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Russia's Strategic Choice: Conservative or Democratic Modernization?

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Key Points

- ▶ The impact of the global financial crisis (a 9% GDP drop in 2009) initiated a heated domestic debate as to whether Russia's performance legitimacy, the hallmark of the Putin years, should in the Medvedev presidency be buttressed by increased procedural legitimacy.
- ▶ Given the fundamental nature of this issue (the distribution and exercise of power, privilege and wealth) a highly contested debate over which strategic pathway Russia should adopt has unfolded, with elite opinion and interest appears divided between whether to continue with a 'conservative' or embrace a 'democratic' modernization paradigm.
- ▶ Central dilemmas have been identified by critics of each strategic pathway. While it is accepted that 'conservative' modernization promises political stability and economic development in the short-term, might this lead to institutional and systemic paralysis and stagnation over the longer? While 'democratic' modernization promises economic development through political renewal over the longer-term, would the short-term political upheaval and disruption weaken the Russian state and derail this project? In other words, do the means distort and so defeat strategic ends?
- ▶ The fact that Russia is emerging from that crisis faster than expected suggests that business as usual will be the response – the 'conservative' modernization paradigm will further consolidate in the short-term. However, given the structural and systemic weaknesses of the Russian Federation must be addressed if Russia is to re-emerge as a centre of global power, modernization discourse will dominate the 2012 presidential election, if not necessarily governance thereafter.

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In the wake of the global financial crisis, a debate over necessary policy responses morphed into something much more profound and fundamental – the sustainability of Russia's current governance model and its preferred longer-term modernization paradigm. On 10 September 2009 President Medvedev published a remarkably frank article entitled 'Russia, Forward!' This article noted that Russia's governance model appeared to be failing, proving vulnerable in the face of the global financial crisis. President Medvedev himself criticized Russia's 'humiliating' dependence on raw materials, as well as its 'inefficient economy, a semi-Soviet social sphere, an immature democracy, negative demographic trends, unstable Caucasus.'¹ In his 12 November 2009 Message to the Federal Assembly, Medvedev elaborated further on this theme: Russia could either modernize or deteriorate; modernization would provide a touchstone for 'how we can overcome our chronic backwardness, dependence on raw materials exports, and corruption'.² On 3 February 2010, the Institute for Contemporary Development (INSOR) published a report that received widespread coverage entitled *21st Century Russia: The Image of Tomorrow We Want*. As President Medvedev had created INSOR in 2008 to give him independent advice on economic and foreign policy and sat as a trustee on its board, this report received widespread publicity. Such publicity was magnified as the report touched just about every exposed nerve by advocating that Russia should join NATO, end censorship, abolish the state security service, and adopt a Western-style democracy, entailing the separation of the courts from the state, of the legislative branch from the executive, horizontal modernization (characterized as the de-bureaucratization of the vertical top-down corrupt, over-regulated economic process)³. Without change, Russia faced a strategic *cul de sac* that leads to slow and steady strategic marginalization: 'In a few years, when it turns out that Russia has nothing to boast about except

export supplies of raw materials at prices that are dictated to us, we will be exporting people. And, not only the cleverest like now, but any workers, who are in demand in Europe, as is happening today in Latvia, for example. I frankly do not know what Russia should do in this situation. This problem will be one of the main ones for the president who is elected in 2012.'⁴

Democratic Modernization

The advocates of 'democratic modernization' argue that the *sine qua non* of sustainable modernization in Russia is political liberalization. Political liberalization introduces accountability and transparency to the decision-making process and so is needed to overcome a status quo bureaucracy. Former Prime Minister Mikhail Kasyanov, the leader of the Russian People's Democratic Union, has argued that social and economic modernization in Russia would be impossible without changes in society and the political system: 'Any actions to modernize the country must primarily envisage removing censorship and opening up the information space and all kinds of media, abolishing restrictions in order to ensure independent political activities, including freedom to establish and register political parties, to immediately establish the institution of free and honest elections as a fundamental institution for the power of the people.'⁵ The head of 'A Just Russia Party', Sergei Mironov, noted that social conflict could be avoided by real political competition, as this acts as a safety valve, and the leader of the Yabloko Party, Sergei Mitrokhin, stated that modernization must begin with free media, which entailed ending the government monopoly of national media and its ability to censor content.⁶ Although its proponents recognize that democratization efforts in the short term would be destabilizing, they argue that without political liberalization and competition to replace clan consensus, not only will the institution of the presidency fail to function, but also that real political conflict would erupt over the longer term.⁷

Box 1: The Virtues of Democratic Modernization

"The success of economic modernization in Russia depends to a large extent on the creation of the kind of political party system that would help the authorities to avoid erroneous decisions. A characteristic feature of such a system is party pluralism. Its normal development in Russia is being obstructed by two factors: The ruthless control from above directing the processes of party organizational development and the administrative clout that the strongest of the parties, United Russia, enjoys to an incomparably greater extent than other parties...; the creation of a mono-centric party and state system, even if there are many parties in the political arena, blocks the democratic process." Primakov Y. (2010), 'The Choice Facing Russia', *Rossiyskaya Gazeta* 14 January.

Conservative Modernization

The United Russia ruling party has been the leading advocate for the ideology of 'sovereign democracy', and on the occasion of its 11th Congress in St. Petersburg in December 2009, the party embraced Russian conservatism and 'conservative' modernization. 'Conservative' modernization, according to Andrey Isayev, first deputy secretary of the United Russia general council presidium, represents a new stage in the eight-year ideological evolution of United Russia party. Andrey Vorobyev, head of the party machine, supported this notion: 'Russian conservatism has become the logical

continuation of the idea of sovereign democracy.' Boris Gryzlov, chairman of the United Russia Party Supreme Council and chairman of the State Duma argues that Russia's development must adopt a balanced and conservative approach to modernization – in essence stability should be the watchword and 'preserve and multiply' the slogan. He suggested that the framework of conservatism is more consistent, reliable and effective in addressing the tasks of modernization than 'other ideologies that are represented in our political spectrum' which 'lack attention to the national interests of Russia, to the traditions of Russia.'

Box 2: Stability for Development

"Modernization of Russia must be based on conservative values. These are patriotism, family values, historical memory, respect for traditions, a healthy and growing nation, guarantees of private property, and a respect for the law. It is accord between people of different nationalities and different religious beliefs. It is a sense of responsibility for one's own fate, one's own family, a sense of responsibility for the future of one's own country. And already such a sense of responsibility demands consistent, carefully thought out decisions. It demands planning of development. If we do not plan, that means others will plan for us." Gryzlov B. (2009), 'To preserve and multiply: conservatism and modernization', *Izvestiya* website, Moscow, in Russian, 1 December.

Boris Makarenko, chairman of the Political Technologies Centre Management Board, characterizes 'conservative' modernization as 'conservative in terms of its content, nonviolent in terms of its methods, and democratic from the viewpoint of reliance on long-established national democratic institutions.'⁸ 'Conservative' modernization is thus presented as a gradualist and organic development which, in the words of the Chief Editor of *Ekspert* magazine, V. Fadeyev, represents 'the very kind of conservative modernization that does not destroy the fundamental structures of the life of society.'⁹ Vladislav Surkov, instigator of the concept of 'sovereign democracy', elaborated his vision of modernization in terms of 'consolidated modernization', as antidote to 'spontaneous modernization', which he contended opened the way to chaos and confusion: 'Some people call this authoritarian modernization. It is all the same to me what they call it.'¹⁰ First Vice Premier Igor Shuvalov reinforced this analysis when he stated: "We need the kind of modernization that must not exceed the threshold of normal losses. Otherwise all of this will mean for all of us a factor of high social instability that will cause this entire venture to culminate in a new wave [of instability]."¹¹ Accordingly, 'conservative' modernization avoids the dangers of unmanaged democratization that led to chaos in the 'wild '90s', characterized by 'shock therapy

privatization', delays in wage and pension payments, as well as the default of 1998. However, 'conservative' modernization is not without its detractors, not least those advocating 'democratic' modernization as a viable alternative. Yevgeny Primakov identifies a key challenge to modernization as 'the inertial thinking of extremely influential circles that insist that the main oil importers are gradually emerging from the recession and oil prices are stabilizing at a pretty high-level. In their opinion, continuing the course of preferentially supporting the major raw-material companies will recreate the favourable pre-crisis situation that contributed to the growth of GDP and the prosperity of the population in Russia.'¹² The political analyst Stanislav Belkovskiy is more explicit on this point, arguing that for the Russian political elite 'democratic' modernization 'is definitely not needed for calm and quiet embezzlement of state billions, because in case of democratization the society can ask the ruling elite: where has the money gone, and where are the results of modernization?' Rather, the political elite 'intends to use the term exclusively for its own opportunistic purposes connected to business. For the ruling elite of contemporary Russia modernization is a way to withdraw from the budget and budgetary funds a certain amount of billions of dollars for various projects of different degrees of adventurism and to embezzle these billions.'¹³ Anton Orekh, a prominent commentator on Ekho Moskvy radio,

concludes that due to the strength of such entrenched interests: 'real modernization will only begin on the day when the last drop of oil is extracted from swampy Siberia' and major gas deposits run out in Russia. Under these

circumstances – 'modernization will have to be effected quickly and it will have to be forced.'¹⁴

Box 3: Perestroika Redux

"Russia will only advance with confidence if it follows a democratic path. Recently, there have been a number of setbacks in this regard. The democratic process has lost momentum; in more ways than one, it has been rolled back. All major decisions are taken by the executive branch; parliament just gives formal approval. The independence of the courts has been thrown into question. We do not have a party system that would enable a real majority to win while also taking the minority opinion into account and allowing an active opposition. There is a growing feeling that the government is afraid of civil society and would like to control everything." Gorbachev, M. (2010), 'Perestroika, 25 years later', *International Herald Tribune*, March 31, p. 6.

Common Ground?

Medvedev's 'Forward Russia' article provided focus and impetus for an ongoing elite debate over the nature of Russian modernization, with broadly two camps emerging around the notions of 'democratic' and 'conservative' modernization. Though these two strategic options have clear differences, they share three important characteristics. First, both strategic approaches agree that 'forced' or 'authoritarian' modernization was not to be countenanced, whether in its Tsarist or Soviet variant. Second, the economic aspect of modernization should focus on technological innovation. Third, they share the same ends, in so far as both want to see Russia as a stable, self-sustaining and independent strategic actor. Interestingly, both supporters and detractors of 'conservative' modernization look to China to validate their positions. Supporters argue that China has managed a large-scale economic modernization process with a single party system and while maintaining strict political control and internal stability. Critics contend that the Chinese model was irrelevant for the Soviet Union and is irrelevant for the Russian Federation. The Soviet economy surged before economic development stagnated, strangled by the bottleneck of making large-scale political and national decisions. This future lie ahead for China, as is the challenge of maintaining stability, while around 700 million Chinese in Western China live without social security, pension provision, and central medical services. Moreover, even if China were to prove successful over the longer term and avoid the Soviet fate after 70 years (2019), China unlike the multi-national and multi-confessional Russian Federation is much more of a mono-ethnic state, with its own historical traditions and political culture. Chinese-style 'conservative' modernization is not a viable option for Russia.¹⁵

Sound and Fury?

Does such contestation highlight a genuine and deep-seated, fundamental and strategic division over Russia's future pathway at the very top of Russia's governance structure, or is it a mirage, sound and fury signifying nothing? President Medvedev champions a minority progressive 'democratic' modernization project, while Prime Minister Putin upholds the majority reactionary 'conservative' variant.¹⁶ Certainly, United Russia party representatives have tried to bridge this apparent gap with an uneasy hybrid formula 'for stability and for development' and the 'constant creative renewal of society without stagnation or revolution.'¹⁷ Or is there a sophisticated and coordinated division of labour at work: 'Mr. Medvedev is the good cop who talks up modernisation, meets human-rights groups and negotiates nuclear-arms treaties with America's Barack Obama. Mr. Putin, the bad cop, runs Russia and distributes the money, as he made clear in the recent conference of his United Russia party.'¹⁸ Andrey Illarionov, a well-known economist and former advisor to Putin, takes an even more cynical stance: 'In recent months, the following story has become quite popular: There are two camps in the Russian leadership, Putin's and Medvedev's; the question is, which camp Medvedev belongs to. In actual fact, the mystery of the year is a slightly different question: is Mr. Medvedev part of the state leadership at all?'¹⁹

Policy Implications

Although former and current elite figures have contributed to this debate – including Mikhail Gorbachev, Yevgeny Primakov, a host of contemporary party leaders, as well as key officials in the executive branches of power – lots of sound has not been accompanied by much fury. In the short term the significance of this debate is cosmetic at best. The ideology of 'sovereign democracy', so prevalent before the

financial crisis, has morphed into 'conservative' modernization – business as usual being the Russian governance default position. The current dominant rent-extraction model in Russia allows both the state bureaucracy and state-oligarchs to use the mantra of political stability to preserve a status quo that enables them to enrich themselves through the control of resource distribution. As Russia is recovering from the financial crisis quicker than expected, this crisis no longer creates an imperative for painful structural reform. In 2010, for example, the European Commission prepared and presented to Moscow its project entitled 'Partnership for modernization', and in response President Medvedev welcomed and extolled the virtues of the free exchanges of goods, services and people, but not political liberalization.

However, the significance of this policy debate should not be underestimated over the longer term: 'conservative' modernization is unable to

transcend the structural and systemic problems Russia needs to overcome in order to re-emerge as a centre of global influence and even power. The debate will not go away. It is generated by growing visibility of gaps between official rhetoric and the current reality – gaps which undermine state prestige, elite reputation and personal credibility. The need to maintain performance legitimacy and the desire for status quo and continuity is no longer mutually self-supporting and reinforcing. Russia's dependence on a raw-material export-based economy, the pervasive effect of corruption (particularly on inward investment), a steadily falling population, stagnating military reform and the proliferation of a low-intensity conflict through the North Caucasus will need to be systematically addressed in the next decade to 2020. Will the next Russian president campaign as a 'Russian Erhard', a 'Russian Deng Xiaoping', or a 'Russian Lee Kuan Yew' – and after the elections in 2012, how will he govern?

NB: The views expressed in this paper are entirely and solely those of the author and do not necessarily reflect the views of the GCSP.

¹ Medvedev D. (2009), 'Forward, Russia!' *Gazeta*, 10 September, http://www.gazeta.ru/comments/2009/09/10_a_3258568.shtml.

² Medvedev D. (2009), 'Presidential Address to the Federal Assembly of the Russian Federation', The Kremlin, Moscow, November 12: http://eng.kremlin.ru/speeches/2009/11/12/1321_type70029type82912_222702.shtml

³ Goltz A., Y. Gontmakher, L. Grigoriev, S. Kulik, B. Makarenko, N. Maslennikov, S. Plaksin, A. Rubtsov, E. Shatalova, and I. Yurgens (2010), 'Russia in the 21st Century: Vision for the Future', Abridged Report, Institute of Contemporary Development, January, pp. 1-22.

⁴ Kulikov S. (2010), 'President's INSOR predicts profound new crisis – Russia with its fuel will not be needed by the world in future years and will lose its influence in the CIS', *Nezavisimaya Gazeta* website, Moscow (in Russian), 5 March, p. 4.

⁵ Interfax news agency (2009) Moscow, in Russian, 23 November.

⁶ Fedynsky P. (2010), 'Kremlin Says Modernization Requires Political Competition', *Voice of America News*, January 22; *Nezavisimaya Gazeta* (2010), 'Editorial: Tandem modernization', *Nezavisimaya Gazeta* website, Moscow (in Russian), 11 February.

⁷ Gontmakher Y. (2009), 'Political economy: Task for boss', *Vedomosti* website, Moscow, in Russian 20 November; Busygina I. and M. Filippov (2010), 'Democratization Is Not Cost-Free', *Vedomosti*, 10 February; Shusharin D. (2009), 'Nonstateness', *Grani.ru* website, Moscow (in Russian), 19 November.

⁸ Orlov D., D. Badovskiy, and M. Vinogradov (2010), 'Conservative Modernization-2010: The Configuration of Power and a New Political Agenda' cited by B. Makarenko, 'Modernization with Adjectives', *Politkom.ru* website, Moscow (in Russian), 19 January.

⁹ Fadeyev V. (2009-10), 'Becoming a Nation That Is Worth Something,' *Ekspert*, No.1 (687), 28 Dec.-10 Jan.

¹⁰ Cited in Skobov, A. (2010), 'By his own hand', *Grani.ru* website, Moscow (in Russian), 16 February.

¹¹ Cited in *Vedomosti* (2010), 'Editorial: The choice has been made', *Vedomosti* website, Moscow (in Russian), 15 February, pp. 1, 4.

¹² Primakov Y. (2010); Badovskiy D. (2009), 'The Modernization of Russia: Again at a Crossroads.' *Russia in Global Affairs*, vol.7, No.3, May-June, p. 30; Latynina, Y. (2009), 'A president cast in liquid S-', *Yezhednevny Zhurnal* website, Moscow (in Russian), 29 December.

¹³ Ekho Moskvyy radio (2010), Moscow (in Russian), 11 February; Tsuladze, A. (2009), 'United Russia in its own juices', *Yezhednevny Zhurnal* website, Moscow (in Russian), 23 November.

¹⁴ Ekho Moskvyy radio (2009), Moscow (in Russian), 24 December.

¹⁵ Extracts from interview with I. Yurgens, director of the Russian Institute of Contemporary Development, by A. Barabanov and V. Vorsobin are available on radio Komsomolskaya Pravda website, Moscow (in Russian), 16 February 2010.

¹⁶ Interfax news agency (2009), Moscow, in Russian, 21 November; Ikhlov, Y. (2010) 'Conspiracy of non-equals', *Yezhednevny Zhurnal* website, Moscow (in Russian), 30 January.

¹⁷ Badovskiy D. (2009), 'Medvedev's orbit', Gazeta.ru website, Moscow, in Russian, 24 November.

¹⁸ 'Dmitry Medvedev's Building Project: Russian Modernization', *The Economist*, (US Edition), Nov. 28, 2009; Tsuladze A. (2009), 'In the Kremlin: The Reset of Russia. Part 2', Yezhednevnyy Zhurnal website, Moscow, in Russian, 10 Dec.; Afanasyev, M. (2010), 'Strategy is not ordered', Gazeta.ru website, Moscow, in Russian, 15 Feb.; Lipman M. (2010), 'The new freedom of speech', Yezhednevnyy Zhurnal website, Moscow, in Russian, 12 Feb.

¹⁹ Ekho Moskv radio (2009), Moscow, in Russian, 29 December.

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