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Putin's Rule: Its Main Features and the Current Diarchy: Their Incipient Unraveling as the Economic Crisis Deepens

Peter Reddaway, George Washington University

Revised, extended, and updated version of the 2008 Alexander Dallin Memorial Lecture, Stanford University

JOHN DUNLOP (Chairman):

I'd like to welcome you to the 2008 Dallin Memorial Lectureship. For those of you who don't know me, I'm John Dunlop, Senior Fellow at the Hoover Institution and Acting Director of CREEES. The Dallin Lectureship is named after the late professor Alexander Dallin, whom I had the privilege of knowing and who passed away in July of 2000. Alex's services to the Center for Russian, East European and Eurasian Studies were unique and extraordinary. He served in the Center's steering committee in the late 1970s and early 1980s, and then served as director of the Center from 1985 to 1989 and from 1992 until 1994. During his tenures as director, Alex took the institution that the late professor Wayne Vucinich of the History Department had developed in the 1970s and raised it to a higher level, putting CREEES on the national map and giving it a secure financial and institutional footing.

Alex was a skillful fundraiser. One of the grants he raised was from Donald Kendall, at that time the head of Pepsi-Cola and a Stanford parent. When the Kendall lecture fund was finally exhausted, Alex began quietly to donate funds from himself for an endowment to keep the lecture series going.

In typical fashion for him, he refused to let the Center announce that he was the donor. Once Alex was gone, however, the Center decided to continue the lectureship series in his honor and to give him recognition. The lecture series was then named the Alexander Dallin Lecture in Soviet and Post-Soviet Affairs, and today that lectureship is titled the Annual Alexander Dallin Lecture in Russian, East European and Eurasian Affairs.

I won't read the long list of very distinguished specialists who have delivered the Dallin Lecture over the years, I'll just mention a few fairly recent speakers: Lilia Shevtsova, Lev Gudkov, Tim Colton, Archie Brown, and Bob Legvold.

This year's Dallin lecturer, Peter Reddaway, Professor Emeritus at George Washington University and a consultant to the US government, has had a long and exceptionally distinguished academic career. When I first met him, he was a Senior Lecturer at the London School of Economics and Political Science, working with a renowned professor in Soviet politics, the late Leonard Schapiro. Named an Academic Visitor at LSE in the mid 1970s, I had an opportunity to attend the weekly Schapiro/Reddaway seminar at LSE, which used to attract the top specialists from all over Britain and from abroad.

Later, Peter was brought to the United States by James Billington, now the Librarian of Congress, to head up the Kennan Institute for Advanced Russian Studies in Washington. Following that appointment, he was asked to take a professorship in Political Science and International Affairs at George Washington University. He retired from teaching in 2004 to devote himself to research and consulting. Peter has a lengthy list of book publications, all of which have attracted considerable attention. His most recent books are: *The Tragedy of Russia's Reforms: Market Bolshevism Against Democracy*, written with Dmitri Glinski and published in 2001; and *The Dynamics of Russian Politics: Putin's Reform of Federal-Regional Relations*, edited with Robert Ortung and published in two volumes in 2003 and 2004.

Today, Peter will be speaking on an exceptionally important and timely topic: the unstable politics of the Russian diarchy. I urge you to pay close attention to what he has to say and particularly to his predictions. In my experience, Peter is always right in his forecasts. Indeed, yesterday evening I had the privilege but also the duty of tendering Peter a bottle of fine wine in payment of a wager which I had lost and he had won. I had thought that Vladimir Putin would remain in power as *de jure* head of state in 2008, but Peter wisely predicted that Putin would step down as Russian president, so as I say, do pay attention to his predictions, they'll probably almost certainly be right.

[laughter and applause

Note: From here on, I've amended the text to read as though I had given the lecture in mid-February 2009. I've also added some passages and changed others, to correct errors and reflect my current thinking. Also, I've added some twenty footnotes

PETER REDDAWAY:

Thank you very much, John, for those kind words.

Introduction

Ladies and gentlemen, let me first say that I feel fortunate and honored to be giving the annual lecture in memory of Alexander Dallin, an eminent historian and political scientist. Like John, I was lucky enough to know him, though I'm sure not as well as John did. I liked him and valued his many publications for their focused and determined attempts to analyze complex issues thoroughly.

These publications were fairly extensive. I won't go through them. The well-known ones I'm sure you know yourselves. I'd like to mention, though, that among other things he edited a number of highly useful volumes in co-editorship with, among others, Condoleezza Rice and his widow Gail Lapidus, who I'm delighted is here today. These were extremely useful for people like Gail and myself as teachers in universities. One or another of Alex Dallin's books or edited volumes appeared on my reading lists for graduate students throughout my teaching career.

Now, let me preface my lecture on what I think would perhaps be accurately called the development of Putin's rule and the transition to a diarchy. And I will, being a fool, throw in a few predictions so that this time I'll probably be wrong. This lecture will last probably 55-60 minutes.

What is a diarchy? Theory and practice

I'm going to start with some comments on two topics. First of all, I want to discuss briefly the notion of diarchy or dual power in theory and in historical situations in which it's been practiced. And second, I'll analyze the political background to the adoption of a dual-power system in Russia in May of this year.

In defining diarchy, theorists hold that the two individuals concerned should coexist in power on the basis of a certain amount of equality. Also, the power of each of them should be based on two separate institutions that derive their legitimacy from different sources. And third, the institutions should have their own financial and other resources.

From a linguistic point of view, the word diarchy should, if you think for a second, be seen alongside the word "monarchy". Monarchy - rule by one person; diarchy - rule by two. In the Russian language, the word diarchy or *diarkhia*, has recently come into existence, but more often used is the word *dvoevlastie*. This is looser

in its meaning and is usually translated as “dual power”.¹ In contrast to the word *dvoevlastie* or dual power is *edinovlastie*, i.e. autocracy or absolute rule by one individual. By the way, the forest of names and words on the board are in the sequence that I’m going to mention them, so, assuming I get to him, Voloshin will be the last one.

Historically, dual power has operated in a variety of countries and in a variety of forms.² In recent times, dual power systems have worked successfully in countries like France, Finland, and Portugal, and are written into the constitutions of these countries. In France, the dual system has worked effectively even during periods of so-called cohabitation, during which the president and prime minister have belonged to opposing parties.³

In Russia, by contrast, periods of dual power have, in the past, always been unplanned, unstable, confrontational, and therefore brief. For example, in 1917 the Provisional Government had to compete with the Petrograd Soviet, which emerged spontaneously from below and enjoyed popular if not formal legitimacy. In 1990-1991, the USSR’s president Gorbachev cohabited unwillingly with the Russian Federation’s President Yeltsin, as the two men ran their confusingly parallel and often competing administrations. In 1992-1993, President Yeltsin of independent Russia competed with the leader of the Parliament, Khasbulatov. Although Khasbulatov’s office had more constitutional authority than Yeltsin’s, Yeltsin defeated him in a tragic shootout.

Also, in 1998-99, when Primakov tactfully but firmly asserted a reasonable amount of autonomous power as prime minister, Yeltsin saw how popular Primakov was becoming and became fearful that he would take too much control out of his hands. This fear concerned, in particular, the rapidly looming issue of the end of Yeltsin’s presidential term and who should succeed him. So he fired Primakov and ended a brief period of, as usual, unstable dual power.⁴ It’s true that this case doesn’t fully meet the definition of dual power given above, in that Primakov derived his formal legitimacy from Yeltsin’s appointment of him, and when Yeltsin exercised his power to fire him, Primakov did not resist. Nonetheless, Primakov enjoyed a large amount of informal legitimacy in the eyes of the Duma and the population, and this was what enabled him to pursue a number of policies that were not to Yeltsin’s liking, and thus created a temporary, de facto system of dual power.

Putin rejects the idea of a diarchy, then suddenly adopts it

Fourteen years later, Vladimir Putin spoke out strongly against any move towards dual power in Russia.⁵ On October 18, 2007, he said that while the government was the chief implementer of policy, “in our country, we do not have two centers of power, but, rather, one: the head of state working with the parliament.” So, implicitly, a very modest role was ascribed by Putin to the government. It was a mere instrument of the president. He went on to say that to give more powers to the government “would create dual power (*dvoevlastie*). I am against reducing the powers of the president.”

Seven weeks later, however, on December 10, he suddenly embarked on the path he had just rejected. In other words, after three years of agonizing about the succession, he and his inner group had decided to

¹ Other words and phrases that have been used are tandem vlasti (or simply tandem), dvoetsentrie, dualisticheskaya model’ vlasti, and dualisticheskaya model’ ispolnitel’noi vlasti.

² The word seems to have been used for the first time to describe the successful division of power between the outstanding emperor, Caesar Augustus, who died in A.D. 14, and the Roman Senate.

³ In 1986-88 the socialist President Francois Mitterand coexisted effectively with the conservative Prime Minister Jacques Chirac, and later President Chirac coexisted with the socialist Prime Minister Lionel Jospin.

⁴ An episode cited in this context by Lilya Shevtsova in a talk at the Carnegie Endowment for International Peace, Washington, DC, Feb. 12, 2009.

⁵ He may have wanted to quash any speculation prompted by his recent vague statement of October 1 that he might perhaps become prime minister in the future.

introduce a system of dual executive power. To save face, he didn't call it that, but when he anointed Medvedev for the presidency and then on December 17, agreed to become prime minister himself, the new system could only be one of some sort of dual power. And that's how informed Russians saw it.

At the same time, we should note two things. First, the new system did not fully meet the definition of dual power given earlier. Putin, as prime minister from May 2008, derived his legitimacy from President Medvedev's appointment of him, not from a source fully separate from Medvedev's source, namely the voters in the presidential election. Moreover, up to the present at least, there has not been a sufficient degree of equality between the real amounts of power that each has wielded. Putin has clearly wielded much more than Medvedev.

Second, it is clear that Putin had serious doubts from the start about the whole enterprise of sharing power. Indeed, the record shows that at least from 2006 on he prepared several different scenarios for the succession, and also that he currently has plans for different options that he might follow, if sharing power with Medvedev should not work out to his liking.

Evolution of the Putinites' system of government

How high are the stakes for Putin regarding the future shape of Russia's leadership? To answer this question, let's consider how the system that he and his associates have developed out of the Yeltsin system evolved over the years. Then I think we'll see more clearly exactly what Putin has to lose today if things go wrong.

In my view, the broad strategic goals of Putin's administration have been, very roughly, the same as those of the Soviet leader Andropov in 1982-1984: first to create a strong, effective, and authoritarian state, and then to modernize Russia's inefficient economy. This would be done by exploiting Russia's rich human and natural resources and using at least some elements of a market economy as an essential stimulus.

As Clifford Gaddy, Olga Kryshstanovskaya and others have argued, this strategy failed under Andropov because he died very soon. And it failed again under Andropov's protégé Gorbachev, because Gorbachev's reforms were badly thought through and quickly ended up destroying the Soviet Union. In 1999-2000, by contrast, the circumstances were much more favorable. Why?

First of all, Yeltsin's rule had, during the 1990s, discredited the third strategic model to be used in Russia in twenty years. The first was Brezhnev's increasingly corrupt version of the Soviet model, the second was Andropov's and Gorbachev's model, and the third was Yeltsin's. The latter was a doomed attempt to impose on Russia in a few short years the political and economic system of the West. This attempt of Yeltsin's led to some advances, notably a marked expansion in personal freedoms, but it also brought exceptionally corrupt political, economic, and business institutions, a sharp decline in the living standards of most of the population, and a number of other negative phenomena.⁶

Thus, the Putin group's gradual introduction of changes in the early years of the century, aimed at addressing these ills, met with a large measure of support from ordinary people and also from many sections of the elite. Also, from 2004 on, Putin exploited effectively the remarkable quintupling of the world price of oil. Overall, the population especially liked the fact that under Putin wages and pensions were soon being paid on time, and that the standard of living gradually rose for most people. They liked the feeling that they had more competent political and economic leadership, with a president who was healthy and even to some extent charismatic. People who knew about these things applauded the fact that Russia's foreign debts were paid off and that the Kremlin had built up the third largest gold and currency reserves in the world. Also, they had

⁶ See P. Reddaway and D. Glinski, The Tragedy of Russia's Reforms: Market Bolshevism Against Democracy, 2001, passim.

liked the fact that the federal government was bringing the regions back under less limited control by Moscow.

Ordinary people, in particular, also liked that way that the Putinites handled the oligarchs. They dealt roughly with the most independent-minded of them (Berezovsky, Gusinsky and Khodorkovsky). And they got the others to pay more taxes, to obtain Kremlin agreement for important business decisions, and to contribute to Kremlin-approved charities and other programs. Also, most people liked the way that Putin over time gradually became more assertive in his foreign policy, especially toward the West. A result of all this, in 2007-2008, was that Putin's popular approval rating was still in the range of 70-75 percent, even though that of governmental institutions was half of that level or less.

Also, the elites were happy with him because he had successfully preserved the status quo in the relations between the mass of the population and themselves. In other words, the elites still possessed an almost complete monopoly on economic and political power.

The core pathologies of the Putinite system

However, along with all this good news, serious systemic pathologies were developing, often beneath the surface. These were made worse by what was in fact - in my opinion and that of other critically minded observers - the curse of the sky-rocketing price of oil.

As economic liberals like Boris Fedorov and Andrei Illarionov have said since the 1990s, a stream of cash pouring into the Kremlin is a plague, whether it comes from IMF loans or the sale of oil. First of all, it fuels corruption on a massive scale, corruption that was already bad. And secondly, it ensures that fundamental structural reforms will not be carried out, because the elites and the population can be kept happy through the Kremlin simply spreading around a reasonable proportion of the cash. Painful reform of Russia's many still unreformed and rotten structures has long been highly desirable, but not, for the time being, thanks to the IMF and then oil, politically essential.

Now let's look more closely at some of the core pathologies of the Putin system that have developed since 1999. More so than before, the keys to personal success in Russia have become the possession and use of three things: enormous amounts of money; a powerful administrative or political position; and personal ties to individuals who are ready to use their money and/or their administrative position to help you, i.e., to use their so-called "administrative resource" on your behalf (*administrativnyi resurs*). A key mechanism in this system is the capacity to bribe; for example, an administrator to obtain a license to explore for oil, or the police to intimidate - by physical or other means - a business rival.

In this connection, a brief illustration: In 2007, the man who now heads the Presidential Administration, Sergei Naryshkin, told what he said was a true story to an international conference of investors (for whom the story did not seem appropriate):

A bright new recruit to government service is asked by his boss on his first day, "And what will you be doing to combat corruption?" His answer was: "Nothing, I'll be taking part in it."

Thus, the Putin administration's economic-political institutions are weak. Political and business elites operate on the basis of personal ties and clans of individuals. The key motive is your personal interest as regards your power, your wealth, and your security. By contrast, any notion of pursuing the national interest or the regional interest simply doesn't arise, except for use as window dressing on special occasions, e.g., during elections.

Also under Putin, the main medium of public communication, television, has been brought under tight Kremlin control. The censorship has reached a pervasiveness not on the Soviet level, certainly, but still precluding anything even close to freedom of speech.

In light of all of this, politics in Russia today has come to be a game dominated by spin-meisters who leave their more constrained United States counterparts in the dust. Politics is a game in which nothing is what it appears to be on the surface, a game brilliantly dissected by Andrew Wilson in his book *Virtual Politics: Faking Democracy in the Post-Soviet World*.⁷

Let me refer here to another valuable source on the complex world of Russia's political and economic system. You only have to read the five or ten articles selected from the Russian media and posted each weekday on the Russian website compromat.ru and you will get a needed addition to your education. Far from everything in these articles is true. Some of it is simply invented – cleverly, but out of whole cloth. Over time, though, if you read carefully, you develop a sense for what is probably or certainly true or false, and also for what occupies the broad, gray expanses between these two extremes.

Recently, one aspect of Wilson's analysis was confirmed by none other than President Medvedev. Speaking of the baneful effects of official corruption, Medvedev said, and I quote, "Decisions about who should be appointed to official positions are sometimes taken on the basis of personal ties, or on the principle of personal loyalty, or, and this is the most revolting of all (*naibolee otvratitel'no*) in return for money. In other words, positions are sold."⁸ Yes, positions in the administration and other organizations are simply sold for cash. Well we've known this, there have been articles in the Russian media about it, including the prices of particular positions. But it's new that the president has said it right out.

Now let's explore the upper level of Putin's political system a bit more by asking, "Where are the most powerful spin-meisters to be found?" The answer, at least until recently, was in the Presidential Administration, a body of the executive branch that has come in some ways to resemble the Communist Party's Politburo of the Soviet era.⁹ It is a closed, secretive, non-accountable organization that manipulates any institution that it wishes to, including those of the legislature and the judiciary. Standing above the presidential administration has been only one body, a small, informal, even more secretive group of Putin's closest associates. We know very little about its structure or membership, and also about how these have evolved over time. Further, analysts differ on whether Putin has dominated the group, or has been subject to vetoes, or has even been little more than the group's front man. My personal position is somewhere between the second and third views, with his power growing somewhat in 2006-2007, but then declining with the deepening of the financial and economic crisis in the fall of 2008.

Turning to the economy, the trends during Putin's eight years have been analogous to those in politics: weak institutions, no firm rules, periodic strong-arming of foreign companies, and frequent use of crony relations with officials and political intimidation of rivals. On much of this, I recommend a recent treatise by Igor Bunin. Its title is *Asset Seizure* (my translation for the Russian word reiderstvo) as a *Socioeconomic and Political Phenomenon in Today's Russia*.¹⁰ Bunin is a fine analyst.

A broader point regarding the economy is that during the last four years in particular, when oil money has been gushing into the Kremlin's coffers, a golden opportunity to use part of this windfall has been almost completely wasted by the Putin administration: the opportunity to diversify the economy. Diversification has been badly needed, and of course called for on paper. In addition to diversifying the economy, the

⁷ Yale University Press, 2005.

⁸ Official Interfaks news agency, July 23, 2008.

⁹ This is a point made by the political sociologist Olga Kryshtanovskaya. See her article in *The New Times*, April 21, 2008.

¹⁰ Bunin is the director of Moscow's Center on Political Technologies (Tsentr politicheskikh tekhnologii), which published his work, "Reiderstvo kak sotsial'no-ekonomicheskii i politicheskii fenomen sovremennoi Rossii: Otchet o kachestvennom sotsiologicheskom issledovanii", May 2008, 97 pp.

opportunity to use some of the money to repair and develop Russia's seriously neglected infrastructure was also wasted.

The pathologies introduced by Putin's promotion of numerous *siloviki* to positions of power

Finally, before we come to the creation of the Putin-Medvedev diarchy, we should review an important development of the Putin years that I have not yet discussed. This is Putin's quiet but steady promotion to powerful positions of people from the armed government agencies known as *siloviki*. Most of these people have come from the FSB (secret police), but also from the GRU, MVD, and other such organizations, which are numerous. Putin made the promotions not just because of his personal and professional ties to them, but also because they had missed out on the chance in the 1990s to get rich, a time when Yeltsin was ruling and did not favor these agencies. Now, under Putin, having been promoted, these *siloviki* had the chance to catch up in terms of wealth, at least with some of the lesser oligarchs.

What about the scale on which Putin and his associates brought these individuals into power? According to the political sociologist Olga Kryshchanovskaya¹¹, if you take the senior officials in Russia's federal government as of February this year, no less than 42 percent of them came from the power agencies (that's including the Ministry of Defense, although only a small percentage came from there). The other big group was the 40 percent who came from business. I think it's significant, regarding the overall nature of Putin's regime, that 82 percent of the senior officials come from only two backgrounds. It shows that, functionally speaking, only three groups run Russia: business, the power ministries, and the government bureaucracies headed by members of the first two groups. Note also, by the way, that if you count only the senior officials in the Presidential Administration and the Security Council, the proportion that have come from the power ministries alone rises to a remarkable 69 percent.

What was the effect of the arrival of these individuals in powerful administrative, business, and political positions? Above all, the fact that most of them had no appropriate training meant that they were poor administrators of ministries, poor politicians, and poor chairs or members of the boards of directors of state-owned companies. These were the typical sorts of positions to which they were appointed, usually by Putin or his prime minister. Thus, many of them acquired wealth by dubious means, most of them acquired reputations for professional incompetence, and almost all of them acquired a strong dependence on Putin personally, as the only guarantor of their wealth and their membership in the elite to which he had promoted them. Notice, by the way, that this dependency is a two way street, because Putin, in turn, depends on their political support for his own survival in the future. And this brings us, at last, to Putin's needs in 2007 as the end of his presidency drew near.

Putin's personal priorities in 2007, as the end of his eight-year presidency loomed

Putin's broadest overall need in 2007 was to preserve, through the pre- and post-succession period, the political and economic status quo. Specific components of the status quo, from his point of view, included the following: First, now as in the past, maximum suppression by the authorities was needed of information about Putin's personal wealth - its scale and the identity of his assets. His worry was that since 2006 journalistic digging into these sensitive matters had grown gradually more intense. Attention had focused on two companies in particular, and his net wealth had been estimated at 40 billion dollars, a figure that's been widely quoted, and may or may not be greatly exaggerated.

Secondly, in 2007 Putin also needed maximum suppression of information about the dark deeds that he had been accused of taking part in, and that the authorities had consistently declined or failed to seriously investigate. These deeds included the apartment bombings of September 1999, and the various murders since then of Aleksandr Litvinenko, oppositionists, and other inconvenient people.

¹¹ See her article in [The New Times](#), April 21, 2008.

All this gives an idea of Putin's potential vulnerability and of the main assets that he had to lose if he could not sufficiently control events in the transition to his post-presidential years.

What options did Putin consider regarding the presidential succession?

So, given these needs, some questions: What was Putin going to decide in 2007 about the presidential succession? Why did he eventually opt for a diarchy, with himself as prime minister? Why did he choose Medvedev to be president, and how long will the diarchy last? These questions will occupy the second half of my lecture.

If Putin had been free of the obligations and needs that I've just listed, there's considerable evidence that his choice would have been to leave the summit of power, while, at the same time, keeping a strong hold over his successor. He may still plan to take this course, as soon as he feels that Medvedev is firmly ensconced in power. However, what might block him even then would be the deployment by *siloviki* leaders, or others, of threats to publish damaging information about him, or to take other reprisals, if he were to insist on leaving the apex of power.

Some Russians have in fact said that Putin either will or should stay in power at least until 2020, and have received some orchestrated support. He could stay legally if he got himself re-elected as president in 2012, and then again in 2016. Recently, one of Russia's wealthiest and most powerful oligarchs, Oleg Deripaska, said, with his disarming frankness, "Putin will stay in power until 2020, and we'll give Medvedev whatever he asks for as compensation for not running again."

By hook or by crook, Deripaska is saying, Putin is going to stay at the top until 2020, while poor old Medvedev, he's got to be pushed aside. However, we'll give him whatever he wants, as many billions as he wants, whatever position he wants – and that will console him and make him happy.

Why, then, did Putin eventually choose a diarchy, rather than what may have been his first preference (my own hunch), which was to leave power right away? Evidently, first, no one suitable was available who would be sufficiently subservient to him as the incoming president, and also capable of maintaining the status quo from the word go. Indeed, these two tasks represented a tall order. Second, I think he chose a diarchy and decided to take the premiership, because taking the premiership would give him, he hoped, some flexibility. He could leave that position whenever he thought Medvedev was firmly enough ensconced in power.

But why did Putin not agree to the urgent demands from the *siloviki* clans and others, that he stay on for a third term? These clans needed him to stay in power. It was really important to them. And they weren't convinced by his assurances that he would return to the presidency, if that should prove to be necessary.

In my opinion, Putin resisted their pressures because he did not want to be seen to violate the spirit of the constitution by getting that document changed to make a third term permissible. This wouldn't have looked good to Western leaders, whose esteem, at least in 2007, if not necessarily in 2008 (prior to the onset of the economic crisis), was still important to him.

Also, he probably resisted the third term pressure because, as he said frankly in several interviews, the great personal strains imposed on him by the presidency made even two terms more than enough. You may think that was grandstanding, but I actually take him at his word, for a number of reasons that there's no time to go into.

The next question: Why did Putin and his inner group select Medvedev rather than somebody else as the successor? Evidence here suggests that the other main candidate, the overly self-confident Sergei Ivanov, did not, in the crunch, get wide enough support at the top. Also, although the clan of Putin's faithful lieutenant

Igor Sechin (one of Putin's two main clans) had serious doubts about Medvedev, it did not completely rule him out and reject him, and probably, in my opinion, had veto power if it had decided to use it.

What about the position of Roman Abramovich, one of Putin's widely presumed business partners, and almost certainly a key member both of his second main clan and also of his informal inner group that probably includes members of both the main clans? Reportedly, Abramovich favored Medvedev. Certainly he had a special meeting with Putin on December 7, 2007, three days before Putin announced his decision about Medvedev, a meeting that was officially noted and was probably critical.

Thus, Putin anointed Medvedev as his successor on December 10, and Medvedev was duly elected by a large majority on March 2, 2008, to assume office on May 7. The next day, he appointed Putin as prime minister, along with a lot of ministers who, interestingly enough, included virtually nobody who was a known supporter of Medvedev.

Here we should note that Putin prepared for his potential shift to the prime ministership¹² over several months before he took up the position. One of his key types of preparation was moving various governing functions from the Presidential Administration to the Cabinet of Ministers, i.e. the government. As Medvedev's inauguration on May 7 approached, Medvedev and Putin reached several agreements on how they would share power. Some of these were made public, for example, that no changes would be made to the legally specified division of powers between their two offices. Others of these agreements leaked out or were inferred by observers, for example, an agreement that each of them would be equally represented on various official bodies. Thus, the presidential council to combat corruption that was newly created in summer 2008 duly included eight representatives of the president and eight of the prime minister.

How has the diarchy actually worked?

So much for the formal terms of the diarchy. By contrast, in every day practice, there has been some jostling, pushing, and shoving between the two men, especially behind the scenes, but other things have been going more smoothly. Let me start with some of the things that have been going reasonably well.

Neither man has really directly criticized the other in public. Second, no apparent squabbling has developed over who should attend a particular conference or summit or meeting. And third, the first test of the diarchy operating in conditions of military stress and heavy international criticism, during the five day war with Georgia in August - that test was passed. Their cooperation went well, mainly perhaps because Medvedev, for whatever reason, and I'll come back to this, decided to accommodate himself to the tough line that Putin took toward both Georgia and the West.

What about tensions that have developed within the diarchy? Between the two men personally, considerable potential for tensions has existed in Medvedev's fairly systematic laying out of his ideas for liberal reforms to be pursued in the future. These have concerned such fields as: stepping up the fight against corruption, strengthening the judiciary's independence from the executive, devolving some federal powers to the regions, and freeing businesses from unnecessary bureaucratic regulation and harassment by elements of the MVD or FSB, usually in league with business rivals.

In general, Putin has not reacted in public to these statements by Medvedev, to this laying out of at least the beginnings of a program. Thus, Putin has given the impression that he may not be opposed to these suggestions, these ideas of Medvedev, and may indeed want Medvedev to lay the basis for a reformist program before he, Putin, removes from Medvedev what you might call the trainer wheels. However, on one or two occasions Putin has lost his patience. The most notable case involved Medvedev's above-mentioned

¹² Just as he prepared for several other potential scenarios, e.g., running for a third term, or becoming president of a fully fledged union of Russia and Belarus.

speech of July 23 in which he criticized strongly types of government corruption that had to be combated, including the selling of government positions and excessive interference in business.

Evidently, Putin took some of this speech as an implied criticism of his own conduct of the presidency. Whatever the truth of that, the next day, July 24, Putin lost his cool and made a calculated, angry outburst. This took the form of a populist attack on the big metals corporation Mechel, accusing it of avoiding taxes and committing a number of other criminal acts. Mechel's share price dropped dramatically, and some observers thought that a new Yukos situation was in the making¹³. Shortly after this, Medvedev agreed publicly with Putin that Mechel was indeed negligent about paying its taxes, but he also referred to "the nightmares" faced by companies when government officials tried to shake them down, in league with one or another partner. Medvedev then helped to calm the situation, and Mechel escaped with only having to pay a hefty fine.

Although Putin made no public reply to Medvedev's second possibly implied criticism of him, it may not have been a coincidence that when the Georgian war erupted only a few days later, Putin took, as I mentioned, a very tough line with Georgia and the West - and maybe also, I suspect, with Medvedev. In any case, Medvedev quickly fell into line and, throughout the crisis and afterwards, spoke and acted in tune with his prime minister. Some observers think that this episode may have limited Medvedev's ardor to forge his own path and gain some ground as regards the division of power with Putin.

What about tensions over policies towards the *siloviki* ministries? While Putin has not reacted to Medvedev's getting close to the military leaders during the war with Georgia, nor to Medvedev's efforts to make friends in some of the special services by talking with certain key leaders. Nonetheless, serious tensions developed between Medvedev and some of the *siloviki* over Medvedev's clear intention to appoint an MVD general as his assistant in the fight against corruption. What was notable here was that Putin did nothing to dissuade these *siloviki* from the course they took. This was to unleash against the general, Tsokolov, a torrent of *kompromat* against him, much of it apparently invented. Since the torrent was so strong and Putin did nothing to prevent it, or criticize it, or come to the defense of General Tsokolov, Medvedev eventually felt obliged not to appoint him, and was thus humiliated.

What about the political parties? Clearly, regarding the 100 percent pro-Kremlin parties Unified Russia and Fair Russia, there is a large potential for tensions between Medvedev and Putin. In this field, as in the composition of the Cabinet of Ministers, Putin has, behind the scenes, played real hardball with Medvedev. Regarding Unified Russia, Putin had himself made the chairman of the party, and also ensured that it was often referred to in the Duma and in the presidential elections as "the Party of Putin." Putin also made sure that Medvedev was kept at arm's length from Unified Russia, and not even invited to join it.

In addition, Putin had Medvedev's victory in the presidential election of March 2008 portrayed as being the result of Putin's popularity, rather than any merits on the part of Medvedev. Party leaders of Unified Russia spoke to the press in that vein and were cold towards Medvedev. In addition, Putin apparently instructed Medvedev not to respond to a series of approaches from the leader of Fair Russia, Sergei Mironov, who was interested in Medvedev joining his party and, presumably, promoting its prospects. So far, Medvedev has borne all this in stoical silence. But he badly needs a party of his own, if he's going to launch a serious program at some point. So my view is that the status quo regarding parties will not necessarily persist for very long.

Have there been tensions over regional issues? This is a sphere which I have not followed as much as I should have, so maybe some of you, such as Gail Lapidus, will be able to add some comments. But I'll just

¹³ In 2003-2004 the giant oil company Yukos was nationalized piecemeal, while its main owner Mikhail Khodorkovsky was arrested and sentenced to eight years in prison. Government payments for the company were in effect returned to the Russian treasury, to settle what prosecutors claimed were the company's unpaid taxes.

mention that in summer 2008, as the regional elections approached, the governors had a revealing experience. They received from Putin's and Medvedev's offices, simultaneously, lists of candidates who were "recommended" for election. This of course was the Kremlin's so-called "guided democracy" in practice, *upravlyаемaya demokratiya*, but in this case, it was not so well guided¹⁴. It turned out that the two sets of lists contained different names. Shock, horror, and confusion for the unfortunate governors and their staffs. No doubt this problem was eventually resolved in one way or another; I'm afraid I haven't looked into that. But the episode in itself, just on the basis of what I've mentioned, was revealing and interesting. The two leaders were competing to get their supporters into legislative positions in the regions – competing with each other.

Next, have there been tensions between the two men over the political agenda of Russia? To date, rather few such tensions, but the current financial and economic crisis has begun producing some, and I suspect it will produce more. Notably, strong tensions have arisen over the monetarist policies of finance minister Aleksei Kudrin, policies which Putin has been fighting against out of populist motives, even though intellectually he has for many years agreed with Kudrin's position. In September 2008, according to a number of apparently reliable reports, Putin was twice on the verge of dismissing Kudrin. The second time, on September 29, Medvedev successfully intervened to save Kudrin from being fired. The details of this probably revealing episode are not yet known, to me at any rate. Hopefully some of them will leak out.

To summarize the situation as of February 2009, Medvedev has repeatedly voiced monetarist prescriptions for the government, while Putin has wavered between monetarist and socialistic policies. This divergence has reflected differences of opinion in the administration and in the so-called expert community (*ekspertnoe soobshchestvo*). It has also contributed to inconsistent and often slow policy-making. Inevitably, this has exacerbated the crisis.

How long is the diarchy likely to last? The impact of the global economic crisis.

How long, then, is the diarchy likely to last, and how might it end? From the start, it was hard to give even an approximate answer to this question without the risk of looking foolish. And now, in light of the global economic recession, it is even harder, not to say foolhardy.

Some influential Russians are now feeling that the crisis requires a single dominant leader: someone who can make quick decisions without having to go through the laborious business of consulting with another leader of roughly equal standing, with his own team of advisors and consultants. Who might that be? Let us consider Putin first. It's clear that he's now in the sort of position that he wanted to avoid. The elites find that their net worth has gone sharply down, and may not come back up, at least not far enough. Some of them have begun to blame him, first and foremost, for having shaped a financial and economic system that, contrary to his many boasts, is proving highly vulnerable to global trends.¹⁵

To protect their wealth, they can't help pondering what national economic and political strategy will best get them out of the crisis, and which leader will be the best one to replace Putin and implement the chosen

¹⁴ A couple of years ago, the term was officially changed to "sovereign democracy", but the change meant little in practice.

¹⁵ By February 2009 this trend had gathered momentum. See, e.g., the broad-ranging critical statements by Igor Yurgens, the director of Moscow's Institute for Contemporary Development, during his presentation of a high-level report on Russia's response to the global economic downturn. Although he did not name Putin, the report strongly criticized the economic policies that he has pursued during the downturn. The report's recommendations for an economic and political liberalization seemed to be in line with ideas cautiously expressed at intervals by President Medvedev. See Andrew Kramer, "Political Aide Says Kremlin May Need to Ease Control", The New York Times, Feb. 10, 2009.

strategy.¹⁶ Will they embrace Medvedev and what appears to be his strategy at present? This is not much different from that being adopted by Western governments: bail out the banks, guarantee bank deposits, brace yourself for a serious recession and social unrest, plus, in Medvedev's case, remove some of the stifling controls and regulations imposed on business by federal and regional governments.¹⁷

To return to Putin, already it seems almost inevitable that he will face the main blame, not just from the elites, some of which are already becoming vociferous, but also from the population, as bankruptcies and unemployment go on escalating.¹⁸ If Putin were, in response, to just trail along behind a Medvedev who decided to lead vigorously on the crisis, the discontent and anger against him, Putin, could, and in my view probably would, lead to the unraveling of some of his elaborately constructed defenses. He would be viewed as blatantly shirking his duty.

Here we should note that the censorship of the media has become weaker during the period of the diarchy. This is logical. Once you divide power at all, the media get a chance to increase their autonomy. With the deepening economic downturn, the censorship has weakened further, and Putin is increasingly being attacked not only for his current failings, but also for the economic vices that he nourished or allowed during his presidency. Next on the agenda may be damaging secrets about the delicate topics I mentioned earlier - his wealth, his ways of amassing it, and even his suspected relationship to the 1999 apartment bombings and a dozen or so unsolved murders of people like Litvinenko and Anna Politkovskaya. Not all the accusations that would likely surface in these circumstances would necessarily be true. There are black propagandists on all sides. But the accusations, true or otherwise, could easily face Putin with serious threats to his reputation, to his wealth, and even, conceivably, to his liberty.

Four possible scenarios for the next year or so

So how will Putin react to the sort of events that are likely in the coming months? It's extremely hard to say. Let me outline the range of possibilities that seem to me more or less plausible. I'll proceed from the mildest line he might take to the most aggressive.

The first scenario is: if he could override the furious opposition of the *siloviki*, whose whole future would be jeopardized, he could possibly decide as follows: (I'm putting my self in Putin's head now.) "My best hope of minimizing damage to my financial interests and my personal security is to act like this: I'll make a virtue of giving Medvedev extensive freedom of maneuver as he handles this major financial and economic crisis, and I will resign the premiership to give him that freedom. Instead, I will attend to my business interests, and spend time abroad with my good friends Chirac, Berlusconi, and Schroeder. If I'm out of the political arena, the attacks on me for my darker deeds will hopefully soon calm down. I will be less of a target."

This scenario seems to me unlikely, but it cannot be excluded. If it were to unfold, I think Medvedev might be able, with much help from competent advisers and especially a competent prime minister, to handle the situation.

Second scenario. Putin could argue like this: "I'll quietly instruct Medvedev take the lead on this daunting economic crisis, and I'll work loyally to back him up and do what he decides. That way, I'll get less of the

¹⁶ In February 2009, a few commentators began to discuss the possible departure of Putin, and even who might replace him. Vladimir Milov, for example, a bright young economist and oppositionist politician, branded Putin's economic policies as an outright failure, and then referred to Igor Shuvalov and Sergei Sobyenin as potential successors to him as prime minister. See his article "Putina est' kem zamenit'" on the site gazeta.ru: www.gazeta.ru/column/milov/2938068.shtml.

¹⁷ See note 15 above.

¹⁸ In February 2009, unemployment had grown by 3% over the previous six months. See Kramer, note 15. According to most observers, it showed no signs of slowing down.

blame if things go badly, and I'll share at least some of the praise if things go well. Also, the less prominent I am, the less my enemies will attack me over my wealth and my alleged dark deeds, the same point I made before." This scenario seems somewhat plausible, although Medvedev, fearing the responsibility involved and knowing that key aspects of the crisis can best be handled from the prime minister's office, would not necessarily go along with it.

Third scenario. Putin could think like this: "I'll strong-arm Medvedev as regards the best course to take to get out of the crisis. I'll activate all my clients and allies in business, the parties, the administration, and the media - to make sure that I completely dominate the diarchy. I'll advocate a less monetarist course than Medvedev favors, but not a mobilizational¹⁹ one. And I'll just trust that my course will work out. When the crisis passes, I'll be more accommodating to Medvedev and allow the diarchy to revive. Meanwhile, I'll deal with the attacks on me by using the censorship and occasional libel suits, as appropriate."

This scenario also seems to me plausible. Indeed, from the perspective of February 2009, Putin has, in many ways, been following it, especially since August 2008. As regards Medvedev, if he and those around him should choose to seriously resist it at some point (thus far, his resistance has been occasional and weak), it is not clear whether he would have any chance. It seems to me doubtful, especially if the scenario were to fully unfold in the near future.

Even more doubtful is whether the scenario would lead to a successful resolution of the economic crisis. Putin's often incompetent handling of the downturn to date, and, if this continues, a further steep decline in his approval rating among the elites, and the onset of a similar decline in popular approval, would seem to me inevitable. This would probably have fatal consequences for his political future and his financial security. He might, in desperation, resign before his fate was sealed beyond salvation.

Fourth scenario. Putin could go for broke, and decide as follows: "I'll announce that the crisis needs a single leader with long experience and a firm hand. I'll quietly order Medvedev to resign, perhaps "on grounds of health", and, at the same time, I'll offer him however much money he wants and whatever job he wants. (Since Putin is a friend of Deripaska's, I've put the latter's language in his mouth.) Next, I'll change course and decisively lead the factions that have long been advocating a mobilizational strategy for the economy and tough authoritarianism in the political and civic spheres."

This scenario seems to me extremely risky for Putin. Also, I think the strategy would almost certainly fail. As Valery Solovei, one of the most insightful of Russian analysts, has argued²⁰, and I agree with him, no effective instruments exist at present to implement such a strategy. There is no ideologically motivated political party ready to implement it, and there are no disciplined, ideologically motivated special services available to impose on the national and regional elites and the population the sort of tough political discipline that would be required. In the absence of such a party and such security services, it seems to me that a mobilizational and highly authoritarian course would fail.

With these four scenarios laid out, you can see that the diarchy would likely only survive in one of them, number two; and its survival in that case would be tenuous, because Medvedev's temporary dominance could easily lead to Putin's retirement from the prime ministership.

Conclusion

¹⁹ The Russian word is mobilizatsionnyi. It is used to refer to a political and economic strategy that is based on a nation-wide coercion of the elites and the population at large. The goal is to force both social groups to accept official policies unquestioningly, and to perform specified economic tasks in an urgent and disciplined way. The most notable Russian leaders who have adopted such a strategy are Peter the Great, Lenin, and Stalin.

²⁰ See his article at www.apn.ru, October 3, 2008.

In conclusion, let me try to sum up the balance of forces in Russian politics in a slightly different way. Putin has an overwhelming advantage over Medvedev as regards his team, his control of institutions, and his far-flung network of associates and clients around the political and economic system. He also has long experience of talking directly to the Russian people, many of whom, up till now, have trusted him. Also, the Russian people, though largely passive at present, could perhaps be mobilized under certain circumstances, for Putin²¹.

We should also keep in mind that Putin might dither in this complex situation, where the stakes are unprecedentedly high for him personally. In previous crises like the sinking of the Kursk submarine in 2000, the resignation of the head of his Presidential Administration, Aleksandr Voloshin, in 2003, the victory of Viktor Yushchenko in the re-run Ukrainian presidential election of 2004, and the handling of the presidential succession in 2007, he has not been particularly decisive - or wise.

In general, the deeper the crisis becomes, and the longer Putin remains prime minister, the more likely it is that he will eventually be removed with his reputation and his future damaged, perhaps seriously.

As for Medvedev, he doesn't yet have a team of any strength at all. He doesn't control firmly any institutions, with the possible exception of the Ministry of Justice, headed by his friend Konovalov. He doesn't even control effectively the Presidential Administration. Indeed, this administration is not really his own, since it is still staffed almost exclusively by associates of Putin. Also, Medvedev has very little experience of political leadership, vis-à-vis either the elites or the population, having emerged from the mostly back-room roles that he had for the twenty years prior to 2007 as a lawyer and administrator behind the scenes. His chairmanship of the board of Gazprom did not evince evidence of strong leadership qualities.

On the other hand, Medvedev does have some ambition and some judgment, including about finance and economics, and he has some experienced advisors, at least informal ones, such as Aleksandr Voloshin and Igor Yurgens. Also, and this factor is intangible, but might come into play, he represents a new and up to date (*sovremennyyi*) generation different from that of Putin, who is still suspicious of e-mail and the internet, and has admitted as much. So, if a majority of the elites comes to feel first that Putin is a liability for the ruling class in the current circumstances, a trend that in February 2009 is well underway, and also that Medvedev has a good chance of preserving the status quo and the existing power relations for them, a combination of elites could potentially swing their support behind him.

There are already signs that some influential individuals and groups are starting to gather around him, even though they may as yet hardly be talking with him directly. Medvedev may fear being seen by Putin as a conspirator, and not even want their support at present. If that situation should gradually change – through, e.g., their virtual forcing of themselves on Medvedev - then they might insist that he dismiss Putin and install a more competent prime minister, in which case a new diarchy might be born. Such a course has the big advantage of being fully legal and constitutional.

All this could have the effect of prolonging the life of the “Putin system”, at least in the shorter term. It would not necessarily lead to significant liberalization, especially if key *siloviki* groups were a party to the changes. Much is likely to depend on how the world economic crisis plays out in Russia. This cannot be predicted, although the many vices of the Putin system do not augur well for quick economic recovery.

However, the Putin system is potentially vulnerable. Already, the power of Russia's regions is growing, as they see and sense the increasing weakness of the divided and often stumbling leadership in Moscow. This in turn spurs the weakening of media censorship, as the bolder regional media take their chance to assert some

²¹ However, if the recession goes really deep and many of them lose their jobs, ordinary people could perhaps be mobilized against him.

independence. Inevitably, all these factors are gradually undermining Putin's system, and also reducing the chances that it could be shored up again after Putin, sooner or later, departs.

In what theorists agree is a weakly institutionalized political system, swings in psychology and personal preference can be much more powerful than institutions. Logically enough, then, now that a major economic crisis is seriously disrupting the skein of clan and personal relationships that has undergirded a delicate sort of stability over the last nine years, the pace of events is accelerating.

Thus I conclude first that the Putin-Medvedev diarchy is likely to be increasingly unstable, and, second, that it will, in consequence, be short-lived. The same may well be true about the Putin system as a whole, although here the unraveling will likely be more protracted.

I'll be happy to take your comments, criticisms, and questions. [applause]

Q and A period: I've left the transcript here in the form that it took in October 2008.

JOHN DUNLOP:

Thank you very much, Peter, for that extremely informative talk. We have some time now for questions. This talk is being audio-taped and it will be posted on the CREEES website, and for that reason I ask you to summarize each question before answering, because the questions won't be picked up by the microphone.

(Question from GAIL LAPIDUS)

PETER REDDAWAY:

The question is: Particularly in the aftermath of the Georgian-Russian war, is it right to see there having been differences of nuance between Putin and Medvedev as regards the importance of investor confidence in Russia? Also, has Medvedev been more concerned than Putin to reassure the West that Russia is not giving up on constructive relations with the West?

I think that both of your points are on the mark, Gail. That is my interpretation too. The point I was trying to make was that on the substance of the actual war and of the recognition of South Ossetia and Abkhazia by Russia, the two of them stayed right together. However, as regards the atmospherics that you're referring to, about how they've talked and how they've surrounded the substance with nuances and with implications about broader relations with the West, I think you're right. Also, I think that does it probably does reflect a difference of interests as well as a difference of temperament. Putin's becoming an angry man, and I think it's partly because he's worried about his present situation. He's in a situation he's not used to. He's not in firm control, he's having to share power, and he fears that his personal situation could deteriorate, particularly because of the financial and economic crisis.

(Question from KATHRYN STONER-WEISS)

PETER REDDAWAY:

Kathryn suggests that I contradicted myself as to whether or not Putin is in control of the situation, and she also comments that Medvedev has spent half his life working for Putin, and it does not appear to her that he won the presidential election on his merits: he kept very close to Putin and clearly derived a lot of support from Putin's endorsement. Also, why would Medvedev want to be independent? Given that background, might he not just have made an agreement with Putin that he'll step down after four years and Putin will then resume the presidency?

I agree with most of your points. On whether or not he's in firm control, this is a very tricky one, and I tried to get at it by talking about the psychological aspects, i.e., whether or not elites support Putin or maybe are beginning to think about supporting Medvedev, and the fact that they are against having *dvoevlastie* in a serious crisis. Those seem to me to be valid points which I could argue at greater length. So from a formal point of view, in terms of alliances, personnel placed throughout the political system, etc, Putin is clearly in much the stronger position.

On the other hand, I believe in this situation, there's evidence of – admittedly, it's difficult evidence to interpret – that elites are feeling that a single leader is needed and Putin's not necessarily the one, because his economic instincts are not what they think the situation needs. To move towards a more statist policy than Putin's already moved towards appears to be his instinct. He's become a populist just at a time when it's going to alarm people if the reserves are run down. So they are wondering whether the country's reserves are in good hands, and once you start on that path, it's a dangerous and slippery one.

So what I'm trying to conjure up is a position where the views of elites start to shift, and then you possibly might be right that Medvedev has absolutely no ambition to be independent, that he has agreed to serve four years as a sort of assistant to Putin, just going through the motions of being an equal leader, you might be right on that. I can't prove otherwise. My feeling is, from reading what he says, and his body language, and from how Putin reacts to some of the things Medvedev has done, and I've produced a couple of examples of that, is that there are tensions between them; that Medvedev does have some ambitions; that his team, such as it is, his advisors and those people who are closest to him, certainly have ambitions for him, and want him, would like him to do well as president, and probably would like him to be elected for a second term. But at the end of the day, you could prove to be right, that there may be an agreement, that he'll be an obedient servant, and he'll step down after four years.

What I've been impressed with, particularly in the post-Soviet period, is the unpredictability of Russian politics, and the ways in which things don't develop in accordance with institutional procedures and in accordance with the rules. They're moved by much more unpredictable forces. And I think this current situation potentially is extremely serious for Russia. If unemployment eventually goes to 20 percent, which seems to me by no means unimaginable, I think the political fallout from that can be very serious, and somebody's going to have to take the blame. Maybe Putin can direct the blame onto Medvedev and Medvedev will resign. Maybe Medvedev, being the faithful servant, will be happy to have that happen to him; he'll take the fall without flinching, stoically and even with happiness, saying it's in the national interest for me to step down, I'm inexperienced. I don't exclude that. It could possibly happen. And in particular, it could happen as I mentioned in my fourth scenario. Putin could just push Medvedev aside. Whether or not he has any potential for independence, that could still happen. Either way, it could happen. Anyway, thank you for some good points. I agree with most of them.

(Question from NORMAN NAIMARK)

PETER REDDAWAY:

Well thank you, Norman, it's an interesting question: What methodology do I use when researching the issues I've discussed today? Are there parallels with studying Soviet politics, and what differences are there with the study of Soviet politics?

I haven't thought out my answers in advance to these questions, but I'll do my best.

There certainly are some close analogies to the Soviet era, in the sense that decision-making on important issues is very secretive, and there's no opportunity for journalists, for example, to put tough questions to political leaders at press conferences. Leaders don't hold private briefings in which they're relatively frank and

off the record. That essentially isn't done in today's Russia, not by anybody of importance, not even at the ministerial level.

So in that respect, today is similar to the Soviet Union. I mean, I feel rather the same as I go about my research. I feel that I'm trying to get myself inside a black box. So the similarities are very striking. What is different is several things. First of all, power is currently divided in Russia, and that is basically a good thing. The biggest counter to the political bosses is business. Business's interests are not always the same as those of the people in power by any means. And then there are the rivalries within the business world, which are deep and numerous and cause the businessmen to go at each other. This reveals things about the nature of the business system, the economic system, and to some extent the political system - in ways that didn't happen in the Soviet Union, where power was not divided, it was, rather, strongly unified (*edinaya vlast*).

Another difference between now and the Soviet era is that some Russians do speak freely and write freely. They write freely on the internet. Even that can be dangerous, but there's basically a lot of freedom on the internet for even the most critical and oppositional views. Also, some Russians talk pretty frankly to foreigners, whether in Russia or outside Russia, and they of course are among my sources. And even though these Russians don't have access to the black box, sometimes they have access to people who are much closer to the black box than they are. Without naming names, a good Russian friend of mine has a friend who was until recently very close to the black box. So the latter knew some of the things that were going on in the black box and would sometimes, because it was an old friendship from student days, would, especially after some drinks, spill some of these inside pieces of information to my friend, and my friend would then pass them on to me. That sort of thing essentially didn't happen in the Soviet period, so that's an important new type of source.

(Question from TIMOTHY GARTON ASH)

PETER REDDAWAY:

Two questions. Tim asks first what motivated Putin not to change the constitution in order to serve a third term, given that, if he had changed it, Western leaders would merely have tut-tutted for a day or two, and then resumed normal relations with him. And second – would I please expand the framework of analysis and characterize the Russian political system as a whole, using terms like guided or sovereign democracy, authoritarian capitalism, or whatever I feel appropriate.

On changing the constitution: This is one issue on which I think I'm right in saying that Putin never contradicted himself. He has contradicted himself on just about everything else. For example, he swore repeatedly that it was a fundamental principle of the constitution to have governors elected. But then, in 2004, he abolished the election of governors. I think that he has consistently said that the constitution should not be changed in relation to the transition, but obviously particularly in relation to his possible serving of a third term.

To move towards directly answering your question, Tim, I think Putin did not want to alienate Western leaders and cause them to question his constitutional legitimacy. From early on, Putin had good relations – very good relations – with Chirac, Berlusconi, and Schroeder. His relations soured badly with some other Western leaders, including Blair, and to some extent Bush. I'm not quite as sure as you about how Western leaders in general would have reacted to a manipulation of the Russian constitution by Putin. But I do think he may have an exaggerated view of how they would respond to a changing of it for the purpose of serving a third term. You have a good, hard, cynical view about politicians, which I broadly share. But Putin might have a more elevated view – of Western ones. Russians tend in general to idealize Westerners.

On the other hand, it's clear that at certain points in 2006-2007, the so-called “party of the third term”, *partiya tre'tego sroka*, was working extremely hard, and presumably they thought they had a chance. The problem here

is that there's some evidence from inside information that leaked out through the sort of channel I described to Norman, that Putin tried to suppress or to calm down the anxieties of the Sechins, the people who were most in favor of a third term, by giving the impression that under certain circumstances he might choose that option. He didn't say this publicly, but apparently in private he indicated something of the sort.

Thus he may have been prepared in principle to take a third term if circumstances compelled him. In that case, Tim's theory would have been tested.

Second question: characterize the system overall. I'm sorry; I was a bit out of date when I referred to "guided democracy" as one of the system's basic principles. Not long ago the Kremlin switched to "sovereign democracy", which is guided democracy with the additional point that it's guided democracy with Russian characteristics (that's a slight simplification but not so much wide of the mark). I think that if you use the word democracy in the West about the Russian system, that is misleading. For a Western professor to say that Russia has a system of "sovereign democracy" is not very helpful, and it's more likely to mislead than anything else. I think that despite all the nasty aspects of Putin the Russian system is still what I would call a soft authoritarian regime. There are still a lot of personal freedoms. Russians can still travel abroad, in and out, they are not pursued by the communist party or similar bodies to work on Saturdays, they have a lot of freedom in their personal lives, and they're not forced into doing a lot of the things that really authoritarian regimes will force you into.

That said, it has clearly been becoming a less soft form of authoritarianism over the last few years. Russia today is a nastier place to live in than it was, in these terms. The use of thuggery against critics has become more extensive. The political parties in the Duma have become a complete farce; Unified Russia and Fair Russia are simply departments of the government, even Zhirinovskiy to all intents and purposes has been an arm of the government. The Communist party has become even more co-opted than it used to be, it's not quite part of the government, but not so far off. So, in my opinion, using the word democracy is out of the question.

The term authoritarian capitalism is one that I've used, and I've also sometimes used "authoritarian bureaucratic capitalism," because there's increasingly strongly in the last few years a bureaucratic element of state involvement in the economy in a number of different ways. Thus business leaders have to consult the Kremlin all the time about major business decisions. There has also been more direct state intervention in the sense of nationalization; there was virtually none in the first three years of Putin. It crept in from the time of the Yukos case in 2003-4. So I would say an "increasingly authoritarian bureaucratic capitalism" is not bad, but I haven't given it as much thought as I should.

Unidentified questioner:

PETER REDDAWAY:

The question was, does Putin in fact have freedom of choice about his own future and whether he comes back as president or departs? Maybe he's a captive of some of the things he's done and doesn't have much choice?

I did try to stress in my talk that there's clearly a group which is absolutely opposed to him departing from the apex of power. He must remain in one of the two top offices, if the interests of this group are to be preserved. If he went, they fear they would face the grave danger of being removed, and quite possibly being put in prison in some cases.

So, the only reason I didn't keep on saying that he has these choices if he is not prevented by the interest groups that want him to stay, was just because I felt that it would become repetitive. I agree with you that he may not have freedom of choice. It's quite possible, in my view, that either the *siloviki* Sechin types, or some

other group that also has a strong interest in having him remain in power indefinitely, actually do have the means to blackmail him -- either in connection with his wealth, or in connection with the bombings in 1999, or something else of a similar magnitude. That is possible, and I, at any rate, simply don't know what the situation is in that regard. I think Putin's behavior over recent years does fit with the possibility that there is such material that certain people have, which they're using to blackmail him with.

Unidentified questioner:

PETER REDDAWAY:

The question was, is there a possibility of a color revolution, meaning a revolution from below on the pattern of what happened in Ukraine in 2004, and in Georgia in 2003.

Thank you, I was aware, painfully aware, that I hardly talked about public opinion and popular attitudes; I just said that public opinion recently has been predominantly passive, but that situation might change under the impact of the present economic crisis. (Note added in February 2009: It has been changing, though not rapidly as yet. The authorities have shown that they are decidedly worried.)

I think that eventually that's possible and eventually you might have a dynamic not so different from the Ukrainian and Georgian situations developing. The conditions for that have not yet developed, but one of the reasons I say that is that I was astounded, I must say, how at the end of 2004 and almost throughout 2005, a sort of hysteria gripped the whole of the Russian political establishment that a color revolution was a serious and possibly even imminent danger in Russia which had to be countered by a whole range of counter actions. Some of these were duly taken, like the formation of various paramilitary groups like Nashi, Molodaya Gvardia, and others. In the Presidential Administration, Putin's aide Vladislav Surkov was at one point creating a new one of these groups every month or two.

It was hysteria: they had been given a really big fright, particularly by Ukraine. Georgia was a bit different. The Kremlin could rationalize Saakashvili's Rose Revolution by implying. It's very regrettable what's happened in Georgia, but the Georgians are a wild and strange people and they do funny things; they're not like us Russians, they're not Slavs. So, that could sort of be put on one side.

The hysteria developed only after the Ukrainian events at the end of 2004, in which a so-called Orange Revolution overturned the results of a falsified election. This remarkable series of events seized the Russian political establishment because it had been working in a systematic and broad way to try to ensure that Yanukovich was elected and became president. Whole teams of Russians went into Ukraine to advise and help; enormous amounts of money were funneled to Yanukovich, and some of his groups, and his party. So it was an even bigger shock that all that effort to ensure the right outcome failed.

What you would need in Russia for a color revolution to take place is, I think, a rising level of popular discontent, such as is typically caused by unemployment and other forms of social deprivation, along with the emergence from the ranks of the political class or its fringes of leaders who feel they've been abused by the authorities. Maybe they've been thrown out of some previous administration and they see the current administration beginning to lose its grip. They think, "Okay, well now we can start organizing," and they start doing so, and the leaders in Moscow are not able to crush them for various reasons. Then the rebels start appealing to the population, cautiously at first, and then less cautiously. Here I'm just trying to describe roughly what happened in Ukraine.

I don't think it's impossible that something like that could happen in Russia at some point, but you need a confluence of circumstances and conditions which at the moment are not there, although, one of the most important ingredients may, possibly, now be in the making. This is popular discontent caused by deteriorating economic conditions.

Unidentified questioner:

PETER REDDAWAY:

First - why am I reasonably sure that Abramovich belongs to Putin's inner circle, and second, could I say more about this circle?

Putin's been close to Abramovich since 1999, when they developed a close personal relationship. According to several reports, Abramovich succeeded at that time in giving him a handsome gift, a yacht, and promising him further gifts. More recently, when Abramovich sold Sibneft back to the government, having acquired most of it in 1996 for a song, sold it back for the remarkable price of 13 billion dollars, there was extensive speculation in the Russian media, almost exclusively on the internet, that Putin was the beneficiary of part of that money. Also, according to private sources of the type I described in response to Norman's question, for a long time Abramovich had regular meetings with Putin – often every couple of weeks. These were kept secret. My source for this is an oligarch, but I have no reason to think he wasn't telling me the truth.

Also noteworthy is the fact that Putin has never criticized Abramovich in any significant way. He did pressure him to stay on as Chukotka governor after he said he didn't really want to stay, but I think that was essentially for show, to try and establish in the public eye that there was some distance between them. In fact, it's highly likely that they are business partners. This has been freely written about on the Russian internet, and in a few cases in published media.

So what more can I say about this inner group that exists around Putin? It's difficult to say more with any confidence. I suspect that, in some sense at least, Sechin is part of the group, maybe in a full sense. He and Putin worked in next-door offices for sixteen or seventeen years. Now, since May, they are no longer, interestingly enough, in next-door offices. I don't think there's necessarily great significance in that. Putin for various reasons probably felt he had to lower the profile of a *silovik* like Sechin, and I think Sechin understood that, from what I've been able to pick up. So my guess is that he's still a member, of some sort, of this group.

It's quite likely that Patrushev is another member of the same type. Patrushev was head of the FSB for a long time. I think it was the whole eight years. He's now been moved to be CEO of the Security Council. He's been close to Putin for a long time, and again, Putin has never seriously criticized him. He's part of that inner group of FSB people who trust each other. Viktor Ivanov is similar to Patrushev, and again, Putin has never criticized him significantly.

In conclusion, we know very little about Putin's inner group. One theory is that Putin is the dominant leader, he's clearly in charge, and when he makes up his mind he can't be opposed. Another theory holds that he is subject to vetoes from the group, especially on the most important issues. My own instinct is that he has never been an absolutely dominant figure, that he has always been subject, at the very least, to some vetoes. Going further, he may in a certain sense, especially in the earlier years, have been a front man for the group.

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