

12th EADI General Conference  
**Global Governance for  
Sustainable Development**

The Need for Policy Coherence  
and New Partnerships



**Authoritarian Modernization or no Modernization at all?  
Sources of Stability in Contemporary Russia**

Author:	Philipp Casula
Institution:	University of Bâle, Institute of Sociology
Address:	Petersgraben 27, 4051 Bâle, Switzerland
E-mail:	pcasula@gmx.net

## **Abstract**

Russia's new political stance in international relations reveals much about the self-confidence the country has regained during the Putin-Presidency. In the same period, Russia recovered from the economic crisis of the 1990s and is making huge profits through the sale of oil, gas and other raw materials. Various data confirm the Russian economic upturn which is paired with political stability and continuity. However, things are far less clear and also less positive than they may appear. The following paper explores the recovery of Russian economy, while also underscoring how fragile this trend may be. The paper will show that from a long-term perspective, the seemingly successful economic policies have hardly contributed to a modernisation of the Russian economy or to its full-fledged integration into the world market. Secondly, the paper will scrutinize the political and social contexts in which these economic policies were created and show that the new stability is not only economically backed but also embedded in multilayered political strategies strengthening the power of an elite seemingly uninterested in long-term modernisation. National cohesion and identity as well as an antagonistic stance in foreign policy are central pillars of these strategies.

## 1. Russia's Economic Upturn: Growth without Modernization

### 1.1 The 1998 financial crisis and its aftermath: growth by chance?

The year 1998 will remain in the memories of political and economic observers as one of the worst for Russia's economy. Seven years of economic downturn and a number of painful attempts to reform the economy preceded this financial (but in the end also political) disaster. Following the dogmas of the Washington Consensus then *en vogue* – liberalization of prices and foreign trade, privatisation, and restrictive budgetary policies – led to the impoverishment of the vast majority of the population, a deep drop in output, and to hyperinflation. Between 1989 and 1998, Russia lost 45 percent of its output (Popov 2007: 37). But while more and more people fell below the poverty line and the state was forced to run deficits until it could no longer repay the short- and long-term state-bonds it had previously issued (GKOs and OFZs), a small segment of former *Nomenklatura* members became incredibly rich. This led to a skyrocketing Gini-Coefficient: it rose to 0.373 in 1999<sup>1</sup>. By all accounts, the economic and social situation hit rock-bottom in 1998 (Casula 2005; Krassilchtchikov 2002).

Unexpected economic events took place in the aftermath of the crisis. They coincided with similarly surprising and dramatic political developments. Boris Yeltsin stepped down as president and paved the way for Vladimir Putin, the unknown last representative in a row of weak prime ministers, who became acting president. Putin unleashed the second war in Chechnya and won the presidential elections. On the economic and social side, a slow but steady upturn made itself felt. Already in 1999, GDP rose by six percent, by ten in 2000 and by 4-7 percent between 2001 and 2007 (Popov 2007: 37). This growth had a real impact on the ground, decisively contributing to the radical reduction in poverty,

---

<sup>1</sup> World Bank (2005). In 1990, the coefficient was at 0.27 (UNICEF 2002).

from 41.5 percent in 1999 to 19.6 percent in 2002: all in all, 32.4 million people escaped poverty (World Bank 2005: iiiiff.).

What were the reasons for this surprising and pleasant development? Schrettl (2007: 155ff.) identifies three pillars of growth (in chronological order):

- the devaluation of the Rouble after the 1998 crisis;
- the consequent fall in real wages triggering higher profits;
- rising oil and gas prices from 1999 on.

The effects of devaluation and drop in wages have clearly vanished. Nowadays, the one and only source of growth is the high world price for oil and gas. The massive inflow of Petrodollars represents an unprecedented chance. Partly, this chance was seized: The state repaid foreign debts in advance and Russia, formerly a net borrower, became a net creditor. Furthermore, the government created a Stabilization Fund to collect the windfall profits from oil and gas sales. The *Stabfond's* amount reached 156.8 billion USD by January 2008<sup>2</sup>, mostly in Euro, Pound Sterling, and US-Dollars. The question of course is, when and what for this money will be used – some observers, both in Russia and abroad, fear that one day, the money will be spent, however, on the wrong things.

## 1.2 The fragility of Russian growth

Despite this *prima facie* good news, it is rather interesting to note that despite the constantly rising prices for fossil fuels, Russia is experiencing a slight slowdown instead of an increase in growth. This is a first, albeit small hint that the apparently impressive growth comes with some caveats. If growth depends on the rising oil price only, then why does growth not accelerate as the cost of oil rises? Two reasons may explain this phenomenon: firstly, “[t]he reason for the (...) deceleration in growth was the overvaluation of the real exchange rate – the typical Dutch Disease

---

<sup>2</sup> Or 383.911 Bln Roubles (<http://www1.minfin.ru/ru/stabfund/statistics/volume/>).

that Russia has developed once again" (Popov 2007: 42); secondly, the extraction of oil is becoming more costly everyday, requiring more expensive extraction techniques and causing higher administrative costs (Deljagin 2007: 170).

This shifts the focus to other Russian industries. It is astounding to see how clearly Russia's economy is divided into the mineral fuels sector and the industries directly or indirectly attached to it and the rest of the economy. This latter part of the economy has a very low share in the overall GDP. The primary sector for instance accounts for only 4.4 percent of the GDP in 2005. This value has even shrunk since 2002 (when it accounted for 5.7 percent). What holds true for agriculture, holds true for other sectors of the economy as well: their share in GDP is slowly, but constantly falling; there are very few exceptions, like banking and finance, housing and direct taxes, though their increases have a "spontaneous character" without really improving the Russian economic structure (ibid: 171). This development reflects the very low level of investment in Russia. Windfall profits from the energy sectors are not used to advance investment in other areas of the economy. Instead, they are either channelled into the *Stabfond* (by the State), as indicated above, reinvested in the oil sector, or simply skimmed off as profit (in the case of business). Contemporarily, wages and income are heavily on the rise since 2002, with (however falling) real wages growth rates between 20 (in 2002) and 10 percent (in 2005). So, consumption increased at the expense of investment: while "savings are large – over 30 percent of GDP – (..) they have been funnelled away via the outflow of private capital and the accumulation of foreign exchange reserves; gross investment (..) amounts to less than 20 percent of GDP." (Popov 2007: 42)

However, there would be a lot of areas in need of higher rates of investment: the development of high-tech industries, the modernisation of infrastructure and manufacturing industries, and, last but not least,

education and research, all of which remain widely neglected. Both the private sector and the state are highly reluctant to invest. Wood's verdict is pretty clear:

“This seeming unwillingness to devote funds to broadening the base of the Russian economy (...) suggests that the Russian business elite remains largely extractive in nature”, (Wood 2007: 58)

and, regarding the state:

“In a country where as many as one hospital in five still lacks hot water and sewerage facilities (...) a government awash with cash has nonetheless opted not to spend much of it on public goods: instead it has poured its resources into global capital markets, to finance oil importers' bigger current account deficits” (ibid).

McFaul and Stoner-Weiss refer to various international rankings, such as the Transparency International Corruption Indices, the World Economic Forum's Global Competitiveness Index, and to data on HIV infections and life-expectancy, all of which have worsened lately, when they conclude:

“[T]he data simply do not support the popular notion that by erecting autocracy Putin has built an orderly and highly capable state that is addressing and overcoming Russia's rather formidable development problems.” (McFaul and Stoner-Weiss 2008)

Interestingly enough, there actually exists an “Investment Fund” in Russia designed to tackle such development problems, yet there are only 200 bln Roubles earmarked for a three-year-period, which Deljagin (2007: 177) deems insufficient for modernising the country.

Two further considerations in this context: firstly, when talking about increases in wages one has to bear in mind that Russia is still characterised by huge regional disparities. For instance, almost 50 percent of GDP is produced in just three regions: Moscow, Petersburg, and Tyumen (Wood 2007: 56). Poverty and inequality still are problems in Russia:

“[Y]ields of the economic growth in Russia have been distributing in extremely unequal manner. By the official data, the ratio of incomes between the top and bottom deciles has increased from 13.5:1 in 1995 to 15:1 in 2004; respectively, Gini coefficient has augmented from 0.387 to 0.407 over the same period.” (Krassilchtchikov 2007)

This, of course, directly influences the distribution of incomes. Thus, the economic upturn may have led to higher wages for all, however, for some excessively more, for others still not enough: "The data on households' expenditures in Russia (...) demonstrate that about a half of the total population survives beneath or near the poverty line. Even the households pertaining to the fifth, sixth, and seventh deciles exist, in literal sense, from hand to mouth" (ibid).

Secondly, there allegedly exists private investment but this is, paradoxically, financed through foreign credits. While the state moves money to the *Stabfond*, business is not only reinvesting in existing capacities (at best) but contemporarily also doing so by borrowing more and more money from abroad. It is weird to see that incredibly rich *Gazprom* "continues borrowing money at the world markets, seemingly for investments, although nobody can exactly say how these loans have been used" (ibid). Schrettl (2007: 157) considers this phenomenon to be a case of "round tripping", i.e. flight of capital induced by risk-aversion with a subsequent raising of credit abroad. Consequently,

"whereas the public external debt of Russia shrank, the total debt has increased from 161.4 billion dollars in 2001 to 258.4 billion by the beginning of 2006 what was equal to 32.4 per cent of the Russian GDP." (Krassilchtchikov 2007)

Thus, Russian growth appears fragile in the long run. Apart from the very one-sided growth relying mainly on fossil fuels, which might drop some day in the future, the problems of Russian growth include:

- The risk of inflation
- Decrease in industrial production growth
- An artificially low value of the Rouble
- Flight of capital

As seen, there are a couple of problems regarding Russian growth and more than ever, these bottlenecks are both result of internal choices and

of international constraints. Therefore, the international stage, where Russia follows the policy line that “competition” is not only political or military but increasingly economic, deserves a closer look.

### **1.3 Russia and the world: between peripheralisation and buying in**

As we try to grasp Russia's position in the world, we witness two apparently contradictory trends. On the one hand we have a trend toward peripheralisation, with Russia positioning herself as a mere supplier of raw materials, which hardly is enough to consider Russia being in the league of the “most developed states of the world” (to which not only Putin makes reference when speaking about the “West”). On the other hand, we witness a trend toward increasing economic influence in the world, especially in the energy sector. In energy issues, Russia plays hardball, as the cases of Belarus and Ukraine in 2005 and 2007 show.

What possibly could develop is a double vicious circle, an internal and an external one. The internal one is the typical disease of a resource-based economy: the reliance on resources may contribute to poor governance, which may impede economic diversification, in turn further cementing the resource reliance (Tompson 2005: 339). Though some concerns should be raised with regard to causality in this model, it seems not completely unlikely.

The second vicious circle is again determined by the energy sector: on the one hand, it causes peripheralisation *per definitionem*, but on the other it gives Russia important leverage for influencing neighbouring countries and regions and thus for strengthening its position in the world economy. However, this is a very one-sided influence Russia can exhibit. Hence, the harder Russia tries to overcome peripheralisation by turning the oil-tap and further specialising and investing in the oil and energy sectors, only (also abroad such as in Serbia and Belarus, but also in Western European countries), the more it remains stuck in its peripheral position. On the other

hand, periphery is “splendid” (Krassilchtchikov 2007) because it allows for huge profits – at least for some.

Russia’s internal and external constraints and the risk of a lasting drift to the periphery pose serious problems for Russia. However, the slow-down in the pace of reforms instead of the necessary increase, and the contemporary overall stabilization of the political and economic system cannot be explained in purely economic terms. Why this slow-down occurred is, actually, the crucial question and the answer might be found on the political level.

## **2. Political Considerations or The Other Side of Stability**

### **2.1 A new “social contract”?**

Recently, a popular approach, not least in Russian social sciences, has been to look at the Russian elites in business and politics: “rapacious capitalists”, “greedy bureaucrats” etc. all seem to plague Russian society and politics. These accounts cannot, in fact, be dismissed at all. However, a marked change in the character of these “extractive elites” can be noticed. While in the 1990s, the oligarchs emerged as new economic and political power, holding in their hands much of Russia’s wealth, since 2000 it is the state or the state bureaucracy which also holds a firm grip on the nation’s asset. More broadly speaking, leaders in the political and/or administrative structure also exercise direct or indirect control over the economic resources. The “elimination of oligarchs as a class” that Putin once promised (Tompson 2004: 3) did not take place:

“[T]he biggest difference between the late Yeltsin period and today is simply that the oligarchs no longer brag about their influence or try to manipulate politics in a public way. This does not mean their influence has diminished, however; it has merely become institutionalized. Spheres of interest have been divided between the large corporate groups, and the war of all against all is largely over.” (Treisman 2002)

Many of the Russian tycoons, such as Oleg Deripaska, the owner of "Bazovy Element", have excellent ties to the Kremlin or at least to the top-echelons of politics, such as multi-billionaire Yelena Baturina, who is also wife of Yuri Lushkov, and who takes advantage of the building-boom in the capital. What we have then, is a "non-aggression pact" (Ryabov 2005: 22) between the most important economic and political actors. Even more, these economic and political elites became more intertwined with each other, culminating in *Gazprom's* Dmitry Medvedev becoming the number one presidential candidate.

All in all, elites do not play the most constructive role in Russian modernisation: they have not done so in the Yeltsin period, and neither have they in the period of the Putin administration. However, there is a structural difference between both elites (without elite change), namely, that while the former, mainly economic elite, tried to exploit the chaos as much as possible for personal enrichment and manipulated politics and thus failed to have any legitimacy in the population, the latter, economic and political elite, was able to provide something in return, i.e. some kind of at least superficial stability and well-being. What has appeared is something that could be dubbed a new "social contract" between the state on the one hand and the economic elites and the wider population on the other. The idea of a "social contract" was also the centrepiece of another "Golden era" of Russia, namely the Brezhnev period.

To some extent, and despite all differences, thus, there are some parallels between the current approach to politics in Russia and that of Brezhnev's reign. Indeed, the Soviet regime in the 1960s and 1970s

"provided broad guarantees of full and secure employment, state-controlled and heavily subsidized prices for essential goods, (...) and egalitarian wage policies. In exchange for such comprehensive state provision of economic and social security, Soviet workers consented to the party's extensive and monopolistic power, accepted state domination of the economy, and complied with authoritarian political norms." (Cook 1993: 1f.)

The quotation quickly shows the limits of comparison. Apart from speaking about two completely different regime-types, Russia's wages today are all but egalitarian and prizes are less subsidized. However, the new "social contract" stipulated in early 2000 guaranteed a rise in wages for almost everybody (though to varying degrees), increased social security, better provision with goods for consumption and overall political stability. Economic well-being was provided maybe not for all but at least for the most influential segments of society in the big cities (more or less in the same way as Brezhnev's "Little Deal" was for the urban population, in particular<sup>3</sup>). The reverse side of the coin, however, is pretty much unchanged: esp. the urban population and the new economic elites, accept the state's power and control of the economy, do not mingle in politics and comply with an increasingly authoritarian political system (the latter, as said before, being of a completely different nature than Brezhnev's). One of the additional features of the new contract is the state's protection for the economy, especially from foreign competitors, and the assured continuity in politics (Ryabov 2005: 13f.)

Interestingly, as during the Brezhnev period, modernisation has come to a halt and a process of demodernisation has set in. Still lacking is a project for the future (ibid: 9). Instead, everybody seems happy with the status quo: elites can preserve their political power and enlarge their economic base in the short run, optimising a system on a low level based on a petrol state; there simply is no interest in further reforms (ibid.: 16ff.). Again, making a comparison *cum grano salis*, Russia could again enter a period of *Zastoy*, only that stagnation today is camouflaged by a decreasing growth, a growth without modernisation. This calls into question any prospects of an authoritarian modernisation.

Finally, accommodating the urban population and the economic elites in material terms is only one means of achieving stability. The other tool for

---

<sup>3</sup> "[T]he Little Deal was a conscious, if tacit, contract between Brezhnev's leadership and the population of the USSR's urban centers." (Millar 1985: 700)

obtaining political stability is a more subtle one and not only implies a personal continuity but also a new sense of direction and a new ideological framework for Russia.

## **2.2 The ideological foundations of stability**

One of the central problems of Russia in the 1990s was the loss of the Soviet and in essence imperial identity and a failure to construct a new one (Ryabov 2005: 10). Yeltsin started several attempts to give the new regime a new ideological foundation. For too long he played the anticommunist card, thus drawing on a negative and not on a positive identity: before the fall of the USSR, the “democratic identity” was essentially directed at ending Soviet power; after achieving this aim, it tried to gain support by portraying itself as the only guarantee against a revenge of the communist forces, represented by Gennadi Zyuganov and the CPRF. After his re-election in 1996, Yeltsin even established a commission for a new Russian Idea (Urban 1998: 977ff.).

This is to show that the crisis of identity was perceived as a central problem and that it was seen as having repercussions for the legitimacy of the regime. In the perspective of Laclau and Mouffe’s discourse theory (2001), the breakdown of the USSR could be interpreted as a “dislocation”, i.e. as “a destabilization of a discourse that results from the emergence of events which cannot be domesticated, symbolized or integrated within the discourse in question” (Torfing 1999: 301). A dislocation, in this broad interpretation of the term, ends and political stability arises when meanings are fixed again, that is after a struggle for defining “floating signifiers” (Laclau) is concluded. Such “floating signifiers” were, for instance, “democracy” or “Russian Nation” or just “Russian” (both in the sense of *rusky and rossiyandin*).

Russia provides good examples for illustrating this development. The crisis of identity can be broken down into two separate but interrelated sub-

crises, though the competition for the meaning of “democracy” is particularly vivid.

### ***Dimensions of uncertainty***

The first dimension of uncertainty applies to the national identity and the “loss of the home country”. Yet in 1999, 77 percent of the Russians regretted the break-up of the Soviet Union, and in 2005 a majority of the respondents considered the Soviet system as more lawful, just, honest, dignified and closer to the people than the current one (Schröder 2007: 31). The USSR was seen as a proud super-power. The new Russia, on the other hand, did not even have a “real” national anthem until 2000: its lack of words reflected the Russian identity crisis. Even the last bastions of Russian pride such as the army and the social security system were severely damaged.

Secondly, there was uncertainty regarding the political and economic system. One-party rule and planned economy broke away and were replaced by “democracy” and “capitalism”. Many people associated these terms with a better life. This applied especially to “democracy”. The economic downturn until 1998, however, destroyed these hopes and discredited this concept as well as that of market economy, and triggered uncertainty about their superiority over Communism. Apparently, a strong association between democracy and prosperity existed. But instead of prosperity, Russia experienced a declining living standard, instead of “Soviet clarity” on the political level, there was “Democratic chaos” (Service 1998: 532ff.)

Not even the democrats themselves had a consensual view of what democracy in the Russian context should actually mean: different visions of democracy, i.e. of the political system to be installed, competed with each other. According to Alexander Lukin (2000: 192ff.), democracy was inter alia connected with the following metaphors:

- “Freedom from state control”, i.e. as anti-thesis to the totalitarian control of the Soviet State, as negative freedom, secured by majority rule;
- “Social justice”, i.e. an elimination of the privileges of the leading party officials and social equality;
- “Prosperity”, i.e. as better living standards and higher levels of consumption;
- “Road to perfection”, i.e. as a universal remedy, a panacea to reach a higher spiritual and moral level, a life without lies and vice.

Thus, different, sometimes even contradictory positions coexisted (such as maximum equality and maximum freedom).

Adopting a discourse-analytical lens, these different views of the Russian “democrats” could be interpreted as a competition of meanings to occupy the floating signifier of “democracy”. However, they constitute only a fragment of the whole discourse. The competition of positions is also reflected by shifts on the level of the political elite, such as the positions put forward by the most prominent “democrat”, Boris Yeltsin:

“While from 1988-91 Yeltsin’s beliefs were ‘democratic’ they were closer to the communitarian-social justice type than to radical-market libertarianism. In his speeches at the time he laid much greater stress on the problems of justice and called for abolishing privileges, raising living-standards, and giving more money to medicine, science, and education at the expense of military spending and foreign aid. He never mentioned anything like shock therapy (...). However, after August 1991 Yeltsin’s views radically changed and he totally supported the radical marketeers and Westernizers.” (Lukin 2000: 293)

Lukin concludes that the Russian democrats’ understanding of democracy was too heterogeneous and, to some extent, not “democratic” in a Western sense:

“Many ideas borrowed from the West were reinterpreted within the framework of a belief system that saw democracy as an ideal society which could solve all of mankind’s material and spiritual problems. (...) Finally, ‘democratic’ activists viewed democracy not as a system of compromises among various groups and interests (...) but as the

unlimited power of the 'democrats' replacing the unlimited power of the Communists. Naturally, people who shared these beliefs could hardly create a liberal democracy based on the rule of law." (Lukin 2000: 298)

However, their diversified ideas did entail democratic features that "had to retreat under pressure from the dominant culture of the population" (Lukin 2000: 299).<sup>4</sup> Alternatively, one could argue that the discourse on democracy shifted towards an interpretation that differed from the heterogeneous conception of the "democrats". Instead, an interpretation as reflected by other social forces prevailed and provided a preliminary fixation.

### **Russia's "Sovereign Democracy"**

Besides the "Democrats" or "Westernizers", newly independent Russia has known at least two other political strands, on which most scholars agree, though with varying denomination and obviously oversimplifying the picture: Tsygankov (2006: 60ff.), for instance adds to the Westernizers the Statists and the Civilizationists. All groups not only display distinctive orientations toward international relations but also have characteristic views concerning identity politics (which is closely related with the IR orientation) and domestic economics and politics.

In this picture, the liberal Westernizers dominated the foreign policy agenda from the Union's breakdown till the end of the "August Republic" (1993). They were best represented by the then head of foreign affairs Andrey Kozyrev. The Statists took over afterwards, with Yevgeny Primakov being their prime representative. In the view of the Statists, Russia is a great power in temporary crisis and must fully regain this status. Russia should dismiss the idea of Western integration and reorient itself to the "Near Abroad".

---

<sup>4</sup> Nevertheless, these interpretations of democracy kept some degree of relevance: "In a broader sense it can be said that the notions of the 'democratic' subculture greatly influenced the whole language of Russian politics and to a considerable extent became an integral part of it." (Lukin 2000: 299)

“Russia's role is as a great Eurasianist power that stabilizes and organizes the ‘heartland’ of the continent, serving as a buffer between European and non-European civilizations. (...) Russia has the geopolitical mission of maintaining equilibrium between East and West.” (Tsygankov 1997: 254f.)

Nonetheless, the Statists were not successful at once. A preliminary fixation of the “national identity discourse” was eventually achieved only after 2000, with the Statists having tightened their grip by having changed their shape. During Putin's presidency, a stabilization of state and society took place with the Statists embracing positions formerly to be found in the other ideological currents and thus growing stronger. The economic upturn certainly provided them with additional momentum.

During Putin's Presidency, the hegemonic discourse took over central elements of the Statists' positions (of the Primakov-type) and combined them with values of the Civilizationists, reemphasising

“patriotism, a strong state, and social solidarity. (...) Putin was not eager to replicate Western social democratic or liberal values on Russian soil. (...) In the tradition of Statism, the priority is given to governability and the state's capacity to exercise its power, whereas democracy comes second.” (Tsygankov 2006: 129)

Throughout the Putin administration, what could be labelled as the “national discourse of sovereign democracy”, structured around the “state forces” (Zaslavskaya 2002: 497f.), contributed to taking up the aforementioned uncertainties and compensating for them: it contributed to fixing the meanings of democracy and the nation by proposing an all-embracing hegemonic project that stresses national uniqueness and distinctiveness or “originality”, as Ryabov (2005) calls it, especially in its contrast to the West<sup>5</sup>. In other terms: it re-established a clear line of

---

<sup>5</sup> “Vladislav Surkov, the deputy head of the Presidential Administration continually refers to Western experience when justifying the concept of “sovereign democracy”. There is an important conclusion to be drawn from this: (...) By either accepting or rejecting the West's ideas, Russia constructs its own identity.” (Pankin 2007: 49). Makarychev concurs that the West and especially the EU constitute a central point of reference for Russia: “Generally speaking, Russia is simultaneously longing for an exceptional status in her relations with the EU and, at the same time, does not know how exactly she has to turn it into her advantage. (...) This situation of inherent uncertainty and ambiguity (...) constitutes a framework for discursive hegemony which could be understood as a process of carrying out a ‘filling

demarcation between an “inside” and an “outside”<sup>6</sup>. The most obvious example for this over-arching project certainly is *Edinaya Rossiya*, the party of power. Lacking a clear-cut programme, it has skilfully embraced voters from different social backgrounds, grouping them in a unifying project to support the president and his policies of stabilization – which ultimately led to the party's victory in the December 2007 elections. This embrace *inter alia* includes the Soviet imagery. The unity of Russian history, under explicit inclusion of the Soviet period, obviously is an important issue for the “state forces”. This new political project also includes an authoritarian nationalism on the elite rhetorical level, which corresponds to a growing xenophobia of the masses (Gudkov and Dubin 2005: 19ff.).

That the “masses” fully endorse the new course is confirmed by some data: the population's approval of the president, who represents the rearticulations of democracy and the nation, for instance, reached 81 percent in January 2004; nowadays, support is stable at around 70 percent<sup>7</sup>. There is also strong support for the policies of the “state forces” towards politically, ideologically or economically deviant groups such as the “oligarchs” or the “liberal and social-democratic forces”<sup>8</sup>. They are perceived as representing particular interests. 42 percent of the respondents think, for instance, that all those who call themselves “democrats” are “enemies of the state” (Poliakov 2005: 17). Such positions can even be found in the younger generation: 39 percent of the respondents aged between 18 and 34 years would agree to cuts in democracy and freedom of assembly if this contributed “to restore the power of Russia” (ibid: 18).

These data provide additional evidence for the sociological and political dimensions of the stabilization that took place under the Putin presidency.

---

function', i.e. a process of saturation of 'empty signifiers' with contextual meanings." (Makarychev 2005: 3)

<sup>6</sup> A basic discursive operation for establishing hegemony, as theorised by Laclau and Mouffe (2001).

<sup>7</sup> For current data see: [www.levada.ru/prezident.htm](http://www.levada.ru/prezident.htm).

<sup>8</sup> Another term coined by Zaslavskaya (2002).

They also underscore how important the symbolic power of “Putin” is as the embodiment of the current regime. Schröder (2007), for instance, contrasts the high approval ratings of Putin with the bad results the government and politicians in general receive.

Finally, while Tsygankov (2006) speaks Russia's pragmatic pro-Western stance during the Putin presidency, it seems more appropriate to speak of a pragmatic *anti*-Westernism. The latter is too important on different levels: it is functional to reasserting the great-power status, to keep the Civilizationists within the own ranks. In many international issues, Russia fell back to an antagonistic role.

### **3. Conclusion: No modernisation – but stability and continuity**

The foregoing analysis has shown two things: firstly, that the Russian economy's strong energy sector is a blessing and a curse. However, despite rising prices for oil and gas, Russian growth is decelerating. This is not to say that the Russian economic miracle is over, but that the miracle is not as miraculous as it seem; rather, it indicates that an overall modernisation is still not taking place. Secondly, Russia enjoys a remarkable political stability and continuity. The economic growth is only one factor that contributes to this new stability. Most importantly, the period of the Putin administration is characterised by a stabilization of the national identity discourse and of the discourse concerning the political system. What seems to have emerged is a new “social contract” which different parties have signed: the state bureaucracy is in control of the vital economic assets with major oligarchs being allowed to continue making profits as long as they do not mingle in politics; finally, the wider population is given stability and identity and well-being in return for compliance with the regime's authoritarian policies. The central problem in this setting is that there seemingly is no incentive at all to pursue policies leading to an overall political and economic modernisation. The model of an

“authoritarian modernisation”, often invoked for Russia, seems not to be working since it would require elites who actually want to modernise the country. But this, apparently is not the case:

“The Kremlin talks about creating the next China, but Russia's path is more likely to be something like that of Angola – an oil-dependent state that is growing now because of high oil prices (...) and whose leaders seem more intent on maintaining themselves in office to control oil revenues and other rents than on providing public goods and services to a beleaguered population.” (McFaul and Stoner-Weiss 2008: 84)

## References

- Casula, Philipp (2005) *Converging and diverging again: Argentina and Russia trying to overcome the modernization trap*, paper presented at the 11th EADI General Conference on Insecurity and Development. Bonn: 21-24 September 2005.
- Cook, Linda J. (1993) *The Soviet Social Contract and Why it Failed*. Cambridge, London: Harvard University Press.
- Deljagin, Michail G. (2007) "Die Makroökonomie in der zweiten Amtszeit Putins", 161-181 in Matthes Buhbe et al. (ed): *Russland heute: Rezentralisierung des Staates unter Putin*. Wiesbaden: VS Verlag für Sozialwissenschaften.
- Dunlop, John B. (1996) "Orthodoxy and National Identity in Russia", in *Identities in Transition: Eastern Europe and Russia after the Collapse of Communism*. Ed. Victoria E. Bonnell. Berkeley: University of California.
- Gudkov, Lev and Boris Dubin (2005) "Своеобразие русского национализма", in *Pro et Contra* 9 (2): 6-24.
- Krassilchtchikov, Viktor A. (2002) "Латинская Америка сегодня, Россия завтра: оптимистический вариант будущего России", in *Мир России: социология, этнология, культурология* 11 (1): 1-31.
- Krassilchtchikov, Viktor A. (2007) *Russia: The Splendid Drift to Periphery*. Unpublished Paper.
- Laclau, Ernesto and Chantal Mouffe (2001 [1985]). *Hegemony and Socialist Strategy*. London: Verso.
- Lukin, Alexander (2000) *The Political Culture of the Russian 'Democrats'*. Oxford: Oxford University Press.
- Makarychev, Andrey S. (2005). *Russia's Discursive Construction of Europe and Herself: Towards New Spatial Imaginary*. Unpublished Paper presented at the conference on "Post-Soviet In/Securities: Theory and Practice", October 7-8, 2005, The Mershon Center of the Ohio State University.
- McFaul, Michael and Kathryn Stoner-Weiss (2008) "The Myth of the Authoritarian Model", in *Foreign Affairs* 87 (1): 68-84.
- Millar, James R. (1985) "The Little Deal: Brezhnev's Contribution to Acquisitive Socialism", in *Slavic Review* 44 (4): 694-706.
- Pankin, Alexei (2007) "Just like everyone else", in *Russia Profile* 4 (1): 49.

Poliakov, Dimitry (2005) "A Question of Value", in *Russia Profile* 2 (8): 17-22.

Popov, Vladimir (2007) "Russia Redux?", in *New Left Review* 44 (March/April): 37-52.

Ryabov, Andrey (2005) «Самобытность» вместо модернизации: Парадоксы российской политики в постстабилизационную эру. Moscow: Carnegie Center.

Schrettl, Wolfram (2007) "Einige Thesen zu 'Wirtschaftswachstum unter Putin'", 155-160 in Matthes Buhbe et al. (ed): *Russland heute: Rezentralisierung des Staates unter Putin*. Wiesbaden: VS Verlag für Sozialwissenschaften.

Schröder, Hans-Henning (2007) "Personenvertrauen und Stabilität: die russische Gesellschaft und das System Putin", 27-48 in Matthes Buhbe et al. (ed): *Russland Heute. Rezentralisierung des Staates unter Putin*. Wiesbaden: VS Verlag.

Service, Robert (1998) *A History of Twentieth-Century Russia*. Cambridge: Harvard University Press.

Tompson, William (2004) *Putin and the 'Oligarchs': A Two-Sided Commitment Problem*.  
[http://eprints.bbk.ac.uk/90/1/Putin\\_and\\_the\\_'oligarchs'.pdf](http://eprints.bbk.ac.uk/90/1/Putin_and_the_'oligarchs'.pdf)

Tompson, William (2005) "The Political Implications of Russia's Resource-Based Economy", in *Post-Soviet Affairs* 21 (4): 335-359.

Torring, Jacob (1999) *New Theories of Discourse: Laclau, Mouffe and Žižek*. Oxford: Blackwell.

Treisman, Daniel (2002) "Russia Renewed?", in *Foreign Affairs* 81 (6): 58-72.

Tsygankov, Andrei P. (1997) "From International Institutionalism to Revolutionary Expansionism: The Foreign Policy Discourse of Contemporary Russia", in *Mershon International Studies Review* 41(2):247-268.

Tsygankov, Andrei P. (2006) *Russia's Foreign Policy. Change and Continuity in National Identity*. Lanham: Rowman & Littlefield.

UNICEF (2002) *TransMONEE Database 2002 Edition*. Florence: United Nations Children's Fund.

Urban, Michael (1998) "Remythologising the Russian State", in *Europe-Asia Studies* 50 (6): 969-992.

Wood, Tony (2007) "Contours of the Putin Era", in *New Left Review* 44 (March/April): 53-68.

World Bank (2005) *Russian Federation: Reducing Poverty through Growth and Social Policy Reform*. WB Report No. 28923-RU. Washington: The World Bank.

Zaslavskaja, Tatjana I. (2002) *Социетальная трансформация российского общества. Деятельно-структурная концепция*. Moskau: Delo.