

RUSSIA IN DECLINE

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Editors**

Foreword by Paul A. Goble



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The Jamestown Foundation's mission is to inform and educate policy makers and the broader community about events and trends in those societies which are strategically or tactically important to the United States and which frequently restrict access to such information. Utilizing indigenous and primary sources, Jamestown's material is delivered without political bias, filter or agenda. It is often the only source of information which should be, but is not always, available through official or intelligence channels, especially in regard to Eurasia and terrorism.

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By drawing on our ever-growing global network of experts, Jamestown has become a vital source of unfiltered, open-source information about major conflict zones around the world—from the Black Sea to Siberia, from the Persian Gulf to Latin America and the Pacific. Our core of intellectual talent includes former high-ranking government officials and military officers, political scientists, journalists, scholars and economists. Their insight contributes significantly to policymakers engaged in addressing today's newly emerging global threats in the post 9/11 world.

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Foreword

Decline, Decay and Disintegration: Russia's Future in the 21st Century

Paul A. Goble

Russia currently faces three existential challenges that already point to its decline, decay and even disintegration in the coming decades. It has an economy oriented to the past rather than the future, one incapable of supporting a worthy standard of living for its people or even the plans of the Kremlin elite. It has a set of center-periphery relations in which Moscow increasingly views the regions and republics as burdens rather than partners, and the latter, in turn, view the center as an occupying power. And it has geopolitical ambitions which it is not in a position to support but that guarantee neither Russia nor its neighbors will be able to live in peace and prosperity in the coming decades.

Any one of those challenges would be enough to be concerned about Russia's prospects, but their coming together and the way in which Moscow's approach in each not only is conditioned by but exacerbates the situation in the other two represent the coming of a perfect storm—one far more severe than that which tore apart the Soviet Union a generation ago. And because this trend will have consequences not only for the peoples within the borders of the Russian Federation and its neighbors but also for the United States, the West and the world as a whole, it is critically important to focus

precisely on what is going on. Namely, it will be important to recognize what would have to change in Moscow for this storm to pass with the least possible damage but also to be in a position to formulate the most thoughtful policies vis-à-vis Russia, whether or not this coming storm ultimately materializes.

In this essay, I want to address only a small part of this enormous subject, parts of which are also addressed in the contributions to this book. First, I want to survey exactly what the three challenges to Russia now are and why they are existential rather than part of the normal run-of-the-mill difficulties any country faces. Second, I want to highlight the reasons why Moscow's approach to each at the present time is making the situation in the other two worse, even as it does little to overcome the problems that approach is supposed to solve. And third, I want to distinguish among the three outcomes in my title—decline, decay and disintegration—because, while interlinked, they are not the same and have radically different causes and consequences.

Three Existential Challenges

The three existential challenges to Russia's future exist because Moscow has made them so. It has treated the economy not as an engine for progress and an improved standard of living for the Russian people but as a source of wealth that the elite can pillage for itself and that the Kremlin can use for its military adventurism. It has treated the regions and republics of the largest country in the world as conquered territory to be subdued rather than as partners; and the latter have responded by viewing the center as an imperial ruler rather than as the natural and accepted government of a country of which they are a part. Lastly, Moscow has adopted geopolitical goals incompatible with the economic size and well-being of the Russian people and thus that put ever more stress on the country in all sectors.

First of all, the Russian economy today is a disaster. Not only is Russia

declining economically relative to other countries like China and the Europeans, but it is declining absolutely as well, something few countries can survive for long. That conclusion reflects not the impact of Western sanctions, as Putin would have people believe, but rather his decision to keep Russia as a petro-state and to use the earnings from the sale of Russia's natural resources—like oil, natural gas and many others—as a means to enrich himself and his elite. This situation means that Russia now has the greatest imbalance between rich and poor of any country on earth; Putin and his coterie have sent abroad \$1.3 trillion rather than investing it in the modernization and transformation of the economy and for the benefit of the Russian people. Indeed, average Russians have fallen further and further behind their counterparts abroad, and in all too many cases they are voting with their feet by moving to the West.

But not only has Putin impoverished the country, he has taken steps to ensure that Russia will not recover for decades. The Kremlin leader has cut the amount of money going into research and development and into education more generally, he is contributing to Russia's demographic decline by shuttering hospitals and making access to needed medical care more difficult, and he has sponsored the clericalization of Russian education so that young Russians may be spending more time reading about the fathers of the Orthodox Church than they do on science and mathematics. Thus, the economic problems that Russia faces are not going to go away anytime soon, regardless of whether sanctions are lifted or not; they are long term—and Russians are beginning to recognize that reality.

And nowhere is that reality more obvious than in Russia's infrastructure. Russia has fewer miles of paved highway than does the US state of Virginia. It has eliminated hundreds of air routes and even airports, leaving many parts of the country disconnected from others. And its remaining infrastructure—be it air, rail, highway or buildings—is in such sad shape that it is falling apart. Moscow has no money for or apparent interest in doing anything about it, suggesting

that if individuals want change, they need to take responsibility for it on their own.

Second, Putin has overseen the destruction of Russia's halting moves toward federalism. While Russia continues to be called "the Russian Federation," it is now more centralized than the Soviet Union was at the end. Moscow takes all the money from taxes and income away from the regions and then gives back what it cares to, often as little as two percent of the total in the case of Tatarstan. At the same time, it shifts ever more unfunded liabilities onto the regions and republics in the form of demands that they somehow come up with money to pay for what Moscow will not. But the situation is even more dire than that: Moscow has a vested interest in promoting the impoverishment of most federal subjects in the expectation that they will line up against the so-called donor subjects because without Moscow's power, they would not obtain anything like what they need. That has already outraged the few remaining donor republics, where leaders recognize that Moscow is behaving like an occupier rather than a central government. Moreover, it is beginning to anger the recipients, who see that Moscow is not giving them a fair shake either.

Consequently, both the center and the periphery view Russia less as a country than as an empire. The word is even increasingly in common use and is now the name of an important portal, *AfterEmpire*. As Ronald Reagan proved in the case of the USSR, once a country is identified as an empire, people will begin to talk about the need for decolonization—asking not whether that should happen, but when.

And third, Putin has adopted a geopolitical position that Russia cannot long afford, however much "hurrah patriotism" it may generate in the short term and how much his bluster and aggressiveness are mistaken for strength. Except for its nuclear arsenal—and this is a big exception—Russia today is a regional power. It can push around its neighbors because power is relative not absolute; but even those neighbors can and will resist. Putin certainly

wanted to take Georgia, but he failed; and he wanted to take far more of Ukraine and failed there as well. Aggressiveness breeds not submission but new commitments to resist. The Ukrainian military today is far better positioned to defeat a new round of Russian aggression than it was in 2014.

The Kremlin's desire for Western recognition of a Russian *droit de regard* over the former Soviet space may be attractive to some in the West who are tired of taking responsibilities abroad and want to turn inward. But even if the West does so—and far from all of its most important members are prepared to go that far—the countries in this region are not going to roll over and play dead for Moscow. They will fight, and Russia does not now have the forces to defeat them. It is struggling to fill its draft quotas; its military is having its lights turned off in key bases because Moscow has not paid the electric bill; even the reliability of its weapons is now in question, with corrupt heads of defense industries substituting cheap imitations in place of needed specialized metals in Russia's rockets. That is not the picture of a country with a military that can project power for long with any success, even if some in the West are prepared to allow it to try.

Some might see Putin's intervention in Syria as an exception to this conclusion and an indication that Moscow does have the ability to project power. But a closer examination even of that campaign suggests otherwise: On the one hand, Moscow had to scrape the bottom of the barrel to find enough troops to put on the ground—it used Chechens, even though Russian commanders would have preferred not to—and displayed its own weakness in this area by the ships it sent. Its aircraft carrier did enter the Mediterranean—but only in the company of a tug boat prepared to pull it back into port. And on the other, Putin's approach to the projection of power underscored his weakness. He was able to bomb a city back to the Stone Age—but only because he had no positive message and made no effort to come up with one to extend his reach.

Indeed, it is Russia's weakness and not its strength that has prompted Putin to try to weaken NATO from within. His forces are not in a position to defeat the Western alliance, and he knows it. What should be obvious is that in any conflict with Russia, NATO would win unless it decides not to fight.

Re-Enforcing Disasters

Each of these challenges is severe, but all are made more serious not only because they are coming together at the same time but because the challenges in one area inform what Moscow is doing in the other two, often in ways that make all three much worse. Three examples are instructive: First and perhaps most obviously, Moscow's failure to move to a modern IT economy means that it lacks the resources to field a world-class military and thus dictates the kind of bravado to hide what it is not doing in the economy. Second, its failure to develop infrastructure means that many parts of Russia are less connected with the other domestic regions and Moscow than they are with foreign countries. This pattern reduces the importance of the center and leads ever more people to ask whether they could do better if they were legally even further away from it. And third, Moscow's geopolitical ambitions means that it cannot address the problems in the other sectors: the regions and republics have to be starved to feed Crimea, as protesters in ever more of them are pointing out.

But what matters is not just the limitations that actions in one sector impose on Moscow's freedom of action in another: also of importance are the specific choices the Kremlin makes about what to do in one sector because of what it is doing in another. Putin holds on to the raw-material exporting model not simply because it enriches him and his cronies. He is doing so because he fears that any modernization would imply not only greater democratization but great decentralization—two things he opposes. If Russia were to modernize, the regions and republics would have more power, and the country would have to be freer for innovation to occur. Not wanting those

things, Putin thus backs something that is undercutting his position regarding all three of the challenges.

Moreover, because Putin does not have a positive message to deliver to Russians or the world beyond the impressions made by his country's use of brute force, he lacks the soft power that most governments have not only for their own population but also for neighboring countries. He chooses force first and foremost, having failed to recognize that that is often alienating even if it may intimidate for a while. And because he lacks the resources to fulfill his geopolitical goals, he is conducting a policy that is undercutting his ability to continue to rely on his increasingly out-of-date rustbelt and extractive industry economy or to provide enough resources to the regions and republics to keep them in line.

At some point then, this congeries of challenges will confront Putin with the problem that no leader wants to face: he may, as a result of his own policies, lack the resources to hold things together because there will not even be enough money to pay for the forces of coercion to hold them in thrall when he has nothing else to offer.

Decline, Decay and Disintegration Are Three Distinct Things

One of the most difficult factors about discussing the future of Russia is that the country's decline, its decay and its possible disintegration are three different things. And yet, those who try to present Putin's Russia as a kind of success story often avoid taking criticism of their claims seriously by treating these three outcomes as one and the same. They are not, and readers of this volume should keep that in mind on every page.

Russia is already in decline both relatively and—more significantly—absolutely. Any debate about that is a waste of time. With each passing decade, the country has less economic clout, less military power, and less influence in the world than it did not only because of what

Moscow has done and not done but because of what other governments and countries have. China, for example, has grown dramatically faster than Russia over the last 25 years, dwarfing what was once a superpower. Productivity in Russia is now a tiny fraction of productivity in Western countries. And in both hard and soft power, Russia is weaker than it has been since the years following the Crimean War in the 19th century: it even had more influence in the 1990s because of the hopes so many had that it would escape from the horrors of its past more completely than it did.

Decay is another matter because measuring it is more difficult. There is no question, however, that Russia is decaying demographically, economically and politically. Its key institutions are being dragged back to the past or gutted in such a way that Russia today is far more a pre-modern polity than many can imagine. It is, in large measure, a Potemkin village: those who think that Moscow is representative of the rest of Russia deceive themselves, since this is a country where to go 100 kilometers beyond the ring road is to retreat 100 years. But the biggest decay is a moral one. Some notions that many had assumed were unthinkable in principle—including the open flouting of international law and the use of lies as the main instrument of political life—are thinkable again. Furthermore, there has been a return of such ugly phenomena of the past as openly anti-Semitic remarks made by government officials. And in at least one prominent case, the official who used such contemptible language was not disciplined but sent abroad to represent Russia in Europe. It is impossible, for me at least, not to conclude that all this represents decay and that Russia is thus decaying.

Given the centrality in Putin's mind of avoiding another 1991, the issue of the possible disintegration of the Russian Federation is the most difficult of all to treat. Many are prepared to declare, as Putin does, that he has made the disintegration of the country impossible—and thus on that measure, his rule has been a success. But there is a far greater reason why many cannot focus adequately on the possibility

that the Russian Federation will fall to pieces: the coming demise of that country, which this author believes is almost inevitable, will not look like the collapse of 1991 and will not be nearly as neat, quick or relatively non-violent. Instead, it will be less about ethnic challenges from the quarter of the population that is not ethnic Russian; rather, the triggers will be about regionalism and the fact that Moscow now is as hostile to regionalism as to nationalism.

There are three reasons why regionalism is neglected by those who study politics in the Russian Federation. First, most have overlearned the lessons of 1991 and conclude that any future challenge to the center will be based on non-Russian nationalism rather than anything else. After all, that was the case 25 years ago. Second, all too many have accepted an idea promoted by the Soviets and supported by many now that all nations in the Russian Federation, including the Great Russians, are homogeneous and are not subject to any other divisions. And third, because regionalism is about federalism in the first instance rather than about independence as a primary goal, it has been neglected as a social and political force.

It is long past time to overcome these obstacles to an adequate understanding of the situation in Russia today. First of all, as many are coming to understand, the events of 1991 were about regions and not just nations. Many ethnic Russians in the non-Russian countries supported nationalist goals only because the sclerotic leadership in Moscow was not prepared to yield power to them and those they lived among on any other basis. And many ethnic Russians across the Russian Federation had regional agendas that took the form of things like the Siberian Agreement, the Urals Republic, and so on. It is significant that the Russian government was more worried about what the success of these movements would lead to than it was about the independence of the non-Russian countries; it worked hard to destroy the regionalist projects not only to maintain the much-ballyhooed “territorial integrity” of the Russian Federation but to destroy any chance that Russia could become a federation.

Second, the notion that each nation in the former Soviet space is homogeneous is nonsense. None are. All vary enormously and none varies internally as much as does the one Moscow designates as the Great Russians. The Kremlin and its supporters, however, can never really acknowledge that fact because if they did, they would set the stage for two things they fear most of all. On the one hand, they would then have to acknowledge the possibility of the rise of other identities, many—such as the Siberian, the Novgorodian or the Koenigsberger—far stronger than the one they are associated with. The central authorities would thus risk facing national movements from within what they cannot admit is an incompletely formed common Russian nation, civic or ethnic. And on the other, if they did recognize the diversity, they would have to take steps to deal with it. Lacking the power to homogenize the nation they seem to think is already homogeneous, Moscow would have to make the kinds of concessions that would lead to decentralization and the genuine federalism that the Russian constitution calls for but that the Kremlin has never supported.

And third, if one looks across the world today, one can see that regionalist challenges are far more common than national secessionist ones; and only where the central authorities are unwilling to meet regionalist demands do national secessionist groups emerge. Few regional movements want secession: they simply want to be able to make decisions about their own lives on the basis of their knowledge of what local conditions are like. If they have that opportunity, which involves devolution of decision-making and taxation powers and the holding of genuine competitive elections involving parties of all kinds, they will not shift to the more radical position.

As Russia heads into 2017, the anniversary of two revolutions, it faces a situation in which groups lumped together under the rubric of the Russian nation as well as people and regions considered homogeneous across its 11 time zones are becoming ever more assertive, even as the

Kremlin becomes ever more centralist and restrictive. That creates a new kind of scissors' crisis, one that opens the way to a revolutionary situation. In that situation, the center cannot hope to keep all the powers it now has without slipping ever further behind the rest of the world; and the regions are thus a revolutionary force. They can transform Russia without changing its borders if the center is clever, but disintegration is likely if the center is not. As such, regionalism is set to replace the role of nationalism in the next Russian revolution and to tear that country apart in a more complicated and likely violent way—the result of Putin's mistaken approach to the three challenges his country now faces.

* * *

Despite all this, might it be possible for Russia to enter the 22nd century with a flourishing economy, strong regions and republics, and at peace with itself and the world? Yes, of course. But that would require the coming to power of a Russian elite that viewed the people as a partner rather than a resource, and regions and republics as the basis for the strength of the country rather than secessionist challenges. Furthermore, it would require the pursuit of peace and prosperity of the whole rather than the enrichment and power of a narrow group around the Kremlin. And such an elite would have to learn the lesson of 1991: No matter how much force the center has and no matter how large its nuclear arsenal, it is powerless against economic change and the aspirations of the people. Unfortunately for Russia and the world, the prospects for the rise of such an elite in Moscow are far more improbable than any of the scenarios described herein.

Part 1

Introduction

1. Introduction

S. Enders Wimbush

As early as in the late 1980s, academic Nikita Moiseev remarked that Russia was entering a period of dusk that could in equal measure turn into a dawn or a decline. Today there's hardly anybody left outside the immediate "Kremlin circle" (or for that matter even inside it) who would continue to believe in Russia's dawn.

– Vladimir Pastukhov

Taking the Russian state for what it is rather than what we wish it to be is the precondition for appreciating the risks it may pose to both American and Western, and even global security in the years and decades ahead. The French historian Alain Besancon observed long ago that understanding the USSR required us "to remain mentally in a universe whose coordinates bear no relationship to our own." The same holds true for post-Soviet Russia. If we do not appreciate the mentality that animates and informs the actions of the Russian state, and the distinctive peculiarities of the state itself, we must forever be surprised or confounded by its behavior.

This book is an effort to look at today's Russia as it really is: in serious and sustained decline. It derives from a year-long project of The Jamestown Foundation directed by one of the editors.¹ The project sought from the beginning to see Russia's decline through Russian eyes to better understand its main dynamics and nuances, as well as to avoid mirror imaging Russian problems through distorting Western analytical filters. The essays contained in this book by a

number of Russia's and America's best and most seasoned analysts focus sharply on "the Russian view" of decline and its visible and possible consequences. They occasionally disagree on the details or tempo of decline, but they ultimately support both the premise and its implication: Russian decline is probably irreversible.

These essays were augmented throughout the project by the findings and insights of workshops of experts, both Russian and Western. As contributions to our understanding of the phenomena of Russia's decline and its possible consequences for both Russia and the West, these analyses suggest that much of the prevailing intellectual architecture guiding how one thinks about today's Russia—and tomorrow's—may be substantially wrong.

While Russian President Vladimir Putin's ambitious and assertive Kremlin has behaved as if Russia is on the geopolitical ascent, by most indicators the Russian state is actually on a downward trajectory—and the likelihood that it will become dangerously unstable is growing given this fundamental strategic contradiction. Russia is headed toward one or a number of significant "inflection points" that will likely fundamentally alter its strength, stability and even shape. This book proposes to explore what may occur en route to these fateful, and perhaps rapidly approaching, "inflection points." It investigates some of these possible risks from the perspectives of both Russian and Western analysts. Paradoxical as it may sound, a weakening, decaying or even failing Russian state will still possess the capability (and may very well also possess the desire) to threaten American interests profoundly—and in ways we have scarcely begun to consider.

* * *

For a decade or more, Russia has demanded to be treated as an ambitious, indeed aggrieved, power on the rise. The ambitions of Moscow's ruling circles have been of course real enough—but the perception of Russia itself on the rise is, or was, largely an illusion.

Indeed, as the analysts' essays indicate, Russia is declining rapidly across virtually every measure of its power and authority as a state—its economy; demographic profile; human capital; knowledge economy; military development; internal stability and cohesion; social, religious and ethnic identities; and political institutions, practices and safety valves.

Russia's economy is on life support. According to economist Vladislav Inozemtsev, 67 percent Russia's economy is derived from exports of energy. Declining energy prices, which likely will accelerate as America's energy production ramps up and world energy prices drop, more than halved Russia's exports between 2013 and 2016. "In 2013," concludes Inozemtsev, "Russia was a country with a \$2 trillion economy with GDP calculated at market exchange rates; in 2016, it will be a \$1.1 trillion economy, and will slide below \$1 trillion in 2017. By 2025, Russia may become the 12th or 13th ranked economy in the world, which means it will no longer be counted as an economic superpower in any sense." Russia's share of global exports of all products currently is a puny 2.1 percent.

Without oil prices at least around \$100 per barrel (at this writing, about half of this), Russia's financial reserve fund will run out by 2017, which is already driving cuts to wages and pensions. Personal consumption by Russian citizens has dropped 15 percent in the last two years. Personal incomes have plummeted, and will continue to do so, and poverty levels will continue to rise. No secondary industries show much life, except those owned by foreign companies, many of which are either leaving Russia or have significantly cut back their positions there. Russia Inc.'s attraction to investors, never great beyond a few energy deals, is tanking. Russia's *Kommersant* newspaper identifies 60 large global companies that have left Russia in the last three years, including BP, Royal Dutch Shell, Deutsche Bank, ConocoPhillips and Siemens.²

With regard to human capital, the factors that drive much of Russia's failure cannot be overcome. Analyst Ilan Berman describes an increasingly familiar tapestry of Russia's collapsing demographics. Fertility is far below replacement; the share of women in prime childbearing age (20–29 years old) will decline by 50 percent in 10 years. This means that the slight uptick of population growth after 2010 will again turn dramatically downward. Abortion remains the main means of birth control, with Russian doctors today performing perhaps twice the official number of 2–2.5 million per annum. "If this tally is accurate," notes Berman, "then the true cost of Russia's abortion culture is the annual termination of more than 1 percent of the country's total population." Observes political analyst Nikolay Petrov, demographics is imploding Russia's labor force, without which further economic growth is impossible and deprives "the most active and enterprising parts of society of potential modernization agents." This is causing "the de facto death of the Russian countryside" and some of Russia's ethnic republics.

Demographer Nicholas Eberstadt explains how deaths outnumbered births after the collapse of the Soviet Union—it was a "sudden, rough, and wrenching demographic shock." The Russian Federation recorded more than 14 million more deaths than births in the period 1992–2012, typical of "a society in the grip of a famine, or an epidemic, or a cataclysmic war—not from a modern urbanized literate society during peacetime." Today's life expectancy for 15-year-old males is 52 years of age, ranking Russia Inc. just ahead of Burundi and behind Nigeria.

The impact of this demographic catastrophe is felt across all other aspects of Russia Inc.'s human capital. Long known as a country with a highly educated population, Russia's working-age population with tertiary education in 1990 measured approximately 6 percent of the world's total; it is below 3 percent today and will decline to less than 2 percent by 2040. Historian Harley Balzer explains how the number of Russia's students participating in higher education more than

doubled between 1990 and 2012, which sounds impressive, but that half of these do so through correspondence courses.

Eberstadt, Balzer, and others conclude that Russia is no longer a “knowledge economy.” The facts are startling. Russia Inc. claims only 0.36 percent of international patent applications, ranking below all OECD countries. Notes Eberstadt: “The entire Russian Federation did not earn as many patents as the US state of Alabama between 2001 and 2015—and Alabama’s population is scarcely more than a thirtieth of Russia’s.” According to Balzer, Russia is among the leaders in just 3 of the 34 most important areas of technology. In terms of scientific publications among BRICS (Brazil, Russia, India, China and South Africa), Russia ranks dead last, at less than one quarter of China’s production despite starting at a significant advantage not so long ago. With regard to publications on nano-technologies (1991–2012), for example, Balzer shows how Russia has produced about 2,500, while China produced more than ten times as many on this vital technology.

Far behind and fast losing more ground, Russia has little chance to catch up to, let alone surpass more advanced Western societies. With a per capita R&D expenditure of \$126.90, according to Balzer, Russia spends approximately nine times less than the United States (\$1,093) and Japan (\$1,023) and six times less than Germany (\$757). Political scientist Alexander Sungurov describes how in Putin’s third presidential term, “Russia reverted from efforts to become an ‘innovation state’ to a much more familiar ‘mobilization state.’” Inozemtsev writes, “The fortune of Sergey Brin, one of the founders of Google, exceeds all allocations for scientific research made by the Russian federal government in the last eight [!] years.”

In an explosion of cognitive dissonance, the Russian version of the top ten global universities places Lomonosov Moscow State University at number five: higher than Harvard, Stanford, Cambridge and Chicago. (Princeton, ranked first in the United States, failed to make the list.) In fact, only about one-third of Russian higher education institutions

conduct R&D, notes Balzer, and the number is shrinking. Few Russian firms engage in innovation-enhancing research, and most new technology is imported. The majority of R&D institutions are run by the state, and these institutes employ 77 percent of the workers employed in R&D. “Around two-thirds of funding for S&T [science and technology] comes from the government, including more than half of the support for science in the business sector. Financing from business represents just 26% of total spending.” Since 1990, Russia has been unable to increase its output of commodities. It produces virtually no commercially viable high-tech products. Russia, in short, ruled from the corporate suite has little innovation, and “the likelihood of a coherent policy to address Russia’s knowledge economy decline remains questionable.”

Russia’s educated work force is also disappearing fast. Smart and talented Russians are not shunning the global economy. But they increasingly participate in it from somewhere other than Russia. Huge numbers are voting with their feet, causing a brain drain that has gone from a stream to a flood. Outmigration by Russians jumped dramatically after the collapse of the Soviet Union, but had stabilized at lower levels by 2010. Then, beginning in 2012, it jumped from 123,000 to 309,000 in 2014, and to 350,000 in 2015. Most of these new emigrants are young, liberal and well-educated, exactly the type Russia can least afford to lose. Where these people were headed was also no secret. In 2015, there were over 265,000 Russian applications for green cards in America.

The impact of the chaos in Russian education has been particularly devastating for the younger generation. Balzer notes that about 70 percent of young Russian specialists interviewed in late 2013 viewed reforms proposed by the Academy of Sciences as something negative, with a growing number discussing their desire to move abroad. Loss of its talent would send most countries into a panic. Such is not the case with Russia, as a number of the Jamestown Foundation

participants noted. To the contrary, Vladimir Putin welcomes this development because it rids his country's ranks of potential dissidents.

Novosibirsk is one of Russia's leading regions for science, professional education, and production systems known historically for its advanced innovation capacities. Professor Evgeny Vodichev, a science policy expert in Novosibirsk, observes that corruption in Russia, the absence of political reforms, and competition between Russia's center and periphery will be "unfavorable" for the development of innovation, with the advantage skewing heavily to the center. Regions like Novosibirsk are witnessing "a decrease in investment and a retreat from modernization," with innovation being one of the first casualties. Vodichev concludes that innovation will occur mostly or exclusively in the military sector.

But the military sector is making its own substantial contribution to Russia's decline, according to military analyst Pavel Baev. While Russia's leadership views its military as the main instrument for succeeding in its confrontation with the West, "Moscow is unable to channel sufficient resources into proper maintenance of this complex instrument, which consequently becomes prone to accidents and malfunctioning." Examples from Russia's recent adventure in Syria are plentiful, especially accidents in the Air Force. Baev notes that the Russian leadership's belief investment in its military will slow or reverse Russia's overall decline is illusory. To the contrary, rearmament "has instead turned into a value-destructing generator of stagnation, much like in the late Soviet years."

However, once the funding tap to the military was opened wide, there was no turning back. Any retreat from funding the sector lavishly will likely lead to uncontrollable social turmoil in a critical industry. But to meet investment targets in the military sector, Russia's leadership must "deprive other sectors of investment resources and squeeze social programs." Baev concludes that Russia's defense industry "may be characterized as an unreformable black hole." Worse, constant

reorganizations in this sector intended to compensate “for the lack of other components of state power” are never completed, “which then leads to an acceleration of the general decline of the economy.”

If Russia had advantages in other arenas, it might muddle through. But Russia is fracturing along regional, ethnic and religious lines. Historian Stephen Blank chronicles Russia’s efforts to hold on to the Russian Far East and Siberia, concluding that Russian leaders have been eager to cut a deal with China—which covets the territory—to prevent losing it. In fact, the Siberia Question, argues Andrei Piontkovsky, is central to Russia’s future. As goes Siberia, so goes Russia. Russia has entered into “bondage agreements” with China over energy and resources to keep China at bay in the East. Nearly all participants in the Russia in Decline project, especially the Russian participants, pointed to the danger of Russia breaking up along regional and ethnic lines with groups in central Russia—e.g., Tatarstan and Bashkortostan—and in the North Caucasus increasingly aggressive, and successful, in separating themselves from Russia proper.

This tendency to break away from the center is notable across virtually all of the Russian Federation. But the most worrisome developments for the country come from the growing sense of identity and alienation among Russia’s vast Muslim population. To hold back separatism in the North Caucasus led by Chechens, Russia has simply paid them off in money and patronage, according to specialist Marlène Laruelle. Putin has appointed loyal strongmen from the local populations who are “tasked with eliminating rebellious movements in exchange for unlimited political and economic impunity, and a right to play the card of Islamization.”

These tradeoffs could push these territories in the same direction as Pakistan’s northern tribal federal areas, Laruelle says: “local clan leaders and Islamic insurgents maintain a precarious (im)balance in remote regions of the country with the blessing—voluntary at first,

now uncontrollable—of the central authorities.” This deal, which in effect pledges these local strongmen not to blow up Moscow in exchange for a free hand in their political affairs—including increasingly their own foreign and security policies—and little restraint on their attachment to radical Islam, is tenuous by anyone’s assessment.

But is Moscow safe from insurgency and inter-ethnic strife? “Moscow now has the largest Muslim community in Europe; about 1 million Muslim residents and up to 1.5 million Muslim migrant workers,” notes Laruelle. Other important federal institutions are also at risk. Ilan Berman cites projections that Russia’s Muslims will number at least one-fifth of Russia’s total population by 2020, and “may make up a majority of Russians by as early as mid-century.” This means, argues Laruelle, that “in 10–20 years, the majority of conscripts to the Russian army will be of Muslim background. “Already the Russian military has created ethnically distinct military brigades to impede conflict between ethnic groups under arms.

In a workshop associated with the Jamestown project, renowned expert Paul Goble described how, in addition to breaking apart, Russia is also sinking because the permafrost underlying 65% of Russia’s territory is melting rapidly due to global warming. Citing the extensive work by Russian scientists, Goble noted that by 2040, two-thirds of Russia’s permafrost will have melted with potentially catastrophic consequences: much transport infrastructure will be worthless; entire towns and industries will cease to exist; and resultant public health disasters—e.g., smallpox, anthrax—will almost certainly prove beyond Russia’s capacity to handle.³

Good governance would find managing this Russia a colossal challenge under the best conditions, but Russia lacks “governance” altogether. Historian Irina Pavlova describes how, after 1991, “the mechanism of Communist power, with its infrastructure of ruling and secret decision-making remained intact,” a trend which continues to

deepen, except that today “Putin has resolved the problem of consolidating and maintaining his power even more efficiently than Stalin because in a modern informational society the same goals can be achieved by effective manipulation of public opinion, which makes mass repressions redundant.”

As an organizational model, Putin’s elites now resemble “a Tsar’s court, rather than a board of trustees,” describes Petrov. Putin is surrounded by “loyal servants,” not skilled managers. It used to be that elite clans at the top in Russia had to agree on important decisions through a long process, but today each clan goes its own way without consulting with the others. Putin ultimately must adjudicate; he can veto or override, but at significant cost. “Under these circumstances, the risks of making and implementing poor decisions that go against the interests of the system—or not making decisions on time—are growing.” This “system” cannot plan or forecast, and it cannot react to crises effectively, due to the growing shortage of resources. The notorious *silovki*—powerful actors in the political, military, and security elite—siphon off whatever profits or low hanging fruit materializes. The major aim of the country’s elites is “to plunder national wealth rather than increase it,” writes Inozemtsev. Meanwhile the elites have no incentive to undertake industrial modernization because this would create a middle class that would threaten the kleptocracy’s grip on power.

Further, notes political analyst Anton Barbashin, the quality of Putin’s regional elites, many of whom are parachuted inorganically into the regions from outside, has plummeted since the 1990s and continues to degrade. Loyalty is favored over efficiency, Putin’s personnel selections are “corrosive,” and strongmen sent from the center to sort out the periphery usually do so “in the service of their own interests.” And consequently, the outflow of talent accelerates.

Russia has no obvious succession planning. As noted by sociologist Denis Volkov, Russia’s current leaders are aging, and by the time of

the next electoral cycle (2020), most will be in their late seventies. Actuarial tables do not lie, and they say change is coming. Russian elections, structured (and intended) to bless existing authorities rather than supply new elites, will be challenging, argues Volkov, especially in an environment of economic decline and social strife. “And there is absolutely no guarantee that the transfer of power in the mid-2020s will be as successful as the transfer of the presidency from Putin to Medvedev at the end of the 2000s. In this set of circumstances, there is a danger that the post-Putin political system could collapse altogether.”

Adds Vladimir Pastukhov, “decline lies in the thinning of Russia’s ‘cultural layer’ and consequent degradation of the elites, who turned out to be incapable of finding adequate responses to new historic challenges.” And as more and more of Russia’s educated talent flees to Europe and the United States causing innovation and growth to collapse, “Russia will move closer and closer to the precipice of becoming a ‘loser state,’ ” argues Sungurov. If Putin were no longer in power and no credible successors were obvious, a bad scenario would lead to worse: “the Russian Federation will collapse into six or seven parts [...] all with different political regimes,” many with nuclear weapons.

* * *

The downward pull of Russia’s myriad pathologies may eventually—probably sooner than later—precipitate Russia’s failure as a state. For those of us raised asking when and how the former Soviet Union would finally collapse, Russia’s demise is not a long stretch. But these were questions most Western intelligence agencies, research institutions and think tanks eschewed as too provocative to tackle, as if to speak of them was to invite their reality. But they have to be addressed; evidence that Russia is headed toward an ugly denouement is now too plentiful to ignore.

The pathways to Russia's future will be shaped by the facts of its decline. These pathways pose arduous challenges for the new stewards of America's foreign and security policies. Even a casual look at Russia's planned defense expenditures—dropping, to be sure, but relatively higher than investment in most non-defense areas—demonstrates where Russia's leadership believes decline can be slowed most effectively. Russia's military is not what it was, and it is unlikely to regain its technological prowess, let alone find the conscripts it needs to build a serious army again. But for many conflicts, it will be good enough to compete effectively and, against reluctant competition, even prevail. In the background, Russia will increasingly rattle its nuclear armory and, if all else fails, use it, as it has repeatedly threatened to do. "Putin's Russia demonstrates military might through constant massive exercise that imply the threat of the use of force," notes defense analyst Pavel Felgenhauer, "but thus far it has tended to bully and attack the weak," for example Georgia, Ukraine and the Syrian opposition.

"The Kremlin," observes Pavel Baev, "is convinced that its readiness to accept greater risks is a major political advantage in various tests of wills and asymmetric responses that shape the mode of this confrontation [with the West]... The regime's capacity to absorb a defeat is quite low and further diminished by the heavily propagandistic emphasis on 'new victories'..." The house of Putin "lives in fear of a sudden shift in public opinion caused by a revelation of its weakness." With its existence as a viable state on the line, Russia will be forced to take unprecedented risks aimed at keeping Russia competitive—and Putin and his associates in power—for as long as possible.

Participants in Jamestown's Russia in Decline project returned to this theme over and over. Declining Russia is like a poker player who knows he has a bad hand, but that he must continue to play it to remain in the game. He will bluff, intimidate, coerce, and deny as long as cards remain in his hand and the other players fold. He will place

outsized bets in the belief that others will throw in their hands. Of course, at some point, Putin will miscalculate, creating contingencies for Western foreign policy and defense planners that will require difficult decisions and concerted responses. Some of these probable contingencies are foreseeable; others are not. “Never in its history has Russian authoritarianism been so aggressive, so determined, and so consistent in its actions,” writes Pavlova. Russia today “is more dangerous than the Soviet Union was during the Cold War.” Moreover, “the main tools of its foreign policy arsenal remain, just as they were in Stalin’s time—blackmail, provocations and bluffing.”

Felgenhauer reminds us that the center is the weakest point of any authoritarian state, the Russian Federation being no exception. “Any change that may eventually happen will come not through elections with ballot boxes stuffed in the provinces, but through some revolution in Moscow, peaceful or otherwise.” Thus the importance of the “dormant discontent of the better educated professional class in Moscow and St. Petersburg.” Other analysts see the restiveness of Russia’s periphery as the trigger to a larger national implosion. Either way, nearly all saw the die as cast: Russia’s decline is irreversible, with consequences that will be far reaching.

Conclusions and Policy Recommendations

What kind of actor will declining Russia become? In fact, evidence is already plentiful. Russia’s deteriorating condition means that it will be hard pressed to compete effectively in a world of several rising powers with interests in displacing it. Russia’s window of opportunity to be an effective competitor is closing rapidly on all sides. Can anything be done to plan for Russia’s inevitable decline? Throughout the Russia in Decline project, participants offered a wide range of thoughtful scenarios and recommendations. A short list of their recommendations for policy would include:

1. Developing a comprehensive ability to track and understand the dynamics of Russian decline and the kinds of contingencies that these dynamics could produce.
2. Understanding Russia's decline and the pathologies that drive it through Russian eyes. How do Russians envision their future? Where do they believe Russia currently is strong and holds advantages over its Western adversaries? Every effort should be made to avoid "mirror imaging" Russia's condition and options through Western filters. Putting additional effort into understanding Russia's public attitudes and sentiments, as efforts to influence them will increasingly have to be part of any Western strategy; this will also serve as a transmission belt of scarce knowledge that we would have difficulty obtaining in other ways.
3. Developing a multi-dimensional strategy—or suite of strategies—that includes both hard and soft power elements. For example:
 - designing and implementing a strong "flank" strategy to strengthen the new states around Russia (Ukraine, the Caucasus, Central Asia) that are likely to be primary targets of Russian aggression, and in which important Western interests increasingly reside;
 - strengthening NATO and Europe's military capabilities; and
 - building an information strategy to proactively counteract Russia's pervasive propaganda and efforts to shape the competitive environment according to its own vision and objectives.
4. Reviewing lessons from the Cold War on efforts to dissuade and contain Russia, and their effects and consequences.

5. Creating within the National Security Council a framework for understanding Russia, not a graduate seminar, which can be updated and improved continuously.
6. Entertaining opportunities for both “cost-imposing” and “competitive” strategies that distract and deflect Russian attention in ways that raise its costs for activities that threaten Western interests, while re-channeling, where possible, Russian energies to support our preferred outcomes.
7. Expecting surprise. Given Russia’s increasingly precarious competitive position and its growing predisposition to act in ways that we might think irrational, we need to anticipate possible surprises through exercises and analyses that take surprise into account. “Wildcards” are inevitable and can be planned for, and hedging strategies can be designed to deal with them.

ENDNOTES

¹ <https://jamestown.org/programs/rd/>.

² http://rbth.com/business/2016/01/21/which-companies-are-leaving-russia_561111.

³ See many related entries in <http://windowoneurasia2.blogspot.com/>.

Part 2

A Failing Economy

i. Russia's Decline: Predictions and Recommendations

Vladislav Inozemtsev

Whatever Russian leaders may insist when depicting their country's regained greatness, Russia, seen in the longer run, is of course a declining power. Even a sketchy overview suggests this, for a variety of reasons. If one starts with geopolitical might, she or he will see the country's territory contracted by 23.8 percent since 1990, recovering only by a measly 0.16 percent with Crimea's annexation in 2014. Russia's military influence also declined sharply since most of its allies had gone, almost all of its military bases throughout the world were abandoned, and the supply of new weapons to the military decreased by 4–10 times since late Soviet times. These days, Russia—as recent events have proved—is unable to threaten NATO countries in a conventional engagement.

If one takes the economy, she or he will witness a dramatic slump in any of the secondary industries, except those currently owned by foreign companies (e.g. those producing passenger cars or domestic supplies of refrigerators, washing machines and television sets). With up to 67 percent of exports consisting of oil, oil products and natural gas in 2014, Russia was unable even to increase the output of these commodities compared with 1990. The country does not produce anything like high-tech medical or telecommunications equipment, computers, photo cameras, or even major kinds of office appliances.

If one looks at science and education, she or he will see the number of students has increased threefold compared with 1990; and yet, today, Russia, which formerly had the most-educated workforce in the world, cannot produce any substantial scientific breakthroughs, and talented researchers have emigrated, building another Russian economy abroad (the fortune of Sergey Brin, one of the founders of *Google*, exceeds all allocations for scientific research made by the Russian federal government in the last eight [!] years).

If one assesses political developments, she or he will see that inside the country, the same kind authoritarianism that was present in the Soviet Union, is taking shape, benefiting a kleptocratic elite; while in foreign policy, the former universal Communist doctrine has been supplanted by a particular concept of the “Russian world,” which cannot be welcomed even (and primarily) in neighboring countries. If one turns to ideology, she or he will see the resurgence of religious fundamentalism, the substitution of knowledge (especially in political science) with myths and conspiracy theories. Overall praise for “conservatism” and “stability” actually simply means rejection of any change, and nothing more.

The first crucial question that comes to mind here is whether this decline may be stopped, never mind reversed, in some foreseeable future. I would argue that it cannot, for at least four reasons. First, for a society to modernize, both its elite and its people should acknowledge its backwardness and understand that they must turn their backs on the past and embrace the future. In today’s Russia, quite the opposite might be seen: Both the government and the governed praise the Soviet experience and the glory of the past, insisting that the country “rise up from its knees,” thereby taking failure for success and rejecting any need for change (i.e. putting an end to decline). Second, the Russian elite actually owns the country, but formally cannot turn it into its property; therefore, its major aim is to plunder the national wealth rather than to increase it. In such a kleptocratic society any attempt to build something new seems counterproductive; for

example, the modern highway between Moscow and Saint Petersburg is still under construction after twenty years of efforts, with no new railways built since the Soviet collapse. Third, the political class understands quite well that industrial modernization can create a new middle class not dependent on oil revenues and state-managed wealth redistribution, which would therefore be more sensitive to democracy and the rule of law. The instinct for self-preservation would not allow this, but rather tells Kremlin insiders that they should prefer the old commodity economy to a new industrial one to maintain their grip on society forever. Fourth, and the final point I would like to make, is that any modernizing country used to have a counterpart, or ally, which supplied it with technology and capital and absorbed much of the industrial goods it produced (the United States and Japan played such a role for many Southeast Asian nations). Russia today has voluntarily cut its ties with Europe and the US and allied itself with China, by itself an industrial powerhouse, which is by no means interested in a modern, industrialized Russia—preferring to treat it only as a kind of commodity supplier. I can go on, but I believe this is enough to argue that Russia will not turn toward modernization any time soon (and the unsuccessful attempt at modernization undertaken during Mr. Medvedev’s presidency proves this quite forcefully.)

If one presupposes that Russia’s decline will continue, the next question is what will be the most significant factors that contribute to it. I will point out three, which, I believe, greatly outweigh all the others.

First, it is the economy that suffers from declining oil prices. Although the current economic downturn is definitely not as sharp as those in 1998 and 2008–2009, it has already lasted longer. With the fall in oil prices more than halving Russia’s exports (projected at \$230–240 billion in 2016 compared with \$526 billion in 2013) and taking the state finances deep into the red (the deficit for 2016 is estimated to top 3 percent of GDP), personal income fell in 2015 by around 10 percent and will decline by a comparable amount this year. Since oil prices are

not expected to recover to \$100 per barrel (bbl) in the coming years, Russia's reserves may be depleted by 2018, forcing the government to devalue the ruble to over 100 rubles per dollar and to cut the real value of wages and pensions. Contracting consumer demand will take the economy down further, with the most modern industries (e.g. automakers, homebuilders, mobile communications and banking) suffering the most. Looking both at Russia's own experience of the 1990s and at Ukraine's and Belarus's adventures of the 2000s, I would argue that a prolonged economic depression will not cause popular unrest, and may not even support opposition to the current regime, but it will definitely increase outward migration, stop any technological advancement, shift a significant part of economic activity into the gray zone, and aggravate all tensions between the state and business, thus paralyzing economic activity and discouraging both domestic and foreign investors from putting money into Russia. Even though Russia's economy will not collapse, as some now suggest, it will turn, as I wrote in a recent article in *The Washington Post*, from an economy of hope into an economy of disillusionment, so the economic downturn will last for years. In this case, I would compare Russia's future with, if not Venezuela, than with that of the Argentinian recession of the 2000s, when that country's GDP was falling or stayed flat for a decade or so. I would argue that neither the lifting of Western sanctions, nor a moderate (up to \$60/bbl) rise in oil prices will change this perspective. For Russia's return to 4–5 percent annual growth, either \$140/bbl oil or a complete change of the economic policy is needed, but none of this seems probable.

Second, one should not underestimate the effect of a corrupt and incompetent bureaucracy. The logic of power in Russia requires that the lower levels of administration be composed of less competent (so the holders of higher positions can be secured) but of equally corrupt (so the "vertical of corruption" remains functional) officials. The result is a growing share of misused or stolen money that makes the cost of everything in Russia even higher than in developed countries and increases the taxes needed for the state apparatus to run. Today,

the overall tax burden in Russia equals that in Austria, while the state-supplied services are much poorer, not to mention the absence of the rule of law. The negative effects of poorly made decisions are huge: One large state monopoly, *Gazprom*, invested more than 2.4 trillion rubles in 2011–2015 (\$62 billion, or 3.3 percent of Russia’s annual GDP) into projects that never appeared operational. Another conglomerate, *Rosneft*, paid \$56 billion to establish control over a smaller company, TNK-BP, in 2013; at present, the newly acquired assets account for 22 percent of the united company production, while its current market value fell under \$40 billion (so around \$50 billion of the invested money was wasted). The new space launching facility now under construction in the Far East costs around 70 times more than the annual lease Russia was to pay to Kazakhstan for an old launching facility—can anyone say that 1.1 percent annual return is a good investment? No one in Russia was able to predict the outcome of the annexation of Crimea, which resulted in Western sanctions depriving the Russian economy of around \$300 billion in foreign disinvestment in 2014–2016. More and more decisions—such as Russia’s “countersanctions”—are taken due to purely political reasons, and even then because they benefit one elite group against the other, or since they seem to fit more into the ideological framework of the day. I will without any doubt deem this bureaucratic madness the second most important factor contributing to Russia’s current decline—both in economic and socio-political terms.

Third, I would stress the peculiarities of contemporary Russia’s ideological and sociological milieu that make the nation pursue mostly illusionary objectives. The most important trend in Russian political thought in recent years has been increasing mythologization accompanied by evolving propaganda and the imminent affinity for “sacred” meanings. Alongside the resurgence of religion and search for identity, Russians have begun to depict their country as a unique, or even “chosen,” nation that should be a beacon for true conservatism, therefore opposing a “decadent” Europe and imposing “moral considerations” on any laws and norms. This makes Russia

unsuitable for domestic modernization, since contemporary rational society is mostly based on the notion of what is legal or illegal, rather than what one states is good or bad; at the same time, this kind of worldview suggests that Russia is encircled by enemies and withstands a lot of challenges (the majority of which are actually illusionary). All of the above makes contemporary Russia completely unpredictable and irrational—in this sense, German Chancellor Angela Merkel was absolutely right saying Vladimir Putin “is living in another world.” I would even argue that the irrationality of this kind praised in today’s Russia is a core virtue and that it is the major factor contributing to Russia’s autarkic position in the global political and economic arena. In trying to reemerge as a superpower, admitting it has a right to condemn what it believes is bad and to support, even with military means, what it considers good, Russia excludes itself from the community of decent nations and therefore limits its chances to cease its current decline.

One may perhaps cite some additional reasons for arguing Russia’s current decline will go further, but I would also point out some trends I think observers should *not* be concerned with.

The most striking is the issue of demography: The majority of Russia analysts insist that the aging of the Russian population, its poor health and its overall decline represent the biggest danger for the country. I think this assumption is greatly mistaken because Russia has an abundant population compared with its economy. *Russian Railways*, for example, operating only twice as much rail as Canada’s, employs 1.1 million workers, compared with Canada’s 69,000; *Gazprom* is seven times less effective per employee sales than *Exxon* or *Shell*; and the Russian Far East, being in constant economic trouble, has twice the population of the US state of Alaska. At the same time, close to 20 percent of the male workforce serves in the military, law enforcement bodies, or as private guards, producing nothing, not to say preventing others from developing the Russian economy. Therefore, I would

argue that it is not the lack of people, but the inherent ineffectiveness of the Russian economy and governance that endangers the nation.

The same may be said about the ethnic composition of the Russian people. The country now looks nearly mono-ethnic, with Russians comprising 82 percent of the population, and the non-Russian majority existing only in the Republics of Tyva and Yakutia in Siberia, and throughout the North Caucasus regions (Russian-majority Adygea, Krasnodar and Stavropol, notwithstanding). There are no visible ethnic conflicts in the country, even if the government is doing nothing to establish and promote the sense of ethnic tolerance. The number of Muslims in Russia is on the rise, but these days they constitute not more than 10 percent of the population, and religious issues do not divide Russian society. So, from my point of view, Russia is not at risk in dealing with ethnic minorities—even if there are some tensions present in relations between locals and migrant workers from the poorer post-Soviet republics of Central Asia.

I would also strongly disagree with anyone who predicts Russia may split into different states as the Soviet Union sometimes did. First, I would remind that no mono-ethnic state has ever broken down or become divided except as a result of a lost war; that all the “national” republics are doing badly in economic terms, are very dependent on the federal center and do not want to repeat the history of those new nations that broke away from Russia in early 1990s and are now desperately poor; and, last but not least, Russians in Siberia and the Far East who were quite predisposed to talk about seceding from Moscow during the initial post-Soviet years now understand that if they do so those provinces will soon become new provinces of China, and not new wealthy independent states. So I do not share the views of those who predict Russia may fall apart any time soon—there is a much greater probability that it will continue its decline as a single entity.

Also, I would dismiss the hypothesis that Russia's decline may be accelerated by the ideological conflicts arising inside the Russian society. My view is that Russia these days is a highly de-ideologized nation, consisting of people preoccupied by their personal issues, trying to pursue higher standards of living, and turning into a more and more individualized community. Except for rare (and relatively small, taking into account the number of urban dwellers) street actions organized by the opposition, there is no ideological mobilization to be seen in the country: All the rallies by pro-Kremlin movements are simply well-paid mass actions orchestrated by the presidential administration. The number of people really devoted to some political or ideological doctrines is, I would say, close to zero, so this kind of tension is not likely to disrupt the country.

With regard to the perspectives of Russia's decline, I would not describe them as a kind of dramatic, or catastrophic, development. Today's Russia possesses a huge degree of inertia that may save the country from any of the doomsday scenarios. The central point in the debate of the consequences might be the question of whether Russia's current ruler, President Putin, may change the direction in which the nation is heading. I think he is not able to do so, being bound by both his understanding of what Russia is destined for and his (and his clique's) personal financial interests. Putin's reaction to then-president Dmitry Medvedev's abrupt modernization perfectly shows that he is not ready for any change, and the current situation in the country is well described by the deputy chief of the presidential administration, Vyacheslav Volodin, who famously observed in 2014 that "if there is no Putin, there is no Russia these days." The current "stability" (or, I would say, a stable decline) will persist in Russia as long as Mr. Putin holds power, and he will maintain power as long as he is alive (in one or another position, or by one or another means). The people will not oppose Mr. Putin's rule for several reasons, but primarily because the crisis seems to be caused by external factors, like the falling price of oil and because it will take at least four to five years for personal incomes to reach levels in common with the early Putin

years. I would also add that the Russian political landscape is today free of any figures who may be considered real alternatives to Mr. Putin, while the existing opposition leaders are—and will continue to be—preoccupied with quarrels between each other rather than with any attempts to take on the current regime.

In forecasting what Russia may look like in 2025, roughly ten years from now, I would say that it will remain a commodity economy producing less of the oil, gas and other raw materials that it produces now, and staying far below its current position in global ranks. In 2013, Russia was a country with a \$2 trillion economy with GDP calculated at market exchange rates; in 2016, it will be a \$1.1 trillion economy, and will slide below \$1 trillion in 2017. By 2025, Russia may become the twelfth or thirteenth ranked economy in the world, which means it will no longer be counted as an economic superpower in any sense. It will remain dependent on imports of all high-tech and much of the durable goods, while still supplying the rest of the world with young educated professionals and bright minds who will leave the country in growing numbers. Russia's military will become less ambitious as the majority of Soviet-manufactured nuclear arsenals become obsolete, with no substitution in sight. Being ruled by Mr. Putin for all these years, the country will become an even greater international pariah after launching new conflicts around its borders and supporting the least respected regimes around the world. It will also remain one of the world's most corrupt countries, and this fact will more and more disturb both European nations and the US. The Russian leadership will prove unable to realize any of its "grand projects" of today—neither the creation of a full-scale economic union between several post-Soviet states (EvrAzES), nor the launch of a large Asia-Europe transit corridor through its Siberian territory. The actively debated "pivot to the East" will also go bust as Russia's enticement by China will disappear and Sino-Russian economic cooperation will reveal its limited scope.

With respect to the above, I would argue that Russia's decline is definitely a man-made phenomenon, and it will stay with us as long as this man is alive. If that were not the case, Russia possesses huge growth potential if it sides with the European Union, embraces basic Western norms and rules (I would not say "values" because I believe norms and rules are of more crucial importance today for Europe and America than values), and becomes an open and democratic society. Even if this seems extremely unlikely from today's perspective, I would not exclude such change for several reasons. First, historically Russia is a European nation, and the Russians are actually jealous of the Europeans despite their insistence that their country should follow a unique path. Second, the Russians have a great capacity to adapt to new rules and norms, as well as to integrate with different societies; in the same way that they transformed from communist collectivists into market individualists, they might embrace Western practices quite rapidly (I will note here that the only former Soviet republics that did not experience a significant outflow of the Russian population after 1991 were the Baltic states, which are now a part of the EU). Third, the West itself, I believe, will need Russia in the future as a still significant ally in dealing with the non-Western world, especially China, and therefore if the "Putin factor" disappears, a rapid reconciliation between Russia and the West might well be expected. I will not even mention such obvious obstacles as the might of today's social constructivism and the influence of developed countries' "soft power," arguing that the change in Russia's path may be quite impressive if all the necessary preconditions are in place.

In closing, I will remind that for a country to be genuinely modernized, it should go through a remarkable defeat and disarray to eliminate all the illusions that a return to the past may yield. In the Russian case, the humiliation of the 1990s was definitely not enough to turn Russia into a "normal" country (as, I would say, Germany's defeat in World War I was also not enough to transform it into the most peaceful nation in Europe). Russia today is experiencing a decline that the Russians take for a revival, but in some distant future,

it will become clear that the country is sidelined in every possible sense. After Russia once again experiences a long economic crisis, consolidates its position as the exporter of nothing but oil and gas, witnesses all former Soviet republics either merging into the EU or being absorbed into the Chinese sphere of co-prosperity, and loses the rest of its geopolitical influence, it will once again become a different country. No one could imagine in 1984 that Russia would be an independent democracy in 1992 and that the USSR would cease to exist—so one should be prepared for a similarly sudden change after the current political clique is deposed from power. And in such a case, the economy will not play a crucial role: Anyone who has studied the East Asian experience knows that even with \$300 per capita GDP and without any modern technology at all, back in 1993, Vietnam successfully launched a modernization effort that made the country a bigger exporter of manufactured products than Russia is these days.

Taking all of the above into consideration, I would suggest that Western leaders not overestimate Russia's current capabilities nor try to launch a new containment strategy against her—but rather look at her as a prospective part of the Western world and try to develop a strategy for dealing with a weak and underdeveloped but potentially pro-Western Russia, using the outcomes of its decline as a perfect “buying” opportunity, as professional stock-market traders may say in such a case.

Part 3
Spiraling
Demography and
Its Consequences

ii. Russia's Fraught Demographic Future

Ilan I. Berman

Summary

Russia today is undergoing a profound demographic transformation. Contrary to the official narrative being propounded by the Kremlin, the Russian Federation still labors under deeply adverse demographic trends driven by a confluence of societal and cultural factors. These trends will invariably affect both the size and the composition of the Russian population, with far-reaching implications for the country's foreign policy and its place in the world. This paper examines Russia's demographic trajectory, and analyzes the long-term strategic implications of the population changes now taking place within its borders.

* * *

Introduction

Just how healthy is Vladimir Putin's Russia? To hear the Russian president tell it, his administration has successfully solved the demographic crisis that has bedeviled the Russian state and its predecessor, the Soviet Union, for much of the past century. In December of 2014, Putin used the occasion of a major televised address to the nation to celebrate the "effectiveness" of his government's programs in reversing the country's demographic

trajectory.¹ Since then, the official narrative propounded by the Kremlin has been both clear and consistent: thanks to firm leadership, the demographic problems that once plagued Russia and the Soviet Union are now effectively a thing of the past.

A close reading of the pace of Russia's population, however, should lead observers to a very different conclusion. Propelled by persistent and deeply adverse population trends, Russia is in the throes of a demographic transition of profound scope and reach. The extent of the changes underway within Russian society is not adequately understood by ordinary Russians, whose grasp of the country's socio-cultural currents has been diluted—and in many cases obscured—by extensive official propaganda. Nor is it, as yet, fully appreciated in the West for its potential long-term effects on the country's foreign and national security policies. Yet, that demographic transition has the potential to fundamentally transform the Russian state and its place in the world in the years ahead.

A Demographic Continuum

Russia's demographic difficulties are neither new nor surprising. As long ago as the 1960s, early signs of a population downturn were already evident in the Soviet Union; and by the 1970s, total fertility had declined to fewer than two children per female in nearly all of the European republics of the USSR.² This reality, however, was not generally accepted or publicized because it rubbed against the grain of official Soviet doctrine, which continued to project a future of robust population growth right up until the collapse of the USSR.³ As a result, successive Soviet leaders only sporadically addressed the contributing factors that lay behind the country's demographic decline during the four-plus decades of the Cold War.

The Soviet Union's collapse brought about a worsening of already-dismal demographic conditions in its successor state. According to World Bank statistics, in the decade following the dissolution of the

USSR, Russia's total fertility rate (TFR) declined precipitously, and by the early 2000s averaged just 1.3, far below the figure of 2.1 live births per female required to maintain a stable national population.⁴ The period between 2006 and 2012, however, saw a partial reversal of this trend, with Russia's TFR rising back up to 1.7—the fastest total increase during that timeframe in Europe, and the second fastest in the world.⁵ There it has remained. Today, Russia's TFR is still 1.7, well below the level required for a sustainable replenishment of its population.⁶ In other words, despite a temporary surge in its demography in recent years, Russia's population is still shrinking. It is just doing so at a slower pace than before.

Drivers of Decline

Russia's ongoing demographic decline finds its roots in a wide range of societal and cultural factors, many of which date back to the Soviet era and have continued unabated. A full accounting of them is well beyond the scope of this work. However, a trio of adverse trends deserves special mention here because of their contemporary effects on Russia's population.

Mortality

Whereas at the start of the Cold War life expectancy in Russia was only marginally lower than that of the United States, in the decades that followed a real—and widening—mortality gap emerged between the USSR and the US. That gap narrowed in the 1980s with the advent of *perestroika* (and its attendant focus on public health), but following the Soviet collapse Russian life expectancy again plummeted, declining some 6.6 years for men and 3.3 years for women between the years 1989 and 1994.⁷ Russian life expectancy has remained low in the post-Cold War period. In 2005, the country ranked 122nd in the world in life expectancy, placing it in the bottom third of all countries and far outside the norm for industrialized ones.⁸ Since then, it has declined still further. According to UN estimates, Russia now ranks

126th in the world, with an average life expectancy for its citizens just below 70 years of age, on par with North Korea (average life expectancy: 69.91) and behind Tonga (average life expectancy: 72.6).⁹

Pervasive Abortion

Under Communist rule, abortion was the only practical method of birth control available to Soviet citizens, and it was employed extensively. In 1964, there were 278 abortions for every 100 live births in the USSR, a rate that far surpassed those in the West.¹⁰ Russia's abortion rate remained high through the 1970s and 1980s, with the number of abortions exceeding 4.5 million annually.¹¹ It gradually began to decline as Soviet authorities—and then Russian ones—became more conscious of the negative effects of abortion (like widespread female infertility¹²) and more restrictive in its authorization. In 2006, for the first time, the trend reversed, with 95 abortions for every 100 live births.¹³ Nevertheless, Russia still ranks near the top of those countries with the world's highest abortion rates. In 2015, according to official statistics, that figure was 930,000—or an average of 106 per hour.¹⁴

However, like in many other places, official estimates do not capture the true extent of Russia's abortion phenomenon. Back in 2012, Igor Beloborov of Moscow's Institute of Demographic Studies noted that the actual number of annual abortions performed in Russia is as much as double the official figure—some 2.0–2.5 million in all at the time—owing to “a vast layer of private clinics” that carry out the procedure in parallel to official hospitals and facilities.¹⁵ If this tally is accurate, then the true cost of Russia's abortion culture is the annual termination of more than 1 percent of the country's total population.

Emigration

During the decades of the Cold War, Soviet rule was punctuated by repeated surges of politically and religiously motivated flight. Even so,

the pace with which people are leaving Russia today is notable—and deeply concerning. As of 2011, between 100,000 and 150,000 Russians were estimated to be emigrating every year, compounding Russia’s adverse domestic population trends.¹⁶ Today, the situation is significantly worse. “Russian government statistics show a sharp upturn in emigration over the last four years,” according to Professor Judy Twigg of Virginia Commonwealth University, a leading expert on Russian demographics. “Almost 123,000 officially departed in 2012, rising to 186,000 in 2013, and accelerating to almost 309,000 in 2014 after the annexation of Crimea and even more in 2015.” But “[t]hese statistics probably underestimate actual flows [...] as many people no longer notify the government that they’re leaving.” Moreover, according to Twigg, “[e]ven more important than the absolute numbers is the type of people who are leaving: the younger, more urban and better educated.”¹⁷

The causes are both economic and political. A 2011 poll¹⁸ by the Moscow-based Levada Center identified economic pressures—such as the high cost of living—as principal drivers in Russians’ decision to depart at that time.¹⁹ Since then, however, worsening economic conditions engendered by a confluence of factors—from Western sanctions against Russia for its ongoing aggression against Ukraine to the low world price of oil—have led to a marked decline in prosperity for ordinary Russians, propelling more and more to seek to emigrate. Russia’s climate of deepening authoritarianism is also contributing to the exodus, especially among the country’s best and brightest. “Overwhelmingly, Russia’s recent upturn in emigration is driven by relatively skilled urban liberals fleeing due to politics rather than economics,” notes Twigg. “These are the heart of the ‘creative class,’ the scientists, educators, artists and knowledge-based workers who drive much of current economic growth worldwide. People in this category are disturbed by the political environment under Putin and are anxious to leave before it gets worse.”²⁰

As the statistics above suggest, the long-term trend line of Russia's population is one of decline, despite recent positive trends in individual indicators such as birth rate and life expectancy. This assessment has been confirmed, most recently, by the Russian Presidential Academy of National Economy and Public Administration (RANEPA), a respected Russian think tank. In a 2015 study, RANEPA's International Laboratory on Political and Social Macro-Dynamics warned that, despite short-term improvements in demographic-related social indicators in Russia over the past several years, "the potential for a demographic crisis is not over." In fact, according to the study, the chances of such a crisis will increase dramatically in the near future. "In 10 years the number of women in the most active reproductive age (20–29 years, when almost two-thirds of all births take place), will fall by almost half; this will inevitably lead to a reduction in the number of births."²¹ As a result, the study concludes, Russia's demographic outlook is still one of long-term decline in the absence of massive state intervention.

Official Neglect

Such intervention, however, remains highly unlikely. To be sure, the Russian government has made several attempts to ameliorate persistent negative population trends within the country. Arguably the most prominent of these is the "maternity capital" campaign launched by President Putin in late 2006 and entailing payments of approximately \$11,000 apiece to women who give birth to at least two children. The "maternity capital" policy has, to date, had a mild remedial effect on the Russian birthrate.²² However, a comprehensive demographic strategy on the part of the Russian government remains mostly conceptual, despite the passage of a formal government blueprint to this effect.²³

Official investments, meanwhile, have lagged behind the scope of the threat. In just one example, according to World Bank calculations, Russia's expenditures on health care have actually declined as a

percentage of GDP since the mid-1990s.²⁴ (By contrast, since the early 2000s, Russia's defense expenditures have effectively doubled, rising to 4.4 percent of GDP in 2013. Since then, they have declined as a result of the economic downturn engendered by the Ukraine crisis, but have done so only slightly.²⁵) Topics like education, public health and science, are likewise viewed as only marginally important: back in September of 2012, Deputy Economic Development Minister Andrey Klepach admitted that reform in those sectors was impossible in the near term because of the government's budget priorities.²⁶

Today, such a focus is even less likely. Since the outbreak of the Ukraine conflict in early 2014, Russia's economy has found itself in an even more precarious state, making significant investments in social sectors a low priority for the Kremlin. At the same time, deteriorating relations and growing tensions with the West have served to reinforce the Kremlin's martial focus, which in recent years has made possible a major military spending boom on the part of the Russian government. A 2015 analysis by the *Bloomberg* news agency noted that Russia's federal budget had shifted toward a war economy, with a large spike in "black budget" defense increases authorized by President Putin but not publicly announced, ostensibly due to national security concerns.²⁷ That black budget, moreover, has doubled over the past five years, to some \$60 billion, and is set to grow even larger in the future. In all, the *Bloomberg* study estimates, military expenditures have increased by a factor of 20 since Putin became president 15 years ago, and defense and security now account for some 34 percent of Russia's budget.²⁸ By contrast, Russia today is estimated to spend less than 11 percent of its budget on health care and only slightly more (11.5 percent) on education.²⁹

The Weaponization of Demography

Nonetheless, Russia's demographic crisis is not, strictly speaking, a hidden problem. It would be incorrect to say that ordinary Russians are unaware of their country's demographic difficulties. To the

contrary, multiple studies by polling institutions inside the country have found Russians to be generally aware of the nation's negative demography—and concerned by it. Thus, in a 2014 survey by independent pollster VTsiOM, roughly 10 percent of respondents specifically identified the country's "demographic situation" as a top concern, while related issues such as migration, health care and alcohol addiction all ranked high as sources of worry (25, 31 and 36 percent, respectively).³⁰

It is also the case, however, that Russians have a distorted perspective on the true state and health of the national population. These misperceptions are actively promoted by the Kremlin, which has effectively "weaponized" the question of demography in Russia, and harnessed it for political purposes. It has done so in two main ways.

First, the Russian government and its ideological fellow travelers have propounded an official narrative which, while recognizing the demographic crisis as a real threat, has tended to minimize and obscure its severity—and overstate the remedial impact of government initiatives. Thus, in just one example, Russia's government has been quick to highlight improvements to the death rate within the country, something it attributes overwhelmingly to official policy. The prevailing official interpretation, however, is highly subjective. Experts like Galina Tikhova of the Russian Academy of Sciences note that, while the mortality rate in Russia has indeed been dropping, it remains three to four times higher than in most developed countries—and worse than the conditions that prevailed in Russia in the year 1990.³¹

Likewise, pro-Kremlin outlets like *Russia Insider* have argued that Russia's "real demographic picture is therefore almost the exact opposite of what you read in the western media," and that, "[i]f fertility rates continue to grow in Russia and continue to fall in the west in line with present trends then the future belongs to Russia."³² Notably, this narrative feeds into the dominant political argument

being propounded by the Kremlin on the world stage: that of Russia's inexorable geopolitical advance, and the West's strategic and ideological retreat.

At the same time, Russian officials and operatives have cherry-picked demographic data to promote several concrete themes. Russian experts, for example, have historically warned that the country's eastern regions are being overrun by Chinese migrants,³³ with estimates of the number of Chinese nationals in the Far East running as high as 1.5–2.0 million.³⁴ Russian authorities, too, have in the past actively promoted the idea of a looming “yellow peril” in the country's east. Perhaps the most famous example was Vladimir Putin's July 2000 speech in the city of Blagoveschensk, in which he warned residents that if they did not “take practical steps to advance the Far East soon,” the population would soon be speaking Chinese.³⁵

The actual number is almost certainly much lower. A 2003 study by the American Foreign Policy Council estimated that there were fewer than 150,000 Chinese nationals throughout the entire Far East.³⁶ A survey by China's state-controlled *People's Daily* the following year put the number of permanent, legal Chinese residents in Russia's East at between 100,000 and 200,000.³⁷ More recent projections put that number considerably higher—about 300,000—making clear that China's presence in the Russian Far East is indeed increasing, albeit modestly.³⁸ However, the narrative of Chinese encroachment has been broadly embraced at both the official and unofficial level as a means for stirring nationalist sentiment.³⁹

A similar trend is visible with regard to Russia's Muslims. Russian officials have done little to ameliorate the rampant xenophobia and anti-migrant sentiment that prevails throughout the country, instead highlighting the differences between ethnic Russians and Muslims—and the growing prevalence of the latter—in putting forth an array of protectionist and even discriminatory policies.⁴⁰ This trend has grown even more acute with the onset of Europe's migrant crisis, which has

led many in Russia to ascribe to the notion of a civilizational war now underway between Islam and the West.⁴¹

Strategic Consequences

The long-term strategic ramifications of Russia's population decline are far-reaching. They can be felt in the transformation of Russian society itself, which is changing inexorably in at least three distinct ways.

Russia's Population as a Whole Is Shrinking

The country's most recent census, carried out in 2010, found that the national population had shrunk by nearly 3 percent in the preceding eight years, to 142.9 million.⁴² This decline is expected to continue. In 2012, official Kremlin estimates projected that—based upon then-prevailing trend lines—the nation's population would dwindle to just 107 million by mid-century.⁴³ More recent prognoses have reached similar conclusions. RANEPА's 2015 report concludes that, without remedial action from the Russian state, the country's population could shrink to 113 million by 2050, a decrease of more than 20 percent from today's figures.⁴⁴ Moreover, in a worst-case scenario, RANEPА predicts that Russia's population could constrict by nearly a third, to 100 million, before mid-century.⁴⁵

As this trend continues, the Russian state will find it increasingly difficult to maintain control over its current territorial boundaries, raising the possibility of a reduction in the overall size of the Russian state. It is also likely to strengthen the country's longstanding imperial impulse, with the Russian government adopting an even more aggressive policy toward those former territorial holdings in the "post-Soviet space" and Eastern Europe that boast a significant Slavic population (e.g., Ukraine, Belarus) as it seeks to ameliorate its demographic situation through the re-absorption of select, demographically desirable parts of the former USSR.

Russia's Population Is Transforming

Perhaps most notably, Russia's demographic decline has led to the rise of what could be termed "Muslim Russia." In 2002, 14.5 million Muslims were estimated to live in Russia. Today, approximately 20 million do.⁴⁶ This total is made up of two cohorts: indigenous Russian Muslims and co-religionists from the majority-Muslim states of Russia's Near Abroad (Azerbaijan and the "stans" of Central Asia). Accurate, timely estimates of the rate of growth of this overall group are not readily available. However, a few data points are known. Namely, while Russia's Muslims remain a distinct minority (roughly 16 percent of the overall population), differences in communal behavior—including fewer divorces, less alcoholism and a greater rate of reproduction—have given them a more robust demographic profile than their ethnic Russian counterparts.⁴⁷ Moreover, migrants (the majority of them Muslim) continue to enter the Russian Federation in search of employment and economic opportunity. In 2013, the total number of migrant workers present on Russian soil was estimated to be 11 million, more than 7 percent of the country's total population.⁴⁸ According to the United Nations, the fertility of Russia's Muslims, at 2.3, is significantly higher than the overall national fertility rate.⁴⁹ Other estimates peg the reproductive rate of Russia's Muslims higher still.⁵⁰ As a result, a variety of projections have estimated that Russia's Muslims will account for a fifth of the country's total population by the end of this decade, and may make up a majority of Russians by as early as mid-century.⁵¹

In and of itself, this shift is a benign development. But the past several years have seen the Kremlin aid and abet the rise of an ultranationalist ethos as a means of strengthening the state.⁵² The unfortunate side effect has been a rising tide of xenophobia throughout the country, with Russia's Muslims and their co-religionists from the "Near Abroad" bearing the brunt of a significant portion of this hostility. Russia's Muslims—increasingly alienated from the Russian state—have become susceptible to the lure of alternative ideologies, most

directly the radical interpretation of Islam propounded by al-Qaeda and the Islamic State, as well as their local affiliates and franchises. The result is a dangerous distance between the Russian state and an expanding—and radicalizing—Muslim underclass that is viewed, and which sees itself, as separate from the rest of Russia. The consequent uptick in Islamic radicalism within, and directed at, Russia is a portent of things to come, with Islamists from Russia and the countries of the former Soviet Union proliferating globally even as they take aim at the Russian state.

China's Presence in, and Influence Over, Russia's Eastern Territories Is Increasing

In the two-and-a-half decades since the Soviet collapse, the number of Russians living in Eastern Siberia and the Far East (a territory of more than four million square miles) has declined significantly. As of 2002, the cumulative population of both regions was 28 million citizens—merely 19 percent of the country's overall citizenry.⁵³ Less than a decade later, that figure had declined by more than one million. According to the 2010 national census, the total number of Russians in Eastern Siberia and the Far East combined was just 25.4 million—or fewer than six inhabitants per square mile.⁵⁴

As Russia has receded, China has advanced, in both political and economic terms, although it has done so more slowly than official estimates imply. The available evidence suggests that the number of Chinese nationals now in the Far East is still modest, numbering only in the hundreds of thousands. But Beijing's influence—manifested in everything from growing Chinese labor migration⁵⁵ to expanding economic investment from the PRC⁵⁶—is unmistakably increasing. As it does, it calls into question more and more the Russian government's ability to maintain control over the country's distant east, and the long-term connection of the peoples there to the Russian federal center. Simply put, Moscow may soon find itself at risk of being

eclipsed, both economically and in demographic terms, in its eastern territories.

The cumulative effects of these intersecting trends will be nothing short of monumental. In the years ahead, the transformation engendered by Russia's demography will call into question long-held assumptions about the viability of the Russian state. But even before it does, its impact will be felt in the policies of the Kremlin. Already, the Russian government's persistent imperialism and foreign policy adventurism in places like Ukraine (and potentially Belarus and the Baltics) have been amplified by internal demographic pressures. Indeed, contrary to the image that the Kremlin has attempted to cultivate on the world stage, and in marked contrast to its current activism on a number of global fronts, demographic trends suggest strongly that the greatest long-term strategic threat from Russia will emanate not from its strength, but from its weakness.

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³¹ “Demographics Expert: Russian Men Live 11 Years Less Than Women,” *Interfax*, June 2, 2016, https://rbth.com/news/2016/06/02/demographics-expert-russian-men-live-11-years-less-than-women_599587.

³² Britta Sandstroem, “Russia’s Baby Boom. Fertility Rate Far Higher Than in EU, Rising Quickly,” *Russia Insider*, October 7, 2014, <http://russia-insider.com/en/politics/russias-baby-boom-fertility-rate-far-higher-eu-rising-quickly/ri385>.

³³ Mikhail Kharitinov, “‘Yellow Peril’ Over the Far East,” *Mir Novostey* (Moscow), April 17, 2001.

³⁴ *Ibid.*; “Chinese Migration Alarms Border Patrol,” *Moscow Times*, July 1, 2000, <http://www.themoscowtimes.com/news/article/chinese-migration-alarms-border-patrol/261282.html>.

³⁵ As cited in Mikhail A. Alexseev, *Immigration Phobia and the Security Dilemma: Russia, Europe and the United States* (New York: Cambridge University Press, 2005), p. 95.

³⁶ Herman Pirchner, Jr., *The Russian-Chinese Border: Today’s Reality* (Washington, DC: American Foreign Policy Council, August 2002), p. 8.

³⁷ “Survey on Chinese in Far East,” *People’s Daily* (Beijing), January 2, 2004, http://english.peopledaily.com.cn/200401/01/eng20040101_131677.shtml.

³⁸ Artyom Lukin, “Why the Russian Far East is so Important to China,” *Huffington Post*, January 12, 2015, http://www.huffingtonpost.com/artiom-lukin/russian-far-east-china_b_6452618.html.

³⁹ See, for example, Thomas Grove, “Russia’s Medvedev Hints of Chinese Threat to Far East,” Reuters, August 13, 2012, <http://www.eurodialogue.eu/Russia-Medvedev-hints-of-Chinese-threat-to-Far-East>.

⁴⁰ See, for example, Elena Servettaz, “Why Do Russians Hate Refugees?” *Daily Beast*, September 26, 2015, <http://www.thedailybeast.com/articles/2015/09/26/why-do-russians-hate-refugees.html>.

⁴¹ See, for example, “Sultans and Czars: Russia has always had an ambivalent relationship with Islam,” *Economist*, November 25, 2015, <http://www.economist.com/blogs/erasmus/2015/11/sultans-and-tsars>.

⁴² *Vserosiiskii Perepis Naselenie 2010*, <http://www.perepis-2010.ru/>.

⁴³ Vladimir Putin, “Building Justice: A Social Policy for Russia,” RT.com, February 13, 2012, <http://rt.com/politics/official-word/putin-building-justice-russia-133/>.

⁴⁴ Russian Presidential Academy of National Economy and Public Administration (RANEPA), *Critical 10 Years. Demographic Policies of the Russian Federation: Successes and Challenges*.

⁴⁵ *Ibid.*

⁴⁶ See Leon Aron, “Russia is a New Front for Militant Islam,” *Washington Post*, November 13, 2015, https://www.washingtonpost.com/opinions/russias/2015/11/13/3f456156-887c-11e5-9a07-453018f9a0ec_story.html; see also Elmira Akhmetova, “Islam in Russia,” islam.ru, n.d., <http://islam.ru/en/content/story/islam-russia>.

⁴⁷ Abdullah Rinat Mukhametov, “Russian Muslims Face Challenges of Demography and Migration,” *New Eastern Europe*, August 14, 2015, <http://www.neweasterneurope.eu/articles-and-commentary/1690-russian-muslims-face-challenges-of-demography-and-migration>.

⁴⁸ “Russia Has 2nd Biggest Migrant Populace After U.S.,” *Moscow Times*, September 13, 2013, <http://www.themoscowtimes.com/news/article/russia-has-2nd-biggest-migrant-populace-after-us/485966.html>.

⁴⁹ Pew Forum on Religion and Public Life, “The Future of the Global Muslim Population: Projections for 2010–2030,” January 27, 2011, <http://www.pewforum.org/future-of-the-global-muslim-population-russia.aspx>.

⁵⁰ “Muslim Birthrate Worries Russia,” *Washington Times*, November 20, 2006. <http://www.washingtontimes.com/news/2006/nov/20/20061120-115904-9135r/?page=all>.

⁵¹ Jonah Hull, “Russia Sees Muslim Population Boom,” *Al-Jazeera* (Doha), January 13, 2007, <http://english.aljazeera.net/news/europe/2007/01/2008525144630794963.html>; “Cherez polveka Musulmani v Rossii Mogut Stat Bolshenstvom – Posol MID RF [In Half a Century, Muslims in Russia Could Become the Majority – Russia’s OIC Ambassador],” Interfax (Moscow), October 10, 2007, <http://www.interfax-religion.ru/islam/print.php?act=news&id=20767>.

⁵² See, for example, Maria Snegovaya, “Russia’s Newest Weapon is Blind Patriotism,” *The National Interest*, July 7, 2016, <http://nationalinterest.org/feature/russias-newest-weapon-blind-patriotism-16881>.

⁵³ Pirchner, *The Russian-Chinese Border: Today’s Reality*, 5.

⁵⁴ “Itogi perepisi naseleniya,” *Vserossiiskaya perepis’ naseleniya*, n.d., <http://www.perepis-2010.ru/message-rosstat.php>.

⁵⁵ Maria Repnikova and Harley Balzer, “Chinese Migration to Russia: Missed Opportunities,” *Woodrow Wilson International Center for Scholars Eurasian Migration Papers* no. 3, 2009, p. 11, http://www.wilsoncenter.org/sites/default/files/No3_ChineseMigtoRussia.pdf.

⁵⁶ *Ibid.*

iii. Demography and Human Resources: Unforgiving Constraints for a Russia in Decline

Nicholas Eberstadt

The famous aphorism attributed to the 19th century French polymath and socialist Auguste Comte is that “demography is destiny.” Perhaps so—but only over a sweep of history so grand, so vast and so distant from human beings themselves that human agency is no longer visible. When it comes to the foreseeable demographic future—which for all intents and purposes amounts to a generation or less—a rather different aphorism would be more pertinent: here we would be better served to suggest that “demographics slowly but unforgivingly alters the realm of the possible.”

Note the important distinctions between these two formulations: they center on the role of human beings in world events. Over the course of a generation (rather than a millennium), demographic change typically presents a society with both risks and opportunities—potentialities to which peoples, economies and national directorates can respond, and those responses can reduce exposure to risk and enhance the odds of capitalizing on opportunities. Demographic change, in other words, is more than a story of materialistic determinism.

But demography also establishes certain material realities: “facts on the ground” that are impossible to ignore. These demographic

realities tend to be stubborn and—for ambitious governments or political movements—often distinctly inconvenient. They tend to change only slowly (barring catastrophic events). And given the intrinsic biological regularity of unfolding demographic developments, it is possible to compose a relatively accurate picture of a large country's demographic profile a decade or even two decades in advance. The inherent predictability of demographic profiles so far into the future, furthermore, also means that important demographic parameters—including those arguably bearing on national power or social vulnerabilities—are in effect more or less “fixed”: and not only for today, but for many years to come.

This basic background may help us put demographic prospects for today's Russian Federation into a better, more considered, perspective. For in a variety of meaningful respects, Russia's demographic current trends and future outlook may be described as decidedly unfavorable—not only unfavorable for social wellbeing, but also unfavorable for augmentation and international application of power.

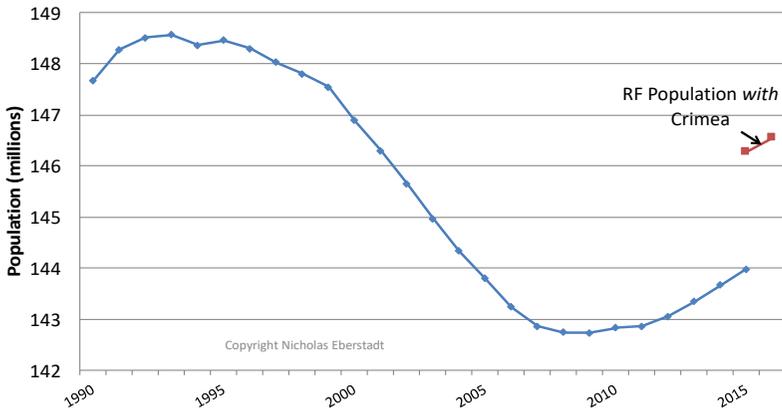
We need to bear in mind the differences between these two yardsticks. It is possible for demographic trends to conduce toward an improvement in human wellbeing under a state whose demographic trends are at the same time limiting or even constricting potential for global influence—and vice versa. In Russia today, however, a range of demographic indicators relating to both human wellbeing and state power are characterized by negative—or even extremely negative—tendencies. By the sorts of criteria often used to measure it, human wellbeing in the Russian Federation is on track to lag ever further behind in the general pool of humanity, as it has been doing for over half a century. And taking the Russian state's current structure and international ambitions and projecting them on into the future, we can see that the demographic foundations for its exercise of power politics promise to be compromised progressively and perhaps, in due time, critically.

Current Demographic Trends in the Russian Federation

The overall demographic situation in Russia today will be familiar to most general readers, to say nothing of specialists in Russian affairs or international relations. But a thumbnail summary and update may be useful here, not least to set the stage for some of the developments we may anticipate in the years immediately ahead.

As is well known by now, Russia suffered a sharp bout of depopulation in the period immediately following the collapse of the Soviet state. (see **Figure 1**)

Figure 1
Stabilized and Recovering—For Now
 Russian Federation Population: 1990-2016
 (Estimated for New Year's Day, In Millions)



Sources: "Table 1.2. Population Size as of 1st of January," *The Demographic Yearbook of Russia 2013*. http://www.gks.ru/bgd/regl/B13_16/Main.htm;
 Federal State Statistics Services, "Provisional population estimates as of 1 January 2015", http://www.gks.ru/free_doc/new_site/population/demo/demo14.xls; Federal
 State Statistics Services, 2015 Population estimate, with and without Crimea: http://www.gks.ru/free_doc/new_site/population/demo/prpopul2015.xls
 (Date Accessed: March 30, 2015); [Распределение населения Российской Федерации по полу и возрастным группам \(на 1 января 2016г.\)](#); Accessed October 18,
 2016.

According to official figures from the Russian Federation Statistical Service (also today known as *Goskomstat*, as it was in the Soviet era), Russia's population peaked in the year 1993 at a bit less than 149 million—after which it began a downward slide. In 2008/09, when the estimated population was a bit under 143 million, the slump stabilized; then, between 2008 and 2015, the officially estimated population within the state's 1991 boundaries increased by a bit more

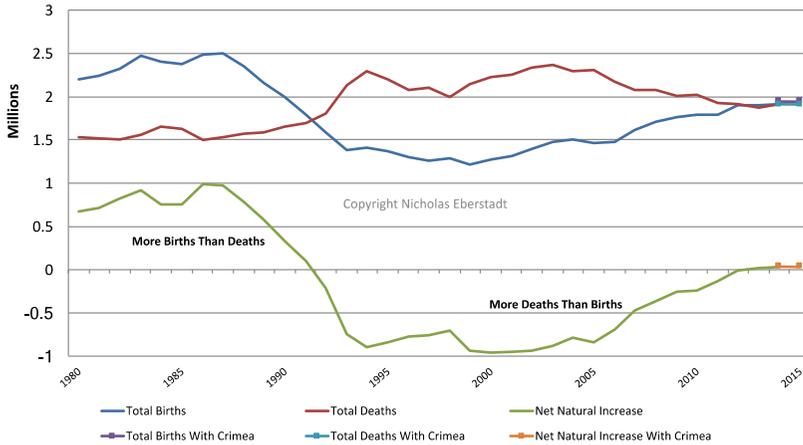
than one million. The population jumped by an additional two-plus million in 2015 thanks to the invasion and annexation of Crimea (to date, seizing foreign territory has proved to be the Putin Kremlin's most successful policy for increasing the national population). Nevertheless, while the Russian Federation's population is still reportedly increasing at this writing, total Russian Federation numbers at the beginning of 2016 were officially about three million fewer than on New Year's Day in 1993, roughly a generation earlier.

Note that population decline *per se* need not presage a decline in living standards or human wellbeing in a contemporary society. Germany and Japan, among other places, offer "existence proof" to the contrary. Further, it would seem self-evident that Germany's international influence has been on the wane over the past decade, i.e. since its own depopulation commenced. This may only underscore what should be obvious: namely, that the "particulars" of depopulation matter (among these, the demographic factors accounting for the reduction in human numbers, the economic arrangements in the society in question, and the political configuration of the locale under consideration). It will suffice here simply to observe that Russia's depopulation was qualitatively quite different from the ongoing demographic declines in Germany and Japan. We may also note there is good reason to expect that Russia's current stabilization, and slight uptick, in human numbers may prove to be temporary—as will be explained shortly.

The arithmetic of post-Soviet Russia's depopulation deserves brief examination here. (see **Figure 2**)

Figure 2 Back To Zero—For Now...

Births, Deaths, and Net Natural Increase: Russia, 1980-2015 (Millions, Annual)



Source: "Table 2.1. Births, Deaths, and Natural Increase," *The Demographic Yearbook of Russia 2010*, 68; and RF Federal State Statistics Service, "Table 5.5. Vital Statistics," *Russia in Figures—2013*, http://www.gks.ru/bdf/regol/11_12/ru/www.exe?arg0115416.htm, 2010-2013 data; Federal State Statistics Services, "Fertility, mortality and natural population growth" http://www.gks.ru/free_doc/new_site/population/demo/demo21.xls, 2014 data; "Information on the number of registered, births, deaths, marriages and divorces, January - December 2014," http://www.gks.ru/free_doc/2014/demo/edr12-14.htm (Date Accessed: March 30, 2015); http://www.gks.ru/www/connect/rossstat_min/russian_statistics/population/demograph/, Accessed October 18, 2016.

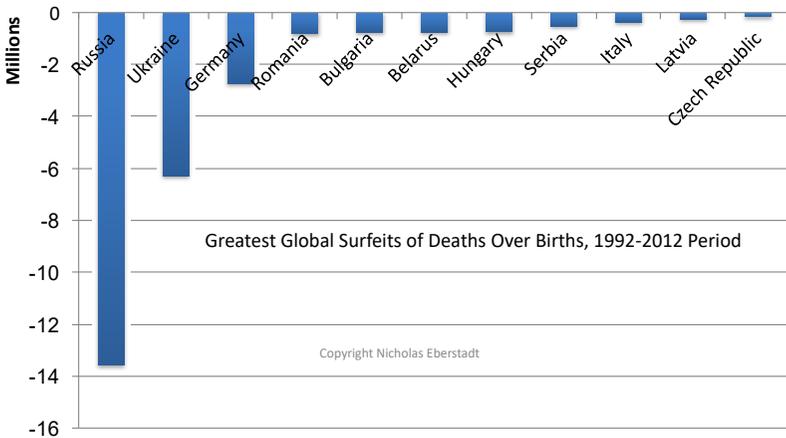
Russia's demographic slump was caused by a collapse of births, in conjunction with a sudden upsurge in deaths. In the late Soviet era, according to *Goskomstat*, total annual Russian Federation (or as it was then, RSFSR) births peaked in 1987 at about 2.5 million. At that same time, annual deaths were running at about 1.5 million a year—implying a “net natural increase” of about one million annually. By 1993, annual births had fallen below 1.4 million, while annual deaths had soared to 2.1 million. Worse was seemingly yet to come. By 1999, Russia's annual birth total had dropped to 1.2 million—less than half its level just 12 years earlier. Annual deaths, on the other hand, erratically rose somewhat further, and approached the 2.4 million figure in 2003.

This was not a smooth and gradual “demographic evolution.” It was a sudden, rough and wrenching, “demographic shock.” That shock seemingly began to abate around 2005: around that time Russia saw a simultaneous increase in births and a decrease in annual deaths. By the year 2013, births and deaths were in rough balance (actually with

a slight excess of births over deaths, as Kremlin policymakers were pleased to announce). Reported births have continued slightly to exceed reported deaths for the Russian Federation over the past few years as well. But here again, as we shall see, there is reason to expect this resumption of a rough equilibrium to be only temporary in nature.

In any case, over the period 1992–2012, Russia experienced a prolonged bout of what demographers would inelegantly call “negative natural increase.” Over those years, the Russian Federation reported nearly 14 million more deaths than births—nearly three deaths for every two births. That is the sort of disproportion demographers would most usually expect to find from a society in the grip of a famine, or an epidemic, or a cataclysmic war—not from a modern urbanized literate society during peacetime. Russia was not the only country during this period to experience a sharp surfeit of deaths over births. (see **Figure 3**)

Figure 3
Surfeit of Deaths Over Births



Source: United States Census Bureau, “Components of Population Growth 1992-2012,” International Data Base, www.census.gov/population/international/data/idb/region.php (Date Accessed: April 26, 2014).

Many other post-Soviet societies did as well, as a result of their own respective post-Communist “demographic shocks.” But in absolute magnitude Russia’s was by far the largest. (Indeed, in the entire postwar era only one other society experienced an episode of “negative natural increase” of greater absolute magnitude—that society being Maoist China in the wake of the disastrous “Great Leap Forward.”) The numbers in **Figure 3**, furthermore, underscore that Russia’s depopulation would have been even more severe had it not been for immigration: that owing to a net inflow of people from the “near abroad” and elsewhere, Russia’s post-Communist decline in population between 1992 and 2012 was less than half as large as it would have been with no immigration at all.

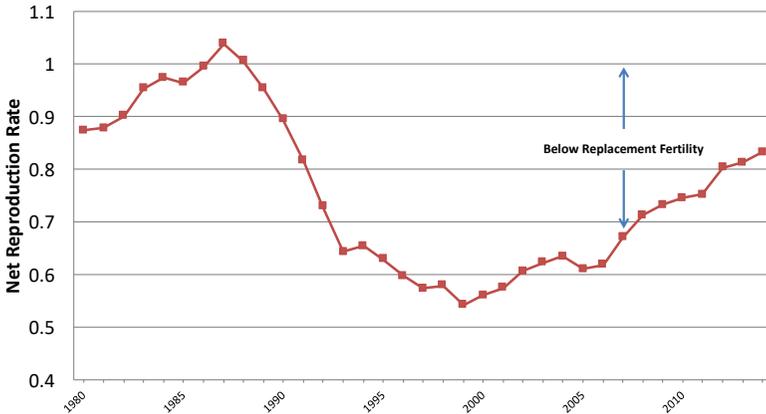
Fertility and Family Formation

Everywhere and always, the drivers of national population change are births, deaths and migration: we can examine each of these factors in a little more detail at this point for the Russian Federation.

We can begin with births, focusing on these through the lenses of fertility and family formation patterns. Perhaps the most intuitively clear metric for tracking fertility is the “total fertility rate” (or TFR), which measures births per woman per lifetime. A second metric of intuitive clarity and importance is the “net reproduction rate” (or NRR), which estimates the number daughters per woman expected to survive to childbearing age themselves. In effect, the NRR offers a “replacement ratio” for each rising generation: an NRR of 1.0 presaging long-term population stability, all other things being equal, and a figure of less than 1.0 implying inter-generation cohort shrinkage, absent compensatory in-migration.

Figure 4 reports Russian Federation trends in NRR from 1980 to 2014. (see **Figure 4**)

Figure 4:
Net Reproduction Rate: Russia, 1980-2015



Source: For Reproduction Rate: "Table 2.11. Net Reproduction Rate," *The Demographic Yearbook of Russia 2013*, http://www.gks.ru/bgd/regl/B13_16/Main.htm, (Date Accessed: April 17, 2014), "Table 2.08. Net Reproduction Rate," *The Demographic Yearbook of Russia 2006*, http://www.gks.ru/bgd/regl/B06_16/Main.htm, (Date Accessed: April 26, 2014), "Table 2.6. Total Fertility Rate," *The Demographic Yearbook of Russia 2014*, http://www.gks.ru/bgd/regl/B14_16/Main.htm, (Date Accessed, May 30, 2015); *The Demographic Yearbook of Russia 2015*; http://www.gks.ru/free_doc/ndoc_2015/demo15.pdf (Accessed October 17, 2015); "Демографический ежегодник России" 2015e, (Accessed October 18, 2016).

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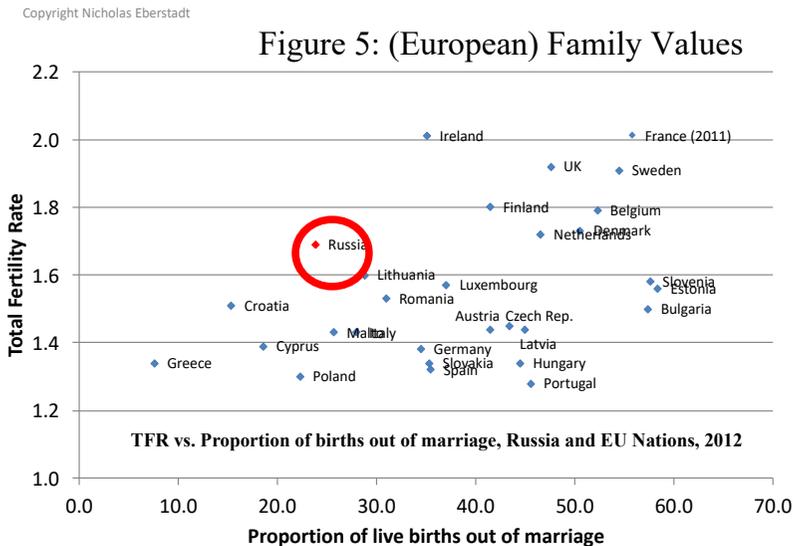
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In only two of those twenty-five years (1987 and 1988) was Russia's NRR above replacement, and then only just barely. From 1989 onward, Russia's NRR has been below replacement—and for much of that period, it has been steeply sub-replacement. Russia's NRR reached a peacetime nadir (at least to date) in 1999, when it fell below 0.55—a level which, if maintained, would have consigned each successive cohort to shrink by 45%. Since 1999, Russia's NRR has almost steadily rebounded. By 2014, in fact, it was slightly higher than in 1991—which it to say, higher than at any time in the post-Soviet era. Even so, the Russian Federation's NRR in 2014 was just 0.83; if that level held indefinitely, each new generation would be smaller (by about one sixth) than the one before it, all other things being equal.¹

We should emphasize that there is absolutely nothing unusual about Russia's current fertility level from a contemporary European standpoint. According to estimates by the UN Population Division, Europe as a whole has been a sub-replacement fertility zone for almost

forty years (since the late 1970s)—and every sub-region of Europe has been sub-replacement since the early 1980s.²

Broadly speaking, Europe appears to have entered into what some demographers have termed “the second demographic transition”³: an environment in which marital unions are increasingly unstable; serial unions are increasingly common; births outside marriage are proportionately more frequent; and sub-replacement fertility is the expected norm. As may be seen in **Figure 5**, virtually every country in Europe records sub-replacement fertility nowadays, and in general countries with higher proportions of out of wedlock births tend to register higher levels of fertility. (see **Figure 5**)



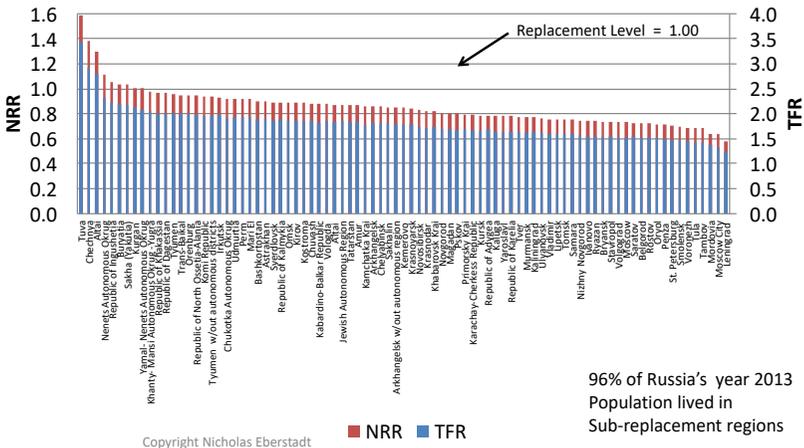
Note: France Birth rates based on 2011 figures.

Sources: EU data: Eurostat, “Fertility Indicators: Total fertility rate (tsdts220)” http://ec.europa.eu/eurostat/ec.europa.eu/portal/page/portal/population/data/main_tables (accessed April 16, 2014); Eurostat, “Live births outside marriage (tps00018)” http://ec.europa.eu/eurostat/ec.europa.eu/portal/page/portal/population/data/main_tables (accessed April 16, 2014); Russia data: Demographic Yearbook of Russia, General Population Replacement Indices, “Total Fertility Rate, Table 2.7,” http://www.gks.ru/bgd/regl/B13_16/Main.htm (Date Accessed: April 16, 2014); Demographic Yearbook of Russia, Fertility, “Live births by mothers marital status, Table 4.9,” http://www.gks.ru/bgd/regl/B13_16/Main.htm (Date Accessed: April 16, 2014).

Russia looks to be on the outer envelope of the contemporary European experience—with relatively high fertility and a relatively low proportion of extra-marital childbearing—but Russia’s patterns here are distinctly and recognizably “European” nonetheless.

As in the past, Russia today is characterized by some striking regional differences in fertility, as one might expect in a country of such ethnic and geographic diversity. (see **Figure 6**)

Figure 6
Below Replacement
Total Fertility Rate and Net Reproduction Rate by Region, 2013



Source: Demographic Yearbook of Russia, General Population Replacement Indices, "Total Fertility Rate by Region, Table 10.2.2" and "Net Reproduction Rate by Region 10.2.4" http://www.gks.ru/bgd/regl/B14_16/Main.htm (Date Accessed: March 30, 2015); 7

In 2013, according to *Goskomstat* data, the TFRs and NRRs for Russia’s most fertile *oblast* was about two and half times as high as for the lowest. A handful of provinces in Russia reported above replacement fertility that year—but these were areas with predominantly non-Russian ethnic populations, and in any event accounted for only about 4% of the country’s total population. Note that NRRs for affluent and elite St. Petersburg and Moscow were among the nation’s very lowest—respectively 30% and 37% below the replacement level.

Differential fertility implicitly amounts to a process of re-peopling; and if the differentials are sufficiently large, and maintained over a

sufficiently long period of time, the re-casting of subgroups within a society or a nation can be consequential. It may be noteworthy that the lowest NRRs in Russia for the most part represent provinces from the country's original historic heartland—places overwhelmingly “Russian” in ethnicity—while the places with the highest NRRs tend to be locales with historically Islamic cultural ties, or places with concentrations of indigenous non-Russian peoples. How much do such demographic differentials matter? In no small part, the answer to that question depends upon assimilation: on the degree to which the ethnic minorities in question can be incorporated as loyal and productive members of the greater society. (One of the concepts in play here is what sociologists awkwardly term “ethnic self-reidentification”—but of course there is much more at stake here as well.) Just how well this is occurring in Russia today, and in the years ahead, is an issue to be debated by others better informed than this author.

Differential fertility has consequences for regional growth—and also regional decline—within Russia. A regional look at “natural increase” patterns affirms this. Although births and deaths were in rough balance for the Russian Federation as a whole as of 2013, there were nonetheless areas with big net gains, and big net losses, at the *oblast* level. (see **Figure 6**) Roughly half of Russia's provinces still reported more deaths than births that year—and the “net mortality” provinces were disproportionately representative of persons of Russian ethnicity. Conversely, the “net natality” provinces tended to be ones in which Russian ethnics were under-represented. Note that *Goskomstat* reported that Dagestan and Chechnya together accounted for a combined surfeit of births over deaths of about 65,000 in Russia in 2013. That same year, Russia's overall natural increase was reported to total just over 30,000. If we excluded these two provinces of historically “Muslim” cultural affinity, Russia would still be reporting slight “negative natural increase”—and if we were to subtract other similar provinces (Tatarstan, Ingushetia, etc.) the negative balance for the rest of Russia would be all the greater.

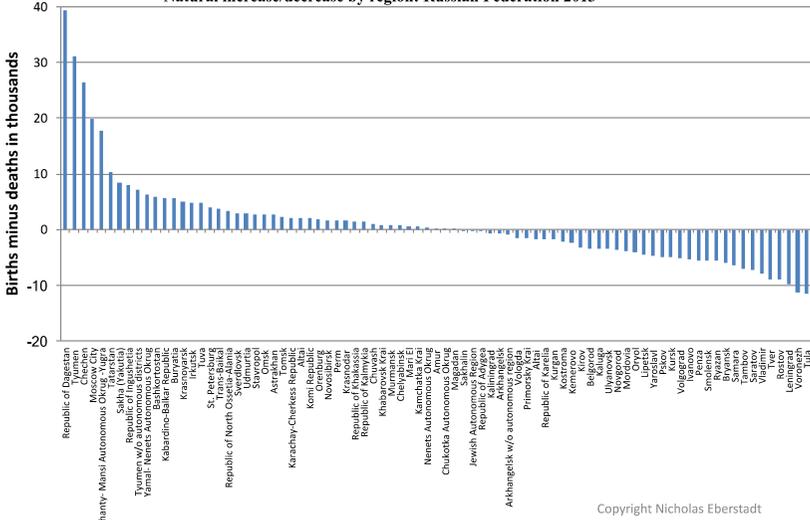
Migration, Both International and Domestic

Consider next the movement of the population in and out of Russia, and within Russia from one region to another. For a variety of reasons, migration statistics tend to be more problematic and less reliable than birth or death numbers. With that proviso, we can inspect the official and unofficial estimates for population flows within Russia and across Russian borders.

International migration statistics tend to be especially misleading and inaccurate—not just for Russia, but for most other modern urbanized societies. The trouble is not just illegal or unauthorized migration, which by definition is not tracked by the governments in question. Another problem is that governments always tend to pay more attention to enumerating incoming migrants than to exiting migrants: an asymmetry concerning flows that results in major uncertainties concerning stocks. The margins of error in official international migration statistics may vary considerably from one country to another, and within any given country over time.

There have been academic efforts to harmonize and reconcile official data on international migration flows. One especially worthy of mention is the effort on estimating global migration flows sponsored by the Wittgenstein Centre in Austria, whose research team has not only estimated bilateral migration flows between 196 countries for the 1990–2010 period, but also developed innovative approaches to visualizing them. (see **Figures 7–9**)

Figure 7
Still Negative Without Dagestan And Chechnya
Natural increase/decrease by region: Russian Federation 2013



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Source: Demographic Yearbook of Russia, General Population Replacement Indices, "Total Fertility Rate by Region, Table 10.2.2" and "Net Reproduction Rate by Regio10.2.4" http://www.gks.ru/bgd/regl/B14_16/Main.htm (Date Accessed: March 30, 2015); 8

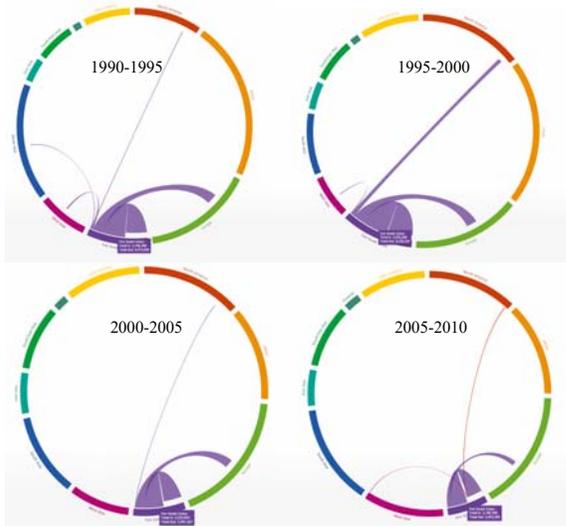
Figure 8
Worldwide Migration Flows 1990-1995



Source: "Quantifying Global International Migration Flows" Guy J. Abel, Nikola Sander *Science* 28 Mar 2014; Vol. 343, Issue 6178, pp. 1520-1522 DOI: 10.1126/science.1248676 Copyright Nicholas Eberstadt 9

Image: <http://www.global-migration.info/> accessed 10/18/16

Figure 9: The Former Soviet Space in World Migration 1990-2010



Source: "Quantifying Global International Migration Flows" Guy J. Abel, Nikola Sander *Science* 28 Mar 2014; Vol. 343, Issue 6178, pp. 1520-1522 DOI: 10.1126/science.1248676 Copyright Nicholas Eberstadt
 Image: <http://www.global-migration.info/> accessed 10/18/16

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Their bottom line estimate: the Russian Federation absorbed a net influx of just under 7 million (6.84 million) persons over the course of these two decades, with the overwhelming majority of the inflow accruing from other former Soviet states.

This estimate broadly tracks with the basic demographic arithmetic concerning the Russian Federation's population decline already noted above (i.e., an absolute estimated drop in population of about 6 million in the face of a net surfeit of deaths over births of about 13 million, albeit for somewhat different dates than the neat 1990–2010 period in **Figures 7–9**). The Wittgenstein Centre's estimates also have problems, however. Most important among them: they appear to underestimate gross (as opposed to net) migration for the Russian Federation, perhaps severely. In their reckoning, fewer than 300,000 people left Russia for other countries over the two decades under consideration! In effect this means that the Wittgenstein Centre numbers will understate the presence of foreign born persons in

Russia today—both in society as a whole and more immediately in the labor force. The UN Population Division, for example, estimates and projects that Russia was home to about 11 million foreign-born migrants in 2010, and a bit under 12 million (11.6 million) in 2015.⁴ By this reckoning, Russia 2015 would have the world's third-largest absolute stock of migrants (with Germany now just edging Russia out for second place, and the United States unrivaled for first place with its estimated almost 47 million foreign born), and they would account for a bit over 8% of Russia's total population. Although UNPD does not provide the necessary numbers, we may assume the share of foreign-born men and women in the national workforce today would have been well above 8%. For Russia such migration is a two-edged demographic sword: while offering the opportunity of augmenting economic production and national wealth, it also conveys the risks to social cohesion incumbent in assimilating any newcomers from abroad.

Some questions about the magnitude and composition of international migration to Russia, unfortunately, cannot be answered conclusively, or at least answered with any great degree of precision. But Russia is also subject to the pull of domestic migration, and these movements can be tracked a little more closely. We can look at Russia's changing regional population composition, as estimated by *Goskomstat*, using the 1989 Soviet population census as one benchmark and the (necessarily somewhat less reliable) New Year's Day 2016 regional population estimate as the other. The intervening population shifts will of course be affected by the balance of births and deaths, but it will also be strongly shaped by population movements—especially where proportionate population change deviates most extremely from overall national averages. (see **Table 1**)

Table 1
Population Change by Region:
Russian Federation, 1989 vs. 2016 (Official Estimates)

Administrative Territory	Population, GKS est. 1 Jan 2016 (millions)	Population, 1989 Census (millions)	Absolute change (millions)	Relative change (%)
Russian Federation Total	144.221**	147.022	-2.801**	-1.9**
Population including Crimea	146.544*	147,022	-0.478*	-0.3*
Crimean Federal District	2.323	---	N/A	N/A
Central Federal District	39.104	3.7920	1.184	3.1
[--of which Moscow]	[12.330]	[8.876]	[3.354]	[37.8]
North Caucasus District plus Southern Federal District	23,762	20.536	3.226	15.7
Volga Federal District	29.673	31.785	-2.112	-6.6
Ural Federal District	12.308	12.526	-0.218	-1.8
Siberian Federal District	19.324	21.068	-1.744	-8.3
Far-Eastern Federal District	6.194	7.950	-1.756	-22.1

Notes: * = including annexed Crimea; ** = excluding annexed Crimea. Sources: Goskomstat/ Russian Federal Statistical Service. For 1989: Демографический ежегодник России - 1.5. НАСЕЛЕНИЕ РЕГИОНОВ РОССИЙСКОЙ ФЕДЕРАЦИИ http://www.gks.ru/bd/total/R02_161s/WWW.exe?Src=0110/0110050r.htm; accessed October 17, 2016. For 2016: Демография: Оценка численности постоянного населения на 1 января 2016 года и в среднем за 2015 год (опубликовано 09.03.2016г.). http://www.gks.ru/free_doc/new_site/population/demo/Popul2016.xls; accessed October 17, 2016.

While Russia’s total population (within its pre-Crimean annexation borders) was estimated to be roughly 2% lower at the start of 2016 than in 1989, some places looked to be big “winners,” in the sense of large demographic gains, while others looked to be major “losers.” Among the former, the obvious standout is Moscow, which reportedly grew by nearly 40 percent (37.4%) over the intervening generation. (When Moscow is excluded from the Russian Federation’s Central Federal Region, population for the rest of that area dropped by about 8% over those years.) Not surprisingly, the North Caucasus and Southern Federal Districts registered population increases during this period. On the other hand, the Siberian Federal District registered an 8% population decline between 1989 and 2016, and the Far Eastern Federal District reported a stunning 22% population drop.

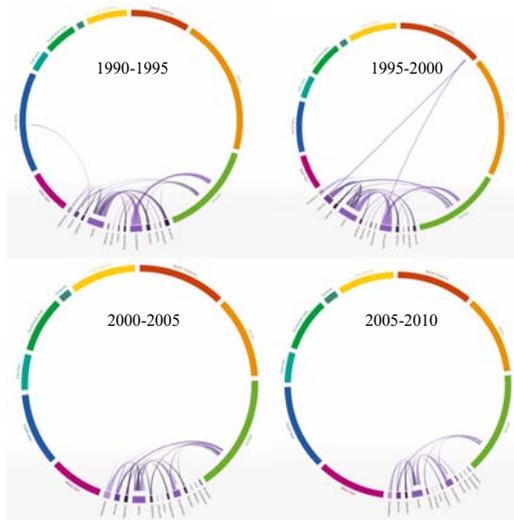
Given that Moscow is perennially one of the lowest fertility regions in a nation that has itself been characterized by sub-replacement fertility over the past generation, the population surge in the capital can be explained mainly as a story driven by in-migration. Population

increases in the North Caucasus and Southern Federal Districts, which include provinces aforementioned for their relatively high fertility, look to have been generated in part by natural increase, but only partly: we should not neglect the role that in-migration played here in bolstering local numbers. As for Siberia: out-migration looks to have accelerated that Federal Region's population decline, while the Russian Far East's virtual population collapse speaks to an immense and apparently still ongoing exodus of people from that area.

None of these population movements should surprise. Quite the contrary: in a society where people are no longer forced by police power to reside in remote, inhospitable and economically irrational locales, Russia's post-Communist domestic migration patterns are literally a case where people are "voting with their feet." The great movement of people southward and westward reflects choices that increase human wellbeing, and also economic welfare: old Soviet patterns of settlement were simply not sustainable absent unending subsidies and manifold instruments of police state coercion.⁵

Demographic change that improves human welfare, however, does not automatically or necessarily serve the purposes of national security. The emptying—or should we say, the further emptying—of Siberia and the Russian Far East is creating something approaching a demographic vacuum in an enormous realm immediately north of China, which for at least the time being is the world's most populous nation, and one that is densely crowded in much of its inhabited territory. (see **Figure 10**)

Figure 10
International Migration Patterns for the Former Soviet Union by Country, 1990-2010



Source: "Quantifying Global International Migration Flows" Guy J. Abel, Nikola Sander *Science* 28 Mar 2014; Vol. 343, Issue 6178, pp. 1520-1522 DOI: 10.1126/science.1248676 Copyright Nicholas Eberstadt
Image: <http://www.global-migration.info/> accessed 10/18/16

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Could the Russian Far East become contested territory in years ahead—or even part of a Chinese sphere of influence? Population density maps do not provide us with anything like a sure answer to this question. The fact that Russians have been fleeing the Russian Far East in droves would hardly seem to suggest the place would be regarded as deeply alluring by prospective migrants from China. Yet, at the same time, the defensibility of this vast, increasingly empty space is not a fantastical issue to consider—nor should it be regarded as a given that Moscow will indefinitely be the government with the strongest claim on it (and the strongest means for enforcing its claim).

Russia's Disastrous Health Profile

While the welfare implications of Russian birth patterns may be open to debate (Should these be higher? Should these be lower?), and while the implications of migration patterns may be auspicious from the standpoint of human welfare, Russia's mortality patterns and the

health conditions they reflect look little short of calamitous for a more-or-less modern society. Health bears directly on individual welfare—and also on economic potential for a society, which is to say that it bears indirectly on state power. Russia’s health and mortality trends are not unique—other former Soviet states like Ukraine and Belarus reflect or echo rather similar trends—but no other would-be world power is beset by patterns nearly so adverse, so anomalous, or so stubbornly resistant to amelioration.

In conceptual terms, the most straightforward indicator of mortality and health conditions is life expectancy at birth, the synthetic measure that calculates expectation of life from the survival probabilities for persons of all ages at any selected point in time. Russia’s long-term life expectancy trends are—let us put this plainly—truly dismal. We can see this in readings from the Human Mortality Database, an expert consortium that reconstructs long-term mortality trends to adjust for errors and inconsistencies in data, and thus to provide an “apples to apples” comparison between countries. (see **Figure 11**)

Figure 11: Human Mortality Compared

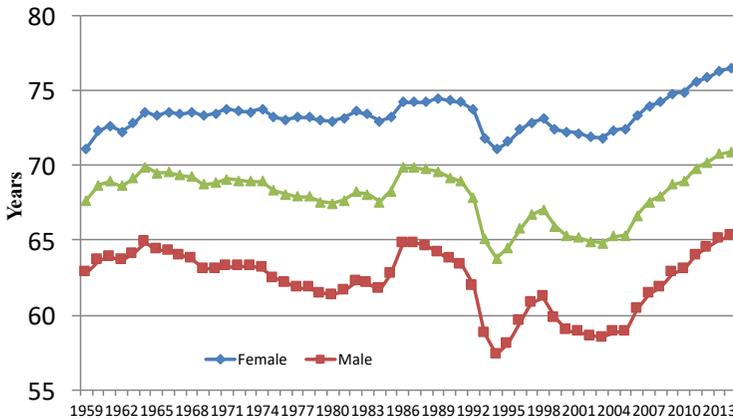


In a postwar era positively exploding with health progress, overall life expectancy in Russia has been marked by long-term stagnation and even prolonged bouts of decline. According to estimates, as late as the year 2008, overall life expectancy at birth in Russia was still slightly lower than it had been in the year 1960. As recently as 2010, male life expectancy in Russia was a bit lower than in 1960. Russian life expectancy has been on the rebound since roughly the year 2003, and it reached new heights in 2012–2014 (the most recent year for which data is available), breaking the symbolic 70-year marker for overall life expectancy at birth for the first time ever. Over the past several generations, however, Russia has repeatedly seen advances in life expectancy reversed and erased. Thus, overall life expectancy for the Russian Federation in 2014 was only a bit over two years higher in 2014 than back in 1960.

If we want to be legalistic, we can make the point that Russia does in fact enjoy higher life expectancy at birth for males and females alike today (2014) than fifty years ago (1964)—although by this particular comparison both overall life expectancy and male life expectancy would be less than a year higher than half a century earlier, according to the calculations in **Figure 11**, and female life expectancy would be only just over a year higher. The operative point, unfortunately, is that the world is a moving target, and Russia has been falling far behind most of the rest of humanity when it comes to health improvement.

Figure 12 makes the point. (see **Figure 12**)

Figure 12:

Life Expectancy at Birth: Russia, 1959-2014

Source: Human Mortality Database, mortality.org (Date Accessed: December 6th, 2016)

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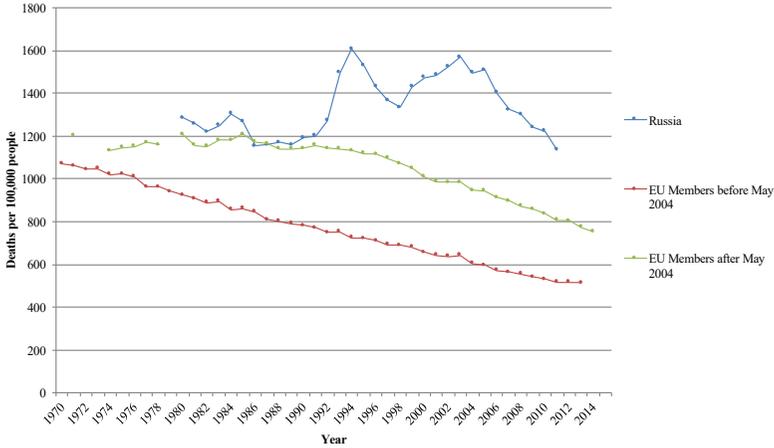
The data here are drawn from the World Health Organization-Europe’s “European Health For All Database” (HFA-DB), which estimates age-standardized death rates for all the countries in that region. (Age-standardized death rates offer another take on mortality conditions: by calculating a country’s age-specific death rates against a single “model” population structure, we can see how death rates from different places would compare if they all shared a common age-sex profile.) The HFA-DB only plots Russian trends as far as 2011, so it misses Russia’s recent achievements in mortality reduction. That said, we must note the ominous long-term divergence between Russia’s mortality trends and those for most of the rest of Europe. Between 1980 and 2011, age-standardized mortality in Russia dropped by 12%. Over those same years, within the pre-accession EU (i.e., all of Western Europe apart from Switzerland and Norway), age-standardized mortality dropped by 44%—and from a much lower

starting point; consequently, by 2011 age-standardized death rates were well over twice as high in Russia as in the countries representing Western Europe.

Perhaps even more striking is the comparison between the Russian Federation and the post-accession EU states (almost all of whose populations lived in Soviet Bloc or otherwise Communist societies until the end of the Cold War). In 1989, age-standardized mortality in Russia and this grouping of countries was, according to HFA-DB, virtually identical. Twenty years later, age-standardized death rates had fallen by 27% in the new EU states, but had actually risen over the interim in Russia (by about 9%). Contrast the steady, regular annual declines in death rates reported for each grouping of EU states with the wrenching, irregular oscillations in mortality depicted in Russia. For the human beings under consideration here, the former represents something like sure and orderly progress; the latter, something more like uncertainty and misery.

Russia's performance with respect to adult health and mortality has been especially awful. We can see this in **Figures 13** and **14**, which use World Health Organization estimates for life expectancy at age 15 for the Russian Federation and the collectivity of countries the UN classifies as "least developed countries"—the world's most impoverished societies, many of these existing under what are now called "fragile states." (see **Figures 13** and **14**)

Figure 13:
Age-Standardized Mortality for Deaths from All Causes:
Russia versus “Old” and “New” EU States, 1970-2014

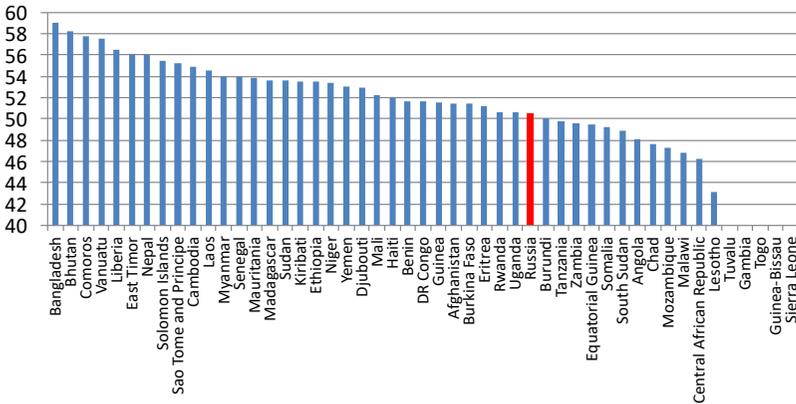


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Source: World Health Organization Regional Office for Europe, European Health for All Database (HFA-DB), "1810 SRD, all causes, all ages, per 100000," <http://data.euro.who.int/hfad/> (Accessed April 17, 2014). 15

Figure 14

Male Life Expectancy at age 15:
Russia vs. all LLDCs, 2015 (WHO estimates)

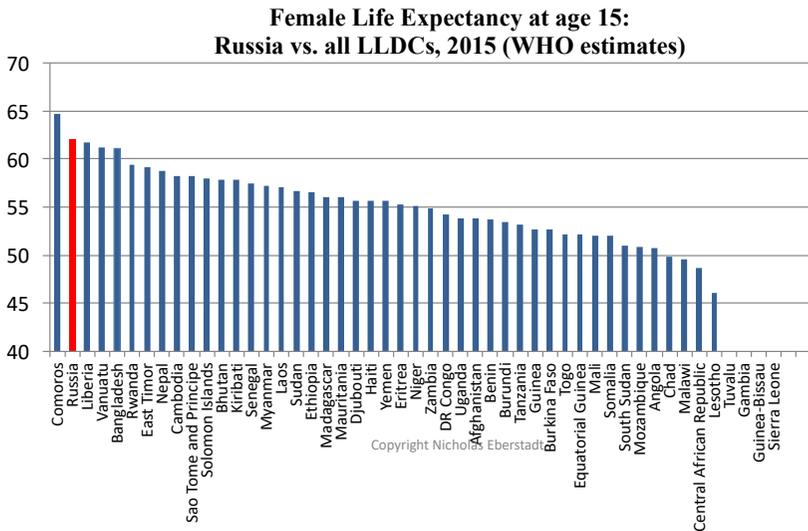


Copyright Nicholas Eberstadt

Source: World Health Organization, Global Health Observatory Data Repository, "Life Expectancy: Life tables by country," <http://apps.who.int/gho/data/view/main.696000?lang=en> (Date Accessed: October 14, 2016).

The results of the comparison should astonish—and appall. Of the 43 “least developed countries” for which WHO provides such estimates or projections, all but 12 were deemed to have higher male life expectancies at age 15 for 2015 than the Russian Federation. (To pick a few examples: Haiti’s level was said to be a year and a half higher than Russia’s—and Ethiopia’s was placed three years above Russia’s.) Russia’s women fared better than its men in this comparison—but only to a degree: at age 15, 2015 life expectancy for females was reportedly still higher in at least one “least developed” society (Comoros) than in the Russian Federation. To go by **Figures 11 and 12**, adult mortality levels in Russia today are not even “Third World.” Instead, they are solidly “Fourth World.” Indeed: if WHO estimates and projections are correct, survival schedules for adult men are today essentially indistinguishable between the Russian Federation and Africa—the enormity of other developmental differences between these two great expanses notwithstanding. (see **Figure 15**)

Figure 15

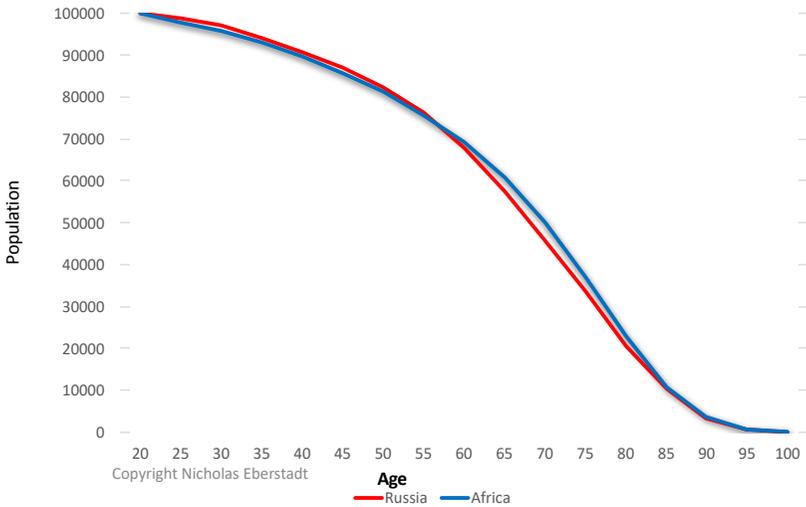


Source: World Health Organization, Global Health Observatory Data Repository, "Life Expectancy: Life tables by country," <https://www.who.int/data/datasets/indicators/SH.SV.SLVS> (Date Accessed: October 14, 2016).

Unlike so many of the Least Developed Countries against which it so unfavorably compares in **Figures 13** and **14**, Russia today is by no means an impoverished society—and whatever else may be said about it, Putin’s Kremlin hardly resembles a “fragile state.” How then has Russia managed to “achieve” such miserable levels of mortality in a highly urbanized and literate society during peacetime? Simply stated: Russia has pioneered new and “modern” paths to premature mortality. Historically, high-mortality societies were also places ravaged by communicable disease (including endemic diseases to which poor and poorly nourished persons are more likely to succumb). Despite its looming and much-discussed HIV and drug-resistant TB threats, communicable disease today accounts for only a tiny fraction of Russia’s mortality. It is instead non-communicable diseases that kill the overwhelming majority of men and women in Russia today—and here Russia has garnered the unwanted distinction of global leader, setting grim new international records for death tallies.

In arithmetic terms, roughly 90 percent of the overall gap in age-standardized death rates between the Russian Federation and the HFA-DB’s “Western European” EU countries was attributable to differences in deaths from cardiovascular disease (or CVD—heart attack, stroke and the like) on the one hand and “external injuries and poisoning” (homicide, suicide, traffic fatalities, etc.) on the other. In 2011, according to HFA-DB, Russia’s age-standardized CVD mortality rate was nearly four times higher than for pre-accession EU, while its level of mortality from external injuries and poisoning was over four times as high. We can place Russian—and more particularly, male—CVD and external injury mortality in even broader global perspective using WHO estimates for the year 2008.⁶ (see **Figures 16** and **17**)

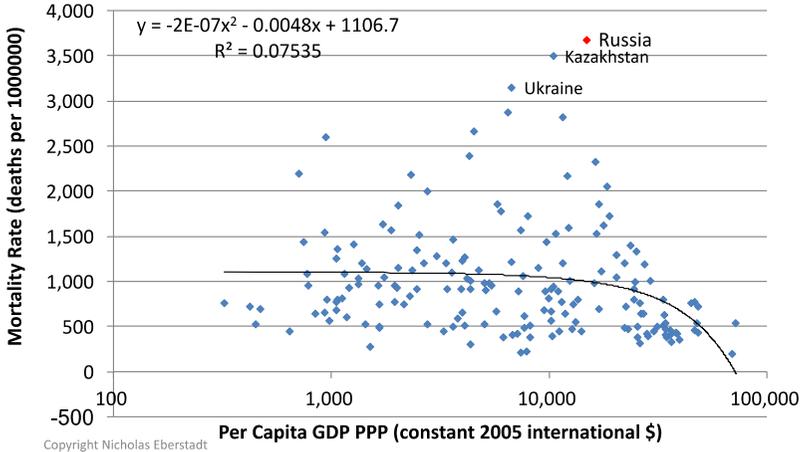
Figure 16:
Potential for Male Population at Age 20 to live until a Given Age:
Russia vs. Africa, 2015 (WHO Estimates)



Source: World Health Organization, Health Statistics and Health Information Systems, <http://apps.who.int/gho/data/node.main.6872?lang=en/>. (Date Accessed: October 19, 2016)

As we see in **Figure 17**, Russian male CVD levels in 2008 were the world’s very highest, at least according to the WHO—and were over three-and-a-half times higher than would have been predicted for a country with the Russian Federation’s estimated income level.

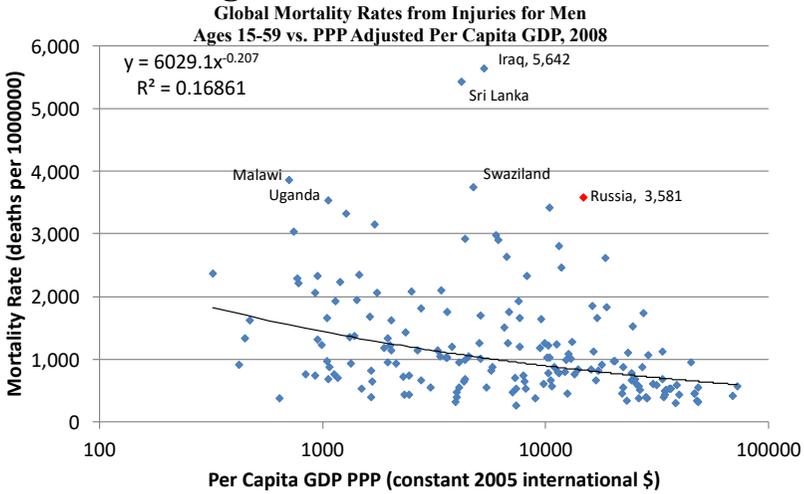
Figure 17:
Global Mortality Rates from Cardiovascular Disease for Men
Ages 15-59 vs. PPP Adjusted Per Capita GDP, 2008



Copyright Nicholas Eberstadt
 Source: World Development Indicators 2014, available at <http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=world-development-indicators> (Accessed April 14, 2014); and World Health Organization, Global Health Observatory Data Repository, "Disease and injury country estimates, 2008: By sex and age, Data by country" available at <http://apps.who.int/gho/data/node.main.1006?lang=en> (Date Accessed: April 14, 2014). 19

As for deaths from external injury and poisoning: **Figure 18** suggests these were nearly four times as high as would have been expected in a “normal” country with Russia’s GDP per capita. Of all the societies represented in **Figure 18**, only Iraq and Sri Lanka—countries in the midst of insurrections and war—had markedly higher levels of death from injury and violence than Russia; if Russia’s “dot” on the chart had gone unnamed, one might easily have assumed this was a sub-Saharan “post-conflict society.” (see **Figure 18**)

Figure 18: Accident Prone



Source: World Development Indicators 2014, available at <http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=world-development-indicators> (Accessed April 14, 2014); and World Health Organization, Global Health Observatory Data Repository, "Disease and injury country estimates, 2008: By sex and age. Data by country" available at <http://apps.who.int/gho/data/node.main.1006?lang=en> (Date Accessed: April 14, 2014).

We should be careful to emphasize that we have not directly discussed morbidity in this section—not illness, only mortality. There could, in theory, be some contrasts between trends in survival chances on the one hand and trends in disease prevalence among the living on the other. In practice, we believe trends in health are likely to mirror those in mortality fairly closely in the Russian Federation. That is to say: not only are survival prospects much worse for adults in Russia today than in Western countries, but the health conditions of those who have not yet expired are on the whole distinctly less favorable as well. This congruence has fateful implications not only for human wellbeing, but also for economic productivity—and thus the potential resources the state can draw upon in attempting to influence domestic and international events.

The Russian Paradox: High Schooling, Low Human Capital

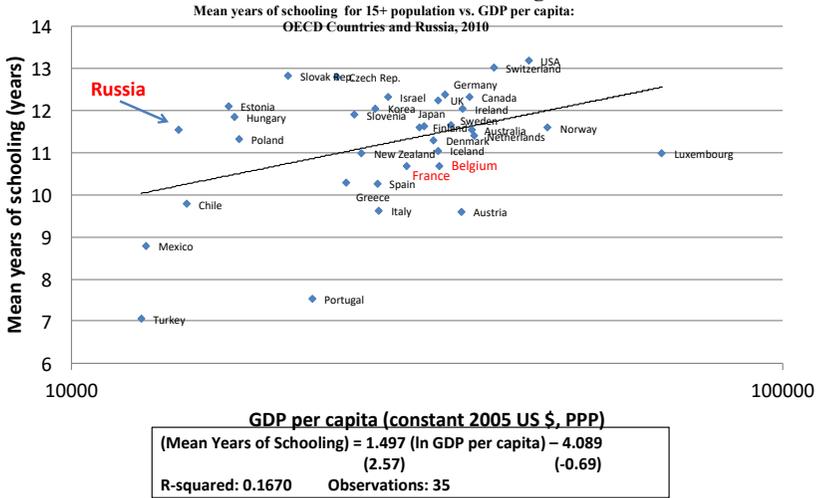
Russia’s dreadful mortality trends look all the more gruesome when we take into account the level of educational attainment in this society.

The Russian Federation has been a mass-schooling society for at least three generations: according to the Barro-Lee database on global educational attainment, as of 1950 fewer than 2% of Russians in their early twenties had never been to school. By the end of the Soviet era (1990), according to Barro-Lee, men and women in their early twenties had on average nearly 13 years of schooling—thus, reportedly, an average of one more year of education than their contemporary counterparts in Sweden. Between 1990 and 2010, mean years of schooling for young Twenty-Somethings in Russia reportedly declined: Barro-Lee estimates the drop at about a year of schooling on average. Even so, Russia remains among the countries with the very most adult schooling in the world today. As of 2010, roughly 60% of the Russian Federation population 25 or older had taken some higher education (tertiary level): this compares with just 35% for affluent and educated Switzerland.

Part of the discrepancy here is definitional: the Russian Federation educational system counts as tertiary grades that would still be regarded as secondary education in most Western countries. Nevertheless: in terms of mean years of schooling (MYS) for its adult population, Russia reportedly holds its own with Western Europe.

In 2010, according to Barro-Lee, MYS for the 15+ population in Russia was actually somewhat higher than the average for OECD countries that same year (11.5 vs. 11.2); it was more or less the same as in such places as Australia, Japan, and Norway, and nearly a year higher than in Belgium or France. (see **Figure 19**)

Figure 19
More Educated Than France Or Belgium?



Source: Mean Years of Schooling: Robert Barro and Jong-Wha Lee, "A New Data Set of Educational Attainment in the World, 1950-2010," (April 2010); GDP: OECD, OECD Statistics, "1. GDP: GDP per head, US\$, constant prices, constant PPPs, reference year 2005," available at <http://stats.oecd.org/index.aspx?queryid=558#>, accessed on September 12, 2014. Copyright Nicholas Eberstadt 22

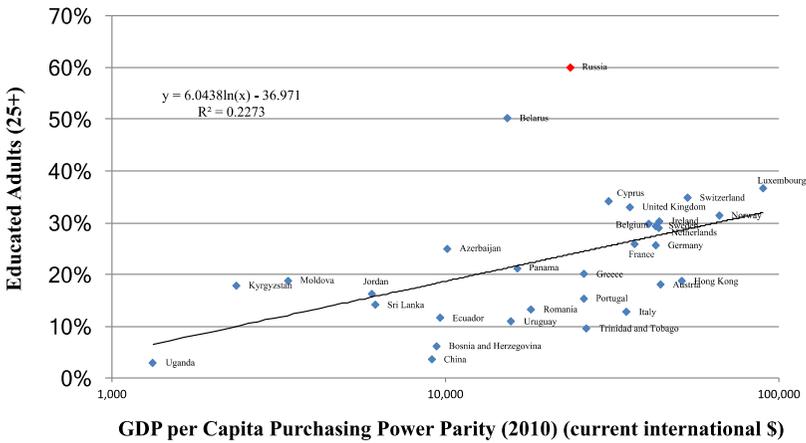
Here then is the terrible mystery of Russian education and health: how can a country with a Danish profile for MYS for those 15 and older simultaneously present with a life expectancy at age 15 males estimated to be fully five years lower than Liberia’s, and with a life expectancy at age 15 for females estimated to be only a few months above Liberia’s (as we saw in **Figure 14**)? According to Barro-Lee, Liberia’s 15+ MYS in 2010 was just over 4 years—in other words, barely a third of Russia’s.

On its face, such an outcome would seem to fly in the face of more or less everything social science, epidemiology, and public health seemed to establish about the relationship between education and mortality over the past century of research on this topic. All around the world, within societies and among societies, educational attainment and mortality levels are negatively associated—and that association is a robust one, for children and adults alike.⁷ (Indeed, education appears to be a more important factor than income in mortality reductions.)

Russia today would appear to constitute a dismaying but all too genuine exception to these worldwide findings.

We might say that Russia presents us with a “high schooling/low human capital” paradox: somehow, and seemingly despite all odds, contemporary Russia has managed to keep on mimicking the mortality levels of societies where mass illiteracy is still endemic. (see **Figure 20**)

Figure 20
The Russian Paradox: High Education, Low Human Capital
 Percent of Adult Population with Tertiary/Post-Secondary Education versus GDP per Capita PPP:
 Russia and Selected Other Countries, 2009/2010

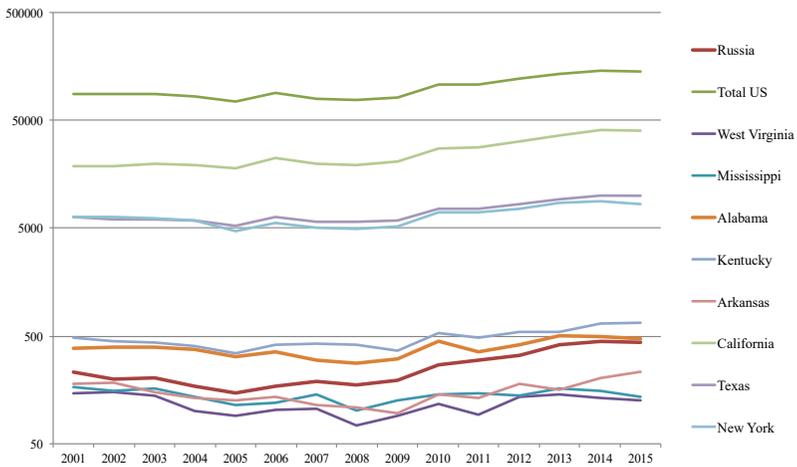


Sources: World Bank, “GDP per Capita, PPP (Current International \$),” World Development Indicators, <http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD>; and United Nations Educational, Scientific, and Cultural Organization Institute for Statistics, “Literacy and Educational Attainment: Educational Attainment of the Population Aged 25 Years and Older, Latest Year Available,” <http://stats.unesco.org/unesco/ReportFolders/ReportFolders.aspx>. (Date Accessed: April 14, 2014)

And the paradox is not limited to health results: despite its apparently high level of educational attainment—or at least, its population’s considerable exposure to Russian schooling—post-Communist Russia’s performance in what we might call “knowledge production,” and in knowledge- or skill-intensive international service markets, is absolutely miserable as well.

“Knowledge production” is admittedly a difficult quantity to measure in precise figures—but as a first approximation, patent awards might be a serviceable beginning. In Figure 20 we see how Russia has fared with awards from the US Patent and Trade Office (USPTO) over the first decade and a half of the 21st century. (see **Figure 21**)

Figure 21: Neck and Neck with Alabama
Annual USPTO patents awarded 2001-2015:
Select US States and Russia



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Sources: USPTO, “Patents by Country, State, and Year – All Patents Types,” (December 2015) https://www.uspto.gov/web/offices/ac/ido/oeip/taf/cst_utl.htm²³
Date accessed: October 17, 2016

The entire Russian Federation did not earn as many patents as the US state of Alabama between 2001 and 2015—and Alabama’s population is scarcely more than a thirtieth of Russia’s.

It is true that American applicants may possess a sort of local advantage against foreign competitors with regards to USPTO awards—but Russia’s performance in relation to other foreign applicants clearly comes up short as well.

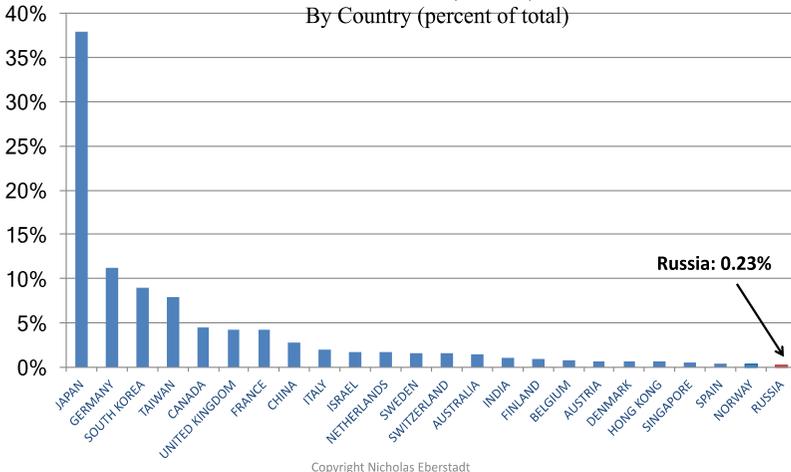
For the 2002–2015 period, Russia ranked 24th among international awardees for USPTO patents—far behind tiny Finland and Denmark,

and with less than 3% as many patents as Taiwan, a place with less than a sixth of Russia’s population. Russia at present accounts for roughly 2% of the world’s total population, and over 3% of the world’s working age population with higher education, but for barely 0.2% of the US PTO’s international awards.

Russia’s breathtaking underperformance in US “patent yields” is not a due to some structural particularity of the US legal or administrative apparatus, much less to some special anti-Russian animus in American patent award decisions. A sadly similar picture can be drawn from international patent application data collected by the UN World Intellectual Property Organization. (see **Figure 22**)

Figure22: Patent Underperformance

International Patent Awards by US
Patent and Trade Office (USPTO), 2002-2015
By Country (percent of total)

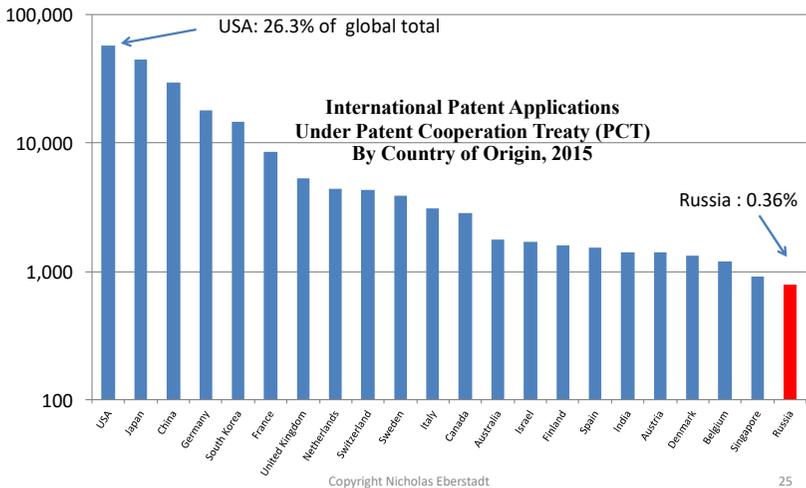


Sources: USPTO, “Patents by Country, State, and Year – All Patents Types,” (December 2015) https://www.uspto.gov/web/offices/ac/ido/oeip/taf/cst_utl.html
Date accessed: October 17, 2016

In 2015, Russia ranked 22nd worldwide in such out-of-country applications, the USA this time included, with half as many applications and barely a fifth as many as Sweden. Fewer than 0.4% of WIPO-tracked international patent applications in 2015 came from the Russian Federation—that is to say, almost an order of magnitude

less than Russia’s global proportion of the tertiary working age population. We can also examine international applications per million tertiary educated people of working age—and if we examine this metric, we find that Russia’s performance in 2015 was slightly below that of South Africa. (see **Figure 23**)

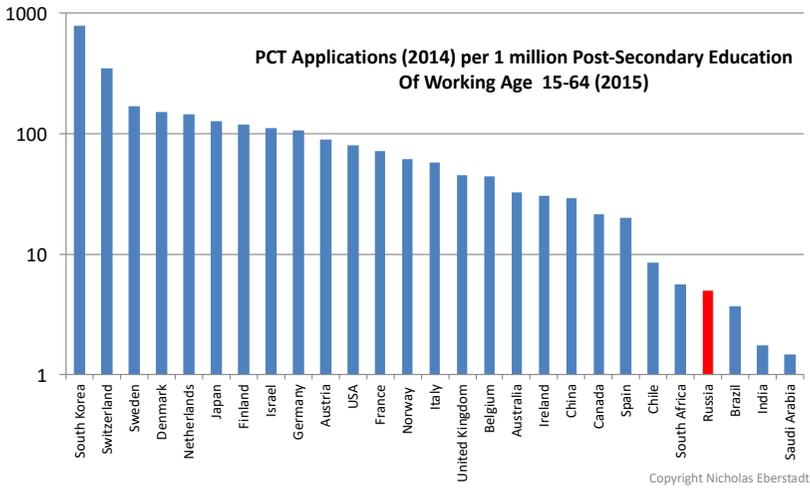
Figure 23: Where Has Russia’s Education Gone?



Source: WIPO Statistics Database, "International Applications by Origin" available at: http://www.wipo.int/export/sites/www/pressroom/en/documents/pr_2016_788_annexes.pdf#page=1 accessed on October 17, 2016

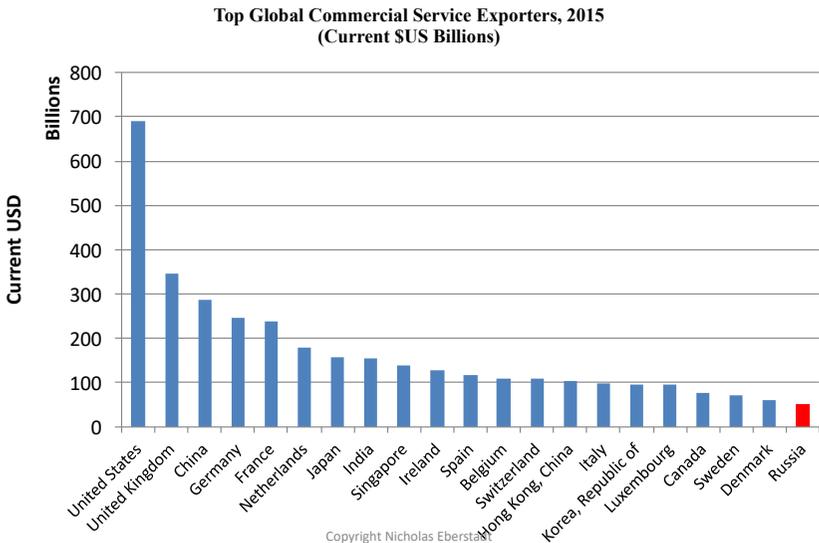
These disproportions track with similar disproportions in Russia’s performance in the world service export economy. (see **Figures 24 and 25**)

Figure 24: Behind South Africa In Knowledge Production



Source: WIPO Statistics Database, "Number of PCT Filings by Country of Origin" June 2015, available at: <http://www.wipo.int/ipstats/en/statistics/pct/>, accessed on April 23, 2014. Education Data: Wittgenstein Centre for Demography and Global Human Capital, (2015). Wittgenstein Centre Data Explorer Version 1.2. Available at: <http://www.wittgensteincentre.org/dataexplorer/>. (Accessed Oct. 17, 2016).

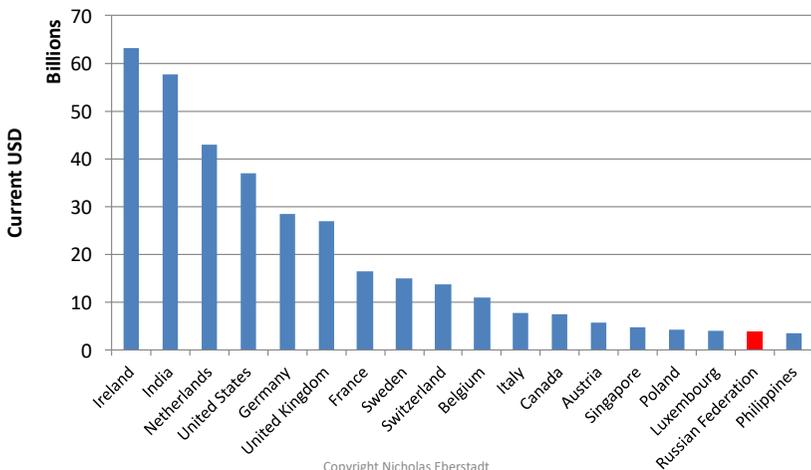
Figure 25: Russia is Not A “Knowledge Economy”



Source: World Trade Organization, Statistics Database-Time Series of International Trade "Trade in commercial export services," available at: <http://stat.wto.org/StatisticalProgram/WSDBViewData.aspx?language=E>, accessed on October 16, 2016.

In 2015, by the estimate of the World Trade Organization (WTO), Russia did not even rank in the top 20 for total service exports. Russia's share of world service exports that year was barely 1%. In computer and information service exports—an area one might have expected Russia to fare well in—the Russian Federation earned less than a tenth as much as India, and trailed such countries as Poland, only just surpassing the Philippines. (see **Figure 26**)

Figure 26:
Top Global Computer and Information Service Exporters, 2015
 (Current US\$ Billions)



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Source: World Trade Organization, Statistics Database—Time Series of International Trade “Trade in computer and information export services,” available at: <http://stat.wto.org/StatisticalProgram/WSDBViewData.aspx?Language=E>, accessed on October 18, 2016

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There may be institutional and policy factors that would help to explain Russia's exceedingly poor performance in the international patent markets and international service export markets. Russia, after all, is full of highly educated and highly talented people. But the country's manifest failure to meet the international market test in knowledge production and in competition for human skill- and knowledge-intensive industries is of an eerie sameness with Russia's woeful mismatch between its educational level and its mortality level, and suggests that, for whatever reasons, education is not translating into human capital in the same manner that it does in most of the rest

of the world. And since these patterns are long standing, they also look like anomalies that cannot suddenly and rapidly be mitigated. Needless to say, this curious Russian deformation—this seeming inability to translate education into either health or knowledge production—is immensely disadvantageous both to individual welfare and national economic potential, thus to state power as well.

The Demographic and Human Resource Outlook for the Russian Federation

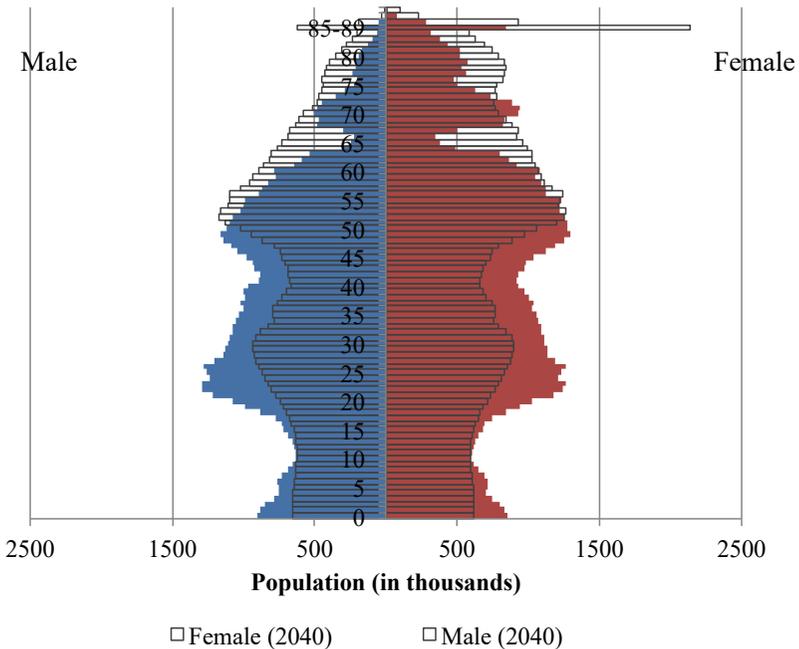
Because of the stubborn continuity that governs demographic processes, there is a considerable amount of “momentum” in all of the unfavorable trends in the Russian Federation that we have outlined already. In absolute terms, these constrain individual welfare and the fulfilling of human potential. In relative terms, they constrain the Russian state’s ability to exert its will at home and abroad. State power can be measured in absolute terms of course, but when states are in competition or conflict with other states it is the relative bearing that may matter most. And in many respects Russia’s prospective demographic and human resource outlook over the years immediately ahead looks set to trace out a decidedly downward trajectory within the family of nations.

In this section we will examine projections as far out in the future as 2040—almost a quarter century in the future. There are, to be sure, demographic projections that extend even further: the US Census Bureau International Data Base regularly calculates figures out to the year 2050, and the UN Population Division now routinely takes these out to the year 2100. I myself, however, cannot justify using general demographic projections over a quarter of a century into the future for any serious purposes because we start to enter a realm of science fiction in projections that reach out over a generation from now. In such exercises we are obliged to make guesses about how many babies the currently unborn are going to be having. Thus, 2040 seems to me to represent the very outward limit we may responsibly

entertain at the moment for discussing the demographic outlook in Russia—with an understanding that a closer horizon (say, 15 or 20 years) might be more suitable for countries with higher fertility levels and thus with what we might see as more rapid “demographic turnover.”

An overall impression of Russia’s coming population structure is afforded by **Figure 27**, in which we compare the Russian Federation’s 2010 population “pyramid” with the Census Bureau’s projection for the country’s age-sex structure in 2040. (see **Figure 27**)

FIGURE 27: Smaller And Older
 Estimated and Projected Russian Population Structure: 2010 versus 2040,
 (US Census Bureau Projections)



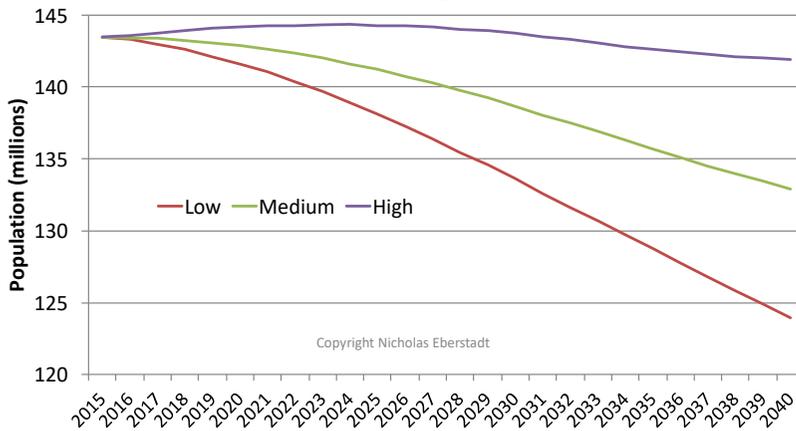
Source: United States Census Bureau, “Population by Single-Year Age Groups,” International Data Base, Eberstadt
www.census.gov/population/international/data/idb/region.php. (Date Accessed: October 17, 2016)

What will be immediately apparent is the envisioned Russia of 2040 would have a markedly smaller population of people under the age of

50 than did Russia 2010—while Russia 2040 appears to be on track to have a much larger 50-plus population than does Russia more or less today. Despite its grim survival schedules, Russia is an aging society—and the graying of Russia will have inescapable implications both for individual wellbeing and for the quest to augment and deploy national power.

Although Russia’s post-Communist depopulation ceased in 2009, and was slightly reversed in the following years, UN Population Division projections envision a return to depopulation for Russia over the generation ahead. (see **Figure 28**)

Figure 28
Dwindling Alternatives
Russian Federation: 2015-2040
(UNPD Projections)



Source: United Nations Population Division, “Total Population, Both Sexes 2010-2040,” *World Population Prospects*, The 2015 revision, <http://esa.un.org/wpp/Excel-Data/population.htm> (Accessed October 17, 2016).

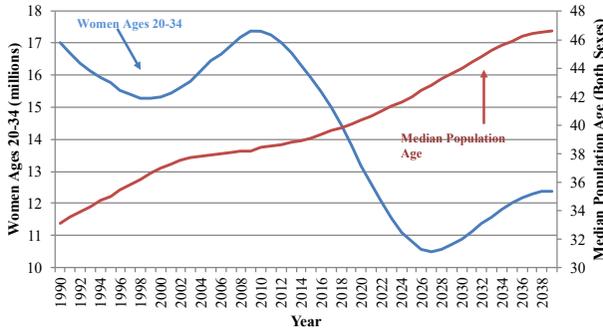
The only difference between these alternative “variants” presented by UNPD is how soon depopulation resumes—and how fast it then proceeds. With a slight increase in fertility under “medium variant” assumptions, Russia’s population falls almost ten million between 2015 and 2040; on the other hand, with “low variant” assumptions,

which contemplate a drop of fertility back below 1.4 births per women, Russia's population plummets by nearly 20 million between 2015 and 2040. Even with the "high variant" assumption of a swing to above replacement fertility, the Russian Federation's population is still projected about one and a half million lower in 2040 than in 2015.

Note, by the way, that all of these projections assume an annual net inflow from abroad of over 800,000 migrants until 2020, and of half a million every year from 2020 onward. Demographers have no truly reliable methods for anticipating future movements of people: unsurprisingly, since these flows are so strongly influenced by the contingencies of political decision rather than the biological regularities of birth, life and death. Even so, they can anticipate big changes with respect to migration for Russia in the generation ahead. First, barring currently unforeseeable upheavals, the foreign born will comprise a larger fraction of Russia's population and workforce a generation from now than is the case today, begging the question of assimilability and social cohesion. Second, if the voluntary movement of people governs domestic migration over the coming generation, we can expect Moscow to become even more hypertrophied and the Russian Far East to become even more empty than they are today—possibly thereby bringing the question of the sustainability of the Russian Far East into sharper relief.

Why do demographers seem to believe there is so much pressure for a resumption of depopulation in Russia? **Figure 29** helps to explain this. (see **Figure 29**)

Figure 29
Projected Russian Female Population Ages 20-34 and Overall Median Population Age (1990-2040)



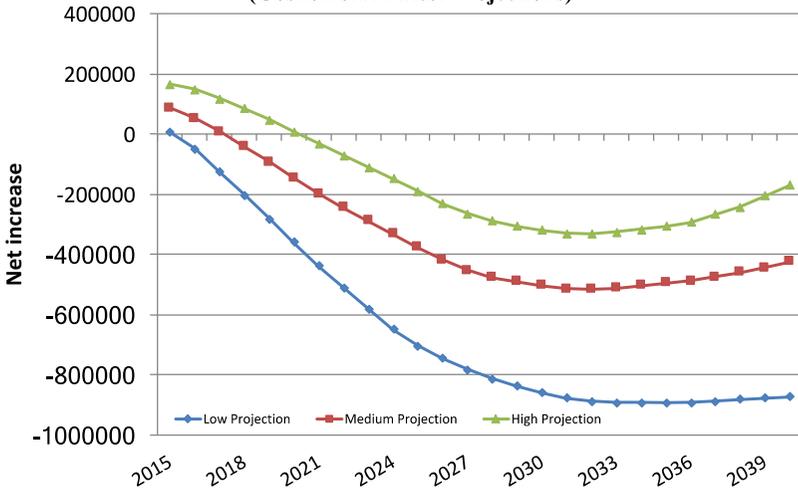
Source: US Census Bureau International Database. <https://www.census.gov/condstat/international/data/db/information/Gateway.php> Accessed Dec. 7, 2016

As a consequence of the pronounced birth slump of the 1990s and the 2000s, Russia’s rising cohort of prospective mothers (say, the group 20 to 34 years of age) is set to drop dramatically in the years immediately ahead: from over 17 million in 2010 to just over 13 million in 2020, and less than 11 million in 2030. It would take an extraordinary upswing in births per woman simply to maintain annual birth totals in the face of this sort of shift. At the same time, median age in Russia is steadily rising—meaning that, all other things being equal, deaths per 100 Russians will tend to increase even if health levels do not decline once again.

These pressures for fewer births and even more deaths push in the resumption of “negative natural increase,” as even Moscow’s own *Goskomstat* explicitly recognizes. (see **Figure 30**)

Figure 30: Even Moscow Expects Deaths To Exceed Births In The RF

**Net Natural Increase for Russia: 2015-2040
(Goskomstat Latest Projections)**



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Source: RF Federal State Statistics Service, “Population Change and Forecast: Online Version,” www.gks.ru/free_doc/new_site/population/demo/progn5.htm (Date accessed: October 17, 2016).

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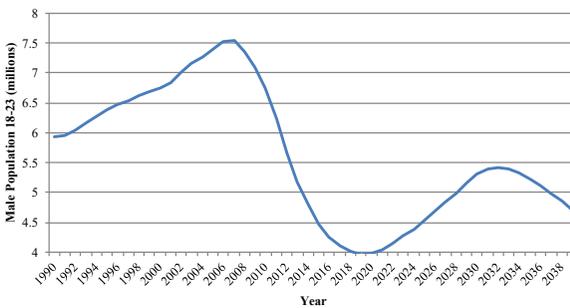
In their latest demographic projections for the Russian Federation, *Goskomstat* researchers depict eventual “negative natural increase” for Russia even in their “high prognosis” variant—indeed, in this “high” variant, Russia tallies over 4 million more deaths than births between 2015 and 2040. The corresponding figure is close to 9 million in the medium variant, and in the low variant the surfeit of deaths over births over this period is nearly 17 million.

Birth totals in the years ahead will have immediate implications for Russian power in a number of respects, one of the most immediate being the prospective size of its male cohorts of military age. We can take the 18-23 male cohort as a proxy for this group: obviously only a small fraction of the men in this contingent serve in the military today, and barring total war this will be true in the future as well, but the waxing and waning of this contingent casts important light on the changing availability of potential military manpower. As we look out

into the future, our estimates for the size of this group will become increasingly conjectural—but all 18–23 year olds in the world of 2033 were already born by 2015⁸, and it is not until 2039 that we would be speculating about a military-age group for which none of whose members has yet been born at this writing.

As may be seen in **Figure 31**, Russia’s male population 18 to 23 years of age grew about a quarter between 1990 and 2007, then plunged—today (2016) it is less than three fifths its size in 2007, and fully thirty percent below its 1990 level. (see **Figure 31**)

Figure 31:
Estimated and Projected Russian Male Population Ages 18-23 (1990-2040)



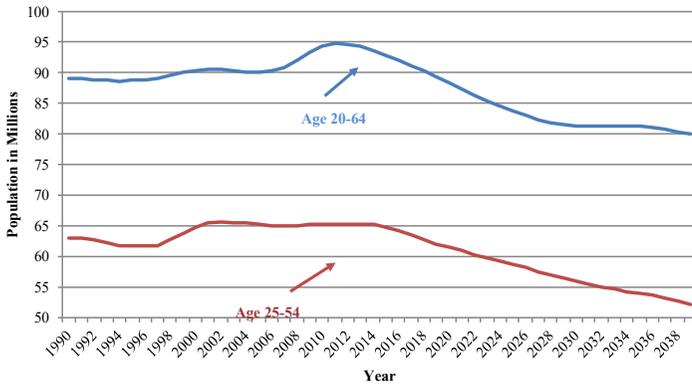
Source: US Census Bureau International Database, <https://www.census.gov/replication/international/data/idb/informationGateway.php>, Accessed Dec. 7, 2016

This group is set to shrink still further, until about 2020, then to grow until the early 2030s, then to begin to shrink once more. By these Census Bureau projections, Russia’s male 18-23 group would be somewhat larger in 2040 than it is today (4.7 million vs. 4.2 million), but markedly smaller than at any juncture in the 1900–2010 period.

Less conjectural than the outlook to 2040 for Russia's male population of military age is the country's outlook for male and female working age manpower: after all, the overwhelming majority (on the order of 90%) of those who will be 20–64 in the year 2040 are already alive, and absolutely everyone is already born who will be in the key “prime working ages” group 25 to 54 years of age.

As we can see from US Census Bureau estimates and projections, the Russian Federation's post-Communist 20–64 population peaked around 2010, at about 95 million, and is now declining; by these projections it is on course to decline to about 80 million, or by almost a fifth from its 2010 apogee. Post-Communist Russia's prime working age population of 25–54 year olds reached a plateau of about 65 million around 2002, but at this writing is now set to commence a long-term decline, approaching something like 52 million under these projections around 2040: a decline of about one fifth over the period under consideration. (see **Figure 32**)

Figure 32:
Projected Russian Working Population Ages
20-64 and 25-54 (1990-2040)



Source: US Census Bureau International Database; <https://www.census.gov/population/international/data/idb/informationGateway.php> Accessed Dec. 7, 2016

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All other things being equal, these trends presage appreciable downward pressure on Russia's economic potential. It is possible of course that workforce participation for Russia's population of conventional working ages could rise to compensate for some of this prospective population shrinkage—but Russia's labor force participation ratio is currently (2013 data) actually slightly higher than the average for the OECD countries, so it is not obvious there is great scope for further increments here.⁹ By the same token: Russia's employment rate nowadays (3Q 2014) for prime working age men and women is nearly 10 percentage points higher than the OECD average (85.7% vs. 76.0%)¹⁰—so there is only limited possibility of raising the proportion of paid workers in this key grouping much further. (Even if Russia somehow reached a 100% employment rate for its prime working age population in 2040, that would not quite

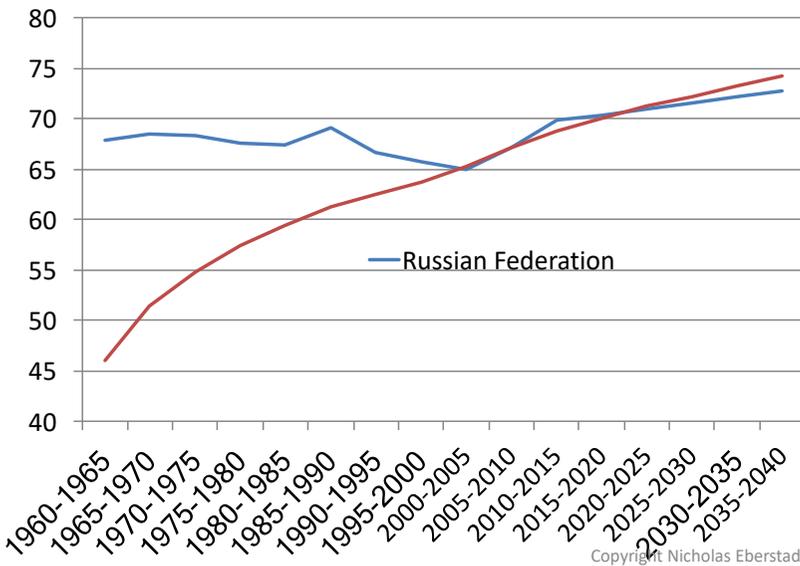
compensate for the impending decline envisioned in these projections.)

Another possibility for augmenting manpower would be extending the working ages: say, out into one's late 60s or early 70s. There has been discussion of such options in OECD countries for over a decade¹¹, although the proposition is not greeted with widespread enthusiasm in most Western societies. Regardless of its possible popularity, though, one may question whether this could be a remotely feasible option in Russia. Extending working ages in the West is justified under such slogans as “live longer work longer”; but as we have seen, people are not generally living longer in Russia. To judge by their mortality levels, people in their late 50s and early 60s tend already to be fairly fragile in Russia. According to the Human Mortality Database, the mortality rate for a Russian man 55 years of age in 2014 was about the same as for his 70-year-old counterpart in France that same year; mortality risks for 65-year-old Russian women were similar to those of women a decade older in Western Europe.

On current Russian survival schedules, only half of all men can expect to reach 66; in Switzerland, the comparable marker would be 84. Barring a radical transformation in survival chances, there simply cannot be much hope of expanding Russia's workforce through postponing retirement ages. And for that same reason, population aging promises to impose a vastly heavier burden on Russia's society and economy than would a similar measure of graying on corresponding Western countries. According to Census Bureau projections, Russia's 65+ group is on track to rise from about 14% of the total population to 22% between 2015 and 2040. This would be lower than the projected average for more developed countries in 2040 (25%). Bearing in mind the health differentials that separate Russia from most of the West, it might be pertinent to consider that the Russian Federation's projected share of population over 60 in 2040 would be 29%—and that its 55+ cohorts would account for a projected 37% of total population that same year.

So what then of the outlook for health progress? At this juncture, the UN Population Division envisions some continuing measure of improvement in Russian life expectancy over the coming two decades—although it should be noted that this is the UNPD’s “default” assumption for all societies, and that assumption has proved badly wrong in Russia for most of the past half century. And even if the assumption is correct this time, UNPD projections nonetheless envision overall life expectancy at birth in Russia as falling slightly below that for the collectivity of developing countries in the late 2030s. (see **Figure 33**)

Figure 33:
Expectation of Life at Birth, Males plus Females:
Russia v. Less Developed Regions, 1960-2040
(UNPD Projections)

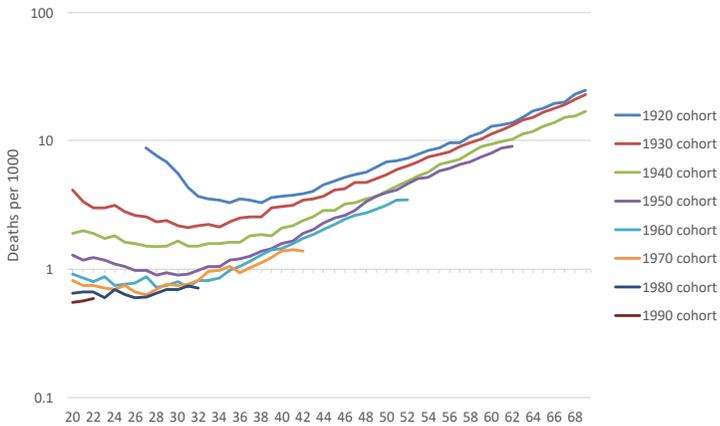


Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, “Life expectancy at birth – both sexes,” *World Population Prospects: The 2015 Revision*, <http://esa.un.org/unpd/wpp/index.htm> (accessed on October 17, 2016).

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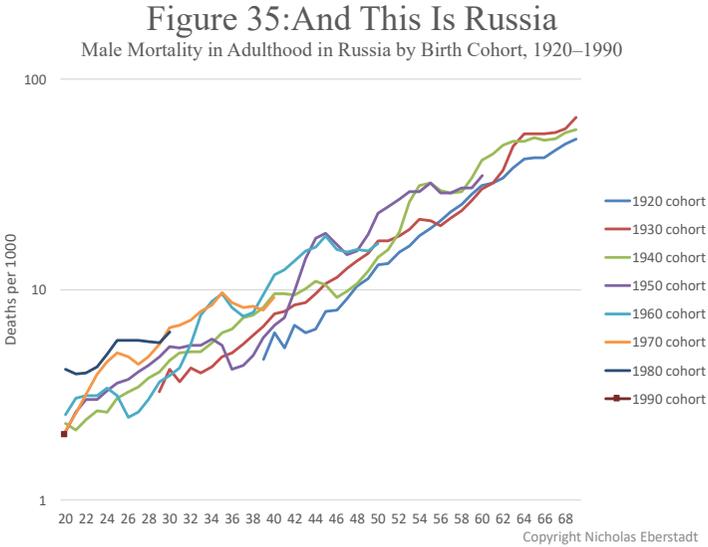
But there is reason to wonder if health improvements will be even this substantial in the Russian Federation over the decades immediately ahead—for Russia’s mortality patterns are heavily impressed with what we might describe as “negative momentum.” We can see this by contrasting Russian mortality trends for successive generations of men with Japan’s. (see **Figures 34** and **35**)

Figure 34
This Is What Health Progress Looks Like
 Male Mortality Ages 20-69: Japan, Selective Birth Cohorts 1920–1990



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Source: Human Mortality Database, University of California, Berkeley and Max Planck Institute for Demographic Research, <http://www.mortality.org>. Accessed January 13, 2016.



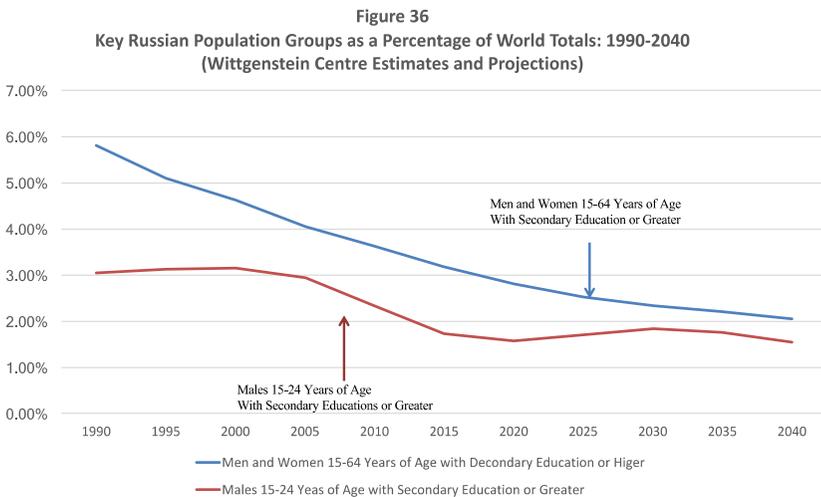
Source: Human Mortality Database, University of California, Berkeley and Max Planck Institute for Demographic Research, <http://www.mortality.org>. Accessed January 13, 2016.

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In Japan, the developed country where postwar life expectancy rose fastest and is currently highest, male death rates at any given adult age dropped steadily and often dramatically from one decade to the next—in other words, a younger brother would have a lower risk of death at (say) age 40 than did his older brother, who in turn had a lower risk than his father, who in turn had a lower risk than his own older brother. But the situation is very different in Russia. Consider mortality at age 28: in Russia the highest age-specific male mortality in Figure 35 is for the cohort born in 1980, whose level was higher than it was for those born in 1970, whose level was higher than those in 1960. A similar inversion is apparent at other calendar ages. All of which is to say that simply reverting to earlier survival schedules would be something of an achievement in and of itself for Russia's adult male population. (The situation is less extreme for Russia's women, but a similar problem affects them as well.) Achieving sustained health progress in Russia may prove difficult until all this "negative momentum" is redressed, and this could be a rather long-term process.

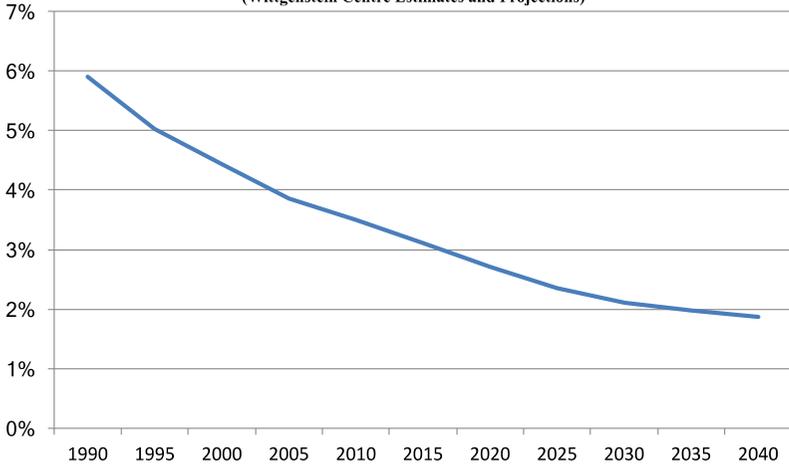
Such constraints on health improvement stand to constrain both human wellbeing and (indirectly) prospects for state power in Russia. Human resource constraints are on track to constrain Russia’s relative international influence still further, as Russia’s share of the world’s educated manpower declines over the generation ahead. Russia’s share of global population, of course, has been declining for many decades, and is on track to decline still further over the coming generation. But the explosive global spread of education means that Russia’s share of relatively educated or highly educated manpower has been falling at an even more accelerated tempo—and will do so in the decades to come.

Figures 36–39 lay out the problem for the Kremlin. (see **Figures 36–39**)



Source: Wittgenstein Centre for Demography and Global Human Capital, (2015). Wittgenstein Centre Data Explorer Version 1.2. Available at: <http://www.wittgensteincentre.org/datasources/>, accessed December 8, 2016.

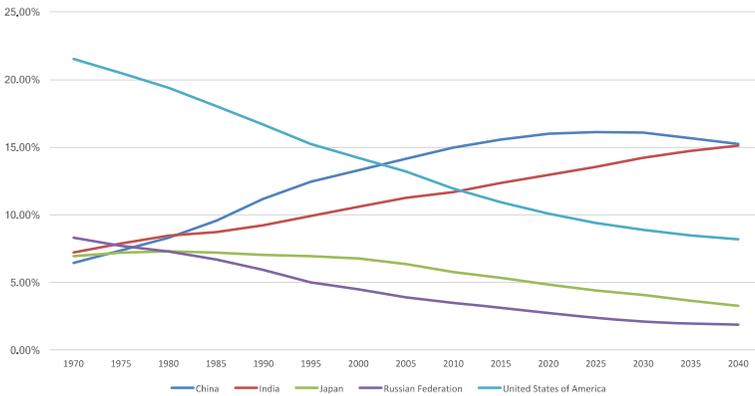
Figure 37: Even Less Russian “Knowledge Production” Ahead?
Working Age (15-64) Population With Tertiary Education:
Russia As Percentage of World Total, both sexes, 1990-2040
(Wittgenstein Centre Estimates and Projections)



Source: Wittgenstein Centre for Demography and Global Human Capital, (2015). Wittgenstein Centre Data Explorer Version 1.2. Available at: <http://www.wittgensteincentre.org/dataexplorer>, accessed October 18, 2016.

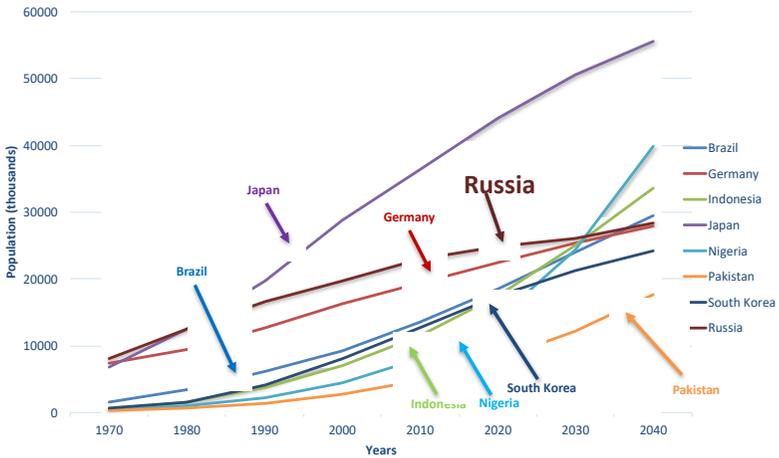
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Figure 38: Working Age (15-64) Population with Tertiary Education:
Russia, China, India, Japan, United States as a percentage of world total, both sexes 1970-
2040
(Wittgenstein Center Estimates and Projections)



Source: Wittgenstein Centre for Demography and Global Human Capital, (2015). Wittgenstein Centre Data Explorer Version 1.2. Available at: <http://www.wittgensteincentre.org/dataexplorer>, accessed December 8, 2016.

Figure 39: Total population with a Post-Secondary Education in Select “Middle Sized” Countries (1980-2040)



Source: <http://wim.mull2.net/shimw/wic/>; Wittgenstein Centre data on educational attainment accessed 10/17/2016

In 1990, according to the estimates of the Wittgenstein Centre in Austria (along with the Barro-Lee database, the other major source of estimates on the educational attainment of the global population) the Russia Federation accounted for almost 6% of the entire world’s working age population (15–64 years of age) with secondary education or more. By 2015 that share had dropped nearly by half—to just over 3%—and by Wittgenstein projections it would be just 2% by 2040. As Russia’s share of such relatively skilled manpower may relate in some meaningful way to the country’s international economic potential, we would expect this international potential to be on the wane now and in the decades ahead. By the same token, Russia’s share of the world’s relatively trained young male manpower is probably a better proxy for certain aspects of military potential than mere “headcount” totals alone. But Russia’s share of the world’s young men 15–24 years and with a secondary education or better has already dropped from about 3% in 1990 to about 1.7% today, and in 2040 would comprise about 1.5% under Wittgenstein “medium” projections.

Russia's global share of more skilled manpower—the men and women of working ages with tertiary education—has likewise fallen sharply since the end of the Cold War, with more prospective shrinkage ahead. Between 1990 and 2015, this share fell from nearly 6% to around 3%, and is on track in Wittgenstein projections to drop below 2% by 2040. All other things being equal, this would seem to augur poorly for Russia's already weak role in international knowledge production.

Back during the Cold War, one could make the case that the USSR as a whole (and possibly even its Russian Federation subcomponent) qualified as a sort of higher education superpower. In 1970, by Wittgenstein Centre estimates, what is now the Russian Federation would have counted by itself as the world's second greatest repository of working age men and women with higher education, trailing only the United States. By 1990, however, the current Russian Federation had already fallen to fifth place globally, dropping behind not only China and India, but interestingly enough also Japan. Despite Japan's own recent demographic challenges, which include a decline in the conventionally defined working age population, steep population aging, and incipient depopulation, by 2015 Japan's share of working age manpower with higher education was substantially greater than Russia's (5% vs. 3%), and by Wittgenstein Centre projections is set to be about twice as great as Russia's in 2040, even though both were in relative decline.

By Wittgenstein Centre projections, by 2040 Russia's share of global working age manpower with higher education would be barely a fifth of the United States'—an even lower share than today. It would be only one eighth the share of either China or India. By the criterion of trained manpower, Russia 2040 would be no more than a “middle sized country.” But according to Wittgenstein Centre Projections, by 2040 there would be a number of other such countries whose trained manpower pool would exceed Russia's, depressing the Russian Federation's global ranking still further below its current level. By

Wittgenstein medium projections, Russia 2040 would have fallen behind Nigeria, Indonesia, and even Brazil, and would be tied for a global ninth place with Germany—this despite Germany’s own presumed continuing depopulation, and a projected total population in 2040 just three-fifths as large as Russia’s.

In conclusion: our review of the demographic and human resource outlook for the Russian Federation suggests that a whole confluence of factors promise to make the improvement of human wellbeing more complicated and halting than may be the case in a great many other countries—with corresponding implications for the country’s economic development. We have also identified a multiplicity of forces pressing to reduce Russia’s relative international potential, and thus its foundations for state power, over the coming generation. By their nature, demographic changes tend to unfold gradually. The same is not necessarily true of political changes in response to demographic pressures. Some types of governments may be better suited to accommodating or coping with arguably unfavorable demographic pressures than others. An autocracy such as Putin’s Kremlin, i.e. an autocracy intent on regaining a lost geopolitical pre-eminence, and willing to take increasingly risky gambles to achieve such ends, may be especially ill-suited to sustaining policy—and even polity—in the face of such pressures. In the face of broadly adverse and unrelenting demographic and human resource trends, the possibility of some sudden political dislocation in Russia—even one or more major dislocations—should not be ruled out in the decades immediately ahead.

ENDNOTES

¹ On December 1, 2015, President Putin announced to the Federal Assembly that the Russian Federation total fertility rate in 2015 would rise to 1.78, up from 1.7 in 2013. See “Presidential Address to the Federal Assembly” available electronically at

<http://en.kremlin.ru/events/president/news/53379>. Despite such a reported increase in fertility, Russia's NRR would still be more than 15% below the replacement rate.

² UN Population Division, *World Population Prospects 2015*, available electronically at <https://esa.un.org/unpd/wpp/DataQuery/>, accessed December 4, 2016.

³ Originally proposed in 1986 by two Flemish demographers: Lesthaeghe, R., and D. Van de Kaa. "Twee Demografische Transitie's?" ("Two Demographic Transitions?"), in DJ Van de Kaa and R. Lesthaeghe (eds), *Bevolking: Groei en Krimp (Population: Growth or Decline)*. Deventer, Van Loghum Slaterus. (1986).

⁴ United Nations Population Division, "International Migrant Stock 2015", available electronically at <http://www.un.org/en/development/desa/population/migration/data/estimates2/estimates15.shtml>.

⁵ For a wonderful exposition on the economic illogic of Soviet regional planning and the distorted economic geography of the USSR, see Clifford G. Gaddy and Fiona Hill, *The Siberian Curse: How Communist Planners Left Russia Out In The Cold*, (Washington DC: Brookings Institution, 2013), available electronically at https://books.google.com/books/about/The_Siberian_Curse.html?id=MtmQM_fDrEC&source=kp_cover&hl=en.

⁶ A cautionary note: these charts are intended to shock, and we have chosen these data somewhat selectively to do so; CVD and external injury levels are much worse for males than females in Russia, and male mortality levels for these causes of death have declined considerably since 2008, although they remain distressingly high nonetheless.

⁷ There is a small library of work in this area: but to represent all of it, two citations will suffice here:
https://www.jstor.org/stable/23025515?seq=1#page_scan_tab_contents;
<https://www.ncbi.nlm.nih.gov/pubmed/20851260>.

⁸ Migration will have some impact on these totals, but if the past is prologue here, that impact would be marginal rather than major.

⁹ <https://data.oecd.org/emp/labour-force-participation-rate.htm>; labor force participation rates here are calculated for the 15–64 population.

¹⁰ <https://data.oecd.org/emp/employment-rate-by-age-group.htm#indicator-chart>.

¹¹ <https://www.oecd.org/employment/livelongerworklonger.htm>.

Part 4
The Disappearing
Knowledge
Economy

iv. Russia's Knowledge Economy Decline: Views From Inside

Harley D. Balzer

Summary

This paper begins with an overview of Russian assessments of knowledge economy challenges. It then focuses more specifically on problems in science and education. Special attention is devoted to bureaucratic competition, funding, personnel and the limited role of business in the knowledge economy. This is followed by examining several issues that merit particular attention in the aftermath of Crimea: potential partners for development; whether military R&D is an exception to prevailing difficulties; and the impact of sanctions. The concluding section focuses on consequences of decline and considers potential tipping points that could change the trajectory in positive or negative directions.

* * *

The two questions that have consumed the Russian intelligentsia since the 18th Century are *kto vinovat'* (who is to blame) and *chto delat'* (what is to be done). I have often joked that most Russians devote so much time and energy to the first question that they barely touch on the more crucial second question. In the case of Russia's declining capacity in the knowledge economy, this is hardly a joke. The Russian discourse is focused overwhelmingly on how bad things are and who caused the problems. Those who disagree that the current trajectory

means long-term decline invoke Russia's great tradition in the natural sciences or Soviet successes in space and atomic energy, and they argue that the government simply needs to restore funding to an appropriate level in order for Russia's vast pool of talent to restore the nation's proper place in global science.

My own assessment of the decline in Russia's knowledge economy—education, science, technology and innovation—is already on the record (Balzer 2015; Balzer 2011; Balzer 2010; Balzer and Askonas 2016; Balzer and Askonas 2015). The discussion here will focus on Russians' published accounts and informal conversations with Russian colleagues who work in or study Russia's knowledge economy.¹

That few Russian colleagues address directly the topic of Russian decline is hardly surprising. In the current political environment, speaking truth to power in Russia may have significant unpleasant consequences. Even if the government does not bestir itself to go after every scholar criticizing economic and science and technology (S&T) policy, administrators at many research institutions and universities now monitor what their staff publish and say.²

Despite growing limits on expression, Russian readers remain sophisticated. The implications of assessments of Russia's situation, and especially of comparative analysis, are clear to attentive readers even if the consequences are not stated blatantly. To some extent we are back in a world familiar to those of us who studied the Soviet Union in the 1970s and 1980s. One could divide "Sovietologists" into two groups: those who resented being described as "bourgeois falsifiers" and those who understood that many Soviet colleagues who chose to review our work in this manner used it as a way to present our ideas to their academic community. We now have a limited number of analysts (including the 11 who wrote the initial short papers for this project) bravely stating their views openly. Far more Russian colleagues have opted to play it safe and package criticism in

writings that identify problems without directly criticizing top leaders (or at least THE top leader).

The “who is to blame” conversation is interminable and unresolvable. Discussions of “what is to be done” focus on two key related issues: institutional structure and funding. The institutional debates involve the status of the Academy of Science vis-à-vis the higher education system. The funding discussions emphasize the share of GDP that should be allocated to science and, of course, in what ways and for which institutions. In increasingly rare instances, these discussions also note the role of military research and development (R&D). Russian discussions of the private sector/business mostly note that it plays a minimal role in Russia’s knowledge economy.

To an outside observer, one of the persistent problems in the Russian discussion of these issues is a focus on inputs rather than efficiency or results. This perpetuates a Soviet approach described well by Gregory (2004), where investment was the one thing that could be measured reasonably accurately and therefore became the primary focus in planning. The Russian discourse is overwhelmingly consumed with the share of GNP devoted to education and science, with minimal attention to how effectively these funds are used.³

Inefficiency and high levels of corruption may be tolerable in times of economic growth (a.k.a., high oil prices). But when economic conditions deteriorate, pressure for greater accountability becomes significant. The Soviet economy experienced this problem in the Gorbachev era, when declining oil prices made the inefficiency of the system more apparent and deprived the regime of the resources needed to finance restructuring. The acute inefficiencies in spending by educational and research institutions, much of it resulting from absurd and sometimes venal bureaucratic procedures determining when funds are received and how they may be used, are a serious everyday problem. At a time of shrinking budgets, the inefficiencies

require administrators to concentrate the limited resources, inevitably reducing support for lower priority institutions.

This paper begins with an overview of Russian assessments of knowledge economy challenges. It then focuses more specifically on problems in science and education. Special attention is devoted to bureaucratic competition, funding, personnel and the limited role of business in the knowledge economy. This is followed by examining several issues that merit particular attention in the aftermath of Crimea: potential partners for development; whether military R&D is an exception to prevailing difficulties; and the impact of sanctions. The concluding section focuses on consequences of decline and considers potential tipping points that could change the trajectory in positive or negative directions.

Russian Assessments and Forecasts

A growing number of prominent economists now speak frankly about Russia's economic model being in dire need of revision (Kudrin and Gurvich, 2014; Akindinova et al., 2016). Yaremenko's (2015: 9) attack on liberal dogma is a good example of recent frank criticism. He clearly states that "military overload" (*voennaia nagruzka*) was the "main source of structural deformation" in the USSR, adding that "all bureaucratic measures to speed up scientific-technical progress, as a rule, turn out to be unproductive." Kudrin was dismissed as Finance Minister in 2011 for criticizing the level of military spending.

How do Russians who work in or depend upon the knowledge economy view the situation? The first product of Jamestown's Russia in Decline project consisted of 11 papers written by Russian colleagues. Attention to the knowledge economy comes only in passing.

A sample of some 100 Russian "experts" working in universities, research institutes, technology businesses, social organizations and

government agencies provides a good place to start (See Appendix on page 149).⁴ The experts interviewed emphasized the positive impact of Russia's long history as a center of research, solid record in important disciplines, high quality personnel and history of scientific productivity.

Possible Russian "strengths" that were cited by fewer than ten percent of the respondents are more revealing than the factors cited by larger numbers. These involved financial support, including diversity of funding sources; availability of modern equipment; and cooperation across research institutes, universities and business. The small number of people who view these areas positively points to some of Russia's most acute problems. Financial support, equipment, and collaborative activity across sectors are far more integral to generating innovation than history, tradition, or even the overall quality of personnel.⁵

The pattern visible in the recent "expert" survey is matched by the approach taken in academic writings and the comments made by Russian interlocutors in conversations over the past several years. One group, now diminishing in size, continues to cite Russia's glorious tradition, apparently assuming that it outweighs all economic and other obstacles to progress.⁶ A second group cites Russia's historical record to support their belief that if the government would just provide adequate funding, everything could be solved quite quickly. A third group, by now probably the majority, focuses on the growing problems and sees no quick fix. While a few now predict imminent catastrophe, the majority appears to envision a lengthy period of either continuing weak performance or uninterrupted gradual decline. This parallels Sergei Aleksashenko's (2016) assessment of the Russian economy as being in decline rather than crisis. What is most striking to this observer is how few Russian experts talk about a possible "tipping point" at which the accumulating difficulties and their social consequences produce a more severe discontinuity.⁷

Unwillingness on the part of many Russian commentators to address decline directly may be due to an increasingly fraught political situation. My impression is that Russian specialists were more willing to be critical and discuss serious flaws in the decade before 2014 than since the annexation of Crimea and the resulting Western sanctions, which exacerbated anti-Americanism and a Russian “pivot” to China. There is a striking disconnect between assessments of policy and the same experts’ participation in technology assessments that project Russia continuing to play a major role in global scientific activity.⁸

Overall Assessments

Prognostication has been a feature of Russian-Soviet-Russian economic and science policy for a long time. A striking theme that appeared in early post-Soviet discussions of Russia’s future emphasized the danger of the country turning into a natural resource–supplier for more advanced economies (Analytical Center, 1993). The same concern has persisted in subsequent analyses. In 2008, the Russian Academy of Science report on Russia’s Scientific-Technical Development to 2030 noted the same danger: the country was losing its technology base as it increasingly derived income from the sale of natural resources, and hydrocarbons in particular (*Rossiiskaia Akademiia Nauk*, 2008).

The Academy of Science report is worth summarizing in some detail. It appeared at the end of Russia’s “Putin economic boom”—the eight years when funds were available to address serious problems, but more often were squandered on massive infrastructure projects riddled with corruption. When Vladimir Putin became Prime Minister in August 1999, oil was priced at \$12–14 a barrel; when he stepped down as President in May 2008, it was at \$147. Had he retired then, history might refer to him as “Vladimir the Lucky.” Hydrocarbon prices during Putin’s third term have been far less favorable.

In addition to natural resource addiction, major causes for concern in the Academy's 2008 report included:

- Production technologies moving to developing countries that would have major advantages over Russia in terms of both quality and price.
- An even more serious situation in military technology, with Russia falling behind not only the developed nations but also “second tier” powers like China. The authors noted that China was rapidly improving the quality of its military equipment.
- The most pressing concern is the increasing importance of human capital for technical progress: the quality, socialization and collaborative work of Russian S&T professionals is identified as the decisive factor for the competitiveness of an innovation economy, and Russia has serious problems in this realm.

The negative tendencies proliferating in Russia require multiple areas of policy action:

- improving the quality of life;
- developing effective institutions to improve the quality of human capital: education, health care, housing;
- restoring the middle class to a dominant position;
- reducing social inequality;
- catching up with the developed nations in labor productivity.

The Academy experts describe Russia's economy as characterized by a large non-market sector that undermines motivation: economic development demands more competition, limits on natural monopolies, and a much larger and more dynamic small and medium business sector. Scientific and technical results from Russian R&D are not used in production, even though foreign firms do adopt Russian advances. Russia lacks effective ties between science and production.

The Academy report identifies serious problems with personnel. Science cadres are not being replaced at an adequate pace, and Russia's unique scientific schools are being undermined. The authors conclude that "failure to address this list of needs is creating a qualitatively new form of social-economic development in Russia, markedly different not only from the 1960s–1980s, but also from the 1990s and the first decade of the 2000s."

The Academy's report is framed in a global economic context: The authors predict that following the crisis of 2007–2008, global GNP will grow at only 3–4 percent per annum, while developed countries will grow at just 1.5–2 percent annually. The center of gravity of the global economy will shift to developing nations, especially China and India, which will account for more than one third of global growth.⁹

The authors list a dozen realms where Russia must significantly improve, although the extensive needs are not prioritized. Despite their critical analysis, the Academy authors state that Russia remains among the countries with the strongest scientific potential, exceeded only by the United States, Japan and China. If they are correct in their judgment of Russia's relative standing, the data they cite would suggest that Russia has the most cost-effective S&T enterprise on the planet.

Table 1. Domestic Expenditures for R&D, 2006 (data from OECD)

	<u>Total (\$1M)</u>	<u>as % of GDP</u>	<u>Per Person (\$)</u>
Russia	20,281.3	1.07	126.9
United States	343,747.5	2.62	1093.7
Germany	66,688.6	2.53	757.8
Japan	138,782.1	3.39	1023.3
United Kingdom	35,590.8	1.78	594.1
France	41,436.3	2.11	644.2
Sweden	11,815.0	3.73	1249.9

(SOURCE: *Rossiiskaia Akademiia Nauk*, 2008, p. 21)

The Russian state budget remains the overwhelming source of funding for R&D, yet the share of the budget in Russia devoted to this is 1.6–2 percent, while in developed countries it is 4–5 percent. The state sector includes 73 percent of S&T institutions and 79 percent of personnel (p. 23). The contradiction between praising Russia’s potential and criticizing budget policy remains a constant feature in Academy analyses.

Not surprisingly, the Academy authors point out that universities play a small role in R&D. The number of universities involved in R&D has shrunk from 453 in 1990 to 417 in 2006, which means that only about one third of Russian higher education institutions conduct R&D (p. 25).

While asserting that only three countries have greater scientific potential than Russia, the report notes that Russia ranks 9th in the world in the number of scientific publications, though just 15th in total citations and *only 120th in citations per article* (p. 25, author’s emphasis). In patenting, Russia is among the leaders in just three of the 34 most important areas of technology (p. 26). Few Russian firms

engage in innovation-enhancing research, and most new technology is imported (pp. 26–27).

Despite the dire picture they paint, the Academy authors claim that if the share of the Russian budget for non-military science is increased from 1.1 to 3.5 percent by 2030, this would raise Russia to third place in the world in the science-intensity of GNP (p. 67). The final 20 pages of the Academy report describe how Russia will become a world leader in an array of the most important areas of S&T. This will be accomplished by more state spending, a larger role for business, and greater integration into the global innovation economy. The report concludes with a seven-page list of tasks to be accomplished, identifying no priorities. The unstated conclusion is that without dramatic and comprehensive change, Russia's position in global S&T will continue to decline.

The Academy forecast is unusual in the sharpness of its criticism of just about every aspect of Russia's economy and knowledge economy. This may help to explain the devastating reorganization of the Academy beginning in 2013 (Dezhina, 2014). An equally important explanation is that the Academy has long resisted undertaking serious reforms on its own volition.¹⁰

It is also the case that Academy facilities occupy a large amount of tremendously valuable real estate, including some of the most desirable locations in Moscow and St. Petersburg. Officials and insiders have long eyed these properties as tremendous opportunities for investment.

More typical documents on long-term prospects for Russian science and technology development focus on global trends and assume that Russia will occupy its rightful place in these realms of S&T. These documents tend to be both comprehensive in their coverage of leading fields of S&T and devoid of practical discussion about Russian capacity in the sectors described.

As is the case in almost every statement emanating from Academy of Science personnel, the key to fixing the problems is viewed as more funding, especially for Academy institutes. Rarely is the effectiveness of spending part of the discussion, though the crisis beginning in 2014 is inducing some analysts to raise important questions. Suvorov et al. (2015: 15) point out that while the levels of funding for health and education in Russia are respectable by world standards, the outcomes do not reflect the investments. Korovkin (2016) speaks of “an underlying fundamental reality: a gap between the quality of the instruments and the results of their application.” Frolov (2014: 80) states directly that the active state policy to promote innovation has not achieved significant results.

While Russia has most of the features of the world’s national innovation systems, and in purchasing power parity (PPP) Russia spends about what Germany, France and the US spend (Frolov 2014: 81), inadequate accounting, planning and administration undermine benefits to the economy. Russian reliance on formal indicators contradicts the ability to effectively evaluate the level of S&T (Frolov: 2014: 91). The Russian approach does not measure the economic effect of innovation, but rather the products of the innovation process: publications and patents do not measure economic contributions (Frolov 2014: 84). Few resources are devoted to branches where private business would be able to benefit—most funding goes to sectors dominated by state corporations (Frolov 2014: 90–91).¹¹ As a result, Russia ranks together with Argentina at near zero high-tech exports, below countries like Mexico and Slovakia that spend a smaller percentage of GDP on R&D (Frolov 2014: 86). Russia also lags badly in the share of high technology exports as a proportion of industrial production and is a laggard in patent applications (Frolov 2014: 87).

Neglect of the quality of human capital in determining economic performance is another persistent Russian problem (Gurtov et al. 2016). Even a discussion of the contribution of the “administrative

resource” asserts that its contribution is difficult to assess because administrators are so different (Kamenetskii and Ias’kova 2015).

A recent discussion of the crucial importance of the Academy’s role in basic science is more nuanced than the total dismissal of University contributions in most earlier accounts (Mindeli and Chernykh, 2016). The authors assert the Academy’s dominance in basic science, but accept that universities may play an important role, while also noting that the Academy does engage in some applied research. While sharing the general Academy demand for more financial support, they admit that the prospects for higher levels of funding are not promising. Mindeli and Chernykh (2016: 118) point out that plans for basic science funding for 2015–2020 call for a 16 percent increase, which will not keep pace with inflation. They project that the combination of inflation and ruble devaluation will reduce real support for basic science by 20 percent by 2020.

Despite continuing budget cuts, the president of the Siberian Division of the Academy, Aleksandr L. Aseev, recently called for the government to go beyond Putin’s proposal to raise spending to 2 percent of GNP, noting that the crisis made it imperative to compensate for losses over the past two decades (Kolesova and Sobolevskii, 2016: 8).¹²

The likelihood of a coherent policy to address Russia’s knowledge economy decline remains questionable. In a particularly frank assessment delivered in a lecture at the Polytechnical Museum, Irina Dezhina (2011) emphasized the chaotic nature of Russian government policy. In just about every important realm, priorities and approaches have shifted repeatedly. After the scientific community worked with the government to identify priority areas of S&T in 2006 and 2009, President Dmitry Medvedev announced a list of five priorities that matched the earlier ones only in the area of energy conservation and efficiency. Efforts to induce scientists from abroad to work in Russia initially focused on the Russian diaspora, but then

shifted to attracting the best foreign scientists. The “megagrant” program to accomplish this was riddled with difficulties, and ended up awarding grants to a number of Russians who had joined the exodus.

Dezhina (2011) chronicles Russia’s seemingly incessant organizational “reforms.” Changes in research institutes began with privatizing the “branch” industrial research institutes in the 1990s, which resulted in most of them disappearing. Emphasis then was placed on “integration” of education and science, encouraging the Academy and higher education institutions (*Vysshee Uchebnie Zavedenii* or *VUZy*) to collaborate without much success. From the mid-1990s to the early 2000s some Academy institutes were closed, and the emphasis was on research at *VUZy*. The results were not impressive. After 2004, a program was designed to reduce scientific institutions by 40 percent, but this was not achieved. Since 2006, the government has introduced a series of programs to create elite universities and integrate science with education. The result is that there are now three groups of universities: a small (and shrinking) number of elite universities, a larger number of regional institutions, and quite a few that might be viewed as endangered species.

Dezhina emphasizes that all of these programs essentially have ignored entrepreneurial activity in Russia. Science remains overwhelmingly a State activity. Some 73 percent of R&D institutions are federal property, and they employ 77 percent of the workers engaged in R&D. About two thirds of funding for S&T comes from the government, including more than half of the support for science in the “business” sector. Financing from business represents just 26 percent of total spending.

In a subsequent paper, Dezhina (2014) suggests that the Government seems intent on dismantling the administrative system of the Academy, but does not appear to have a “clear strategy in place for the long-term development and improvement of the country’s scientific

output.”¹³ Dezhina’s (2016) analysis of Russian innovation policy describes similar confusion. The budget for 2013–2015 does not mention innovation, but by the end of 2014 there was a shift to emphasizing its importance.¹⁴ The government began introducing the *Natsional’nii vytiagivaiushchii proekt* (National “Pulls” Project) to support promising innovation opportunities involving collaboration across sectors. This was followed by a *Natsional’nii tekhnologicheskii initsiativ* (National Technology Initiative, NTI) to determine priorities over the coming 10–15 years. These programs appear to duplicate efforts rather than produce synergies. If the government follows through on its promise to stimulate collaboration among business and universities along with state efforts and keeps the promise to provide support for an initial period of 5–7 years, the NTI could have a positive effect. Whether the government will be able to provide the promised level of funding remains to be seen; whether the 50 percent from “other sources” will be forthcoming during a severe economic crisis is also an open question.

The impact of the chaos has been particularly devastating for the younger generation. About 70 percent of young Russian specialists interviewed in late 2013 viewed the Academy reform as something negative, with a growing number discussing their desire to move abroad (Kolesova, 2014). Many young scientists talked frankly about being forced to choose between staying in Russia or staying in their profession (Prihodchenko, 2013).

Dezhina (2016) identifies two contradictory currents in Russian innovation policy: innovation has been accorded higher priority as a realm requiring state support, but this comes at a time when the government budget is increasingly less able to provide the needed funds. The solution is to replace the long-dominant technocratic approach with a market orientation, something that would be facilitated by greater international collaboration in technology as well as in science.

Similar conclusions are voiced in a study of Russia's natural resource sector by Kasimov et al. (2015). They find that Russia is fully prepared to participate in the global effort to introduce more efficient and environmentally friendly hydrocarbon extraction, along with widespread recycling. They add that the expert views they cite "incorporate a degree of uncertainty, especially with regard to how and when (or whether) the markets, technologies, products, and services will develop in the expected ways." Where Kasimov et al. (2015: 81) frame the shift in approach as a response "to the threat of losing its position in traditional segments because of the constant tightening of international environmental quality standards for products and production technologies," Kirshin (2014) is quite direct in stating that the crucial shift to an economically viable model of economic growth will require abandoning the hydrocarbon-based model of economic development.

Contradictions and policy confusion have also characterized efforts to improve education and increase its role in research.

Education

The prognosis for education is only slightly less bleak than for research institutes. The vast majority of commentaries have bemoaned the declining funding for education and the lower quality of students and instructors. Most would agree with Korovkin (2016): "Inside the country the quality of universities and their graduates is seen with increasing skepticism." This reflects the continuing intense public interest in higher education. It also derives from the government policy emphasizing research in VUZy manifested in substantial funding for a select group of "leading" universities and a focus on global rankings. Support for elite institutions has been maintained at the same time that the government cuts budgets and implements policies to amalgamate some weaker higher education institutions and close others. These government "reforms" are

accompanied by a growing morass of bureaucratic agencies and demands.

One of the seemingly inevitable trends for Russia is a reduction in the number of higher education institutions and research facilities. Both economics and demographics are driving this shift, though resistance remains fierce. Faced with overwhelming budget challenges, the government must choose between funding all claimants at a reduced level or concentrating resources in the strongest institutions. Rumors have repeatedly circulated regarding draconian reductions in personnel and/or numbers of institutions. The government has thus far amalgamated some universities, and is in the process of developing a program to evaluate research institutes. While many expect major cuts, others are more sanguine. Efimov (Akvoabr.ru., 2014) suggests that the initial review of institutions will identify the strong ones, but will give the others a five-year period to improve or face more drastic consequences. Left unsaid is how the weaker institutions will manage to raise their quality in a period of declining financing.

The various projects to create leading universities may offer some indication of what to expect. Each time the government has introduced a new program to support excellence, the number of institutions receiving priority funding has been reduced (Balzer and Askonas, 2014: 3).

The emphasis on university-based research has elicited howls of protest from Russia's Academy of Science and other stand-alone research institutions.¹⁵ Academy supporters persist in arguing that Academy scholars are more productive than university faculty. While accurate, the data ignore the heavy teaching loads at VUZy, compared to far greater freedom of Academy personnel to devote time to research and publication. This is a legacy of the Soviet system where most VUZy focused on teaching while Academy and industrial research institutes conducted the R&D. In a market economy, a

system allowing hundreds of thousands of scholars to devote all of their time to research became impossible to support.

Funding

It is difficult to find researchers in any country who do not believe they could accomplish more with additional financial resources. The discussion above illustrates that in Russia, this problem is particularly acute (most recently Mindeli and Chernykh, 2016). That it may be tipping into a genuine crisis stems from the declining value of the ruble since 2014. This makes imported supplies and equipment far more expensive (essentially a doubling of prices since 2014), limits foreign travel by Russian scientists, and makes hiring foreigners to teach or collaborate in research far more expensive. (One positive result of the devaluation is that foreigners with dollars or euros now find that, even with inflation, most costs in Russia are 40–50 percent lower than two years ago. But that does not help Russian institutions paying salaries or stipends in foreign currency to attract visitors.)

Several dozen conversations with Russian colleagues over the past two years have indicated that the cost of foreign supplies, equipment, travel, and personnel have put severe pressure on their programs to internationalize education and research. Yet at a session at the Kennan Institute in November 2015, when I asked Minister of Education and Science Dmitry Livanov about this, his response was the universities are doing just fine, since the 5/100 program, designed to elevate five Russian universities into the top 100 in the world by 2020, is fully funded. While the decline of the domestic currency does permit the Russian government to reap more rubles from sales of natural resources, allowing it to come close to meeting budget needs in rubles, this does not address the question of reduced capacity to purchase foreign equipment, attend international conferences, or hire foreign specialists. As will be discussed in the sections on import substitution and military technology below, in the past decade Russia has increasingly relied on key imported components for much of its

advanced technology. These are the most difficult items to replace, and when sanctions do not preclude the transfer of specific items their cost has doubled.

Personnel

Russia's strong tradition of good education at the nation's elite institutions of higher learning continues to generate a stream of graduates well prepared in math, some fields of natural science, and computer science. How long this may continue given the generally accepted decline in elementary and secondary education is an open question.¹⁶

Many observers believe that the quality of students has been declining, initially in elementary and secondary education, but now also in higher education. Faculty members are aging, while administrators rarely have training for their increasingly difficult roles. In some instances, retiring politicians have been appointed to head universities, with at best mixed results (interviews).

One topic that has largely disappeared from Russian discussions during the current economic crisis is the impact of demography and the military draft on higher education. The declining number of 18-year-olds and increased enrollments in higher education mean that the number of young people, especially males, available to enter the labor force is far from adequate. The quantitative problems are exacerbated by an increasingly voiced concern regarding quality.

The downside of Russia's enrolling a large share of high school graduates in higher education is that few students now attend vocational or technical schools. Russian policy analysts frequently mention the German model of technical training, but this has had little practical impact. In surveys over the past 15 years, 85–90 percent of Russian businesses consistently report that they are not able to find enough skilled workers (Kuvalin and Moiseev, 2014: 111–12).

Employers state that they must provide their own training programs. In 2016, Deputy Prime Minister Olga Golodets stated that only about one third of Russian students really need higher education.¹⁷

Three things that are not in question are that Russian industry is desperately short of skilled workers; that there is also a shortage, though less critical, in the supply of qualified engineers (reported by about one third of businesses surveyed by Kuvalin and Moiseev, 2014), and that the best and brightest S&T graduates continue to leave Russia in significant numbers.¹⁸ Russian sources are quite open about the deficit of skilled workers and technical personnel, and increasingly have been willing to analyze the brain drain as a permanent rather than temporary or reversible phenomenon.

Business

With a few notable exceptions, there is a remarkable consensus in the Academy and think tank community (though far less in the Government) that innovation is more likely to come from dynamic small and medium businesses, and that private firms are more competitive and innovative than large state enterprises. Yet, government policy, both during the hydrocarbon boom in 2000–2008 and then through anti-crisis measures after 2008 and 2014, has caused the Russian economy to be even more dominated by large state enterprises than it was in 2000. Private businesses spend minimal amounts on R&D, and most do not even try to innovate in technology (Dezhina, 2011).

After Crimea

The annexation of Crimea took place at the same time that Russia's systemic economic slowdown became a more serious challenge. Western sanctions, followed by Russian counter-sanctions, and a steep decline in the price of oil exacerbated the economic

consequences. The result, noted by Dezhina (2016), is that Russia's leaders now devote more attention to fostering innovation while having less ability to provide the financial support to realize these efforts. The growing need for international collaboration and foreign inputs is challenged by the sharp decline in the value of Russia's currency.

Potential Sources of Help/Cooperation

One of the most significant lacunae in official programs for knowledge economy development in the future is a discussion of where Russia might find significant assistance in upgrading technology and productive capacity. With post-Crimea sanctions cutting off the already weakened European and American ties, the remaining options are the Eurasian Economic Union (EEU) and China. Without Ukraine, the EEU will be of little help (Kotsemir et al., 2015; Chin and Michael, 2014). Belarus, Kazakhstan, Kyrgyzstan and Armenia do not offer significant access to advanced technology (Sal'nikov et al., 2016; Solov'ev and Goriachev, 2016).

Cooperation with China has enormous potential, but also presents tremendous problems (Gabuev 2016). Russians remain wary regarding the threats posed by China's rapidly growing economic and military power. Journalists consistently publish articles warning of long-simmering Chinese claims on Russian territory. Chinese increasingly regard Russia as a less-developed country. Despite consistent signing of agreements by top leaders of the two nations, Chinese remain unwilling to make major investments in Russia (Izotov and Suslov, 2011).

Scientific collaboration between Russians and Chinese has been heavily encouraged by leaders of the two nations. While this has produced some results, it remains weak compared with Russian cooperation with Europe and the US. Beginning in 2014, Russian colleagues frequently spoke about being advised to work with Chinese

partners and to encourage their graduate students to learn Chinese. There has been a slight increase in joint publications with Chinese by Russian scholars. But most established Russian S&T specialists do not know Chinese, Russians retain a belief that Chinese are imitators rather than innovators (multiple interviews), while Chinese scientists increasingly regard Russian work in many fields as being behind the “frontier.”

The closer relationship with China may be having a negative effect on Russia’s prospects for the type of reforms most likely to generate significant improvements in the economy and knowledge economy. In a recent paper (Balzer and Askonas, 2016), I suggested that China is experiencing a “Xi change” in its approach to development, with negative consequences for the Chinese economy. A recent article by Vernikov (2015) reviews earlier work by Speranskaia (2009) on the Chinese and Russian banking systems, and finds that Russia’s banks now more closely resemble China’s than was the case five years earlier. Given that China’s banking system has been sharply criticized by Chinese economists, this is a striking and potentially damaging trend. China’s banks are state-owned and consistently make low-interest loans to state-owned enterprises (SOEs) while limiting their lending and charging higher rates to the more dynamic private sector. Hong and Nong (2014) conclude that if the low-interest loans and other subsidies are calculated, the vast majority of China’s state enterprises are losing money at a rate of 5–7 percent per year. Panne and Antonenko (2014) provide data demonstrating that the Russian state sector performs less efficiently than the private sector, and the impact of nationalizations in 2001–2011 has been overwhelmingly negative. They conclude that Gazprom and Rosneft would have been far more efficient if they had been broken up into smaller, private companies. Russia is in danger of emulating China’s failures rather than its successes.

Investment from and collaboration with China also are limited by Chinese concerns about the sanctions imposed on Russia over

Ukraine. Chinese banks and businesses fear that even activity not directly subject to the sanctions could produce consequences that would damage their economic relationship with the US and Europe.

Impact of Sanctions

Russian commentators generally deny that post-Crimea sanctions are having a significant impact (Ivanter, 2016). While some Russian analysts have reported important successes in import substitution, others have questioned just about every one of these purported achievements (Dmitrievskii et al., 2016; Fal'tsman 2015a; 2015b; Kokoshin and Bartenev, 2015; Koshovets and Granichev, 2015). A number of economists suggest that Russia's counter-sanctions have done more damage to Russia's economy than the Western sanctions.

Some have noted that problems resulting from the sanctions have had an impact in the defense sector as well as and in some instances more than the economy overall.

Is Military R&D an Exception?

Given that sanctions have affected the Russian military and defense industry along with the overall economy, we need to ask whether military S&T is an exception to the general decline. In an article published shortly before he became Prime Minister, Vladimir Putin (1999) asserts that Russia was competitive in global S&T only in the military-industrial sector.¹⁹ Data does show that the defense industry has received a growing share of funding, though much of what we would like to know about the Russian military industrial complex remains difficult to discern.

Nevertheless, important bits of data have been included in open source material. In an account of the defense and fuel-energy sectors, Fal'tsman (2015) describes Russia's growing dependence on imported components for crucial areas of production. A large share of Russia's

innovation capacity is in the defense industrial sector, and the entire economy relies on the energy sector for its financial well-being. These two sectors are crucial to most of Russia's economic activity. The sanctions affect 68 percent of the imports used in the oil and gas sector (Fal'tsman 2015: 118). Russia depends on South Korea for 90 percent of drilling platforms. Russia's defense industry is more diverse, but in the crucial area of electronics, a persistent Russian bottleneck, the situation is quite tenuous. Data indicate that 65–79 percent of the electronics used in Russian missiles and space rockets are imported (Fal'tsman 2015: 119). Russia does not produce drones, and Fal'tsman notes that all of the piston motors used in these aircraft would need to be imported.

The conflict with Ukraine was creating serious problems for Russia's defense industry even before the economic sanctions were imposed. Key components produced in Ukraine include motors for civilian and military helicopters and some types of warships. Even if Russia is able to produce comparable products, time and significant investment will be needed to replace the imports. Fal'tsman (2015: 18) estimates that replacing the Ukrainian contribution will require, at minimum, four years and \$20 billion. Other Russian experts, speaking off the record, suggest that the situation will be even more difficult, with enterprises like Yuzmash no longer able to fill Russian orders.

Fal'tsman's data is reinforced by other Russian specialists. Ivanter (2016: 3–4) broadly dismisses the importance of sanctions but does note that they have affected the defense industry. Nearly 100 percent of Russia's helicopter engines came from "Motor Sich" in Zaporozh'e, Ukraine. A Russian factory now produces about 50 engines per year, but Russia's military needs 300 per year. Mindeli and Chernykh (2016: 116–117) express concern that the shift of funding priority to applied and military science will have a significant negative effect on Russia's overall science capacity.

Consequences

Most of the analysts describing conditions in Russia's knowledge economy in the period since Crimea have refrained from offering predictions about the likely consequences of accumulating problems. There has been a preference for projecting the benefits of accepting scientists' advice to increase funding and adopt other policy prescriptions. In the papers produced for the first phase of the Russia in Decline project, several authors noted in general terms the potential for social unrest resulting from the economic crisis.

A more detailed discussion of social and political consequences of continued deterioration in education and science is presented in the recent *Voprosy Ekonomiki* article by Akindinova, Kuz'minov and Iasin (2016). They begin by noting that in the 2000s Russia was able to narrow its gap in economic growth compared with developed countries, but that since 2014 Russian growth has ceased. While the situation is not yet critical, failure to reverse the slowdown means that Russia could soon be overtaken in per capita income by China.²⁰

While Russia's total GDP is not yet a serious problem, the distribution of income is already a significant concern. Akindinova et al. (2016) note that inequality increased dramatically during a period of rapid economic growth, and Russia now resembles much poorer countries in the region. In 2016, this means Russians will be divided into two groups: about 40 percent of the population will be a middle class able to spend half of its income on discretionary purchases including private education, health care and pensions. The remaining 60 percent will not have this option.

Fixing the economic stagnation will require taming inflation to restart investment, stimulating competition by reducing the state's role in the economy, ending monopolies, and shrinking the large informal sector (now 30-40 percent of the economy). These economic changes are crucial if Russia is to remain globally competitive in science and

technology. Russia devotes about half the share of GDP to higher education that is provided in developed countries (0.7 percent compared to 1–1.5 percent). They state that “Russian scientists now participate in work in fewer than 5 percent of the currently most promising areas of research” (Akindinova et al. 2016: 27).

Regional budgets are of particular importance for education, yet regional and municipal debt has increased from 2.5 percent of GNP in 2009 to more than 3 percent in 2015 (Akindinova et al. 2016: 29).

In an article published in 2012, Yasin identified three scenarios for the development of the Russian economy: inertness, gradual development, and decisive shift (Yasin, 2012). While this analysis remains valid, the economic results from 2014–2015 caused the authors to add a “mobilization” scenario (Akindinova et al. 2016: 33). Experts interviewed think the government will be tempted to try mobilization, but a majority does not believe that it will be successful. Unspoken is that such a failure would accelerate the prospects for further decline. If the “inertia” economic scenario is the future, the quality of public goods like education, health care and communal services will deteriorate even further.

The social consequences of further decline could become serious. The impact will be clear to the majority of Russia’s population by 2018 (Akindinova et al. 2016: 31). Affluent Russians will replace free social goods with private ones (many already do this except for general education schools), but the larger group of those who do not have this possibility will be inclined to protest activity. The authors point out that ignoring mass social demands based on constitutional guarantees is just about impossible. The best the regime might do is try to prevent the joining together of protests by “clients” who are deprived of promised services with protest actions by the “professionals” who work in the public goods sector: medical and educational personnel. They add that the regime cannot ignore the 2012 decree by President Putin to raise the pay of professionals in the budget sector, even

though this process is essentially frozen. The situation is likely to provoke consolidated protests in 2018–2020.

Akindinova et al. (2016: 31–32) predict “the negative consequences of the inertness scenario will be sharp differentiation in the quality of education and medicine available to different social layers of the population. Families in the upper middle class (15–20 percent of the population, almost entirely living in large cities) will create ‘for themselves’ private educational and medical services of high quality.” Their children will attend the better universities. “In other words, the positive results of President Putin’s social policy, which form the basis of his social-political support, will be destroyed.” Given how serious the consequences of the inertia scenario will be for the authorities, they might be drawn to a reform scenario, enhancing competition for the provision of various social services. This would involve accepting far more private activity, and would require secure property rights.

The analysis by Akindinova, Kuz’minov and Iasin goes about as far as any “in system” criticism has gone in assessing both the problems and their potential consequences. My impression is that some of the analysis in academic journals was more frank and direct in 2012–2013, before the Crimea invasion, than in 2015–2016. Warning about problems in an attempt to influence policy was easier to do before the aggravated security environment and onset of the economic crisis. It will be important to carefully monitor whether the shift back to criticism and reform proposals becomes more widespread. And of course, it is even more crucial to observe whether any of the advice is accepted.

The Akindinova et al. (2016) article does lead a reader to pose one of the most important questions missing from nearly all Russian commentaries: could something happen to markedly change the political and policy environment?

Is There a Tipping Point?

What might produce a significant change in the social-political situation or in economic policy that could either generate greater support for the knowledge economy or that might accelerate decline and/or provoke social unrest?

Positive developments should never be ruled out, even if they appear unlikely. Russia's leaders consistently tout the nation's achievements in education and science, and might some day provide a higher level of support. Former Finance Minister Aleksei Kudrin now heads a working group preparing economic and social programs for Russia to be implemented after the 2018 presidential election. Quite a few talented Russian economists, sociologists and others are involved in the process (interviews, December 2016). Something could produce a significant increase in oil and gas prices, relieving pressure on the Russian economy and allowing far greater investment in S&T. Hydrocarbon prices did recover quickly after the 2008 crisis, and some of us suspect that President Putin expected a similar recovery in 2014. However, most serious Russian analysts understand that unlike 2008, the 2014 crisis is a Russian rather than a global phenomenon, and that serious problems in Russia's natural resource model of economic development preceded not only oil price decline but also the Ukraine invasion and resulting sanctions and counter-sanctions (Balzer, 2015a).

A second positive factor could be significant collaboration with China (and possibly India) to enhance economic and S&T development. While much ballyhooed by Russian leaders, in the press and in some academic circles (for example, Makarov, 2016), the "pivot to China" remains in the realm of potential rather than achievement (Gabuev, 2016b).

In conditions of decline, tipping points that could have negative social and/or political consequences are more plausible. It is nearly

impossible to predict what single event might catalyze accumulating dissatisfaction, but the combustible material does exist to ignite another cycle of social protest like those in 2005 and 2011–2012.

The most obvious driver of social protest or political upheaval would be if Russia's economic problems become more acute. If the hydrocarbon economy does not recover or diversify, the Russian government will likely have expended the available reserve funds by 2018. This would remove the cushion that has allowed the regime to continue to finance social programs and military spending. The choices among competing economic priorities would become difficult. Social protest did produce changes in the government's policy to "monetize" social benefits in 2005. Widespread protest could materialize again. The scenario discussed by Akindinova et al. (2016), with citizens disaffected by shrinking social benefits combining with the professionals who provide those benefits, could represent a potent threat.

Hydrocarbon prices might decline again. The global energy situation has changed significantly. Recent analyses of America's shale oil potential suggest that new fields would be competitive at far lower prices than the existing deposits. Russian leaders repeatedly claim that prices have stabilized, but the latest data on shale gas suggest that the Saudi gamble on their ability to drive new technologies out of the market by maintaining low prices might work with older shale deposits but is not going to prevent newer, lower cost, development. Instead of \$60 per barrel, newer fields in Texas and Oklahoma are viable at \$35–39 (Crooks, 2016).

A more personalized source of difficulty would be if Vladimir Putin for some reason loses his Teflon. There is enough good satire out there that one or two serious missteps could well provoke a shift in public attitudes. What most media sources refer to as Putin's "popularity" is actually a survey question about whether people approve of his job performance. When Russians are asked if they would vote for Putin

again, the responses have fluctuated in the 45–60 percent range, well below the 80–90 percent scores on job approval (Balzer, 2015b).

Conclusion

The Russian expert community’s discourse on the country’s economic trajectory is in general more negative than most assessments of the country’s knowledge economy future. This would appear to be a contradiction, given that most assessments of the prospects for education, science, technology and innovation emphasize the need for higher levels of funding—something nearly impossible to envision given the current economic situation. The contradiction may be due in part to at least some of the economic analysis being done by individuals who are not involved in economic policy-making or business, and who therefore have somewhat less personal stake in the economy’s performance. Nearly all the forecasts of Russia’s knowledge economy prospects are written by government officials, university personnel, or researchers employed in institutes supported by the state. While certainly capable of independent thought, these analysts are less inclined to predict dire consequences that will have overwhelmingly negative implications for their own institutions.

In conversations in June 2016, I repeatedly asked Russian colleagues about the contradiction between their continuing efforts at greater internationalization and the increasing anti-Western rhetoric and behavior of Russia’s security services. The most intriguing responses suggested that while this certainly creates problems, it represents different government agencies “doing their jobs.” The education and science officials continue to seek cooperation and integration, while the security agencies focus on protecting Russia. Many of my interlocutors viewed this as normal.

I gave this analysis careful thought. It does draw on a nearly universal phenomenon of competition among government agencies. Yet other conversations indicate that there has been a significant shift in policy

at the top in Russia, tipping the balance far more in favor of the security agenda. Andrei Fursenko, while Minister of Education and Science, worked closely with the Basic Research and Higher Education Program, sharing the financing and then adding additional Russian universities entirely at Russian expense but still relying on international selection committees organized by his American partners. Fursenko now serves as President Putin's advisor on Education and Science. In June 2014, I met with Fursenko and listened to a long analysis of why many Iranian scientists are willing to accept participating in the protracted and sometimes painful system of peer review for publications in major scientific journals, while their Russian counterparts more frequently reject the system and publish their work in Russian-language journals. Fursenko suggested that this explains why Iran ranks ahead of Russia in scientific publications in fields like nanotechnology. The clear implication of Fursenko's account was that Russians need to do a much better job of accepting and adopting international standards. A year later, in July 2015, Fursenko told me that Russians were tired of Americans' condescending approach to Russia, that Russia will be accepted in the Euro-Atlantic community only as "an obedient child," and that things now will be different for the next two decades.

These two conversations suggest that rather than something changing in the basic character of science and technology, something has happened in Russian policy circles to provoke a shift away from integration with Western colleagues and Western knowledge economy institutions. While greater integration with Asia is being proposed as the alternative, a majority of Russian specialists appear to remain skeptical.

Many Russian knowledge economy professionals are now articulating a serious assessment of the decline in Russia's education, research and innovation systems. Russia's top political leadership echoes these concerns, but whether due to different priorities, competing economic and bureaucratic interests, or venal intentions, the policies

on offer remain in the realms of continuity or compromise measures. Chances for more thorough reforms proposed by a growing number of economists, educators and scientists appear remote. Many experts believe that Russia's leaders will find mobilization more attractive than institutional reform, but few expect it will succeed, leaving inertia as the most likely condition. Most of the critical observers anticipate a continued slow decline, similar to what Aleksashenko (2016) foresees in the Russian economy. Few are prepared for the possibility of a sharper discontinuity. While the abrupt demise of knowledge economy institutions remains an unusual historical phenomenon, the Russian situation does call for greater attention to possible tipping points.

* * *

Addendum

This paper was completed July 25, 2016. On August 19, 2016, historian Olga Vasil'eva, replaced Dmitri Livanov as Minister of Education and Science. Vasil'eva's previous position was as Deputy Head of the Presidential Administration for Public Projects, at a time when policy was curbing independent initiative by civil society. While the appointment of a social scientist has been welcomed by some observers, Vasileva's dissertation concerned Soviet policy toward the Church in 1942–1948, the years when Joseph Stalin embraced all elements of Russia's history, including the Church, to rally the people against Hitler. While it is too early to gauge the full impact of the new leadership, disturbing signs are already visible. The staff responsible for the 5/100 program, designed to elevate five Russian universities into the top 100 in global rankings, has been dismissed from the Ministry (personal communication). It may be purely coincidental that the lead article in the August issue of Russia's major higher education journal called into question global university rankings. [Vorob'ev, A. E. 2016. "Globalnyii ili natiions'nyi reiting—chto vuzam

vybrat? (Global or national rating—which should higher education institutions choose?),” *Alma mater*, No. 8, pp. 5–11.]

Conversations during a visit to Russia in December 2016 conveyed an atmosphere of pessimism. The everyday economic life of people in Moscow and St. Petersburg appears to have stabilized, though those on fixed incomes continue to feel the pressure of inflation. Pension increases are far less than the rising cost of communal services. All of the personnel in the Ministry of Education and Science who were brought in by former Minister Dmitry Livanov resigned “at their own request.” However, the resignations followed an acrimonious session at which serious policy differences were on public view.

In an effort to be as fair as possible in drawing conclusions about the trajectory of Russian science and education, I asked each of the individuals I interviewed if they could point to positive developments that might mitigate the judgement of decline. Several mentioned agriculture and food supply improvements. Yet others argue that the improvements in these sectors reflect the devaluation of the ruble and the limits on imports due to sanctions and especially Russian counter-sanctions. If the sanctions are lifted, Russian producers will again find it difficult to compete with imports in terms of price or quality.

My overwhelming impression was of greater bureaucratic tutelage combined with diminishing resources.

ENDNOTES

¹ Many of my discussions with Russian colleagues over the past several years took place prior to my being invited to participate in this project, and therefore I was not able to ask permission to cite the conversations in this paper. I have refrained from identifying individuals by name.

² One prominent economist traveled to Washington last year to participate in a small conference. Because this person did not formally apply for a *komandirovka* (business trip), even though the project was fully funded by the American hosts, the Director of the institute employing the individual instituted a disciplinary review and used it to limit foreign travel. This individual has been less visible in print since these events.

³ I frequently cite the contrast between East Asia and Latin America. Countries in both regions devote about the same share of GDP to education, but reap markedly different results from the investment.

⁴ The interviews were conducted in the final months of 2015. Goland, Mikhail, Galina Kitova and Tatiana Kuznetsova. 2016. *Russian Science, An Insider's View*, Moscow: Higher School of Economics, February. <https://www.hse.ru/en/news/science/173730621.html>.

⁵ Accepting that a proud history and massive investment are being dissipated is not easy. In 2001, at a conference at the Carnegie Endowment to mark “ten years after” the breakup of the USSR, Loren Graham chaired a session on education, science and social issues. Murray Feshbach and I presented quite gloomy assessments of trends in Russian science, education and demography. At the end of the session, Professor Graham felt compelled to say that he could not agree with the panelists, primarily because when a nation has developed a strong system of education and scientific research, it is not likely to lose that capacity quickly. In March 2016 Professor Graham and I were invited to speak together at Wellesley College. In the course of the Q&A session, he again referred to Russia’s loss of knowledge economy capacity, this time citing it as something highly unusual in world history. Professor Graham’s (2013) book *Lonely Ideas* would suggest that a shift to an innovation-based economy would be a radical departure from past Russian performance. This does not mean that it cannot happen, but it remains difficult to identify any indicators of meaningful change in this direction.

⁶ One of the most blatant examples of the historical strength argument came at a meeting with then Director of Russian Railways Yakunin in 2011. When I asked him about Russia’s capacity in S&T, his response was “We launched Sputnik.”

⁷ An exception has been Nikolai Petrov, who has predicted dire consequences several times in the past few years. While the timing has not matched his forecasts, the social problems he identifies remain a serious concern.

⁸ This has been characteristic of programs for Russian S&T to 2020 and 2030, and also in discussions of the program for socio-economic development to 2035.

⁹ Predicting future economic growth is never an exact science. The most recent predictions cited in the *Financial Times* put US growth at 3 percent for 2016, while China is estimated to grow at 5–6 percent. Russia and Brazil are predicted to shrink, while India should achieve reasonable growth levels.

¹⁰ When I became Executive Director of the International Science Foundation, I met with Academy Vice President Mesiats to elicit his views on how we could best organize the Foundation. He responded that “whoever pays the piper calls the tune.” I replied that this might well be the case, but that the dancers are likely to dance better when they like the music. Academician Mesiats proceeded to explain that the Academy was the one institution in Russia that was not in crisis, and therefore would wait 5–10 years to see how things turned out elsewhere. Then it might consider reform. When we parted, he did offer me a Zil limousine and driver to take me back to my hotel. This meeting caused me to predict that without reform the Academy would likely shrink by 50 percent in the next decade or two. I was overly optimistic. The number has been closer to 75 percent.

¹¹ A growing number of analysts confirm the need for a larger non-state sector. Dmitrievskii et al. (2016) make this case for the oil and gas industry. Panne and Antonenko (2014) conclude that Gazprom and Rosneft are less effective than if Russia had allowed several more agile private companies. They find essentially the same story in most sectors.

¹² Avdeev lauded Russia’s capacity in semi-conductors, proclaiming that despite reduced funding, “science has shown itself more than competitive at the world level.” Russia ranked 12th in the world in Thomson Reuters data on semiconductors for 2011–2015, with 3,566 publications. China led the

rankings with 7,121 publications, something Avdeev attributes to the “number of specialists in China.” However, data show this is not correct. The Chinese publish twice as many articles as Russians with *fewer* specialists in nanotechnology.

¹³ Dezhina has a negative view of the shift to university-based science. Given that Loren Graham and I were among the drivers of this policy, it is of particular interest. We were certainly correct that even in a distorted market economy, the Academy system would not be financially sustainable. But we failed to consider the heavy weight of bureaucratic oversight in the Russian system: the excessive Soviet-era teaching loads were not reduced to allow time for faculty to conduct research; older faculty (the vast majority of those still teaching) were so unused to doing research that they could not change their behavior; and salaries have not risen to a level that would attract talented younger researchers to University positions, with the exception of the (consistently declining number of) elite and well-funded institutions. Many of the best graduates continue to go abroad.

¹⁴ Dezhina attributes this to Western sanctions, but the decline in global hydrocarbon prices would also have been a factor.

¹⁵ Full disclosure requires noting that the author played a role here. After Soros chose to shut down the International Science Foundation, I was one of the lead authors in the Basic Research and Higher Education (BRHE) program proposed by the MacArthur Foundation with additional support from the Carnegie Corporation. The Russian Ministry of Education and Science agreed to match the private foundation funding. Over a dozen years, the program established 16 Research and Education Centers at Russian universities. When we began discussions with Russian Ministry of Education colleagues in 1997, we were told to avoid using the term “Research University.” By 2006, the Russian government devised its own program to establish research universities.

¹⁶ A study currently ongoing at the Higher School of Economics on engineering education in China and Russia found that Russian students entering higher education in technical fields were less well-qualified in basic math and physics than their Chinese counterparts. The researchers have suggested that this reflects better secondary education in China along with a

far smaller portion of high-school graduates in China successfully passing the crucial entrance examinations for higher education. Russian higher education institutions enroll one of the highest proportions of secondary school graduates in the world; China—one of the lower shares among leading Knowledge economy nations. The researchers also found that Russian students manage to nearly close the gap with their Chinese counterparts by the third year of university study. This likely reflects the contradiction in the Chinese system that makes entering higher education tremendously competitive, while once enrolled a student is nearly guaranteed a diploma (graduation rates close to 99 percent). Seminar at Higher School of Economics, Moscow, June 21. 2016.

¹⁷ <http://edesknews.com/golodets-two-thirds-of-russians-in-higher-education-is-not-necessary/>.

¹⁸ In 2006, I interviewed a top administrator at St. Petersburg State University and asked about the placement of his students who had recently completed their *Kandidat* of Science dissertations. He replied that of 27 students who had defended in recent years, 24 were abroad. The others were women who had young children. When we spoke again in 2011, I asked if things had changed. His response was “slightly.” The problem receded a bit during the excitement of the 2011–2012 election protests, but has become severe again with the economic crisis and Ukraine invasion.

¹⁹ For an English translation see Balzer, Harley D. 2006. Vladimir Putin’s Academic Writings and Russian Natural Resource Policy, *Problems of Post-Communism*, Vol. 53, No. 1, January-February 2006, pp. 48–54.

²⁰ The unstated implication is that if China has a population ten times the size of the Russian population, the Chinese economy would be ten times as large as Russia’s.

Appendix: Data From Goland et al. Survey

1) “What do you think are the strong points of Russian science?”

Long tradition of scientific activity	62.3%
Groundwork in many key disciplines	60.7%
Highly qualified personnel	52%
History of creativity among the population	47.5%
Broad network of scientific organizations	39.3%
Participation in international cooperation	14.8%
Significant government financial support	9.8%
Equipment for new and advanced research	6.6%
Other	3.3%
Wide range of support mechanisms	1.6%
Cooperation among institutes, universities & business	1.6%

2) What are the most serious problems preventing improvement in Russian science?

Aging of personnel	57.4%
Shortage of competent specialists in cutting edge research areas	52.5%
Poor integration with business	50.8%
Low prestige of scientific work	42.6%
Low domestic demand for results of research	42.6%
Low material-technical base	39.3%
Declining quality of R&D, Russian science lagging	39.3%
Brain drain	39.3%
Little attraction for private investors	36.1%

Lack of government funding	36.1%
Low participation in global science	36.1%
Insufficient influence on education programs	21.3%
Poor quality of related legislation	19.7%
Research results not competitive internationally	16.4%
Geopolitical pressure on international contacts	9.8%
Other	9.8%

3) Which of the measures recently introduced in science administration have had a positive impact?

Subsidizing collaborative university-institute projects	48.3%
Enabling universities/others to create small innovation enterprises	34.5%
Innovation development programs at state enterprises	31%
Allow transfer of IP rights to authors	31%
Establishing national research universities	29.3%
Establishing national research and government science centers	24.1%
Creating the Russian Science Foundation	22.4%
Measures to encourage young people to work in science	22.4%
Creating the Skolkovo Center	22.4%
Creating innovation infrastructure	22.4%
Mega grant program	20.7%
Establishing technology platforms	17.2%
National Technology Initiative	15.5%
Guarantees for intellectual property	15.5%
Changing the way government labs are set up for R&D	15.5%

4) Which measures have made scientific work more productive?

Large-scale government projects	50.8%
R&D support through foundations	47.5%
Closing “non-functioning” scientific institutions	37.3%
Public recognition for best scientists/scientific work	37.3%
Concentrating funding in organizations with best results	35.6%
Supporting international research projects/collaborations	35.6%
Establishing new research centers	18.6%
Other	16.9%

5) What measures are most likely to generate a breakthrough in scientific research and its applications?

Enterprise research departments	53.4%
Large government interdisciplinary research institutes	34.5%
Government scientific organizations	31%
Major integrators of multiple organizations and projects	29.3%
Higher education institutions	20.7%
Other	15.5%

6) Who should formulate commissions for science?

Government, for important socio-economic and security needs	82.5%
The business community to solve economic needs	56.9%
Science	39.7%
The public through crowdsourcing	12.1%
Other	8.6%

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v. Russian Innovation System on a Decaying Trajectory: A Case Study of the Novosibirsk Region

Evgeny Vodichev

Summary

This paper analyzes and projects the most likely future of the Russian innovation system based on a case study of the regional innovation system (RIS) of the Novosibirsk region. Using SWOT and PEST analyses to identify strengths and weaknesses of RIS, as well development trends, results indicate that in the current political, economic, sociocultural and technological contexts, risks are significant. The most probable vector in the development of RIS is its gradual decay, thus accelerating the marginalization of the Russian economy and possibly provoking serious complications for Russian society. This may, in turn, trigger negative global consequences.

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Background

According to widespread and consensus opinion among analysts, national innovation systems (NIS) in the latter half of the twentieth century were fundamental to the economic progress achieved by the leading countries of the world. The Soviet Union was largely absent from this technological race. While it possessed the most advanced scientific and technological capacities, these were focused almost

exclusively on the military sphere and were thus not able to provide for a wider and more effective NIS. It is now clear that systemic failures in the USSR's efforts to establish a competitive economy based on innovation became one of the key reasons for its collapse in 1991.

Russia's more recent economic development based on unpredictable energy markets has also proved problematic, placing the country into an "institutional trap." Strong emphasis on production and export of energy resources has only reinforced an outdated economic structure, threatening further marginalization and driving a peripheral economy. As has been the case with other countries, the situation can only be changed with an effective NIS and accompanying RIS subsystems. In addition, since Russia comprises a vast territory, innovative upgrades to the Russian economy must depend on a balanced and functioning NIS-RIS. Nonetheless, it seems that so far Russia has not properly accepted the experience of most developed countries. Its model remains a centralized innovation system ill-equipped to embrace an innovation system based on proper consideration of regional development and interests. The politics surrounding innovation also remain top down, preventing a structure that would support the vibrancy and openness needed to spark ideas. These political and economic realities have led to a decaying trajectory even for those RIS systems created in the Soviet Union that had previously been centers of excellence for science and technology, such as Novosibirsk Akademgorodok. As a means to verify this thesis, this paper focuses on the RIS of the Novosibirsk region as a case study.

Definitions and Methodology

The NIS encompasses a set of political and economic actors and institutions focused on implementation and/or support of innovation activities. From a structural point of view, NIS includes knowledge generation; education and training of professionals; production of innovative goods and services; and infrastructure supporting innovation, including funding. The core element of NIS is a system of

knowledge generation, which is represented by institutions engaged in research and development (R&D). The RIS is territorial segment of NIS.

The RIS of the Novosibirsk region is one of Russia's leading regions for science, professional education, and production systems possessing advanced innovation capacity. At the same time, the region has no substantial natural resources; specifically, the energy resources needed to prevent reliance on traditional Russian development strategies.

The case study below employs two types of analysis: Strengths, Weaknesses, Opportunities, and Threats (SWOT); and Political, Economic, Sociocultural, and Technological (PEST). The PEST analysis outlines and weighs a combination of factors capable of becoming drivers of development—whether to stimulate or hamper—while the SWOT analysis looks at the running of the system itself. The outcomes of both the PEST and SWOT analyses provide a basis for crafting a variety of scenarios and subsequent “views of the future,” which may result in the event that the forecasted scenarios come to pass.

RIS of Siberia and the Novosibirsk Region

The selection of socioeconomic strategies is especially important with respect to Siberia. For decades, Siberia has operated as “a security deposit” for the economic well-being of Russia based on its raw materials and energy resources. The Novosibirsk region in Western Siberia, in addition, is one of Russia's key regions in terms of its innovation capacity, since it hosts the “science town of Akademgorodok,” the largest regional science and technology (S&T) hub in the country, which includes a powerful science and education complex as well a unique concentration of academic research institutes and universities. The center for the Siberian Branch of the Russian Academy of Sciences (SB RAS) with 33 academic institutes is

located there, and is supplemented by the State Research Center of Virology and Biotechnology, Vector, and more than sixty applied R&D institutions and design bureaus.

The capacity of the Novosibirsk research center gave birth to the image of Akademgorodok as the greatest potential source of innovation for the region and for the country at large. Novosibirsk has a reputation as the information technology (IT) capital of eastern Russia; some commentators used to call it “Silicon Taiga” to reflect its status as something akin to Silicon Valley. The largest regional technopark, “Akadempark,” named after its location in Akademgorodok and in connection with the research institutes of the SB RAS, is also situated in the Novosibirsk region.

Novosibirsk’s 2007–2025 regional development strategy was based on the assumption that, in the short run, the region would become the key innovation center in the east of the country. Setting up an effective RIS¹ was a key component in the strategy.

SWOT Analysis of RIS in Novosibirsk

Part 1: Strengths and Weaknesses

The strengths and weaknesses of RIS in the Novosibirsk region are indicated in the following table.

Strengths	Weaknesses
Powerful complex of R&D institutes engaged mostly in basic science and represented by the institutes of the SB RAS.	Poor image of science, as well as scientific, educational and innovation activities in Russian society.
High-level academic staff qualifications in local research institutes and universities; and	Remote location of the region from the center of the country and from the largest global centers of

<p>unique regional concentration.</p> <p>Some segments of updated innovation infrastructure represented first by technopark Akadempark.</p> <p>Substantial number of small and medium enterprises engaged in S&T business.</p> <p>Positive image of Akademgorodok as an advanced center of world class research.</p> <p>One of the best Russian universities—Novosibirsk State National Research University (NSU)—operates in Akademgorodok. NSU graduates have a positive reputation among R&D institutions in Russia and worldwide.</p> <p>Well-developed cooperation of SB RAS and NSU with the leading research centers of the world.</p> <p>Well-developed connections with Asian countries: NSU’s status as a part of the Shanghai Cooperation Organization (SCO) university.</p> <p>Consensus among local administration, business, science, education concerning transformation of the region into a seat of innovation development.</p>	<p>science, education and innovation activity.</p> <p>Limited share of resources in the Russian GNP channeled for funding R&D and innovation.</p> <p>Low responsiveness of real sectors of the Russian economy to innovations, lack of demand for innovations from enterprises.</p> <p>Substantial gaps between basic research and professional education (with possible exception of NSU), as well as between R&D institutions and intensive business.</p> <p>Unsatisfactory integration within the global system of knowledge production, as indicated by science citation indices.</p> <p>Low international ranking of Russian universities (including those located in the Novosibirsk region).</p> <p>Some legal constraints limiting the integrated activity of R&D institutions and universities; high departmental barriers between institutes of the SB RAS and local state universities.</p> <p>Substantial emigration of</p>
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<p>High attractiveness of Akademgorodok as a residential area and a workplace.</p> <p>High attractiveness of Akademgorodok for a new generation of innovators, since NSU possesses one of the best campuses in the country.</p>	<p>academic personnel in previous years and increasing present-day intent to emigrate.</p> <p>Imbalanced demographic structure of research personnel in the institutes of the SB RAS and local universities skewed towards an aging cohort.</p> <p>A shortage of funding for R&D and a very bureaucratized system of obtaining and allocating funding.</p> <p>Outdated research equipment, a shortage of laboratory space in the academic institutes and universities of Novosibirsk.</p> <p>Shortage of residential area in Akademgorodok that limits an inflow of new professionals to SB RAS institutes.</p> <p>Lack of financial resources of local administration to stimulate innovation business and further develop innovation infrastructure.</p>
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The second part of the SWOT analysis is based on a PEST analysis of the external environment. (See table below.)

PEST Analysis of NIS and RIS Development

1. Political and Legal Factors

During the past year, the protest mood has grown in Russia, despite the fact that the authorities have done everything possible to push protest activity into the shadows. Society has become weary of decreasing living standards owing to the ongoing economic crisis; ideological campaigns connected with the search for a “fifth column” within the country and other enemies abroad; as well as the worsening international stature of the country. Russian intellectuals are also growing tired of the irremovability of power and are seeking political and economic changes. These tensions have become especially acute on the eve of the forthcoming elections for the State Duma in September 2016 and the presidential elections in 2018.

Most experts predict that a number of anticorruption actions initiated by the state will continue, implicating representatives of business and regional elites, especially those who have demonstrated political ambitions. Public attention to these issues will be channeled into “show trials” presented as consistent policy focused on the elimination of corruption. Broad propaganda campaigns will ensue in the mass media while the policy of vilifying non-state opposition will also continue.

In summarizing these political factors, it is clear that their impact will be unfavorable for the development of NIS and RIS. No substantial political reforms will occur. As for center-periphery relations, the focus will be on further strengthening of the center. Political pressure on opponents of the regime will gradually increase, pro-imperial propaganda campaigns will expand, and international politics will remain unpredictable. Even if some anti-Russia sanctions are cancelled, tense relations with the United States and many EU countries will remain, as well as a very low level of trust in Russia’s international actions and its eagerness to flout the principles of international law. Russia, meanwhile, will carry on efforts aimed at the search for allies in the East, and the formation of alliances with the SCO and the Eurasian Union. Taking into consideration the fact that the West is the world’s lexicon of innovation, moves to the East will

also negatively affect the country's ability to nurture a viable innovation development strategy.

Only innovation in the military sector can be viewed as an exception given the current political climate and foreign policy directives. Innovation and stimulation of industries independent of import of parts and components in the military sphere are almost certain to occur, and it is not difficult to predict that budget reductions will be less significant in this sector than in others.

Evolution in the legal space for the development of innovation activity is likely to be problematic. Current normative frameworks have been plagued by gaps and contradictions; and some new initiatives, for example, the concept of the new Law on Science and Innovation recently announced by the Ministry of Science and Education, do not properly consider changing realities. At the same time, Russian economic laws, including those that apply to science and innovation, are not duly enforced. Recent legislative initiatives on strengthening control of information also do not contribute to increasing the effectiveness of science and innovation activities.

2. Economic Factors

Russia's GNP decreased by 3.9% in 2015, correlating with a decrease in capital investments by 10% owing to higher prices for resources, growth in debt levels, and a tightening loan market—all of which resulted from the sanctions and general economic uncertainty felt by potential investors.

Socioeconomic development, as forecasted by the Russian government, assumes that the major contribution to increasing rates of economic growth in 2016–2020 will be achieved by the following factors: growth of investment in production and production infrastructure; growth of investment in the export of non-raw material goods and stimulation of hi-tech exports; increase in

cumulative productivity as a result of growing investment in innovative sectors of the economy; implementation of measures for saving resources and cost reductions, including those connected with labor costs and tariffs on natural monopolies; development of small business and improving conditions for business, etc.²

However, in the current socioeconomic and political milieu, nearly all of these measures, positioned as economic drivers, are impossible to achieve. Economic crisis in Russia has produced a long recession, and the ongoing uncertainty in both the political and economic realm is leading to a further decrease in investment and a retreat from modernization of industry and economic innovation. The innovation system will become one of the first victims. RIS segments, which are the most remote elements in the mechanism of resource distribution, will suffer more than others.

3. *Sociocultural Factors*

The economic crisis in Russia is accompanied by a rather tense sociocultural situation. Sociocultural fracture is becoming more and more evident, while social uplift has proved ineffective. Ruslan Grinberg, Director of the Institute of Economics of RAS in Moscow, describes this state of affairs as “asocial capitalism with some feudal coloring being set up in the country.”³

The situation with migration remains rather complicated, particularly with respect to imbalances in qualifications between emigrants and immigrants, which, at present is not positive for Russia. Those who emigrate are mostly highly trained specialists who are generally in demand in Western labor markets; while those immigrating are natives from former republics of the Soviet Union who lack advanced professional qualifications. Furthermore, according to many experts, researchers and academics belonging to the most active social strata are considering options for emigration. As a result, the quality of technological and management processes in the country will only

worsen.⁴ At the same time, difficulties with the sociocultural adaptation of migrants and the active formation of national diasporas stimulate xenophobia and nationalism in Russian society. Also worrisome is a fragile sociocultural climate aggravated by aggressive propaganda, sometimes in the form of “hybrid war” against some strata of the population.

Against the background of recent economic and technological failures, a skeptical attitude toward science remains widespread in society and even extends to representatives of the academic and engineering community. Engagement in R&D is not seen as prestigious and attractive for the general population. This image of science and engineering is supported by information (at least partially based on rumors) on corruption scandals among university management and in innovation companies, such as ROSNANO.

A feeling of social apathy and the lack of demand is spreading through the academic community of Russia. This is enhanced by the unsatisfactory status of science in society, relatively low incomes, and increasing restrictions on international cooperation. Further, a lack of understanding and growing contradiction between the ethos of academia (after R. Merton) and the ethos of bureaucracy imposed on science by the state administration are now present and having a negative impact on R&D. In summary, sociocultural factors do not contribute positively to the development of innovation capacity in Russia.

4. Technological Factors

Technological factors generally follow the same trend, despite authorities’ slogans to the contrary dating from the Soviet era—which promise to promote economic development through modernization and technological advancement. The Alexei Kosygin economic reform of the mid-1960s, which remained unimplemented in its major components, and Mikhail Gorbachev’s politics of

modernization based on fostering science and technological progress in the mid-1980s, were aimed at this. The same applies to Putin-Medvedev-Putin declarations about the necessity to restructure Russian economics, which have resounded continually since the beginning of the 21st century and have been formulated in a number of strategy development documents. Nevertheless, even the Russian government has now stated, more realistically, that “current trends in private funding and strict budgetary limitations at the level of the state do not provide for increasing funding for R&D as related to GNP in the medium term.”⁵

In the sphere of innovation policy, the country is walking in circles. The principle of forced innovation as formulated in policy statements is highly reminiscent of Soviet politics in “introducing achievements of science and technological progress into economic practice.” As a result of all these, post-Soviet economics in Russia is still anti-innovative in nature. The upside-down approach now dominates state innovation overwhelmingly. Innovation processes in the economy as well as the atmosphere of “innovation competition” remain blocked. Private business has done little either to stimulate the innovation process or to transfer outputs to the broader economy.

The focus remains on setting up state initiatives for innovation infrastructure such as Skolkovo in Moscow, and analogous, but much smaller projects partially supported from regional budgets such as Akadempark in Novosibirsk. All of these divert substantial resources without, thus far, providing clear outcomes. Military innovation, whenever implemented, remains hidden and thus prevents diffusion and technology transfer to a wider economy.

Serious issues impede the development of the innovation cycle, namely, support for basic science and training of highly qualified personnel. After a long and painful collision, reform of the RAS took place in 2013. The government set up the Federal Agency on Scientific Organizations, which is now responsible for all property of the RAS,

including research institutes. However, in reality, the Academy of Sciences not only lost its assets but also forfeited many instruments critical to success in the fields of science and innovation. So far, the federal agency has also not demonstrated adequate managerial skills.

In summary, all key elements of the PEST analysis put into question the appropriateness of politics aimed at establishing an effective NIS in Russia in both the short and medium term. This applies to RIS as well, since the balance of center-periphery relations in the country, which is so far centripetal, is becoming more and more center-oriented with respect to all political issues, including economic and innovation policy. Under such circumstances, the ability to move forward with an effective RIS, even in such regions as the scientifically and technologically advanced Novosibirsk, are seen as ephemeral, especially when faced with both budgetary and political restrictions.

SWOT Analysis of RIS Novosibirsk

Part 2: Opportunities and Threats

Opportunities	Threats
<p>Formal support for integration of science, professional education, and innovative business demonstrated by federal and regional authorities in political strategy documents.</p> <p>Synergies between R&D, professional education, and innovation activity within structural elements of RIS.</p> <p>Ability of the NSU research university to satisfy demands for qualified professionals who work across interdisciplinary technologies</p>	<p>Increasing political instability in the country.</p> <p>Contradictions and segmentation of the legislative basis for innovation activity.</p> <p>Strengthening control of information and regulation of scientific activity.</p> <p>Decreasing economic capacity and negative international climate for the state.</p>

<p>to solve complex theoretical and practical issues in R&D and innovation.</p> <p>Ability of regional universities to satisfy demand for highly qualified personnel in engineering, biotechnology, pharmacology, medical, IT, geo-information, and some other profiles.</p> <p>Implementation of “Akadempark” project based on cooperation with regional academic institutes and universities.</p> <p>State support for innovative military enterprises widely represented in the region.</p> <p>Broadening interaction between the elements of RIS with educational, R&D, and industrial enterprises and businesses in neighboring countries as in the federal policy focus shifts to SCO and Eurasian Union.</p>	<p>Negative impact of Western sanctions and Russian counter-sanctions on the socioeconomic situation of the region and the country as a whole.</p> <p>Increasing conflicts in society. Disintegration of the academic community, as it becomes a target in the search for “internal enemies.”</p> <p>Decreasing attractiveness of R&D activity and poor image of science and engineering in society.</p> <p>Weak professional and territorial mobility in the country.</p> <p>Aging of academic personnel and increasing emigration intentions among younger scientists.</p> <p>Worsening professional education and decreasing level of general education.</p> <p>Anti-innovation character of the Russian economy as a whole with continued upside-down approach in politics of innovation.</p> <p>Decreasing state resources to finance R&D. Unwillingness of private sector to invest in science and innovation.</p> <p>Closed character of military</p>
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	<p>innovation and limitations for diffusion and transfer of technologies.</p> <p>Contradictory character of reforms in the spheres of fundamental sciences, university system, and establishment of platform for innovation.</p> <p>Worsening opportunities for international cooperation in R&D and innovation with Western countries.</p>
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Given such conditions, it is difficult to foresee a realization of the major strategic goal of RIS, as formulated in the official documents: “to create in the Novosibirsk region a world-class innovation infrastructure, which will provide for dynamic development of the hi-tech sector in the regional economy on its own basis,”⁶ particularly in reference to the second part of this statement. The underlying causes of fragmentation in the innovation cycle in Novosibirsk, as well as in the country as a whole, lie at both ends of the innovation market—at supply and at demand. It is impossible to start up the innovation process in a society with numerous limitations on the freedom of economic performance and under extremely monopolized economics without innovation demand. Moreover, a constant inflow of venture capital from the open global markets is not available. Appropriate conditions to support and nurture innovation remain but dreams for contemporary Russia.

As far as the Novosibirsk region is concerned, despite its relatively high science and technology capacity, investment risks concerning the innovation sector now prevail substantially over potential advantages. Historical experience of the creation of superior centers of S&T indicates that investments are not enough for changing the situation

around innovation; the macro environment must also change. Thus far, the innovation complex of the Novosibirsk region does not work properly for the interests of the region.

In contrast to official policy, the task should not be in the creation of a huge and expensive innovation infrastructure. What is really needed is to change radically the overall principles of economic activity and formulation of economic and S&T policy in the country, which is impossible without substantial political transformation. An innovation economy can scarcely develop without democratic institutions in which the principles of civil society function in real ways, not just what is read about in textbooks.

Conclusions

What conclusion may follow from these assumptions and any related scenario forecasts? The most probable is an extrapolation of trends from the recent past leading to gradually worsening political and economic outcomes. In such circumstances, it is highly probable that the decreasing capacity of RIS will result in degradation of the former centers of superior S&T capacity such as Novosibirsk Akademgorodok. This does not exclude achievements in specific fields of fundamental research, from which a good basis has been established. At the same time—because of difficulties with R&D funding, questionable reforms in the system of management of science connected with the discrediting of RAS as a management unit, and the creation of the Federal Agency that caused fragmentation of the Siberian Branch of RAS—the general trend will be a gradual weakening of scientific potential of this previously integral research complex. Difficulties can also be anticipated with innovation and implementation of complex and integral research, which yield the most promising results in modern science.

The development of an innovation infrastructure in the region, first represented by “Akadempark,” has not yet catalyzed any

breakthroughs in the sphere of innovation. First, the technopark is not comparable with the Skolkovo project in terms of funding, image, and lobbying capacity, and cannot claim even a fraction of the investment assigned to Skolkovo. Its funding depends on the regional budget, which cannot be expected to grow during a time of crisis and under current mechanisms of inter-budgetary relations in Russia. Second, it has not managed to become a part of the integrated RIS with what should otherwise involve logical connections to academic institutes and universities. Third, it has not proven its ability to generate any meaningful income through innovation. The regional (as well as national) economy has thus far not created the conditions for market demand for innovative RIS products.

The true state of RIS development differs drastically from the ways in which it is described in political declarations and statements. Observable trends now point to decreasing contribution to GNP from regions such as Novosibirsk, which are considered innovation leaders. This will symbolize a failure by Russia to implement structural reforms in its national economy and to stimulate innovation processes; and it will, in fact, lead to a preservation of the current logic driving the economic performance of the country.

Future Scenario

In losing the next stage of the technological race, Russia will find itself in a “Mexican standoff” as its role as an “energy superpower” and provider of raw materials to the international markets becomes fully discredited. A further worsening of global market conditions will inevitably lead to a new wave of crisis in the country, greater marginalization of the economy, impoverishment of the population, and rising protests. The future may well lead toward autarky, a more closed society or isolation from the international community, as well as an acceleration of trends toward violence and unpredictable political adventurism in foreign policy. Put in simple terms, further disorganization in Russian state and society could very likely lead to

significant geopolitical complications.

ENDNOTES

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Part 5
The Problematic
Military

vi. Military Force: A Driver Aggravating Russia's Decline

Pavel K. Baev

Introduction

Looking into the remaining years of the 2010s, it is only too obvious that decline is set to be the dominant trend in Russia, and it is easy to predict that the trajectory will be neither smooth nor agreeable for this diminishing power and its neighbors. This decline was certainly not initiated by the sharp drop in oil prices in the middle of the decade—nor can it be arrested by the potential recovery of this volatile commodity to a more sensible plateau of \$40–50 per barrel. It can be argued that Russia's "resurgence," which appeared so robust in the 2000s, contained and nurtured many causes of the forthcoming decline, which is a complex phenomenon combining a range of factors from demography to infrastructure to corruption. A key element in the erosion of Russia's trajectory toward gaining strength was the authoritarian mutation of its political system, which had already begun in the course of Vladimir Putin's first presidency and reached the stage of complete degradation with his return to the Kremlin in 2012. One institution that stands out from the general picture of corrupt decay is the Armed Forces. This analysis will look into the very particular combination of modernization and dislocation of the Russian military machine: specifically, how political abuse of the military is aimed at compensating for the lack of other components of state power—which then leads to an acceleration of the general decline of the country.

The Contorted Combination of Military Reform and Rearmament

The week-long war against Georgia in August 2008 convinced the Russian leadership that a direct application of military force was a highly effective instrument of policy—and that its force at that time was too feeble. This proven need to upgrade led to the launch of military reform in autumn 2008, which turned out to be the only meaningful undertaking in the much-trumpeted project of “modernization” advanced by President Dmitry Medvedev to establish his leadership. The reasons for his failure are too many to be evaluated here, but what is relevant is the determined execution of reorganizations and cuts in the Armed Forces. In hindsight, it is clear that the lack of any coherent design for reforms associated with Defense Minister Anatoly Serdyukov was seriously detrimental: some changes were pushed too fast and too far, while some crucial parts were left completely unreformed.

Reconfiguring the basic structure of the Ground Forces (from the battalion-regiment-division to the battalion-brigade order), then deemed a remarkable success, was achieved in parallel with the disbandment of hundreds of quarter- and half-strength units that were the heritage of the Soviet “mass army” construct. The price for this success was the forced retirement of thousands of officers, which bitterly alienated the officer corps. The dismantlement of such a huge and dysfunctional mobilization system also signified a departure from previous strategies for engaging in large-scale conventional war, but this reality was never reflected in doctrinal thinking. The main shortcoming of the reconfiguration, however, was indecision over how to proceed from the conscription system to an all-volunteer army, caused primarily by the shortage of money to recruit some half a million young men to serve as soldiers under contract (*kontraktniki*).

The Serdyukov reform was indeed implemented on the cheap because its launch coincided with the arrival of a sharp economic crisis, which

marked a major watershed in Russia's decline. It was only in 2011 that the increase in petro-revenues reassured the Russian leadership of the availability of resources to build up the country's military might, resulting in approval of the hugely expensive 2020 Armament Program. This mega-investment coincided with the curtailing of many of Medvedev's "modernization" program initiatives and was criticized as too heavy by many economists, including Finance Minister Alexei Kudrin, who was fired for expressing his disagreements too insolently. While massive rearmament was intended to boost Russia's reindustrialization, it also envisaged an expansion of international cooperation, both with the West (including the *Mistral* deal with France) and with Ukraine.

Abuse and Overstretch of Military Power

Economic stagnation became the key factor in Russia's decline in the early 2010s. And against this background, a half-reformed military machine appeared to be the best available means of asserting Russia's international status and enabling domestic consolidation. The reshuffle of the top brass provided for a better performance of the machine. Notably, Sergei Shoigu, who replaced the unpopular Serdyukov as defense minister in November 2012, was not very keen to push forward painful reforms but, rather, restored the integrity of the chain of command by bringing younger and war-seasoned generals into key positions, including into the General Staff. He also placed a strong emphasis on combat training in exercises of various scale, focusing particularly on the performance of the special forces and airborne troops.

These measures guaranteed the spectacular success of the rapid deployment of the so-called little green men into Crimea in March 2014: A smooth and well-camouflaged military operation ensured a swift annexation of the province by Russia. What followed, however, was a messy and, at best, partly successful intervention into eastern Ukraine, in which Russia was recognized as an aggressor but was not

able to fully utilize its military superiority due to the peculiar character of “hybrid war.” The political need to preserve its barely plausible deniability translated into the order forbidding the use of air force, so the battalion groups deployed at the Ilovaisk (August 2014) and Debaltseve (February 2015) battlefields were able to achieve only tactical successes and suffered casualties. Russia concentrated some 50,000 troops on the border with Ukraine and moved perhaps 10,000 inside the Donbas war zone; but that was not enough to “liberate” the key regions of eastern Ukraine with a population of more than 15 million people. The pause in combat operations since March 2015 has left Russia with the need to secure and supply an awkward piece of territory with two big cities and unnatural borders, forcing it to rotate composite battalions with increasingly dubious combat tasks.

This barely camouflaged aggression has driven Russia into a tough political confrontation with the West, in which a vast differential in economic potential puts it in a position of weakness. Moscow has opted to play further on its military strength, perceiving its readiness to accept higher risks as a major advantage. The main theater for demonstrating readiness to use military force proactively has been in the Baltics, while provocative demonstrations have often been staged in the Black Sea theater as well as in the Arctic and in the Far East. The Air Force has become the instrument of choice for this virtual power projection, with the level of stress for the supply-and-maintenance services at its main airbases reaching a breaking point. This has led to a chain of accidents and crashes starting in summer 2015 and involving two Tu-95MS strategic bombers—the first such losses on record.

The intervention in Syria, while not large scale in terms of the numbers of troops and assets involved (up to 70 aircraft and helicopters), has added significantly to the pressure on the most combat-capable elements of the military organization. The Air Force had to reduce drastically its activities in the other theaters, including in the Baltics, yet the chain of accidents has continued. The

intervention did produce strong political resonance and has caused a sharp crisis in Russia's relations with Turkey, but it has not changed the course of the complex Syrian civil war and has become a high-risk and heavy-maintenance enterprise that serves no useful political purpose.

Overall, the shift toward using military force as a physical instrument of policy, starting with the annexation of Crimea, has resulted in an increasing over-stretch of Russia's half-reformed military structures. Ground forces are engaged in combat deployment inside and in the vicinity of the Donbas war zone, the Air Force is hard pressed to sustain the intervention in Syria, and the Navy is busy supporting this intervention, so there is very little "free capacity" left, while the political demand for more proactive moves continues to increase.

Getting the Rearmament Wrong

It has become plainly obvious in the course of sinking into the slow-moving (rather than sudden) economic crisis that the scope of the 2020 Armament Program was seriously unrealistic. But a simple trimming down is not an option. While the main point of departure—the end of the life cycle of most of Soviet-era weapon systems—was correct, the goal of massive domestic production of every kind of modern arms necessary for all the tasks set for the Armed Forces was completely unfeasible. Russia inherited a vast and disorganized military-industrial complex, but it could not be modernized and reorganized into a Soviet military machine writ 4–5 times smaller and capable of producing a full menu of weapons. Hard decisions on setting priorities were avoided, and the priorities that were set have proven to be off target.

One such priority was the channeling of an extraordinary amount of resources toward the modernization of Russia's strategic forces: first and foremost, the fleet of strategic submarines. In hindsight, the rationale for rushing this program looks far from solid. Three *Borei-*

class submarines have been delivered to the Navy, and three more hulls are in the advanced stages of construction, but the *Bulava* missile, which is the main weapon system for these subs, has not completed the full schedule of tests (only one test launch was conducted in 2015) and is accepted as combat ready on dubious premises. It was entirely possible to proceed more slowly with this hugely expensive program, and to achieve greater output from the defense industry by allocating resources differently.

One of the under-resourced elements of the 2020 Armament Program was the modernization of the Air Force, which envisaged construction of hundreds of new planes in parallel with upgrades of the old models. As a result, the diversity of assets at the newly enlarged air bases has increased to such a degree that maintenance becomes a puzzle—and technical failures have duly multiplied. Sanctions have significantly affected those plans to upgrade; but even worse, disruption has been caused by the breakdown of cooperation with Ukraine, which had previously supplied engines for Russian helicopters and many key components for the latter country's military transport planes. Shipbuilding, even if planned less ambitiously, has also been badly affected. One of the main setbacks here was the cancellation of the *Mistral* contract with France because the stern part of the hulls and much of the equipment (including the helicopters) for the first two amphibious assault ships were produced in Russia, and Russian shipyards were reconstructed for building the next two ships.

Overall, the combination of disruption caused by sanctions and progressive underfunding caused by the contraction of petro-revenues has delivered the defense industry into a deeper crisis than the authorities are prepared to admit. Unrealistic initial goals of rearmament were set with the expectation that the defense-industrial complex would become the main driver of Russia's reindustrialization, but it has instead turned into a value-destructing generator of stagnation, much like in the late Soviet years. Indeed, present-day prescriptions for proceeding with import substitution are

as unfeasible as was the order to execute conversion in the latter half of the 1980s. The government is reluctant to present to a defiant and disoriented President Putin the whole scale of the accumulating problems, so the political roadmap for sustaining the allocation of resources to half-accomplished programs remains firm, despite its obvious impossibility. Mistakes in setting priorities for the parameters of the 2020 Armament Program have been further aggravated by the denial of the need to concentrate scarce resources on a limited number of workable programs. The development of the 2025 Armament Program has thus become an exercise in surrealistic escape to an alternative reality.

Conclusion: From Decline to Breakdown?

Analysis of the deterioration of the Russian military machine reveals a particular interplay between the abuse of military force and the mismanagement of the defense industry. On one hand, the massive rearmament program did bring some enhancements in combat capabilities, and the top brass was eager to report a big leap forward in rebuilding Russia's military might—which the Kremlin was equally eager to use to its advantage. Nevertheless, decisive moves in projecting this revived power against Ukraine have revealed many shortcomings in the actual progress of military reform, while intervention in Syria has added more stress to the half-reformed military structures. These protracted engagements have increased the demand by the Armed Forces for more modern weaponry, but to no avail, as the combined impact of Western (and Ukrainian) sanctions and the crisis of state finances (caused primarily by the collapse of petro-revenues) have severely affected defense industry production chains.

Military force is seen by the Russian leadership as the only reliable instrument in the unfolding confrontation with the West, but Moscow is unable to channel sufficient resources into proper maintenance of this complex instrument, which consequently

becomes prone to accidents and malfunctioning. The Kremlin is convinced that its readiness to accept greater risks is a major political advantage in various tests of wills and asymmetric responses that shape the mode of this confrontation, but in fact it is not prepared for an increasingly probable catastrophic disaster (on the scale of the *Kursk*, near the onset of the Putin “era”) and could act irrationally when it does strike. The regime’s capacity to absorb a defeat is quite low and further diminished by the heavily propagandistic emphasis on new “victories,” such that the corrupt court lives in fear of a sudden shift in public opinion caused by a revelation of its weakness.

Even without a major new military setback in the near future, the defense industry, which used to be a major support base for Putin’s policies, could experience such disruptions and non-payments, leading workers at huge Soviet-era enterprises to resort to strikes; and this unrest could have greater political resonance than labor action in other sectors. Seeking to preempt such threats, the government must keep money flowing into rearmament projects, which not only deprives other sectors of investment resources and squeezes social programs, but also precludes any serious economic reforms. In this regard, the defense industry may be characterized as an unreformable “black hole,” consuming resources and aggravating the recession.

The dynamics of the trend—in which the misuse of military power leads to its deterioration, thus leading to further abuse—have accelerated to dangerous levels, diminishing the probability of a more comfortable, gradual decline with controlled risks of breakdowns. Russia’s military degradation will develop against a backdrop of steady economic decline, which will erode any remaining cohesion within a disgruntled society. Even more important is the very deep and fast-moving decay of key political institutions. The increasing unsteadiness of political super-structures will lead to new attempts at using military might to generate legitimacy, which could indeed spur some very short-term boosts of “patriotic” mobilization but will inevitably drive the regime into an extremely high-risk zone. Facing a

sequence of domestic disturbances, the Kremlin will then not be able to rely on military instruments for ensuring the prolongation of its grasp on power.

vii. Can Russia Sustain Its Military Capability?

Stephen J. Blank

Summary

Russia's 2014 invasion of Ukraine and subsequently accelerating militarization has forced us to re-examine Russian defense policy as a central focus of foreign attention. The war in Ukraine, Russia's intervention in Syria, increasing signs of a manufactured war psychosis inside Russia and the visible improvements in the capabilities of the Russian military obliges us to reckon with these events, ongoing trends in Russian defense policy, and their implications. Given the structural economic crisis that has been aggravated by declining energy prices and Western sanctions, we must also explore just how sustainable Russian defense policy is. The argument advanced here is that Putin has reconfigured the system throughout his 16-year tenure in office to produce a system resembling in critical respects the Soviet one. Therefore, despite the pressures now operating on the system, it can for some time to come provide the Russian military with modern conventional and nuclear weapons even though it will probably not realize the full demands of the government. Nevertheless, and despite the strong constellation of interests favoring this militarization, it will increasingly run into difficulties given the structural problems plaguing Russia. Moreover, as in Soviet if not Tsarist times, this unchecked militarization will encounter barriers it cannot overcome; without fundamental changes in policy, these will lead the country into crisis. But whether Putin or

whoever succeeds him will grasp that insight and meet those challenges remains, as of today, and as seen by Russian analysts, quite unlikely. If that assessment is right, then sometime in the future—though we cannot say when or how it will occur—a deep structural crisis is in the offing. And nobody can foretell its outcome.

* * *

Introduction

Many Western and Russian writers have recently charged that Russia is mobilizing for war or at least preparing for an arms race with the West.¹ To be sure, this is not a universal view, and the Russian army suffers from many visible defects that might preclude such a decision, e.g. the recent firing of the entire command staff (50 officers) of the Baltic Fleet for dereliction of duty.² Moreover, senior NATO commanders have stated that as of June 2016, Russia is not planning an imminent invasion of the Baltic States or anywhere else.³ Nevertheless, the security temperature has risen considerably due to Russia's invasion of Ukraine and annexation of Crimea in 2014. Reports of the heightened readiness of Russian forces around Belarus and the Baltic States add to the anxiety.⁴ Neither can we ignore the ongoing militarization of the economy and state administration or the regression to Soviet times with the creation of divisions, corps and even armies, a regression away from the brigades created in 2008–2012.⁵ Since 2009, the Russian government has steadily sought to mobilize the entire state administration for conflict. Moscow outlined this course of action in the national security strategies of 2009 and 2015 and the defense doctrines of 2010 and 2014, and Western writers like this author and the British scholar Andrew Monaghan have also commented on this trend.⁶

Therefore, whether or not major war is imminent, ongoing developments oblige us to raise several key questions, particularly the following: Given the centrality of Putin's quest for great military

power as a defining attribute of his policy, can Russia, under present and foreseeable conditions, sustain that power? We try to answer that question largely by examining it through the eyes of Russian writers. And while there are no definitive answers, this is a crucial issue. If Russia cannot sustain its huge investment in military power or only do so at the cost of impoverishing its overall economy, then neither the military buildup nor Putin's system are sustainable over time. In that case, the system then inevitably faces visible, possibly terminal decline. Tsarism and Soviet power ultimately failed largely because they could not sustain the armed forces and their ensuing claims to a great power status. Whereas Joseph Stalin successfully created the basis for that status, Stalinism contained the seeds of its own decline. And today there are those who also argue that Putin is following a similar trajectory, which entails the same results of decline leading to state collapse.⁷ Therefore we cannot exclude *a priori* the possibility of decline leading to state failure.

Russian Defense Thinking

Putin frequently charges NATO and the United States with trying to force Russia into an unsustainable arms race, but, to the contrary, under his leadership Russia is most likely to pursue an asymmetric strategy that will produce more than enough capability to defend its vital interests. Furthermore, he has repeatedly insisted that Russia focus on new and new types of weapons.⁸ Therefore, he denies that his policies are militarizing the economy and claims that he intends to avoid his predecessors' mistakes.⁹

Nevertheless, Russia's official strategy documents not only demand the mobilization of the state administration; for a long time they have been suffused by and originate in the presupposition of ever rising threats and conflicts all along Russia's periphery, and by major actors' growing disposition to use force to secure strategic goals.¹⁰ Russian military policy in response to this threat perception possesses a clearly

massive scale comprising both an anti-Western foreign policy in response and a huge conventional and nuclear buildup. According to Russian scholar and former Duma member Alexei Arbatov,

This course of action was adopted on the basis of very optimistic projections of economic growth; Russia's defense budget for 2020 was projected to reach \$200 billion, implying a GDP of \$5 trillion—2.5 times the 2012 GDP of \$2 trillion. This projection assumed growth rates on par with China's, which Russia is nowhere near achieving. In fact the [Russian] defense budget was below \$60 billion.¹¹

Putin and his subordinates have long repeated the Stalinist mantra that the defense industrial sector is a locomotive of overall economic growth and is therefore essential to the overall growth of the economy.¹² Indeed, he and Dmitry Medvedev, currently prime minister and president from 2008 to 2012, demanded enormous leaps forward in military production at that time. The goals set out for Russia by Putin and Medvedev then for defense procurement confirm this threat perception. Putin reiterated, and not for the first time, that Russian defense technology must be superior to that of all its potential rivals.¹³ Even more tellingly, Medvedev stated in 2008 that,

A guaranteed nuclear deterrent system for various military and political circumstances must be provided by 2020... We must ensure air superiority, precision strikes on land and sea targets, and the timely deployment of troops. We are planning to launch large-scale production of warships, primarily nuclear submarines with cruise missiles and multi-purpose attack submarines... We will also build an air and space defense network.¹⁴

Putin said that by 2020 the armed forces will receive over 1,500 new aircraft and helicopters and about 200 new air defense systems by 2020.¹⁵ He has demanded 70 percent modernization (although it is

nowhere specified what are the criteria of such modernization) by 2020, called for producing over 400 intercontinental ballistic missiles (ICBM), 8 strategic missile submarines armed with submarine-launched ballistic missiles (SLBM), 20 multipurpose submarines, and 50 combat surface ships. His list includes over 600 modern aircraft, including fifth-generation fighters, over 600 modern helicopters, 28 S-400 surface-to-air anti-aircraft missiles, 38 Vityaz air defense systems, 10 Iskander-M brigades, over 2,300 modern tanks, some 2,000 self-propelled artillery systems and guns, over 17,000 motor vehicles, and 100 military satellites by 2020.¹⁶ Upon reassuming the presidency in May 2012, Putin decreed not only that the armed forces be equipped with modern weapons and special purpose hardware to the proportion of 70 percent by 2020, but also that the defense procurement program identify key areas, telling the government to ensure “priority development of nuclear deterrent forces; aerospace defense resource; systems for communications, intelligence and control; radio electronic measures, unmanned aerial vehicles; automated strike weapons, modern transport aviation; precision weapons and defenses against the same; and special protection systems for servicemen.”¹⁷

The Air Force also has ordered 92 Su-34 fighters, but talks of acquiring up to 140 of them by 2020; it has also ordered 30 Su-30SM fighters by 2015.¹⁸ Similarly, Defense Minister Anatoly Serdyukov (2007–2012) told the Defense Board that in 2008–2011 the armed forces received 39 ICBMs, 12 Iskander systems, two submarines, 374 aircraft, 713 other rocket and artillery weapons, over 2,300 armored vehicles and equipment, 79 surface-to-air systems, 106 air defense systems, and some 40,000 vehicles.¹⁹ Presumably modernization in this context meant modernized weapons. Putin also decreed in 2012 that the government should start preparing the ground for the next State Armaments Program, i.e. the 2016–2025 plan, and base it on “competitive domestically produced weaponry and military and special purpose hardware.”²⁰

The State Armament Plan from 2011–2020 has, as of 2016, been only one-third fulfilled. As of this writing, two-thirds of the envisaged \$700 billion earmarked for procurement in this period has yet to be spent. But current figures indicate that under present conditions Russia is already at the limit of what it can afford to spend on defense.²¹

Yet, the drive toward further mobilization occurs both with regard to industry and to military manpower. Aleksandr Golts reports that,

Recently, Putin told a meeting on enhancing the mobilization readiness of industry that leaders of Russian military industry discussed the possibility of shifting Russian industry to weapons production on the eve of war. At the end of the 1980s, attempts to strengthen mobilization readiness in the face of falling oil prices finally destroyed the Soviet economy. Now, it seems, the situation is repeated. In other words, confrontation with West inevitably leads to the rebirth of the mass mobilization concept that killed the USSR.²²

Space precludes a detailed assessment of the success to date of these plans. However, NATO commanders and leaders concede Russia's overwhelming superiority in the Baltic, Ukrainian and Black Sea theaters that could defeat any current NATO force. Moreover, the visible rearmament of the Russian nuclear fleet suggests that Russia has achieved enough of its goals to make it confident in its conventional forces, a confidence reflected in the 2014 defense doctrine that, for the first time, mentioned non-nuclear deterrence specifically.²³ While undoubtedly many projects fell by the wayside or are mired in difficulty—for example, shipbuilding, a notorious problem area—this plan, as of today has succeeded well enough. Western scholars admit that, even under today's sanctions, there is no reason to believe the military modernization plan cannot continue giving Putin most, if not all, of what he wants to sustain the defense sector.²⁴

Beyond this conclusion, the pattern of Russian military exercises clearly points to ever-increased emphasis on the ability to mobilize rapidly large numbers of forces for conventional theater war.²⁵ NATO commanders and Western analysts have both remarked on the vastly improved Russian capability to perform such mobilization and deploy forces rapidly to a theater. But in the spring of 2016, Putin and Defense Minister Shoigu went still farther and conducted another “snap” mobilization exercise that essentially involved mobilizing the entire state and military administration.²⁶ This exercise clearly went far beyond the large-scale mobilization that was premised in the exercises beginning with Zapad 2013.²⁷ And despite the Kremlin’s statements to the contrary, the 2016 spring exercise strongly suggests an ongoing and focused policy that entails precisely the kind of militarization and efforts to enhance capabilities that Putin continues to decry.

But this relative success in procuring new weapons, and in mobilizing the armed forces and the state, raises several other issues. First of all, given the absence of real growth since 2012, if not earlier, and the sanctions regime whose impact is considerably more than the government will admit (as shown by its diplomatic efforts to eliminate them), rising defense spending may prove to be unsustainable while the economy is shrinking. Indeed, we have good reason to believe that structural militarization is occurring. The late Vitaly Shlykov (former co-chair of Russia’s Defense Council) coined the term structural militarization to suggest that excessive defense spending is an institutionalized aspect of the Soviet and Russian economic system.²⁸ If this trend is not reversed or at least checked, and absent substantial growth in other sectors besides energy—which in any case would largely stem from rising energy prices that could fund major defense projects—then over time the economy could well be strained to the utmost if not beyond. Therefore, spending on the rest of the economy could become progressively less tolerable over time.²⁹

In this context there is also good evidence suggesting the onset of this structural militarization even before 2014.³⁰ In 2008, total defense

spending increased by 26 percent over 2007, and the 2007 figures for procurement were 28 percent higher than those for 2006.³¹ And then in 2009, at the bottom of the financial crisis that began in 2008, Deputy Defense Minister Lyubov Kudelina stated that, while the total planned defense budget was cut by 8 percent in 2009–2011, Russia would spend 1.5 trillion rubles to acquire arms, scientific-research and experimental-design work in the interests of the Armed Forces. In this period, total defense spending would rise from 1.439 trillion rubles to 1.615 trillion rubles in 2011, a rise of 12 percent. And of that spending 36 percent would go to development, procurement, and repairs of arms and equipment.³² The figures for 2011–2020 have grown from this basis by an order of magnitude. Indeed, by 2013, Russian defense spending in official terms, amounted to 3.9 percent of GDP, although the actual defense burden is probably higher.³³ Moreover, according to Vasily Zatsëpin, “new armaments” are weapons with less than ten years of service and “modernized arms” are old models with new components, not just repairs. This assumes that the new program will modernize weapons at 7–10 percent annually, almost certainly an unattainable goal.³⁴ These modernization results speak for themselves and showed even before the invasion of Ukraine that 20 years after the fall of communism the Russian defense sector remains on the treadmill of defense reform.³⁵ Indeed, nothing has changed since then except that this sector has demonstrated that it can give the government much of what it is calling for, at least in a general sense.

We say it can generally produce what the government is ordering because many Russian analysts now argue that the defense sector, much like the Soviet sector, is virtually autonomous.³⁶ That means this sector is essentially producing, at least with regard to nuclear weapons, systems for which no real mission is indicated. They are only producing what they can already make. Producers subsequently rationalize the mission, often couched in offensive and very threatening terms, to suit what is already produced instead of matching production to strategy.³⁷ If this analysis is correct, then in many respects the Russian defense industry, much like its Soviet

predecessor, is able to supply many reasonably high-tech weapons to its chief customer, the Ministry of Defense and the military. But also like its predecessor, Russia's current defense industry is regressing by imposing unfocused capabilities upon the state rather than what it actually needs. Certainly the industries comprising this sector, grouped as they are into major state corporations, are honeycombed with corruption and have been for years. Both Western and Russian analysts see them as being inherently economically dysfunctional organizations whose chief purpose is money laundering and the acquisition and/or distribution of corrupt rents, much like the rest of the economy.³⁸ More recently, according to their own financial statements, their performance has been abysmal, testifying to the corrosive effects of congenital rent seeking and corruption throughout the defense sector and the overall economy.³⁹

Thus, these industries are inherently suboptimal economic performers and a growing burden on an economy plagued by sanctions and shrinking growth. Shrinking growth is bad enough, but sanctions choke off access to credit, superior technologies and knowhow, and investment. And low energy prices depress spending because the necessary state revenues are not there. Consequently, the burdens on the economy are already showing themselves. Incomes have fallen by about 10 percent, major infrastructure programs and pensions have been cut, and the absence of growth also means further cuts to state spending on all areas of human capital, as well.⁴⁰

Not surprisingly, there has been major pressure to cut defense spending or at least reduce the rate of its growth. Several programs or deployments have been extended or stretched out and some have been canceled (e.g. deployments to Tajikistan); but by and large that campaign has not been successful. Although there have been reports of cuts in defense spending in the 2016 budget, in fact these cannot be definitively verified at present.⁴¹ Moreover, Putin's own inclination is to press forward in an insane attempt to engender a Stalin-style "leap forward" comparable to the 1930s; therefore, the Ministry of Defense

and the *siloviki* certainly see no reason to reform or reduce defense spending.⁴²

However, we can verify that there is a robust political struggle over the pre-eminence of the defense sector in the state budget, state allocations and the overall economy. Former Finance Minister Alexei Kudrin, whom Putin brought back to give him new proposals on reviving the economy, has forthrightly stated that it is essential to curtail much if not all of the aggressive foreign and defense policy and transfer those resources to productive investment. Indeed, Kudrin had resigned in protest against the timing of militarization in 2010, so in his eyes this trend was already coming into being then, if not earlier.⁴³ And in 2014, his successor as Finance Minister, Anton Siluyanov, acknowledged that Russia cannot afford the defense buildup.⁴⁴ Predictably, Putin refused, claiming that he would not sacrifice Russia's sovereignty, a response worthy of a Romanov Tsar or Soviet General Secretary.⁴⁵

Today there appears to be little hope soon of reversing the structural militarization of the economy, not least due to the strategic supremacy of an ideology and constellation of interests that promotes militarization and rent seeking in the defense sector. This ideological predisposition to seeing Russia as a besieged fortress goes back to Putin's policies in 2004 after the Chechen attack on Beslan and the failed attempt to install Viktor Yanukovych as Putin's satrap in Ukraine, a failure that precipitated the Orange Revolution there in 2004.⁴⁶ But that ideological trope has taken over all discourse in Putin's Russia, where it is actively and massively promoted in every way by official media. Thus, the first target of Russian information warfare is Russian public opinion, to promote this predisposition to conflict and a sense of being constantly embattled. And its purpose is to preserve Putin's power and system.⁴⁷ And of course, it is bound up with the panoply of ideas and emotions contained in the great power or *Velikaya Derzhava* syndrome that enjoys so much long-standing and deep-rooted popularity.

Defense correspondent Pavel Felgengauer observed years ago that the institutional setup of the *Silovye Struktury* (power structures), in particular the intelligence community, provides a powerful reinforcement for anyone disposed to accept or promulgate the besieged fortress trope. He writes:

Russia has a Prussian-style all-powerful General Staff that controls all the different armed services and is more or less independent of outside political constraints. Russian military intelligence—the GRU, as big in size as the former KGB and spread over all continents—is an integral part of the General Staff. Through the GRU, the General Staff controls the supply of vital information to all other decision-makers in all matters concerning defense procurement, threat assessment and so on. High-ranking former GRU officers have told me that in Soviet times the General Staff used the GRU to grossly, deliberately and constantly mislead the Kremlin about the magnitude and gravity of the military threat posed by the West in order to help inflate military expenditure. There are serious indications that at present the same foul practice is continuing.⁴⁸

This continuing situation is a direct outgrowth of the catastrophic failure under Yeltsin to impose democratic civilian control on the security sector as well as the intensification of its wide-ranging power under Putin.

The paladins of these structures have clearly embraced not only the besieged fortress mentality but also a militarized rhetoric and style of thinking that has spilled over into the economics of the defense sector, probably because it was so easily corruptible or already corrupted. Thus, Andrei Illarionov observes that,

Since its outset, the *Siloviki* regime has been aggressive. At first it focused on actively destroying centers of independent

political, civil and economic life within Russia. Upon achieving those goals, the regime's aggressive behavior turned outward beyond Russia's borders. At least since the assassination of the former Chechen President Zelimkhan Yandarbiev in Doha, Qatar, on 14 February 2004, aggressive behavior by SI [*Siloviki*—author] in the international arena has become the rule rather than the exception. Over the last five years the regime has waged ten different “wars” (most of them involving propaganda, intelligence operations, and economic coercion rather than open military force) against neighbors and other foreign nations. The most recent targets have included Ukraine (subjected to a “second gas war” in early 2009), The United States (subjected to a years-long campaign to rouse anti-American sentiment) and, most notoriously, Georgia (actually bombed and invaded in 2008). In addition to their internal psychological need to wage aggressive wars, a rational motive is also driving the *Siloviki* to resort to conflict. War furnishes the best opportunities to distract domestic public opinion and destroy the remnants of the political and intellectual opposition within Russia itself. An undemocratic regime worried about the prospect of domestic economic social and political crises—such as those that now haunt Russia amid recession and falling oil prices—is likely to be pondering further acts of aggression. The note I end on, therefore, is a gloomy one: To me the probability that Siloviki Incorporated will be launching new wars seems alarmingly high. [*italics in original*]⁴⁹

Another mounting institutional obstacle is the entrenched desire of the armed forces and apparently the Ministry of Defense and/or General Staff to retain as much of the old Soviet mobilization system as possible even though it is hopelessly obsolete and dysfunctional. We see this in the return to formations like divisions and even armies as has recently happened in the Western Military district opposite the Baltic States.⁵⁰ This entails a regression from the reforms of 2008–2012

that created mobile, powerful, and truly ready and well-trained brigades. As Aleksandr Golts has recently written,

When the number of reservists makes up about two-thirds of the size of the army in peacetime (which is characteristic of voluntary, but not conscription-based, Armed forces), the draft simply does not make sense. If, in the event of military action, only 700,000 reservists are to be called to duty, then why does the state need spend a huge amount of resources to train more than 300,000 conscripts each year if no one is planning to call on them, even in a time of war? The new defense Minister Sergei Shoigu has set the task to recruit, by 2020, 495,000⁵¹ contract soldiers. The draft, however, will remain, but will not exceed 10 percent of the declared million-man Armed Forces. It will be voluntary in fact: only those who are planning to become a professional soldier will have to pass conscription. However the authorities do not want to give up the opportunity to have 300,000 conscripts in the Armed Forces each year. But the attempt to conserve the draft confronts directly the concept of permanent readiness. It is clear that if the one-year term of service by draft is retained, the combat capability of the Russian army will be highly doubtful.⁵²

But while combat capability suffers, the authorities can still mobilize the entire country in anticipation of another total war like World War II; and during peacetime, the government can exploit these troops as “baptized property,” as it has done for centuries. The fact that Putin has now sacked the entire leadership of the Baltic Fleet, 50 officers in all, for dereliction of duty, which included maltreatment of soldiers, barely a year after praising them to the skies, suggests how deeply rooted the old ways are and how easily Moscow can be deceived concerning the quality of its forces.⁵³

Finally, it is also now clear that the authorities are engaged in

deliberate threat inflation. Putin, on his recent trip to Helsinki, once again blatantly misrepresented the capability of the US/NATO missile defense systems being emplaced in Poland and Romania while threatening to move troops to the border should Finland join NATO.⁵⁴ This misrepresentation has long been official policy, even though nuclear designer Mikhail Solomonov, General (ret.) Victor Yesin and scholar Alexey Arbatov, along with other writers and commentators in and out of government, have admitted that this system cannot threaten Russia's nuclear arsenal. Solomonov apparently told this to Putin in person.⁵⁵

Conclusions

A powerful nexus of political, institutional, and economic interests throughout the security sector have embarked upon a policy of threat inflation, militarization, and attempted intimidation of Russia's neighbors and interlocutors, not least for their own selfish material and other interests. While corruption is rampant, structural militarization and, in some cases, an open return to Soviet practices and ideas are driving policy formulation and implementation. While the defense sector can for the foreseeable future provide the weapons needed, the correlation of forces, to employ a Soviet neologism, is turning against Russia. It is falling behind China and depends on it more than ever, much more than China depends on it. NATO, with all its problems is mobilizing its capabilities even if arguably too slowly, and the economy has long since reached a dead end, even without the burden of sanctions and low energy prices, because of Putin's classic patrimonial Muscovite system. There are also signs that Russian economic and military capability may have passed apogee, due to economic and demographic obstacles—and due to the fact that Russia seems to be returning in crucial ways to the Soviet system. While the situation at present may not be irretrievable, the longer it goes on, the more today's Russia will resemble past Russian systems that ended in convulsions and explosions due to the inherent potential of the system to decline. In that case, both Russia and the West will

again have to heed Karl Marx's admonition that the "dead weight of all the generations of the past weighs like a nightmare upon the brain of the living."

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viii. Russia's Future: A Stability That Will Not Last, a Revolution That Will Not Win

Pavel E. Felgenhauer

Introduction

The Russian economy is contracting, and household incomes are decreasing, but social and financial distress do not translate into sizable political or social protest. President Vladimir Putin continues to be popular, while opposition groups are marginalized and seemingly incapable of seriously threatening the formidable authoritarian regime with its massive and unrelenting state TV propaganda machine. The consensus opinion among most observers: The Putin regime is stable, and continued economic doldrums will not in and of themselves lead to change in the coming one to two years.

Prophets of Gloom

Some of Putin's most vocal opposition critics turn out to be the biggest pessimists. Sergey Aleksashenko—former deputy Central Bank chair in the 1990s, now a fellow at Brookings—in a column published in the Moscow *RBC Daily*, recalls a public discussion in September 2014 with leading opposition politician, former deputy prime minister Boris Nemtsov, who was shot dead on February 27, 2015, in the center of Moscow, close to the Kremlin. Nemtsov was allegedly assassinated by a pro-Putin Chechen gunman aided by other pro-Russian Chechen

thugs—the so-called Kadyrovtsy—the foot soldiers of the Putin-appointed Chechnya kingpin Ramzan Kadyrov. In the discussion, Nemtsov expressed the opinion that under the simultaneous stresses of falling oil and commodities prices, the sanctions imposed by the West after the annexation of Crimea, as well as the Kremlin-induced pro-Russian separatist armed rebellion in the eastern Ukrainian region of Donbas, that the crony and totally corrupt state-controlled Russian economy would inevitably collapse, and, with it, the Putin regime.

Low oil prices and the unpopular war in Afghanistan in the 1980s seem to have been the main causes of the collapse of the USSR and Communist rule in 1991. Many of Putin's internal opponents hope that history may repeat itself: The present undemocratic and anti-Western regime may fall and be replaced by something more democratic and less aggressive. Aleksashenko dampens those hopes. The Russian economy and financial system, he believes, are basically balanced. The economy may contract, but will not collapse and will seek an equilibrium. GDP is contracting, but slowly; the ruble has been devalued more than twofold against the dollar in less than two years and inflation is high, but the Finance Ministry is still able to balance the budget. Russia predominately produces oil, gas, metals, fertilizers and other commodities that will always have a market value, find customers and turn a profit, albeit much less so than during the heyday of the commodities boom. Household incomes in Russia in 2015 plunged some 10 percent, but the population, though grumbling, seems *en masse* ready to take the punishment passively.

In September 2014, Aleksashenko predicted that the Putin regime had at least two more stable years. In February 2016, he believed there would still be at least two more years of stability ahead: The economic situation will worsen, but the passive populous will continue to carry the burden, allowing the Kremlin to spend dwindling national resources on its ambitious rearmament programs, on supporting pro-Russian separatists in Donbas and on helping the Syrian dictator,

Bashar al-Assad, win the civil war. The Russian ruling bureaucracy is inefficient and highly corrupt, but the nation still has large hard currency reserves, and the sovereign reserve funds amassed during the oil price boom have not yet been fully spent. The economy and the financial system are basically of a market nature, and even in dire straits, it will seek to find a point of balance instead of totally collapsing as did the centrally planned Soviet Communist economy of the late 1980s, when the price of exported oil declined sharply.¹

Aleksashenko's opinion is broadly supported by other observers, both Kremlin-connected and Kremlin-critical. The double shock of falling oil prices and Western financial sanctions will cost the Russian economy some \$600 billion from 2014 to 2017, according to a recently published survey.² Both shocks multiply the negative effects of one another, creating a perfect storm. Gross loss of potential economic growth may amount to 8.4 percent of GDP.

Despite the mounting destitution, the Russian masses seem to agree with Putin's spin: Things are not good, but not all is bad, and improvements are on the horizon. According to the Kremlin-financed pollster FOM, in May 2015, only 30 percent considered the economic situation in Russia as "bad." Now the reality check has come. In December 2015, some 43 percent considered the Russian economic situation "bad," and in January 2016, this rose to 54 percent. Some 41 percent believe the economic situation to be "satisfactory" and only 3 percent believe it to be "good." In the same survey, 58 percent agreed the economic situation would get worse in the future; 27 percent thought it would stay the same, and 9 percent that it may improve. The pessimism of the Russian public has been growing dramatically as the economic situation worsens: In December 2015, according to FOM, some 41 percent believed the economy may get better. Still, Russians continue to blame "outside enemies" (i.e. the West) and not the Kremlin. Russians are reverting to traditional survival mode, not expecting anything good and feeling a grim satisfaction when this prediction turns out to be true. For the Russian masses to turn against

the Kremlin, “an extraordinary coincidence” of events must occur simultaneously, such as rampant inflation, rapidly growing unemployment, widespread wage arrears and “unpopular political decisions by the government.”³

Russian Endurance Does Not Last Forever

The consensus opinion of pollsters and sociologists is that the present internal political stability will surely last a year; then, slowly accumulating discontent may suddenly erupt into protests that could destabilize Putin's Russia. The impoverished rural population has been hit particularly hard by massive layoffs and wage arrears. But in Russia, as in any authoritarian state, the opinion of the peasants does not really matter. In a functioning democracy, the rural folk may make their voice heard through the ballot box, but in Putin's Russia elections are shamelessly rigged, while the opposition is absolutely disfranchised in the federal center and in the provinces.

The situation is potentially more dangerous in the capitals—Moscow and St. Petersburg—where the better educated and well-off middle class has been badly hit by the economic slump. Massive devaluation of the ruble has eroded the dollar equivalent of stagnating wages by more than twofold. The middle class that began forming during the first decade of Putin's rule, primarily in Moscow and St. Petersburg, sees its living standards dramatically declining, while the price of dollar-denominated imported goods and foreign vacation travel has skyrocketed. In a year or two, growing social frustration may erupt in protests.⁴

Russia seems to be facing a prolonged period of decline and stagnation. The Kremlin seems intent on concentrating dwindling national resources on rearming and strengthening the military, police and special forces to offset a presumed foreign threat supplemented by a Western-financed internal opposition, or “fifth column.” The West, and Washington in particular, are presumed to be hell-bent on

ousting Putin and changing the regime, using subversion, sanctions, and the promotion of democratic or so-called color revolutions in and around Russia. This siege mentality has dominated the Kremlin and has been widely translated to the masses by a highly effective state TV propaganda machine. The majority of Russians seem to believe that the United States is seeking to humiliate and undermine their country. This national, defensive-patriotic mobilization has been effective, but it may eventually begin to wear off, which could create a highly dangerous situation, both internally and internationally.

According to a recent poll by the independent pollster Levada-Center, a majority (59 percent) believe the Russian military must continue to bomb Syria, though only 18 percent say they are attentively following the events in Syria—less than in October or November of 2015.⁵ Another recent poll by FOM has found that 73 percent believe relations with Europe are “bad” and 63 percent that relations with the US are also “bad.” At the same time, some 67 percent believe the Russian government must work on improving relations with Europe; and 60 percent that relations with the US must be improved.

The Russian people apparently like the Russian military victoriously bombing presumed terrorists. But Russians do not seem to care much about Syria or Syrians. Russians want the nation to be feared and revered, but may balk if the price of overseas imperialistic adventures begins to skyrocket. The FOM poll seems to indicate that the so-called Putin majority of over 80 percent of the populous, so monolithic in 2014 after the annexation of Crimea, is now beginning to erode: two-thirds of Russians appear to believe that continued confrontation with the West may be too costly and dangerous and that some compromise must be found.

To guarantee Putin’s continued rule, the Kremlin must try to tread a fine path. While continuing to project an image of a superpower and the envy of the world, it must avoid costly disputes with any serious opponent that could expose the serious internal weaknesses of the

Russian state and its military. As with any centralized authoritarian state, the Russian Federation is most weak at its center—in Moscow and St. Petersburg. Any change that may eventually happen will come not through elections with ballot boxes stuffed in the provinces, but through some revolution in Moscow, peaceful or otherwise. This scenario is why the dormant discontent of the better educated professional class in Moscow and St. Petersburg is so potentially important.

A sudden escalation of hostilities in Ukraine or a direct clash with Turkey over Syria could result in a political/social crisis in Russia itself. The majority of the Russian public apparently does not want a head-on showdown with the West; possible additional punitive sanctions could be crippling. While Russia continues to ship oil and other commodities abroad, the economy may stagnate but still function. If the physical export of commodities is stopped, the economy goes bankrupt. Russia exports the majority of its oil and petro products to Europe and cannot easily divert much of them to other markets. During the summer of 2015, the West reportedly threatened to impose an oil embargo, if Moscow pursued large-scale military operations in Donbas. Shootings and clashes continued during the summer, and the ceasefire is still wobbly, but the line of control in Donbas did not change significantly. There was no Russian summer offensive in 2015, or a winter offensive in 2016. Sanctions worked.

Putin's Russia demonstrates military might through constant massive exercises that imply the threat of use of force, but thus far it has tended to bully and attack the weak; for example, Georgia in 2008; Ukraine with its totally dysfunctional military in 2014; bombing the Syrian opposition with virtual impunity, which has no air force or effective anti-aircraft capabilities. But the proliferation of commitments and engagements increases the possibility of a major confrontation resulting from mismanagement or an ongoing low-intensity fray escalating out of control. In the event of an armed conflict with a

NATO member state, such as Turkey over Syrian events—even if an all-out war with the North Atlantic Alliance is avoided—could provoke an escalation of sanctions that could further harm the economy and also undermine Putin's political standing if Russia is seen to have been humiliated by backing out of a fight with losses, rather than achieving outright victory.

The Revolution

The Kremlin apparently still hopes somehow to muddle through the lean years of low oil prices until they eventually rebound. If sufficient oil dollars do not materialize, there will be trouble. Of course, dissatisfaction within the better educated middle class in Moscow and St. Petersburg is not enough to bring forth a revolution. A regime change is only possible if significant discontent spreads within the ruling *nomenklatura*, law enforcement, special services and the military, insofar as members of these groups begin to shy away from actively suppressing the opposition, while at the same time some segments of the ruling class begin to sympathize with the idea of possible regime change.

The Russian state today does not exercise overall totalitarian control as did its Soviet predecessor. The borders are still mostly open, some measure of opposition activity is tolerated, some private enterprise occurs that is not totally controlled by the Kremlin. A relatively weak authoritarian regime cannot reinforce the unflinching loyalty of citizens, the *nomenklatura*, law enforcement and the military through an unrelenting reign of terror. In fact, the economic crisis and Putin's anti-Western paranoia have been hitting his own power base.

The better off middle class in Russia consists largely of government employees: low-level bureaucrats, police, military officers, and so on. While the Kremlin has done its best to keep military procurement programs intact, as rearmament is seen as vital in the standoff with the West, there have been layoffs in the police force and the state

bureaucracy, while inflation adjustment for officers' pay has been postponed. Millions of state employees, police and military officers have been ordered by a paranoid Kremlin not to travel abroad with their families for vacation, something they did previously on a regular basis. The middle-rank and top *nomenklatura* have been restricted from visiting their own villas, apartments and yachts in the West. Wealthy Russians have been ordered to sell off and repatriate foreign-held equity and bank accounts—a process known as the “nationalization of the elite.” Apparently, Putin believes that anyone who owns Western equity, or keeps money or real estate abroad is a potential traitor. As the economy falters and foreign military adventures possibly backfire, Putin's power base may begin to crack—and, along with it, the regime.

The collapse of Putin's petrostate could easily turn ugly, transforming into a failed nuclear state with separatist rebellions spreading like wildfire. Similar to any other dictator, Putin does not have any heir apparent or a mature political force that could effectively take over. The possibility of a stable working democracy emerging after Putin is slim. The opposition is splintered and lacks healthy grassroots organization. The state, regional and municipal bureaucracies are highly corrupt and inefficient. Most likely, after a period of turmoil, a new tsar will take over the Kremlin, denounce his predecessor, begin much needed reforms and probably mend fences with the West. Oil prices could indeed begin to grow modestly as the new regime settles in. If a full-blown war with NATO is avoided, a serious long-term disintegration of the Russian Federation, akin to that of the Soviet Union in 1991, seems highly improbable, with the exception of the possible separation of Chechnya. Other smaller North Caucasian tribes seem too afraid to be dominated by the Chechens to seriously contemplate outright secession from Russia.

A new bona fide post-Putin tsar (president) could volunteer to begin to build the base for a true functioning democracy in Russia. A strong institutionalized relationship between a post-Putin Russia and the

West could help guarantee that a minimal Western-required set of human rights, freedoms and institutions would indeed function in Russia, if the ruling elite, the *nomenklatura* and the better educated class realize that this could guarantee their own best interests. This would seem to be the best possible scenario for a post-Putin future Russia.

ENDNOTES

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Part 6
The Unsolvable
Islamic Factor

ix. How Islam Will Change Russia

Marlène Laruelle

Summary

Russia is becoming increasingly a Muslim country. Out of a total population of over 146 million (including two million in annexed Crimea), it counts about 15 million people of Muslim background—even if not all are believers and even fewer practice Islam. Given forthcoming demographic changes, by around 2050 Muslims will represent between one third (according to the most conservative estimates) and one half (according to the most ‘alarmist’ assessments) of the Russian population. This ‘Islamization’ of Russia—not in the sense of radical Islam but of a rising number of citizens self-referring to Islam—will impact both Russia’s domestic situation and its foreign policy options in the medium and long term. Islam’s growing importance in Russia will shape the future of the country in at least five main directions: the overall demographic balance of the country; the strategy of ‘normalizing’ the regions of the North Caucasus; Russia’s migration policy; Russia’s positioning on the international scene; and the transformation of Russian national identity.

* * *

Introduction

The Russian authorities’ incessant promotion of the Russian Orthodox Church, Orthodox symbols, and supposed “Orthodox cultural values” hides an understudied, contradictory trend: Russia is

becoming increasingly a Muslim country. Russia counts about 15 million people (in a total population of over 146 million, including two million in annexed Crimea) of Muslim background, or about 11 percent of its population. All are not fervent believers, and even fewer practice Islam routinely. Moscow has the largest Muslim community in Europe: about one million Muslim residents and up to 1.5 million Muslim migrant workers. Given demographic changes, Muslims will represent between one third (the most conservative estimate) and one half (the most generous estimate) of the Russian population by around 2050.

Russia's Muslims mostly belong to the country's traditional ethnic minorities, many of whom are demographically on the rise. To this should be added about five million labor migrants who also belong to traditionally Muslim populations—from Uzbekistan, Tajikistan, Kyrgyzstan and Azerbaijan—and whose activities spread Islam well beyond the historically Muslim regions of Russia, the North Caucasus and the Volga-Urals. Widespread Internet and social media use characterizes Russian society; the upshot is that the Islamic digital world is increasingly available to Russian Muslim citizens, who are no longer isolated from global trends, whether feminine Islamic fashions or debates about halal food or radical online preaching. This “Islamization” of Russia—not in the sense of radical Islam but more of a “Muslimization,” that is, a rising number of citizens self-referring to Islam—will impact both Russia's domestic situation and its foreign policy options in the medium and long term.

The Public Debate on Islam

The Official View

Russian authorities have elaborated three parallel discourses on Islam to appear both Islamophile and fighting radical Islam.¹

First, they uphold the discourse—inherited from the Soviet regime—

on “friendship between peoples”: Russia is a multinational and multi-religious country in which all the historical traditional religions are recognized as equal.² The Constitution’s preamble acknowledges Orthodox Christianity, Islam, Buddhism, and Judaism as inseparable parts of the country’s historical heritage—while elevating the “special contribution” of Orthodoxy to the country’s history and to the development of its spirituality and culture.³ Vladimir Putin regularly receives high-level Muslim dignitaries, in particular leaders from the two main institutions that represent Islam in Russia—Talgat Tadjuddin for the Spiritual Board of Muslims of Russia based in Ufa, and Ravil Gaynutdin for the Muftis Council based in Moscow—and he has created an Interreligious Council of Traditional Religions. In 2009, then-president Dmitry Medvedev noted “Muslim foundations are making an important contribution to promoting peace in society, providing spiritual and moral education for many people, as well as fighting extremism and xenophobia.”⁴

Second, and in parallel, Russian authorities have crafted a narrative on radical Islam in which all non-conformist versions of Islam are subsumed under the label “Wahhabism.”⁵ At the start of the second war in Chechnya in 1999, the Russian regime began denouncing supposed Wahhabi violence as a way of delegitimizing Chechen combatants; ever since, the regime has utilized the post-9/11 mantra “War on Terror” in order to lengthen the list of religious currents deemed Wahhabi and therefore banned from operating on Russian territory.⁶ Several anti-extremist pieces of legislation have attempted to codify this policy, such as one banning the Hizb-ut Tahrir and the Tablighi Jamaat movements, which are often decried in the Russian media as Wahhabi despite sharing no theological doctrine with this Saudi current.⁷ Non-conformist Islam, or non-traditional Islam, by this interpretation, is necessarily “foreign,” and not recognized by the Spiritual Boards. Russian authorities have therefore been cultivating the image of a regime that shows no pity toward “non-traditional” Muslims that they consider “radicals.” They tend to amalgamate three different phenomena: people promoting a literal reading of the Koran

(Salafis), those calling for Islam to become a political ideology, and those inclined to terrorist violence for religious or other reasons.

Third, Russian authorities use the theme of Islam within the international arena to promote Moscow's great power strategy. Russia presents itself as the defender of traditional "conservative" religions, that is, of both Christianity and Islam—with a special focus on the topic of the traditional, heterosexual family—in their opposition to the West's supposed moral decay and its growing recognition of sexual minorities. This enables the Kremlin to cultivate its international relations with Muslim countries, while parading itself as uncompromising in its fight against Islamist violence. In his speech of 2009 mentioned above, Medvedev announced that, owing to its large Muslim population, "Russia does not need to seek friendship with the Muslim world: Our country is an organic part of this world."⁸

On the domestic scene, public debates around Islam are less subtle and compartmented than those of the central state institutions. Many famous politicians, such as Vladimir Zhirinovskiy or current deputy prime minister and former leader of the Rodina (Homeland) party Dmitry Rogozin, have been in the spotlight for their Islamophobic remarks. Drawing connections between labor migrants and the spread of Islamic radicalism are mainstream in the Russian media, and even at the level of institutions such as the Federal Service of Migration and law enforcement agencies.⁹ Yet, at the regional and local level, relationships to Islam vary considerably. In traditionally Muslim regions, references to Islam are an integral part of public life, and all local leaders attempt to position themselves as supporters of traditional Islam. However, in regions where Islam is only visible through the activities of migrants, tensions are noticeable and on the rise. As in Europe, requests made by Muslim communities to build new mosques are often not well received by local populations, and the authorities remain cautious about any authorizations they grant.¹⁰

The Popular View

At the popular level, while there is widespread xenophobia against labor migrants,¹¹ hate crimes against Muslims are less common. Obviously, it can sometimes be difficult to dissociate xenophobia of an ethnic nature from xenophobia with religious motives, as migrants mostly come from nominally Muslim populations. Ethnic violence against people with Muslim backgrounds accounts for a considerable portion of all ethnic violence data collected by the Moscow-based SOVA Center, ranging from 30 to 60 percent depending on the year.¹²

However, the percentage of admitted religious violence—in other words, when Islamophobic comments made by the attackers have been reported—is small. Indeed, few cases of explicit violence against people of Muslim background—or those considered as such by the attackers—have been documented, almost all in Moscow. Between 2013 and 2015, SOVA reported for instance three attacks on women wearing traditional Islamic clothes, and one against a man as he left a Moscow mosque. Violence can also be committed by law enforcement agencies and private security services: in 2013 police officers attacked a group of 30 men of different nationalities sitting in a halal café, and in 2015 a man wanting to pray in a commercial mall was beaten up by a private security guard.¹³

Concerning violence against Muslim architectural symbols, cemeteries or prayer rooms, the numbers of hate acts are higher. Between 2010 and mid-2016, SOVA listed 58 such acts of violence, a number that increases year upon year. Indeed, in 2011, 2013 and 2014 desecration of Islamic symbols topped the list ahead of Christian or Jewish ones. This kind of violence has been perpetrated most in the Novosibirsk region, where in 2011 a series of attacks against Muslim cemeteries was carried out, followed by Orenburg and then Moscow. This kind of violence is often committed by skinhead groups, who usually destroy Islamic symbols and paint Nazi swastikas, Orthodox crosses, or representations of pigs on Muslim graves.¹⁴

Rampant Islamophobia, however, shows up in much more than hate crime statistics. The world of social media has been developing quickly in Russia over the last decade, and nationalist groups of all ideological persuasions are heavily involved in it. Specific news stories are liable to focus on Islamophobia among ordinary people, such as when, in March 2016, an Uzbek nanny—who was subsequently acknowledged to be psychologically unbalanced—decapitated the baby she was minding.¹⁵ People expressing themselves in online debates and chats made numerous associations between Islam and violence. Yet, compared with the majority of European societies, Russian society overall remains fairly non-Islamophobic: cultural tensions continue to center on inter-ethnic distinctions rather than on religious motives.

The Expert View

The perspectives of the Russian expert community on Islam vary. The majority of experts position themselves in line with the state's interpretation: traditional Islam is welcome in Russia and is celebrated as part of the nation's history, while non-traditional or foreign Islam is considered dangerous. However, many specialists also recognize that this dissociation is artificial, as Russian Islam is now globalized: it is becoming irrelevant to try to dissociate what is national from what is foreign. A good overview of the diversity of viewpoints can be found expressed in the monthly digest *Rossii i musul'manskii mir* (*Russia and the Muslim World*), which has been published by the Institute of Information for Sciences and Social Sciences (INION) at the Russian Academy of Sciences since 1992.

Insofar as the role of Islam in Russia is concerned, two leading members of the policy-oriented scholarly community deserve mention: Aleksei Malashenko, chair of the Carnegie Moscow Center's Religion, Society, and Security Program; and Sergei Markedonov, from the Regional Studies and Foreign Policy department of the Russian State University for Humanities. Both are among the most

well-known Russian scholars in the United States and Europe. Malashenko follows Islam in Russia, in Central Asia and in the Arab world, while Markedenov works on both the North and South Caucasus, as well as on issues of security in the whole of Eurasia. Both have warned the Russian authorities for several years about ongoing radicalization occurring among some parts of Russian Muslim youth. In late 2015 Malashenko stated: “Russia’s official Muslim establishment blames the West for the rise of the self-proclaimed Islamic State and refuses to admit that radical Islam has a real social base, ignoring the radicalization of many ordinary Muslims in Russia and Central Asia.”¹⁶ Both scholars follow the new trends of so-called non-traditional Islam. Malashenko does this for Central Asia—he has observed that many Tajik migrants now obtain jobs as imams in Russian mosques—and Markedenov for the Volga-Ural region.¹⁷

The two scholars consider the Islamic State to be gaining influence in the North Caucasus, especially as the prestige of the Caucasus Emirate fades and local insurgents seek new branding and financial support.¹⁸ Malashenko has observed how the Kadyrov regime now takes a pragmatic view of the Islamic State’s influence on the situation in Chechnya and is committing itself to “exorcizing” would-be recruits or returnees from the Middle East, rather than merely destroying them.¹⁹ Markedenov argues that the Islamic State may weaken both the North and South Caucasus, and that the fight against it could be a catalyst for cooperation among the three South Caucasus states (Georgia, Azerbaijan, Armenia) and Russia. Both are critical of the Chechen regime’s evolution and its relationship to Moscow, and have warned, as Markedenov puts it, that “while previously developments in the North Caucasus were looked at primarily from the viewpoint of inter-ethnic relations and regional policies, today this theme has expanded to a pan-Russian scale. It is not Chechnya, Ingushetia, or Dagestan *per se* that matter; rather, it is how the Russian heartland perceives those regions.”²⁰ Indeed, the high level of internal migrations of North Caucasian youth to Russia’s main cities²¹ and of labor migration from Central Asia means that Islam is no longer, as it

was for centuries, an issue of regional concern for Russia. It is now a pan-Russian question.

Demographers and sociologists are more divided in their interpretations of Islam. Opinions range between those who do not support mass migrations because of their fear that Russians are at risk of ethnic extinction, and those who, often from the liberal camp, consider demographic and cultural transformation a normal and globalized process that should not be interpreted in cultural terms. An example of the former group is Yuri Krupnov, a scholar at the Institute for Demography, Migration and Regional Development who participated in writing Russia's demographic doctrine and is known for his nationalist views.²² He has advocated the notion of "national preservation" (*sberezhenie natsii*), which became popular in the mid-2000s in discussions around the need to "preserve" the "ethnic gene pool" (*genofond*) of Russians against migrants. This view was widely adopted by politicians such as Dmitry Rogozin.²³ The latter group is represented by Zhanna Zayonchovskaya from the Institute for Economic Forecasting at the Russian Academy of Science. Zayonchovskaya is a leading scholar on post-Soviet migration and a vocal figure who has appealed for people to see migration as a chance for Russia's future. She has accordingly endorsed a liberal migration policy.²⁴

Some Muslim public figures also participate in the general debate on the place of Islam in Russia. Among the most famous and polemical figures is Geidar Dzhemal, one of the founders of Russia's Islamic geopolitics. Dzhemal advances a paradoxical brand of geopolitics that combines pro-Islamic, pro-Russian, and pro-fascist traits in an eclectic "postmodern" blend. His Islamic liberation theology is inspired by Iran's (he is himself a Shiia). Dzhemal's blending of different strains of politics and ideologies resonates with the current debates in many Muslim countries and Islamist movements, which call, as he does, for Islam to become a new Communism, able to drive a new revolution against US-led social injustices in the world. At the

same time, Dzhemal reproduces the mainstream geopolitical narrative of Russia nationalists, denouncing the West's hidden goal of negating Russia's status as a great power. He differentiates himself by supporting the leftist opposition to Putin and not participating in the so-called systemic opposition, which defends the Kremlin's position, for instance on the Ukrainian issue. Dzhemal continues to be a fellow traveler of Western far-right esoteric groups and their Russian allies, echoing Alexander Dugin's rehabilitation of occult theories that have historically fueled fascist movements. Dzhemal thus encapsulates the paradox of simultaneously representing leftist Islamic liberation theology and/or a kind of Islamo-Fascism, a mix of genres typical of digital geopolitics.²⁵

Another figure is Abdul-Vakhed Niazov, the director of the Moscow Islamic Cultural Center. Niazov is one of the leading figures on the Muftis Council, the rival institution to Tadjuddin's Spiritual Board. He has supported several initiatives for Russian Muslims to be politicized in favor of the Kremlin regime: the Union of Muslims of Russia, the Refakh movement, the Eurasian Party of Russia, and the "Muslims for Putin" movement. In 2012 Niazov launched Salamworld, an alternative to Facebook that claims to respect "core Islamic values" and is supposed to offer a clean slate for Islamic social media.²⁶ Shamil Sultanov, the president of the Strategic Center "Rossiia-Islamskii mir," (Russia-Islamic world) is another figure, and close ally of the neo-fascist theoretician Alexander Dugin.

Of the other influential figures, many are ethnic-Russian converts to Islam. The National Organization of Russian Muslims (NORM, *Natsional'naia organizatsiia rossiiskikh musul'man*), which represents the convert community, groups famous public figures such as: Anastasia (Fatima) Ezhova, who runs the Research Fund on Islamic Culture, a joint Russian-Iranian institution that translates Islamic classics into Russian. Ezhova has earned a solid reputation in the Russian Islamic media for her opinion pieces on the website Islam.ru and IslamNews, her Islamic feminism, and her outspoken support of

Iran.²⁷ Another woman, Valeria Pokhorova, is one of the main television personalities to present Islamic principles. Viacheslav Polosin, a former Orthodox priest who converted to Islam, is also a vocal proponent of Russian Islam.

In the Muslim regions, local specialists belonging to ethnic minorities have developed their own interpretation of Islam's place in Russia. In Tatarstan, for instance, Rafael Khakimov, a former political adviser to ex-President Mintimer Shaimiev, and now vice-president of the Tatarstan Academy of Sciences, advocates what he calls "Euro-Islam"—that is, a modern Islam in line with European values, democracy, and economic liberalization.²⁸ Euro-Islam also sees itself as a sort of "neo-Jadidism": Jadidism was a modernist movement inspired by the ideas of Ismail Gaspiraly (1851–1914) that emerged among Tatar Muslims in the nineteenth century and spread throughout Russian Turkistan and the Turkic world at the turn of the 1900s.²⁹

Among the critical questions being discussed by these experts, worth mentioning is the issue of conscription for military service. The question is mostly discussed by Muslim actors and on Muslim websites, which insist that Muslims will represent almost half of the Russian population by 2050.³⁰ The demographic rise of North Caucasian populations will indeed create a baby-boom effect in 2020, and this will accelerate the gap between ethnic Russians and minorities.³¹ Given the size of the cohorts of young people and the generations of childbearing age, Russia will soon have a growing proportion of young men who are up for military service who belong to peoples of Muslim traditions. Already in 2010, 60 percent of all conscripts from the military district of Volga-Urals who claimed to be practicing religious believers were Muslim.³² In about 10 to 20 years, the majority of conscripts to the Russian army will be of Muslim background. However, the topic is not widely discussed in the Russian media or expert publications, probably because of its sensitivity. Even if the Russian authorities do not want to open a public debate on it,

they have been taking measures to deal with the new phenomenon. In 2010 the Russian media mentioned a “Muslim riot,” when about a hundred conscripts from the North Caucasus based in the Perm region refused to follow orders.³³ The same year the Army Headquarters decided for the first time to create mono-ethnic military brigades in order to avoid interethnic tensions.³⁴

Another sensitive topic is the notion of “Russian Islam” (*russkii islam*)—to be dissociated from “Russia’s Islam” (*Islam Rossii* or *rossiiskii islam*). The use of the adjective Russian, in the sense of an ethnically and culturally Russian Islam, has been under debate since the early 2000s. The initiators of this notion, Sergei Gradirovsky and Petr Shchedrovitsky, are both close to former image-maker and *polit-technologist* Gleb Pavlovsky and at the time worked for the regional administration of Nizhny-Novgorod. Gradirovsky analyzed and promoted what he saw as the birth of a Russian Islam: the increasingly important use of the Russian language in mosques and the diminishing importance of the ethnic character of places of worship, which are more and more multinational as a result of internal and international migrations flows; the emergence of a considerable population of ethnic Russian converts to Islam; the establishment of Russian-speaking Islamic theological schools under state control; and the structuration of a dense Islamic web net in Russian.³⁵ But this notion has been widely contested by different groups: the Orthodox Church for one, which refuses to consider that a religion other than Orthodoxy could be *Russian*³⁶; by ethnic minority elites, who want to preserve their ethnic identity and avoid any Russification of Islam; and by some Islamic institutions, which insist on the universal mission of the *Ummah*, beyond any cultural distinctions.

It is worth noting that while expert debates about interethnic tensions are widespread in Russia and considered a conventional topic for research, debate about the social and cultural role of Islam in Russia is less widespread. With the exceptions of topics from classic Islamic Studies and more policy-oriented study of “Islamist risks”—read

terrorism—the level of expert debate remains small compared to that in Western Europe. Public discussions about Islamophobia in Russia are almost nonexistent and evoked almost exclusively by Muslim websites³⁷ or, in rare cases, in academic papers.³⁸ The convert movement has not been studied at all, even though Russia seems to be second after France in the trend of conversion in Europe.³⁹ Several large sociological studies about the rise of a migrant Islam and the social and cultural transformation of Islam in Russia’s big cities are currently under way at the Sociology Institute of the Academy of Sciences. Nonetheless, the state of research is still limited, given the dimensions and dynamics of the multifaceted “Muslimization” of Russia.

Islam and the Future of Russia: Critical Questions

Islam’s growing importance in Russia will shape the country’s future in at least five main directions: the overall demographic balance of the country; the strategy of “normalizing” the regions of the North Caucasus and, in particular, Chechnya; Russia’s migration policy; Russia’s positioning on the international scene; and the transformation of ethnic and religious identities.

A Demographic Balance in Favor of Muslim Populations

Despite their different methods of calculation, projections from the Russian official statistics as well as the United Nations concur that the Russian population will decline in size. In 2030, Russia’s population could fall to 120–130 million people⁴⁰, which would have significant consequences in terms of labor, pension funding, and securing areas near more populous neighbors such as China—that is, mostly in the Far East.

Russia is a unique case in the world demographic landscape. The reversal that occurred after the fall of the Soviet Union is particularly

noticeable: the Russian population declined from 148.5 million in 1992 to 141.9 million in 2009. Population figures stabilized at the turn of the 2010s, with a minor population increase; and, in 2013, there was a positive natural increase for the first time since 1992. In 2015, the authorities welcomed this success, loudly announcing a population of 146.3 million, including 2.3 million new citizens, following the annexation of Crimea.⁴¹ Fertility has risen from its lowest level in 1999 (1.17 children per woman) to 1.54 ten years later. It is supported by improving middle-class living standards, social optimism in young households, and the establishment of a pro-natalist policy, which includes financial support for families (with a “baby bonus” allocated for a second child), programs promoting large families, and tightening access to abortion.

Despite this modest demographic recovery, the outlook remains gloomy. Indeed, this rebound is primarily due to the naturalization of some immigrants and the arrival of more numerous age groups. The rise in births cannot fundamentally change the situation. The number of women of childbearing age will decline by 20 percent around 2025, due only to the age cohort effect. The country no longer has enough young people: 6.5 million 5–14 year olds and little more than 4.5 million 15–19 year olds.

Additionally, this birth policy does not address the challenge at the heart of the Russian population issue, which is excessive male mortality. Life expectancy for men at birth decreased from 63 years in 1990 to 58 in 1996 (a lower rate than existed under Khrushchev), before rising slowly to 65 in 2013. This excessive male mortality is directly and indirectly linked to alcoholism (one out of five Russian men dies from drinking), a very high number of accidents, suicides, and everyday violence. In terms of mortality for external causes (not related to a disease), Russia is tied with Burundi and Congo.⁴² Added to this is Russia’s unenviable status as the world leader in heroin use (the country shares first place with Iran) with about 8 million Russian citizens being drug users.⁴³ This consumption also influences the

development of the AIDS epidemic, with Russia's infection rate among the highest in the world after some sub-Saharan countries.

The Russian authorities have celebrated the rise in the birth rate with great pomp, interpreting it as the country's long-awaited demographic "rebirth" and as revealing, rightly, an improvement in the welfare of households of childbearing age. They are quieter on male mortality because the public policies needed to fight it are more difficult to implement than natalist policies. Even the most optimistic experts do not believe in the Russian population's ability to change the current demographic decline, since not even a rapid improvement of public policies in relation to male violent and premature deaths and a natality rate of 2 to 3 children per women would be able to modify the ongoing population collapse as a result of shrinking youth age cohorts.

The only demographically dynamic part of the population is the non-ethnically Russian one, that is, mostly Muslim ethnic groups and the smaller Buddhist and Siberian indigenous groups. Of the twenty regions with positive rates of population increase, 19 are national republics or autonomous districts with relatively high rates of non-ethnic Russian citizens. Chechnya is in the lead with a natural increase of more than 2 percent (figures that should be taken with caution, given the propaganda of Kadyrov's regime), followed by Ingushetia and Dagestan. After the North Caucasus come regions with Buddhist traditions such as Tuva, and those with significant indigenous populations, such as Khanty-Mansi in Siberia. The thirty peoples considered nominally Muslim have seen a sharp increase (+25 percent) between the 1989 and 2010 censuses.⁴⁴

Moreover, the only way for Russia to maintain its population level at around 130 million inhabitants in the forthcoming three decades—an already optimistic scenario—will be to accelerate the process of legal naturalization of migrants at a rapid pace, similar to that in the United States. In the next twenty years, between 5 and 12 million Central

Asians, mostly Uzbeks and Tajiks—the population of Tajikistan will double in the next two decades, from 8 to 16 million—could potentially emigrate to Russia for work and then apply for Russian citizenship. The requirement for schooling of non-Russian children has been booming since the last decade, forcing the Ministry of Education to put in place specific programs for teachers to learn how to teach Russian as a foreign language.⁴⁵

The North Caucasus, or How to Avoid the Pakistani Scenario

The North Caucasus Federal District continues to be one of the main headaches for Putin's regime. Moscow conceives of it as a separate region from the rest of Russian territory, one requiring special statutes. Its view of the region is above all security-oriented: it is a border zone, the periphery of the empire, which must remain under direct control of the center and especially of the security services. This is particularly true for Dagestan, which shares strategic borders with Georgia and Azerbaijan. The regional capital city of Makhachkala is one of Russia's few year-round, ice-free ports, so the republic is of vital importance for Russian national security. But the issues to face are numerous.⁴⁶

First, the ethnic border no longer corresponds to the political border. Ethnic Russians largely dominate in the regions of Krasnodar and Stavropol, as well as in the republic of Adygea: they often represent more than 75 percent of the population and, thanks to migrations from the South Caucasus and the eastern regions of the Federation, their number is increasing. On the contrary, in all the national autonomous republics, the number of Russians is today lower than 10 percent, and even lower than 3 percent in some places, and it continues to fall. Russians are fleeing the autonomous republics and gathering in the northeast and along the Black Sea coast (Sochi region). Even in the capitals, the proportion of Russians is very low (8 percent in Makhachkala in 2002 as compared with 20 percent in 1989).⁴⁷ Over time, this will become a major problem for the Kremlin:

in a region deemed strategic for Russia (proximity with the Black Sea and the Caspian Sea, neighboring Iran, the South Caucasus and Ukraine), Russians are practically no longer present, even if, as is the case in Dagestan, the Russian language indeed serves as the common language for peoples from very diverse origins. The result of this profound ethnic remodeling of the North Caucasus means that the modalities of integration into the Russian Federation of republics whose cultures, traditions, and religions markedly diverge from the common norm operative in the rest of Russia is becoming more and more complex—and costly for the federal budget.

Second, the state program for the development of the North Caucasus until 2025 makes no provision for the financial autonomy of the North Caucasus republics; indeed, the entirety of the region is going to remain one of the largest weights around the neck of the federal budget. Moscow's expenditure centers on social questions: investments in higher education, housing construction, upgrading the health system, the development of access to city gas, and the modernization of transport infrastructures. In terms of economic development, priority is granted to agriculture, followed by tourism (the old tradition of thermal spas and cure baths), which is a stretch given the security situation. Moscow also hopes to be able to integrate the North Caucasus into projects to create a North-South international trade corridor to link up with Iran. The major public companies such as Gazprom and Rosneft are obliged to provide jobs, and training, and to take charge of social programs, while the main oligarchs are strongly "encouraged" to invest in the region. But successes are not evident, as demonstrated by the high level of local poverty compared with the rest of the country and the widespread emigration of North Caucasian youth with few job prospects.

Third, Moscow continues to validate the power abuses of local ethnic leaders, all of whom are closely linked with Putin's security circles. The Kremlin has institutionalized patronage relations by appointing to the head of the North Caucasian republic loyal men who are tasked

with eliminating rebellious movements in exchange for unlimited political and economic impunity, and a right to play the card of Islamization. This is transparently the case in Chechnya, where Ramzan Kadyrov has been rapidly Islamicizing the republic in order to reduce the population's attraction for insurrectional movements. Half of the population now goes to Friday prayer, and clothing regulations for girls and women have become stricter in recent years.

In order to increase effectiveness and cohesion, Russian central authorities have also set up local North Caucasian combatant units, which are supposed to be more effective than the federal security services, and which often comprise former amnestied criminals. These brigades-in-the-pay-of-the-local-authorities have heightened the “civil war” character of local conflicts. The Chechen conflict is already largely regionalized, and for some years the risk of a spread of radical Islamism toward the Russian regions of the federal district has been notable. Stavropol, Rostov-on-Don, and Mineralnye Vody already display the existence of significant tensions between local populations and migrants/refugees from the North Caucasus, while the peaceful Islamization of the younger generations can be observed in the whole region.

Depending on political evolutions to come in Moscow, the North Caucasus could thus rapidly follow the path of Pakistan's northern tribal federal areas: local clan leaders and Islamist insurgents maintain a precarious (im)balance in a remote region of the country with the blessing—voluntary at first, now uncontrollable—of the central authorities.

The Difficulties of Russian Migration Policy

In terms of migrant intake, Russia is ranked second in the world—or third if the Persian Gulf region as a whole is taken into account—after the United States. Russia's figures vary from 7 million to 12 million, depending upon the source. Even with the current economic

slowdown, Russia remains the main attraction place for CIS migrants. However, the authorities do not want to present this, in the American or Canadian manner, as an asset for the country's economy, which would encourage blowback from xenophobic public opinion. Economically the country cannot do without migrants: with very few qualifications, they fill the niches that Russian citizens have basically abandoned and thereby enable the economy to function, especially in the large cities, where migrants play key roles in the construction, services, and commerce sectors.

But the country lacks any real migration policy to attract educated foreigners, even though all the major Russian companies have complained of a lack of qualified executives. A quota system was implemented between 2007 and 2014, but this has not been sufficient to meet the labor power needs of the country's companies. Since 2015, the migration system has evolved and migrants are now required to register at the Federal Migration Service and obtain a license (*patent*).⁴⁸

Russian migration policy is weakened by structural problems.⁴⁹ The first is the endemic corruption of the law enforcement services, whose organized racket of migrants is for them a very profitable activity. The second is the resistance of the administrative chain, which acts so that the decisions taken by the government or the Presidential Administration are not applied according to statute unless the President or his associates take a personal interest in doing so, which is not the case with migration policy. Lastly, whereas such policy is run principally by the Federal Migrations Service and the Ministry of Interior at the federal level, questions of integration are left to ministerial committees with little influence and to the local authorities, each of which acts in its own way. In the end, it is practically impossible to speak of an integration policy for the country as a whole. In practice, this means that social and cultural tensions around immigrants are bound to be on the rise and to create phenomena like the gangs of "Russian" and "Caucasian" youths that

pour into the streets in search of confrontation.

Russia's Islamic Identity on the International Scene

Islam's rise in influence in Russia will also alter profoundly Russian foreign policy in the decades to come.

Right at the start of the 1990s, the autonomous Republic of Tatarstan showed the way of "paradiplomacy" as part of an attempt to develop its own international branding.⁵⁰ Tatarstan played the card of its Islamic and Turkic identity by participating in numerous regional fora, such as Turksoy, which aims to promote the world's Turkic cultures, and by developing specific links with foreign Islamic institutions. Tatarstan also hopes to play a lead role in implementing Islamic finance in Russia, all the while remaining cautious about "foreign" Islamic influences. For some years, Chechnya under Ramzan Kadyrov has replicated this practice, this time aiming at the most conservative countries, in particular the Gulf countries, as well as the universe of Salafist movements. The Russian government promoted Chechnya to Middle Eastern countries to showcase its Islamophile policies. The Russian Foreign Affairs Minister fought, for example, in 2011 to have some holy relics brought to Grozny in order to give the Republic greater legitimacy in the Islamic world.⁵¹

Russia became a member of the Organization of Islamic Cooperation in 2005 but its status was subsequently reduced to observer level since membership is now reserved for countries with a Muslim majority. Despite this, Moscow continues to attend all the major OIC conferences, sending high-level delegations, and has since conducted a veritable charm offensive toward Muslim countries. In addition to historically cordial relations with former Arab socialist countries such as Iraq, Libya, and Syria, as well as the Palestinians, Russia has sought to move closer to more conservative countries such as those of the Gulf, and it entertains sometimes difficult but overall cordial relations with Iran. Russia's objections to the Western intervention in Libya

and its engagement alongside Bashar al-Assad have enhanced Russia's image among many Muslim countries. If Russia is considered an enemy by networks of international Jihadism, Muslim public opinion in general, above all in the Arab world, have a rather neutral or sometimes positive view of Russia, since it promotes a discourse that is critical of US-style democracy promotion and its attendant interference.⁵²

Over the long term, strategic planners will have to take into consideration Russia's rising Islamic identity and its possible impact on foreign policy. An increasing part of Russia's public opinion will pressure central authorities for a more pro-Muslim foreign policy. The current overlapping of anti-US conspiracy theories both from Russia and the Middle-East is contributing to this geopolitical *rapprochement*.⁵³

Transformation of Ethnic and Religious Identities

For centuries, the Russian empire structured divisions between population groups by making religion a key discriminator: one was above all Orthodox, a non-orthodox Christian, a Muslim, or a "Shamanist." During the Soviet period, the discriminator became ethnic, and one's nationality as defined in one's passport decided a proportion of individual and collective destiny: people could be deported in the name of their nationality (punished peoples of the Caucasus and Germans of the Volga), could be banned from occupying certain professional domains (Jews), or could be promoted in the administration or in the Communist Party by belonging to the titular nationality (process of indigenization of the elites of the republics). In the 1990s, the Russian identity debate remained deeply marked by the criterion of ethnicity, whereby minorities would demand their right to political, cultural, and economic "sovereignty."

However, social processes have deeply altered the modalities of identity belonging. Two apparently contradictory phenomena are

notable. On the one hand, the identification of ethnic Russians (who represent 80 percent of the population), a formerly rather fuzzy and ill-defined category, is crystallizing around anti-migration themes; the feeling of having to defend a “white” ethnic identity under threat is taking hold, in the same way that we see happening in Western Europe with the success of far right and populist parties.⁵⁴ At the same time, minorities’ identities seem to be weakening. Claims to sovereignty are jeopardized and federalism no longer appears as a solution for the country’s future. Putin’s success in the 2000s, and the emergence of new middle classes and new economic spaces have diminished the importance given to the ethnic and linguistic issues of minorities.

On the other hand, religious identities are being reasserted. Not only do 80 percent of Russian citizens claim to be Orthodox (in the sense of asserting an identity affiliation rather than practicing it), but Islam is also brandished more and more openly as a major criterion of identification for North Caucasians and peoples of the Volga-Urals. Faced with this Islamic identification, Islamophobia, which has been historically absent from Russia, is today clearly emerging. Consequently, as in Europe, fear of migrants and fear of Islam are steadily merging. The same process of revitalized religious identity is also notable among Central Asian migrants. These migrants are young (often less than 30 years of age), practice religion more than their Soviet elders, and, consequently lay less and less claim to their ethnic identity. In the cultural shock constituted by migration, they feel united beyond national differences by their belonging to Islam, which defines them in the eyes of the Russians.

Russia will therefore no longer have to manage only the dilemma of majority versus ethnic minorities, such as it existed in the 1990s. The majority has become more distinctly ethno-nationalist than it was previously, as the success of political figures such as Alexei Navalny demonstrates.⁵⁵ The minorities no longer exist as a united block but rather in a three-way split: the North Caucasus, which above all remains a political and security problem linked to the Putin regime;

migrants, which constitute the main form of ethnic identity at the present time; and Islam, which is gradually becoming the new cultural identity to be fought. This situation will profoundly alter the terms of the identity debate in Russia.

ENDNOTES

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² Katherine Graney, “‘Russian Islam’ and the Politics of Religious Multiculturalism in Russia,” in Dominique Arel and Blair A. Ruble, eds, *Rebounding Identities: The Politics of Identity in Russia and Ukraine* (Woodrow Wilson Center Press with Johns Hopkins University Press, 2006).

³ “The Federal Assembly of Russia, confirming the right of each to freedom of conscience and belief, as well as to equality before the law independently of one’s religion or convictions, basing itself on the fact that the Russian Federation is a secular state, recognizing the special role of Orthodoxy in the history of Russia, in the constitution and the development of its spirituality and its culture, respecting Christianity, Islam, Buddhism, Judaism and the other religions that constitute a steadfast part of the historic heritage of the peoples of Russia, considering it as important to promote understanding, tolerance, and mutual respect in question of the freedom of conscience and of belief, adopts the current federal law.”

⁴ “Medvedev reaches out to Islam,” *SRAS Letter*, August 1, 2009, http://www.sras.org/medvedev_reach_out_to_islam.

⁵ The term Wahhabism is meant to describe the official ideology in force in Saudi Arabia; calls for a literal reading of the Koran and for rediscovering Islam’s original purity would be better covered by the term Salafism, which is less widespread in Russia than in Europe.

⁶ See the many articles devoted to this issue on the Moscow-based SOVA Center, sova-center.ru. See also Aleksandr Verkhovskii, eds, *Xenophobia, Freedom of Conscience and Anti-Extremism in Russia in 2015* (Moscow: SOVA, 2015).

⁷ See <http://enews.fergananews.com/news.php?id=1166>.

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¹⁴ Ibid.

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¹⁸ Aleksei Malashenko, “Terakt v Dagestane: nachalo nastuplenia IGIL?”, *Carnegie Commentary*, January 13, 2016, <http://carnegie.ru/commentary/2016/01/13/ru-62452/ish2>.

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²² See his website <http://www.kroupnov.ru>.

²³ See Marlene Laruelle, *In the Name of the Nation. Nationalism and Politics in Contemporary Russia* (New York: Palgrave/MacMillan, 2009): pp. 102–118.

²⁴ See her webpage <https://www.hse.ru/org/persons/503114>.

²⁵ On Dzhemal see Marlene Laruelle, “Digital Geopolitics Encapsulated. Geidar Dzhemal between Islamism, Occult Fascism and Eurasianism,” in Mikhail Suslov and Mark Bassin, eds, *Eurasia 2.0. Russian Geopolitics in the Age of New Media* (Lanham: Lexington, 2016): pp. 81–100.

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Part 7
The Shaky
Federation

x. Russian Writers on the Decline of Russia in the Far East and the Rise of China

Stephen J. Blank

Summary

Russia's rapprochement with China began in the 1980s and 1990s; while its "pivot to Asia" began in 2008. Thus, Russia has never completely absented itself from Asia even though for a long time the region played a secondary or tertiary role in Russian foreign policy. But today this "pivot to Asia" is a major priority for Russia and has become even more so since the invasion of Ukraine in 2014. The economic-political-strategic goals of these moves, however, have not fundamentally changed. The rapprochement with China was an attempt to reset the global balance in Russia's favor and tilt it away from the U.S. Since then, domestic and geopolitical factors have interacted in both Beijing and Moscow to render both governments ever more anti-American and anti-liberal. But the pivot to Asia was to allow Russia to play an independent, major role in East Asia among all Asian states, not just China, and to do so by modernizing the Russian Far East (RFE) and simultaneously obtaining large-scale Asian investment in the area, particularly its energy, to facilitate that modernization. Indeed, that modernization is a precondition for achieving the status Moscow craves in Asia. However, in 2016, it is apparent that not only has the modernization of the RFE run aground, the tie to China is becoming an alliance where Russia depends more

on China than China does on Russia. This essay analyzes these negative outcomes in terms of the assessment of these trends by Russian writers.

* * *

Introduction

Russian elites have long known that failure to develop the Russian Far East (RFE) could cost Moscow control of its territory. Losing such control not only subjects the region to a form of external colonial control, it also blocks any possibility that Russia could compete in this region. Beyond these considerations, failure to develop the RFE would entail a loss of standing and influence in Asia vis-à-vis China and other Asian-Pacific powers, as well as be an unmistakable sign that Russia has failed in its quest to be regarded as a great power in Asia and, more generally, globally. Failure to make something of the East calls into question not only the great project of President Vladimir Putin's regime to restore that status and perception at home and abroad. It also places the issue of irretrievable decline squarely on the political agenda and calls the legitimacy of the Putin system itself into question. As the statements below show, Putin and the Russian elite fully understand this, but they have found no means to make the RFE conform to their vision. Indeed, the very nature of Putin's system militates against the realization of this dream, as shown below.

Already in 2000, Vladimir Putin warned that if the RFE did not develop, its residents would be speaking Chinese, Japanese or Korean.¹ Over a decade ago, Dmitri Trenin of the Carnegie Endowment observed that the reconstruction of the RFE and Siberia was Russia's civilizational imperative for the 21st century.² Failure to master this problem could then become Moscow's most serious challenge.³ By 2006, Trenin warned that the RFE was vulnerable and that its integration with Siberia and the rest of Russia would be a test of Russia's political acumen.⁴ At the end of that year, Putin warned

that the socio-economic isolation of the RFE and its failure to exploit its resources represented a threat to national security. Typically, albeit not unjustly, he attributed the problem to the failure to coordinate a comprehensive state program of strategic development of the RFE, and he advocated a new socioeconomic commission to be formed to formulate a regional development strategy. The government appeared to follow suit by establishing a commission that was supposed to have “the status of a governing body and could be a ministry for the Far East.”⁵

In 2008, then-president Dmitry Medvedev reiterated that if Russia failed to develop the RFE, it could become a raw material base for more developed Asian countries (a trend that already seems to be well under way); and “unless we speed up our efforts, we can lose everything,” he declared.⁶ It also is clear to whom Russia could lose this challenge—China—or otherwise fall into a pattern of a neo-colonial trading relationship in which Russia is the colony. In 2012, Medvedev again warned that not many people live in the RFE and that the task of protecting those who do live there from “excessive expansion by neighboring states” remains paramount. He also warned against Russia allowing enclaves of foreign citizens to develop there.⁷ These warnings underline that Moscow’s failure to develop the RFE is long-standing, structural in nature, and extremely consequential. However, apparently little has changed despite officials’ long-running arguments that developing the RFE is necessary for a successful Russian foreign policy; in turn, Russian authorities have asserted, an effective foreign policy is key to providing the basis for foreign investment in the region.⁸

The Causes of Economic Failure

How does one account for this ongoing failure? Clearly the Russian government craves foreign investments and is searching throughout Asia to obtain them.⁹ Yet, foreign investment is not materializing. Aleksandr’ Gabuev of the Carnegie Endowment’s Moscow office

reports that, “in 2015, Russian companies did not carry out a single public offering or debt placement on Asian exchanges.”¹⁰ Moreover, in 2015, trade with China, Japan, and South Korea collapsed, with recovery unlikely. This was driven by the economic slowdown in China; the collapse of commodity prices, which hit Russia particularly hard because of its dependence on energy exports; and the devaluation of the ruble, which forced a drop in purchasing power and imports.¹¹ To complicate matters, Chinese banks will not lend money to Russia and thereby run afoul of the stringent penalties imposed by Washington on banks doing business with Russia. Moreover, Chinese firms are tough negotiators and clearly skeptical about Russian economic conditions.¹² In fact, Chinese returns on investment in the European Union and the United States are far greater than one might expect in Russia. Chinese banks, which are the primary if not main source of hope for relief from sanctions for Moscow, are de facto complying with the sanctions regime. By doing so, they constrict any hope for major investment in Russia in general and in the RFE in particular.¹³

Japan is also unwilling to undertake major investments in the RFE until and unless the territorial issues between Russia and Japan are resolved and the Japanese government gives a green light for such investment. And while South Korea might be willing to help, it cannot match the scope of Chinese or Japanese investment. Moreover, implementation of South Korea’s major infrastructural projects that involve Russia—like a trans-Korean gas pipeline tied to the RFE—have now run aground due to new sanctions imposed on the Democratic People’s Republic of Korea (DPRK—North Korea) because of its reckless policies of nuclear and missile testing. Those projects, as Western and Russian analysts admit, lie at the core of Russia’s Korean strategy and efforts to involve both Korean states in the regeneration of the RFE.¹⁴ Yet, both projects are now stalled. Thus, Russia’s pivot to Asia has become a pivot to nowhere.¹⁵

In this context, much of the commentary from officially connected

Russian think tanks, for example the Council on Foreign and Defense Policy, concerns Russia's need to emancipate itself from international economic globalization—which alone can generate investment funds for the RFE and Russia. Failure to do so entails a loss of sovereignty, an argument that appears to be either delusional or, perhaps, imposed on its authors by higher authority.¹⁶ In fact, as Gabuev makes clear, Asian businesses and governments are unwilling to invest in Russia in general because of the terrible state of its economy, and because they recognize that in fact, rhetoric aside, Asia is actually a rather low priority for the Russian bureaucracy.¹⁷ Not even Putin will spend the time necessary to convince Asian governments or investors of the positive benefits awaiting them from such investments despite his many articles on the subject.¹⁸

Indeed, a major cause of the failure of Russia's plans for the RFE, both from the domestic and foreign standpoint, must be found in the nature of the state and its bureaucracy. Because foreign Asian investment in the RFE is a matter largely of granting licenses to state firms in China, these projects meet political opposition and delays in Russia right from their inception. Any project is expected to take 5–7 years of preparation before it moves forward. The energy pipelines to China and the projects discussed regarding Korea exemplify such delays.¹⁹ And while the government formally welcomes foreign investment, its leaders are clearly ambivalent. They are more likely to regard it as a potential threat to Russia's sovereignty or interests.

Gabuev notes that Deputy Prime Minister Igor Shuvalov's team fought hard to overcome resistance to Russia's joining in China's Asian Investment and Infrastructure Bank (AIIB). But even though Moscow decided to join two weeks before the bank was launched, the government failed to win a role for Russia among the bank's senior officialdom.²⁰ Likewise, for all the talk about grandiose plans for connecting with the Chinese Silk Road—the One Belt One Road (OBOR) plan to transform Central Asia and bind it to global infrastructure, trade and investment networks—in fact, since the

agreement with China was signed, “nothing has been really achieved.”²¹ Skepticism clearly is warranted about other such programs, for example, calls for setting up an economic space including the Association of Southeast Asian Nations (ASEAN), the Shanghai Cooperation Organization (SCO), and the Eurasian Economic Union (EEU).²² Indeed, the EEU is itself in great difficulties because the devaluation of the ruble has forced further devaluations across Central Asia and trade rows among its members. The union has not proved to be a panacea for retrieving Russia’s economic or political positions in either Central Asia or the RFE.²³ Nonetheless, Putin advanced just such proposals in 2015 as a means of overcoming the economic crisis and the political isolation imposed upon Russia due to its aggression in Ukraine.²⁴ But these remain proposals without energy.

In sum, this failure epitomizes not just the unwillingness of the bureaucracy to prioritize Asia, but also fundamental pathologies of the state administration that preclude a major advance either from external financial stimulus or from internal stimulation and development of the RFE.²⁵

State Failure Continued: Internal Colonialism

Alexander Etkind, a Russian professor at the European University Institute in Florence, describes the unreformed nature of Putin’s governance as having relapsed into traditional Russian patterns of imperial and Soviet rule. These patterns are a fundamental source of the ongoing under- or even misdirected development of the RFE. Consequently, central, regional and local officials relate to their territories through the phenomenon of internal colonialism.²⁶

This internal colonialism, discerned by Etkind manifests itself as follows.²⁷ Russian authorities related and still relate to their subjects as if they were the masters of a colonial government ruling over subjects who were both alien to them and not to be regarded as autonomous

human beings.²⁸ Consequently, their governing practices have consistently blocked the emergence of inclusive political institutions while imposing extractive ones on Russia, an imposition that can only be sustained by force at the price of continued backwardness and misrule.²⁹

The situation is made worse because the system by its nature is simultaneously oriented toward perpetual militarization or simulation of military conflicts, on one hand, and excessive centralization that stifles local and/or regional autonomy, on the other. In other words, empire in the Russian context predisposes the state to rent-seeking and rent-granting policies; those policies, in turn, presuppose rule by force in the interior, not only in colonial peripheries like the North Caucasus, but also in the RFE, where force is the preferred instrument. This reliance on force continues to be compounded by Russia's over-militarization of its economy and state because its institutions did not allow it to compete with foreign neighbors and interlocutors for influence on an equal basis. As Lilia Shevtsova has written,

In short, Russia has developed a unique model for the survival and reproduction of power in a permanent state of war. This situation was maintained even in peacetime, which has always been temporary in Russia. The country is constantly either preparing for war against an external enemy or pursuing enemies at home. Russia has survived by annihilating the boundary between war and peace. Its state simply could not exist in a peaceful environment. The militarist model has been used to justify the super-centralized state in the eyes of the people. Militarization made Russia different from other transitional societies and became a tremendous impediment to transformation.³⁰

Thus, the enduring model for the development of the RFE remains Etkind's model of neocolonialism.³¹ This system cannot but breed

endless grandiose and centrally formulated plans that are then marred by bureaucratic pathologies and left unfulfilled. A good example is the central policy for the development of the RFE and Siberia, which vividly illustrates the interaction of grandiose dreams and recalcitrant bureaucratic rivalry, whose logical outcome is a rent-seeking, patrimonial, and despotic system. In 2012, Putin called the development of these regions the “most important geopolitical task for Russia.” He stated that these regions’ development must outpace that of Russia as a whole. He subsequently suggested prioritizing the development of railway and port infrastructure connecting these zones with European Russia and the Asia-Pacific region. As part of this plan, Russia would set up a huge state corporation to superintend regional development, prioritize energy and transportation infrastructure projects there, and create a joint Sino-Russian investment fund of \$4 billion for joint projects. These new plans came on top of huge earlier investments prioritizing the same kinds of projects totaling \$327.4 billion for processing and refining raw materials and chemicals and energy produced in the region. In tandem with these large-scale domestic plans, which were to be supervised and administered by the central government, the new Far East Corporation Russia would simultaneously pursue a balanced program of soliciting foreign investments from all Asian and other interested parties, with the objective of avoiding excessive dependence on any one investor.³² Yet, that plan failed spectacularly. A new plan has been proposed, but it offers no better prospects of success.³³

In addition, the state bureaucracy, including these corporations, simply ignores or cannot understand inconvenient central directives. Therefore, bureaucrats and functionaries do not implement them. In 2011, Putin acknowledged that up to 80 percent of Kremlin orders to the regions are routinely ignored.³⁴ Despite the emphasis on investment in transportation infrastructure from 2001 to 2011, the actual share of investments in this sector remained about 2.5 percent of GDP, not the targeted 4 percent.³⁵ This situation has not improved since 2011. In May 2013, Putin charged Prime Minister Medvedev

with devising a plan to ensure local fulfillment of central decrees; he further chastised his ministers for failing to carry out his instructions.³⁶ In many critical areas of state policy, regions could not meet contracting or funding targets, which resulted in falling revenues in regional governments, not least Siberia and the RFE, and the consequent inability to deal with critical issues when they could not find funding to move forward.³⁷

At one point, the State Corporation for the Far East so utterly failed to meet its responsibilities that its discredited chief was replaced after only a year. A 2013 study by Andrew Kuchins of the Center for Strategic and International Studies in Washington summed up the disastrous record of the State Corporation for the Far East. Kuchins wrote that this corporation's mandate is

...broadly defined to include the implementation of all state programs and federal targeted programs for the Russian East, including long-term projects such as those included within the *Energy Strategy*, for 2030. Many officials within the regions have opposed the operations of this ministry, as they believe it impedes the development projects underway on the regional level while not significantly adding to the economic development of the Far East. Last spring, President Putin himself accused the ministry of not fulfilling its purpose and failing to effectively direct the economic development of the region. He was especially critical of the fact that the ministry had not fully developed a full-fledged policy program and that it has exhibited considerable financial waste. Importantly, Putin's dissatisfaction with the ministry has led his government to reconsider the development of a state corporation for the development of these regions.³⁸

In September 2013, Putin fired the minister, split the leadership into two, appointed new people to head the ministry, and placed it under Prime Minister Dmitry Medvedev's Far East Commission. It is too

soon to tell how this new scheme might work out, but skepticism is justified. Certainly the previous scheme had led to substantial bureaucratic and administrative dysfunction, culminating in a woeful response to flooding in these provinces in the summer of August 2013.³⁹ Medvedev wrote a powerful article, on September 27, 2013, decrying the stagnation of the economy, with its dependence on bloated public sector spending and the energy sector. He urged lifting restraints on entrepreneurs and greater regional freedom of action. Whereas, Putin replied by denying the possibility of a sharp fall in energy prices, stating to the contrary that oil exports would build money reserves in Russia that could guarantee economic stability for some time to come.⁴⁰ The collapse of energy prices in 2014–2016 and the accompanying international sanctions quickly ended that dream.

Undoubtedly governance factors have contributed to the failure to realize the potential of expanded commercial and political relations with East Asian countries, not just with China but also South Korea and Japan, where the Kurile Islands issue has also retarded development.⁴¹ Those factors are certainly not the whole story behind the failure to realize the potential of truly dynamic large-scale economic relations with Asia. Such links are a necessary precondition for the concurrent development of the RFE, and, consequently, the realization of Russia's claim to great power status in East Asia. Hence, Moscow's shortcomings in reaching out to Beijing, Seoul or Tokyo should not be minimized. Developments since the annexation of Crimea have only compounded the RFE's problems. Beyond the sanctions and their international implications, falling energy prices, the devaluation of the ruble, and the inherent structural difficulties of the RFE and the Russian economy, Russia has had to pay for Crimea by robbing, among other things, infrastructure programs in the RFE and retirees' pensions.⁴² And now it turns out that the centerpiece of these Crimean infrastructure projects, the bridge over the Kerch Peninsula connecting Crimea to the Russian Federation, cannot be paid for.⁴³

Ultimately, the fundamental problem in realizing Russia's foreign policy objectives in Asia, including its great power status, is the nature of its political system. And that includes the ideological representations of it as being a strong state with a "power vertical." As innumerable authors have shown, the state is the private plaything of a small number of elites who cannot govern Russia and are more interested in exploiting the country than in developing or governing it.⁴⁴ To quote the Bulgarian analyst Ivan Krastev, "Russia has not engaged in capacity building but in incapacity hiding."⁴⁵ Especially in Asia, where the name of the game is the linkage between enhanced capacity and economic development, this kind of masquerade ruins any hope of improving one's position.

In 2015, Trenin celebrated the arrival of a Eurasian economic-political network stretching "from Shanghai to St. Petersburg."⁴⁶ Yet, in June 2016, he wrote:

The dream is over. Eurasia—as another name for the former Russian empire, then the Soviet Union, and finally the former USSR—is no longer useful as a description of a geopolitical and geo-economic region. The rump "little Eurasia" of the Eurasian Economic Union is a modest economic arrangement unlikely to evolve into a close-knit unit. Thus Russia stands alone, partly in Europe, partly in Asia, while the country itself belongs to neither.⁴⁷

Moreover, he points out that one cannot talk of a Russian strategy for Asia but rather individual approaches to different states "that need to be harmonized."⁴⁸ In other words, the state cannot bring about either a domestic transformation of the RFE or generate external support for a transformation of the RFE. As a result, Trenin's civilizational imperative and the warnings by Putin, Medvedev *et al.* are no closer to being heeded or the situation in the RFE transformed today than they were in 2006. Instead, for the first time in modern history, Asia or Eurasia is being integrated by China—and at Russia's expense.

A recent Russo-Chinese agreement on Chinese investment in the RFE has aroused a lot of unfavorable domestic Russian commentary. There is little doubt that the Russian government needs the investment, or that China has been searching for ways to relocate overproducing low-profit factories that produce less technologically intensive goods—for example cement directed to markets with lax environmental enforcement—as potential for local market growth, and cheap labor. While environmental enforcement is lax in the RFE, hope for local market growth is scant, and the area is by no means a cheap labor platform, probably quite the opposite. Thus, it is at best problematic that massive Chinese investment is being counted on to regenerate the RFE.⁴⁹ But it is also no more likely that anyone else, including Moscow, can or will invest there. If this is true, then Russia's entire pivot to the East and its strategic rationale are compromised from the beginning.

Whether or not Russia deserves to be a great power or is doomed to be one, insofar as Asia is concerned it neither is nor will be a great power under its present leadership. Paradoxically, the system that more stridently proclaims Russia to be an independent sovereign great power is mostly incapable of realizing that objective, and its continuation in power is the most unbridgeable obstacle to the attainment of that goal. And if Russia, due to its predatory and archaic governing system, is increasingly marginal to both Asia and Europe, others will not regard it as a great power; perhaps more meaningfully, it cannot regard itself as one.⁵⁰ When this masquerade ends, a new drama whose outcome nobody can foretell will begin for both Russia and for Asia.

Assessing the Rise of China

At the same time, a comprehensive inventory of Russian views on China and Russo-Chinese relations comprises a small library. Below is a list of some of those views, particularly official views, as well as some diverging assessments from the academic and expert

community. In general, the different analyses reveal that many experts feel obliged or constrained to extol Russian policy even when they are critical of it; others simply cannot bring themselves to be openly critical, particularly in today's repressive climate. Therefore, some Russian commentary on China may also reflect "Aesopian language"—i.e., a veiled critique of Russian trends.⁵¹ Putin asserts that Russia is a victim of outside threats, and as such, the country must turn toward the Far East, particularly to China, with greater intensity. Considering the enormous pressure today to conform to this vision of the world, Russian experts are increasingly compelled to omit or sidestep critical analysis of Moscow's policies. Typically, this pressure reincarnates long-standing Russian cultural tropes that depict all serious challenges as being imported from foreign enemies; however, such accounts invariably end with the idea that Russia either is triumphing or will triumph over those challenges. So regarding Russia's policy toward China and Asia, this abiding official narrative proclaims that all is—or will be—well and that Moscow, despite its problems, conducts a wise and successful Eastern-oriented policy, one that it has purportedly been forced to undertake because of Western pressure and anti-Russian spite. Obviously, this imposed mode of assessment leads leaders and analysts astray.

Some articles vastly exaggerate claims that Russia's Asian policies are overwhelmingly succeeding and that Moscow is already being acknowledged as a great power in Asia.⁵² These observers and government officials profess satisfaction and optimism in their accounts of Russia's Asian policy as of 2016. According to them, Moscow is steadily upgrading the quantity and quality of its ties with North and Southeast Asian countries, even as they concede the existence of leftover problems. Vladimir Petrovsky writes that,

Russia has thus begun detailed and painstaking efforts to join in the mechanisms of economic integration in the APR [Asia-Pacific Region]. Unfortunately, as Academician Sergei Rogov has pointed out, the Russian Federation's "critical mass"

remains small here—approximately two percent of the world’s population and three percent of its GDP. These ratios are greater for Eurasian integration, but lag behind other regional bodies considerably. However, the correct choice of a path and the readiness to follow it to the end is a guarantee of ultimate success.⁵³

Along the same lines, Dmitry Shakura, a foreign ministry official, observes that in the Asia-Pacific region Russia can be compared “by its aggregate potential or by some of its aspects” with China and the United States.⁵⁴ A more objective look suggests that this is quite a stretch. Choosing the “correct choice of a path and the readiness to follow it to the end” neither guarantees success, nor, more importantly, is it necessarily true. This is clearly demonstrated by the divergences between official “narratives” and those of the analytical community, which is clearly internally divided.

Open criticism warning of China’s rising power and designs on Russia have become rather rare, owing to the political constraints imposed from above. Thus, Sergei Karaganov, the well-connected director of the Council on Foreign and Defense Policy (SVOP), previously said that, “Not only in Russian public’s sub-consciousness, but also in the minds of elites, China is now more and more seen as a threat rather than an opportunity.”⁵⁵ Since 2007, Karaganov and SVOP have celebrated cooperation with China and now advocate a Russian initiative for a greater Eurasian community, which has become Putin’s mantra as well.⁵⁶

Two critics who have previously openly warned about the Chinese military threat are Aleksandr’ Khramchikhin and Alexei Arbatov. Khramchikhin, who heads the Analytical Department of the Institute of Political and Military Analysis, has long argued, “China will unavoidably expand and China will occupy Siberia and the Far East. China’s occupation of the region will not be achieved by peaceful means like immigration and economic expansion, but rather by

force.”⁵⁷ He further wrote that:

There is no other state that would so openly declare its right to military aggression due to the lack of resources and territory. The underpinning idea of this concept is that due to the growing population and the limited resources China is facing natural need to expand its living space in order to support further economic activities and broadening its sphere of survival. It is assumed that territorial and space frontiers only delimit the area where the state can commit military force to effectively protect its interests. Strategic frontiers of the living space should be extended as China’s comprehensive power increases. This concept envisages moving hostilities from border areas closer to strategic frontiers or even beyond them, as armed conflicts can be brought about by difficulties in ensuring legitimate rights and interests of China in [the] Asia-Pacific. China believes that the frontiers of the great powers’ living space lie far beyond their national borders, while the spheres of influence of smaller nations are less than their national territories.⁵⁸

Meanwhile Arbatov argued that:

Without going into unnecessary military and technical detail, according to some most competent Russian experts, China has up to 800–900 nuclear warheads available for operational deployment (440 air bombs to be carried by aircraft of different types, 360 warheads for ICBMs, MRBMs [intercontinental and medium-range ballistic missiles, respectively], and operational-tactical missiles, and 45 warheads for SLBMs [submarine-launched ballistic missiles]). All of them can be deployed so as to reach Russia (and more than 80 weapons are within reach of the US). China may have a total of 40 tons [of] weapon-grade uranium and 10 tons of plutonium. This would be enough to produce

3,600 nuclear warheads, although a large part of the weapon-grade nuclear materials and nuclear warheads may be kept at storage sites in reserve.⁵⁹

Retired General Viktor Yesin, another nuclear expert, concurs with Arbatov's figures.⁶⁰

Given the importance of Russo-Chinese relations for their bilateral relations, every participant in this discussion of regional security in East, South, and Central Asia knows that failure to keep pace with China signifies Russia's decline and will also transform any "alliance" with China into an unequal relationship whereby (*pace* Otto von Bismarck) China is the rider and Russia the horse. As stated above, in 2000 Vladimir Putin warned that if the RFE did not develop, its residents would be speaking major Asian languages. Subsequently the prominent Sinologist, Alexander Lukin, who defends the close Sino-Russian relationship, nevertheless warned that:

Although China's strategic planning continues to be restricted by the country's "key interests," the range of these interests keeps expanding. Under Deng Xiaoping, these focused only on the issues of Taiwan and control over Tibet and Xinjiang. Today, however, they have been broadened to include the protection of China's positions in territorial disputes with Japan over the Senkaku/Diaoyu Islands and in the conflict in the South China Sea. Some Chinese experts also insist that the country's key interests should include the need to secure a worthy place for China in the world more generally.⁶¹

Everyone understands or at least should grasp that continuing Chinese aggrandizement inevitably entails Russia's failure to attain its primary strategic objective of becoming "a major independent center of power—positioning itself as the linchpin of Eurasian integration." And that failure inevitably presages Russia's ensuing decline.⁶²

Nevertheless, and despite these risks, Russian leaders increasingly speak not only of having reached the highest stage of relations with China in both countries' history, which is true; they also increasingly invoke a large-scale alliance with China even if they do not always use that word. Putin recently noted:

As we had never reached this level of relations before, our experts have had trouble defining today's general state of our common affairs. It turns out that to say we have strategic cooperation is not enough anymore. This is why we have started talking about a comprehensive partnership and strategic collaboration. "Comprehensive" means that we work virtually on all major avenues; "strategic" means that we attach enormous inter-governmental importance to this work.⁶³

This is too close to advocacy of an alliance to be coincidental. Putin, if not his colleagues, clearly deny a potential China threat. Putin has also spoken of Russia catching the wind of China's growth in its sails and derided the China threat theory.⁶⁴ Putin also indicated recently that Russia and China would begin discussing a vast "Eurasia project," which we may assume comprises both China's One Belt One Road (OBOR) and Russia's Eurasian Economic Union (EEU).⁶⁵ Presumably, these talks are based upon China's earlier assent to the idea of linking Russia's plans for integrating Eurasia through the EEU to the OBOR project.⁶⁶

This "linking" actually underscores Russia's growing weakness vis-à-vis China. Sergei Ivanov, Putin's chief of staff, may claim that the "Silk Road" will link to Russia's Baikal-Amur and Trans-Siberian railroads and then have a great potential by connecting East and Southeast Asia with Europe.⁶⁷ Yet, thanks to collapsing energy prices as well as Western sanctions, imposed for Russia's invasion of Ukraine, Moscow has now had to withdraw altogether from this project.⁶⁸ This sequence displays China's victory over Russia and Russia's inability to compete

with China. Russia now is merely a “younger brother” in such endeavors. Typically, China graciously but decisively punctured Russia’s grandiloquent Eurasian and great power pretensions. And Russia’s recklessness and failure to reform greatly assisted in this process. Given the expansive geostrategic benefits that China will gain while realizing its OBOR vision, the evolving bilateral relationship on this issue portends a massive and decisive Russian strategic defeat in Eurasia, rendering it here, as in energy, China’s raw materials appendage.⁶⁹ Furthermore, because the EEU had as one of its original purposes restricting Chinese trade in Central Asia, China’s integration of Russia’s project to its own subordinates Russia’s program to China’s vision.⁷⁰

Despite Russia’s grandiose visions, China has been unwilling to invest in Russia to anywhere near the degree that Russians have expected or hoped for. China’s two economic downturns account for some of this unwillingness. As stated above, so does the reluctance of Chinese investment agencies to run afoul of US banking sanctions. In any event, the Chinese are disenchanted with Russia’s failure to fulfill the terms of previous economic agreements, such as those from 2009.⁷¹ Consequently, many Russian analysts have admitted that the so-called pivot to Asia is more talk than action, and that in any case this pivot in reality is only toward China, which leads Moscow to depend more on Beijing than is good for it.⁷² At the same time, some analysts still extol China’s willingness to participate with Russia in this vast yet unfocused plan for a Eurasian bloc, even if almost nothing has happened on the ground since 2015. However, no analyst can overcome the fact that Eurasian countries’ trade with Russia, including China’s, has steadily fallen along with Russian investment.⁷³ Similarly, there are those analysts who, following Putin, have proclaimed the SCO a paradigm of successful cooperation, despite the organization’s failure to produce anything visible or tangible to promote regional security. The SCO’s “achievements” remain more honored in the breach than in the occurrence thereof.⁷⁴

These contending assessments are important. For if Russia is truly losing out to China in Central Asia and cannot compete practically with China in organizing a genuine Eurasian economic community (not the formal organization so entitled but a genuine community), then Russia cannot compete as a truly independent and great Asian power. Valery Kistanov notes that a precondition of achieving this critical policy goal is consolidating a continental bloc of former Soviet republics around Russia. Since China, but not Russia is doing this, the chances for any success in Russia's "grand strategy" regarding Asia diminish commensurately.⁷⁵

Yet, that has not stopped policymakers from openly advocating an alliance, going beyond the official terminology, and describing bilateral ties as a comprehensive strategic partnership with China. In 2014, Foreign Minister Sergei Lavrov stated:

I cannot fail to mention Russia's comprehensive partnership with China. Important bilateral decisions have been taken, paving the way to an energy alliance between Russia and China. But there is more to it. We can now even talk about the emerging technology alliance between the two countries.⁷⁶

Lavrov immediately followed by observing that "Russia's tandem with Beijing is a crucial factor for ensuring international stability and at least some balance in international affairs."⁷⁷ Simultaneously, the minister of defense, Sergei Shoigu, and his deputy, Anatoly Antonov, speaking in Beijing, openly advocated a military alliance with China. Shoigu argued that Russia and China confront not only US threats in the Asia-Pacific but also US-orchestrated "color revolutions" and Islamic terrorism. Therefore, "The issue of stepping up this cooperation [between Russia and China] has never been as relevant as it is today."⁷⁸ Specifically, he advocated enhanced but unspecified bilateral Sino-Russian security cooperation and cooperation within the SCO.⁷⁹ Shoigu, along with Antonov, further included not only Central Asia but also East Asia. Moreover, Shoigu stated that, "In the

context of an unstable international situation, the strengthening of good-neighborly relations between our countries acquires particular significance. This is not only a significant factor in the states' security but also a contribution to ensuring peace throughout the Eurasian continent and beyond."⁸⁰

This overture fundamentally reversed past Russian policy to exclude the People's Liberation Army (PLA) from Central Asia and retain the option of military intervention there solely for Russia itself. This gambit signified Russia's growing dependence on China under mounting Western and economic pressure. Such an alliance would also reverse Chinese policy shunning military involvement in Central Asia while characteristically abdicating those responsibilities to Russia.⁸¹ But there are some signs that Beijing is rethinking this position. On the one hand, China's Ministry of Defense spokesman went out of his way at an international press conference, on November 27, 2014, to deny that an alliance with Russia existed:

I need to emphasize here, though, China and Russia adhere to the principle of no alliance, no confrontation, and not targeting a third party in military cooperation, and therefore it will not constitute threats to any country. It is inappropriate to place normal military cooperation between China and Russia in the same category as the US-Japan military alliance.⁸²

On the other hand, on December 16, 2014 after Shoigu's visit, Prime Minister Li Keqiang proposed that that the SCO become the "guardian of Eurasia." Obviously, this relates to Chinese concern for its showcase policy of a new Silk Road through Afghanistan and Central Asia to Europe, which would come under severe pressure if Afghanistan collapsed. And in August 2014, Russia and China held their largest SCO exercises to date, with China contributing J-10 and J-11 fighters, JH-7 early-warning assets and control aircraft, and WZ-10 and WZ-19 attack helicopters.⁸³ There also were signs that China

might actively contribute to the struggle against the Islamic State by supporting coalition air strikes even if does so independently and apart from the US-led coalition.⁸⁴ If true, this, too, would mark a revision of past Chinese policies and indicate an impending major policy change toward a genuine Sino-Russian military-political alliance in Central Asia against terrorism and Islamism in all its forms.

Russia's new defense doctrine proposes to "coordinate efforts to deal with military risks" in the SCO's common space.⁸⁵ It also provides for the creation of joint missile defense systems. While Moscow has previously pursued this with the West, it indicates a new willingness to work with China in creating missile defenses. Shoigu further stated that, "In the context of an unstable international situation, the strengthening of good-neighborly relations between our countries acquires particular significance. This is not only a significant factor in the states' security but also a contribution to ensuring peace throughout the Eurasian continent and beyond."⁸⁶ Shoigu noted that, "During talks with Comrade [Defense Minister] Chang Wanquan, we discussed the state and prospects of the Russian-Chinese relations in the military field, exchanged opinions on the military-political situation in general and the APR in particular... We also expressed concern over US attempts to strengthen its military and political clout in the APR," he said. His conclusion: "We believe that the main goal of pooling our effort is to shape a collective regional security system." It would be difficult not to see this objective as an invitation to an alliance.

Advocacy for an alliance openly contradicts Russian and Chinese stated policy at the highest levels, despite media and official statements urging further broadening of bilateral ties. Vice President Li Yuanchao told Sergei Ivanov, Putin's chief of staff, that, "China is willing to work with Russia to fully implement the fruits of a meeting between the two nations' leaders in Shanghai and conduct cooperation on a larger scale and with greater depth."⁸⁷

Ivanov clarified that while Moscow and Beijing will complement each other both bilaterally and internationally (note: not regionally), neither he nor China saw any point to a military alliance. Meanwhile Russo-Chinese military relations were directed against nobody and were purely bilateral.⁸⁸ He even argued that Russo-Chinese relations are based on human relations at the highest and lower levels not on “politicking.” Moreover, the crisis in Ukraine does not affect these relations.⁸⁹ In July 2014, Putin reiterated that joining an alliance subordinates Russia to the other parties and undermines its sovereignty.

Any nation that is part of an alliance gives up part of its sovereignty. This does not always meet the national interests of a given country, but this is their sovereign decision. We expect our national legal interests to be respected, while any controversies that always exist, to be resolved only through diplomatic efforts, by means of negotiations. Nobody should interfere in our internal affairs.⁹⁰

Even so Russia clearly called for a more formalized alliance. China sidestepped the issue, but is clearly prepared to upgrade cooperation with Russia, especially since Moscow’s rising dependence upon its largesse and support can be turned to China’s advantage. In their book about the RFE, Artem Lukin and Rensslear Lee insist that Putin has offered China an alliance.⁹¹ If this is accurate, then even analysts who write about Russian foreign relations generally—and not only experts on China—understand that this means Russia is becoming not just a junior partner to China but also losing a place of primacy on the overall international agenda given the dynamism of Asia’s economies and the many arenas of geopolitical strife there.⁹²

Despite this risk, there clearly are champions of closer ties to China, if not a formal alliance. Apparently, the military and the Ministry of Defense are among them, even though these particular elites fully understand that China, by virtue of its rising power and capability, as

well as the increasing reach of its capabilities and interests (e.g. in the Arctic) could constitute a military threat to Russia.⁹³ Dating back to Yevgeny Primakov's quest for a "strategic triangle" with Russia, China and India, the Russian government has routinely denied any threat or cause for alarm from China. This process also includes SVOP (The Council on Foreign and Defense Policy), which reached this conclusion back in 2007.⁹⁴ Nonetheless, the military was also concerned about China's rising interest in the Arctic and growing military capability, including the possibility of a mass ground attack on the RFE based on the Chinese 2009 Stride Exercise.⁹⁵ In 2010, the Russian government undertook the Vostok-2010 exercise, which culminated in a nuclear strike on the stand-in for the PLA. As Jacob Kipp observed in 2010,

A year ago, informed Russian defense journalists still spoke of the PLA as a mass industrial army seeking niche advanced conventional capabilities. Looking at the threat environment that was assumed to exist under Zapad 2009, the defense journalist Dmitri Litovkin spoke of Russian forces confronting three distinct types of military threats: "an opponent armed to NATO standards in the Georgian-Russian confrontation over South Ossetia last year. In the eastern strategic direction Russian forces would likely face a multi-million-man army with a traditional approach to the conduct of combat: linear deployments with large concentrations of manpower and firepower on different axis. In the southern strategic direction Russian forces expect to confront irregular forces and sabotage groups fighting a partisan war against 'the organs of Federal authority,' i.e., Internal troops, the border patrol, and the FSB."⁹⁶ By spring of this year, a number of those involved in bringing about the "new look" were speaking of a PLA that was moving rapidly towards a high-tech conventional force with its own understanding of network-centric warfare.⁹⁷ Moreover, the People's Liberation Army conducted a major exercise "Stride-

2009,” which looked like a rehearsal for military intervention against Central Asia and/or Russia to some Russian observers.⁹⁸

Beginning in 2009, overt discussions of a potential Chinese military threat began to surface in the military press, calling attention to Chinese military prowess.⁹⁹ And they all pointed to the threat of an invasion, not just by a large, multi-million man army, but also to the example derived from China’s military modernization that has led China to an informatizing, if not informatized, high-tech capable military, i.e. one with a plenitude of information technology capabilities in just over a decade.¹⁰⁰ In the RFE—a dilapidated and remote economy-of-force theater with vast distances, inadequate infrastructure, and a declining industrial and manpower base—Russia already faces a situation of conventional inferiority. Kipp further wrote:

In the first instance, in any military conflict the Russian VVS [Air Force] cannot guarantee air superiority against the Chinese. Moreover, they do not possess sensor-fused cluster munitions, though in theory their surface-to-surface missiles (SSMs) could deliver cluster munitions depending on whether the missile troops remained intact long enough. Faced with an advancing PLA division or divisions, early use of TNW [thermonuclear warheads] would present a viable option.¹⁰¹

Nevertheless, by 2014, Shoigu and Antonov were advocating an alliance, and Moscow was selling China the crown jewels of Russian defense production like the S-400 air defense system, the Su-35 fighter plane, and the Amur-class submarine. Regular joint naval exercises have now taken place, not only in the Far East but also in the Mediterranean, signifying Russian acceptance of China’s interests there and desire to lean on Chinese power in the Levant. Indeed, as a result of these exercises, including the most recent, Aerospace

Security-2016, Russia may now sell China the nuclear capable Kalibr' cruise missile for use on Russian-made Kilo-class diesel-electric submarines, even as Russia for its own purposes continues the ongoing combined arms buildup of its Far Eastern Military District (FEMD) and overall military buildup.¹⁰² The Russian Pacific Fleet also joined with the People's Liberation Army Navy (PLAN) recently to sail into the disputed Senkaku/Diaoyu islands, provoking a significant Japanese response—an action that appears senseless unless the military and the government are trying to intimidate Japan into an agreement with Russia.¹⁰³ But Russia appears to have second thoughts. It backed out, for now, from selling highly capable rocket engines to China, something that had hitherto not been the case.¹⁰⁴ Still, a recent Russo-Chinese aerospace simulation drill of a joint response to a ballistic missile attack—clearly intended against the US—indicated “a new level of trust” between these governments, which shared highly sensitive information on missile-launch warning systems and ballistic missile defense. This “indicates something beyond simple cooperation,” according to Vasily Kashin, an analyst at the Center for Analysis of Strategies and Technologies, in Moscow.¹⁰⁵

Conclusion

Russia's pivot to Asia has essentially been a pivot to China, leading to a loss of maneuverability and freedom to act independently in Asia, a declining reputation among erstwhile friends, and growing subordination in the bilateral relationship to Chinese designs in Central, South, Southeast or Northeast Asia. While partnership will continue as long as a shared anti-American ideological-political discourse dominates strategic thinking, Russia will benefit little, and China may chafe at being attached to a reckless declining power.

Will Russia accept being subordinated strategically to China? This would represent both an irony and a crowning indignity, since the entire purpose of Russian foreign policy is to assert and gain acknowledgement for Russia's sovereign independence and greatness

as a foreign policy actor across Eurasia, which is why Russia leans on China in the first place. Such an alliance, Putin's apparent current default option, possesses an inherently explosive quality, not least for Russia.

ENDNOTES

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xi. Life After Decline

Andrei Piontkovsky

On August 1, 1991, following a cordial meeting with Mikhail Gorbachev in Moscow, US President George H. W. Bush arrived in Kyiv to deliver what later became known as the *Chicken Kiev Speech* to the Supreme Soviet of the Ukrainian Soviet Socialist Republic. Bush warned Ukrainian legislators (most of them Communists) of the perils of *suicidal nationalism* and preached the benefits Ukraine would reap in a revamped Soviet Union, led by Nobel Peace Prize Laureate Mikhail Gorbachev. Ukrainian comrades were reluctant to heed the presidential appeal; and by the end of August, the same Supreme Soviet declared the independence of Ukraine, which was later confirmed by a massive “yes” vote in a national referendum throughout all the regions of Ukraine, including Crimea.

The potential collapse of the USSR was a major concern for the US Administration, mostly due to the uncertain future of the Soviet nuclear arsenal. When just several months after the *Chicken Kiev Speech* this collapse became a reality—to the US State Department’s utmost surprise—the US expended enormous effort securing the transfer of all of the nuclear weapons deployed in Ukraine, Belarus, and Kazakhstan to the Russian Federation as the legal successor state to the USSR. The crowning achievement of these efforts was the Budapest Memorandum of 1994, under which the Russian Federation, the United States, and Great Britain provided security assurances for the sovereignty and territorial integrity of Ukraine, which in exchange gave up its nuclear weapons. The true value of this

memorandum was revealed in February 2014.

A quarter-century after these dramatic events, the world again faces the decline and potential collapse of another avatar of the Russian state. It took three plus centuries for the Romanov Empire to fail, and it took about seventy plus years to prove the totalitarian idea behind the USSR to be a failure as well. Why is it that such a young post-Communist incarnation of the Russian polity is turning into a failed state, as we speak? I believe that the key reason was the genesis of this model, its fatal birth defect. From 1989 to 1991, the Central European and Baltic nations experienced both democratic and national revolutions at the same time. The positive energy resulting from these developments produced successful state and national projects. In contrast, with the benefit of 20/20 hindsight, it has become painfully obvious that the USSR's policy of *perestroika* had a clear agenda: The Communist Party and the KGB *nomenklatura* would seek to convert its collective and total political power into huge private fortunes for members of the *nomenklatura*.

They did so by tailoring the mafia state to their needs, which was deprived of any market-economy institutions, and, most important, of private property as its foundation. In Russia an "owner" succeeds by exploiting through proximity to, or direct association with, the authorities who control administrative resources (e.g. over a small or not very small segment of the state), and through complete loyalty to the ruling mafia and its honchos, rather than through efficient management and competition.

Criminal *Putinomics* is incapable of overcoming the addiction to oil money, and even with sky-high oil/gas prices, it would only stagnate for a long period. Any kind of successful development, business initiative, or innovation is totally unthinkable under Putin's kleptocracy.

Until quite recently, the Putin regime was able to fulfill its simple

duties under the social contract with its subjects. The Kremlin provided a passable (by Russian historical standards) standard of living for a large segment of the population: A once-a-year vacation in Turkey and a used car of foreign make. In exchange, the populace would allow the leadership to steal billions and ride the gravy train for ever and ever.

However, the war with Ukraine and worsening relations with the West triggered the inevitable collapse of Russia's economic Potemkin Village and exposed a primitive *obschak* (the common loot fund of a criminal community in the Gulag). The gangland honchos thus failed to extend their 15-year-old contract with society.

Each additional day that the delusional dictator and his gang stay in office exacerbates the Russian crisis, makes an exit more challenging, and becomes hazardous even for the privileged few. This applies especially to regional elites and, particularly, to regional-ethnic elites, who have begun to ponder their future positions in a post-Putin Russia.

The regions have begun losing faith in the federal government's ability to prevent economic crisis. At the same time, by taking resources away from the regions via taxation policy, while keeping regional leaders in charge of social policies, Moscow has left them alone to face the rapid slide of their populations into poverty.

In these circumstances, the territorial breakup of the Russian Federation is highly likely, as happened in 1917 and 1991. If Putin does not leave voluntarily (or with a little help from his friends) in 2016, by 2017 (the year of the centennial anniversary of the Russian Communist Revolution), Russia in its current incarnation will be gone. The most significant consequence of this tectonic split with respect to 21st-century world history will be the destiny of Siberia.

For the past 10–15 years, I have been preaching in vain to the Russian

political class, trying to warn that

...confrontation with the West and the development of a “strategic partnership” with China will leave Russia not only marginalized but also subject to China’s strategic interests. And this will lead in the end to the loss of control over the Russian Far East and Siberia, first de facto and then de jure. The Holy Aesopean Alliance of Emperors Pu and Hu is the alliance of a rabbit and a boa constrictor. Its outcome is inevitable, and it will be swift. We’ve been so desperate to hold together the tatters of our own “near abroad” that we failed to notice that we have now become part of China’s “near abroad.”¹

From 2009 to 2015, Russia entered into a number of bondage economic agreements with China, concerning, for example, energy supplies and joint development of mineral deposits. These ventures will be used in China to set up production of iron, copper, molybdenum, gold, antimony, titanium, vanadium, germanium, tin, etc. China will build processing facilities on Russian soil, where Chinese workers will be employed.

These agreements follow the pattern of relations that China has entered into with a number of African dictators in the past decade, though in the case of Africa, they provided for a significantly larger degree of employment for local people.

China has everything it needs: A license to digest a strategic region for a while—which so far remains outside its physical borders—plus regular energy supplies from the country China plans to digest. By the time this license expires, China would not need to renew it anymore. As Chinese military stratagem states: “An efficient control over a lengthy period of time will eventually shift geographic borders.”

China is so satisfied with the current development of Sino-Russian

relations and so confident that from now on the game is going to be played by Chinese rules, that in May 2014, Chinese Vice-President Li Yuanchao, speaking at the round table “Russia-China: strategic economic partnership,” in the presence of the highest-ranking Russian officials, made a statement of unprecedented daring and frankness to the point of bordering on insult:

Our businessmen say that Russia has vast territories, while China has the most hardworking people in the world. If we can combine these factors, we’ll get a significant economic boost. Russia has a large territory and few people, while China is in exactly opposite situation.²

The last time a similar suggestion was made was in December 1949, by Mao Zedong, when he came to Moscow to sign the Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance. For some reason, Comrade Stalin disliked it so much so that Mao spent the next two months in Moscow under *de facto* house arrest. It seems that 65 years later, the Chinese leadership has decided that the northern barbarians are finally ready to accept it.

As Aleksandr Lukianov, a Siberian analyst, put it, one of the reasons for the key choices made by the Kremlin regarding Siberia

...could be motivated by the Russian leadership’s intention to secure additional assurances for its preservation of power. The Chinese are perfectly aware that in case of [a] change of government in Russia, any new leadership, which would replace the current one, be it liberal, communist, nationalist, red, green, or sky-blue pink, would immediately revise the conditions of “cooperation,” which is so beneficial for China, but rather harmful to Russia’s national interests. As a result China turns into a stakeholder directly involved in keeping the power in Russia in the hands of those people who generously acceded to yield resources of Siberia and [the]

Russian Far East to China.³

China is quite happy with the current pace of consistent economic and demographic takeover of Siberia and the Russian Far East condoned by Russian rulers. As a Putinistan colony, Siberia is doomed to fall into China's lap like a ripe (or, rather, rotten) fruit. Only a politically and economically independent Siberia would be able to preserve its Russian (and therefore European) identity.

If the Russian Federation begins to disintegrate, the Republic of Siberia would be one of the first to be proclaimed independent. The entire Beijing strategy, having been designed for decades, would be questioned, and in response Beijing would accelerate its takeover of Siberia and the Russian Far East. China could apply a number of political tactics in the face of total collapse of the Russian central government. It could, for example, employ a "Yanukovych scenario," as follows:

One day, before Putin completely loses his official authority, Chinese commandos would evacuate him to Beijing, where he would be declared the legitimate President of Russia. In this capacity, he would sign any required letters and petitions to the Chinese government, and agreements with it. One of them, for instance, could be a "Request for the historical unification of the PRC [People's Republic of China] and the RF [Russian Federation] in the family of nations—spiritual heirs of Genghis Khan's Great Empire."

I did not make up this language. It is taken from the writings of a former Soviet military intelligence (GRU) officer and renowned sinologist, Colonel Andrei Devyatov. His pro-China lobbyist group "Heavenly Politics" promotes the idea of restoring the New Horde, which would oppose the soulless West.

China might also use the school of thought quite familiar from the annexation of Crimea: protection of fellow Chinese nationals in

Siberia, and the polite little green men would be ready to provide them with humanitarian assistance.

Beijing's practical goals would be to:

1. Return to the PRC territories marked in Chinese school history text books as annexed by Tsarist Russia under unfair treaties of 1858 and 1860.
2. Incorporate the rest of Siberia as Jochi Ulus (a.k.a. the Golden Horde) into a sort of union of states-heirs similar to Genghis Khan's Great Empire. (The first leader of the reborn Jochi Ulus could be the above-mentioned, perfectly ideologically motivated "heavenly politician," Colonel Devyatov.)

If implemented, this program would result in total de-Russification of the lands east of Urals in one to two generations.

For any Russian, apart from "heavenly politician" sinologists who went nuts about Westernphobia, the absorption of Russian Siberia into the Han sea, would be an irreversible tragedy. It would be also my personal tragedy, especially since all of my ancestors from my mother's line were Siberians, some of whom came to Moscow in November 1941 to take part and perish in a major battle of World War II.

But this would not be just a Russian issue. For humanity in general, the Chinese takeover of Siberia would be a quantum leap, which would change the geopolitical structure of the world forever. A new nation resembling Genghis Khan's empire would emerge on the Eurasian continent. Central Asia would end up in its sphere of domination. Japan, Korea, and the rest of China's neighbors (which have dozens of territorial disputes with China) would be extremely threatened by China's boost.

And what about the world's cop? Well, he is on vacation, at least till January 20, 2017. President Barack Obama would express serious concern. He would dispatch his Secretary of State to negotiate with Chinese President Xi and the Jochi Ulus Ruler Devyatov, immediately transferring all nuclear weapons deployed in Jochi Ulus to the People's Liberation Army of the PRC. This step is required by the inviolable principles of the Treaty on the Non-Proliferation of Nuclear Weapons. It is also in the spirit of President Obama's noble plan of moving toward global nuclear zero. The second US priority would be Jochi Ulus's swift accession to the Paris Protocol Against Global Warming.

Secretary Kerry would enthusiastically embrace this historic mission, hoping that combined with his Iranian and Syrian diplomatic achievements, it would finally grant him his long-awaited Nobel Peace Prize. In the beginning, he might miss his traditional partner, Sergei Lavrov. Lavrov will have been summoned urgently to The Hague for a pressing issue. Soon enough, Secretary Kerry will have recomposed himself by finding a new Alpha male: Chinese Foreign Minister Wang Yi.

Actually, I doubt that events would develop so rapidly, and most likely not under the current Administration, but a new Administration in Washington will face the challenge of a century.

If China succeeds with a Siberian Anschluss, the world will never be the same. From then on, it will play by China's rules. Nobody wants it to happen, but who will be able to resist such a fate? Nobody but the people of the Republic of Siberia and one more person: the 45th President of the United States.

The US is the only global power with the political, economic, and military resources to convince China to refrain from this breathtaking temptation. Most likely there will be no need to seek recourse in the last argument: military force. For China, it is very important to

preserve its economic symbiosis with the US, much more so than for the latter. However, one should not rule out the risk of military escalation. Never before have the stakes been so high, both for the world and for the US, and the decision to be made falls to the US President.

Eight centuries ago, in 1206 and 1215 (by historical standards almost at the same time), in two places very distant from each other on earth, two political bibles were composed: the Great Yassa of Genghis Khan and the Magna Carta. The choice between an independent, ethnically European Russian Republic of Siberia and a reborn Mongol Empire may again be the choice for the entire world order in the 21st century: the Magna Carta or the Great Yassa. This choice will to a great extent depend on decisions made in Washington, DC.

Meanwhile, the rest of the world has nothing else to do but study carefully the faces of the candidates for the 45th President of the United States.

ENDNOTES

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Part 8

Avatar Politics and Degraded Culture

xii. Russia's Decline as a 'Brave Re-Stalinized World'

Irina Pavlova

In my view, the most prominent feature of Russia's decline has little to do with its struggling economy, runaway corruption, and poor governance; or even with its alarming demographic trends. It is about the process of re-Stalinization, which has dramatically defined and perpetrated the decay of Russian societal identity. Never before have such anti-Western, Great Power sentiments been as widespread in Russia as they are today. Despite his enormous crimes, for the majority of Russian people, Joseph Stalin represents the ultimate embodiment of these ideas.¹ Documentaries and feature films about Stalin and his era have flooded Russian screens. Bookstores are crammed with apologetic publications that present him as a model political leader, effective modernizer, builder of a Great Power empire and the ultimate victor of World War II. Most alarming, these attitudes are not limited to those of the older generations of Russians nostalgic about the Soviet Union. On the contrary, it is the newly indoctrinated younger generation reared in an atmosphere of re-Stalinization that has absorbed all the apologetic clichés about the Soviet dictator.

Re-Stalinization began in the mid-1990s, as the Kremlin sought to formulate a "national idea" (or, "patriotic idea," as it is currently referred to) that could unite people around the central power. This move coincided with the intention of former KGB members—who consider Stalin as a model political leader—to stabilize the country.

Planning to assume power in the Kremlin, they recruited a number of authors to promote a positive image of Stalin instead of exposing his crimes, or what had been known as de-Stalinization. This new ideological “operation” was a resounding success due in large part to an impoverished, disoriented Russian society extremely dissatisfied with the results of unfair privatization and the turmoil of the 1990s. The austere image of Stalin offered the populace a welcome contrast to the injustice, criminality, and disorder that had been associated in people’s minds with the Yeltsin era.

When Vladimir Putin came to power, the vector of his politics should have been abundantly clear: a consistent reversion to a Stalinist political model. Even those political commentators and experts writing about the transition to democracy after the so-called liberal and democratic revolution—which, in their opinion, took place in Russia in August 1991—agreed that Russia was shifting back toward authoritarianism. However, the search for historical analogies to Putin’s regime was less than clear. Analysts tried comparing it to Russian authoritarianism under Tsar Alexander III or even to the reign of Nicholas I, to Leonid Brezhnev’s era, or to authoritarian regimes in Latin America. In the last two years, comparisons went even further—to the fascist regimes of Benito Mussolini and Adolf Hitler.

Political experts have consistently rejected the idea that Putin has reproduced the mechanism of Stalin’s power. They ridicule out of hand the very thought of it, arguing that Putin is not Stalin on the basis that there are no repressions today comparable with those in Stalin’s time and that there cannot be. This rejection sometimes takes the form of outlandish exaggeration (if not outright fabrication), for example, when Dimitri Simes Jr. writes in “Putin’s No Stalin”² that “numerous academics, journalists and politicians have been pressuring the US government to view modern-day Russia as the second incarnation of the Soviet Union under Joseph Stalin.” Sometimes, such a comparison is used as a figure of speech, but as far

as I am aware, this decline of the Russian power toward Stalin's political model has never been a subject of serious historic and political analysis.

Why? I argue that this is primarily due to a superficial understanding of Stalinism and Stalin's mechanism of power. The core of Stalinism was not mass repressions but a clandestine model of power, in which the worst traditions of Russian authoritarianism going back to the time of Ivan the Terrible obtained their complete expression. The model is ideal for consolidating power by a group of individuals, thus perfectly serving the interests and goals of President Putin and members of his corporation. It guarantees a secure hold on both their power and their assets, and satisfies their Great Power ambitions on the world's political stage.

Putin has resolved the problem of consolidating and maintaining his power even more efficiently than Stalin because in a modern informational society the same goals can be achieved by effective manipulation of public opinion, which makes mass repressions redundant. Television shows like Vladimir Solovyov's, which Simes considers "venues for open debate and dissenting points of view," are in fact the perfect example of such manipulation.

The preconditions for the development of this political system have existed since August 1991, when the mechanism of Communist power, with its infrastructure of ruling and secret decision-making, remained intact. The absence of any independent civil structures in the country that could change the essence of Russian statehood predetermined Russia's return to a familiar governing mode.

Putin's reinstatement of the so-called "vertical of power," with governors appointed by the federal government, was the last missing piece that cemented central power and made the Russian Federation a unitary state. The main principle of Stalin's—and now Putin's—mechanism of power is the absolute secrecy of its politics. This secrecy

covers not only foreign policy, but also all aspects of the internal life of the country. In such a manner, the central power acts like an occupier of a foreign land. Secrecy hides the real center of power, its main players, their motives, the very process of decision-making, and the decisions themselves. Some of these come to light—but only if they are allowed to come out. On the surface, everyone can see that the sham institutions of Putin’s “sovereign democracy” are akin to the institutions of “socialist democracy” in Stalin’s time. In addition, Putin has successfully managed to adapt Stalin’s mechanism of power to the era of global informational access, allowing the existence of not only the so-called systemic opposition but the non-systemic opposition as well, which can even harshly criticize him. Yet in reality, such opposition reinforces the stability of the contemporary political system, serving as an integral part that exists on the Kremlin’s terms.

Though this model of power can easily adapt to and employ modern informational technologies, it acts according to the same logic as Stalin’s mechanism of power. Just one example: Political commentators and experts, exactly like some historians of Stalin’s time,³ unanimously accuse Putin’s power base of poor governance in the Russian provinces as characterized by corruption, disorder, arbitrariness, etc. However, this kind of precise focus on daily issues and problems distracts people from the objectives of the central power, dispersing their forces as they engage in a constant struggle for survival. For the people in power, unpleasant things such as chaos, corruption, and disorder are incomparably lesser threats than the organized resistance of people, which must therefore be kept within certain boundaries. Moreover, it is important to understand that organizing normal social life in the country is not the Kremlin’s first priority. Its main objectives are holding and strengthening its own power and modernizing military industry in every possible way in order to dictate its rules on the world stage. As for the lives of millions of people, the Kremlin cedes control to the local authorities. While requiring the unquestioned execution of directives from above, the Kremlin leaves them complete discretion in all other affairs. This

arrangement has confused the experts, leading them to believe not only in the Kremlin's poor governance and weakness but also in the disobedience and even opposition to it from the local authorities.

Putin's regime has not only restored Stalin's mechanism of power. It has also consistently exploited the people's memory of the Second World War, using it as fertile soil for cultivating new images of the enemy and a hostile environment that wants to break Russia down, to bring the chaos to the country in the form of a so-called Colored Revolution, and to usurp its natural resources. This tactic has further helped to consolidate those around the central power, demonstrating that in the 21st century, Russians remain archaically paternalistic people, completely dependent on the central power. The basis of such consolidation is composed of traditional anti-democratic, anti-Western, Russian and Soviet values that have congealed into a kind of ideology that I term "Russian fundamentalism." Its main features are: 1) the idea that the Russian people are bearers of a particular "cultural code," special morality and a special sense of justice; 2) rejection of the soulless West as a model of social development; 3) a vision of Russia as an empire and a great power; and 4) confidence in Russia's special historical mission.

Ideological decline, manifesting itself in the rise of Russian fundamentalism, has affected not only the notorious 86 percent who support President Putin. Russian fundamentalism unites both the central and local powers, their elites, and the people. It is important to emphasize that Russian fundamentalism today is not solely a result of imposed ideological pressure, but a conscious choice of people who have traveled the world and who have free access to information.

Russian intellectuals bear a large responsibility for the rise of Russian fundamentalism, as they have participated enthusiastically in the advancement of Great Power ideas and the process of re-Stalinization. It is by their efforts that "Stalin" and "Victory" have become inseparable in the minds of people; it is by their efforts that the

historical value of Stalin's modernization has been hammered into mass consciousness. It is by their efforts that the whole Stalinist era has been glamorized. Just one example can be seen in the work of popular writer Dmitri Bykov, who associates himself with 14 percent of people who disagree with Putin's policy today. In 2012, he was convinced that in the West there was "no way out, there is a dead end there, everything is on us, we must again show the World the way ... Russia should become great... In fact, Russia will show the light to the World, as she did it in 1917, and until 1937 the entire Western intelligentsia perceived it exactly in such a way..."⁴

It is clear that the Kremlin will continue to dole out generous rewards to the intellectuals from its "informational forces" who are keen to promote the regime's ideas and interests. The Kremlin today refers to the West rather condescendingly, using the weaknesses of Western leaders in its propaganda. Many pro-Kremlin experts, numerous Russian think tank fellows, political talk show television anchors and their regular participants who now very aggressively attack the policies of the United States, have spent a lot of time in this country, absorbing the American experience in think tanks, universities, and foundations created to promote democratic values, etc. They have successfully adopted an arsenal of rhetoric from international law, mastering the methods of modern informational warfare. The main goal of these "informational forces" is to weaken the West—primarily the US—fundamentally, to set Europe against the US, to undermine Western values, to corrupt political leaders in the West, and to expand the sphere of the Kremlin's influence in the world, making Russia a leader of all anti-Western forces.

It is my strong conviction that the contemporary Russian regime is not going through a stage of agony, as liberal critics of the regime argue continually in hopes of its quick end. One paradox of the Russian reality is that there is no direct link between the deterioration of living standards and the strengthening of the regime, as the two processes essentially go hand in hand. As the quality of life of ordinary

Russians continues to decay in the years to come, the regime's core constituents—namely, the *siloviki*, the power elite, the military, the national corporations—will continue to thrive. Once again, this paradox resembles that in Stalin's time, during which Russian society suffered a tremendous decline while the regime itself was at the peak of its might and strength, both within the country and on the world stage. Putin's regime is in such a period of consolidation today.

Despite the predictions of many political commentators and agencies,⁵ I do not see any signs of Russia's collapse in the near future. Instead, I foresee rather realistic new challenges that the rise of the Stalinist model of power and Russian fundamentalism will pose to the West. For me it is obvious that contemporary Russia is more dangerous than the Soviet Union was during the Cold War. Without the "Iron Curtain," Putin's Russia is much freer to communicate with and to influence the world, and to penetrate into the West via its agents. Since 1991, while the West thought that it was "civilizing" Russia, Russian authorities were using this opportunity to seek and recruit anti-Western allies from the West. Furthermore, because of the Internet, the world is now more vulnerable to the dangers of hacker attacks and unprecedented opportunities for the coordination of terrorist acts.

Never in its history has Russian authoritarianism been so aggressive, so determined, and so consistent in its actions. The main tools of its foreign policy arsenal remain, just as they were in Stalin's time—blackmail, provocations and bluffing. Unfortunately, the West has not drawn a lesson from Stalin's behavior in World War II, because it has not acknowledged his pivotal role in the provocation of the war and his secret plan to Sovietize the whole of Europe all the way to Spain. President Putin is the same type of provocateur, ready to propagate chaos, corruption and destruction. Only in this kind of chaotic and corrupt world may he seem like a victor.

The question is whether the West, especially the US, will have enough

reason, insight and political will to oppose these political challenges and to learn how to counteract the Kremlin and the rise of Russian fundamentalism. Thus far, only Western military authorities have begun to consider Russia as a serious threat. It is imperative that the strategic objective to oppose the Kremlin's opportunistic behavior must have a peaceful solution because the Kremlin's response to an overt military confrontation may be unpredictable—to the point that the use of nuclear weapons may become a real possibility. Therefore, the West must develop a smart, precise and unexpected response. Russian authorities must be deprived of their temptation to base policy on human ignorance, lies and disinformation. It is vital to find an approach that will undermine the Russian fundamentalism being cultivated within the country; to change the image of the global world that the Kremlin is trying to create using the methods of Stalin's Great power policy; and finally, to arrest the decline of Russia and its corruptive influence on the world.

ENDNOTES

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xiii. Russia of the Mid-2020s: Breakdown of the Political Order

Denis Volkov

The Russian Regime Today

At present, Vladimir Putin's political regime seems stable and solid. The president himself enjoys the approval of some 80 percent of the population. Approval of the government's performance has also remained high, as the Kremlin has proved rather effective in dealing with the current economic crisis, in executing covert operations to annex Crimea, and in maintaining social stability in the country. The system seems to be legitimate enough, both with the elites and the population as a whole, to suggest that the parliamentary elections of 2016 will once again result in a Duma controlled by the party in power. And, in 2018, Putin will be re-elected president should he choose to run for the office. The regime was able to maintain this legitimacy by demonstrating its vitality and ability to deal with several concurrent and successive economic and political crises. In 2005 and 2011–2012, it withstood a series of popular protests on a national scale (with mass protests on a regional level in 2009–2010); it managed to transfer presidential power from Putin to Dmitry Medvedev in 2007–2008, and back to Putin in 2011–2012; it weathered economic crises in 2009 and has coped adequately with more recent economic troubles. Further, Putin's Russia has projected power in the war with Georgia in 2008, the annexation of Crimea from Ukraine, support for the rebels in eastern Ukraine in 2014, and the intervention in Syria in support of the Bashar al-Assad regime.

And yet, with all these ostensible successes, I argue that the heyday of Putin's regime is already in the past and that in the next 10–15 years, the Russian political system may wind up in disarray. The legitimacy of the regime, which has been waning for some time, will eventually undermine its ability to maintain social order and deal with new and impending crises.

Waning Legitimacy

Putin's regime was at its peak in 2007–2008. Not only had approval ratings of the president and the government been exceedingly high for several years, but the majority of the population was confident about the future. People were sure that their lives would become better and better. When the majority of Russians voted for the United Russia party in 2007 and for Medvedev in 2008, they hoped to secure the socio-economic stability enjoyed during Putin's earlier term. This conviction certainly helped ensure a smooth transfer of presidential power from Putin to the far less popular Medvedev. But the economic crisis of early 2009 crushed that confidence in a better future. Soon thereafter, one could observe a gradual decline in people's support for the regime, which resulted in mass protests in 2011–2012. Despite the fact that in the next couple of years the Kremlin succeeded in dispersing street demonstrations, discrediting protest leaders in the eyes of the broader public, and dismissing the very idea that there could any be alternative to Putin and his course, the government failed for several years to regain its pre-crisis popularity.

Nothing helped to recover Putin's former high level of popular support. Almost no pre-electoral mobilization materialized in 2011–2012 (which usually results in a significant increase in the popularity of the regime). Putin's so-called May Decrees, which prescribed the expansion of social spending, helped to maintain people's support of the regime, but did not increase it. Even in the relatively economically successful 2012, these additional expenses became an excessive

burden on the budget. This meant that in lean years the government would have to cut them one way or another, a step unlikely to increase its popularity. The exorbitant cost of the 2014 Olympic Games, in Sochi, boosted approval ratings by only a couple of percentage points. Only the annexation of Crimea, which provoked emotional support for the revival of Russia's "great power" status in the world, helped to reverse the trend of the regime's de-legitimization. But, although spectacular, the effect of Crimea had its limits. It increased popular support of all state institutions; the approval of the president alone went up 20 percent between March and April of 2014. But approval ratings of the president have been decreasing since the middle of 2015, while the approval of the government and prime minister have been falling since autumn 2014. By spring of 2016, all of these indicators (except for the president's approval rating) are down to a "pre-Crimea" level. The effect of the annexation on the people's assessment of the country's economic performance was even more modest. Economic optimism lasted only 3–4 months, after which all indicators returned to normal and then declined following the economic crisis at the end of 2014. Without good economic performance and another spectacular "success" in the international arena, the effect of Crimea on the regime's legitimacy could completely disappear in a couple of years.

Economic Slowdown

The economic slowdown in Russia had already manifested itself in 2011–2012. Russian GDP grew by 4.5 percent in 2010, 3.4 percent in 2012, and by only 1.3 percent in 2013—well before any economic sanctions against Russia and the drop in oil prices occurred. In 2014, GDP grew only 0.6 percent; and in 2015, it contracted by 3.8 percent, according to World Bank estimates. The main cause of this slowdown was due to structural problems within the Russian economy, and no progress is likely until reforms are undertaken. Even if oil prices increase slightly and the majority of economic sanctions are lifted at some point (probably in one or two years), the main obstacles to

economic growth will remain. The proximity of elections (parliamentary elections will be held in 2016 and presidential elections are scheduled for 2018) suggests that no drastic decisions will be made until after 2018. In fact, there is no guarantee that reform will be undertaken after 2018, as any structural reform in Russia would, by necessity, break up the monopoly on power of the ruling elite. And thus far, Russian authorities have demonstrated their determination to stay in power as long as possible, preferring the *status quo* to any type of change. So it is not unreasonable to expect economic stagnation to continue into the near future.

In the medium term, economic stagnation could be ruinous for the political order in the country should the state be unable to fulfill its social obligations, such as paying salaries, providing social benefits, and compensating for inflation. Such a state of affairs would certainly damage the legitimacy of the regime, and yet some time would be needed for the population to recognize the inability of the authorities to address these problems. In the short term, the population's perception of its well being does not automatically track with economic indicators. For example, the effect of the economic crisis of 2009 (when GDP contracted by 7.8 percent) was more of a psychological one: It made people understand that Putin's period of stability was over, although the increase in the standard of living of the Russian population was only stalled in 2009 (at least in people's perceptions), and then grew steadily until early 2015; that is, several months after the first signs of a new economic crisis were felt by the Russian public. The government was able to prevent panic in the banking sector—at the end of 2014 there were signs that people started to withdraw money from their bank accounts in fear that the banks would not honor their deposits—and this helped Russians accommodate themselves to the situation. However, the population is gradually plunging into depression. As economic forecasts promise only modest growth in the next several years, one can hardly hope for the return of optimism.

Social Strife

Gradual decline in the support of state institutions in Russia in the next couple of years may eventually result in mass protests on a national scale, as has already happened twice in Putin's Russia—in 2005 and 2011–2012—when his approval ratings were at a relative minimum. In a regime where an unpopular government cannot be voted out, the only means people have to express their discontent is open protest. Recent experience suggests that widespread disapproval of the government is one of the critical conditions that drive mass protests. In 2014–2015, a number of protest actions were held in various parts of the country: hunger strikes by health workers in Moscow and Ufa; protests of retirees in Sochi; rallies by holders of mortgages in foreign currencies; rallies calling for the preservation of parks in Moscow and St. Petersburg; demonstrations in support of independent television in Tomsk; several oppositional marches; protests by truck drivers in several cities; and several hundred sporadic labor protests throughout the country. But none of these had the national scale of the demonstrations of 2005 or 2011–2012.

Nevertheless, the large number of more recent protest rallies indicates great potential for conflict within the Russian political system. This conflict is generated by two social phenomena. First, in recent years there has been a significant rise in civic activism within large Russian cities. Numerous groups and associations of citizens have sprung up to pursue their interests and defend their rights. Second, while undertaking such activities, these civic groups often encounter corruption, in which the interests of business and public officials are intertwined at the local, regional, or federal level. As authorities of the executive branch quite often influence the courts and parliaments on every level, almost no instruments exist to assist in settling such conflicts between citizens and corrupted representatives of the state.

With fewer resources available, conflicts may become even more bitter. The stumbling economy will, in turn, generate more protests

connected with economic demands, as the standard of living falls and the state fails to compensate. Finally, as the events in Moscow in Manezh square in 2009 and Biryulyovo in 2013 demonstrated, growing social frustration may result in violent manifestations, and even pogroms against migrants, rather than civilized and peaceful protest rallies.

However, for now, as the legitimacy of the regime is still rather high, all of these separate cases of conflict and dissatisfaction are not going to transform into a wider protest movement. When the main bulk of the population is confident in the government, any criticism falls on deaf ears. But in two or three years, as the legitimacy of the regime wanes, the conditions for mass protests will be in place.

Such protests are unlikely to lead to the overthrow of the regime or cause democratization, as Russian authorities are not keen to share power. But they will most certainly cause socio-political unrest and significantly diminish the government's room for maneuver, as different social groups voice their demands more assertively. For example, in several years it may be much harder to pursue the current migration policy if the population becomes agitated with animosity toward migrants. This poses a dilemma: Without an influx of migrants, the majority of whom come to Russia from the Asian republics of the former USSR, it will not be possible to prevent further contraction of the population of the country; however, welcoming migrants in without proper integration will only increase popular discontent.

Faced with mounting levels of social strife, a more unpopular government will find it increasingly difficult to pursue virtually any policy. The current government was so successful in forestalling panic in late 2014 in large part because of the involvement of the popular president. Using all of his authority, Putin stated that the situation was under control and would be resolved in the next couple of years, which had a positive psychological effect on the public. It is unlikely

that this trick would have worked had his approval rating been low. On the whole, the success of the Russian government's policies is to a great extent determined by the people's detachment from politics, and the ability of the government to manipulate public opinion. But when people are *a priori* critical of the government, success is harder to achieve. In other words, the less legitimate the government is, the less acceptable its policies are to the public, and, therefore, the less effective the government can be.

Troubles With Elites

A breakdown in social stability will likely hurt the confidence of the elites, casting doubt on whether the government has things under control and has a reasonable plan of action. And without the consent of the elites, the political system will only sink deeper into crisis and become more dysfunctional. As the allegiance of Russian elites to the country's leadership is based to a great extent on the ability of the leadership to buy them off (through political and economic corruption, lavish salaries, ability to participate in public procurements, etc.), the scarcity of resources will undermine their loyalty even further. But their loyalty and consent is crucial for the efficient operation of the political system. Let us take as an example Russia's policy toward Crimea. From the annexation of the peninsula to its integration into the legal and social infrastructure of Russia, it was rather successful as all state agencies demonstrated coordinated work and no open criticism was voiced from within the political system. This happened precisely because of the high level of consent of the elites on every level. Without such consent, all manner of sabotage of governmental decisions could have been expected, from deliberate delays to open defiance, whereby no efficient decision-making would have been possible. To ensure the integrity of the political system, the only alternative to buying off the elites and the population is coercion. But it is an open question as to how effective such coercion might be under the conditions of waning legitimacy and scarcity of resources.

However serious the prospect of the described malfunctions of the political system might be, it is most probable that they will manifest themselves after 2018. Moreover, the weight of amassing problems is making Putin the most likely candidate to run as the representative of the current power elite in the next presidential elections of 2018. And there is now no doubt that he will win. But if the above argument is true, Putin's fourth term as president will not be an easy time for the country. Most likely it will be marred by economic problems, social strife, and growing dysfunction of the state apparatus. The system will probably survive, but no steady development is possible under such conditions. And for another decade Russia will remain a country in decline.

What is also troubling is that by the time of the next electoral cycle in Russia, in the mid-2020s, a large portion of the country's leadership will be in their late seventies. This will finally usher in a process of large-scale, natural replacement of Russian top elites. Such a change—in the absence of legitimate and well-functioning institutions (elections in Russia have the function of acclaiming existing authorities, rather than voting in new elites) and in a climate of social strife and economic troubles—will pose a big challenge. And there is absolutely no guarantee that the transfer of power in the mid-2020s will be as successful as the transfer of the presidency from Putin to Medvedev at the end of the 2000s. In this set of circumstances, there is a danger that the post-Putin political system could collapse altogether.

Part 9
Russians' Views of
Russia's Future

xiv. What Does Russia's Decline Look Like?

Nikolay Petrov

Prior to 2014, there were expectations that Russia's probable decline would happen as an Argentina-type scenario of steady sagging/decay. This looked rational in economic terms, but authorities—faced with political crises and basically unable to fix the problem of legitimacy following their electoral win in 2012—decided to switch to a different model of legitimacy: that of military-emergency, instead of electoral.

In 2014, Putin forced the issue greatly, raising the stakes and making the scenario of a steady decline practically impossible. The option of maintaining the *status quo* indefinitely without serious negative consequences has disappeared. The cost of a 20-percentage-point increase in Putin's popularity due to "KrymNash" ("Crimea is ours"—a slogan that became popular in Russia in connection with the Crimean annexation) was not only an economic slump but also an inflated public expectation of "the restoration of Russia's greatness." In other words, Putin has taken credit for his newly elevated popularity, and the interest rate is very high.

Causes and Conditions of Decline

Russia's decay derives not just from a single process but from a combination of a number of descending waves of different lengths. The longest of them, which began during the Soviet Union, is connected with an accumulation of technological underdevelopment

caused by negative stimuli such as repressions, while alternative positive stimuli did not exist. The second downward wave appeared at the end of Putin's first presidential term, when authorities provoked uncertainty by changing their position with regard to property rights. The country was sucked into a vortex with a decreasing time horizon, with long-term investment—both financial and political—becoming irrational, and short-term goals taking priority. Finally, the third and shortest wave began in 2014, when Russia revised the rules of the game of international order, sparking a sharp confrontation with the West.

Moreover, Russia's decay is, by itself, of a multidimensional, nonlinear character. Its objective unevenness in time is worsened by the subjective perceptions of both elites and citizens. Decline is, therefore, uneven in different directions, whether in economic, social, military-political, or ideological terms; and sometimes, it is not even unidirectional, which creates internal tensions. This is also the reason for growing inadequacy in decision-makers' brains. Putin's "maternal capital" program illustrates this point well, and also demonstrates the urge to find simplistic solutions for complicated problems. The program, designed to arrest Russia's decline in population growth, provided women with monetary incentives to encourage the birth of a second child. While an increase in the birth rate did occur, this coincided with a period during which the children of baby boomers were already having children. And, since that brief surge, birth rates have once again declined. Nevertheless, Putin continues to cite the program as proof that demographers were wrong and that he fixed the problem.

During his 16 years in power, Putin, as well as elites and citizens, became accustomed to growth and to flourishing on the basis of an ever-growing budget. The luxurious car that until recently was comfortably rushing downhill has all of a sudden found itself on a rocky, dirt road without any asphalt onto which the car can be pushed or even partly unloaded. What does the load signify? Two-thirds of the budget is allocated to: 1) *siloviki* (law enforcement and security

agencies); 2) the military-industrial complex; 3) social obligations; and 4) the pension system. It needs to be cut drastically. In the case of points 2 through 4, the on-going election prevents full spending levels; in the case of *siloviki*, spending began with the reform of the National Guard. Budget reductions have not yet been too severe, but will be immediately following the elections, when authorities begin to make cuts in the social sphere, pensions, and military industry.

The most dangerous moment in terms of elites' and citizens' dissatisfaction is not when the smooth road ends, but rather when they realize that it will be at an end for a long time into the future. A state of quasi-martial law, in fact introduced by Putin, is considered to be temporary and not long-lasting, but this perception will change.

Possible Scenarios for the Future

Two basic options can be considered: 1) a crisis, although not a collapse, leading to authorities' attempts to react in ways similar to what they are doing now; that is, reacting to the decline of United Russia's popularity and the dismantling of regional political machinery; 2) collapse resulting from a crisis chain reaction/avalanche. The first option is by all means preferable, and there are some separate positive examples, such as United Russia's recent primaries leading to more public politics and more competition. Nevertheless, this scenario is plagued by three major problems: first, a shortage of time does not give hope to the idea that Putin will manage to adjust the system given the increasingly complex external challenges that must be addressed prior to the coming of a potential collapse; second, an increasing shortage of resources puts limits on the system's capacity to react as adequately as it had in previous crises; and third, the system itself does not enable forecasting or preparation for potential crises over a longer term, thus encouraging authorities to react only to immediate problems, rather than avoid future ones.

Partial collapse is an unlikely scenario as well. In the 1990s, the federal superstructure collapsed, but the regional structure kept the system from complete decay. It looks now as though the latter will be incapable of remaining intact, and decline will go further. This could happen in two basic ways: first, with local crises developing into national ones owing to the inability of degraded local authorities either to fix or prevent crises from spreading. Yevgeny Gontmacher described this phenomenon in his “Novocherkassk 2009” piece. Second, authorities could provoke a growing crisis due to bad management and inadequate actions. One should add that if authorities prove somehow capable of dealing with separate crises, overlapping crises can have synergistic effects, making the possibility of timely and effective reaction much more complicated.

Disintegration

Not only can disintegration not be excluded at some point, but it looks almost inevitable both in soft and hard forms. In fact, it is already happening. Growing regional autonomy is an inevitable result of the financial weakening of the center. The model of “buying” the loyalty of regional elites, especially of ethnic ones and particularly those from the Caucasus, is breaking down and may soon lead to serious consequences. One need only observe Kadyrov’s changing behavior to understand what can follow. In other cases, a tug of war by the regions may continue without sharp public *démarches*.

Times of crisis resulting from both centrifugal and center-rejecting moves will likely intensify. The return of public politics with elections and the understandable desire by elites—from both the center and the regions—to direct blame and responsibility for increasing socio-economic problems on those in power should serve as catalysts.

The disintegration of the USSR provides a useful model, with “the parade of sovereignties” increasing at first, followed by decay of the whole Soviet space resulting from a certain shock. Alternatively, in the

absence of a big bang, regions that are less connected to the whole will secede one by one. Chechnya and the ethnic republics of the North Caucasus are clearly first in line.

A loosening of the unified tissue of the country may occur not only along regional, but corporate lines as well.

Degradation of Regional Elites

The quality of regional elites has degraded significantly compared with that in the 1990s, and only continues. Major reasons for this trend include extreme weakness of popular political engagement in the absence of normal competitive elections; corrosive choices made by the central power, which favor loyalty rather than efficiency; incitement by federal generals based in the regions against local elites; and troubleshooting by strong, authoritative persons capable of consolidating regional elites in the service of their own interests. One should add to this the outflow of talented individuals from the regions, who are both forced (pushed) and voluntarily (pulled) away, because of the centralist model.

The above analysis is concerned less with individual representatives of the regional elite, but rather the system of which they have become a part, which encourages diligence, not initiative, and does not assume autonomous responsibility and decision making. In many regions, a good portion of top managers consist of newcomers who have not had any connection to the region and will not have any in the future. Their psychology is that of temporary managers who are interested in getting as much from the region as possible without investing in its development. Further, not only has the elite been diminished in many regions, but the cultural layer from which able successors could be recruited has been exhausted.

Degradation of Human Potential and Social Capital

The degradation of human potential due to prolonged underinvestment in the social sphere, especially in education, on one hand, and outmigration of the most active part of the youth from the country, on the other hand, has contributed to Russia's gradual downward slide. A landslide can be expected soon.

Such demographic dynamics can be described as negative, both in terms of birth rates/death rates and migration. Mass outmigration has perhaps exceeded the point of no return, at least in case of some regions. This trend results not only in a declining labor force, which makes impossible any further economic growth, but also deprives the most active and enterprising parts of society of potential modernization agents. This may lead to the *de facto* death of the Russian countryside, and thwart any hopes for modernization in the ethnic republics of the Caucasus.

Social capital, which had been growing in the early 2000s at a time of economic growth and development of civil society, is now being demolished by special efforts of the government. In demobilizing society, the regime has been effective in destroying credible personalities and not allowing new ones to emerge. The inner-elite trust has been ruined as well. In the short run, this decreases the risk of challenge to the government from within or from the outside. But in the longer run, it increases various risks in the event of social and economic crises. The regime fears the mobilization of society, and not without reason, but it is nearly impossible to find a way out of the current economic crisis without it.

An Abundance of State Weakness

The country's rent-redistributive economic model has led to serious disparities in the state system, owing to the entire design of its giant

and ineffective state machinery. Such disparities increase with the lowering of hydrocarbon profits, which are inevitable, due both to lower prices and decreases in sales and extraction. Shrinking production in the economic sector prevents the maintenance of this huge superstructure, which has grown during fat years, along with an exaggerated power and law enforcement bloc (which is beginning to look like a mammoth on a melting ice floe.) Throughout Putin's rule, the system has been growing freely, and it has neither the sophistication nor built-in mechanisms to provide proportional means of reduction—everything must be done manually.

Also important is the fact that since 2005, the state machine has lived like a pig at the trough, only needing to open its mouth to be fed. In the meantime, dysfunctions have been growing in number and scale. This is particularly noticeable at a time when fewer resources are available to compensate for managerial inefficiency. In other words, when the excess food supply has shrunk, and foraging is necessary, it has become clear that coordination of different parts of the system needed to make the system function effectively is absent. In addition, regional interests are not being taken into account, not only when decisions are made, but also when it comes to implementation. This led, some time ago, to mass social protests in Vladivostok and Kaliningrad (2009–2010), which will appear again in growing numbers whenever the system begins to move without direction. Returning to the scenario of disintegration, one can say that almost certainly decline will come from the center through ill-considered and imbalanced actions taken by the regime.

Decision-Making

As an organizational model, Putin's elite now resembles a "Tsar's Court" rather than a "Board of Trustees." In support of Putin's new autocratic legitimacy, the elites depend on him more than he does on them. He is surrounded not so much by partners and comrades-in-arms, but by loyal servants. No important decisions can be made

without him. The old mechanism of separate elite clans agreeing on important decisions, which might require several iterations and take a long time, no longer works in practice. That method involved a lengthy process with decisions first announced, then disavowed, revised and postponed. Now, it appears that elite clans increasingly act on their own without preliminarily agreeing with others. Then, of course, Putin has veto rights and can override decisions, but the cost of this is extremely high.

Under these circumstances, the risks of making and implementing poor decisions that go against the interests of the system—or of not making decisions on time—are growing.

Factors for Change

The current crisis poses serious risks to the system, owing both to a shrinking financial-economic base on which the regime rests; as well as to recent changes in the political-economic model. In addition, the aging/degradation of technical, socio-economic and managerial infrastructure creates risks, along the lines of the three different wavelengths of decline described earlier.

On one side, an archaic and extremely primitive/simplistic political-managerial model is less and less capable of facing complicated external challenges, and thus needs to be modernized. On the other side, there are no more resources to sustain it, which makes a change in the model inevitable. However, the short time horizon and fear of repeating Gorbachev's *perestroika* failure prevents the authorities from attempting to change anything.

Legitimacy is another important factor pushing the authorities to change. Incapable of maintaining the current, extraordinary level of legitimacy reaped from Putin's "military victories," the authorities cannot, at the same time, easily switch back to electoral legitimacy. Electoral legitimacy is weaker, and if Putin were to obtain a "normal"

60 percent in the polls today, it would make him a much weaker leader, a chieftain who lost. To combine electoral, bottom-up legitimacy with that of a top-down chieftain, Putin would need 90-plus percent of votes and 90-plus percent of turnout, like in Central Asia. This looks impossible in Russia, where the political machinery has been dismantled. The only escape for Putin from this “ultra legitimacy trap” is either to not participate personally in elections by backing someone else, or by transforming elections into a plebiscite.

Major Risks

With the Kremlin weakening and losing its monopoly on power, public politics may reappear and strengthen. Negative socio-economic dynamics and a huge gap between public expectations (e.g. over Crimea or Syria) and reality may lead to frustration. A growing threat may then emerge as some play the nationalist card in elections, which could be extremely risky in the potential absence of Putin and nationalist firebrand Vladimir Zhirinovskiy (who is widely perceived as having ties to the Kremlin).

The regime could perhaps defer such risks if the easing of Western sanctions make it possible to borrow money from external markets, enabling it to survive without undertaking changes.

In 2016, a realization of the depth and duration of the crisis argues for a more proactive approach, rather than just waiting for a rise in commodity prices. However, memories of the birth trauma of Gorbachev’s *perestroika*, when attempts made to improve the system led to its total collapse, overshadow any new strategy, as does the tactical calculation to maintain the *status quo* until the Duma elections. This situation heightens by the day the risk of collapse into an inefficient and decrepit system run by the autocratic party of the elderly Zhirinovskiy; the Communist party, led by unknown leaders; or the bureaucratic United Russia.

The main change in the regime's political-economic base, which has already begun, can be described as an oscillation of a gigantic pendulum, which was moving for too long toward the center, both in relations with the regions and with corporations. It should now move in the opposite direction, and the center can exercise two alternative strategies in this regard. It can either adjust to new realities and try to minimize losses, or try to keep the pendulum in its present position by not letting it move by any means. The Kremlin has chosen the latter—but trying to avoid losses today only increases their risks and scale tomorrow. If the oscillation of the pendulum away from the center is inevitable, in accordance with all economic forecasts, any attempts to prevent it are doomed and will lead to more radical changes as the pendulum gravitates in the direction of new realities.

Change of Leader and Replacement of Elites

One particular and growing risk is the regime's over-reliance on the persona of its leader, given the limits of age and senescence. Moreover, the regime's inability to reproduce cadres has become more and more evident as it attempts to renew some of its key elite representatives, replacing Putin's closest associates, such as Vladimir Kozhin, Vladimir Yakunin and Victor Ivanov, with younger managers, who lack political weight—including the children of Putin's elite, Il'ya Shestakov and Pavel Fradkov. One can say that the current elite is, therefore, disposable and that the departure of its leader will lead to a radical transformation.

Time Limits

The life expectancies of the political regime and of the country are not the same. A transformation of the regime could probably take place within a year. Putin's departure and a change of the top elite will likely take place within the next five years. No other means exist for the regime to survive, and the alternative to radical transformation is

collapse. In the latter case, it is difficult to make any forecasts because the regime will leave behind a political desert without any resources, without working institutions, with no credible politicians, and with a degraded population.

xv. Russia in Decline: Three Possible Scenarios for the Future

Anton Barbashin

It is widely believed that contemporary Russia's decline started right after the annexation of Crimea, when, in the course of less than one week, the Kremlin almost irreversibly predetermined the future of the entire nation. By acting as an aggressor—breaking international law, bilateral and multilateral agreements, and the general rules of conduct of post-Cold War Europe—Russia has embarked on a path leading to economic decay and international isolation, which potentially threaten to ruin Russia as a state.

There is no need to argue that Russia is a state in decline today, but I believe it is necessary to highlight that its course was, to some extent, predetermined even before the annexation of Crimea. The Russian economy, which had grown impressively throughout the 2000s, was hit quite hard during the 2008–2009 crises, with GDP shrinking by 7.8 percent in 2009. In 2010, it returned to 4.5 percent growth—the highest rate seen to date. Despite average oil prices reaching above \$100 per barrel from 2011 to 2013, by the end of 2013, Russia's GDP grew by only 1.3 percent, sliding down to 0.6 percent in 2014. Even if there had been no war in Ukraine, sanctions or low oil prices, Russia would be facing a systemic economic crisis. The existing model of state capitalism that lives off of commodities exports¹—redistributing revenues among the population and stimulating consumer spending to catalyze business activities²—exhausted its potential for growth in 2013. The economic crisis and the government's inability to deliver

the same level of satisfaction among the population drives the Kremlin to pursue foreign military adventures, increase its indoctrination campaign via state propaganda, and launch limited witch hunts for the “enemy within” and abroad. All of these factors that began before the annexation increased drastically due to ongoing wars in Syria and Ukraine, and resulted in what could best be described as a management downturn with no sound plan of action.

We take two assumptions for granted in order to frame this thought experiment. First, the main goal of the current government in Russia is to remain in power for as long as possible, as has been proven by the last 16 years of Vladimir Putin in power. Second, predicting the possible scenarios of Russia’s development after Putin’s departure from power is pure guesswork, thus we look at the next eight years of Russia’s development (assuming that Putin will inevitably run for office in 2018 and not remain in power after 2024).

Given the existing trajectory, one can envision three possible scenarios for the future.

Scenario 1: Realistic—Slow Decline, Manageable Instability

For the past 15 years, Russia has been saving up money. Thanks to former minister of finance Alexei Kudrin, Russia was able to create decent reserves that, today, stand at \$379 billion (from only \$13.6 billion in 2000).³ By far, the reserves are key to understanding the seeming calmness over Moscow’s economic challenges today. In 2008, when reserves stood at almost \$600 billion, the Kremlin was able to cushion the fall by spending 30 percent of the reserves, assured that oil prices would bounce back, which did at that time. Today, even if oil remains in the \$40–50 per barrel range, the Russian economy will not collapse, but will continue to slow down, allowing Russia to adapt to the given circumstances. As we already see today, government policy is to raise and introduce new taxes and duties as well as strengthen and support state corporations and large banks that

inevitably lead to a new era of “grey business.” This resembles the practices of the 1990s. Instead of paying all taxes and duties, small- and medium-size businesses will downgrade the quality of their goods and services, delegitimize parts of their business to avoid higher taxation, or go completely under. That will lead to more low-level corruption, but maintain barely acceptable—yet still acceptable—conditions for small- and medium-sized businesses. The majority of Russians will search for additional opportunities to earn money, take second jobs, limit their purchases, and downgrade the quality of goods they consume. The government will continue its support of public servants (teachers, doctors, etc.), pensioners, police, and security services to meet at least minimal standards of living, while providing credit to large, state-owned businesses.

Three groups of Russians will continue to flee the country:

1. Liberal-minded and general opposition-minded Russians—journalists, activists and researchers—will continue to be pressured by the state to emigrate, with more and more exemplary cases of imprisonment convincing most of them that it is better to continue their work abroad than to rot in jail. The numbers of Russian expatriates living in the Baltics, Poland and Germany will continue to grow significantly.
2. Educated and qualified specialists will soon follow, provided they find job offers abroad. Given the devaluation of the ruble and shrinkage of the job market, the most experienced and “worldly” would prefer to work from Warsaw, Riga and Tallinn, rather than barely making it in Moscow or Saint Petersburg. Such a trend is already highly visible in the IT sector.
3. Business and former state employees who can buy their place in the West, may use their significant funds, acquired while working in Russia, to emigrate. There is an impressive cohort

of businesses that, following promises of the state, “hung around” during the downslide since 2014, waiting for oil prices or economic growth to bounce back in 2016; but seeing profits evaporate and taxes grow, they now use any remaining opportunities to leave the country freely.

Learning the lessons of the Soviet Union, Moscow will not close the border entirely. Further limitations are possible, but opportunities will remain for those who wish take their dissatisfaction with the Kremlin’s decision-making abroad, leaving niche groups from Kaliningrad to Vladivostok to protest and irritate the state. As with the protestors of the past couple of years, the regime will allow for one-topic manifestations focused strictly on social or economic issues. In managing groups one by one, the state will most likely avoid the mass protest movements seen in 2011–2012. To ensure the bankruptcy of the idea of organizing mass movements, state repression will continue to target individual leaders and members of the opposition, prosecuting and jailing them for short- to medium-term sentences.

Domestic Russian life will turn toward a combination of economic degeneration, soft repressions and stable immigration.

In foreign policy, this will mean the continuation of the trend set after the annexation of Crimea: A combination of besieged fortress rhetoric with military build-up on the western flank⁴ and ongoing managed instability in eastern Ukraine. Moscow will try to prevent new sanctions from being introduced, compensating for existing limitations by multiplying the loopholes to bypass existing constraints via bilateral agreements with western European counterparts, and attempting to create new coalitions to counter terrorist threats. The Kremlin will try to achieve the status of an *ad hoc* ally for Western nations while allowing China to increase its financial and strategic presence in Russia’s Far East and Siberia, and not resisting China’s gradual takeover of Central Asia as a financial, transport and security region dependent on Beijing.

While maintaining control over its economic decline and any dissenting activity at home, Russia will not aggravate further its relationship with the West. Limiting itself to rhetorical confrontation, Russia will continue managing Ukrainian instability, selling its strategic access to the Central Asian region, and accepting Chinese economic hegemony over Siberia and the Far East.

Scenario 2: Pessimistic—War Mode

The aggravating economic crisis will lead Moscow to recognize the high likelihood of mass protests against the regime, pushing the Kremlin to increase instability on its borders. Given that remaining in power would still be its main motivator for taking any action, this would lead to open conflicts and war as an excuse to introduce strict political, social and economic limitations at home.

To be clear, even the pessimistic scenario does not envision a direct assault on NATO states, as such actions would not support the goal of keeping Putin in power. NATO member states have the capacity to destroy the Russian economy—even without nuclear threats—in a matter of months by introducing embargoes on Russian exports (especially oil and gas), destroying banking by killing the SWIFT system, and depleting Russia of imports that would lead to food shortages and comprehensive paralysis of the economy.

Moscow could instigate a NATO assault on Russia on the territory of its closest neighbors (theoretically Moldova and Belarus), convincing Russia's domestic population that the only way to prevent open war with NATO would be a preemptive strike on Kyiv. Whether in the form of a hybrid campaign, or the open use of its military, Russia could unleash a campaign to secure full control of its western non-NATO member states.

The state of war would allow Moscow to launch a full-scale campaign of arrests inside the country, targeting the vast majority of opposition

figures, leaders of protests and independent business representatives who would oppose the gradual takeover of the remaining top echelons of the economy, as well as medium-sized businesses, by the state and state-affiliated entities.

“War mode” would allow the Kremlin to introduce unprecedented measures, suppressing all dissent, assuming tighter control of society as well as bureaucratic structures. Such a model would produce guaranteed subordination for a short period of time, but can scarcely produce long standing, institutionalized results.

An even more aggressive stance in foreign policy would lead to the further alienation of Russia’s closest allies, as well as China, and other BRICS countries. The “Iran” of the 2010s is a highly risky and unstable model that would actually speed up the process of decline, risking sudden collapse rather than gradual deterioration.

Scenario 3. Optimistic—Limited Reforms

The least likely scenario is Moscow realizing the counter productivity of its current course, and, like the Soviet Union of 1985, deciding to launch a limited reform program to ensure the survivability of leaders in power today. Unlike the Soviet Union of 1985, the Russian Federation has several mechanisms to ensure positive tendencies with limited risks.

First of all, Moscow will need to limit its presence in Ukraine considerably, fulfill its obligations under Minsk II, and leave eastern Ukraine. Although any progress on Crimea can hardly be envisioned under Putin, Russia’s constructive position on eastern Ukraine will produce a positive effect, leading to the lifting of at least some sanctions.

Domestically, Moscow could opt for limited liberalization of political life, allowing the opposition to take part in elections and rolling back

restrictive laws affecting civil society and media freedoms. Economically, it could opt for lowering taxes and attracting foreign investment and technological transfer.

The Direction of the Decline

Even though scenarios two and three are highly unlikely, Moscow could combine elements of all scenarios. However, looking at the developments of the past couple of years, it is highly probable that actual developments will result from a combination of the first and second scenarios.

Several features of the decline should be highlighted.

1. Russia's economy will continue to shrink, limiting its influence on the global economy especially with respect to Europe—specifically, Russia's share of the European gas market will continue to shrink, lowering the European Union's dependence on Russia.
2. Russia will continue to become less interesting for potential investors as the purchasing power of the ruble fades. Thus, the Russian market, attractive in the 2000s, will continue to lose luster. From industrial goods to food exports, Russia will continue to offer less demand, and institutional deterioration will force potential investors to rethink investing in Russia, no matter the industry.
3. Economic deterioration in Russia will lead to the growing exodus of Russian nationals abroad, primarily to European Union countries. Considering the risks of domestic conflicts in the Caucasus, the number of emigrants might rise drastically over the foreseeable future.
4. Russia is increasingly losing its control over its neighbors,

including its Eurasian Union partners. One should expect further leaning of Belarus toward the EU, and the Central Asian states toward China.

5. Russia's ability to control frozen conflicts on its periphery—Nagorno-Karabakh, Transnistria, Abkhazia and South Ossetia—will deteriorate, leading to the escalation of the conflict, thereby raising the necessity to interfere on the part of the European community.
6. Russia's decline is leading to the strengthening of China's position in the region, especially in the Far East. Russian dependence on China as an investor and crisis credit donor will increase.
7. Moscow's capabilities to influence the Middle East will inevitably decrease, raising the question of the survivability of Bashar al-Assad in Syria.

The key question to ask is what will be the actual tempo of the deterioration of the economic state of affairs in Russia? Even limited involvement in Syria and Ukraine has accelerated negative trends for the Russian economy considerably; any new campaign would, to an even greater extent, threaten economic sustainability at home. But the need to secure the political loyalty of the population calls for additional actions abroad, ever raising the stakes for Moscow. Russia is heading toward an implosion that will undeniably affect all of its direct neighbors, as well as the key powers that will have to manage the results of the Kremlin's policy today: China, the European Union and the United States.

ENDNOTES

¹ Kirill Rogov, *Can “Putinomics” survive?* ECFR, 5 June, 2015, http://www.ecfr.eu/publications/summary/can_putinomics_survive3049.

² Vladislav Inozemtsev, *The end of the consumer economy*, Intersection Project, 5 August, 2015, <http://intersectionproject.eu/article/economy/end-consumer-economy>.

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xvi. Russia Today: Three Horsemen of the Russian Apocalypse

Vladimir Pastukhov

As early as in the late 1980s, academic Nikita Moiseev remarked that Russia was entering a period of dusk that could, in equal measure, turn into a dawn or a decline. Today, there is hardly anybody left outside the immediate “Kremlin circle” (or for that matter even inside it) who would continue to believe in Russia’s dawn. A profound demographic crisis—simultaneously quantitative and qualitative—alongside the growing technology gap that separates Russia from the West as much as from the East, testify to the fact that Russia is drooping toward decline rather than being poised in anticipation of a new dawn. And, even though *drooping toward* does not necessarily lead to *dropping into*, estimates of Russia’s strategic development in the 21st century are almost unanimous in their pessimism, a pessimism that can hardly be deemed unfounded.

Scenarios of Agony

However, no consensus exists in assessing the *reasons* for Russia’s decline; hence, a multitude of scenarios exists for its future: every blueprint for a perspective development is necessarily based on understanding the reasons for the decline. The scope of this essay does not allow an overview of all possible reasons for Russia’s decline. I will therefore put forward a theory, which I personally consider the most credible (being of course fully aware that such an approach is necessarily subjective).

I believe that the most profound reason for the decline lies in the thinning of Russia's "cultural layer" and consequent degradation of the elites, who turned out to be incapable of finding adequate responses to new historical challenges. (The reasons for this "cultural dystrophy" is a subject of a separate and extended discourse.) All other factors, including lack of democracy, general institutional weakness, corruption and the criminalization of society, are secondary.

The general "picture of decline"—its pace and other important parameters—largely depends on the pace of the elites' further degradation. In theory, such a decline can be followed by an ascent if, for some largely accidental reasons, Russia breeds a new "counterculture" and generates new elites who will, using a new trajectory, be capable of setting it into a new historical orbit. Although this scenario does not look very likely today, it cannot be completely ruled out.

It is, however, very important to understand that the current trend cannot be reversed without changing the cultural matrix. Without added "cultural value," any political or social action (resistance) of the existing elites will not only fail to improve the situation, but, in all likelihood, will make it even more dangerous and unpredictable. Positive changes are possible only with the emergence of an alternative culture that can potentially grow out of either the mutation of existing elites or evolution of marginal countercultures.

Most probably, the situation in Russia will evolve according to one of three scenarios, which could provisionally be called "Ice Age" (prolonged and slow demise with no resistance from the elites), "Crash Landing" (quick and painful dissolution as a result of the internal struggle between existing elites) and "Alternative Russia" (transition through a period of rough historic turbulence and emergence of a new "Russian civilization" with new elites and a new cultural paradigm). The probability of each of these three scenarios will be determined by the intensity of the elites' resistance to cultural

degradation. The higher the resistance, the more turbulent Russia's immediate future will be.

With that said, paradoxically, in the short- and mid-term perspective, the less promising the scenario, the more peaceful it will be for Russia itself as well as for the world community. And, conversely, the more hopeful the vision, the more unease Russia will bring to itself and the rest of the world. High fever is a sign of the body actively resisting an illness. But from a long-term perspective everything looks to be its direct opposite: the longer Russia's internal conflicts remain unresolved, the more intense the agony of the finale will be.

The Ice Age

At present, the most likely scenario for Russia's development is a lengthy period of "deep freeze." The country's current political regime is characterized by two seemingly contradictory qualities: It is stable but at the same time unsteady. Vladimir Putin's Russia resembles a ball carefully poised on top of a parabola: If not touched, it will remain there forever (stability), but once pushed it will never return to its initial position (unsteady). The opposite occurs when the regime is steady but unstable, with the ball rolling inside the parabola: No matter how hard one tries to push it aside, it will inevitably return to the concave center.

The survival strategy for the regime is to protect—inasmuch as it is possible—its "ball" from any external jolts and internal perturbations. So far, the strategy has been successful and is likely to remain so for a long time. Internally, the regime is protected by low consumer standards of the majority of the population (the proverbial Russian endurance); and externally, it is safeguarded by its nuclear arsenal. Putin has proved a good student of Thatcherism: A weak government becomes especially vulnerable once it begins reforms. His credo is simple: No reforms, and by any means, avoid extremes.

Even though Putin is subject to all-around criticism, and in the eyes of many of his opponents the regime is all but a reincarnation of the Soviet-era “evil empire,” it has to be admitted that the reality is nowhere near many of these accusations. In virtually all of its actions, the regime tends to pursue a kind of “middle of the road” policy. It remains quite liberal in comparison with many other contemporary regimes (even in the post-Soviet space) and especially with those of the recent past. Freedom of speech remains on a relatively high level; repressions are isolated and selective.

Even in foreign policy, in spite of all its aggressive rhetoric and actions, the regime is driven exclusively by the necessity to maintain internal balance as a condition for its self-preservation. In reality, it has no global ambitions whatsoever of “conquering the world.” Putin’s policy is an endless game of poker, with bluffing as its predominant technique. Putin is quite open to negotiation and this negotiability is the main prerequisite for his regime’s survivability.

Putin is often forced to act “on the brink,” but at the same time, he is extremely watchful never to step into the verge. Russian history is full of paradoxes. Progressives consider Emperor Nicholas I one of the most hateful Russian rulers. However, after the Decembrist Revolt of 1825, for the next thirty years until Nicholas’s death in 1855, there was not a single execution in Russia. In the same way, Putin’s rule will one day be called Russia’s “Silver Age” (with Brezhnev’s stagnation being its “Golden Age”). This age can last much longer than many today would want to believe—it could extend to at least the entire length of Putin’s physical life.

In the absence of external threats (of which there are none), the lack of resistance from political elites becomes a prerequisite for the regime’s longevity. The regime is fully aware of this, and undertakes Herculean efforts not to make any sudden or abrupt movements that might shatter and/or polarize the elites. If it manages to remain successful in this, the *status quo* may last until the moment (most

likely within the first half of the 21st century) at which Russia becomes so rotten inside that its political system will collapse relatively painlessly. The cause for the collapse may be completely negligible, even ludicrous, by today's standards.

To all intents and purposes, Russia's ill-wishers should by all means protect and cherish Putin and his regime. In fact, Putin is a genius of social euthanasia. Under the guise of an undemanding patriotic anesthesia, he helps Russia to die an easy and comfortable death without regaining consciousness and causing any problems to itself or its neighbors. The glacier will slowly melt, and a few more-or-less habitable islands will emerge from beneath.

Crash Landing

The problem with the above most likely "ice age" scenario is that with its materialization, political risks will grow exponentially: The regime will find it more and more difficult to avoid sudden or abrupt movements. For the above-mentioned reasons, these risks will remain latent—as long as the ruling elites maintain their suicidal unity. Their resistance is unlikely but not impossible.

Unfortunately, the resistance of existing elites within the current cultural paradigm will worsen rather than improve the present state of things. A split during a crisis would be disastrous. What happens next is defined in technology as "an avalanche-like deterioration of a crisis." A sudden "removal" of the regime would pose a much more formidable threat to Russia than its gradual mortification under bureaucratic pressure. Indeed, it would also constitute a serious challenge to the world at large.

Two opposing factions—"the right" and "the left"—are already quite visible within the ruling elite. A split could be initiated by either party, not at all necessarily by the adherents of democratic reforms. Internal (inside the system) opposition will begin seeking support in society.

This, as has already happened more than once in Russia, will in turn vastly multiply the potency of the external opposition. In fact, the entire *perestroika* scenario was played out according to this pattern: Reformers within the Politburo bestowed upon the initially feeble and insignificant protest movement “most favored nation” status.

With the boat rocked, the regime will reveal its weakest link, relations between the federal center and the regions. Even today, as most observant analysts note, Putin’s one-way administrative system makes the central government largely dependent on local governors and elites. In response to fluctuations in the center, local authorities will increasingly champion the idea of autonomy by trying to ring-fence and protect their budgets. The Chechen conflict will reignite, and it is quite likely that the regime that began its life with the suppression of the Caucasus will find its burial ground in the very same Caucasus.

Things, however, will not end with the Caucasus; and the faux federation will start crumbling like a house of cards. Very quickly (within a few years), this huge country may break into several parts, each orientating toward a nearest major geopolitical platform. The primary, parental central Russia will in this case be reduced to a small, second-rate marginal state with the all-too-well-known symptoms of a failed state.

In the worst-case scenario, the newly minted heirs of the empire will find themselves in uneasy or even confrontational relations with each other, and we will witness Balkanization, or—in extreme cases—even Afghanization of the conflict. Against this background, Ukraine will appear a stronghold of European stability; a stepping-stone and proxy for Western policies. This will be its only chance to regain Crimea. The “crash landing” of a former “geopolitical strategic bomber” will of course be the worst scenario for Russia’s future development and will present a most threatening challenge to the world at large.

Alternative Russia

The existing elites cannot offer Russia any other scenario apart from “half-decay” or “decay,” with the difference between the two being only in the pace and intensity of disintegration. One cannot, however, fully exclude the possibility of new elites and a new cultural matrix emerging from cultural and ideological mutations. Mutations are inadvertent and unpredictable, and the probability of a favorable mutation is infinitely small. Without them, however, history would be much too straightforward and dull.

I would not discard the chance that once Russia embarks on a period of revolutionary changes, one of the now marginal countercultures could be capable of forming a new cultural matrix. In the early 20th century, the Bolsheviks did exactly that by creating a radically new “Soviet civilization.” A descendant of a more general Russian cultural tradition, it nevertheless occupied a very distinctive niche of its own. This civilization managed to survive for over seven decades under most unfavorable conditions.

In this scenario, the decline of a decaying Russian civilization would become a prelude to the dawn of another, new one. The new elite will have to cut the Gordian knot of problems that it would have inherited from the old regime and that are insolvable within the imperial paradigm. Virtually inevitably, it will be forced to take a step no previous Russian regime could dare take in the course of the last 400 years. It will have to dismantle the imperial structure of Russian society and embark on a profound and tangible federalization program that would establish some twenty major, largely autonomous, and self-sustainable constituent entities.

This very risky turnaround, akin to a roller coaster loop, is about the only chance to preserve “Pax Russica,” not only as a cultural but political entity. Creating a Russian national state would require an extended transitional period with continual and not necessarily

peaceful infighting between the old and the new. Democratization of the Russian state would be an overall general trend rather than its everyday reality. The world community, in spite of its selfish instincts, will have to exercise great wisdom and careful consideration to be able to discern and support the seedlings of a new Russia, for the very simple reason that preserving manageability and stability across such an enormous space are in the vital interest of all humankind. Admittedly, the chances for the realization of this scenario remain very small.

Russia Beyond the Horizon

Russia's future is cut off from us by the horizon of our illusions, which does not allow us to accept its inevitable stride. In the long term, the three suggested short- and mid-term scenarios of Russia's development (prolonged half-decay, instantaneous breakdown, and replacement of the cultural paradigm) are reduced to only the second two: break-up into several independent states and profound federalization.

The sooner Russia breaks apart, the more painful this process will be. To a large degree, the newly formed states will find themselves under the protectorate of neighboring Japan, China, Iran and Turkey. Central "parent" Russia will remain a part of Europe, but for a long time it will be the continent's "sick man." For a long time to come, control over Russia's remaining nuclear arsenal will continue to be the world community's major headache. While undergoing this agony, Russia can provoke military conflicts of varying intensity.

Today, a vision of an essentially new national statehood in place of existing Russia seems nearly utopian. However, it cannot be completely cast aside as a possibility. Preserving Russia's national unity within existing borders is impossible without genuine federalization. If this happens, structurally Russia will transform into something between the United States and the European Union. For

the world at large, preserving Russia's unity remains without any doubt the least expensive and the least dangerous scenario.

xvii. Russia in Decline: Possible Scenarios

Alexander Sungurov

Introduction

It is important to note at the beginning that the majority of Russian officials, as well as the majority of Russian people more generally, do not think that contemporary Russia is in decline. To the contrary, they believe that it is a state with the power to influence world politics in many parts of the globe. During Vladimir Putin's third presidential term, Russia reverted from efforts to become an "innovation state" to a much more familiar "mobilization state." The majority of Russians supported Putin's actions to annex Crimea, and they believe that Western sanctions against Russia for that action are unjust. As one person wrote on Facebook in 2014: "Early on I had many serious questions about President Vladimir Putin, but now, when our motherland is in danger, the duty of every honest officer is to unite around our supreme commander-in-chief."

Main Political Actors in Contemporary Russia

Today, in August 2016, it is possible to identify both real and potential actors on the political scene of Russia, from the conservative to the liberal ends of the political spectrum.

Two kinds of the most conservative actors exist in contemporary Russia. The first of them—Ramzan Kadyrov—is the official head of

administration of the Chechen republic, which is in fact a very repressive regime in which only a few Russian laws are in force. Some authors have noted, by way of illustration, that the real conqueror in the second Chechen war was Kadyrov's clan, and that now Russia pays tribute to Chechnya because of it. A great deal of evidence exists that the assassination of opposition politician Boris Nemtsov in spring of 2015 was organized from this region.

The second conservative actor comes from Russia's power structures, the so-called *silovki*. Alexander Bastrykin, head of the Russian investigating committee, is one of the most prominent among them. He is noted for recently proposing radical and partly anti-constitutional measures, which, if realized, would transform Russia into a nearly totalitarian state. Other individuals and the power structure are less public in their declarations, but they advocate similar things.

These two actors come from the realm of political elites. In addition to them, we can mention a group of conservative intellectuals, for example, the geopolitical writer Alexander Dugin; the writer and "singer of Soviet imperialism" Alexander Prokhanov; the TV journalist and member of the council of the Russian president for civil society and human rights Mikhail Shevchenko; the president of the Academy of geopolitics General Leonid Ivashov: all of whom came together in 2012 to form the so-called Izborsky Club. Putin's move to the right, which began in 2012, was stimulated in large part by these conservative intellectuals, whose ideas and proposals, along with those of other members of the Izborsky Club, contributed heavily to his thinking. The Izborsky Club itself was created in 2012 as an alternative to the much more liberal Valdaysky Club, at whose meetings Putin participated frequently. Later, Putin would move between these two centers of political ideas.

In addition to these conservative actors, we can add a fourth, one not from the ranks of the political elites or intellectuals but from the active

participants of military actions in “Novorossiya”—in the Donetsk and Luhansk oblasts of eastern Ukraine in 2014–2015: Igor Strelkov (Girkin). Strelkov, in the summer of 2014, was nominally minister of defense of the Donetsk People’s Republic, where he led thousands of volunteers who believed in the “Russian spring” project and who participated in the military actions for ideological reasons. Today, they have intense debates as to whether their activities, which caused the deaths of many of their friends, were in fact a mistake.

Yet another important group of Russian political actors are those satisfied with the contemporary Russian political regime. These are also the members of the so-called *silovki*; that is, main players in the military and other power structures who are involved in business activities that have resulted in their receiving a substantial profit from Russia’s positions. These principals maintain very close links with other groups of businesspeople who are exceptionally loyal to the presidential administration of Putin, and who are prepared to share their profits with Russian officials. Another stratum of powerful political actors—coming directly from the political elite—is found in higher positions in the executive, legislative and judicial branches of power as well as in the presidential administration itself, which is the highest form of power in the state. All three of the so-called opposition parliamentary parties (Communist Party of Russia, Justice Russia, and the Liberal-Democratic Party of Vladimir Zhirinovskiy) are part of this political elite. Their “opposition” is only perfunctory.

The breadth of liberal opposition in contemporary Russia is very narrow. The somewhat influential actors from this group belong to the so-called systemic liberals—for example, the former minister of finance Alexey Kudrin; former minister of economics and now head of the powerful Sherbank, German Gref; and even occasionally Deputy Prime Minister Arkadiy Dvorkovitch. A second group of liberal actors—pure political activists—are the leaders of the “Apple” (“Yabloko”) party (Grigory Yavlinsky) and of the more oppositional PARNAS party under the leadership of former minister Michael

Kasyanov. Young Alexey Navalny, who received 27 percent of votes in the mayoral election in Moscow, in 2014, and his supporters are also part of this group of liberal political actors. The third subset of these liberally minded political actors are citizen activists, members of independent NGOs in social movements, which were part of the base of the substantial opposition protests in the winter of 2011–2012, in Moscow, St. Petersburg and other large Russian cities. It must be noted, however, that many of these protest participants were leftist and nationalist activists. Now, in August 2016, some of these activists support Russia's contemporary regime as part of the so-called Crimean consensus, while others have no evident political leaders.

Possible Scenarios

When we try to draw out some possible scenarios for Russia's development, including scenarios of Russian decline, we can see a number of variants. We will use a standard model for forecasting these scenarios—negative, realistic and positive. Both the negative and realistic variants are likely scenarios for Russia in decline, but we can foresee some chance for other possibilities.

Scenario 1 (Negative)

Actors from the Conservative groups described above become the main actors on the political stage. Victory by Ramzan Kadyrov's group has little probability; therefore, this group may be liquidated, perhaps through the assassination of Kadyrov or as the result of a *coup d'état* in the Chechen republic, organized by other Chechen clans. These events may or may not be supported by Vladimir Putin, who has created his own system of "checks and balances" in which Kadyrov has been assigned an important counterbalancing role. We can see two variants of this scenario.

Scenario 1. Variant 1: Putin, together with loyal military groups, punishes those responsible for the death of Kadyrov. The situation

then reverts to scenario 2.

Scenario 1. Variant 2: Conservative “*silovki*” responsible for the liquidation of Kadyrov isolate or liquidate Vladimir Putin, replacing him with someone from among their own leaders, for example, Minister of Defense Sergei Shoigu, who is very popular in the Russian population. Many political and economic leaders of the second (“pro-Putin”) and third (“liberal”) groups will not support such a *coup d’état*. Consequently, severe political repression will take place. Of this variant, we can imagine two sub-variants.

Scenario 1. Variant 2.1: The result of this *coup* will be similar to that of the attempted *coup d’état* in August 1991, the final trigger for the collapse of the Soviet Union. Leaders from some republics in the Russian Federation—and this may be, in the first instance, the president of Tatarstan—will set in motion movements and processes to exit from the Russian Federation. No strong, charismatic leader, as was Boris Yeltsin in August 1991, will be at the center of the opposition to the *coup*. Most likely, the Russian Federation will collapse into six or seven parts: the Far East, Siberia, Ural Republic, Russian Northwest, the Moscow region—all with different political regimes. Many of these new regimes will possess nuclear weapons, and some very dark scenarios are likely to emerge. Later, integration may be possible, but that will be another story.

Scenario 1. Variant 2.2: Disintegration will only be stopped by the use of extreme violence. A new political regime will be created in Russia—something near to the neo-totalitarian regime supported by the two conservative groups of actors noted earlier: intellectuals from the Izborsky Club and active participants of military actions in “Novorossiya.” A new official ideology for Russia will be established to support these developments, perhaps some variant of a neo-Eurasian ideology. A new constitution will be adopted, one that lacks any protections for human rights. The death penalty will be reinstated. In all likelihood, aggressive actions against neighboring countries,

specifically Ukraine, will be undertaken as a kind of realization of “Novorossiya-2.” A very dangerous scenario will ensue, given the possible use of nuclear weapons during military action. This new neo-totalitarian regime will be destroyed eventually, in some way, as is every totalitarian regime, but doing so will increase the risk of a Third World War.

Scenario 2 (Realistic)

The contemporary political regime in Russia will be prolonged, with irregular power shifts from the west to the east, and vice versa. Political repression will not be particularly widespread. Borders with other countries will open, while members of the political opposition will take the opportunity to emigrate. Profits from oil and gas will be enough to guarantee some level of social security. While such benefits will dwindle over time, the population will remain quiet in the face of heavy television propaganda. There will be no serious changes to the constitution. In the international arena, the focus will be on the development of the Eurasian Union. Russia will leave the Council of Europe, although a special consultative status may be created for it, allowing it to engage in some kinds of demonstrations or imitations of Russia as a great power, probably along the lines of the current operation in Syria, but not more. Socially and intellectually active citizens will emigrate to Europe and the United States, and the possibilities for indigenous Russian innovation and development will become less and less. Russia will move closer and closer to the precipice of becoming a “loser state.”

This scenario will coincide with the prolonged leadership of Vladimir Putin. Therefore, the scenario will be limited by Putin’s health. In the case of his serious illness or death, the situation would likely change very quickly, and scenario 2 would quickly transform into scenario 1, variant 2, or into scenario 3. The probability of the first of them—the radical conservative scenario—would be reduced with the passage of time.

Scenario 3 (Positive)

Today (August 2016), this scenario seems somewhat fantastic, but we should recall the situation in the early 1980s, when no one could imagine the end of the Communist Party's rule. Therefore, it would be prudent to imagine a situation that takes place in the Russian leadership similar to Gorbachev's *perestroika*. It is of course extremely difficult to forecast the actual dynamics of events: Perhaps Putin himself might decide to transfer power to Alexey Kudrin or to German Gref; or part of Putin's political elite could decide to transform Russia from a "loser state," while Putin actually listens to them. A second variant of this scenario would see these decisions being taken by Putin's successors. Yet a third variant might result in the appearance of a real political opposition with positions and influence: for example, if at the time of the 2016 election, the "Apple" party and PARNAS produce factions in the state Duma.

If scenario three is to be realized, it will have to be accompanied by the replacement of today's TV propaganda with real information and honest political analysis. A special federation law concerning the rights and limitations of the activities of the administration of the Russian president will have to be adopted. The judicial system of Russia must be reformed in a way that produces truly independent courts. The Russian parliament will need to be able to enforce its actions. Russian business will require real "rules of the game" based on law, not on the arbitrary decisions of officials. Proven anticorruption activity must take place. International politics will need to be based on the concept of partnership relations with other countries, with each respecting the national interests of the other. In this new climate, the socially and intellectually active Russians who emigrated earlier will decide to return to Russia.

This last scenario would not be described as "scenario of decline" for Russia, of course. And it is well worth keeping in mind, as our previous analysis has demonstrated, that the negative scenarios

described above are not negative only for Russia, but for many other countries, too. A “declining Russia” is likely to be a very risky proposition for world politics.

Biographies

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