

# **Russia: its Current Political and Economic Situation and its Geopolitical Position, Including its Position on the EU**

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The unofficial term for the partnership between Medvedev (President) and Putin (Prime Minister) is 'Tandemocracy'. Medvedev has worked for Putin for 15 years and regards him as an elder brother. Putin has always defended the Constitution and the form of democracy as developed in Russia. Putin is also head of the United Russia party, which is by far the biggest party in the Duma, so if Medvedev tried to sack him the Duma would probably object.

I think Putin sees himself as a transitional figure whose task is to bring stability to Russia after a Time of Troubles, and he envisages that that he will give way to a more democratic younger generation. Hence he chose Medvedev, who was the most liberal of the possible choices. But Putin has a Plan B: if everything goes wrong he will come back and wield a firm hand again.

Medvedev and Putin think basically alike, but probably differ over their perspectives on the future: Medvedev has set up a think tank which is now espousing a more liberal line than the Putin camp. In the current economic crunch the Putin camp is arguing for more state intervention, protection for workers and so on, but the Medvedev camp is arguing that the bargain reached under the Putin presidency, when people put up with the curtailment of civil liberties in return for economic growth, should now be modified in the direction of more civil liberties.

At the moment there is no real liberal opposition to the United Russia party in the Duma. The Yabloko party led by Yavlinsky failed to unite with any of the other democratically-minded parties, and gradually faded into the wilderness. At the moment the second-largest party in the Duma is the Communist Party. But now the Russian leaders are trying to set up a new tame liberal party as a credible opposition in the Duma. They want the Russian political setup to look like that of the USA.

It is interesting to look at how Putin has handled the communist legacy. Right from the start of his presidency Putin condemned communism as a dead end, irrelevant to modern civilisation. Figures from the past promoted for emulation include Whites rather than Reds: a few years ago, for example, the Civil War leader General Denikin was reburied. As far as the Soviet era is concerned, Putin argues that it can't be brushed aside; but his heroes from that era are military rather than political – Marshal Zhukov for example – and even dissidents, such as Solzhenitsyn. In textbooks, the repression of the Soviet era is underplayed, but there's no rehabilitation of Stalinism. The regions are now far more closely tied to Moscow than in Yel'tsin's time; the big change is that governors are no longer elected but appointed from the centre. Since 1999 Putin's policy has been to make sure that economic oligarchs have no more say in the politics of the country. There is general popular support for this policy. Legislation was introduced to regulate activity in areas such as land ownership, labour, bureaucratic oversight and customs codes. Tax reforms saw the introduction of a low level of income tax, set at 13 per cent (the lowest level in Europe), with the intention of drawing many Russians out of the shadow economy and making them taxpayers.

The Putin presidency (2000-08) coincided with the growth of the Russian economy, mainly as a result of oil and gas. Over that period Russia saved money and prevented it from going abroad, and paid off its international debts. Money was spent on the infrastructure, so that the percentage of the population below the poverty line fell from 50 to 15. Unemployment declined from 13 per cent in 1998 to just over 5 per cent in the first quarter of 2008. But now the downturn has come too quickly for Russia, and particularly the downturn in foreign investment. By the end of 2008, as the global financial crisis began to kick in, unemployment was again nudging 8 per cent.

A big problem is the decline in population. Life expectancy declined by almost five years between 1991 and 1994. By 2008 it was 73.1 years for women and 59.1 for men. This represents the lowest life expectancy for males in any developed country, and the biggest gap between male and female life expectancy in the world. This is partly the result of the shock economic transition in the 1990s, and partly of the lack of engagement of the population in social organisations.

As far as foreign policy is concerned, in the early years Putin admired Tony Blair, and Putin was generally popular in the West. The turning-point was 9/11. Russia felt that it had gone out on a limb for the USA and got the door slammed in its face, with US deployment of anti-terror forces in Central Asia and other moves.

Meanwhile the European Union's neighbourhood policy is failing with regard to Russia. This is because Russia simply doesn't see itself as a country in Europe's neighbourhood, but as a historical great power in its own right. We should remember that Moscow is the largest city in Europe, and St Petersburg the third-largest (London is second). Russia wants to be a 'strategic partner' on the basis of equality. The Russian 'Medium-Term EU Strategy' takes equality between the partners as its starting point. More recently, material published from an ongoing review of Russian foreign policy has framed the issue in the most explicit terms: a new important factor in European politics is the understanding that Russia is an independent player with global interests.

But this self-perception doesn't mean that Russia is going to start reconquering its neighbours which were part of the former Soviet Union. Recent Russian action in Georgia proves this. I don't agree with the argument in Edward Lucas' book *The New Cold War*. There is no fundamental ideological divide between Russia and the West. Yes, UK-Russia relations are at their lowest ebb for decades, but these are all over specific issues which can be resolved by 'pressing the reset button'. Russia aims for realism in its policies. The issue of gas pipelines and gas supply to European countries is a live one, but all the signs are that both Putin and Medvedev want to get this issue into its correct place: it's an economic issue and should be discussed in that context. They don't want to maximalise it into political standoff, if only because this would minimise the possibility of increasing western investment in Russian industry and technology. And one of Russia's aims is to reduce its dependence on the production of raw materials.