

Reading Russia

THE DYING MUTANT

Andrei Piontkovsky

Andrei Piontkovsky is leading researcher at the Institute for Systems Studies of the Russian Academy of Sciences and a visiting fellow at the Hudson Institute in Washington, D.C. His books in English include Another Look into Putin's Soul (2006) and Russian Identity (2008).

The corporatist kleptocracy that Russian leader Vladimir Putin has erected is profoundly misunderstood in the West. The Putin regime's Western defenders and apologists like to trot out a pet argument that migrates from one publication to another. It goes something like this: "What is most important for Russia right now is not abstract 'democracy,' but the development of capitalism. A growing middle class of property owners with a vested interest in the security of their own property will eventually demand the establishment of liberal institutions."

This extremely popular theory totally ignores the actual nature of Russian "capitalism." The right to property in Russia is entirely conditional upon the property owner's loyalty to the Russian government. The system is tending to evolve not in the direction of freedom and a postindustrial society, but rather back toward feudalism, when the sovereign distributed privileges and lands to his vassals and could take them away at any moment. The only difference is that, in today's Russia, the things that Putin is distributing and taking away are not parcels of land, but gas and oil companies.

Over the last decade, a mutant has evolved that is neither socialism nor capitalism, but some hitherto unknown creature. Its defining characteristics are the merging of money and political power; the institutionalization of corruption; and the domination of the economy by major corporations, chiefly trading in commodities, which flourish thanks to public resources that these corporations and their political allies have privatized.

This is gendarme-bureaucratic capitalism with the Father of the Nation at its head. Such a "petrostate" model cannot deliver consistent economic growth, nor can it overcome the enormous gulf between rich

and poor, or ensure a breakthrough to postindustrial society. This model dooms Russia to economic degradation and marginalization. The current global crisis has made this truth crystal clear.

Several days after his inauguration on 7 May 2008, Russian president Dmitri Medvedev spoke at the St. Petersburg economic forum. With thinly disguised glee, he referred to the acute problems of the world economy and declared Russia to be an island of financial stability amid the stormy ocean of a global capitalist system in crisis.

At the time of this writing in late February 2009, the Russian stock market had dropped by 80 percent in comparison with the day of Medvedev's St. Petersburg sermon. But this is just one indicator of a crisis that is growing deeper. Much more dangerous for Russia's "rising from its knees" economy are the flight of Western capital and the drop in oil prices, two developments that are unlikely to be reversed any time soon. Without Western capital and high oil revenues, Putinomics is simply not sustainable.

Russia's kleptocrats immediately rushed to the rescue of their little bailiwicks—banks that belong to ministers and ex-ministers, state corporations that belong to friends of the president—spending tens of billions of government dollars for this purpose. This set of "anticrisis" measures was so shameless and impudent that even the hyperloyal and hypercareful Russian Union of Manufactures and Entrepreneurs protested. Distrust of Putinomics and its dysfunctions is becoming rampant.

The Putin regime, meanwhile, increasingly relies upon its artificially created image of a threatening West (led by the United States) to provide the ideological justification for its model of a corporatist state. Western policy makers will be making a grave mistake if they underestimate or ignore the internal political imperatives that are driving the Kremlin's foreign policy.

Those who call on the new U.S. administration to take into account Moscow's "grievances" are in danger of forgetting that these complaints are grievances of choice, hysterically articulated by the Kremlin-controlled media in order to inflame feelings hostile to the United States. If these manufactured grievances are accommodated, the Kremlin will immediately invent a new set of "humiliations" or unleash some new adventures in the post-Soviet space to prove once again to itself and the Russian public the fundamental hostility of the West.

Take, for example, two of the most lamented "grievances" or "humiliations" on Moscow's list: The installation of missile defenses in Europe and the expansion of NATO. The Kremlin's military experts know perfectly well that ten missile-interceptor sites present no threat to Russia's massive nuclear-deterrent capability—period. As for the mammoth, aggressive NATO military machine of which Moscow has so long been warning, it truly has lumbered up to the sacred borders of the former Soviet Union, but not from the most expected direction. Indeed, my

fear is that NATO will meet its end in Afghanistan, defending Russia's southern underbelly from the advance of Islamist radicals. For the first time in Russia's military history, somebody else is doing our dirty work for us rather than the other way around. If NATO quits Afghanistan under pressure, the spearhead of the Islamist revolution will then be pointing at Russia's Volga region and the countries of Central Asia.

Ukraine as a prospective member of European and transatlantic institutions does indeed present a threat, but not to Russia's security, as Kremlin propagandists claim. The real "threat" emanating from this neighboring country is to the Putin model of a corporatist, authoritarian state unfriendly to the West. For the Kremlin's occupants, it is a matter of life and death that countries which were once part of the Soviet Union but chose a different model of development—Ukraine being the chief example—should never become attractive to ordinary Russians.

In their culture and outlook, Ukrainians are close to us Russians. "If *they* made a different choice," the Kremlin fears we will ask, "why can we not do the same?" Ukraine's success will mark the political death of Putinism, that squalid philosophy of "KGB capitalism." If Ukraine succeeds in its "choice for Europe," if it is able to make it work, it can settle the question that has bedeviled Russian culture for centuries—whether or not Russia is properly a part of Europe. So the best way to help Russia today is to support Ukraine's claim that it belongs to Europe and to back the Ukrainian quest to join European institutions. This more than anything else has the potential to influence the Russian political mindset in a direction favorable to liberal democracy and comity with the West.

The Issue of Iran

Iran's drive to attain nuclear-weapons capability will be one of the first challenges faced by the new U.S. administration. Many commentators say that Putin's aid will be essential in meeting this challenge, and reason that he must somehow be "paid off" to provide this help. The price that is often suggested is acquiescence in Kremlin claims to a sphere of influence in the post-Soviet space—that is, selling out the democratic aspirations of Russia's neighbors. Such payoff efforts are doomed, however. Washington may pay as much as it likes, but Putin will never join in any sanctions with real bite and will never exert any pressure on Iran's mullahs to make them stop their nuclear project. The reason is that Putin's goals and interests with respect to Iran have nothing to do with those of the West and the United States.

This is not because the Kremlin would welcome Tehran's acquisition of the bomb. Iran is, after all, the only state in the world with official territorial claims against Russia (Tehran and Moscow disagree over part of the Caspian seabed). Yet for Moscow, the best-case scenario for an end to the Iranian nuclear crisis would be an Israeli (or perhaps a joint U.S.-

Israeli) preventive strike against Iran's nuclear sites. The Iranian nuclear facilities would be demolished or crippled, but the indignation of the Muslim world would fall entirely on Tel Aviv and Washington, which would suit Moscow quite well. Finally, Iran would doubtless retaliate by striking across the narrow waters of the Persian Gulf at Saudi oil fields and by blocking the Strait of Hormuz. Oil prices would skyrocket.

The *chekist* oil barons who form the core of Vladimir Putin's entourage are already rubbing their hands with glee in anticipation of this course of events. The ten or fifteen individuals who rule Russia (in effect, the current Politburo) also *own* Russia through their direct or indirect control of most of the country's oil and gas companies. Too much in their life—the regime's stability, their own roles on the world stage, and, finally, their personal wealth—depends on the number of dollars that a barrel of oil can fetch on the world market. This has long been the case, but the recent plummeting of oil prices has backed Putin and his regime against a wall.

Every step of Moscow's Iranian policy in recent years has been aimed at moving events in this direction. By blocking or completely watering down UN Security Council resolutions on Iran, Moscow has facilitated Iran's nuclear program. It has supplied Iran with Tor-M2 surface-to-air missile (SAM) installations and is negotiating over delivery of the more advanced S-300 SAM system, thereby pushing Israel toward having to undertake in the near future a military solution to what Tel Aviv regards as an unacceptable threat. After the Russian-supplied anti-aircraft installations are fully commissioned and have begun to protect Iran's nuclear sites, a military strike by Israel will no longer be feasible. The only way for the United States to prevent such a scenario is to stop wasting precious time soliciting Putin's "help" in the UN Security Council and to marshal U.S. allies in order to impose the toughest possible sanctions on Iran.

Cool realism and tough patience are needed to deal with Putin's mutant. But we can be confident that this mutant regime will not last for long. Crisis is the best political educator. The Russian nation's survival instinct will prevail, sooner rather than later. It would be foolish and shameful for the United States to sell out the hopes and aspirations of new democracies to a dying mutant for favors that this creature has neither the will nor the ability to deliver.