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2012 Race Could Come Down to Coke vs. Pepsi

By Vladimir Frolov

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Finally, we are being offered a real political choice: Either hastily and disruptively switch from Coke to Pepsi or make a gradual and tightly controlled transition to Diet Coke.

This is the agenda for 2012 as outlined by our two presidential hopefuls, President Dmitry Medvedev and Prime Minister Vladimir Putin, neither of whom has ruled out that he may run.

We have two distinct visions for the nation's future. One is Medvedev's "deep and broad modernization" — a Silicon Skolkovo Model.

It basically says that if we rout corruption, enforce the rule of law, increase political competition, embrace the United States and reduce the number of time zones, we will wake up in a new country that has shed its oil dependency, produced its own iPhones and iPads, become an international financial center and favorite of global investors and elected a liberal party to the State Duma.

Medvedev's modernization is focused on political institutions and spurning innovation-based economy in a few areas, not on building a broad and modern industrial base. It wants to produce cool gadgets instead of manufacturing efficient engines.

This is a right-of-center liberal platform that may have a political following within the elites and the urban middle class. In the long run, it amounts to a dismantlement of the Putin system.

The other is Putin's "decade of stable and calm development without being thrown back and forth by ill-conceived experiments" based on liberal models. Let's call it the "Swedish China Model," which says Russia needs to continue rebuilding its industrial base and infrastructure through sustained energy-driven growth with technological innovation coming from export-oriented extractive industries and the defense sector.

Modernization is not only about fighting corruption, rebranding the police, setting up techno-parks and having more competitive elections.

Modernization is about investing in human capital, broadening opportunities for people through better education and health services, while continuing to heavily tax rent-seeking industries. Competitive elections are secondary to fulfilling contractual obligations by Russia as a "social state." This is Chinese-style industrial development with Sweden-like social development — a left-of-center social-democratic platform that could have a broad appeal.

In the long run it amounts to a perpetuation of Putin's system. It's a healthy debate the country needs.

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