



Dividing Lines in Russian Politics and Foreign Policy

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The statements made and views expressed are solely the responsibility of the authors.

Edited by Alexander Schmemmann and Cory Welt.

PONARS Eurasia
Institute for European, Russian and Eurasian Studies (IERES)
Elliott School of International Affairs
George Washington University
1957 E Street, NW, Suite 412
Washington, DC 20052
Tel: (202) 994-6340
www.ponarseurasia.org

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Images:

A Pro-Assad Syrian in Istanbul, Turkey, Sunday, April 1, 2012, holds flags of Russia and China during a demonstration outside a meeting hall as foreign ministers from dozens of countries gather to urge an alternative to the Syrian regime. The show of solidarity at the Friends of the Syrian People conference in Istanbul, was marred by the absence of China, Russia, and Iran, key supporters of President Bashar Assad, who disagree with Western and Arab allies over how to stop the bloodshed. (AP Photo)

Activists dressed as hamsters are detained by police outside the U.S. Embassy in Moscow, on Friday February 17, 2012. The activists, part of Young Russia, a pro-Kremlin youth group, pretended to be opposition members and carried signs addressed to the U.S. Ambassador Michael McFaul. (AP Photo/Ivan Sekretarev)

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About the Authors

Sergei Golunov is Professor of the Department of International Relations and Area Studies at Volgograd State University.

Dmitry Gorenburg is Senior Analyst at CNA Strategic Studies and Associate at the Davis Center for Russian and Eurasian Studies at Harvard University.

Samuel A. Greene is Visiting Professor of Political Science and Director of the Center for the Study of New Media and Society at the New Economic School, Moscow.

Juliet Johnson is Associate Professor of Political Science at McGill University.

Viatcheslav Morozov is Professor of EU-Russia Studies and Chairman of the Council at the Centre for EU-Russia Studies, University of Tartu.

Irina Olimpieva is Research Fellow at the Center for Independent Social Research in St. Petersburg.

Robert Orttung is Assistant Director of the Institute for European, Russian and Eurasian Studies (IERES) and Research Associate Professor at the Elliott School of International Affairs, George Washington University.

Gulnaz Sharafutdinova is Associate Professor of Political Science and International Studies at Miami University, Ohio.

Ekaterina Stepanova is Head of Peace and Conflict Studies Unit at the Institute of World Economy and International Relations (IMEMO).

Cory Welt is Associate Director of the Institute for European, Russian and Eurasian Studies (IERES) and Professorial Lecturer at the Elliott School of International Affairs, George Washington University.

Foreword

Cory Welt
George Washington University

This collection of policy memos is based on the proceedings of a May 2012 workshop of the Program on New Approaches to Research and Security in Eurasia (PONARS Eurasia), held in collaboration with the Centre for EU-Russia Studies at the University of Tartu in Estonia. PONARS Eurasia is an international network of academics that advances new policy approaches to research and security in Russia and Eurasia.

The workshop, “Continuity and Change: Examining Regime Trajectories and Security in East Europe and Eurasia,” brought together scholars and experts based in the United States, the Russian Federation, and Estonia, as well as Armenia, Canada, Germany, Georgia, Kyrgyzstan, and Ukraine. Participants assessed the interplay between domestic and foreign policies in Russia, predicted possibilities for change in Russia’s current political-economic structure, and identified challenges to and potential avenues for collaboration across various Eastern European divides. We are publishing a number of policy memos from the workshop in two collected volumes, of which this is the first.

This volume, *Dividing Lines in Russian Politics and Foreign Policy*, examines the interplay between domestic and foreign policies in Russia and the possibilities for change in the country’s current political-economic structure. **Part I** of the collection describes how the Russian government has sought to delegitimize regime opponents through the taint of foreign conspiracy, assesses the responses of those so targeted, and analyzes how efforts to polarize society have begun to have the unintentional effect of helping legitimize internal dissent. *Serghei Golunov* examines the rise of conspiracy theorizing as an element and tool of Russian politics, the return of “Washington” as an allegedly key political actor in Russia’s 2011-2012 campaign season, and the limited success of dissidents and political opponents to free themselves from the stigma of conspiracy. *Viatcheslav Morozov* takes a more optimistic view that regime opponents have been able to undermine – and even reverse – the stigma of being “outsiders” in Russian society. However, he cautions against leaping to conclude that those who advocate liberal democratic reforms already enjoy widespread support across Russian society.

The four memos in **Part II** ask whether it is reasonable to expect Russia’s recent political ferment to lead to major changes in the country’s key political-economic structures. *Samuel Greene* is largely pessimistic, arguing that Russia’s closed political-economic structure is highly resilient and well-organized to combat systemic reform. This, he says, increases the possibility of more unpredictable revolutionary change, which might only be averted by the efforts of two key potential constituencies for

gradual change—high-level government officials that no longer control the commanding heights of Russian business and the stability-seeking Vladimir Putin himself. In contrast, *Gulnaz Sharafutdinova* finds hope through historical parallel—the United States’ own 19th century Progressive Era, which made great strides in tackling corruption and promoting good governance. She argues that Russia today enjoys many prerequisites for its own Progressive Era, including a dedicated reform-minded class that has the potential to alter social understandings of how the Russian state should—and can—be run. *Juliet Johnson* identifies three main obstacles to a successful state-run modernization policy in Russia: its closed political-economic structures; policy responses to the global financial crisis that reinforced these structures; and the constraints Putin faces in reforming the system at a time of decreased political legitimacy. Barring fundamental change, she proposes, the Russian government would be better off maintaining focus on improving Russia’s oil and gas sector than in embarking on a quixotic modernization drive. Finally, *Robert Orttung* and *Irina Olimpieva* assess the emerging political role of Russia’s labor unions: their interest in electoral politics, their dissatisfaction with the status quo, and the opportunities and challenges for developing political parties on the basis of labor organization.

Finally, **Part III** makes sense of contemporary Russian foreign policy in the Middle East, Syria in particular. *Dmitry Gorenburg* acknowledges that Russia has an economic interest in having the current Syrian regime stay in power. However, he argues, Russian policy toward Syria and other cases of unrest in the Middle East has been driven more by other sentiments: a fear of greater U.S. influence in the region, a desire to avoid establishing an international norm in favor of regime change, and a perceived need to prevent a wave of popular and, in part, Islamist-inspired revolution from approaching Russia’s shores. *Ekaterina Stepanova* focuses more on specific characteristics of Russia’s foreign policymaking structures and regime affinity than on well-articulated interests. She contends that Russian foreign policy can be explained mainly as a product of slow-moving institutions; national consensus on a few key tenets; and the habits and practices of Russia’s dominant political caste. Beyond this, she identifies a unique basis for this caste’s support for the Syrian regime in particular—the understanding that of all the contested or fallen regimes in the Middle East, Syria’s is the one that most resembles their own.

We are sure you will find these policy perspectives useful and thought-provoking. Many individuals were instrumental in the production of this volume, as well as the organization of the workshop that generated it. I would like to especially thank our colleague and co-organizer, University of Tartu Professor Viatcheslav Morozov; Managing Editor Alexander Schmemmann; Program Coordinator Olga Novikova; Graduate Research Assistants Wilder Bullard and Justin Caton; IERES Executive Associate Caitlin Katsiaficas; and IERES Director Henry Hale.

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The “Hidden Hand” of External Enemies

THE USE OF CONSPIRACY THEORIES BY PUTIN’S REGIME

PONARS Eurasia Policy Memo No. 192

Serghei Golunov
Volgograd State University

Deploying and seeking to capitalize on conspiracy theories is fairly common among political actors worldwide. Explaining some events as the result of an internal or external opponent’s sinister plans can empower theorists and disempower adversaries. With their actions, conspiracy theorists can mobilize supporters, reduce their own responsibility for failures, create scapegoats, sharpen popular negative sentiments, and provide easy explanations for social problems (particularly at times of crisis). Furthermore, such theories can serve as a means of entertainment, thereby raising their popularity and extending their reach.

Various conspiracy theories play an important role in contemporary Russian politics. The substance of such theories focuses on the threatening plans of “foreign enemies,” among which the United States and its allies take pride of place. In the Yeltsin era, the authorities rarely resorted to conspiracy theories. However, President Vladimir Putin’s regime has increasingly employed them in order to sideline the opposition.

This memo examines the use of conspiracy theories by supporters of Putin’s regime by exploring the following issues. First, it examines the nature of conspiracy theories in Russia before Putin came to power. It then looks at two major outbreaks of government-inspired anti-opposition conspiracy theorizing: after the color revolutions of the mid-2000s and during the Russian election campaigns of 2011-12. Finally, it analyzes the means by which opposition members have responded to conspiracies directed against them.

The Legacy of the 1990s

In the Soviet period, conspiracy theories were a substantial part of official ideology – that the USSR was surrounded by malicious enemies. During the Cold War, the main perceived conspirator was the United States, often inseparable from its “satellite” states in Europe and elsewhere.

The collapse of the Soviet Union and communist ideology, as well as the effect of severe and protracted economic crisis in Russia, greatly influenced both the content and prevalence of conspiracy theories. On the one hand, post-Soviet Russia largely turned away from such ideas as they were associated with some of the seedier aspects of Soviet ideology, including enemy seeking, calls for tightening the political regime, and repression against “accomplices of the enemy.” On the other hand, widespread nostalgia for the USSR, the rise of nationalist sentiment, severe economic circumstances, emerging ethnic conflicts and separatism, and perceived decline of moral values fuelled conspiracy theories.

These theories provided, first and foremost, simple and clear explanations for the reasons for these ills. According to one of the most typical explanations of this kind, the United States arranged the collapse of the USSR and then, by manipulating the corrupt Russian leadership, induced it to implement disastrous reforms, stir up secessionism, and promote immoral and corrupting patterns of mass culture. Among texts that fuelled anti-American conspiracy theories in Russia, a key one was the so-called “Dulles plan,” made public by the Russian media in 1993. According to the plan, supposedly invented by former CIA chief Allen Dulles, the United States aimed to corrupt the USSR by secretly promoting immorality, corruption, alcoholism, and drug addiction among its citizens. By the 2000s, proof that the plan was false was generally known (the plan’s content corresponded to text from Anatoly Ivanov’s novel *Eternal Call*). However, it was still cited by some regional politicians (who alleged that the anti-Putin opposition was still carrying it out) even during the presidential election campaign of 2012.

In the post-Soviet period, the range of conspiracy theories became more diverse, accompanied by a decline in America’s “hidden hand.” This was due, partly, to the increasing popularity of radical nationalism in Russia, which added secret Masonic and Zionist organizations, China, Turkey, and international radical Islamic groups to the roster of Russian antagonists.

Among the pro-Western ruling elite that was in power in the 1990s, conspiracy theories were not that popular, but such ideas were widely accepted among the military and the security services. This popularity can probably be explained by an entrenched “besieged fortress” and “worst-case scenario” mentality, together with the spread of ideas of classical geopolitics stressing the inevitability of a geographic and perpetual Russia-U.S. confrontation. Such a mindset implied that democratic freedoms and international contacts should be restricted in order to cover all possible security breaches that could be used by potential external enemies and their internal accomplices. Putin’s affiliation with the security services and the strengthening of the latter’s position during his presidency made it more likely that the regime would employ conspiracy theories in its rhetoric and policy.

The “Orange Plague” and “Scavenging” Civic Activists

During the first few years of Putin’s presidency, the administration did not systematically resort to conspiracy rhetoric. While international terrorism was labeled

Russia's main external enemy, the United States and NATO were positioned as allies in the common fight against evil, especially after the events of September 11, 2001.

However, the situation changed after the series of color revolutions in the post-Soviet space starting in 2003-2004. Many in the ruling elite perceived and portrayed these events as steps in a purposeful plan to establish pro-Western regimes in post-Soviet states, driving Russia out of its traditional sphere of influence. Moreover, the Ukrainian events – which Russian opponents labelled as the “orange plague” – were interpreted by some as a test plot intended to be used later in Russia to replace the existing government with a pro-American puppet regime. The prevention of “color revolutions” became one of the main priorities for pro-government youth organizations such as “Nashi” and the “Young Guard of United Russia,” both of which emerged in 2005.

Unsurprisingly, politically active non-profit organizations and their Russian-based foreign donors were targeted by the authorities. Already in 2004, the Soros Foundation terminated its projects in Russia. In early 2006, amid an espionage scandal involving an officer from the British embassy in Moscow responsible for financial assistance to some NGOs, a new law placed Russian non-profit organizations under strict bureaucratic control with wide scope for arbitrary government enforcement, seriously limiting the participation of foreigners in such organizations.

The campaign against NGOs damaged many Russian recipients of foreign grants, including academics for whom this kind of financial support was a significant supplement to a meager salary. While no attack on academic grantholders could be linked to the government, such people often fell under suspicion of the vigilant regional branches of the security services and of cautious university functionaries, some of whom considered any cooperation with Western (especially U.S.) funders and partners as a betrayal of Russian national interests.*

During the election campaign of 2007-08, Putin and his supporters strongly focused on incriminating liberal opponents for plotting against Russia in concert with foreign enemies. In a speech to supporters in November 2007, Putin declared that this opposition had learned from Western experts how to organize color revolutions, that they had practiced these skills in neighboring countries and were seeking to do the same in Russia. Putin alleged that the opposition was “scavenging” at foreign diplomatic missions in the hopes of obtaining funding and support. It is notable that in this and other cases, Putin usually only vaguely mentioned would-be external and internal conspirators. According to Matthew Gray, author of *Conspiracy Theories in the Arab World* (2010), authoritarian leaders of Arab countries often resorted to similarly vague accusations because such rhetoric complicates refuting charges.

During this period, the pro-government media systematically used anti-Western conspiracy theories to discredit the opposition and politically active NGOs. Such “theories” were represented in various genres, such as in pseudo-analytic television

* Some academics even used public accusations of supplying foreign intelligence services with sensitive information to settle scores with rival colleagues.

programs like Mikhail Leontiev's *Odnako*, "investigative" NTV documentaries that sought to compromise regime opponents, and shows like "Explorations of Historical Secrets" that purport to uncover sinister plots. In most cases, television stories about conspiracies, regardless of their genre, were presented in similar styles utilizing huge volumes of reliable facts intermixed with some dubious assumptions, accompanied by rapid-fire narration and sensationalist tones.

"Rocking the Boat" for the Money of the "Washington Obkom"

During the 2011-12 election campaigns, network activism, a growing volunteer movement to prevent election fraud, and post-election mass protests became serious challenges for Putin's authoritarian regime. As one of the main counter-moves, he intensified the use of conspiracy theories in which opposition activists were accused of carrying out the instructions of foreign enemies, especially the U.S. State Department or, more broadly and metaphorically, the "Washington *Obkom*," which sought to "rock the boat" and destabilize Russia.*

Before the 2011 parliamentary elections, among the main targets of pro-government conspiracy theorists were Alexei Navalny and *Golos*, an election monitoring NGO. In trying to discredit Navalny, who launched an Internet-based corruption investigation against high-standing officials and famously dubbed United Russia the "party of crooks and thieves," pro-government opponents focused on his half-year fellowship at Yale University, where he allegedly was trained how to mobilize mass protests to overthrow a government. In a similar way, *Golos* was portrayed as an organization serving the anti-Russian interests of its foreign donors by systematically collecting and publishing information about electoral violations with the aim of negatively portraying the authorities and election commissions and subsequently undermining public confidence in the Russian political system.

Since the parliamentary elections, conspiracy theories have become almost the main ideological weapon for Putin's supporters. They are used to de-legitimize mass protests and protest voting. Such conspiracy narratives typically depict Russia's heterogeneous opposition as a single entity, easily amenable to manipulation by bribing its leaders, who in turn are instructed by the "Washington *Obkom*" and color revolution guidebooks (most infamously the work of American political scientist Gene Sharp). Putin himself repeatedly accused unnamed opposition members of intending to implement the plans of foreign powers to export the Orange revolution to Russia, which for the latter could have the same disastrous consequences as the upheaval in Libya. As earlier, accusations against the opposition were readily broadcast by television channels. Notoriously, NTV, which even before the elections served as the key media outlet for compromising regime opponents, issued several "investigative" shows during the 2011-12 campaign, one of which was devoted to slandering *Golos* while another, titled the

* *Obkom* refers to Soviet regional communist party committees, which issued instructions to all local authorities and informally supervised them.

“Anatomy of Protest,” was about the organizers and participants of anti-government meetings.

Although top-ranked officials normally refrained from naming the alleged conspirators, some secondary political figures periodically claimed that the United States was behind the protests. The new U.S. ambassador to Russia, Michael McFaul, has been a recent conspiracy target, his appointment explained by his scholarly specialization in democratic revolution. The invitation to some opposition activists to visit the U.S. embassy shortly after his arrival in January 2012 was portrayed by theorists as a training session for organizing protests. As often happens in such cases, attempts of Embassy representatives to refute these accusations had little success, mostly because the pro-Putin propaganda machine dominates the Russian information space. Moreover, such conspiracies are hard to refute since a significant portion of the Russian population distrusts the United States. This distrust is illustrated by the fact that since 2005 the United States has appeared regularly among Russia’s top five enemies, according to surveys by the Levada Center polling organization.

How the Opposition Tries to Avoid Being Targets of Conspiracies

Of course, opposition members try to avoid or counter any conspiracy charges directed against them. Some typical ways they do this include:

1. *Refuting allegations using rational arguments and pointing to the inadmissibility of unproven personal accusations.* In some cases, victims attempted to sue conspiracy theorists (as was done by some opposition leaders depicted as accomplices of foreign powers in the previously mentioned “Anatomy of Protest” film). Such cases rarely end successfully.
2. *Delegitimizing the accusers.* Some opposition members claim that pro-government conspiracy theorists try to divert public attention from their own nefarious affairs, such as corruption and election fraud. Some in turn accuse top officials of serving the interests of foreign countries by using Russian financial reserves to support their economies, allowing NATO to have a transshipment point in Ulyanovsk, or making concessions to foreign countries that could contradict Russian national interests. Sometimes even liberal opposition members make these kinds of accusations.
3. *Using irony, especially farcical confessions intended to deprive such allegations of their seriousness.* Alexei Navalny often makes such confessions in his blog. Similarly, after the opposition was blamed for receiving money from foreign sponsors, some protesters brought posters to the U.S. Embassy and State Department officials saying they were owed money.
4. *Disassociating oneself from the accused in the conspiracy.* Soon after the December 2011 post-election demonstration on Bolotnaya Square, the Communist Party

leader Gennady Zyuganov called it an “orange leprosy,” while Igor Lebedev, head of the Liberal Democratic faction in the State Duma, added that the protests had been arranged by U.S. intelligence.

However, none of these methods helped opposition members neutralize the conspiracy theories directed against them. The overwhelming information superiority of government supporters allowed them to conduct massive brainwashing techniques, while the voices of their opponents were poorly heard. The spread of the fear of Russian destabilization, inspired by the latter’s foreign enemies, likely is an important factor in Putin’s victory in the presidential elections of 2012.

Conclusion

Conspiracy theories in the 2000s fell on the fertile ground of the Soviet “besieged fortress” mentality, a widespread perception that the troubles of the 1990s resulted from external enemies’ intrigues, and the pervasiveness of conspiracy thinking in the circles of security and defense officers that gained great influence during Putin’s era.

But Putin and his high-ranking subordinates began to actively use conspiracy theories about external enemies only in the middle of 2000s, after the series of color revolutions in post-Soviet states. At first, such allegations were directed against politically active NGOs. They were aimed at shutting off uncontrolled sources of funding and organizational support for liberal opposition activists. It is remarkable that accusations directed toward opponents of the regime were habitually devoid of specifics – no “external enemies” or their “domestic accomplices” were actually named, though the United States and its close allies were typically implied.

In the election campaigns of 2011-2012, Putin and his team resorted to conspiracy theories on an unprecedented scale, not only to disempower their opponents but also to rally their supporters. Largely because of the regime’s overwhelming information superiority, this tactic proved successful, becoming one of the most important factors in the regime’s electoral success.

Of Jackals and Hamsters

DIVIDING LINES IN RUSSIAN POLITICS AND THE PROSPECTS FOR DEMOCRATIZATION

PONARS Eurasia Policy Memo No. 193

Viatcheslav Morozov
University of Tartu

Speaking to a gathering of his supporters at the height of Russia's 2007–08 election cycle, President Vladimir Putin depicted his opponents as follows:

They need a weak, sick state. They need a disorganized and disoriented society, a divided society – in order to fix their deals beyond its back ... [They] scavenge like jackals at foreign embassies ... counting on support from foreign foundations and governments, instead of their own people's support.

Putin's labelling of the opposition as jackals quickly became part of political folklore, together with numerous other catchy jargonisms the Russian leader has produced since 1999.

At the same time, the invective clearly was in line with the nationalist anti-liberal direction that Russian politics has been taking since the final years of Putin's second presidential term. There were people – mostly NGO activists and "anti-systemic" opposition leaders – who perceived this phrase as addressed to them. They were probably insulted, scared, and dismayed. However, these groups were a tiny minority. Most Russian citizens, even those who did not support Putin, obviously thought of themselves as being on the inside of the "Us" versus "Them" boundary that the president was drawing. The enemy image was deliberately created in extreme fashion to intensify antagonism and ensure maximum consolidation around the national leader.

Fast forward to the end of 2011. Addressing a December protest meeting in Moscow, Aleksei Navalny, a leading Russian opposition blogger and anti-corruption activist, said in apparent reference to pro-government activists:

They may call us microbloggers, web hamsters. I am a web hamster, and I will bite their heads off!

A derogatory label that had emerged out of pro-government circles had now become an identity marker for many opposition supporters. Ironically referring to themselves as “hamsters,” they were eager to declare that they were no longer on the same side as Putin’s government. Moreover, when Putin scornfully referred to the white ribbons worn by protesters demanding fair elections as “contraceptives,” it caused a wave of indignation, significantly contributing to the political mobilization against the regime.

There is no doubt that Putin’s harsh rhetoric continues to be effective in relation to a significant part of the population. Most experts agree that Putin won the March 2012 presidential election by a safe margin, even without the added fraudulent votes. However, what is new is that people who previously would not have even thought about his invectives as referring to themselves are now eager to confront the authorities by saying, “Yes, you are right, we are against you!” This tells us something about the new political situation in Russia.

This change in attitude signifies the indisputable rise of an alternative way of speaking on behalf of the Russian people, which the opposition is now eager to employ. But this observation also prompts some basic questions that need to be answered before we can really evaluate the prospects for Russia’s democratization.

Speaking in the Name of the People

It is obvious that the dividing lines in Russian politics have changed. In the past, the line between “Us” and “Them” used to separate the Russian nation, taken as a whole, from the dangerous outside world, which included the expansionist and interventionist West, terrorists, and others. Pro-Western liberals, who were continuously ostracized by official propaganda as a “fifth column,” were deliberately depicted as insignificant, a voice representing no social group within Russian society, even a minority. This facilitated marginalization of the democratic opposition.

Today, however, the most important dividing line appears to run right across the body politic. On one side of this line is “the party of swindlers and thieves” – the nickname for the ruling United Russia party that Navalny coined in February 2011 and that has since been taken up as an immensely powerful rhetorical weapon by the entire range of opposition parties and movements. These forces, on the other side of the line, can no longer be described as marginal puppets of the West. The most far-reaching tectonic shift that happened in Russian politics in the last couple of years is that protesters can now legitimately put forth a claim to represent the nation as a whole. And they indeed have done so, asserting that “we are not the opposition, we are the people!”

This bold claim, shared by a significant number of people who support each other by constantly communicating online and in person, provides Putin’s opponents with something that in constructivist literature would be called “ontological security.” This term refers to the people’s ability to give meaning to their lives and activities by anchoring them in positive emotions and experiences shared with other members of society. Ontological security is about how safe we feel in our understanding of our own identity, the value of our life, and our social status. Being a marginalized opposition

activist who stands up for abstract norms, which are not shared by wider society, is a very ontologically *insecure* situation. Even if one deeply believes in these norms and receives support from abroad, everyday life as an outcast in one's own local environment can only be sustained by the staunchest of idealists. Having a chance to share one's position with thousands of like-minded people, even if they still are a minority, changes a person's ontological security status dramatically.

Viewed in this light, it must come as no surprise that the recent protests demonstrated such an outburst of creativity, in which the key themes of official propaganda were replayed, subverted, and eventually turned against the authorities. Its key feature, apart from direct counterarguments against official accusations, was how protesters joyfully assumed the tags put on them by pro-government spin-doctors. Following Navalny's satirical lead, they would call themselves "web hamsters" or, in response to Putin's inopportune joke, bring huge condom-shaped balloons to demonstrations. When the prime minister accused U.S. Secretary of State Hillary Clinton of masterminding the protests, claiming that "the State Department invested hundreds of millions of dollars in the Russian elections," the protesters came out with posters asking (mostly in English): "Hillary, Where's my money?" When Putin referred to protesters as the "monkey people" from Rudyard Kipling's *The Jungle Book*, they responded by calling Putin Puu, an adaptation of Kipling's Python Kaa (a label evidently first devised by Dmitry Bykov, author of *Citizen Poet*, a much celebrated satirical series).

Such a feast of irony is only possible when individual protesters feel secure about their collective right to speak in the name of the people as a whole and against a presumably corrupt government. This stands in sharp contrast to the much more isolated – and therefore stylistically much more somber – protest actions of the previous decade.

Questions That Need to Be Asked

This profound change in the representation of the people in the Russian political scene is a phenomenon revealed by discursive analytical tools – by looking at political rhetoric and the ways in which various political forces present their claims. However, there are other significant questions that require deeper sociological research. Answering these questions would appear crucial to the strategies of all actors who wish to promote the democratization of Russia.

First, while it is clear that the dividing line has shifted in terms of representational politics, are there actually more people in opposition to the authorities now than there were five or ten years ago? The opposition can now more legitimately claim to speak in the name of the people, but this claim – like any political representation – is based on a fictitious assumption that "the people's will" exists as an empirical given, in the form of concrete political demands shared by the entire nation. In fact, society is always divided. There are still many people in Russia who genuinely support Putin and United Russia, and they are probably even a majority. The recent

protests demonstrated that the regime's claim to be the sole representative of the people is political fiction – but this was always obvious to any impartial observer.

In other words, it is not clear whether the change of political landscape is about people or entire social groups changing their political sympathies, or just about better communication among existing opponents of the regime (leading to more efficient mobilization). It may be the case that for most of the people who have been protesting in recent months, Putin's rhetoric never worked. It is even possible that the protest mobilization occurred first and foremost not because certain groups believe themselves to be worse off in recent years, but because they are better able to share their complaints and anxieties with like-minded people. In this view, the role of new technologies, especially web-based social networks, becomes a crucial factor for change.

Second, it is essential to understand who is now counted by the anti-government forces as part of "Us," and how this dividing line might shift in the future. So far, Putin's tactics consist of trying to link the protests to external intervention by repeatedly raising the specter of the Orange Revolution. This, however, could eventually backfire. A situation in which the liberal opposition would start to identify with "Orange" values (and perhaps even with the Arab Spring) is at least conceivable. For someone dismissing (on the basis of first-hand experience) the Kremlin's claim that the demonstrations in Moscow were paid for by the State Department, it would only be logical to conclude that similar conspiracy theories in relation to events in Georgia, Ukraine, Kyrgyzstan, and the Arab world are equally ludicrous. The image of people rising up for their freedom can then become a powerful mobilizing force.

If this were to happen, it would amount to yet another profound change in Russian politics. Among other things, it would most likely mean that the West would no longer be seen as expansionist and interventionist, but as a necessary brace against the corrupt authorities. Such a reconfiguration would be greatly facilitated by the fact that Russia still largely defines itself as a European country; the Western social and economic model still has wide appeal among the population.

However, it is also possible that a new dividing line would consolidate around a much smaller and closed community, centered on Russian ethnic nationalism. In this case, the anti-people's "Other" would include, together with corrupt authorities, non-Slavic migrants and the West. This combination appears paradoxical only at first glance – in fact, it is already articulated by the nationalist part of the political spectrum. This point of view accuses the government of bowing to Western pressure and becoming too soft on immigrants and other non-Slavic minorities. This rhetoric resonates rather widely among Russians. There is thus a realistic possibility that a strong democratic movement will emerge on the basis of an anti-liberal nationalist platform.

What about the recent ebb in protest activity after the presidential election and the seeming lack of perspective for the most recent, post-inauguration, outburst of street politics? This was to be expected and by no means makes the need for a better understanding of the Russian political landscape any less urgent. Even if predictions about a next major wave of protests within a year or two do not come true, Russia has entered a new stage in its social and political development. The period when Putin was

the only true politician is over, and the political field is going to be increasingly more dynamic and better structured. Under these circumstances, it is no longer possible to rely only on Kremlinological insights in trying to plan for the future. A wider spectrum of approaches, ranging from quantitative sociology to research focusing on discourse and identity, will need to be employed if we want to get a fuller picture of politics in Russia today.

How Much Can Russia Really Change?

THE DURABILITY OF NETWORKED AUTHORITARIANISM

PONARS Eurasia Policy Memo No. 194

Samuel A. Greene
New Economic School, Moscow

The events of recent months, during which a sleepy election season turned into Russia's most heated period of political contestation since 1996, inevitably raise the question: To what degree is change possible in Russia? This is about more than the ability of opposition-minded citizens, activists, and politicians to effect "regime change" – for the time being at least, President Vladimir Putin appears safe in his newly regained office. Rather, this memo is concerned with a broader question: if we conceive of Russia as a system, with interlocking political and economic institutions (formal or otherwise), to what extent is that system capable of change? Given the political, economic, demographic, and other challenges that Russia faces, are there constituencies for change, and how far can they push the system?

This memo takes a step back from the passions of the November 2011 parliamentary and March 2012 presidential elections and the protests that surrounded them. It argues that the consolidation of the underlying Russian political economy over the past 20 years has given rise to a system of rent-seeking and arbitration pursued successfully at various levels and supported by a robust network of interlocking interests. This "networked authoritarianism" supports the status quo and militates powerfully against significant reform. It does so, I argue, at the cost of increasing inefficiencies and social friction, raising the possibility of catastrophic change in the future. This memo will explore the structure of the system, the pressures and constituencies for change, and the limits of reform.

The Political Economy of Networked Authoritarianism

Russia's system of political and economic governance is characterized, first and foremost, by two fundamental aspects. First, politics is dominated by a closed but internally competitive elite, presided over by a nominally elected but publicly unaccountable president who enjoys broad formal and informal power. Second, economics is dominated by rent-seeking behavior, defined as "activities whereby

individuals seek returns from state-sanctioned monopoly rights.”* This arrangement – the marriage of authoritarianism and rent-seeking as organizing principles for the political and economic elites – is described by political scientist Joel Hellman as resulting from a “partial reform equilibrium,” in which, “instead of forming a constituency in support of advancing reforms, the short-term winners have often sought to stall the economy in a *partial reform equilibrium* that generates concentrated rents for themselves while imposing high costs on the rest of society.”†

While many reformers and observers may have hoped that such a state of affairs would be a temporary, if protracted, detour on the way to a more efficiently functioning political economy, there are reasons to believe that such a system is in fact internally coherent and stable. Because of the fact that the best way to compete with a successful rent-seeker is to maximize one’s own rent flows, rent-seeking itself tends to be self-reinforcing and to grow over time. Among the stabilizing mechanisms such systems often develop is what one study of Ukraine has referred to as a “rent arbiter”:

...a rent-seeking society may need an authoritarian ruler (“arbiter”) as a second best arrangement to prevent the overappropriation or dissipation of rents. Such an arbiter, in turn, suppresses or crowds out social capital, democratic institutions, and other alternative societal or political mechanisms that could replace him in this role.‡

As part of an attempt to examine the dynamics of such rent-seeking competition, a 2010 study by this author compiled and analyzed a network database of 838 key Russian economic actors and 242 organizations (including corporations, organizations, and government bodies).§ This analysis found a fluid network of economic actors competing for access to three different categories of rent-generating assets:

- (1) *Freely distributed resources*, primarily in the real and non-extractive sectors of the economy, available to anyone with sufficient financial capital to overcome significant barriers to entry and sufficient political capital to overcome significant barriers to continuation;
- (2) *Semi-distributed resources*, primarily in the oil, metals, mining, and financial sectors, access to which is limited to those with significant political capital, and in which the government maintains significant control; and

* Robert B. Ekelund, Jr. and Robert D. Tollison, *Mercantilism as a rent-seeking society* (Texas A&M University Press), 1981.

† Joel S. Hellman, “Winners Take All: The Politics of Partial Reform in Postcommunist Transitions,” *World Politics* 50, 2, 1998.

‡ Vladimir Dubrovskiy, Janusz Szyrmer, et al, *The Reform Driving Forces in a Rent-Seeking Society: Lessons from the Ukrainian Transition* (CASE Ukraine), 2007.

§ Samuel A. Greene, “The Political Economy of Cash Flow: Domestic Politics, Foreign Policy and the Russian Elite,” presented at the 2010 Annual Meeting of the American Political Science Association. For more detail on the study and its methodology, please see the paper and/or contact the author.

While the coalitions that Russian high-level economic and political actors form for the purposes of rent-extraction or policy lobbying are fluid and opportunistic, the resulting network (see Figure 1) is highly interlinked, with two key attributes. First, virtually all significant actors are tied one way or another to the rest. And second, while subgroups are clearly identifiable and, indeed, automated clustering algorithms easily reproduce existing corporate structures, the links within subgroups are not all that much more intensive than the links between them. This resulting picture of “networked authoritarianism,” I argue, illustrates the self-reinforcing durability of the Russian political economy of rent-seeking as described above: all players depend crucially on the continuation of the system (even more than on their own position in the system, which is changeable), and the plethora of redundant links and pathways means that the cohesion of the network cannot easily be threatened by individual defections.

Thresholds, Tipping Points & Cascades: Networks in Crisis

The challenges that Russia faces as Putin begins a new six-year term as president hardly need repeating. Economically, the government must come to grips with spiraling inefficiency, which has led to growing budget deficits despite strong oil prices and threatens to undermine the populist largesse that Putin promised during his campaign. Demographically, the prospect of losing 10 million workers over the next 15 years raises the price of both inefficiency and populism. And politically, if the government is to have any success at “modernizing” the country it will need the support and participation of younger, forward-thinking, and economically mobile Russians, a preponderance of whom have, in recent months, come to see the government as democratically illegitimate and ideationally bankrupt. At the moment, there is little evidence that the incoming government is preparing to tackle any of these challenges in a concerted way.

It is worth noting that the cause of friction in all three of these areas of state-society relations is the fundamental inefficiency of a political economy organized primarily around rent-seeking: a sticky logic that robs the budget (and thus taxpayers), raises marginal prices, depresses entrepreneurship, disincentivizes capital investment, and so forth. The question thus becomes: at what point does the aggregate of these challenges lead to the emergence of constituencies for fundamental change? Or, seen from a different angle, how broad are the change agendas of those constituencies that have already emerged?

Is there a possibility of the network presented in Figure 1 dissolving? After all, the picture from the mid-1990s would have looked very different, as elites competed fiercely for control of the system itself. With Putin’s rise, the combination of a strong arbiter and booming rent flows from oil, gas, and other commodities made possible the construction of an inclusive network within a system that served the interests of the elite as a whole. It is thus not unreasonable to postulate that this arrangement could fall apart.

Network theory, while it spends considerable time exploring how social and elite networks form, grow, solidify, and shape their members’ behavior, has remarkably little to say about how and why networks disintegrate. The limited amount of empirical

research on elite network collapse suggests that two important and interwoven dynamics are often at work. First, the network begins to fragment into “tightly-knit cliques and factions” that develop their own sets of preferences and hoard information about those preferences. Second, the network’s nominal or real leadership, faced with the emergence of these cliques, begins to recentralize authority. The result is a fracturing of both horizontal and vertical ties within the network and a growing disruption of communication, leading to a vicious circle of poorly informed actions and reactions throughout the network until total dysfunction emerges; this dynamic has been most convincingly demonstrated in the collapse of the American energy giant Enron Corp.* There is, however, little evidence that any of this is occurring in Russia today (although the opacity of the system could make it difficult for us to know if such phenomena were occurring); indeed, the return to elected governors, even if circumscribed, suggests a *decentralization* of authority.

A second approach to change in networks involves the concept of “thresholds” or “tipping points,” according to which innovations spread rapidly through a network only after reaching a critical number of early adopters. Political or economic reform could indeed be seen as an “innovation,” a preference for which could, in theory, spread through Russia’s elite networks until reaching a tipping point, after which it quickly could become dominant. Because preferences for large-scale reform are likely to be falsified until that tipping point is reached, it is also difficult to gauge the degree to which this sort of dynamic may be taking place. But it is worth noting that the prevailing opinion among Moscow political pundits well before the most recent elections was that the majority of the political and economic elite had long since come around to the need for sweeping reforms – and yet none seem to be in the cards.

In considering the history of political revolutions – and with particular attention to the fact that most such revolutions tended to be unheralded – economist and political scientist Timur Kuran famously emphasized precisely these information imbalances. He thus described periods of sweeping political change (put more bluntly, regime failures) as informational cascades, in which all or at least the majority of political actors are assumed to falsify their preferences until a critical threshold is reached, involving either the credibility of the regime or the number of open dissidents or both, after which actors switch sides *en masse* and the system collapses. From this perspective, it will by definition be impossible to know if Russia is headed toward revolution until it is, so to speak, too late.

***Raskoryachka* and the Logic of Self-Limitation in Networked Authoritarianism**

Ahead of his first visit to Russia, then new U.S. President Barack Obama said he believed Russia had one foot in the (democratic) future and one in the (authoritarian) past. In response, Putin famously quipped that Russians – unable to stand in *raskoryachka*, a presumably untenable pose with one’s feet spread uncomfortably far

* Joseph Davis, Liaquat Hossain, and Shahriar Hasan Murshed, “Social Network Analysis and Organizational Disintegration: The Case of Enron Corporation” presented at the 2007 International Conference on Information Systems.

apart – most certainly had their feet planted firmly in one place (he did not elaborate as to precisely which one). Members of the Russian elite, however, are permanently in *raskoryachka*, keeping hold simultaneously of their rent-producing assets with one foot and navigating treacherous political waters with the other in order to stay afloat.

Despite the inefficiencies of such an arrangement, the reality is that those who prosper in this system today are those who have learned to manage it most successfully over the past two decades. As a result, while there may be a large (or perhaps even dominant) passive constituency for sweeping change, the transition to active support for change requires two things: first, the potential benefits of the reformed system (and the likelihood of receiving them) must be greater than the benefits provided by the current system; and second, there must be sufficient certainty that the process of change will be controlled and manageable, and that it will not sweep away the entirety of the elite. The crux of the matter is precisely in that second requirement. If we assume, as Kuran does, that Russian political and economic elites are hiding their preferences for reform, and that they are doing so because the regime remains credible, we must also assume that they are aware of the possibility of a cascading regime failure should too many of them challenge the system.

A view of the Russian political-economic elite as a network reveals a largely undifferentiated mass of rent-seeking actors, brought together by a system that enriches and empowers all of them and the collapse of which will disenfranchise all of them. But if such an analysis does not reveal powerful constituencies for sweeping change, are there constituencies for gradual or marginal change? To a great extent, the fear of cascading failure is likely to discourage elites from pushing even a modest reform agenda, particularly in the political realm; of course, the constant lobbying for sectoral or regional preferences and privileges that has gone on for some two decades will continue, but that is far from constituting a demand for systemic reform.

There may be, however, two other constituencies for gradual change that are hidden in the linkages of the network. The first are high-level government officials and bureaucrats, recently deprived of their posts on corporate boards, and thus of their formalized inside access. In addition to potentially making business more autonomous of the state and reducing corruption (the stated goals of the reform), this may have the unintended positive effect of creating a constituency within the government for greater business transparency, which could be achieved both through financial market reforms and through the greater institutionalization of property rights. This, were it to occur, would be driven by officials' need to maintain effective oversight of the economic actors under their purview -- even if at least partially for the purpose of rent extraction -- and compensate for the loss of insider access, which had heretofore underpinned informal "regulatory" arrangements.

The second constituency is, oddly enough, the arbiter himself – Vladimir Putin. There are clear incentives for Putin to cull the least efficient (from his point of view) actors out of the network and undertake careful changes aimed at boosting overall efficiency and liquidity. Increasing inefficiencies create more friction not only between the elite and society, but within the elite. This increases demands on the arbiter's

services, saps the liquidity of the system, and raises the potential of a return to all-or-nothing competition among elites. And in all-or-nothing competition, no one needs an arbiter.

American Lessons: On the Path Toward Russian “Progressivism”

PONARS Eurasia Policy Memo No. 195

Gulnaz Sharafutdinova
Miami University

Russia needs its own Progressive Era. Let us be honest: many of the current problems of the Russian state and Russian governance were present in the United States prior to its “age of reforms,” circa 1890-1930. Political machines distributing jobs, public services contracts, and other government favors operated in many American cities over a century ago just like they do in Russian cities today. Moscow’s elaborate system of kickbacks for street cleaning can be compared directly to practices common in nineteenth-century American towns and cities. Vast overpayments in road construction in Russia and billions of rubles lost in energy pipelines and other infrastructural projects hearken back to the construction of antebellum U.S. canals. Cash-filled envelopes (or suitcases!) floating in the halls of today’s State Duma were also a common occurrence in the 19th century U.S. Senate.

The Progressive Era was the United States’ “big bang” in fighting corruption. A Russian “big bang” is arguably the only reasonable strategy for dealing with the current range of problems that are commonly considered under the umbrella of corruption.*

American success in eradicating the widespread governance problems of the 19th century is both a cause for optimism and a call for action. Granted, policy successes are not easy to transplant from one historical and cultural milieu to another (and the United States is not corruption-free), but does the U.S. Progressive Era have anything to offer in terms of its lessons and inspirations for Russia?

Scholars such as Richard Hofstadter, Gabriel Kolko, Robert Wiebe, and other historians, sociologists, and political scientists have advanced different interpretations of the sources and nature of the Progressive Era. Where most scholars agree is that the Progressive movement was propelled by the awakening of the middle class, especially segments of newer professional communities that, in coalition with big businessmen, sought to establish more rational and efficient government arrangements.

* Bo Rothstein, “Anti-Corruption—A Big Bang Theory,” QoG Working Paper Series No. 3 (Quality of Government Institute, Göteborg University), 2007.

The recent protests in Moscow and Russia's other big cities demonstrate the emergence of a new political landscape in Russia, with the new middle class showing signs of awakening and mobilizing against pervasive corruption, a centralized political system, and an unaccountable government. Russian sociologist Mikhail Dmitriev, who predicted the growing discontent on the part of the middle class before these protests arose, has also argued recently that this anti-Putin and anti-government discontent has spread beyond the large cities (*The Economist*, April 7).

How to turn this growing discontent into effective political action? How to prevent the positive energy driving these recent protests from dissipating into thin air? What are the requirements for effective, grassroots-based, long-lasting political action?

Usually scholars look into institutional changes associated with such reform movements, advising policy makers to replicate certain institutions that are considered crucial to the success of these reform movements and that signify the materialization of the goals and aspirations driving these reform movements. The anti-trust legislation, the city-manager system, labor protection laws, and women's suffrage are among the central institutional changes associated with the Progressive Era in the United States. Focusing on these institutional changes, however, would not produce much added value in present-day Russia. After all, most of these institutions and laws have already been adopted by the Russian state. Russia has its own anti-trust agency and anti-corruption laws; it has introduced its own city management system for governing its cities and municipalities; and it has its own labor unions and labor protection laws. The problem is not the absence of these institutions, but rather that these institutions do not work as intended. Bulgakov's classic quote, "the ruin starts in people's heads" (*razrukha ne v klozetah, ona v golovakh*) is probably pertinent here and supported by one of the forgotten lessons from the Progressive Era – the importance of ideational innovation for maintaining and realizing the fruits of popular mobilization.

Among its other lessons, the Progressive Era shows that institutional innovations are prefaced by shifting frames of reference and changing understandings regarding the key issues confronting society. A good example is the passing of anti-trust legislation, which was based on a conceptual innovation that "reframed the trust problem by shifting the parameters of debate from individualism (*laissez-faire* policy) versus paternalism (direct government involvement), to conservatism (protect the status quo) versus radicalism (unrest and spreading capitalism)." * Unhappy with conservatism and fearing radicalism, Richard Ely, one Progressive leader, advocated for a middle ground that included a role for both the market and government, thus departing from a formerly dominant frame based on opposition between the two.

Even more pertinently, the Progressive Era involved a shift from the "Gospel of wealth" embodied in the philosophy of Social Darwinism to the Social Gospel. The first decade of the 20th century saw a rapid spread of ideas advocated by leaders of the Social Gospel movement, who reinterpreted the Bible to argue that the Kingdom of God

* W. Lawrence Neuman, "Negotiated Meanings and State Transformation: The Trust Issue in the Progressive Era," *Social Problems* 45 (3), 1998, 323.

should be built on earth and that individual salvation is impossible in the context of social suffering. Theologians of the Social Gospel such as Walter Rauschenbusch called for individual responsibility toward such social problems as poverty and inequality and advocated social reform. This newly popularized message of ethical reawakening and socially-oriented action stood in contrast to ideas promulgated earlier in the 1880s and 1890s defending individualism and the “survival of the fittest,” and making inequality an inevitable and even “normal” condition.

Progressivism encompassed a range of issues that also included municipal reform, labor conditions, food safety, social welfare, and electoral reform. But what enabled changes to occur in these different areas was the Progressive spirit—a public consciousness that the United States was in crisis and that “something needed to be done.” A sense of crisis was cultivated by a new kind of muckraking journalism, which exposed corruption, abuses of power, and the aggressive monopolization of various sectors in the economy.

Many of the “social ingredients” of the Progressive Era are now present in Russia. There is the muckraking work of blogger Alexei Navalny, which places the issue of government corruption at center stage and is supported by the work of others, particularly journalists like Marina Litvinovich and Yulia Latynina, as well as thousands of people on the streets who used their cameras and phones to document corruption (whether vote falsification during elections or police abuse during protests) and upload it to social media sites. There is a middle class emerging as a result of the economic growth of the 2000s that is unhappy with the direction Russia has taken in the last decade or more. And there are outlines of a new rhetorical frame emerging as an alternative to the dominant frame developed in the 2000s that propped up the political regime built by Putin and his supporters.

That dominant frame was a double-edged sword. One edge was directed against the “tumultuous 1990s” (*likhie 90-e*), entailing a promise of order and stability. Another was directed against the “enemy at the gate,” the West and particularly the United States, and entailed a promise of Russia rising from its knees. This was a frame aimed at consolidating a community struggling to define its identity and find a new point of reference and new system of values to succeed in a new world. The broader system of values in the 2000s, however, continued and even expanded on the set of values that existed in the 1990s, a period of nascent capitalism in Russia. It was then that the value system began focusing on “enriching yourselves,” as acquiring money was considered the ultimate measure of social success. Putin’s 2000s did nothing to change this frame of reference. To the contrary, his era, though filled with nationalist *ressentiment*, further solidified and strengthened the pull of individualistic materialism, as state agents began joining the “wild dance around the golden calf.” If there was any innovation in that system of values, it was a further demoralization of the public space and propagation of cynicism. As expressed by writer Andrei Arkhangel'skii, the ideology underlying Putin’s Russia has been that “there is no truth, only prices for oil and gas.” Those who did not subscribe to that ideology, especially among the youth, found escape in various radical

interpretations of religion or nationalism, or they simply retreated into their virtual spaces.

The biggest promise of the recent protests is related to their Progressive spirit and the extent to which these protests represent a reaction to the officially sanctioned cynicism that characterized Russia in the 2000s. The demand for a new system of values, the rediscovery of a non-materialist public spirit, and the ideas of public service and civic duty are crucial first steps required for articulating a new agenda, a new era, for Russia. As Irina Prokhorova put it concisely explaining the march into politics of her brother (and oligarch) Mikhail Prokhorov, “a successful individual is a citizen and a patriot.” The widespread understanding that a talented businessman cannot share in the public spirit is wrong.

Indeed, the social basis of protest driven by well-to-do young professionals and representatives of what is frequently referred to as “the creative class” reflects the readiness of this new affluent middle class to move beyond narrowly defined materialist concerns and embrace a new rhetoric driven by ideas of dignity, authenticity, and real patriotism – as opposed to the Kremlin-organized “*Nashi* patriotism” promoted in the 2000s. It is not surprising that this movement toward a new system of values is accompanied by growing public receptivity to members of the creative class – writers like Boris Akunin, Zakhar Prilepin, and Lyudmila Ulitskaya; singers like Yuri Shevchuk; literary professionals like Irina Prokhorova; and actors like Chulpan Khamatova. The growing influence of the creative class is a sign of the emerging demand for a new direction and new frames of reference by which to live in Russia.

There should be no shortage of ideas in a country with such a vast cultural legacy and rich intellectual ground for defining and redefining the spiritual coordinates of the nation. What should be kept in mind, however, is that a belief in the “public interest” and “common good” was what united virtually all Progressives in the United States. The future of Russia’s Progressive movement is dependent on the ability of Russia’s creative class to further articulate and propagate a renaissance in public spirit, as well as the course of the Russian economy and its ability to strengthen and enlarge a middle class open to and mobilizing for Progressive change.

Mission Impossible: Modernization in Russia after the Global Financial Crisis

PONARS Eurasia Policy Memo No. 196

Juliet Johnson
McGill University

*Хотели как лучше, а получилось как всегда.
[We wanted better, but it turned out like always.]
- Former PM Viktor Chernomyrdin*

After the global financial crisis, Russian President Dmitry Medvedev made modernization the centerpiece of his economic policy agenda. Most importantly, modernization meant diversifying the Russian economy to become less dependent on natural resource revenues. Medvedev, like many other policy makers and scholars, argued that the financial crisis hit Russia especially hard because of Russia's over-reliance on oil and gas revenues and its concomitant failure to nurture high-technology export industries.

The latest Putin administration now must decide whether or not to press forward with an aggressive modernization agenda. Medvedev and economic liberals both within and outside the government have lobbied strongly in favor of doing so. However, seriously pursuing such a modernization agenda would be an impossible and perhaps even counterproductive policy at this point in time, for three reasons.

First, the underlying structure of the Russian political-economic system makes implementing modernization policies quite difficult. Second, rather than challenging this system, Russia's response to the global financial crisis reinforced its central characteristics, in the process rendering it even more resistant to modernization efforts. Finally, Putin's return to the presidency in the context of a highly visible protest movement and restless political elites puts him in no position to carry out a meaningful modernization agenda, even if he made doing so his top priority. Focusing the government's efforts on modernizing the Russian economy is an attractive goal in principle, but right now it cannot work in practice.

Given this hard reality, I argue that Russia would be better off intensifying the development of its oil and gas industries rather than wasting energy (literally and figuratively) in a futile and costly attempt at high-tech diversification. In short, Putin's government should treat Russia's resource wealth as a boon rather than as a curse.

Why Modernization?

Russia is one of the world's leading producers and exporters of oil and gas. Its dependence on natural resources has risen in recent years; as of January 2012, energy sales accounted for over three-quarters of Russian exports. This dependence leaves Russia vulnerable to swings in world commodity prices, making it difficult for the government to plan its budget and to conduct monetary policy.

From 2000 to 2008 this dependence – while acknowledged as concerning – was not treated as a pressing issue. Oil prices rose and the Russian government conducted restrained monetary policies, leading to several years of GDP growth at 7-8 percent per year and moderate but stable inflation of 9-15 percent per year. As Russia raked in cash from natural resource exports, it accumulated foreign exchange reserves of nearly \$500 billion and created a \$225 billion stabilization fund to protect against future oil price volatility. Russian politicians and financial markets brimmed with confidence; Russian leaders even began discussing the ruble as a possible international reserve currency and declared Russia immune from global crises. These developments all served to legitimize the political-economic system.

But in the wake of the global financial crisis, Russia's declining terms of trade, capital flight, and a rapid drop in international oil prices combined by mid-2008 to plunge the Russian economy into turmoil. The ruble's value declined steadily, sparking a domestic rush to convert rubles to dollars and euros. Russia's stock exchanges repeatedly halted trading during the fall in the face of collapsing share prices. Russian banks and companies that had taken out foreign-currency loans were squeezed, and credit dried up. The crisis continued through 2009, a year in which Russia's GDP fell by 7.9 percent. The swing from nearly 8.5 percent GDP growth in 2007 to -7.9 percent in 2009 was among the largest in the world. This economic reversal and the public protests that resulted understandably led many to expect significant structural changes to Russia's political-economic model.

Indeed, in response to the crisis, Medvedev's famous "Go Russia!" speech in September 2009 condemned Russia's "economic backwardness," corruption, and paternalistic culture, and proposed an aggressive campaign of modernization as the way forward. The Skolkovo project on the outskirts of Moscow, projected to cost upwards of \$4 billion and to feature a techno-park, university, and start-up incubator, represented the showpiece of this modernization plan.

More recently, the Strategy 2020 proposal drafted by Russian economic experts emphasized the pursuit of diversification, promotion of transparency and the rule of law, and maintenance of macroeconomic stability. At the same time, the Ministry of Economic Development posed a stark choice: Russia can either stagnate as an energy superpower (the conservative scenario) or grow by investing heavily in diversified high-tech industries, health and education, and transportation infrastructure (the innovation scenario). However, while ambitious and in many ways laudatory, serious efforts to diversify away from resource dependence and foster high-tech innovation in the Russian economy are doomed to fail under the current regime.

Problem #1: Russia's Political-Economic System Resists Modernization

The Russian political-economic system is one in which the state controls or directs the commanding heights of the economy (particularly natural resources and finance) through formal and informal means, and relies heavily on revenues from natural resources channeled through the state-controlled financial sector to subsidize inefficient economic sectors controlled by insider elites. Richard Ericson has called this a "constrained market economy," Neil Robinson "patrimonial capitalism," and Clifford Gaddy and Barry Ickes "Putin's Protection Racket."

This system privileges a small group of loyal economic elites and informal rules to the detriment of medium/small business and foreign investors. It is also not particularly compatible with democratic governance. The system itself represents the major obstacle to modernization, as it promotes economic uncertainty and stifles bottom-up innovation.

Successful modernization arguably requires an atmosphere of economic and institutional predictability in order to attract and keep foreign investors and domestic capital (both human and financial). The current system cannot provide this predictability. As capital flight and ruble savings figures suggest, even Russians do not trust their political-economic system.

Furthermore, modernization means developing innovative, high-tech export markets. Yet money alone cannot create new high-tech industries from above in an atmosphere without competition and burdened by corruption. Under the current system, even Skolkovo may simply turn out to be another avenue for shunting government resources to well-connected elites. To their credit, many Russian leaders understand the problem, which is why anti-corruption policies and privatization have held an important place in the modernization agenda. To date, however, vested interests within the system have successfully beaten back anti-corruption efforts and repeatedly delayed further meaningful privatization efforts.

Problem #2: The Global Financial Crisis Reinforced the System

Many policy makers and scholars expected the global financial crisis and the resulting Russian economic meltdown to create an opening for systemic economic change. In the end, however, the Russian crisis did not create such an opening. Not only did it not result in systemic change, but it actually reinforced the basic pathologies of the Russian political economy. This occurred in part because Russian authorities drew exactly the wrong policy lessons from the crisis and its aftermath.

Government response to crisis depends in the first instance on *why* policy makers think a crisis evolved as it did. Russian leaders believed that the Russian crisis was externally generated; that is, they believed it was caused entirely by fundamental flaws in the global neo-liberal economic system as led by the United States, rather than by any problems with the Russian political-economic system. For example, Medvedev said that the United States "has tripped up almost everyone" with the crisis in its financial market, while Prime Minister Putin called the world financial crisis a "contagion" that

had spread from the United States and said that the Russian situation was “due to the ... irresponsibility of [the U.S.] system.”

As a result, the government’s natural reaction was to try to shield Russia from future shocks originating in this pernicious and unstable international system. In the process, Russian leaders paradoxically both “learned” that Russia should diversify away from resource dependence and reacted to the crisis by reinforcing the central characteristics of Russia’s existing political-economic system.

The Russian government responded to the crisis in three ways. First, it carried out massive fiscal expansion to stimulate the economy and currency intervention to ease the ruble’s slide in value. Second, it bailed out politically connected oligarchs and firms such as the state oil company Rosneft and wealthy businessmen Mikhail Friedman and Oleg Deripaska. Third, it promoted significant recentralization of the financial sector, enhancing a trend that began after the 1998 financial crisis. State-owned banks now represent about fifty percent of the sector; the percentage is much higher if we include state-connected banks as well.

The Russia government thus responded to the crisis by reinforcing rather than restructuring the existing system. As Richard Ericson has written, “While all governments have moved to provide massive liquidity injections and a substantial fiscal stimulus . . . few have moved as vigorously to centralize control over those stimulus and liquidity support packages.” The economic results seem to have justified this approach, at least from the perspective of the Russian government. The Russian economy returned to growth in 2010, recovering from the severe recession of the previous year, triggered by strong domestic demand and rising oil prices. By fall 2011, foreign exchange reserves, which had fallen to almost \$380 billion in early 2009, had hit \$545 billion – a complete recovery.

In sum, unlike the 1992 and 1998 financial crises, in which Russian leaders identified the key causes of crisis as homegrown, the most recent crisis did not lead to significant changes in Russia’s political-economic system. Instead, it served to reinforce and further entrench the existing one, in the process moving the starting line backwards for any subsequent modernization efforts.

Problem #3: The System is Stronger, but Putin is Weaker

The presidential and parliamentary elections further complicated the prospects for modernization, because they returned a weakened Putin to power without breaking the underlying system on which his power rests. This limits Putin’s ability to make fundamental changes to the system.

In the face of a protest-laden election season, Putin made extensive electoral spending promises, most incompatible with the modernization agenda. He promised to raise both pensions and public sector pay, and he promised massive new investment in the military-industrial complex. Putin himself estimated that the social spending commitments could cost three percent of GDP per year, while other estimates put the figure as high as eight percent. This is on top of the military spending commitment of \$870 billion through 2020. Given that Russia’s GDP growth is expected to plateau in the

medium term to 3-4 percent per year, fulfilling these commitments would not only leave few resources for modernization initiatives, but could undermine Russia's macroeconomic stability.

For all its energy and excitement, the election season also deepened political uncertainty in Russia, as protest movements strongly challenged but did not defeat the regime. Such uncertainty discourages foreign investment everywhere except the natural resource industries and spurred a new round of domestic capital flight, with nearly \$23 billion leaving Russia in January-February 2012 alone. Political uncertainty makes it more difficult to convince investors to back a state-led modernization program, a key problem when the program assumes significant private investment in concert with state investment.

Most importantly, now that Putin, the architect of this political-economic system, has been weakened politically, it would be doubly hard for him to dismantle it. Even government liberals disagree on how modernization should be carried out, with the Finance Ministry emphasizing the need for fiscal restraint while the Economic Development Ministry advocates deficit spending in order to fulfill the entire wish list. More broadly, as different elite factions jockey for power, Putin must reward his supporters in the military and natural resource industries as well as fulfill at least some of his election promises. As such, Putin is not in a position to invest heavily in new high-tech industries, to crack down on corruption, to reform the judicial system, or to strongly reduce the state's hold on the economy – that is, to do anything that would make serious modernization possible.

The final nail in the coffin is perhaps Putin's own ambivalence towards modernization, even setting aside the political issues above. Although Medvedev boarded the modernization bandwagon long ago, Putin has always viewed modernization as but one desirable goal among many. Moreover, although he pays lip service to economic diversification, Putin has consistently acted to strengthen the state's role in (and thus dependence on) Russia's natural resource industries. Given the choice between vigorously pursuing modernization or a host of other often contradictory and desirable political, economic, and social policies, it is not at all clear that Putin will come down on the side of the modernization agenda.

The Second-Best Solution: Increase Investment in Natural Resources

As Gaddy and Ickes have pointed out, natural resources are Russia's comparative advantage. Windfall energy revenues under Putin allowed the Russian government to pay off nearly all its foreign debt ahead of schedule. Moreover, while fluctuating energy prices make Russia more vulnerable to crises, energy resources handled well have also been vital in getting Russia *out* of such crises. Natural resources have made Russia a wealthy state indeed in comparison to most of its post-communist counterparts.

Rather than diversifying away from natural resource exports, a politically impossible and economically challenging task, the Russian government would be better served by focusing its efforts on making its vital oil and gas sectors more effective producers, processors, and exporters, as well as on increasing domestic energy efficiency

in order to allow Russia to export more of what it produces. Doing so would be politically feasible and would maximize Russia's chances to achieve steady, deficit-free medium-term economic growth.

Yet Russia has invested little to date in improving its extractive capacity and infrastructure. It has also made foreign investment in the sector extremely difficult. Russia has made more headway with energy efficiency, as Medvedev approved a comprehensive energy efficiency policy in 2010. Still, much ground remains to be covered between paper policy and economic reality. As a result, Russia is not producing as much energy or consuming it as efficiently as it should be—a sorry state of affairs for an energy superpower.

Russian Unions' Political Ambitions after the Elections

PONARS Eurasia Policy Memo No. 197

Irina Olimpieva
Center for Independent Social Research, St. Petersburg
Robert Orttung
George Washington University

The growing politicization of Russian labor unions in recent years reached a peak after the December 2011 parliamentary and March 2012 presidential elections, when both official and alternative labor unions began discussing the possibility of creating their own political parties. Despite their formal political neutrality, Russian labor unions have always exercised political influence, including through informal contacts with the country's top leaders, lobbying the legislative and executive branches, and building alliances with political parties. Under current conditions, political levers provide an even more important mechanism for unions to advance labor interests than do social partnership institutions or mobilizing labor protests.

Overall Situation

Russia's labor union movement is divided into two competing camps: the official unions affiliated with the Federation of Independent Trade Unions of Russia (FNPR), the successor to the Soviet council of trade unions (VTsSPS), and alternative unions that have no relationship to the FNPR. Currently the FNPR dominates the labor sphere. As the successor of the VTsSPS, the FNPR inherited its material and financial resources. It claims to represent 95 percent of unionized workers, giving it 24.2 million members or 45 percent of all Russian employees. * SOTsPROF (the Association of Socialist [later Social] Trade Unions) was established in 1989 in Moscow as an alternative to the Soviet VTsSPS labor union and reconstituted in 1991. SOTsPROF occupies an autonomous spot in the union movement, distancing itself from FNPR and the independent free unions,

* See <http://www.fnpr.ru>, as well as Irina Olimpieva, "'Free' and 'Official' Labor Unions in Russia: Different Modes of Labor Interest Representation." *Russian Analytical Digest* No. 104, October 27, 2011, <http://www.res.ethz.ch/analysis/rad/details.cfm?lng=en&id=133748>.

including the Confederation of Labor of Russia (KTR), the All-Russian Confederation of Labor (VKT), and a host of smaller union organizations.

Unions made their first statements about increasing political involvement in the new political climate immediately after the December 2011 State Duma elections. FNPR Chairman Mikhail Shmakov announced at a January meeting of the FNPR general council that it was imperative for his union to participate in politics and to support Vladimir Putin as a presidential candidate. In March, after a heated discussion in the pages of the FNPR newspaper *Solidarity** about the need to create a political party, a decision was adopted to resurrect the Union of Labor political movement, which had competed in the 1995 and 1999 Duma elections and will ultimately be converted into a political party. During a March 12 roundtable discussion that included representatives from the main free unions, there was a discussion about the need to increase the political weight of the unions in the wider democratic movement. One of the options under discussion was the establishment of a new party.

Key	
FNPR	Federation of Independent Trade Unions of Russia
VTsSPS	All-Union Central Council of Trade Unions
SOTsPROF	Association of Socialist [later Social] Trade Unions
KTR	Confederation of Labor of Russia
VKT	All-Russian Confederation of Labor
MPRA	Interregional Union of Automobile Workers

Why Are the Russian Unions Seeking Political Influence?

The unions’ intense search for political levers is a result of the inefficiency of the existing neo-corporatist model of “social partnership,” which generally resembles the classic European model of social dialogue. Labor is supposed to represent and negotiate its interests through the existing social partnership institutions – tripartite and bipartite commissions at different levels of government and industry with the participation of representatives of labor, employers, and the state – rather than via direct political participation.

However, the practical implementation of this system has a number of flaws at every level that undermines the core idea of social partnership. The key problems include the state’s dominant role in crafting labor and social policy, the low status of federal-level social partnership institutions, collective bargaining agreements that serve as guidelines rather than binding requirements, the absence of an effective association of employers at the branch and territorial levels, and the lack of possibilities for legal labor protests in enterprises. Given the imbalance of forces in the social dialogue, the unions and employers do not negotiate with each other directly with the state functioning as an intermediary, as in the European neo-corporatist model, but rather fight each other for direct influence over the state.

* http://www.solidarnost.org/numb/2012/02/08/numb_20079.html

Political Levers of Union Influence

In practice, Russian unions have always used a variety of political tools: establishing direct contacts with top state leaders, building ties to government agencies and bureaucrats dealing with labor and social policy issues, electing their representatives to legislative bodies through various political parties and blocs, organizing inter-fraction parliamentary groups for lobbying labor and social interests, and representing labor demands in mayors' offices. Such direct political action formally contradicts the existing model of social partnership. Thus, the unions often carry out their political work through semi-formal or informal means. As a result, Russia's current political system is a kind of hybrid between corporatism and pluralism, with a predominance of informal institutions.

Over the history of post-Soviet Russia, the political strategies of the unions have changed in response to changes in institutional conditions and the political landscape. Overall, it is possible to identify two periods of development, though there is considerable variation even within these periods. The first lasted from the beginning of the 1990s to 2000, when the unions were actively involved in building alliances with a wide variety of political parties, blocs, and associations, and gained practical experience. After their failure in the 1995 elections, for example, many FNPR representatives won seats in the 1999 Duma elections thanks to the success of the FNPR's Union of Labor political association, which worked within the framework of the Fatherland-All Russia party. During this period, the presence of union representatives and active FNPR lobbying in the Duma allowed the unions to block the government's efforts to adopt an extremely liberal version of the new Labor Code.

Beginning in 2000, political conditions changed. For the FNPR the main goal of its political strategy was to gain access to President Putin as the most powerful political player and United Russia as the most powerful political organization. The FNPR bet on Putin and supported him from the very beginning in the difficult 2000 presidential elections and maintained its "loyalty" to him until today. In 2012, FNPR officially supported Putin's candidacy and the union leaders were Putin's official representatives in various electoral districts where they organized rallies in support of him. During the December protest rallies seeking a new round of Duma voting, the FNPR even offered to bring 100,000 people onto the streets in support of the elections.

The alternative unions have also made efforts to set up political alliances, working with the Communists and Just Russia instead of United Russia. However, with the adoption of the FNPR-influenced 2001 labor code, the conditions in which the free unions operated significantly deteriorated. Therefore, for most of the 2000s, the alternative unions were focused mainly on surviving and preserving their organizations.

What Are the Unions Unhappy About Today?

Even in conditions where they have informal political influence, none of the unions are satisfied with their current ability to impact labor and social policy making. They are unhappy for several reasons:

- The unions do not like their alliances with the existing parties because they must support the ideology of the party rather than represent the interests of the workers. Additionally, participating in someone else's party requires the unions to fight to get their representatives on the party list, a struggle that is not always successful. According to one discussion in the newspaper *Solidarity*, "Non-union parties will always be under outside pressure. Either ideologically-driven politicians or the financial sponsors who represent the employers will influence the party."
- Thanks to the growing protest movement in recent years, the free unions have gained strength and organizational potential. As a result, they have growing ambitions to assert their influence at the federal level. At the same time, the FNPR-influenced labor code excludes them from the system of social partnership. They are beginning to understand that without political influence, their battle for worker rights will not be effective. Even the electoral success of Interregional Union of Automobile Workers' (MPRA) leader Aleksey Etmanov, who for the first time in the history of the free trade unions won a seat in the Leningrad regional council on the Just Russia ticket in December 2011, is not enough to satisfy their broader plans.
- The unions are unhappy with the changes in the political landscape after the recent elections. FNPR invested a lot in the elections, but it did not secure desirable representation because of the relatively poor showing of United Russia in the Duma elections. There is no strong center-left or social democratic party, which would provide a natural home for the unions. At the same time, the right side of the political spectrum, represented by Mikhail Prokhorov, is growing stronger, while the Communists are moving further to the extreme by setting up an alliance with the nationalists.

Chances for Success

There are a variety of factors that might work for the success of the unions in the political arena. The key advantages that the unions hold are the following:

- The main possibility for success, distinguishing the unions from other new political parties and movements, is that the unions are already mass organizations with infrastructure and experience mobilizing workers. Today the FNPR has 24 million members, many local chapters, and relatively strong discipline. The alternative unions are traditionally strong in terms of mobilization and organizing protests.
- The unions gained extensive experience since the beginning of the 1990s in creating political associations and winning political influence. The FNPR was particularly successful in creating the Union of Labor in 1999.

- There is a growing trend toward consolidation among the free unions movement in recent years. Despite the traditionally high ambitions among individual leaders, they are looking for a way to work together.

There are also obstacles, which exist primarily within the unions themselves.

- Many regional and local union organizations are against participating in the political process. The FNPR's alliance with United Russia and its decision to join Putin's All-Russia People's Front in May 2011 provoked considerable dissatisfaction among the unions. Although ultimately a majority expressed their backing, among the primary union organizations and rank-and-file union members, there is strong support for the idea that the unions should remain politically neutral.
- There is a similar problem among alternative unions. Since they are based on the ideology of fighting for worker rights, it is even more difficult for them to explain to their members the necessity of politicization. Political activity will necessarily require a reduction in the militancy of the unions, limiting protests and preserving social peace when a "friendly party" is in power, which puts free unions in a difficult situation since mobilizing protests is their main resource in relations with employers.
- Party building necessarily requires the investment of resources, which could create splits inside the FNPR. With Putin's return to the presidency, the FNPR leaders can count on the continuation of his support and the preservation of their informal political influence, which calls into question the necessity of investing the enormous amount of resources required to set up a new party.

Possible Consequences in Case of Success

Neither the FNPR nor the free unions seek to dominate the political arena. However, they would like to have institutional opportunities to represent the interests of labor in the legislative and executive branches. The basic goal in creating a party is to cross the seven-percent barrier to gain entry to the Duma. Nonetheless, the appearance on the political stage of new parties in the social-democratic camp will change the overall political landscape.

The growing political competition complicates the already difficult situation in the union movement. Even though it is already clear from the unions' internal discussions that ideologically all "union parties" will have identical platforms, the further politicization will deepen the split between the official and alternative unions, adding political competition to competition for union membership and political ambitions to the existing ambitions of the union leaders.

Strengthening the direct political influence of the unions will inevitably further undermine the significance of the institutions of social partnership and erode their already low effectiveness. As for preserving or changing the informal character of the unions' political influence, the result depends not on the unions, but on the level of change or stasis within the general Russian institutional environment. It is clear, though, that the unions are positioning themselves to take advantage of any new opportunities that arise.

Why Russia Supports Repressive Regimes in Syria and the Middle East

PONARS Eurasia Policy Memo No. 198

Dmitry Gorenburg
Harvard University

In recent months, Russia (with Chinese support) has increasingly staked out a strong position in support of the Assad regime in Syria. As Syria's allies dwindle, Russia has become its foremost protector in the international arena. In doing so, it has followed a policy consistent with previous statements in support of regimes facing popular uprisings throughout the Middle East. This is not a new policy, as similar statements were made by Russian leaders during the Green revolution in Iran in 2009. To explain this policy, many analysts have focused on the importance of Russian economic investments in countries such as Libya and Syria or on political connections dating back from the Soviet days.

Undoubtedly, economic factors play a role in determining Russian policy. But the threat of spreading political instability and concern about setting precedents are at least as important for Russian leaders, who see the potential for the spread of unrest to other states in the region and fear the demonstration effects of successful revolts on vulnerable regimes in Central Asia. This memo will discuss the balance between interest-based and ideological factors in determining Russia's response to the Arab Spring.

I argue that although Russia's economic and strategic interests in the Middle East have played a role in shaping its response to the Arab Spring, fear of demonstration effects and positioning in the international arena have arguably had a larger effect on Russia's support for Middle Eastern dictators over the last year. Russian leaders' primary goal has been to prevent the establishment of a norm that allows for international intervention in response to government repression of domestic protests or violent uprisings. Second, the Russian government has sought to counter what it perceives as U.S. strategic gains in the Middle East. Economic factors, including arms sales, are thus only the third most important reason for Russian support for Bashar al-Assad and other Middle Eastern authoritarian leaders facing popular revolts over the past year.

Russian Economic Interests in Syria

Russia does have extensive economic interests in the Middle East, and especially in Syria. The most important spheres are sales of military equipment and energy. The Middle East is the second largest market for Russian arms exports, exceeded only by South and Southeast Asia. Prior to the Arab Spring, Algeria, Syria, and Libya regularly featured in lists of top five customers for Russian military equipment, while Yemen, Egypt, Jordan, Lebanon, and Morocco have also signed contracts for Russian arms in recent years. The total value of unfulfilled arms contracts with Syria is estimated at \$4 billion.

Russia's economic interests in Syria extend far beyond the military sphere, with a total value of approximately \$20 billion. Russian companies have made extensive investments in oil and gas exploration and production in Syria. *Tatneft* and *Soiuzneftegaz* are currently extracting oil in Syria. *Tatneft's* contract was concluded in 2003 and its first well was drilled in 2010 in the South Kishma field. *Stroitransgaz* has built a natural gas pipeline and processing plant and is now building a second plant near Rakka that will process 1.3 billion cubic meters of gas. The North-Western oil group won a tender in 2008 to build a petroleum processing plant near Deir-es-Zor. Finally, a *Gazprom* subsidiary named *Georesurs* was planning to participate in tenders for oil exploration. Russian companies are also involved in nuclear energy projects in Syria, including plans announced by *Rosatom* in 2010 to build Syria's first nuclear power plant and continuing service by *Tekhnopromeksport* of energy producing facilities it has built in the country.

Russian manufacturing companies also play a role in the Syrian economy. *Uralmash* signed a contract in 2010 to provide drilling equipment for a Syrian petroleum company. In September 2011, *Tupolev* and *Aviastar-SP* signed a memorandum to provide three Tu-204SM passenger airplanes and a service center for these planes to Syrian Air. *Traktornye Zavody* has announced plans for a joint venture with a Syrian company to build agricultural equipment. The *Sinara* group is building a hotel complex in Latakia. *Sitroniks* signed a contract in 2008 to build a wireless network for Syria. Finally, *Russkie Navigatsionnye Tekhnologii* has plans to install GLONASS-based navigation equipment on Syrian vehicles.

Russian exporters fear that regime change in Syria or elsewhere in the Middle East would lead to the loss of contracts, as new rulers pursue economic ties with their patrons in Turkey, Europe, or the United States. This is especially a concern for weapons sales, where Russia can point to Libya as an example of the economic impact of a government overthrow on Russian arms sales. Libya had purchased over \$2 billion worth of Russian weapons between 2005 and 2010 and was in advanced negotiations for an additional \$2 billion worth of contracts for a full range of weapons, including fighter jets, helicopters, submarines, tanks, and missiles. The new Libyan government, on the other hand, recently concluded a long-term defense cooperation agreement with France that may lead to the purchase of French fighter jets. From this perspective, Russian leaders firmly believe that it is too late for them to abandon Assad at this point. Even if they come out in support of the opposition, they assume that the latter would not

forgive their earlier strong support for his regime and would dismantle the strong economic ties between Syria and Russia. Therefore, Russia's economic interests in Syria can be maintained only if Assad defeats the opposition or there is a negotiated settlement.

Russian Political Interests in the Middle East

Although Russian leaders are concerned about the potential impact of the Arab Spring on Russian economic interests, this is not the primary cause of their opposition to regime change in the Middle East. Political factors, of both a regional and international nature, play a much more important role in Russian calculations.

At the regional level, since Russia does not need to import energy, its main interest is strategic access to the region. In the years after the break-up of the Soviet Union, Russia gave up all but one of its military facilities outside the territory of the former Soviet Union. The one remaining is the naval logistics facility in Tartus, Syria. This is not a true military base, since it does not permanently host any Russian military personnel other than the 50 sailors who staff it. It consists of two floating piers, a floating repair facility, and a supply depot. Its primary purpose is to repair and resupply Russian navy ships transiting the Mediterranean. Russian leaders are concerned that the fall of the Assad regime may lead to the closure of this facility. While the Syrian opposition has not made any statements regarding the future of Tartus, Russia has long depended entirely on Assad. Given their outspoken support for his actions against opponents in recent months, Russian leaders cannot expect to have good relations with his successors, especially if they come to power by force.

The January 2012 visit to Syria by a Russian naval group that included the Admiral Kuznetsov aircraft carrier was designed to demonstrate the importance that Russia attaches to its relationship with Syria and its current leadership. While official Russian sources repeatedly stated that this was a routine resupply visit scheduled long ago and had no political connotations, it was almost certainly intended as a political signal. The arrival of the ships was interpreted at home and abroad as a sign that Russia would not tolerate a "Libya scenario" – and was perceived as such by the Syrian government and official media, which trumpeted the arrival of the ships as an indication of Russian support for the Assad regime.

However, Russian leaders may have actually meant to signal something slightly different – that Russia remains a player in the Middle East and its positions have to be taken into account. They believe that Assad's departure will result in Syria either becoming a Turkish ally or descending into long-term chaos and civil war. In either situation, Russia will lose a dependable ally. Furthermore, they are concerned about the collapse of what was once an axis of Russia-friendly regimes across the center of the Middle East. Since becoming president, Vladimir Putin worked to rebuild Russia's relations with its Middle Eastern allies from the Cold War period. Syria, Libya, and Iraq were at the center of an effort that sought to counterbalance U.S. dominance in the region. Iran, a vehement opponent of the United States and a close ally of Syria, was also part of this axis. Russia's leaders conceived of the Iraq war largely as an effort to weaken

the anti-American coalition in the region and viewed strong support for the war from Saudi Arabia and the GCC states as evidence to support their view.

At the start of the Arab Spring, Russia was willing to accept Western intervention in Libya. Russian leaders decided not to veto Resolution 1973 for two reasons. First, they did not want to alienate Western leaders who were pushing for the intervention. While the rapprochement with the United States was important to them and certainly played a role, Russian political and economic ties with European states were of greater significance. The positions of France and Italy, both of which were strongly in favor of a no-fly zone because of the potential for a humanitarian and refugee disaster in the event of an attack by Gaddhafi's forces on Benghazi, were especially important for Russian calculations. Second, Russian leaders did not want to be blamed for blocking the intervention if the result was a large scale massacre of civilians.

However, Russian leaders quickly became disenchanted with the coalition's rather expansive interpretation of Resolution 1973. They were willing to allow for the establishment of a no-fly zone in order to avert a likely massacre of civilians and to help their European partners avoid a flood of refugees on their soil. They were much less willing to see NATO forces provide military assistance to a popular uprising against an authoritarian ruler with whom it had reasonably close ties. Russian criticism escalated as it became clear that NATO air strikes were targeting Gaddhafi's ground forces rather than just preventing Libyan air forces from targeting civilian areas. Furthermore, Russian leaders' response to violent uprising in Syria was conditioned by the Libya experience. The Libyan outcome, combined with domestic political factors, shifted the balance in Russian Middle East policy against the West. This led to the Russian veto of a UN resolution that they worried would provide a pretext for another Western military intervention in the Middle East.

Avoiding Demonstration Effects

Russian leaders did not want to create a new norm of international intervention in internal conflicts, particularly when these conflicts were the result of a popular uprising against an authoritarian ruler. They genuinely dislike what they see as a Western predilection for imposing their values and forms of government on other parts of the world. They remember the color revolutions in Serbia, Ukraine, and Georgia, in which friendly regimes were replaced by ones that were to a greater or lesser extent anti-Russian.

The authorities in Moscow are concerned that further successful popular uprisings in the Middle East may lead to demonstration effects in its own neighborhood – and perhaps even in Russia itself. Initially, the greatest fear was about the possibility of popular uprisings bringing down “friendly” autocrats in Central Asia. However, the recent large demonstrations against the falsification of elections in Russia itself have only increased its leaders' determination to ensure that no additional “dominoes” fall under popular pressure.

While the “Arab awakenings” have little direct connection to the emergence of protests against Vladimir Putin’s political order, Russian leaders feel that they are surrounded by a tide of anti-incumbent protests – and see each government toppled as potentially feeding the mood throughout the world. A related fear is that the overthrow of the Assad regime may feed a resurgence of anti-government protests in Iran, bringing the region’s political instability even closer to Russia’s borders.

Furthermore, Russian leaders are concerned about the gains made by Islamist forces in the region, and particularly in Egypt. The twin dangers of popular overthrow of local autocrats and the subsequent victory of Islamic parties in elections raise the danger of an Islamist takeover of parts of Central Asia. Such a scenario would likely lead to a significant increase in migration flows from the region to Russia and the prospect of an increase in terrorist attacks from the region, further destabilizing the domestic political situation.

The combination of fear of instability near its borders and concern about the example set by popular protests in the Middle East play an additional role in pushing Russian leaders toward their policy of supporting authoritarian regimes.

The Syria Crisis and the Making of Russia's Foreign Policy

PONARS Eurasia Policy Memo No. 199

Ekaterina Stepanova
MEMO, Russian Academy of Sciences

Russia's policy on the Syria crisis has been a litmus test revealing the more general pattern of Russian foreign policy thinking and behavior. This policy can hardly be understood fully if it is reduced to a mere "outcome" of some static "causes" or well-defined "interests." Rather, it should be seen as part of an actor-centered process that is activated and driven by a combination of several key factors and influences, including external and internal developments and constraints.

Three General Policy Drivers

Russian foreign policy appears to be increasingly caught between three main drivers that are specific to Russia and frequently in conflict with one another.

Slow to Move: General System Inflexibility

The first "driver" is related to a need to promptly react to dynamic transnational processes and developments of global significance in an increasingly complex, interdependent, information-intense, and media-open world – even though these are typically events over which Russia has limited, if any, influence (such as the wave of "Arab revolutions" of 2011-2012). While many lead international players are also increasingly subject to this "pressure to react," what makes Russia a specific case is that this pressure is at times disproportionately high – not only in comparison to Russia's real capacities and interests, more typical of a regional power, but also in light of the limited flexibility and dynamism that its state structure displays in principle, including in external affairs. While contemporary international realities and developments increasingly require a truly global vision and high degree of dynamism and flexibility from any power claiming major international status and clout, Russia's system exhibits general difficulty handling prompt reactions to any rapid and relatively unexpected change. This does not imply that Russia cannot come up with adequate responses to the most pressing and dynamic international problems and processes. However, when these

arise, Russia tends to take a significant amount of time to digest, adjust, and formulate a response calibrated to the scale and type of foreign policy challenge.

Minimal National Consensus on Foreign Policy Priorities

The second “driver” is related to the genuine foreign policy interests of Russia as a nation, state, and society. Conflicting domestic political agendas may dictate significant nuances in how these interests are understood by different political forces. However, a rather broad national consensus on certain basic tenets for shaping Russia’s relations with the outside world appears to be emerging. These tenets include:

- making the most out of Russia’s growing integration into the world and the global economy for purposes of modernization;
- improving Russia’s overall international image (which, for pragmatic purposes, will create more favorable conditions for investment, business, and development); and
- trying to increase Russia’s influence by building partnerships and alliances (not only in Eurasia, but also in adjacent regions).

This emerging core consensus goes beyond any anti-Western or pro-Western agenda and is hardly disputed by anyone. It is reinforced by the fact that despite the decline in Russia’s international influence over the past two decades, the country retains sufficient professional expertise to formulate a set of foreign policy priorities that are broadly acceptable at the national level.

Role of the Ruling Caste

The third driver comes in the form of what appears to be instinctive foreign policy impulses dictated by a narrow dominant caste in the ruling political elite. Their specific world vision, background, corporate interests (including economic interests), behavioral patterns, administrative practices, political culture, and relatively limited international affairs expertise make their decision-making on foreign policy the most erratic factor of the three.

All three of these “drivers” more or less contribute equally to Russia’s foreign policy. Depending on a given issue or crisis, and in interaction with other factors, these main “drivers” may reinforce or balance each other. Overall, Russia’s reaction to the wave of socio-political change in the Middle East has been no exception: while Russia’s position was slow to evolve, it remained rather cautious and pragmatic until early 2012, when the third “driver” came to play a disproportionately high role in Moscow’s reaction to the Syria crisis.

The Syria Challenge

Beyond these three basic drivers, additional explanations for Russia's particularly assertive position on Syria have dominated the subject both in and outside Russia. One explanation underlines the bad timing, i.e., a highly volatile period in Russian politics between recent parliamentary and presidential elections. Another explanation emphasizes the post-Libya intervention context, whereby Russia's Syria policy reaffirmed its growing concerns about the tendency of leading Western states (supported by Gulf states) to extend United Nations Security Council resolutions without limit; the resulting focus on regime change; and the disturbing consequences of Libyan state collapse. A third common explanation centers on Moscow's "major" strategic interests vis-à-vis Syria.

While these factors are not negligible, none of them, separately or in combination, provide an exhaustive explanation for Russian policy. It is amazing to watch Russian hardliners and many Western and Middle Eastern analysts join together to grossly exaggerate Russia's strategic interests in Syria. Existing military, economic, cultural/educational, and other links notwithstanding, Syria's importance as a purchaser of Russian arms should not be overestimated, especially given the poor paying record of Damascus. The small Russian naval facility at Tartus has more symbolic than real significance. Until very recently, the Assad regime has not bothered to assert itself as Moscow's political ally. Russia's economic interest in Syria other than arms sales – in energy and other sectors – is real, but it is modest compared to economic cooperation with, for instance, neighboring Turkey. Even the impact of the Russian election season, in which the government played on and propagated anti-U.S. sentiment to appear "tough on the West" and discredit domestic opposition, cannot fully explain its unusual attachment to the Syrian government.

Indeed, this attachment belies a more fundamental issue at play – that of a shared regime identification. All contextual specificity notwithstanding, there exists a striking affinity of regime type between Russia and Assad's Syria, closer than that between the Russian government and any other regime outside the CIS. Similarities include the political and economic dominance of a narrow closed caste of a clearly defined type or origin; unaccountable presidential rule; the unparalleled clout of the security sector, especially the special services; and the fiction of belated political reform, exercised only under tremendous pressure and not touching on central elements of the power structure. In both cases, the primacy of regime self-survival dictates a "smart authoritarian" approach under normal conditions, but one that easily slides into "security solutions" and a "siege mentality" when control is at stake. The collapse of the Assad regime would hardly have any direct impact on the domestic position or future of Russia's regime. However, the more fundamental significance of such a collapse would be as a demonstrative failure of an essentially (and strikingly) similar strategy of national modernization centered on "smart authoritarianism" – a scenario that the present Russian leadership is almost instinctively reluctant to accept.

The role of regime identification as a contributing factor in Moscow's painful reaction to developments around Syria stands out even in comparison to its response to

the disintegration of other authoritarian Middle Eastern regimes that displayed crucial distinctions from Assad's rule. These distinctions included the strong autonomous role and significant external financing of the armed forces in Mubarak's Egypt and a complex combination of bargaining relationships between the ruling regime and various regions and tribal groups in Qaddafi's Libya. In the case of Syria, the regime affinity factor has been at least as critical for explaining what has "made the difference" in Russia's policy vis-à-vis Syria as has been the combination of straight strategic interests and short-term electoral pressures.

In the long-term, it is also more alarming for Russia than the UN Security Council debates on Syria, as such debates did not start and will not end with this crisis. They involve a genuine controversy between human security-centered and sovereignty-centered legal and ethical approaches to international security. The growing importance of the human security agenda notwithstanding, this controversy is constantly reignited by the highly mixed experience and consequences of a number of external military interventions and foreign-driven state-building experiments.

Limited Damage and Damage Limitation

The effects of Russia's initial one-sided backing of the Syrian government on developments in and around Syria may be a matter for speculation. But the immediate outcomes of that policy for Russia were quite problematic.

First, while this policy provoked an expected outcry in the West, it was also met with an almost universally negative reaction in the Arab political space and even provoked atypical protests at Russian embassies in the Middle East (in Lebanon, Libya, and Sudan). This threatened to turn Russia into a major external "scapegoat" for much of the Arab world – a label that Moscow hardly deserves for many reasons, including its rather limited role and leverage in the region.

Second, Russia's reputation at the UN also suffered a new kind of damage. Repercussions at the UN Security Council should not be overestimated; the negative response to the Russian and Chinese veto of the Western-backed Arab League peace plan in February was predictable (and not unprecedented). However, broad support for an anti-Assad resolution at the UN General Assembly days later came as a surprise. For a body in which voting patterns better reflect members' genuine attitudes (as opposed to in the Security Council, where votes are often shaped by strategic calculations), this was a radical departure from the well-recorded tendency of many UN members to support Russia and China on human rights-related resolutions (though it has been paralleled by a comparable decline in support for the United States and EU member-states).*

In sum, for Russia as both an influential UN power and a relative outsider in the Middle East, the pro-regime reaction to the Syria crisis in early 2012 came at the cost of a

* As shown by analysis of voting coincidence scores in the UN General Assembly from 1997-98 to 2007-08, members' support on human rights-related issues increased for Russia and China from 50 to 76 and 74 percent respectively, in contrast to decline in support to the United States (from 77 to 30 percent) and the EU states (from 72 to 48-55 percent). See Richard Gowan and Franziska Brantner, *A Global Force for Human Rights? An Audit of European Power at the UN*, ECFR Policy Paper, 2008.

major diplomatic and reputational setback – more due to its lack of precedent than its scale. However, this setback should not be overdramatized, as the pendulum of Russian foreign policymaking started to swing back to a relative balance based upon the three main “drivers” discussed above, as soon as the presidential elections were over and as Russia adjusted to both the cold shower of international repercussions and worsening developments on the ground in Syria. Much of Russia’s diplomatic activity on Syria since then has been damage limitation.

This adaptation, however, should not be construed as a major policy revision in favor of “doves” at the expense of “hawks.” Rather, the main nuances among Russian elites’ views on Syria and the Middle East depend primarily on their highly varying level of foreign policy professionalism and expertise on the region. Among the more professional segments more specialized on foreign policy in general and the Middle East in particular, the following four basic tenets have been gaining ground:

- a) acknowledgment that events in any given country, with due respect to particular context, are part of the genuine dynamics of (irreversible) sociopolitical change throughout the entire region;
- b) recognition that these changes are driven by factors and forces internal to a certain country and the region at least as much (and probably far more) than by extra-regional influences;
- c) general skepticism about conspiracy theories; and
- d) understanding that there is a need to reach out and engage with all major political forces in the region, including reformist Islamists in and out of government.

Those who at least partly share these views can be found in all segments of the Russian government, political elites, and expert circles. They have a more adequate understanding of Russia’s genuine interests and capacities in the region than the hardliners in and out of government. This does not mean they should be confused with “doves,” however. This more adequate approach is embodied by Foreign Minister Sergei Lavrov and is well-represented in the Ministry of Foreign Affairs and in the professional expert community, especially among lead Middle East experts.

It is this approach that is behind much of Russia’s recent damage limitation moves on Syria. It has especially been in evidence since the adoption by the UN Security Council of the April 2012 six-point ceasefire plan put forward by UN special envoy Kofi Annan (Resolution 2042). This plan, in which Moscow invested considerable diplomatic effort, got support from the Syrian government and envisaged the dispatch of a UN monitoring mission to Syria (Resolution 2043). Even as the limited Annan plan had little chance to be implemented in full (certainly not before it was seriously tested by the outrageous and contentious massacre in Hula at the end of May), Russia has been

determined to try to preserve it as a negotiation framework for as long as possible. It is only in the aftermath of the Hula massacre and in the context of Putin's first trips to Europe in his new/old presidential status that earlier Russian diplomatic voices that tried to distance Moscow from Bashar Assad personally have been reinforced at the top level of the Russian government. As Putin stated at a joint press conference with German Chancellor Angela Merkel on June 1, "we have good multi-year relations with Syria, but we do not support any of the parties."

In sum, the latest stage in Moscow's diplomacy on the Syria crisis has been a mix of damage limitation and attempts to instrumentalize Russia's role as a key mediator, including for foreign policy purposes related more to Russia's relations with its U.S. and European counterparts than to Syria as such.

Conclusion

Whatever explains Russia's higher-than-usual profile on the Syria crisis, its impact on the dynamics of the crisis itself will remain limited. As long as the Syrian regime will muddle through, it will do so primarily for internal reasons, not because of Russia's support. If and when the regime collapses, it will happen due to a complex combination of weakening institutions, economic collapse, spiraling (counter)insurgent and inter-communal violence, including in extreme forms, and external pressures.

For the time being, "hiding behind" the Annan plan appears to be an optimal alternative not just for Russia, but for other key international players, including the United States. There may be hopes in more than one quarter that during the "window of time" granted by Annan's plan, or any follow-up initiative, the situation in Syria may evolve in more than one way, perhaps leading to some intra-regime reshuffling that could open new possibilities for conflict management. In the meantime, however, the diplomatic/ monitoring framework alone is unlikely to prevent further escalation of violence – as has already been seen – and a deterioration of the humanitarian situation on the ground (with a Lebanon-style full-fledged internal and regional proxy armed conflict as the worst-case scenario).

This would bring the problem back to the UN Security Council and to painful decisions about the course for further action. The United States and their European and Gulf allies will be under ever more urgent pressure to more actively intervene in a highly volatile regional environment and in the most difficult of all "Arab Spring" conflicts. Even in that case, the absolute maximum that Russia would be ready to approve is a full-scale multilateral UN peace mission – and only if the latter is accepted by the Syrian government, whoever the government is by that time. A lack of Russian support for an open-ended Security Council resolution explicitly calling for regime change or external intervention in Syria is unlikely to be reversed – nor will it stop such an intervention.

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