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Think Again: Vladimir Putin

By Lilia Shevtsova

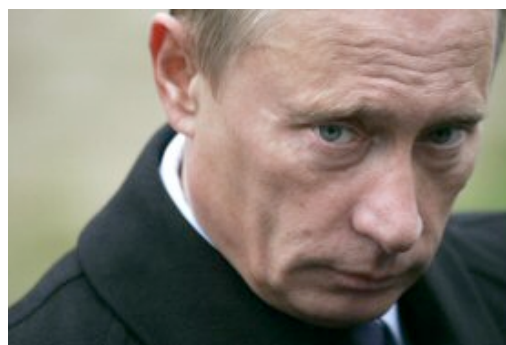
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He has been called a despot, a menace, and even a murderer. But Vladimir Putin's half-baked autocratic regime won't rule Russia forever. After nearly a decade in power, Putin is more isolated than ever. Will he step down, leaving behind a paralyzed political system and a bootless economy? Or will he continue the charade of phony democracy that has brought him this far?

“Putin Has Established an Autocracy”

Yes, but it won't last. Reasonable people can agree that Russia's postcommunist evolution is a textbook case of what not to do. Nearly two decades after the fall of communism, Russia is not a democracy. But neither is it an absolute autocracy in the mold of, say, Cuba or North Korea. It sits somewhere in between. It is a semiauthoritarian regime in democratic clothing. That is to say, Russia pretends to be democratic. In this imitation democracy, formal institutions that appear democratic conceal a system that is at once authoritarian, oligarchic, and bureaucratic to the point of paralysis. It's hard to decipher the line between real and fake. Yes, Russia has political parties, a parliament, trade unions, and youth movements. But in reality they are all Potemkin villages. Russia's elites have been perfecting such masquerades for centuries. Today, the Kremlin even humors a marginal liberal opposition and other forms of dissent that, unintentionally, by their very presence, are part of the sham.

This pseudo democracy may turn out to be even more dangerous and destructive than the pure autocracy Russians suffered for decades. Authoritarian or totalitarian regimes at some point create a longing for freedom. Imitation democracies, on the other hand, only serve to discredit liberal democratic institutions and principles, and the citizens living within them may at some point actually prefer a real “iron hand.” That is not to say that the cause of Russian democracy is without hope. Russians elected both Boris Yeltsin and Vladimir Putin expecting that they would ensure order, support democracy, and



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Democratic disguise: Putin has become a captive of his own regime.

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achieve Western standards of living. They did not elect extremists, nationalists, or communists as their leaders, despite the severe hardships and humiliating poverty of the 1990s.



Today, 70 percent of Russians say they are ready to live in a free society. For perhaps the first time in Russian history, there are no insurmountable barriers to prevent that from happening. The largest remaining barrier is the political and economic elites. Because they are not ready to live in a competitive society, they try to convince the world that Russia is not mature enough to be truly free. In this, they are aided by the West, which tries hard not to upset the Russian president for fear of undermining relations with the country. Eventually, the West will have to decide whether it wants cozy relations with the Kremlin, or whether it wants Russia to be free.

“Putin Created an Economic Miracle”

No. This is a popular refrain of both the Kremlin and Western businesses operating in Russia. On the surface, the economy Putin is leading looks impressive. The country’s GDP rose from \$200 billion in 1999 to \$920 billion in 2006. Economic growth was nearly 7 percent in the first half of 2007. Russia’s economy is now the 10th largest in the world. But these economic gains have a false bottom—high oil prices—and have been achieved, at least in part, by protectionism. Putin has failed to crack down on inflation and has been forced to freeze food prices. Corporate debt held by Russian companies rose from \$30 billion in 1998 to \$384 billion in 2007. And Russian investors increasingly prefer to take their cash abroad. Elites, who pretend to be outwardly confident in Russia’s future, are moving to London and other European capitals in droves.

Calling Russia an “energy superpower,” as the Kremlin likes to do, is a tacit admission of its failure to diversify the economy. Oil and gas account for more than 63 percent of Russian exports and 49 percent of the federal budget. Russia demonstrates all the key characteristics of a petrostate: a fusion of power and business, the emergence of a hyper-rich rentier class, systemic corruption, state intervention in the economy, and rising inequality. Like other petrostates, Russia also shuns modernization. The proportion of goods and services in Russia’s exports is a mere 1.7 percent, while high-technology exports contribute a pathetic 0.3 percent.

A nuclear power with a natural resource-based economy is something the world had never seen before. The country’s ruling elites are no longer fixated on nuclear might. “Hydrocarbon politics” has proven equally effective. The more dependent the economy becomes on natural resources, the more the Kremlin tries to centralize its power, bully the West, and bludgeon neighbors such as Belarus, Ukraine, and former satellite states. Russia proves that a nuclear petrostate can produce growth without development. But a nuclear petrostate that fails to modernize while harboring global ambitions is hardly a healthy situation for geopolitics.

“Putin’s Russia Is Anti-American”

Half right. After the Cold War, Russians could be forgiven for harboring some animosity toward the United States. But the majority did not. During the 1990s, around two thirds of Russians viewed the United States as friendly. As recently as 2001, only 15 percent of Russians had a negative opinion of the United States. When, after 9/11, Russians were asked, “Would you give blood for Americans wounded in a terrorist act?” 63 percent said “yes.” In the ensuing years, this support has slipped. Yet, even today, nearly half of Russians still report positive feelings toward the United States. Despite an active anti-American propaganda campaign being run by the Kremlin, Russians are still vastly more pro-American than most of Europe, where only 39 percent of the French, 37 percent of Germans, and 23 percent of Spaniards say they hold positive views of the United States.

Europeans loathe the United States as a “benign hegemon.” For Russians, and particularly Russian elites, the situation is far more complicated. Yes, some are irritated to see Russia being taken for granted, or just plain ignored. Others loathe American preponderance because they understand, with a touch of envy, that Russia cannot behave the same way. Moreover, Russian elites view the Kremlin’s anti-American propaganda as an effective tool to consolidate power on the basis of a manufactured “enemy.” (What country besides the United States could serve this purpose?) Russian elites, however, have no desire to provoke real friction with the United States, fearing isolation and marginalization.

Ironically, the Kremlin uses the American experience to justify its agenda—most notably a third term for Putin. Franklin Delano Roosevelt, who served three full terms as president of the United States, has even become one of the popular heroes of Russian political operatives. Roosevelt “is becoming our ideological ally,” as one of Putin’s closest associates has said. True, suspicion toward the United States in Russia is deepening. If anything bothers the Russian elite, it is that Americans no longer pay as much attention to their old sparring partner.

“Putin’s KGB Friends Rule Russia”

As if. The reality is far more complicated. For starters, it was former President Boris Yeltsin, a leader the West hailed as liberal and democratic, who first brought people from the security services into Russian politics. He anointed Vladimir Putin, who spent 16 years in the KGB, as his successor. Yeltsin brought this group in from the cold to guarantee the continued influence of his loyalists and to secure their economic interests.

Putin, on the other hand, has hardly handed power to his former KGB colleagues, as many assume. Rather, he created a "spider web" of various clans and interest groups that include the security services, liberal technocrats, moderates, and political pragmatists. Putin creatively used the infighting between these groups to prevent any one clan from being able to monopolize power. In so doing, he followed an old rule of Russian leaders: In the Kremlin, to rely on just one political force is suicide.

Yes, Putin's former KGB colleagues have influence. They spearheaded an aggressive redistribution of assets inside Russia, including the renationalization of Yukos, once the world's largest private oil company, and jailed its former chairman, Mikhail Khodorkovsky. And they control several powerful state corporations, including Rosneft, the state oil company; Rosoboronexport, Russia's defense technology exporter; and Russia's state railroad corporation. But it was not Putin's KGB buddies who initiated the tightening of the screws on Russian civil society. That was Yeltsin and his team, including such leading liberals as Yegor Gaidar (a contributing editor to **FOREIGN POLICY**) and Anatoly Chubais, darlings of the West, who became the architects of Russia's democratic backsliding by ignoring the need to build independent institutions. It was Yeltsin, not Putin, who crafted the constitution that enshrined the unaccountable, personified power that Putin enjoys today. Putin has certainly taken advantage of this system. But neither he nor his KGB friends created it.

"Putin Is Omnipotent"

Wrong. All personified regimes eventually become hostages of the cronies to whom they delegate their powers. It's a trend political scientist Guillermo O'Donnell calls "impotent omnipotence." And Putin is no exception.

Putin is the only real political actor in Russia. Not a single decision is made without his endorsement. The result is total paralysis within the bureaucracy. All authorities in Russia wait for Putin to make a decision. Meanwhile, in recent months, Putin appears reluctant to decide much of anything. Having built a closed and hypercentralized state, he is totally dependent on his entourage and the information they filter to him from the outside. Having eliminated all real politics, alternative sources of information, and competing interest groups, the Kremlin feels little of what's happening within Russian society. It hardly helps Putin see the bigger picture, and he is forced to be bogged down in tactical pirouettes, trying to perpetuate suspense and disorientation among the political class. He is brilliant at it, a first-rate tactician who deftly balances myriad interests and forces at once.

But having started as a leader who promised to modernize Russia, Putin now ends his second term having put all reforms on the back burner. Although his intelligence should not be underestimated—he definitely understands the traps he has gotten himself and his country into—his quest for stability through political crackdown has created a situation in which neither he nor anyone else in Russia knows what will happen after March 2008, the month he is supposed to leave office. His economic legacy appears to be detrimental, because it leaves Russia without incentives for reform. Similarly, his major goal of building a strong state for the state's sake will, in the end, produce the opposite, just as happened in the old Soviet system. Putin has created a situation where any positive change can now only be achieved by removing the current ruling elites from power. Any new political regime will have to legitimize itself first and foremost by clearing the web of influential networks Putin has created around himself. Until then, Putin will continue to live out his days as a hostage of the Kremlin's walls.

"Putin Wants to Rule Russia Forever"

Unlikely. It remains to be seen whether Putin will break the chains that seem to keep Russian leaders in place until they are removed involuntarily, either by force or death. Putin is certainly deliberating the issue, trying to figure out how to get First Deputy Prime Minister Dmitri Medvedev, his chosen successor, elected president while also remaining as influential as possible. In his ideal world, he would probably like to be the Russian version of Deng Xiaoping.

The problem is that, unlike China, neither Russian tradition nor the system Putin and Yeltsin built provides a niche for politicians to remain influential in retirement. His desired political role or function after leaving office will require him to be a subordinate to one of his former subordinates. That kind of deal will be dependent upon Medvedev's loyalty and willingness to respect the terms that Putin offers. Medvedev may do that up to a point—or he may decline to do it at all. In Russia, after all, new regimes legitimize themselves by rejecting or condemning the previous one.

Putin will likely influence Russian politics during the next year or so, until a new balance of power is found. By turning last December's parliamentary elections into a referendum on his presidency, Putin has already signaled his hopes for continued influence. He may even try to return to the Kremlin after a short hiatus, if his successor is willing to step aside

voluntarily. But he definitely understands that the moment will come when the oil runs out, and the economy will start to sputter. Will he be ready to preside over his country's second decline? It seems unlikely he would want to risk his legacy in this way.

“The West Can't Influence Russia”

Not true. Russia's ruling elites want it both ways: They want to live jet-setting lifestyles and keep their second homes and bank accounts in the West, while leaving the rest of the population isolated. The first part of this equation leaves them open to Western influence. The West could at least try to be more inquisitive about the questionable business activities of Russian elites who now call London, Paris, or New York home. But, so far, the opposite has occurred. The West has allowed itself to be used as a huge laundry machine for Russian capital.

Putin has been incredibly successful at using the West to justify and perpetuate his petrostate. He has successfully co-opted Western politicians, including former German Chancellor Gerhard Schröder, former French President Jacques Chirac, and former Italian Prime Minister Silvio Berlusconi. Schröder was named chairman of the board of a Russian gas pipeline construction company, and Chirac and Berlusconi were simply charmed, in exchange for telling the world that Russia is not yet ready to be more democratic, transparent, and free. Putin has forced Western businesses operating in Russia to kowtow to Kremlin policy. And he has used Western intellectuals and media elites to further his image campaign. Some Western leaders, including U.S. President George W. Bush, German Chancellor Angela Merkel, and French President Nicolas Sarkozy, have been less receptive to Putin's embrace. Yet they still go out of their way not to anger him, seeing Russia as critical to their agenda of energy security, nonproliferation, and taming Iran. Hardly, if ever, is Putin reminded by these leaders of Russia's democratic commitments under such bodies as the Group of Eight and the Council of Europe.

The proponents of “new realism” in both Russia and the West say that Russia must be “accepted as it is.” They also say that criticizing Putin for backsliding on democracy is futile. It's better, they say, if Moscow and the West focus on common interests. Where has this version of realpolitik led? To a crisis in relations. The challenge for the West, particularly the United States, is now to find a policy that allows them to engage Russia without acquiescing to Putin's undemocratic regime.

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