

## **Russian Politics under President Vladimir Putin: Current State and Prospects**

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### **Object of Analysis**

Not too long ago, the analysts studying the development of the Russian political process under Vladimir Putin attached foremost attention to efforts aimed to formulate the political priorities of Russia's second president and to ascertain his vision of the way the nation should develop. The actions and decisions made by Putin were analyzed primarily from that angle. For a long time, that way of analyzing today's Russian politics was regarded as perfectly operational: it is common knowledge that the political system in Russia is monocentric and the president is the principal political agent whose position largely determines the character and the thrust of political change. However, the two years that have elapsed since Putin's rise to power have compelled many experts to revise their attitudes. The reason is that despite the occasional changes in the system of government institutions made by the second president of the Russian Federation and his announcement of a continued market-oriented reform, what lies ahead remains uncertain. There are still doubts about the firmness of the stabilization attained under Putin, while the influence wielded by most of the key Russian political actors who arose back in Yeltsin's times has not diminished whatsoever. In this connection it has even been said that, in the final analysis, Putin will have to return to the policy pursued by his predecessor.

Under such circumstances, the analysts' foremost task was to define the boundaries of what was feasible for the current president. Today, these boundaries are shaped mostly by the interests and resources of the leading agents of Russian politics and by the distinctive interrelationship between the government and society. These factors largely determine the possible alternatives in the development of the Russian political process. They will form the core theme of this presentation.

### **The Basic Contradictions of Putin's Presidency**

Putin became president of the Russian Federation (RF) as a protégé of Boris Yeltsin's close circle of supporters (the "family") who, in the fall of 1999, being aware that the first Russian president could not remain in power long, decided to stake everything on a young and not yet well-known political figure. Yeltsin's "family," which conflicted profoundly with the overwhelming majority of Russia's political and business establishment, needed a politician who, when in power, would preserve its political influence and assure its financial and economic interests. The genetic link that connected Putin to the previous political regime tied his hands considerably after he was elected president. Almost all the key figures from the Yeltsin "family" or close to it retained their presence in government institutions (chief of the presidential administration Alexander Voloshin, prime minister Mikhail Kasyanov, press minister Mikhail Lesin, customs committee head Mikhail Vanin and national pension fund chief Mikhail Zurabov; rail transport minister Nikolai Aksyonenko was the only one forced to resign) and in business (Roman Abramovich, Alexander Mamut, Iskander Makhmudov and Oleg Deripaska). Putin did not support any efforts by the "family's" rival groups to pry it away from the decision-making levers. In this connection the Russian and the foreign press abounded in reports about some kind of unofficial agreement between Yeltsin and Putin where under the latter promised not to make any serious reshuffles in the corridors of power. At first it was alleged that Putin would refrain from making changes in personnel for one year, then for two years, and now the usual reference

is to Putin's first presidential term, that is, four years. However, the endless adjustments by analysts and journalists of the alleged moratorium's duration prompts one to doubt the very fact of its existence. In all probability, Putin does not wish to initiate the removal of the "family's" representatives from the presidential administration and the Russian Federation government. Perhaps the reason is that he does not believe in the professionalism of the other wing of his team – the "St. Petersburg *chekists*" who rose to high positions in the Kremlin together with him. Nor can one rule out the version that, without a strategy of his own, the president prefers to retain the broadest possible room for maneuvering.

In the eyes of the public which, over the decade of Yeltsin's rule, was sick of incompetents in the highest places, as well as in the eyes of a large part of the elites that were tired of Yeltsin's unpredictability and high-handedness, Putin was a political leader of a new generation; his mission was to overcome the stagnation of the system created by Yeltsin and to assure the nation's rapid development. Thus, on the one hand, Putin was to guarantee succession of power and on the other, he was expected to break with Yeltsin's legacy. This dual nature later repeatedly manifested itself in Putin's policy. Publicly, he made symbolic motions to convince public opinion that the Yeltsin era was a thing of the past. In this context, by way of example, one can list the return of the old Soviet anthem which elicited an extremely negative response on the part of Yeltsin and, to a certain extent, the conflict with two media tycoons, Vladimir Gusinsky and Boris Berezovsky, which the pro-presidential media interpreted as a struggle against Yeltsin's legacy, the traditionally strong influence of the "oligarchs" on political power. At the same time, those elite groups that expected major personnel changes in the highest echelons of power were dissatisfied with the preservation of the *status quo* and cautiously criticized Putin for delayed and irresolute action.

The other problem of Putin's presidency was that objectively, in order to modernize the nation, the new president was to continue with far-reaching market-oriented reform while most of those who voted for him were wary of change in the economy and the social sector, favoring preservation of the status quo and a stronger paternalistic role of the state in the social sector. To many Russians, adaptation to the new social order proved too taxing. They have learned how to survive in the new conditions although dismissing the social system that emerged under Yeltsin as unfair and inefficient. They no longer want communism to be restored, yet they fear continued reform because they feel moral and psychological fatigue. As the Russian sociologists Lev Gudkov and Boris Dubin aptly noted, "over the latter half of the 1990s the absolute majority of the Russians showed – beyond the narrow scope of purely tactical adaptation and survival – that it *did not want* to live differently – not better or worse, just differently."<sup>1</sup> The bulk of Putin's electorate would like to see him not as a Russian Pinochet, something certain advocates of radical market economy reform still dream of, but rather as a Russian Peron who, while leaving individual freedoms intact, would at the same time put the upper reaches of Russian society in order by curtailing the power and the influence of the "oligarchs" and forcing them to spend more money on social support for the poorer sections of the population. In other words, what, ideally, a large part of Putin's supporters would like to get is a vertically corporate state with a strong socially paternalistic and populist policy.

Some people believe that the contradiction between the need for reform and the expectations of the public is not all that significant as a political factor. Accordingly, Putin may

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<sup>1</sup> Lev Gudkov and Boris Dubin, "It's All the Same. The Life of Russian Society Has Become Worse and More Boring," *Itogi*, January 23, 2001, p. 13 (in Russian).

simply ignore the opinion of the majority and rely instead on the support offered by the more advanced sections of the public. However, the problem of Russia's second president is that public support is one of his foremost political resources, something he is obviously aware of. For example, after inflation grew noticeably and the prices of essential goods and services rose in early 2002, Putin, feeling the negative response of most of his voters, immediately demanded that the government step up the cost-of-living adjustments of pensions. The same reasons make the future of the housing and utilities reform unclear. This tendency to nurture his popularity can be explained by the fact that, unlike his predecessor, Putin has a very limited set of instruments of power at his disposal. He lacks a strong and large team of his own – something which enabled Yeltsin, within the overall paradigm of his presidency, to respond with sufficient flexibility to current political change. Putin lacks a personal charisma. That is very important for Russia, a nation with weak political institutions. The elites were afraid of Yeltsin. To Putin, they are formally loyal, but they are not afraid of him. They support Putin because so far, he has not restricted their interests in any significant way and he also enjoys widespread public support. Finally, Yeltsin knew exactly what social groups he could rely on at decisive junctures. As concerns Putin, it is still hard to understand which social groups form his social base. To this day, he prefers to act as though the election campaign were still on. He keeps upholding the high expectations of various social groups which sometimes have opposite interests. This comparison allows one to understand why Yeltsin could confidently lead Russia with only two% of popular support and why high popularity ratings remain very important to Putin. Some analysts close to the Kremlin note that concern for the possible reaction of public opinion to prospective moves is a material element of president Putin's decision-making. They maintain that the president only makes a decision if, first, he is personally convinced it is the right step and, second, it does not detract tangibly from his popularity. Naturally, this attitude is in the way of a consistent strategy aimed at socioeconomic and political reform.

The third contradiction of Putin's presidency lies in the gap between the objective need for far-reaching socioeconomic modernization and the absence of a social and political entity with a stake in such reform. Generally, the elites would not wish to radically change the system of power and the national product distribution mechanics that took shape over the past decade. The rivalry between two groups within Putin's team – the "St. Petersburg chekists" and members of the Yeltsin "family" – which broke out into the open in late 2001 merely serves to bear this out. It is not a struggle between two "visions of the future" but merely a fight for access to the decision-making resources and mechanisms. The elites would only like to abolish the extremes of the Yeltsin system – political unpredictability, favoritism and the unnatural conflicts the president kept generating. Russia's industrial and financial clans are prepared to support further market-based reforms only to the extent and within the limits that will enable them to preserve and strengthen their dominant position in the economy and protect themselves from competition both from medium-size businesses at home and from foreign companies. Big Russian capital, oriented mostly on commodity exports and, to a lesser extent, on arms sales, does not want a restructuring of the Russian economy. Society, too, lacks a vision of modernization. A large part of the population generally expects greater social justice from Putin. Many Russians would like national wealth to be distributed more equitably. They are looking for easier access to modern education and health care and for proper conditions for small and medium-size businesses, yet they would not want to assume greater social obligations to the state (for example, in the payment of taxes) or to accept the inevitability of more social costs on the way to a market economy and political democracy.

Another difficulty is that if he relies only on the elites, Putin will be unable to pursue a policy designed to modernize the nation and transform it into a society open to social and technological innovation. Within the existing model of the political process, Russia can, at best, evolve slowly and try to “catch up,” emulating the leading countries of Latin America. However, reliance on the elites and a policy which favors them practically guarantees Putin’s reelection for the next term. This is borne out by the presidential election campaigns of 1996 and 2000. The fate of the former was virtually sealed at the World Economic Forum in Davos in the winter of 1996: there, the leaders of Russia’s political and business elite agreed to support Yeltsin. The fate of the 2000 elections was determined by the closest aides of the first Russian president in the fall of 1999.

By contrast, reliance on broad public support is fraught with many risks. First, this policy can generate a grave conflict between the president and the elites which, playing on inevitable difficulties, are sure to try and bring an alternative candidate to power. Second, there are no guarantees that reliance on the support of the masses – which, as I said before, entertain great expectations of paternalism – will prove effective in overcoming today’s stagnation and creating a more dynamic society. These considerations are prompting Putin to look for a broad consensus with the current elites of Russia and give up any radical change of the existing system.

### **Illusory Stability**

Still, one can counter that despite the serious objective contradictions that define the boundaries of what is possible for our president, these contradictions have, until recently, failed to considerably affect the ongoing political process in which, typically, the role of political conflicts has diminished, state power has undergone consolidation and general nationwide stability has increased. Signs of stability have indeed become clear in Russia under president Putin. However, it is important to ascertain how sustainable this stability is. This calls for an insight into its nature.

Usually, stability in today’s Russia is primarily ascribed to its economic basis. The recent rises in oil, gas and aluminum prices – Russia’s major exports – has allowed the government to raise sizable additional funds and to pursue an active social policy. The economic factor is, of course, very important for the identification of the reasons behind today’s stability, but it is not the only explanation.

Sometimes, Russian stability is ascribed to the sociological consequences of a post-revolutionary “Thermidor.” However, those propounding this view forget to mention that any Thermidor is based on the entrenchment in society of new social interests which arose as the old regime was crushed by the revolution but which are now oriented on putting an end to further change and consolidating the positions that have been won.

Viewed from this angle, the situation in the post-Yeltsin Russia meets the Thermidor criteria only in part. It is based not on a large-scale victory of new interests but on a fleeting correspondence of essentially disparate aspirations, those of the elites and those of society.

Over the past decade there has emerged a new social order and Russia’s present-day elites have taken shape. As a result of ruthless competition, they have created a system of power relations which generally meets their interests and have privatized a large part of public property. As noted above, now the elites would like to consolidate their dominant social position and to tangibly weaken the channels of upward mobility. The most important means of resolving this task include efforts to structure politics, and establish a new political hierarchy and restrict competition throughout the social fabric – in politics, the economy and the media.

For example, support for the president has become the dominant line of conduct in politics under Putin, and loyalty to the opposition is emerging as something at odds with the new rules of the game. In the summer of 2001, the parties represented in parliament (the State Duma) vigorously contributed to the enactment of a law on political parties which was designed to reduce the number of the existing parties and make it harder for new ones to be established. This law plays into the hands of both the executive – in the longer term, its enforcement will make parliamentary elections more predictable than they are now – and the party establishment: it protects the larger existing parties from competition and practically guarantees them parliamentary seats for an indefinite period.

As concerns the economy, in the summer of 2001 the State Duma approved a law on privatization. Under this law, enterprises and companies of particular importance to the national economy are to be privatized pursuant to presidential decrees and government resolutions. The parliament will only be allowed to discuss matters related to the structures slated for the privatization of the “natural monopolies.” In this way, powerful industrial and financial clans which, under Yeltsin, devised an effective system for lobbying their interests in the executive have acquired a legitimate opportunity to monopolize the privatization process and to make it impregnable to any monitoring by the public. At about the same time, large oil companies railroaded the Duma into adopting a law on the subsoil use tax. Its enforcement will accelerate the bankruptcy of small- and medium-sized companies in this industry. In the fall of 2001, the leading multisectoral industrial concerns tried to have the government accept their version of a banking reform. If approved, it may deprive the banking sector of its independence, transforming banks into branches of these monopolies. Although these bills were not approved, the very fact that such ideas are put forward is a clear indication of the intentions harbored by the Russian business elite.

In mass communications, the trend is to gradually oust, from the information market, media which are trying to pursue an information policy independent of the institutions of power and of the political consensus reached by the elites. The destruction of Gusinsky’s information empire and the forcing of Berezovsky out of television have become the more noticeable and significant events in this context.

To sum up, stability was attained to accommodate the interests of the existing elites which were seeking to consolidate and institutionalize their dominance. However, it would be a mistake to ascribe this to a strengthening of authoritarian trends in Russian politics. Authoritarian rule is impossible without a degree of recourse to mobilization policy. However, neither Russia’s present-day elites nor the public at large demonstrate any readiness for self-limitation in the name of some social purposes. In such a “demobilized” political environment, there are no serious grounds for the emergence of authoritarian rule.<sup>2</sup>

Yet on the other hand, authoritarian trends gained unexpected support at the grassroots level during Putin’s presidency. This support stems not from established interests but from expectations of improvements. People were tired of the chaos and unfairness of Yeltsin’s rule. They want things to change for the better, and these expectations are an integral part of the above-mentioned social demand for a “Russian Peron.” Please note that according to recent studies, the positive attitude to Putin bred by such expectations is not euphorically emotional. Unlike the early Yeltsin years, the figure of the nation’s leader is not mythologized. The attitude

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<sup>2</sup> This is discussed in greater detail by Vladimir Petukhov in his “Democracy as Seen by Russian Society,” *Carnegie Moscow Center Bulletin*, March 2001.

to Putin is generally quiet and rational. This means that the demand for stability will only last as long as the public regards stability itself as an instrument fit to attain greater order and justice. In other words, stability in the post-Yeltsin Russia is based on a situation where essentially different factors have converged. One of these factors (expectations of the masses) is highly volatile. This makes it possible to assert that the stability that has been achieved has no firm basis and is therefore essentially relative.

### **What Putin Accomplished and What He Failed to Attain Over the Two Years of His Presidency**

Although the sociopolitical stability that is often described as the biggest accomplishment of Putin's presidency appears quite volatile, it would be a mistake to deny other achievements of the current Russian leader in the modernization of the political system he inherited from his predecessor.

First of all, Putin largely succeeded in shifting the political decision-making process away from the covert sphere (into which it drifted during the final years of Yeltsin's presidency) to the legitimate institutions – the presidential administration, the government and the courts. Relations with big business (the “oligarchs”) also gradually began to acquire a more formal character – along the lines of official contacts between the head of state and the Russian Union of Industrialists and Entrepreneurs which, under Putin, has come to include practically all the CEOs and owners of the bigger companies. The media and their interpretation of developments ceased to play an important role in the preparation and making of significant political decisions, the way they did during the final years of Yeltsin's rule. By contrast, the courts have come to play a much more prominent role in the settlement of disputes and in decision-making under Putin. This does not mean, however, that the nation has made considerable progress in promoting rule of law. Having sensed the thrust of the changes under way in the decision-making process, powerful interest groups worked hard to establish reliable channels to influence the courts and the various law-enforcement agencies such as the prosecutors' offices, the tax police and those interior ministry departments that dealt with economic crime. Still, for all of the above, the shifting of the decision-making process from covert spheres to legitimate institutions should be regarded as a positive change.

Under Putin, it was decided to erode the role of conflict as the principal motive force of the political process. The practice of preliminary discussion of bills and other draft enactments gained widespread currency. The president made a stake on an equitable involvement of all the major actors in the political process irrespective of their ideological priorities. Please recall that under Yeltsin, the ongoing confrontation between the presidency and the government on the one hand and the communist opposition on the other decisively affected the nature and the thrust of the political process. Putin's orientation on a broader conventional involvement of different political forces made it possible to tangibly enhance the effectiveness of the Duma's law-making efforts.

The institutional changes made by Putin to the political system proved less successful. As early as in the summer of 2000, Putin had the parliament approve several laws which actually curbed the political role of the regional elites. The procedure for the formation of the upper chamber, the Federation Council, was changed; as a result, the governors and the speakers of regional legislatures began to gradually yield to territorial delegates who, as a rule, are prone to lobby specific projects. However, by early 2002, when the renewal of the upper chamber had been completed, it unexpectedly turned out that an enormous role in it came to be played by the

highly placed representatives of major companies with a serious economic stake in various member entities of the Russian Federation. In exchange for economic assistance to the territories, the regional government agencies agreed to delegate representatives of major companies to the Federation Council.

As compensation for the loss of their constitutional opportunity to take part in decision-making, the regional leaders acquired another channel for involvement in federal politics – the State Council which, while endowed with consultative functions only, in fact began to act as a board of experts under the head of state. If required, Putin often used the views of this board to oppose different decision-making options proposed by other institutions of power, primarily the government.

Putin tried to shape a perpendicular of federal power. In order to increase the impact of the federal center on local politics, Putin divided the entire nation into seven federal areas and created a new institution to manage them – the Plenipotentiary Representatives of the President of Russia (commonly referred to as the plenipotentiaries). In fact, the new institution could only coordinate the operation of both local government agencies and of the federal agencies' regional branches. However, without actual powers to manage the territories' financial or administrative resources, the plenipotentiaries could exert only a limited influence on the economic and financial policy of the member entities comprising the Federation. The result of their intervention in local elections for the benefit of the federal government proved even less successful: in the Maritime Territory and Nizhny Novgorod Oblast, regions of great economic and political importance, the candidates supported by the plenipotentiaries suffered resounding defeats. Apparently, the unclear prospects of the institution of the plenipotentiaries are largely due to the fact that a number of important problems of state formation remain unresolved in both methodological and constitutional terms. First and foremost, it should be determined whether it is worth gradually transforming the plenipotentiaries into yet another institution of the executive aimed to manage the federal resources in the member entities of the Federation and whether the governors, popularly elected by the territories, can become an element of the vertical power structure.<sup>3</sup>

In order to weaken the political and economic influence of the regional elites, the very first year of the Putin presidency saw a redistribution of tax revenue in favor of the federal treasury at the expense of regional ones.

Putin's attempts to radically change the system of power and to weaken the impact of big business on politics and the economy proved even less effective. As early as in the summer of 2000, efforts were undertaken to launch an offensive against the interests of Russia's largest industrial and financial corporations. Law-enforcement agencies seized documents and started to investigate the financial operation of several major corporations. However, it soon proved necessary to completely give up the idea of curtailing the economic might of the leading companies. Having radically reduced the channels along which the "oligarchs" could influence political decision-making, Putin simultaneously increased their opportunities for further business expansion. This applied primarily to companies which were the key players in the producing and exporting sector of the economy. In this context, the struggle against Berezovsky and Gusinsky was never a confrontation with the "oligarchs" as a part of the establishment. None of these media tycoons had any practical access to the producing and cash-generating sector of the

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<sup>3</sup> For more details see: "The President's Plenipotentiaries: Problems Involved in the Emergence of a New Institution," Social Systems Research Institute under the M.V. Lomonosov Moscow State University, *Academic Presentations Series*, #3, January 2001 (in Russian).

Russian economy. This is why the conflict with them – unlike potential conflicts with the oil companies – was politically safe for Putin. Besides, it added weight to his popular image in the eyes of the electorate.

Most analysts tended to ascribe the absence of serious political change during the first year of the Putin presidency to the grave contradictions within his own team; these were seen as obstructing the effort to devise and implement a consistent strategy of political and socioeconomic change. This attitude appears one-sided. As demonstrated above, there are several major factors which tie Putin's hands. The differences within the political team of the second Russian president is only one of them.

Putin's team was formed spontaneously. Its different constituent groups had different visions not only of Russia's future but also of their own place in such future. For example, members of the Yeltsin "family" wanted to preserve their influence on political decision-making. While generally supporting the idea of ongoing market-based reform, they sought primarily to use it to enhance and expand their business positions. Ideally, they obviously favored the creation in Russia of a system similar to the domination of president Sukharto's family clan in Indonesia. The power of the Yeltsin "family" was rooted not only in the financial resources of oil and metal-producing companies (Sibneft, Siberian Aluminum, Eurasian Holding and others) but also in the existing system of bringing pressure to bear on the political parties, the parliament and the media. Opposing the "family" were Putin's direct protégés – former law-enforcement officers, mostly from the intelligence community. It would be hard to guess at their sociopolitical program. Most likely, they do not have any. One can only assume that they would like to markedly strengthen administrative control over the economy, particularly over the operation of the leading companies. Unlike the "family," the "enforcement" group cannot properly use modern political or information technologies nor are able to marshal such resources. Their biggest asset is administrative: they can influence the president's personnel policy. Besides, analysts usually also singled out a group of "liberals" in Putin's team – first and foremost, finance minister Alexei Kudrin and economic development minister Herman Gref. It appears however, that this identification is imprecise. The "liberals," meaning those in the presidential administration and in the government who come up with new ideas about further reforming and democratizing the Russian economy and government institutions, do not in fact represent an integral whole. Some of them are close to the political group of Anatoly Chubais (Gref and Kudrin), while others, also from St. Petersburg, are independent figures personally backed by the president (the presidential administration deputy chiefs Dmitri Medvedev and Dmitri Kozak and communications minister Vladimir Reiman). The influence of the "liberals" is due primarily to their key role in the shaping of socioeconomic policy. They are much less involved in the efforts to devise and implement political change. Their role only began to grow in the latter half of 2002 when, under Kozak's supervision, a concept of judicial reform was drawn up and soon approved by the parliament. At about that time, a special commission chaired by Kozak made perceptible progress in bringing the laws of the member entities of the Federation into conformity with federal law, something Putin had announced as a priority objective of federal reform.

Throughout Putin's presidency, the decision-making process repeatedly produced a situation where the law-enforcement agencies' pressure on the president was opposed by an alliance representing the interests of the elites that had long entrenched themselves in the corridors of power during the Yeltsin years (the "family" and the group of Anatoly Chubais). Nevertheless, the boundaries of such power groups are often quite fluid. Politicians and top-

level civil servants frequently form temporary alliances and coalitions to promote some common projects or interests. With respect to many matters, such interests may differ.

Still, for all the fluidity of the configuration of forces around Putin, of key importance is the struggle between the “family” and the law-enforcement agencies for influence on the head of state. At the institutional level, this struggle was manifested, during the first year of the Putin presidency, as the confrontation between the two key presidential structures – the presidential administration led by Alexander Voloshin, a “family” member, and the Security Council under Sergei Ivanov, one of the more powerful figures among the “enforcers.” Both groups sought to have the president accept their version of decisions on the most important political matters, be that the reform of the “natural monopolies” or the priorities of information policy. Apparently, Putin, who soon realized that he would be unable to change the Yeltsin power structure fast, took a break. It was also extremely important for him to preserve sufficient elbow room. From this viewpoint, the creation of institutional checks and balances represented by the presidential administration and the Security Council was in line with these objectives of the head of state.

This rough balance of the forces around Putin, accompanied by the actual refusal to make serious personnel changes or further reform in the socioeconomic area and in statehood improvement, continued until the spring of 2001. That was when Putin made the first and very cautious attempt to go beyond the boundaries of his “image-based” policy of playing on the expectations of different social strata and political groups yet without any serious change affecting particular social interests. At that juncture, only the “liberals” proposed a well-balanced concept of Russia’s subsequent development to the president. Actually, Putin had no choice. Besides, it was not advisable to delay these reforms which promised to be painful to the public (the housing and utilities reform, the reform of education and health care, the pension reform and the new labor code). The time to launch them was when the president enjoyed considerable popularity. Later, the factor of the forthcoming parliamentary and presidential elections would begin to play an increasingly prominent role, objectively restricting the opportunities for a far-reaching change.

However, in the fall of 2001 Putin encountered new challenges which strongly affected both his position and the overall development of the political process.

### **New Challenges and Old Problems**

There were new challenges facing Russian politics. These were the changes in the world situation after the September 11 attack of international Islamic terrorists on the United States and the downward slide of oil prices. The latter reduced the revenues of the Russian treasury and significantly affected the opportunity to meet high social expectations.

It is still hard to fully identify the reasons that prompted Putin to decide in support of the U.S. antiterrorist operation in Afghanistan. One can merely assume that the motives included his desire to secure Western support in order to strengthen his domestic positions and pursue a more confident policy of modernization. Similar steps have been repeatedly made by Mikhail Gorbachev and Boris Yeltsin over the past 15 years. Significantly, at first Putin’s announcement encountered no resolute opposition at home, although it is obvious that most elites would have liked to steer a more neutral line in this conflict. However, this does not mean that Putin’s pro-Western course will fail to give rise to serious internal conflicts with Russia’s elites in the near future. Despite their public acceptance of the plans for Russia’s accession to the WTO, many influential industrial lobbies are putting forward tough “special” conditions which, if agreed to by the Russian government, may impede the negotiations on this accession. If Putin does not

object vigorously to the possible U.S. operation against Iraq, this may lead to an acute conflict between the president and the powerful Russian oil and military-industrial corporations with a large stake in the Middle East, i.e. in Iraq and Iran. These companies may be supported by the big brass in the defense ministry.

The aggravation of the socioeconomic situation became particularly noticeable in early 2002, when the inflation rate rose abruptly, the prices of some mass-market goods and services increased and non-payments from the treasury again became more frequent. The unfavorable situation in the domestic economy will most likely persist for the rest of the year. These prospects confront Putin with a hard choice – either try and effect painful market-oriented reforms despite the inevitable loss of popularity or, playing a populist game, maintain high spending, risking merely an aggravation of crisis developments in the economy and a negative reaction on the part of the leading groups of interests.

Yet in making this choice, Putin will obviously face the consequences of the unresolved issues he previously left for later. He still lacks, both at the elite and at the mass level, a stable coalition of forces on whose support he could rely at decisive junctures of his presidency. Nor has Putin acquired reliable institutional tools for the implementation of the policy he needs. As noted above, the creation of the vertical power structure was left unfinished. The presidential administration, a key institution of the presidency, is being torn apart in a confrontation which involves its constituent groups of corporate interests (the “St. Petersburg chekists,” the Yeltsin “family” and certain oligarchic clans – Alfa and YUKOS – of the new St. Petersburg liberals). As long as these interests match those of Putin, he can use his administration as a pretty effective power tool. However, if these corporate interests conflict with Putin’s objectives, the presidential administration will cease to be a reliable instrument. There have been precedents of the interests of this agency being at odds with those of the president: for example, the presidential administration had the State Duma reject legislative amendments prohibiting a third term for governors.

The United Russia party, established recently as several pro-presidential political groups merged, cannot become a reliable mainstay for the head of state either. Its leaders are fully controlled by the presidential administration which regards it merely as a docile mechanism for parliamentary voting and would be loath to see it turn into a strong political institution likely to become involved in the decision-making process.

Even in the media, Putin’s prospects are not as bright as they may appear at first sight. Following the ouster of Gusinsky and Berezovsky from the television industry, those same oligarchic clans have in fact come to control most television channels. The composition of the mediocracy has changed, but it has mostly retained its clout. By analogy with the presidential administration, the information policy of the leading channels is loyal to Putin – as long as the “oligarchs” are generally happy with his policy. If their attitude to the president changes for the worse, the vertical information structure of the Russian electronic media will begin to work against Putin.

What strategic options are open to Putin under these circumstances? The first option – continued reform – can only be used in the event of an alliance with the leading interest groups, a complete break with populist politics and still closer relations with the West. However, given that the leading interest groups in today’s Russia want only limited reform, Putin’s policy may increasingly resemble that of Yeltsin. The underlying principle was simple: the president gave up all claims to an independent policy of far-reaching change in exchange for preservation of power at the next presidential elections, in Putin’s case, in 2004.

The second option – a shift to a populist (“Peronist”) course of maintaining high social spending and redistributing income in favor of the poorer sections – appears unlikely. Putin has neither the relevant institutions nor, apparently, the political will to take that turn. Nor is there any specific “vision of the future” to match such a policy.

The third option – delays in the adoption of unpopular decision and constant maneuvering among different interest groups, the way Mikhail Gorbachev proceeded toward the end of his rule – appears quite feasible, at least in 2002. Moreover, given skillful maneuvering, this attitude may allow the president to win a tactical advantage. Strategically however, it is fraught with the risk of losing the support of the leading interest groups which, dissatisfied, may at some juncture start looking for an alternative presidential candidate.



