debates. Russia today is post-ideological in the sense that there is no ideology that can play the role communism played in the Soviet system; but the Russian political elite has come to re-evaluate the power of ideas in politics.

This volume is therefore an attempt to look at the internal logic of Russian political debate. It collects together the views of a group of policy intellectuals whose views influence the Kremlin, and explores some of the big baskets of issues facing Russia today: the nature of the so-called "Putin consensus", the balance between the state and the market, Russia's attitude to world order and its approach to the European continent. The book does not claim to represent either the full range of opinions or the only important opinions in Russia today. But it is an attempt to understand what the Kremlin thinks.

The Putin consensus

In the Western media, the debate in Russia is normally presented as one between the regime's apologists and its liberal critics. But framing the competition of ideas solely as an opposition between supporters of democracy and the forces of authoritarianism masks a far more complex reality. There are few die-hard authoritarians or true believers in democracy inside the Kremlin establishment. Putin's generation was shaped by what it sees as a double failure – the disaster both of Soviet authoritarianism and of Yeltsin's anarchic version of democracy. Westerners who try to understand Russia through the prism of Dostoevsky novels or Soviet ideology often fail to see that the key to understanding Russia's political behaviour today is the cumulative experience of the last two decades. In their papers in this collection, Vyacheslav Glazychev, Modest Kolerov and Aleksey Chesnakov stress that the "Putin consensus" – in other words, the majority that backs the current regime in Russia – is a direct outcome of the experience of the 20-year crisis embracing both the collapse of the Soviet system and the anarchic democracy of the 1990s. In Glazychev's view, "fear of empty space" is probably the essential underlying reason for supporting Putin.

Although there is a lively debate between different factions around the Kremlin that have very different conceptions of modernization, it is important to understand that this is a competition within the wider "Putin consensus".

2 Furthermore, it is wrong to think of this consensus as a temporary aberration,

soon to be replaced by a resurgent liberal elite. The essays by Glazychev and Kolerov show that the “Putin consensus” is not a delicate transactional relationship rooted in high oil prices. Whatever the regime’s origins, Putin has come to embody some lasting hopes.

Innovation, not Imitation

While Yeltsin’s Russia was inclined to imitate Western models, the Russia of Putin and Medvedev is trying to come up with a model of its own. As the essay by Polyakov shows, the overarching quest for most Russians is not to join the West, but to free itself from the West. That was the core idea behind “Sovereign Democracy”: it is the aspiration embodied in each of the pieces on modernization in this volume; and it is the most powerful explanation for the enduring popularity of Putin. But the Kremlin elite is also sufficiently pragmatic to adapt its route map towards this goal. If the dilemma between imitation and innovation has long been the fundamental opposition in Russian political and intellectual life, it is significant that the word “experiment” has recently regained its positive connotation in Russia: while there are major disagreements over what Russia’s ultimate model should be, there is a consensus that Russia must reach it by its own efforts.

Nevertheless, the pieces in this volume show that, at the moment, the “Putin consensus” is still largely a negative phenomenon. The regime’s intellectual supporters can agree on what they do not want, but they do not agree on what the Russian economy or society should look like in 10 or a hundred years’ time. Vladislav Inozemtsev’s brilliant essay on the dilemmas of Russia’s modernization demonstrates the major contradiction of Russia’s policy development – namely the clash between the objectives of state-building and the objectives of economic development. Whereas China insists on being classified as a developing country while its economy is growing at breakneck speed, Russia insists on acting like a developed country while its economic growth depends exclusively on the fluctuations in the price of oil. Reading these essays, one has the feeling that, while all the authors agree that there is no alternative to Putin’s regime, they also seem to agree that it is dysfunctional, albeit to different degrees, and for different reasons.

The nationalization of the elite

In the early stages of the global economic crisis, many in the West predicted that as the oil price collapsed, Russia's modernizing economists, such as finance minister Aleksey Kudrin, would seek to patch things up with the West. The German government had long hoped of launching a "partnership for modernization" in which Western know-how and markets could help Russia diversify its economy and adopt the rule of law. In his interesting paper, Valery Fadeev gives an alternative view of the impact of the global economic crisis both on Russia's economy and on the way Russia views the world. It shows why the crisis has strengthened the statist elements of the Putin consensus rather than weakened them, leading the Kremlin to consolidate its grip on the economy and to clip the wings of various oligarchs. Moreover, the fatalism of Inozemtsev's piece shows how beleaguered economic reformers such as him have become now that the price of oil has returned to over \$70 a barrel.

Russia as a status-quo global power

One important source of tension and ambiguity in Russia's foreign policy, however, is that it is a status-quo power on a global level, but a revisionist power in Europe. Timofey V. Bordachev's essay shows that Russia's global policies are guided by its obsession with different models of "polarity". In his view, Russia has consistently led attempts to oppose American unipolarity after the old Cold War bipolarity collapsed in 1991. He believes that the world will be more secure and stable under effective multipolarity, based on a system in which all poles have sufficient resources genuinely to check one another. This suggests that Moscow is only interested in its status relative to other powers, in particular the United States, and will try to stop unipolarity at any cost. Bordachev's eloquent typology of different sorts of multipolarity sits side by side with a complete absence of discussion about how to solve problems that require collective action. This tells us all we need to know about the prospects for "reset" diplomacy. In fact, if Russia's main goal is to prevent unipolarity, it is not clear that it would be opposed to what seem to us to be radical changes in the balance of power – such as Iran's acquisition of nuclear weapons. To the Russians, such a prospect could appear likely to actually support the status quo.

Russia's European revisionism

At the European level, however, Russia's ambitions are revisionist. There are three sources of this revisionism. First is the traditional fear of the Russian elites that the current borders of Russia are vulnerable. This explains Russia's constant drive to surround itself with satellites or buffer states. Second is the psychological insecurity that Putin's elite developed in the 1990s. It now over-compensates for this by seeking absolute security in a world dominated by uncertainty, constantly pushing for legally binding guarantees that nobody can really provide. Third is a profound mistrust of the current European order. Reading the papers of Bordachev, Lukyanov and Mezhujev, it is clear that Russia views the EU's much-vaunted post-modernity in the way a cannibal views vegetarianism – as a dangerous pathology. A return to a state-centred Westphalian world is, in Russia's view, the only way to bring stability back to Europe.

Engaging with the Russian debate allows us to better understand the logic and the ambition behind Medvedev's European Security initiative. Russia does not have much faith in Europe's current political order or in institutions such as the Organization for Security and Co-operation in Europe that embody it. Russia assumes that the US has lost its will to remain a full-time European power and will increasingly take on the role of an offshore "balancer" when it comes to Europe. Russia, on the other hand, views Europe as a multipolar space with three centres of power – the EU, Russia and Turkey – that embody profoundly different world views. Russia also thinks that it can get a better deal today than it can tomorrow.

What does this mean for Europe?

Reading the pieces collected in this volume and reflecting on the discussions in Moscow leads us to several conclusions about how Russia thinks the global economic crisis will remake the world. In Moscow's view, the crisis will reverse the process of globalization and strengthen the trend towards regionalization. It is this perception that explains both Russia's withdrawal from the WTO negotiations and its prioritization of the establishment of a common economic space with Kazakhstan and Belarus. Russia's struggle for the post-Soviet space to be recognized as a sphere of its "privileged interests" is also in line with this thinking. Russia also expects the crisis to accelerate the decline of America's influence and of the EU's global relevance. As the Moscow conference took place on the eve of President Obama's visit to the city, it was fascinating to observe the

degree to which Russians view him as America's Gorbachev – a popular leader with good intentions, but one who signals not the revival of American influence but its further decline. So, Obama's magic did not work in Moscow.

The essays in this volume also illuminate some of the weak points of the Putin-Medvedev consensus. First, memories of the 1990s are fading away and the Kremlin will therefore not be able to rely on the support of those who fear the return of anarchy for ever. Second, for all the attempts to outline an alternative ideology, Putin's consensus is still essentially negative and lacks a long-term vision. Third, the essays reveal an inherent tension between the objectives of state-building and the objectives of economic development.

At the same time, however, the essays also show the flaws on both sides of the European debate. Traditionally, this debate has been structured around a conflict between realists who argue that we should accept Russia as it is and do our best to avoid provoking it, and moralists who think we should get Russia to sign up to European norms and stand up for ordinary Russians against their illiberal leaders. But these essays provide a reality check for both sides. On the one hand, they show the realists that, however accommodating the EU is to Moscow, the current elite will remain committed to establishing a Russian sphere of influence and weakening the influence and reach of the EU. On the other hand, they show the moralists that the Putin-Medvedev regime represents the foreign-policy consensus of Russian society.

Taken together, these essays show that the EU will only be able to develop an effective approach to Moscow if its policy makers rediscover some of the curiosity for Russia's internal debates that they had during the Cold War. As the historian Vojtech Mastny has argued: "If the Cold War and its ending demonstrated anything, it showed that beliefs can be as powerful as realities and illusions more compelling than interests."

THE PUTIN CONSENSUS

Vyacheslav Glazychev

The “Putin Consensus” Explained

1

Despite the recent economic downturn in Russia and around the world, the approval rating for the man known as VVP (Vladimir Vladimirovich Putin) still hovers around 70 per cent. At the same time, the approval rating for the government, which is now headed by Putin, is not even a third of this figure. What hides behind this evident paradox? And how fair is it to claim the existence of a “Putin consensus”?

Although it is impossible to deny that there is a pro-Putin majority in Russia, it is much harder to define the nature of this majority. In June 2009, I was part of a group of international observers for the parliamentary elections in South Ossetia and, after leaving the capital, I visited several remote mountain villages. Conducting an improvised exit poll, I asked voters which of the four parties they had voted for. The answer they invariably gave was: “For Putin”. This did not necessarily mean they had voted for the *Edinstvo* (Unity) party, the South Ossetian equivalent of United Russia, whose leader happens to be Putin. Some voted for other parties too. For when they said “Putin”, what they actually meant was “Russia”.

The paradox is further complicated by the fact that, despite his own undeniable dynamism, President Medvedev’s approval rating, which is similar to that of Putin, seems to be primarily an expression of voters’ faith in Putin rather than in Medvedev himself. Any rational observer can see that it is absurd to assume that almost three-quarters of Russian citizens share the same opinion, yet this is precisely the issue: the Putin phenomenon has only an indirect relationship with the rational.

I am not aware of any research that has been carried out into the nature of Putin’s popularity that has gone beyond simply identifying the trust of the undifferentiated masses in VVP himself. This limits us to subjective hypotheses

as to its nature. Perhaps, however, we should start from the other end. After all, 70 per cent is not 100 per cent. It thus makes sense to try to understand who makes up the significant minority that openly or secretly resists the views of the majority.

Undoubtedly, some of the people who make up this minority are from the section of the electorate that votes for the Communist Party (11.6 per cent in 2007). They see Putin's policies as a continuation of the anti-socialist policies begun by Boris Yeltsin that further the interests of the oligarchs. However, not all communist voters share this view. There are, for example, a significant number of communists who support the idea of a strong state, whatever the cost, and credit Putin with confirming the imperial trajectory of Russian statehood.

Judging by the websites of ultra-nationalist organizations and bloggers, Putin's opponents also include Russian nationalists who are unable to forgive his tolerance towards "foreigners" and his perceived lack of vigour in defending the interests of the Russian-speaking populations of the Baltic States and Ukraine. Despite the outward, formal support that Russian Muslims tend to express during elections, there is also significant anti-Putin sentiment in regions with a high proportion of Muslims.

Of course, the opposition to Putin is by no means made up solely of the marginalized. Putin's opponents also include members of the intelligentsia who have been demoted from their previous social status. For the pro-Soviet type, Putin is the embodiment of a new system that has stripped them not only of a solid economic basis but also of any personal dignity. For those with a dissident background, on the other hand, Putin has killed the dream of democracy and cast the shadow of a new Brezhnev-era stagnation over the country.

Finally, a considerable number of small- and medium-sized business owners oppose Putin, particularly because of the excessive bureaucracy they face on a daily basis. There are also committed liberals who are indignant at the merging of the bureaucracy with the monopolies. However, all attempts thus far to create a serious opposition, centred around marginal figures – such as Boris Nemtsov, former chess champion Garry Kasparov, or former prime minister Mikhail Kasyanov (still known as "Misha two per cent" because of his alleged rake-off rate when prime minister) – have failed.

The space provided by the internet also serves as a kind of safety valve for feelings of discontent, particularly among young people. Unfortunately, a lack of specific sociological research means that it is not possible to evaluate the scale and dynamic

of anti-Putin sentiment among young people. However, despite the highly-visible activity of pro-Putin youth movements, one cannot entirely rule out the possibility that the current economic crisis – which has dashed young people’s hopes for the future – will shift the centre of protest from older to younger age groups.

Given the ongoing drain of young people from rural areas and small towns, the centre of unrest may also shift to bigger cities, as the poor showing by United Russia in cities such as Murmansk and Tomsk in the March 2009 elections seems to confirm. However, a significant proportion of the working class – even including some of those who are not lucky enough to work in the energy, oil or gas sectors – still retain hope in the authorities. Their faith seemed to be vindicated at the beginning of June when Putin ordered Oleg Deripaska, one of the symbols of Russia’s “wild capitalism” of the 1990s, to pay wages to striking workers at Pikalyovo, a cement factory in the Leningrad region.

Thirty per cent of Russian citizens thus oppose Putin. This is certainly a significant percentage. But it also forces us to consider the nature and stability of the pro-Putin majority – which is also a far-from-uniform mass of people. The core of this mass is made up of those who turned to the leader of the Russian nation when it was humiliated in Chechnya and have stood by him ever since. *Horror vacui* – fear of empty space – is most probably the important underlying reason for the unshakable nature of this belief.

Even in countries with long democratic histories, hope can sometimes crystallize around the personality of the leader, especially during periods in which people feel insecure about the future. In fact, one only has to examine the euphoria in the US after the election of President Obama to see that the phenomenon of the charismatic national leader remains a powerful one even in the West. In Russia, however, people focus even more on the national leader than in the West. If the space he or she occupies is vacant, as it was during the latter years of socialism, or if the person occupying the space loses legitimacy, as Yeltsin did in the late 1990s, people lose hope.

Having put down the Chechen insurgency, the newly elected President Putin consolidated his power in a remarkable way. The idea of a “ruling vertical” of power, which seems like a natural form of political organization in Russia, led to the disenfranchisement of regional elites. Putin’s prime ministers did not attract any serious attention or strive for a role in the public eye. In reality, this meant that all key functions were concentrated within the presidential administration, which served to restrain staff in government ministries from taking even the

slightest initiative. This passed most of the population by, however, because the media hardly covered the issue.

But even taking into account this lack of media interest, the level of complaisance towards the unwavering obstinacy of Putin is astounding. For example, Health and Social Development Minister Mikhail Zurabov became a hate figure for medical experts, observers and the general public after he proposed replacing welfare guarantees, such as free travel for pensioners, with small cash payments. However, Putin resisted demands that Zurabov step down. For many of Putin's opponents, Zurabov's name was clearly a substitute for that of the president. But, in the eyes of the majority of the population, Putin had nothing to do with Zurabov whatsoever.

Putin, as with all charismatic leaders, is also unpredictable. For example, he created the Civil Forum in 2005 as an extra-parliamentary form of representation for non-governmental organisations. As one of those honoured to be serving a second term in the Public Chamber, I can confirm that, although the new institution's influence is difficult to define, it has had an indirect impact on the lawmaking process and on the executive's agenda. The State Duma, meanwhile, has been transformed into an instrument that simply ratifies initiatives put forward by the presidential administration.

Such is Putin's popularity that even when he undertakes unpopular measures it does not seem to weaken him. For example, despite widespread calls for a rationally calculated progressive income tax, Putin insists on keeping a flat rate, which the majority of people in Russia consider unjust. Putin explains his position by pointing to the inability of the state apparatus to prevent income remaining undeclared, even though there exists a well-developed regulatory mechanism. Similarly, most analysts and observers doubted up until the very last moment that Putin would turn down attempts to impose an extension of his presidential term, then doubted that he would have the audacity to lead the government after Medvedev's election as president, and so on.

Without a shadow of doubt, Putin's macho style (he loves being at the controls of an aeroplane, at the helm of a ship or performing martial arts, and he makes occasional yet conscious use of vulgar language in his speeches) has an almost magical effect on the majority of Russian citizens. As president, Putin played the role of leader of the nation perfectly. His nomination as prime minister and the head of United Russia undoubtedly earned the party more trust, but did little to change the already ideal image of Putin himself.

To fully understand the nature of the pro-Putin majority, it is also essential to take into account the atomised nature of the Russian population, which was masked by formal official collectivism during the Soviet era, and the massive mental weariness that developed during the 1990s – hence the effectiveness of the slogan “No more revolutions!” One must also recognize the lack of solidarity in Russia today. There is no longer a culture of protest as there was during the Yeltsin years.

The financial crisis has placed something of a question mark over Putin’s promise of stability. Political stability remained: United Russia strengthened its dominant position in the parliamentary elections in December 2007 and there was a smooth transition from Putin to Medvedev. But economic stability soon came under threat as the crisis hit. The crisis laid bare the structural defects of the Russian economy that were ignored during the “years of plenty”, even if a future increase in oil, gas and metal prices eases the country’s finances.

The way Russia is now run closely reflects Putin’s personality and management style. First, there is a linear scheme of administration, based on the idea of the “vertical”, rather than a rule-applying bureaucracy. Second, mutual loyalty forms the basis for selecting one’s “team” and is combined with open contempt for the government structure itself. Third, the principle of unilateral command-from-above combines eclectically with some elements of economic liberalism.

The majority of Russians who support Putin take the total bureaucratization of society as a fact of life, do not see dangers in its structure, and generally only curse its manifestations at the lower levels of the political system. There are some experts who clearly see the dangers that total bureaucratization has for the country’s development prospects and are trying to turn the attention of the Putin-Medvedev tandem towards these dangers. But, without an alternative to this tandem, even they are forced to meekly hope that the necessary revision of the mechanics of governance in Russia will come from above.

The School of Consensus and the War of the Majority

The History of Politics

The history of politics in Russia is surrounded by thousands of myths, the two most common of which are of the country's innate collectivism and authoritarianism. Commentators on Russia find it difficult to resist alluding to primitive ideas regarding the historical lack of freedom in Russia, but easy to produce propaganda based on Russophobia or Russophilia. In fact, however, it is impossible to characterize Russian politics in such simple terms.

The history of Russia is much more complicated than these myths suggest, for a number of reasons. First, fierce ideological, corporate, personal and economic battles have always been present in both the public politics and public governance of Russia. Second, mass public politics historically only appeared in Russia around the time of the first bourgeois revolution. Third, even when activities in the public political sphere were severely restricted, as in the Stalinist Soviet Union, Russia never actually managed to eliminate political struggle altogether, as was ably demonstrated by the plots by Beria and Malenkov to kill the dying Stalin as he was preparing to sacrifice them in yet another bloody purge. Fourth, the struggle for power and resources throughout Russian history can be seen as a fight for unity among the majority. Because of Russia's extreme social, ethnic, religious and economic diversity, even mass government terror had to be selective.

The History of Consensus

The creation of a stable majority in Russia has always been a difficult task. Only twice in Russia's 20th-century history did social consensus result in an electoral majority: first during the elections for the Constituent Assembly in November 1917, and second during the first Russian presidential elections in June 1991. In

1917, 80 per cent of voters opted for the radical socialist parties; in 1991, 57 per cent voted for Yeltsin. But these electoral majorities were not principally of an institutional nature; their ethos was transitory and revolutionary. The institutions that they were intended to legitimize, and helped create, proved ephemeral. The Constituent Assembly of 1917 disappeared with the onset of civil war; the embryonic institutional arrangements created in June 1991 were quickly made redundant by the attempted coup, the dissolution of the USSR and Yeltsin's victory in the Russian civil war of the early 1990s.

Even when politics in Russia has involved mass movements, and even during revolutionary periods, there was no real nationwide consensus in the political sphere. In some periods the demand for personal and national security came first, in others the demand for social justice; but the two were never effectively combined.

The demand for social justice predominated in both 1917 and 1991. After the revolution in 1917, when the peasant classes formed the majority of the population, the demand for radical social liberation was expressed outside the realm of existing national institutions, during the Black Repartition of 1918, when Russian villages swallowed all available land and turned in on themselves. But the Black Repartition was not implemented in the form originally proposed by the Socialist Revolutionary party in 1917; the slogan was exploited by the Bolsheviks and implemented in a different and ultimately unsustainable form – mass private production under conditions of political dictatorship.

In 1991, the initial popular demand was for a new form of mass ownership (“consumer ownership”) and for the free privatization of housing. Once again, this temporary moment of social consensus was ultimately utopian. It was eventually superseded by another social reality, another economic dictatorship of new monopolistic owners – this time in the form of the “oligarchs”.

In both 1917 and 1991, the social consensus undermined the security consensus and the integrity of the government (if, in fact, it ever had any) because the majority chose utopian equality rather than security. This was not because the majority didn't need security, but because the secret to security was thought to lie in social welfare. In other words, the government should turn its back on all areas of private-social interests. The result was the collapse of the Russian empire in 1917 and the Soviet Union in 1991, followed in both cases by a civil war.

On the other hand, despite the civil war fought by Soviet communists against mass private property (and against its spread by Nazi collaborators), the security consensus predominated after 1941 and provided the key to the Soviet victory in World War II. But “military communism” – in other words, the mobilization of all human and natural resources to maximize industrial production – also predominated over the limited social gains of the period.

The Majority Today

The secret of Putin’s success is twofold. First, he has created, for the first time in Russian history, an all-national consensus that is based not on utopian hopes but on a stable institutional majority. Second, he is the first Russian leader to represent both a social and a security consensus.

The arrival of Putin in power in 1999 was unique for being the first social and security consensus in Russian history that was implemented in accordance with the wishes of the majority. In 1999, the country faced potential collapse. All previous attempts at instituting governance based on nationwide electoral legitimacy in Russia had run their course and liberal government had gone bankrupt. Russia faced an external threat in the form of NATO’s military campaign against Yugoslavia and an internal threat in the form of the attack by the de facto independent Chechnya on Dagestan – in other words, on Russia itself.

The demand for security was real and required not mere rhetoric but practical, effective self-defence. The demand for the social justice that was destroyed by the liberal oligarchs in the 1990s also required strong action in the field of social policy. Russia could have once again followed a path of “non-consensual elections” in the void between government capitulation and social utopianism. However, society’s instinct for effective government, as well as people’s personal experiences of 1917 and 1991, made the majority turn away from such a potentially fraught course.

The dilemma of “Freedom without Russia” or “Russia without Freedom” is ascribed to the important Russian thinker and symbolist poet Zinaida Gippius. Because of her antipathy to the communist government, she chose the former option and went into exile in 1920. But the long civil war in the 1990s proved Gippius’s dilemma to be a false choice: without Russia (in other words, without a secure and united government) there could be no freedom (in other words, the union of the personal and private rights protected by the government).

In the Russia of 1999, the security consensus had to be put into practice in its extreme form: national self-preservation. Constitutional rights, which in any case were poorly guaranteed on an institutional level, and, in the form of the 1993 constitution, no longer promised to meet utopian goals, were therefore seen as less important.

The task facing Putin was not just to meet the hopes of the new “dual consensus”, but also to implement it as the head of a democratic and legal government. In fact, Putin’s road to implementing the will of the consensus majority was a long one. With only 53 per cent of the vote in 2000, Putin was not in possession of a political “blank cheque”. The nature of his rise to power meant that he had a limited mandate. In fact, he would later say that he was merely a “hired manager”.

In order to function once again as a real active subject, the Russian state needed both to establish true national security and to liquidate all would-be substitutes for national institutions – for example, liberal monopolists, regional feudalists and self-regulating mafias. Putin’s success in this respect gave him a consensual majority of 71 per cent by the time of his second election in 2004 (since then his personal approval rating has settled at about 70-75 per cent). It is therefore possible to say that, for the first time in Russian history, the implementation of the national consensus was achieved not through the revolutionary application of utopian ideas, but through a firmly institutionalized majority.

The Majority of Tomorrow

The battle of the majority to implement this national consensus through the legitimization and empowerment of their leader is ongoing. There are still many opportunists who are looking to take advantage of the situation by promoting individual interests under the cloak of consensus or the slogan “for all the good against all the bad”. Yet the ideas, principles and habits that the Russian majority picked up during the course of their 20th-century experiences – civil war; the fight for survival; mobilization and the need for security; the eras of Tsar Nicholas II, Stalin the dictator, the gerontocracy of Brezhnev, and Yeltsin the populist – mean that it will not allow its sovereignty to be destroyed again.

The conditions imposed on Putin by the majority have an institutional nature. The majority still keeps a critical eye on the continuing skirmishes between national institutions and their would-be substitutes. The majority expects Putin to protect national interests in the sphere of state security, but has also assigned him the

“technical task” of establishing more stable state institutions. The task of delivering social justice from corporate or regional oligarchs is also accompanied by another technical task, namely bringing an end to the era of self-sufficient party-corporate institutions.

Society demands more, but the enemies of the Putin majority still lack the foundation on which to create a viable alternative. Leftists, socialists and communists offer to resurrect an archaic consensus of utopian justice through a fight against poverty and government economic monopoly. But the “alternative consensus” they aim for no longer exists and will not exist again for the foreseeable future. Even at their most practical, liberals lack a coherent plan for the future, except for return to an oligarch-based system of economic monopoly. Conservatives, on the other hand, do not address institutional issues; their main claim is simply to participate in the bureaucratic political monopoly.

The biggest threat to the consensual majority comes from the bureaucratic monopoly in politics and the economy. The liberal oligarchs of the 1990s have been replaced in the 2000s by government corporations; 40 per cent of Russia’s GDP is not accounted for in government statistics, which ignore small businesses.

The unique dual majority created at the beginning of 2000 was unprecedented in Russian history and helped avoid a damaging course toward national “suicide” like those that Russia experienced in 1917 and 1991. For the first time in Russian history, an institution of true national leadership has been created. Now this leadership faces the task of establishing its consensual power within durable systems of compromise and contested public-state institutions.

Leonid Polyakov

An Ideological Self-Portrait of the Russian Regime

3

Defining the ideology of today's Russian regime is both difficult and simple at the same time. It is difficult because none of the regime's founders or leaders have ever formulated a coherent set of principles and attitudes that could be presented as the ideological platform or ideological basis of the regime. In contrast to the Communist era, during which all Soviet leaders were obliged to quote from the works of Lenin, there is no single ideological supertext.

This lack of ideological clarity seems to be deliberate. Both Putin and Medvedev have in the past gone to great pains to avoid both ideological definition and self-definition, and they continue to do so. The only exception is the way they clearly distance themselves and their politics from the communists. But even this rejection of communism can be deceptive. In fact, neither the second nor the third Russian president can be characterised as an unambiguously 'anti-communist' in the same way that President Yeltsin was.

Nor does it help much to examine the so-called "ruling party". United Russia (UR) was intentionally created as a catch-all party, and the party system as a whole can justly be described as a "party cartel". The inclusion of three distinct groups within UR – the liberal conservatives, the social conservatives and the national patriots – clearly points to a desire to occupy the entire ideological spectrum, with the exception of the far left and the far right. Such is the ideologically "omnivorous" nature of UR that even the leader of the party list in the 2007 parliamentary elections, Putin himself, publicly criticized his own party a month before the elections for "ideological haziness". He also said it was "full of crooks".¹ It seems that little has changed since.

¹ Francesca Mereu, "President Criticizes United Russia", *The Moscow Times*, 14 November 2007, available at www.themoscowtimes.ru/article/850/49/192943.htm.

The ruling elite's position is derived from Article 13 of the 1993 Russian constitution, which forbids "state-sponsored", or "mandatory", ideology. After the compulsory ideology of the Communist years, Russia now has widespread "ideophobia". The president and the ruling party therefore prefer to draw from the general electoral cauldron with a ladle, forcing some of their opponents to do so with a soup spoon and others with just a dessert spoon.

However, this does not mean that the Russian regime has no ideology whatsoever. From the moment that Putin became acting president on the last day of 1999 through to the present day, ideology has continued to exist. Indeed, it has constantly developed and enriched itself, depending on both the internal and global politico-economic situation. Although the regime does not hang an ideological self-portrait on the walls of the Kremlin's offices like its predecessors did, its ideology is clearly reflected in both the words and the actions of the Russian ruling elite.

The ideology of the regime is, like all buildings, built upon a foundation – which in this case, consists of four fundamental elements. These are: values; identity; a belief shared with the Russian elite that the key measure of regime performance is competitiveness; and long-term developmental objectives.

The fundamental value of the regime continues to be freedom, as it was in the 1990s. Some analysts claim that Putin's regime offered the Russian people order, stability, justice and well-being (tick as appropriate) in place of freedom, and that, by extension, Medvedev's regime will "give freedom back" to the Russian people. But such claims are either a polemical tool used by political opponents or an example of experts' intellectual laziness. Medvedev's credo that "freedom is better than non-freedom" is in no way an indication that he is the "liberalizer" of the Putin regime.

In reality, the value of freedom has been preserved and is actively propagated by the regime in three main areas:

- economic freedom
- freedom as a global competition between different poles, or centres of power, that compete for their national interests
- freedom for each country to choose its own form of national governance – that is, freedom from any form of governance being imposed from the outside

The regime's commitment to a free economy is illustrated by the fact that the president's administration, and the business community aligned to it, is filled by people of unequivocally liberal convictions (sometimes extreme liberal convictions, as with Putin's former economic advisor Andrey Illarionov). These people are clearly untouchable, as the recent conflict with Aleksander Lukashenko illustrated, when Deputy Prime Minister and Minister of Finance Aleksey Kudrin caused a storm by saying the Belarusian economy was going bust.

It has been evident for a long time – but particularly since Putin's speech in Munich in February 2007 – that the regime believes in a global competition between different poles. The Russian regime would like to see the post-Cold War world “de-ideologized”. In other words, the new world order should be one in which each nation-state is free to choose the principles by which it lives, but does not have the right to impose these principles on anyone else. This is a concept of freedom as the survival of the fittest on a global scale – a paradoxical mix of Friedrich Hayek and Carl Schmitt.

The third element in the Kremlin's idea of freedom is vividly illustrated by the concept of “sovereign democracy”. Although this term was coined by Romano Prodi in 2004 and then used by Dick Cheney in 2006, the concept of “sovereign democracy” as formulated in a 2005 speech by the Russian president expresses one simple idea: the right of every people to choose the form of government most appropriate to their specific local conditions rather than some universal “democratic” standard. Medvedev has criticised the term “sovereign democracy”, but nevertheless seems to find the idea it expresses perfectly acceptable. This is clear from his famous assertion that democracy cannot be “developed in one state or another or in one country or another outside of its historic or territorial context. Each democracy has its own history and its own nationality”.² It is also worth stressing that this concept is in no way an affirmation of Russian exceptionalism, but rather a defence of each nation's right to choose its own form of government.

The second key element of the regime's foundation is identity. Putin and Medvedev have always said that Russia is a European country that shares the continent's Christian and humanitarian values. In his article “Nationalisation of the Future: Notes on Sovereign Democracy”, Vladislav Surkov summarises the regime's principle of identification with Western civilisation as the commandment “Stick to the West; do not drift away from Europe”.³

² Interviewed in the *Financial Times*, 24 March 2008. See also his interview with the opposition paper *Novaya gazeta* on 15 April 2009; http://www.kremlin.ru/eng/text/speeches/2009/04/13/2258_type82916_215119.shtml

³ Vladislav Surkov, “Natsionalizatsiia budushchego”, *Ekspert*, No. 43, 20 November 2006.

President Medvedev formulated his own idea of a Europe made up of three “branches” in a speech made in June 2008 in Berlin; the three branches are Western Europe, the US and Russia. This is for him not just a historical truth but also a concrete basis for foreign policy today. For example, Medvedev continues to champion his idea of convening a pan-European conference to create a continent that would be “without blocks” and free from old prejudices.

The third key element of the regime’s foundation is the gauge that the Russian elite uses to evaluate its own performance, which is competitiveness (in Russian, literally “ability –to compete”). The current Russian state can be assessed by its ability to protect its national interests during conflicts with other global players. Modernization is therefore understood by the regime as a means of improving competitiveness, and not as a path to westernization. The task, in the short term, is to catch up and not be left behind.

The fourth key element of the regime’s foundation is a belief that there is a clear path towards its ultimate objectives. Here we are talking about the regime’s faith in the existence of a goal that, if it is attainable at all, lies somewhere in the distant future. This serves not so much as a strategic aim or plan as a stimulus for development. It is an unattainable ideal that nevertheless prevents the nation from resting on its laurels and pushes it forward in the right direction.

This rather ambitious idea was outlined by Vladislav Surkov in a lecture in 2007 entitled “Russian Political Culture: A View from Utopia”. “We do not need modernization”, he wrote. “We need a shift in the whole paradigm of civilization [...] We are really talking about a completely new economy and new society. We need a new projection of Russian culture in the near future”.⁴ Essentially, the task before us is to turn Russia from an imitator of other civilizations into a model to be imitated by others.

As pragmatic politicians, both Putin and Medvedev prefer not to look beyond the horizon of 2020. But the ambitious goal formulated by Surkov is the essential motivation behind their actions. One might describe the Russian regime’s ideology, as analysed here, as “patriotic national-liberalism”. But this ideology is not a tightly-bound space of precise formulae and conceptions so much as a freely floating boundary separating the two wings of the Kremlin –those who call for “national liberation” and those who believe in a “national destiny”.

⁴ This article, along with several analyses of Surkov’s views, can be found in English in the special edition of *Russian Politics and Law*, vol. 46, no. 5, September–October 2008.

DILEMMAS OF RUSSIA'S MODERNIZATION

Olga Kryshstanovskaya
Authoritarian Modernization
of Russia in the 2000s

4

At the end of the 1990s, the Russian state was extremely weak: regional elites behaved more and more like appanage princes; financial oligarchs dictated their conditions to the authorities; and the separation of powers formally mandated by the constitution did not exist. Vladimir Putin concluded that order should be restored and that modernization should continue only when the state had regained control in all important spheres. Putin therefore sought to bring under control centres of power that until then had competed with the Kremlin – in particular, the oligarchs, regional governors and the State Duma.

Oligarchs

In 2000, Putin agreed to not interfere in the oligarchs' businesses if the oligarchs did not interfere in politics. However, the hubristic oligarchs did not stick to this agreement. The TV channel NTV, which was owned by Vladimir Gusinsky, the head of Media-Most, criticized the second war in Chechnya, which was very much Putin's personal project. Gusinsky was forced to leave Russia and NTV was acquired by Gazprom. Boris Berezovsky, who controlled TV channel 1 (ORT) and TV channel 6, was also forced to flee, to London, to avoid prosecution, and his channels also came under the control of the authorities. In addition, the Kremlin believed that Mikhail Khodorkovsky, the boss of Russia's then largest company, Yukos, was preparing for a presidential campaign. Criminal proceedings were begun against him and he was eventually imprisoned for eight years.

After the Yukos case, the business community was forced either to accept the new reality in Russia or to leave the country. It was now in effect forbidden for business people, or for that matter any other significant social group, to directly intervene in politics. The Kremlin even believed, for example, that those who, like Khodorkovsky, who worked for charity, did so simply to improve their image and

could therefore constitute a potential danger at the next election. The function of the grand bourgeoisie was to remain silent and only to sponsor projects initiated by the Kremlin.

Governors

The problem of regional governors' independence was solved with the help of several reforms. In the summer of 2000, new federal "super-districts" were introduced. This measure was followed by the creation of presidential plenipotentiaries, 75 per cent of whom were *siloviki* (members of the "force" ministries, particularly the intelligence services), thereby forming a new layer of bureaucracy between the Kremlin and the regions. Governors were deprived of their automatic right to serve in the Federation Council (the upper house of parliament) – previously their key platform. Instead, governors served *ex officio* on the State Council, a purely advisory body. In autumn 2004, the direct election of regional governors was abolished.

With these reforms, the governors were transformed from independent politicians with their own power bases into executives who were fully dependent on Moscow's favour. Despite their apparent compliance, however, the governors were still perceived by the new Kremlin as somehow "alien". The Kremlin feared that the resentful regions might do something to surprise the centre, not least because of the way Putin had promoted his own people so that by 2003 they made up about 70 per cent of the key staff of the presidential administration. Eventually, new governors replaced those from the Yeltsin era. But the turnover was slow, much as it was among governors in the Tsarist era or among the first secretaries of the regional party committees of the CPSU.

The State Duma

The next task for Putin was to subordinate parliament, more exactly its directly-elected lower house, the State Duma. The 1999 elections were only a first step. The presidential administration helped form a new party, Edinstvo ("Unity"), which won 23.3 per cent of the vote, but was forced to "harvest" most of the 154 who were originally elected as "independents" to form a majority. Putin made more careful preparations for the next elections to the State Duma in 2003. The new United Russia (UR) party swept all before it, both organizationally and financially, and became the home of necessity for most civil servants and members of the regional

elite. The Kremlin also covertly backed a new party called Rodina (“Motherland”) to take votes from the Communists. Putin now had a majority of more than two-thirds in the Duma, which thus ceased to be an independent centre of power.

However, despite the lack of real opposition within parliament, this was no restoration of the previous one-party system. The Kremlin still needed the formality of legitimate elections and therefore created a superficially competitive environment in which many of UR’s competitors – so-called “origami parties” – were themselves handmade by the authorities. There was little incentive to join these new, heavily bureaucratized parties. In fact, the closer people were to the real centre of power, the less incentive they had to join the new parties. Very few of the Kremlin officials closest to the president are members of one of the new parties, while most of the regional governors are now members of UR (see Table 1).

Table 1: The proportion of members of UR in key elite groups

Elite group	Group size	Number of UR members	% of UR members in the group
Governors	82	66 ¹	80.5
State Duma deputies	450	315	70.0
Ministers	86	6	7.0
Kremlin officials	39	1	2.6

However, even after the 2007 elections – in which UR won 64.3 per cent of the vote and 315 seats in parliament – it was premature to speculate that UR might become a new version of the CPSU. The new UR did resemble the old Communist Party in some respects – for example, its wide network of regional organizations and its discipline. The party’s regional officers were directly managed by the

¹ As of 1 June 2009 the number of governors who were members of UR had increased to 72.

governors, who in turn were held personally responsible for the position of the party in the region and for election results. But although UR was the *pro*-state party and the party *for* the state, it was still not quite the *party-state* of old. UR was also not an *ideological* party in the way the CPSU was; its political creed was simply unquestioning support of the president.

The New Political Elite

At the beginning of 2008, the Russian political elite comprised a group of 825 people that was 90 per cent male and had an average age of 53. This elite included top officials of the President's Administration and the Security Council (39 people), members of the government (86), members of the State Duma (450) and the Federation Council (186), and regional governors (86). The youngest group within the elite was the government itself (52-years-old, on average); the most senior group was the heads of regional administrations (54.4).

A solid 82.1 per cent of the 825 members of this group took up their appointments after 2000, so it can with good reason be called "Putin's elite". The largest number of recent arrivals was in the President's Administration (97.4 per cent); the smallest number among the regional governors (59.3 per cent). There is much traffic between the government and the President's Administration: 51.3 per cent of top officials in the administration came from the government, while 16.3 per cent of officials moved in the other direction. But hardly anyone from either the government or the President's Administration moved downwards to become deputies or governors (0.8 per cent became governors, 1.6 per cent became members of the Federation Council).

The behaviour of the Russian establishment has changed as the number of people within it who had a Soviet nomenclature experience has declined. During the first Putin presidency, 38 per cent of top officials had served the Soviet Union before 1991; by 2008, the figure had dropped to 34 per cent. Veterans of the old Soviet bureaucratic elite are most numerous among the governors (56 per cent) and members of the Federation Council (48.2 per cent). The lowest share is among members of the President's Administration (only 12.8 per cent). It is therefore in the regions that one still finds pockets of "Sovietism".

Table 2: Features of the political elite in 2008

Category of the political elite	Average age (years)	% appointed after 2000	Average year of appointment
Top officials of the President's Administration and the Security Council	54.3	97.4	2003
Government (ministers, heads of federal agencies and committees)	52.0	89.5	2003
Governors	54.4	59.3	1999
Total	53.6	82.1	2001

The Russian elite is changing in other important ways. For example, 39.8 per cent of officials have worked in economic institutions or in business; younger officials are more likely to have this type of background. The groups within the Russian elite that are most closely connected to private enterprise include members of the government and regional governors (52.3 per cent and 43.9 per cent, respectively). However, although an increasing proportion of the elite have an entrepreneurial background, there has also been an increase in those who come from the security services and the military. By 2009 the share of *siloviki* holding the highest political offices had reached 42.3 per cent. Meanwhile, the proportion of women, intellectuals and young people has been declining steadily, and blue-collar groups have disappeared from the elite altogether.

State Capitalism

The period from 2004 to 2008 also saw the takeover by the political elite of the bodies that regulate the Russian economy. During Yeltsin's tenure, state-owned companies had begun to lose their significance. Commercially attractive enterprises were privatized; the companies that remained state-owned tended to be unprofitable. But under Putin things began to change. Their boards of directors now filled with people from Putin's circle, state-owned companies such as Gazprom and Rosneft began to successfully compete with private competitors.

In January 2005, the government decided to bring many of the largest Russian companies under the direct control of the Cabinet of Ministers. The government created an "A-list" of 27 companies and a "B-list" of 44 companies in all branches of economy, including fuel and energy (in particular, the electric power and atomic industries), the military-industrial complex, infrastructure (for example, transport and communications), banking and electronic media. The more important the company, the more likely it is that ministers will sit on its board of directors (see Table 3).

Today, the boards of large state companies are dominated by government representatives (73.7 per cent), members of the President's Administration (7.5 per cent) and *siloviki* (26.1 per cent). Less than two per cent of directors of A-list companies and about seven per cent of directors of B-list companies represent the regional governments. It is also worth noting that the chief executives of companies are rarely members of the board themselves. In other words, top management is often excluded from the decision-making process and is limited to exercising executive functions only.

The Limits of Authoritarian Modernization

The post-Yeltsin reforms outlined here have profoundly changed the Russian state. Russia's attempt to make a quick transition to democracy caused problems that so threatened the state that the government decided to scale back democratization to make the system easier to subordinate and control. Only after this stabilization was achieved did the regime plan to restart the modernization process. The authorities have thus built a secure power base that now dominates Russia. It consists of a new political establishment and some of the more innovative members of the business community. However, these two groups will find it difficult to work together efficiently. Membership of UR almost guarantees

Table 3: Elite groups represented on the boards of key state enterprises

Elite groups	Boards of directors, A-list companies	Boards of directors, B-list companies
Total number of companies	27	41
President's Administration	23	6
RF government	27	41
Force structures officials (minimum)	23	19
Other companies representatives	10	12
Regional authorities' representatives	4	16
Top managers of the company	21	9

conservatism and a fear of taking risks; members of UR know only too well what the consequences of innovation can be.

This is, in fact, the major difficulty in attempts to modernize in authoritarian states. In such a system, the government faces social problems on its own. Even if it has the tacit support of the public, it is difficult for it to start solving large-scale problems without activists on the ground. Innovation demands freedom, which is still lacking in Russian society – not least because, for too long, all those who dared to stand out and act on their own have been persecuted. Mikhail Khodorkovsky, who is still in prison, reminds everybody who strives for their independence of what can happen to them in a state that prefers “sovereign democracy” to real democracy.

Aleksey Chesnakov

5

A Bit of Luck: the Development of the Political System in Russia

After President Medvedev came to power, there were expectations that Russia would undergo a “political thaw” – in other words, that it would liberalize and return to the pro-western course of the Yeltsin period. But, in fact, nothing of the sort occurred. Instead, the authorities remained focused above all on preserving stability. The main reason for this is that Russia today is not just reacting to the global economic crisis but also to its own experience of almost perpetual crisis since the first calls to abolish the communist regime and its totalitarian mode of governance in the late 1980s. The surprisingly swift collapse of the Soviet system was so violent that in very little time it brought about the collapse of the country itself.

Russia emerged from the chaos of 1991 with deep psychological scars. The pendulum of social expectations now swung to the opposite side, with the public demanding the restoration of state authority.¹ Walter Lippmann famously said that there is nothing that people need more than governance. He added that “*with a bit of luck*, it will be effective governance”. With that in mind, it is fundamentally wrong to see the new Russian reality as a legacy of the old communist era.

The foundations for post-Soviet Russian public administration were inscribed in the new constitution of 1993. It made Russia a democratic federal republic on paper as well as in reality, but Russia still needed a new political system. Its creation took a long time and is in fact still ongoing. Some basic parameters of the political system have remained fixed over the past 15 years. However, within those parameters, there have been important shifts in the way the system works.

¹ In this article, the term “governance” is intended to mean any act (whether rational or irrational, direct leadership or soft co-ordination) by the authorities towards various social and political institutions and informal groupings.

The Russian political system is usually divided into two convenient periods: the Yeltsin era and the Putin era. The first era – the 1990s – is seen as a period in which the state collapsed and important social ties dissolved. The second era – everything since 2000 – is considered a period of consolidation and even of a return to pre-Yeltsin forms of rule. However, this division is too simplistic. In order to understand the development of the Russian political system and its public administration, it is necessary to divide the period since 1993 into six stages, as follows:

1993-1996: adaptation. After the adoption of a new constitution by referendum in December 1993, both the authorities and society had to adapt to a new political system that only acquired definitive legitimacy after the next round of elections in 1995-6 had brought the transitional phase to an end. New, stable political groups and coalitions then began to form.

1996-1999: degradation. As a result of the authorities' weakness, the excessive personalisation of power and the creation of unofficial groups of influence such as the so-called "oligarchs", the political system, which had been further weakened by the economic crisis of 1998, nearly collapsed completely. Political groups within the system called for its abolition and the threat of regional separatism grew.

1999-2000: reset. In this period, a new coalition emerged, whose leader, Vladimir Putin, was appointed as president. Those who supported the preservation of the existing political system, led by the "Unity" bloc, began to create an effective political infrastructure. Following a terrorist attack in southern Russia, the political balance swung sharply in their favour.

2000-2003: creation of the "verticals of power". After new presidential elections, a centralized system of governance began to emerge. At the highest level, dangerous unofficial groups were eliminated. As a result, a new political elite emerged. State governance became more efficient as administration in the public interest replaced dominance by individuals and interest groups.

2003-2007: consolidation. After United Russia won the 2003 State Duma elections and formed a parliamentary majority, it created a broad pro-authority coalition and eliminated the possibility of

the system collapsing from within or being paralysed by a standoff between the different branches of government. However, politics and government became extremely mechanized.

2007-2009: modernization (ongoing). Since the victories of United Russia in the 2007 State Duma elections and Dmitry Medvedev in the presidential elections in 2008, the government has begun to modernize the political system. The relationship between the head of state and the branches of government has changed and there has been a shift towards public administration via a system of unofficial agreements between groups.

This kind of conceptual periodization is, of course, not perfect. However, it is significantly more suitable for a comprehensive analysis of the development of the Russian political system than a primitive schema that defines the Russian political regime exclusively by reference to the personality of the head of state. Despite considerable changes, including several amendments to the constitution, Russia's political system has not fundamentally changed since 1993. In each of the periods outlined, the relations between the leading privileged classes, ideology and political rhetoric are different, but the institutional structure is the same. However, many of the most important democratic institutions in Russia are not fully-developed. The main reason for this is the inevitable "transitional" weakness of the new political system.

The new stage

The transition to the next stage of the political system's development in 2007-2009 turned out to be a rather delicate process. Vladimir Putin's designation of the young and dynamic Dmitry Medvedev as his successor was in one sense a logical step. However, the transfer of power took place at a difficult time. Russia's bilateral relations with most Western countries had deteriorated, it faced a confrontation over the deployment of an anti-missile system in Eastern Europe, and it was involved in a military conflict on its borders. The economy had also gone from a period of high growth to a period of crisis, with consequences that are still unclear and an end that is not yet in sight. Social stability was gradually replaced by a period of growing social tension.

Putin, who still had a high level of support from the electorate, continued to play a key role in his successor's administration. Indeed, he had created his own

position within it in advance. A configuration was thus created at the highest levels of state power that has since come to be known as the “tandem” of the president and the prime minister. Medvedev and Putin focused on maintaining stability. Meanwhile, their internal and external opponents underestimated a number of factors that strengthened the government’s position. The model of state governance proved stable, the government and the new political elite had a sufficient level of political will and remained united, and there was a lack of mass demand in society for political change.

By September 2009 most of the tactical problems that Putin and Medvedev faced in 2008 were essentially solved. A whole range of unofficial political and social “stability pacts” among different elite groups entered into force to preserve stability during the transitional phase. In particular, it is worth noting that in “high politics” the “personality factor” started to play a less important role; state institutions were given larger, more clearly defined roles.

The problem of “bicentric power” – in other words, the question of whether it is possible for a “tandem” to share power in the way that Putin and Medvedev wanted to – became the subject of intense political debate within Russia. Representatives of liberal and conservative groups that were competing for influence in Medvedev’s and Putin’s new teams suggested that a political “thaw” was inevitable. For the liberals, in particular, a “thaw” was a convenient way of obtaining a proportion of informal executive power, which had previously been concentrated under the old head of state. The idea of a “thaw” turned first into an alternative to the course set by Putin and then into a direct threat to change course entirely. In this context, the authorities preferred to act gradually, avoiding harsh rebukes and any excessively demonstrative actions.

The political and personal “tandem” of Putin and Medvedev gradually allowed the relations between the head of state and the head of government to be harmonized. Medvedev and Putin slowly found their way, although not without some mistakes and defeats along the way, towards a new balance of power between the presidency and the government. As Medvedev established himself as president, he began to occupy himself less and less with social policy, the economy (although, like any national leader in a time of crisis, he was forced to front the government’s response) and foreign policy. Putin focused on economic and social policy, dealing with the crisis and maintaining his influence among the *siloviki*. This unequal division of labour represents a sharp departure from Putin’s second term, during which all key decisions in the political, economic and social spheres were taken by the president.

The same old problems

Although they were able to successfully solve the immediate issues facing them, the authorities have not managed to clearly formulate a strategy for modernizing the country and thus to guarantee the long-term stability of the political system. “Preserving social stability whatever the cost” is hardly likely to enable a consolidation of internal forces sufficient to overcome the pressing problems Russia faces. In foreign policy, these include the “war on terror” and the need to improve international security; the economic crisis and the need to create new rules for the world economy; the crisis of supranational political and economic institutions; and the growing global competition for scarce resources. In internal affairs, they include a high level of social inequality; immature and ineffective state institutions and civil society; a system of co-optation into political and economic elites that does not coincide with the country’s priorities; inefficiency in industry; and, as a result, low levels of competitiveness.

It is now clear that there has been such drastic qualitative political and economic change, and the negative consequences of the various interdependent effects of the crisis have been so severe, that the development of the political system has entered a period of turbulence. There are pressing social problems and few levers that can be used to solve them. Thus, even if the authorities manage to address the short-term tactical issues facing them, it will be too early to talk about stability in the sphere of public administration until longer-term problems are solved. These include:

Society’s lack of faith in the legal system. According to the All-Russia Institute for Public Opinion, 38 per cent of citizens do not trust the judicial system. Society therefore lacks an adjudicator to whom it could appeal in extreme circumstances.

The absence of an effective and politically motivated civil service that combines both political loyalty and the possibility of a professional career path. As a result, there are people within the civil service who are considered part of the elite and receive a salary appropriate to their positions, but who work directly against the system.

The executive’s rejection of a “managerial” ideology. There is no movement towards developing outsourcing and independent auditing of state bodies. For example, a recent administrative reform actually reduced the accountability of civil servants.

The emasculation of the state. If the state's current attitude towards reform continues, citizens will lose trust in its institutions. People are already alienated by law enforcement agencies such as the police force: according to the All-Russia Institute for Public Opinion, 46 per cent of citizens do not trust law enforcement agencies.

Epistemic nihilism. The authorities are not prepared to work with experts, who are in any case not well-trained for work in political and public administrative sectors. As a result, experts have ideological or highly polarized opinions on state and public administrative problems.

Corruption. Society acquiesces to many corrupt practices, but they are corrosive in the long-term.

Political impotence. The most crucial political structures, from the dominant party to liberal parties, demonstrate minimal aptitude for survival outside the current political system. For example, there is no culture of political coalitions.

Too often, the Russian authorities control the political situation but do not govern the country. Such a state of affairs cannot last long. The current discussion on good governance and the future of the political system is welcome, but has not yet reached the point where the public has a range of concrete alternatives to choose from. We will need "a bit of luck" if we are to find a way out of this situation.

Valery Fadeev

Has the Economic Crisis Changed the World View Of the Russian Political Class?

Until the autumn of 2008, Russia was generally believed to be an island of economic stability. Although it depended heavily upon the external environment, it had accumulated reserves of over \$600 billion, a sum that was expected to protect it from any major problems. At first, neither Russian economists nor academia at large realized how bad the global economic crisis was. In fact, one influential group of economists and analysts led by Mikhail Khazin, which had long criticized the fundamental defects of neoliberal global capitalism and the world financial system, saw the crisis as a vindication of its views. Only a few heretics expressed the opinion that the totemic \$600 billion would not be enough to contain the crisis.

However, Russia's orientation towards oil, gas and raw materials had left it potentially vulnerable. Moreover, our major companies had come to depend on external financial markets, running up an estimated \$480 billion of debt that almost matched official reserves, and soon exceeded it once the government spent \$200 billion to contain the crisis. The dominant opinion in Russia had been that it was a good thing that our major companies borrowed money from abroad, and that money inside the country was allocated for social needs. In other words, a major misunderstanding of the way the national financial system actually worked lay at the heart of the Russian economic ideology. As a result, Russian businesses suffered more from the downfall of capital markets than the majority of other countries. After years of accumulating foreign acquisitions, big Russian companies also faced the culture shock of losing many of their key assets to western owners.

For the last eight years, there has been rapid economic growth in Russia. In particular, the growth in consumption that has taken decades in other countries

¹ Mikhail Kazin, *Sunset of the Dollar Empire and the End of the Pax Americana*, (Moscow: Veche, 2003).

happened here almost overnight. For example, in 2008, Russia briefly surpassed Germany as the top auto market in Europe; in the first half of the year, spending on cars soared by 64 per cent to \$33.8 billion. When the crisis hit, there quickly developed an obsessive desire to find a scapegoat. Primarily, of course, this was the US. However, even if the world financial crisis hadn't broken out and only oil prices had fallen, our economy would have still faltered considerably. In fact, there had long been signs of stagnation in the Russian economy. For example, the recession in the housing sector began at the start of 2008. The great inflation splash observed in the winter of 2008 (when the rate topped 13 per cent) was because of the rapid growth of wholesale prices, and was clearly caused by internal problems. In other words, the economy was ready for a crisis; any external shock would have led to a strong economic downturn.

Nevertheless, the authorities acted quickly and nearly always correctly. They preserved the financial system at a high level of functionality and prevented panic from entering the banking market. Some capital flight occurred for a few days, but soon after everything was restored.² Short-term loans were granted to some of Russia's largest companies. There was a strong decline in production in the metallurgical and chemical industries because of the abrupt decline in exports, but all of the big companies continued to operate.³

As for prospects for recovery from the crisis, opinion in Russia is split. One view is that economic growth in Russia will begin only when the world's leading economies, in particular the US, begin to grow again. The logic is simple: renewed economic activity in the US will push up the prices of the goods we export. In the meantime, we have to wait and use our reserves reasonably, primarily on social needs. The other view, as expressed in the pages of *Ekspert* by the Russian economist Yakov Pappe, is that we need to revive industrial growth in Russia first. His logic is that it will be a disaster if we do not modernize, undertake structural change and reform the Russian economy. If the current crisis is not strong enough to force us to make hard choices, we will never be able to match the economic leaders of the world.

The political class tends to take the first view and advocates patience. Finance Minister Aleksey Kudrin says that the economy will not return to its recent prosperity for another 50 years. His predecessor, German Gref, who is now the president of Sberbank, agrees that the crisis will last for many years. On the other

² Estimates are of \$200 billion in capital flight between October 2008 and January 2009.

³ As of July 2009, Russian steel production was down 18.4 per cent from July 2008.

hand, the idea that something needs to be done immediately often comes from conservative-patriotic circles. Vladimir Yakunin, the head of Russian Railways, has called for more active industrial policies, new infrastructure projects and investment in the machine-building industry.

Significantly, the state budget has not been cut. After many years in surplus, the authorities have not been afraid to run a deficit of 6-8 per cent of GDP – a rate that no economy can sustain for long. Many in the ruling class also wrongly believe that Russian businesses can make huge efficiency savings. But while it is true that many companies, particularly large state-owned companies, do have some padding, the majority of private companies are already efficiently run.

Geopolitical and social outcomes

Last year, Vladimir Putin remarked that Russia would either rejoin the world's leading nations or disappear. Unfortunately, this remark was wasted on the ears of the Russian elite. Very few members of the elite accept this idea because they associate the fate of the country with their own success. Too many members of the political and business elite think of themselves as emigrants who happen to be temporarily located in Russia. They have real estate, assets, bank accounts and kids abroad, and can move at any time. Because they have solved their own problems, they have disengaged themselves from any responsibility for their country's fate.

However, attitudes in the middle tier of Russian business are different. Many more owners of medium-sized companies actually want to live in their own country. They also have a much stronger memory of recent social disruption in Russia. The middle-aged population remembers how the lives of those who could not adjust themselves to the new order were ruined. Those in power, on the other hand, managed to make use of the opportunities created by the collapse, much as in the old Russian saying, "War makes some people rich". This comparative experience of the last collapse is all-important.

The opposition blames the authorities for being unable to change the country's economic structure during the era of prosperity and therefore protect it from the economic crisis. However, the opposition does not have many constructive proposals of its own. Neither the opposition nor the ruling class understands that we can be competitive only when we have capital, plants, infrastructure, enterprise, education, intellectual potential and a skilled labour force – and that

all this requires long-term investment. Nor is it generally understood that the financial system is required for the sake of basic capital creation as well as for trading purposes. The circulation of assets is only an auxiliary function of capital.

I now turn to the political, geopolitical and social aspects of the crisis. Here, Russia has something to be proud of. President Medvedev has warned that the world's weak and outdated international institutions will be unable to cope with the hard tasks of crisis prevention and recovery. For example, the WTO is an organization that was formed by developed countries to organize world trade in accordance with their interests. It was also formed at a time when there was a clear global economic hierarchy, with the US at the top, followed by Europe and Japan. Now, however, the situation is different. With China's emergence and the rise of Eastern and Southern Asia and Latin America, the US has lost its hegemony. There are no global organizations that recognize this reality, but we in Russia support their development.

While the West tries to save organizations such as the WTO and use them in its own interests, it tends to dismiss the United Nations. We, on the other hand, believe that the UN should be strengthened. The more instability there is in the world, the more we should try to use the only organization that brings all nations together to discuss and solve problems. We should increase its powers. But although many people in Russia are enthusiastic about the idea of creating a new world order, the Russian political leadership is not so keen. Both Putin and Medvedev have mentioned several times that we first need to preserve and strengthen the institutions of the current world order and thus prevent it from sinking into chaos.

I now turn to the question of the state's response to the crisis. The basic question is: "How far should the state go?" Some Russian intellectuals like to sneer at recent Western talk about transnational companies and other non-government institutions taking over functions previously carried out by the state. These same Russians smirked and mocked when major foreign companies ran to their governments and begged for money during the crisis. We may also have criticized excessive intervention in the economy by the Russian state, especially during Putin's second term, but we now seem to be in a much stronger position than the leading Western countries.

If Russia's leaders were really ideological statisticians and wanted the state to take control of the economy, as some people believe, they would have done it in the autumn of 2008, when the crisis first broke out. In fact, Russian leaders have

stressed the danger of excessive state intervention and the risk of curtailing the efficiency of the market economy. Our market system – often a kind of aggregation of private companies, local officials, governors and prosecutors – can be bureaucratic, but there is no support for full-blown socialism in Russia. A large part of the Russian population sympathizes with socialist principles, as the increased social unrest in large cities since the economic crisis began illustrates. However, neither the decision-making elite nor the media shares such ideas.

Although many people in Russia associate recovery with innovation, there is no consensus about what kind of innovation is needed. As well as innovation in fashionable new sectors such as nanotechnology, we also need innovation in traditional sectors such as the electric-power industry. We need to create technology parks, grant privileges, and establish innovative companies, all of which will cost hundreds of millions of dollars. Very difficult political decisions will need to be made. How do you make oil companies extract not 30 per cent but 50–60 per cent of oil from an oilfield? How can you shake up the building industry, with its numerous Soviet-type house-building factories that are often owned by regional officials who maintain very good levels of profit? Will we be able to build new factories to replace old concrete-mixing plants? But other countries did not innovate by accident. Whether in India, Finland, Israel or Germany, innovation was the result of political action.

Finally, it would be naïve to think that solving these problems will bring about a dramatic change in Russia's global role. I do not think that Russia will play a different role in the coming decades. In fact, Russia's role is clear: we should be an equal member of the group of six or seven great powers – that is, China, the US, the UK, France, Germany, Japan and possibly India. Unlike them, however, we bear an additional burden: our vast territory and extensive state borders mean we are forced to be involved in a great number of potential or real conflicts. Unlike post-war Germany or Japan, we are expected to engage in these conflicts. We therefore have to maintain an efficient military in order to implement our foreign policy. There is no way for us to avoid these demands. We should therefore sign on the dotted line and accept the consequences. This is Russia's new role in the world – we just haven't realized it yet.

Vladislav Inozemtsev

Dilemmas of Russia's Modernization

7

Russia stands alone as the only major economy that hasn't increased industrial production in the last 20 years. While China expanded its industrial production 4.3 times between 1994 and 2008, and India 2.1 times, Russian industrial production is today well below its level at the end of the Soviet era. While its BRIC "colleagues" exported \$1.42 trillion in industrial goods in 2008, Russia's industrial exports were a mere \$32 billion. Industrial workers make up only 16 per cent of Russia's workforce and are 6.7 times less productive than their counterparts in the US.

Deindustrialization began with the collapse of the Soviet Union but accelerated during the Putin era. Instead of restoring Russia's industrial growth, Putin's government preferred to rely on growing oil and gas incomes, redistribute them via the state budget and return them to the people and businesses via pensions, salaries, and investment – what might be called "Putinomics". As a result, Russia was the only rapidly growing country in which GDP grew faster than industrial production: from 1996 to 2007, Russian GDP grew by an average of 5.9 per cent annually, but industrial production grew by only 4.9 per cent. Although politicians and experts are now finally talking about modernization, there is still little chance of making it a reality. There are several reasons for this:

- There is no consensus in favour of modernization. In most countries that have successfully modernized in recent years, there was a widespread feeling that the country was trailing not only the great powers but even its regional partners. Modernization drives are the natural product of a shared perception of underdevelopment and a shared determination by both the elite and the general public to catch up. However, the political elite claims that Russia is already successful, while a large part of the entrepreneurial class and the ruling bureaucracy derives its riches from oil and gas extraction and

other resource-producing companies, and is therefore not interested in modernizing industry.

- There is little understanding of what modernization actually requires. Modernization is often confused with the development of a high-tech knowledge economy rather than improvements in manufacturing industry. Russian experts and policy makers seem to think they can omit the mass-production stage in economic development and jump directly into a post-industrial future. Even President Medvedev believes that modernization will come from aerospace projects, nuclear power plants and super-computers. However, such projects are not feasible without a developed industrial complex and an educated workforce to staff these high-tech industries.
- Russia has nothing like the Japanese Ministry for International Trade and Industry (MITI). The government is therefore unable to force the pace of modernization even in state-run companies such as Gazprom (which spends three times less on R&D than any other energy major in the world) and Russian Technologies (which has been unable to develop a modern car). For example, new quality standards for fuels sold on the domestic market have been postponed six times after pressure from state-owned oil companies.
- Russia's monopolistic economic structure allows raw material and energy producers to push up commodity prices. From 2000 to 2007, gasoline and natural-gas prices increased dramatically and are now three to four times more expensive in Russia than in China. As a result, industrial production or investment in Russia is very expensive. For example, Russia badly needs new roads, but one kilometre of paved road costs on average three times more than in Western Europe.

Russia in 2009 thus differs enormously from Japan in the 1950s, South Korea in the 1960s, Malaysia and Brazil in the 1970s, and China in the 1990s. It lacks a national consensus on modernization, its elite prefers "energy superpower" status, all the major "national champions" do their business in the primary sector, and people are happy with rising living standards alongside rocketing oil prices. Nor do I see any possibility for this situation to change. Since the beginning of the economic crisis, the Russian political elite has done little to change the structure of the economy. The government's so-called "anti-crisis programme" focused instead on helping the least effective enterprises –

technically bankrupt conglomerates such as Oleg Deripaska's Basic Element – to survive.

Two Paths to Modernization

I want to propose two possible paths to modernization, but I should point out from the very beginning that, given present circumstances, it is quite unlikely that either will become reality. If this is to change, Russia needs to recognize that it is a middle-ranking industrialized country that needs to “catch up” in industrial production and technology. Above all, Russia should abandon its current role as Europe's source of energy and strive to become a producer and exporter of industrial goods. Russia simply cannot be modernized when its main exports are oil and gas, and when more than half of its budget comes from custom duties (a position the US was in back in the 1890s).

The first possibility is a classic state-led reindustrialization of Russia's economy. Three main obstacles stand in its way: high resource and labour prices, an inadequate system for allocating investment, and the general ungovernability of the national economy. The first can be tackled by dramatically decreasing production costs and the price of energy and other natural resources. The second by promoting direct investment – both domestic and foreign. The third by turning the state into an active modernizer of Russia's economy. This type of authoritarian modernization can be accomplished without a dramatic overhaul of the political system that has evolved in the country in recent years, though it will definitely hurt the vital interests of those currently at the top.

To begin with, the government will have to deprive the resource-producing industries of their “natural monopolies” and turn them into a cash cow for financing Russia's catch-up. Resource prices must be decreased (either directly or through currency devaluation) in order to provide access to cheap resources for anyone who wants to create a new highly productive enterprise in any branch of Russia's economy. The government should also help Russian companies to buy technology and equipment from abroad as the Japanese government did in the 1950s. In this respect at least, the economic crisis is an opportunity of sorts, as capital goods are now cheaper than at any time since the early 1990s.

Conditions for market entry must be eased as much as possible. For example, the state should abandon the practice of forcing property developers to make “plug-in” payments for utilities and remove bureaucratic hurdles. On the other hand,

the government should also take steps to stop corruption by businessmen – for example, the practice of bribing local officials to accept faked low returns and thus escape taxation. In total, such measures could cut production costs in major industries by half in five to six years, allowing these businesses to grow rapidly.

The next step is the promotion of long-term capital investment – not just by cutting taxes but also by addressing the competitive advantages that established production facilities have over new enterprises. Industries that were privatized in the 1990s were amortized long ago, giving their owners a competitive advantage. Entry costs to the market can therefore be enormous. As a result, not one new oil or metal-processing plant has been built in Russia since the breakup of the Soviet Union. I propose cutting taxes for newly established industrial enterprises and subsidizing energy prices for the first three years of operation.

The current financial crisis also shows that Russia's banking system cannot solve the country's mounting economic problems on its own. The combined assets of every bank in the Russian Federation are less than those of the 20th-largest bank in the world, Spain's Banco Bilbao Vizcaya Argentaria. Russian banks and industrial companies cannot therefore become a source of long-term strategic investment – which is why domestic companies borrow in the West. However, there is no recognition in Russia of the importance of foreign direct investment.

Reform of the Russian financial system is also essential if modernization is to be successful. A profit tax as high as 75 to 80 per cent should be levied on all stock market profits from investments that last less than seven days (this tax could diminish to zero for investments of three years or longer). In recent years, Russian companies wasted so much energy trying to take each other over that they neglected the foundations of organic growth. To prevent this continuing, mergers and acquisitions must be made much more difficult.

Finally the Russian state must turn itself into a classic developmental state. This will require three kinds of measures:

- Much stricter regulation in energy saving, product quality and ecological standards. As in the EU, the state must force businesses to cut energy use and improve the quality of their products. New quality requirements should be imposed on liquid fuels, automobile engines, energy consumption and construction materials.

- Reform of Russia's bureaucracy to minimize direct contact between officials and entrepreneurs. Tax forms should be submitted via post or the internet; the amount of documentation must be reduced; and starting a business should be made much easier.
- The establishment of a governmental body responsible for enforcing modernization similar to Japan's MITI. It should be responsible for disseminating new domestic and foreign technologies, and could also provide companies with loans for buying new technologies and production facilities.

In short, the Russian state should take the country down the path that other developing countries have already taken. However, I remain sceptical about whether this is likely to happen. For 20 years or so, the Russian state has failed to act in the national interest. Not only is it now corrupt, but also it has been hijacked by various interest groups who see a position in the bureaucratic structure as a business asset. Russian policy-makers now think and act as businessmen. In order to modernize, Russia must first change its political leadership.

There is a second possible path to modernization that doesn't require such a strong developmental state but nevertheless requires radical political decisions to be made. Eastern European states have based their recent economic success on adopting EU practices. If Russia were to accept the EU-wide regulations known as the *acquis communautaire*, comply with European ecological, competition, trade and some social protection standards, and agree to submit to the decisions of the European Court of Justice, it would not only open Russia to European investment and promote a more competitive climate, but also gradually introduce the rule of law into a country in which the elite behaves as if there were no rules at all. Like Turkey, Russia could aim to join not the EU itself but the "European co-prosperity zone".

However, the Russian government is also unlikely to follow this path. The Russian political elite values nothing so much as its sovereignty. Russia has opted out of many binding international treaties and it seems incapable of producing any regional integration model or obeying the rules of any trading bloc. There is no reason to believe that Russia will want to participate in any grouping where it cannot dictate the rules, however theoretically valuable this participation may be.

In short, Russia today lacks the will to modernize, whether through a state-led reindustrialization or by accepting EU practices and standards. The choice of whether or not to modernize is one that many other countries around the world have faced. Those who chose the first path – for example, South Korea, Singapore and Malaysia – evolved into successful countries. Those who chose the latter path – for example, Venezuela, Nigeria and Angola – ended up in a mess. I can easily imagine Russia taking this second path and transforming itself into what Peruvian economist Oswaldo de Rivero used to call a classic non-developing nation. I still have some hope, but little confidence, that Russia will avoid such a fate.

**RUSSIA AND THE
WORLD: MEDVEDEV'S
"EUROPEAN SECURITY
TREATY" PROPOSAL**

Fyodor Lukyanov
Rethinking Security in
“Greater Europe”

President Medvedev’s proposal to build a new European security architecture, which he first put forward in Berlin last June and followed up in Evian in November, was Moscow’s first attempt in 20 years to formulate a coherent foreign policy vision. In some ways, it followed the “new political thinking” that Mikhail Gorbachev expressed in his speech to the UN General Assembly session in December 1988, which dropped Marxist analysis, accepted global challenges and proposed to make the end of the Cold War a “joint venture” of the two superpowers rather than a zero-sum game. The break-up of the Soviet system prevented Gorbachev’s plans from materializing. But the return to the zero-sum logic of ideological confrontation that followed after 1991 was bad for both the “winners” and the “losers” of the Cold War.

Since then, the Kremlin has made few attempts to conceptualize its role in the post-Cold War world. For some time after the collapse of the Soviet Union, the idea prevailed that Russia would simply join the community of prosperous democracies and would therefore share their vision. Since then, Russia’s foreign policy has become purely reactive: it has simply responded to external challenges, with varying degrees of success. The idea of a European Security Treaty is less ambitious than Gorbachev’s original proposal. But the formation of a stable system of international relations in the northern hemisphere could still make an important contribution to maintaining global stability.

For Medvedev, Russian foreign policy since the Gorbachev era has been characterized by continuity, despite the apparent contrast between the Yeltsin and Putin presidencies. His view is that, although circumstances have changed dramatically over the last 20 years, Russia’s basic view of the world remains essentially unchanged. His words in his Berlin speech about “the integrity of the entire Euro-Atlantic space from Vancouver to Vladivostok” reanimated the ideas

of the Gorbachev era.¹ Similarly, his proposal to “draft and sign a legally binding treaty on European security” was a kind of a new edition of the Helsinki Final Act of 1975. Medvedev also supports previous attempts by Russian diplomacy to strengthen the Organization for Security and Co-operation in Europe (OSCE). “An organization such as the OSCE could embody European civilization’s newfound unity, but it is prevented from doing so and from becoming a full-fledged general regional organization”, he said.

Of course, there were also practical reasons why the idea of a European Security Treaty emerged after the new president came to power. At the end of Vladimir Putin’s presidency, there was a very low level of trust and mutual understanding between Russia and key Western powers. Institutions created in the 1990s such as the NATO-Russia Council had exhausted their potential. This lack of an effective framework for dialogue prevented the implementation of ideas that could have provided a strategic breakthrough. For example, Putin’s almost revolutionary idea to exchange strategic assets between Russia and the EU, especially in the energy sector, produced alienation rather than rapprochement. The absence of a framework of military-political security made greater economic interaction impossible.

We can think of the idea of a European Security Treaty as the product of the foreign policy experience accumulated by Moscow over the last 20 years of sweeping changes in Europe and the rest of the world. After the collapse of the Communist system, many in Russia wanted to create a new, united Europe. However, the scale of the geopolitical shift that embraced the whole of Europe and much of Eurasia ultimately proved too large. The West then began to act unilaterally. From 1994 onwards, NATO and the EU began gradually extending their reach eastwards.

Although the issue of the ultimate limits of this expansion was not raised at the time, there was an implicit understanding of where Europe’s frontier should be. As Ralf Dahrendorf put it in *Reflections on the Revolution in Europe* (1990), “Europe ends at the Soviet border, wherever that may be”. During the first few years after the Soviet Union’s break-up, Russia quite unexpectedly and consistently expressed, in quite plain terms, its desire to become part of the new, newly-united Europe. But the Partnership and Cooperation Agreement that Russia and the European Union signed in June 1994 represented a different

¹ The speech can be found at www.mid.ru/brp_4.nsf/e78a48070f128a7b43256999005bcbb3/co80dc2ff8d93629c3257460003496c4?OpenDocument

model of Russia's place in Europe. It set a course not towards EU membership for Russia, even as a long-term goal, but towards co-existence based on rules and norms established by the EU.

Russia's relations with NATO were developed according to a similar model, although, for understandable reasons, they have always been more emotionally coloured. Moscow opposed the expansion of the alliance even in the years when Russian foreign policy was largely pro-Western. The signing of the Russia-NATO Founding Act in 1997 was viewed as a compromise: a closer relationship between Russia and the alliance in exchange for its eastward expansion. But NATO's war against Yugoslavia in the spring of 1999 made Russia change its view of the alliance. Moscow now began to see NATO as a threat.

As a result, Europe was by the middle of this decade once again divided along the lines that Dahrendorf had prophesized. However, between the Russian Federation and the EU/NATO there was now also a new *Zwischeneuropa* of countries that were formerly in the eastern bloc. These countries, of which Ukraine is the largest and strategically most important, have become objects of keen geopolitical competition. This competition is driven by a combination of several factors:

- Russia never found a niche for itself in the new European system created after the Cold War. Therefore, it sees the creation of a system of its own as important.
- NATO has been experiencing an identity crisis since the end of the ideological confrontation. It knows its attempts to go beyond its Euro-Atlantic area of responsibility will most likely fail and is therefore trying to consolidate its role as a universal European security system.
- The EU has been unable to match its economic and demographic might and soft power with geopolitical influence, and therefore struggles to meet external challenges. Problems with the formation of a pan-European political identity have prevented the development of a foreign policy that goes beyond the gradual extension of the EU's legal and legislative frameworks to adjacent territories. The EU will need a long time yet to "digest" previous enlargements.

Together, these factors have created a zone of imbalance and tension in the centre of Europe. Both the EU and NATO have exhausted their potential for

“light” expansion. Both organizations have entered an area of open rivalry, where they will inevitably meet with opposition from Russia.

The situation is exacerbated by the fact that not a single country in the former Soviet Union, including Russia, can say for certain that its borders are historically justified, natural and, therefore, inviolable. Many of the states that have emerged in place of the former Soviet Union are weak and some may not ultimately be viable. In addition, there is a problem of dispersed nationalities, of which the Russians are the largest. This impedes nation-building in states with large Russian minorities and tempts Moscow to pursue a nationalist foreign policy. In the early 1990s, everyone was relieved to see the Soviet Union disintegrate relatively peacefully. But it is too early to take for granted that the challenges brought about by the break-up of the giant empire have been overcome.

A New Helsinki

As mentioned above, the idea of a European Security Treaty, especially in the form it took at the World Policy Forum in Evian, can be seen as a new edition of the Helsinki Final Act. This is not necessarily a strength of the proposal. Anyone familiar with the basics of diplomacy knows the difficulties of attempting to re-establish principles that have already been adopted in the past. Nevertheless, the Kremlin’s logic is understandable. During the last decade, the discrepancy between international rules and the principles guiding the actions of countries has grown. The institutions, organizations and legal norms of the Cold War still exist but have been deformed. Fundamental principles such as sovereignty and territorial integrity have been eroded. Meanwhile, new concepts have emerged such as humanitarian intervention which have no basis in classical international law.

In the context of this growing gap between legal norms and real politics, it makes sense to revisit the principles of the Helsinki Final Act. All the three baskets that served as the foundation for the Helsinki Accords – the military-political, the economic and the humanitarian – now need to be filled with new content. In the military-political basket, discussions could focus on the security functions of the OSCE and on making inviolable Europe’s borders, which have been repeatedly redrawn since 1975. In the economic basket, relations are being unnecessarily politicized by all parties, particularly in the energy sector, which reflects the general low level of trust. In the humanitarian basket, the democratic idea should be protected not only against authoritarian encroachments but also

against attempts to use it for geopolitical purposes, as happens in “democracy promotion”.

Since President Medvedev proposed a European Security Treaty, two major crises have taken place in Europe: the war in the Caucasus in August 2008 and the gas conflict between Russia and Ukraine in January 2009. These crises illustrated once again how dysfunctional the existing institutions are in the military-political and energy-security spheres. The OSCE found itself sidelined during the Georgian war, and Ukraine’s membership in the Energy Charter Treaty did not help to solve the problem of gas transit to Europe. These events have increased interest in Russia’s proposals, and Moscow has begun to make efforts (albeit still insufficient) to fill them with content. However, the general atmosphere of the discussion is not conducive to achieving results. After years of mutual recrimination, Russia and the West now tend to make negative assumptions about whatever the other side says or does.

Since the US and the EU see no need to revise the rules of the game in the security sphere, the discussion should focus instead on responding to new challenges. There are many issues in the security field on which Russia can provide “added value”. Serious threats are piling up in Central Eurasia, a region on which the US administration is increasingly focusing its attention. There is also a need to create a collective security system in South, East and Central Asia. Averting crises in Afghanistan, Pakistan and Iran requires international co-operation, especially because the security of Europe and Eurasia is so closely intertwined. As a first step to responding to these security challenges, Russia’s foreign ministry has proposed holding a meeting of the heads of five international organizations that operate in the Euro-Atlantic region (the OSCE, the Collective Security Treaty Organization (CSTO), NATO, the EU and the Commonwealth of Independent States) in 2010. Russia’s desire to transform organizations such as the CSTO into viable regional structures should be viewed not through the prism of rivalry with NATO and the US, but as a contribution to the creation of an effective toolkit that could be used in the vast space “from Vancouver to Vladivostok” that President Medvedev mentioned in his Berlin speech. Russia does not want to change the result of the Cold War, as some in the West claim, but rather to rethink the notion of “European security” in order to bring it into line with the realities of the 21st century.

Timofey Bordachev

Multipolarity, anarchy and security

9

“You seem to us . . . to take uncertainties as realities, simply because you would like them to be so.”

Thucydides, The Peloponnesian War

On 26 December 1991 we awoke to a new multipolar world. The lowering of the flag of the Soviet Union for the last time the previous evening marked the end of the bipolar structure of international relations that had existed for decades. The multipolar system that emerged in 1991 has proved a durable reality, despite repeated American attempts to create a unipolar system. But, with America’s position weakening, global politics could now move in either of two directions. One possibility is a renewed American effort to achieve global dominance. The other possibility is a shift towards a system of greater co-operation between the multiple poles of power. Such an approach could result in the formation of a stable structure that would guarantee global security – precisely what Moscow has wanted for the past 20 years.

If this new system is to become a reality, it will require Russia, Europe, China and possibly India to make colossal efforts to bring their political, economic and military capabilities up to par with that of the US, because the stabilizing nature of multipolarity depends on the inability of any one power to dominate the others. While not completely stable, such a system would be preferable both to eternal anarchy and to a zero-sum game approach to security policy. Russia’s belief in this possibility explains its objections to NATO expansion and to the installation of American ballistic-missile defence systems in Europe.

The Birth of Multipolarity

By the time the Soviet Union collapsed, the bipolar world had already become more complicated than that term suggests. The ability of the two superpowers to control the less powerful governments within their spheres of influence – the main feature of this historically unique structure of international relations – was far from complete. Nevertheless, until 1991 the US and the Soviet Union remained both stronger than their closest competitors and in almost equal balance with each other. This strategic parity allowed them to dictate to other countries in both military and economic terms. After 1991, one of the powers – the US – was, and still is, stronger than any of its close competitors. In 1997, US military spending exceeded the combined spending of the next six governments ranked in terms of military strength. But Russia's nuclear parity with America meant it continued to play an important role and has underpinned Russia's opposition to America's "unipolar" ambitions. Although it was understood in Moscow, as it was in Washington, that the practical value of nuclear weapons had sharply decreased since 1991, they nevertheless meant that Russia could not be cast in the role of America's junior partner.

What emerged in 1991 was therefore not a classic balance of power between multiple powers. But, in fact, multipolarity has rarely involved a perfect balance of power. Although Rome, Parthia and China in the first century were unequal powers, this did not prevent them from balancing each other in the world arena, helped by the geographical distance between Caesar's empire and the "middle state", and the fact that none had any desire to export their political culture to one another. In this respect, the 74 years between 1917 and 1991 were the exception rather than the rule.

Having rejected the ideological foreign policy of the Soviet Union, Russia now believes in the idea of a balance of powers. Russia long ago freed itself from the Marxist view of history and international politics, and is sceptical of ideological aspects in other countries' foreign policy, which it sees as a means to conventional ends such as control over land and resources. A belief in traditional Westphalian sovereignty is therefore now a central principle of Russia's foreign policy and a key point of difference with the "liberal interventionist" West. Moscow's actions and strategies in the international arena are based on classic realism. However, this doesn't mean a fight to the death, but rather a form of eternal co-existence.

The State and the System

Between 1991 and 2008, America found all its attempts to achieve global hegemony blocked by one or another visible or clandestine coalition. In each of these coalitions, Russia played the most important role. It was the ace in the hole of the multipolar system.

Initially, America acted through international institutions such as the United Nations. But between 1992 and 1999, Russia and China thwarted all of America's attempts to dictate decisions to other members of the UN Security Council. For example, Russia strongly opposed the right of America and its allies to suppress President Milošević's uprising against the new European order in 1999. Although Russia was at the time still struggling to cope with its own internal issues, this did not stop it depriving NATO's actions of international legitimacy by blocking attempts to pass a Security Council resolution in favour of military intervention in Yugoslavia.

Meanwhile, the new world order was becoming increasingly multipolar. For example, during the course of the 1990s, India and Pakistan energetically focused on developing nuclear weapons. The US was unable to stop this process or to punish New Delhi or later Islamabad. The rapid proliferation of nuclear weapons in the post-Cold War world serves as the best example of how unsuccessful attempts by one country to attain hegemony have a negative effect on international stability and safety in general.

The events of September 11 2001 put an end to America's first attempt to establish a unipolar world order. The initial reaction of governments around the world to the 9/11 attacks was to create a united front to tackle the threat from the al-Qaeda terrorist network and the Taliban regime in Afghanistan. This was a natural response from governments to an existential threat from a non-governmental non-organization; their collective aim was to restore the state's traditional Weberian monopoly on the use of violence. As a result, the problem of al-Qaeda's control of Afghanistan was solved within a few months. However, the global anti-terrorism coalition also broke up soon afterwards.

Having halted an attack by the anti-system on its own territory, the US now made a second attempt to create a unipolar world – this time by force. The US again claimed discretion in defining the main threats and governments that needed to be stopped. But because it was more radical in its methods than it had been in the 1990s, the response was harsher, this time not just from Russia

and China but even from some of America's closest allies in Western Europe. Russia joined the coalition opposing the US formed by France. The ostensible US military victory in Iraq was undermined by diplomatic defeat resulting from the perceived illegitimacy of its actions. The outbreak of the global economic crisis in 2008 – itself the result of the creation of financial unipolarity – has added to the US's growing list of problems and caused many more erstwhile US allies to loosen their ties.

Ideal Anarchy

According to the structural approach to the analysis of international relations, unipolarity is the least stable of all possible configurations. It leads inevitably to irresponsible behaviour by the leading power (“absolute power corrupts absolutely”) and makes other powers strive to become stronger. In fact, the international system is even less stable when everyone is struggling against one country that is contending for supremacy. Each subsequent round of struggle demands new efforts from both the contender and the others to increase their own strength. This does not encourage a balance of power – merely further instability.

It is no surprise, therefore, that America's pursuit of unipolarity has led to a rise in anarchy in world politics. It has become increasingly difficult to manage crises within existing institutions and under existing norms. The probability of war has increased – a potentially disastrous outcome given the current proliferation of nuclear weapons around the world. It is worth remembering here that many who argued for a unipolar world did so precisely because they thought it would eliminate the danger of anarchy in the global system. The need to solve this issue forces one to look for new solutions.

One solution suggested by some American liberals is the concept of the “Autonomy Rule”. Kupchan and Mount write that “the terms of the next order should be negotiated among all states, be they democratic or not, that provide responsible governance and broadly promote the autonomy and welfare of their citizens”.¹ This overlaps with the idea of “collective leadership” that has been a key tenet of the Russian foreign policy establishment for a rather long time. Sergey Lavrov writes that “collective leadership by the world's leading

¹ Charles Kupchan and Adam Mont, “The Autonomy Rule”, *Democracy: A Journal of Ideas*, no. 12, Spring 2009, available at www.cfr.org/publication/18737/autonomy_rule.html, pp. 9-10.

governments [...] will make it possible to come closer to solving the issue of governance in the modern world”.²

The “Autonomy Rule” and “collective leadership” both acknowledge the multipolar nature of the international system. Of course, the stability of the system will depend on the relative strength of the multiple poles. Even after their own colossal growth in the 2000s and the economic crisis in the US, countries such as India, China and Russia are still unlikely to be able to catch up with America in military or even economic terms. But that need not matter. A multipolar system has already come into existence in practice, even though these countries’ economies were nowhere near the size of America’s. Even without any active efforts, therefore, there has been much progress in restoring the natural state of anarchy, which need not be a synonym for “the war of all against all”.

Anarchy and Security

The tantalizing dream of world governance remains unfulfilled because of the competitive nature of international relations. Liberal foreign policy philosophy increasingly preaches humanitarian intervention in the name of individual rights. However, Russia claims that the suppression and denial of some rights to individuals is an unavoidable condition for peace within a society. Russian foreign policy discussions tend to focus on the need to make the world more stable rather than on the development of a universal model of government. Russia is therefore a firm believer in legality as the guiding principle for interaction between elements of the international system, rather than in the hypothetical possibility of spreading any one model of government to the international arena.

In the last two decades, the US has twice tried and failed to spread its own model of democracy around the world. Many Russian authors believe that the reason for this failure is that it tried to promote democracy under the banner of the “struggle for unipolarity”. Some pragmatic American liberals now recognize the possibility and even the need for the co-existence of various different models in the future. However, even if we have not yet reached the “End of History”, these new model liberals still assume it will be achieved some time in the future. The thought that order was and always will be an impossible state in

² See Lavrov’s speeches at http://www.mid.ru/brp_4.nsf/main_eng

the international system just doesn't occur to them. In fact, all human history shows just how ungovernable the world really is.

For example, Europe was only truly governable in the period from 1815 to 1853 – in other words, until Russia annexed part of the Ottoman Empire. Once France had amassed enough strength and courage to avenge the humiliation of 1815, a series of wars ensued, from the Crimean War (1853-1856) to the Franco-Prussian War (1870-1871). Each conflict was caused either by a reaction of the international system as a whole to a sharp increase in strength by one of the poles or by one country aiming for dominance. Successful world government is in fact no more than the ability of governments to hold back temporarily from the continuous struggle for leadership and to forgo military confrontation. History has shown that peace treaties – whether for a fixed term or of unlimited duration – have helped hold countries back from such conflicts. In other words, peace comes from a well-defined balance of power. National security is a product of the structure of international – more exactly, interstate – relations. Maintaining the stability of this structure, in turn, is impossible without the participation of the strong poles. Russia, China, India and Europe have a lot to work on.

Boris Mezhuyev

10

The Medvedev Initiative: the Origins and Development of a Political Project

In June 2008, President Medvedev proposed a conference to develop a new European security treaty. Behind the proposal was a set of principles that included a commitment to the peaceful resolution of disputes, the use of force only as a last resort and as permitted by international law, and the consistent use of legal norms in international disputes. These principles are also encoded in Russia's national security strategy and in recent statements by the president. Medvedev's call for a renewal of intergovernmental dialogue on security in Europe forms part of a long tradition in Russian history that goes back to Peter the Great. It is also characteristic of the new Russian president's general approach to politics, which is best defined as legal universalism. Russia has long been critical of the double standards that have emerged in international politics and, in particular, of the way that coalitions of great powers sometimes deny some nations rights that they grant to others. As a response to the emergence of such double standards in the 19th century, Tsar Nicholas II helped convene the Hague Peace Conference in 1899, which laid the foundations for international legislation governing the principles of war in the modern world. Medvedev's assertions of the supremacy of law in international relations are a conscious attempt to renew this tradition.

The point of departure for Medvedev's initiative is the failure of the Organization for Security and Cooperation in Europe (OSCE) to manage security in Europe. An institution founded in 1975 within the framework of the Helsinki Accords, it laid down basic principles for peaceful co-existence in Europe, including the inviolability of state borders and respect for a single standard of human rights. These principles formed the basis for the idea of a "Greater Europe — from Vancouver to Vladivostok" that would go beyond military blocs such as NATO and economic unions such as the EU.

However, despite the hopes associated with it, the OSCE was a weak and ineffective organization that was never given real power to uphold the principles affirmed in the Helsinki Accords. In Russia's opinion, OSCE representatives were also too preoccupied by the third basket of the Helsinki Accords, which focused on humanitarian issues, and neglected the first basket, which was concerned with military and economic security. Consequently, the borders of European countries continued to change, sometimes as a result of unilateral separatist demands. This undermined the principles of national sovereignty and territorial integrity. For example, the Kosovo region of Yugoslavia was practically sawn off by force and transformed into an independent state.

Russia's leaders concluded that the OSCE was no longer an independent, objective organization. It seemed that, since the end of the Cold War, the OSCE had turned into an instrument through which the "winners" – in other words, the countries of the West – could control the "losers" – in other words, Russia and her European allies. Russia came to the conclusion that, rather than promoting pan-European interests, the OSCE was in fact part of the unevenly-balanced system that had defined the world after 1991 – a world divided into NATO and the EU on one side and the rest on the other. The OSCE was in effect a department of the EU designed to deal with "the rest".

The European Vacuum

If Medvedev were motivated simply by dissatisfaction with Russia's position in Europe, his proposals could easily be ignored. In fact, however, they are also based on a recognition that there is a vacuum in international law in Europe. This vacuum manifests itself in the attitudes of both Russia and her Western partners towards breakaway regions or states. In 2008 – the year that Medvedev announced his initiative in Berlin – a large number of Western countries recognized the independence of Kosovo, while Russia recognized the independence of South Ossetia and Abkhazia. The justification was more or less the same in both cases: the genocide of an ethnic minority by the ethnic majority; acts of armed aggression; and the unwillingness of the insurgent enclave to share a state with a nation that had subjected it to mass slaughter.

However, despite this symmetry, the chances of the EU recognizing the independence of the two Caucasian republics are as low as those of Russia recognizing the independence of Kosovo. There are also no clear-cut legally-binding norms defining how the international community should react if, for

example, Moldova attempts to take control of Trans-Dniester by force, or in the event of an armed conflict between Greek Cypriots and the republic of North Cyprus. In the absence of such norms, international law is in limbo. It is not clear whether it is there to protect current state formations, ethnic communities or the rights of individuals.

Medvedev's initiative also leads us to an even wider range of issues in international relations such as the problem of state sovereignty and the right to use force against sovereign states. In both Russia and the West, the solution to these problems has often been subordinated to political needs: experts on both sides have fiercely defended state sovereignty when the threat to this sovereignty comes from the opposite side, and just as fiercely asserted the need to reconsider the principles of the Westphalian system when the threat comes from their own side. For example, following the NATO intervention in Kosovo, the theory of "humanitarian intervention" became widespread in the US and Europe. Similarly, as the US planned to invade Iraq in 2002, American neoconservatives insisted that international law allowed dictators to hide behind a wall of 'sovereignty'.

In the same way, Russia's intervention in Georgia led to calls in Russia for a reevaluation of the Westphalian model of state sovereignty. Several influential Russian experts began to argue that the era of unconditional recognition of sovereignty had come to an end and that Russia should adopt the European approach to national statehood, which prioritizes the rights of ethnic and other minorities. However, these ideas did not catch on in Russia. In his speech at the World Policy Conference in Evian in October 2008, President Medvedev proposed five principles that could form the basis of a future security treaty. The first principle was "respect for the sovereignty, territorial integrity and political independence of states". In other words, the territorial sovereignty of nation states should remain sacrosanct.

Inevitably, many Western experts saw Medvedev's initiative as a perfect chance to attack Russia. Stephen Sestanovich, an American expert on Russia, said that Medvedev's initiative would play into the hands of Washington and its policy of containment towards Russia. "It is not easy to imagine a European security conference, now or in the future, in which Russia would not be isolated by its own behaviour", he wrote in an article in *Foreign Affairs*. "Would anyone but Russia oppose the principle that all states are free to join alliances of their own choosing?"¹

¹ Stephen Sestanovich, "What has Moscow Done? Rebuilding US-Russian Relations", *Foreign Affairs*, November/December 2008, available at <http://www.foreignaffairs.com/articles/64603/stephen-sestanovich/what-has-moscow-done>.

However, Medvedev also emphasized that no one state (including Russia) or international organisation can have a monopoly on maintaining peace and stability in Europe. He therefore proposed reducing the role of NATO and other blocs in guaranteeing European security. According to the suggestions put forth by Russia, it is necessary to say “no” to guaranteeing one’s own security at the expense of that of others; to allowing actions by one or another military alliance or coalition that would weaken the unity of the general area; and to developing military alliances at the expense of the security of others. If both sides can agree that the area “from Vancouver to Vladivostok” will be free of military blocs capable of using force in Europe without consulting with other participants of the proposed “Helsinki II” agreement, Russia need not fear that it will turn into an anti-Russian political instrument. Russia would have to give up its right to unilateral action in Europe, but so would its European partners.

Medvedev’s initiative also addressed the question of energy security in Europe. At the EU-Russia summit held in Khabarovsk in May 2009, both sides discussed the lack of clarity in the existing international legislation on energy. The EU insisted that Russia ratify the Energy Charter, which foresees a guarantee by the provider of energy supplies to the consumer. But in Russia’s opinion, European energy security should take into account the interests of both suppliers and consumers. Moscow is concerned by the persistent attempts by some European countries to guarantee their energy supply by cutting Russia out of the picture. It is also concerned by the unreliable behaviour of transit countries, which have been profiting from their geographical situation. Russia therefore considers it necessary to create a new document that would cover these broader issues.

A New Framework

After the fall of the Soviet Union, there emerged two views within Russia about the post-Cold War world in which the stakes were stacked firmly against Russia. The first view was that, because of its own weakness, Russia should adapt to the existing world order. Initially, discussions centred on whether Russia should accept the legal standards of the existing world order. However, since the wars in Yugoslavia and Iraq, it has become clear that those who considered themselves the “winners” of the Cold War did not intend to respect these standards themselves. At that point, those who argued that Russia should adapt had to make a difficult choice between two possible responses. One possibility was to argue that Russia should simply accept these double standards. The other possibility was to take a somewhat puritan attitude towards their own

country and demand that it follow the letter and the spirit of international law, regardless of how others behaved.

The second view of the post-Cold War world was that, as a great power, Russia should simply ignore international norms and pursue its own national interest. According to this view, it was perfectly acceptable for Russia to recognize South Ossetia and Abkhazia without regard to legal considerations, particularly because our Western partners were acting no differently themselves. Those who held this view often condemned Russian foreign policy for its attempts to respect the norms of international law even when it was of no practical advantage to Russia. The problem with this view was that by demonstratively rejecting international norms, Russia would inadvertently encourage opposition from other countries that did not want to see its position as a revisionist power strengthened.

In some ways, Medvedev's initiative ended the standoff between these two equally flawed views of Russian foreign policy. He suggested that Russia would no longer have to passively accept the existing rules of international relations nor follow others in "double standards" that are essentially foreign to the country's nature. At the same time, however, the initiative illustrated that Russia does not intend to use the current legal vacuum to pursue its own national interest at others' expense. Instead, by articulating new norms of international relations that address 21st century issues and which could form the basis of a new legal order in "Greater Europe", Russia sketched out a new framework within which political disputes could be resolved.

Afterword

Gleb Pavlovsky

How the West Misunderstands Russia

11

In his report from the “What Does Russia Think?” conference held in Moscow in the summer of 2009, the *Washington Post* columnist David Ignatius advised President Obama to draw insight from the novel *The Brothers Karamazov*. Ignatius wrote that “the modern Russia of Vladimir Putin is still struggling with the same political riddles that Fyodor Dostoevsky described 130 years ago” and claimed that Putin, like Dostoevsky’s Grand Inquisitor, had persuaded Russia to trade its “anarchic freedom” for “miracle, mystery and authority”.¹

A few days later, a new Russian mystery emerged during Obama’s lecture at the Russian School of Economics (RSE). After the audience of students discreetly yawned at the overtures of the American president, the former US ambassador James Collins noted with tedium the “cynicism of the young generation”. But the ambassador was wrong. The Anglophile idealists at the RSE are the best that Russia has – the cream of the crop. But because they are *already* the bearers of Russian soft power, they are immune to the soft power of others, which tells you more about today’s Russia than the ancient writings of Dostoevsky – which are, in this case anyhow, irrelevant today.

Without this battle for “hearts and minds”, however, the US-Russia summit could have been pointless. Obama had come to meet the Russian president, whom he considered weak, to receive a couple of signatures in return for the promised “reset” of the relationship between the two countries. Obama attempted to appeal directly to the Russian audience at the RSE. But, from a global perspective, who really has greater “soft power” – Obama or Putin? Putin was certainly able to compete with Obama even in the RSE, which is not his strongest turf. In addition, President

¹ David Ignatius, “The Grand Inquisitor”, *The Washington Post*, 2 July 2009, available at www.washingtonpost.com/wp-dyn/content/article/2009/07/01/AR2009070103025.html

Medvedev proved that Putin's leadership is his own presidential resource. This was a demonstration of Russian political strength, not weakness.

Is Russia Weak?

The West persistently repeats, like a mantra, that Russia is “weak”. This idea of Russian “weakness” is based on comparing Russia with the Soviet Union – a comparison that, although methodologically flawed, is also popular in Russia. Measured by Soviet standards, Russia has of course weakened. But as former National Security Advisor Brent Scowcroft has noted, Russia still “has enormous capacities to influence the US security strategy in any country”. A country that has such influence over a military superpower cannot be considered weak. In fact, the issue is not Russia's strength per se, but whether it intelligently applies and concentrates that strength.

The new Russia has transcended its Soviet identity and managed to put down uprisings in the post-Soviet space as far away as Tajikistan. It has dealt with a new generation of security threats on its territory – such as the societal terror of Chechen warlord Shamil Basayev – entirely on its own. Moreover, it has prevented this threat becoming internationalized and turning into a global force in the way that al-Qaeda did. Russia also helped other new nations in Eastern Europe create identities of their own. Is this not a contribution to international security? Doesn't all of this demonstrate Russia's global know-how?

The US has itself recognized the Russian factor in post-Soviet state-building processes. Russia's activities in the Caucasus, especially since 2000, do not only benefit Russia. By bringing recalcitrant minorities into a new security consensus, Russia has helped transform local ethnic conflict into a constructive process of nation-building. Therefore, when Russia claims to be a central element in the security of Eurasia, on a par with the US and the EU, this is not a claim by a Hobbesian state that wants to play the role of the Leviathan. Rather, it is an argument in favour of a universal legal order. In the words of Boris Mezhuyev at the “What Does Russia Think?” conference: “Pity the Hobbes who does not dream of becoming a Kant!”

The New Global Russia

The debate about whether the US should allow Russia to have “special interests” in Eastern Europe is a pointless one because the interests of Russia are by necessity becoming global. In fact, the agenda of Russian-American relations includes issues such as treaties on the reduction of strategic weapons and on nuclear non-proliferation (START I and II, and NNPT); the planned Missile Defence System; NATO; Afghanistan; Iran; Central Asia; North Korea; and the post-Soviet space. These are all global, not local, issues.

Russia can be effective in dealing with these issues only if it becomes a competent global actor. However, America does not really see Russia as a global actor. Russians complain of “anti-Russian thinking”, but what they should really be complaining about is “a-Russian thinking”. Other countries’ carefully thought-out schemes invariably exclude Russia: they grant Russia some external region of interest, but only as a means of preventing it becoming a real global player.

For example, many of the participants at the “What Does Russia Think?” conference seemed to assume that world politics should be designed to bypass Russia. Everywhere we Russians are expected to *support* something without participating in *creating* it. For instance, we are supposed to help stabilize the region around Afghanistan, but only in order to create a “greater Central Asia” that will not include Russia. Russia is expected to play the role of a global caryatid that always provides external support but is never invited inside the building.

Ambassador Collins, who is now head of the Russia and Eurasia Programme at the Carnegie Endowment for International Peace, said President Obama wanted to appeal to the “new Russia’s emerging leaders to join us in tackling an agenda of the future”.² In reality, however, the US simply wants Russia to agree to the old American agenda. We must also not forget that the Russian experience of the last 20 years – which for us is exceptionally important – has little in common with the American experience during the same two decades. From an American point of view, the new Russia is either still the former Soviet Union or else an inchoate state – a blank spot on the map somehow supplied with strategic armaments and sovereignty for no good reason.

² See his recent panegyric about Obama, James Collins and Jack Matlock, ‘A Chance for a Nuclear-Free World’, *Foreign Policy*, 6 July 2009. Available at http://www.foreignpolicy.com/articles/2009/07/06/a_chance_for_a_nuclear_free_world; Collins, “Obama and the Moscow Summit: A Job Well Done”, 9 July 2009, available at <http://carnegieeurope.eu/publications/?fa=23383>

Russia between America and the EU

The American approach of using preventive force around the world is a strategic threat for Russia. So is the dogma from which it follows and which Obama has not abandoned: that the US must seek to preserve unquestionable military superiority indefinitely. So too is US nuclear strategy, at least when it includes the idea of “nuclear disarmament by force” and “disarmament strikes” against what it defines as unstable states. Scenarios for the disarmament of Pakistan are being openly discussed at practically the highest official level in Washington. Russia cannot afford not to take into account such consistent and persistent elements in American political thinking or to fail to think about what the consequences of this thinking might be for Russians.

The US does not want stability in Eastern Europe. Its participation in regional coalitions is always a part of far-reaching macro-regional projects (Caspian/Caucasian, Iran/Turkey/Black Sea, Central/Middle Asia) or global ideological campaigns such as the “promotion of democracy”. Its principle aim is the globalization of the politics of interference and the subsequent exploitation of the consequences of interference.

Europe, meanwhile, is strategically dragging its feet. It has difficulty defining the scope of its global interests and, even when it begins to do so, it stumbles on its own internal decision-making procedures. But until Europe defines its interests more clearly, it is likely to continue hoping that Russia does not play a role in any potentially significant places in the world. At the same time, Europe also finds it hard to swallow the idea of an exclusive relationship between Russia and the US.

Instead of dealing with a real, global Russia, the Europeans would prefer a moderated and truncated version of Russia that has been specially designed to be manageable by them. However, the ambivalence does not end here. The Europeans sometimes also demand that Russia has a responsibility to stabilize Eastern Europe. The EU says it needs “geostrategic stability” on Russia’s left flank. But it fails to understand or accept the methods that Russia uses to achieve this stability and insists on interfering at any moment in any part of Eastern Europe without consulting Russia. In fact, it considers this its right.

Thus the US refuses to recognize, and the EU refuses to accept, the reality of a global Russia. This is the biggest problem in relations between Russia and the West. The US and the EU must choose to do business with the real Russia, not an imaginary one, and take responsibility for the consequences of their choice.

Safe Russia

It is clear that modern Russia lacks global “status” in the Soviet meaning of the word. But the US has also been unable to achieve the global status of a “Yalta superstate”. The global military power of the US is undisputed, although it is increasingly infrequently used. But does that mean Russia is only a regional power? Sprawled over 11 time zones between the EU and the US, of which no less than five border China, it is impossible to expect Russia to remain simply a regional power. A state that is involved in three global regions (Europe, Eurasia or Central Asia and the Far East, not to mention the Arctic) and borders several others cannot be considered “regional”.

Moreover, the regions in which Russia has interests are ones that face a number of problems. Russia is therefore forced to seek some influence over the programs already being carried out in these regions by other powers of various sizes, from China and the US, to the EU and Iran. Russia is expected to act in ways that are beneficial to the interests of the US and the West as a whole. But it is actually in the American interest to enhance the capacity of Russia to act – in other words, to strengthen a globally competent Russia. This would be a Russia that acts in pursuit of its own interests – the same way that the US and the EU act.

Are Russians Capable of Consensus?

Americans sometimes suggest that the Russians have their own strategic agenda that is somehow hidden from the US. This is usually either a deliberate provocation or an example of the kind of Dostoevsky-inspired stereotype that Ignatius used in his column in the *Washington Post*. At the “What Does Russia Think?” conference, the participants attempted to decipher the “Moscow consensus” just as Rilke tried to decipher the “Russian soul” a hundred years ago. At times, the Russian participants felt like an exotic tribe who were being studied by a group of American and European anthropologists.

The consensus that Putin has created in Russia since 2000 is more than a question of interests; it is a value-based reality. It is based on the possibility of a free life in a secure environment – something that Americans take for granted. For many years we had to deal with the problem of Russia’s very existence rather than the problem of the quality of its governance. Putin’s consensus made it possible to achieve both of these goals *within* Russia (without foreign assistance and interference). However, in order to solve other problems we need to go beyond Russia.

A mechanism of permanent working debates would be especially useful. One of the most important results of the Moscow Medvedev-Obama summit was the creation of the Presidential Commission – a working forum for the development of Russo-American relations, including co-operation between representatives of civil society within the framework of the McFaul-Surkov working group. In the meantime, while we wait to see whether all of this new infrastructure will become a reality, civil society carries out guerrilla operations of its own in the field of contemporary strategic dialogue. One such operation was the conference “What Does Russia Think?”

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Vyacheslav Glazychev, “*Horror vacui* – fear of empty space – is most probably the important underlying reason” why Russians back Putin.

Valery Fadeev, “If the current crisis is not strong enough to force us to make hard choices, we will never be able to match the economic leaders of the world”.

Vladislav Inozemtsev, “Russia today lacks the will to modernize, whether through a state-led reindustrialization or by accepting EU practices and standards”.

Timofey Bordachev, “Having rejected the ideological foreign policy of the Soviet Union, Russia now believes in the idea of a balance of powers”. “Between 1991 and 2008, America found all its attempts to achieve global hegemony blocked by one or another visible or clandestine coalition. In each of these coalitions, Russia played the most important role. It was the ace in the hole of the multipolar system”.

Gleb Pavlovsky, Many in the West “assume that world politics should be designed to bypass Russia. Everywhere we Russians are expected to *support* something without participating in *creating* it”.