

*Making Sense
of Medvedev's Presidency:*

**Russia
Beyond the
Looking Glass**

By Nikolay Petrov

Without an understanding of the complex dynamics of contemporary Russian politics, it is difficult for outside observers to make sense of the recent presidential transition, writes Russian political analyst Nikolay Petrov.

At many levels, it seems nothing has changed. But the future could hold surprises, if Dimtry Medvedev proves his doubters wrong, Petrov argues.

WESTERNERS OBSERVING THE POLITICAL situation in Russia tend to look for positive signals and indulge in wishful thinking because they interpret events from the perspective of a fundamentally different political reality. Noting, perhaps correctly, that the hope for a “good tsar” is an intrinsic feature of the Russian mentality, Westerners often set their hopes on a new personality whenever there is a change in leadership. Thus, they look into the eyes of every new Russian leader with heightened attention, eager to fish out all sorts of positive signals. It is understandable, then, that the usual question regarding the new Russian president, “Who is Dimtry Medvedev?” is also accompanied by discussions of his presumed liberalism and a hope for positive change in Russian domestic and foreign policies.

Meanwhile, despite the formal resemblance to such Western political concepts as “democracy,” “elections,” “political parties” and “parliament,” the meanings of these words in the Russian political context are very different. The scope of this essay does not allow for any elaboration on these differences, nor for a description of the political system in Russia—which my colleagues and I call an “over-managed democracy”—so I will restrict myself to some

general observations about the present and future of the Russian political system in the period just after Medvedev succeeded Vladimir Putin as President of the Russian Federation.

MEDVEDEV—RUSSIA’S AUTOPILOT

Why did Putin choose Medvedev as his successor? Is it because Medvedev has neither his own team nor his own political power base and thus has to use borrowed ones to maintain a complex balance among the main political elites? Is it because Medvedev, a lawyer from St. Petersburg, is not capable, at least for now, of dealing with either the siloviki, or regional authorities, or acting as a full-fledged foreign-policy player? Is it because Medvedev, being a member of Putin’s very small inner circle, has the best reputation among them in the eyes of the West, and therefore can improve the government’s image? It seems that all of these considerations played a role in Putin’s choice.

In essence, nothing has changed. The levers of power remain in Putin’s hands. There are two reasons for this: first, Medvedev is Putin’s project, and it looks like he is going to remain so for a long time; and second, Medvedev will not soon have any real access to the levers of power. So, even if he wanted to make some sudden changes, he would not be able to do so. Besides, the nature of Russia’s political system itself and its various internal arrangements and limits are immeasurably more important than the personality of the “co-pilot,” who is now Medvedev. To continue the metaphor, Putin is not just the chief pilot, but also the airplane designer and, in a sense, the on-board computer, controlling all systems to ensure a smooth flight. Medvedev is Putin’s successor in only one of his functions, and even this is merely pro forma. To be more precise, Medvedev’s current role is more like that of an autopilot—he maintains the course selected by the chief pilot, who is temporarily absent. Mind you, all of this could change.

The relationship between the relatively weak President Medvedev and the extremely strong Prime Minister Putin is a bit like a regency where the regent is not only the former monarch, but also the future monarch if the new king falls out

of the game. Indeed, the idea of a formal return to power seems especially important for Putin. At least several times in the last year, as the end of his presidential term was nearing, Putin would stop and make palliative moves that enabled him to prolong the period of uncertainty and keep all the various options on the table. It happened, for example, when he suddenly removed Prime Minister Mikhail Fradkov and appointed to the office not his future successor, but a *locum tenens*, or temporary stand-in. The same idea was at work when he put himself at the head of the United Russia party list in the December Duma elections and yet again when he consciously downplayed Medvedev's current position, practically taking away Medvedev's victory in the March elections.

RUSSIA'S CURRENT COURSE

Before outlining possible political changes and future scenarios, it is worth defining where Russia stands today.

The country appears to be at the beginning of a *de facto* third Putin term, which started last autumn. We should bear in mind that presidential terms in Russia effectively begin not at inauguration, nor even from the elections, but earlier because of the nature of the system. Putin's first term began in late 1999—early 2000 after a relatively successful second war in Chechnya and the defeat of the anti-Kremlin opposition in the Duma elections; the second term effectively started in the autumn of 2003 with the revision of the government's economic and political direction, which became possible due to the strengthening of state power marked by the arrest of oil tycoon Mikhail Khodorkovsky.

The latest presidential term thus started in the autumn of 2007, and was signaled first in foreign policy—beginning with Putin's speech before the Munich Conference on Security Policy in which he criticized NATO expansion and blasted US foreign policy. The third term is marked by stakes in large state-controlled corporations, an intensification of the command economy, an increase in budget spending, adoption of ambitious and costly strategic plans for large industries, and

new central government approaches toward the regions—all of which were captured in the government's "Strategy 2020" economic blueprint. The government has also adopted a three-year budget for 2008–2010. Thus, all the main guidelines and parameters have been set until at least 2010; all that remains to be done is to follow them and deal with current issues.

According to Putin himself, having implemented all the necessary political reforms, he can now focus on the economy. It seems, however, that he deludes himself about both politics and the economy. The core of this delusion can be described as the "giddiness of imaginary success." The government is disposed to see the future in glowing colors and it underestimates the complexity of the situation for both itself and the country by extrapolating the economic success of recent years into the future. In addition, the government has begun to believe its own propaganda by explaining to its citizens that this success was a result of its own wise policies. It thus fails to recognize that many of its actions, both in the political and economic field, are not only non-productive, but counterproductive, or may become so in the near future when the situation changes.

Putin's first term can be described as economic liberalization under political authoritarianism; his second term, as social and economic stagnation under increasing authoritarianism. For the current third presidential term, Putin seems to see the on-going situation as a variant of the second term with a possible, partial return to economic liberalization based on the first term's model. But this cannot happen. The economic challenges and the vector of political developments in the country have reached an extreme form. In this respect, the government resembles a skier whose skis have slid too far apart. As a result, the skier will either fall, or he must lean on one foot in order to pull the wayward leg closer.

I should note that a number of experts have heard in Medvedev's liberal economic statements an appeal for a return to 2002—the middle of Putin's first term—when liberal economic reforms were beginning to be completed. Expressions of hope for a democratic "thaw"



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have much to do with this sentiment, because economic liberalization is impossible without political liberalization.

The main obstacle is what can be called the “Russian curse,” which I will explain shortly. When the budget started to swell with revenue from the export of mineral resources (mainly gas, oil, and metals) at the beginning of Putin’s first term, the government became concerned with the threat of the so-called “Holland curse,” where dependence on natural resource revenues hampers development of the industrial sector. The government began to take countermeasures, and they seem to have been quite adequate. But since then another kind of threat has emerged, something we might call the Russian curse.

In essence, it means carrying out ill-considered political reforms that simplify the tasks of the government in the short term, especially those

related to maintaining its monopoly position in the economy. Virtually all of the political reforms carried out by Putin during his second term—electoral reform, the waiver of direct elections of regional leaders and strict legislation regarding political parties and non-profit organizations—can be called symptoms of this curse in one form or another. These have resulted in an abrupt weakening of the feedback between society and government, a decrease in government transparency, an increase in corruption, a dismantling of federalism and a decline in public discourse. Finally, it has led to greater government inefficiency.

WHAT DID THE FIRST MONTH SHOW?

In the transition to the Medvedev presidency, Putin’s team effectively split in two—one part stayed in the Kremlin with the new president, while the other moved to the White House, the seat of government. In addition, there were several changes in the structure of the government. At the bottom, the relative autonomy previously enjoyed by agencies and services was removed, and they were placed under the ministries, just as they were before the administrative reforms of 2004. At the top, the position of the vice-premier was strengthened, taking over technical functions of the prime minister, so that the prime minister’s role became more political and strategic.

Putin’s style of work has hardly changed: only now, instead of weekly president’s meetings with key members of the Cabinet, he conducts meetings with the same people, but in the format of the government presidium. The government’s adoption of decisions has considerably accelerated, due, first of all, to the waiver of bureaucratic endorsements by the president’s administration.

Putin’s de facto government has announced that among its main priorities is stimulating the economy, rather than controlling inflation; tax reduction and further increases in consumer income. The latter seems especially interesting because after the elections, there would seem to be no political necessity to strengthen the government’s populist appeal, unless, of course, the aim

is to strengthen Prime Minister Putin's popularity. If this is the case, then it is a short-term game, because the next elections aren't until 2012.

The leadership of the *siloviki* block, which remained almost unchanged since the beginning of Putin's first term, has been dramatically renewed. There were some exchanges between the main conflicting *siloviki* clans and the influential head of the Federal Security Service (FSB), Nikolay Patrushev. Patrushev, who has accompanied Putin up the career ladder, became the secretary of the Security Council, which in recent years had been more of a sinecure for retired officials, rather than the position of strategic importance it was for a short while in 1999–2000. During that period, it was a center of coordination for the security, defense and law enforcement agencies. Patrushev's main rival, Viktor Cherkesov, lost his post as head of the Federal Narcotics Control Service—the second most powerful and important special service in the country—and moved to a much less significant position in the area of arms supplies.

Changes in the Administration of the President (AP) were limited mainly to the departure of a number of key figures. In the new administration headed by Sergey Naryshkin, there are, however, few figures who could be seen as members of "Medvedev's team."

Nearly all of the elite clans have become weaker due to personnel reshuffles and the structural reorganization of the government, as well as the on-going political uncertainty caused by the bifurcation of power. In the meantime, some influential figures who used to avoid the public eye, such as Igor Sechin and Gennadiy Timchenko, have emerged from the shadows into the public sphere.

Medvedev, meanwhile, has been rather active, considering his very constricted situation. He has managed to get his own people into the Ministry of Justice and into the important position of head of the AP's oversight department (a post that was held by the current vice-premier, Alexey Kudrin, and by Putin himself). The Supreme Arbitration Court and the Bailiff Service are both now headed by members of Medvedev's team and

the new president is building closer connections with the Prosecutor General's Office—this is not bad groundwork. Demarches of the Supreme Arbitration Court's top officials against former curators of the court from the Putin administration and against the influential head of the Moscow Arbitration Court serve as evidence of the strengthening of Medvedev's people. Medvedev personally spearheaded the anti-corruption efforts. Among other priorities that have emerged since the beginning of his presidency, one can mention the improvement of the judicial system, reduction in administrative pressures on small and medium enterprises and environmental issues. Still, the modest scope of Medvedev's work so far demonstrates the narrow sphere of his efforts.

COMPARING ADMINISTRATION LAUNCHES

If we compare the beginning of Medvedev's presidency with the two previous presidential



terms, it looks much less energetic than even Putin's second term, and considerably less so than his first term. There are no breakthrough ideas, even though the presidential campaign focused on renewal as a slogan. Nor have there been any efforts to implement some of the liberal ideas Medvedev expressed during his campaign, such as those concerning the "four I's"—institutions, infrastructure, innovation, and investment. The same applies to the recently introduced fifth "i"—intellectual potential. They all hang in the air, unrealized.

The task of developing proposals and strategies for Medvedev is being handled by a new think tank—the Institute of Contemporary Development (ISOR). It could be compared to the Center for Strategic Research (CSR), headed by German Gref, at the beginning of Putin's first term. But it's not clear that it will play a comparable role. First, the institute is, in essence, a Putin project, launched as the Center for Development of an Information Society back in early 2006. The project was created for the benefit of a then-unnamed successor to Putin, and was supervised by the former Minister of Information and Communications Leonid Reyman (who has since found himself out of the picture in Putin's new cabinet). Apart from that, ISOR, unlike CSR, is a center for experts and not a headquarters for the development and implementation of reforms. Although ISOR has engaged in a number of activities and attracted reputable liberal experts from various disciplines, real results in the form of concrete policy proposals won't appear for another 18 months to two years, according to statements from ISOR itself. While the nominally "unaffiliated" ISOR carries out its work, three party clubs under the aegis of United Russia are developing strategy proposals.

Unlike Putin in 2000, who relied on the Federal Security Service (where he once served as director) and on security, defense and law enforcement agencies as his power base, Medvedev has no power base. He has a very limited team because he has never held a top position at a municipal or regional level, or at a corporate level. He

has always been an assistant on someone else's team. Most of those who are reckoned among "Medvedev's people" belong to a rather narrow circle of his classmates from the Faculty of Law of Leningrad University. Medvedev seems to be trying to expand his base, first of all, with the judiciary by suggesting reforms in the judicial system and strengthening the independence of judges. The second body that Medvedev could, in principle, rely on, is entrepreneurs. It is no accident that many of his statements are addressed specifically at them. Medvedev actively rubs shoulders with various business associations, and Igor Yurgens, first vice president of the Russian Union of Industrialists and Entrepreneurs, has become the head of Medvedev's analytical center. Steps to reduce administrative pressures on business—which Medvedev supports—and establish truly independent courts would make business an ally of the new president.

WHAT SHALL WE EXPECT?

The first month of the "Medvedev-Putin" presidency did not confirm the expectations of those who thought that Putin's strategy was to manage a gradual exit and a phased handover of full power to Medvedev, thus ensuring the maintenance of the Putin system without Putin. Putin's assumption of the prime minister's post, as well as the first steps taken by the new government, also refute the hypothesis that Putin would give Medvedev an opportunity to launch a number of important but unpopular reforms that would sacrifice Medvedev and allow Putin an eventual return to power on the back of his populist policies.

Serious social and political reforms are not in the short-range plans of either Putin or Medvedev, even if the latter has his own plans about using power. To be fair, with living standards rising and the financial well being of the country improving, the government is unlikely to undertake painful reforms. Instead, it is trying to buy its way out of any problems that emerge. Only when faced with a serious crisis would the government undertake reforms.

It is this point that leads to the conclusion that the country itself could undergo serious

changes. It seems likely that this year the system will be put to a serious test of its strength, which will not be related to the good intentions of someone at the top, but to the challenges that the system has already started to encounter.

Among the main challenges—both internal and external—are the following:

1) Economic—Recession in key parts of the world may lead to a decrease in demand for Russian raw materials, oil and gas. Limitations on economic growth could occur due to aging Soviet-era manufacturing and infrastructure and the need for massive investments to upgrade capacity. Existing large regional economic disparities could be aggravated. Increases in administrative expenses and state interference in the economy are a threat, as are growing general and structural deficits in manpower and the rapid increase in the pension burden on the working population due to the absence of pension reform.

2) Social—There is the prospect of a sharp deterioration in demographics in the near future and the de-population of a majority of the country's regions. Financial pressures are rising on the population due to the lack of reform in the extremely inefficient housing and communal services sectors. Colossal problems in education and healthcare, accumulated over two decades, are accelerating, including a dramatic drain of qualified personnel. There is an unavoidable retreat by the government from recent populist policies because of excessively high expectations among the public. There are massive disparities in the welfare of citizens.

3) Political—The absence of real separation of powers creates inevitable negative consequences. There is inadequate feedback between the government and the people due to the weakness of civil society and the political parties, which essentially have no place in the political system. There is a danger of government paralysis and schizophrenia caused by the creation of a double-centered government at the top. Increasing inefficiency is a threat to public administration due to corruption and competition within “vertical” centers of government power. The dismantlement of federalism leads to a sharp weakening

of local self-administration and the absence of effective mechanisms for considering regional and local concerns in decision-making.

A recent paper, written under the aegis of Medvedev's Institute of Contemporary Development analyzes four main scenarios for economic development:

1) Mobilization—The state autocratically concentrates all the resources and allocates them to selected priority industries;

2) Rentier—The maximization of rent from natural resources and its redistribution in the form of social payments;

3) Inertia—The lack of a clear strategy leads to tactical maneuvering by interest groups, which compete for access to resources;

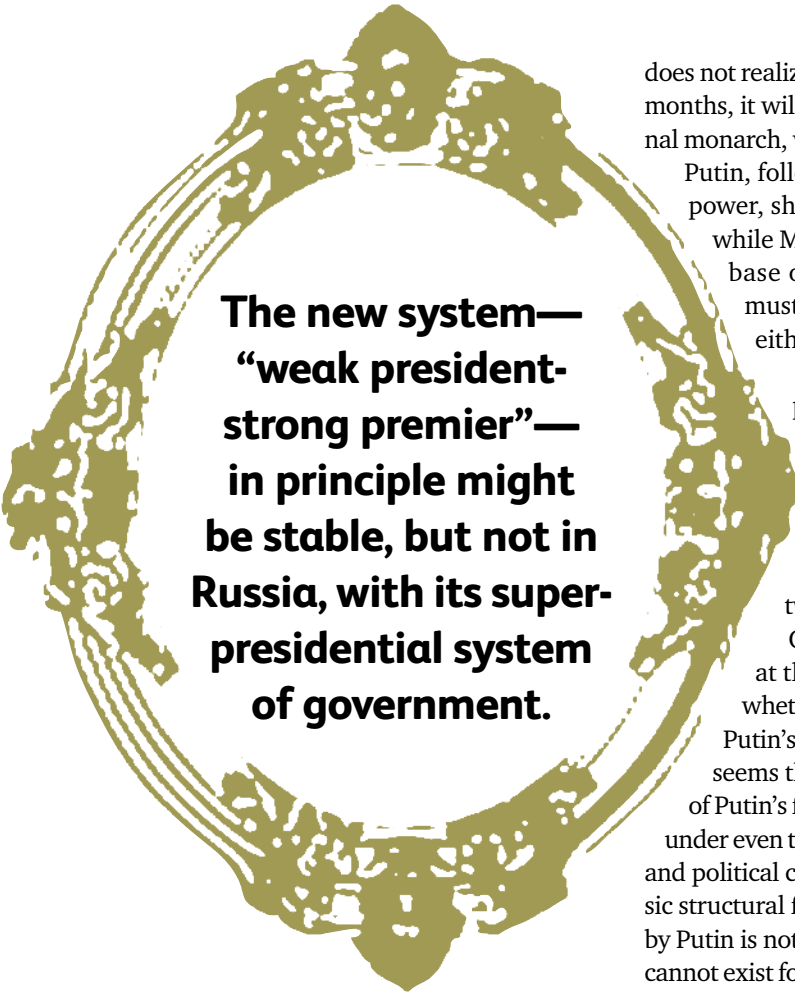
4) Modernization—Sustainable economic growth improves the people's welfare on the basis of an innovative economy and civil society. Unfortunately, the researchers at ISOR failed to identify any significant and influential interest groups interested in the modernization scenario.

TWO BEARS IN ONE DEN

The new system—“weak president-strong premier”—in principle might be stable, but not in Russia, with its super-presidential system of government, founded by Boris Yeltsin and built up by Putin. Serious conflicts between Putin and Medvedev's teams in a situation where there is a reconfiguration of power, which in Russia automatically means a redistribution of property, are inevitable.

So far, the fledgling arrangement has managed to avoid any sudden public conflicts. But the restructuring has just started. Using chess terms, this is the opening, when the players only make set moves; it will be a totally different situation when the real game starts, especially under time pressure.

The possibility of a long “double-tsardom,” a peaceful cohabitation of two bears in one den, until, say, the next presidential election in 2012 looks extremely unlikely, unless one of the bears is left chained in a corner. It seems that Medvedev's efforts to strengthen independent judicial powers and the separation of powers as a whole, repre-



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sents the only opportunity he has, at least for now, to withstand Putin’s power. On the other hand, for Putin, the current institutional restrictions on presidential power, combined with his effort to turn United Russia into a real political party led by him, is a way of holding onto power and preventing conflicts between the political elites.

What are Medvedev’s chances in the event of a confrontation with Putin? Some believe that power will flow from Putin to Medvedev on its own due to differences in their official capacities. I think this is extremely unlikely given that Putin himself obviously does not want this to happen. Yes, the new president has the potential to acquire power, which objectively works to strengthen his position. However, this potential is like a short-term loan that needs to be paid off before the end of this year. And if Medvedev

does not realize this potential in the coming few months, it will virtually fix his status as a nominal monarch, who reigns but does not rule.

Putin, following the logic of preserving his power, should play the game of retention, while Medvedev should try to widen the base of his power. The political elite must try to insure themselves against either event.

The hope for a revival of public politics and a return to open political competition is closely related not so much to the victory of the new center of power over the old one, but to the relative autonomy and competition between the two centers.

One Kremlin analyst said last year, at the height of the discussion about whether Putin would leave or stay, that Putin’s era would last for 20–30 years. It seems this is how things are in the minds of Putin’s followers. I think this is impossible under even the most favorable world economic and political conditions. Due to internal, intrinsic structural features, the political system built by Putin is not capable of self-reproduction and cannot exist for that long—the period of its half-life is substantially shorter. Relative stability in the system, as seen during Putin’s second term, can only happen in a state of stagnation. This is the stability of a drunk leaning against the wall. Any attempt to move will unsettle the picture, and then the system will either modify itself, or will be replaced by another system. However, it would be naïve to believe that any new system that emerges will be more democratic.

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