

## Russia Balance Sheet Speaker Series

*Emerging Russian Futures: Transformation, Evolution, or Stasis?***“Socio-economic Change and the Prospects for the Political Transformation of Russia”**

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**Speaker:****Dr. Mikhail Dmitriev***President of the Center for Strategic Research (CSR), Moscow***Moderated by:****Dr. Andrew Kuchins**, *Director and Senior Fellow, CSIS Russia and Eurasia Program*

Dr. Dmitriev opened his remarks by describing a report that he had worked on almost 15 years ago at the cusp of Putin's ascent to power, which was a great turning point for Russian politics and would reshape the Russian economy and political future. The report was based on content analysis of economic programs of main political parties during 1990-s and predicted a radical shift towards more market-friendly and less populist economic policies of the State Duma elected in 1999.

Two political reports produced by the CSR last year were based on a completely different methodology. But they were also successful in predicting most recent political changes in Russian society such as Putin's aging political brand accompanied by the fast increase of his anti-electorate; negative public reaction to the tandem swap, which triggered radicalization of public opinion; growing protest sentiments concentrated in large cities; and the emergence of a “critical mass” of political opponents of the regime. The key findings of a report that the CSR issued in March 2011 had similar predictive power, arguing that the Russian political system is changing rapidly and the current status quo is becoming obsolete. The report was based on research conducted in focus groups, which Dr. Dmitriev argued provided indicators of a shift in public opinion well before such shifts manifested themselves in the open. What these focus groups in early 2011 suggested, in contrast to earlier focus groups, Dr. Dmitriev argued, was based on a largely counterintuitive trend: Russia is reaching a dramatic turning point. Whereas previous rounds of focus groups had been very supportive of the Putin-Medvedev tandem, the focus groups carried out during late 2010 - early 2011 focus indicated that support for the existing political system and personally to Putin and Medvedev was in decline. The CSR first report issued in March 2011 argued that the decline in popular confidence is a self-accelerating process.

Based on this understanding that political change can trigger more radicalizing events, Dr. Dmitriev and his colleagues were able to make several predictions when the first report was issued ten months ago. The predictions from the report that have already come into being include the following: (1) decline of the Putin political brand; (2) growth of the opposition to the regime; (3) Dmitri Medvedev would be unelectable as the next president of Russia; (4) a highly negative public reaction to the tandem swap; (5) the spread of criticism of the elite from the internet to general mass media, including state-run national TV channels; (6) a growth in political satire; and (7) a decline of the effectiveness of official rhetoric and consequent growth of protest sentiments. If such predictions were to come true—and they mostly have—there would be an emergence of a ‘critical mass’ of opponents, which would trigger a mass exodus of ‘conformist’ opposition members. This in turn would bring about signs of a split within the elite and an increase in mass demands for alternative candidates. This is essentially what has happened before and soon after the Duma elections last December.

Dr. Dmitriev then introduced a set of recommendations, which if implemented, could have eased political tension and facilitated transition to a more open, democratic and competitive model. The recommendations included registration of right-wing opposition parties before the beginning of the election campaign and creation of a coalition government after the elections. However, the government’s response has lagged behind current political developments, thereby accelerating the growth of popular discontent with the regime.

Turning to the current political situation in Russia, Dr. Dmitriev outlined five major current developments in the Russian political system that underpinned the aforementioned shifts: (1) a sharp increase in the demand for alternative leaders; (2) the aging of the political brand; (3) the aging of political rhetoric; (4) the polarization of the electorate and growth of protest intentions; and (5) the rise of the middle class.

The first development is a sharp increase in demand for alternative leaders. Dr. Dmitriev stated that already a year ago, the focus groups reflected this sentiment. Now, over 40 percent of Russians believe that at least one of the tandem members should be replaced. However, instead of offering alternative candidates, Putin and Medvedev instead forward with the ‘tandem swap,’ which essentially eliminated any probability that the government would be able to adapt to meet society’s demands. The result was consolidation and radicalization of mass political opposition.

Second, there has been an ‘aging’ of the Putin political brand as it reaches the end of the marketing lifecycle. As Dr. Dmitriev argued, recent sociological evidence suggests that any political brand moves through phases in a lifecycle according to a standard bell curve—the rise of popularity, continuation/stabilization, decline and ultimately, political death. Current popularity/approval ratings of the Putin-Medvedev tandem have reflected this curve, with an upswing in confidence during the 2008 financial crisis, only to be met with steady decline in the ensuing period until today.

Next, there has been an ‘aging’ of Putin’s political rhetoric. As soon as political rhetoric loses its motivational impact on the public, the leadership has little choice but to alter its rhetoric or communication style with the masses. Putin’s initial political rhetoric, going back to 2000, garnered mass appeal, portraying him effectively to the public as the nation’s leader. However, by the end of the 2000s, the middle class had grown in numbers and influence while Putin’s rhetoric remained focused on other classes. He lost the middle class, and in order to renew effective dialogue with society, the ruling elite need to dramatically change the content of its communication to the masses. Fourth, Dr. Dmitriev indicated that another associated problem is the failure of manipulative party politics. Although such tactics served the regime well in the last decade they no longer work so effectively because they fail appreciate the polarization of the Russian electorate between traditionalists or populists and the urban middle class that . He stated that this social polarization makes the task of balancing the interests within the existing non-competitive political model increasingly difficult because both poles are highly politically motivated and serve as focal points for political opposition.

Lastly, Dr. Dmitriev commented on the rise of the middle class and its increasing role in Russian society and politics. The mass urban middle class now accounts for at least one-quarter of the country’s population and more than one-third of the adult population. As the Russian population ages, the majority of urban population, particularly, the children of postwar baby-boomers born during *perestroika* years, who are mostly under 30 years old at present, will join the middle class as high-income earners, while the postwar baby-boomers will become pensioners and will partly be driven out of the middle class. . By the end of this decade, the middle class is likely to become the dominant electoral force completely transforming Russia’s political landscape and making a non-competitive political system a matter of the past.

In the short-term, Dr. Dmitriev predicted that there will be a ‘snowball effect’. This will involve a growing exodus of the conformists from the political base of the current regime towards the opposition. This also poses a risk of rapid radicalization as the conformists shift their opinions quickly and the existing regime will fail to provide timely and relevant response. In the medium-term, Dr. Dmitriev suggested that one possible outcome of polarization would be a decline in the effectiveness of the political system. This decline will be a result of growing social polarization, which will make the monopolistic political system more vulnerable and exacerbate division along the social poles, thereby increasing the risk of political stalemate. Ultimately, this scenario will result in a dysfunctional and ineffective political system. This dysfunctional system can only be overcome in the long-term with necessary sociopolitical changes. An alternative scenario for the medium-term involves a slowdown of protest activity from both political poles. This will reduce pressure on the authorities for political change, and will preserve the current system’s principal features. In this scenario, Dr. Dmitriev argues, any significant political transformation will be postponed. The first half of 2010s will probably be marked by a shaky balance of conflicting political poles leading to continuous dysfunction of any system of governance, whether monopolistic or competitive.

Dr. Dmitriev included one possible scenario for Russia's long-term political future. by the end of decade, preconditions may appear for a full-bodied and effective democratic system to take root. He argued that if moderate economic growth is maintained, the middle class will soon become the dominant social group. This will cause the political parties to converge towards the political center and appeal to the interests of the mass middle class and the modernist pole. This will create the possibility of avoiding radical leftist populism in a truly competitive presidential elections as early as 2018. . Ultimately, these developments will mark a transition to a more sustainable, competitive, and ultimately effective political system.

### **Question and Answer**

In response to a question about Putin's future popularity and the future of his regime, Dr. Dmitriev responded by saying that Putin has little room for maneuver as his political brand ages. The best Putin can do is to work in anticipation and prevent radical or violent political change by appointing a new dynamic and modern-minded Prime Minister, and implementing reforms such as registering opposition parties. However, Putin has thus far tried to restrain or resist change; instead he chooses to invest his time and effort in defense of *status quo* as opposed to meaningful political change. Dr. Dmitriev said that a good indicator of the viability of the Putin regime in the future will be who becomes Prime Minister in 2012. If the candidate is Medvedev or another Putin crony, the political system will self-destruct due to open political confrontation; whether violent or not, this destruction will be the likeliest outcome. Putin is likely to be elected, but he might not survive the entirety of his presidential term and will have to step down sooner or later. Therefore, Dr. Dmitriev said, it would be prudent and clever for Putin to start planning an exit strategy in earnest.

A follow-up question was raised, inquiring about the possible outcomes if Putin opts for a much more repressive policy following the election, instead of initiating reform. According to Dr. Dmitriev, while some in the law enforcement institutions might be inclined to use crackdowns or repression, Putin is a cautious leader who avoids extremes. Large-scale crackdowns would be met by severe public disapproval. This, Dr. Dmitriev argued, would be a point of no return for Putin and would result in the current system being completely discredited and dismantled later on. In his view, this scenario is highly unlikely.

Several questions were posed about the nature of the potential political transition in Russia. The first of these questions suggested that real political transformation will not occur on the 'streets' in mass political protest, but instead will be a change within the political elite. Dr. Dmitriev agreed that this is an entirely plausible scenario, not inconsistent with the street protests' driven scenario. He said it is highly possible that the future leaders of the political opposition are recruited from the ruling elite, and cited former minister of finance Alexei Kudrin as an example of this. A related question raised the issue of the nature of Russia's inevitable political

transformation—will it be violent, negotiated, or part of a pre-planned exit strategy, and would the middle class accept a negotiated settlement? Dr. Dmitriev responded by saying that as long as there is a smooth transition with little resistance from Putin, the middle class will not feel the desire for revenge. Any reasonable exit strategy would be welcome by the majority of the populace as it would offer the most peaceful power transition. The real problem is who would be Putin's successor; if it is an individual with wide public appeal there will be a smooth transition. Thus, the success of any power transition hinges upon the political choice of Russia's new leader.

Another set of questions raised the issue of the effect of any political system changes on Russia's external behavior and foreign policy. The first question asked about the impact a major political change would have on Russia's foreign policy, while the second was in regards to the U.S./Western response to such changes. Dr. Dmitriev responded to the first question, saying that there is little reason that a domestic political change should cause a dramatic shift in Russia's foreign policy. This is primarily due to Foreign Minister Sergei Lavrov's high popularity with the Russian public and their general satisfaction and widespread approval of current foreign policy. There is no serious public demand for a radical change in foreign policy, particularly vis-à-vis the U.S. and Europe. In terms of the Western response to any political change in Russia, Dr. Dmitriev said that the West can do very little. This is a domestically generated political conflict that has little to do with foreign affairs. Nevertheless, the recent rise in anti-establishment sentiment has also caused anti-American sentiment to wane in Russia. According to recent sociological evidence people in Sakhalin dislike Muscovites more today than they do Americans who are regarded more positively than before due to the increase in foreign investment in the region.

The next questions focused on the role of the North Caucasus in shaping Russia's political future. One question addressed the lack of opinions from the regions in the CSR report, and whether or not sentiments of Islamism or nationalism felt in the North Caucasus could supplant a democratization agenda in wider Russia. Dr. Dmitriev noted that the Caucasus are a major risk factor for Russia and are a bit of an anomaly in terms of public perception and opinion. However, the CSR report omitted issues of nationalism and omitted a focus on the North Caucasus because of a lack of data and resources. He asserted that the potential of instability in the Caucasus to dramatically alter Russian politics cannot be discounted. However, such research may be undertaken by CSR in the future should funds be available.

The next question asked whether a flashpoint in the North Caucasus could unite the Russian public behind Putin. Dr. Dmitriev said that Russia is not ready for a new war, and thus the current regime will not take any measures that would provoke a conflict in the North Caucasus. He said that any major event in that region could lead to a territorial disintegration of the Russian Federation. Thus, taking action in the North Caucasus is unlikely as it would run too high a risk.

Another question addressed the role of the Russian Orthodox Church in any political transformation. Responding to the question, Dr. Dmitriev noted the paradox in Russian value system and mass conscience; the only area where Russia is more advanced and modern than even the West is its secularism. In this regard the Russian mass conscience is uniformly modernized. Thus, he concluded it is highly unlikely that the Church will have any real influence on current political developments.

In response to a question about how the CSR report was received by the authorities, given that CSR is, in part, funded by the Russian government, Dr. Dmitriev responded by saying that the findings of the report were particularly unexpected by the authorities and came as a shock. However, there were no negative institutional repercussions for the CSR is a Non-Governmental Organization. More interestingly, Dr. Dmitriev said, many within the government responded neutrally and even positively to the reports' findings, but ultimately the recommendations in the report were not taken seriously by the authorities. Indeed, it remains difficult to explain the timing of the shift in public opinion that began in early 2011. Dmitriev hypothesized that there may be some link to the economic crisis, but if that were the case, one would have expected public opinion to shift against the government eighteen months or so earlier than it actually did.

Finally, the role of Alexey Navalny was raised. In Dr. Dmitriev's opinion, Navalny has excellent economic and political instincts—he is market-minded and has ideas relevant to the current Russian environment. He has outstanding political talent, which has thus far served him well, with the foresight to take appropriate action. Moreover, he is working to develop a timely political agenda to transform himself into a national leader. According to Dr. Dmitriev, there are no other political leaders who can match Navalny at this point; if Navalny has enough patience and self-restraint and decides to fully enter Russian politics, he has the potential to become President someday. This ability, however, has one caveat: Navalny currently garners support only from the urban middle class, and would need support from mass provincial audience in order to be truly popular and successful nationwide.