The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Medvedev's Usual Patter in Sochi

By Nikolai Petrov

September 30, 2013




Nikolai Petrov

The 12th Sochi International Investment Forum brought together numerous senior officials and dozens of regional governors. This particular forum stands out among the many held in the regions as being second in stature only to the annual St. Petersburg International Economic Forum and one that traditionally attracts attention from top leaders. And so it was that Prime Minister Dmitry Medvedev not only spoke at this forum, but also published a lengthy article in Vedomosti titled "The Time for Simple Solutions Has Passed" to coincide with the event.

Of course, the article starts with the claim that Medvedev's government has accomplished all of the main tasks that it set out to accomplish during its first year. Mevedev did not express particular concern that while his government was "intensifying reforms" and "launching mechanisms," economic growth continued to slow and "the rate of growth of gross domestic product this year probably will not exceed 2 percent." Second, the article addressed tasks that the government would have to tackle in the future. He blamed the low investment in the country's economy on two factors: the "irrational fears" that investors have about working "in an incomprehensible and unpredictable Russia" and their rational distrust of public institutions, including the judiciary and law enforcement. He rightly points out that Russia in general, and the economy in particular, is overly centralized and suffers from an inefficient state system.

He offers a new approach for the economic development of the region, proposing to "identify areas with potential growth and provide them with targeted support." How is this connected with decentralization and weaning the regions from state subsidies? From the prime minister's point of view, the main factor in regional development in recent years has not been natural resources, but "the ability of regional leaders and the local elite to promote their territories." The proposed solution is a new governmental structure: the Russian Agency for Promoting Investment in the Regions.

Medvedev also proposed letting regional and local authorities give tax breaks for some new small businesses. That good intention is especially pertinent given the soaring deficits that almost all regional and local budgets are amassing due to falling revenues and increased social spending.

It is difficult to imagine that the prime minister's team really believes that the problem they correctly identify as Russia's lack of appeal to investors can be solved with bells and whistles bringing cosmetic improvements to Russia's image, rather than serious institutional reforms. Like any savvy technocrat, Medvedev is adept at diagnosing the disease but unable to prescribe an effective treatment.

Given the announced spending cuts to the state budget, it would be better if the country's leaders and their large entourage of officials would come to the forums in St. Petersburg, Sochi and Krasnoyarsk carrying specific and well-prepared proposals rather than vague declarations and calls for improvement. That would be their contribution toward achieving Medvedev's goal of shifting to a more compact and effective system of government.

I happened across some material from last year's forum and noticed that it was practically identical to this year's: With fiery language, Medvedev called for Russia to become more competitive, proposed numerous regional investment projects and so on. I can only hope that next year the feeling of deja vu will not be so strong.

Nikolai Petrov is a professor of political science at the Higher School of Economics.

Original url: https://www.themoscowtimes.com/2013/09/30/medvedevs-usual-patter-in-sochi-a28136