Russia – Lost in Transition. The Yeltsin and Putin Legacies

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In his great novel Dead Souls, Nikolai Gogol imagined Russia as a troika, a carriage pulled by three-abreast horses, speeding through the countryside. Gogol admitted no knowledge of where Russia was going – ‘Russia, where are you flying to? Answer! She gives no answer’ – but Russia’s path was unique and the country was destined for greatness. The very vehicle that he compares Russia to, the troika, is a something that could ‘only have been born among a high-spirited people in a land that does not like doing things by halves,’ and as Russia flies by ‘other nations and states draw aside and make way for her.’ [1] Stirring stuff, but apart from the part about Russia being ‘a land that does not like doing things by halves,’ wrong. Gogol’s Russia was still in the age of the troika as others were building railroads and instead of getting out of its way other states, and their industrial might, stood firmly in Russia’s path. From being a great power at the start of the nineteenth century Russia declined as it lost in war, failed to modernise effectively in its wake and then lost more wars as a result. To modernise and to win wars Russia had to stop being Russia and become something else: the Soviet Union. In the end even that did not work. Russia has had to become Russia again and needs to pursue modernisation once more – which this time means developing a diversified economy that is capable of competing globally and that supports a range of economic interests – to restore national pride and well-being. So, more than a century and a half after Gogol, we once again we have to work out what this process of change means and whether, as Russia regains a sense of itself as an international power, we will get out of its way, stop it or find some way of accommodating its desire for greatness.

The two volumes under review deal with these questions in very different ways. Both were written with the end of Putin’s presidency (if not the end of his rule) in mind and to influence the rethinking of Russian politics and foreign relations to which this event might lead. The books are written by two of Russia’s most astute political commentators, and both are written with brio. Both authors work for the Carnegie
Endowment (which publishes their books) and are politically liberal. But despite the similarities between them and their authors, the books and their conclusions are very different. Lilia Shevtsova's book, *Russia – Lost in Transition*, is the latest in a series of books in which she has dissected Russian political development in fine detail, blending insights from political science with an accessible writing style which conveys the drama of events very well. [2] Trenin’s *Getting Russia right* is also the latest in a series of books [3], but where Shevtsova deals in fine detail Trenin paints his picture of Russia with a broader brush stroke, both historically, as he surveys Russia’s longer term relations with the West, and conceptually, as he views Russia’s development from a global perspective. Neither likes the political order built by Putin, but where Shevtsova sees Russia’s present and future development as beset by problems and with great potential for future trouble and backsliding, Trenin is more confident of Russia’s future as a capitalist economy that will be drawn towards the ‘West’ if not to the USA.

These two different conclusions reflect the state of the art in most debates about the future of Russia. Shevtsova’s position is that of the disenchanted Russian (and Western) liberal, disappointed by the failures of the Yeltsin era and the humiliation of pro-democratic forces and post-Soviet hopes in those years through compromise and betrayal, and convinced that developments under Putin do not represent positive progress. Trenin is no less disappointed with Russia’s recent history, although he makes less of it in his much shorter book, but seeks hope in the longer term picture and sees that some good might come out of the relative stabilisation of Russia under Putin. Whilst not fully signed up to the Putin liberal loyalist position, which sees Russia as needing a period of authoritarian modernisation before democracy can emerge, he shares with it the belief that processes of economic change can eventually correct tendencies toward autocracy and serve as the basis for future liberalisation.

Trenin focuses on the relationship of Russia to the West and the failure, so he argues, to properly ground post-Cold War global governance in an appreciation of the changes being wrought by globalisation. He argues that Russia has not been integrated into the ‘West’ in the past despite being a part of a ‘global Europe’ (p. 34). Trenin’s ‘global Europe’ is a broad civilisational grouping that includes the Americas, Australia, New Zealand and Israel, defined by its common Judeo-Christian/Greco-Roman heritage. The ‘West,’ for Trenin, is a by-product of Europe, not a civilisational form but a ‘set of institutions, norms, and ideas that originated
within European civilization ... [including] private property; personal freedoms; the rule of law; constitutional and limited government; democratic participation; government accountability; and, most recently, human rights’ (p. 35). The ‘march of the West,’ Trenin argues, is linked to the growth of capitalism. Russia missed out on being a part of this march because of its historical development, and could not, therefore, be integrated into ‘Western’ structures. Russia, and later the Soviet Union, was thus left to assert its right to a say in global politics as an outsider, ‘a stand alone power,’ as Trenin calls it (p. 75), rather than as a partner. Russia could not integrate with the ‘West’ on its own or the ‘West’s’ terms. Instead, and especially during the Soviet era, it represented a threat to the ‘West’ that had to be countered and which helped to prompt the development of institutional structures to safeguard the ‘West’ (as liberal capitalist democracy) in Europe.

Russia's historical connections to Europe but isolation from the 'West' have created its leaders’ worldview. Russia cannot co-operate with the ‘West’ but must be realist and seek its own advantage and path. Western rhetoric about democracy and rights is empty to Russia's leaders, who see that respect for these institutions will not bring acceptance into the ‘West’ and may well weaken Russia's status as a stand-alone great power. For Russia, democracy and human rights promotion are double standards in European and US foreign policy, ignored when it suits Europe and the US’s interests, applied when they put Russia and its interests at a disadvantage. This does not make Russia anti-'Western' automatically, Trenin argues, but it does tend to make Russia anti-American and gives rise to problems in its relationship with Europe, especially since European enlargement and the access to European decision-making of what Moscow perceives as anti-Russian leaders in some of the new EU states.

This worldview has been reinforced by the unhappy experience of Russia since 1991. For Trenin – and for Shevtsova – the Yeltsin years were a disaster. Western support for Yeltsin discredited democracy rather than bolstered it. At the same time that Russia was instructed to build a democracy it was kept apart from the West in international relations. The model that the USA and Europe worked with, Trenin argues, was one of ‘association rather than integration’ (p. 89). Russia was invited to attend various international bodies, to observe, participate in some discussions rather than others, etc., rather than included as a partner. The result was that both sides felt let down. Russia did not gain access to power to compensate for its economic, social and geopolitical losses in the 1990s. The ‘West’ did not see Russia
developing to the point where its traditional scepticism about it could be put aside. The cooling of relations under Putin seems inevitable with hindsight: once Russia regained the means to act more independently it would so do and would so do in a manner not pleasing to the Cold War’s victors.

Russia’s relations with the rest of the world clearly, therefore, require a rethink. For Trenin, this is necessary not only to overcome the past but also to deal with pressing problems of global governance. The end of the Cold War threw the structures developed to protect the ‘West’ into confusion. Although some institutions survived and continued to expand – like NATO and the EU – they soon reached their useful limits, and they could not deal with all of the possible problems thrown up by the end of the Cold War, or with new problems such as environmental threats, new security threats, etc. Efforts to exploit the end of the Cold War and create a new alliance of democracies as the basis for a new world order, based on some sort of liberal peace (the idea that democracies do not fight one another) and more effective multilateralism, were similarly unsuccessful. Exporting democracy, Trenin points out, has proven a risky business with uncertain outcomes as democracy has failed to take root because it does not have socio-economic support, or has not delivered better international governance because it has not touched core problem areas.

Putting politics in command – the drive to democracy and to expand political and security institutions at the forefront of post-Cold War global governance – has thus failed. According to Trenin what is needed instead is a reappraisal by the ‘West’ of the dynamics of international politics. Globalisation, Trenin argues, is creating a ‘new West’ in Russia, China, India and other emerging market economies. The driving force behind the emergence of the ‘new West’ is economic. The states of the ‘new West’ are not perfect market economies and only share a part of the institutional make-up of the West, the economic part and not all of that, but the forces of international economic integration are embedding Western institutions in a wider range of states. Russia’s particular experience means that this new Westernisation is perhaps more extensive than in some other states. As Trenin points out at the start of his book Russia has made quite a lot of progress in some areas of ‘Westernisation’ as a process of building a particular set of institutions: in comparison to its recent Soviet past, Russia has made great strides in certain freedoms even after the Putin rollback. Whilst not ignoring Russia’s political development – the Council of Europe, for example, should still hold Russia responsible for the commitments that it has made in the area of human rights – the ‘West’ should engage with Russia
as an economic power, deepen its integration into the global economy and help to consolidate market institutions. Economic engagement with the rest of the world will allow pro-’Western,’ i.e. pro-market, interests to give shape to Russia’s ill-defined national interest. This is in Russia’s interest too. There is, Trenin argues, ‘no unique Russian way in the world. To be successful Russia needs to become modern, i.e., Western’ (p. 96). The end result will be a Russia that is more a part of the ‘West.’ This will not necessarily mean that it is pro-American – Russia will be a kind of frozen France – but it will mean a ‘much more predictable and productive future’ (p. 112). Democracy will not emerge quickly in Russia as a result of this, but a growing Russian middle class will limit the Kremlin’s freedom of manoeuvre, and the growth of pro-market interests will lead to more demand for the rule of law. Over a long time these may eventually create a better soil from which democracy can grow.

Trenin’s solution to getting Russia right is essentially one of economic realism: we should treat Russia like China, soft-pedalling on democracy to bring about greater economic interdependence and hope that this reins in an authoritarian government. As has been mentioned, this argument fits with the Putin liberal loyalist position. It is hard to find a substantive difference between Trenin’s arguments and those put forward by Igor Yurgens, the head of a new Kremlin-backed think-tank, the Institute for Contemporary Development, who has recently argued that Russia needs more time to ‘become more modern and align itself with the civilised world’ and that modernisation will eventually create a middle class, which, just ‘as they want a choice when they shop in Moscow boutiques … will want a choice in politics.’ [4] The Trenin/liberal loyalist argument places its hopes in the belief that Russia cannot be great (an aspiration for all Putinists, liberal or not) without being a part of the global economy and that being a part of the global economy will lead to a more modern society and hence democracy. This assumes that globalisation will work like modernisation is supposed to have done historically, creating social development and thus pressure for, and resources to support, democracy.

What is the likelihood of this vision coming true? It would certainly be convenient if modernisation did create democracy in Russia. But neither modernisation nor democratisation resulting from modernisation is a certainty. Modernisation has not always worked as its proponents are wont to imagine: it is an act of faith rather than a statement of fact to assert that globalisation will be ‘modernising,’ i.e. that it will produce an economic society that supports democracy and is based on some form of market economy. There may be a general relationship between
economic development, being ‘modern’ (that is having a urbanised society that has moderate levels of social inequality, a large middle class and a diversified economy), and democratic consolidation, but the latter is not automatically a product of modernisation as economic change. Indeed, modernisation and the strains that it can place on society can be a source of political collapse, as in Iran in the 1970s, or of authoritarianism, as has frequently been the case in Latin America. It does not matter whether the sources of modernisation are some domestic impulse or a globalising pressure. Modernisation is not as important as the form that it takes and the ways that political authorities deal with the problems that it creates. Assuming otherwise is both bad history and bad analysis. Modernisation that involves marketisation has frequently led to authoritarianism. This is because states find that they cannot manage the market economy due to its complexities, or have to manage the inequalities created by the market for some political reason (such as creating a state-supporting elite). Whatever the cause, the result is that they resort to authoritarian management of the economy and this economic authoritarianism is accompanied by political illiberalism. [5]

If we are to assert that there is going to be a movement from modernisation (inspired by globalisation or not) to democracy in Russia we have to argue out why Russia is going to be one of the ‘good’ cases of modernisation and not one of the ‘bad.’ Trenin, and many of the liberals who have put their faith in Putin first as President and now as Prime Minister, do not make this argument. Instead they point out that Russia is freer than it was in Soviet times, both politically and economically, and hope that the coincidence of this relative freedom with globalisation will create further change. But what does freedom in comparison to the Soviet past really mean or signify? Whilst it is a welcome improvement for the people of Russia, it means little else except that Russia is not the USSR and cannot, in classical political science terms, be described as totalitarian. The relative freedoms gained since Soviet times do not prevent Russia from having an authoritarian regime, however; such regimes can live with a measure of pluralism as long as that pluralism is limited and ‘not responsible,’ i.e., pluralism does not decide policy or political outcomes. [6] Limited and not responsible pluralism sums Russia’s situation up pretty well.

So why the faith in globalisation-modernisation? One reason is perhaps psychological: it is pretty depressing to cut away what for many is the last branch of hope for democratisation, the belief that something out there in the world economy will discipline non-democratic leaders and create the basis of democracy. Another reason is perhaps that analysts like Trenin hope that globalisation as
modernisation and democratisation will be ‘internalised’ by Russia’s leaders. If political elites in other states have come to the conclusion that there is no alternative but to follow the ‘logics’ of globalisation perhaps Russia’s elite can be persuaded similarly? Persuading the Kremlin thus may not lead to democratic change soon, but it may blunt the edge of authoritarianism. A kinder, gentler authoritarianism might result if Russia’s political elite believe that somewhere down the line there will be a democratic reckoning because Russia can’t buck the global market. There is, however, little sign that such internalisation is happening. Worse, there is little sign that Russia will actually be able to modernise and plenty of contrary evidence to show that what modernisation has occurred is politically fairly meaningless and may not lead toward democracy.

Much of this evidence is presented in Shevtsova’s book, which is at once more complex but easier to summarise than Trenin’s. The complexity of Shevtsova’s argument is in the detail that she provides. Like her earlier books, Russia – Lost in Transition is in part an analytical work and in part a descriptive contemporary history. There is no need to go through all the twists and turns of the story with Shevtsova – although anyone wanting to understand contemporary Russia would be well advised to do so – to understand her argument. For Shevtsova, as for Trenin, Russia should modernise and real modernisation involves, ultimately, democratic reform to become like most of the world’s most modern states. However, Shevtsova is very doubtful that this modernisation will happen. The chief reason for this is that Putin has put in place a regime that is rhetorically pro-development and pro-modernisation but that actually lacks the ability and perhaps the will to bring development about. Putin has power, but this causes him and Russia more problems than it resolves. The coincidence of economic growth with authoritarianism has convinced people, elites and many ordinary citizens alike, that they do not need democracy. This is a dangerous assumption. The all-powerful president cannot see what needs to be done to insure future development because he is dependent on his entourage and hence politically isolated. The centralisation of power in the state and curtailment of opposition makes all opposition anti-systemic and means that change can only be successfully brought about through the forceful removal of the ruling elite. Such a forceful removal of the current alliance of ruling elite forces is unlikely to happen soon because of the apathy of the population and their disenfranchisement. However at the same time the weakening of political accountability and the centralisation of power mean that there are no checks on corruption. Elites enrich themselves through corruption – and have done so to a massive extent over the Putin years – but little is done to control this corruption.
because root and branch reform of public administration runs the risk of destabilising the whole edifice of power since it would require some decentralisation of power. The most likely scenario facing Russia is thus stagnation.

The roots of this current predicament lay with Yeltsin who helped destroy the framework of the Soviet state without changing the nature of power in Russia, which remained highly personalised, with society still subject to political authority so that democratic institutions like elections are not effective. Yeltsin's Russia, Shevtsova argues, 'demonstrated the ability to repudiate and restore tradition simultaneously' (p. 5). Yeltsin reacted to events, rather than leading Russia, and he offered no new vision for the future. Shevtsova echoes the conclusion about Yeltsin proffered by one of his former press secretaries in the 1990s: he had 'no ideology other than power.' [9] The result of this ideology of power was political and economic drift. Competing centres of power circled Yeltsin's 'hyperpresidency,' as Shevtsova calls the concentration of power that Yeltsin created in the presidential branch, but did not develop a reform agenda that could work. [10] Eventually these competing centres of power backed Putin as Yeltsin's successor to the hyperpresidency because he was 'the right man, in the right place, at the right time' (p. 38): Putin did not appear too charismatic, was close to the Yeltsin ruling circle but could be presented as clean, had a security background and could rally security forces to support the outgoing regime, and he was loyal. Putin played his part insofar as he allowed Yeltsin to retire in peace. However he was also able to build up his own personal power using the powers of the presidency and the personal popularity that came with his tough stance over the Chechen war, his seeming ability to secure election as president without being beholden to the Yeltsin 'family,' his support in the security forces and from St Petersburg politicians, and the upturn in the Russian economy that followed the 1998 crash. This, Shevtsova argues, completed the personalisation of power that was Yeltsin's chief legacy. Politically the rest is history: one by one the competing power centres of the Yeltsin years have been emasculated (regional leaders, the Communist Party of the Russian Federation, parliament, the media, and some economic 'oligarchs') if not destroyed (the rest of the 'oligarchs' and the liberal opposition).

Putin played his political hand well, and Shevtsova diligently records how he built up his power and took advantage of events such as the massacre at Beslan to further weaken parliament, parties and regional elites, and fears of a 'colour' revolution such as Ukraine's to bind Russia's elites to him further. But what has Putin built? The concentration of power on the 'hyperpresidency' became an end in itself. Apart
from concentrating power – and presiding over worsened relations with the West – it is difficult to see what Putin has achieved. This might seem an odd thing to say given that the Russian economy has grown by about 7 percent a year under Putin and about 70 percent overall since 2000. But although there has been plenty of talk about development from the Kremlin, growth in the Russian economy has been in spite of the Putin regime rather than because of it, and it may not be sustainable. Growth started before Putin’s political revolution and thus helped complete the political realignment that followed Putin’s election in 2000 rather than the other way around.

It might even be the case that political developments helped to stimulate economic growth after 2000 for the wrong reasons. Fearing that they would be next, oligarch-owned oil and metals companies reacted to the moves against fellow ‘oligarchs’ by expanding production massively. The export value of oil, gas and metals nearly doubled in dollar terms between 1998 and 2002. This was partly due to increased prices (although the price of oil dipped a little in this period) and partly due to increased export volumes. Volume growth in oil production was particularly marked in 2000, the year in which Putin first expanded his power, when oil exports were 171.5 percent of what they had been in 1999; this level of output was more or less maintained in 2001 and then expanded again in 2002. Six major private oil firms accounted for nearly all of these additional exports since state-owned firms barely expanded production. This expansion of oil exports accounted for about a quarter of Russia’s growth in 2001-04. A large proportion of post-1998 growth was thus not planned or balanced but the result of a scramble by oligarch oil firms to cash in before property rights were lost. [11]

Since 2004 growth has been based on high oil prices and a boom in services and construction; non-tradables, raising the prospect of Dutch disease, where rents from natural resources stimulate the growth in non-tradable sectors of the economy but undercut the competitiveness of the rest of the economy through currency appreciation. [12] The Russian state has paid off its debts and accumulated a huge amount of foreign currency reserves (partly to stave off Dutch disease by keeping the rouble competitive) but it has not managed to modernise its industrial economy and hence diversify its export trade, as Putin himself acknowledged in his last major speech on economic development as President. [13] As a result there are doubts about Russia’s long-term economic health and ability to deal with major and pressing economic problems, not least of which is a looming investment crisis in its
energy industries. This crisis may already be affecting the health of the economy by causing a dip in oil production. [14]

Russia’s economic position thus remains precarious. It might trade more with the West, as Trenin argues, but its exports are mainly hydrocarbons and metals rather than high value goods. Russia has not developed a more competitive economy under Putin and may actually be falling further behind its main rivals. [15] Major changes in global energy prices will have a significant effect on Russia, especially as the break-even price for oil for the Russian state budget is set to go from $27 to over $60 in the next few years and as production of oil by Russia may decline. Modernisation has not, therefore, been an outcome of the Putin presidency.

In some of her earlier work Shevtsova leaned towards the possibility that Putin might create a developmental state. She borrowed the notion of ‘bureaucratic authoritarianism,’ a term developed by Guillermo O’Donnell to describe a particular form of Latin American developmental state, to describe Putin’s regime. Bureaucratic authoritarian states are created by the structural pressures that afflict economically dependent countries. They seek to manage the tensions between domestic and internationalised economic sectors within a country. This seemed to fit features of the Putin regime, its weakening of democracy, its use of the bureaucracy as a support base, and its calls for modernisation. [16] In Russia – Lost in Transition the idea of bureaucratic authoritarianism gets a brief mention (p. 40), but as with her other classifications of Russia and its policy – ‘ruling bureaucratic corporation’ (p. 55), ‘bureaucratic capitalism’ (p. 118), ‘nuclear petro-power’ (p. 132) etc – the term is merely descriptive: Russia is authoritarian and its authoritarian power is a bureaucracy, the term ‘bureaucratic authoritarianism’ means no more than that. There is no Russian developmental state seeking to reconcile the domestic and internationalised sectors of the Russian economy, in other words; just the organisation of power in cliques, cabals, bureaucratic institutions etc., that are self-interested and geared to personal enrichment rather than societal development. There is not likely to be such a developmental state either, especially whilst the price of oil is high, Shevtsova argues; but eventually something will have to give. The need for a stronger Russian state, one that can provide public goods, social management, and security, is great and will remain so: Russia has a looming pensions crisis, has military and security problems along its southern border, needs to spatially reorganise its economy and deal with massive regional inequalities, has a declining social infrastructure and faces demographic crisis, still has not put centre-periphery relations on a solid legal footing, and has
a crime problem and high rates of alcoholism and adult morbidity, etc. The list of problems Russia faces is seemingly endless and all require some public policy response. At the moment the state is growing as more bureaucrats are recruited and more money is spent on armaments, but this state growth is parasitic rather than progressive. Putin has built a political regime, not a state machine that has capacity and can adapt over time within a legal framework to resolve new problems as they arise. When new problems do arrive the strain will be borne directly by the regime.

Where does this all leave us? There is still no good answer about where Russia is going except to say that there is probably more of the same on the cards, at least in the short to medium term. There is no knight in shining armour out there in the global economy, nor is there one in the Kremlin. Personal politics may break the mould: Putin and Dmitri Medvedev may fall out and a split between President and Prime Minister might create some scope for change. All we can really confidently say is that the process of change is not over. Vladimir Putin will, in the end, prove to be just another transitional figure. The troika is going to carry on speeding through the countryside, and Putin’s belief that Russia is unique and destined for greatness is as likely to be tested and found wanting as Gogol’s was a century and a half ago.

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References
Gaddy, Clifford and Barry Ickes 2005, ‘Resource rents and the Russian economy,’ Eurasian Geography and Economics, 45, 8: 559-83.


**Notes**


[5] For a classic argument on how market reform can lead to economic and political authoritarianism see Chaudry 1993. For an application of Chaudry’s arguments to Russia see Robinson 2000.

[6] The idea of authoritarianism being able to contain a ‘limited, not responsible’ political pluralism can be found in Juan Linz’s classic definition of authoritarianism. Linz 1970, p. 255.


[8] Perhaps the best summary of this is can be found in Nemtso and Milov’s (2008) report on
the ‘results’ of the Putin presidency. Nemtsov was a successful regional governor in the 1990s and then a deputy prime minister at the end of the Yeltsin era, Milov was a deputy minister for energy in the early Putin years.


[10] Shevtsova is right about the outcome of the Yeltsin years, although it is a little difficult to see what else Yeltsin might have done and arguably he did the best with the resources that he had available. For a kinder, but still critical, appreciation of Yeltsin see the new biography by Timothy Colton, 2008.