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Medvedev and the Modernisation Dilemma Dr Mark A Smith



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Medvedev and the Modernisation Dilemma

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Introduction

Modernisation in practice always involves change in and usually the disintegration of a traditional political system, but it does not necessarily involve significant movement toward a modern political system.¹

The transition from the presidency of Vladimir Putin to that of Dmitry Medvedev in 2008 proceeded extremely smoothly. Although the transition from Boris Yeltsin to Putin in December 1999 also proceeded with an equivalent degree of tranquillity, there had been considerable concern throughout 1999 that the post-Yeltsin succession could take place in an extremely destabilising fashion. There had been an attempt to impeach Yeltsin in 1999, and his popularity at the end of his final presidential term was extremely low.

This was not the case with Putin. He presided over eight years of both stability and prosperity, and his popularity ratings were high when he left office. His effective nomination of Dmitry Medvedev as his successor in December 2007, some four months before the presidential election, was unlikely to face meaningful challenge, and transition duly took place following the presidential election without any threat to systemic stability. There was a seamless transition, and in the summer of 2008, the new president was at pains to emphasise that the watchword of his administration was "continuity" with the policies of his predecessor, who was named prime minister in May 2008. This led to the emergence of the term "Putvedev" to describe the new leadership.

The precise nature of the relationship between Vladimir Putin and Dmitry Medvedev is difficult to assess, and has resulted in much speculation over the degree to which Medvedev is independent of Putin. In many respects the acid test will be over who will run for president in 2012.

This paper aims to assess:

- 1. The relationship between the two men and who will run in the 2012 presidential election.
- 2. The current leadership's inclination for political reform
- 3. The prospects for a meaningful modernisation of the economy
- 4. The consequences for the Russian Federation if no modernisation occurs

¹ Samuel P. Huntington, <u>Political Order in Changing Societies</u>, New Haven, Yale University Press, 1968, p.35.

The Medvedev-Putin Relationship and the 2012 Presidential Election

As noted above, continuity was very much Medvedev's watchword in 2008. In February 2008 he stated:

If I am entrusted with running the state, I vow to **continue** the course which has proved its effectiveness, the course set by President Putin...If we **continue** to work as a team, the two of us, we will be able to do good to the state...If I am entrusted with running the state, I will be simply obligated to **continue** the course which has proved its effectiveness over the last eight years, the course set by President Putin. If we **continue** to work as a team, the two of us, this should do some good for our state. The main thing is that everything positive that has been accumulated over the past few years will be preserved. I think that this **continuity** is a certain guarantee of the fulfilment of these obligations.²

On the day he was elected (2 March 2008), Medvedev stated:

As regards the course that I would intend to pursue, I have spoken about the subject many a time. I believe that this is the course chosen by our country virtually eight years ago, and the main points, the main priorities of this development were outlined by me during my appearances at the Civic Forum and in my addresses at major economic venues, including the Krasnoyarsk venue. There are many different ways of describing the elements of the key positions made there, but it seems to me that it is a direct **continuation** of the course that has been and is being pursued by President Putin.³

The election was seen by the leadership of the main pro-Putin party, Yedinaya Rossiya (YR), as an endorsement of Putin's policies since 2000. On 3 March 2008, YR leader Boris Gryzlov stated:

The Russian citizens have supported the course of Vladimir Vladimirovich Putin, the course that has been pursued in the last eight years. At one of the recent meetings Vladimir Vladimirovich Putin voiced the strategy of the country's development for the period until 2020. Thus we can plan rather far ahead relying on the support of our voters, on the support of the Russians, their support for Putin's course.

The "strategy of the country's development" to which Gryzlov refers is the "Putin Plan", and it is unlikely that Medvedev would either desire or be able to deviate significantly from the fundamental features of this plan. The relationship between the two men has been described as a "tandem" since December 2007, and the term "tandemocracy" has been used to characterise the Russian political system since Medvedev was elected president.⁴

² RIA Novosti 27 February 2008; Vesti TV 27 February 2008. From BBC Monitoring (BBCM). ³Channel One TV 2 March 2008. From BBCM.

⁴The first reference to a "tandem" to describe the future president-prime minister relationship was made by Vladimir Putin in 1 October 2007 when he spoke at the Yedinaya Rossiya congress about the possibility that he might become prime minister under his presidential successor. He stated: "The offer to head the government is quite realistic but it's too early to think about this now because at least two conditions need to be met for this. First, One Russia should win the 2 December elections to the State Duma, and second, a decent, efficient, able and modern-thinking person should be elected president of the country, someone with whom one could work in tandem." Vesti TV news channel 1 October 2007. From BBCM. Once Putin made clear in December 2007 his preference for Medvedev as president, the term then entered Russia's political vocabulary. The first mention of the term tandemocracy was in early May 2008. It appears that the term was originated by the blogger Rustem Agadamov at the beginning of May 2008. From BBCM.

Both Yeltsin and Putin felt free to exercise their constitutional powers to dismiss prime ministers when they saw fit. It is unlikely that Medvedev would feel sufficiently confident to exercise his presidential prerogative to remove Putin, even if he wished to. Putin made clear in February 2008 that he intended to be an assertive prime minister, and to be in this position for the long-term. His choice of words was interesting. He stated that:

The president is the guarantor of the constitution, he determines the main directions of internal and foreign policy of the head of state; but the highest executive body in the country is the Government of the Russian Federation headed by the chairman of the government.⁵

His emphasis that the "highest executive body in the country is the Government, headed by the chairman of the government" indicated clearly that he intended to play a prominent role, a role which is far more prominent than that played by previous prime ministers.

Although the constitutional division of powers between the president and prime minister remains unchanged, the power of the prime minister has been enhanced. Presidential authority concerning regional policy was transferred to the cabinet. Putin expanded top down state control to encompass city halls and mayor's offices. While mayors are still elected, they now report to the Kremlin-appointed provincial governors. Thus, the prime minister will hold the reins of the nation's "vertical" power structure. Furthermore, Putin's authority over individual cabinet ministers has been enhanced. After he became prime minister in May 2008, a government presidium was created, consisting of a smaller number of ministers. The presidium meets weekly, whereas the entire government meets at least once a month.

The two-level government enables Putin to solve a political problem: it frees himself from the routine, and allows him to concentrate on the attainment of strategic goals, by rising above the executive branch of government and moving responsibility down to a lower level. This means that Putin is not a "technical" prime minister, like many of his predecessors, but is much more of a political figure. Furthermore by concentrating on strategic goals, he is playing the role usually associated with the president.

There are relatively few "Medvedevites" in the post-May 2008 leadership. The leadership is still dominated by Putinites.⁶ Indeed, the new leadership contains individuals who apparently strongly opposed Medvedev becoming President. Most notable among these are former FSB head Nikolay Patrushev, who is now secretary of the Security Council, and Igor Sechin, formerly deputy head of the Presidential Administration (PA), who is now a deputy prime minister. Although these new positions represent demotions (especially in the case of Patrushev), it is a remarkable state of affairs that Medvedev is prepared to tolerate men who fundamentally object to him being president, and this provides clear evidence of Medvedev's lack of independence. There are apparently only three fully fledged Medvedevites in the leadership. These are: Konstantin Chuychenko, who was appointed aide to the president of the Russian Federation - head of the Control Directorate of the president of the Russian

⁶ Many key Putin appointees are from the power structures (the siloviki). For analysis of this group see Daniel Treisman, 'Putin's Silovarchs', <u>Orbis</u>, 51, 1 Winter 2007, pp.141-153. See also <u>http://www.sscnet.ucla.edu/polisci/faculty/treisman/Papers/siloct06.pdf</u>. Accessed 7 October 2010. See also Ian Bremmer and Samuel Charap, 'The Siloviki in Putin's Russia: Who they are and what they want', <u>Washington Quarterly</u>, 30, 1, Winter 2006-2007, pp.83-92. According to Ol'ga Kryshtanovskaya and Stephen White, by February 2008 the share of siloviki in all state positions had reached 42 per cent. See Ol'ga Kryshtanovskaya and Stephen White, 'The Sovietization of Russian Politics', <u>Post-Soviet Affairs</u>, Vol. 25 no.4 Oct-Dec 2009, p.303. See also Appendix 4 of this paper.

⁵ Vesti TV, 14 February 2008. From BBCM. Putin also stated: "The post of Russian Federation government chairman cannot be a transitional one. It provides an opportunity to realize oneself and achieve major objectives the country sets itself. If it so happens, I will of course put as much effort into the job as I have done in the post of Russian Federation president."

Federation, Aleksandr Konovalov, who was appointed new minister of justice. He was formerly presidential envoy to the Volga Federal District. The other Medvedevite is Nikolay Vinnichenko, presidential plenipotentiary to the Urals Federal District.⁷

Officials from the PA followed Vladimir Putin to the Cabinet of Ministers. Key officials moving from the PA are: Sergey Sobyanin (head of the PA under Putin); Igor Sechin (deputy head of the PA under Putin); Igor Shuvalov (former G8 sherpa under Putin).

The PA is headed by Sergey Naryshkin. He is reputed to be a close associate of Putin rather than of Medvedev (it is rumoured that Medvedev wanted Shuvalov to head the PA). The first deputy head of the PA is Vladislav Surkov. Surkov was a deputy head of the PA during Putin's second presidential term. The deputy heads of the PA are Aleksey Gromov and Aleksandr Beglov. Gromov was former President Putin's press secretary, and he oversees the work of the presidential press service and information directorate, and the president's protocol and organizational work directorate. Beglov was Putin's presidential aide and head of the president's control directorate. He oversees the work of the president's chancellery and be in charge of the paperwork. Of the six presidential aides appointed by Medvedev, only one (Konstantin Chuychenko- see above) is new.

There are conflicting claims about the head of the FSB, Alexander Bortnikov. Some say he is close to Igor Sechin, but others claim that he has previous links to Medvedev. The head of Investigations Committee under the Prosecutor's Office, Alexander Bastrykin is reportedly hostile to Medvedev.

The comments made by Olga Kryshtanovskaya, the head of the Centre for the Study of Elites at the Sociology Institute of the Russian Academy of Sciences seem appropriate:

In these appointments there is a sandwich principle: a young president has found himself surrounded from above and below by people whom [Prime Minister] Vladimir Putin absolutely trusts...Of course, there are two overlapping sets: Medvedev's team and Putin's team. However, the majority in the presidential administration belong not to the team of Medvedev-Putin, but to Putin's team.⁸

In the journal <u>Polis</u> in January 2010, Kryshtanovskaya observed that it normally takes a Soviet/post-Soviet leader about two years to create a sufficiently large cadre of his own people. She says it took Brezhnev, Gorbachev and Yeltsin this period of time to form their teams, and that it took Putin just over two years. She says it took him until the beginning of 2003 to form his own team.⁹ Kryshtanovskaya claims that after 18 months of his presidency, only 9.4 per cent of key state positions were filled by Medvedevites. By contrast, Yeltsin had ensured that 13.2 per cent of key positions were filled by loyalists after 18 months.

According to Kryshtanovskaya, there have been three types of appointees to key posts since May 2008:

- a) Friends and colleagues of Medvedev;
- b) Friends and colleagues of Putin;
- c) Neutral individuals, chosen solely on the basis of professional criteria.

The majority of appointees are from categories (b) and (c). Kryshtanovskaya describes Medvedev as a president without a team. Most of Medvedev's close supporters only occupy

⁷ According to Ol'ga Kryshtanovskaya and Stephen White, Medvedev's team comprises some 55 people. Ol'ga Kryshtanovskaya and Stephen White, 'The Sovietization of Russian Politics', p.304. See Appendix 3 of this paper.

⁸Ekho Moskvy, 14 May 2008. From BBCM.

⁹ O. V. Kryshtanovskaya, 'Formats of Russian Power', <u>POLIS. Politicheskoe issledovanie</u>, No. 1, 2010, p. 28.

positions of secondary importance in the administrative hierarchy. She notes that control over the *siloviki* remains with Putin. When he was president, Putin used to meet with certain senior siloviki every Saturday. This "Saturday group" was a small collection of senior officials, whose composition did not fully coincide either with the president's team or the Security Council. It was a small group that made strategic decisions, and consisted of the prime minister, head of the presidential administration, the defence minister, interior minister, the heads of the SVR and FSB. This was Putin's "strategic politburo".¹⁰ Medvedev's meetings with *siloviki* are more formal. Namely, he has no "Saturday group". He meets with siloviki within the framework of Security Council meetings. Whereas Putin met with siloviki four times monthly, Medvedev's meetings with them are usually twice monthly. All the siloviki are Putinites. Kryshtanovskaya claims that the number of ministers directly subordinate to the president has been reduced from 22 to 19 since May 2008, and in reality the number directly subordinate to him is just seven. She also argues that Medvedev has little control over the ministries dealing with economic issues.

In November 2008 in his state of the nation address to the Federal Assembly, Medvedev spoke of the need to develop a cadre reserve system of talented managers, and this was set up and the names of those on this personnel list were published in February 2009. This reserve may possibly constitute a nucleus of a future group of Medvedevites.

However at present the political system remains Putinite, and real authority still lies with Putin rather than with Medvedev. Putin needs to remain at the apex of the political system as only he possesses the authority to manage competition between the various clans that makes up the Russian political class.¹¹ It is unlikely that Medvedev would be able to manage and control this competition. V.B.Pastukhov describes Medvedev as "an assistant with wide powers".¹² It is likely that Putin saw Medvedev as a desirable successor as he considered him to be trustworthy and unlikely to radically change the status quo that had emerged during the course of two presidential terms since 2000. A more cynical interpretation is that he may have seen Medvedev as pliable – in effect a puppet, who would serve one presidential term and step down to enable Putin to run again for president in 2012.

Both men probably have a similar political vision. Putin would hardly have chosen him as his successor had he suspected Medvedev of having radically different political views. In July 2010, Anton Oleynik wrote that he had performed a content analysis of speeches of the two men, and discovered that their language was almost identical. It would however be remarkable if there were absolutely no differences at all between them.¹³ Putin was born in 1952 and was in his twenties in the Brezhnev era when Soviet power was at its zenith. Medvedev was born in 1965, and was in his twenties during the Gorbachev and Yeltsin eras, when the USSR went through the reforms of the perestroika era, and the chaotic freedoms of the early 1990s.

It is unlikely that Medvedev would openly admit to significant differences with Putin, even if he has them. The closest he has come to acknowledging any differences occurred in April 2010, in an interview with the Danish Broadcasting Corporation, when he stated that "Putin and I represent the same political force and our approaches to the country's general development are very similar." He then went on to say that "we may have different views on some of the nuances as to how our political system should develop".¹⁴ This may mean

¹⁰ <u>Ibid</u>., p.29.

¹¹ Richard Sakwa (Kent University UK) refers to Putin as "Chief Faction Manager."

¹² V.B.Pastukhov, ³Medvedev and Putin: dual thinking as an alternative to dual power: the afterword of a political cynic to the discussion on the liberal turning', <u>POLIS – Politicheskoe Issledovanie</u>, 6, 2009, <u>p</u>.121.

p.121. ¹³ Anton Oleynik , ' "Studies" : "The ABC's of Power: The Common Language of Medvedev and Putin', <u>Vedomosti</u>, 22 July 2010.

¹⁴ Interview with Steffen Kretz, Danish Broadcasting Corporation's Senior International Editor and Anchor of TV News and Current Affairs Programme 22 April 2010. From BBCM.

exactly what it says, or it could be a coded way of stating that there are significant differences.

There have been plenty of claims in the Russian press since 2008 of differences between the two men. Obviously such disagreements are not necessarily fundamental in nature, and may amount to tactical divergences, with the two men still sharing the same broad vision. In May 2009, Putin said, that "depending on the effectiveness of our work, both I and President Medvedev will make decisions on what we should do in the future - both I and he."¹⁵ This statement undermines the authority that Medvedev should have as president. In October 2009 Mikhail Delyagin claimed that power was shifting "implacably" to Medvedev. This claim however seems premature.¹⁶

The inability of either the president or prime minister to give a clear indication of which of them will run for president in 2012 also clearly indicates how Medvedev's power is constrained. However it may well be that the current president would like to run for a second term. There is some indication that his vision is developing in a direction that does differ to a degree from that of Putin, and that he may therefore desire a second term to try and develop this vision. In February 2010 Igor Yurgens chairman of INSOR (Institute of Contemporary Development) and close adviser to Medvedev, spoke out in favour of him running in 2012.¹⁷ It is unlikely that Yurgens would have made this remark against Medvedev's wishes.¹⁸ In August 2010 Medvedev commented:

I don't know what will happen in 2012, I don't know who will be standing...I might be Medvedev, it might be Putin, or it might be a third person...In any case, this needs to be thought about.

The country needs to be allowed to develop in a stable manner, the country should be following a predictable scenario...Putin thought about it, I am thinking about it and the person who follows me should think about it as well.

I wouldn't want to see a tussle unfold between forces that are close to one another, that would be bad for the country.¹⁹

His comments on a possible "tussle... between forces that are close to one another", may perhaps imply a conflict between himself and Putin over 2012, even though Putin said back in September 2009 that there would be no competition between the two men for the presidency.²⁰ The following sections will show that implicit differences seem to be emerging between the two men, and that if Medvedev could operate without the constraints imposed by his relationship with Putin, then his presidency would perhaps move away to a certain extent from the notion of continuity he advocated back in early 2008.

 ¹⁵ Mikhail Rostovsky, 'A Wedding with Two Generals', <u>Moskovsky Komsomolets</u> 29 May 2009.
¹⁶ M.Delyagin, 'M.Delyagin's Monologues', <u>Svobodnaya Pressa</u> 18 October 2009.

¹⁷ INSOR is reputedly close to Dmitry Medvedev. Both Yurgens and Yevgenny Gontmakher who is also at INSOR are said to be close to Medvedev. <u>http://www.riocenter.ru/en/</u> Accessed 6 October 2010.

¹⁸Interfax 8 February 2010; Elizabeth Sterling, Russia's Future, Nixon Centre (no date). At the Nixon Center Yurgens spoke of the possibility of a future Putin leadership becoming like the Brezhnev leadership of the era of stagnation.

http://www.nixoncenter.org/index.cfm?action=showpage&page=Yurgens-3-2010_Accessed 1 October 2010.

¹⁹ ITAR-TASS 2 August 2010. From BBCM.

²⁰Nikolay Vardul, 'Medvedev's Irritation, Putin's Silence. 2012 in Words and Tones of Voice', <u>Moskovsky Komsomolets</u>, 2 August 2010 speculates that there is a rift between Vladimir Putin and Dmitry Medvedev which will widen.

The Current Leadership and Political Reform

The power of the presidency was substantially consolidated during the Putin era. During the noughties, the power of all other major institutions was significantly reduced. Nikolay Petrov notes that the media (2000-2003); oligarchs (2000-2003); the Federation Council (2000-2002); the Duma (2000-2004); and regional governors (2000-2004) were all weakened, meaning that there were no effective checks on presidential power.²¹

Medvedev has shown no inclination to significantly alter this state of affairs.²² The moves he made in late 2008 to extend the presidential term from four to six years and the Duma term from four to five years strengthen the power of the presidency and reduce even further the significance of elections in the Russian political system. He is firmly opposed to the reintroduction of direct elections for regional governors.²³

However, Medvedev's position may have developed since 2008. Whilst he is unlikely to contemplate a reduction in the powers of the presidency, he does appear to be taking a more positive attitude towards the concept of political change. In December 2009 he stated that

There is a need to make substantial changes to our economy, to the social sphere, and of course to the political system - because nothing is set in stone.²⁴

The notion of making "substantial changes" to the political system, contrasts significantly with the more cautious approach he took towards political change twelve months earlier. This does not of course mean that he is currently contemplating major constitutional change but this interest in making changes to the political system may be one of the "nuances" over which he may differ with Putin. In January 2010, Medvedev in a speech to the State Council, stated that the political system was far from ideal, and that Russia needed to be modernised in order to reflect the ideological and cultural variety in the country. He stated that "the political system needs to become smarter, more flexible, more modern." ²⁵ These comments seem to reflect a desire to make the political system more pluralistic. The head of Rosnano, Anatoly Chubais spoke even more emphatically about the need for political changes. He also spoke of the need for "deep reforms in culture and politics."²⁶ By contrast, Putin commented in September 2009 that the fundamental bases of the political and economic system of Russia fully correspond to world standards.²⁷ This implies that he sees no or little need for "substantial" or "fully fledged" political change.

²¹ Nikolay Petrov, 'Regional Governors under the Dual Power of Putin and Medvedev, '<u>Journal of</u> <u>Communist Studies and Transition Politics</u>, Vol. 26 no. 2, June 2010, p.294.

²² On 12 December 2008, Medvedev said that the fundamental features of the constitution should not be changed. He stated: "the presidential form of government that we have, the federal system – these are the things that should never change, at least not in the historical perspective. The contrary would jeopardise the Russian Federation's very existence."

http://archive.kremlin.ru/eng/speeches/2008/12/12/2055 type82912type84779type127286 210539.sht ml Accessed 3 October 2010.

²³ See William E. Pomeranz, 'Medvedev and Russia's Power Vertical', <u>Demokratizatsiya</u> Vol.17 no.2.2009, pp.179-192. See also <u>the Journal of Communist Studies and Transition Politics</u> special issue on Russian federalism edited by Cameron Ross, Vol 26 no. 2 June 2010. See in this issue the article by Nikolay Petrov, 'Regional Governors under the Dual Power of Putin and Medvedev', p.276-305.

²⁴ Rossiya TV, 28 December 2009. From BBCM

²⁵ Dmitry Medvedev Speech to the State Council on the political system 22 January 2010. <u>http://archive.kremlin.ru/eng/speeches/2010/01/22/2000 type82913 223914.shtml</u>. Accessed 7 October 2010

²⁶ Interfax, 18 September 2010. From BBCM

²⁷Pastukhov op cit, p.122, fn.1.

It is this sort of discussion that led to the political commentator Stanislav Belkovsky arguing in July 2010 that a "second perestroika" was emerging.²⁸So far the political changes have been modest. In his first state of the nation address to the Federal Assembly in November 2008, Medvedev announced ten minor political changes that would increase the degree of representativeness in the political system.²⁹ These changes were:

- 1. Guarantees for voters who vote for the so-called small parties. Parties that have received from 5-7 percent of the vote could be given a guaranteed one or two seats in the Duma.
- 2. Nominations of heads of the executive authorities in the regions could be made only by the parties that have won the biggest number of votes in the regional elections,
- 3. The practice of having to provide a sum of money as collateral should be abolished for elections at every level. He said there should also be a gradual reduction of the number of voters' signatures that need to be collected for participation in Duma elections.
- 4. The Federation Council should be made up only of people elected to the representative assemblies and deputies from the local self-government bodies of the region in question.
- 5. There should be gradual reduction of the minimum number of members required for registering a new political party.
- 6. Amendments should be made to law on political parties making it compulsory to carry out rotation of the party's leadership so that one and the same person cannot occupy a leadership post in the party for longer than a set term.
- The representative bodies of local self-government should be able to have more effective control over and, if necessary, even remove from office the heads of municipalities.
- 8. Additional measures should be taken to encourage NGOs and the Public Council to become more involved in the legislative process.
- 9. Parliamentary parties should have clear guarantees that their work will be covered by the state media.
- 10. Freedom of speech should be backed up by technological innovation. The free internet and digital television space should be expanded.

Additional proposals to improve political participation and the representativeness of regional political institutions were made by Medvedev in his second state of the nation address in November 2009. At a meeting of the State Council in January 2010, Putin noted that a system has been introduced on the president's proposal under which the government has to report to parliament.³⁰

These changes are clearly limited in nature yet they may also be the harbinger of further deeper changes. Speeches made by Medvedev in early 2008 indicate an interest in

2010.<u>http://www.mk.ru/politics/article/2010/07/25/518804-perestroyka2-.html;</u> He wrote two further articles on the topic of Perestroika 2 in Moskovsky Komsomolets on 3 August and 12 August 2010. http://www.mk.ru/politics/article/2010/08/02/520414-perestroyka2.html; http://www.mk.ru/politics/article/2010/08/11/522498-perestroyka2.html. These websites accessed 4

²⁹Dmitry Medvedev State of the Nation Address to the Federal Assembly 5 November 2008.

²⁸ Stanislav Belkovsky, 'Perestroyka-2',<u>Moskovsky Komsomolets</u> 26 July

http://www.mk.ru/politics/article/2010/08/11/522498-perestroyka2.html. These websites accessed 4 October 2010. He likened the Medvedev's modernisation to the "acceleration" (uskorenie) of the early Gorbachev period. See also Gordon M. Hahn, 'Medvedev, Putin, and Perestroika 2.0', published in the journal <u>Demokratizatsia</u>, Vol. 18, No. 3, Summer 2010, pp. 228-259..

http://eng.kremlin.ru/transcripts/296 Accessed 7 October 2010

³⁰ Rossiya 24, 22 January 2010. From BBCM.

developing civil society, the rule of law and political pluralism.³¹ His thinking was further outlined in the speeches he gave in Yaroslavl at the Global Policy Forum "The Modern State: Standards of Democracy and Criteria of Efficiency" in September 2009 and exactly one year later at the same forum.³² In the speech he made in September 2010, Medvedev outlined what he considered to be five essential criteria for a democratic system. He commented that:

We have known other times, as have almost all other countries. Perhaps it's true that in Russia such times ended just recently. For many foreign representatives here today, such times were over quite a while ago. When I met with political analysts earlier today, I told them that in this regard our country is quite unique. We have had centuries, in fact a millenium of undemocratic development. And our democracy is only 20 years old. This is the reason for some of its problems, quite significant ones, and hence its significance for our country and the world.

In the article "Forward Russia!" he wrote in Gazeta in September 2009, he noted that Russia's democratic institutions were far from ideal, civil society was weak, and the level of self-government was also low.³³ In this article he described the sort of political systems that exist in western countries, and stated that it was only in 2009 that Russia embarked on the part of attempting to create such systems. He referred to the measures he announced in his November 2008 State of the Nation address as the first steps that were being taken to develop a more democratic system. He acknowledged that progress was slow, but warned that attempts to accelerate the pace of change would be destabilising and could lead to collapse. One of his key themes is the need to develop a democratic political culture, which he acknowledges will be a long-term task.³⁴ His claim that Russia began to move in 2009 (i.e. not before) towards creating a democratic system may possibly be regarded as an implied criticism of the Putin presidency.

The Modernisation Project

In December 1984, Mikhail Gorbachev commented that only a highly developed economy would permit the Soviet Union to enter the new millennium in a manner befitting a great and flourishing power.³⁵ The USSR ceased to exist eight years before January 2000, and the Russian Federation hardly entered the new millennium in this way. Ten years later, it is clear that little progress has been made in creating an advanced high-tech economy.

³¹ See the speeches he gave at the Second All-Russia Civic Forum 22 January 2008 http://www.medvedev2008.ru/english 2008 01 22.htm , The Association of Russian Lawyers 29 January 2008 http://www.medvedev2008.ru/english 2008 01 29.htm, The Krasnovarsk Economic Forum 15 February 2008 http://www.medvedev2008.ru/english_2008_02_15.htm

Accessed 4 October 2010

³²Dmitry Medvedev at the international conference "The Modern State and Global Security", Yaroslavl, 14 September 2009. http://www.norway.mid.ru/news_fp/news_fp_139_eng.html The plenary session of the Global Policy Forum "The Modern State: Standards of Democracy and Criteria of Efficiency", 10 September 2010, Yaroslavl http://eng.kremlin.ru/transcripts/928 . These websites accessed 7 October 2010.

³³Dmitry Medvedev, 'Russia Forward!, <u>Gazeta</u>, 10 September 2009.

http://www.gazeta.ru/comments/2009/09/10_a_3258568.shtml Accessed 7 October 2001. ³⁴ Alexander Lukin, 'Russia's New Authoritarianism and the Post-Soviet Political Ideal', Post-Soviet Affairs, Vol. 25, no. 1, January-March 2009, pp.66-92 argues that contemporary Russian political culture is still highly authoritarian. He cites Richard Rose: "A systematic analysis of successive Russian age cohorts finds that while there is marginal tendency for age groups to differ, there is a consistent readiness for all generations to react in the same way to political and economic developments." Richard Rose, 'Is Russia becoming a normal society', Demokratizatsiya 16, 1, Winter 2008, pp.75-86. Lukin makes the point that changing political culture is a slow process. ³⁵M.S.Gorbachev, <u>Selected Speeches and Articles</u>, Vol.2, Moscow, Politizdat, p.86; <u>Pravda</u>, 11 December 1984.

The political reform spoken of by Medvedev and others is regarded by the Russian leadership as part of the process of modernisation that has become the leitmotif of the Medvedev presidency since 2009. This process is not confined to the political sphere but also focuses on economic, scientific-technological and social modernisation. In May 2009 Medvedev announced that a commission would be established to deal with the modernisation and technological development of the economy. He chaired its first meeting in June 2010.

The modernisation imperative stems largely from the Russian leadership's concern that the economy is too dependent on raw material production. When addressing Duma faction leaders in August 2009, Medvedev made the following comment on the fact that the economy is based on raw materials:

We can't continue like this. This is a deadlock. And the crisis has put us in a situation where we will have to take a decision to change the structure of the economy. **Otherwise, our economy has no future**.³⁶

Medvedev's aide for economic issues, Arkady Dvorkovich, also spoke frankly back in April 2009. He commented that:

An overwhelming proportion of the Russian economy is so ineffective that it has no chances of surviving the coming decade...It is necessary to create new effective types of production and technologies and to lend not to old ineffective producers, which can be done only in the short term, but to give money exclusively for the creation of new effective niches in the economy.³⁷

Whilst fairly frank assessments were being made of the state of the Russian economy by the political leadership in the closing months of 2008, when the global financial crisis became acute, these statements made by Medvedev and Dvorkovich in 2009 go much further than other assessments made by members of the Russian leadership.

However Medvedev's comments about Russia's failure to diversify its economy and develop a competitive high-tech sector and reduce dependence on raw material exports are not new. As far back as March 2005 the then Prime Minister Mikhail Fradkov warned about the dependency of the economy on raw material exports.³⁸ In October 2007 the deputy prime minister Sergey Ivanov also warned of the danger of collapse if the economy remained dependent on raw material exports. He stated:

Sooner or later the time will come when their reserves will dwindle **and the economy based on raw materials will simply collapse;** and in order for us not to find ourselves under its rubble, we already now have to take specific steps to diversify the economy, build a modern economy based on innovations, which will be powered not by the pace of development of natural resources, but by ideas, inventions and the ability to implement them in a specific competitive product.³⁹

The dependency of the economy on raw material production was analysed in detail by Medvedev in his "Forward Russia!" article in September 2009. He comments:

Twenty years of stormy reforms has not rescued our country from a humiliating dependence on raw materials. Our current economy has taken from the Soviet one a heavy defect – it to a significant extent ignores the requirements of the individual.

³⁶ Dmitry Medvedev meets the leaders of Duma factions 10 August 2009

http://archive.kremlin.ru/appears/2009/08/10/1621_type63376_220700.shtml Accessed 7 October 2010.

³⁷Vesti TV, 8 April 2009. From BBCM.

³⁸Ren TV, 29 March 2005. From BBCM.

³⁹ITAR-TASS, 30 October 2007. From BBCM.

National business with few exceptions does not make or create for people necessary things and technologies. It trades that which it does not make –raw materials or imported goods. Manufactured goods made in Russia are in the main distinguished by an extremely low competitiveness.⁴⁰

This is a very damning criticism, and was followed in October 2009 by the observation that he was not interested in high oil prices as it removed incentives to undertake a structural reform of the economy. He stated:

We have done nothing in the past 10 years to make structural changes in the economy because oil has been rushing higher and higher. This is easy to explain: if it costs 120 dollars now, tomorrow it will cost even more. A price of 200 dollars had already been forecast but then there was a crash and we were affected by it more than other countries precisely because we, first and foremost, are an export-oriented country, but to a large extent our export is monoexport - we supply oil-processing products and crude oil.⁴¹

His comments that nothing has been done in the previous ten years to make structural changes in the economy appears to be another implied criticism of Putin. It was in August 1999 that Putin was appointed prime minister and on 31 December 1999 he became acting president and then later president in 2000. Therefore if anyone was responsible for the economy for the period 1999-2009 it was to a large extent Putin.

After having talked about the economy having no future in August 2009, Medvedev continued his stark warnings. In his November 2009 state of the nation address he stated:

So long as oil prices were growing many, almost all of us, to be honest, fell for the illusion that structural reforms could wait and that what was important now was to make maximum use of the high prices. The priority was on pushing ahead the old raw materials economy, while developing unique technology and innovative products was the subject of only random individual decisions. But we can delay no longer. We must begin the modernisation and technological upgrading of our entire industrial sector. **I see this as a question of our country's survival in the modern world**.⁴²

When he speaks of "most of us" falling for "the illusion that structural reforms could wait", then, it is highly likely that he is again criticising the previous leadership. In May 2010 repeated the argument about survival when addressing at a meeting with federal and regional leaders of Yedinaya Rossiya in Gorky:

Of course we are interested in good sales of our energy resources. We are not interested in super-low prices on oil. But speaking honestly, 140 dollars a barrel is a catastrophe for Russia, this is the destruction of all incentive for development. Therefore, the only way to stay among the developed nations, - and I insist that we are yet a highly developed nation, not on all positions, but on many, and not only in missiles or nuclear weapons. To survive, we absolutely must create a highly technological economy, at all cost, otherwise we are doomed.⁴³

Somewhat disturbingly he stated back in May 2009 that he was pessimistic about creating an innovation economy in Russia.⁴⁴ In September 2010, the Deputy Minister of Economic

⁴⁰ Dmitry Medvedev, Gazeta, 10 September 2009.

http://www.gazeta.ru/comments/2009/09/10_a_3258568.shtml Accessed 7 October 2010.

⁴¹ ITAR-TASS 2 October 2009. From BBCM

⁴² Dmitry Medvedev State of the Nation Address to the Federal Assembly 12 November 2009 http://eng.kremlin.ru/transcripts/297 Accessed 7 October 2010

⁴³Rossiya 24; Channel One TV; NTV Mir; Interfax; RIA Novosti 28 May 2010. From BBCM.

⁴⁴ ITAR-TASS 27 May 2009. From BBCM. Medvedev said:" A huge effort has to be made in order to turn the rusty machinery of the economy towards innovations... I am not particularly optimistic (about

Development Andrey Klepach said that that raw materials would remain the key foundation of Russian exports for the next ten years.⁴⁵ Medvedev himself remarked in October 2009 that it would take ten to fifteen years to build a truly competitive economy.⁴⁶

At the first meeting of the presidential commission on the modernisation and technological development of the economy in June 2009, working groups covering five areas were set up:

- Energy efficiency and energy savings, including the development of new types of fuel;
- Nuclear technology;
- Space technology, particularly concerning telecommunications, including Glonass and ground infrastructure development programmes;
- Medical technology, above all diagnostic equipment and also pharmaceuticals;
- Strategic information technology, including the creation of supercomputers and software development.

In March 2010 Medvedev announced that an innovation centre would be set up at Skolkovo. He stated:

At this centre's base all five presidential hi-tech areas for modernisation will be developed: these are primarily the energy sector, IT, telecommunications, biomedical technologies and nuclear technologies. I have decided that we will build this centre in the place where there is quite a lot already in place so that we can do this quickly. Speed is of the essence, therefore we will build it in Skolkovo.⁴⁷

In August 2010 the first deputy head of the presidential administration Vladislav Surkov said that the Skolkovo innovation centre would be built within four or five years, and it was also announced in August that the federal budget will allocate around 2bn dollars over the next three years for the implementation of the Skolkovo project. Presidential aide Arkady Dvorkovich said that budget funding totalling R110bn [around 3.7bn dollars] would be needed over the next five years to set up the Skolkovo centre.⁴⁸

It is of course too soon to say whether or not Skolkovo and the whole modernisation programme will be successful. It is an ambitious undertaking, and the likelihood of failure is probably greater than the likelihood of success. The correlation of forces within the political leadership is such that the majority is likely to oppose radical economic change.

The lack of economic reform since 2003, and the expansion of the state sector, particularly since the creation of large state corporations at the end of 2007 have hindered the development of a liberalised market economy in the Russian Federation.

Philip Hanson argues that:

It looks more as though the present Kremlin leaders prize control above all, with personal wealth as a joint product of that control. If so, they will be happy to proceed for some time with a system in which private enterprise still dominates, but in which

the situation with the advancement of the innovative economy), you can say that I am fairly pessimistic, because little has been achieved in recent years, and all the wheels are moving slowly." ⁴⁵ ITAR-TASS 14 September 2010. From BBCM.

⁴⁶ Channel One TV, 11 October 2009. See also <u>http://media.kremlin.ru/2009_10_11_01e_01.wmv</u> Accessed 7 October 2009.

⁴⁷ NTV Mir, 18 March 2010. From BBCM.

⁴⁸ For the Surkov comment see ITAR-TASS 20 August 2010, and for the Dvorkovich statement on the budget see Interfax 5 August 2010. From BBCM.

big business, at least, is run by trusted entrepreneurs, not "cosmopolitans" or "offshore aristocrats" who cannot be relied upon to do the Kremlin's bidding.49

He further notes that the Russian leadership values control above efficiency. State control over enterprises is a means of rewarding supporters in the state bureaucracy. However it undermines the development of coherent economic policies.

Hanson comments that state control "has been brought about by selective use of administrative pressures on firms, which has weakened development towards a rule of law. It has tended to raise political uncertainty and has been associated with an increase in corruption. Government is not joined up anywhere. Still, the economic policies of the Russian state are particularly incoherent."50

It is not as though the Russian leadership is unaware of the problem. Medvedev's and Dvorkovich's comments make this clear. Dvorkovich himself noted in April 2009 that possibly too many state corporations had been created in Russia.⁵¹ Medvedev's notional support for SMEs (small and medium enterprises), and his calls for an end to legal nihilism, and the need to reduce inspections of businesses by state officials all indicate that he is not ignorant of the problems caused by excessive state interference in the economy. Doing something about it however is another issue. It seems likely that little can be done to break the stranglehold that vested interests have in maintaining the status quo. As the Russian leadership is dominated by Putin appointees, rather than Medvedev ones, it is unlikely that the President would be willing to clash with Putin and his supporters on this issue.

The state's total shareholding portfolio is estimated to have had a market value in 2007 of \$469 billion, equal to 40 per cent of the capitalization of Russia's stock market. Peter Rutland notes that government oversight of companies is achieved through the placement of members of the executive branch on corporate boards in some cases as chairmen. He cites a banker as saying that "all big companies have to put people from the security services on the board of directors." Many senior members of the Putin leadership sit on the boards of major companies. Arkady Dvorkovich notes that the state corporations have been exempt from basic audit requirements.⁵²

Dvorkovich made another telling point when he commented in February 2009 that Russia needed a new political elite that would be more open to society. He commented:

The state must become honest, and maybe, so to speak, show its cards, to speak with people openly, to get feedback from people - through the media, through other public institutions.

The elite must be changeable; that is, a new elite that will be more open to society should replace the current, primarily bureaucratic elite. And this in itself...may become a serious factor in the growth of the Russian economy.⁵³

However the key problem is: how do you remove the existing elite, and from whence would a new elite emerge? Gleb Pavlovsky argued in a TV interview in September 2010 that the modernisation campaign was facing resistance from "every level" of Russia's establishment.

⁴⁹ Philip Hanson, 'The economic development of Russia: between state control and liberalization', ISPI Working Paper No.32, October 2008, p.24. http://www.ispionline.it/it/documents/WP_32_2008.pdf Accessed 7 October 2010

⁵⁰ Hanson <u>ibid</u>., p.15.

⁵¹Vesti TV, 8 April 2009. He also stated back in 3 October 2007 that he opposed the creation of state corporations. Interfax, 3 October 2007. From BBCM.

⁵² Peter Rutland, 'The Oligarchs and Economic Development', in <u>After Putin's Russia: Past Imperfect</u>, Future Uncertain, Stephen K. Wegren and Dale R. Herspring eds. New York, Rowman and Littlefield, 2010, pp.175-176. ⁵³ NTV, Moscow, 28 February 2009. From BBCM.

He stated a large number of people were "jamming the president". When asked who the "jammers" were, he stated:

The anti-modernisation complex, which, of course, is anti-democratic. These are big, very significant sections at every level - from, say, our big business, which, as Medvedev, by the way, has already said, is not particularly keen to get involved in Skolkovo, that is innovations, to administrative structures and security structures.⁵⁴

Vladislav Surkov argued in March 2010 that:

Our task is to build a new Russia with a new economy. In order to do that, it is sometimes useful to start from a clean slate. I do not think it was by mere chance that Peter the Great started from a clean slate. He understood that it would still have been possible to do what he wanted to do by keeping the traditional fabric of Russian life, but it would have taken much longer. Sometimes things have to be done from scratch in order to remove the obstacles.⁵⁵

It is difficult to see how Medvedev can start from a clean slate given the existence of the powerful anti-modernisation forces mentioned by Pavlovsky. It is for this reason that Chubais talked about cultural, as well as economic and political change, and why Medvedev was in effect talking at Yaroslavl in September 2010 about developing a democratic political culture.

Hanson argues that whilst economic growth continues, the existing elite will be able to have its cake and eat it (i.e have control and growth). If growth no longer takes place, then the elite may be more willing to undertake reform. He cites the political commentator Aleksey Makarkin as stating that economically liberal statements by Medvedev are aimed at the secret liberal heart of the Russian elite.⁵⁶ Hanson argues that there is a potential for further reform. He refers to an early-2008 survey of business opinion, in which question was asked: "What government activity does Russia need urgently?" Respondents could choose any two out of seven answers. More than 60 percent chose "Formation of legal environment for business activity," the most popular answer. Only about 20 percent chose "Financial support of selective priority enterprises and industries", and less than 20 percent chose "Direct regulation of the most important economic sectors".⁵⁷ This would indicate that there would be a strong lobby amongst the business community for economic liberalisation. So far however there is no sign of change occurring, and the most likely development is continuing stagnation and a continuing failure to diversify the economy. In July 2009 Anders Aslund provided a very perceptive assessment of the Russian economy, which is worth quoting at length:

In Pikalyovo [in June 2009], Putin declared the not very market-oriented view that private businessmen have to produce for the sake of producing. Numerous governors threatened private enterprise owners with confiscation if they did not rehire workers and keep decrepit factories alive. Several weeks later, Putin suspended Russia's attempted accession to the WTO, and he even went on a personal tour to control sausage prices. Naturally, rumors are ripe of possible new confiscations of large corporations.

⁵⁴ Ren TV, 9 September 2010. From BBCM.

⁵⁵ Rossiya 24, 21 March 2010. From BBCM.

 ⁵⁶ Hanson 'The economic development of Russia: between state control and liberalization' <u>op cit.,p.32</u>.
⁵⁷ Philip Hanson, State-led, oil-fuelled development: is that good for Russia's future? <u>CESifo Forum</u>,

^{2/2008,} p.27. <u>https://www.cesifo-</u>

group.de/pls/guestci/download/CESifo%20Forum%202008/CESifo%20Forum%202/2008/forum2-08focus4.pdf Accessed 7 October 2010.

This is no way to run economic policy. In effect, Russia is pursuing the status quo or inertia scenario—but without the benefit of stability. With its quarterly swings in declared economic policy, the government destabilizes the business environment and fails to carry out any economic policy. Both the vagaries and passivity are dangerous to the country's economy as is evident from the drastic decline in GDP...

The ultimate folly was Russia's gradual devaluation during the period from November to January. Naturally, everybody speculated against the ruble, which meant that the Kremlin instigated a domestic liquidity freeze. It was probably the main reason for the excessively sharp drop in Russia's industrial output. Amazingly, this operation is officially hailed as a success, making evident that the danger of a repetition persists.

The state-dominated banking system remains a morass. The five dominant state banks are in poor shape. The government pours more and more money into them, but it helps little as the banks lose it in short order on politically motivated, nonperforming loans. The state banks pose a threat of nationalizing big Russian companies, while they provide little credit. In effect, the Kremlin maintains a detrimental liquidity squeeze.

Senior officials interfere arbitrarily in big enterprises, asking them to hire more workers, to reduce prices and to expand production under threat of confiscation, further undermining the country's weak property rights. This is the worst possible policy.

Russia's ultimate shortcoming is its pervasive top-level corruption. Remember that it has failed to extend its road network since 2000. A country that cannot build roads cannot develop much more.

Undoubtedly, Russia will recover somewhat because of higher oil prices, the global recovery and recovering exports, but nothing has been done about the country's profound structural problems, which have only been aggravated during a year of financial crisis. Worse, Russia's economic policy is in such flux that nothing is being done. Gradually, the question is moving from complaints about how Russia is being governed to criticism that it is not being properly managed. No forthcoming disaster is evident, but no country can be ruled so poorly for so long.⁵⁸

This is why political change is necessary if the economy is to be reformed. In May 2010, Medvedev spoke at Skolkovo about the fact that "nothing happens in Russia without attention from the chief executive...this is a classic situation for our country...I cannot say that this pleases me, but unfortunately this is largely still the case."⁵⁹

This seems to be an implicit call for a reduction in the role of the presidency in the political system. However as noted above, significant change is unlikely in a system dominated by Putinites. Samuel Huntington notes that being a reformer is more difficult than being a revolutionary, and Gorbachev found the task of carrying out both political and economic reforms extremely challenging, and he possessed far greater power and authority and faced less opposition than does Medvedev.⁶⁰ If Putin opposes modernisation, then it will not happen. Publically, Putin supports modernisation, and has also spoken about the need to move away from an economy based on raw materials. However he is less likely to contemplate an economic reform that would curb the power of those who have prospered

⁵⁸Anders Aslund, 'No Place in BRIC for Russia's Economic Mess', <u>Moscow Times</u>, 29 July 2009 <u>http://www.iie.com/publications/opeds/oped.cfm?ResearchID=1273</u>.

⁵⁹ Interfax, 13 May 2010. From BBCM.

⁶⁰ Samuel P Huntington, <u>op cit.</u>, pp.344-369. Archie Brown, <u>Seven Years that Changed the World:</u> <u>Perestroika in Perspective</u>, Oxford, OUP, 2007, p.20.

under his presidency, and therefore also less likely to be amenable to political reforms that would broaden political participation, increase executive accountability and possibly reduce presidential power.

Gennady Gudkov, the deputy chairman of the Duma Security Committee warned in February 2010:

Russia has two options for its development. It can go forward, towards a civilized democratic future and in this case the extremely tight boundaries of the vertical chain of authority will have to be relaxed. The other alternative is to go back to the Soviet past, tightening the boundaries even further and using military-style discipline to compensate for mistakes of the authorities.

First of all, our country needs to modernise its political system and primarily to develop the institution of parliamentarism because representatives of our political parties in parliament elected by voters have remained without real authority. This is because the supreme representative power body - the State Duma - does not have real powers. Even 'the party of power' is only 'a party which is a supplement to those in power'...This is why today we have an omnipotent executive power which is totally immune to control and criticism.⁶¹

Medvedev may desire to move towards a "civilized democratic future", but the odds are against such a scenario coming to pass. The passing of a law in 2010 enhancing the powers of the FSB, and the use of anti-extremism legislation to hinder the activities of opposition politicians such as Boris Nemtsov are indicative of the fact that the authoritarian features of the political system far outweigh its democratic aspects.⁶² It has been said that Gorbachev faced the problem of being both Luther and the Pope.⁶³ Medvedev's problem is that his freedom of manoeuvre vis-à-vis Putin is far less than the degree of manoeuvrability Luther had in relation to Pope Leo X.⁶⁴

What if there is No Modernisation?

Analyses of the economy after the death of Stalin to the Gorbachev period constantly spoke of the need to move from an extensive to an intensive model of development. No such transition took place, as the dominant groups within the Soviet system were hostile to change.⁶⁵ This may well be the fate of the current modernisation project. In view of the fact that Medvedev has talked of the economy (and by implication society) being doomed and having no future, along with Sergey Ivanov's warning of collapse, then what are the implications of modernisation failing?

Many have argued that the current situation is one of stagnation and that this could continue for years to come.⁶⁶ As Anders Aslund said in his July 2009 article, no disaster is currently

⁶¹ Interfax, 1 February 2010. From BBCM.

⁶² Ekho Moskvy, 16 June 2010. From BBCM. The book by Boris Nemtsov and Milov assessing Putin's 10 years in power was seized by police in St.Petreburg and sent off to the Centre for Combatting Extremism to be assessed.

 ⁶³ Archie Brown, <u>The Gorbachev Factor</u>, Oxford OUP, 1996, p.93. Archie Brown, <u>Seven Years</u>, p.18.
⁶⁴ Luther was able to openly criticise the Pope.

⁶⁵ Seweryn Bialer commented in 1986 that ⁶One of the things so striking about the Soviets is the way they continually rediscover the same troubles and then resort to the same solutions...I once selected a dozen Pravda editorials from various years of the post-Stalin era and erased the specific dates, names quotes etc. They resembled each other so closely that it was almost impossible to identify the years of their appearance." <u>The Soviet Paradox: External Expansion Internal Decline</u>, London, I.B.Tauris & Co., 1986, pp.142-143.

⁶⁶ Vladimir Shlapentok, 'Is Putin's regime less vulnerable than Monarchist Russia in 1916 or the Soviet Union in 1990?' <u>Journal of Communist Studies and Transition Politics</u>, 26, 1, March 2010, p.70.

looming. Vladimir Shlapentokh notes that Tsardom survived the crisis of 1905, and the Soviet system survived the death of Stalin even though tanks were called out on to the streets of Moscow in June 1953.⁶⁷ A stable stagnation could presumably prevail for some time. One should also not forget the Russian capacity to "muddle through", and endure situations that might lead to major upheavals in other nations. The crisis in Chechnya and the armed attack on the Russian parliament by Yeltsin in 1993 notwithstanding, Russia turned out to be more stable in the 1990s than one might have predicted back in 1991.⁶⁸

However stagnation is not the only possibility. As far back as November 1978, the then Soviet leader, Leonid Brezhnev, warned that Soviet economic problems were serious enough to threaten political stability.⁶⁹ That was quite an admission for a pre-1985 Soviet leader to make, and the fear of such instability was probably never far from the minds of Soviet leaders. The events of Novocherkassk in 1962 would have reinforced this thinking.⁷⁰ This thinking remains true of the post-Soviet leadership. Yevgenny Gontmakher of INSOR wrote in November 2008 about the possibility of new Novocherkassk scenarios emerging in the Russian Federation.⁷¹

Concern over public opinion explains the decision of the leadership to introduce a freeze on food prices in October 2007 to run until the end of January 2008.⁷² This was in the run up to the Duma and presidential elections, and aimed at influencing public opinion in favour of the Putin-Medvedev leadership. The withdrawal of the monetisation of welfare benefits in 2005 following public protests shows the current leadership's fear of popular unrest. This has been a particular fear since the economic crisis of late 2008. Such a fear was expressed by First Deputy Interior Minister Mikhail Sukhodolsky in December 2008.⁷³ In April 2010 he warned of possible unrest and extremist threats due to the ongoing effects of the international financial crisis. He stated:

In the emerging conditions the leaders of radical structures are continuing to inflame the situation and strive to coordinate mass events under slogans of protecting the rights of workers, viewing these events as a stage to express their political views.

He said that the number of rallies recorded in Russia in the first quarter of 2010 was four times higher than in the same period in 2009.⁷⁴

⁶⁹ <u>Pravda,</u> 28 November 1978.

⁶⁷ <u>Ibid</u>., p.73.

 ⁶⁸ This was at times a very closely run thing. Some in Boris Yeltsin's entourage were strongly encouraging him to cancel the 1996 presidential elections, and he apparently serious contemplated using military force to dissolve the Duma during the financial crisis in 1998. On the 1996 elections see David E. Hoffman, <u>The Oligarchs: Wealth and Power in the New Russia</u>, New York, Public Affairs, 2008, pp.329-356, and Chrystia Freeland, <u>Sale of the Century: The Inside Story of the Second Russian Revolution</u>, London, Abacus, 2005, pp.198-201. On the 1998 financial crisis see Dale R. Herspring, <u>The Kremlin and the High Command: Presidential Impact on the Russian Military from Gorbachev to Putin</u>, Kansas, University Press of Kansas, 2006, p.135, fn.53. The apartment bombings in Moscow and Volgodonsk in 1999 should also not be forgotten.

⁷⁰ Yegor Gaidar, <u>Collapse of an Empire: Lessons for Modern Russia</u>, Washington DC, Brookings Institution, 2007, pp.90-91.

⁷¹ See Yevgenny Gontmakher, 'Scenario: Novocherkassk-2009,' <u>Vedomosti</u>, 6 November 2009. See also Yevgenny Gontmakher, 'When Writing About the Crisis Is Extremism', <u>Moscow Times</u>, 17 December 2008.

⁷² This was then extended to 30 April 2008.

⁷³ Interfax, 24 December 2008. From BBCM.

⁷⁴ RIA Novosti 15 April 2010. From BBCM. He stated: In the first quarter of this year the number of socio-political and other public events almost quadrupled in comparison with last year - from 1,269 to 4,900, without even counting election campaigning. Around 1.8 million people have taken part in them. An article in <u>Nezavisimaya Gazeta</u> by Sergey Kulikov and Mikhail Sergeyev, entitled 'Intensification of Protests Threatens Russia' dated 19 February 2010 examines the growth of strikes and protests in the Russian Federation.

Vladimir Shlapentokh argued in March 2010 that the demise of the Putinite system is inevitable. He noted that the collapse of the Tsarist regime in 1917 was sudden and unexpected, and that the collapse of the Soviet system in 1991 was also unexpected.⁷⁵ He comments that "the fact that the existing social order collapsed in Russia twice in the 20th century, evidently amazing to its contemporaries, is by itself remarkable. This factor should not be ignored when predicting the future of Putin's Russia."⁷⁶ He writes that the Putin regime has two features which make it more vulnerable than Tsarism and the Soviet regime. Firstly its ideological component is weaker than those of the two other systems, and secondly the level of corruption under Putin is probably higher than it was under the rule of the Romanovs and the CPSU.

The high degree of popular support for Putin is due largely to oil wealth. Shlapentokh argues that money is the prop of the regime. Without this source of wealth, Putin's popularity could disappear very quickly. There is a widespread perception among the intelligentsia that the current leadership is incapable of tackling the fundamental problems it faces. Shlapentokh takes the view that the regime could collapse very suddenly and unexpectedly. He refers to an article by British journalist Mary Dejevsky, who wrote in February 2009:

In the years, months and even days before popular protest finally toppled the Tsar, no one realised that the whole established order was in its death throes. What seems obvious with hindsight was invisible to those for whom life would never be the same again. Something similar could be said of the last days of the Soviet Union.

That the system was in economic extremis was clear from the acute shortages of basic goods; that the leadership at almost every level lacked credibility was also clear. But that the end would come when and how it did – when the constituent republics declared their independence and the centre conceded that it could not hold – was no less of a shock to most Russians than it was to the outside world.⁷⁷

Shlapentokh concludes that "we are doomed to watch Putin's political regime fight for its survival in a worsening economic climate. It is difficult to predict the impact of this process on international life. What is more, the West is rendered helpless in its ability to influence the drama unfolding in Russia."

Although the "unexpected" is by definition "unexpected", in the case of the collapse of Tsardom in 1917 and the collapse of Soviet rule in 1991 pre-conditions did emerge which should perhaps have made the respective collapses less surprising than they actually were. It was clear that the Tsarist system could not cope with the challenges imposed on its

⁷⁵ David Arbel and Ran Edelist argue that the collapse of the USSR took most Western foreign policy makers and intelligence analysts completely by surprise. See their book <u>Western Intelligence and the Collapse of the Soviet Union 1980–1990: Ten Years that did not shake the world</u>. London, Frank Cass, 2003. They also cite former Soviet foreign minister Alexander Bessmertnykh and Soviet academics Nodarii Simoniya of IMEMO and Alexey Kiva of the Institute of Oriental Studies as saying that no one expected the USSR to collapse. (p.179)

⁷⁶Vladimir Shlapentokh, <u>op cit.</u> p.57.

⁷⁷Mary Dejevsky, 'Regime change happens fast – so how stable is Medvedev?', <u>The Independent</u>, 17 February 2009, <u>http://www.independent.co.uk/opinion/commentators/mary-dejevsky/mary-dejevsky-regime-change-happens-fast-ndash-so-how-stable-is-medvedev-1623825.html</u>. A 2008 study by the US Joint Forces Command noted that "the collapse of a state usually comes as a surprise, has a rapid onset, and poses acute problems." It noted that in 1984 the Winter Olympics were held in Sarajevo. Few could have foreseen in 1984 the conflict that raged in Bosnia ten years later. US Joint Forces Command Center for Joint Futures (J59), Joint Operating Environment 2008: Challenges and Implications for the Future Joint Force. US Joint Forces Command, Center for Joint Futures (J59), November 2008, p.36.<u>http://www.ifcom.mil/newslink/storyarchive/2008/JOE2008.pdf</u>

administrative machine by the First World War. By late 1990 centrifugalist challenges in the USSR posed a serious threat to the integrity of the Soviet state, and by late 1991 food supply had become a critical problem (in 1990 the Soviet leadership had appealed to western countries for assistance from western nations in supplying food and medicines).⁷⁸ Crane Brinton wrote that one of the crucial signs that a system is about to collapse is that there is a widespread awareness that it is in trouble.⁷⁹ Although the Putinite system presently faces serious problems, it cannot yet be said to be "in trouble" in the sense meant by Brinton.⁸⁰ He notes that in the four revolutions he studied (the English (1688), American (1776), French (1789) and the Russian (1917)), that "in all of them, and especially in France and Russia, there is, as the actual outbreak of revolution approaches, increasing talk about revolution, increasing consciousness of social tension, increasing "cramp" and irritation. Prophets of evil there always are, and we need not lay much stress on any specific prediction of a given revolution...But when such fears – or hopes – become something like common property, when they are...in the air, then it is fairly safe to take this general sentiment as a pretty conclusive sign of revolution."⁸¹ Brinton warns however:

Even then, however, we have a sign difficult to use. For people never seem to expect revolution for themselves, but only for their children. The actual revolution is always a surprise. This is true even for Russia [i.e. in 1917] where the revolution had long been in the air.⁸²

The possible collapse of the Russian regime could create a large geopolitical vacuum on the Eurasian landmass. In 1917 the vacuum caused by the collapse of Tsardom was filled by the Bolsheviks, which created a security challenge that lasted until the late 1980s. In 1991 the collapse of the USSR did not cause a vacuum, as the political systems of the post-Soviet states, although weakened, were still able to possess sufficient governance capabilities to prevent a vacuum emerging on their territories. In addition the Yeltsin leadership in Russia sought partnership with the West and despite disagreements on various issues, eschewed confrontation.

There is no guarantee that the emergence of another geopolitical vacuum will be filled by forces benevolently disposed to the West. Many in the Russian political class blame the West for Russia's loss of power in the post-Soviet era. Furthermore the possible collapse of Russian power will take place in a setting in which Chinese power will have probably grown significantly and the demise of Russian statehood in the Russian Far East may tempt Beijing to fill any vacuum in that region. The attention of Western security planners could thus yet again be drawn to consider how to cope with the challenge of a collapsing Russian state.

⁸² <u>lbid</u>., p.66.

 ⁷⁸ Curt Tarnoff, U.S. Assistance to the Former Soviet Union 1991-2001: A History of Administration and Congressional Action, Congressional Research Service RL30148, Updated 15 January 2002 http://www.fas.org/man/crs/RL30148.pdf Accessed 12 October 2010.
⁷⁹ Crane Brinton, <u>The Anatomy of Revolution</u>, Norton, 1938, pp.80-81, cited by Jerry F. Hough, <u>Soviet</u>

⁷⁹ Crane Brinton, <u>The Anatomy of Revolution</u>, Norton, 1938, pp.80-81, cited by Jerry F. Hough, <u>Soviet</u> <u>Leadership in Transition</u>, Washington DC, Brookings Institution, 1980, p.33.

⁸⁰ In discussing revolutions, which is not necessarily the same as regime and system collapse (although the two are often interlinked), Brinton notes that the following are preliminary signs that a revolutionary situation may be emerging: government deficits, more than usual complaints over taxation, conspicuous governmental favouring of one set of economic interests over another, administrative entanglements and confusions, transfer of allegiance of the intellectuals, loss of conversion of many members of that class to the belief that their privileges are unjust or harmful to society, the intensification of social antagonisms, the stoppage at certain points of the career open to the talents, the separation of economic power from political power. Brinton observes that some of these signs can be found in almost any modern society at any time. He says that with the wisdom of hindsight in the four revolutions he studied (the English (1688), American (1776), French (1789) and the Russian (1917), these signs existed in some unusual combination and intensity before revolution ensued.

⁸¹ Crane Brinton, <u>The Anatomy of Revolution</u>, Revised and Expanded edition, New York, Vintage Books, 1965, pp.65-66.

APPENDIX 1

This is a summary of part of N.S.Rozov's article 'Global crisis in the context of the megatendencies of world development and the prospects for Russian politics', <u>POLIS.</u> <u>Politicheskoe issledovanie</u>, No.3, 2009, page(s): 34-46, which outlines various political scenarios that **could** emerge in the Russian Federation as a consequence of the current economic crisis.

Rozov wrote in June 2009 that Russia faces three crises:

- 1. The current global economic crisis
- 2. A crisis of the current political system, which currently has a hidden character, but which touches all aspects of public life.
- 3. A socio-political crisis with mass protests and major shifts in the political regime which could result in its collapse. This crisis has not yet emerged but could do so if the second crisis intensifies, possibly as a result of the first crisis.

He then argued that Russia could go in one of three major directions:

- 1. Versions of the proceeding of the economic crisis in Russia.
- 2. Escalation of violence or a peaceful accord
- 3. Closed or open politics

VERSIONS OF THE PROCEEDING OF THE ECONOMIC CRISIS IN RUSSIA.

Soft Crisis

A short and quick fall of the economy with finances holding until oil prices rise. The political regime remain strong, and stagnation continues, although its real effects are masked by petrodollars.

Medium Crisis

If financial resources do not suffice, this could lead to street protests, with the authorities succeeding in suppressing opposition. The state will freeze prices and intensify its role in redistributing wealth. Politically, various clans will be weakened. This could result in a shift from the current weak authoritarian system to a harsher dictatorship.

Harsh Crisis

Harsh suppression of street protests, and the establishment of a tough dictatorship using populist rhetoric. This regime could initially be quite popular.

Rozov argues that a major economic decline over the next few years (which he thinks is likely), could lead to mass protests. If a lack of finances means that the power structures no longer remain loyal to the state, then this could lead to a complete collapse of the power vertical. This could then result of several different centres of power in the Russian Federation, which will then compete with each other for power.

ESCALATION OF VIOLENCE OR A PEACEFUL ACCORD

Competition between different power centres could lead to civil war, with the victor establishing a dictatorship. If there is a medium level of violence, then this might result in either open war or on the other hand, a peace agreement. If the level of violence is low, then

this may result in an agreement between different centres of power - a peaceful polyarchy of different elite blocs.

CLOSED OR OPEN POLITICS

The closed politics of a pact between elites would consist of a concealed struggle for power between clans. Power would not be decided through free and fair elections. The clans would form coalitions, and with the leader of the strongest becoming national leader. The system could either be one of mild authoritarianism (with clans remaining) or dictatorship (the suppression or assimilation of clans).

Open politics would consist of competition between groups in free and fair elections, with power holders stepping down in the event of electoral defeat.

APPENDIX 2

2012 Presidential Election:Some Scenarios

Below are scenarios for the 2012 Presidential election from the <u>Report 2012: Equator or</u> <u>Rubicon</u> by Dmitry Orlov, General Director of the Agency of Poliitcal and Economic Communications; Dmitry Badovsky, Deputy Director of the Social Systems Research Institute of Moscow University and Mikhail Vinogradov, president of the Petersburg Politics Foundation. This report was released in April 2010.⁸³

Scenario 1: Inertia

An important argument in favour of Dmitry Medvedev's participation in the 2012 presidential elections is the high degree of inertia in the political process. Choosing Medvedev lowers the risk of the extreme personalisation of political institutions and the identification of the legitimacy of authority exclusively with the legitimacy of Vladimir Putin.

The proposing of Medvedev for the 2012 elections will be seen as logical as it will be seen as part of a gradual continuation of the reforms declared in recent years – viz. reform of the court system, the launch of economic modernisation, the raising of the dynamic of the political system, and some renewal of and rejuvenation regarding appointments to senior state posts, the intensification of the public demand for openness by and the accountability of the authorities. There is also a foreign policy dimension, as Medvedev as presidential candidate is likely to be preferred by western powers.

While the base of support of the president and prime minister is today not fully identical, one cannot fully rule out attempts to appeal to the president to reject the "bonds" of the tandem and search for a new candidate for the prime ministerial post in 2012. However the conversion of such appeals into concrete political steps seems highly improbable.

Medvedev is the undoubted and natural leader of renewal: a leader of an active part of the population, a leader of a national modernizing coalition. However even with the strength of being the "prospective" leader he will by no means be able to replace Putin. He is not a majority leader, and probably will not become one.

Scenario 2: The Return of Putin

The actualization of this scenario can above all be linked with the fact that the population trusts Vladimir Putin more than any other politician.

The continuation of the social crisis, terrorist acts in Moscow and Dagestan and the general perception of instability make logical the demand for "order" (on this occasion for order among the authorities) and the consolidation of elites – in contrast to "change" and the differentiation of elites. The answer to the demand for "order" is personified by the prime minister and leader of Yedinaya Rossiya, Vladimir Putin. Among elite and expert circles the opinion has spread that even the discussion of proposing Putin for the post of president could contribute to the consolidation of elites, and actually nominating him would accelerate this process. It would be logical for him to carry out the policies he would put forward in the election campaign, seeing that he would be relying on the support of the majority of voters.

The general content of the Putin message for the election campaign has already been formulated. Its elements only need some finishing touches. These are:

⁸³ <u>http://www.regnum.ru/news/1277305.html</u> Accessed 7 October 2010

- **Putin corresponds to the desired image of a national leader.** He is a patron, from whom emanates "tranquil power", capable of understanding, helping and protecting.
- The "Putinite majority does not exist without Putin". Attempts to qualitatively reform the Putin majority coalition are objectively linked with the risks that this collation, which is the foundation-stone of trust in the authorities, could collapse. At the same time the possibility of the evolution of the Putin majority in to a "modernizing majority" without Putin is very slight, if it exists at all.
- The "Putin Plan" has worked up till now. This plan currently defines the basic directions of the country's development. This includes the one-and-a-half party system (with the emphasis on the modernizing dominant ruling party and growth of political competition), the stake on large corporations (subject to the condition that they are efficient), an innovation economy (with the condition of the creation of real innovation centres), the struggle against corruption, (in conjunction with the intensification of control over the bureaucracy and reform of the Interior Ministry).
- "Putin satisfies society's demand for development." Putin's formulation of the Strategy-2020 can be considered to be an answer to this demand.
- **"Putin is the victor in the crisis".** He was able to formulation a single anti-crisis message to the ruling elite, and was able to consolidate the national leadership, parliament, regional leaderships, Yedinaya Rossiya and implement his strategy.

The main hindrance to the return of Putin may be the lack of an answer to the fundamental question "For what purpose?" This question may be posed if he is put forward as a candidate. In this situation the image of a "national hero" would be required. This would appeal to the known conservatism of both elites and population.

Scenario 3: Who is Mister X?

The controlled proposing of new figures to contend the presidency cannot be totally excluded. The current Russian regime is a hybrid one. It has the institutional principles of the tandem and the mechanism of a dominant party. At the same time personalist principles predominate. Putin remains the leader people trust. Medvedev's ratings are also very high. The leadership ratings are the basis of the system's stability. The new six-year presidential term that will commence in 2012 is an institutional innovation, but is also a potential factor supporting the future personalization of the political regime.

All this, along with the search for answers to Russia's current problems could push the ruling tandem to new solutions. In particular, in order not to simply preserve the current tandem (or reverse it (Putin as president – Medvedev as prime minister), they could widen the system of personal leadership by putting forward a new person as prime minister, at the same time raising the political role of some institutions.

This could mean for example that in the case of the return of Putin to the presidency, parliament could confirm a new prime minister and Medvedev could head the Constitutional Court or a new Supreme Court which has merged with the Constitutional Court. If Medvedev is put forward for a second term, then he could renew the government, and Putin, remaining the leader of Yedinaya Rossiya, could also become speaker in a Duma which has greater control over the government. Obviously such a scenario is very hypothetical, and no third person has yet come forward.

Any realistic scenario for 2012 must inevitably take account of the significance of the Putin factor. In the middle of this second presidential term he became national leader, relying on a high level of trust and possessing a "control packet" for taking key decisions without regard for his formal status. His departure from power seems impossible for the foreseeable future.

Indeed Putin was in 2007 the guarantor of the agreement of elites on the creation of the configuration of institutional continuity. He is highly likely to play this role in 2011 and 2012 irrespective of whether he remains leader of Yedinaya Rossiya and prime minister under Medvedev, returns to the presidency or initiates the creation of a new configuration of supreme power. It is also highly probable that the Putin-Medvedev political alliance will continue to exist independent of which ever scenario is realised.

APPENDIX 3

Dmitry Medvedev's Team.⁸⁴

Total of 55 people.

Some are younger members of the Putin leadership:

First Deputy Prime Minister Igor Shuvalov; Aleksey Kudrin; Dmitry Kozak; Elvira Nabiullina;, Arkady Dvorkovich

Others are more directly Medvedevite:

Alexander Konovalov (classmate Leningrad State University LSU); Deputy Procurator General Aleksandr Gutsan (classmate LSU); Mikhail Krotov presidential representative to the CC (LSU classmate); Konstantin Chuychenko head of the management directorate of the PA.

More than half of the 55 are qualified lawyers and many continue to work in law enforcement, particularly in the Higher Arbitration Court and the CC, in the Procuracy General and the Ministry of Justices. 9 per cent KGB background, 2 per cent MVD, 15 per cent procuracy.

Database of the Department of Elite Studies Moscow State University.

With the exception of those listed above, none of Medvedev's team occupy senior positions.

⁸⁴ Ol'ga Kryshtanovskaya and Stephen White, The Sovietization of Russian Politics, <u>Post-Soviet</u> <u>Affairs</u>,

Vol.25, no.4 Oct-Dec 2009, p.304

APPENDIX 4

	Year	N	Renewal (%)	Soviet Nomenklatura background	Force Ministry background	Security Services background
Pres	2007	51	-	22	67	37
Admin &	2008	42	17	17	62	33
Sec Cou	2009	55	33	18	51	38
Fed Govt	2007	86	-	20	37	22
	2008	91	23	17	52	29
	2009	86	24	17	36	20

Elite Turnover 2007-2009 (rounded percentages).⁸⁵

Figures for 2007 are as of 1 February 2009, for 2008 as of 1 August 2009, and for 2009 as of 20 September 2009. "Renewal" is defined as the proportion of new appointees in a given category. A "force ministry background" is inclusive of a "security services background" in the KGB and its successor organizations.

⁸⁵ Ol'ga Kryshtanovskaya and Stephen White, The Sovietization of Russian Politics, <u>Post-Soviet Affairs</u>, Vol. 25, no.4 Oct-Dec 2009, p.305.

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