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# Putin's Legacy

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## INTRODUCTION

President Vladimir Putin told foreign journalists on 19 January that it was too soon to be thinking about how long he should stay in office. 'You need to focus on the results of your work. Time will show.'<sup>1</sup> Of course he wanted to deflect interest in whether or not he would run again in 2018, but his answer also drew attention to the question of what his eventual legacy might be.

While the timing and manner of Putin's eventual departure from the Kremlin cannot now be known, it is nevertheless possible in my view to evaluate the principal features of his rule, to suggest the likely pathology of its structures, and to speculate on how successor regimes might address their consequences.

## RUSSIA'S GOVERNANCE TODAY

Russia in 2014 is ruled by a narrow grouping around Putin, which has scarcely changed in its composition since his election in 2000. The presidential bias in the country's 1993 constitution has been exploited to establish a highly centralized and personalized system with arbitrary characteristics.

The grouping around Putin has a symbiotic relationship with selected Russian business interests. It both supports and is supported by a bureaucracy heavy in numbers, predatory by preference and light in overall competence.

The internal security forces within the government machine have a particular weight.

Neither the judicial nor the legislative branches of government have much authority independent of the executive.

It follows that as in earlier Soviet and Russian history the prevailing system of government in Russia is based on personal understandings, mutual obligations and a fear of the personal consequences of a misstep which might threaten an individual's position within that system, not accountability before the law.<sup>2</sup>

It further follows that there is a clear divide between the power structures and Russian society as a whole. That divide continues to widen.

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<sup>1</sup> Interview to Russian and foreign media, 19 January 2014, <http://www.kremlin.ru/transcripts/20080>.

## FURTHER EVOLUTION?

Putin has introduced a qualitative change in the regime since his return to the presidency in May 2012 by more deeply entrenching this basic construct. Power is now even more centred on the Kremlin. On the face of it, Putin and his colleagues, the *siloviki* not least, have seen off the protest movement that shook their confidence in 2011/12. Organized opposition to the present order of things is at a low ebb, and a new raft of restrictions has been enacted. But there are enduring costs, to the regime as well as the country.

By opting for restructuring the machinery of repression instead of adjusting to new realities, Putin has narrowed his room for manoeuvre. The ideas for Russia's future development which were allowed to surface during Dmitry Medvedev's presidency were incomplete. They shied away from considering the political changes which would have had to underpin the economic and social validity of proposals for improving the country's economic fortunes. But like it or not, the need to get beyond the existing personalized system of top-down management was brought to the intellectual fore between 2008 and 2012. That mattered even if no concrete moves were made at that time to implement significant economic, let alone political changes, nor any indications given as to how to move beyond personalized rule. Putin has sought to dismiss the issue. But the inner core's reliance instead on traditionalist forces and primitive emotions for support is pushing Russia in an increasingly reactionary direction. It is for question whether Putin, having taken this route, could now change track even if he wanted to. The risks of change, and particularly liberally tinged change, for him and his entourage have undoubtedly been heightened.

Putin will want to continue to put off for as long as he can revealing his intentions for the 2018 presidential elections. A decision to try to stay on until 2024 would compound the already discernible risks inherent in gerontocracy. But on the other hand, there is no mechanism for self-renewal within the present hermetic system. If he is to preserve his authority, Putin cannot even have an authoritative deputy, let alone a presumptive heir. The group's principal members nevertheless already keep a close and jealous eye on who among them might be the most influential, with the eventual succession to Putin an anxious if unacknowledged question. Factions will remain within the ruling group and seem to be increasing in their rivalry now that the Russian economic pie is smaller than it was. Putin's chosen course since his return in

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<sup>2</sup> See for instance Alena Ledeneva, *Can Russia Modernise? Sistema, Power Networks and*

May 2012 has given those wedded to centralized, top-down control an advantage. By downgrading and circumventing governmental structures theoretically answerable to the prime minister rather than the president, Putin has taken still more responsibility on himself for deciding issues both great and small.

It would be a rash foreigner who wrote with complete assurance about the current and likely future state of Russian society. Putin has a hold that stems from the appearance of being irreplaceable, buttressed by control over the mass media. His contempt for the West, his pursuit of a Russia First agenda, and his claims to 'Great Power' status all hit chords with many in a Russian society still atomized by its Soviet inheritance and the traumas of the 1990s, and for a time seduced into passivity by the apparent stability and success of Putin's first two terms as president, from 2000 to 2008. But preaching now of the civilizational strength of Russia's special and separate values, a claim which does not in any case stand up to serious analysis, does not provide for real resolution of the uncertainties now troubling the Russian people. Putin will risk becoming increasingly seen as the obstacle to their solution if he cannot soon show that he stands for more than preserving his rule and protecting the interests of his entourage.

## **PRESSURES**

No ruler can stay in power as long as Putin without trying his constituents' patience. The Medvedev interlude was rule by proxy, not a real handover. The way in which Putin pushed him aside in September 2011 spoke of arrogance, even contempt: for Medvedev of course, but also for the Russian people. Polls now give ambiguous messages about 2018: many people at present suppose that they would then vote for Putin because they would be given no real choice, but a majority also feel that they would support a change in the Kremlin if that option were to hand. Russian society is changing, a process that will surely not be dammed for ever. Decorative concessions made to popular sovereignty so far have stimulated rather than diminished a wish for autonomous institutions answerable to society. Popular trust in Russia's governing structures, not least its courts, is minimal.

It was once said that the general population was content to be taken for granted because Russia's GDP was rising so strongly. If that were ever true, it can no longer be so. The pre-2008 formula for success – rising oil prices and the revival of viable parts of the Soviet economic legacy – is no longer operable. The dangers of economic stagnation were recognized when Russia

took a particularly heavy hit from the 2008/09 global economic crisis, with various studies being undertaken to examine ways of diversifying and stimulating the Russian economy and reducing its dependence on energy exports. An extensive set of recommendations was, for instance, drawn up by a well-qualified group commissioned by then Prime Minister Putin to revise the officially sanctioned 2020 programme for Russia's development, to point it in a more market-friendly direction.

Putin has, however, rejected the road of market reform, just as he has preferred suppressing demands for political evolution to searching for ways to channel them constructively. There is of course a parallelism at work here. Market reform and centralized micromanagement on an ad hoc basis (which the Russians neatly describe as *ruchnoye upravleniye* – hands-on direction) are incompatible, just as top-down detailed political direction cannot be reconciled with the separation of powers among autonomous institutions. Nor for that matter can concentrating economic and political powers in a few hands, with the ultimate decision-making power resting on one person, ever be made efficient.

Putin continues to insist on the implementation of the state-centred and essentially populist promises he made in 2012 during the run-up to the presidential elections, as enshrined in a series of decrees following his return to the Kremlin in May that year. He regularly berates the prime minister and the government for their failure to implement them, as he did for instance in his speech to the National Assembly on 12 December 2013.<sup>3</sup> But this pays no apparent attention to the fact that the programme he wants to see enacted would require GDP growth of 4–5% p.a. while the third quarter of 2013 saw year-on-year growth decline to 1.2% – with the clear prospect that in 2014 and beyond, Russia will continue on a similarly dismal path. Putin apparently believes that the very real budgetary difficulties standing in his way can be overcome or at least moderated by firmer tax policies, including through the repatriation of Russian enterprises. He has shown that in the meantime he is prepared to dip into the National Reserve Fund – as well as pension funds – to tide Russia over to hoped-for better days.

Putin's continuing attachment to large-scale state projects is also undiminished, despite the evidence of their failure to promote long-term capital investment. According to calculations by the Independent Institute for Social Policy, investment in Russia's Far East fell by 20% in 2013, by

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<sup>3</sup> President Putin's Address to the Federal Assembly, 12 December 2013, <http://www.kremlin.ru/transcripts/19825>.

comparison with the large injection of funds in the period leading up to the 2012 APEC summit, which Russia hosted with some pomp; and it fell by 55% in the Vladivostok area, where the bulk of the pre-summit work was concentrated.<sup>4</sup> Sochi has had cash thrown at it for the Winter Olympics. Will that make for future investment? Putin has argued that the greatly increased expenditure on defence which he has decreed is not just to re-establish Russia's ability to face up to the enemies which apparently surround it, but that this expenditure will also promote economic growth thanks to spin-off. Few qualified observers share that belief.

Long-term fixed capital investment is at a low ebb, whether foreign or domestic. State corporations under Kremlin-favoured direction remain a dominant feature of the Russian economy. Concentrating on conserving an enervating Soviet inheritance<sup>5</sup> is no answer to the growing question of how to reinvigorate the Russian economy. The regions are increasingly burdened with debt, and social programmes are at risk as a result. The relationship between the centre and the regions is becoming an issue for serious attention. No new ideas are on the Kremlin table. Nor has Putin anything to offer by way of dealing with the issues of the Northern Caucasus, or inter-ethnic tensions.

The proposed Eurasian Union, if it ever comes about, will cost Russia financially. By tying the country to other authoritarian or would-be authoritarian personalized regimes, it would also further embed Russia's present inefficient system of government. The perspective of rivalry with the West, which is mistakenly but stubbornly seen as being in decline, remains a constant for many Russians, Putin not least. It is encouraged by the regime as a means of buttressing its domestic support.

## HANDLING THE LEGACY

Russia is now a country that has lost its way, dominated by inner doubt as to what it will become over the next few years. Its root problem is its personalized political structure based on unstable intra-group understandings, not state institutions or law which would bind its rulers as well as its ruled. It is now even harder than it was even three years ago to foresee a change that

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<sup>4</sup> 'Ot redaktsii: Tsentr zagonyaet regiony v ekonomicheskiy tupik' [Editorial: The centre pushes regions into an economic deadlock], *Vedomosti*, 23 December 2013, <http://www.vedomosti.ru/opinion/news/20597291/bednye-provincii>.

<sup>5</sup> See for example Andrew Wood, 'How the Soviet Inheritance Holds Back Russia's Development', Chatham House, July 2013; Clifford C. Gaddy and Barry W. Ickes, *Bear Traps on Russia's Road to Modernization* (New York: Routledge, 2013).

would allow the emergence of accountable and effective institutions. Putin has shown no disposition to work for this. The transition to a more structured, transparent and publicly answerable system would now be hard to manage even for a leader who might come fresh to the issues. A successor regime arising from within the present ruling group would be internally divided, with the available instruments of control further corroded over time. The natural response of a new contender would be to try to intimate change but to want to impose discipline first - if that were possible. The result, if that expedient worked, might well be a return to the current impasse: a sort of Turkmenistan effect.

Such is the logic of the present system. Superficially it might be reinforced by the possibility that the pressures sketched out above could be contained sufficiently for its survival for the foreseeable future. The Russian population is, after all, ageing along with its present ruler(s), and older people are less likely to rebel, and more likely to be swayed by formerly prevalent assumptions. Putin argues that he is making progress in addressing Russia's birth-rate problem, despite statistics recording 1.1 million abortions in 2012.<sup>6</sup> Expert projections show the population declining to 130 million in 2030 and 100 million or less by 2060.<sup>7</sup> These figures cannot but become less certain as they reach further into the future, but those derived from them on the ratio between the working-age population and those retired are robust: 2.8 to one pensioner now; 2:1 in 2030; and down to around 1.6 in 2050.<sup>8</sup> Could an uptick in Russia's economic fortunes plus a reinvigoration of its energy sector in the face of the radical changes that have transformed the market in recent years enable the country to bear these burdens? Perhaps, but the omens are against it.

A further argument for muddling through or even muddling downwards rests on the fact that opposition to the present system, or even Putin personally, is inchoate. But it is also true that there is a real fear within the ruling group that Russia's people have become unpredictable – or, more accurately, that some considerable sections of it have become unreliable – and that this is a threat or may become a threat to the power and interests of the current authorities. Their response has been to restrict freedom of speech and to curtail independent social interaction. One unintended effect of that approach has

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<sup>6</sup> 'Svedeniya o preryvanii veremennosti' [Data on abortion], Rosstat, 2013, [http://www.gks.ru/wps/wcm/connect/rosstat\\_main/rosstat/ru/statistics/population/healthcare/#](http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/population/healthcare/#).

<sup>7</sup> 'Kak zamedlit' demograficheskiy spad' [How to slow the demographic decline], *Vedomosti* 18 December 2013, <http://www.vedomosti.ru/opinion/news/20361611/kak-sberech-narod>.

<sup>8</sup> *Ibid.*

been to foster the idea of civil society as something independent of the formal governing structures.

The distance between the ruling group and sections of those it seeks to govern is dangerous.

The risks inherent in such a gap are compounded by three factors. First, effective channels for potential evolutionary change have been blocked by the way in which a centralized and personal regime has developed under Putin and his colleagues. The potential for the evolution in due course of autonomous institutions, along with the emergence of organized political alternatives, however rudimentary, has been systematically undermined. Second, the further result has been to undercut exploration within the wider Russian polity of what a better system of governance for Russia might be, or a consensus on how it might be arrived at. The official opposition in the Duma has no cards to play. And third, neither the ruling group nor its critics are ready to cope with serious but unpredicted crises. Putin has lost his former charisma, cannot dictate how to resolve his 2018 succession dilemma and is, it seems, finding it harder than it once was to arbitrate between the competing interests of his ruling group. His lack of a coherent and convincing strategic plan for Russia's future further undermines his legitimacy. Suppression of critics is no answer.

The wider, 'non-systemic' opposition is agreed on general propositions such as the need for the rule of law, not of persons, but has been prevented from moving beyond such generalities. This opposition is divided in its instincts, and by the ambitions of its various leading figures. Deciding how to reform the judiciary, the bureaucracy and the federal system, or how to clean up Russia's contradictory and compromised statute book, or how to promote the development of a competitive economy are all for instances at present beyond it. There is merit in the argument that regime pressure on a changing Russian society has advanced the idea that a civil society is a necessary counterweight; but the fragmentation of that society means that there is no clear understanding of how an effective civil society should be organized, or what its aims should be. Achieving structural changes would in any circumstances be arduous. Attempting that without the underpinning of some degree of consensus in Russian society as to the proper relationship between the Russian government and the people it is supposed to serve would make it doubly difficult.<sup>9</sup>

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<sup>9</sup> Just to illustrate the last point, let me quote the third verse of the UK national anthem: 'May she defend our laws/ And give us ever cause /To sing with heart and voice/ God save The Queen.'

There is a lesson here from what is happening in Ukraine. That country, warped and corrupted as it has been in recent years, nevertheless still has a more differentiated structure than Russia. But even so its relatively established and opposition-minded politicians have lost control over the current and generally unpredicted rising against President Viktor Yanukovich. One can be no more sure of the outcome of the crisis in Ukraine than one can be of the widely held assumption that Russia will muddle on to and beyond 2018, with Putin ageing in its Kremlin. Even stagnation, or minimal growth, would mean a continued and resented decline by comparison with those countries against which Russia likes to measure itself. A sustained fall in total economic activity is another possibility, maybe even before 2018. The strain of that on state–society relations would be considerable.

This is not, of course, the only nightmare that can be conjured up. In the end, Putin's bequest to whomever and whatever succeeds him and his colleagues is a state that looks strong but is weak, and whose future is both troubled and unclear. Crackdown since 2012 may lead to crack-up later.

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Surely a clear statement of what we expect of our sovereign and our right to revoke our allegiance if he/she fails us. Also a sentiment not historically accepted by Russian rulers.

## **ABOUT THE AUTHOR**

Andrew Wood is an Associate Fellow of the Russia and Eurasia Programme at Chatham House and author of the Chatham House Report *Putin Again: Implications for Russia and the West* (with Philip Hanson, James Nixey and Lilia Shevtsova), *Change or Decay: Russia's Dilemma and the West's Response* (with Lilia Shevtsova) and a 2011 paper for Chatham House on Russia's Business Diplomacy. He is a consultant to a number of companies with an interest in Russia. He was British ambassador to Russia from 1995 to 2000.