



The Vagaries of the Presidential Succession

By Leon Aron

Russian president Vladimir Putin's term expires in March 2008. Despite the propaganda barrage designed to persuade everyone of an orderly change of government, the coming Russian presidential succession is far from a done deal. The stability and legitimacy that flow from democratic arrangements are compromised when these arrangements are weakened, as happened under Putin, ushering in uncertainty and risk.

Democracy is an unpredictable, often maddeningly slow, and contradictory affair. Apparently, these flaws were among those that Russian president Vladimir Putin intended to redress when he set out to mold the highly imperfect, raucous, poor, but real and developing democracy he inherited in 2000 into something simpler, more homogeneous, more manageable, and allegedly better suited to Russia's "national tradition." Because of this, the modifiers "managed" and "sovereign" have come to be attached to the Kremlin's definitions of a political system the present regime is attempting to forge.

Among a few things democracies without modifiers do rather well is the orderly change of government. The sharply increased control over politics, some key sectors of the economy, and the mass media has weakened or subverted the mediating institutions that endow both the process and the result of transition with legitimacy. The shock absorbers of democracy—local legislatures and executives, press and television, parliament, and opposition—have been severely eroded or eradicated. The foundation of the much ballyhooed "vertical of power"—as the new system of the Kremlin's dominance is called—is shallow, and the stairs going down are gnarled and perhaps unable to bear much weight.

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Today's Russia adds two serious complications to this generic authoritarian handicap. The first is the centuries-old Russian and Soviet political tradition, some features of which Putin's predecessors, Mikhail Gorbachev and Boris Yeltsin, tried to overcome, but Putin (who has rued the disappearance of the Soviet Union as "the greatest geopolitical catastrophe of the twentieth century"¹) seems to admire and emulate. Successions were hardly smooth even under the tsars, with quite a few legitimate claimants to the throne (or even those already sitting on it by right) strangled, drowned, stabbed, or forced to retire into monasteries. Heirs apparent were particularly unfortunate in the Soviet era: not one ever managed to consolidate power, eventually yielding to those whom the previous ruler had never intended to install. Lenin never wished for Stalin to succeed him; Stalin would not have wanted Khrushchev; Khrushchev, overthrown in a coup, did not anoint Brezhnev; Brezhnev did not approve of Andropov; nor Andropov of Chernenko; and not Chernenko of Gorbachev.

The other obstacle is the sheer enormity of the stakes involved. Russia has always been, at least in part, a patrimonial state in which political power translated into direct ownership or at least control of property. In the Soviet days, government bureaucracy was the sole manager of that immensely rich land. Yet never before, either under the tsars or the general secretaries, was the jackpot at once so huge

and so liquid, both literally and metaphorically, as the millions of barrels of oil flowing daily through the pipelines and bringing in an estimated \$500 billion annually.² This sort of prize greatly multiplies intensity and uncertainties of the competition.

Staying or Going?

Before examining the mechanics and complications of succession, however, its very probability ought to be determined. Today, no one but Putin himself knows for certain if he is staying or going. All the rest of us can do is assess the odds for either outcome.

The case for staying is straightforward: fueled by record oil prices, the Russian economy is growing very nicely and, with it, so are personal income and the standard of living. The president is very popular. Largely incapable of publicly criticizing the regime because of the suppression of private funding and the blocked access to television, the political opposition has been weakened and marginalized, and the parliament made subservient to the Kremlin. In such circumstances, amending the constitution to allow a third term (or even to do away with term limits altogether), with or without a national referendum, is not a particularly difficult feat to accomplish.

Yet while public opinion polls indicate that pluralities or even majorities wish for Putin to stay on, there is also significant opposition to changing the constitution in order to allow for the third term in office, let alone to abolishing the term limitations altogether.³

This ambiguity matters because, facile taxonomies aside, Russia is still far from being an “unfree” police state like North Korea, Cuba, China, and Saudi Arabia. Indeed, one of the reasons for Putin’s popularity is that on matters about which sizable segments of his countrymen feel strongly, he very rarely has gone against public opinion. Instead, the government has quickly retreated and adjusted the course of welfare reform, which incompetently monetized in-kind welfare benefits and suspended the ban on right-side steering wheels on imported cars.⁴

In a recent poll, 38 percent of Russians agreed that “Russia is part of Europe” and that the fates of the two are “linked tightly.”⁵ Although those who thought

Russia was a “special Eurasian civilization” constituted a plurality (47 percent) among all respondents, in the “twin capitals” of Moscow and St. Petersburg, where all Russian revolutions have occurred and power disputes have been settled, the “Europeans” constituted 47 percent and the “Eurasians” 40 percent.⁶

There is a very good chance that, much as many of them like Putin, the “Europeans” will resent what is known in Russian political discourse today as the “Lukashenization” of Russia: a scenario in which the country becomes a pariah of Europe, like Belarus under

Alyaksandr Lukashenko’s dictatorship.

With the loss of G8 membership almost certain to follow the addition of a third term, Russia’s exclusion from the “civilized world” is likely to be regarded by millions as an insult to its dignity.

Of course, a direct political impact of the domestic and international outcries may prove non-threatening in the short run. Inside the country, initial public disapproval may not translate into a concerted protest, just as the abolition of the election of governors and of the independent (non-party) candidates for the Duma in 2004 and 2005 did not. The Kremlin also could be reasonably hopeful that the dependence on Russian gas will greatly weaken Europe’s critical resolve, as will the West’s continuing reliance on Russia’s cooperation in nuclear nonproliferation (especially in the case of Iran) and the War on Terror. As happened on

numerous occasions throughout Soviet history (after the invasions of Hungary in 1956 and Czechoslovakia in 1968, for instance), the *Pogovoryat-i-zabudut* [they will talk and they will forget] script may again play out.

Still, the third-term option carries uncertainty. It is a gamble, and if there is one thing we know about Putin—a careful apparatchik from the middle ranks of a giant bureaucracy called the KGB—it is that risk-taking is definitely not his preference.

The Politics of Oil

As a deterrent to extending the term in office, the hazards of immediate political fallout pale in comparison with possible developments in the longer term. The first peril is the price of oil. No one knows what it will be, but

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anyone presiding over a largely oil-driven national economy (at least one-third of the Russian state budget today comes from oil and gas revenue⁷) must be constantly concerned about the enormous gap in possible valuations.

By the end of Putin’s putative third term in 2012—when the relinquishing of office will be made even more difficult by the calcification of the power structure and the entrenchment of the ruling elites—top experts predict a price-per-barrel “spread” of \$20 to \$120.⁸ It is widely assumed among Russian economists that a precipitous decline in the price to below \$40 per barrel will have profoundly negative consequences for the economy and standard of living—possibly resulting in a recession, if not a crisis.⁹

While a slump in oil prices is a possibility, the decline in the rate of output growth is a virtual certainty. Noted in these pages a year ago, these tendencies are rooted in the ideologically driven change in economic policy.¹⁰ Russia’s two most efficient and modern private companies, YUKOS and Sibneft, have been absorbed by the least transparent, most wasteful, and corrupt state-controlled ones: Gazprom and Rosneft. As a result, after expanding on the average of 8 percent a year between 1998 and 2004, Russian oil production grew by 2.4 percent in 2005, while the export volume fell in absolute terms.

The antiquated state-owned pipeline monopoly is incapable of keeping up with repairs of the thirty- and forty-year-old stock. While the domestic demand for energy is growing sharply due to economic expansion, the inefficient equipment and subsidized domestic prices for gas, oil, and electricity waste resources that otherwise would be available for export.

The West Siberian fields, which produce the lion’s share of Russian oil, are inching toward exhaustion, necessitating the shift of exploration and production to the far north and northeast. The extremely difficult weather and soil conditions in those areas, including permafrost, will require new technology and higher salaries, and the tens of billions of dollars in investment may take decades to recoup. Yet state funding has been very slow to materialize, and most of it seems destined for potential boondoggle projects (such the Eastern Siberia–Pacific Ocean pipeline) motivated by political

and bureaucratic considerations rather than by economic rationale. These projects are thus bound for enormous cost overruns and interminable construction.

While Gazprom and Rosneft have been too busy

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snatching assets and accumulating mountains of debt to pay for them, private Russian and foreign companies are unlikely to be in the mood for expensive long-term commitments. In addition to punitive taxes that kill the incentive to invest in green field (“upstream”) exploration and development, the judicial murder of YUKOS has prompted the owners of the top private companies to cut back sharply on such investments—or, like Sibneft’s Roman Abramovich, to sell out and leave the oil business altogether. Foreign energy corporations are now prevented from developing and production-sharing in the largest—and therefore most profitable—deposits. They also have been chastened by the government’s successful pressure to “renegotiate” existing agreements, as happened to Royal Dutch Shell’s multi-billion Far East natural gas venture, Sakhalin-2, and the continuing attempts

to force TNK-BP out of the giant East Siberian Kovytko natural gas field.

Thus, even without a drop in the price of oil, the all-but-inevitable slowdown in Russia’s oil production after a period of uninterrupted growth could spell political trouble for the Kremlin’s next occupant.

Political Time Bombs

Another near certainty of which Putin also must be very well aware is the exacerbation of the problems stemming from postponed structural reforms, neglect of human capital, and worn-out infrastructure. Among these political time bombs:

- **A Commodity-Dependent Economy.** Despite regular, almost-ritual calls for the shift away from commodity exports to a knowledge-based, high-tech, modern economy, the goal has been subverted by a host of factors, including the fear of private initiative and the emphasis on state ownership, corruption, and bureaucratic impediments to private wealth creation and development.

• **Neglected “Human Capital.”** Unlike the 1990s, the neglect of Russian “human capital” today can no longer be excused by the state’s penury from the inability to collect taxes. Despite the economy more than tripling in current prices since then,¹¹ the state’s health-care spending as a percentage of GDP was the same (3 percent) in 2004 as it was in 1994, the worst year of the post-Soviet economic crisis.¹² Amid the oil price boom in 2005 (the most recent year for which reliable data are available), the same ratio was smaller than in the first year of the tentative post-Soviet economic stabilization in 1997.¹³ Last December, a leading Russian physician claimed that 70 percent of Russian medical equipment is “worn out” and that the availability of drugs is 30–40 percent below the need.¹⁴ He pleaded for an increase of GDP outlays to at least 5 percent.

In education, similarly, the sharp increase in government revenues brought no proportionate augmentation in the funding: both as a share of state budget and of GDP, Russia spent more on education in 1997 than in 2004.¹⁵

Apart from much-needed salary increases for teachers and doctors, the “national projects” on health and education, unveiled with great fanfare in 2005, have done very little structurally to reform the almost entirely state-based, impoverished, rigid, and backward health-care and education systems inherited from the Soviet Union. In an August 2006 national survey, 70 percent of respondents said they and their families could not count on getting “good” health care, while 53 percent said the same about their (or their children’s and grandchildren’s) chances for getting a “good” education.¹⁶ Russia’s 2004 outlays for health and education together were 15 percent of the budget and 5.2 percent of GDP. (By comparison, in the same year, Argentina spent 21 percent and 6 percent, respectively.¹⁷) Experts have concluded that Russia, in effect, is “disinvesting” in human capital.¹⁸

• **Plunging Life Expectancy, Depopulation, and Accidents.** Again, no longer explainable by the alleged “catastrophe” of the 1990s, life expectancy in Russia, especially among men, is still below that of most Third World nations. Together with a very low birth rate, reduced life expectancy accounts for the

continuing steep population decline. The self-advertised “stability,” “order,” and oil wealth have done nothing to stem mortality. Indeed, fewer Russians died in 1995 than in 2005, and population declined faster between 2001 and 2005 than between 1996 and 2001.¹⁹ After going down between 1996 and 1999, the number of deaths per 100,000 people climbed steadily in the years that followed.²⁰

Russia also is a world leader in industrial and traffic accidents and fires,²¹ like the March 2007 explosion at a Siberian mine that killed 110 people, or the blaze in March 2006 that killed sixty-three residents in a state home for the elderly. Passenger planes crash with increased frequency, killing or maiming hundreds every year. “The falling planes, the exploding mines, the burning hospitals, the traffic deaths . . . [all are] results of the lack of responsibility,” a Russian newspaper recently wrote.²²

• **The Looming Pension Crisis.** Designed to address the plummeting worker-to-retiree ratio, which today is down to 1.7 to 1 and could drop to 1 to 1 “in the very near future,”²³ the 2002–03 partial privatization of pension contributions was meant to ensure meager but universal pension coverage for tens of millions future retirees, most of whom would have no other savings.²⁴ Yet pension privatization has been all but sabotaged in recent years by the mistrust of the markets, excessive regulation, bureaucratic incompetence, and an informational vacuum.

As a result, five years after the law on private pension accumulation was passed and four years after the key implementation mechanisms were put into place, 90 percent of future retirees still have not chosen a private investment management fund, leaving the nearly bankrupt, pay-as-you go system in a critical condition in which the return on the obligatory salary deductions, managed by the state, are well below the rate of inflation.²⁵

The situation is especially dire for those born before 1967: they are excluded from the “accumulation” (partial privatization), such as it is, and continue to depend entirely on the pay-as-you-go system. While the number of workers continues to fall, by 2010 pension expenditures are estimated to increase by 50 percent, to 1.84 trillion rubles, or \$70 billion

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(Russia's entire 2007 state budget is around 7 trillion rubles, or \$270 billion), merely to keep up with the present measly national level of 25 percent of a worker's average salary. (This salary-to-pension ratio is the lowest in Europe. The next lowest is Britain's, at 40 percent.)

The average pension is 3,000 rubles, or \$115, a month, whereas the minimal food expenditure ("just not to starve" as a Russian newspaper put it) amounts today to 1,500 rubles, or \$58.²⁶ Some in the government already talk about raising the pension age as the only solution—something that the estimated 17 million expecting to retire in the next ten years²⁷ are likely to resent and actively, perhaps even violently, protest.

- **Corruption.** Both in the extent of its penetration and the amounts of money involved, corruption today makes the graft of the 1990s look like child's play. As Putin correctly noted this past February, "There is no other effective way of combating corruption than the development of civil society and the freedom of mass media."²⁸ Russia occupied eighty-second place (out of ninety) in the ranking of Transparency International's "Corruption Perceptions Index" in 2000, and 121 (out of 163) in 2006, immediately behind Albania, Kazakhstan, Yemen, and Zambia, and on par with Benin, Gambia, Honduras, Nepal, and Rwanda.²⁹
- **A Barely Governable North Caucasus.** While Chechnya is temporarily pacified (not by the Russian army, but by the former rebels who switched sides), the North Caucasus is increasingly ungovernable, especially its largest autonomous republic, Dagestan.
- **Rising Crime.** Over the past six years, there has been a 10 percent increase in the number of murders and a 73 percent rise in drug-related crimes.³⁰
- **The Near-Dysfunctional Armed Forces.** Russia's conscription-based conventional armed forces are a dysfunctional relic from its tsarist and Soviet past—a combination of a prison and a torture chamber.³¹ Yet like other structural reforms, the transition to a modern, mobile, well-equipped, and well-trained volunteer force—which has been consistently supported by millions of Russians and which Putin promised in the beginning of his first

term—has been scrapped. Again, the lack-of-money explanation can no longer be taken seriously: the cost of transition is estimated at \$4 billion, while the Stabilization Fund from the windfall of tax revenues has amassed \$107 billion. With the middle class avoiding induction like the plague, there has been a sharp increase in draftees who are illiterate, addicted to drugs, or have a criminal record—hardly an effective force in defending the country against looming threats from Islamic terrorism and ethnic strife.

The Dangerous Responsibility

Following the erosion of the mediating democratic institutions, the center of political gravity in Putin's Russia has shifted to the very top. Thus, alongside the increasing control that rests with the Kremlin today is the responsibility for anything that goes wrong anywhere in the country. In the calculation of the pros and cons of a third term in office, the distinct possibility that at least some of the simmering crises outlined above may boil over ought to be a cause of considerable concern. The prospect of their unfolding in concert with diminishing oil revenues makes for a truly troubling scenario—a kind of "perfect storm" in Russian politics and economics.

The first casualty of this change of political climate could be the inability of this Kremlin to continue with its preferred mode of political control: buying allegiance or, at least, neutrality of the political and media elites, and pacifying a discontented population with concessions and handouts.³² This, in turn, raises a very alarming prospect of a shift to outright and routine intimidation and repression, to which the regime thus far has resorted only selectively. The obvious dangers of such a course are something that Putin, both by training and temperament, would clearly prefer to avoid.

In the end, like a participant in a televised game show, Putin is faced with two choices: he can leave with the impressive gains he has amassed, including his widespread popularity, a record of stability and economic growth, a reportedly very substantial fortune, and a relatively young age and good health to enjoy it all, or he can opt for what is behind the curtain, which could bring even more of the same—or some very real hazards. At the moment, leaving seems preferable. I would put the odds at 55 to 45.

Yet in the winner-take-all regime Putin has forged, and with the astounding size of the spoils to the victor

and his supporters, the decision to comply with the constitution and retire hardly ushers in certainty and tranquility to Russian politics. On the contrary, at least until the end of this year, the Kremlin will be increasingly preoccupied with complicated and chancy games of succession management.

To be sure, the polls continue to register a strong plurality for a candidate endorsed by the president.³³ But largely because of Putin's own efforts at erecting tall barriers between civic society and political power, even such support does not guarantee the elites' compliance and the success of what might be called "Operation Succession." By severely constraining the people's political choices, the Kremlin may have gained short-term predictability, but it has sacrificed a great deal of lasting security that legitimacy confers.

To achieve a satisfactory outcome, Putin will have to find answers to two questions: How can he minimize the resistance to the designated successor by the many and powerful "losers" and their multiple clients among the political, economic, and security bureaucracies whose power the president has done so much to bolster? And how can he protect his own power and wealth in retirement from depredations by the many enemies he has already made and the many more he will earn by his choice of a successor?

No matter how many promises are being made to presidential hopefuls and their salivating client retinues about the fair sharing of power and wealth, the vertical of power is a sparse, austere structure. After the political and economic recentralization of the past few years, there are simply not enough top rent-generating offices in Russian politics or in the state-controlled sector of the economy—including Duma committee chairmanships or governorships; tax police and customs; chairmanships and directorships in oil, gas, metals, and the automotive and aviation industries—to be handed over as consolation prizes to all the ambitious claimants. In the words of one of the most astute Russian political observers, "The struggle [will] intensify, those who have failed to become heirs will have nothing to lose. The bets have been placed, the only thing to do is to fight."³⁴

Let the Succession Games Begin

There are no lame ducks in Russian politics today—only dead ones. Therefore, the appointment of the successor

(and, consequently, the final decision to leave) must be withheld for as long as possible in order to prevent those who will be passed over from coalescing and perhaps even reaching out to the pro-democracy opposition. Such an alliance would be the Kremlin's worst nightmare: an escalating popular movement for unmanaged, free, and fair election, akin to the Ukrainian Orange Revolution of 2004–05.

Thus, Sergei Ivanov was promoted in February 2007 from minister of defense to first deputy prime minister to counterbalance the earlier heir apparent, first deputy prime minister Dmitry Medvedev. Yet this is hardly the end. The succession game may be played as late as this

fall. One could do worse than to bet a modest amount in rubles, steadily rising against the dollar, that in the end neither Medvedev nor Ivanov—both of whom by now have powerful allies, clients, and enemies throughout the vast state bureaucracy (what a Russian critic recently called "slurpers from the highest trough"³⁵)—will get the nod.

A Dark Grey Horse?

Who will? As with Putin's decision to stay or to leave, the answer to this central question of Russian politics is unknown. But a strong argument could be made in favor of an eleventh-hour choice of a dark horse. The bureaucracies will be stunned and forced to turn on a dime to decide, within days, whether and how to reach across the old battle lines, enter an opposition alliance with erstwhile competitors, and retrain their very heavy guns on the newcomer. Yet for many the temptation to try to join the new favorite may be just as strong: without a political base (a "machine," to borrow from the vocabulary of U.S. urban politics of the early twentieth century) of his own, without a "team" ready and waiting to take over all the plum posts, and with no chits to be called in for past favors during a long climb up the "greasy pole" to the top, the latest recruit may have many places at the trough to offer. A potential opposition could be weakened by defections even before it is fully formed.

Choosing a dark horse that is also "grey" (that is, has no known strong political preferences, except the one for loyalty and obedience, and not much charisma) would go a long way toward solving Putin's second strategic problem: ensuring a peaceful retirement. The need

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for the president's support in taming Moscow's notoriously obstreperous, cynical, and venal officialdom may effectively make the retired president a co-ruler, or at least a veto-wielder on certain key issues, for the first few years.

In such a scenario, someone outside Moscow would do better. The governor of a significant province is a good bet, such as St. Petersburg's Valentina Matvienko. In Russia's perennial obsession-competition with America, such a choice would have an additional benefit of being Russia's response to Hillary: the Soviet Union beat the United States in launching the first woman into space, so why not the first one in the president's office?³⁶

Yet the drawbacks of a "dark grey horse" scheme are just as obvious. Even with the benefit of a surprise, such a candidate may invite intense competition, instability, or even a coup. If he survives, he is bound sooner or later to prove his legitimacy by gradually severing the ties and obligations to the patron. Gratitude in politics is a very uncertain commodity.

If, as a leading Russian newspaper put it, "it is clear that Putin himself intends to rule after Putin,"³⁷ the president may decide he needs a more explicit, perhaps even formalized, arrangement. One such policy has been pioneered by Russia's mighty neighbor to the east, whose dictatorial transition to capitalism many of Putin's supporters seem to admire. Although formally relinquishing party or government positions, Deng Xiaoping, the architect of China's market evolution, was recognized by an elite consensus as the ultimate arbiter, and held the chairmanship of the Central Military Commission (CMC) until 1990. Since then, the arrangement has been institutionalized by general secretary and president Jiang Zemin's retirement in 2003 after two five-year terms. But, like Deng, Jiang retained the control of some key levers of power as the CMC chairman for two years.

A still more explicit settlement might be centered on a constitutional change that would strengthen the office of the prime minister and weaken the presidency, as happened in Ukraine following the post-revolutionary compromise with the appointment of Putin's loyalist to the latter post. (A suggestion that Putin himself would like to hold such a position also has been floated in Moscow.)

Showing Who's the Boss

With so much uncertainty, it becomes imperative, while keeping the establishment off balance in regard to the succession, to reassert periodically the president's authority. One such highly symbolic gesture was the appointment of Anatoly Serdyukov, a former head of the Federal Tax Service, who made his fortune in the furniture business, to replace Ivanov as minister of defense. It

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is hard to see this promotion as anything but another deliberate indignity visited upon the Russian military, which still remembers and resents the depredation at the hands of the Soviet secret police (NKVD/MGB/KGB) by the former KGB lieutenant colonel. Another signal given by this institutional humiliation was that, at least until the presidential election in March 2008, with the despised non-entity Serdyukov nominally in charge, the Kremlin intended to manage the armed forces directly, with no mediators.

At almost exactly the same time, however, Putin resorted to a tried-and-true tactic that seemed designed especially to appeal to the most atavistic among the Russian elites: the security

and military top brass who are nostalgic for the Soviet era. In its seventy years, anti-Western—especially anti-U.S.—rhetoric was almost routinely deployed at moments of domestic political or economic confusion or weakness.³⁸ While the substance of Putin's much-commented-on February 10, 2007, speech in Munich should come as no surprise to the readers of these essays,³⁹ the shrillness and the timing of the diatribe undoubtedly were chosen with domestic audiences in mind.

The "Irony of History"

Unhappy with the inherent "disorderliness" of Russia's young democracy, Putin set out to fashion (and persuaded millions of Russian voters of the necessity of fashioning) a seemingly more governable, state-dominated system to contrast with what the Kremlin's propaganda began to label (and continues to call) the "disastrous" and "chaotic" 1990s.

Instead of radical reforms, good laws, and a revolutionary government lacking institutions and resources to implement and enforce them, the Kremlin has been

busily constructing order without law. The liberty of a badly underinstitutionalized democracy—unprecedented for Russia—has been replaced with a “sovereign” democracy with constantly diminishing liberty.

Yet the coming succession woes make the result fit the pattern of what Hegel called the “irony of history.” Although camouflaged by oil wealth and passed over in silence by the renationalized or intimidated mass media, the Kremlin’s nervousness over the upcoming presidential succession is plain to see. In the end, the oversimplified and emaciated “sovereign” democracy may prove far less reliable than its designers expected.

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Notes

1. Vladimir Putin, “Address to the Federal Assembly,” Moscow, Russia, April 25, 2005, available at http://kremlin.ru/appears/2005/04/25/1223_type63372type63374type82634_87049.shtml.

2. Thane Gustafson and Clifford Gaddy, “Russia’s Energy Sector” (Hewitt Forum Presentation, Brookings Institution, Washington, DC, March 19, 2007).

3. Levada Center, “Presidentskiy srok” [The Presidential Term], available at www.levada.ru/srok.html.

4. To force Russians to buy new Russian-made cars instead of used Japanese ones, in 2005 the government came very close to banning cars with right-side steering wheels. After spirited protests throughout Russia—especially in the Far East, where over 90 percent of cars are Japanese—the law was abandoned.

5. The All-Russian Center for Public Opinion (VTsIOM), “Rossiya: dushoy—v Evlope, telom—v Azii” [Russia: Soul in Europe, Body in Asia], available at <http://wciom.ru/arkhiv/tematicheskii-arkhiv/item/single/4208.html>.

6. Ibid.

7. Egor Gaidar, “Fond budyshchikh pokoleniy” [The Future Generations Fund], *Ejednevny zhurnal* [Daily Journal], March 20, 2007, available at www.ej.ru/comments/entry/6415/.

8. Thane Gustafson and Clifford Gaddy, “Russia’s Energy Sector.”

9. After careful calculations, a World Bank study has concluded that “thus far, annual growth rates of 5 percent or higher have been realized in Russia only at times when the oil price has increased.” Thus, should the price decrease sharply, the continuation of the present-day rates of expansion and income increases, at the very least, becomes highly problematic. (“From Transition to Development: A Country Economic Memorandum for the

Russian Federation,” World Bank, Moscow, 2005, 33, available at http://ns.worldbank.org.ru/files/cem/CEM_final_eng.pdf.)

10. Leon Aron, “Russia’s Oil: Natural Abundance and Political Shortages,” *Russian Outlook* (Spring 2006), available at www.aei.org/publication24251/.

11. Russia’s GDP in current prices grew from \$276 billion in 1994 to \$979 billion in 2006. (International Monetary Fund, *World Economic Outlook Database*, April 2007, available at www.imf.org/external/pubs/ft/weo/2007/01/data/weorept.aspx?sy=1994&ey=2006&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=65&pr1.y=11&c=922&s=NGDPD&grp=0&a=.)

12. William Tompson, “Healthcare Reform in Russia: Problems and Prospects” (working paper, Organisation for Economic Development and Co-operation, January 15, 2007), available through www.oecd.org/eco/working_papers. The author points to the unfinished structural market reform as a key reason for the sorry state of the Russian economy. Conceived in the early 1990s, the reform was aimed at the transition to an insurance-based system. Yet today federal and regional state budgets continue to administer 60 percent of health-care expenditures, resulting in an “overly complex and very inefficient” system (9–10).

13. The numbers are 6.4 percent and 7.3 percent, respectively. World Health Organization (WHO), “Russian Federation: National Expenditure of Health” (Geneva: NHA Unit, EIP/HSF/CEP, WHO, 2007), available at www.who.int/nha/country/RUS.pdf.

14. “Leonid Roshal’: sphere zdavookhraneniya Rossii nuzhdaetsya v finansirovanii na urovne 5% VVP” [Leonid Roshal: Russian Health Care Needs Financing at 5 Percent of GDP], MedLinks, December 18, 2006, available at www.medlinks.ru/article.php?sid=28091.

15. The numbers were, respectively, 13.4 percent and 4.8 percent in 1997, and 12.7 percent and 3.5 percent in 2004. The Higher School of Economics (Moscow), “Raskhody na obrazovanie iz sredstv konsolidirovannogo byudgeta Rossiyskoy Federatsii” [The Education Funding from the Consolidated State Budget of the Russian Federation], *Monitoring ekonomiki obrazovaniya* [The Economics of Education Monitor] 6, no. 14 (2005), available at <http://isek.hse.ru/ind2.html>; and “Raskhody na obrazovanie iz sredstv konsolidirovannogo byudzheta Rossiyskoy Federatsii k valovomu vnutrennemu produktu” [The Education Funding from the Consolidated State Budget of the Russian Federation in Relation to the Gross Domestic Product], *Monitoring ekonomiki obrazovaniya* [The Economics of Education Monitor] 6, no. 14 (2005), available at <http://isek.hse.ru/ind5.html>.

16. Levada Center, “Rossiyane o dostupnosti i kachestve sotsial’nykh uslug, udovelevoryonnosti zhilishchnymi usloviyami” [Citizens of Russia on the Availability and Quality

of Social Services, the Satisfaction with the Housing Conditions], September 12, 2006, available at www.levada.ru/press/2006091202.html.

17. Nicholas Eberstadt, "Divesting in People: The Political Economy of Putin's Russia" (working paper, National Bureau of Asian Research, Washington, DC), 5–6.

18. Ibid.

19. State Statistical Committee of Russia, "Rozhdaemost', smertnost' i estestvennyy prirost naseleniya" [Births, Deaths, and the Natural Population Increase], table 4.21, available at www.gks.ru/free_doc/2006/b06_13/04-21.htm; and State Statistical Committee of Russia, "Chislennost' naseleniya" [The Population Size], table 4.2, available at www.gks.ru/free_doc/2006/b06_13/04-02.htm.

20. Guzel' Ulumbekova and Andrei Lomakin. "Utrom den'gi—vecherom reforma" [Money in the Morning, Reform in the Evening], *Meditsinskaya Gazeta*, February 18, 2005, reprinted in *Demoskop-Weekly* 191–92, available at <http://demoscope.ru/weekly/2005/0191/gazeta021.php>.

21. Steven Lee Myers, "Russia's Stages of Grief Begin and End with Acceptance," *New York Times*, March 25, 2007.

22. Igor Romanov and Alexandra Samarina, "Ne prospat' stranu" [Beware of Being Late to Save the Country], *Nezavisimaya gazeta*, March 26, 2007.

23. Evgeniy Yasin, "Do pensii i posle" [Before Retirement and After], *Rossiyskaya Gazeta*, March 28, 2007, available at www.rg.ru/2007/03/28/yasin.html.

24. See Leon Aron, "Privatizing Pensions," *Russian Outlook* (Summer 2004), available at www.aei.org/publication20908/.

25. Roman Dobrokhotoy, "Kto otvetit za proval?" [Who Will Be Held Responsible for the Fiasco?] *Novye izvestiya*, March 19, 2007.

26. Mikhail Sergeev, "Rabotat'—dol'she, a pensii—ne vsem" [Work Longer, but Don't Expect Pensions for Everyone] *Nezavisimaya gazeta*, March 22, 2007; and Elena Korop, "Pensionnaya reforma zashla v tupik" [The Pension Reform Is in a Dead-End], *Profil'*, February 19, 2007.

27. Calculations by author based on projections of the U.S. Census Bureau, International Data Base, available at www.census.gov/ipc/www/idbnew.html.

28. Anna Nikolaeva and Andrey Nikol'skiy, "Fradkov ostayotsya" [Fradkov Is Staying], *Vedomosti*, February 2, 2007.

29. Transparency International, "Corruption Perceptions Index 2000," available at www.transparency.org/policy_research/surveys_indices/cpi/previous_cpi__1/2000H; and Transparency International, "Corruption Perceptions Index 2006," available at www.transparency.org/policy_research/surveys_indices/cpi/2006.

30. Vladimir Milov, "Mif o poryadke" [The Myth about Order], *Vedomosti*, October 19, 2006.

31. See Leon Aron, "The Battle over the Draft," *Russian Outlook* (Summer 2005), available at www.aei.org/publication22914/.

32. The late Boris Yeltsin and his erstwhile lieutenants must have felt at least a bit of schadenfreude hearing the Russian Left's bitter complaints about the Kremlin's ability to deploy national wealth for narrow political purposes. The largest sources of this huge slush fund were left in the Kremlin's hands by the Communist-led "popular-patriotic" bloc in the Duma that repeatedly thwarted attempts in the 1990s to privatize Rosneft and break up Gazprom. Any future effort at redemocratization will undoubtedly involve such reforms, not only as economically preferable, but also as necessary to deprive forever the executive branch of this extra-constitutional and largely uncontrollable source of political influence.

33. In September 2006, the Levada Center's polling firm found that 38 percent of Russians were ready to vote for a candidate endorsed by Putin, while 35 percent "did not exclude" doing the same. In January 2007, according to VTsIOM, 60 percent of respondents said they would support Putin's choice. (Alexey Makarkin, "Putin ostavit za soboy rol' arbitra" [Putin Will Leave the Role of an Arbiter to Himself], *Moskovskie novosti*, February 23, 2007, 8; and Anna Nikolaeva and Alexey Nikol'skiy, "Fradkov ostayotsya.")

34. Mark Urnov, president of the Expertiza Foundation, quoted in "Kandidat odin byt' ne mozhet, poskol'ku u nas vybory" [There Cannot Be One Candidate, Because We Have Elections], *Vremya novostey*, February 2, 2007, 1, available at www.vremya.ru/2007/18/52/170830.html.

35. Vladimir Vishnyakov, "Chto za 'joker' v rukave u prezidenta?" [What Kind of "Joker" Does the President Have Up His Sleeve?] *Pravda*, January 26, 2007.

36. Among other "dark horse" candidates bruited about in Moscow are deputy prime minister and deputy chairman of the largest state-controlled oil company, Rosneft, Sergei Naryshkin, and the head of Russian railway monopoly, Vladimir Yakunin.

37. Vitaly Ivanov, "Putin posle Putina" [Putin after Putin], *Izvestiya*, February 19, 2007, 6

38. His country utterly devastated and blooded, with millions starving and living in dugouts, Stalin launched the Cold War in his February 1946 speech, and two years later blockaded Berlin. His political position increasingly shaky at home, Khrushchev attempted to intimidate John F. Kennedy in Vienna in June 1961. In September 1983, Andropov welcomed a chance to consolidate his first year and dispel the (correct) rumors of his being barely alive by shooting down a Korean airliner in 1983.

39. Leon Aron, "The United States and Russia: Ideologies, Policies, and Relations," *Russian Outlook* (Summer 2006), available at www.aei.org/publication24606/.