Analyses OSW

CENTRE FOR EASTERN STUDIES 28.09.2011 **www.osw.waw.pl**

Putin back to the Kremlin: change, no change

Marek Menkiszak, Jadwiga Rogoża

On 24 September, during the United Russia party congress, President Dmitri Medvedev and Prime Minister Vladimir Putin announced their election scenario: Putin will be the party's candidate in the presidential elections in March 2012, whereas Medvedev will lead United Russia into the parliamentary elections in December 2011, and at the end of his presidential term in May 2012, he will become prime minister.
This reshuffle within the ruling elite ends the 'tandem' period of dual power, in which Dmitri Medvedev held the highest office of state and Vladimir Putin played the most important political role. The two politicians' swapping places is aimed at extending the power of the same ruling elite – its leader Putin can remain in the Kremlin for two more six-year terms (until 2024). The elite has no desire to implement the systemic changes needed to initiate a process of comprehensive modernisation in Russia, because these would lead to the erosion of its power. However, adjustments to this policy, especially in the economic sphere, may be forced upon the ruling camp by external factors, in particular the expected next wave of the economic crisis.

The reshuffle's political importance: the end of the tandem

One element of the announced succession scenario was Medvedev's agreement to get involved in the election campaign of United Russia – a non-ideological party in power which mainly consists of government officials of various ranks – from which he has hitherto somewhat distanced himself, yet which he will probably come to lead after the December elections. This means that Medvedev has given up attempts to build up an independent political position and political backing for himself, both now and in the foreseeable future.

Putin's return to the Kremlin brings to an end the 'dual power' period in Russia, during which the main decision-making centre did not coincide with the main office of state: it was Prime Minister Vladimir Putin who played the key political role, and not President Medvedev, formally endowed with full powers. For this reason, this reshuffle in fact restores unitary character of the decision-making centre.
After Putin takes over the presidency, the centre of decision-making will shift back to the Presidential Administration, and the government itself will be weakened, being reduced to the role of executor of the Kremlin's strategy. As during Putin's previous presidential term, the Kremlin can put responsibility for any possible economic and social problems on the cabinet, and make it publicly accountable for them. There are also likely to be reshuffles among government personnel: Medvedev could bring several close colleagues from the

Presidential Administration into government (such as Arkady Dvorkovich), whereas for Putin, the President's Administration could see the return of his close associates from the government (such as Igor Sechin, Deputy Prime Minister responsible for energy). In order to improve Russia's image abroad (among other reasons), Putin will probably seek to fill part of the new government with people who hold fairly liberal views, as a signal to Russia's Western partners that policies of economic modernisation will be implemented.

Implications for Russian policy

It is expected that as president Vladimir Putin will, at least in the initial period, pursue a policy which generally continues the line hitherto associated with Dmitri Medvedev and linked to the programme of Putin's first presidential term (2000-2004): a limited, mainly economic modernisation and a pragmatic foreign policy, oriented on cooperation with the West rather than conflict.

In domestic politics, the retention of power by the same elite does not foreshadow any significant changes. There will be no change in the practice, whereby government is run in such a way as to serve the dominance of the current ruling elite and block the development of any competition in both politics and the economy. Putin as president should not be expected to reform the system, increase the independence of the judiciary, support economic and social initiatives, wage a real fight against corruption, or work to increase transparency in the decision-making process. Russia will remain a country of soft authoritarianism. The lack of independent institutions will be compensated for by creating illusions of political pluralism and social activity. So, no real prospects for Russia's modernisation are apparent – not just because the creator of the current Russian system, Vladimir Putin, has the opportunity to remain head of state for two 6-year terms (until 2024), but mainly because the same narrow elite will remain in power, seeking to maintain its position; the development of any independent centres of economic and social activity is seen as a threat to this group.

In foreign policy, along with the general continuation of a 'Medvedev line', one may expect a slightly more assertive Russian stance on some foreign policy issues (such as the rise in public opposition to plans to build elements of the US-NATO missile shield in Central Europe, and increased pressure on particular CIS countries to join the construction of the Common Economic Space).

However, the Russian policy under President Putin will be most affected by external factors, including the evolution of US policy after the presidential election next year, and in particular the consequences of the expected second wave of global economic crisis (which may bring about a serious deterioration in Russia's socio-economic situation).

Putin's plan of action (including giving up the flat tax plan and continuing the privatisation programme) suggests that the elite has taken the likelihood of recession and the downturn in the raw materials market into account, and is looking for additional sources of financing. A more serious deterioration of the situation could also force the government make extensive spending cuts, including in the areas of social spending and defence.

Another worrying sign for economic stability is the shock departure from the government on 26 September of Deputy Prime Minister and Finance Minister Alexey Kudrin, who was regarded as a guarantor of the Russian budget's stability. Kudrin, who had been Minister for twelve years, was forced to resign by President Medvedev (with Prime Minister Putin's agreement); Medvedev had sharply criticised Kudrin for the latter's statement that he saw no possibility of his cooperating with Medvedev's future government. In order to reassure foreign partners and investors, the government will probably appoint another well-known liberal-minded economist as minister.