

Research Paper

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Russia and Eurasia Programme | October 2014

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# Defibrillating the *Vertikal*?

## Putin and Russian Grand Strategy

## Summary

- The Ukraine crisis has demonstrated the effectiveness of the Russian power *vertikal*, but it also reflects the difficulties the leadership faces in creating that power.
- Moscow does not appear to have anticipated such a crisis in its policy planning. Although the assumptions and outlines of the top-level planning documents remain broadly consistent and coherent, the plans themselves are often either overtaken by events or too vague to gain traction in implementation.
- Security questions dominate the agenda, placing significant pressure on the coordination of resources. The economic slow-down makes it hard for the leadership to match available resources and targets. There is considerable inefficiency in state expenditure, which is poorly balanced between projects, and widespread corruption places a heavy additional burden on the budget.
- Blurred lines of responsibility and differences in priorities are creating friction and disagreement. The leadership has long faced serious problems in the implementation of its instructions – except through direct personal intervention of the most senior authorities themselves.
- President Putin’s attempts to reinvigorate the *vertikal* and create a unifying process of coordination to counteract this trend reveal an increasing sense of urgency, but there is no ‘grand strategy’; power is created only unevenly and adaptability is limited.

## Introduction

The Ukraine crisis has provoked a discussion in Western policy and academic communities about Russian strategy as observers attempt to work out what the Russian leadership might do next. Are Russian actions the result of a coherent and consistent agenda? Is Russian strategy, as some Western interviewers recently asked of Putin himself, on ‘a path of dialogue, or expansion and conquest’?<sup>1</sup>

This paper explores the question of whether there is a Russian ‘grand strategy’, but approaches it from a different angle from that of the current debate indicated above, which usually equates strategy with long-term policy or goals. Instead, here the focus is on strategy as the creation of power, and the paper examines the link between the Russian leadership’s consistent but increasingly obvious commitment to strategic planning and its ability to have those plans implemented.

The paper begins with a brief overview of the current debate about Russian strategy, before turning to draw on the wider strategic studies literature to sketch a working definition of ‘grand strategy’. This is important given the apparent confusion regarding what ‘strategy’ means. It then outlines the evolution of a three-stage strategic overhaul that has taken place under Vladimir Putin since 2000. The paper then focuses on some of the problems in the plans that are affecting their implementation, before concluding by looking at the range of measures being undertaken by the Russian leadership to address these problems.

Although the paper offers a tentative answer to the question of whether there is a Russian ‘grand strategy’, its main intention is to look beyond the Ukraine crisis, important though it is, to emphasize the commitment of the Russian leadership to strategic planning, despite its inherent difficulties, and to unpack the *vertikal* of power, the political mechanism through which the plans are formulated and implemented. Indeed, the paper argues that the *vertikal* is, in effect, synonymous with strategy – and it does not work except through direct ‘manual control’ from the top leaders. The paper concludes, therefore, by suggesting there is a *political idea*, but not yet a *grand strategy* – though Putin’s efforts to ‘defibrillate’ the *vertikal*, most notably through the use of ‘para-institutional’ organizations, suggest the intention of the leadership to establish one.

## Debating Russian strategy

The Ukraine crisis has rekindled old debates about how to understand Russia among policy-makers, Russia watchers and strategic studies thinkers alike.<sup>2</sup> Some argue that the crisis illustrates that Russian actions are not guided by strategy, but that instead actions reflect tactical and short-term motivations and opportunism. Although Moscow may have demonstrated tactical astuteness and even achieved some successes, it has shown strategic ineptitude, since the longer-term

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<sup>1</sup> ‘Vladimir Putin’s interview with Radio Europe 1 and TF1 TV channel’, 4 June 2014, <http://kremlin.ru/news/45832>.

<sup>2</sup> There has been very limited discussion in the West of Russian strategy since the end of the Cold War. See Monaghan, A., ‘Putin’s Russia: Shaping a “Grand Strategy”?’, *International Affairs*, Vol. 89, No. 5, 2013. Tsygankov, A., in ‘Preserving Influence in a Changing World: Russia’s Grand Strategy’, *Problems of Post-Communism*, Vol. 58, No. 2, March–April 2011, similarly outlines a debate between ‘alarmists’ and ‘skeptics’.

repercussions will prove deleterious for Russian interests.<sup>3</sup> This in many ways echoes the arguments of sceptics who doubt the Russian leadership's ability to shape a coherent state agenda for a variety of reasons – e.g. the personal interests of the leadership, often in conflict with each other, are prioritized over those of the state; a blend of habit, opportunism and arbitrariness dominates decision-making to the detriment of longer-term planning; or the informality and dysfunctionality of the system obstruct the pursuit of plans.

Others argue that there is a Russian strategy. Among them, some suggest that Russia's actions are essentially defensive as its leadership seeks to preserve influence in its neighbourhood and defend its strategic interests against expanding Western power.<sup>4</sup> Others point towards a strategy that reflects a more aggressive, expansionist drive in which Vladimir Putin seeks to restore Russian greatness and revise the premises of European security. 'The invasion of Crimea should not be seen as an event but rather as part of Russian strategy,' suggests one Western commentator.<sup>5</sup> In this reading, the crisis represents an opportunity for Putin personally since the restoration of Russia's greatness is a goal shared by many Russians, and thus the president, preoccupied with perpetuating his own rule, can increase his popularity to strengthen his domestic political position.<sup>6</sup> Russian strategy in Ukraine is therefore often reduced in the Western discussion to a 'foreign war to enhance domestic popularity'. This echoes the more critical or alarmist groups, who broadly assume that a Russian strategy exists and that it is aggressive and expansive, reflected in Russian foreign and energy policy, and illustrated by the Russo-Georgian war in 2008 and now the Ukraine crisis. These views have gained increasing traction with the rise of strategic dissonance between Russia and the West since 2003 and the concern among some Western observers that Putin is attempting to (re-)establish some form of empire.

Vladimir Putin is thus at the heart of these debates, as observers have debated whether he has a 'master plan' or is acting on contingency.<sup>7</sup> Some, such as Henry Kissinger and John Mearsheimer, suggest that he is a 'first class strategist', and others that he has an 'ambitious programme' to reshape the world in Russia's image. But others, including former US ambassador to Russia Michael McFaul, argue that even Putin himself does not know what he wants from the crisis in Ukraine, that there is no grand plan and that he is 'making it up as he goes'.<sup>8</sup>

The debate in Russia is, in some senses, similar, not least in terms of the reflections of some observers on the Russian leadership's tactical successes but lack of strategy in Ukraine, and whether

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3 Rumer, E., 'The Mystery of Russian Strategy', *Carnegie Regional Outlook*, 15 April 2014, <http://carnegie.ru/eurasiaoutlook/?fa=55342>; Galeotti, M., 'Stolypin: No One Wins from Chaos in Ukraine', *BusinessNewEurope*, 12 June 2014, <http://www.bne.eu/content/stolypin-no-one-wins-chaos-ukraine>; Mankoff, J., 'Russia's latest Land Grab: How Putin Won Crimea and Lost Ukraine', *Foreign Affairs*, May/June 2014.

4 Cohen, S., 'Cold War Again: Who's Responsible?', *The Nation*, 1 April 2014, [www.thenation.com/article/179119/cold-war-again-whos-responsible](http://www.thenation.com/article/179119/cold-war-again-whos-responsible); Mearsheimer, J., remarks in panel discussion 'Russia, Ukraine and the West: Is Confrontation Inevitable?', 25 June 2014, Chatham House, <http://www.chathamhouse.org/event/russia-ukraine-and-west-confrontation-inevitable>.

5 Lindley-French, J., 'NATO-Russia and the New Cold Peace', 20 March 2014, <http://lindleyfrench.blogspot.co.uk/2014/03/nato-russia-and-new-cold-peace.html>.

6 See, for instance, Haas, R., 'The Sources of Russian Conduct', Council on Foreign Relations, 16 April 2014, <http://www.cfr.org/ukraine/sources-russian-conduct/p32785>.

7 This has spurred much of its own – largely distracting and unhelpful – discourse as pundits either use the idea of a 'master plan' to compare Putin to Hitler and argue that he has a strategy of revanchist conquest and is trying to rebuild the Soviet Union, or, alternatively, that Putin is no strategist because, in attempting to rebuild the Soviet Union, he is looking to the past, not the future.

8 Kissinger suggested that he is a 'serious strategist – on the premises of Russian history'. Kissinger, H., 'How the Ukraine Crisis Ends', *Washington Post*, 5 March 2014; Matthews, O., 'Vladimir Putin's New Plan for World Domination: After Sochi and Crimea, the World', *The Spectator*, 22 February 2014; 'Former Ambassador to Russia: Putin has No Master Plan for Ukraine', 15 May 2014, <http://www.npr.org/2014/05/15/312822551/former-ambassador-to-russia-putin-has-no-master-plan-for-ukraine>.

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Putin's strategy there is imperial or defensive.<sup>9</sup> And there is also a wide-ranging discussion about the broader international environment and the outlook, and Russian strategy more specifically.<sup>10</sup> Within this latter discussion, while there is a broad consensus that Putin himself made the decisions regarding the actions in Ukraine, there is debate between those who think that there is a strategy – flowing directly from Putin – and those who are more sceptical.

The balance of the debate currently seems to lie with Russian 'sceptics', who point to the lack of consensus about national interests, bureaucratic short-sightedness, the insurmountability of current crises and the dysfunctionality, even deep crisis, of the system. As some have put it, although there is the realization of the need for a strategy, and even some movement towards a wider national consensus, there is currently some kind of vacuum. For instance, Ruslan Pukhov, a prominent Russian expert on defence matters, has suggested that answers to important questions are hasty reactions, and despite gradual progress since the 1990s there is only limited consensus on national goals beyond the desire to be a leading, independent global player.<sup>11</sup>

For his part, Putin has on numerous occasions, particularly since 2012, stated that Russia has what amounts to a 'unified action programme' that reflects a strategic agenda, and that Russia will stick to the strategic policy it has outlined.<sup>12</sup> On the other hand, with regard to the Ukraine crisis more specifically, he has indicated that Russia was acting in defence of its strategic interests but has not been operating according to a prepared plan. He has stated, for instance, that Russia did not plan to incorporate Crimea, and that the decision was made only in response to requests from the peninsula's residents – but he has also pointed to the need to protect Russian interests from NATO. In response to the pointed question about whether Russian strategy is one of dialogue or expansion, he stated that it was one of dialogue.<sup>13</sup>

## Framing and defining strategy

An exploration of Russian strategy undoubtedly invites certain difficulties – not least since 'Russia' and 'strategy' are contentious subjects in their own right, let alone when they are woven together at a time of high crisis. So it is important to register three caveats at the outset.

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9 See, for instance, on the former, Bayer, A. 'Takticheskie pobedy i strategicheskie porazheniia' ['Tactical victories and strategic defeats'], *Vedomosti*, 12 May 2014; and on the latter, Belkovsky, S., speaking on the 'Osoboe Mneniye' programme, Ekho Moskvy, 20 June 2014, <http://echo.msk.ru/programs/personalno/1343748-echo/#element-text>.

10 These include groups such as the more business and reform oriented 'Club 2015' (for more details see <http://www.club2015.ru/index.asp?FolderID={00000000-0000-0000-0000-000000000002}>, to the more conservative political Izborskiy Club (<http://www.dynacon.ru/>), which prepared its first major document in October 2012, a manifesto entitled 'Mobilizatsionni projekt – osnovnaya predposilka strategii bolshovo ryvka' ['Mobilization project – founding premises of a "major breakthrough" strategy'], <http://www.dynacon.ru/content/articles/975/>. It was subsequently enlarged and published as a book. Delyagin, M., Glaziev, S. and Fursov, A., *Strategiya 'bolshovo ryvka'* [Strategy of the "Major Breakthrough"] (Moscow: Algoritm, 2013). Glaziev, an economist, is an advisor to Putin, and has been very vocal during the Ukraine crisis. *Strategiya 'bolshovo ryvka'* is ambiguous in translation into English, and might also be rendered as a 'big push' strategy – either way, the emphasis is clear: the need for mobilization.

11 Smirnov, Konstantin, 'Putin spotknulsya o svoyu vertikal' ['Putin tripped over his vertical'], *Moskovskiy Komsomolets*, 18 July 2013; Sivkov, K. 'Strategiyu natsionalnoi bezopasnosti razrabativali dvoechniki' [The National Security Strategy Was Developed by Low Achievers'], *Voenno-promyshlenni Kurier*, 11 December 2013; Kaspe, S. 'Kapitalniy remont' ['Major refurbishment'], *Russia in Global Affairs*, Vol.11, No. 4, July–August 2013; Lavrov, A., 'Belie pyatna nashei 'Beloi knigi'' ['Unknowns in our "White Paper"'], *Voenno-Promyshlenniy Kurier*, 25 December 2013, <http://vpk-news.ru/articles/18648>; Konchalovsky, A. 'Kuda my katimsya?' ['Where are we heading?'], Ekho Moskvy, 16 January 2014, <http://echo.msk.ru/blog/echomsk/1239138-echo/>; Pukhov, R. 'A Look at Russian National Strategy in the Context of Defence, Foreign Policy and Relations with NATO', 15 August 2013, <http://www.cast.ru/eng/?id=508>.

12 'Poslaniye Prezidenta federalnomy sobraniyu' ['President's Speech to the Federal assembly'], 12 December 2013, [www.kremlin.ru/transcripts/19825](http://www.kremlin.ru/transcripts/19825).

13 'Vstrecha s predstavitel'yami Obshcherossiiskovo natsionalnovo fronta' ['Meeting with representatives of the All Russian Popular Front'], 10 April 2014, <http://www.kremlin.ru/news?page=12>.

First, although it is the question of the moment, the paper does not seek to focus directly on the ongoing Ukraine crisis. That it has served to provoke such debate is unsurprising: it has raised important questions about the evolving European strategic context – even, according to some senior Western officials, created a new strategic reality in Europe – and about Russia’s role in it. And, if examined carefully, the crisis is undoubtedly revealing about different levels of Russian strategy, whether overarching ‘grand strategy’ or lower forms such as more specifically ‘military strategy’.<sup>14</sup> The full detail and implications of this would require a paper in their own right, however, and this paper does not seek to go into them – first because there is already a burgeoning literature on the question and a different aspect will offer value, and second because this paper argues that the Ukraine crisis, though serious, is just part of a wider picture and it is the broader question of ‘grand strategy’ that deserves attention.

At the same time, the Ukraine crisis has illustrated the ambiguity of Russian power, which deserves brief mention here. Yes, Russia has mobilized significant power to address a strategic question – and in so doing it has revealed important aspects of the Russian strategic community, including the role of organizations such as the Russian Security Council and the All Russian National Front (ONF), which was the first Russian civilian organization active in Crimea after the annexation and is currently leading the process of its integration into Russia. But at the same time, the crisis has illustrated some dysfunctionality in the Russian system, with poor advice being submitted to the leadership and Putin himself having to give direct instructions on specific questions.<sup>15</sup> If observers have been quick to point to the importance of Putin in Russian decision-making, this is understandable – but at the same time, to those who look carefully, the crisis illustrates that the Russian system does not work as a well-oiled machine.

The Ukraine crisis also illustrates the problem that Russia – like other states – faces in terms of strategic planning. The nature of the crisis might be seen in Moscow to fit the strategic *assumptions* on which its policies are based, as illustrated in numerous documents and speeches. But Moscow did not appear to anticipate such a crisis in its policy *planning*. And the crisis has resulted, at least in the short term, in the effective demolition of the policy intention, outlined in Putin’s Presidential Decrees of May 2012 to build a more positive economic relationship with the United States. Instead the relationship is now burdened by sanctions that Russian officials suggest are tantamount to economic warfare.<sup>16</sup>

If this illustrates the point that security aspects trump economic considerations in Russian strategic thinking, the nature of the crisis has had two further negative economic effects on Russian strategy – though the extent of the impact and its longer-term implications are yet to be seen. It has exacerbated Russia’s economic problems, most particularly the drain on the budget through the significant increase in capital outflow from Russia (in the first six months of the year this had reached an estimated \$75 billion, roughly equal to the entire outflow of 2013), and the raiding of the pension fund to cover the costs of Crimea. At the same time, the increasing imposition of sanctions

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14 For discussion of the distinctions, see Monaghan, ‘Putin’s Russia: Shaping a “Grand Strategy”?’ It may well be that a specific and deeper exploration of the crisis suggests that there is an emergent military strategy as reflected in the operation to annex Crimea and regarding Russian actions towards Eastern Ukraine, in terms of both policy planning and the creation of power to achieve ends. The author is grateful to two anonymous reviewers for emphasizing the need to distinguish between these levels of strategy.

15 See the discussion at the Security Council in which Putin delivered specific instructions to Gazprom and the Foreign Ministry, 11 April 2014, <http://kremlin.ru/news/20763>; ‘Mnogoglavnyi orel’, *Kommersant*, 3 March 2014.

16 Dmitri Medvedev, ‘Interview with Bloomberg’, 20 May 2014, <http://government.ru/news/12509>.

on Russia by the United States and EU, particularly in the wake of the shooting down of Malaysia Airlines flight MH17, has created heightened uncertainty among potential foreign investors that the Russian leadership seeks to entice. The crisis, therefore, and the West's understanding of Russia's role in it have done little to further one of the central Russian goals – to create a favourable international environment to facilitate the internal development of Russia.

Furthermore, it remains to be seen exactly how the Ukraine crisis will affect the Eurasian Economic Union, another central element of Russian foreign policy since 2011. Although progress has been made in establishing the union, some tensions appear to have emerged within it, with Belarus and Kazakhstan not agreeing to Russia's request to increase tariffs on Ukrainian imports.

The second caveat is that because the focus of the paper is on the higher level of 'grand strategy', it touches lightly on many important aspects that might warrant more detailed examination in their own right. Such a paper faces two sets of tensions – that between policy and political process on one hand, and, on the other, that between breadth across the range of interconnected subjects involved in 'strategy' (economic, political, social and military) and depth of detail in each. As noted above, this paper agrees with leading strategic studies thinkers who argue that in general usage the term 'strategy' has mistakenly become conflated with 'policy' and 'long-term goals'. Instead, this paper seeks to deploy a more sophisticated definition of strategy as the active *process* of formulating plans and then putting these plans into action, rather than the goals themselves. Thus the focus is on the politics rather than the policy, and on the process rather than the content. While the paper points to the relevant texts that reflect the strategic overhaul, including official ones – such as the National Security Strategy to 2020, the Foreign Policy Concepts of 2008 and 2013, and Putin's 2012 May Decrees – and selected unofficial ones, such as Strategy 2020, it leaves the detailed analysis of these documents to others.<sup>17</sup>

Even this narrow focus has limits, given the importance of informal politics, the obscurity of high-level decision-making processes and a high degree of secrecy surrounding planning. Evidence in some areas is therefore sparse, though leaks and accidents occasionally lift the veil of secrecy. This is particularly the case in the defence sector: there is only very limited public discussion of the military aspects of the May Decrees and addenda of documents such as the National Security Strategy remain classified.

Nevertheless, given the focus of the paper and the current context of the Ukraine crisis, it is worth noting here the existence of the Defence Plan presented to Putin in January 2013 by Defence Minister Sergei Shoigu and Head of the General Staff Valery Gerasimov, and subsequently confirmed by the president.<sup>18</sup> To date, it has slipped under the radar of Western commentary; at the time of its submission to Putin, observers were focused on the publication of the Foreign Policy

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<sup>17</sup> See the review series published by the NATO Defence College: Cooper, J., *Reviewing Russian Strategic Planning: the Emergence of Strategy 2020* (2012); Mehdiyeva, N., *The Three Ds: Development, Diversion and Diversification. Reviewing Russia's Energy Strategy to 2030* (2011); Giles, K., *Russia's National Security Strategy to 2020* (2009). These papers are available at <http://www.ndc.nato.int/research/series.php?icode=9>. See also Monaghan, A., 'The New Russian Foreign Policy Concept: Evolving Continuity', Chatham House Programme Paper, April 2013, [http://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Russia%20and%20Eurasia/0413pp\\_monaghan.pdf](http://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Russia%20and%20Eurasia/0413pp_monaghan.pdf); and Remington, T., *Presidential Decrees in Russia* (Cambridge: CUP, 2014) for discussion of Putin's May Decrees.

<sup>18</sup> 'Prezidentu predstavlen Plan Oboroni Rossiiskoi Federatsii' [translated on the Kremlin website as 'The Defence Strategy for the Russian Federation was presented to the President'], 29 January 2013, <http://www.kremlin.ru/news/17385>.

Concept, which they widely dismissed as nothing new.<sup>19</sup> The Defence Plan is highly classified, but there are some hints as to its nature and place in Russian strategic thinking and preparation.<sup>20</sup>

The Defence Plan is the first of its kind, even a ‘principally new element’ in Russian planning, according to the secretary of the Security Council, Nikolai Patrushev, and its emphasis appears to be placed on coordination: it is the result of a ‘team effort’, ‘agreed by everyone’ from 49 ministries and agencies from across Russia, and is a complex of interconnected operational and strategic documents providing both a ‘comprehensive analysis’ of the risks and challenges Russia may face in the coming decades and the state armaments and mobilization programmes.<sup>21</sup> It is also a ‘live’ or working document, in that updates and clarifications have been ongoing since Putin signed it.

It may be that the Ukraine crisis and the rising tension between Russia and the West, including military security and economic questions such as the impact of sanctions on Russia, are understood in the light of this network of documents.

## Defining strategy

Grand strategy is the art of bringing together and using all the resources of a nation to promote the vital interests of the state, including securing it against presumed or real enemies. It is the ‘art of creating power’ through the relationship of political ends and military, economic and political means.<sup>22</sup> Within this broad framework, two further points require emphasis.

First, this definition gives prominence to the formulation of a clear vision of the interests of the state as well as to the practical tasks of coordination and deployment of resources to those ends. Strategy is the formulation of plans in theory *and* their implementation in practice: as Colin Gray has put it, it is the *bridge* between the plans and the action.<sup>23</sup>

Second, strategy cannot be understood without reference to the people and bureaucratic institutions involved in this process. It is, in effect, tantamount to ‘conducting the orchestra’ with regard to evolving domestic and external circumstances, entailing the careful coordination and balancing of interests between the various parties and actors and their activities. On one hand this means that strategy is a dialogue with context and evolving conditions. On the other, it means matching the political flexibility necessary to reconcile and satisfy divergent internal interests and maintain adaptability in the formulation of plans with the need for more specific clarity for those who must implement them. Indeed, as Tim Edmunds has suggested, if strategy is to have

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19 One observer captured this sense, noting that when Moscow published its updated foreign policy concept, ‘codifying Russia’s global strategies, Washington yawned’. Cohen, A., ‘The Kremlin’s World’, *New York Times*, 5 April 2013, [http://www.nytimes.com/2013/04/06/opinion/global/the-kremlins-world.html?emc=tnt&tntemail=y&\\_r=1&](http://www.nytimes.com/2013/04/06/opinion/global/the-kremlins-world.html?emc=tnt&tntemail=y&_r=1&).

20 These include the official presentation of the document to Putin, noted above in footnote 18 and an interview Nikolai Patrushev gave to *Rossiiskaya Gazeta* on 27 December 2013, <http://www.scrf.gov.ru/news/809.html>.

21 Of course it is to be anticipated that a ‘team effort’ is emphasized, but as the paper will show, ‘conducting the orchestra’ of the Russian team is very difficult.

22 The following is a brief synthesis of ongoing debates about the definition of strategy. For more, see Heuser, B., *The Evolution of Strategy: Thinking War from Antiquity to the Present* (Cambridge: CUP, 2010); Strachan, H., ‘The Lost Meaning of Strategy’, *Survival*, Vol. 47, No. 3, 2005; and the discussion in Monaghan, ‘Putin’s Russia’, pp. 1224–28. It might be objected that this is a Western, even Anglo-Saxon, definition of strategy – and that Russian traditions are different. To an extent that is true – Russian strategy was in the past, and particularly during the Soviet period, defined in more purely military terms, rather than broader ‘grand strategy’ terms. Since the end of the Cold War, however, Russian definitions of strategy have also evolved to the extent that this wider ‘grand strategy’ definition is also increasingly applicable to the Russian context.

23 Gray, C., *The Strategy Bridge: Theory for Practice* (Oxford: OUP, 2010).

meaningful purchase in wider society, and persuade politicians and the public to contribute resources to its achievement, it needs to be based on a broad, collective sense of what is nationally important and why.<sup>24</sup>

## A commitment to strategic planning: three stages of Russia's strategic overhaul

### Stage I: 'Strategy 2010'

Under Putin, the Russian leadership has shown a consistent commitment to strategic thinking and planning. This can be broadly framed in a three-stage evolution. The first stage was initiated by the publication in December 1999 of an article by Putin entitled 'Russia at the turn of the Millennium', in which he set out lessons learned from Russia's history, the opportunities and problems the country then faced and the way to recovery as the pursuit of a strong state and an efficient economy. He argued that Russia needed a long-term strategy to overcome the crisis it faced and set an agenda for development. The subsequent 'Strategy of Development of the Russian Federation to 2010' ('Strategy 2010') noted that Russia faced the threat of being sidelined in international affairs and needed to maintain its independence and role in international affairs, as well as to improve the quality of life at home.<sup>25</sup>

### Stage II: towards 2020

'Strategy 2010' was not fully implemented – experts and officials suggest only 30–40% was – and then became out of date owing to the quickly changing domestic and international context. Preparation for the second stage therefore began in 2004–05, and over the next five years the Russian leadership conducted a prolonged overhaul of its strategic planning agenda and processes.<sup>26</sup> This led both to an overhaul of the system of planning, and to a cascade of updated strategic outlook documents.

The need for a more systematic approach to strategic planning had emerged at a meeting of the State Council in mid-2006 at which it became clear that there was no legal basis for comprehensive federal level strategy. A lengthy process was thus launched, leading first to the issue in 2009 of the classified order 'On the Foundations of Strategic Planning', which framed strategic planning as the determination of the directions and means of achieving the strategic goals of the stable

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24 Edmunds, T., 'Complexity, Strategy and the National Interest', *International Affairs*, Vol. 90, No. 3, May 2014.

25 'Rossiya na rubezhe tisyacheletii' [Russia at the turn of the millennium], *Nezavisimaya Gazeta*, 30 December 1999,

[www.ng.ru/politics/1999-12-30/4\\_millennium.html](http://www.ng.ru/politics/1999-12-30/4_millennium.html). For more discussion of the background of Russian planning during the 1990s and Strategy 2010, see Cooper, *Reviewing Russian Strategic Planning*.

26 While the paper acknowledges positive achievements of Strategy 2010, it emphasizes 'staggering failures', in large part thanks to the high expectations and over-estimations of forces and capabilities of the strategy's authors, the persistence of old problems and the emergence of new ones. These are important, ongoing themes. 'Analysis of the Causes of Strategy 2010's Partial Successes and Overwhelming Failures After a Decade of Implementation', a paper written by Russian experts in July 2010 and published online at [www.trcw.ru/en/articles/detail.php?ID=1957](http://www.trcw.ru/en/articles/detail.php?ID=1957) (now a dead link). The author is grateful to Silvana Malle for bringing it to the author's attention and providing the document.

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development of Russia and providing for national security, and then the 'Law on Strategic Planning', which eventually passed through the Russian parliament in June 2014.<sup>27</sup>

These documents set out the legal basis for the preparation, development and functioning of the system of strategic planning in the areas of socio-economic development and national security. They cover state, regional and municipal governance, and the coordination of the respective organs of power, including the presidential executive, the government, the security council, both houses of parliament, the central bank and the public chamber. The law provides also for the introduction of mechanisms for the monitoring and control of the implementation of documents. Importantly, there also appears to be emphasis on the introduction of legal responsibility for its violation – about which more below.<sup>28</sup>

If the presidential executive and the government might be obvious elements in the strategic planning hierarchy, of note is the emergence during this 'second stage' of the Security Council as an important organ in the process. Its influence has fluctuated since its establishment in 1992. However, since Putin became president, and particularly since Nikolai Patrushev became its secretary in 2008, the Security Council has emerged as a reservoir of ministerial resources and authority – and can be said to be the formal representation of the Russian leadership, stretching both 'across' the executive and 'down' into the Russian regions. Its two-tier membership is revealing. The core consists of 13 permanent members largely drawn from security services – only Prime Minister Dmitri Medvedev might be said to represent the socio-economic agenda. Security services personnel are also represented in the wider council, which includes Finance Minister Anton Siluanov and selected presidential plenipotentiaries and regional governors.

Bringing these representatives together as it does, the Security Council is the central locus for forging consensus and the coordination of strategic planning and expert preparation of the concepts, doctrines, strategies and programmes. It played a central preparatory role in the overhaul of strategic documentation that began in 2006. Its role has been strengthened by the legislation noted above, as well as the presidential order in May 2011 granting it powers beyond forecasting and threat assessment to a greater role in forming and implementing policy, and it continues to play an important role in the preparation of the major pillars of strategic thinking.<sup>29</sup> This much was confirmed in late 2013 by Patrushev when he pointed out that the Security Council had become the chief interagency coordinator of decisions on the main tasks in domestic and foreign policy, both formulating policy and overseeing its implementation.<sup>30</sup> Other Russian officials concur that its role has 'crystallized' and that it has become a more serious, coherent organ involved in decision-making on key issues.

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27 'Ob osnovakh strategicheskovo planirovaniya v Rossiiskoi Federatsii' ['On the Foundations of Strategic Planning in the Russian Federation'], Presidential Decree No. 326, 12 May 2009; 'O strategicheskomo planirovanii v Rossiiskoi Federatsii' [On Strategic Planning in the Russian Federation], passed in the Duma on 20 June, the Federation Council on 25 June and signed by the President on 1 July, <http://www.kremlin.ru/acts/46126>. See also 'Edini karkas' ['United body'], *Rossiiskaya Gazeta*, 29 October 2013 and 'Profilniy komitet podderzhal zakon 'O strategicheskomo planirovanii v RF'', 24 June 2014, <http://council.gov.ru/press-center/news/44284/>.

28 See Igor Rudensky, head of the Duma committee on economic politics, innovation development and business, cited on the website of the United Russia's Murmansk region, 20 June 2014, <http://murmansk.er.ru/news/2014/6/20/zakon-o-strategicheskomo-planirovanii-prinyat-gosdumoj>.

29 'Meeting with the permanent members of the Security Council', 11 December 2013, <http://news.kremlin.ru/news/19823>.

30 Patrushev's interview with *Rossiiskaya Gazeta*, 27 December 2013, <http://www.scrf.gov.ru/news/809.html>.

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The Security Council's remit is broadly defined as a 'national security' agenda, including the security of the state and society, socio-economic security and information security, as well as defence and international affairs.<sup>31</sup> It has notably been visible first during the efforts to stabilize the North Caucasus region in the preparations for the Sochi Winter Olympics and then the Ukraine crisis, which it has regularly discussed since January, including in an extraordinary meeting on 25 February.<sup>32</sup>

While this overhaul of the planning architecture was under way, a cascade of strategic documents was prepared and then published between 2008 and 2010, framed as strategies, concepts and doctrines that addressed a wide range of different aspects of Russian life. These included the Long-Term Socio-Economic Development Concept to 2020 and a new Foreign Policy Concept in 2008, the National Security Strategy to 2020 and the Energy Strategy to 2030 in 2009 and the Military Doctrine published in 2010. These were supplemented by numerous other documents, including President Medvedev's 'Russia Forward!' article in 2009 and speeches of senior officials, particularly the yearly presidential address to the Federal Assembly.

These documents reflected the main assumptions about Russia and its place in international affairs. The central themes were that the country had resolved, or was in the process of resolving, many of the problems it had faced in the 1990s, and that its main goal was now to become a leading state on the international stage by preserving its independence and influence as a sovereign actor, especially in the post-Soviet region, and becoming an indispensable partner in international affairs. To achieve this, a dual policy focus was necessary – domestically to invest in infrastructure and modernize the economy, and internationally to build regional integration such that Russia would become a hub in Eurasia through the promotion of projects such as the Customs Union, the Eurasian Economic Union and the Collective Security Treaty Organization.<sup>33</sup>

### Stage III: recovery, re-election and the May Decrees

What can be seen as a third stage began in 2011, as efforts were made to consolidate strategic planning and bring the plans themselves up to date. Many of the core assumptions and aims remained consistent with 'stage II': the world is increasingly multipolar, competitive and even conflicting as more 'hotspots' emerge. During his speech to the Federal Assembly in 2012, for instance, Putin again emphasized the sense of continuity, stating that national reconstruction and strengthening had been completed, and that now the task was to build a 'rich and prosperous' Russia, one that could retain its sovereignty and influence in a world of increasing conflict and competition. Russia had to preserve its geopolitical relevance, and even multiply it.<sup>34</sup>

Nevertheless, the specific programmes of 'stage II' had been rendered out of date by developments. The impact of the global economic crisis from 2008 meant that the formulation and

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31 For more details on the Security Council's role, see [http://state.kremlin.ru/security\\_council/about\\_sec](http://state.kremlin.ru/security_council/about_sec).

32 The timing of this meeting is noteworthy, since it was held between the failure of the 21 February agreement on the situation in Ukraine and Putin's request to the Federal Assembly on 1 March to use Russian troops on the territory of Ukraine, and the subsequent infiltration and then annexation of Crimea.

33 For a recent Russian examination of these goals and Putin's vision for Eurasia, see Lukin, V. 'What the Kremlin is Thinking', *Foreign Affairs*, July/August 2014.

34 'Poslaniye Prezidenta federalnomy sobraniyu' ['President's Speech to the Federal Assembly'], 12 December 2012, <http://www.kremlin.ru/news?page=65>. These themes remain strong today: see 'Soveshchaniye poslov i postoyannikh predstavitelei Rossii' ['Meeting of Ambassadors and Permanent Representatives of Russia'], 1 July 2014, <http://www.kremlin.ru/news/46131>.

implementation of programmes to support the goals of the Long-Term Socio-Economic Development Concept were stopped even before they had begun.<sup>35</sup> Meanwhile, the international environment had evolved significantly since the publication of the Foreign Policy Concept in 2008, specifically with regard to the revolutions in North Africa and the Middle East.

With the return of economic growth, a third stage of strategic planning was launched. It had two main elements. The first was an informal one, exemplified by the preparation of Strategy 2020, a document commissioned by Putin in January 2011 and published in March 2012. Led by economist Vladimir Mau, it brought together some 1,500 specialists in 21 working groups to offer a range of policy options and scenarios.<sup>36</sup>

Although it was commissioned by Putin, who asked relevant ministries to collaborate in it, a number of problems beset the project. First, it was limited to economic matters – political reforms were not part of its remit. Second, the scale and structure of the work were such that it was too bulky and badly coordinated. According to one participant, although the project drew experts together, they were divided from the start into 21 working groups that produced 21 proposals about 21 issues, instead of one coherent vision. Even if each chapter was good separately, therefore, they were not well connected. As a result, the ministries found it difficult to work with the document since the different proposals were contradictory. Furthermore, the very length of the document makes it unwieldy – its presentation took nearly seven hours and, at 864 pages, it lies, as one experienced Russian observer stated, ‘unopened on the table’.<sup>37</sup>

The second element is built on a series of presidential decrees signed by Putin in May 2012. These ‘May Decrees’ expanded on a series of articles he had published during his election campaign and, as he has regularly emphasized since, have become the central plank of Russian strategy. The May Decrees were drafted by experts and officials, including those who had been involved in Strategy 2020, and Putin himself was active in the process, reading the drafts and contributing. They cover a broad agenda, including economic and social policy, healthcare, housing and utilities, education and science, demography, inter-ethnic relations, state administration, foreign policy, and military service and the armed forces. They offer a sweep from the general level (such as the need to prepare an updated foreign policy concept) to the highly specific, with concrete targets and completion dates. The overall thrust of the decrees is to restore economic dynamism, modernize and expand military power, improve living conditions, raise birth rates and bring harmony to inter-ethnic relations.<sup>38</sup>

It is, frankly, a huge agenda, and in many ways aspirational. To take just one example, the May Decrees envisage building at least 25 million square metres of new housing with the attendant social infrastructure by 2016. Similarly the challenges of programmes such as the development of the Russian Far East are, as even Putin acknowledges, unprecedented. But two points deserve mention. First, as noted above, since they were drawn from Putin’s successful election campaign, he

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35 Connolly, R. ‘Economic Growth Strategies for Economic Development in Russia’, in ‘Putin 3.0. The Economic Plan’, Russian Analytical Digest, No. 133, 18 July 2013.

36 For a detailed analysis of Strategy 2020, see Cooper, *Reviewing Russian Strategic Planning*.

37 Personal communication with the author.

38 The May Decrees and Putin’s campaign articles are available on the website of the All Russian National Front at <http://onf.ru/leader/ukazy/> and <http://onf.ru/leader/articles/>. A simplified version illustrating the main targets can be found at <http://onf.ru/2013/10/09/majskie-ukazy-vladimira-putina/>.

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treats them as legitimized by the Russian population. Aspirational they may be, but Putin promotes them as having found resonance with the population – as ‘reflecting the will of millions of people’.<sup>39</sup> And, although there are decrees that focus on foreign policy and the military, the bulk of them do address matters that are politically and socially important to the Russian population. Putin has regularly emphasized that only a ‘consolidated society’ can fully carry out the development strategy.<sup>40</sup> Reinforced by electoral victory, the May Decrees are part of this consolidation effort.

Second, Putin himself has acknowledged that their goals are difficult to achieve, even that they may appear ‘unattainable at first glance’ – but nevertheless he stressed that the figures were not ‘plucked from thin air’ but reached in dialogue with relevant interests in Russian society.<sup>41</sup> Again, aspirational though they may be, Putin has subsequently regularly emphasized that the May Decrees must be implemented, and that there can be no swerving from the set agenda. ‘Economic trends may and do change. But that is no reason to talk about revising our goals,’ he has stated.<sup>42</sup> Vast resources have been made available, and in meetings officials emphasize to him that much progress is being made in implementing them.

## Crossing the bridge: from plans to action?

The formulation of plans – here represented in the commitment to strategic planning – is an important element of strategy. However, it is not the only one, and to understand whether there is a Russian ‘grand strategy’, it is necessary to delve deeper to explore the relationship between the plans and action.

### Plans and reality

Although there is broad coherence between Russia’s top-level documents, a deeper exploration reveals a number of problems. Not only do plans become derailed by events – such as the effect of the Ukraine crisis on the stated intention to develop relations with the United States – but there are important gaps and flaws. For instance, China, a major priority for Russian foreign policy, receives barely a mention in the formal documents, while the Military Doctrine of 2010 hardly touches on the major reforms of the armed forces that were under way when it was published. In part, this latter example illustrates ongoing indecision between departments, shifting goalposts and U-turns mid-reform.<sup>43</sup>

But there are other bureaucratic problems that affect the formulation of plans. Russian observers regularly note the limited quality of the country’s bureaucracy. Criticizing the National Security Strategy, one asserted that it had been drawn up by ‘low achievers’ (*dvoechnik*); while another has emphasized the ‘galloping de-professionalization’ of the bureaucracy.<sup>44</sup> Some suggest a cavalier

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39 Putin, Speech to the Federal Assembly, 12 December 2013.

40 Putin, V., ‘Speech at the Expanded Meeting of the State Council on Russia’s Strategic Development through to 2020’, 8 February 2008.

41 ‘Expanded meeting of the government meeting’, 31 January 2013. <http://eng.news.kremlin.ru/news/4915>.

42 Putin, ‘Speech to the Federal Assembly’, 2013.

43 Barabanov, M. (ed.), *Russia’s New Army* (Moscow: Centre for Analysis of Strategies and Technologies, 2011); Giles, K., ‘The Military Doctrine of the Russian Federation 2010’, NATO Defence College Review, February 2010, <http://www.ndc.nato.int/research/series.php?icode=9>.

44 Sivkov, ‘Strategiyu’; Inozemtsev, V., ‘Neo-Feudalism Explained’, *American Interest*, Vol. 6, No 4, March–April 2011.

approach to the preparation of plans, even (flatly contradicting Putin's statement noted above) the inclusion in plans of supportive statistics that are plucked from nowhere. Adding to this, a huge planning burden has been placed on to a quantitatively limited bureaucratic apparatus. Ministries are required to prepare a huge number of documents, from overall concepts to plans for regional development. If the inadequate capacity does not prevent policy initiatives from being pursued, it does limit the ability to develop several initiatives concurrently and in detail into applicable policy.

Another problem is the approach the bureaucracy adopts to planning. In meetings with government and other officials, Putin has drawn attention to the role of public administration in achieving the goals set out in the main strategic documents, while admonishing the bureaucracy for producing vaguely formulated documents that neither provide guidelines for action or concrete objectives, nor indicate priority areas of work; the language is instead full of vague terms such as 'engage', 'enhance' and so on. The plans are often thus returned to the ministries for further work under the direct control of Putin and Medvedev.<sup>45</sup>

In sum, therefore, although the assumptions and outlines of the main documents remain broadly consistent and coherent, either the actual plans themselves are overtaken by events or they often remain too imprecise or under-developed to gain traction in implementation. Despite the adoption of a document, departmental acts and legislation on specific progress are not developed – so no progress is made.<sup>46</sup> Top-level plans may, broadly, achieve consensus, but lack the precision needed by implementers.

### From theory to practice

Again reflecting on the definition of strategy laid out above, two further sets of problems emerge in terms of strategy: coordinating the resources available and conducting the orchestra. The targets set out in the May Decrees and other strategic plans demand increases in spending, and the scale of resources required across the programmes is enormous. Government estimates suggest that they would require the expenditure of one trillion roubles between 2013 and 2015 (though independent experts suggest that the cost would be much higher).<sup>47</sup> Just one aspect – the preliminary upgrading of regional housing and utilities – is estimated to cost more than nine trillion roubles (\$280 billion). Although Moscow enjoys substantial financial reserves, most of the programmes require similar or larger sums – the programme for the development of the Far East to 2020, for instance, is anticipated to cost more than 10 trillion roubles (\$285 billion), and the energy and military sectors each require vast sums – the latter some 23 trillion roubles (\$700 billion) to 2020.<sup>48</sup>

Even in the context of Russia's large financial reserves, the scale of funds required appears daunting. Furthermore, the economic slow-down presents the leadership with an important problem in matching available resources to the targets. A substantial gap has opened up between

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<sup>45</sup> 'Prezidentu predstavleni plani raboti ministerstv po ispolneniyu maiskikh ukazov' ['Ministries presented their working plans for the implementation of the May Decrees to the President'], 7 June 2013, <http://www.kremlin.ru/news/18277>. Three days later he took the security and justice ministries to task for the same problem. 'Soveshchaniye o planakh deyatelnosti ministerstv napravlenoi na dostizhenie tselevikh pokazatelei sotsialno-ekonomicheskovo razvitiya, opredelyonnikh prezidentom' ['Meeting on the ministries' plans to reach the socio-economic development targets set by the president'] 10 June 2013, <http://www.kremlin.ru/news/18310>.

<sup>46</sup> Putin, State Council Meeting, 23 December 2013.

<sup>47</sup> Remington, *Presidential Decrees in Russia*, p. 4.

<sup>48</sup> Putin, 'Speech to the Federal Assembly', 12 December 2013.

the anticipated annual GDP growth of 4–5 per cent on which the May Decrees are based, and the serious decline in GDP growth that began in 2013 – a decline that has more or less led to stagnation and the suggestion by the Ministry of Economic Development in May that Russia may enter a technical recession in the second quarter of 2014.

By the end of 2013, the Finance Ministry was suggesting that, as a result of reduced tax proceeds, significant capital flight and reductions in revenues from raw materials exports and investments, the budget lacked \$285 billion to implement the May Decrees – having earlier that year already emphasized that the budget did not allow for the scale of programmes such as the development of the Far East.<sup>49</sup> Similarly, Russian defence industry experts such as Pukhov have pointed to the inability to guarantee the anticipated resources for the state arms programme to 2020. This is a result of *de facto* stagnation that has led to a lowering of the growth of the defence budget, but also to the decrease of defence expenditure in absolute terms.<sup>50</sup>

At the same time, the May Decrees are putting pressure on regional budgets that cannot afford to finance the programmes and depend on federal subsidies to meet their obligations. As Putin has noted, there is a problem with the economic self-sustainability of the regions and their ability to address their own socio-economic problems; many regions are now being subsidized from the federal budget to meet the May Decrees.<sup>51</sup>

This situation has been compounded by two further problems. First, there is considerable inefficiency in state expenditure, with money poorly balanced between projects and sitting idle when it is required elsewhere. As Putin has stated, ‘we have repeated over and over that budgets are executed in a chaotic and very uneven fashion’. Some targeted and funded programmes and plans are not being carried out at all – and they act as a deadweight on the budget. He pointed out that 25 per cent of federal funding allocated to the housing programme was not being utilized, while elsewhere there was not enough money: ‘too much here, not enough there’.<sup>52</sup>

Second, as acknowledged regularly by Russia’s leadership, widespread corruption places a heavy additional burden on the budget. Putin has often spoken of the negative impact of corruption – particularly in the North Caucasus region and also in the housing, utilities and construction sectors. ‘Corruption is a threat to national development prospects, and state purchase contracts are a breeding ground’ for it, he stated in 2012, and, a year later, he emphasized that corruption was the root cause of the lack of progress in implementing projects in the construction sector.<sup>53</sup> Others echo this: in late 2012 the Minister of Far Eastern Development, Viktor Ishaev, stated that the economy of the Far East was losing some 300 billion roubles a year as a result of ‘disorder and corruption’.<sup>54</sup>

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49 See, for instance, ‘*Experti obsuzhdayut skolko nuzhno potratit na mechtu Medvedeva po sozdaniyu ‘sobstvennovo kipra’ na dalnem vostokey*’ [‘Experts discuss how much needs to be spent on Medvedev’s dream of establishing “our own Russian Cyprus” in the Far East’], Newsru.com, 22 March 2013, [http://www.newsru.com/arch/finance/22mar2013/foreast\\_offshore.html](http://www.newsru.com/arch/finance/22mar2013/foreast_offshore.html).

50 Correspondence with the author, June 2014.

51 ‘*Press-konferentsiya Vladimira Putina*’ [‘Press Conference with Vladimir Putin’], 19 December 2013, <http://www.kremlin.ru/news/19859>.

52 ‘*Zasedaniye Gosudarstvennovo soveta*’ [‘Meeting of the State Council’], 4 October 2013, <http://www.kremlin.ru/news/19359>; ‘*Sovmestnoe zasedaniye Gossoveta i Komissii po monitoringu dostizheniya tselevikh pokazatelei razvitiya strani*’, [Joint meeting of the State Council and the Committee for Monitoring Development Targets], 23 December 2013, <http://www.kremlin.ru/news/19882>.

53 Putin, ‘*Speech to Federal Assembly*’, 2012; ‘*Speech to Federal Assembly*’, 2013.

54 Cited in ‘*Putin unsatisfied with the Ministry of the Far East Development*’, *Russia Beyond the Headlines*, 4 December 2012, [http://rbth.co.uk/articles/2012/12/04/putin\\_unsatisfied\\_with\\_the\\_ministry\\_of\\_far\\_east\\_development\\_20803.html](http://rbth.co.uk/articles/2012/12/04/putin_unsatisfied_with_the_ministry_of_far_east_development_20803.html).

Similarly, observers argue that theft from the budget is so high that the Finance Ministry does not want to invest in projects.<sup>55</sup>

### Conducting the orchestra

Despite the existence of bodies such as the Security Council, the ‘orchestra’ of Russian authorities is rarely harmonious. In June 2013 Putin said that he sometimes had ‘the impression that some agencies live entirely in their own little world, look solely to their own narrow problems and lack any understanding of the common strategic tasks facing our country’.<sup>56</sup> Later that year, he stated that ‘far from all public authorities [were] able to develop an effective approach to joint work (and perform their tasks in an intelligent and timely manner)’.<sup>57</sup> Similarly, he has pointed to the difficulties of coordinating federal, regional and municipal authorities.

Friction and disagreement emerge as the result of two unsurprising problems. The first comes from blurred lines of responsibility, for instance those created by the transfer of federal programmes from the Ministry of Regional Development to the Ministry for the Development of the Far East. The second is the product of differences in priorities, for instance between the Ministries of Economic Development and Finance. There has also been a prolonged disagreement on the nature of public spending more broadly, and particularly a gap between economic planning and defence spending. This tension led in September 2011 to the resignation of Finance Minister Alexei Kudrin, who had opposed the increased balance in defence expenditure in the budget. The effect of such tension can be illustrated with reference to the law on strategic planning, which has taken eight years to be passed, burdened by disputes between the federal centre and the regions, between economic and security budgeting and between those who advocate a greater role for state planning in the economy and those who oppose it.

### The limits of the *vertikal* of power

As Thomas Remington has observed, ‘the specificity of the goals, combined with the breadth of ambition, lay bare the limits of presidential decree power to achieve broad policy goals when their fulfilment depends on the behaviour of others’. They require cooperation from other actors in Russia’s political system, he suggests, and even when this happens, Putin still has limited control over the fulfilment of the decrees – he himself cannot command market forces, any more than he can force down traffic fatalities to meet the May Decrees’ target of 10.6 per 100,000 by 2018.<sup>58</sup>

In fact, the country’s leadership has long faced serious problems in having its instructions implemented except through ‘manual control’, the direct personal intervention of the most senior authorities themselves. Russian observers often note bureaucratic sabotage of orders and the failings of the system of power, including law enforcement – exemplified on numerous occasions including the terrorist attacks on Domodedovo airport and the Kushchovskaya mass murder case, in which law enforcement agencies appeared powerless to stop local organized crime. Putin himself

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55 Smirnov, ‘Putin spotknulsya o svoyu vertikal’.

56 ‘Ministries presented’, 7 June 2013.

57 Putin, Economic Council Meeting, 4 December 2013.

58 Remington, *Presidential Decrees in Russia*, p. 4.

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has acknowledged this problem, noting in a visit to the Far East region that a maximum of 20 per cent of the programme for its development had been implemented. 'Will you do your work or not? What's going on?', he asked the regional representatives, pointing out that the instructions had been prepared with their own input and consent.<sup>59</sup> One Russian journalist suggested that Putin's 'subordinates ignore his instructions unashamedly', and related the joke reply to Putin's question: 'yes, but you won't be here for long, will you?'<sup>60</sup>

Although the government has emphasized the successful implementation of a substantial percentage of the May Decrees, and there do seem to be some results, there also appear to be important shortfalls – and some suggest that hardly any of them have been fulfilled beyond the paperwork. Indeed Russian observers assert that bureaucrats are ignoring the May Decrees, using the phrase 'systemic sabotage'. Parliamentarians suggest that not a single one of the May Decrees was actually implemented, and nor were other orders. In consequence, a group of parliamentarians led by Dmitri Gorovtsov, deputy head of the Parliamentary Committee for Security, began to prepare a project proposing legal responsibility for the failure to fulfil presidential instructions.<sup>61</sup> Unsurprisingly, the project received a negative response from the government.<sup>62</sup> Nevertheless, it is an interesting echo of the observations made above about the emphasis on legal responsibility for violation of the law on strategic planning, and also the recurring emphasis on 'sabotage' of orders – and its pursuit by the law enforcement agencies.<sup>63</sup>

## Defibrillating the *vertikal*

### *Towards administrative improvement?*

As a result of these problems, the Russian leadership has attempted to launch a series of initiatives. The first has been to seek to enhance the systems of public administration and budget planning. Putin has directed that plans should not only be concrete but also include clear allocation of specific personal and ministerial responsibility for their fulfilment – and that they should, except in cases of state security, be made accessible to the public in practice and in terms of comprehensibility.<sup>64</sup>

Second, Putin has accepted that the decline in GDP growth means the May Decrees cannot be implemented on the basis of strong economic performance. Nevertheless, he has emphasized that a more efficient approach is necessary, including cutting costs and restructuring the socio-economic sphere.<sup>65</sup> This has been pursued through the reorientation of planning towards programme-based budgets, which were launched in 2014, and an assessment of budget excesses. Official figures suggest that the failure to comply with budgetary laws cost the budget some 300 billion roubles in 2012 alone – quite apart from the impact of corruption. As a result of the investigations, 27,000

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59 'Stenograficheskiy otchet o soveshchaniy o kompleksnom sotsialno-ekonomicheskom razvitiy Sakhalinskoy oblasti' ['Transcript of the meeting on the comprehensive socio-economic development of Sakhalin region'], 16 July 2013, <http://www.kremlin.ru/transcripts/18824>

60 Smirnov, 'Putin spotknulsya o svoyu vertikal'.

61 'Ispolnyaetsya lish odno iz 15 porucheniy prezidenta' ['Only one in 15 presidential orders is fulfilled'], *Nezavisimaya Gazeta*, 11 December 2013; 'Ni odin iz maiskikh ukazov prezidenta ne vpolnen' ['Not one of the President's May Decrees is fulfilled'], *Nezavisimaya Gazeta*, 3 March 2014.

62 'Kabinet ministrov zabraoval zakonoprojekt o nakazaniyakh za neispolneniye prezidentskikh porucheniy' ['The Cabinet of Ministers has rejected the legal project on punishment for the non-implementation of presidential instructions'], *Nezavisimaya Gazeta*, 25 March 2014.

63 On 10 June, *Izvestiya* reported, for instance, that the police and FSB were investigating a suspected case of 'sabotage', <http://echo.msk.ru/blog/statya/1337472-echo/>.

64 'Ministries presented', 7 July 2013.

65 'Press-konferentsiya Vladimira Putina'.

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officials were in the process of being sanctioned for various violations as of late 2013.<sup>66</sup> A third approach has been to seek private investment in implementing the May Decrees, particularly in housing and utilities, though this has met with only limited success.<sup>67</sup>

### *Reshuffles and enhancing 'manual control'*

Putin has sought to reinvigorate the power *vertikal* in a number of ways. First, he has conducted an ongoing rotation of senior figures in an effort to enhance the alignment of power and implementation of instructions. This important, if subtle, change has been taking place over the last three years. Putin has often professed his distaste for reshuffles, but the turnover of ministers, governors and others has been notably higher since he returned to the presidency in 2012. Changes include an 'economic' reshuffle in June 2013,<sup>68</sup> and the creation of four new ministries: the Ministry for the North Caucasus, Ministry of Construction and Housing and Utilities, Ministry for the Development of the Far East and Ministry for Crimea. Furthermore, four ministers have been fired (or had their resignations 'swiftly accepted'), three apparently as a result of Putin's unhappiness with their performance in implementing the May Decrees.<sup>69</sup>

Additionally, the rotation of presidential plenipotentiaries in August and September 2013 and May 2014 appears intended to enhance the implementation of the May Decrees through strengthening the *vertikal* and providing better coordination between political parties and civil society.<sup>70</sup> The Russian leadership has presented these moves as creating a better alignment of authorities – minister, presidential plenipotentiary and regional governor – across these strategically important regions.<sup>71</sup>

Other measures include efforts to improve direct and indirect 'manual control'. First, since the beginning of 2014, Putin has begun to chair a regular series of 'expanded government' meetings to monitor more closely the implementation of the May Decrees. These have included representatives from the presidential administration, the government and regional governors, and have offered a forum for Putin to pursue specific questions in detail. Official representatives have tried to downplay the idea that by taking charge of such meetings the president has taken charge of tactical as well as strategic aspects of the government's work, and that the move does not represent a downgrading of the government. Russian observers have been more sceptical, however, noting that the founding of such meetings simply institutionalizes Putin's taking charge.<sup>72</sup>

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66 'Zasedaniye Gosudarstvennovo Soveta' ['Meeting of the State Council'], 4 October 2013.

67 'Zasedaniye Gosudarstvennovo Soveta' ['Meeting of the State Council'], 31 May 2013.

68 See 'Troinaya Rokirovka' [Triple Castling], *Gazeta.ru*, 24 June 2013, <http://www.gazeta.ru/business/2013/06/24/5391017.shtml>.

69 The three were Oleg Gorun, minister of regional development; Vladislav Surkov, deputy prime minister, and Viktor Ishaev, minister for development of the Far East. Ishaev, the first incumbent of the position when Putin created the ministry in 2012, endured at least two rounds of criticism from Putin before being fired in September 2013. The fourth, Anatolii Serdyukov, was implicated in a multifaceted scandal that included a major corruption case in the Ministry of Defence.

70 'Putin napomnil polpredam o maiskikh ukazakh. Eti dokumenti stanovyatsya osnovoi novoi ideologii Kremlya' ['Putin reminded envoys about the May decrees. These documents are becoming the basis of the Kremlin's ideology'], *Nezavisimaya Gazeta*, 10 April 2014. Yuri Trutnev, who had served for eight years as minister for natural resources, was appointed presidential plenipotentiary to the Far Eastern District in August and Nikolai Rogozhkin appointed to Siberia in May. 'Polpred Prezidenta v Sibirskom federalnom okruge predstavlenn glavam regionov' ['Presidential Plenipotentiary to the Siberian Federal District was Presented to the Heads of Regions'], <http://state.kremlin.ru/face/45830>. Rogozhkin has had a double move: in December he was appointed first deputy minister for internal affairs and head of the interior troops. A similar process of alignment of authority has taken place in the North Caucasus and Crimea.

71 'Kavkaz: Sibirskoe uskoreniye' ['The Caucasus: Siberian Acceleration'], *Rossiiskaya Gazeta*, 13 May 2014.

72 See discussion in 'Putin prosledit za Medvedevym' ['Putin keeps a watch on Medvedev'], *Vedomosti*, 29 January 2014; Rostovskiy, M. 'Dorogaya, ya umenshil premiera', ['Honey, I shrunk the prime minister'], *Moskovskiy Komsomolets*, 27 June 2013.

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Second, the leadership has established a number of bodies, such as the ‘Open Government’ and the Economic Council, or strengthened the role of others that might be best described as ‘para-institutional’,<sup>73</sup> such as the Agency for Strategic Initiatives (ASI) and the All-Russian National Front (ONF), to create a direct link between the authorities and business and society respectively, and to improve implementation of instructions. For example, Putin enlarged the agenda of the ASI in November 2012, expanding its role in support of the implementation of the national business initiative, monitoring the performance of ministries and agencies, and seeing projects to completion.<sup>74</sup> The ASI has had some success, not least because it has had direct access to and support from Putin, and, thanks to its ‘para-institutional’ role, which has enabled it to avoid some of the more cumbersome aspects of the bureaucracy. Nevertheless, its role and influence at the summit of decision-making have become diluted by the establishment by Putin of an Economic Council Praesidium in October 2013. Furthermore, the ASI faces a certain conflict of interest in that it depends financially on the government it is supposed to monitor.<sup>75</sup>

The ONF, in contrast, appears to have gained strength.<sup>76</sup> It was established in May 2011 as a civil volunteer organization in support of Putin, but has since evolved significantly, becoming more of a movement to resolve problems and support the implementation of the May Decrees. It enjoys the direct support of Putin, is directed from the Kremlin and is led by Putin’s election campaign manager, Stanislav Govorukhin. The ONF has now spread across Russia, with members occupying important positions: Alexander Galushka, for instance, was appointed minister for the development of the Far East in September 2013, and Andrei Bocharov governor of Volgograd region in May 2014.

The ONF also has a broad and increasing remit.<sup>77</sup> It contributes to the formulation of Putin’s agenda, and leads an anti-corruption campaign that is part of the ‘defibrillation’. It also has principal oversight of the municipal and state property privatization through the ‘for honest procurement’ initiative, a public oversight platform.<sup>78</sup> Additionally, it is charged with monitoring the performance and effectiveness of governors – and, through submitting complaints to Putin, played a role in the firing of three of them in spring 2014.

## Towards a strategy?

It might appear that in discussing the ASI and ONF the paper has come a long way from its starting point of the Ukraine crisis, even if both organizations continue to play active roles in it (albeit largely unnoticed in the West). If the end-point is unexpected, however, it is appropriate: it opens up a very different perspective on understanding Russian strategy. Not only does it remind us how the system works and the range of actors and the methods now being used to bridge plans and action – but it is also a reminder that the Russian leadership is engaged in attempting to defibrillate

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73 Tatiana Stanovaya has called them ‘surrogate’ or ‘pseudo-state’ organizations. She argues that if you look very carefully, the legitimate powers of the cabinet ministers are ‘gradually being shifted’ to these organizations. ‘Kak ONF zameshchaet soboi pravitelstvo’ [‘How the ONF takes the place of the government’], Slon.ru, 5 December 2013, [http://slon.ru/russia/kak\\_onf\\_zameshchaet\\_soboy\\_pravitelstvo-1029769.xhtml](http://slon.ru/russia/kak_onf_zameshchaet_soboy_pravitelstvo-1029769.xhtml).

74 This is a particular problem – senior officials note that the launching of projects often comes much easier than their completion.

75 Interview with Russian academic, March 2014.

76 The ONF has escaped substantial attention in the West. A notable exception is Malle, S., *State Corporatism in Russia: an Outline of Main Features and Problems*, CRCE Briefing Paper, January 2013, <http://crce.org.uk/briefings/corporatism.pdf>.

77 See All-Russian National Front, <http://onf.ru>.

78 In so doing, it claims to have found spending inefficiencies worth over two billion roubles and over 300 questionable purchases worth over 150 billion roubles. Putin, ‘Vstrecha s predstavitelnyami’, 10 April 2014.

a system that often functions poorly or even, in the absence of direct presence of the top leadership, not at all. It is right to be aware of the effectiveness of Russian power as demonstrated by the Ukraine crisis. But the crisis also reflects the difficulties the leadership faces in creating that power, and the need to be conscious of the measures being employed to address a range of problems.

At the same time, there are obvious implications of the Ukraine crisis for Russian strategy. It again illustrates the imbalance in Russian thinking between security concerns and economic thinking. Security questions dominate the agenda to the disadvantage of economic ones – an important point given the apparently increasing concerns in Moscow about growing international instability and conflict. This imbalance has ramifications for strategy because it places significant pressure on the coordination of resources. At the same time, the significant worsening of relations with the West is a blow for foreign policy, and has contributed to a deteriorating external context that has ramifications for Russian strategy: it is having an important impact on the Russian budget, for instance. The Ukraine crisis represents an external setback to the central element of strategy, the implementation of the May Decrees.

Looking beyond the crisis, however, several important points stand out. First, over the last decade, Putin has led a deliberate and consistent effort to reorganize Russian strategic planning, and directs attempts to have it implemented. This is visible in the three-stage strategic overhaul. A leadership team is in place, reflected in the Security Council, and a legal basis for planning has emerged, albeit slowly. The wider strategic overhaul and the May Decrees illustrate this commitment and offer a strategic horizon that is complex and ambitious – even aspirational, asserting Russia's position as a sovereign leading international power and a Eurasian hub. The obviously aspirational nature of the plans does not disqualify them from being strategic – and Moscow has achieved some practical success in its domestic and foreign goals. The consistency of this effort should be more prominent in Western understanding of Russia, which too often overlooks the longer-term dimension in Russian thinking. A better grasp of this attempt to build a strategic outlook will help to counter some of the strong sense of surprise that is too often evident among Western policy-makers when confronted with Russian actions.

Second, the Russian leadership, like many others in the past and today, has found strategy very difficult. Indeed, Vladimir Putin and the current leadership team face problems similar to those of almost all their predecessors. In many respects, there is an ongoing form of Gogol's *Manilovshchina*<sup>79</sup> and also a dysfunctional system that only responds to active measures taken by the leadership, here termed 'defibrillation'. Even then the system responds badly. In broad terms, therefore, this paper illustrates what are enduring problems in Russian strategy. Too often in the West, there is an image of Putin as a tough and effective leader, a puppeteer with events at his control. As this exploration of Russian strategy suggests, however, this is a misleading and inappropriate image.

Third, since 2012 Putin has led a renewed drive to create a unifying process, coordinating means and ends, and has increased the pressure on the system to perform. In this process, by stressing

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<sup>79</sup> The author is grateful to Martin Dewhirst and an anonymous reviewer for exchanges on this point. *Manilovshchina* is a term based on a character's name that reflects the difficulties of the practicalities of true planning. See Chapter 2 of Gogol, N., *Dead Souls* (London: Penguin Books, 1961).

that precise and defined objectives are set out, and by sewing legal, even criminal responsibility for their completion into the strategic planning legislation, Putin is making demands of the Russian system that reflect a different approach from Western strategy-making.

Nevertheless, this attempted acceleration faces important limits. A proliferation of plans, even one setting out the basis for strategic planning, on its own does not make 'grand strategy'. Moscow has inherited a heavy burden from the Soviet Union, domestic and foreign events are constantly buffeting plans, and resources are limited and contested. Moreover, it has proved very difficult to bridge the gap between the flexibility needed in formulating plans and the necessary precision to facilitate their implementation. Similarly, conducting the orchestra and making the *vertikal* of power work have proved very difficult. Although Putin is attempting to remedy the problems he has encountered, the task is undoubtedly Herculean and progress is slow indeed. Some Russian observers remain sceptical about the rotation and other measures: one referred to Ivan Krylov's fable 'Quartet', suggesting that it did not matter in which position the musicians sat, they would still not make music.<sup>80</sup> It may be expected, moreover, on the basis of previous and ongoing experience, that the alteration of budget planning and the creation of new ministries and the delineation of their responsibilities will create many further problems to be resolved.<sup>81</sup> And finally, if the leadership has sought to enhance 'para-institutional' bodies to address problems (here the ONF appears to be particularly relevant), they too appear to be growing in number and perhaps starting to dilute one another's impact.

Moscow may have a political idea, therefore – one that reflects continuity in broad purpose over a decade – and a push has clearly been made since 2012 to create a unifying process of coordination. If there is an increasing sense of urgency to this process, however, there is no 'grand strategy'. The array of problems – and the consequent persistent need for the top leadership to perform manual control – mean that power is created only unevenly and adaptability is limited.

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<sup>80</sup> 'Troinaya rokirovka', Gazeta.ru, 24 June 2014, <http://www.gazeta.ru/business/2013/06/24/5391017.shtml>.

<sup>81</sup> As this paper was being finalized, Vladimir Putin signed an executive order abolishing the Ministry of Regional Development. This followed a meeting between Putin and Medvedev during which the latter had suggested that the ministry was no longer needed because its powers had been distributed among the Ministries for the Far East, Crimea and the North Caucasus. 'Rabochaya vstrecha s Predsedatelem Pravitelstva Dmitriem Medvedevym' ['Working meeting with Prime Minister Dmitry Medvedev'], 8 September 2014, <http://kremlin.ru/news/46572>.

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## Acknowledgments

The author is grateful to those officials and observers who have taken the time to discuss these matters. To encourage frankness, all conversations have been held under the Chatham House rule: content from these discussions has been included, but without reference. The author has also benefited particularly from exchanges with Julian Cooper, Silvana Malle, Henry Plater-Zyberk and Keir Giles, and is grateful to three anonymous reviewers for their comments.

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