Who Rules Russia?
Written by Anna Derinova

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ANNA DERINOVA, MAY 22 2013

Introduction

In one of his articles, the US economist Richard Rahn claims that “the current political regime in Russia pretends to be a free market democracy where people are ready to put up with the existing soft repressions.”[1] Meanwhile, Vladislav Surkov, the so-called “dark prince of the Kremlin,”[2] suggests the inevitability of “sovereign democracy,”[3] the political regime where political powers and their crucial decisions are supervised and controlled by a diverse Russian nation for the ultimate purpose of achieving material welfare, rights and freedoms, and equality of all citizens and nationalities.[4]

One might argue that such diverse views and interpretations only lead to deeper controversy in understanding the source of power in Russia. However, in order to overcome this complexity, it is necessary to discuss a number of key questions, which can be considered the core question. Who represents the ruling elite in Russia? Does Putin enjoy ultimate power in the country? Is it possible to talk about factions or opposition groups within the Putin “circle of trust”? In other words, who rules in Russia and who is meant to obey?

In this paper I will attempt to answer some of these questions. First, I will discuss a range of academic literature that focuses on the question of power, the role of interest groups, and networks penetrating the Russian political elite. This section presents an analysis of three distinctive approaches towards the political power issue in Russia: “feudalism of clans,”[5] business power elite, and “Putin’s authoritarianism.”[6] The paper’s second part suggests an alternative newly-established theory advocating the concept of “Putin’s Sistema”[7] based on such distinctive interest groups as “silovarchs”, i.e. the representatives of a new political and economic order combining industrial and financial capital with secret police networks,[8] technocrats, and soft liberals. Thus, I intend to elaborate the theory and support it, first, by presenting the initial structure of “sistema” and its operational mechanisms, second, establishing causal links between “Putin’s sistema” and numerous controversies of his administration's foreign policy.

The paper concludes with some final remarks. First, the Russian political structure should be neither perceived as a homogeneous entity, nor characterized as an authoritarian system or business oligarchy. Second, the ruling regime represents a complex tripolar system consisting of three core interest or “power” groups: liberals, technocrats, and “silovarchs”. Finally, a clear cause-and-effect relationship can be recognized between domestic political divisions and certain inconsistencies in foreign policy, since decision-making processes in this field do not seem to depend only on the national leader but reflect the balance of political forces within the President’s administration.

Feudalism, Authoritarianism or Just Business?

The problem of real power in contemporary Russia has always been the center of heated academic discussions, which has resulted in three main streams of thought: “feudalism of clans,” the power of business elite lobbying for their own interests, and so-called “Putin’s authoritarianism.”

To begin with, the theory of “feudal clanship”[9] in Putin’s Russia was first introduced by Kosals[10] and Solnick[11] and later developed by Hutchings[12] and Ledeneva.[13] Although the scholars present slightly different views on the nature of clanship, there are some basic principles that unite the authors and thus should be underlined. First, this approach clearly states that Russia has by no means fully undertaken a transition path from
its former totalitarian regime to “democratic consolidation,”[14] i.e. the democratic rules have not been
established and thus there has been a failure in achieving broad legitimacy within the state. Solnick, in particular,
relies on the term “protracted unconsolidation,”[15] first introduced by O’Donnell and Schmitter.[16] According to
them, the state that fails to develop an institutionalized power system, indispensable for democratization,
becomes “stunted, frozen, protracted unconsolidated.”[17] That is the logic that the pro-clan theory scholars
apply to contemporary Russia, claiming that clanship has been substituted for a democratic transition in this state.
This is the second assumption that the theory is based on. By the “clan”, Kosals mainly means “a closed social
entity united by the common interest of survival in the hostile social Soviet environment and bound by shadow
relations regulated by hidden norms.”[18] Interestingly, the Soviet clan system has survived in a completely
transformed version, adjusted to today’s Russia through the establishment of multi-level power systems or
networks effectively operated by “oligarchic elites (clans).”[19] also known as “feudalistic groups.”[20] As Solnick
argues, these “oligarchic clans”[21] control financial resources, power assets, mass media and tax revenues,
which enable them to act as dictators or “federal and regional barons.”[22] Third, this Russian so-called oligarchic
clanship manages to develop a balancing mechanism which supports and sustains power in a weakening state.
Indeed, at least two major oligarchic clans (the “St. Petersburg family” and the “Moscow family”) can be
distinguished. According to Ledeneva and S. Michailova, they allocate power resources through the “blat
mechanism, i.e. the usage of personal networking in order to achieve materials benefits[23] and “informal
practices,”[24] understood as “the use of “monetized” contacts in the sense that money is not excluded from
personalized transactions, in order to get the power of well-paid jobs and key governmental positions.”[25]

The system of clans presented as power-keepers in Russia appears to be attractive and well-elaborated. Yet, two
major flaws cannot be ignored. First, the power system shared by oligarchic clans seems to perfectly suit the
Russian 90s rather than the contemporary 2000s. Indeed, right after the collapse of the Soviet Union several
groups of “privatizers” appeared, occupying markets, financial and military assets and very soon expressing their
claims for power. In the circumstances of “weak”, “failing” or “transitional” statehood, new political entrepreneurs
managed to access the highest ranks of state power and influence high-level policy. However, so-called Putin’s
Russia hardly resembles that state of the 90s: a strong centralization of power, vertical economic dependency,
state protectionist policy etc. would never be associated with a weakening state. Second, the balancing
mechanism, effectively proposed by Solnick and Kosals, doesn’t seem to reveal itself in the Russian political
reality. The central power vertikal, nationalized big business, the ultimate authority of one person or a group, the
only ruling political party – all these characteristic features, observed in Russia, clearly contradict the logic of
balancing power. Finally, it is unreasonable to presuppose that the so-called “barons” would necessarily share
power and business. As they didn’t follow the path of mutual balancing in the 90s, they would hardly comply with
this power framework today.

The second theory, to some extent, derives from the above-presented approach but mainly focuses on the
economic assets were chaotically seized and distributed among the most skillful and influential entrepreneurs.
Later on, those figures gradually consolidated and formed a group of the most “powerful competitors who pushed
out their weaker rivals, hence, economic and political power was concentrated in the hands of a small number of
individuals.”[31] Despite Vladimir Putin’s harsh policy targeted against the most powerful oligarchs of the 90s, a
new so-called “capitalist elite”[32] was formed in the early and mid-2000s and currently keeps the power strings
in its hands. Rutland claims that 87 billionaires have significant influence[33]: first, they significantly affect state
decision-making and present a real challenge or even a potential threat to the current President; second, they
initiate the “spreading-around”[34] of revenue and benefits from the oil and gas sector, nationalized by the state;
and finally, these powerful individuals manage to significantly affect state policy via active lobbying practices[35]
and “clientism.”[36] This mechanism demonstrates itself through “clientelistic rather than ideological appeals
which provide the basis for the formation of state-power and citizen–party linkages.”[37] Thus, a peculiar system
can be observed: the President striving to control oligarchs and their power claims on the one hand, and the
business elites skillfully managing the resources, thus, limiting the President’s control, on the other.

However, this approach tends to succumb to the same criticism as the clanship theory. First, the proposed
capabilities of Russian business elites, including considerable economic power and their ability to influence decision-making, seem to be overstretched. Indeed, the cases of Boris Berezovsky and Konstantin Lebedev, who were forced to escape abroad to save their capitals and freedom, cannot and should not be ignored as they represent a demonstration for those business figures remaining close to power. Second, the theory of business elitism obviously neglects one of the most influential and powerful strata close to the President, i.e. “siloviki” — “the figures with a force-structure background”[38] — who occupy all high-ranking positions in return for their uncompromised loyalty, and have enough facilities and resources at their disposal to effectively control oligarchs and big business in general. Finally, the widely spread phenomenon of clientism can hardly be attributed to business elites only, and thus may be targeted against them in response. Certainly, clientism on its own is unlikely to guarantee full access to power, especially if the powerful elite does not favor a particular businessman.

Finally, the third major approach to understanding the nature and current status of power in Russia can be characterized as the personality cult of Vladimir Putin. The theory unites such outstanding scholars as Kryshtanovskaya,[39] Coullodon,[40] Becker,[41] Gelman,[42] Monaghan[43], and Renz.[44] Interestingly, the authors present a vertical system of power with Putin on the top of the so-called “militocratic pyramid,” i.e. combining military and financial resources,[45] surrounded and penetrated by “siloviki.”[46] This construction operates through a firmly established, hierarchic party called “United Russia”, which exists and operates for the benefit of only one man and his tiny circle. To begin with, Kryshtanovskaya and White, in one of their articles, describe Putin’s regime as a “military-president”[47] project, which implies unlimited power in the hands of one man supported by “siloviki”. The heads of regions, the representatives of the Presidential Administration, federal ministers – all of these strategically vital posts belong to siloviki.[48] Furthermore, the crucial role of the United Russia cannot be overestimated. Although this political party lacks ideology,[49] it still justifies its existence on the basis of the so-called “Putin’s plan” (Putin’s election agenda plan). Although United Russia seems “to be doomed to play a subordinate role in policy adoption and implementation”[50] and performs as a tool rather than a decision-making institution, it still gets all key bonuses and extra benefits due to its extreme loyalty to the President. Finally, as Kryshtanovskaya claims, the mere existence of the so-called “satellite”[51] parties only supports the idea of the personality cult in Russia and the total lack of political plurality.[52]

Yet, despite the profound empirical basis of the theory, it still tends to simplify the political system in Russia. Would it be feasible to claim that the whole country depends on one man in all possible spheres? First, the current president doesn’t seem to fully control regional elites, despite the reforms introduced by the Putin in the early 2000s; this is proved by the recent regional mayors’ elections, which resulted in defeat for a considerable number of United Russia candidates. Second, the ruler, even the most powerful and unpredictable, is still dependent on the power elite surrounding him. In our case it is worth mentioning not only those interest groups remarkable for their conservative (A. Ivanov, V. Zubkov) and reactionist (V. Surkov, I. Sechin) views, but also relatively liberalist dimensions represented by German Gref, Alexei Kudrin, etc. Finally, the regime based on a personality cult is barely stable and totally unreliable. Thus, it is highly unlikely that contemporary Russia is solely characterized by a charismatic authoritarian or totalitarian leadership style.

Is There a System in “Putin’s Sistema”?

The above mentioned theories attempt to answer a seemingly easy question: who rules in Russia? However, none of them fully cover the whole range of complexities for which the contemporary regime is remarkable. Hence, I put forward another approach, called “Putin’s sistema”, first proposed by a group of scholars, namely Ledeneva, Lipman and McFaul,[53] Bremmer and Charap.[54]

The term “sistema” was first coined by Ledeneva and defined as “an open secret that represents shared, yet not articulated, perceptions of power and the system of government in Russia.”[55] This concept, unlike the above-mentioned “vertical pyramid”, reflects not only Russia’s hierarchical system of power, but also reveals its “informal networks that undermine the vertikal and manipulate official policies enhancing it.”[56] Both Ledeneva and Bremmer introduce three characteristic features of “Putin’s sistema.” First, the scholars persuasively demonstrate how effectively the “crony networks”[57] are used by Putin to exercise “manual control”[58] over the system on a micro level. Indeed, it is hard to overestimate the importance of private networks, which penetrate the
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whole system and constitute a firm basis for managing the state. At the same time, Putin’s style still includes
some elements of the “administrative-command system.”[59] Second, the contemporary political regime in
Russia, despite its claimed tendency towards democratization, represents a unique combination of “wealth
orientation”[60] and Soviet legacy. This reveals itself in ineffective privatization and a lack of property rights,
including proper legislation in this sphere. There is thus complete inefficiency of the law enforcement system,
which is particularly vulnerable to private networks and “blat.”[61] The third and, perhaps, the most distinct
characteristic of “sistema” is high ambivalence, which reveals itself in the “vulnerability of individuals…fluidity of
rules and significant constraints to the leader [faced by] “unpredictability, irrationality and anonymity.”[62]

Indeed, it might seem, due to propaganda and pro-regime mass media, that Vladimir Putin is the only man of
the house. However, if one observes carefully, the house consists of factions, profoundly elaborated and classified by
Ian Bremmer, Samuel Charap and Daniel Treisman as “liberals”, “technocrats” and “silovarchs.” The first group,
which is considered to be the weakest in the administration, is partially represented by former and current
business elites, who tend to advocate more “market-friendly capitalism”[63] as the most effective form of the
economy. Among them we might notice such names as the former President Dmitry Medvedev, the former
Economic Development and Trade Minister, German Gref, and the ex-Finance Minister, Aleksei Kudrin. It is no
coincidence that these politicians and some others belonging to the “liberal group”[64] have been ousted from
their leading positions. Such tendency might well be indicative of interior battles within the President's
administration.

The second group of influence, the so-called technocrats, tends to be the most numerous faction; it is led by
Aleksei Miller, the Gazprom President, E. Nabiullina, the President's Economic Adviser, Dmitry Livanov, the
Minister of Education and Science, and others. The technocrats are responsible for supervising cadres and
economic policy. The key doctrine that they comply with states that Russia needs financial resources,
experienced and skillful managers, and high technology or innovation.[65] On the one hand, they make sure that
only loyal and reliable people are granted an opportunity to work in and for the government by simply excluding
ordinary citizens from the exercise of power. On the other hand, they are supposed to exercise control over some
strategic branches of socio-economic activity, such as the banking industry, oil and gas (Gasprom, Lukoil), high
technologies, the systems of education, healthcare, natural resources, and others. Thus, technocrats enjoy a
highly beneficial middle position: they are partially authorized to develop the economy, keep it at a decent level
and filter the most suitable cadres according to the former Soviet motto: “Government is good, the people are
not.”[66]

Although the third group has been partially mentioned above, some crucial remarks need to be made. First, it is
extremely important to differentiate between “siloviki” and “silovarchs”. According to Charap, the former group
mainly includes the current or ex-representatives of “the armed services, law enforcement bodies, and
intelligence agencies that wield the coercive power of the state.”[67] Meanwhile, “silovarchs” is a concept first
introduced by Treisman in his article “Putin’s silovarchs.”[68] By this term he means the socio-economic layer
stemming from “the fusion of industrial and financial capital and secret police networks.”[69] In other words, the
scholar simply combines two words: “silovik” and “oligarchy.” This group tends to be the most powerful, as it
combines economic resources and police networks, thus operates with such highly effective tools as money,
surveillance and personal networks. This political landscape proves to be highly beneficial for stability in the
economic and political sphere, when both political leadership and nationalized business (Gazprom, Rosneft) keep
flourishing and face no competition or significant challenges.

Thus, one can observe a complex political machine that enables the Russian President, Vladimir Putin, and his
supporting groups to rule the state and maintain control over the country. The “sistema” theory perfectly
combines authoritarian and factionized approaches to state management, which Putin and his team apply. In this
respect it is worth looking at how Putin’s ruling machine functions and affects policy-making.

For the last ten years, the “sistema” factions have revealed themselves in various realms: big business, high
technology, mass media and, in particular, foreign policy. In this respect, it seems to be particularly interesting to
trace if and how the relations between factions affect foreign policy. According to Jorgen Staun and Fyodor
Lukyanov,[70] there have been several junctures that signaled relative changes in Russian foreign policy towards the West, due to some power shifts in the Kremlin. The first period, the early Putin presidency from 2000-2003, was quite remarkable for its “multi-vector”[71] approach; it combined intensive economic, military, and cultural cooperation with the West with the sharing of strategic interests with the East. It was quite remarkable when President Putin “agreed to US troops in Asia (Georgia, Kyrgyzstan and Uzbekistan)”[72] and accepted, although reluctantly, a second NATO enlargement in 2004. Moreover, Putin demonstrated his pragmatism while conducting the so-called “economization”[73] policy, targeted at WTO membership.

However, due to the major switch in power in 2003, when the key political figures Alexander Voloshin and Mikhail Kasyanov were ousted; Khodorkovsky, one of the leading businessmen and oligarchs, arrested as a major threat to 2003 elections; and the silovarchs occupied key posts in the Kremlin administration, Russian foreign policy “started to follow its own, West-hostile direction.”[74] For the whole period from 2003 until 2008 we could observe Russia-West conflicts and disputes, including over OSCE, the consequences of NATO humanitarian intervention in Kosovo, and numerous human rights violations in Chechnya emphasized by the European Court of Justice[75] The list of debatable issues can go on, and only proves that the 2003 power shift between the inner circles of the Kremlin had a significant impact on the state’s foreign policy.

Finally, the 2008 elections, when Dmitry Medvedev became the Russian President, were perceived as a critical juncture symbolizing a détente shift in foreign policy. Again, as in 2003, personnel replacements took place and some key governmental positions were granted to the representatives of liberal technocrats. Thus, the reset policy took place, which was quite successful, although, according to Fyodor Lukyanov “within its narrow limits.”[76] Dmitry Medvedev’s presidency was remarkable for the gradual normalization of US-Russian relations, which had deteriorated during Putin’s and Bush Jr.’s two terms in office. From 2008-2011, Russia managed to settle the Afghan transit dilemma, agree on Iran sanctions, adopt a new START treaty and even sign an agreement on WTO accession. However, Medvedev’s relatively liberal foreign policy was challenged by the war with Georgia in South Ossetia and Abkhazia,[77] inspired and initiated by silovarchs. The state demonstrated its neo-imperial claims, which turned out to be incompatible with the liberal tendency in foreign policy initiated and developed by Medvedev. Such an unexpected switch in actions can only be explained through internal games between competing interest groups.

Thus, such feverish foreign policy, which could be observed from 2000 until 2011, tends to support the factional nature of Putin’s sistema. While it is still hard to evaluate its efficiency, its existence should by no means be ignored.

Conclusion

In one of his interviews, Vladimir Putin claimed, “Russia needs a strong state power and must have it. But I am not calling for totalitarianism, although the strengthening of our statehood is, at times, deliberately interpreted as such…”[78] In this affirmative statement one can observe the rhetoric of a strong and uncompromising leader who believes in his ability to make the country rise from its knees and proceed in its growth. Indeed, for the last few years the narrative of the power elite in Russia has proved the state’s commitment to regain influence in its neighborhood and the global arena. This official rhetoric still provokes suspicious and precautious behavior among Russian neighbors and potential partners. Moreover, the image of Putin, as a powerful, independent and conservative leader, quite often forces various political analysts and scholars to talk about authoritarian models of state management exercised during his presidency. However, it would be too immature to simplify Russian political culture that much and ignore, for instance, that the consistency of Russian foreign policy has been deeply affected by the factional structure of the President’s administration. This way, constant fights and conflicts between the power groups have mainly led to glaring contrasts in Russian policy towards West, the US in particular.

Hence, it is, first, worthwhile reiterating that the Russian system of power appears to be not as homogeneous as it may seem. In today’s Russia the President is not an absolute sovereign but a key political figure susceptible to internal and external influences, power struggles and inner clashes among at least three interest groups. Second,
the correlation of forces, or the state of play in the President’s administration can have significant influence on foreign policy – its general tendencies and outcomes. At the same time, Putin's sistema is far from being characterized as a chaotic entity torn apart by endless controversies. On the contrary, it possesses a three-component structure with a supervisor, rather than an autocrat. He presides at the top of the system, which either helps to counterbalance politics or sometimes causes controversies during the power transition period, as happened with the presidency of Medvedev. Thus, the “who rules in Russia” question might be settled if only we embrace the inner complexity of the political regime in this country.

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Written by: Anna Derinova
Written at: Central European University
Written for: Matteo Fumagalli
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