

combining a state-led economic formation with significant private, as well as state owned capital. But he and his circle are currently limited by the constraints not

only of the domestic oligarchs, but also of foreign companies, especially those with affiliates in Russia.

#### *About the Author*

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## ANALYSIS

### Forward to the Past!

## The President's Message to the Federal Assembly

By Hans-Henning Schröder, Berlin

#### Abstract

This article analyses Putin's first keynote speech of his new term in office. It is argued that it is significant not for the policy agenda it outlines, which is largely nothing new, but for its attempt to set in place a national-conservative narrative that evokes Russian traditions and past glories as a frame for official policy. In so doing, Putin is trying to regain the support of the majority of the Russian populace. However this risks alienating the minority—including business elites and liberal middle-classes—and thus stoking societal divisions.

#### 2012—A Critical Year

The president took his time. He only presented his annual "Message to the Federal Assembly"<sup>1</sup> to the representatives of the Federation Council and the State Duma on Constitution Day, 12 December 2012. The late date was likely due to a number of factors: Elected in March, the president was sworn into office in early May. In autumn, he was stricken by a mysterious ailment that prevented him from travelling abroad and apparently also made major public appearances undesirable. Furthermore, the political situation was complicated throughout the year. Discontent among parts of the population, which had led to the demonstrations in the winter of 2011/12, had not abated, and there seem to have been disagreements and conflicts within the top leadership as well. It is thus not surprising that the president delayed the first major keynote speech of his new term in office as long as possible.

This was despite the fact that the economic situation was not unfavorable. International energy prices remained high – with the spot price for a barrel of Brent

at between US\$105 and 109 in early November 2012<sup>2</sup> and ensured protracted economic growth. The year-on-year increase of GDP between 2010 and 2012 was above 4 per cent, which was less than the desired rate, but far above the corresponding values for the Western European industrialized nations. Industrial output was also on the rise, although at 3.2 per cent, the increase for the first half of 2012 was noticeably lower than in the previous year.<sup>3</sup> Since the unemployment rate decreased from 7.2 to 5.4 per cent between 2010 and 2012 and average wages in 2011 and 2012 were significantly higher than before the financial crisis of 2008–9, the external socio-economic conditions were not unfavorable.

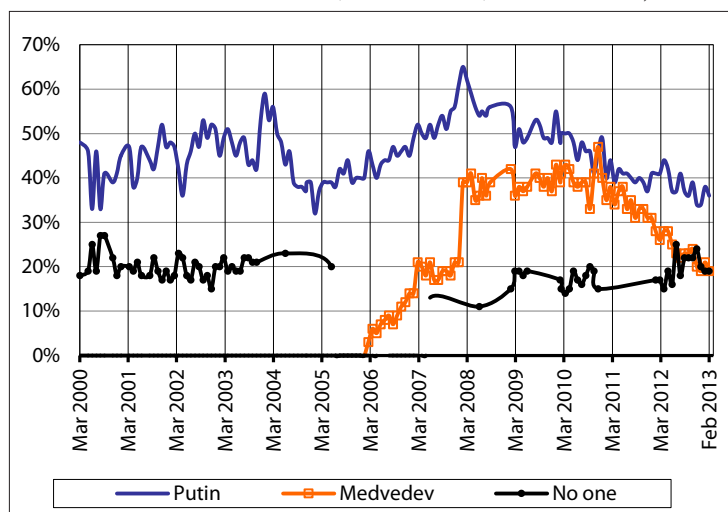
However, the auspicious economic development was apparently not sufficient to put a hold on the gradual process of dwindling trust that has been underway since 2008–2009. According to the ratings supplied by the Levada-Center (see, Figure 1 overleaf), trust in Vladimir Putin and Dmitry Medvedev has been declining since 2008 and September 2009, respectively. While these

1 A translated transcript of the speech is available at <http://eng.kremlin.ru/transcripts/4739>

2 Cf. [http://www.eia.gov/dnav/pet/hist\\_xls/RBRTed.xls](http://www.eia.gov/dnav/pet/hist_xls/RBRTed.xls), 10 November 2012.

3 Cf. [http://www.suomenpankki.fi/bofit\\_en/seuranta/venajatilastot/Pages/default.aspx](http://www.suomenpankki.fi/bofit_en/seuranta/venajatilastot/Pages/default.aspx), 4 September 2012.

**Figure 1: Please Indicate Five or Six Politicians You Trust (Only Results for “Putin”, “Medvedev”, and “No one”)**



Source: representative opinion polls by Levada-Center (originally VTsIOM) from March 2000 to February 2013, <http://www.levada.ru/print/21-02-2013/fevralskie-reitingi-odobreniya-doveriya-i-polozheniya-del-v-strane>

ratings had always spiked in the context of the 2003/4 and 2007/8 elections, the media campaigns ahead of the 2011/12 elections had only little effect. While “Brand Putin” remained largely unchallenged in Russian public opinion, its attractiveness diminished progressively. The general public was still shaken by a fear of inflation; it criticized the leadership for failing to provide sufficient social security; and a growing number of respondents perceived the leaders as egotistic and corrupt (see Figure 2 on p. 9).

### Repressive Stabilization Instead of Reform

Putin’s new team apparently found no recipe for a short-term resolution of the issue. Sergei Ivanov and Vyacheslav Volodin, who headed the presidential administration, did not attempt to integrate the protesting middle class politically, as Medvedev had done as recently as January 2012 with his reform of electoral law. The one-and-a-half party system was not reformed, and the notion of forming a liberal party that might have appealed to critical middle-class voters was discarded. Neither did the administration have any short-term success in asserting itself against the critics of the regime on the internet and social media websites. Instead, it apparently preferred to cobble together ad-hoc laws allowing repression against critics, such as through changes to the law on protection of children that allowed takedowns of websites or through regulations used to brand critical non-governmental organizations (NGOs) as “foreign agents”. Leaders of the street opposition were smothered in legal proceedings. The performance by punk band Pussy Riot

in Moscow’s Cathedral of Christ the Savior, of which a majority of the population disapproved, was an opportunity to mobilize a conservative populace against protestors and dissenters. The regional elections on 14 October demonstrated that the United Russia party was able to manipulate gubernatorial elections and to eliminate political competitors even before the actual polls. While all of these factors secured the stability of the regime, they did not increase trust among the general public.

The creeping crisis of confidence between “the power” and “the people” was not the only problem facing the new administration, however. There were noticeable irritations even among the elites. There were complications from the personnel reshuffle in the political leadership, which saw Putin’s most important ministers switch over to the presidential administration, though the appointments to Medvedev’s cabinet had mostly been second-tier politicians. It became evident that access to resources had to be revised to some extent. One aspect of this development was the move of influential deputy prime minister Igor Sechin to the private sector. He became the head of oil giant Rosneft, which he restructured with the takeover of TNK-BP and a partnership with BP. A group of Russian oligarchs who had made a bid to buy TNK-BP lost out.

At the same time, a campaign was started against officials, politicians, and entrepreneurs who were moving capital overseas. Oil trader Gennady Timchenko, a former KGB officer and now a Finnish citizen, temporarily lost his Russian delivery contracts. Rumor has it that Putin had instructed him to employ his capital in Russia. A similar purpose was to be achieved by a legislative initiative launched from within the United Russia parliamentary group that intended to ban deputies and officials from owning overseas bank accounts.

The corruption scandals of recent months—in the Defense Ministry, at Rostelekom, at GLONASS (the Russian satellite navigation system), in the agricultural sector, and in residential construction—further contributed to a sense of uncertainty among the elites. It is very difficult to tell whether these were mere clan feuds or whether the self-enrichment system is being seriously challenged. Rumors about Putin’s ill health, strenuously denied by his retinue, are another symptom of irritation among the elites. In a stable system of power, reports of the leader’s temporary inability to travel and possible illness would be insignificant. It is only due to the unclear power structures between groups of elites that the president’s possible sports injury becomes a political problem.

## Putin's "Message"—the Narrative of a Spiritual Turning Point

In this situation, the "Message to the Federal Assembly of the Russian Federation" was necessarily of great significance. It gave the president the opportunity to cast himself as a political leader while presenting a narrative that would restore trust between "the people" and "the powers that be". This is precisely what Putin aimed to achieve on Constitution Day in December 2012.

He consciously declined to outline a program of concrete political measures. In this context, he referred to the programmatic articles he had published as a presidential candidate at the beginning of 2012 and to his first decrees of May 2012, in which he had sketched the forthcoming steps in social and economic policy. He did not comment on security or foreign policy issues either. Neither missile defense nor relations with NATO, the EU, or neighboring Asian states were on the agenda. The president's remarks focused on a sovereign, strong Russia that is very conscious of its thousand-year history and derives its strength and moral legitimacy from tradition and traditional Russian values.

For a Russian president, this is indeed a new tune. In 2009, Medvedev's remarks had focused on modernization and referenced the mistakes and aberrations of the past. In 2012, by contrast, Putin evoked Russia's "unique, uninterrupted thousand-year history, on the basis of which we obtain inner strength and the purpose of national development". Such phrases illustrate that the Putin administration has turned towards a new spiritual bearing and is moving closer towards the nationalist camp. For the narrative as such is not new; it has long been a staple of debates on national intelligence that take up the Slavophile discourse of the 19<sup>th</sup> century and reject "foreign infiltration" of "Western" ideas.

It is no surprise that this regressive discourse has now found its way into the president's political agenda; however, it is an ominous development. A similar tendency had already been indicated in the personnel policies of Putin during his presidential bid, when he invited a representative of the nationalist school of thought into his campaign team, appointed Sergei Ivanov to head the presidential administration, and entrusted a shady character like right-wing populist Dmitrii Rogozin with important governmental duties. The decision to focus foreign-policy efforts on the integration of the "Eurasian space" and the neglect of relations with the EU and the US are similar developments that should be noted in this context. This policy has now been ideologically grounded in the president's "Message". Apparently, Putin and his speechwriters believe that a shift towards the right-wing and playing the nationalist card will win them back the trust of a majority within the population.

## Pragmatism With a Right-Wing Flavor

Besides presenting a narrative of national greatness, however, Putin also referred to real political issues facing Russia. He spoke about the question of demographics, promising to present a solution for this problem; he deplored the shortcomings of the healthcare system and inadequate payment of state officials in this sector as well as other parts of the social system. The recommended remedies once again reflect the intellectual framework of Russian traditionalists. For instance, state employees are to become the "provincial middle class" that in earlier days were "in all phases the professional and moral mainstay of Russia". Education is to be improved by hiring strong, talented teachers and dipping into to the wealth of Russian culture. In the matter of migration and inter-ethnic relations, Putin on the one hand argued for a return to a multiethnic Russia and was harshly critical of nationalist tendencies and its supporters, who stir up inter-ethnic hatred. On the other hand, however, he wants to make it more difficult for CIS citizens to enter Russia by requiring an international passport, rather than a domestic travel document (which is roughly the equivalent of an ID card).

The president also spoke about the development of the political system and announced a new change to the electoral system. In the future, votes by party list will be again be combined with direct elections, and party blocs will be admissible. Beyond such technical considerations, Putin made an explicit commitment to the principle of democracy and completely rejected any form of totalitarianism. However, he believes that this democracy should be a Russian democracy in which standards are established by the Russian people, rather than being imposed from outside. No person who receives funds from abroad and represents foreign interests can be a politician in the Russian Federation, according to Putin. This was a clear reference to the law on NGOs according to which NGOs must register as "foreign agents" if they receive funding from abroad and are politically active. At the same time, the president also stated his rejection of street protests: Any political dialog, he said, would only be held with forces behaving in a "civilized" manner. These remarks show that the leadership will stay its domestic course and employ all means to sideline and disenfranchise potential opposition actors.

In the sphere of economic policy, too, the "Message" took up familiar themes. The president demanded that Russia be liberated from dependency on the international commodity markets and its industry restructured: The development of new technologies and the expansion of small and medium-sized enterprises were named as core tasks of economic policy—these are not new ideas. The country's leaders aim to make progress

by improving the business climate, enhancing the quality of regional administrations, reforming the tax system, decentralizing the economy, balancing out regional disparities, and providing funding for the armaments sector. Under these plans, the arms industry is also to become a catalyst for accelerating the development of high-tech solutions. None of these propositions are original or offer the prospect of a real breakthrough in economic development.

However, Putin did also discuss obstacles to development—such as the lack of efficiency in the government apparatus, corruption, or poor dispensation of justice—and promised redress. Once again casting himself as the harbinger of a spiritual-moral turn, he emphasized the moral authority of the state as a fundamental condition for successful development in Russia. In this context, the bogeymen are entrepreneurs and other elites who have enriched themselves through corruption, compounded by a lack of patriotism, since they have stashed their ill-gotten gains overseas. Putin called for support for his proposal to limit the ability of officials and politicians to secure bank accounts, securities, and shares for themselves in foreign countries. He also criticized the tendency of Russian entrepreneurs to do business offshore, i.e., beyond the reach of Russian laws. The president announced a bundle of measures for *deoffshorizatsiya* – abolishing or limiting the ability to do business offshore. With this criticism of business executives and officials, the “Message” reflected the massive public criticism of the power elites’ behavior. The “power”, according to Putin, must not be an isolated caste, but should be transparent and accessible. Only in this way can a sound moral basis emerge that will bring about an assertion of “order and freedom, morality and civic solidarity, truth and honesty, and of a nationally oriented consciousness”.

### Playing with Fire

Putin’s “Message to the Federal Assembly” is a remarkable document. For the first time, a Russian president has taken up the national narrative and made it the basis of official policy. Putin is consciously playing to a conservative majority; not so much in the social and economic policy measures that he announces, but through the ideology in which he wraps his entire policy. It is permeated by a wacky, retrograde, Slavophile worldview that is centered on a strong Russia enchanted with its own past and

in which the outside world plays only a negative role, if it is featured at all. This approach is illustrated by Putin’s suggestion to revive the traditions of the Semenovskiy and Preobrazhenskiy guards regiments established by Peter I. Such a move does not contribute to the creation of a capable military armed with state-of-the-art equipment that is commensurate to future conflicts; but the notion appeals to nostalgic memories of past greatness.

Such a policy is based on the hope that a national narrative can integrate a majority of the population. However, such a worldview also requires the image of an antagonist—the outside world and its agents in the homeland. It is at this point that Putin’s spiritual-moral turn becomes dangerous, for it is based on the exclusion of a minority in order to integrate the majority. Putin is playing with fire here, since he is sowing the seeds of societal division. For the power elites, too, this is an uncomfortable move: The national narrative is opposed to their “business model” of self-enrichment at the expense of the state and the public. A return of Russian capital to Russia – in other words, *deoffshorizatsiya* – is contrary to the interests of large parts of the elites. Therefore, if the national narrative should become the guideline for practical policy, Russia faces massive conflicts among the elites.

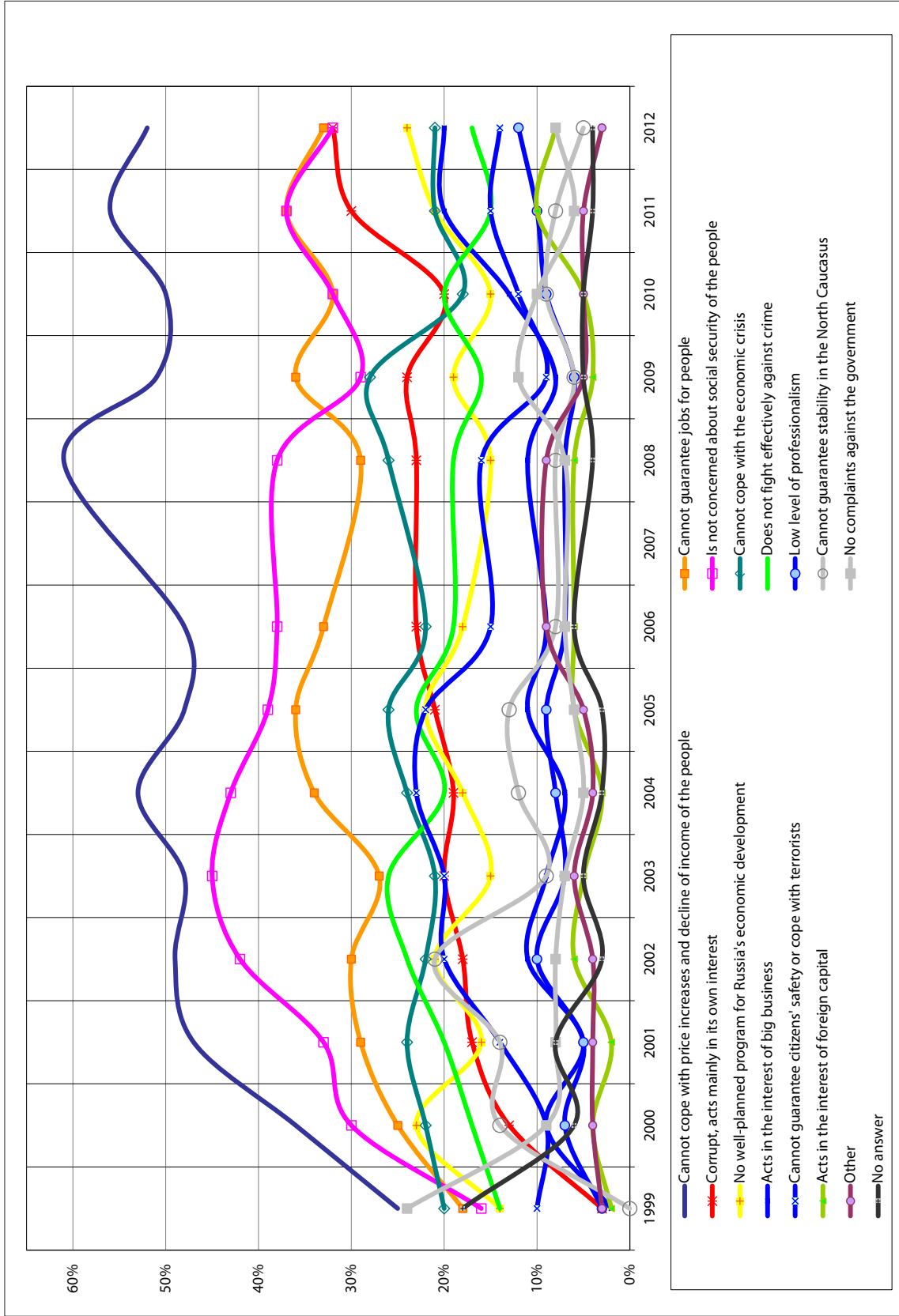
This may be the reason why Dmitry Medvedev, who had in effect been a political corpse since September 2011, is making public appearances again. In three major interviews with French newspaper “Le Figaro” (26 November 2012), with Russian daily “Kommersant” (28 November 2012), and with five Russian television stations (7 December 2012), he generally toed Putin’s line, but explicitly accentuated liberal positions and hinted that he might consider another term in the presidential office. Against the background of Putin’s nationalist speech, addressed to a national-conservative audience, Medvedev’s sudden political resurrection might be interpreted as a sham. From this perspective, Medvedev would represent the liberal leadership figure catering to the liberal spectrum. This, however, would be a dangerous game to play. Putin is conjuring up spirits that are very difficult to banish, and Medvedev certainly does not have the stature that he needs to constitute a political counterweight.

*Translated from German by Christopher Findlay*

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Figure 2: What Are Your Main Complaints Against the Present Government?



Source: representative opinion polls by Levada-Center (originally VTsIOM) from 1999 to November 2012, <http://www.levada.ru/print/11-12-2012/rossiyane-o-pravitelstve>