

# Both Soviet and Tsar in One

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After months of foot-dragging and speculation, President Dmitry Medvedev announced at the United Russia convention that he is ready to swap his post with Prime Minister Vladimir Putin in March.

Until Finance Minister Alexei Kudrin resigned Monday night, the announcement did not have any major impact on political stability or the Russian markets. In fact, aside from a small group of protesters demanding Putin's resignation from politics, the news was accepted with general calm. This is because the swap was predominantly anticipated by the public. What was confusing was the political inner-clan wrangling in the past year and speculation as to whether Medvedev would challenge Putin and bring about a silent reformist revolution. To a degree, this speculation was born out of frustration at the inevitable return of Putin's rule for potentially the next 12 years. ☒

International reaction to the announcement was also muted. The U.S. administration made a neutral statement confirming that the "reset" with Russia will go on and hinting that the United States has been working with Putin over the past decade both as president and prime

minister. Thus, Washington expects no surprises.

After more than a decade of de facto rule by Putin, the Russian electorate is showing signs of “Putin fatigue.” He has seen many transformations throughout his career as president and prime minister. Brought into the Kremlin in 2000 as a gray state official who could pose little challenge to the interests of the then-formed oligarchic elites, Putin developed into a strong leader who initiated a campaign against the very same oligarchs.

In his first term as president, he was a reformist who, together with Kudrin, undertook a series of liberal reforms and initiatives to boost the economy and fight corruption. But toward the end of his first term and throughout his second, Putin reinvented himself as the main advocate of state capitalism, resulting in part from a power struggle and drive to curtail oligarchic influence on the energy sector. He has since shown little interest in modernization or diversification of the economy and seen the emergence of a new circle of oligarchs. These oligarchs have close ties to the Kremlin without the inclination to challenge Putin, unlike former Yukos CEO Mikhail Khodorkovsky.

Putin’s winning card is his popularity among ordinary Russians, even if his ratings have dropped slightly over the past few years. In any case, Putin understands the need to reinvent himself. His popularity has been underpinned by a number of factors, and he has to work hard to keep them going. The first is economic growth. Russia’s strong economic performance was largely thanks to high oil prices until 2008 and not Putin’s economic policies. With the onset of the economic crisis and a drop in living standards for many Russians, Putin has seen a drop in his popularity ratings.

Second, Putin is supported by many Russians as a leader who fought to return Russia’s pride as a superpower. His tough stance on global issues has earned him credit, especially in the wake of President Boris Yeltsin’s terms, when Russians felt they had lost their voice and place in global politics. Putin has also manipulated the old imperial nostalgia among many Russians who still long for the Soviet era. Initiatives such as the customs union with Belarus and Kazakhstan certainly rekindled these sentiments. Given the popularity of these initiatives, Putin is likely to initiate a more aggressive policy toward Russia’s former Soviet neighbors in the coming years. Anti-immigration and nationalistic sentiments have also proved a good currency for Putin, and he is likely to make good use of this as well in the future.

Last, Putin has portrayed himself successfully as a strong leader who strikes fear in state officials and fights oligarchs on behalf of the common people. This curious version of Soviet tsarism has not really worked in recent years. The state apparatus needs manual control, which is not feasible, hence the bureaucracy is not working well and corruption is spreading. Meanwhile, the divide between the wealthy and the poor is growing.

The malfunctioning state apparatus, growing income gap and poor economic growth are Putin’s Achilles’ heel. To tackle them, Russia needs a reformist leader. The crucial question is whether Putin can reinvent himself and switch back to the role of the reformer that he once filled in the early 2000s.

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