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Political Development: From Disorder to Recentralization of Power

After a brief period of nascent institutionalized democracy in the 1990s, from 2000 the Russian political system underwent a considerable reversal toward a precommunist Russian model. Brilliant historian Richard Pipes has described this original Russian model as "patrimonial authoritarianism."[1] Political institutions other than those of the highly centralized personal power are ineffectual—the parliament, political parties, legal system, regional governments, and civil society all are weak. When its coffers are full, as they were in mid-2008, the Kremlin is able to buy or intimidate potential competitors and appear strong, just as Vladimir Putin's government did during the last few years of his second term. But the system remains brittle and top heavy. It is inherently unstable and vulnerable to internal and external shocks.

The most important factor determining the government's popularity is economic performance. During Boris Yeltsin's term as president (1991–99), the Russian economy experienced a prolonged decline and his popularity ratings were consistently low, often in the single digits. In contrast, during Putin's presidency, the Russian economy grew at 7 percent a year for nearly a decade and his ratings were persistently high, even exceeding 80 percent at times.[2] However, the global financial crisis has deepened into what looks to be the worst recession in generations, and Russia is especially

1. Richard Pipes, *Russia under the Old Regime* (London: Weidenfeld & Nicholson, 1974).

2. Daniel Treisman, "The Popularity of Russian Presidents" (paper presented at the Frontiers of Political Economics conference, New Economic School, Moscow, May 30–31, 2008).

vulnerable because of its high dependence on hydrocarbon revenues and thus international oil prices. The risk of political instability is growing dramatically.

It is easy in hindsight to summarize the evolution of Russia's political system from the democratic breakthrough that occurred after the abortive hard-line coup in August 1991. The ensuing two years were characterized by serious strife between Yeltsin and the parliament. That period ended with Yeltsin dissolving the parliament, which responded with an armed uprising that he quashed with considerable bloodshed. The outcome was the adoption, through a referendum in December 1993, of a new constitution with strong presidential powers. But the nationalist and communist opposition to Yeltsin won parliamentary elections both then and again in December 1995. Thus Yeltsin and the oppositional parliament cohabited warily until the end of his term, while the regional governors and big businessmen enjoyed considerable autonomy.

Everything changed after the appointment in August 1999 of the unknown Vladimir Putin as prime minister. In December of that year, the newly formed pro-Yeltsin Unity party won the parliamentary election, giving Yeltsin a parliamentary majority for the first time. Yet on December 31, Yeltsin resigned voluntarily before the end of his term to the benefit of Prime Minister Putin, who was elected president in early elections in March 2000. Immediately after his inauguration, Putin curtailed the powers of the regional governors while the Kremlin manipulated regional elections through fraud and the disqualification of candidates. The new president also imposed his control over major television networks by antagonizing the two main media tycoons. In addition, in October 2003 Russia's richest man, Mikhail Khodorkovsky, the owner of Yukos oil company, was arrested and eventually sentenced on dubious grounds to eight years in prison for tax fraud, and his company was confiscated because of tax penalties. The Yukos affair signaled to the tycoons that they had better stay clear of any political opposition.

The popular Orange Revolution in Ukraine in November–December 2004 had a major impact on Russia's political system, as the Kremlin decided to tighten its political control. Beginning in 2005, governors were no longer democratically elected but effectively appointed by the Kremlin. Media control was reinforced. New legislation introduced strict control over nongovernmental organizations, public meetings, and popular protests. The registration of parties and candidates in elections became prohibitively complex, effectively excluding the possibility of actual opposition. Illegal protests were broken up with police force and many young protesters were jailed. Thus since 2005, the authoritative Freedom House has assessed Russia as "not free."[3]

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3. Freedom House, *Freedom in the World 2008: Selected Data from Freedom House's Annual Global Survey on Political Rights and Civil Liberties*, www.freedomhouse.org (accessed on October 10, 2008).

Political Chaos, 1991–93

At the time of the collapse of communism in 1991, Russia had three important federal political institutions. The first and politically most important was a popularly elected president, Boris Yeltsin, who had a fresh democratic mandate through his election on June 12, 1991, by a popular majority of 57 percent against the communist establishment. The second political institution was the Congress of People's Deputies, the Russian parliament elected on March 4, 1990 (though those elections were not altogether democratic). The third institution was the Soviet Russian Constitution of 1978, a remnant of the Soviet Union Constitution (the so-called Brezhnev Constitution) of 1977, which was never meant to govern the state and was therefore not thought through.

Immediately after the failed coup of August 1991, President Yeltsin decided to disband the Communist Party of the Soviet Union in the Russian Federation, stripping Russia of its de facto government. Power fell into the hands of state institutions that lacked experience in governing.

Three ensuing developments were of particular importance. First, power rapidly devolved to the Russian Federation's 89 regions. Some ethnically based republics posed particular problems as they enjoyed greater rights than other regions. Notably, Chechnya insisted on treatment as a union republic and declared itself independent from Russia. Yeltsin had actually encouraged this stance in 1990 by telling Tatarstan and Bashkortostan, two large Muslim republics on the Volga, to "take as much sovereignty as you can swallow." But in March 1992, to stanch the flow of power away from Moscow after the breakup of the Soviet Union, Yeltsin signed a federation treaty, according the ethnically based republics a privileged position.

Second, strife developed between Yeltsin and his reform government, on the one hand, and the Russian parliament under the leadership of its chairman, Ruslan Khasbulatov, on the other. The parliament, the large and unwieldy Congress of People's Deputies, whose members had been elected on individual mandates in March 1990 before the electorate even knew who they were, was disorganized and not accountable to anybody. Increasingly, the parliamentarians opposed Yeltsin's market economic reforms and any financial stabilization. Most of all, they protested against his presidential power. Rather than seeking compromise, both sides escalated the struggle, and by August 1993 the situation was untenable. The parliament insisted on a huge budget deficit, which would have brought hyperinflation. On September 21, 1993, Yeltsin dissolved the parliament. But his hesitant handling of the situation provoked an armed uprising by the parliament. Finally, he mobilized special forces to defeat the parliament's troops, and some 150 people were killed, leaving a black mark on Russia's budding democracy.

Third, law and order collapsed and crime skyrocketed. Initially, crime was disorganized and carried out by individuals, but as public law enforcement did not do its job, crime became increasingly organized. As Vadim Volkov put it: "Since the actions of the state bureaucracy and of law enforcement remain arbitrary and the services provided by the state tend to have higher costs, private enforcers (read: the mafia) outcompete the state and firmly establish themselves in its stead."[4] Government officials, including policemen, were afraid and alienated, and they worked as little as possible. The state thus played a very small role in the early 1990s.

The Yeltsin Constitution of December 1993 and the Rise of the Oligarchs

The shootout at the parliamentary White House was traumatic for the new Russia; Yeltsin's rationale for his actions was comprehensible, but the actions seemed excessive. This was the obvious moment for Yeltsin to choose between democracy and authoritarianism, and he chose democracy, holding parliamentary elections as he had promised. On December 12, 1993, Russia held a referendum on a new constitution and elections to the new State Duma (the lower house) and Federation Council (the upper house). Together, they form the Federal Assembly.

Yeltsin no longer saw any need to negotiate the electoral rules—he simply imposed them by decree. He insisted on a system that gave the president strong powers and was even called superpresidential. The president had the right to nominate the prime minister, but the parliament had to approve the nominee. If it refuted the president's candidate three times, the president had to dissolve the Duma. And if the Duma passed two votes of no confidence in the government within three months, the president must either dismiss the cabinet or dissolve the Duma. Yet the president's powers were constrained. The president could veto a law passed by the parliament, but the parliament could override a veto by a two-thirds vote in each chamber. The new constitution also limited the scope of impeachment to high crimes.[5]

The president named the so-called power ministers: the minister of defense, the minister of interior, and the chairman of the Federal Security Service (FSB, the old KGB). He also appointed the minister for foreign affairs. These ministers reported directly to the president. The prime minister appointed all other ministers. No ministerial appointments required Duma approval. In effect, the president was responsible for foreign and

4. Vadim Volkov, *Violent Entrepreneurs: The Use of Force in the Making of Russian Capitalism* (Ithaca, NY: Cornell University Press, 2002, 19).

5. Thomas F. Remington, *Politics in Russia* (New York: Pearson Longman, 2006, 58).

security policy, while the prime minister managed economic policy. This division of labor worked well with Yeltsin and Prime Minister Viktor Chernomyrdin (1992–98).[6]

The lower house of the new parliament, the State Duma, confirmed the prime minister, legislated, and adopted the budget, performing the functions of a normal parliament. The Duma had 450 members, a customary size; half the members won their seats in a proportional election every four years through party lists with a threshold for representation of 5 percent of the votes. The other half were elected in single-mandate constituencies through a first-past-the-post system. The reason for this mixed approach was a fear that Moscow would be too dominant in a purely proportional system.[7] The aim of the proportional elections was to promote the development of parties. Mikhail Gorbachev's unusual innovation of indirect election to an inner parliament was terminated.

The upper chamber, the Federation Council, was somewhat inspired by the US Senate but probably more by the German Federation Council; its aim was to reinforce the representation of the regions. But it was never taken seriously. The constitution did not specify whether its 178 members (two from each of the 89 regions) would be elected or appointed, and the system changed repeatedly. In 1993, hasty Council elections in parallel to those for the far more important Duma virtually guaranteed the election of the regional rulers in the Federation Council. Beginning in 1995, the regional governors and the chairs of the regional legislative assemblies were automatically members of the Federation Council, until President Putin in 2000 usurped the right to appoint them.[8]

Notwithstanding the adoption of the new constitution, Yeltsin's power proved limited. In the first Duma election in December 1993, which the progovernment party, Russia's Choice, lost to a nationalist-communist opposition. A new progovernment party, Our Home Is Russia, fared even worse in the December 1995 parliamentary elections, which were largely won by the communists. In June–July 1996, Russia held presidential elections in two rounds; Yeltsin won the runoff against communist leader Gennady Ziuganov, but it was a tight race, showing both how comparatively democratic Russia was at the time—and how strong the reaction was against the not very successful reforms.

While the Russian state remained weak, private forces grew strong. Around 1994, big, new businessmen emerged. These oligarchs considered the fees of the pervasive protection rackets excessive and set up their own

6. Yeltsin had abolished the post of vice president after his many problems with Aleksandr Rutskoi in that position (1991–93). Michael McFaul, *Russia's Unfinished Revolution: Political Change from Gorbachev to Putin* (Ithaca, NY: Cornell University Press, 2001, 211–13).

7. The purely proportional system was introduced in 2007, when the threshold for representation was raised to 7 percent.

8. Remington, *Politics in Russia,* 58.

security and guard services. The oligarchs were powerful enough to ignore the old gangsters and also took advantage of the weakness of the state to purchase whatever state services they needed. They rose to particular importance in 1995–96 when, first, they acquired a dozen large enterprises through cheap loans-for-shares privatizations and then they provided Yeltsin with massive financial support for his reelection in the summer of 1996. The years 1996–98 are often described as the years of oligarchy.[9]

During his last term, Yeltsin accomplished few domestic reforms. He was in poor health and heart surgery put him out of commission for the second half of 1996. The communist-dominated parliament opposed his every step. Increasingly powerful businessmen seemed to roam the government corridors as if they owned them. The final blow was the financial crash of August 1998. In its wake, Yeltsin changed prime minister four times in 1998–99.

In retrospect, the political development under Yeltsin was confusing and idiosyncratic. He favored strong presidential powers and opposed a parliamentary system, and he sanctioned the manipulation of the presidential elections of 1996, interference that gradually undermined democratic standards in Russia. He believed in federalism and in the substantial powers of the regional governors, but condoned the start in December 1994 of the very bloody war against separatism in Chechnya. Toward the end of his rule, he was preoccupied with the question of anointing a successor. At the same time, he was amazingly tolerant of public and media criticism, never prosecuting anybody for libel. In a general sense, he identified himself with democracy, although his concept of democracy was vague.[10]

The Putin Centralization

In August 1999 Yeltsin appointed FSB Chairman Vladimir Putin prime minister, who soon emerged as Yeltsin's successor. In December 1999 the Kremlin won a majority in the State Duma for the first time. The election campaign focused on the second Chechnya war, begun in September of that year, and on the country's new financial stability and strong economic growth. On New Year's Eve 1999, Yeltsin resigned, and Putin became president in a snap election in March 2000.

9. Chrystia Freeland, *Sale of the Century: Russia's Wild Ride from Communism to Capitalism* (New York: Crown Business, 2000); David E. Hoffman, *The Oligarchs: Wealth and Power in the New Russia* (New York: Public Affairs, 2002).

10. Boris Yeltsin, *The Struggle for Russia* (New York: Crown, 1994); Boris Yeltsin, *Midnight Diaries* (New York: Public Affairs, 2000); Leon Aron, *Yeltsin: A Revolutionary Life* (New York: St. Martin's Press, 2000); Timothy Colton, *Yeltsin: A Life* (New York: Basic Books, 2008).

Putin was very different from Yeltsin, partly because of his career in the KGB, where he never reached a higher rank than lieutenant colonel. Although his political career rapidly took off in the late 1990s thanks to Yeltsin, he held very different views, as is evident from his early interview book.[11] He was determined to reverse Russia's trajectory by recentralizing the state and its power. He laid out his thinking on the Russian state in a document, *Russia at the Turn of the Millennium*, issued on the web shortly before he took over as acting president. In particular, he noted, "A strong state is not an anomaly for a Russian, it is not something to fight against; rather, it is the source and guarantee of order, the initiator and main moving force of any changes."[12] Accordingly, in his first months as president Putin vitiated three alternative bodies of power that had emerged under Yeltsin—the regional governors, the media, and the oligarchs—and recentralized power to the Kremlin, relying on a close circle of old collaborators from the KGB and St. Petersburg.

First, he reined in the regional governors by appointing his personal representatives to oversee seven newly created federal districts. The main tasks of these hand-picked representatives were to coordinate the activities of all federal agencies in their districts, bring regional laws in conformity with federal legislation and the constitution, and monitor tax collection and the flow of federal money in their districts. In addition, Putin reformed the Federation Council, the upper house of parliament, and effectively appointed members himself to deprive regional leaders of a direct voice in national policy. Elections of governors continued but were increasingly manipulated, especially by the last-minute disqualification of prominent candidates on the basis of technical minutiae. He fought a brutal war during the first years of his presidency to regain control over Chechnya. And in 2004 Putin used a large-scale terrorist attack on a school in Beslan in North Ossetia as a pretext for eliminating the popular election of regional governors in favor of presidential appointments.

Second, Putin moved against the media and their owners. He turned against the two major media oligarchs, Vladimir Gusinsky and Boris Berezovsky, who controlled large media empires, including the television networks NTV and ORT. Primarily through extralegal force, Putin imposed state control over these two television channels, and businessmen close to the Kremlin took over one media outlet after the other as Putin narrowed the field for political debate in the media. Television, the primary source of news for Russians, now reliably presents a Kremlin-approved viewpoint, although critical voices still make themselves heard in minor newspapers and on the Internet.

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11. Vladimir V. Putin, *First Person* (New York: Public Affairs, 2000).

12. Vladimir Vladimirovich Putin, "Rossiya na rubezhe tysyacheletiy" ["Russia at the Turn of the Millennium"], December 30, 1999, in Richard Sakwa, *Putin: Russia's Choice* (London and New York: Routledge Press, 2004, 251–62).

Third, Putin launched well-publicized attacks on the oligarchs and then reached an informal agreement under which they would retain the rights to their property in exchange for a promise to stay out of politics. His message was: "You stay out of politics and I will not revise the results of privatization."[13] The Russian state was back and the era of the oligarchs was over. Big businessmen acquiesced to the Kremlin and minimized their public activities.

Putin thus centralized power to the federal government, or more specifically to the presidential administration and the FSB. Whereas Yeltsin had split up the KGB to weaken it, Putin reassembled and strengthened it. The secret police received increasing resources and enjoyed a legal monopoly on the use of violence.

In other areas, Putin continued the economic reform agenda of the 1990s from 2000 to 2002. He also undertook comprehensive judicial reform, which improved the quality and financing of the courts but made them dependent on the presidential administration rather than on the regional governors. Thus the reform did not depoliticize the courts; it only changed their political master.

The Arrest of Khodorkovsky and the Confiscation of Yukos

The oligarchs were still a major political force, but initially Putin limited his conflict with them to exiling the two big media oligarchs and telling the rest to stay out of politics. One oligarch, however, refused to comply.[14] Mikhail Khodorkovsky was the main owner and CEO of Yukos oil company. By 2003 he was the richest man in Russia, with an assessed fortune of $15 billion and more than 100,000 employees. Yukos had the highest market capitalization of any Russian corporation at $45 billion. He and his co-owners aspired to transparency and good corporate governance, publicizing their ownership. Yukos cleansed its corporate structures and financial system, abandoning transfer pricing, and the company was richly rewarded on the international stock market. Although Khodorkovsky had a reputation as one of the most ruthless oligarchs in the 1990s, from 2000 he became the foremost example of the gentrification of Russian capitalism as he and Yukos developed extensive charitable activities, supporting health care and civil society.[15]

13. Peter Baker and Susan Glasser, *Kremlin Rising: Vladimir Putin's Russia and the End of Revolution* (New York: Scribner, 2005, 86–87).

14. An excellent account of the Yukos affair is in Stephen Fortescue, *Russia's Oil Barons and Metal Magnates: Oligarchs and the State in Transition* (London: Palgrave Macmillan, 2006).

15. Baker and Glasser, *Kremlin Rising,* 272–92.

Khodorkovsky pursued numerous campaigns. By increasing Yukos' production and efficiency, he led the revival of the country's old brownfields, drawing on international technology and expertise. He advocated the construction of a private oil pipeline to China and another to Murmansk at Barents Sea, which would break the monopoly of the state-owned oil pipeline company Transneft. He criticized state-dominated Gazprom for inefficiency and advocated a bigger role for Yukos, complaining that his company was forced to flare billions of cubic meters of gas because of Gazprom's refusal to grant Yukos access to its monopolized gas pipeline system. In 2003 he conducted advanced negotiations with ExxonMobil and Chevron about selling a major equity stake of Yukos.

The collision between Putin and Khodorkovsky involved all the major issues of Putin's second term: nature of the political system, state or private control over resource industry, rule of law or vertical Kremlin power, some strategic aspects of foreign policy, the role of civil society, and, of course, the role of oligarchs. And Khodorkovsky accused Putin's close collaborators of corruption. Putin resolved all these conflicts in a way that made clear that oligarchs could not play an independent political role.

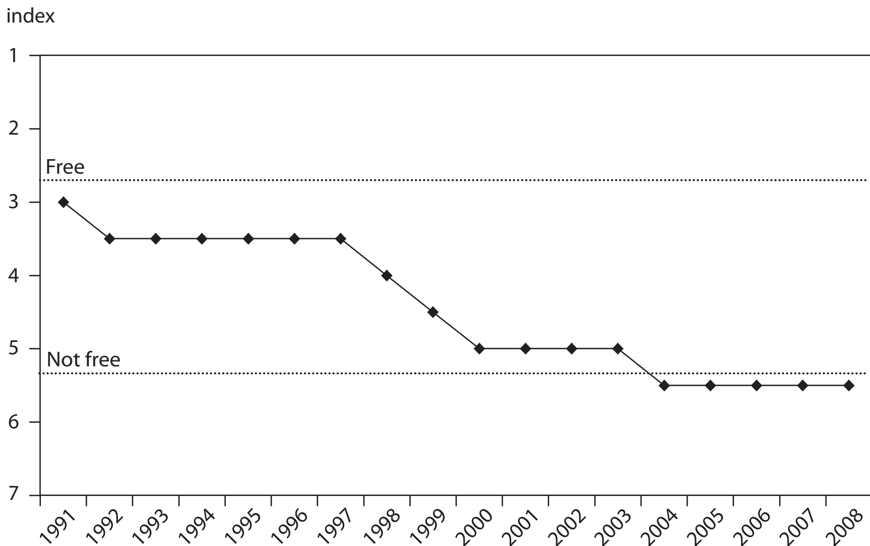
Khodorkovsky was arrested on October 25, 2003, and Putin used his control over federal bureaucracies and the courts to jail him and eventually dismantle Yukos (Rosneft bought most of Yukos' assets at much less than their value). The actual accusations were nebulous for a long time, but eventually Khodorkovsky was sentenced to eight years in prison for tax fraud, although Yukos was the largest private taxpayer in Russia. Putin denied that he had arranged for Khodorkovsky's arrest, but he explained to Western visitors that it was necessary because the CEO was buying up Russian politics.[16]

The Yukos confiscation was Putin's most important political act, framing his second term and changing Russia's political system. Putin and his party United Russia ran an antioligarchic campaign in the Duma elections in December 2003 and won an overwhelming majority of the seats, as the other parties had neither the financial resources nor the media access to compete. The Kremlin used "administrative resources" or multiple forms of minor fraud to control the election outcome, although Putin enjoyed a sky-high popularity rating of 70 to 80 percent, according to the remaining independent pollster, the Levada Center. In March 2004 Putin was reelected in an election completely controlled by the Kremlin.

Freedom House, which maintains an international index of freedom, assessed Russia as partially free in the 1990s, but Russia's ranking deteriorated and in 2004 Freedom House established that Russia was no longer free (figure 2.1).

16. Baker and Glasser, *Kremlin Rising*, 352.

Figure 2.1 Civil and political rights, 1991–2008



Note: The index runs from 1 = free to 7 = not free.

Source: Freedom House, *Freedom in the World Historical Rankings,* http://freedomhouse.org (accessed on September 16, 2008).

Further Political Centralization in Response to the Orange Revolution

Putin had successfully centralized political power during his first term, but he went further during his second term. His self-confidence was shaken by the Ukrainian Orange Revolution, a popular protest against a fraudulent presidential election in November–December 2004 that led to a regime change and democratization. In late 2005 Putin promulgated a restrictive law on nongovernmental organizations that allowed the government to deprive any organization of its right to exist. Foreign grants were severely restricted and many required explicit government permission. The tax authorities were mobilized to audit and raid nongovernmental organizations. Public protests and demonstrations were restricted and often prohibited. Criticism of public officials was proscribed by law as "extremism." Revised electoral legislation gave the government full control over the vote count and minimized independent electoral monitoring. Almost all opinion poll organizations came under Kremlin control, and businessmen close to the Kremlin purchased the last independent dailies.[17] Most

17. Anders Åslund, *Russia's Capitalist Revolution: Why Market Reform Succeeded and Democracy Failed* (Washington: Peterson Institute for International Economics, 2007, 248).

chilling were the many murders of Russian journalists and opposition politicians, most of which remain unsolved. Russia still ranks among the highest in the world in terms of the number of journalists murdered.[18]

Putin also changed the electoral rules to eliminate single-district constituencies in Duma elections in favor of proportional representation and then raised the threshold for parties to receive seats to 7 percent in an effort to reduce the chances of opposition politicians being elected. This too had the desired result, as Putin's party enjoyed a constitutional majority (two-thirds) after the Duma elections in December 2007. Once both the chambers of the official parliament had lost most of their significance, the State Council was given the role of a consultative upper chamber, and later a Public Chamber was created to mimic the lower chamber. In reality, however, both chambers were ceremonial rather than influential.

In 2006, hard-line KGB officers established a pro-Putin party called A Just Russia to capture dissatisfaction with corruption and inequality, providing a left-wing alternative to the purportedly center-right United Russia. The Kremlin formed a few youth "movements," notably *Nashi* (Ours). These Kremlin-directed "popular" initiatives were populist and nationalist, based on careful studies of opinion polls and focus groups.

According to the Transparency International corruption perceptions index, corruption declined slightly in Russia from 2000 to 2004 but has grown worse since 2005 (figure 2.2), as could be expected with decreasing transparency and a systematic weakening of all checks and balances. In 2008 Transparency International ranked Russia 147 out of 180 countries on its corruption index (the higher the number, the worse the corruption). According to a survey of large enterprises by the World Bank and the European Bank for Reconstruction and Development in 2002 and 2005, bribe frequency in Russia was the third highest among all postcommunist countries, and Russian businessmen reported that corruption increased significantly as a problem for business, while the dominant tendency among postcommunist countries was improvement.[19]

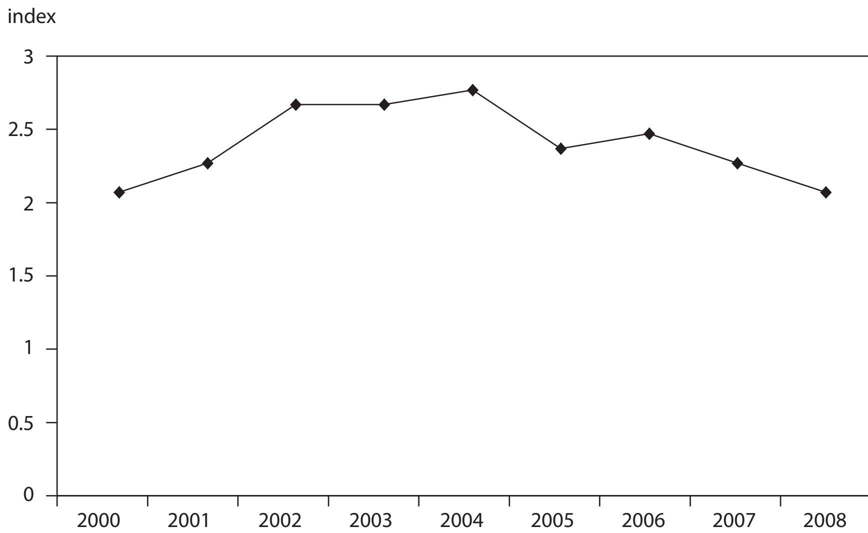
Political Succession or Instability?

Although Russia became somewhat nationalistic during Putin's two-term centralization of power, the regime did not have any clear ideology, and a persistent official complaint was the lack of a "Russian idea." The central message to the Russian electorate during the parliamentary and presiden-

18. See the annual reporting of the Committee to Protect Journalists, which tracks press freedom around the world.

19. James H. Anderson and Cheryl W. Gray, *Anticorruption in Transition 3: Who Is Succeeding. . . and Why?* (Washington: World Bank, 2006, 8, 11).

Figure 2.2 Corruption perceptions index, 2000–2008



Note: The index runs from 10 = highly clean to 0 = highly corrupt.

Source: Transparency International, www.transparency.org (accessed on February 9, 2009).

tial campaigns of 2007–08 was stability and continuity of policy around the nebulous slogan of "Putin's Plan."[20]

Putin resigned after serving his eight years as president, in accordance with the 1993 constitution, which he had not amended. Like Yeltsin before him, he had picked his successor: Dmitri Medvedev, who had worked with Putin since 1991. The selection of Medvedev followed an internal power struggle between the different Putin clans with the arrests of several top aides. Immediately after Putin publicized his choice, Medvedev responded by promising to appoint Putin prime minister.

In March 2008 Medvedev was formally elected president, in elections controlled by the Kremlin, and in May he was inaugurated president while Putin became prime minister. Putin made clear that he planned to play a central role: In his last months as president, he issued a socioeconomic plan for Russian development to 2020, which he is now responsible for implementing as prime minister; he has also taken over the chairmanship of Russia's largest political party, United Russia.

Initially, the new configuration of power was confusing: In constitutional terms, Medvedev had assumed the top position, but Putin re-

20. Clifford G. Gaddy and Andrew C. Kuchins, "Putin's Plan," *Washington Quarterly* (Spring 2008): 117–29.

mained at center stage as prime minister and retained his widespread popular and elite support. There was at first speculation about this tandem, or diarchy, but after the August 2008 war in Georgia, Putin appeared all-powerful. Yet the question remains whether Medvedev will use any of his substantial formal powers. Will the diarchy be destabilizing?

In addition to the question of the stability of the leadership, numerous other serious challenges face Russia's current political system. We focus here on four: legitimacy, national identity, mediating capacity, and functionality.

Although there is much talk about Russia's return as a great power, nationalism remains quite moderate. Instead, the regime's legitimacy depends on stability and high economic growth (see chapter 7). But Russia is already experiencing a sharp decline in its growth rate, it is unlikely to see any economic growth in 2009, and forecasts contain a considerable downside risk. The current Russian regime may therefore face an existential question of survival or have to develop another source of legitimacy.

A shared identity is critical for the stability of any state, particularly to endure political and economic crises. Putin pursued the forging of a national Russian identity with vigor, stressing the continuity of Russian statehood by reaching back to both Soviet and imperial Russian traditions and giving the Russian Orthodox Church a central political role. That effort is evident in his decision in 2000 to restore the old Soviet anthem (with new words) as the national anthem, while maintaining the prerevolutionary tricolor and double-headed eagle as the national flag and herald. The Kremlin has supported the rewriting of school texts in Russian history to provide a more positive assessment, including of the Stalinist period. Over the past two years, the Kremlin has advanced patriotism by using anti-Western rhetoric as a rallying cry. Bolstered by robust economic recovery, these efforts were supposed to restore Russian pride. Yet the attempts to reinforce Russian nationalism have been accompanied by a tide of violent crimes by ethnic Russians against nonethnic Russian citizens. This strong ethnic component to the new Russian patriotism risks alienating the 20 percent of the population that is not ethnically Russian, particularly the millions of legal and illegal immigrants to Russia from Central Asia and the Caucasus, most of whom are Muslim. This risk will grow over the next decade as the share of Muslims in the population continues to grow.

If popular dissatisfaction grows, the ruling elites' natural reflex will be toward more repressive measures, particularly as there will be fewer resources to buy off activist, disaffected groups. However, without ideology or legitimacy, repression is not likely to succeed. The Russian government will need mediating structures to reach a compromise with dissatisfied groups, but at present such structures are missing. Only some mayors are genuinely elected, and the regional governors are effectively appointed,

which has undermined Russia's constitutional federalism. President Medvedev himself was essentially appointed by Putin. The natural consequence will be that the Kremlin has to solve all problems, which is likely not possible.

Putin's Legacy and Medvedev's Prospects

In Russia, as throughout the postcommunist world, corruption is the most serious popular concern. Corrupt revenues are concentrated and controlled at the very top. One telling example is that, despite a sizable investment, Russia's paved road network has not been extended since 2000. The large amounts spent on investment are simply lost on corruption and incompetence. As oil revenues are now falling, the government's shortcomings will become all the more conspicuous.

President Medvedev has singled out corruption as one of the gravest domestic problems facing Russia, calling it a "systemic challenge, a threat to national security, a problem that engenders distrust among citizens in the ability of the state to produce order and protect citizens" from criminal activities. He called for strengthening the law enforcement agencies and judicial system to deal with the problem.[21] To underscore the seriousness of his intent, he put himself at the head of the Anti-Corruption Council. But substantial decisions have been slow in coming. A more efficient measure would be to protect independent investigative journalists.

In November 2008, in his first presidential address to the Federal Assembly, Medvedev called for an extension of the presidential term from four to six years. This was the first substantial amendment to the 1993 constitution. Within two months, it won approval from the Duma, the Federation Council, and all the regions. Medvedev signed it into law on the last day of the year.

Putin's central claim on political popularity rests on Russians' newfound sense of stability and prosperity. But as the impact of the global financial crisis becomes more evident to Russian workers and consumers, it is likely that the competence and effectiveness of the Kremlin's "power vertical" will be gravely tested. An optimistic scenario points toward the Russian government's return to an economic reform agenda and to domestic political, economic, and foreign policy decisions that promote national prosperity. A darker scenario depicts a Kremlin that cannot adjust rapidly enough to the social and economic impact with policy measures and so cracks down on dissent and social unrest and tightens the screws on its energy-rich neighbors.

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21. See Medvedev's interview with Reuters, June 25, 2008, available at www.kremlin.ru.