

Post-communist Russia: a historic opportunity missed

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Russia is approaching the end of a cycle—a cycle defined not just by the term of Vladimir Putin's presidency, but by the fact that the country has reached the logical endpoint of the path set for it by its two post-communist leaders, Boris Yeltsin and Vladimir Putin. The goal of this article is to shed light on the nature of the current Russian system built by the two leaders, assessing its effectiveness, its sustainability and its future trajectory.

Consolidation of the system

Vladimir Putin will definitely enter Russian history not as the creator but as the consolidator of the process begun during Boris Yeltsin's tenure. The first post-Soviet Russian President had dismantled the old state and laid out the blueprint of the new one. Appointed by him, his successor finished the job, working within the framework provided, and the result of their joint efforts turned out to be very familiar. The Russian system we see today reflects a contradiction: Russia has moved far away from its past, yet in many respects it paradoxically remains deeply entrenched in it.¹ To understand Russia today one needs to be aware of a complicated interplay of continuity and change, in which continuity often imitates change discrediting the very ideas of innovation and modernization.

Under Yeltsin's and Putin's leadership, the Russian political class was forced to abandon several principles upon which the power of the state had been based for centuries. For the first time in Russian history, the regime sought legitimacy through elections rather than by ideology, totalitarianism or hereditary succession. The days of rallying the Russian people by both openly confronting the West as an alien and even hostile system and offering a civilizational alternative to it were left behind. A free market was introduced, which weakened the state's control of society and individual alike. Finally, the Russian political elite began to learn how to live in a competitive environment. Admittedly, some backtracking on many of these developments has become evident during Putin's presidency.

What remains today of the traditional Russian way of exercising power? The elite has preserved two key elements: *personalized power* and the *principle of*

¹ On the evolution of the Russian system under Putin, see Lilia Shevtsova, *Russia lost in transition: the Yeltsin and Putin legacies* (Washington DC: Carnegie Endowment for International Peace, forthcoming).

indivisibility. Power remains monolithic and focused at the top of the executive branch of government. The Russian president is elected, but not accountable to the electorate. Power in Russia is further consolidated by the mingling of business and politics, and the economy continues to experience heavy political pressure. State interests retain primacy over the interests of the individual and society. The elite and the overwhelming majority of the population continue to see Russia's global role and regional spheres of influence as fundamental. This sentiment—shared even by Russian liberals—is encapsulated in the term *derzhavnichestvo*: 'Russia is a great power or it is nothing.'

Among the factors that have affected Russia's recent evolution are its historical legacy, institutional obstacles to change, and the subjective factor, that is, the role of the leader and the ruling elite.² In the postwar period Russia's predecessor the Soviet Union was not shaken by revolutions or political and social turmoils like those that facilitated the opening up of communist Poland, Hungary and Czechoslovakia. At the crucial moment when Gorbachev threw open Russia's windows to the world in the late 1980s, Russia had neither an opposition that presented a credible alternative to the system nor pragmatists inside the ruling team capable of functioning in a politically competitive atmosphere. No less influential is the fact that Russia missed out on the period in European history when the spirit of constitutionalism flourished. In the nineteenth century, before European society democratized, the *Rechtsstaat* evolved, expressing the principle that the state itself should be subject to the law. Russia missed what Ralf Dahrendorf has called the 'hour of the lawyer', thus failing to acquire the basis of liberal constitutionalism. Without that basis Russian society could not successfully move to the next stages of transformation, 'the hour of the economist' and 'the hour of the citizen'.³ Instead, Russia moved towards the system Fareed Zakaria called 'illiberal democracy'.⁴

It would be unfair to overlook the serious difficulties Russia faced in its transformation in the 1990s. No imperial superpower with messianic pretensions had ever successfully democratized. And the Russian elite needed simultaneously to democratize a regime and form a new state—tasks that are not easy to reconcile.⁵ As if that were not enough, Yeltsin and his team were forced to attempt *four revolutions* at once: create a free market, democratize the state, abolish an empire and create a non-imperial Russia, and seek a new geopolitical role for a former nuclear superpower that had been for decades an adversary of the West. The developed world had passed through the phases of nation-building, capitalist growth, political liberalization and democratization in sequence: Russia tried to take all those steps in one great leap. Moreover, all successful post-communist transitions

² On the effects of the historical legacy on the evolution of the current Russian state, see Robert Legvold, ed., *Russian foreign policy in the twenty-first century and the shadow of the past* (New York: Columbia University Press, 2007); Stefan Hedlund, 'Vladimir the Great, grand prince of Muscovy: resurrecting the Russian service state', *Europe-Asia Studies* 58: 5, July 2006.

³ Ralf Dahrendorf, *Reflections on the revolution in Europe* (London: Chatto & Windus, 1990), p. 79.

⁴ Fareed Zakaria, 'The rise of illiberal democracy', *Foreign Affairs* 76: 6, November–December 1996.

⁵ Juan Linz and Alfred Stepan rightly warned that a precondition of successful democratization is a stable state: 'No state—no democracy.' Juan J. Linz and Alfred Stepan, *Problems of democratic transition: southern Europe, South America, post-communist Europe* (Baltimore, MD: Johns Hopkins University Press, 1996), p. 145.

in Central and Eastern Europe began with the establishment of a new political system, whereas in Russia, everything started with the privatization of property—before the introduction of any independent political institutions and rule of law.

Theoretically, a reform-minded leadership and a socially responsible elite in Russia might have compensated for the lack of some of the prerequisites for democratic transformation. This is what occurred in Central and Eastern Europe, proving that Giuseppe di Palma and Juan Linz were right to predict that ‘effective leadership and political “engineering” can compensate’ for the absence of some of the conditions for a successful transition.⁶ This did not occur in Russia, however. Communism collapsed at a time when the Russian elite had no vision of a new system. Even liberals and democrats in the 1990s were not up to the challenge of creating a liberal political system, preferring instead to rely on Yeltsin.

Alas, Yeltsin was neither a Russian Suárez nor a Russian Havel. The first President of Russia may go down in history as the leader who missed a chance to transform his country—and apparently did not even understand what a chance he had missed. During his tenure, Russians began to enjoy unprecedented freedoms (although these freedoms were more the work of Gorbachev); but before long, while Yeltsin was still in office, Russia began slipping backwards, having failed to cope with its newfound freedom. It was Yeltsin who handed over power to his favourites and enabled cliques to help themselves to state property. It was Yeltsin who adopted (and even edited) the authoritarian constitution that created a framework for the ‘electoral monarchy’. It was Yeltsin who, by failing to cope with the deepening crisis and paralysis of power, provoked among Russians the longing for order and an ‘iron hand’. It is paradoxical that the degeneration of Yeltsin’s leadership strengthened demands, not for independent institutions that could prevent further abuses of power, but for a new and more powerful authoritarian leadership. Putin has merely followed the path laid out by his predecessor. Ironically, in the eyes of society he became Yeltsin’s antidote and antithesis, while in reality he guaranteed the continuity of the system his predecessor had begun to establish.

The second and third waves of democratization in Europe showed that integrating transitional societies into the European community was an important factor in ensuring the success of their democratic reforms. Such integration proved impossible in Russia’s case. Europe was having difficulty digesting East Germany and was unwilling to engage in further self-sacrifice. Post-communist Russia, for its part, having begun to build a new state, could not afford to surrender sovereignty to supranational institutions.

The post-Soviet system bequeathed to Russia by Yeltsin and Putin includes the following components: bureaucratic capitalism, with the state assuming an expanded role; a bureaucratic–authoritarian political regime; a social infrastructure that depends for its survival on the state, rather than on individuals or society as a

⁶ G. di Palma, *To craft democracies: an essay on democratic transitions* (Berkeley, CA: Berkeley University Press, 1990), p. 210; Juan Linz, ‘Some thoughts on the victory and future of democracy’, in Axel Hadenius, ed., *Democracy’s victory and crisis* (Cambridge: Cambridge University Press, 1997), p. 408.

whole; and a foreign policy that balances partnership and disagreements with the West. Other processes have conferred on this system additional characteristics:

- the fusion of power and property;
- the emergence of a state bureaucracy, with the energy-*siloviki* (representatives of the law enforcement agencies and security forces) lobby playing a dominant role;
- the hybridization of economic, political, social and foreign policy, reflected in adherence to mutually exclusive principles such as market and bureaucratic control, authoritarianism and democracy, paternalism and social Darwinism, and anti-western and pro-western trends;
- the replacement of any coherent ideology by 'pragmatism';
- the adoption of a policy of imitation that allows the system to adapt to new realities without rejecting traditionalism.

How effective is this system? We could judge it according to the following criteria: whether it creates the conditions for a successful diversified economy; whether it succeeds in building viable 'human capital'; whether it guarantees political freedoms and the rights of the individual; and finally, how well it secures friendly international environment for Russia. In the light of these criteria, how should we view the post-communist Russian system, joint legacy of Yeltsin and Putin?

A system for growth or stagnation?

A first glance at Russia's economic performance during Putin's term might yield an impression that the system is rather effective. Indeed, the Russian economy has performed astoundingly well.⁷ Under Putin, gross domestic product has risen from \$200 billion in 1999 to \$920 billion in 2006. Gold and currency reserves have risen from \$12.7 billion in 1999 to \$303.86 billion in February 2007. The reserves of the Stabilization Fund have reached \$70 billion. In 2006 the trade surplus was more than \$120 billion, and the budget surplus is currently 7.5 per cent of gross domestic product. The Russian economy is now the twelfth largest in the world. Although economic growth has been slowing down (from 10 per cent in 2000 to 6.8 per cent in 2006), it is still growing at a brisk pace. (In the first half of 2007 economic growth was 7–8 per cent.) The economy is booming not only in the extractive sectors, but also in construction, trade, and the service and banking sectors. Russian business has shown that it is able to organize large-scale production and compete successfully against international corporations. Russia repaid its debt to the Paris Club ahead of schedule. The number of major businessmen in Russia is increasing more than twice as quickly as in the United States: in 2005 the number of dollar millionaires in Russia grew by 17.4 per cent compared with 6 per cent in the United States.

⁷ The economic data are taken from Kommersant, 'Vedomosti', www.liberal.ru.

However, like everything else in Russia, the economy has a false bottom. The main cause of the economy's success is high oil prices, along with protection from foreign competition in key areas of industry and trade. A collapse of the oil price could plunge the Russian economy into recession.⁸ Many predict an inevitable devaluation of the rouble, which may trigger a financial crisis. Wages and incomes in Russia have been growing more quickly than productivity, and as a result consumption as a share of GDP has increased at the expense of investment. (Gross investment amounts to no more than 20 per cent of GDP.) The government cannot get inflation below 10 per cent. The banking system is not fulfilling its role as a mediator: financial flows in the raw materials sector are not being transmitted to other sectors. The government has no idea what to do about the negative impact of the flood of petrodollars—namely, the strengthening of the rouble, which stimulates imports and damages Russian industry. The corporate debt of Russian companies has risen from \$30 billion in 1998 to \$216 billion in 2005. Russia's foreign trade accounts for 45 per cent of GDP (in China this indicator is closer to 70 per cent), which sounds a warning that Russian goods are uncompetitive. Russian investors prefer to invest abroad, a trend which is now called 'export of capital'.⁹ All these are signs that bureaucratic capitalism has serious problems.

The key problem with the Russian economy is the role of the state. The state is the economic regulator, but does not respect the supremacy of law and operates on the basis of slippery, unofficial rules that it does not even observe consistently itself. The expansion of a state that rejects the rule of law makes corruption inevitable and drives business into 'grey areas'. Moreover, the bureaucratic corporation has privatized the state, leaving no room for the observance of property rights or economic laws.¹⁰ No amount of economic reform can stimulate business activity while the state is the servant of the bureaucratic corporation and refuses to operate in a competitive environment.

The bureaucratic component of Russian capitalism is not the whole story. Russia's economic model is slowly evolving into that of a petro-state. In 2006 the Russian oil and gas sector's share of the federal budget was 44.5 per cent and commodities accounted for 63.3 per cent of exports. Aside from these signs, Russia is increasingly characterized by the typical features of a petro-state: an alliance between the bureaucracy and business; the appearance of a rentier class which lives on dividends from the sale of natural resources; systemic corruption; the domination of large monopolies controlled by the bureaucracy; an economy susceptible to external shocks; the risk of 'Dutch disease', whereby a large increase in revenues from natural resources de-industrializes a nation's economy; state intervention in

⁸ The sixfold decrease in the oil price in 1986 led to the collapse of the USSR, and the twofold fall in 1998 caused a financial crisis that almost finished off the barely breathing Russian economy.

⁹ In 2006 foreign investment in the Russian economy amounted to \$150 billion and Russian 'export of capital' reached \$140 billion. Capital inflow in the first half of 2007 amounted to US\$67 billion (capital inflow for the first half of 2006 was US\$42 billion). Most of this was made up of loans and speculative operations.

¹⁰ On the role of the Russian state in the economy, see William Thompson, 'Putin and the "oligarchs": a two-sided commitment problem', in Alex Pravda, ed., *Leading Russia: Putin in perspective* (Oxford: Oxford University Press, 2005).

the economy; and a gulf between rich and poor.¹¹ The petro-state has an interest not in modernization but in preserving the natural-resource economy.

As the state is busily re-establishing itself in the economy, nobody thinks about reform. A regime characterized by personalized power that cracks down on political pluralism is incapable of creating a dynamic post-industrial economy, which needs economic competitiveness; its primary concern is to safeguard its own interests, and anything threatening those interests must be restricted—competition, property rights, open courts, transparency in decision-making, business ethics, freedom of the press. High oil prices lull everyone into complacency. Bureaucratic capitalism in Russia can produce economic growth stimulated by high oil prices and consumption, but this growth, by its very nature, is not sustainable and benefits the rentier class above all.

The economic 'success story' in Russia has failed to repair the social structure. True, under Putin, most Russians have better lives. The government now pays salaries and pensions regularly. Per capita income is on the rise, with the national average reaching \$350 per month in 2006, compared with \$80 in 2000. The number of people living below the poverty line fell from 37 per cent in 1999 to 25 per cent in 2006. Unemployment fell to 19 per cent—from 7 million to 5.7 million people. These marginal improvements in the social landscape do not change the dismal overall picture, however.

Russia's population continues to decline in numbers and grow older. The quality of its workforce is also declining. In short, Russia's human resources are in poor shape, and there is a danger of further degradation. A few facts should serve to demonstrate the scale of the social problems Russia faces. The population has fallen from 149 million in 1991 to 142.8 million in 2006. Life expectancy in Russia is extremely low, lagging behind the developed countries by 15–19 years for men and 7–12 years for women. The mortality of people of working age is exceptionally high. Throughout the world, the main cause of death is cardiovascular disease, followed by cancer, with other causes of death (murders, accidents, poisoning, traffic accidents and the like) ranked between fifth and ninth. In Russia, however, these last causes are number two on the list. If present trends continue and immigration does not compensate, the population of Russia in 2025 will be 123 million (pessimists put the figure as low as 77 million). This raises doubts about Russia's ability even to control, let alone administer, its territory east of the Urals in 50 years' time.

Russia's poor human resources situation is tied to the alarming state of its health services. Only one Russian in three considers himself to be in good health, while 40 per cent are frequently ill, and 30 per cent suffer from chronic illness. According to official figures, 60 per cent of Russian children are suffering from a chronic illness, presaging an even less healthy population in the future. Diseases that had been eradicated in the USSR are spreading once again, among them tuberculosis and bubonic plague. Russia is on the brink of an AIDS pandemic: in 1999 only several thousand were HIV-positive, but in 2006 the figure had grown

¹¹ OECD Economic Surveys, *Russian Federation* (Paris: OECD, July 2004).

to somewhere between 800,000 and 1.1 million. These unfortunate statistics and other factors have led the World Health Organization to rate Russia 127th among its 192 member states in terms of the general health of its population.

A particular cause for concern is the growing income gap between rich and poor: the richest 10 per cent now earn twenty-five times more than the poorest 10 per cent. The differential between the most prosperous and the least favoured regions has increased to 281:1 (in 2000 it was 64:1). On the other hand, according to Forbes's lists, 20 new members joined the billionaire club in Russia in 2006 alone, bringing the total number of Russian billionaires to 53, with a joint net worth of approximately \$172 billion.

The structure of Russian society is hardly a recipe for stability. Between 1 and 2 per cent of the population constitute really rich people; 15–20 per cent are middle class, able to save and to contribute money to their children's education; 60–65 per cent dwell in the 'twilight zone' between the middle class and the poor; 15–20 per cent are fighting for survival; and 5–7 per cent have fallen to the social 'bottom'. Such a 'pyramid' social structure is inherently prone to turmoil.¹²

Only a wholesale reorientation of the political system towards the common good can revitalize this desiccated social infrastructure and prevent further degradation of Russia's human capital. If the current system continues to serve only the interests of a parasitic rentier class, while simultaneously nurturing a culture of dependency among the populace, the degradation of society may become irreversible.

Political regime as the driving force

In order to see whether the Russian system could create a positive political environment, let us look at the nature of the country's bureaucratic–authoritarian regime. Such a regime is reminiscent of Latin American governments in the 1960s and 1970s: power is concentrated in the hands of a leader who relies on the bureaucracy, security forces and big business for support.¹³ The reforming potential of such a regime is fairly limited, but it could be boosted by the inclusion of liberal technocrats. The system works if the leader manages to keep the constituent factions of his regime under control. Workable authoritarianism relies on the leader's charisma, security forces loyal to him and an effective state apparatus. In the absence of any of these, the leader can soon find his power usurped by the bureaucracy or security forces. Putin's regime has demonstrated that it relies on a delicate balance between personalized power and the bureaucracy, which has

¹² In early 2007 only 27% of those surveyed considered that things would turn out well, while 50% anticipated no improvement. Only 34% of respondents felt confident about the future; 63% did not (3% had no opinion). Russians in the spring of 2007, despite continuing economic growth, were still not sure about their futures and felt frustrated with government policy. According to Levada Center polls, 49% of Russians thought that the government could not control rising prices, 47% said that the authorities had neglected social issues, and 22% complained about corruption. See www.levada-center.ru, *Politika and Obschestvo (Politics and Society)*, 2007.

¹³ Guillermo O'Donnell, 'Tensions in the bureaucratic–authoritarian state', in D. Collier, ed., *The new authoritarianism in Latin America* (Princeton, NJ: Princeton University Press, 1979), p. 292.

always been powerful in Russia. Yeltsin's and Putin's regimes have one common feature: too much power, the excess of which they have had to share with their entourage, proof that both regimes have evolved in a neo-patrimonialist direction. The key goal of Russian bureaucratic authoritarianism is not modernization but the perpetuation of the status quo.

Russia's post-communist evolution serves as a textbook case of a failed transition. The Russian experience has confirmed that Francis Fukuyama was right when he said that there are 'few alternative institutional arrangements that elicit any enthusiasm' other than liberal democracy.¹⁴ Democracy is the only 'broadly legitimate regime form'. As Larry Diamond has put it, post-totalitarian regimes have felt 'unprecedented pressure to adopt or at least mimic the democratic form'.¹⁵ This is precisely why the Russian elite proclaims its democratic credentials, even as it skilfully adapts democracy to its own purposes. *Imitation democracy*—that is, retention of the formal institutions of democracy in order to conceal authoritarian, oligarchic or bureaucratic tendencies, and most often all three at the same time—is not to be found only in Russia; it has become the most popular form of political regime across the post-Soviet territories.

Pseudo-democracy discredits democratic principles, but ironically, unless the regime resorts to violence, it also undermines faith in the authorities' omnipotence. The game of 'let's pretend' played so assiduously by the Kremlin's occupants will have unintended consequences. Imitating a multi-party system, freedom of the press, democratic elections, parliamentarianism and a free market may well lead to an imitation of presidential power that conceals governance by Kremlin insiders. An imitation government and imitation nationhood cannot be sustainable.

The constitutionally mandated end to a leader's term marks the moment of truth for a regime. The Russian political class still cannot bring itself to accept the uncertainty entailed by political competition and free elections. It has failed to learn to think in terms of alternatives, instead desperately trying to transfer power to a loyal person and maintain its status as the power behind the throne. Meanwhile, the country is left to its own devices. All problems are put off to another day. The state becomes paralysed. All that really matters is to ensure the continuity of power. So it was under Yeltsin, so it is under Putin, and so it will be under the new leader—for as long as a system of personalized governance continues in Russia. Accordingly, no matter who is president, his second term will be lost time. For several years before elections, Russia leaves off everything except trying to guess the name of the next ruler or persuading the incumbent to stay.¹⁶

¹⁴ Francis Fukuyama, 'The primacy of culture', *Journal of Democracy* 6: 1, Jan. 1995, p. 9.

¹⁵ Larry Diamond, 'Thinking about hybrid regimes', *Journal of Democracy* 13: 2, April 2002, p. 24.

¹⁶ By mid-2007 two official presidential candidates appointed by Vladimir Putin had entered the presidential marathon: Dmitri Medvedev and Sergei Ivanov, both deputy premiers, the latter being the front runner. Yet on the bench of the presidential hopefuls a number of other Putin loyalists have been waiting for a chance to repeat the ascent to power made by the incumbent, among them the speakers of both houses of the parliament (state Duma and Federal Council): Boris Gryzlov and Sergei Mironov; the head of the Russian railways, Vladimir Yakunin; and the St Petersburg governor, Valentina Matviyenko. At any moment Putin may pull a joker from his pack and appoint him a new candidate. Preserving suspense and uncertainty is one way of controlling the situation at the end of the political cycle.

More important than the identity of Putin's successor in the Kremlin is what kind of leadership the country will look for. Yeltsin entered the Kremlin as an *anti-communist* leader prepared to make a sharp break with the past. Putin became the *stabilizer* after the chaos of the 1990s. Today, the regime is offering society a choice between two modifications of the status quo: a populist stabilizer who promotes consumerist aspirations, and a strong, statist leadership (which does not necessarily exclude the populist agenda). The Kremlin's foreign policy assertiveness—characterized by Moscow's open anti-Americanism and the tough rhetoric of Putin's 2007 Munich speech, macho posturing towards Europe and readiness for a diplomatic standoff with Great Britain, and attacks directed against Georgia and Estonia—indicates that the Russian elite is ready to choose the second option, the strong, statist model. Playing the nationalist and great power card serves to compensate for the lack of any other unifying idea. The Kremlin doesn't want a confrontation with the West; it apparently understands (or at least, some members of the ruling team understand) the risks of rhetoric and actions designed to mobilize a populace on the basis of identifying an enemy and the possible implications of its foreign policy technique of intimidation in the revisionist game. However, Putin himself and his team cannot stop playing the game, fearing to begin looking weak or losing control over the situation; in their view, being strong and confident means playing tough. There are no guarantees that the state, having started a campaign of anti-western and anti-American mobilization, will be able to stop it down the road. The Kremlin hopes that it can control the genie it has let out of the bottle, but it is unclear if the Kremlin's insiders can succeed.

Putin and his closest associates are hoping that he can remain on the scene as a kind of Russian Deng Xiaoping. It seems that Putin's successor is expected to give up his seat at any moment if (or when) the Russian Deng decides to return to power. However, those who take power usually are not in a hurry to leave it. An additional problem is that the Russian public is unlikely to adjust well to the idea of two centres of personalized power—one in the form of the *de jure* president and the other in the form of a *de facto* puppet-master. Both the population and the elite would rapidly transfer allegiance to the elected head of state, who might well decide to cut the puppet strings.

Indeed, one cannot exclude the possibility of Putin attempting to stage a constitutionally legitimate return to the Kremlin. Thus far, polling supports the continuation of Putin's rule: in March 2007, 66 per cent of Russians were ready to support a constitutional change allowing Putin to be elected for a third term, with only 21 per cent against (12 per cent had no opinion).¹⁷ The explanation for this is simple: people view the continuation of Putin's rule as the lesser evil, compared with the unpredictability attached to a change at the top. Besides, the people feel increasingly powerless to affect the political process, not to mention cynical about the importance of the elections. If the new president continues down Putin's path, why all this hassle about changing the leader at all?

¹⁷ www.levada-center.ru, 2007, *Politika and Obschestvo (Politics and Society)*, 2007.

Vladimir Putin apparently understands the consequences of staying in office beyond his constitutional term. Repudiating an electorally legitimized authority would make his hold on power less secure. He would become more dependent on his entourage and more vulnerable. Hence, Putin seems likely to leave the Kremlin in 2008. This will create a positive precedent: a leader riding high on a tide of popularity obeys the constitution and steps down from power, making it more difficult for his successors to act any differently. Notwithstanding such a positive precedent, however, the regime's focus on self-perpetuation makes the Russian system both highly ineffective and vulnerable.

Russia as both partner and opponent of the West

During Putin's second term, the impact of international events on Russia's internal situation decreased. But while events outside Russia have less effect inside it, events inside Russia have begun to drive its foreign policy. The Russian elite has taken to using foreign policy as a tool to strengthen the state, to consolidate itself and mobilize the population on the basis of suspicion towards the outside world. This is not an exclusively Russian feature; foreign policy is used as an important servant of domestic agendas in the developed democracies as well. But in the Russian case foreign policy has become one of the crucial systemic factors that helps to preserve the system in the situation when domestic sources of bureaucratic authoritarianism are no longer reliable. So what is the Kremlin's foreign policy, and what drives it?

Russia has shocked the world, and especially the West, with its hardball game in the international arena. Some of the motives behind Russia's assertiveness are readily apparent: a willingness to exploit high oil prices and the world's addiction to hydrocarbons; the stabilization of Russia's internal situation; the West's uncertainty about how to build a new world order; the US setbacks in Iraq; growing global hostility to American hegemonism; and the crisis of the 'colour revolutions' that alarmed the Russian elite in 2004–2005. All these factors raised the Russian elite's opinion of its own worth. In some cases, the West has given the Kremlin the motivation or pretext for its policy.¹⁸ However, the key factors behind new Russia's self-assurance are structural, and they are twofold: first, the attempts to justify centralization of power by returning to anti-western *derzhavnichestvo*; and second, the desire to preserve it in its new form by endorsing Russia's role as an energy superpower. The Russian political class views the resumption of great power aspirations as an essential prerequisite of the revival of the Russian state. The Russian political class has decided to overcome the humiliation of the collapse and fragmentation of the Soviet Union, not by choosing the path taken by Germany and Japan after their defeat in the Second World War, that is, joining the liberal democracies, but by returning to authoritarianism. Values are crucial in understanding Russia's rupture with the West in 2006–2007, especially the rupture

¹⁸ The US decision to deploy elements of the anti-ballistic missile (ABM) system in Poland and the Czech Republic, especially in the context of the forthcoming change of power in Moscow, could be viewed as a pretext that has been skilfully used by the Kremlin to justify its mobilization agenda.

between the United States and Russia, but they do not explain everything. Ironically, the relationship between the West and Communist China looks much more constructive than the relationship between the West and Russia—a member of the G8 and the Council of Europe. The reason is that whereas Russia has chosen to strengthen itself by opposing the West, China is trying to guarantee its ascendancy by embracing the West.

Putin has reversed the policy of Russia's *apertura*—the opening up towards western civilization pursued by Gorbachev and Yeltsin. He has done so both in terms of viewing the West as an enemy and in terms of using foreign policy as a tool of domestic restoration. A leader failing to play a tough hand on the international stage would forfeit the confidence of the Russian elite and have no chance of controlling events within the country, especially at the moment of a power transfer. The regime's domestic needs lurk behind all Russia's actions on the world stage, whether they take the form of grumbling about American hegemonism, selling arms to Syria, Venezuela or Iran, pandering to Iran, or bullying Ukraine, Georgia or the Baltic states. Thus, Moscow's opposition to US hegemonism derives less from the vector of its foreign policy (which should be pushing Russia to work with the United States against common challenges like international terrorism or Chinese ascendancy) and more from the need to have a mighty opponent whose existence justifies the continued existence and future maintenance of a centralized state.

The West, by failing to find a response to the emerging Russian challenge, bears at least partial responsibility for this state of affairs. As Robert Legvold wrote, 'The problem is that neither the US leadership nor for that matter European leaders have ever seriously wrestled with the underlying conceptual challenge: that is, how to integrate Russia with the West when it cannot be integrated into the West, that is, into the institutions that are at the core of Europe (the EU) and the Euro-Atlantic alliance (NATO).'¹⁹ Only while the window was open for Russia's political reform in the autumn of 1991 was there a chance of including Russia in western institutions, even if only as an associate member of NATO and the EU. Neither side saw this opportunity. Both Russian and western elites were caught out by the collapse of the USSR and failed to see the historic choice they could have made. The first round of NATO enlargement was a sign that the West had made its goal the integration of Eastern and Central Europe, even at the expense of its relationship with Russia. This may mean that western political elites had reconciled themselves with the idea that Russia couldn't be embraced. It is possible to get the impression that the failure of Russia's reforms did not alarm the West particularly; many had already written Russia off as either a potential adversary or a spoiler. The resurgence of a self-possessed Russia seeking to restore its great power status and to revisit the rules of the game drawn up in the 1990s took the West by surprise.

Vladimir Putin began his first term by experimenting with a multi-vector policy—in effect, a policy of opportunistic vacillation in response to day-to-day

¹⁹ Robert Legvold, 'US–Russia relations: an American perspective', in 'US–Russia–Europe: cooperative efforts', 33rd conference of the Aspen Institute, 23–18 Aug. 2006, Congressional Program, pp. 10–11.

requirements. Recognizing that the usual 'hard power' instruments were no longer effective, the Kremlin began concentrating on the commercialization of foreign policy. Bobo Lo was right when he remarked, 'Economization, far from being incompatible with geopolitics, gives it teeth.'²⁰ A new phase in Putin's foreign policy began in 2005–2006, when the Russian elite first demonstrated its readiness to dictate its agenda in the former Soviet space and then proved to have more ambitious goals. In 2006, Foreign Minister Sergei Lavrov began to speak of a role for Russia as mediator in world crises. 'Russia ... cannot take anybody's side in a civilizational conflict on a global scale,' he said. 'Russia is prepared to be a bridge.'²¹ For the first time in 15 years the Kremlin expressed unwillingness to integrate with western civilization. In late 2006 Sergei Lavrov put forward two new ideas. The first was a 'geopolitical triangle' of Russia, the EU and the United States which would 'manage world developments'. The second was a proposed transition to 'network diplomacy'.²² The Kremlin's very terminology—'mediator', 'bridge', 'network diplomacy', 'geopolitical triangle' and finally 'energy superpower'—characterizes the new mindset of the Russian elite. It wants to guarantee for the regime a role as a superpower and the freedom to move in a variety of different directions. On the one hand, Russia wishes to find a way to interact with the West and the rest of the world on its own terms. On the other, Moscow would like to enjoy a privileged place in a US–European–Russian triumvirate, even as it remains footloose.

Relations between Russia and the West have begun to assume the character of both partnership and opposition, with collaboration in some areas and mutual containment (or an attempt at it) in others. This hybrid conveys a sense of the Kremlin's efforts to project the incompatibility of the principles underlying domestic policy into the realm of foreign policy. Autocracy plus elections presents an arithmetical logic as dubious as that of trying to marching in step with the West while following a path all its own. Given such a contradictory model of behaviour, the question over which so many analysts have wracked their brains—*Which choice should Russia make?*—proves to be without substance. There is no choice for a state that has firmly decided not to choose sides. In the aftermath of 11 September 2001, the Kremlin unambiguously sided with the United States, suggesting that in existential crises Russia is likely to make common cause with the West. In times of peace, however, the country will vacillate for as long as the current system persists in Russia. The real questions are: How long can Russia continue with this combination of realism, economic pragmatism, aspiration to join the club of western democracies, and desire to regain great power status and to oppose the West? And

²⁰ Bobo Lo, 'Evolution or regression? Russian foreign policy in Putin's second term', in Helge Blakkisrud, ed., *Towards a post-Putin Russia* (Oslo: Norwegian Institute of International Affairs, 2006), p. 64.

²¹ The pro-Kremlin analyst Vladimir Frolov says: 'A consensus has formed in Russia to the effect that Russia can't be integrated into Western structures. And there is no opening for us to be integrated into the East. This means that Russia is destined to remain an independent center of power, whether it wants it or not. It will have to rely on its own code of civilization, doing its best to establish equally distant or equally close relations with other centers of power': Vladimir Frolov, 'Cho dlya nas zapad poslie Mjunchena?' ('What is the West to us after Munich?'), *Izvestia*, 28 Feb. 2007.

²² Sergei Lavrov emphasized that what the times called for were 'not cumbersome unions with fixed obligations, but temporary, variable-geometry alliances based on present interests and in pursuit of specific goals', and that 'network diplomacy' was to provide for 'flexible bilateral relations' between states: *Izvestia*, 31 Dec. 2006.

how it will eventually resolve the conflict between such diverse impulses? The West will have a hard time formulating a consistent policy towards such a country. Indeed, sometimes it will be obliged to follow Russia's zigzags.

The Kremlin's urge to be both friend and foe to the West leads to absurdity. On the one hand, Russia cooperates with Europe in the Council of Europe and its parliamentary assembly, and with NATO in the NATO–Russia Council; it develops 'road maps' for *rapprochement* with Europe. On the other hand, Moscow regards Ukraine's inclination towards Europe and Georgia's attempt to join NATO as hostile acts. On the one hand, Russia had the presidency of the G8 in 2006. On the other, it continues to accuse the West of undermining its territorial integrity. On the one hand, Moscow views the United States as a partner in the anti-terrorist coalition. On the other, it demands that the Americans leave Central Asia, which is rapidly becoming a centre for the spread of terrorism. On the one hand, Putin seeks to attract western investment in Russia. On the other, he unleashes a barrage of anti-western propaganda and attempts to force western investors to sell their assets to the Russian state.²³

Putin's speech in Munich on 10 February 2007 was perceived as the start of a new Cold War between Russia and the United States. Since then, he has not missed a chance to blast America. In his Victory Day speech on 9 May Putin said, 'The number of threats is not decreasing. They are only transforming and changing their guise. As during the Third Reich era, these new threats show the same extent of contempt for human life and the same claims to world exclusiveness and diktat.'²⁴ Few observers had any doubts which state Putin had in mind. By all appearances, the US–Russia relationship had returned to the pre-Gorbachev period.

Does this mean that the Russian elite is prepared to confront the West? The overwhelming majority of the Russian elite has no desire to return to isolation, let alone to troubled relations with the West. How does membership of the G8, and all the energy Putin devoted to the success of the St Petersburg G8 summit in July 2006 and the economic summit in the same city a year later, square with Russia's distancing itself from the West? The hardliners who control Rosneft, one of the state mega oil companies, went to great lengths to organize the IPO (initial public offering) and attract western managers. That is all very well, the sceptics say, but how do you explain why Moscow throws a stick in the West's wheel-spokes whenever it gets a chance? Russia obstructs the West in the post-Soviet territories; sells arms to pariah regimes; hinders the implementation of sanctions against Iran and sells it weapons; receives Hamas and Chávez in Moscow; and plays up to China.

Certainly, Russia's behaviour does not fit into any tidy scheme. The ruling elite is indeed eager to become integrated into the West at a personal level. At the same

²³ In October 2006 Moscow obliged Shell, together with its partners, Mitsui and Mitsubishi, to sell it a controlling share in the Sakhalin-2 project. Gazprom increased the pressure on Total and Hydro, which have licences to develop the Kharyaga oilfield. In June 2007 Moscow forced TNK–BP, which controlled development of the Kovykta oilfield, to sell its stake to Gazprom. Exxon-Mobil ran into serious problems in operating the Sakhalin-3 project.

²⁴ Vladimir Putin, *Interfax*, 9 May 2007.

time it publicly rejects the West and makes it an enemy in order to rally Russian society. This schizophrenic mindset is nothing new. Back in the late 1940s, Sir Isaiah Berlin commented on the dual-track policy of the Russian ruling class: 'Russia is ready to take part in international relations, but she prefers other countries to abstain from taking an interest in her affairs; that is to say, to insulate herself from the rest of the world without remaining isolated from it.'²⁵

Russia retreats every time a conflict occurs between its interests and those of the West, beginning with Bosnia and ending with Ukraine. It retreats because it lacks an ideology that might justify confrontation with the West; because of the risk-averse, hybrid nature of the regime; and because it lacks the resources to support a conflict with the West. True, there are some among the elite who see conflict with the western powers as a factor they can use in the struggle for power. At present, these hard-liners would probably not go so far as to see Russia isolated from the outside world like an enormous Cuba—although how they might behave in the future, especially in a crisis, is anyone's guess.

At any rate, the hopes for partnership between Russia and the West on the basis of common interests have not produced the expected *rapprochement* so far. Indeed, both sides increasingly understand that they have different perceptions of their common interests. This suggests that, for the time being, Russia and the West can hardly behave as consistent partners, a fact both sides apparently acknowledge. Their relationship will inevitably include elements of partnership, cooperation and disagreement. This mix will be difficult to manage, and it will give grounds for disappointments and even for tensions.

Being the direct reflection of the Russian domestic hybrid system, the Russian 'partner-opponent' model of relations with the West cannot radically change unless the domestic system is reformed. For Moscow, this model could be rather effective in reaching short-term goals and adapting to the changing environment, but it lacks substance and rejects strategic commitments. This is a foreign policy model for a country that is not ready to choose its final path. In the longer run the 'partner-opponent' formula could become a serious barrier to real partnership between Russia and the West—a partnership without which Russia's domestic transformation is impossible.

Stability versus instability

On the basis of the preceding discussion it is possible to conclude that the old/new Russian system cannot guarantee the country sustainable and effective development and defy friendly relationship with the West. But could this system help at least to maintain stability? At the end of Putin's presidency Russia seems to be quite stable, and there are drivers that support this stability. The oil price is crucial, helping to raise the living standards of society. Economic revival continues, which contributes to a positive outlook among the population. People have not yet fully

²⁵ Isaiah Berlin, 'The Soviet mind: Russian culture under communism', in Henry Hardy, ed. (Washington DC: Brookings Institution Press, 2005), p. 90.

recovered from their weariness after the upheavals of the Yeltsin era, and have no desire either to take to the streets—even when they are dissatisfied—or to demand any policy change. They are disillusioned with the opposition, both of the left and of the right, and are in no hurry to support it, waiting for new faces to appear. Meanwhile, remnants of the old opposition formed in Yeltsin's time have lost their combativeness but continue to occupy the niches of protest, hindering the emergence of opponents more dynamic and more dangerous to the Kremlin. For its part, the Kremlin is adept at stealing the opposition's more appealing slogans.

Particularly noteworthy is the loss of the intelligentsia's old spirit of dissent and dissatisfaction, so strong in Soviet times. The regime is in fact not too repressive, allowing its opponents to survive, if only after driving them into a ghetto and restricting their access to the public. Opposition figures socialize with each other through clubs, the coteries of the few remaining small opposition parties, and finally the internet, and the fact that there are such safety valves creates the impression of a degree of freedom. The Kremlin and its spin doctors have clogged the political arena with clones: parties of loyal bureaucrats, mushrooming youth movements, a public chamber, a state council. These fronts create the illusion of an active political life and reduce opportunities for the formation of genuinely vibrant social and political movements. The only opposition party that is allowed is the Communist Party, whose role is to make the authorities look preferable.

Of course, the institution of leadership is immensely important. When everything is uncertain, when there is no sense of progress, society sees the leader as the guarantor of order and certainty. People see the corruption of the regime, but place the leader above officialdom and exempt him from criticism. Initially Vladimir Putin was supported because people hoped he would revive Russia; now he is a president of hopelessness, supported because the populace can find no alternative and looks for the lesser evil. To summarize, Russia's stability is based on the longing for a durable status quo on the part of both the elite and most of the population, though their respective motivations for that desire are different. The elite that has succeeded in consolidating its position during Putin's years wants to preserve that position and its control over property. The wider society, remembering Yeltsin's chaos, fears any change—which has made Yeltsin and the memory of his years the most successful stabilizing factor under Putin.

This appearance of apathy and indifference in Russia may, however, be deceptive. Slowly but surely, systemic factors are emerging that may gradually undermine this docility. I see three such long-term factors, engendered not by adventitious circumstance but by the way society is organized. The first is the fundamentally illogical nature of democratically legitimized personalized power. The regime's determination to retain power obliges it to control elections, which weakens its legitimacy, and a regime that is losing legitimacy becomes fragile. The second factor is the regime's determination to maintain the status quo while simultaneously redistributing resources. This pits one elite against another and destabilizes the political situation. The third factor is the inevitable emergence of discontent where power is excessively centralized in a society that has become accustomed to

some degree of freedom. If popular discontent cannot be expressed in parliament and the mass media, then sooner or later it will spill out onto the streets. In addition to these factors, other conflicts may appear: between the centralization of power and the greater independence the provinces need for their survival; between the regime's attempts to manage business and the needs of the market; between the state's expansion and its attempts to control society and the population's aspirations to run its own affairs; between the growing Russia's integration into the globalized world and the Kremlin's attempts to close off society from external influences.

There is danger also from situational factors which today work in favour of stability but which tomorrow may have the opposite effect. The Russian authorities have virtually no contingency plans for the possibility of a fall in the price of oil. Another tool used by the regime to shore up stability is popular movements created by the Kremlin. Who is to say that such youth movements as 'Nashi' ('Our Side'), Miestnyje ('Locals') or Molodaya Gvardija ('Young Guard') will not go the same way as the nationalistic Rodina ('Motherland') Party, which also was set up by the Kremlin but then became a loose cannon?

It is an unrewarding task to speculate how stable a closed social system that works in its own interests can be. Let us imagine an unexpected combination of untoward events: a reform of housing, now outdated and still subsidized; an increase in fuel bills; transport snarl-ups in major cities; a rise in the rate of inflation; unrest among students due to be drafted into the army; a technical failure, like the 2005 power cuts in Moscow; a succession of ethnic riots; resumed terrorist attacks. This might stir up the most stoical and inert of societies. At the same time, social tension, in the absence of powerful liberal democratic forces, can play into the hands of populist nationalism. If a lurch in this direction were to occur, we would have to agree with those occupants of the Kremlin who mutter darkly that today's regime is the acme of civilization by comparison with what might replace it. The whole problem, of course, is that the Kremlin authorities have provided the basis for a tide of populist nationalism by addressing and strengthening public phobias and complexes; and the longer the present system continues, the stronger this tide could become.

An uncertain trajectory

Russia has failed to liberalize and westernize, but it does not want to return to the classic matrix either: that is, personalized power along with the drive to become a civilizational pillar which is an alternative to the West, and pretensions of uniqueness. Power in Russia remains personalized, but it is no longer rooted in the public mind as something inevitable, sacred and God-given. The Soviet model of a state governed by imitation law has been revived, only now without the communist ideology or the former repressive bureaucratic apparatus. Russian society has emerged from a patriarchal culture, but the varied fragments of culture flitting about in its consciousness have not yet coalesced into a new form. In trying to imitate the rule of law, pluralism and freedom while simultaneously clinging to

authoritarianism, Russia has marooned itself in the doldrums of history, becalmed between civilizations. Mimicry frequently replaces reality, so it is difficult to distinguish between the two when examining developments in Russia. At home, there is a desire to dress up the emphasis on authoritarianism as democracy. Abroad, Russia lays claim to partnership with the West while simultaneously opposing it. On the one hand, Russia rightly regards itself and its culture as part of Europe and European culture. On the other hand, Russia's politics and power structures remain alien to Europe and the West generally. The attempt to combine the incompatible is disguised behind the mask of 'pragmatism'. This points to the inability of both the ruling class and Russian society finally to leave the past behind, although they also have no wish to remain in it for ever.

What is the crucial obstacle that stands between Russia and liberal democracy? Is it the tradition of the primacy of the state? This is certainly not an insurmountable barrier. All societies were initially built on this principle, and indeed some abandoned it only at the end of the twentieth century. In the Russian case, the primacy of the state has always been linked not only with its superpower status but also with the existence of real or imagined threats, both internal and external. This entailed the constant search for enemies and the cultivation of a 'siege' mentality, which required in turn the militarization of everyday life and consciousness—that is, the subordination of the very foundations of society to militarist goals. In short, Russia developed a unique model for the survival and continuation of power. A permanent war footing was maintained even in peacetime (always a temporary condition in Russia). As the Russian political scientist Igor Klyamkin explained, 'Russia has always developed by annihilating the boundary between war and peace, and its system simply could not and still can't exist in a peaceful environment.'²⁶ This militarist model was intended to legitimize the super-centralized state in the eyes of the people. It is this militarism and these suspicions of the outside world that distinguish Russia from the other similar countries that emphasized the primacy of the state; and this explains why Russian transformation is so difficult.

Putin's presidency is crucial in determining the future course of Russia's development. It has demonstrated, perhaps unwittingly, both the possibilities and the limits of using militarist thinking to preserve elements of the traditional state. On Putin's watch, the Kremlin has resorted to the old tactic of going in search of 'enemies' at home and abroad in order to justify authoritarianism and state expansion. Among the enemies nominated by the Kremlin are the West, Ukraine, Georgia, the Baltic states and even authoritarian Belarus, non-governmental organizations, liberals and oligarchs. The Kremlin uses militarist symbols and actions to keep the mobilizational paradigm alive: it tests a new intercontinental ballistic missile (ICBM) with multiple warheads that could penetrate any US anti-missile shield; threatens to abrogate the intermediate nuclear forces (INF) treaty and withdraw from the conventional forces in Europe (CFE) treaty; threatens to retarget its missiles on Europe; and carries out joint military exercises with China. To date, this enemy search and deterrence tactic has worked quite well, but at some

²⁶ Igor Klyamkin, 'Protiv techenija' ('Against the tide'), *Kontinent*, no. 131, 2007, p. 165.

point, the return to militarist thinking and the witch hunt could undermine the stability and security of Russia and its elite, leading to a battle between clans. This model also hampers dialogue between the Russian elite and the West, as well as the elite's ability to use the West to ensure its own survival. The Kremlin recognizes the limits of the militarist paradigm, as is apparent in its attempts to reduce it to symbolic actions and rhetoric. It is trying not to cross the line beyond which the path would lead not only to internecine battles within the political class, but also to Russia's marginalization on the global arena. Yet even this 'militarist syndrome' demonstrates both the extent to which Russia has extricated itself from the past and how deep it is still rooted in the past.

The failure of the liberal democratic project is grist for the mill of those who see Russian development as cyclical in nature—that is, from liberalization to restoration and back again—as well as those who view it in the context of continuity theory as the constant replication of a traditional paradigm. Both these theories reflect a fatalistic view of Russia as doomed to choose between autocracy or failure. The failure of the last liberal project is superficial evidence of that view, but matters are always more complicated. Russian history is neither a mechanistic cycling between reform and counter-reform, nor is it merely repetitive, even though it often appears to be. In reality, each successive reform moves the country a little further forward, driving society towards greater openness. The successive restorations never take Russia all the way back to its starting point; they always leave a little more freedom than existed to begin with. Just so with the Putin restoration, which resurrects neither the Soviet Union nor the traditional Russian 'service state': it is a backsliding that nevertheless leaves society some breathing space. The regime appears to be telling the population, 'Do as you please; just don't try to seize power.' Leaving society alone, giving it the right to seek its own survival (but not the right to interfere in politics or claim ultimate control over property), represents an advance in terms of social autonomy, compared with the communist period, when the regime's control over society was absolute.

Russia is gradually coming out of its shell and opening up to the world in an irreversible way, proving that it is not doomed to a single destiny. Today, even Russian traditionalists don't like to live in a hermetically sealed country like North Korea. True, after each Russian thaw, there is a reversion to personalized power and state lawlessness; but with each repetition of the pattern, the regime loses some of its earlier power and is forced to limit its repressive instincts.

The time is approaching when the authoritarian regime will no longer be able to provide what society requires of it: stability and a standard of living approaching not Soviet but western levels. We may find that the present period is one of the last gasps in the life of personalized power, enabled to return mainly because of high oil prices and the pain of Yeltsin's reforms. Indeed, these two factors may have artificially prolonged the life of some elements of the Russian system on the way to its extinction. If the regime takes a sharper turn towards authoritarianism, it may even paradoxically accelerate the process of its demise; stagnation and ambivalence always postpone the exit solution.

If liberal trends were cut short in the early twentieth century because society was not yet ready for freedom, the defeat of Russia's liberal project in the early twenty-first century can be explained first of all by the elite's unreadiness for freedom and political competition. True, we should not overstate the maturity of ordinary Russians or their ability to live in a state governed by law. The Russian people are still politically inactive and seem incapable of petitioning the regime to address their interests. The Russian public has no experience in forming civil associations, and no experience of life in a country in which state power is divided between executive, legislative and judicial branches. A significant part of Russia is, however, increasingly ready to move towards European cultural and legal standards, and those people already consider themselves European. The world has become globalized, and Russia is now a reasonably developed country with a population reasonably well educated and informed about the rest of the world. Therefore it does not have to repeat all the stages that the western nations accomplished on the path to liberal democracy. Having said that, I have to admit that Putin's nearly eight years in power have had an impact on the mood of the Russian population. Yeltsin had left many Russians frustrated and disenchanted with the liberal reforms, nostalgic for the Soviet Union, for the certainty and stability of the communist past. Putin is leaving a legacy of mass cynicism and popular belief (even conviction) that in order to survive and succeed in the post-Soviet reality one needs to know how to circumvent rules by pretending to follow them, and to learn to pay lip service to the regime while understanding its corrupt nature. Putin's legacy may become a serious obstacle to real democratization when Russia again finds itself at the fork in the road.

What the future has in store for Russia

For the first time in its history, Russia is enjoying an extraordinarily favourable domestic and international atmosphere for transformation. It faces no serious international threats or enemies; it has domestic stability; its leader enjoys popular support; the West is ready to assist it in a new round of reforms; its oil money could cushion the shock of the new reforms for society's most vulnerable members; and finally, Russian society does not reject liberal democratic values and part of it might actively support the new transformation, if it is persuaded that it will benefit and if a new political force comes to the fore that could represent liberal principles.

The Russian elite, on the other hand, is not interested in any reform; it is returning to its traditional ways, and is spending the oil windfall on imports, just as the Soviet Union did during the Brezhnev stagnation. The ruling class forces Russian society to drift downstream with no thought of the troubled waters ahead. The mutually incompatible trends within the system and within society itself, combined with historical weariness after the failed revolutions, make it difficult to generate the energy to change things. The elite has not forgotten the Gorbachev period, which it holds up as proof that weakening control would lead to chaos and possible collapse. Besides, so far there are no active 'subjects of transformation'—

those leaders and groups that can not only formulate liberal principles but link them with the economic aspirations of the people.

Moreover, one can hardly expect a liberal democratic upsurge in an atmosphere of stagnation. Change can be provoked only by a crisis, or the imminent threat of one. It may seem to some liberals that a crisis would be preferable to hopeless rot and decay. There is no guarantee, however, that a crisis in Russia will usher in a golden age of freedom and pluralism. A crisis may be dealt with by a mere change of rhetoric, or new policies, or new personalities in the Kremlin, while the old system continues unchanged—as happened in 1991, 1993, 1998 and 2000. It may be that, before Russia can have another opportunity to turn to liberal democracy, it will have to free itself from the temptation to try to resolve its problems with a nationalistic totalitarian regime. A lot depends on when the next crisis occurs, and what conditions prevail in Russia at the time.

It remains unclear what effect the hybrid nature of the regime will have on Russia's future development. Democratization of similar regimes in Serbia, Georgia and Ukraine has shown that hybrids, because they afford a degree of freedom, can raise aspirations to genuine democracy in part of the population. So far, however, Russia's authoritarian evolution, under the disguise of 'managed democracy', or 'sovereign democracy' as it is dubbed now, brings only frustration for genuine democracy and the desire not for change but for order.

Even so, I believe that the desire to see Russia reborn as a liberal state is still alive among some sectors of the Russian population. There are far more people who want to live in freedom than one might suppose. It is true that, when Russians are asked about their priorities, they put at the top security, stability and standard of living: 75 per cent regard these as their priority, while only 13 per cent mention democracy. At the same time, 60 per cent of respondents believe that the opposition has the right to express its views. Asked what will guarantee well-being in Russia, only 29 per cent mentioned presidential 'verticality'—that is, top-down governance. And 43 per cent answered that 'strengthening of civil rights' will guarantee well-being.²⁷ This is a sea-change in the thinking of a people that for centuries have been brought up to revere the state and its leader. As yet, the people who feel this way are not consolidated; they have found their own ways of individual survival and are not ready to risk dangerous dissent.

So far the Law of Failure has been governing Russia. According to this law, when a liberal opposition group is not ready to take power, society may have to pursue a dead-end path to its conclusion before it can look for another way out of its predicament. The leader has to fail spectacularly in order to demonstrate that the path was wrong. Gorbachev's failure to reform the Soviet Union showed that it could not be reformed. Yeltsin's failure to create functioning oligarchic capitalism proved that big business in power cannot think about a national agenda. Putin's destiny may be to confirm that Russia cannot be modernized from the top down. In that case, his success as an authoritarian modernizer would have only delayed

²⁷ www.levada-center.ru, April–May 2007, *Politika and Obschestvo (Politics and Society)*, 2007; *Nezavisimaya Gazeta*, 20 Feb. 2007.

Russia's discovery of a road to genuine modernization, while his failure might have facilitated liberal transformation. Thus far, in the people's eyes and in the eyes of the West, Vladimir Putin is not a failure, which means that true modernization may be a long way off.

Russians have yet to conceptualize the problems that will arise as their country climbs out of the past and embarks on its journey towards the kind of open society Karl Popper dreamed about. The Russian public has yet to decide how much freedom and pluralism it can handle, given the nationalistic neuroses of some groups. How can a lawless state be restructured without plunging Russia back into chaos? This is the eternal quandary and stumbling-block of Russian reformers.

In the future, there seem to be—at least theoretically—three ways for Russia to go: continued stagnation; a systemic crisis; or a breakthrough to liberal democracy. For the time being, Russia's stagnation continues, despite its economic growth. This stagnation manifests itself in the Kremlin's failure to diversify the economy, to move beyond the wish to sustain the status quo aspirations, to form a new and ambitious vision for Russia and its return to tradition. Some optimists, however, believe that this scenario in the end will push Russia towards liberal reforms. I do not see how it is to happen: how reform would begin without impetus, agenda, social support and driving force. And why should the elite support something that might undermine its position?

It is more likely that, if stagnation continues, it will end either with crisis and a more authoritarian response or with gradual decay. Both carry the threat of state or national collapse. If post-communist Russia begins to fall apart, the world will rue the consequences of its disintegration. What matters most for Russian society and the elite is that they find the means of bringing about the liberal transformation of Russia before its relapse into the old ways and its degradation become irreversible. Each year that Russia remains stagnant reduces the probability of a liberal democratic breakthrough. The opportunity, I believe, is still there, but for how much longer will the window remain open (or is it already half shut?)—ten, seven, five years?

If Russia were to try once more to realize its liberal project, it would face new challenges. Russia is unlikely to be able to transform its enormous territory without the cooperation and assistance of the liberal democracies—especially in developing Siberia and the far east, as well as modernizing the North Caucasus.²⁸ Russia will need to abandon its stubborn desire for self-sufficiency and its pathological sensitivity over sovereignty, especially as it becomes increasingly dependent on consumers of Russian natural resources. Inviting foreigners to resolve managerial and economic tasks is nothing new for Russia, but for the developed democracies to be willing to take part in the new Russian project, they will have to be persuaded that the goal is a law-governed state. Moreover, western cooperation is unlikely to be unconditionally acceptable to Russia. The West will also need to

²⁸ Zbigniew Brzezinski wrote of a 'transnational effort to develop and colonize Siberia' that could 'stimulate genuine European–Russian bonding': see Zbigniew Brzezinski, *The choice: global domination or global leadership* (New York: Basic Books, 2004), p. 103.

bear in mind just how difficult it may prove to complete joint initiatives on the territory of Eurasia, and how painful it will be for Russia (more specifically, for its elite) to find a way to maintain national identity while integrating itself into the western world. If western politicians indulge in displays of petty egoism, or continue to allow themselves to be coopted by the Russian state,²⁹ or fail to recognize the magnitude of the challenge, they may give Russia an additional push in the direction of restoration. There is no need for Russia to become a full member of such organizations as NATO or the EU to become a liberal democracy. Indeed, tailor-made forms of association and partnership may prove better able to ease Russia's integration into European civilization.

The West should not expect the liberal Russia to prove an easy, agreeable partner or to manifest much gratitude. Shared values do not necessarily lead to shared national interests or unanimity on how the world should be ordered and governed. This has been amply demonstrated by the ructions between Europe and the United States during the two terms of the Bush administration (and by France's perpetually idiosyncratic take on the world). It is not impossible—indeed, it is probable—that there will be tensions between liberal Russia and its western partners. But there is no doubt that Russia will stand with the West in trying times, if only because Russian society faces many of the same threats as the West—primarily, Islamic extremism and nuclear proliferation.

'Liberal Russia is an inconceivable alternative,' the sceptic would shrug, dismissing my speculations on Russia's positive future. I would argue that we have already seen the inconceivable—the peaceful collapse of the Soviet Union. Russian experience over the past 16 years has demonstrated not only Russia's backtracking but also the fact that there are powerful forces that have been preventing this society—so far—from lapsing into harsh authoritarianism. Thus, nothing is preordained, and determinism is not the most effective way of analysis, obscuring as it does the complexity of the landscape, its hidden tensions and its drama.

For the time being, Russia continues to drift, missing its window of opportunity. The next moment of truth is likely to come in 2010–11, when the new government and the new leader will have to decide what to do with all the reforms left on the back-burner. By then, the limits of the petro-economy and the potential of the bureaucratic system will be clearer, and Russia might reach the last available moment to restart reform before the new election cycle begins. There are no signs that the Russian political class formed in Yeltsin's and Putin's times will find the courage to change the rules by which it plays; it might allow the rot to continue, or seek its salvation in a more aggressive 'iron hand'. At the moment, however, no one knows for sure what is happening under the surface in Russian society, how long it will be satisfied with the status quo and with its rentier class. One cannot exclude the possibility that in the next ten years Russia will once more begin to deliberate on its new trajectory. It may happen even sooner than we expect.

²⁹ Former German Chancellor Gerhard Schroeder's taking a job as a Gazprom bureaucrat is a typical example of such cooption.