

## **Putin's Do-Nothing Speech**

By Vladimir Ryzhkov

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President Vladimir Putin's first state-of-the-nation address following his latest return to the Kremlin answered all my questions. I was waiting to hear his strategy for what is ostensibly his third — but effectively his fourth — term as president. And that is exactly what I heard Wednesday.

As I expected, Putin's speech turned out to be a manifesto for preserving the status quo. Putin intends to do everything possible to maintain his peculiar brand of authoritarianism run by his team of chekists and St. Petersburg cronies.

The two main challenges facing Russia today are its weak, primitive economy with slowing growth and its poor government with ineffective institutions, terrible legislation and systemic and growing corruption. Both factors are primarily responsible for the growing gap between Russia and major powers as well as direct competitors like Brazil, India and China.

Putin understands that the economy is the No. 1 problem, but his response is weak. His recipe for change is to grab everything at hand and cook it all up into a stew of normally

incompatible ingredients. Into a single pot Putin has thrown liberal, dirigiste, monetarist and anti-monetarist approaches. He opts for liberal methods only to avoid strengthening the government's role in regulating the economy, and he attempts to copy the Chinese model of state investment without having similar efficiency or revenues from the export of manufactured goods.

In practice, that means Putin does not have a unified economic strategy. As before, the business and investment communities are left wondering which model Russia will adopt in building its economy, which market conditions will exist and what role the state will play in the economy.

In contrast to U.S. presidential addresses, which refer to very specific policies, facts and figures, all of Putin's addresses have been purely theoretical and abstract, with very few figures or precise policy statements. This deep ambiguity leaves ordinary Russians, businesspeople and the political elite without any firm frame of reference for how the country will be run. But it also makes it easier for the authorities to shirk responsibility. Nobody can be made to account for vague promises of progress that go unfulfilled.

In fact, Putin has been promising — and not fulfilling — the same plans for the past 13 years. It is no coincidence that Internet users have nicknamed him "Putin the Promiser."

For the umpteenth time, Putin has promised to diversify the economy, overcome Russia's dependence on raw materials, build roads and other infrastructure, spur innovative development, build new schools and affordable housing, develop industry and agriculture, improve the business climate and foster competition. The last goal is especially absurd, considering that Putin has done everything in his power to create and maintain powerful monopolies. Putin made the very same promises in his first state-of-the-nation address in 2000, and he repeated them this week.

Once again, Putin generously promised to increase social spending, even calling those who are perpetually and humiliatingly dependent on the state a truly "creative" class. Putin made it clear whom he would turn to for support: doctors, teachers at state-run educational institutions, government officials and police officers, whose paychecks he signs.

Putin promised to continue bearing down on the opposition. He forbade opposition groups from cooperating with foreigners, while permitting United Russia and other loyalist parties to do so. He said the opposition could not foment "extremism and separatism," including the fight for regions' rights, federalism and local government. He warned the opposition against committing the vaguely defined crime of attacking the "sovereignty of the country."

Putin told everyone to be "constructive" in their actions — meaning loyal to the regime. All those whom the Putin administration deems are not complying with this injunction will be dealt with accordingly. After all, as Putin emphasized, Russia has "its own model of democracy," and what's more, Russia is a separate "state and civilization" with its own laws and values.

In addition to his oft-repeated promises, Putin emphasized Russia's "spiritual identity" and "traditional values" stemming from both the Soviet and imperial eras. He waxed nostalgic about the Soviet-era teams of college students helping with construction projects

and the Preobrazhensky and Semyonovsky regiments of imperial Russia. He also reiterated the state's support of the Russian Orthodox Church and other church hierarchies and gave overriding precedence to the attributes and symbols connected with the country's authoritarian and imperialistic traditions as well as its Soviet past.

In regards to the economy, Putin has made the correct diagnosis without understanding how to treat the disease. But with the country's bad government, it seems that Putin does not even recognize the disease, much less the remedy for it. He does not understand that, as former U.S. President Ronald Reagan once said, "Government is not the solution to our problem; government is the problem." Russia is near the bottom of the list in all international rankings measuring the effectiveness of state institutions and government. This problem is the main obstacle preventing Russia from achieving rapid and sustainable growth.

In the address, Putin had nothing to offer. He willfully ignored demands for political representation and effective institutions from middle-class protesters as well as growing opposition to the stagnant bureaucratic regime, which impedes the country's development. Putin again refused to implement political and institutional reforms, instead referring to more superficial measures such as returning to the mixed system of State Duma elections.

Even the measures he announced for combating corruption were superficial. They could be easily circumvented via schemes that have long been in use by the corrupt ruling elite. The essence of Putin's stance is: "Steal all you want, but watch your step with me."

Because Putin does not understand how to use modern methods to develop the economy, he attempts to preserve the very state and political institutions that have made progress impossible. Every day that he sits in the Kremlin is another day lost for Russia.

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