JESSICA TUCHMAN MATHEWS: (In progress) – we may now finally be finding out, and the answer doesn’t look very comforting. It does seem as though the events of the last month – and I should say that his panel was actually – we have a good record of foresight in this institution. We just had a two-day conference on China the day after Jiang Zemin resigned his last position, and we scheduled this one before all the most recent spate of events, but we are – and I think by the number and quality of the people in the room, all of you recognize the importance of these moments.

We have a superb panel. Really, I think, an unparalleled group of experts to talk about the political developments; the economic developments, or lack thereof; the issues revolving around Chechnya. I think many of you know that Anatol Lieven has written one of the great books on the Chechen conflict and so it is also great to have him with us. And we will try to cover all of that.

I’ve asked everybody to try to keep their opening remarks to 10 to 12 minutes so that we will have plenty of time for questions. And let me begin by turning to Lilia Shevtsova, who arrived yesterday, I guess, from Moscow. And then we will hear from the others.
LILIA SHEVTSOVA: Well, frankly speaking, this night I’ve been seriously deliberating what will be my intellectual challenge for today. After participation in various discussions, after reading Russian and Western press and listening to my colleagues in Moscow and DC, I’ve decided that my task should be twofold. First, I am not to let myself be overwhelmed by emotions, partisan feelings, and I am to be as cold and as logical as possible. Situation in Russia is too tense and politically serious, and that forces us to be responsible in what we deliver and how we analyze. And second, I see my task to demonstrate that Russia has not only one trend - towards centralization and authoritarianism, that the situation in Russia is much more complicated, and under the surface we have various conflicting trends. Russia still is a patchwork quilt even if one vector became so apparent and is aggressively pursued by political establishment.

So in the nutshell, I’m going to prove today that Dr. Brzezinski was totally wrong when he compared Putin’s regime to Mussolini fascism. This cold war rhetoric confuses Russian reality and might become basis for wrong political attitudes and decisions that could only exacerbate in Russia political atmosphere that will even more narrow chances for a liberal democratic alternative. I’m not excluding that maybe in two, three, five months, anyway, in short-term perspective, we’ll be much more worried and concerned not by the failure of democracy in Russia, but by failure of the only viable political institution in Russia – failure of the presidency. Situation is still fluid in the country and current political structure and even regime are not cast into concrete. Moreover, they are undermined by the decisions of its leadership.

I have several points in this respect and one paradox in the end. Of course, I have to simplify the picture in order to be brief.

My first point: all Putin’s initiatives oriented towards centralization of power and further concentration of power in president’s hands, that have stunned, even have shocked the world, are not – absolutely not unexpected. These initiatives have been openly discussed. They’ve been underway for quite a period of time; at least for one year. They’ve become a shock for those who are not following Russian developments closely and who do not understand the nature of bureaucratic authoritarianism.

These political initiatives have proved one definite thing about Russia. They proved that the system that has been created by Yeltsin and strengthened by President Vladimir Putin has its own logic, which is quite evident and apparent. Its essence is the following: if you do not develop democratic mechanisms and institutions, they stagnate, become dysfunctional, and this triggers the efforts to erase them in order to implement some “order.” After cracking down on independent media, on the parliament, on all other autonomous actors, including big business, you have to expect the continuation of the trend – you have to expect clampdown on Constitution, on Federation, and on regional political regimes. So nothing unexpected has happened in Russia, nothing that should have stunned the public. In any case, when you create a hammer, everything else looks like nails.
Second point. Could we really anticipate that President Putin in August 2004, after a national tragedy that shocked not only Russia but the whole world, could have behaved in a different way? Could he, for instance, have used Beslan massacre as a moment of truth for his own leadership, and for Russia as a whole, and suggest a new platform for Russia’s consolidation – platform of liberal democratic breakthrough? It would have meant dismantling of his political regime that he had so stubbornly built during his first presidency. My answer to this romantic question is definitely “no.” Putin could not move in this anti-systemic direction not because of his KGB background or due to other elements of his political mentality, but because he started to become captive of his own baby – of the system that he has consolidated and the political regime that he has created. He couldn’t behave in a different way without provoking a danger of loosing control over events. And control- this is a major obsession.

Putin, actually, had two options after the Beslan tragedy. Option number one: to resign, in this way recognizing responsibility for the tragic chain of events and acknowledging the failure of the Chechen policy and inability to guarantee stability in Russia. Option number two: to continue walking in the familiar direction. He has chosen the second option. But let’s raise a question: if the first option, due to some circumstances, was feasible, would it be much better? Could Putin’s resignation enhance security and reform – look at the Russian political class and his possible successors and you’ll have an immediate and definite answer.

Third point: what is the goal of current centralization of power? I believe that President Putin has been sincerely thinking about using centralized power – “the verticality of authority” – as an instrument for Russia’s modernization. But in a new situation, priorities apparently will be changed. The Kremlin will have to think first of all about stability and security, and accordingly change the agenda for the second presidency and budget for 2005. We have to admit that any society being threatened and vulnerable will postpone its modernization and will pursue stability. But in Russian case it means that unfinished transformation will not be finished. We already see that several major reform projects in Russia are, if not totally cancelled, than at least delayed - pension reform, reform of UES Russia, reform of Gazprom, military reform. In the short run, we’ll apparently see that the hammer devised during first Putin’s presidency will be used for very practical purposes- a) to guarantee self perpetuation of power, that is the implementation of the project “Succession,” and b) for distribution of the economic and financial resources, which has already begun.

Some of us have anticipated that the above mentioned process would start only in the year 2006-2007. This process has started and it has been moving ahead with amazing speed irrespectively of all “moments of truth” that the country is going through.

Point four: what will be the outcome of the current centralization effort? Will it turn Russian political regime into real, not this time imitation of an autocracy? Will it bring strengthening of Putin’s leadership? Nothing of the kind. My anticipation is that current political initiatives undertaken by President Putin will gradually bring decline of political power and delegitimization of the presidency, of the only viable, the only active political
institution in the country. In fact, the Kremlin has dug up a trap for itself because when you start to be responsible for everything, including failures of your appointees in the Far East, you undermine your position and start to lose your legitimacy. In the end, you undermine the presidency. And the whole political system which is hanging on the presidency may start to collapse as a house of cards—we observed this domino effect during the collapse of the Soviet Union, which had been erected on the basis of the same centralization principle. Thus, instead of strengthening the state, further subordination can only make it weaker—typical case of a decision with unintended consequences.

Thus, the endgame will be not a harsh, authoritarian and effective power; not a dictatorship; nothing of Somoza-type regime, as some of our colleagues defined the trajectory of Putin’s regime, but a pathetic, weak, impotent omnipotence. One could see its presence in Beslan where nobody dared to take responsibility for the anti-terrorist operation—neither the Center, nor local authorities. I am afraid that now when Putin decided to take the whole responsibility himself the system will stop moving at all, waiting for the order from the Kremlin. And we know that the President himself doesn’t like to make decisions and he hates to make choices, which he avoids until the last moment.

Fifth point: meanwhile bureaucratic authoritarian regime that has emerged under Putin and which Putin is trying to strengthen, will have its impact both on economic area and foreign policy field. I’m not going to deliberate on economic questions. Only a few brief comments. What can be anticipated here? Bureaucratic authoritarian type of regime increases the fusion between the bureaucracy and the big business. Russia will have not exactly the traditional state capitalism, but state capitalism with huge corporate concentration. Oligarchy will not be ruined or dismantled. It will exist, but only under control of the apparatus performing the role of the “ overseers” even in private companies.

As for foreign policy vector that Putin has been pursuing so far, at least after 9/11, I don’t see how it can be strengthened in a situation when it’s being supported only by the leadership and the leadership is zigzagging. Pro-Western choice in a situation when it is not supported neither by national consensus, no by the elites, compromise will be doomed to be fragile. Beside, it will be undermined by the logic of the traditional state that is reconstituted by Putin. The President so far has succeeded to sit on two chairs, balancing traditionalism and modernism. But you can’t for a long time keep on going when your skis are pointing in opposite directions, and Putin, as a skillful skier, has to understand it.

One also will have problems with a dual-track policy that the Kremlin is trying to implement now. On the diplomatic front, the ruling team wants to continue a partnership with the United States and the West. On the domestic front it uses an anti-Western rhetoric in order to mobilize the nation in a typically Soviet style. How long one can continue this schizophrenia without a threat of getting seriously sick?

Point number six. I can foresee that in the future, textbooks will interpret this period of Russian history in the following way: “Unfortunately, Chechnya and
antiterrorist war have stopped Russian transformation.” To some extent, this conclusion will be correct. In any case, it’s very difficult, or maybe impossible in the short run, for the Russian political class to push ahead reforms when they try to stabilize the situation through subordination and control. It’s a vicious circle: you have a problem, you solve it by increasing control. But next time you’ll get even more severe problem because you did not solve the previous one, but only put in on the back burner. In the end, you find yourself moving backward – refurbishing the traditional state because only this state gives you an illusion of all problems solved. Until your house of cards collapses.

Point seven. Faustian bargain that the West has formed with Russia, trying to keep Russia on board as a member of the antiterrorist coalition even at the expense of Russia’s democracy, will also have its impact on Russia’s transformation. This is a sad truth: the West has stopped to play a role of the transformational variable for Russia. True, the West is not a crucial factor for Russian reforms. But lack of its interest in Russian transformation, its frustration with Russia adds additional hindrance to the set of obstacles on the way of Russian reforms.

In order to make the picture at least not that gloomy, but more objective, I have to also give you a rundown of several variables that play a role of the constraint to the authoritarian trend that we see now.

First, Russian society for the first time is not totally traditional. In fact, Russians are much more ready to pursue liberal democratic values than ever before in Russia’s history. Before Beslan tragedy, nearly 50 percent of Russians anticipated from Putin further democracy, political pluralism; and 47 percent of Russians demanded opposition. Last week, according to the polls, despite consistent propaganda effort that is aimed to support the official view of the terrorist acts as provoked by international forces, 39 percent of Russian respondents considered Beslan drama as the result of the Chechen war, that is having domestic roots. Only 27 percent blame it on international terrorism. And 42 percent of respondents thought that if Putin negotiated with Chechen separatists, the tragedy could have been averted. Usually, 68 percent of respondents consider the West to be a benevolent variable for Russia, and 45 percent of respondents want Russia to be like Germany, that is a normal, in Russian view, country. Not a superpower. We are dealing with a new political reality when Russia is ready to go outside of the traditional state and old Russian system. The problem is that Russian population cannot structure themselves independently (what nation could?) and there is no – within the society – cohesive, coherent, and viable liberal democratic alternative.

Second: we observe a split between the Russian political elite and the Russian society, a divide of a new nature. At least before 1917, part of the Russian political elite had been much more forward-looking and more ready to accept modernist values than the society. Now, the elite is much more traditional than the society. We still don’t know the results of the fact that the elite and the people are moving in opposite directions and on different orbits. True, at the same time there is a glimpse of hope: traditional elite start to be divided as well. A fascinating example: General of MVD Vasiliev, current Head of the
Duma Committee on Security, dares openly to speak on air that the system needs to be refurbished and be more transparent; other member of the same Committee, Mr. Gudkov, also representative of the ruling group, says that Russia needs an opposition! These voices within the official ruling group mean that there is bubbling beneath the Russian political swamp.

Third. Let me mention spontaneity as one of the most important obstacles on the way of any superconcentration of power resources. Russia is simply very difficult to control. When you have 45-47 percent of people who are not dependent on the state economically, you have a different country. And 80 percent of Russians are saying that they do not care about the state any longer, and they can live outside of the state. This fact changes the situation. You cannot implement your model of a political Egyptian pyramid in such society. I’m skipping over other factors that constraint centralization logic of the regime, like corruption. Corruption is the most effective antidote to any dictatorial regime. One can bribe his way out of any rules and circumvent any restrictions. (Laughter.)

And finally, two points as a conclusion. Russia faces two existential strategic challenges that she has been fighting all along in its history, and we still have no adequate response to these challenges. One challenge: how to find equation between freedom and order. Yeltsin has tried to find his answer forgetting to structure freedoms and spontaneity. Putin is trying to find his own answer trying to limit freedoms by personal power. Both are wrong. But we have yet to understand that Putin’s cure also doesn’t work. Second challenge: how to deal with peace and war - a typical Tolstoy dilemma. Russia is trying to find a way to transform itself in times of peace. We never did it before. And this time we again are facing the threat that has forced Russia to return to its usual response- mobilization through looking for an enemy and traditionalism. We’ve missed the time of peace for deeper transformation.

And finally, the paradox that I’ve promised at the beginning. I don’t know what will be the outcome of this paradox, which has its drama, logic, its inevitability and its optimistic chance. In a nutshell, here is what I mean: Russian post-communist development unfolds under the influence of two laws: one is the law of unintended consequences, and the second – the law of failure. Gorbachev tried to reform the system that could not be reformed. Yeltsin tried to build effective oligarchic capitalism that could not be effective. Both leaders had triggered unintended consequences and both had to fail in order to allow Russians to overcome illusions. In the end, failure was a positive outcome of their leadership.

Now, President Putin is trying to stabilize and modernize the system that cannot be mobilized and stabilized. And apparently, he will face the same result- failure. But in a situation where there is no reformist potential among the political class, no viable alternatives either, failure – I hate what I am saying now – failure is a form of development. Maybe the only possible at this juncture. That’s why Putin, together with Russia, has to walk until the end of a dead end to discover a wall ahead and start to look for other exit solution. Or another leader will look for it. In this situation Putin’s mission
is not to succeed, but to fail, that is to prove that the model and the policy do not work. And we can’t exclude that in the historic context his failure would be viewed as his major mission that helped Russia and its political elite to understand that you cannot modernize this country without freedom.

But of course the question remains for us, for those who live in Russia – the question of price that we are going to pay for the failures of our political class and the question of time when we are going to discover that we’ve been heading in the wrong direction. Encouraging is the fact that Russia is moving so fast, and my hunch is that in two years time you’ll have a different reality in Russia, not exactly gloomy, and we should better be prepared for it analytically.

Thank you. (Applause.)

MS. MATHEWS: Mike McFaul.

MICHAEL MCFAUL: Thank you all for coming. I really have nothing more to say after what Lilia just said. I agree with everything she said except for the ending, which I guess was more optimistic than the way I feel about what’s happening in Russia today. Whenever one has to invoke unintended consequences as the thing that might save the day, that makes one nervous. That’s like having hope as your strategy.

And I really don’t have much more to say, but of course I want to say a couple of things just to maybe accentuate and illuminate things that Lilia has already put on the table. And let me start by reminding you of the past and the five years ago that Jessica reminded us of. When we first talked about the Putin era, and maybe just the first four years of the Putin era, to oversimplify, I would describe it as the following: that there were three big narratives happening, and they were happening in parallel, and had almost nothing to do with each other.

Now, that doesn’t fit into the way that we tend to have debates about Russia in Washington, especially I would say, where everything has to be the glass is half empty, the glass is half full. Are you an optimist? Are you a pessimist? You know, my analysis of the Putin era was that the glass was half full, water was pouring in, and it was leaking, all at the same time. And that you had three really independent stories going on in track – in parallel that had no causal relationship with each other. So first – let’s start with some good news – was a positive economic story both on the economic reform side and on the economic performance side. Those two things were not causally related much either, but that’s for a different discussion. Maybe Anders will get to that. But it was a positive story.

Next to that, I would argue, you had a very clear negative story that was clear a long time ago, and I hope we don’t have to debate that story anymore. Russia has been creeping towards authoritarian rule for the last five years. To me, the evidence is overwhelming and at the risk of quoting myself, which I think – no, maybe I shouldn’t, but let me – no, let me do it anyway. Well, I just left a piece for you outside. It’s called
“Indifferent to Democracy,” where I published in The Washington Post a series of antidemocratic reforms that Mr. Putin had put in place and called on us all to say we have to recognize what is happening in Russia.

Moreover, if – let me just quote one line from that piece. I said, “And more antidemocratic measures may be in the works […] Putin and his aides also have expressed support for the highly anti-democratic idea of appointing rather than electing governors. Putin has even hinted that he would like to extend the term of the Russian president to seven years instead of four.” That’s from March, 2000. That’s not from yesterday or last year.

In other words, I think this has been a negative story that has been moving slowly – perhaps not so slowly in the last couple weeks, but I think it’s – you know, we need to recognize the story for what it is, and I hope we don’t have that debate again today, because I think it’s been very clear where it’s going.

Third story has been the war in Chechnya. Mr. Putin would like us to call it the war on global terrorism. And that story, I would say, has been really kind of stagnating – moving along without much progress one way or the other – also for the last five years.

Now, I want to emphasize that for a long time these stories had nothing to do with each other. Putin’s antidemocratic reforms did not help economic growth. And I challenge anybody here today to point out a causal relationship between shutting down MTV or changing the way that the Federation Council has been constituted and the positive economic story. I just don’t see the connection. I would like to if I could, but I don’t see it.

Second, Putin’s pro-market reforms and the economic growth inside Russia has done little to influence either democratization in Russia or the war in Chechnya. Again, independent of each other for the first four years. And third, Putin’s antidemocratic reforms I do not believe had any influence, positive or negatively, on what he was doing inside Chechnya.

Fourth, I would even make the argument, in retrospect, that Putin’s antidemocratic reforms did not really hurt economic growth or hurt his war on terrorism. Now, many of you have graciously listened to me before where I’ve tried to make a kind of deductive argument about how these things would eventually impact on each other. Right? You’re going to have corruption under autocracy. If you don’t have an opposition political party that wants to get into power, you lose the best watchdog you have for corruption. If you don’t have independent press, someday they’re going to get so cocky that they’re not going to care about how much corruption they do, but those were all kind of deductive arguments that I couldn’t empirically prove for the first four years of Putin’s Russia.

I would even make the argument, as I have to some of my Russian economist friends, that we should speculate about how much bigger those economic growth
numbers in Putin’s first term might have been, if he had the same kind of passion for
democratic reform as he expressed for market reform, but those are hypothetical debates.
I don’t think there was a relationship between them.

In the second term, however, I think they’ve all begun to collide, and collide in
pretty stark and negative ways. Economics and politics: we saw the real collision, I
think, first around Yukos where you finally had this strengthening state and the market
clash, and I think in fundamentally negative ways. I can say more about that later.
Perhaps Anders will, but that’s where you first saw those two stories coming into conflict
with each other.

Second: state reforms and the Chechen war. Remember, Putin’s strategy has
always been to equate democracy with weakness, centralize power with strength, and I
don’t see how that strategy has in any way helped his cause in Chechnya. I mean, let’s
just put aside my own normative assumptions about the war in Chechnya. If he was
achieving results – if it was truly an effective authoritarian state that was achieving
results in Chechnya, one might say, well, this is a temporary bad that will lead to a long
term good, but I do not see that relationship at all. On the contrary, I think we’ve seen
the negative implication of having a weak, limp, quasi-authoritarian state where all
responsibility is centralized at the top in the institution of the presidency.

And third, failure in Chechnya has been the backdrop then to consolidate and roll
– consolidate power in the presidency and roll back democracy even further. We saw
that in what I consider to be a gross way when Mr. Putin announced his reforms. As I
said, those are – the reforms have been floating around the Kremlin for five years. He
used this incredibly awful tragedy to do something that I don’t think will in any way
make him more effective in dealing with Chechnya.

So two minutes on the future and 30 seconds on American foreign policy. The
future: yes, mobilization of the liberals. Lilia’s right; there’s fear, there’s real criticism
today among liberals. A kind of sobering statement now that I think is much more
uniform in Moscow today than has ever been in the past. That’s a good thing. However,
I don’t see that translating into an effective political opposition that is going to constrain
Mr. Putin today.

And by the way, let me parenthetically reinforce what Lilia said: my own survey
in Russia has shown time and time again, Russians do not support dictatorship – that
there’s clear support – the attitudinal support for liberalizing – liberal democratic
institutions as long as you don’t use the word democracy, which is a pejorative term. But
when you say should there be checks and balances between the President and the
Parliament, most people say yes. Should there be checks and balances between regional
governors and the President? Most people say yes. In Levada’s poll yesterday, was it a
good idea for the President to appoint governors? 50 percent answered no. Only 38
percent said yes. That’s all there. The attitudinal stuff is there, but there’s no way in
Putin’s new political regime to translate these preferences into policy action, and that
makes me pessimistic in the short term about the ability of these liberals to mobilize and check the power of the presidency.

Second, rise of the nationalists. I think the country is right for that. I wouldn’t even exclude the kind of ethnic conflict in the Caucuses – out of control – spinning out of control of the state. You have ideologues and demagogues of this nationalist persuasion who are there, who have a concrete ideology, and access to the national media. Their moment is going to come though. I also don’t think that we are just around the corner to a kind of fascist state within Russia. Their moment will come. Their moment is not today. And so instead what I think you get in Putin’s Russia is Putin at the helm of a weak, indecisive, corrupt, autocratic state.

Now, Putin will be popular in this state because who else is there to be popular? There’s nobody else. There’s no alternative to Putin today, so it doesn’t surprise me that 66 percent of the population still believe in him. You have to believe in somebody and something. And that the kind of hope, that he will somehow turn this around as the only leader that’s publicly out there, is still alive and well. But what is really striking if you look closer at popular attitudes is how little popular support there are for his policies or belief that he is the guy that is going to be able to turn Russia around.

I already talked about the endorsement of the governors that do not enjoy popular support. In that same poll, Levada asked, do you believe that Putin – oh, I think this was mid-September he asked, will Putin be able to turn things around in Chechnya and make you safer? 78 percent said no.

Moreover, I could go through the list of his policies. Do you support the flat tax? This is the supporters – people who voted for Putin in the last election; only 14 percent support the flat tax. Do you support his reform of the supergovernors? Only 33 percent said that. Do you think corruption is down? 11 percent said, yes, they think corruption is down. This is just Putin supporters. These are not communist supporters or anybody else. Do you think the gap between the rich and poor has narrowed? – something Putin promised. 3 percent believe that. Do you fear terrorists less? 8 percent said that. In other words, you have a guy at the top who nobody sees an alternative to, but who nobody has any faith is going to turn Russia around.

And that leads me to – the final question on the future is, well, yes, Putin will be there and there’s nobody else, but what comes after Putin? And given the political system that he’s created, coupled with the articulation of an alternative on the right, that seems to me to be a very, very dangerous recipe for the future. Not in the next two to three years. It may be – you know, maybe it’s a good thing now that Putin wants to extend his term, given what the options are. But down the road that’s the thing that scares me.

And finally, just on Western policy, which is not what we’re supposed to talk about, but just a word. I went back and read Winston Churchill’s Fulton speech this morning and maybe it’s time we finally just begin to at least speak the truth about what is
going on in Russia. And I urge you all to go back and read that speech because Churchill
had no illusions about the fact that we’re going to go back and roll back communist
dictatorship, but what he was saying, and he even used the phrases like “my ally, General
Stalin,” and “our good allies.” We had just worked together to defeat a common enemy,
but he also said, but we have to tell the truth about what is happening in that part of the
world.

And frankly, I think it’s appalling how little truth is being spoken by our
government leaders about what’s going on inside Russia. I have no illusions that we can
roll it back. You know, I circulated a paper about some ideas, but frankly our leverage is
weak – most certainly weak if we’re only willing to spend $45 million – that’s the entire
budget for democracy assistance for FY04. Somebody say no? Maybe it’s more than
that, but that’s what I read. But at least we have to speak the truth about what is going on
there. Not only do we owe it to ourselves, but we owe it to the democrats still fighting
inside Russia for a better future.

Thank you. (Applause.)

MS. MATHEWS: Anatol Lieven is next.

ANATOL LIEVEN: Thank you very much. Of course, Churchill in his Fulton
speech also said that many of the historic capitals of Europe were disappearing behind
this communist Iron Curtain. That of course is not happening today. We are talking
about something which is internal to Russia. Just thought I’d make that point.

Before coming to Chechnya itself, I would like to touch on three ways in which
Putin’s latest moves will, I believe, be counterproductive even to his own aims in the
struggle against terrorism and Islamist extremism in Russia. The first is the appointment
of the governors. It’s not that in the vast majority of cases the central state is going to go
out and replace the president or presidents of the autonomous republics. They will be
reappointed to their existing positions. The problem is that this creates an extra
temptation and an extra possibility of intervening where there is some kind of local
dispute, where there is a succession crisis, or where an existing leader steps from the
scene. And I think what we’ve already seen from the example of Ingushetia – the
extremely dangerous consequences that can flow from this, above all because the
Kremlin simply lacks the local intelligence, flexibility, knowledge, sophistication to try to
manage these societies.

On the whole, ethnic autonomy has worked very well for the Russian Federation,
I would say, over the past 13 years. And it does help explain why – thank God –
Chechnya has remained the solitary exception in terms of actual ethnic revolt and
violence. In the case of Ingushetia, of course, the central government got rid of a
problematic for them, but very popular local president, Aushev, and in a rigged election
replaced him with the head of the local FSB; a disastrous move which contributed
directly, I think, to some of the destabilization in Ingushetia that we’ve seen over the past
year, and the growing threat that the conflict in Chechnya could extend itself to
Ingushetia.

The second point is somewhat recondite, but if you look at the failures of the
Russian security forces in recent years, and most notably first at the Dubrovka siege in
Moscow and then in Beslan, something that strikes you immediately is the total
breakdown on occasions – on many occasions – of effective horizontal links between
different bits of the Russian security apparatus. These people simply don’t talk to each
other.

The failure to provide first aid and effective means of saving the people affected
by gas at Dubrovka appears to have come first and foremost from the fact that the
Russian special forces, who were planning the operation, simply did not brief the MGS –
the ministry of emergencies or the local health authority in what they were going to do.
At Beslan, there was clearly no coordination whatsoever, or no effective coordination,
once again between the central special forces and the local Ossetian authorities.

Putin’s response to these failures has been to try to create yet more vertical
authority – yet more command from above, thereby accentuating what is already a
critical cultural failing of the Russian security forces, which is precisely their continual
dependence on orders from above, their inability to make decisions on their own, and to
forge links between themselves.

Now, having said that, of course it’s never easy. We have faced severe problems
of this kind with our own forces in the West when it comes to creating this kind of
cooperation, so one shouldn’t be too superior, but it is worth noting.

Thirdly, and I think most strikingly, there is the failure properly to investigate
these failures on the part of the security forces and to punish the officers responsible.
And what that brings out is something which we once again know from our own
experience, but which Russia really should have learned by now, which is that security
forces are very, very bad at reforming themselves, supervising themselves, and inspecting
themselves. Here, from a purely functional point of view, if not democracy, then
certainly a strong element of public investigation, supervision, and transparency is
extremely important simply from the point of view of efficiency of the Russian state.
That also applies, of course, most notably to abuses carried out by Russian forces in
Chechnya.

Now, when it comes to Chechnya itself, I would like to say very strongly that
Chechnya and the Chechen conflict is a subject which does need to be studied in itself
and not simply as an aspect of politics in Moscow, or pro or anti-Putin agendas, or indeed
pro or anti-Russian agendas. The same is equally true of such conflicts elsewhere in the
world. They have their own dynamics. They depend, of course, to a great extent on
decisions made elsewhere, but decisions made elsewhere do not decide everything.
Secondly, this conflict needs to be studied with careful attention to universal rules of evidence and argument, something which I fear some Western analysts have most notoriously failed to do in recent years. And thirdly, it needs to be studied in the context of similar conflicts elsewhere in the world, of which there are unfortunately quite a range. It is inexcusable that 13 years after the end of the Cold War, Russia and a conflict of this kind in Russia should be treated as if it was completely *sui generis* – as if no conflict elsewhere provided any parallels, any lessons, or any common approaches.

Now, from this point of view I would say that there are three critical features – no, four, of Chechnya over the past 13 years; once again, with parallels elsewhere. The first is, of course, the determination of the Russian state to prevent the secession of one of its constituent parts, influenced, in part at least, by a fear of wider destabilization and further disintegration. The second, also with many parallels elsewhere, has been the brutality of the Russian forces and the enemies that this has created in the wider Chechen population. The third aspect has been the complete failure of Chechen society to generate not merely the institutions and habits of the modern state and society, but also, and most interestingly perhaps, any kind of effective, united, nationalist political-military movement.

Now, the absence of such a movement can look like an asset to the central state and its presence can certainly be extremely uncomfortable to the central state. If, however, at any point one starts talking about – moves towards a settlement or negotiations, then I think one very often finds that the presence of such a movement, whether the IRA and Sinn Fein in Northern Ireland or the Tamil Tigers in Sri Lanka, actually makes it much easier to do a deal. The worst situation from this point of view is what we now face in Chechnya, where you have a multiplicity of different groups not under any one control observing no common discipline, which means that there is nobody with whom you can make a deal and nobody who can make that deal stick.

The fourth point, which flows to a very great extent from the previous three, has been of course the partial – I would stress partial – colonization of the Chechen armed resistance by wider forces or international Sunni Islamist extremism, something which has been increasingly apparent since 1995. Now, when it comes to the failure of Chechen society to generate a political-military movement and a state based on it, this of course applies with particular force to the period from 1996 to 1999 when Russia did pull its forces, its police, its officials, and indeed ethnic Russians to a considerable extent out of Chechnya, and Maskhadov, who was elected in February of 1997 with 65 percent of the vote.

I have to say, though, that the legitimacy which this gave Maskhadov at the time was, I think, forfeited by the events of the following two and a half years and I think that this would be our view in similar situations of the same kind. It was not merely a question of Maskhadov’s inability to control the situation in Chechnya or crack down on extremist and criminal forces there, it was also the composition of his own government. His vice president, Vakha Arsanov, was identified by British officials – British officials involved in negotiations over the release of British hostages in Chechnya, as the patron and protector of Arbi Baraev, his relative – the leader of the most notorious Chechen
kidnap gang, who also commanded a so-called Islamic battalion subsidized and supported by the international Islamist group in Chechnya.

In these circumstances, the suggestions that you hear again and again that Russia should have strengthened the Maskhadov regime from '97 to '99 – should have poured aid into that regime – take on a slightly problematical error. Not dissimilar to the suggestions that America should have helped the Taliban and recognized it in the years leading to – before 9/11 on the grounds that if we’d done that the Taliban might then have helped us to get rid of al Qaeda or hand it over to us. Well, maybe they would, but maybe they wouldn’t and then we would, of course, have had to invade Afghanistan in any case and would have been shot at by Taliban forces with equipment paid for by American taxpayers.

I do think that this episode illustrates once again the need to display a certain degree of perspective and comparative ability when addressing the Chechen conflict. Certainly, in my view, it is criminally irresponsible to suggest that Russia should simply pull out of Chechnya and allow the situation which existed between 1997 and 1999 to repeat itself, or that we should base an approach to a settlement of this conflict on statements like those of Maskhador’s representative, who stated that if Russia were willing to sit down and negotiate with us, I would – Maskhador’s followers, all the problems of Chechnya could be solved in 30 minutes. Once again, this is not an approach that anybody sensible takes to other conflicts of this kind.

The extremists in Chechnya, as represented by Baraev and his allies, will go on fighting whatever happens, as they did, indeed, after 1996. Therefore, one is not talking about a solution to this conflict – an end to this conflict; one is talking about ways of waging this conflict more effectively, of minimizing its violence, and of getting, above all, more Chechens to support a political process which will exclude the extremists and the terrorists.

Now, in these circumstances, I and some other leading experts on Chechnya are thinking in terms of a possible Western strategy concerning the Chechen conflict which would focus on process rather than solution. Not on an unreal search for a silver bullet or an answer which will somehow end the conflict immediately or very rapidly, but on a process which will create a Chechnya over time in which violence both by the Russian state, but also by the terrorists, can be greatly reduced.

This, in my view, has two closely – this process should have two interconnected components: democracy and state-building. It should take its point of departure from the Chechen autonomous republic of the Russian Federation, which is at present the official position of the Russian state. However, we should back a process based on this foundation or starting point not because – or not first of all because this is the only acceptable starting point for the Russian state as with the Indian state and others, but also because as I think the past has demonstrated, this is in fact the only context in which a Chechen state can in fact be developed.
Now, from this point of view I think it needs to be stated very strongly that there is no disgrace for an independence movement to accept autonomy as an interim measure – as a stepping stone towards ultimate independence. The Indian National Congress, if I remember rightly, declared its aim of independence from Britain – (audio break, tape change) – there was another 50 years before independence was achieved. During those intervening years the Congress built itself up as a state-forming party which was capable of inheriting and taking over the Indian state of independence. And of course India itself developed in ways which made the exercise of independent statehood possible.

People who aim at Chechen independence should not be excluded from this process – by no means – as long as they accept a political process and renounce violence and also renounce the aim of total independence as a short-term goal. From this point of view, Putin’s strategy of Chechenization within the Chechen autonomous republic, and his plan will be gradually restored to Chechen rule if the violence can be contained, is not in itself a bad approach. The problem is the fact that this has not been accompanied, in Putin’s strategy, by any element of real democracy. There has been no opportunity for competition, even between those Chechen leaders who support Russia’s basic agenda in Chechnya, who categorically oppose the extremists and who support Chechnya remaining within the Russian Federation. That is show by the rigging of the presidential elections in Chechnya, the exclusion of leading candidates – once again, candidates who basically support Russia’s position, and the refusal so far to establish a Chechen parliament.

In my view this is the process that the West should be supporting in Chechnya, and we should bring both pressure but also serious incentives on the various sides of this conflict to get them to support such a process.

Thank you.

(Applause.)

MS. MATHEWS: And Anders Åslund batting wrap-up.

ANDERS ÅSLUND: Thank you very much and I’m very happy to see so many people here today, because I think what is happening in Russia today is really a big turnaround. I, as many other people, thought that Russia was doing quite well until, I would say, the 25th of October last year. For me that’s the turning point, the arrest of Mikhail Khodorkovsky, and it’s not that I particularly like oligarchs, but it is because it was a balance of power that Putin worked on, and I think that gives the answer to Mike’s question here, how Russia could develop so well in terms of reform, although it was consistently becoming more authoritarian. I think the balance of power and openness to competition was the key because in effect, until the end of last year, on the one hand we had Putin’s KGB friends; on the other hand we had the oligarchs. And the people who actually decided the policy tended to be the liberals.
And we saw for four years the most splendid, comprehensive economic reform program that Russia has seen so far, and of course that produced good economic growth, 6.5 percent a year, and it was not only oil and devaluation. And for the last 11 months or so, I would say that we have seen it steadily going down, and this has now also reflected upon the economic process.

I spent last week in Moscow and my friends have by and large been pretty sad for the last year or so, but all of a sudden there was sort of a comic relief when President Putin made his speech Monday last week, because it was so obvious that he went too far, and I think that – like Mike here, I think that Lilia put it very well today. Of course, these are authoritarian tendencies, but more striking is that it doesn’t work. President Putin is a control freak. He wants to control everything. And if you want to control everything, you should not be a boss at all, least of all a President.

The perhaps most striking appointment is of Mikhail Fradkov as Prime Minister. This is a man who has consistently failed every job he has had for the last seven years – (laughter) – and was sent off in semi-retirement to Brussels, which is not very important from a Russian point of view. Therefore he was appointed Prime Minister; a man who could not make one decision. As a consequence of this, the government is in stalemate, and seeing what happened in Beslan, which is of course a terribly tragic event and all condolences are due to the hundreds of innocent victims and their families. But what we saw, as Anatol analyzed, was essentially an absence of government. This was not a cruel government; it was an absent government.

I’m reminding myself of an old Soviet anecdote from the late Brezhnev period, which described how various Soviet leaders behaved when the train all of a sudden stopped on the line. Stalin, of course, as you would expect, ordered the train driver to be executed and replaced, while Brezhnev, somewhat more humanely, asked the curtains to be drawn, and that everybody should shake so that it seemed as if the train was moving. (Laughter.) This is exactly how Vladimir Putin behaved. He didn’t do anything in real life; he only sacked the Editor-in-Chief of Izvestia and sabotaged a number of poor journalists who tried to report about what was happening.

So I would argue, very much as Lilia did, that Mr. Putin’s rule is not only authoritarian but dysfunctional. It’s too rigid and centralized to handle a crisis, which always occur. I think the Beslan tragedy showed us how dysfunctional this regime is. And what we then all, as good Westerners say, is, of course, that he needed to decentralize power; of course, the ministers who were hiding there for two days should have some powers instead. The troops should have some ammunition; they should have body armor, they should have some command, and the governors should be allowed to do something. And what does our poor Mr. Putin do? Absolutely the opposite. He said, I don’t have enough power; I want even more, but I can’t decide.

So what we are seeing here is a very weak regime, and I would even argue that it’s so weak, so small, and so few people involved that it can collapse quite nicely without anybody being too much disturbed. Really, Putin most of all reminds me of
Mikhail Gorbachev in 1989, trying to make as many speeches as possible in the course of a week rather than deciding anything. This looks pathetic rather than frightening, and I would argue that the worrisome thing here is that power is lying in the street again, which is pretty much what I think all my colleagues have said.

Over then to a second topic; that is, economic reforms. Can you do reforms – any reforms under these circumstances? Of course not, for two reasons. First, the dominant interest now is the KGB friends from St. Petersburg. They represent, indeed, the KGB and the state apparatus and they have now put themselves on top of the state enterprises. Of course they have no interest in reform. So the interest isn’t there, nor is any other interest really represented. And the other problem, which I’ve just discussed, is that we have a splendid Mr. Fradkov in charge of a government and he’s allergic to decisions. (Laughter.)

We had a roundtable of Russian economists here, at Carnegie, two weeks ago, and the key word that they repeated time and again was “survival.” It was not “reform,” but just to keep the economic reform discussions going. The Fradkov people blamed the reformers for making bad reform proposals; the reformers blamed the bureaucrats and the Fradkov people for blocking all their reform proposals.

Here we should have had three big reform topics: the reform of state and law enforcement, which is against the interests of Putin’s friends. Secondly, reform of the big enterprises, state enterprises, which is against the interests of Putin’s friends. And the third is reform of health care and the education system, which is always very difficult. You need big political capital for that, which Putin had but he’s now spending on other perhaps less useful purposes.

Yet Russia has a splendid market economy. Growth is enormous. Foreign investors – foreign direct investors love it and they are doing well. So I think that the well-functioning economy might be the reason why the Russian change might not be so disastrous when it comes, and I suspect that it will come sooner rather than later because Putin seems to be a person who wants to make his mistakes as fast as possible. (Laughter.) And he is very, very stubborn, so he certainly doesn’t change direction. He could do very many things to improve the situation, first of all sack Mr. Fradkov tomorrow, and I’m absolutely sure that he won’t do that.

A third issue which I think is very important and now neglected: corruption. Whenever you sit down and talk to people in high positions in Moscow they say, for example, “I thought that corruption could never get as bad again as it was under Yeltsin but it’s far worse today.” We have talked much about the corruption in Russia, but now it’s worse. The people who are running the corruption are sitting higher up, so it’s more dangerous to talk about them. And the amounts are much bigger now than before.

There’s essentially three means of corruption. One is straightforward extortion of the oligarchs by the Kremlin. The problem here is that it is what Andrei Shleifer calls competitive corruption, which leads to overgrazing. Several people go to the same
oligarch and ask for money for the same services. And that puts the oligarchs in a miserable situation. On the other hand, they are the only ones who knew how to deal with the Kremlin. So the medium-sized enterprises sell off to the oligarchs all the time, so in fact this leads to a massive concentration to the twenty biggest enterprises who know how to give a bribe when they’re asked.

The second part, which is probably the biggest, is that all of Putin’s friends now sit on the big state enterprises. I can easily list them for you. It’s all public information. I can’t list how much they get from most enterprises, but that’s a public secret.

And the third, which I wasn’t quite aware of before, is that high offices now in Russia are regularly sold. So, for example, one of the arguments for appointing governors was that the Kremlin was dissatisfied with how much it could sell the governorships for, because the money was wasted on election costs. They wanted to get that money for themselves. I think that this is something that really needs to be investigated. Everybody knows it; everybody talks about it at a certain level in society.

Finally, my fourth topic; that’s the Ukrainian presidential election this October 31st. I think that this is important because it’s pitting Russia against the U.S. in a very firm way. President Putin is very firmly behind Prime Minister Yanukovych, famous for having served two sentences for violent crimes in prison and having been a KGB informer for at least a decade, which a good Ukrainian investigative journalist found out. For this purpose the Kremlin has just extorted about $300 million from the big Russian enterprises. It seems that two-thirds of this comes from Gazprom, simply to buy the elections.

As you would expect, the presidential campaign is incredibly flawed and unfair, and I find it amazing that two serious murder attempts at the leading liberal and democratic presidential candidate, Viktor Yushchenko, have hardly been noted in the West. And here you see President Putin standing out to fight for crime, corruption and against democracy in a struggle with the West. I think rather than ignore this, the West, and in particular the U.S. should face up to this. These are not things that should be accepted.

Thank you. (Applause.)

MS. MATHEWS: Will you wait one minute for the mikes? Right here in the fourth row. Maybe we can keep somebody – why don’t you stay right there. Go ahead.

Q: Peter Reddaway, George Washington University. I am grateful for a stimulating series of presentations. And I’d like to express particular appreciation to Anatol Lieven for raising the Chechnya problem in so much detail and in a constructive spirit of looking for solutions. I agreed with almost all of his argument except for one very important part, and that’s what I would like to talk about.
You can and should make comparisons, as he said, with terrorist situations that have existed in other countries, although each system has its own specific features. If one compares the Chechnya situation with the Northern Ireland situation of the last 35 years, we find a very instructive example, and I’d like to compare what Anatol said about the Chechen leadership in ’97 to ’99 under Maskhadov with the enormously much easier situation of the Northern Ireland leaders in the last 35 years.

MS. MATHEWS: But briefly please.

Q: I’ll try to be brief. Maskhadov was faced by massive problems. The Russian brutality of the first war had reduced Grozny to rubble. Belfast was not reduced to rubble. Maskhadov was faced by members of the Russian government promoting corruption within Chechnya – Berezovsky, various generals, et cetera, et cetera. The British situation was completely different. The reconstruction funds for Northern Ireland went ahead, were pumped in and helped to improve the situation there. Reconstruction funds for Chechnya were embezzled. And then, of course, the brutality of the first war had created extremists in Russia. All these factors made the task for Maskhadov and his government impossible. I’m not saying they were blameless, but it made it impossible.

We should not, at this point, dismiss them as possible negotiators, and I think the implication of what Anatol said was that they should be. I had long conversations with Zakaev; he certainly doesn’t think that the problems with Chechnya can be solved in 30 minutes. He has a much more nuanced and realistic view of the situation. So that’s one caveat about his approach.

MS. MATHEWS: Do you want to say anything or not? You don’t need to if you don’t –

MR. LIEVEN: Just briefly, I believe I mentioned the name Vakha Arsanov, who was Vice President at the time. The fact that he helped to run a kidnap gang, which not merely carried out outrageous acts against Russian citizens but also against Westerners visiting Chechnya, at a time when he was the Vice President of that Republic, in my view, excludes him and the regime of which he was part, from consideration as serious rulers of Chechnya.

MS. MATHEWS: Okay – quickly.

MR. MCFAUL: Just one point. We don’t have time to do this properly. Maybe we can have another session on Chechnya, but, Anatol, I think you’re quite right to think comparatively, but there’s lots of other analogies besides the Taliban. When you were talking I thought you were going to speak about other places where civil war – let’s remember groups like RENAMO in Mozambique, which after all were brutal, brutal murderers, nothing like what you’re talking about kidnapping – I mean killing thousands of innocent people; chopping off their heads. And yet when they finally negotiated a peace settlement in Mozambique they felt compelled to sit down with RENAMO. And by the way, RENAMO was also an organization that had no effective single state-
building party. So there are lots of historical analogies. Taliban I don’t think is the only one we should draw upon.

MS. MATHEWS: All right, here and then we’ll go to the back.

Q: Thank you. My name is Mozhin and I represent Russia at the Board of the International Monetary Fund. Given where I come from, you will certainly expect me to defend my authorities, and that’s exactly what I am going to do.

I believe that the recently announced decisions constitute a very big step forward. I’m talking about the two decisions – the abolition of direct elections of regional governors and abolition of individual electoral districts for the federal Duma elections. And let me explain why.

I think the whole system of gubernatorial power in Russia has failed completely, and especially it has failed from the point of view of developing democracy. I think the regional governors have immediately established themselves as feudal princes. They have never allowed any democracy to take place in the regions. They have become the biggest single obstacle to the development of any democracy in the Russian regions. So I salute these decisions.

And the second decision I think is even more important, which is the abolition of this single electoral districts because, obviously, these so-called deputies elected in these electoral districts have been effectively appointed by regional governors. It is clear that they have been completely in the pockets of regional governors. The introduction of elections based on populace, and hopefully not only at the federal level but also at the level of Russian regions, I think it’s a revolutionary step. One would expect it to provide a huge boost for the development of body politics, especially at the regional level. And the notion that these decisions should be seen as the end of democracy make no sense to me. I think these decisions, at least in theory, allow for the beginning of democracy to develop in Russia, especially at the regional level.

And let me stop here. Thank you very much.

MS. MATHEWS: Thank you, Aleksei.

Do you want to start and then – well, I think maybe everybody wants a word.

MS. SHEVTSOVA: Well, it seems that Aleksei has an intention to provoke a discussion and I am glad to present my argument. Firstly, I would agree with Aleksei that regional clans and regional elites in Russia in general are much more traditional and corrupt. But the problem is that the suggested initiative to appoint governors could be a solution only in one case - if the appointments of governors are followed by a range of counterbalancing measures: by free and independent elections of the Duma and Council of Federation, by an increased role of the Parliament, by parliamentary control over the government, by securing the independence of media and TV. If these measures will be
undertaken immediately, I would agree to the appointments of regional government, albeit without much enthusiasm. But to replace a corrupted elected official with a corrupted appointed official will only enhance corruption. Regional regimes are ineffective not because they are elected, by because they are lacking other independent institutions, first of all independent judicial system.

MR. MCFAUL: Just briefly, I absolutely agree with Lilia about – the diagnosis we all agree with. I think there’s lots of variation in the level of corruption and the level of autocracy at the regional level, and likewise I would not include every member of parliament elected in single districts as being appointed by governors. There are lots of them in competitive elections.

Read my book on it. I just wrote a whole book on it. I mean, you say that they’re all appointed; that’s just not true. There are some places where they are and some places where they aren’t. The vast majority of them, by the way, with Gazprom financing to the tune of 150 seats, were appointed by the President. So this notion that this is going to change and make them more democratic I don’t necessarily see. But more importantly – and parenthetically, I agree with you on regional elections, that the proportion of representation for regional parliament is a very positive sign for development of parties in Russia. I agree. But what do you do philosophically, I would say, when you say it’s good for democracy but 50 percent of the citizens of your country disagree with you? Now, why is it more democratic to do what you think is right and what a minority thinks is right, whereas the 50 percent that disagree with you have no say about the kind of reforms.

To me, philosophically, that can’t be a democratic step, even if in the long run it may enhance democracy, if procedurally it is not done in a democratic way.

MR. LIEVEN: I have to say it’s a bit late for us to worry about that after the measures that we endorsed in the 1990s, which certainly did not –

MR. MCFAUL: No, no, I disagree, Anatol. I disagree. That is not right. You can’t invoke something from the past to say we can’t call something today wrong?

(Cross talk.)

MR. LIEVEN: But I’d just like to say that I have thought for many years that in certain cases – take Vladivostok for example, the process of regional democracy has become so rotten, so taken over by organized crime, in an area of vital interest, the Russian Federation, that there was indeed a case for suspending it altogether and imposing central rule.

Two objections, however. One, that I do not believe that there is a case for changing the system across the whole of the Russian Federation. Secondly, I do not think, unfortunately, that the Russian state has cadres – the honest, experienced, positive
people who it can actually send in to improve the standards of the administration and lay
the basis for democracy across the whole Federation.

But in selected cases I would entirely agree with you.

MS. MATHEWS: Okay, we’re going to take a couple in the back; then we’ll come to the middle.

Go ahead.

Q: Thank you. Stan Crock from Business Week. You all seem to have a consensus about the ultimate downfall of the Putin regime. You may differ on how long it will take. I’m wondering what you see occurring afterwards. What will the next phase of the Russian government look like?

MR. MCFAUL: Just to be clear, Stan, I did not share the views of everybody else that it’s about the collapse. I think this current political system could be in place for a very, very long time.

Q: You said three to five years -- (inaudible).

MR. MCFAUL: Well, that’s when the next election is. But to be clear, if I said that, I am not optimistic that because of the bad decisions this regime is bound to fail. I see lots of very weak quasi-authoritarian regimes around the world that last for a good long time.

MR. ÅSLUND: Well, I think it’s pretty easy to say which the alternatives are. One is - the dictator is normally done away with by his party, Sergei Ivanov taking over because he thinks that Putin is too indecisive. The second is, what people in Moscow now discuss a lot, the danger of a civil war in the Northern Caucasus and general inability of managing. I think that is far exaggerated. The third, what in particular Russian leaders are extremely afraid of, is the rise of the nationalist parties that have now been legitimized in the public by the Putin regime; in particular, people point to Dmitri Rogozin. Then you have a fourth alternative, which I of course believe in as a steady optimist, and that is a velvet revolution, that we will see what happened in August ’91 – that the regime just becomes too ridiculous, and it might come after an internal coup in the regime. I was very struck by the weakness in the regime, so I think I go furthest in that direction.

MS. MATHEWS: Okay, another in the back? Yes?

Q: Is it on? Don Jensen, Radio Liberty. Lilia, I have a question for you and that concerns Putin’s power – personal power. One of the questions that vexes those of us who write about Russia here is the question about whether he can do anything he wants or is he hemmed in in a variety of ways by, as you call it, a bureaucratic authoritarianism? Can you speak a little bit more about that?
MS. SHEVTSOVA: My hunch is that you, Don, want me just to confirm what you’ve yourself been writing about Putin. (Laughter.) First and the most serious constraint of Putin’s leadership is his own apparatus, his own regime he is relying upon. Having centralized and not very transparent power you never know what is more important - the head or the tail and whether the tail wags the dog. Usually leaders themselves discover that they are hostages when it is too late. Next constraint of Russian leadership, I would say, the moods within the political and intellectual elites, which are much more traditional than a major part of the society. I’ve mentioned it already. I would also mention the split inside of the political class and especially ruling group into two schools or camps: one group is looking for survival and the status quo, and the second group - for distribution of property and administrative resources. But both groups in fact are traditionalists. Unfortunately, they dominate political scene, constraining Putin who has allowed them to coalesce but who still has modernist ambitions.

As far as you see, I am not discussing the issue of Putin’s personality, of his nature, of his character and ambitions. I do believe that at the current stage of Russian political development Putin’s personal qualities mean much less than previously, for instance, in 2000-2001. Personality is now less important than the systemic constraints despite of the fact that the leader has helped to reinforce them.

Can Putin do anything that he wants? Well, theoretically yes – look at his resources. But practically he is much more limited in his activity than before. Why? Partially because he gets less information and he gets information through centralized channels. Lack of independent media means a blow to any viable leadership. Remember Putin’s trip to Ingushetia? When he found himself in Ingushetia, he said: Wow, it looks different from what I thought and from what people were telling me! That is how systemic constraints are working in Russia. Can the President be independent when he is dependent on information from his loyalists?

MS. MATHEWS: Okay, in the middle here. Can we get a mike?

Q: Paul Starobin with the Atlantic Monthly and the National Journal. Anatol, I appreciated your remarks on Chechnya, but when you said at the beginning that what we’re talking about is something internal to Russia – I mean, I wonder about that – whether there is now a wider Putin example here. It may be good that we see flowers blooming in places like Riga, Tallinn, and Vilnius, but what are the examples for Baku, for Minsk, for Kiev, for Bishkek, for Tashkent? Is there not any kind of a wider trend that could take root in the former Soviet republics as a result of what we’re seeing in Moscow?

MR. LIEVEN: Well, by stressing the internal nature of Russian changes, I was just pointing out this isn’t a Cold War. This isn’t the Cold War. We’re not faced by a new threat from Soviet communist totalitarianism; an attempt to keep what’s happening in some perspective.
As far as the other republics are concerned, I’m sorry to say they need no encouragement from Moscow if one looks at what has happened in Central Asia or parts of the Caucuses or what’s happening in Ukraine. I mean, Russia may be having an impact now as Anders said, but clearly these trends in Ukraine have been developing for a long time. So no, I don’t, I’m afraid, think that it will make a great difference.

Q: I’m Jim Millar, George Washington University. My comment is really for Anders. I really can’t really go along entirely with your rather rosy picture of the development of the Russian economy in past years. The enormous revenues generated by petroleum cannot be played down quite as much as you do. It certainly has lubricated the development of the economy in many respects and it’s made life easy and in many ways it’s allowed Putin to play the role of Brezhnev – to take it easy because you have this tremendous windfall gain.

But more importantly I think, I’d like you to comment on in terms of what we see for the future and what’s been developing gradually. Just as democracy has been gradually eroded and civil liberties have been eroded, the same thing’s been true with respect to economics. One is the increased use of administrative measures rather than economic measures. And there’d be no real difficulty in dealing with the oligarchs using economic measures rather than measures of civil law and repression, and what have you – the return to administrative measures, which has always been sort of the tendency or the fallback position for the government.

The other is the attempt to regain control of the commanding heights of the economy, and this has been going on for some time; gradual, creeping role of government employees or Putin appointees on the boards, changing the proportions of ownership. I mean, in many ways we have what I’ve called elsewhere a kind of neonet developing. This time not just the state controlling the commanding heights, but sharing it with the oligarchs, but with the oligarchs increasingly being pushed aside for a new kind of state oligarchy.

So I’d like you to comment. I think the picture of the economy is not as rosy as you pointed it out.

MR. ÅSLUND: Thank you. Thank you, Jim. I’m afraid that I by and large agree with you. So first on the oil: we can’t quantify it. Clearly, if Russia hadn’t had the oil, resources would have gone into machine building. Ukraine – machine building is growing by 35, 40 percent a year, but Russia’s is 11, 13 percent, that is much less. Part of it is that the Ukrainian model allows enterprises of that size to develop very well, while it’s very difficult in the Russian state-controlled system.

I totally agree with you on the second part here, that we are seeing a creeping increase in state control. And of course the monumental event would be if Gazprom, Rosneft, or Gosneft, as Victor Gerashchenko calls it, would get Yuganskneftgas for a very low amount, and I think that that is what sort of everybody’s looking at, both Russians and foreigners.
It was very striking being in Moscow talking to lots of the people – the people who are most afraid are the oligarchs. They feel that they’re extremely vulnerable and I heard one of them being quoted as saying that you don’t really feel that your money is yours any longer – it’s only there to be borrowed for some time – and that’s not good for investment.

MS. MATHEWS: All right. Just a move to – go ahead – and then we’ll come up. Behind you. Right there.

Q: Thank you. I’m Harley Balzer from Georgetown University. Lilia, both you and Anders seem to base optimism on Putin’s failure. I mean, you might – but I’m wondering if unintended consequences might be replaced by a self-fulfilling prophesy. Peter Reddaway was absolutely right that Chechnya was not any – in any way remotely Islamic in 1993. Now, I’m not sure that the United States and other countries would let Putin fail.

MS. MATHEWS: Go ahead. Why don’t you go first and – (off mike).

MS. SHEVTSOVA: Harley, it seems to me that Anders and I are talking about different types of failure. I have in mind Putin’s strategic failure to modernize Russia. But this doesn’t mean that personally he will lose power during his second presidency or will be in any kind of danger. There’s nobody – no other person or alternative that can threaten him, at least during the next few years. But does it mean that he will succeed with his modernization mission? And if he simply limits himself to survival or to stabilization function it will be a failure. Because he could have done more. I’m talking about systemic failure and the sooner we – and the President- understand that current model is not working, the better.

Actually, I do not exclude absolutely that by year 2007-2008, if there is pressure from below, if there are more General Vasiliev-type people within the political class in Russia, who understand that to continue the same way is suicidal not only for Russia, but for their own positions, there might be Russian version of a historic compromise. The substance of this compromise would be not to dismantle the system entirely but to start making systemic breakthroughs - first of all in two areas: struggle with corruption and forming of the government subordinated to the parliament. The first breakthrough needs independent courts and the second - more power to the Duma. If Putin himself in the end of his second presidency only starts to move in those directions, he will perform a great job for Russia. Nobody at this stage of the system development should anticipate from Putin more. Firstly, he is not a suicidal type. Secondly, not a single political leader had ever dismantled the system or regime he had constructed. Gorbachev liquidated the system that had been built by others and we know his end.

Putin is a very smart politician, let us not underestimate him. We should not exclude that at some point he may understand the failure of the paradigm he is operating in and will try to find an exit that will not be catastrophic. Yes, such things with
stabilizers never happened in history before. But there is always someone who starts a new trend or ruins the old dogma.

MS. MATHEWS: Anders.

MR. ÅSLUND: Let me answer on the U.S. policy part. I mean, it’s pretty obvious that the Bush administration since 9/11 with regard to Russia has only been about security. And say here, Russia is not delivering on three important parts of the security. We see from Beslan no relevant intelligence. We see from Beslan that it is breeding the most professional terrorists apart from al Qaeda in the world. Thirdly, we can no longer be reasonably certain than Russia can keep its nuclear facilities under control when it’s totally obvious that everything can be bought from any KGB or security police representative. And it’s also quite obvious that they can’t do much effectively, so the worry here is weakness – inability to deliver rather than being negative. Obviously, this should be a reason for cooperation to do something about it.

But the other side is that there have been so many hopes about – do you remember the Gore-Chernomyrdin Commission? – energy collaboration, which never really took off. And here we are seeing Russia has not been able to come up with a proposal on LNG from the Murmansk area. The Murmansk oil pipeline seems to be in a distant future, which means that the supertanker deliveries of oil from Russia to the U.S. are not coming about. And the Yukos affair for quite some time has blocked the possibility of a major joint venture between one of the U.S. oil majors and Russia.

So what we are seeing is that the U.S.-Russia relations are amazingly empty and that’s, of course, nothing that any administration in Washington can be very satisfied with.

MS. MATHEWS: (Off mike.)

Q: I’ll just follow up on –

MS. MATHEWS: Would you introduce yourself?

Q: Alex Goldfarb, Foundation for Civil Liberties. I intended to ask a question about security, but it has been just answered. I just want to follow up, and if Russian government – Russian state, which appears to be weak and failing cannot be a reliable partner, maybe the policy decisions should be more reoriented to supporting the other part of Russia which is still functioning, and that is society, and have more programs oriented – Russia still is an open and very fertile land for various civic and public initiatives and maybe more governmental attention should be paid to that sort of thing.

MS. MATHEWS: Mike, go ahead.

MR. MCFAUL: Well, I just totally agree with you of course. In diagnosing the problems of the Russian state and the Russian democratic state institutions, I in no way
meant to imply that societal attitudes have gone backwards. There’s lots of – there’s a lot to do. This is not a totalitarian regime.

Anatol, I apologize for the reference to the Churchill. I did not mean we’re going back to the Cold War, but what I meant by the Churchill reference was that – the Fulton speech was not about the Cold War; that comes later. The Fulton speech was about – it’s important, Jessica – this was to say that our ally, Joseph Stalin, is no longer an ally because of what is happening internally.

And I think if you think about the third wave of democratization, which began, you know, in 1974, this is the biggest rollback of democracy in a strategic state – maybe Pakistan we could argue about as more important, but this is the single biggest event for those concerned about democracy in the last 30 years. And the President goes to the United Nations and gives a speech where he says it is our job to be the beacon of liberty around the world and in the same week that that’s happening, the biggest, most strategic country is undergoing an autocratic reversal. I just think that is what I meant – that we need to call things black and white and stop pretending about what is going on in Russia.

Sorry. I won’t say any more.

MS. MATHEWS: One last question.

Jim?


MS. MATHEWS: Thank you.

Q: Could you expand a little bit on what I think some of you suggested; namely that the new system of electing members of parliament might not be all bad? I may have misheard that, but it did seem to me that, Mike, you suggested perhaps it might strengthen parties, but how does a party get qualified? How do you get to be a member of a list? I’m just curious about whether the – how you see something positive in that.

MR. MCFAUL: What I said, to be clear, was at the regional level the fact that 50 percent of the seats are now at a proportional representation gives parties a chance at the local level to form, which they did not have before. They’ve been extremely weak in regional parliaments. Proportional representation in and of itself is not an antidemocratic thing. There’s lots of parliaments in the world that are formed by party lists. They tend not to work well with strong presidential systems, by the way. That mix is not a particularly democratic mix.

The problem in this particular reform, in my opinion, is that with the 7-percent threshold – and that’s an important thing; if it was 2 percent I might feel differently, but with the 7-percent threshold it’s going to be – my prediction will be in the next election
that you will have parties – Putin’s party, perhaps one other opposition party, and it’ll be _

(End of available audio.)

(END)