

Imagining Russia's future after Putin

Possible outcomes of a defeat in Ukraine

Summary

- If Russia suffered military defeat in Ukraine and Vladimir Putin were removed as president, by the end of 2027 core features of Russia's state system would be recognizable on the basis of what we see today. But even a managed leadership succession would unleash considerable uncertainty, leading to a broad spectrum of plausible outcomes across the political, economic and foreign policy domains.
- Russia's political system would remain essentially authoritarian. The guiding principles would be top-down stability and order, although the potential for elite divisions would be real. Political evolution would occur in the space between a limited easing of controls and an even more repressive model.
- Russia's economic system would continue to be based on a state-dominated mechanism of rent distribution, reliant on the oil price and unlikely to generate high GDP growth. Change would be at the margins, involving slightly less or slightly more state control. Economic relations with the West would be greatly reduced, pushing Russia towards even closer ties with Asia.
- A radical reappraisal of foreign policy would be unlikely without far-reaching domestic political change. Russia's new leaders would still view their country as a great power despite its reduced circumstances. Foreign policy would unfold along a spectrum between authoritarian retrenchment (focusing on internal recovery and a limited rapprochement with the West) and hard-line isolationism (a militantly anti-Western stance). The gap between Russia's ambitions and capabilities would widen.

Duncan Allan



Introduction

This briefing paper is part of a project that considers the potential strengths and weaknesses of Russia's future state system.¹ To provide an analytical platform for that exercise, this paper examines what Russia's political system, economic system and foreign policy orientation might look like by the end of 2027, a time frame that is analytically testing yet manageable.

To be clear at the outset: this is categorically not a forecast. Instead, the paper attempts to investigate how one tightly defined scenario constructed by the author could unfold. Based on four baseline assumptions and identifying eight potential drivers or processes that could trigger chains of events, it describes a range of plausible outcomes for Russia. A wider range of equally plausible alternative outcomes can of course be envisaged if different assumptions and drivers are selected.

Although, in the judgment of the author, this specific scenario is unlikely to materialize, there are valid reasons for studying it. First, it assumes a more or less definitive end to the phase of active conflict in Ukraine, thus providing a relatively clear foundation on which to think analytically about Russia's development. The war could, of course, evolve in other directions and lead to very different outcomes.

Second, despite the fact that Western governments' stated policy aims as regards the war in Ukraine have frequently lacked clarity, coherence and consistency, this scenario accords with the more maximalist objectives articulated by some decision-makers. There is value in thinking about the kind of Russia that Western governments might have to deal with in such circumstances.

Third, this scenario envisages a post-Putin leadership in Russia. This eventuality – which, it should be stressed, is not an objective of Western policy – requires us to think about a seminal event that Western governments will have to contend with sooner or later.

Lastly, although this paper is a contribution to wider analytical debates about Russia's future, it also reflects on Russia's present, and some of the internal and external forces that are shaping it. As one commentator noted in 2010:

Even if one cannot say which of many paths history will go down, it is still useful to think about the layout of the paths, their forks and intersections. If nothing else, this prepares one to interpret rapidly what is happening as events unfold. At the same time, the attempt to think systematically about the future imposes a certain discipline and perspective that are helpful for understanding the present. One is forced to think about how different aspects of current reality fit together.²

¹ The Russia and Eurasia Programme at Chatham House and the author are grateful to the project sponsor, the Russia Strategic Initiative (US European Command). This paper draws on discussions at two analytical workshops held in February and April 2023 under the Chatham House Rule in London.

² Treisman, D. (2010), 'Russia's Political Economy: The Next Decade', in Lipman, M. and Petrov, N. (eds) (2012), *Russia in 2020: Scenarios for the Future*, Washington, DC: Carnegie Endowment for International Peace, p. 150.

The scenario

The scenario upon which this paper is based consists of four baseline assumptions and eight potential drivers. It runs to the end of 2027.

Core assumptions

- Russia's army in Ukraine suffers a series of heavy defeats in the second half of 2023. Ukraine and Russia sign an armistice no later than mid-2024. Russia agrees to withdraw from all occupied territories of Ukraine, including Crimea and Donbas.³ Some Western economic sanctions are lifted.
- A final peace agreement remains elusive. Outstanding issues include Russia's refusals to pay reparations or to allow the prosecution of alleged war crimes. Consequently, Western economic sanctions on Russia remain more extensive than they were before 24 February 2022.
- Vladimir Putin is forced to step down as president. Russia's elites engineer an orderly transition of power to his successor.
- In turn, this creates the short-term foundations for political stability, enabling central state institutions to continue administering the country as an integrated whole.

The potential drivers, which apply throughout the period to the end of 2027, can be divided into 'internal' (operating inside Russia) and 'external' (affecting Russia from without).

Internal drivers

- Powerful domestic forces that favour the maintenance of the existing model of authoritarian state capitalism;
- Limited domestic pressure for political or economic reform among elites and society;
- A significantly greater economic disconnect between Russia and the leading Western powers than existed before 24 February 2022; and
- A widespread sense of grievance among the Russian elites and population towards the leading Western powers, resulting from military defeat in Ukraine.

External drivers

- A continued shift towards Asia – particularly to China and India – of the balance of political and economic power within the international system;
- Continuing turbulence in the global economic outlook (with, for example, ongoing supply chain disruptions, upward pressure on interest rates and financial market fragility);

³ This scenario does not explore potential outcomes for the post-war situations in Crimea and Donbas, which would probably be highly uncertain and perhaps unstable, nor the prospects for the eventual reintegration of these regions into Ukraine.

- An accelerating transition in Europe's energy sector away from the consumption of hydrocarbons; and
- A partial stabilization of political relations between Russia and the leading Western powers following a Russia/Ukraine armistice. Despite this, relations remain largely broken (given, for example, the political and economic aftershocks of the war, the absence of a final peace agreement that involved Russian formal recognition of Ukraine's right to sovereignty, and continuing deep differences over wider European security issues).

The leadership succession: a turning point

A critical juncture in the scenario under consideration would be the transition of power to a post-Putin leadership. Although a well-ordered succession is one of the author's baseline assumptions, examining how this might come about helps to anchor the discussion of plausible outcomes.

This assumption, as set out above, can be divided into two halves. In the first half, 'Vladimir Putin is forced to step down as president' following military defeats in Ukraine. In this scenario, humiliation on the battlefield signals the failure of Russia's full-scale invasion of Ukraine, landing a devastating blow on the domestic legitimacy of the Putin regime. In turn, this triggers a phenomenon that is usually a proximate cause of leadership replacement in an authoritarian system like Russia's: 'the sudden mass abdication of officials and other regime loyalists'.⁴ Key parts of the domestic security establishment would have to be directly involved in a move against Putin, given their pivotal position in his regime.⁵ They would be joined by leading government technocrats, whose expertise in economic management would be vital for a prospective new regime.⁶ To legitimize their actions, this alliance of elite interests would probably announce that, in accordance with Article 92.2 of the Russian Federation's constitution, Putin had resigned and that an election for a new president would be held within three months of the resignation. In line with Article 92.3, the prime minister, currently Mikhail Mishustin, would be temporarily vested with presidential powers.

The second half of the author's assumption states that 'Russia's elites engineer an orderly transition of power to his [Putin's] successor'.⁷ This would require elites to come together and identify a common candidate for the presidency. In theory, there are compelling reasons why they would do so. In an authoritarian system, the transition to a new leader is a moment of stress and uncertainty for elites, with fears that disunity could set off instability. Concern for the preservation of order might

⁴ Hale, H. E. (2013), 'Russian Regime Dynamics through 2025: Comparative Thinking About the Future', in Lipman, M. and Petrov, N. (eds), *Russia 2025: Scenarios for the Russian Future*, New York: Palgrave Macmillan, p. 125.

⁵ The paper sidesteps speculation about what might happen to the outgoing president and his close associates.

⁶ It is assumed that the army would play an essentially passive role and eschew active involvement in high politics, something that has rarely happened in Russian or Soviet history.

⁷ The scenario explicitly assumes that a succession would be smoothly managed. There is, however, no guarantee that this would happen. Because Russia's system depends on Putin's authority, his removal could prove destabilizing. Russia's elites are not a coherent bloc. Without Putin to arbitrate between them, key power brokers might be unable to identify a lowest-common-denominator successor for reasons including lack of trust, conflicting interests, personal animosities and/or unwillingness to compromise given the political and economic stakes. The risk then would be that the elites fragmented and split, perhaps coalescing into rival factions that aligned themselves with different presidential candidates.

be reinforced by worries about rising rates of violent crime, perhaps related to an influx of army veterans returning from Ukraine. Lastly, an emerging leadership would wish to establish rapid control over the 'commanding heights' of the economy – which would be essential for political stability.

Having agreed on a successor, elite groups would probably want to arrange a managed presidential election as quickly as possible.⁸ It is likely that voters would endorse the anointed candidate, thus buttressing the authority of the new regime. At this early stage, a new president would represent an elite-level coalition, would have been chosen to defend and promote their interests, and would have to take account of whatever intra-elite pact had been struck. It is possible that the initial phase of a post-Putin presidency would resemble a collective leadership, of which there have been several examples during the last 100 years.⁹ A crucial difference would be the absence of an institutionalized forum – such as existed prior to 1991 in the shape of the Politburo or the Central Committee of the Communist Party of the Soviet Union – by means of which the oligarchy might oversee the start of the new era.¹⁰ Existing bodies, such as the Security Council or the State Council, could be adapted¹¹ (or a new body created) to serve this purpose. In any case, important decisions would still be taken along the informal, personalized channels that make up Russia's 'network state'.¹²

With a potentially tumultuous succession navigated, how might Russia's state system plausibly develop to the end of 2027? The next three sections address that question.

The political system to the end of 2027

Putin's successor would inherit a highly authoritarian political system. The core is the executive presidency, which looms over all other formal bodies. The government is the junior part of the executive and submits to presidential authority. The presidential administration controls the parliament. Russia's regions and its business class, influential actors in the 1990s, had been resubordinated to the central state by the mid-2000s. The regime dominates the media and has largely neutralized perceived challenges from society. Under Putin, two other factors have helped to turn this presidential system into a personalist autocracy: the informal patron–client networks linked to him that have colonized formal institutions; and the proliferation of para-constitutional bodies answerable to him that short-circuit formal organs.¹³

⁸ Implicitly, in this scenario the succession would take place before the next presidential election, expected no later than March 2024. If Putin had already been re-elected and legitimated once more as leader, replacing him would be even more difficult.

⁹ For example, in the periods following the deaths of Lenin and of Stalin, and the ouster of Khrushchev. In each case, it took several years before one individual emerged as undisputed leader.

¹⁰ For this reason, care should be taken when drawing parallels with the examples in the previous footnote.

¹¹ Both are advisory bodies under the president and lack decision-making powers.

¹² Kononenko, V. and Moshe, A. (eds), (2010), *Russia as a Network State: What Works in Russia When State Institutions Do Not?*, Basingstoke: Palgrave Macmillan.

¹³ Petrov, N. (2019), 'Putin's neo-nomenklatura system and its evolution', in Magyar, B. (ed.) (2019), *Stubborn Structures: Reconceptualizing Post-Communist Regimes*, Budapest and New York: Central European University Press, pp. 179–216. This underlines the cautionary point made above: movement to a post-Putin leadership could expose the brittleness of the system.

The immediate priority for an incoming leadership would be to cement its grip on power. Because a new president would lack Putin's authority at first, the process of regime consolidation might stretch beyond 2027.¹⁴ Pressure for consolidation would come from the elite forces that had backed the transition in the first place. And once Putin's successor had been identified and elected as president, the new leadership would exert a powerful gravitational pull on other actors intent on securing their futures.¹⁵

In the aftermath of the election, a post-Putin leadership would seek to take charge of the main instruments of political and economic power, so as to deny them to potential rivals. As a means of facilitating control, a powerful executive presidency would have obvious appeal to those at the helm of the state during this period. If the gradual consolidation of a post-Putin regime continued more or less successfully, what might be the longer-term implications for Russia's political development?

In the aftermath of the election, a post-Putin leadership would seek to take charge of the main instruments of political and economic power, so as to deny them to potential rivals.

Relevant considerations would include the outlook, temperament, political skills and policy preferences of the new president; the cohesion of the elite coalition that elevated him¹⁶ to power; the evolving relationship between the president and that coalition, with particular emphasis on whether the president was able to manage the elite interests around him; and the extent to which he was seen to deliver effective leadership. Recent successions (from Boris Yeltsin to Putin, from Putin to Dmitry Medvedev, and from Medvedev back to Putin) quickly produced changes in leadership style and tone. More substantively, by the end of 2027 the new president might be an increasingly assertive leader, acting autonomously of the coalition that had brought him to power, or a more consensual figure – more akin to what could be considered a chairman of the board of Russia, Inc. Either way, as he built his own power base, he would have an interest in distancing himself from Putin, who would make a convenient scapegoat for Russia's problems. Another variable would be the external environment, which the new leadership would almost certainly judge as threatening. The situation along Russia's western borders, particularly in eastern Ukraine and Crimea, would probably be uncertain, even unstable; in addition, Ukraine would be rebuilding and rearming with Western support. Here, it should be recalled that one of the author's initial assumptions for this scenario is that, in general, relations between Russia and the leading Western powers would remain largely broken.

¹⁴ Arguably, the consolidation of Putin's regime took the entirety of his first presidential term (2000–04).

¹⁵ Thus creating a 'single pyramid' within Russia's patronal political system. Hale, H. E. (2015), *Patronal Politics: Eurasian Regime Dynamics in Comparative Perspective*, New York: Cambridge University Press, pp. 64–6.

¹⁶ The author assumes that Putin's successor would almost certainly be male and thus has used the pronouns he/him/his throughout this paper.

On account of both internal and external factors, therefore, Russia's political system would almost certainly remain essentially authoritarian. Even then, however, there would be a range of plausible outcomes. At one end of that range, a post-Putin leader might instinctively look to solidify his position by strengthening the power of the central state even further. If he pursued this path, he would encounter relatively weak checks and balances, and one would expect the security and law enforcement agencies to acquire even more influence. The consequences could be severe, perhaps including clampdowns on new targets such as the Yabloko party or 'loyal' oppositionists such as members of the Communist Party; the destruction of the final vestiges of media freedoms via even tighter state control of the domestic internet; more anti-corruption campaigns to corral elites; more monitoring of foreign travel by ordinary Russians; still shriller anti-Western propaganda; the further promotion of 'traditional' Orthodox values (possibly leading to the criminalization of same-sex relationships); and even, perhaps, the restoration of the death penalty. The emergence of an even more authoritarian political system might accompany a shift to the type of hard-line foreign policy described below.

Such an outcome would not be inevitable, however. At the other end of the spectrum of possibilities, regime consolidation might eventually lead to a limited relaxation that dismantled 'high Putinism'.¹⁷ The purpose of such a process would be to co-opt Russia's elites by moving away from the autocracy that had endangered their security and damaged the national interest. The new regime might start to function in a more consultative fashion, interacting more collegially with the government and parliament – again mediated through formal institutions (such as a revamped Security Council) and the informal 'network state'. The new president might make less use of para-constitutional bodies. Looser political controls could entail less repression of non-elite opponents and freedom for those jailed for criticizing the 'special military operation' in Ukraine – perhaps even the release of opposition activists such as Alexei Navalny. Within defined limits, there might be greater space for semi-serious opposition figures to contest the 2026 parliamentary elections, which would be a milestone for the new regime, and more room for non-state media. In this version, by the end of 2027, Russia's political model would still be authoritarian by Western standards (the security services would remain powerful agencies) but it could be starting, albeit slowly, to look more like the system that existed in Putin's third presidential term (2012–18).

Might a new leadership go further and advocate constitutional reform, diluting presidential power in favour of the parliament and Russia's regions? Such a development would be unlikely in this scenario. A necessary precondition would almost certainly be a major weakening of the power and authority of central state institutions – which a managed leadership transition would presumably help to avert, at least in the immediate term.

Alternatively, the consolidation of a post-Putin leadership might not be smooth. This could happen for several reasons. A new president might encounter resistance from sections of the previous regime and struggle to assert control over the levers of power. Because informal rules would remain the hidden wiring of the system –

¹⁷ Sharafutdinova, G. (2020), *The Red Mirror: Putin's Leadership and Russia's Insecure Identity*, New York: Oxford University Press, p. ix.

in terms of allocating roles, responsibilities and assets – it is likely that any ruling coalition would be inherently fractious and prone to infighting. A new leader might lack the political standing to deal with these tensions. At worst, it is possible that competing clans, unable or unwilling to sink their differences, would vie for supremacy.¹⁸ Such an eventuality would echo the events of the late 1990s, when Russia's elites became openly split over the succession to Yeltsin. Meanwhile, a traumatic defeat in Ukraine could aggravate divisions in Russian society: political uncertainty might encourage marginalized groups or outsiders to mobilize against the new authorities. Such potentially destabilizing circumstances could persuade a post-Putin leadership to try to impose order through greater coercion. Depending on the scale of the repression needed to accomplish that goal, it might trigger a slide towards an even harsher political system.

The economic system to the end of 2027

Central to Russia's model of political economy is a 'rent management' system (RMS).¹⁹ The state transfers economic rents²⁰ generated by export-oriented sectors – primarily oil and gas – to budget-funded spheres (such as social welfare or public administration), and the military and civilian industries. It does this in part by means of formal mechanisms, notably the budget. The state also uses informal distribution channels, requiring rent producers to supply cheap energy to wholesale and retail consumers; fund prestige infrastructure projects; subsidize the regions in which they operate; and invest in 'relational capital' (i.e. buying political protection from state officials). Two features of the RMS stand out. The first is the role of the state, which sets priorities for rent allocation and tries to ensure that these are met. The second critical feature is the oil price and volume of production, which are the main factors determining the size of rent flows. As a rule, high oil prices boost the size of rents, making it easier for the authorities to satisfy demand for resources. Conversely, low oil prices tend to reduce the size of rents. This can generate political friction, as domestic constituencies compete over tighter resource flows.

Russia's economic system has other notable features.²¹ The relationship between the state and business can be described as neopatrimonial: weak property rights make good relations with the state essential for commercial security and prosperity. Besides reinforcing the foundations of the country's authoritarian political system, this relationship is the principal cause of systemic corruption. The state controls key branches of the economy, in particular oil, gas, infrastructure, finance and defence. There is a strong political commitment to the preservation of macroeconomic stability. National security considerations exert growing influence on economic policymaking. Lastly, Russia's external economic ties are increasingly with non-Western countries (notably China, India, Türkiye and the Gulf states).

¹⁸ Thus leading to the crystallization of a 'competing pyramid' within Russia's patronal political system. Hale, *Patronal Politics*, pp. 64–6.

¹⁹ Gaddy, C. and Ickes, B. (2013), 'Russia's Dependence on Resources', in Alexeev, M. and Weber, S. (eds), *The Oxford Handbook of the Russian Economy*, New York: Oxford University Press, pp. 309–40.

²⁰ Defined as 'economic profit, that is, revenues minus economic, or opportunity, costs (including depreciation of fixed assets and a "normal" return on capital)': Gaddy and Ickes, 'Russia's Dependence on Resources', p. 311.

²¹ Miller, C. (2018), *Putinomics: Power and Money in Resurgent Russia*, Chapel Hill, NC: University of North Carolina Press.

Any significant restructuring of this model would be unlikely in the scenario under discussion. Sectional interests, baked into the political system, would resist such an outcome.²² Far-reaching change would stir memories of the upheavals of the 1990s, which many Russians would oppose. Major efforts at structural reform, such as rationalizing or closing large uncompetitive enterprises, could prove politically and socially destabilizing. This would be the opposite of what a new leadership committed to regime consolidation would want, particularly if the state had become an even bigger employer by 2027. The military-industrial complex would retain its strategic importance as Russia rebuilt its conventional military capabilities. Moreover, the economic system is tried and tested. Despite its shortcomings, it has functioned for many years and has so far weathered unprecedented Western sanctions. In addition, it confers discretionary rights on the political leadership, the members of which enjoy broad powers of patronage to solidify control (and to enrich themselves and their networks).

Yet, subject to the views of a post-Putin leadership, it is possible to envisage a spectrum of limited changes in this scenario. At one end would be 'authoritarian modernization', which would aim to squeeze greater efficiency out of the existing system. This approach might plausibly blend continued control of key sectors with certain ideas floated during the Medvedev presidency (2008–12): limited privatization; further steps to commercialize state-owned enterprises (SOEs); an overhaul of parts of the government bureaucracy; and modest deregulation and legal reform to stimulate the small and medium-sized enterprise (SME) sector, which might be a beneficiary of growing ties with non-Western economies.

At the other end of the spectrum would be even greater state control over the economy. Falling far short of Soviet-style central planning, this might entail: a further expansion of state ownership (perhaps into export-oriented sectors such as mining and metals); even closer administrative oversight of strategic industries, SOEs and major private corporations; the introduction of selective price controls; more crackdowns on corruption (doubling up as attacks on political and corporate rivals); even more intrusive regulation of certain business activities; and the long-term retention of capital controls introduced in 2022 in response to Western sanctions. Tighter state control could be implemented along formal channels²³ and via the myriad informal levers of the 'network state'.

An even more authoritarian political system would dovetail with greater state control over the economy. Equally, a slightly more pluralistic political system would complement a cautious reduction in the size of the state's economic footprint. Yet a mixture of greater political authoritarianism and modest economic reform should not be ruled out. A more authoritarian leadership might embrace limited business-friendly reforms to boost efficiency and, perhaps, to gather political support among certain constituencies, such as SME owners.

²² Ledeneva, A. V. (2013), *Can Russia Modernise? Sistema, Power Networks and Informal Governance*, Cambridge, UK: Cambridge University Press.

²³ A template might be the Coordination Centre, created in October 2022, chaired by Prime Minister Mikhail Mishustin and tasked with supporting the implementation of 'mobilization' measures in several Russian regions bordering Ukraine.

An important issue to watch would be whether a post-Putin leadership encountered major financial problems. One view is that for this to happen, the oil price – the most important variable affecting economic performance and the RMS – would have to fall a long way from current levels and stay there for several years. In the meantime, Russia has large buffers, including international reserves of just under \$600 billion (although about half of this sum has been frozen abroad) as of 21 April 2023²⁴ and a National Wealth Fund worth slightly more than \$154 billion as of 1 April 2023.²⁵ In addition, the RMS grants the state broad scope to juggle priorities. According to this argument, Russia would be unlikely to burn through its financial reserves before the end of 2027. An alternative point of view highlights the possible cumulative impact of sanctions, particularly the imposition by Western governments of various restrictive measures on exports of Russian crude oil and petroleum products. This line of analysis holds that, over time, these sanctions would squeeze the rent flows available to decision-makers. Evidence of stress might be a competition for rents among elite groups that the political leadership struggled to manage; the forced sequestration of federal and regional budgetary spending; and even the eventual reappearance of large-scale budgetary arrears, arguably the economic phenomenon that did most political damage to the central authorities in the 1990s.

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In this scenario, the author assumes that some Western sanctions would be lifted following an armistice and a Russian withdrawal from Ukraine. Even then, many restrictive measures would almost certainly remain in place pending a final settlement, which would be a remote prospect given the contested questions involved.²⁶ Depending on which sanctions were lifted, a limited revival of trade and investment between Russia and the leading Western powers could take place by 2027. But by then, the EU would have significantly lessened its dependence on Russian hydrocarbons through supply diversification, energy conservation and further moves towards green energy. Russia's business environment would remain unattractive, particularly if the state's economic profile grew. Even if Western companies were unaffected by sanctions against the Russian regime, for reputational reasons many firms would think twice about re-engaging with Russia; business

²⁴ Central Bank of Russia, 'Международные резервы Российской Федерации' [International reserves of the Russian Federation], https://www.cbr.ru/hd_base/mrrf/mrrf_7d (accessed 4 May 2023).

²⁵ Ministry of Finance of the Russian Federation, 'Объем Фонда национального благосостояния' [Size of the National Wealth Fund], https://minfin.gov.ru/ru/performance/nationalwealthfund/statistics?id_57=27068-obem_fonda_natsionalnogo_blagosostoyaniya (accessed 4 May 2023).

²⁶ Unresolved questions would include security guarantees for Ukraine, reparations, prosecution of alleged war crimes, and formal recognition by Russia of Ukraine's legal title to Crimea. It is debatable whether any post-Putin leadership would give ground on these issues. See the next section of this paper, on foreign policy.

travel might be dangerous for Westerners; and Western embassies in Moscow would be smaller and unable to offer much support. In short, many commercial ties between Russia and the West would be gone for good.²⁷

Russia's economic interaction with Asia, Türkiye, the Middle East and the Gulf would therefore deepen by 2027. Alongside the financial cushions mentioned above, this would mitigate the impact of Western sanctions and business withdrawal. Even so, it is unlikely that Asia would have fully replaced Europe as a market for Russian crude oil and petroleum products.²⁸ Russia would not be able to sell to Asia all the gas that it had sold to the EU. And it is most unlikely that Russia would find foreign substitutes that fully compensated for lost Western investment and technology, thus depressing the long-term productivity of key industrial sectors. Nor would further import substitution fill the technology hole, as this has at best had a mixed record since 2014.

By the end of 2027, the basic contours of Russia's economic model would be unchanged. If restructuring occurred, the likeliest outcomes would be slightly less or slightly more state control, but neither would alter the system's fundamental characteristics. In any case, supporting the defence industries would remain one of the political leadership's top concerns in terms of economic policy. Economic performance would continue to be heavily reliant on the vagaries of the oil price. Even if Russia's economy avoided a crisis, it would remain inefficient and incapable of achieving sustained high rates of GDP growth. Besides depressing living standards, underlining interregional economic disparities and causing intra-elite tensions to spike when the size of rents was reduced – potentially stoking wider political tensions – this would hamper Russia's attempts to realize its foreign policy ambitions.

Russia's foreign policy orientation to the end of 2027

The Putin leadership's world view enjoys broad support across Russia's elite.²⁹ Simply put, key premises of this world view are as follows:

- The global system is 'multipolar'. Russia is one of these 'poles', alongside the other great powers³⁰ – the US and China – and more amorphous regional centres of power, notably Europe, and East and South Asia. Russia's claims to great power status are based on its history, size, nuclear arsenal, permanent

²⁷ Gustafson, T. (2022), 'The Great Unwinding: The Mass Exodus of Western Companies from Russia', 12 June 2022, *The Devil's Dance*, <https://thanegustafson.substack.com/p/the-great-unwinding>.

²⁸ Westgaard, G. (2023), *The War, Sanctions, and Russian Oil and Gas*, Guest Commentary No. 19, Stockholm: Stockholm Centre for Eastern European Studies, <https://www.ui.se/globalassets/ui.se-eng/publications/sceeus/the-war-sanctions--russian-oil--gas.pdf>.

²⁹ For background, see Rumer, E. and Sokolsky, R. (2020), 'Etched in Stone: Russian Strategic Culture and the Future of Transatlantic Security', 8 September 2020, Carnegie Endowment for International Peace, <https://carnegieendowment.org/2020/09/08/etched-in-stone-russian-strategic-culture-and-future-of-transatlantic-security-pub-82657>.

³⁰ Or 'sovereign centres of world development', as described in the latest (2023) version of Russia's Foreign Policy Concept. Ministry of Foreign Affairs of the Russian Federation, 'Концепция внешней политики Российской Федерации (утверждена Президентом Российской Федерации В.В.Путиным 31 марта 2023 г.)' [Foreign Policy Concept of the Russian Federation (approved by the President of the Russian Federation V. V. Putin 31 March 2023)], https://mid.ru/ru/foreign_policy/official_documents/1860586.

membership of the United Nations Security Council and leading position among the non-Baltic states of the former Soviet Union. Within this multipolar system, relative power is moving from the West to the non-Western world.

- State sovereignty is central to the international system. This is understood in Westphalian terms: sovereignty means control over territory and does not imply that rulers have obligations to those residing in that territory. Yet the principle of non-interference in states' internal affairs is conditional: it applies to great powers, like Russia, which have spheres of influence (whether they acknowledge this or not), where their vital interests take precedence over those of all others, including the smaller countries in the regions concerned. Russia sees the non-Baltic former Soviet Union as its sphere of influence.
- Countries advance their interests by prevailing over competitors and enemies, using instruments of 'hard power': geopolitical, economic and military. Historically, Russia has spent heavily on defence as a proportion of GDP. Russian policymakers understand 'soft power' as a variant of hard power: another tool used to prevail over others by exploiting vulnerability, not to build influence by persuading them through force of example. This understanding of power assumes that Russia has no genuine friends and allies; ultimately, it must rely on itself to defend and promote its interests in a dangerous, unpredictable and unforgiving world.
- Russia was, is and always will be a great power, even when comparatively weak and isolated. Being a great power has internal and external dimensions. The internal dimensions are a powerful central state, to keep order and repel Western interference in its affairs, and an economy built around a large military-industrial complex. The external dimensions are the defence of Russia's sovereignty, the safeguarding of its geopolitical autonomy and the recognition by others of its entitlement to be treated as a great power – in other words, its right to be consulted on all matters of international security.

Defeat in Ukraine would challenge this world view in painful ways. For sure, Russia would continue to deploy some formidable foreign policy capabilities. Its overseas diplomatic and intelligence-gathering presence would still be extensive. Its nuclear arsenal would still be the world's largest. Despite the breakdown of economic relations with the West, it would remain a leading exporter of hydrocarbons, strategic metals, civil nuclear technology, foodstuffs and arms.

Yet Russia's ability to project power and influence beyond its borders would have been greatly weakened. Above all, it would have lost Ukraine, the centrepiece of its self-proclaimed sphere of influence. Russia would remain the largest and most powerful country in the post-Soviet space, where it would almost certainly continue to assert its 'privileged interests'. But its geopolitical position in the region would be diminished, creating new room for manoeuvre for its smaller neighbours and fresh opportunities for outsiders to become more involved. Such influence as Russia had exercised in parts of the West would have been mostly destroyed for the foreseeable future. The enlargement and rejuvenation of NATO and the EU would transform the balance of power in Europe to its detriment. Russia would continue to invest profitably in relations with sections of the Global South. Yet its influence there would still be held back by its modest economic offer and weak soft-power

appeal. The relationship with China would be closer than ever, but with Russia now unquestionably the junior partner. Finally, Russia's army would have sustained massive damage in Ukraine. Rebuilding conventional military power would be a priority for any post-Putin leader, yet an uncertain economic prognosis would curb the ability to do so. Meanwhile, Russia would be even more reliant on its nuclear arsenal as a deterrent and an emblem of its pretensions to great power status.

Rebuilding conventional military power would be a priority for any post-Putin leader, yet an uncertain economic prognosis would curb the ability to do so.

The outcome of the phase of active conflict in Ukraine envisioned here would therefore represent a strategic disaster for Russia. In theory, a new leadership would have space in which to reconsider the assumptions and miscalculations that had caused the defeat. That said, any soul-searching would probably be incomplete. The world view sketched at the start of this section has deep roots.³¹ It is not immutable, but it has been embedded in the minds of recent generations of decision-makers and the public. The outcome of the post-Putin succession described earlier does not suggest that a leadership with radically different ideas would take power following defeat in Ukraine. And an authoritarian political system would prevent an open debate about these issues. In other words, without far-reaching domestic political change, a major reappraisal of Russia's place in the world would seem unlikely. If so, in this scenario the future direction of Russian foreign policy, as of its domestic governance, might lie somewhere between two poles.

At one pole would be a focus on authoritarian retrenchment.³² This approach would aim to create an external environment that enabled Russia to regroup domestically. Maintaining tight internal control, a new leadership would prioritize the slow reconstitution of economic and military power. In the meantime, it would attempt a limited recalibration of relations with the leading Western powers. An early opening for a cautious rapprochement could materialize following a Russian withdrawal from Ukraine and the lifting of some sanctions. The new president would perhaps not share Putin's visceral animosity towards the West, nor his obsession with Ukraine. The initial stages of regime consolidation could see a new leadership revive more inclusive and formal policymaking processes, empowering the foreign ministry and other specialists and allowing more balanced flows of information to reach decision-makers. Business leaders, seeking further sanctions relief, might

³¹ Legvold, R. (ed.) (2007), *Russian Foreign Policy in the 21st Century & the Shadow of the Past*, New York: Columbia University Press; Kotkin, S. (2016), 'Russia's Perpetual Geopolitics: Putin Returns to the Historical Pattern', *Foreign Affairs*, 18 April 2007, <https://www.foreignaffairs.com/articles/ukraine/2016-04-18/russias-perpetual-geopolitics>.

³² Liik, K. (2022), 'Putin's archaic war: Russia's newly outlawed professional class – and how it could one day return', 23 June 2022, European Council on Foreign Relations, <https://ecfr.eu/article/putins-archaic-war-russias-newly-outlawed-professional-class-and-how-it-could-one-day-return>. Kathryn Stoner has advanced the idea of Russia as a 'good enough power', able 'to use adroitly a variety of power resources to disrupt the prevailing international order and to define a new one'. Although she had Putin's Russia in mind, the formulation could apply to 'authoritarian retrenchment' under a post-Putin leadership. Stoner, K. E. (2021), *Russia Resurrected: Its Purpose and Power in a New Global Order*, New York: Oxford University Press, p. 18.

lobby the regime for a partial normalization of ties with the West (an approach which might also be promoted domestically as a way to lessen Russia's growing dependence on China).

Over time, a pragmatic partial reassessment of Russian national interests could induce a new leadership to air other possibilities. These might include an attempt to restart strategic stability talks with the US – on the grounds that an arms race with a far wealthier and technologically more advanced adversary would be economically ruinous (and dangerous) – or exploratory exchanges over conventional arms in Europe, given that the continental military balance would have tilted sharply against Russia. Retrenchment could involve concentrating on priority regions such as the post-Soviet space, the Middle East and East Asia. Russia would, however, continue to court opinion in parts of the Global South, not least at international and regional organizations.

Authoritarian retrenchment would have limits. Relations between Russia and the leading Western powers would remain confrontational. 'The West' would still be considered a real and present danger. The situation in Europe would generate profound differences between Russia and the leading Western powers: a final settlement in Ukraine, which would be recovering and rearming with Western support; the future of Belarus, which would acquire even greater strategic importance for Russian security planners; and wider regional issues, particularly Russia's relations with NATO – enlarged, more vigilant and committed to higher defence spending. Conflicting interests and heightened mutual suspicion would hinder cooperation with the West further afield, for example over regional conflicts and proliferation. Nor would a new leadership in Moscow renounce Russia's ambition to be – and be acknowledged as – a great power, however fanciful this seemed to outsiders, reconfirming an assumption of entitlement and aggravating a sense of grievance at perceived slights. A final source of friction would be Russia's authoritarian political system, which would continue to attract condemnation by Western governments.

It is debatable whether Western governments would have much appetite for mending fences with Russia. Discussions about the further unwinding of sanctions would probably founder on disagreements over a final dispensation in Ukraine, especially if Russia tried to destabilize its neighbour. Western governments would be on their guard against hostile Russian covert state activity (such as espionage, cyber-enabled attacks or assassination attempts). Public anger towards Russia arising from the war in Ukraine could make it politically difficult, if not impossible, for Western leaders to respond positively to certain Russian overtures. For its part, Russia might react with fresh aggrievement and disappointment, cutting back such limited dialogue and cooperation as had been re-established.

Despite its limitations, a variant of authoritarian retrenchment might seem like a rational response to the challenges facing a post-Putin Russia. Yet it is possible to envisage an appreciably darker outcome in this scenario – that of hard-line isolationism. At this end of the spectrum of possibilities, defeat and humiliation in Ukraine, perhaps combined with an incomplete or contested regime consolidation and economic difficulties, could produce an embattled Russian leadership whose

disposition was militantly anti-Western.³³ Such a regime might actively undermine the stability of 'unfriendly' adjacent countries, starting with Ukraine (where the potentially unsettled post-war situations in Crimea and Donbas could present inviting targets for interference); prioritize cooperation with authoritarian neighbours to neutralize Western influence around Russia's borders; be even more aggressive in its covert hostile activities against Western countries; step up attempts to divide NATO and the EU; oppose meaningful cooperation over arms control, proliferation and regional conflicts; and/or be even more closely aligned with authoritarian anti-Western leaderships such as in Iran. The outlook of such a Russian regime would be consistent with greater domestic authoritarianism and state control over the economy. For Western governments, hard-line isolationism would pose great problems in Europe, where constructive engagement with an authoritarian Russian leadership to manage the regional reverberations of the war might be well-nigh impossible.

Whichever course a post-Putin leadership adopted in this scenario, it would face an inescapable dilemma. The ambition to be an autonomous great power on a par with the US and China would persist, yet Russia would lack the capabilities required to achieve this goal. The divergence between ends and means would be especially stark in two spheres. First, Russia's anaemic economy would almost certainly not create the wealth needed to pay for all the hard power tools that the political leadership wanted. Second, Russia would lag further behind the US and China. Its claim to great power equality with them has long been as much an aspiration as a reflection of reality. Yet by 2027, the gap between Russia, on the one hand, and the US and China, on the other, would be wider still, casting Russia's comparative decline in an even less forgiving light.

Conclusions

To echo the statement in the introduction, this paper is not a forecast. It examines one tightly drawn scenario that looks ahead to the end of 2027. It draws two main conclusions. First, although core features of Russia's state system would be largely recognizable on the basis of what we see today, even a managed succession to a post-Putin leadership would unleash considerable uncertainty. Second, and consequently, we can conclude that there would be a broad spectrum of plausible outcomes across the political, economic and foreign policy domains.

In the scenario under discussion in this paper, the author assumes a cessation of hostilities in Ukraine on terms that would be exceptionally favourable from the perspective of the leading Western powers. Even so, by the end of 2027, Russia's state system would continue to represent a strategic challenge for Western decision-makers.

³³ Alexander Gabuev has envisaged Russia as a 'Eurasian Iran', although he does not envisage the replacement of Putin as leader. Rachman, G. (2022), 'Russia's future: a giant Iran of Eurasia', podcast, *Financial Times*, 14 July 2022, <https://www.ft.com/content/9fe8d00f-ca21-43bc-bf7a-bf765c493044>.

According to this scenario, a post-Putin leadership would almost certainly still define relations with the West in adversarial terms. There would be few convergent interests, even if a comparatively pragmatic and transactional leadership came to power. Potential problems would be qualitatively greater under a regime that was aggressively anti-Western and confronted core Western interests in Europe (for example, by means of hostile state activity, or undermining the sovereignty of Russia's neighbours, first and foremost Ukraine).

Western governments would face formidable obstacles trying to understand the inner workings and decision-making processes of a state system that might be even more opaque and inaccessible by 2027 than it is today. Even in the relatively more benign potential outcomes described in this paper, it is unlikely that a future Russian leadership, in which the security services would be prominent, would be well disposed towards Western governments.³⁴

Communicating effectively with the leadership of such a system – in the interests of, first, pursuing effective deterrence and, second, reducing the risks of misunderstanding, misperception and miscalculation – would be frustrating, labour-intensive and time-consuming. Again, the challenge would be appreciably greater if a hard-line authoritarian and isolationist leadership assumed power. As now, engaging with Russian civil society would be problematic, perhaps significantly more so if a future regime imposed further constraints on the domestic information space as a whole.

Western governments would have to monitor the potential for instability in Russia. Economic underperformance might generate political strains – perhaps among elites competing for rents, or as rearmament sucked resources away from civilian sectors, or by adding to deep-seated regional and social problems. Nor, as already discussed, is there any guarantee that the transfer of power to Putin's successor would be smooth, or that a new leader would be able to consolidate his regime as effectively as he might like – or, indeed, as effectively as one of the outcomes in this scenario assumes.

³⁴ 'Deep-seated political change is not likely to occur with Putin in the Kremlin, but a Russia without Putin as president may disappoint those seeking a more open and friendly Russia', Frye, T. (2021), *Weak Strongman: The Limits of Power in Putin's Russia*, Princeton, NJ and Oxford: Princeton University Press, p. 201.

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Cover image: Russian servicemen before the Victory Day military parade rehearsal in central Moscow, 27 April 2023.

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