

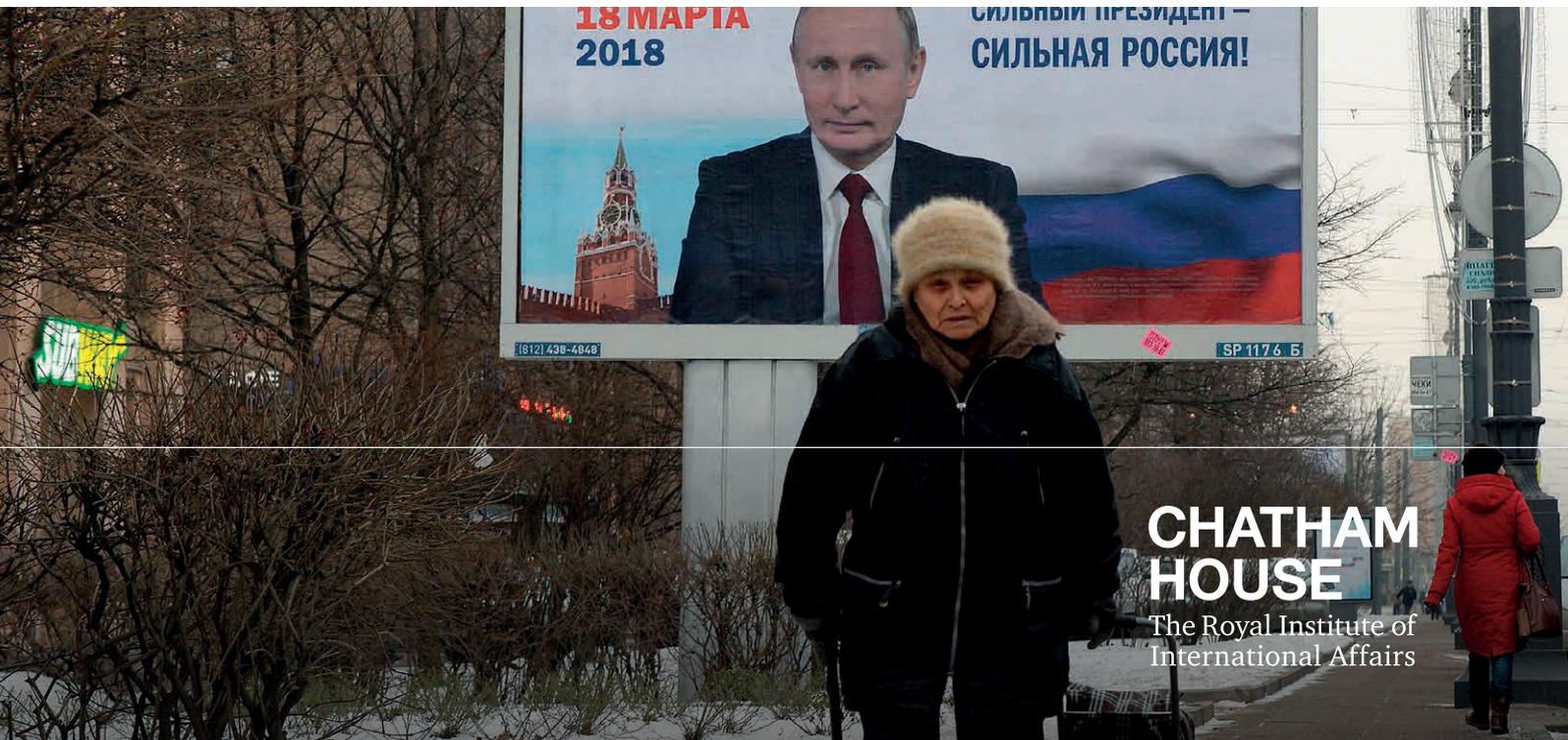
Research Paper

Andrew Wood

Russia and Eurasia Programme | March 2018

Putin and Russia in 2018–24

What Next?



**CHATHAM
HOUSE**

The Royal Institute of
International Affairs

Summary

- Following his re-election on 18 March 2018, by a respectable but not wholly earned margin of victory, Vladimir Putin will embark on what will, under present constitutional arrangements, be his final six-year term in office.
- Putin's Russia is ruled by an opaque and shifting power structure centred on the Kremlin. It is now devoid of authoritative institutions beyond that framework that would enable Russia to develop into a fully functional or accountable state. The main objective of the incumbent regime is to protect its hold on power. It will therefore continue, between now and 2024, to follow the three main policy guidelines set by Putin in 2012: to do without significant structural economic reforms because of the political risks attached to them; to control the population; and to pursue 'great power' ambitions.
- Notwithstanding some modest economic recovery latterly, all indications are that economic performance will be mediocre at best in the coming years. A context of 'neo-stagnation' is anticipated. The domestic interests of the population at large will continue to take second place to the security and military expenditure favoured by the leadership. Managing the relationship between the regions and the federal centre will take imagination and care.
- The 'vertical of power' of Putin's vision is not the coherent structure that its name suggests. Shifting 'understandings' of what is permitted or required determine patterns of behaviour, not clear laws or independent courts. The FSB, the successor to the KGB, operates at the heart of the system – at times in rivalry with other agencies – both as a disparate security collective and as a group with its own interests in fleecing the public. Corruption is inherent in the Putinist order of things. The natural pathology of these factors is for repression and extortion to continue to rise.
- As 2024 approaches, the question of who or what will replace Putin will come increasingly to the fore. There is already a sense that Russia is entering a post-Putin era. The vote for him on 18 March is one of accepting the inevitable, not a personal triumph. There is no organized group around him to manage an eventual replacement, or to be ready to consider what his successor's (or successors') objectives should be.
- Putin's abiding commitment to Russia's right to be a great power, dominant over its neighbours, was once more made plain in his 'state of the nation' address to the Federal Assembly on 1 March, along with the distortions that go with it. The use, just two weeks before the presidential election, of a military-grade nerve agent to poison a former GRU officer and his daughter in the UK city of Salisbury has reinforced the case for greater vigilance as to the real nature of the present Kremlin.
- The West should pay close attention to the Kremlin's human rights record over the next several years, and the way it fits with Russia's existing international obligations. The exercise of justice is a basic obligation of all states, and a clear indicator of a country's future development. Putin's Kremlin is not the whole of Russia: the Russian people will to an important degree judge the countries of the West by their moral record in considering what may be good for Russia in due course.

Introduction

Russia's 2018 presidential vote will take place under conditions established when Vladimir Putin first assumed the presidency in 2000. Accordingly, this will not have been a contest between candidates acting on behalf of political parties with established roles in the state and coherent manifestos. Putin is a leader seen by himself and the regime as a whole as being too eminent to be bound by mere party affiliation. His electoral campaign has been nugatory, but he will nonetheless coast to an expected and managed victory. Yet despite an essentially hollow election process, Putin will want to be able to point to the endorsement of a convincing – and willing – voter turnout as proof that serving for what will in effect amount to a quarter of a century in the Kremlin (by the time the next presidential term is supposed to end, and allowing for the Medvedev 'interlude' in 2008–12) is fully justified.

Whatever the numbers say on the day, the incumbent will not have earned his margin of victory. The exclusion from the list of candidates of potentially his strongest challenger, Alexei Navalny,¹ diminishes Putin as a leader who in reality – and on whatever theoretical grounds – has refused to face up to the nearest thing he has to a rival. The other candidates have been tolerated as having no chance of doing significant damage.

Absent constitutional adjustments, 2018–24 will be Putin's last presidential term. He will be 72 in 2024; and if the Russian electorate were to tolerate another period of 'tandem rule' to allow Putin to come back again in 2030, he would by then be 78. Nothing is impossible in Russian politics, but 'No Putin, no Russia' cannot be the winning formula for ever. The question of succession will thus be in play from now on. 2018–24 will be a transitional period, even if an uneasy and in the end destabilizing fix is found for Putin to go on as long as his health permits.

This paper examines two principal questions. To what extent – if at all – will the 2018 presidential election lead to change in the policies and nature of Russia's system of government in the coming six-year term? And to what extent – again if at all – can it be assumed that the great majority of Russians will continue to accept their current passive role within this system?

The analysis focuses chiefly on Russia's internal affairs, and their interaction with the country's foreign interests, rather than on a detailed and inevitably speculative discussion of a range of specifically international issues.

¹ *The Economist* (2018), 'Alexei Navalny is excluded from Russia's presidential poll', 3 January 2018, <https://www.economist.com/news/europe/21733462-vladimir-putin-bars-his-main-challenger-alexei-navalny-excluded-russias-presidential-poll> (accessed 5 Mar. 2018).

Russia's formal constitutional structures

The Russian constitution provides for governance by independent legislative, judicial and executive branches.² Progressively since its adoption in 1993, and in particular since Putin first took office as president in 2000, the independence of the legislative and judicial branches has been eroded to a position of virtual impotence. Russia's political parties are now as limited in consequence for the governance of the country as they are for the management of presidential elections. United Russia, the largest party in the Duma, is for the most part made up of apparatchiks who willingly support the Kremlin, and who on occasion take the initiative in extending the latter's agenda. Notable examples in this respect would be its efforts in stretching the concepts of extremism, the definition of 'foreign agents', or the offence of disturbing the feelings of religious believers beyond what outsiders might consider to be a rational basis.³ Who, for example, would justifiably condemn the Jehovah's Witnesses as extremists to be punished by the law? United Russia has no real record of pursuing independently elaborated policy ideas and thereby contributing to Russia's future shape or form. Nor is United Russia likely in itself to become a prime decision-maker in the succession process if Putin does not last until 2024, or indeed if he continues to act, in some form or other, as the linchpin of the political system thereafter. Certain individuals with a United Russia label or position may perhaps take on this role, but this would be from a discrete power base – not as representatives of the party as such.

The other parties in the Duma are also marginal, if not irrelevant, to the shaping of Russia in 2018–24. Communist Party leaders may at most protest against any move to bury Lenin,⁴ but the party's supporters are largely content with Putin's rule. Vladimir Zhirinovskiy's Liberal Democrats had their heyday under Boris Yeltsin, but now generally sing with the Putin choir. A Just Russia may sometimes try out a variation on the latter's tune, but little more. It is not surprising therefore that members of the Duma are not widely respected, and it is hard at present to persuade persons of standing in Russia to run for a seat.

Russia's regional governors once played a powerful and collective part at the centre of Russian decision-making, but their institutional basis for doing so, the Federation Council, has been radically downgraded since 2003 in the aftermath of the Beslan school tragedy. For the most part, the role of governor has been reduced to the (easily dismissible) status of Kremlin local agent. Direct elections for regional governors were reinstated in 2012, but in reality only centrally endorsed candidates can stand for – and remain in – office.⁵ Removal by the presidential administration is for the most part achieved without undue difficulty, as seen for example with the

² 'The Constitution of the Russian Federation', Article 11, <http://www.ksrf.ru/en/Info/LegalBases/ConstitutionRF/Documents/THE%20CONSTITUTION%20OF%20THE%20RUSSIAN%20FEDERATION.pdf> (accessed 5 Mar. 2018).

³ In 2006 the Duma passed a law extending the definition of extremism to non-violent groups, stating the incitement of religious discord as one of the criteria. The 'foreign agent' law of July 2012 requires all non-profit organizations that receive funding from abroad to register as 'foreign agents'. In November 2017 the definition of foreign agents was expanded to include foreign media outlets. The so-called Yarovaya laws of 2016 increased regulation of evangelism and missionary work (as part of amendments to Russia's counterterrorism legislation).

⁴ RIA Novosti (2016), 'Zyuganov poobeshchal nye dopustit' zakhronenie Lenina' [Zyuganov promised to prevent Lenin's burial], 6 November 2017, <https://ria.ru/society/20171106/1508263080.html> (accessed 5 Mar. 2018).

⁵ de Carbonnel, A. (2013), 'Putin signs law to allow him to pick Russian governors', Reuters, 2 April 2013, <https://www.reuters.com/article/us-russia-elections/putin-signs-law-to-allow-him-to-pick-russian-governors-idUSBRE9310GR20130402>.

arrest of the governor of Kirov oblast, the liberal-minded Nikita Belykh, in July 2016 on purported charges of accepting bribes.⁶ He was sentenced to nine years' imprisonment in January 2018 after an apparently pre-cooked trial and conviction. Of late, candidates for governor have been selected as directed from Moscow; and few of them are from the region they supposedly administer.⁷

As regards the judiciary, Russia's Constitutional Court has never established a role for itself even remotely comparable to that of, for instance, its US or German counterparts in underpinning effective, stable and democratic governance. Neither it nor Russia's Supreme Court is any more likely than the other constitutional actors – beyond Putin and his Kremlin – to independently initiate either limited or major changes affecting the ways Russia is governed and the policies adopted in consequence. Only the government headed by the prime minister – i.e. Dmitry Medvedev at present – is perhaps a little better placed to institute change, but it too is subject to being overruled by the president.

Even under a Kremlin that has from the start of the Putin era been engineered to sit at the top of a 'vertical of power', there remains scope for some challenges to executive authority within what have become essentially token structures. Individual deputies can still make a nuisance of themselves within the Duma, as Ilya Ponomarev notably did as the only deputy to vote against Russia's seizure of Crimea in 2014. And the Duma, together with the prime minister, would have at least a formal role in managing the situation in the event that the head of state had to be replaced before the end of his term. Russia's governors may lack collective power, but some of them head regions – for instance Tatarstan or indeed Chechnya – that hold greater weight in terms of autonomy than do others. Over time, moreover, some governors have been seen to become more 'embedded' in their region and therefore more attached to preserving its interests.

The presidential administration thus has the whip hand, but the relationship between the federal centre and its units is by no means always one way. Aman Tuleev, the governor of Kemerovo, has for example been a long-term survivor. By contrast, senior members of Russia's judiciary have not been difficult to slot into the Putinist 'vertical of power', whatever the letter of the law may be. Judges lower down the scale also take orders from above without obvious qualms.

The underlying reality

Russia is ruled by an opaque and shifting power structure centred on the Kremlin. It is now devoid of authoritative institutions beyond that framework that would enable it to develop into a fully functional or accountable state. It may suit the immediate and tactical interest of the executive under Putin, and of the presidential administration in particular, to have brought the other constitutional organs under its control. The administration has also continued to build its sway over the Russian information space. But there is a major penalty for the country and its rulers in doing so. What ought to be a dialogue within a changing Russian society, and between it and its narrow

⁶ TASS (2016), 'Russia's Kirov Region governor detained on suspicion of taking €0.4 mln bribe', 24 June 2016, <http://tass.com/politics/884512>.

⁷ Zubarevich, N. (2017), 'The fall of Russia's governors', Carnegie Moscow Center, 12 October 2017, <http://carnegie.ru/commentary/73369> (accessed 5 Mar. 2018).

group of rulers, is increasingly restricted and therefore distorted.⁸ The policy options for the country's future evolution are inadequately weighed, and the means for their potential implementation are weakened. Meanwhile, the closed-in nature of the Kremlin affects the president's ability to adapt when the current beliefs underlying his policies warrant reconsideration. The prospect is nevertheless for top-down control to be reinforced. The further concentration of authority that is intended to be the result will have the effect of continuing to erode any sense of direct responsibility that Russia's voters may still feel for the policies followed by the country's rulers. The people's assigned role is to listen gratefully, and to obey. The Kremlin's fear is that one day they may not.

Russia's economy

In his customary end-of-year press conference in December 2017, Putin declined to comment on the specifics of his forthcoming election programme, but noted that priority areas of focus for 2018–24 would be infrastructure development, healthcare, education, advanced technology and improving labour efficiency, with the overarching goal of increasing household incomes.⁹ These are familiar themes from previous years. Putin's remarks at this press conference, as well as his comments to a group of senior Russian journalists in January 2018, suggested that he was encouraged by the recent progress of the Russian economy and saw no reason for substantive policy changes. The president reported GDP growth of 1.6 per cent year-on-year at the end of 2017, an inflation rate of 2.5 per cent, and a rate of unemployment of 5.1 per cent, together with an increase in direct investment of 4.2 per cent.¹⁰ Putin has been supportive throughout the consolidation of the Russian banking system brought about by the Central Bank under the stewardship of Elvira Nabiullina.

The World Bank's *Russia Economic Report* released at the end of November 2017¹¹ gave broadly similar headline figures to those used by Putin in December, reinforcing a general assumption that the next couple of years or more will see the same pattern of modest recovery in the Russian economy, with a small degree of questioning as to the real investment prospects. The Bank also referred to expectations of structural reform, as disinterested outsiders do from time to time, but without setting out any specifics.

Meanwhile, three competing approaches to Russia's economic management have latterly been circulating. The first, as advocated chiefly by former finance minister Alexei Kudrin (who commands considerable respect in the West), favours cutting military spending and prioritizing investment into infrastructure, education and social services; the second, championed by Boris

⁸ See for instance the description of the way the authorities strive to tighten their hold over the internet set out by Agora (2018), 'Svoboda interneta 2017: polzuchaya kriminalizatsiya' [Internet Freedom 2017: Creeping Criminalization], 5 February 2018, <http://agora.legal/articles/Doklad-Mezhdunarodnoi-Agory-%C2%ABSvoboda-interneta-2017-polzuchaya-kriminalizaciya%C2%BB/11> (accessed 5 Mar. 2018).

⁹ President of Russia (2017), 'Vladimir Putin's annual news conference', 14 December 2017, <http://en.kremlin.ru/events/president/news/56378> (accessed 5 Mar. 2018).

¹⁰ President of Russia (2018), 'Meeting with heads of Russian print media and news agencies', 11 January 2018, <http://en.kremlin.ru/events/president/news/56639> (accessed 5 Mar. 2018).

¹¹ World Bank (2017), 'Russian Economy Returns to Modest Growth in 2017, says World Bank', 29 November 2017, <http://www.worldbank.org/en/news/press-release/2017/11/29/rer-38> (accessed 5 Mar. 2018).

Titov, calls for heavy borrowing to reinvigorate growth; and the third, led by the current Minister of Economic Development, Maxim Oreshkin, advocates an approach more comfortably placed within the existing Putinist parameters.¹² As yet, it is unclear to what extent any of these will prevail in determining the direction of economic policy in 2018–24. What is clear, however, is that none of them addresses the fundamental issues behind Russia’s poor economic record over the past decade – least of all the political ones.

The rentier model that served Putin so well between 2000 and 2008, fuelled by rising prices for natural resources (and for oil in particular), is no longer properly fit for purpose. On returning to the presidency in 2012, Putin rejected proposals to diversify the economy in the interests of safeguarding its future strength and stability.¹³ Although not explicitly stated, for these proposals to be taken forward would have required some degree of liberalization and judicial reform, and Putin needed no reminding of the associated political implications and risks in light of the street protests of 2011–12. Instead, Putin opted for a marked increase in political repression. The result over the past six years has been to further consolidate the dependence of business on the state, and the corruption that goes with it.

Meanwhile, the country’s economic difficulties have been exacerbated by the Western sanctions imposed after Russia’s illegal invasion and annexation of Crimea in 2014. A modest degree of economic recovery latterly has been helped along by a context of strengthening global growth and improved external conditions – including for trade – and firming oil prices. While the World Bank’s November 2017 report noted that Russia’s growth momentum appeared to have decelerated in the third quarter of the year,¹⁴ reflecting sluggish investment demand, Putin has nonetheless been able to speak in advance of the 2018 election about the present positive outcome of his administration’s economic policies.

Structural economic reforms would have been difficult to implement in 2012 even if Putin and his then administration had adopted the recommended measures to foster diversification. Such reforms are no more palatable to the Kremlin – nor probably to the public at large – six years on, and arguably less so than they might once have been given the rigidity built into the system since then, and the troubled performance of the Russian economy in the meantime. But the reality is that the Russian economy will at some stage have to endure a period of difficult economic change if it is eventually to realize its full potential.

Yevgeny Yasin, a senior founding figure at Moscow’s Higher School of Economy and erstwhile economy minister, made the case for economic change – and why it was unlikely to happen under the next presidential term – in an interview with *Novaya Gazeta* in December 2017.¹⁵ In his assessment, the serious reforms and decisions required were not to Putin’s taste, so inertia would

¹² Aris, B. ‘Russia Outlook 2018’, bne Intellinews, 7 January 2018, <http://www.intellinews.com/russia-outlook-2018-134716/> (accessed 5 Mar. 2018).

¹³ Hille, K. (2017), ‘Kremlin gathers experts to tackle Russia’s anaemic growth’, *Financial Times*, 31 May 2017, <https://www.ft.com/content/590a20c4-43a4-11e7-8d27-59b4dd6296b8> (accessed 5 Mar. 2018).

¹⁴ World Bank (2017), ‘Russian Economy Returns to Modest Growth in 2017, says World Bank’.

¹⁵ Kanygin, P. (2017), ‘Evgeniy Yasin: ‘Revolyutsiya, esli vy ne zametili, uzhe sostoyalas’ [Evgeniy Yasin: If you haven’t noticed, the revolution has already happened], *Novaya Gazeta*, 21 December 2017, <https://www.novayagazeta.ru/articles/2017/12/22/75010-evgeniy-yasin-revolyuetsiya-esli-vy-ne-zametili-uzhe-sostoyalas> (accessed 5 Mar. 2018).

continue to prevail and the period to come would be very troubled. An anticipated economic growth rate of around 2 per cent would leave Russia trailing further behind its competitors: the world average growth rate as at late 2017 was in the region of 3–3.5 per cent, with China recording growth of around 6 per cent, India 7 per cent, and the US 3 per cent or more. Neither the business climate nor the education system in Russia were improving, and the courts were in need of a complete overhaul. Yasin also warned that corruption was incompatible with longer-term success.

The prevailing – and in all likelihood justified – consensus is that, as things stand, Russia is likely to see ‘neo-stagnation’ during the next presidential term; the term is a Russian coinage, intended to recall the latter years of the Soviet Union under Leonid Brezhnev. The essential direction of economic policy during the Putin era has been consistent with the president’s apparently long-held view that it was Mikhail Gorbachev’s attempts at reform that triggered the collapse of the Soviet Union. Putin and his immediate circle remain dedicated to preserving the domestic status quo, and regard central control as essential to this goal. He has signalled, although not yet elaborated on, his intention to address Russia’s education, health and infrastructure needs, and has promised to raise the minimum wage to bring it up to subsistence level if re-elected (real wage levels having declined year-on-year in 2014–17). As already noted, these are familiar themes. Putin may once again commit to tackling corruption. Again, this is not a new undertaking, but saying something in this regard may be better than avoiding the topic entirely. The president has also spoken of action to deal with the deficits of Russia’s poorest regions, mentioning for instance Novgorod in his December 2017 end-of-year press conference.¹⁶

In the meantime, Putin can take credit for the boom in Russian agricultural output despite Western sanctions, and draw comfort from the rise of oil (and gas) prices to a more comfortable level of \$70 per barrel by the end of 2017. Additionally, he can point to an ongoing programme of fiscal consolidation. And he can hope – if not say – that Western sanctions will be eased under his next term. But these are holding arguments, not the precursors of wider reform that some suppose Putin and his colleagues will be forced to concede during his 2018–24 term as president.

The medium term

Putin would have reinvigorated his final legitimate term in 2018–24 – and his ability to revive the strength of his appeal to a sizeable majority of the Russian population – if he could this time have gone beyond returning to the Kremlin by default, as the only viable candidate permitted to run. There is perhaps some prestige left in Russians perceiving their country as having restored itself to international authority, but it is questionable how far that particular currency can be sustained. There is legitimating value, too, for some at least, in pursuing alleged internal enemies. But in the end, it is secure domestic prosperity for all, rather than for a privileged minority, that will count. Putin has ducked the question as to how he can secure it.

In practice, ‘neo-stagnation’ through adherence to the present political and economic system seems more likely to lead to Russia’s further degradation over the next six years than to the comfortable

¹⁶ President of Russia (2017), ‘Vladimir Putin’s annual news conference’.

stability that many Russians today collectively – and deceptively – associate with life under Brezhnev. Putin has added the burden of increased military spending, Crimea, Donbas and Syria to the budget.¹⁷ Approximately 65–70 per cent of the Russian economy remains in state or quasi-state hands, and is in reality unlikely to be transferred to more entrepreneurial management between now and 2024. Nor indeed is it likely that those parts of the economy that are nominally privately held will be freed from effective subservience to the state. Russia remains vulnerable to global economic crises, and to shifts in the prices of natural resources. A return to the days when the Putin administration could persuade citizens of its ability to give them growing wealth in exchange for their leaving politics to the Kremlin is not on the cards. Russia's oil and gas assets, which were a principal means of sustaining that political foundation until 2008, have become less valuable. Developing new fields has become more expensive, while existing ones are in many cases becoming less productive. The energy market continues to change in ways that threaten Russia's previously autonomous and dominant international energy market position, not least with the emergence of the US as a powerful determinant of the energy scene. The oil price will not soon, or probably ever, return to anything like its pre-2008 level, and the expectations from that time in Russia that it would continue to increase further over the years to come now look fanciful.¹⁸

The IMF has for many years – along with plenty of others, international as well as Russian – repeatedly emphasized that fixed investment, whether foreign or domestic, is essential to Russia's future development, and that fundamental change is needed to bring it about. As noted by the Fund in 2017: 'Russia should tackle shortcomings in its economic structure, which have remained largely unchanged from before the [global financial] crisis ... Reforms in Russia should start with strengthening property rights and contract enforcement to reassure investors.'¹⁹ The IMF's prescriptions for Russia with regard to promotion of infrastructure investment, a more efficient goods market, integrating Russia into global commerce and supporting innovation, all, in one way or another, have as an essential precondition a good institutional and business environment. None of these is on offer in the Putinist system.

¹⁷ For example, under the 2018 budget, 77 per cent of Crimea's expenditures and 60 per cent of Sevastopol's are projected to be covered by funds from Russia's federal budget. Eurasia.net (2017), 'Kremlin subsidies keeping Crimea afloat, 28 December 2017, <https://eurasianet.org/node/86601> (accessed 5 Mar. 2018). Although estimates vary, some argue that Russia's campaign in Syria cost some 58 billion rubles. RBK (2016), 'Voennaya operatsiya Rossii v Syrii oboshlas' ne mnee chem v 58 miliardov rubley' [Russia's military campaign in Syria cost at least 58 billion rubles], 30 September 2016, <https://www.rbc.ru/politics/30/09/2016/57ebb77e9a7947e06061d6e2> (accessed 5 Mar. 2018). Overall, Russia is faced with a decreasing military budget – 2.77 trillion rubles (\$42.3 billion) for 2018, down from some 3.05 trillion rubles in 2017. Bershidsky, L. (2017), 'Russia's Military Is Leaner, But Meaner', Bloomberg, 14 December 2017, <https://www.bloomberg.com/view/articles/2017-12-14/russia-s-military-is-leaner-but-meaner>.

¹⁸ Russia has had an informal agreement with OPEC over the past year to restrict supply, which has had a measure of success in raising the price to its present level. It has also provoked a significant rise in shale oil supplies from the US, a factor that the Russians discounted for a considerable time, but one that makes it extraordinarily difficult now for Russia and other countries that have become dependent on high oil prices to push them to levels around \$100+ that came to seem normal towards the end of Putin's second term (2004–08). Russia is in contact with Saudi Arabia and other OPEC countries about the possibility of formalizing a relationship that would arrange the maintenance of prices at an agreed level. Experience suggests that this will prove difficult. For background, see *The Economist* (2018), 'OPEC mulls a long-term alliance with Russia to keep oil prices stable', 24 February 2018, <https://www.economist.com/news/finance-and-economics/21737262-one-aim-allay-fears-current-pact-will-unravel-opec-mulls-long-term> (accessed 5 Mar. 2018). For further discussion of the future of the energy market, see also Helm, D. (2017), *The Endgame for Fossil Fuels*, New Haven and London: Yale University Press.

¹⁹ International Monetary Fund (2017), 'Russia: Five Reforms to Increase Productivity Diversity and Growth', 10 July 2017, <https://www.imf.org/en/News/Articles/2017/07/05/na070717-russia-five-reforms-to-increase-productivity-diversify-growth> (accessed 5 Mar. 2018).

A recent clash between Russia's major oil company Rosneft (the chief executive of which, Igor Sechin, is a close associate of Putin) and the Sistema conglomerate (whose founder and chairman, Vladimir Yevtushenkov, is a long-term member of the Russian economic establishment) clearly illustrates several of the problems that stand in the way of the country's achieving the prosperity that it could realize were the conditions sketched out by the IMF brought to bear. Property rights, the rule of law as adjudicated by independent courts, and government authority (meaning in this case that headed by the prime minister, not that steered from the Kremlin) were all involved. In brief, Rosneft and Sistema were in contention over which should secure final control over a regional oil enterprise, Bashneft. Sistema acquired it first, and the government seemingly accepted that. Rosneft then overturned the decision after Sistema's chairman was put under house arrest. Rosneft's chief executive, Sechin, then accused Sistema of having mismanaged Bashneft and sued for compensation. The court decided in Rosneft's favour after a sting operation organized by Rosneft and undertaken by Sechin against the then economic development minister Alexei Ulyukayev. The minister was sentenced to eight years' hard labour on disputable bribery charges dependent on Sechin's evidence, which was not tested in court. The lesson that in Putin's Russia might is right, and that it is 'understandings' – not a publicly accountable judicial system – that adjudicate between contestants, was duly noted by other business leaders, had they needed reminding.²⁰

Recent polls record just over 40 per cent of the Russian public as being unhappy with the way the authorities respond for example to their pension, health and education needs.²¹ The Russian authorities have indeed paid markedly less attention to some of the basic needs of their citizens than to financing concerns closer to central government hearts – security concerns in particular. Pension reform, for instance, was a major issue under discussion during the Medvedev presidency. Its funding has, however, now reverted to direct reliance on the budget, the contributions system that was introduced previously having been allowed to lapse, and the National Reserve Fund designed to support it drained close to dry to meet other needs and eventually closed at the beginning of 2018.²² Putin's response to questioning at his December 2017 press conference about the possible raising of the pension age – for many, an obvious rationalizing move – was vague at best. It is easy to understand why this may be a sensitive matter for any government to address, but given the ongoing decline of the working-age population in Russia and the accompanying rise in the number of pensioners, it would be unwise to defer consideration for too much longer.²³ Social services have in general been given little attention. Federal budget spending on public health (amounting to 3.6 per cent of Russia's GDP in 2016, compared with EU and OECD averages of 7.2 per cent and 6.5 per cent respectively) and education (also 3.6 per cent, as against 5.3 per cent for the OECD and 4.9 per cent for the EU) has been cut relative to security and military expenditure,²⁴

²⁰ Seddon, M. (2017), 'Rosneft settles high-profile Sistema lawsuit for \$1.7 bn', *Financial Times*, 22 December 2017, <https://www.ft.com/content/94a0cod1-cb1f-350f-aedf-fb67a9fe3e98> (accessed 5 Mar. 2018).

²¹ For example, a Levada poll conducted in November 2017 showed that only 42 per cent of respondents approved of the government. See Levada Center (2017), 'Odobreniye organov vlasti' [Approval of government authorities], <https://www.levada.ru/indikatory/odobrenie-organov-vlasti/> (accessed 14 Mar. 2018).

²² *Moscow Times* (2018), 'Russia's Reserve Fund Ceases to Exist', 11 January 2018, <https://themoscowtimes.com/articles/russias-reserve-fund-ceases-to-exist-60157> (accessed 5 Mar. 2018).

²³ Hanson, P. (2012) 'Turmoil in Russian Economic Policy', Chatham House Expert Comment, 24 February 2012, <https://www.chathamhouse.org/media/comment/view/182362> (accessed 5 March 2018).

²⁴ See World Bank Group (2017), *Russia's recovery: How strong are its shoots?*, London: World Bank Group, p. 25, <https://openknowledge.worldbank.org/bitstream/handle/10986/28930/30-11-2017-17-58-52-forwebNovFINALRERENGfull.pdf?sequence=7> (accessed 5 Mar. 2018).

as has budget provision for infrastructure. This has contributed to a worsening of conditions in all three areas without the popular outcry that would have been the result in any of the Western European democracies.

The Ministry of Health, which has for years been notorious for corruption, and persists its refusal to allow access to for instance pain-relieving drugs such as morphine, even for severely afflicted cancer victims, provides an illustrative example of widespread arrogant incompetence.²⁵ According to a joint report by the European Centre for Disease Prevention and Control and the World Health Organization (WHO), HIV infections in Russia rose by 133 per cent between 2006 and 2015, and 64 per cent of all newly diagnosed HIV infections in the WHO European region in 2015 were in Russia.²⁶ Almost half a million new cases had been registered over the previous five years.²⁷ If unregistered cases were to be included, the total number of HIV cases in Russia by now would likely be some 1.6 million. The head of Russia's Federal AIDS Centre estimated in June 2017 that there would be 2 million such cases by 2020 if drastic action were not taken in the meantime.²⁸ Drug users are most at risk, and the risks are increased by efforts on the part of the Russian authorities to frustrate the work of NGOs involved in projects such as establishing free needle exchanges; the NGOs have to rely in part on foreign contributions and are therefore subject to accusations that they are foreign agents. To compound the issue of drugs policy, the Head of the Federal Anti-Narcotics Agency, Viktor Ivanov, expressed the view that 'there have been no clinical trials to prove the effectiveness' of using methadone.²⁹ The agency has further asserted that such drugs serve the interests of pharmaceutical companies.³⁰ The marked rise in HIV deaths in Crimea since Russia seized control in 2014 and banned methadone use there ought to have persuaded him otherwise.³¹

There have been plenty of other instances of ready and ill-considered disregard for the interests of the Russian public whenever conditions have seemed to the federal authorities to call for it. The interdiction on US adoptions of Russian children in response to the American Magnitsky Act was a blatant example. Orphanages in Russia have a poor record, especially for disabled children. The ban imposed on imports of Western foodstuffs in reprisal for the Ukraine-related sanctions put in place by US, Canadian and the EU was another. Concentrating infrastructure spending on larger-scale

²⁵ Gordeeva, K. (2015), 'Killing pain: Why Russian doctors are reluctant to prescribe pain relievers. 13 criminal cases', Meduza, 12 May 2015, <https://meduza.io/en/feature/2015/05/12/killing-pain>. Any westerner involved in hospice development in Russia can confirm that morphine use in cancer cases is hard to obtain. Fiona Clark describes the system all too vividly. Fiona Clark, 'Russia's war on drugs leaves patients without pain relief', *The Lancet*, 18 July 2015, [http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(15\)61264-8/abstract](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(15)61264-8/abstract) (accessed 5 Mar. 2018).

²⁶ European Centre for Disease Prevention and Control (ECDC) and World Health Organization (WHO) Regional Office for Europe (WHO/Europe) (2016), 'Surveillance Report: HIV/AIDS Surveillance in Europe 2015' [pdf], p. xi, <https://ecdc.europa.eu/sites/portal/files/media/en/publications/Publications/HIV-AIDS-surveillance-Europe-2015.pdf> (accessed 5 Mar. 2018).

²⁷ Spid Center (2018), 'VICH v Rossii v chyslakh' [HIV in Russia in numbers], <https://spid.center/ru/articles/1420> (accessed 5 Mar. 2018). See also avert.org for June 2017 for a general report on Russia's HIV problems.

²⁸ Clark, F. (2016), 'Gaps remain in Russia's response to HIV/AIDS', *The Lancet*, 26 August 2016, [http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(16\)31480-5/fulltext](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(16)31480-5/fulltext) (accessed 13 Mar. 2018).

²⁹ RIA Novosti (2011), 'Rossiskikh narkomanov ne budut litchit' s pomoshchyu metadona – glava FSKN' [Russian drug addicts will not be cured with methadone – head of Russia's Federal Anti-Narcotics Agency], 22 March 2011, <https://ria.ru/antidrugs/20110322/356693911.html> (accessed 5 Mar. 2018).

³⁰ BBC Russian (2015), 'OON: narkomany Kryma umirayut bez zamestitel'noy terapii' [UN: Crimea's Drug Addicts are Dying Without Substitution Therapy], http://www.bbc.com/russian/society/2015/01/150122_crimea_drugs_crisis (accessed 15 Mar. 2018).

³¹ Hide, L. (2017), 'For Crimea's drug users, a Russian death sentence: Moscow's ban on substitution therapy is driving the peninsula's HIV epidemic', *Politico*, 15 May 2017, <https://www.politico.eu/article/for-crimeas-drug-users-a-russian-death-sentence-hiv-treatment-aids-methadone/> (accessed 5 Mar. 2018).

‘show-off’ projects, rather than on the necessary repair and improvement of everyday facilities, could be cited in the same context. One might of course add in the last instance that larger projects pay off particularly well for Kremlin-favoured groupings.

There is, for now, no way to predict how or whether these tensions will be resolved over the next six years. Putin touched many of the right buttons in his annual ‘state of the nation’ address to the Federal Assembly on 1 March 2018, referring for instance to pensions, health, education and infrastructure as matters needing attention, but gave scant indication of quite what that meant or how these areas might be addressed.³² He said nothing that would suggest that there would be structural economic reforms between now and 2024. It may be that it will be possible for the coming Putinist administration to muddle through while avoiding the considerable risks to the regime inherent in a realistic reassessment of the direction of Russia’s domestic and external policies together with possible action to address them. But that can hardly be sustained for ever, absent still greater repressive measures to back that up – and perhaps even then. It is often assumed in the West that ‘the next Putin’ will be this or that member of his current entourage, so things will carry on as before. But that is an unsafe assumption. The real question will not so much be who might be Putin’s successor and his (or notionally her) manner of reaching the Kremlin, as what that successor may do once there. Carrying on as before will not be easy.

The wider consequences for Russia’s governance

On the face of it, Putin and the group around him believe that they have limited present cause for concern as to popular reactions to problems arising from Russia’s constrained growth prospects, and from their own comparative neglect of what in most other countries would be considered the foremost domestic preoccupations of their people. Most Russian citizens expect very little from their rulers. A further Putin term has been assumed more or less since his return to the Kremlin in 2012. Public support for him as president rests in no small part on fear of the unknown, and the potential arising from that unknown for conflict in Russia – a theme well cultivated by official propaganda regarding internal and external enemies. But acceptance of the present regime is not the same as convinced and committed support. Backing for Putin himself has been combined from the start with contempt for the wider machinery of rule. The lacklustre response to this year’s presidential election process points to a degree of apathy towards Putin that is new. The longer ‘neo-stagnation’ continues, and the clearer it becomes that Russia’s rulers have no clear idea of what should be done about it, the more the Kremlin’s authority will be eroded. It remains to be seen whether times of economic crisis between now and 2024, if and when they occur, will lead to seriously disruptive protests. Those currently at the state-dominated economic or political top are not getting younger; and Putin’s personal ratings have slipped in the past. While polls remain positive at present, they may not look so persuasive as 2024 – and with it the question ‘what next?’ – comes closer.

³² President of Russia (2018), ‘Presidential Address to the Federal Assembly’, kremlin.ru, 1 March 2018, <http://en.kremlin.ru/events/president/news/56957> (accessed 13 Mar. 2018).

Putin and his entourage are, however, in a bind when it comes to effective social, economic or political changes that might in due course make for a more prosperous and stable country. They are right to fear that serious structural economic and therefore political reform would prove disastrous for them. Moral, political and pecuniary corruption are at the heart of the system they have created and further entrenched since 2012. Tactical changes that for instance suited established business interests, including stimulating the vital but comparatively weak SME (small and medium-sized enterprises) sector, would have to include measures to ensure public accountability, enforceable contracts, an effective legal system binding on all – however elevated – and courts with the confidence, independence and authority to protect legitimate interests. None of these is currently either in place or in prospect. It would take a long-term, purposeful effort to establish them, together with vigilant media and determined elements of a nascent civil society. Ukraine's example has shown how difficult it is, in far better circumstances than now exist in Russia, even to make a start in overcoming systemic corruption. Reforms might perhaps theoretically focus at the beginning on particular economic issues, but confining them to a small compass would not work. The Kremlin has too many hostages to truth to risk their exposure to press freedom and public consideration. The Russian administrative apparatus as a whole is, furthermore, itself corroded by corruption and limited in its capacity to manage difficult issues.

The anti-corruption activist and prominent opposition leader Alexei Navalny and his network of supporters have been persecuted by the law-enforcement agencies. Navalny himself has been prevented from standing in the March 2018 presidential election, and in the weeks prior to the election his website navalny.com was blocked to Russian users. But he and his associates have nonetheless made their presence felt. Navalny was of course aware that he had no chance of beating Putin at the polls, but it was an achievement in itself to begin publicly to sketch out some central issues that will need to be addressed in a post-Putin world. The present, Kremlin-directed 'vertical of power' will in the meantime do what it can to marginalize, if not eliminate, Navalny. Meanwhile, it will persist in seeking to adjust Russia's federal system to its centralizing instincts, addressing its law enforcement problems, and furthering its efforts to promote Russia's claim to what the Kremlin sees as its natural status and privileges as a 'great power'.

Russia's regions

Russia retains the regional pattern that it inherited from its Soviet past, complete with autonomous regions within larger regions, some of which are intended to pay symbolic respect to the interests of various indigenous groups. As the USSR had a supra-government ruling organization with responsibility for the country as a whole, any conflicts of interest between the centre and its constituent regional divisions did not much matter. The disintegration of the Soviet Union, and the demise of the Communist Party after the failure of the August 1991 putsch against Gorbachev, left the relationship between the regions and the centre without its overall binding force. It also left some regions, and autonomous regions for that matter, far richer than others. Khanti-Mansiisk for instance was rich in oil, Karelia was not. Balancing expenditures between regions was managed by a complex system of rich donors on the one hand and their poorer cousins on the other, itself further complicated by some regions with claims to reflect national identities. The process was reasonably workable under President Yeltsin, and included the regions each having a voice at the centre as to

national affairs as a whole. The major exception was seen with violence in and around Chechnya, and the Caucasian regions as a whole being at a disadvantage.

Putin's succession to Yeltsin – in effect when he became prime minister in 1999 – presaged a power grab by Moscow over the regions, compensated for by an appreciable rise in Russia's national wealth. The underlying federal system was not, however, altered institutionally, apart from a decline in the heft of the regional governors in Moscow, and an overlay of geographically broad federal districts headed by presidential representatives that has not for the most part succeeded in dominating the regional landscape on behalf of the federal centre. Tensions have risen in the recent past between the centre and the regions because of Russia's economic difficulties, and Moscow's increasing the financial burden on the regions, whether rich or poor, to satisfy its own financial needs. It would take a more specific study than is within the scope of this paper to analyse the process and its outcome to date in more detail, but it is generally true in relation to Russia that what at first sight appears relatively clear dissolves on closer inspection to be riven with contradictions.

It is nonetheless now evident that the relationship between Moscow and Russia's regions will need careful and imaginative management over the next six years or more. Only 14 out of 83 regions are acting as donors to the federal centre (and some of these, as in the case of Sakhalin, under protest), and regions like Novgorod are now under significant financial strain. Putin set higher burdens on the regions in 2012 in requiring them to pay more to groups of public workers, laying the responsibility for funding the increases on regional budgets but without providing the financial support to do so.³³ That burden looks likely to be increased early in his next term. Federal payments to the regions have, in addition, been tightened as part of efforts to cope with Russia's wider economic troubles, and its enhanced military and security ambitions. Governors of indebted regions are either pressing for financial rescue from Moscow or resisting the demands of the federal centre.³⁴ Prime Minister Medvedev's unscripted plea to disenchanting residents in Crimea in May 2016 that they should understand that 'we have no money' was naturally ill received.³⁵ The federal authorities have yet to arrive at a long-term solution as to the best way to manage competing regional and central demands for money, preferring an ad hoc approach for the time being.

There are no apparent indications of Putin or his immediate colleagues having yet developed a coherent policy as to how best in future to balance central and regional powers. Any signs of restiveness in the regions latterly are in all probability to be taken as indications of strain that needs to be addressed, rather than as warnings of an impending crisis. The immediate issue that the centre must resolve is the financial one. But the larger and less immediately pressing concern is one that will not go away, and one that Putin has from the beginning tried to take off the agenda, which is how or whether to share political authority with the regions. His exceptional bargain with Ramzan Kadyrov has allowed that ally to misrule his own fiefdom of Chechnya. Other, relatively

³³ Kelly, L. (2016), 'Russian regions risk defaults unless Kremlin stages rescue', Reuters, 17 March 2016, <https://www.reuters.com/article/us-russia-regions-debt/russian-regions-risk-defaults-unless-kremlin-stages-rescue-idUSKCN0WJ2FA> (accessed 5 Mar. 2018).

³⁴ Pertsev, A. (2017), 'Parad suverenitetov. Kak rossiskie regiony vspomnili pro svoi polnomochiya' [A Parade of Sovereignties. How Russian regions remembered their powers], Carnegie Moscow Center, 10 November 2017, <http://carnegie.ru/commentary/74685> (accessed 5 Mar. 2018).

³⁵ Radio Free Europe/Radio Liberty (2018), 'Medvedev's Awkward Crimea Moment: "There's Just No Money. But You Take Care!"', 24 May 2016, <https://www.rferl.org/a/russia-medvedev-crimea-visit-no-money-social-media-pensioner/27754644.html> (accessed 5 Mar. 2018).

impoverished, regions in the Caucasus such as Dagestan, North Ossetia or Ingushetia are more akin to ‘colonies’ than they are to entities fully integrated within the Russian Federation as a whole. The presidential administration is currently, it appears, trying to reinforce its right to control the regions, including those like Tatarstan with a claim to their own national identity.³⁶ That would certainly be consistent with Putin’s established strategy of governing Russia by means of a ‘vertical of power’. It would also be in line with the instinctive fear of many Russians that their country might in future break up as the USSR did not so long ago. Nonetheless, it ought in principle at least to be possible in the medium term to arrive at a more effective way to balance the competing financial and political interests of the federal centre, the richer regions and the ones in most need.

The further evolution of the Putinist system

The natural pathology of the incumbent regime under President Putin is to continue with the repression of ideas, individuals or groups that may be suspected as in any way – present or future – liable to threaten the direction or control of Russia’s system of governance. Just as it seems improbable that Putin and his circle will between now and 2024 break free of the economic constraints they have placed on themselves, so too will it be hard for them to reverse the culture of repression – even if they wanted to. The tempting supposition that this time around Putin will concentrate on his ‘legacy’ is ill-founded. Reform-minded insiders like Anatoly Chubais once hoped, when Putin first came to power, that he might turn out to be a ‘Pinochet’, in the sense of seizing control so as to bring in essential economic change. But Chile was a sabotaged democracy, not one that had been destroyed, and thus its people and its surviving institutions made it possible for democracy to recover in the decades after Pinochet. Russia has never been an established democracy. It has instead an inheritance of top-down rule buttressed by heavy-handed policing and propaganda. Once begun, repression that addresses a general threat, rather than a defined and identifiable enemy, evolves into a continuing policy with growing reach, and with no point at which it is possible to say that it has achieved its final goal.

It may on the face of it seem surprising to suggest that the repression built up as an essential regime tool in the course of Putin’s 2012–18 presidential term will continue, or even increase, over the next six years. Already, Putin and his colleagues benefit from the absence of obvious alternatives to them, or of clear ways in which potential rivals might achieve power. There have been signs of active discontent, particularly among urban voters, as seen most recently in the gatherings in various towns and cities in January 2018 in response to a call by Alexei Navalny for a boycott of the presidential election, and in the march in Moscow at the end of February to mark the anniversary of the murder of former deputy prime minister Boris Nemtsov in 2015. Such events have not, however, had the weight or focus of the mass protests against alleged electoral fraud that gave the regime serious cause for concern in 2011–12. Russia’s rulers may wish that they did not have to rely to the extent that they do on older and rural support bases, and rue the fact that state-run public media are not as effective as they once were. But the Putin administration nevertheless commands the support of a sizeable domestic constituency made up in reliable part of a significant number of

³⁶ Smirnova, L. (2017), ‘Tatarstan, the Last Region to Lose Its Special Status Under Putin’, *Moscow Times*, 25 July 2017, <https://themoscowtimes.com/articles/tatarstan-special-status-expires-58483> (accessed 5 Mar. 2018).

state dependents. And the regime authorities, whether at regional or federal level, have at their disposal a range of flexible laws that allow them to target potential troublemakers, and courts ready to hand out punishments as those authorities prefer.

All indications are that repression will continue to be the order of the day. A pending increase of the range of ‘foreign agent’ targets to include those alleged to have dealings with international media such as CNN that the regime disapproves of is making its way through the Duma.³⁷ The independent polling organization Levada announced in January 2018 that it would not issue data as to voter intentions in the run-up to presidential election for fear of repercussions.³⁸ (The Kremlin has a clear interest in there being high figures for Putin on polling day, and other polling organizations in Russia are more securely under its thumb than Levada.) Trial proceedings are being prepared against theatre director Kirill Serebrennikov for alleged fraud.³⁹ He is under house arrest, and prosecutors know that, however unfounded the charges against him may be, the outcome is predetermined and the message to other Russian cultural figures that their support for the regime is essential will be clear enough. Meanwhile, the persecution of Memorial,⁴⁰ the organization founded to record and publicize the totalitarian Soviet past and contemporary human rights abuses, continues both in Chechnya and in Russia as a whole, with the trial of Dmitry Yuriev in Karelia on charges of paedophilia as just one example. The real issue is not the charges against him, but his long and productive work on identifying the sites, and the names of the victims they contain, of mass shootings under Stalin in northern Russia.⁴¹

Following his re-election, Putin will thus continue to preside over a system that is incapable of trust in its citizens, and which is plagued by fears of what may happen if those citizens are not strictly controlled. He and his entourage have held office or privileged positions for so long that mistrust and falsehood is deeply ingrained, and those below them inevitably pander to their outlook. Russia, like any other authoritarian or totalitarian state, suffers from the inherent paradox that while it is clear in principle who is in charge, it is frequently and often deliberately unclear who has decided what in any particular case. Who, for example, ordered the assassination of Boris Nemtsov in 2015? No one has been able to question the Chechen military officer Ruslan Geremeev alleged to have

³⁷ Radio Free Europe/Radio Liberty (2018), ‘New Bill On ‘Foreign Agent’ Media Advances In Russian Duma’, 12 January 2018, <https://www.rferl.org/a/russia-foreign-agent-bill-advances-duma/28971473.html> (accessed 5 Mar. 2018).

³⁸ Osborn, A. (2018), ‘Russian pollster pulls pre-election research over closure fears’, Reuters, 16 January 2018, <https://www.reuters.com/article/us-russia-election-pollster/russian-pollster-pulls-pre-election-research-over-closure-fears-idUSKBN1F51GA> (accessed 13 Mar. 2018).

³⁹ BBC (2017), ‘Russian theatre director Serebrennikov charged in fraud case’, 22 August 2017, <http://www.bbc.co.uk/news/world-europe-41010528> (accessed 5 Mar. 2018).

⁴⁰ Memorial faced a series of oppressive acts recently. Following the detention of activist Oyub Titiev on spurious drug charges on 9 January 2018, the Memorial office in Grozny was searched three times in a row. Radio Free Europe/Radio Liberty (2018), ‘Grozny Police Search Memorial Office For Third Time This Week’, 19 January 2018, <https://www.rferl.org/a/chechnya-police-search-memorial-office-grozny-titiev-kadyrov/28985185.html> (accessed 5 Mar. 2018). Soon after, Memorial stated that its office in Ingushetia was torched. Radio Free Europe/Radio Liberty (2018), ‘Russian Rights Group Says Ingushetia Office Torched In ‘Terrorist’ Attack’, 17 January 2018, <https://www.rferl.org/a/russia-memorial-ingushetia-office-torched-titiev/28980146.html> (accessed 5 Mar. 2018). A car belonging to the Memorial office was torched in Daghestan. Radio Free Europe/Radio Liberty (2018), ‘Russian NGO Memorial’s Car Torched In Daghestan’, 23 January 2018, <https://www.rferl.org/a/russia-daghestan-memorial-car-arson-attack/28991773.html> (accessed 5 Mar. 2018).

⁴¹ Berg, E. ‘Glavu Karel’skogo “Memoriala” nachali sudit’ po delu ob izgotovlenee detskoy pornografii. Advokaty i soratniki schitayut protses sfabrikovannym’ [The trial against the head of “Memorial” began on charges of paedophilia. Lawyers and advisors claim that the charges are fabricated], Meduza, 1 June 2017, <https://meduza.io/feature/2017/06/01/glavu-karelskogo-memoriala-nachali-sudit-po-delu-ob-izgotovlenii-detskoy-pornografii-glavnoe> (accessed 5 Mar. 2018).

been in the chain of command.⁴² Nor has anyone been able to establish how far up the tree the decision to assassinate Nemtsov may have reached.

The notorious question ‘Who is Mr Putin?’, put by a US journalist to Russian delegates at the 2000 World Economic Forum in Davos, is still a reasonable one. Putin’s overall objectives are more evident now than they were then, and he has created a system that in general promotes these. But it is possible to argue both that Putin has now tightened his hold for the next term, and that he acts as the expression of the intrinsic nature of the system rather than as something like a dictator in the classic sense. It is not clear what his true domestic agenda may be, other than retaining control over events. There is no established mechanism for him to consult with his apparently closest colleagues (in themselves an ill-defined group) before eventually calling the shots when somebody has to, or giving the go ahead for one of them to pursue a particular purpose.

The ‘vertical of power’ that Putin envisaged was intended to be clear and definitive, but is in reality indeterminate. In domestic matters, Putin appears now to be trapped in a system that frequently seems to be self-steering at best. It would be compatible with that interpretation for Putin to be regarded in general as final arbiter between competing interests and persons, while being capable of taking personal decisions from time to time that have major consequences – as he did in annexing Crimea in 2014. The scope for such a model to operate in domestic affairs is severely restricted, however.

Arguably, the real centre of the Putinist system is now the FSB. It is reasonable to see Putin himself as an incarnation of its general spirit, rather than its defining leader. And by this argument, without radical – even revolutionary – change propelling a new president into office, the FSB will not be reduced to a body once again required to accept outside political direction. But the further paradox is that the FSB itself is not subject to coherent direction.⁴³ Its spirit of searching out and combating actual or, in its view, potential internal and external enemies is indeed both omnipresent and all-consuming. But who exactly runs the FSB’s varied and often competing components is open to question. The logic of its present and prospective operations points to greater activity in the future, driven not least by rivalries. The FSB’s relationship with other security organs such as the National Guard, which is directly answerable to Putin through his former personal bodyguard Viktor Zolotov, and the forces of the Ministry of the Interior appears ill-defined. Moreover, the GRU, Russia’s tightly knit and secretive military intelligence agency, works in cooperation with the FSB but is also imbued with a sense of professional rivalry to the latter.

While the full circumstances of the incident in the UK in early March 2018 in which former GRU officer Sergei Skripal and his daughter were poisoned with a military-grade nerve agent remain unclear, it is a reasonable supposition that it is the GRU, rather than the FSB, that would want

⁴² Meduza (2016). ‘Ruslan Geremeev summoned to court for the murder of Boris Nemtsov’, 6 December 2016, <https://meduza.io/en/news/2016/12/06/ruslan-geremeev-summoned-to-court-for-the-murder-of-boris-nemtsov> (accessed 5 Mar. 2018).

⁴³ For a useful account, see *Novaya Gazeta* (2018), ‘Chetvertaya silovaya’ [The Fourth Silovik War], 5 February 2018, <https://www.novayagazeta.ru/articles/2018/02/05/75384-chetvertaya-silovaya> (accessed 15 Mar. 2018). See also Reddaway, P. (2018), *Russia’s Domestic Security Wars: Putin’s Use of Divide and Rule Against his Hardline Allies*, New York: Palgrave Pivot.

revenge for Skripal's betrayal in passing intelligence to the British.⁴⁴ There is every reason to regard the attempt on Skripal's life as brutal evidence of the underlying nature of the Russian regime.

The diverse groups of regime-tolerated vigilantes, or the quasi-independent forces answerable to Ramzan Kadyrov in Chechnya, are further and expanding parts of a shifting security system in which the central authorities have compromised their exclusive right to the use of violence. The Russian Orthodox Church, itself widely understood to be well staffed with FSB personnel, is itself keen to extend its control over Russian life, including by deniable force as need be.⁴⁵ And Russia's armed forces are a rising component of the system as a whole, with a compelling appetite for fresh funds and their own set of purposes and attitudes inherited from the Soviet past.

The FSB and the security organs associated with it have a deep-seated interest beyond their formally designated remit for security – personal extortion. Absent an effective independent and motivated judicial system, together with vigilant media and an actively concerned Duma, there is nothing much to prevent FSB and similarly placed 'law enforcement' personnel from exploiting their well-exercised advantages as rent or property parasites.⁴⁶ The government headed by Prime Minister Medvedev has no authority in security matters, and no power to curb the corruption that increasingly infects that sphere. Its task is to manage within the shifting and repressive parameters set by others.

None of this is going to be changed by the Kremlin under President Putin over the next several years. The united and self-regarding purpose of the law enforcement agencies will remain that of keeping the general population under control, and appropriately fleeced. How decisive and united those agencies might prove to be in the event of sustained public protest is not something that has so far been tested, but is a question that likely troubles the top leadership from time to time.

Russia beyond borders

Putin's decision on his return to the Kremlin in 2012 to turn his back on economic reforms – and the societal changes that might have accompanied them – and to follow the path of domestic repression, went hand in hand with his overriding ambition to increase Russia's weight internationally. His 'state of the nation' address to the Federal Assembly on 1 March 2018 was

⁴⁴ Investigation of the incident was ongoing at the time of publication. Skripal was sentenced in Russia to 13 years' imprisonment in 2006, having been convicted of espionage, and was released and transferred to the UK in 2010 as part of a 'spy swap' agreement. Harding, L., Morris, S., and Bannock, C. (2018), 'Former Russian spy critically ill in UK 'after exposure to substance'', *Guardian*, 6 March 2018, <https://www.theguardian.com/world/2018/mar/05/salisbury-incident-critically-ill-man-is-former-russian-spy-sergei-skripal> (accessed 13 Mar. 2018). For the text of the UK prime minister's oral statement to the House of Commons on the attack, see Prime Minister's Office, 10 Downing Street and The Rt Hon Theresa May MP (2018), 'PM Commons statement on Salisbury incident: 12 March 2018', Gov.uk, <https://www.gov.uk/government/speeches/pm-commons-statement-on-salisbury-incident-12-march-2018> (accessed 13 Mar. 2018).

⁴⁵ For example, see Soldatov, A. (2016), 'Bogoslovy iz FSB' [Theologians from the FSB], *Novaya Gazeta*, 9 September 2016, <https://www.novayagazeta.ru/articles/2016/09/09/69798-bogoslovy-iz-fsb> (accessed 5 Mar. 2018).

⁴⁶ Some argue that state actors rather than private coercion have now become the primary aggressors to property rights. State threats include seizing firms' assets, illegal corporate raiding, extortion, illicit fines, and unlawful arrests of businesspeople. See Gans-Morse, J. (2012), 'Threats to Property Rights in Russia: From Private Coercion to State Aggression', in *Post-Soviet Affairs*, 28(3): 263–295. On the increasing participation of state agencies in criminal raiding attacks in acts of *reyderstvo*, see also Rochlitz, M. (2014), 'Corporate raiding and the role of the state in Russia', *Post-Soviet Affairs*, 30(2–3): pp. 84–114 (accessed 5 Mar. 2018).

notable for its emotional force, its particular vehemence in blaming the US for the measures that he claimed he had to take, and its implication that Russia had been persecuted by the emergence of independent states from the wreckage of the former Soviet Union.⁴⁷

The indications are that Putin is likely to remain more actively engaged in Russia's external affairs than in addressing its domestic concerns for the foreseeable future. Russia – in its Tsarist, Soviet and now contemporary form – has a history of attempts to impose itself on the European continent and indeed beyond it, as a great power. And Putin has been no less insistent on Russia's inherent right to be respected as such, and to enjoy the privileges derived from such a status, than were his predecessors. He may indeed be all the more insistent on promoting Russia's status as a great power because of its comparative weakness in recent decades vis-à-vis the international actors it would wish to regard as its peers.⁴⁸ The perception of Russia as a great power is an essential buttress to the Kremlin's hold on power in Russia itself, and stands as a justification of that hold on power in the eyes of the Putin regime. The president and those around him have made an increasing effort over the years to build up the narrative that Russia's historic worth has been, and can only be, based on a succession of military victories – Stalin's not least. The form that this narrative has taken has been a major factor in Russia's cultural degradation in the 21st century, and in its retreat from the European and Christian values that were essential to its finest achievements of the 19th and 20th centuries.

The great power doctrine, moreover, dangerously distorts Russia's foreign policies, and betrays its longer-term interests. Its overall effect has been to drive Russia away from its European – and by extension transatlantic – bedrock. Like its domestic equivalent, the commitment to 'Russian values', it is devoid of intrinsic meaning, being in practice restricted to two crude ideas. First, that Russia has an inherent right to force its will on its neighbours – and ideally on the whole of its former, Yalta-acquired space. And second, that it is locked into a struggle with the West, and with the US in particular. The possibility of mutual trust and common advantage is not in the present Kremlin's DNA. Putin and his close associates have little or no understanding of Western – or, for that matter, Ukrainian, Georgian or even Belarusian or Kazakh – interests, motivations or likely reactions to Russian policies. The regime's self-absorption is such that when, in 2011, Putin accused the then US Secretary of State Hillary Clinton of provoking Russia's street protests against fraud in the Duma elections, he really meant it.⁴⁹ The same went for the assertion that it was the Americans who were behind the Euromaidan protests of 2013–14, and the resultant justification that Moscow had a duty to react against Western plots against Ukraine.⁵⁰ Putin has, in effect, built up a picture

⁴⁷ President of Russia (2018), 'Presidential Address to the Federal Assembly'.

⁴⁸ Inozemtsev, V. (2017), 'Tretya khalodnaya' [Third Cold War], Snob.ru, 2 December 2017, <https://snob.ru/selected/entry/131887> (accessed 5 Mar. 2018).

⁴⁹ Herszenhorn, D. and Barry, B. (2011), 'Putin Contends Clinton Incited Unrest Over Vote', *New York Times*, 8 December 2011, <http://www.nytimes.com/2011/12/09/world/europe/putin-accuses-clinton-of-instigating-russian-protests.html> (accessed 5 Mar. 2018).

⁵⁰ During an interview in Andrey Kondrashov's film *Krym. Put' na rodinu* [Crimea. Path to Motherland] (<https://www.youtube.com/watch?v=t42-71RpRgI>), Putin openly accused Americans of being 'the real puppeteers' of Maidan. 'Putin: kuklovodami maidana byli amerikanskie druzya' [Putin: Our American friends were the puppeteers of Maidan], Vesti.ru, 15 March 2015, <https://www.vesti.ru/doc.html?id=2427107> (accessed 5 Mar. 2018). In the same film, the Russian President also claimed that nationalists in Kyiv triggered a process in Ukraine that forced Russia to intervene and 'return' Crimea to Russia. Ria Novosti (2015), 'Putin: my nye mogli brosit' krimchan pod katok natsionalistov' [Putin: we could not abandon Crimeans to nationalists' rule], 9 March 2015, https://ria.ru/crimea_news/20150309/1051641613.html (accessed 5 Mar. 2018).

for himself and others of US aggression against him and his country which therefore demands Russian counteraction.

This insistently repeated narrative of Russia as a great power, surrounded by enemies and threatened by a fifth column orchestrated by those hostile forces, will not change in the near future. There are those in the West who admire Putin for what they see as his administration's swift and effective action in Syria – action that has in a way outplayed the US. Others point to Russian intrusion into, for example, Central Europe, the Balkans or Libya in a similar spirit.⁵¹ But it is questionable how long such 'wins' may last; what future other such actions might be practicable or remotely sensible; and how far those actions might fit in with any worthwhile vision of Russia's national interests, beyond one based on the premise of a Russian need to re-establish itself as a competitor to the US. The prospect for the next Putin term will nevertheless remain one of further interference – including by cyber means – perhaps far beyond its borders, of sustained pressure closer to home – notably on Ukraine but also on Georgia – and propaganda warfare directed at its own people as well as abroad. The degree and intensity of such efforts will naturally depend on changing circumstances. But for now at least the Kremlin is not looking for bankable or lasting agreements, on for example security measures, with NATO countries.

This outlook, and the militarization of Russian society and policies that goes along with it, carries the risk of dangerous mistakes being made, including by Putin. He has not been able to impose an effective solution that would satisfy his overall aim of bringing Ukraine back within Moscow's orbit. Putin has also already been twice to Syria (most recently in December 2017)⁵² to declare the fulfilment of Russia's objectives and the withdrawal of Russian forces, only to find that the situation on the ground changed for the worse immediately thereafter, leaving Russia as embroiled as it had been before Putin's declaration of victory. And while the majority of the Russian people may welcome having their national pride sustained by the regime, this would not be at the price of many more soldiers being known by the public as returning home in zinc coffins. It is not clear precisely what happened in early February 2018 when a number of Russian mercenaries, perhaps as many as around 200, were killed fighting US-supported forces opposed to the Assad regime.⁵³ But the incident, as well as the evidence since 2014 in Ukraine, highlighted the existence of Kremlin-backed – but deniable – forces in its foreign ventures.

⁵¹ See for example Györi, L., Krekó, P., Janda, J., and Weidinger, B. (2017), 'Does Russia interfere in Czech, Austrian and Hungarian elections?', Political Capital – European Values Think-tank – DöW, http://www.europeanvalues.net/wp-content/uploads/2017/10/western_experiences_eastern_vulnerabilities_20171012.pdf (accessed 13 Mar. 2018); Farmer, B. (2017), 'Surveillance photos' show Russian intelligence officers plotting Montenegro coup', 29 August 2017, <https://www.telegraph.co.uk/news/2017/08/28/surveillance-photos-show-russian-intelligence-officers-plotting/> (accessed 13 Mar. 2018); Pigman, L. and Orton, K. (2017), 'Inside Putin's Libyan Power Play', *Foreign Policy*, 14 September 2017, <http://foreignpolicy.com/2017/09/14/inside-putins-libyan-power-play/> (accessed 13 Mar. 2018).

⁵² Osborn, A. (2017), 'Putin, in Syria, says mission accomplished, orders partial Russian pull-out', Reuters, 11 December 2017, <https://www.reuters.com/article/us-mideast-crisis-syria-russia-putin/putin-in-syria-says-mission-accomplished-orders-partial-russian-pull-out-idUSKBN1E50X1> (accessed 13 Mar. 2018).

⁵³ Borger, J. and Bennetts, M. (2018), 'Scores of Russian mercenaries reportedly killed by US airstrikes in Syria', *Guardian*, 13 February 2018, <https://www.theguardian.com/world/2018/feb/13/russian-mercenaries-killed-us-airstrikes-syria> (accessed 13 Mar. 2018).

Some conclusions for the longer term

The electoral verdict on 18 March 2018 is not going to be a triumph for Putin, nor will it see his reincarnation as the ‘supreme leader’ that most Western observers suppose him to be. He was able six years ago sharply to dismiss economic and political evolution, and to pursue the phantom of Russia as a great power. He and those around him are now bound by those decisions. It is in addition the sobering conclusion of the analysis offered so far that this time the majority of Russians, whether they bother to vote or not, are likely to accept Putin’s re-election as one of those things that are not really their concern, and something they cannot anyway do much about. That may be enough for the regime to carry on much as it has done since 2012 for the immediate future, but not enough to prevent the continued internal decay of its structures or to restore Putin as its paramount leader with a clear and practical plan for its future development.

It follows, if this is right, that – as has been suggested in this paper, and as the Russian political scientist Gleb Pavlovsky⁵⁴ argued in his recent dialogue with his counterpart Vladimir Pastukhov⁵⁵ – we are already in a new and uncertain political space as Russia moves towards a post-Putin era. It is evident, at the least, that there will have to be a decision by early 2023 at the latest as to what should be done about Putin’s future, and therefore how Russia is to be governed beyond that. No one can now predict exactly what conditions in Russia may be like in four or five years’ time, but it is arguably the case that it will be beyond the power of an inner group around Putin to decide who among them should succeed to the throne. There are three points to note here: first, there exists no such defined or organized group now; second, the Kremlin is no longer really a throne; and third, it would be unwise to act as though the apathy of the Russian public is a given. Extending Putin’s term in office in some way after 2024 – even if this were manageable – would be to postpone the problem of what should be done later on. A successor chosen by Putin himself would either have to have a programme to offer that would attract a decent degree of public support, or be able and willing to use force to compel obedience. This would be what Pastukhov has called, in the course of his dialogue with Pavlovsky, the Sechin option. At the risk of some exaggeration, it could also appear more like Venezuela’s Maduro option. Either way, what we are looking at towards the end of the next Putin term is a replacement, not a successor.

Anticipation of change is itself destabilizing, and all the more so as the expected date of change comes closer. No one at present knows with any assurance what will happen, or who might effect it, or by what mechanisms. It is the depressing case that ever since 2000, and in particular since 2012, Russian citizens have been deprived of their tools of self-understanding.⁵⁶ There is no effective civil society in Russia, and certainly nothing to compare with that in Ukraine. Silencing NGOs, brutalizing mass media, vulgarizing and disempowering the Duma, distorting historical truth,

⁵⁴ Pavlovsky, G. (2018), ‘Neputinskaya Rossiya Vmesto Putina v Kremlje [Russia Without Putin Instead of Putin in the Kremlin], mbk.media, 5 February 2018, <https://mbk.media/sences/neputinskaya-rossiya-vmesto-putina-v-kremlje/> (accessed 5 Mar. 2018).

⁵⁵ Baryshnikov, V. (2018), ‘Sorok let v pustyne. Vladimir Pastukhov – o sroke rezhima Putina’ [40 years in the desert. Vladimir Pastukhov on Putin’s time in the office], Radio Svoboda, 14 February 2018, <https://www.svoboda.org/a/29036483.html> (accessed 6 Mar. 2018).

⁵⁶ This is Masha Gessen’s telling phrase, used in conversation about her most recent book *The Future is History: How Totalitarianism Reclaimed Russia*. Gessen, M. (2017), ‘Russia: The failure of democracy and the rise of totalitarianism’, *Guardian*, 4 December 2017, <https://membership.theguardian.com/event/russia-the-failure-of-democracy-and-the-rise-of-totalitarianism-39547235847> (accessed 5 Mar. 2018).

corrupting the courts, encouraging mutual denunciation, giving clear but unacknowledged cover to violent vigilantes, as well as unsolved and unpunished political murders, all inhibit the development of any sort of constructive discussion of how best to stem, much less reverse, the further misgovernment of Russia. As things stand, a good number of educated, formerly optimistic, and mainly urban Russians are at a loss to know where their country is heading, or what they can do about it, apart from leaving in due course. It is to be hoped that future circumstances mean that they need not do so. Fear of the future is potent, and ‘strongmen’ habitually leave disaster as their legacy, but recognizing and acknowledging the problems that need to be faced, as many Russians do, is an essential first step in resolving them over time.

Considerations for the West

Policymakers in the West, whether in individual countries or in collective groupings such as NATO or the EU, will need to absorb what Putin’s re-election may mean. Beyond the fact that he will be in the Kremlin for another six years, it may seem on the face of things that nothing much has changed. It would follow for some that Western leaders should carry on as before, and for others that the West should re-engage – i.e. shift towards a more accommodative approach in recognition of the current reality, in the hope of achieving a more cooperative relationship with Moscow. The analysis offered in this paper suggests that:

- Western policymakers will need time to absorb the full implications of Putin’s installation for a further term. In the meantime, the case for sanctions and effective NATO defence measures remains as strong as ever. The assassination attempt on former GRU officer Sergei Skripal and his daughter, conducted in the UK just two weeks before the Russian presidential election, would suggest at least as much.
- The narrative developed and fostered during the Putin era of Russia being surrounded by enemies and threatened by a West dominated by the US is deeply rooted but false. Russia has earned its own legacy of distrust among its neighbours. Moreover, Russia’s policies and attitudes towards international affairs and their implications for the West are first and foremost the product of Russia’s internal conceptions, not those of the West.
- Moscow’s aim of realizing its hegemony over Russia’s neighbourhood remains undiminished. Putin spoke at length of Ukrainians and other Orthodox Slav peoples being bound together with Russians by history, culture and religion at his December 2017 press conference. He repeated the mantra in talking with journalists in January 2018, describing the present situation as being ‘totally abnormal’.⁵⁷ Perhaps he thinks so. Ukrainians disagree. Russian pressure on Georgia persists.
- It remains in the interests of peaceful cooperation in Europe that the rights of independent countries should be protected. Putin has presided over a renewed era of imperialist-minded resentment, fear and ambition. The respect Russia deserves is to be taken seriously for what it is,

⁵⁷ ‘It is totally abnormal that instead of constructively advancing relations between the two close, brotherly nations and between what are essentially parts of the same people, we see what is unfolding today.’ See President of Russia (2018), ‘Meeting with heads of Russian print media and news agencies’.

not because it claims superior rights over others. It is in Russia's ultimate national interest that the West should respect the sovereignty both of Russia and of others.

- Russian attempts to disrupt Western democracies and to destabilize international organizations continue, and indeed appear to be increasing. Western concerns about cyber disruption, for example, understandably increase accordingly.
- Russian erosion of the force of international treaties also signed by Moscow, such as that governing intermediate-range missiles, is a cause for concern, as is the re-emergence of provocative military manoeuvres along western borders.
- The evidence is that the incumbent regime under President Putin cleaves to a fundamental assumption that 'might is right', and that where cooperation with others fits with its aims it is acceptable to engage on an ad hoc basis. Western countries can therefore expect to be able to collaborate with Moscow in specific areas, but any broader search for an overarching new and binding re-engagement is likely to prove fruitless.
- The West should pay close attention to the Kremlin's human rights record over the next several years, and the way it fits with Russia's existing international obligations in this regard. The exercise of justice is a basic obligation of all states, and a clear indicator of a country's future development. Putin's Kremlin is not the whole of Russia. The Russian people will to an important degree judge the countries of the West by their moral record in considering what may be good for Russia in due course.
- There is an existing need for deeper and more regular consideration internationally of where Putin's country may be headed, including fuller understanding of Russia's history and the outlook that has resulted. The outlook for 2018–24 is discouraging, but the 18 March election will in principle foreshadow change maturing as the next presidential term moves towards its end.

About the author

Sir Andrew Wood is an associate fellow of the Russia and Eurasia Programme at Chatham House. Since his retirement from the British diplomatic service in 2000, in which he served latterly as ambassador in Moscow, he has held positions with a number of UK-based companies with interests in Russia and other countries of the former Soviet Union. He is co-author, with Lilia Shevtsova, of *Change or Decay: Russia's Dilemma and the West's Response*, published by the Carnegie Institute in 2011; and has been a regular contributor to Chatham House publications including, in 2015, *The Russian Challenge*.

Acknowledgments

I am indebted to James Nixey, Lubica Polláková and Jaroslava Barbieri of the Russia and Eurasia Programme at Chatham House for their staunch encouragement and support in producing this paper, including their efforts in compiling its comprehensive footnotes. That debt includes their work with Jo Maher and the editorial team, who did much to clarify the result. Thanks are also due to the paper's peer reviewers for their invaluable comments. None of them of course is to be held responsible for any errors of fact, but the end result owes a lot to their guidance and patience.

Independent thinking since 1920

Chatham House, the Royal Institute of International Affairs, is an independent policy institute based in London. Our mission is to help build a sustainably secure, prosperous and just world.

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical including photocopying, recording or any information storage or retrieval system, without the prior written permission of the copyright holder. Please direct all enquiries to the publishers.

Chatham House does not express opinions of its own. The opinions expressed in this publication are the responsibility of the author.

Copyright © The Royal Institute of International Affairs, 2018

Cover image: People pass by a billboard with an image of Russia's President Vladimir Putin and lettering 'Strong president – Strong Russia' in Saint Petersburg on 12 January 2018.

Photo credit: © Olga Maltseva/AFP/Getty Images

ISBN 978 1 78413 262 0

This publication is printed on recycled paper.

The Royal Institute of International Affairs
Chatham House
10 St James's Square, London SW1Y 4LE
T +44 (0)20 7957 5700 F +44 (0)20 7957 5710
contact@chathamhouse.org www.chathamhouse.org

Charity Registration Number: 208223