



# Russia the new reality

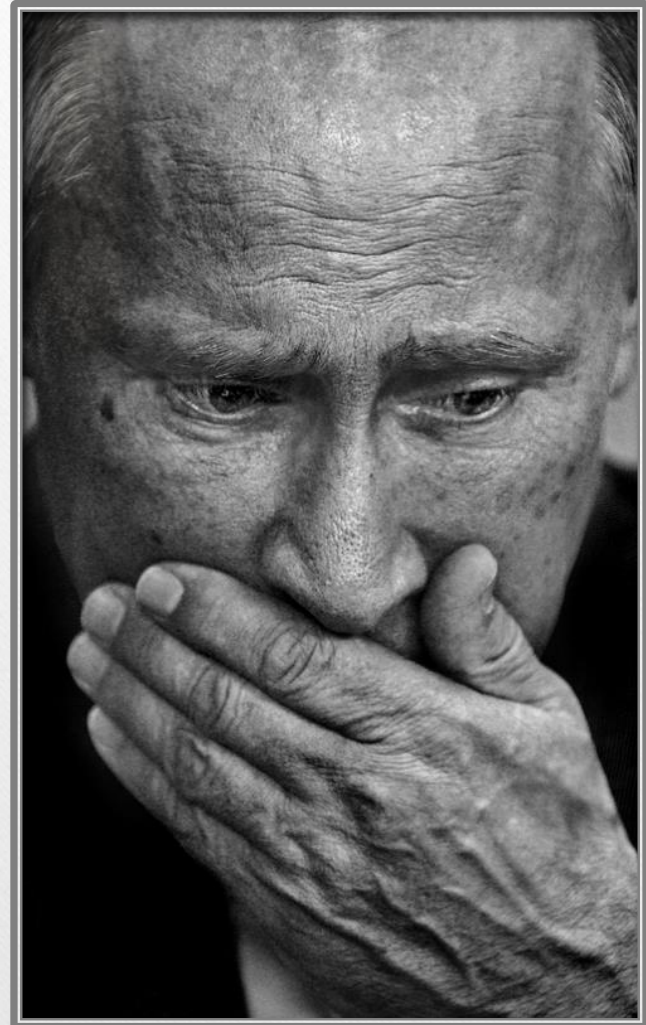
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## Putin's Stability 2000-2013

- Bonapartist political regime
  - Populist
  - powered by large businesses and siloviki – security and police forces
  - Visibly strong – image of stability, contrast to chaos of 1990s
- Radically neoliberal and monetarist economic approach is offset by unmanageable corruption and formal nationalization of large enterprises
  - those Putin's de-jure “managers” and de-facto oligarchs create unfair competition and destroy judicial and law enforcement systems
  - “Give everything to your friends and law to your enemies”
- Rising salaries and pensions along with de-industrialization and without increase of productivity
  - budget crisis at the regional level
- Growing split between center and regions
- Rapid growth after 1998's default was superseded by stagflation (2013 GDP growth 1.8%, industrial production -0.5%, 2014 – zero/negative growth)
  - 25% drop of internal investments in 2014
- Deficit of quality government management
- Continued alienation of the middle class
- Nationalization of the elites after Putin's comeback
  - Reinforced after Ukrainian crisis



## Rocking the boat: Ukrainian crisis

- Spontaneous decision
  - No “neo-USSR” strategy behind
- Retaliation for defeat of Yanukovich
  - Bad example for Russians
  - Ruining Putin’s image of strong leader
- Vicious circle of mistakes
  - Cannot pull out
  - Propaganda drives the events, not follow
- Split in the society
  - All social groups and all political forces are split (especially leftists and nationalists)
  - Liberal opposition tend to support Maidan
  - Patriotic opposition tend to be anti-Maidan
- 85% are not Putin’s fans (some 50% ready to vote for Putin); but they support Putin’s policies



## Dominant ideas in Russian public opinion about Ukraine

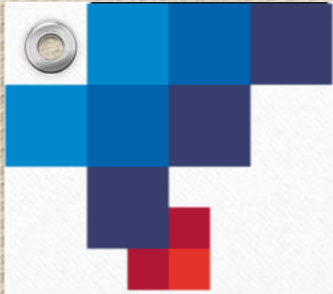
- Crimea was always Russian, so it is fair to return it
- If Putin would not return Crimea, it would have been war like in Donbass
  - NATO could have been in Sevastopol already
- We are not at war with Ukraine, we are at war with America in Ukraine
  - It is continuation on WWII – Gorbachev betrayed what our grandfathers did; Putin is cleaning up the damage
- Ukrainians are zombified by American propaganda, so they need to be liberated
  - There is no visible intention to “conquer” Ukraine
  - Help Ukrainians, not Russians in Ukraine
- Most likely there are Russian troops in Ukraine, but we should not admit it, because our intentions are good
  - Malaysian airplane was shot down by Ukraine; or it was Western provocation, simply because we are good and cannot kill innocent people
- We are the peacemakers, and West had always been the warmonger, and everybody knows it



# Political landscape in Russia

- 4 parliamentary political parties (all anti-Maidan)
  - Ruling party (51%) – United Russia. Politically conservative, economically neoliberal
  - Main opposition (20%) – Communist party. Politically conservative, economically left
  - Opposition – Fair Russia (social-democratic). Politically swings, economically left
  - Populist – Liberal-Democratic. Politically ultra conservative, economically swings
- Major non-parliamentary parties and groups
  - RPR-Parnas (Republican – People's Freedom party) – Neoliberal (pro-Maidan)
  - National-democratic party – nationalists (anti-Maidan)
  - Ethnical nationalists groups (pro-Maidan)
  - Yabloko – liberal (pro-Maidan)
  - Civil platform – neoliberal (anti-Maidan)
  - Left Front – leftists (neutral, but reject anti-Maidan)
- Cloud of fake political parties
- Navalny (Party of Progress) – populist nationalist, neoliberal (pro-Maidan)
- Khodorkovsky (Open Russia) – moderate left-liberal (pro-Maidan)





# Why after twenty post-Soviet years Russia is back to authoritarianism

- Elites did not change from Soviet times
  - No lustration happened in 1991
  - Some generational changes (Communist party -> Komsomol)
  - KGB officers at command since Putin's return
- No "genetic authoritarianism" in Russians
  - Individualism and skepticism over government
  - Nation's mission – liberating our neighbors
  - USSR was a melting pot, destroying Russian ethnicity
  - Medvedev – proof of parliamentary concept
- Democratic values are compromised in the eyes of common people
  - Privatization seen as unfair and private property is not legitimized
    - Entrepreneurs are appreciated, "businessmen" are not
  - Media wars highlighted private interest behind every single public development project
    - Best example is Skolkovo initiative
  - Western living standards have wide appeal, but political practices are compromised and seen unfair to Russian
- Immediate concerns always prevailed over the long-term benefits
  - One example – presidential elections in 1996





## Protest movements were always used against popular interests

1. Antibureaucratic protests of “united democrats” 1986-91 :  
Promotion of Yeltsyn, national liberation movements in Soviet republics, collapse of the USSR
2. Protests again “shock therapy” 1992-93 :  
Suppressed by military forces, Parliament (Supreme Soviet) shot by tanks, new Constitution changed from parliamentary to super-presidential model
3. Protests against industrial crisis «railway wars» 1997-99  
Inspired and used to redistribute assets by new Russian businessmen
4. Protests against monetization of privileges 2005  
Social spending significantly increased, Putin’s «conservative majority» was formed
5. Protests against election fraud 2011-12  
Beginning of open clash between emerging middle class and the conservatives
6. Protests against the war in Ukraine 2014



## Current protest environment

Four types of protest:

1. Political protest (capitals)
2. Social protest (major cities)
3. Protest against local problems (small towns, rural areas, labor unions)
4. Ethnical protest



## Major objectives of the street opposition

- Unanimously supported demands:
  - Political reform and free elections
  - Freedom of speech
  - Fight with the corruption and bureaucracy
  - Judicial reform and release of political prisoners
  - Peace with Ukraine and European choice
- Demands supported by majority:
  - Constitutional reform and shift towards parliamentary republic and power to regions and local communities
  - Minimal government
  - Lustration of the elites
- Demands of the left:
  - Social and economic reforms
  - Privatization concerns



# Evolution of the protest movement

- Initially coalition of four factions: neoliberals, leftists, nationalists and “apolitical” civil groups
- In Moscow in 2012 - ~50% neoliberals, 35% leftists, 15% nationalists
  - Cautious support from traditional parties (Fair Russia, Yabloko, Communists, Civil Platform)
- As protests became more radical, leftists gained support, maximum in May 2012
  - Street riots on May 6<sup>th</sup>, 2012
  - During May 2012 – OccupyAbay movement, dominated by leftists
- Fall 2012 – creation of “Coordination Council of the opposition” destroyed trust between groups and with the parliamentary opposition
- End 2012 – beginning of repressions, leftists leaders arrested
- 2013 – mayoral election campaign in Moscow, Ekaterinburg, Novosibirsk signaled opening of local level elections
  - network-type coalition reformed into authoritarian populist movement under leadership of Alexey Navalny as the outcome of his campaign in Moscow
- December 2013 – Mikhail Khodorkovsky released and was expected to become the leader of the opposition, later made an informal alliance with Navalny
- Spring 2014 – split over Ukraine forced ideological regrouping
  - Numerous centers moved abroad because of unsustainable climate in the country
  - Khodorkovsky started Open Russia movement
  - Change of power through elections now is rejected by the opposition



# The new Russia has emerged

## 1. Conservative International

- Russia is now the vanguard and facilitator of global conservative and antiglobalization crusade
- RT as the spinal cord
  - 5% ultra right + 5% ultra left = 10% of loyal followers in the developed world
  - Audience is larger than CNN since 2013
- Direct influence on political processes and politicians inside Western countries
  - Bulgaria riots in 2013
  - Scotland referendum in 2014
  - Food sanctions were to mobilize agriculture workers against their governments

## 2. Energy wars

- South Stream collapse
- Attempts to compromise shale gas development both in Europe and US
  - Financing environmentalists
  - Formal and informal lobbying

## 3. Turn to the East

- So far it is more PR campaign rather serious moves
- Conditions for Russia are not very beneficial (like in new gas pipeline project to China)

## 4. Collapse of post-Soviet integration

- Even closest allies like Belarus and Kazakhstan are afraid and angry of Russia's arrogant behavior





## Potential outcome of the current situation

- High probability of Franko-style fascism
  - Driven by armed activists with Eastern Ukraine war experience
  - Significant part of Putin's elites will support
  - Bigger Putinists than Putin himself
  - Might be installed through an elite coup, or as a result of grass-roots revolution, or by Putin
- Lower probability – liberal revolution
  - Also can happen in the form of elite action or grass-roots campaign
- Lowest probability – liberal turn initiated by Putin himself, say, by replacing Medvedev with Kudrin

All revolutionary scenarios carry high risks of violence and disintegration of Russia into several independent states



# Conditions for the change of power in Russia

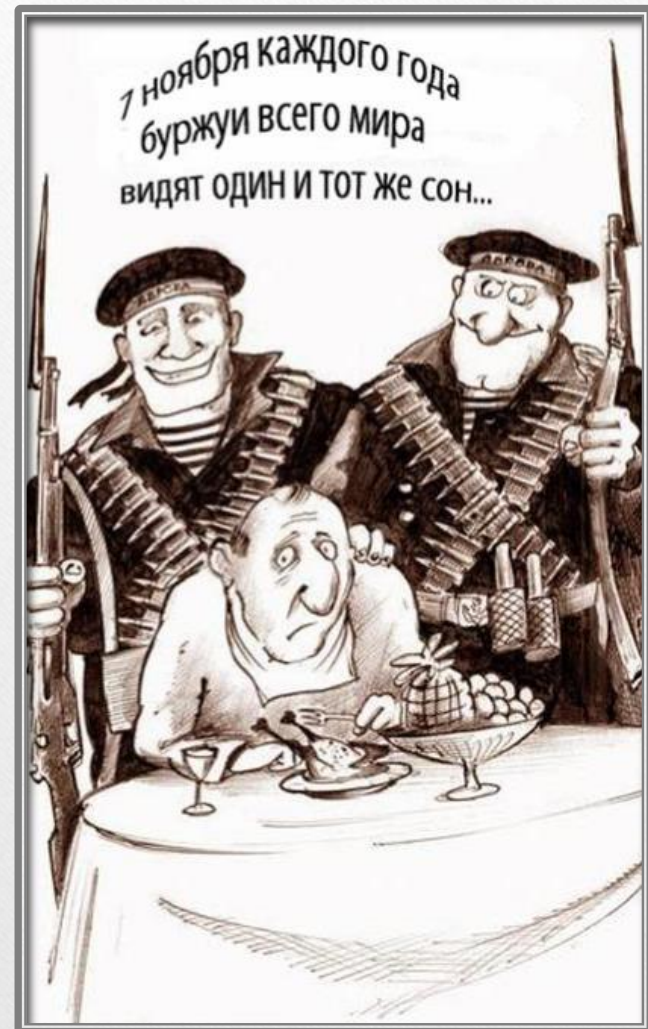
Unlikely – elections

Likely – revolution (non-violent or violent)

1. Organized street protest (versus spontaneous one)
2. Appealing vision of the future presented to the majority of Russians
3. Leader, acceptable for all protesters and the elites
4. Access to some financial resources
5. Part of the elites should support the revolution
6. Trigger event

Compromise with the current elites increases possibility of non-violent changes, but decreases the probability of successful reforms in the future.

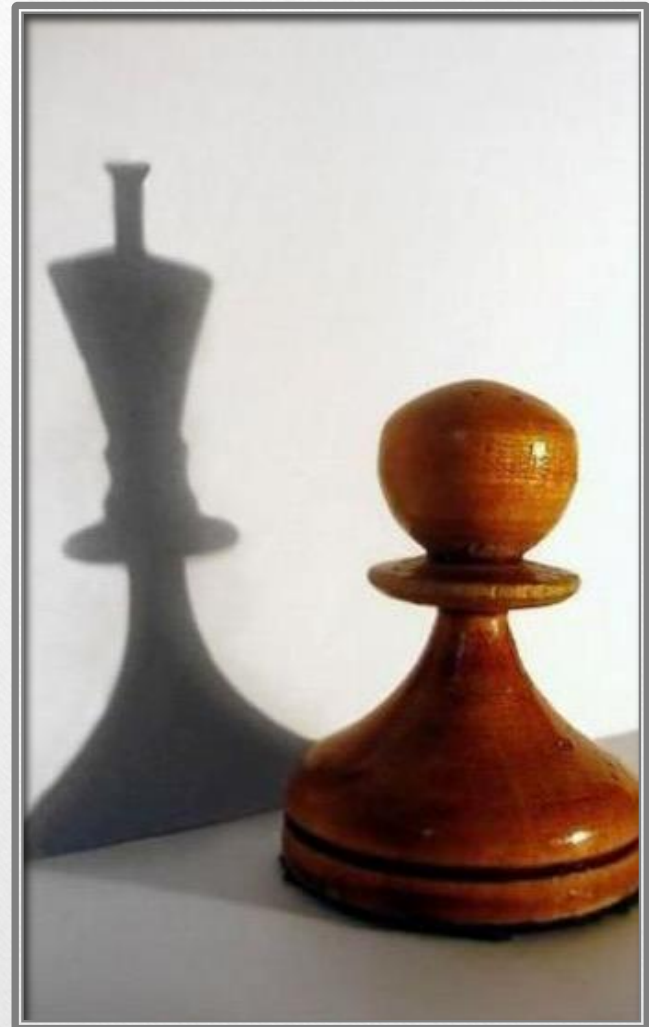
Gradually escalating economic difficulties will mean more for elites, than to general public. Public can be affected by some dramatic and rapid changes, including ill-engineered reform, infrastructure malfunction or catastrophic event





## A positive strategy

- Create a new – most likely informal and temporary – coalition of opposition forces in Russia, which will include both system and non-system actors
- Develop a program for transitional government and agree on the key figures of post-revolutionary administration
  - They should agree to step down from politics after the transition period is over
- Use Duma campaign of 2016:
  - to preview potential regional leaders which are capable and would be able to keep the country from falling apart in the future
  - to promote the agreed program and the vision of future Russia
  - to energize the constituency and rebuilt the grass-roots networks
- Lay out the guarantees of personal safety for those members of ruling elite, who decide to step down and agree to the changes
- The next most likely critical period for Putin's authority will be the first half of 2017



# Western policies towards Russia

## Sanctions

- Economic downfall started before they were implemented, although they create uncertainty and deficit of financial liquidity
- Excuse for Putin to write off failures of his economic policies and mobilize the society against the West
- Personal sanctions are too limited and do not reach their objective – to create a split within the elites

## “Realpolitik”

- Sacrifice of long-term priorities for short-term gains
- Profits and losses are never calculated
- Undermine Western values in the eyes of Russians

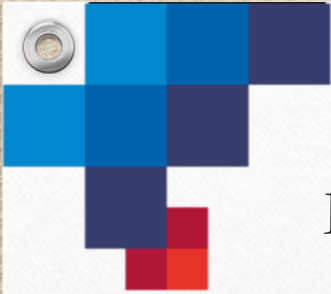
## Containment

- Increases risks of fascist coup and long-term confrontation between Russia and the West

## Best Putin's allies:

- Large corporations
- European social-democrats and labor unions
- Ultra-right and ultra-left groups

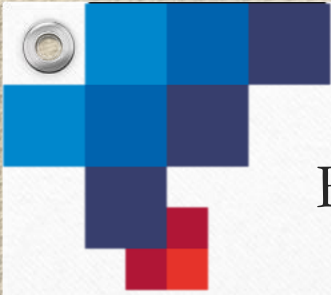




## How America can help

- Stay away from Russia for a while
  - Right now no reasonable argument can be heard, and any step could be misinterpreted by Russian media
- Provide as much internship programs assistance for political and social activists as possible
  - Election campaigns, social projects, entrepreneurial programs – all kinds of learning by doing, to relay back best practices
- Be consistent as a government and make your corporations prioritize values over short-term gains
  - Internet players
  - Financial infrastructure providers
- Make Ukraine a success story





## Free Russia Foundation

- Bipartisan US-based think tank and advocacy group of Russians
  - Headquartered in DC
  - Media centers in DC and NY
  - Engages Russian diaspora
    - To develop a vision of Russia after Putin
    - To finance activists in Russia and in exile
    - To provide technological and methodological assistance to Russian politics
- Main constituency – entrepreneurial community of former USSR descend
  - Politicians can be only experts
- Partners with Ukrainian and other former USSR diasporas groups

