

Progress and Improvement in a Fragile World – the Russian Perspective

Miriam Kosmehl | Gunter Deuber

I Introduction

“The thing that especially mystifies and saddens us Russians is the realization that, after so many major and wide-ranging reforms, we’ve hardly changed at all. How the thoughts and habits have remained the same in the government and in the people, in the rulers and in their subjects.”¹

The Russian word for progress – “прогресс” – is equivalent to the French “progrès” – in Cyrillic script. This term, imported from France, reminds us that innovations and reforms have long been initiated from outside; the Russian aristocracy already found the conditions in the West desirable some 300 years ago.

Anyone who traveled to countries in Western Europe was under no illusions on the disparity in development. But while some would have welcomed European living standards in Russia and therefore strove for the Western path of development, others interpreted the lack of development as an advantage and the primitiveness of Russian rural life as a symbol of civilizational superiority.

Either viewing Europe as a symbol of progress or perceiving the West as alien to Russia’s essence and distancing oneself from it is an antagonism between modern and eternal Russia that has been pervading Russian society at least since Peter the Great relocated the capital to St. Petersburg in the 18th century.

The question contained therein – whether or not Russia is now part of Europe – has never been answered unambiguously or conclusively. This is also the reason for Russia’s eternal search for its own identity. “Who are we and what do we want to be – Westerners or Slavophiles?” is the question that has dogged Russia’s elite for centuries.

For Russian-German journalist Sonja Margolina, the divide over the issue of modernization boiled down to this: “These two ideologically shaped ideas expressed a hidden truth with contrasting images: Russia – or more precisely, the Russian Empire – was a developing country that didn’t have its own engine for modernization.”² There have been multiple attempts to escape this impasse over the past 300 years, “[y]et all of these attempts failed. Why?”³

Rather than deal with breaking the “vicious circle”⁴ and setting out “into modernity,”⁵ Russian leaders in the 21st century have been focused on mysticism instead of reform. Vladislav Surkov, a long-time adviser to Vladimir Putin in various capacities and a former PR man, called Putin an

¹ A Russian in Anatole Leroy-Beaulieu’s *L’Empire des tsar et les Russes* (The Empire of the Tsars and the Russians), 1881-1889. See Donath, Klaus-Helge. *Das Kreml-Syndikat*. Berlin: Rotbuch Verlag, 2009, p. 9.

² Margolina, Sonja. *Die ungeborene Zivilisation*. In: *Kursbuch*, Issue 103, March 1991, p. 1.

³ The attempts at modernization refer to “the Petrine reforms and the activities of the early days of Catherine II, the Decembrist revolts (to abolish the tsarist empire and establish a constitution) and the reforms of Alexander II, the revolutions of 1905 and 1917, and, finally, Perestroika.” *Ibid*.

⁴ Margolina, Sonja. *Die ungeborene Zivilisation*. In: *Kursbuch*, Issue 103, March 1991, p. 4.

⁵ Why the Soviet planned economy was unable to compete with the system of the West has hardly been addressed in Russia. The political class has also never admitted its failures, according to the critique of former Acting Prime Minister and economist Yegor Gaidar, who died in 2009. Gaidar, Jegor and Karl-Heinz Paqué (eds.). *Der Untergang eines Imperiums*. Berlin: Springer, 2015.

“emissary of God”⁶ and invented the play on words “sovereign democracy.”⁷ It camouflages authoritarianism and relabels any weaknesses Russian citizens might perceive in comparison to Western state models as advantages.

In 2015, Moscow political scientist and publicist Andrei Kolesnikov ended a description of Russian state ideology with the prediction:

“Modernization starts when the lower echelons of society start to see stagnation and underdevelopment as burdensome, and the upper segments see them as dangerous.”⁸

This article looks at developments in Russia that reveal the perspectives of various stakeholders on progress and change. A foray through the history of ideas serves to better understand the Russian view of modernization and progress. It summarizes the history behind change and reform and shows the framework in which the future alignment of the vast country will occur – in the interplay of opposing social aspirations for and against authoritarianism or freedom at home and isolation or multilateralism in a global world.

The observers from Russia referred to in this article are some of the best in their country. Their empirically based analyses are internationally recognized. This is emphasized because the unique character traits of Russia are not infrequently used as a blanket argument for the fact that “the majority of Russians value the country’s independence and sovereignty and, despite critical views on mismanagement in their own country, meet attempts to impose Western models of development on the country with suspicion.”⁹ At the same time, possible consequences of goals imposed from “the outside” are by no means denied in the following text, but addressed instead.

⁶ Der Spiegel. Kreml-Berater Surkov versetzt auf neuen Posten. Dec. 27, 2011.

⁷ Donath, Klaus-Helge. Das Kreml-Syndikat. Berlin: Rotbuch Verlag, 2009, p. 86; Guseynov, Abdusalam. Democracy for Russia, Russia for Democracy. In: Russian Studies in Philosophy. Vol. 47, No. 4 (Spring 2009), pp. 74-84.

The anthology contains the remarks from a meeting of the Scientific Council of the Institute of Philosophy of the Russian Academy of Sciences, which centered around Surkov’s June 2007 article “Nationalization of the Future. Paragraphs About Sovereign Democracy,” which is likewise published in the anthology. “Paragraphs” refers here to the thematically differing passages, such as “Russians” and “Europe” or “Modesty” and “Greatness.” The entire volume can be accessed on the Internet.

⁸ In full: “It is almost impossible for a researcher to predict at what point the regime will shift from mythological thinking to a pragmatically formulated, strategic vision of the future. However, state repression cannot eliminate the demand for change (...) Sooner or later both those on top and those at the bottom will create the demand for a pragmatically formulated, liberal economic ideology. Historical and political logic suggest that a signal from the top will inevitably meet demand from the bottom at some point.” Kolesnikov, Andrei. Russian Ideology After Crimea. Carnegie Moscow Center, Sept. 2015.

⁹ See Spieler, Alfred. Russlands Modernisierung im Wechsel von Berg- und Talfahrten. Institut für sozial-ökologische Wirtschaftsforschung e.V., March 31, 2021.

II Consequences of “Imitation Poisoning”?

“We are all born originals – why is it so many of us die copies?”¹⁰

The “age of imitation,”¹¹ as Ivan Krastev and Stephen Holmes have dubbed it, began in Russia long before 1989. Imitation, along with the search for one's own identity, has a long tradition in Russia. Looking back therefore helps provide a better understanding of the Russian perspective on progress.

Imitation rarely satisfies, even if it might be good enough to be mistaken for the original. This is all the more true when it is under (self-induced) pressure to be better and more progressive than the original. Pressure plays a role in times of systemic competition, when parts of a society are struggling with their own system, striving for recognition, or struggling with a perceived or actual defeat. That is why the phenomenon of “imitation” took on a special significance after the collapse of the Soviet Union and communism.

At the time, Francis Fukuyama predicted there would be a unipolar era. Different “models of imitation poisoning”¹² nevertheless continue to present challenges today. Krastev and Holmes describe the underlying phenomenon as a “kind of political makeover, implemented not on the orders of the West but under the watchful eyes of the West” – which at the very least aroused “feelings of shame and bitterness,” and sometimes even “fear of cultural extinction.”

One key point distinguishes Russia from Central and Eastern European countries: Because Russians could not perceive communism as foreign domination, they also could not see the post-1989 imitation as a restoration of their own, newly revealed national identity.

Making matters more difficult, the unprecedented upheaval of the 1990s not only reshaped the Russian economy¹³ but also (not for the first time) shook up society.¹⁴

¹⁰ Edward Young, English poet (1683-1765). *Conjectures on Original Composition*. London: Millar and Dodsley, 1759.

¹¹ Krastev, Ivan and Stephen Holmes. *The Light that Failed*. Penguin Books Ltd., 2019.

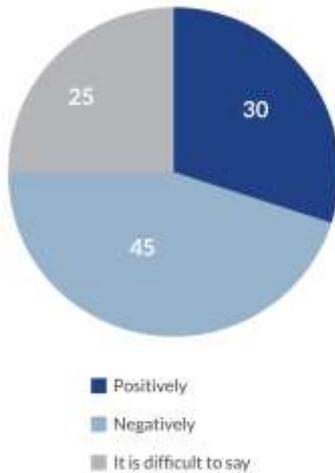
¹² *Ibid.*

¹³ Gaidar, *loc. cit.*

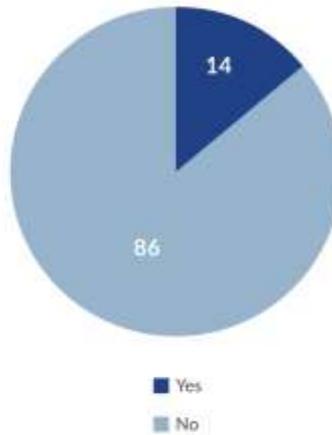
¹⁴ Freeland, Chrystia. *Sale of the Century: Russia's Wild Ride from Communism to Capitalism*. Crown Business, 2000.

View of and Experience with "the West"

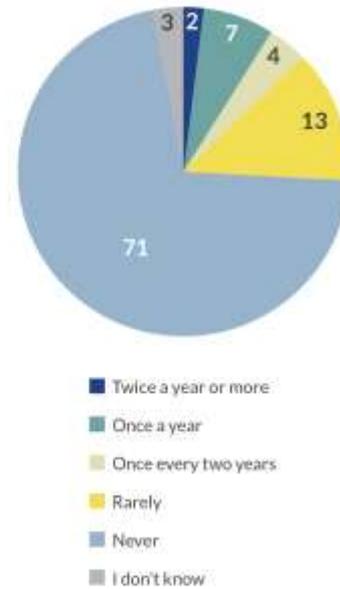
Overall, How Do You Feel about the "Western Lifestyle": Positively or Negatively? In Percent



Are You More or Less Fluent in at Least One Foreign Language?



Do You Vacation Abroad, and, if so, How Often?



Source: Levada Analytical Center (Levada-Center) (16.10.2015): Western Lifestyle. <https://www.levada.ru/en/2015/10/16/western-lifestyle/>.

For many Russians, western lifestyle is still a great unknown. A lack of foreign language skills and mobility contribute to this.

| BertelsmannStiftung

III The Russian Idea – Russia as Antipode to Western Progressive Thinking

"Russia's past is admirable, its present is more than magnificent and as for its future — it is beyond anything that the boldest mind can imagine."¹⁵

In different eras, Russian society found it difficult to develop a national idea and identity for the largest country in the world, which, moreover, consists of diverse parts.¹⁶

In the mid-19th century, the focus was on reconciling a wide spectrum, from the Europeanized upper class just becoming aware of its Russian origins to peasants with a way of life that had remained unchanged for centuries.

A decisive role was played by Count Sergey Uvarov,¹⁷ Minister of Popular Enlightenment under Tsar Nicholas I, who sought Russia's future in isolation from Europe. The state doctrine he drafted,

¹⁵ Count Benckendorff (1781-1844), chief of the tsarist secret police. Quoted from Donath, op. cit., p. 80, which refers to: Heller, Leonid and Michel Niqueux. *Geschichte der Utopie in Russland*. Bietigheim-Bissingen: Edition Tertium, 2003, p. 163.

¹⁶ At a minimum, there is the Slavic, European Russia; the Caucasian Russia between the Black and Caspian Seas; the Urals and Siberian Russia that serves as the gateway to Central Asia; and the Far Eastern Russia, stretching to the Pacific Ocean and bordering Mongolia and China.

¹⁷ Donath, op. cit., p. 79 ff. The journalist and publicist has lived and worked in Russia for decades.

with its three elements – autocracy, orthodoxy, and nationalism – is considered an example of political reactionism and of nationalism in equal measure.

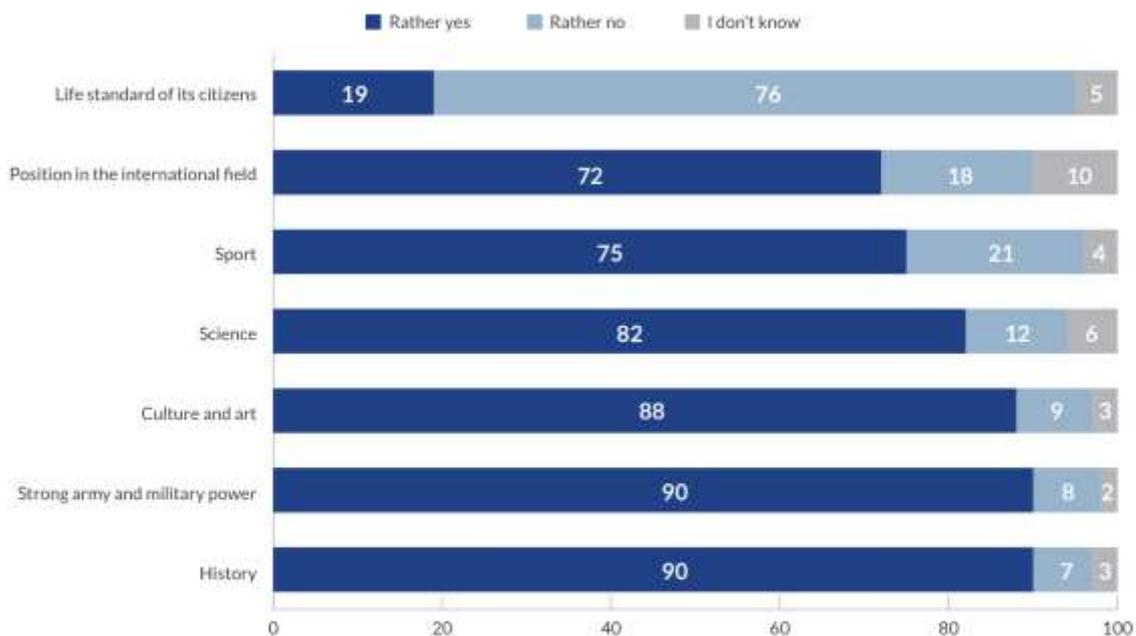
It was formulated in French, however, because for the Russian elite Russian was a foreign language. The reversion of the “Slavophile” Russians to the nativeness of rural life was the “attempt at self-discovery and thus the birth of the Russian Idea.”¹⁸

Deriving a “Russian Idea” from the “independence and uniqueness of Russian culture” is now also the goal of the scientific discipline “culturology,” which has replaced the subject of Marxism-Leninism at Russian schools and universities.¹⁹ It combines Uvarov’s three elements – and adds geopolitics as a fourth. First and foremost, it relies on Russian religious thought instead of the discredited materialism used to reproach the West.

Researchers of Russian cultural studies dedicate special attention to supposedly specifically Russian values like a holistic nature, spirituality and communality. In contrast, “rational, cool, calculating and individualistic traits” are ascribed to the West. With its “irrationality,” Russia represents “an antipode, is harmony-oriented, symphonic, not calculating, acts with emotion, tends to generosity and immoderateness, and prefers to live in the moment. The ‘understanding of progress and modernity’ does not correspond with the Western one.”

Would You Say that You Are Proud of Russia's ...

In Percent



Source: Federal Agency for Civic Education (16.9.2016): Survey: National Identity / Patriotism / World Values Survey, last survey phase 2010-2014 / Law on “Foreign Agents”.
<https://www.bpb.de/internationales/europa/russland/analysen/242792/umfrage-nationale-identitaet-patriotismus-world-values-survey-letzte-erhebungsphase-20102014-gesetz-ueber-auslaendische-agenten>.

Noticeably few respondents are proud of their standard of living.

| BertelsmannStiftung

The parallels to German conservative thinking are remarkable, such as how Thomas Mann anticipates anti-modernism as a “life-obsessed otherness or otherness-seeking” in his

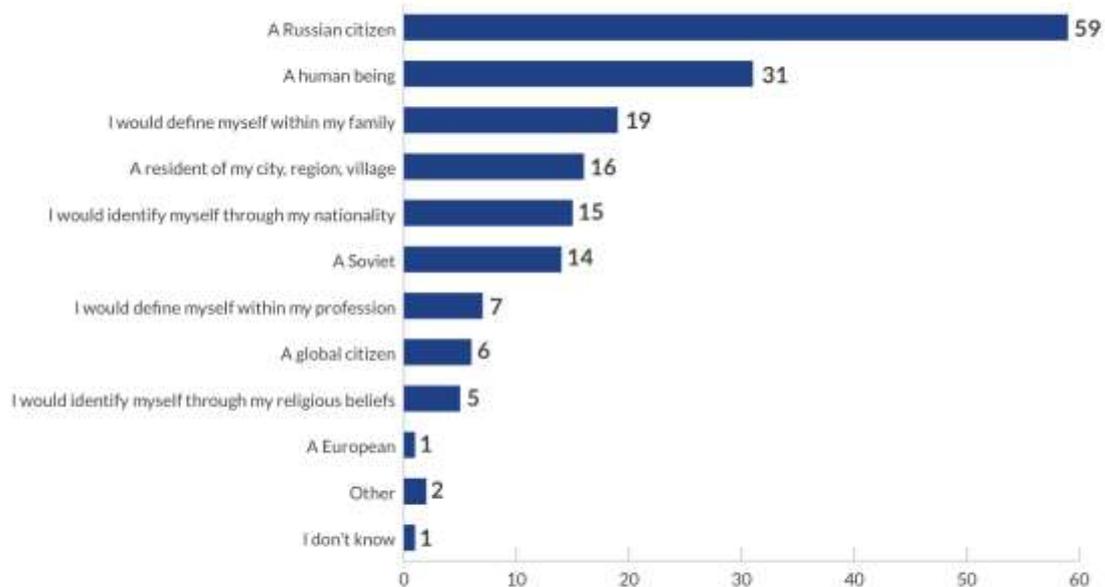
¹⁸ Ibid.

¹⁹ Ibid., p. 81 f., referring to Scherrer, Jutta. Kulturologie: Russland auf der Suche nach einer zivilisatorischen Identität. Wallstein Verlag, 2003.

“Betrachtungen eines Unpolitischen” (Reflections of a Non-political Man). This is what advocates of the Russian Idea invoke today. The influential Kremlin ideologue Vladislav Surkov drew his own conclusions for political practice from this: “striving for uniformity through centralization of power,” “idealization of goals in political struggle” and the “personification of political institutions.”²⁰ For his part, Thomas Mann had distanced himself from his “Betrachtungen” (written from 1916 to 1818) early on by the 1920s.

How Would You Answer the Question "Who am I?"

In Percent



Source: Federal Agency for Civic Education (16.9.2016): Survey: National Identity / Patriotism / World Values Survey, last survey phase 2010-2014 / Law on "Foreign Agents", <https://www.bpb.de/internationales/europa/rusland/analyse/242792/umfrage-nationale-identitaet-patriotismus-world-values-survey-letzte-erhebungsphase-20102014-gesetz-ueber-auslaendische-agenten>.

BertelsmannStiftung

IV The New Conservative State Ideology: Modernization and Geopolitics

“If anything has become different, it is the erosion of stereotypes of communist ideology rather than the emergence of new ideas and views. The corresponding change is nothing more than a partial replacement of the missionary elements of communist ideology with backward-looking great power images and nationalist myths.”²¹

Some see in the new Russian conservatism since 2003 a new version of the orthodoxy/autocracy/nationalism triad formulated in 1833 by “Minister of Education” Uvarov,²² while others assert that the constitutive theme of the new ideology is the “linking of modernization and geopolitics” and believe the timing is no coincidence: In 2003, Russia became debt-free to the IMF,

²⁰ Ibid., p. 87. Translation from the original from Surkov, Vladislav. Русская политическая культура. Взгляд из утопии (Russian Political Culture. The View from Utopia). Lecture at the Russian Academy of Sciences, June 8, 2007.

²¹ Gudkov, Lev. Sozialkapital und Werteorientierung. In: Osteuropa, Vol. 62, No. 6/8 (August 2012), p. 75.

²² See British historian and journalist Lesley Chamberlain.

oil prices rose and Goldman Sachs predicted Russia would become the world's fifth economic power.²³

This development was not based on an open "battle for ideas" but on "a competition with increasingly limited, decentralized resources." The involvement of diverse institutes and platforms had served the purpose of "promoting a 'loyal' civil society."²⁴

The fact that the Western public perceives primarily the catalogue of traditional Russian values that President Putin presented for his third term in office starting in 2012, and the distancing from the "decadent West," obscures the view of the distancing of "sovereign" Russia from the liberal democratic model. The basic theme in the central manifestos²⁵ is the link between modernization and geopolitics. The "Russian doctrine" illustrates this with particular clarity: "A geopolitical repositioning of Russia is considered necessary in order to remove the external modernization blockades caused by neoliberal globalization under US hegemony and the imposed liberal economic model."²⁶

The sociologist Lev Gudkov explains what now makes international politics a suitable instrument for maintaining power:²⁷ Putin's popularity had initially been based on the good economic conditions and the contrast with the "chaotic" 1990s. "Putin's poll ratings, on which the legitimacy of the political regime largely depends, had been slowly but steadily declining since 2008. The idea of 'modernization' propagated by Dmitry Medvedev (interim president from 2008-2012) had been ineffective." The "sharp, defensive conservative propaganda" was only influencing "the upper strata of consciousness" among Russians. No sooner would it recede than the corresponding mindset of the general public would swing back to "a long-standing mediocrity." The "power of propaganda," according to Gudkov, lies "in the fact that people begin to repeat (and often actually believe) what they are being bombarded with by television. But this only works in areas where people's own opinions are weakly formed." Gudkov ultimately includes among these areas international politics, which many people living in Russia also see from the "perspective of 'us versus them.'"

Russian journalist Konstantin von Eggert, who describes himself as conservative, asserts that the "New Conservatism" has only a "superficial reference to values" that is opportunistic and serves only to maintain power.²⁸ He sees no social basis in Russia for true conservatism constituted by "values in the Judeo-Christian tradition of Europe, autonomy of the individual, private property and market economy as well as social responsibility and patronage," because there are "neither

²³ Bluhm, Katharina. Analyse: Zur Genese des neuen russischen Konservatismus. In: Russland-Analysen, Feb. 17, Issue 330, 2017.

²⁴ Ibid.

²⁵ "Memorandum: From the politics of fear to the politics of growth," 2003; "Russian manifesto," 2007; and "Russian doctrine", 2006.

²⁶ Bluhm, loc. cit. Although the fact that conservatism emphasizes religion is not a specifically Russian phenomenon, the conclusions of an "orthodox economic ethic" and the rejection of the Western separation of church and state are notable. The "geopolitical mission of Russia" is ultimately linked to the Orthodox Church, which is the only Russian institution present throughout the post-Soviet space and thus is in a position to help reconsolidate Russia's influence there.

²⁷ Journalist Jens Siegert (former executive director of the Heinrich Böll Foundation and co-head of an EU-funded Public Diplomacy project), who has his permanent residence in Russia, quotes from a lecture given by Lev Gudkov in February 2014 in his Russia Blog. Siegert, Jens. Ist Russland Konservativ? Russland-Blog. Feb. 16, 2017.

²⁸ Quoted from Siegert, loc. cit. Eggert also states in an e-mail to the authors on June 21, 2021: "Christian Orthodox revival, so much trumpeted by the Russian Church and the Kremlin, in reality turned into a near-pagan worship of liturgical formalities, combined with the celebration of Soviet-style imperialism as patriotism. Catechization levels 30 years since the collapse of the USSR are still dismal. Barely 10 percent of Russian Orthodox (if not less) regularly attend church services and partake in communion."

sufficient small and medium-sized enterprises nor an urban middle class worth mentioning, but first and foremost, there is de facto no private property and thus no independence from the state.”

Eggert adds: “Private property rights in Russia are, if not non-existent, then at least conditional on the goodwill of the authorities and subject to arbitrary state interference. All large Russian fortunes totally depend on the Kremlin’s whim – exemplified by but not limited to the case of Mikhail Khodorkovsky’s arrest and imprisonment.”²⁹

V Deliberately Isolated – Geopolitics in Place of Modernization

“The modern model of the Russian state starts with and is based on trust. This is a fundamental difference from the Western model, which cultivates mistrust and criticism. (...) Our new state will have a long and glorious history in the new century. It will not break. It will act in its own way and will receive and hold onto the biggest prizes in the top league of geopolitical struggle.”³⁰

At the center of the “New Conservatism” is the rejection of the “neoliberal economic model” and “liberal competitive democracy.” Both are rejected as “a path to ‘dependent (liberal) capitalism’ (as it emerged in East-Central Europe) and to geopolitical irrelevance.” In this context, the “vehemence of the modernization problem” distinguishes the new Russian conservatives from the so-called “new Eurasians” of the 1990s. With “continued radicalization,” geopolitics has moved into the foreground and internal challenges have receded.³¹

In terms of foreign policy, the similarities between Russia’s “new conservatives” and Western opponents of globalization are interesting. Because the “new conservatives” defy a “left or right” classification, alliances depend on the geopolitical alignment of the partners.³²

The geopolitical component is also underscored by Andrei Yakovlev of the prestigious HSE University.³³ He argues for two decisive points having additionally shaped Russian conservatism from the outside: The global financial crisis of 2008, which exposed the weaknesses of Russian state capitalism,³⁴ and the “Arab Spring,” which occurred at the same time as mass protests against electoral fraud in Moscow. Both, he said, had ultimately turned Russia into a “belligerent” country on the international stage.

Even before the developments of 2013-14 in Ukraine, these events had strengthened the position of the security structures within the power elite and led President Putin to assess that the course of “conservative modernization” alone was insufficient.³⁵

²⁹ E-mail from Konstantin von Eggert to the authors, June 21, 2021.

³⁰ Surkov, Vladislav. Владислав Сурков: Долгое государство Путина (Putin’s Long State; own translation). In: *Nezavisimaya Gazeta*, Feb. 11, 2019. Surkov distinguishes the Russian from the discredited “deep state” such as that in the United States.

³¹ Bluhm, loc. cit.

³² Bluhm points out that while Marine Le Pen gladly allows herself to be supported financially and accepts Russia’s geopolitical ambitions in the process, for the Polish national and social conservatives around Jaroslaw Kaczynski, the ideological similarities were not enough.

³³ Yakovlev, Andrei. Kommentar: Was ist es, das Russland zu verteidigen sucht? In: *Russland-Analysen*, Feb. 17, Issue 330, 2017.

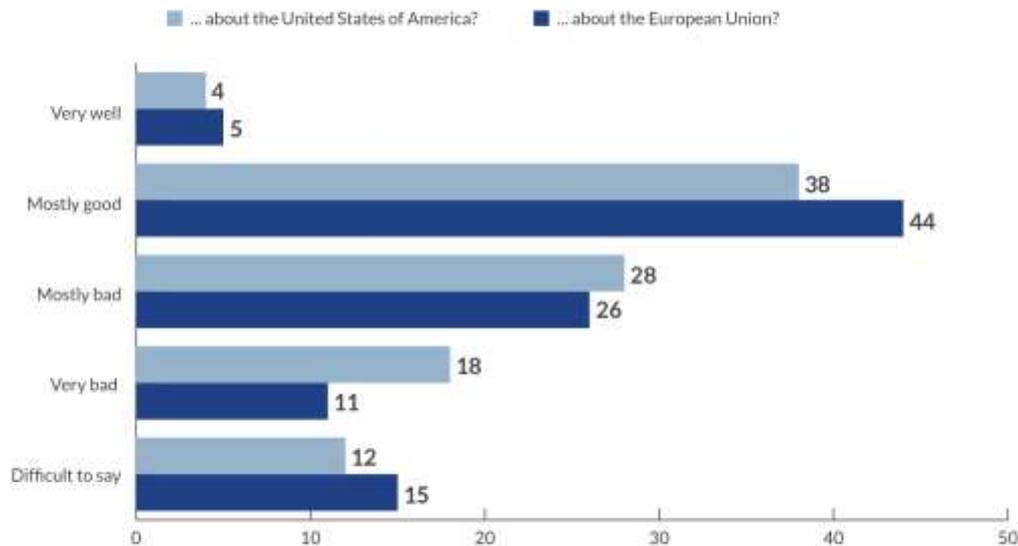
³⁴ Large state corporations and a federally aligned bureaucracy are seen as weaknesses of Russian state capitalism. Both factors proved to be a disadvantage during the global financial crisis of 2008.

³⁵ Yakovlev, loc. cit.

The 2008 modernization partnership between Germany and Russia³⁶ has in any case “achieved only limited results.”³⁷

Overall, How Do You Feel about ... the United States of America? / ... the European Union?

In Percent



Source: Levada Analytical Center (Levada-Center) (18.2.2020): Relations with other countries. <https://www.levada.ru/2020/02/18/otnoshenie-k-stranam-6/>.

Slightly more respondents have a positive attitude towards the EU than the US.

| BertelsmannStiftung

And Yakovlev's questions remain: “What is Russia defending with its militant politics? In the name of what ideas and values is the state calling on elites and society to practice self-restraint and to sacrifice?”³⁸ The answers are important because the isolation that results from militancy is not without consequences.

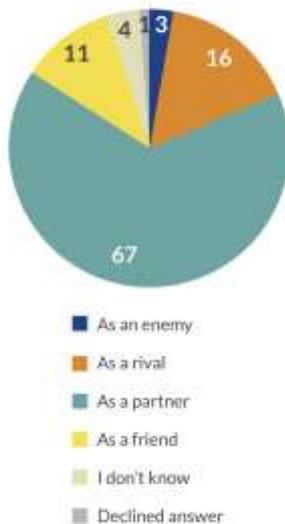
³⁶ Speech given (in German) by German Foreign Minister Frank-Walter Steinmeier at the Institute for International Relations at Ural Federal University in Yekaterinburg; German Federal Foreign Office, 2008.

³⁷ See Meister, Stefan. Entfremdete Partner. In: Osteuropa, Vol. 62, No. 6/8/ (Aug. 2012), pp. 475-484. While Germany had focused on economic and political modernization, Russia had only been interested in technology transfer.

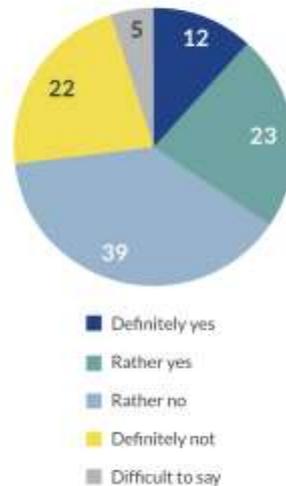
³⁸ Yakovlev, loc. cit.

Relations with Other Countries

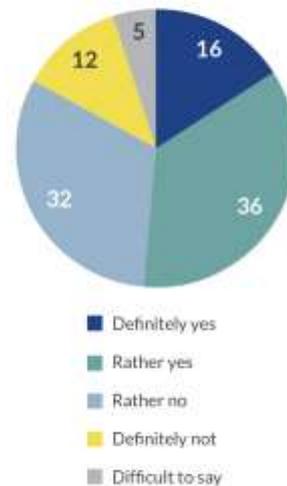
There Are Various Opinions on How Relations between Russia and the West Should Be. What Do You Think, How Should Russia Feel about the West?
In Percent



What Do You Think, Do Western Countries that Have Joined NATO Have Any Reason to Fear Russia?



What Do You Think, Does Russia Have Any Reason to Fear Western Countries that Have Joined NATO?



Source: Levada Analytical Center (Levada-Center) (18.2.2020): Relations with other countries. <https://www.levada.ru/2020/02/18/otnoshenie-k-stranam-6/>

Only a small minority of respondents see the West as an enemy. Nevertheless, more than half of respondents and significantly more than the other way around think that Russia has a reason to fear the West. | BertelsmannStiftung

VI Defensive Economic Model Dominates, “Paper Tiger” Reforms and State-led Investment Spending as Patchwork Fixes

“The main problems lie in Russia itself, and these main problems are the institutional and structural problems that have accumulated up to today.”³⁹

In terms of economic policy, Russia has experienced several U-turns in recent years, with hectic activism on the rise as of late. In the 2000s, stability orientation dominated in light of the 1990s crisis. The cornerstones were a cautious monetary and fiscal policy. To exaggerate, the so-called “Washington Consensus” was followed, i.e. a stability-oriented economic policy as the Western-dominated International Monetary Fund would have possibly recommended (including the establishment of a politically highly independent central bank). Academia, the population and the state leadership supported this orientation. After macroeconomic stabilization successes, economic policy was then shaped by two further impulses. On the one hand, “reform tuning” was pursued, on the other hand, efforts were made to promote internationalization. “Reform tuning” involved focusing on “paper tiger” reforms that made it possible to advance in international benchmarkings (most prominently the World Bank Doing Business Index)⁴⁰. Such fictional

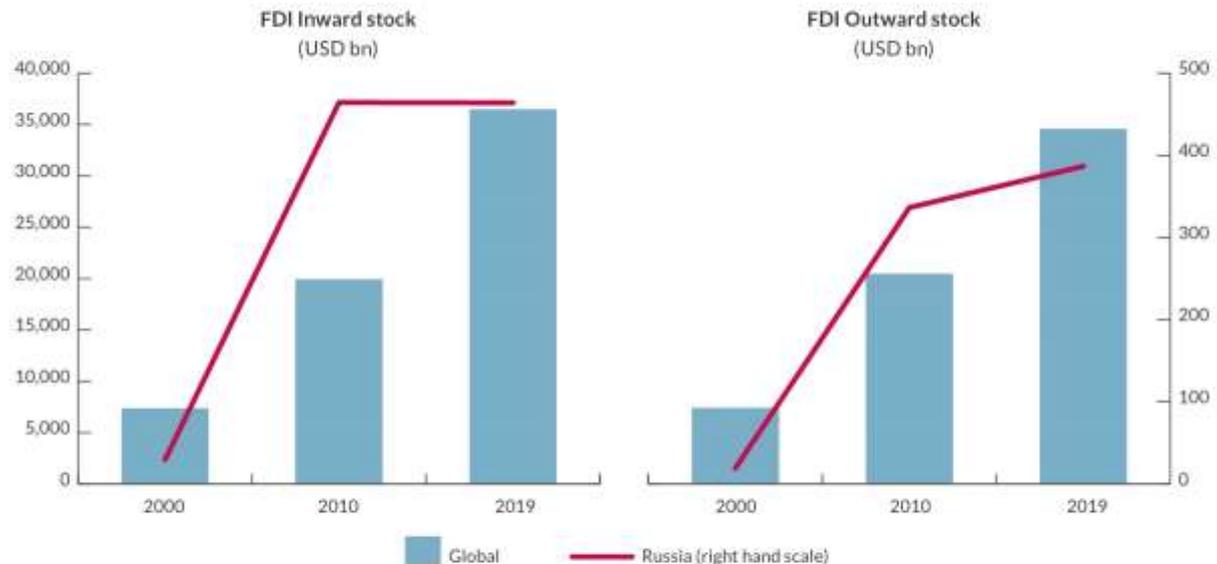
³⁹ Alexej Kudrin, Finance Minister 2000-2011. See Freytag-Loringhoven von, Julius. Modernisierungswille ohne Strukturreformen – russische Regierung im Widerspruch. Friedrich-Naumann-Stiftung für die Freiheit, Jan. 23, 2019.

⁴⁰ Russia was ranked 120th (2011) and 111th (2012) respectively in the annual Ease of Doing Business rankings, then ranked 36th (2015) and 28th (2020), a trend development reflecting so-called “reform tuning,” i.e. policymaking was focussed on changing exactly the laws and regulations of importance for such measurements (without focussing on real changes).

successes also served as a means to attract foreign direct investment (FDI). At the same time, Russian companies made international acquisitions, and direct investments from Russia increased. There was even the ambition of establishing Moscow as an international financial center on the back of macroeconomic stabilization successes and financial market liberalization determinations.⁴¹

Russian In- & Outward FDI vs. Global Trends

(Inward FDI = FDI into Russia, Outward FDI = Outgoing Russian FDI abroad)



Source: UNCTAD, World Investment Reports.

Compared to global trends (including China), Russian-related FDI (outbound or inbound) is stagnating, reflecting inward-looking economic policies and limited foreign interest (incl. Western interest and interest from other Emerging Markets, e.g. China) in engaging in the Russian economy due to limited growth prospects and reputational/sanction risks, while investors being on the ground are consolidating.

| BertelsmannStiftung

In the background, however, the state always secured considerable influence on the economy, especially in strategic sectors. Apart from stabilization and “reform tuning,” there has been no profound microeconomic and institutional transformation since the mid of the 2000s.⁴² At the beginning of the 2010s, the state-centered economic model reached its limits in terms of growth and innovation.⁴³ The “social contract” of more prosperity in exchange for less individual freedom was broken. Since 2013/2014, the state has bought legitimacy through geopolitical “successes” based on increasing military spending. In terms of economic policy, the focus was on securing living standards and geopolitical leeway. Since then a “Fortress Russia” strategy has been pursued in the context of comprehensive Western economic and financial market sanctions, attended by the risk that they could be tightened at any time.⁴⁴ The strategy stands for an ultra-stability-oriented fiscal and monetary policy meant to secure geopolitical leeway, and it represents a defensive, inward-looking economic model in the real economy (e.g. import substitution) and when it comes

⁴¹ Abramow, Dmitry, Stanislav Polezhaev and Mikhail Sherstnev. Moscow as International Financial Center: Ideas, Plans and Perspectives. In: Journal of Eurasian Studies, Vol. 2, Issue 2 (July 2011), pp. 144-152.

⁴² Solanko, Laura. From Reforms to Stagnation – 20 Years of Economic Policies in Putin’s Russia. In: BOFIT Policy Brief No. 1, Jan. 9, 2020.

⁴³ Matthews, Owen. The End of Putinomics. In: Newsweek, Dec. 30, 2012.

⁴⁴ Deuber, Gunter. Fortress Russia Effective in the Corona and Sanctions Environment: Short-Term, More Stagnation and Sanctions Ahead. In: Russian Analytical Digest, No. 268, May 6, 2021, pp. 3-5; and Melka, Johanna. Russia: In a Better Position to Deal with an Oil Price Shock than It Was Five Years Ago. In: Eco Conjoncture No. 3, June 2, 2020.

to international financing (e.g. limited use of the US dollar). In some areas, the strategic goal is autarky, an economic policy objective that often characterizes dictatorships. Tactically, the main aim is to be prepared for any economic shock (incl. oil price shocks) or possible tightening of Western sanctions, especially with regard to potential fresh US sanctions.⁴⁵

At first, successes were recorded, the country was able to stand its ground in a challenging (sanction) environment, and, according to the political narrative, external sanctions were to blame for weak growth. Those in power were able to engage in so-called “stagnation marketing” for a limited period of time.⁴⁶ However, rising social inequality and falling real incomes have increasingly challenged the defensive economic model since 2018/2019. Criticism in the domestic discourse has increased, and calls have been heard – partly populist – for a growth-oriented economic policy, such as an activist monetary and/or fiscal policy – especially as it is becoming apparent that the Western sanctions could remain in place for many years to come.

The multi-layered pressure to mobilize national resources and to find a new “growth and modernization narrative” led to the launch of the “National Projects” in 2018. Substantial sums were announced for large-scale state investment and modernization programs running until 2024. Investment and reform priorities were announced in the areas of demography, health, education, living conditions, ecology, roads, labor productivity, science, digital economy, culture, small business and international cooperation. The military-industrial complex was not directly included, a concession after it received high investments before. From 2018 to 2024, approximately 250-350 billion euros were to be made available for national investment programs. On the surface, the willingness to invest has increased. In 2012, 35-45 billion euros were allocated for the years 2012-2018 with a similar target. Calculated on a year-by-year basis, the amount of investment should increase from 0.2-0.4 percent of GDP (2012-2018) to about 3 percent (2018-2024). Arithmetically, this implies investments of 4-6 percent of GDP. In the light of practical experience in Russia or its “oligarch economy,” which is also being used by the political system, it can be expected that only 40-50 percent of the funds will arrive in the real economy. In view of empirical experience with state infrastructure and investment initiatives, this could generate growth effects of 0.4-0.8 percent, which would allow for a maximum GDP growth of just over 2 percent.⁴⁷ However, since modernization goals have been linked to staying in power from the beginning, the target date of 2024 speaks volumes.

At the beginning, there were signs of euphoria – including among domestic market observers – in light of this new economic policy orientation, especially since excessive (foreign exchange) reserve accumulation is inefficient. The accompanying (safe) financial investments bring neither financial gains nor real economic impulses. However, in terms of their implementation and growth-promoting effects, the successes of the National Projects were modest in 2019 and until the beginning of 2020 and the Corona crisis.⁴⁸ It became clear that buzzwords were being thrown around without any far-reaching and deeper implementation and reform planning underneath. Although the cornerstones of the National Projects well reflect Russia’s domestic challenges, observers view the government’s

⁴⁵ Melka, Johanna, loc. cit.

⁴⁶ Deuber, Gunter, Andreas Schwabe. Zwei Jahre Wirtschaftskrise: Zögerliche Erholung, alte Rezepte und „Stagnationsmarketing“. In: Russland-Analysen, Issue 325, Nov. 18, 2016.

⁴⁷ Deuber, Gunter. „Weiter so“ in Russlands Wirtschaft – bei anschwellenden US-Sanktionsrisiken. In: Russland-Analysen, Issue 359, Sept. 21, 2018.

⁴⁸ Aris, Ben. The Russian Economy Is Stagnating. In: Moscow Times, May 27, 2019.

implementation plans (presented at the start of 2019) to be contradictory because they call for “both more freedom and more planning of the economy.”⁴⁹

In this respect, the Corona crisis was used opportunistically to prioritize the fight against the crisis in terms of economic policy and to stretch out the timetable of the National Projects or to make modernization less ambitious. The target date of 2024 became 2030, and in addition to the focus on macroeconomic impulses, some microeconomic liberalizations were also introduced. Moreover, investments are to be financed to a greater degree through reserves, such as the National Wealth Fund. For the first time, a clear ramping up of government spending in a crisis was discernible; a pure austerity and stabilization policy was apparently no longer enforceable. At the same time, however, the government is trying to avoid a complete escalation of sanctions, which would imply an even more adverse economic scenario.

All in all, the economic policy of recent years makes a hectic and eclectic impression. There is an obsessive attempt to produce state-induced impulses for growth and modernization, which evaporate given the rigidities of institutional conditions; comprehensive internationalization is no longer a goal. Structural reforms in sensitive areas, such as an overhaul of the judicial system or a comprehensive fight against corruption, are not discernible.

Russia’s leadership did not learn from the recent past,⁵⁰ but instead continues to focus even after 2008 on modernization through centralization, and with limited private sector investment.⁵¹ Using the example of the civil aviation sector, economist Nicole Krome shows why consolidating entire industries into “state corporations” is doomed to failure:⁵² “Catalysts for modernization (...) are stifled, technological innovation and an increase in value creation do not take place.” In addition, personal networks skim off pensions in state contracts, state supervisory authorities are deactivated, and modernization projects are not implemented. Work processes suffer from high bureaucratization, increasing de-economizing and politicization as well as contradictory political requirements. As a result, losses and debts grew – despite millions (in US dollars) in government financial aid.⁵³ In general, the proximity of an industry to political interests co-determines its development. Examples include not only the armaments sector but also IT.⁵⁴ At the same time, distance from the state also offers no guarantee of undisturbed activity.⁵⁵

Superficially, the top priority is to transform the economy through National Projects or the development plan for 2030, to bring back prosperity gains reminiscent of 2011 and to limit rising social discontent; but this only under the restrictions of the “Fortress Russia” strategy. Ultimately, this calculus dominates economic policymaking, while comprehensive institutional economic reforms are not congruent with the increasingly radical-repressive orientation in other areas of life

⁴⁹ Freytag-Loringhoven, loc. cit.

⁵⁰ Large state corporations and a federally aligned bureaucracy were a disadvantage during the global financial crisis in 2008.

⁵¹ Weafer, Christopher. Russia’s Economy: Outlook. In: Russian Analytical Digest, No. 268, May 6, 2021, pp. 11-12.

⁵² Krome, Nicole. Modernisierung durch Staatslenkung? Russlands High-Tech-Industrie in der Sackgasse (Modernization Through State Control? Russia’s High-tech Industry Reaches a Dead End). In: Osteuropa, Vol. 70, No. 1/2 (2020), pp. 85-120.

⁵³ Krome, op. cit., pp. 116, 120.

⁵⁴ Epifanova, Alena. Zukunftstechnologien ohne Zukunft? Russlands Gesetzgebung und Importsubstitution im IT-Bereich. In: Russland-Analysen, Issue 388, June 15, 2020.

⁵⁵ Higgins, Andrew. Russia Wants Innovation, but It’s Arresting Its Innovators. In: New York Times, Aug. 9, 2017; Soric, Miodrag. Russia’s Problems with Innovation. In: DW, Nov. 9, 2018.

Long-term Economic Growth Perspectives



Source: Rosstat, International Monetary Fund (Developed Markets and Emerging Markets), Forecasts Russian GDP growth 2021-2025 (if) FocusEconomics (Consensus), incl. maximum and minimum projected growth rates for 2021 and 2022.

In the perspective of long-term economic growth (measured as Real GDP growth) in Russia, all signs point to stagnation or no catch-up growth compared to leading global economies or in relation to other emerging economies.

| BertelsmannStiftung

All in all, the growth prospects for Russia's economy are limited, despite certain economic policy growth impulses.⁵⁶ It is therefore very unlikely that the political system will be able to (re)achieve some legitimacy through economic progress in the foreseeable future. Given the limited possibilities of achieving GDP growth rates of more than 1.5-2.0 percent on a sustained basis (following a one-off rebound recovery in 2021/2022), the economic and political risk of prolonged stagnation and further sanctions thus increases.⁵⁷ At least liberal-oriented actors are trying to maintain a minimum of international embeddedness in the economic sphere (e.g. the Ministry of Finance continues to be present on international markets with external bond issuance in euros or as indicated by the bumper IPO of Ozon in 2020 on the US tech stock exchange NASDAQ).⁵⁸

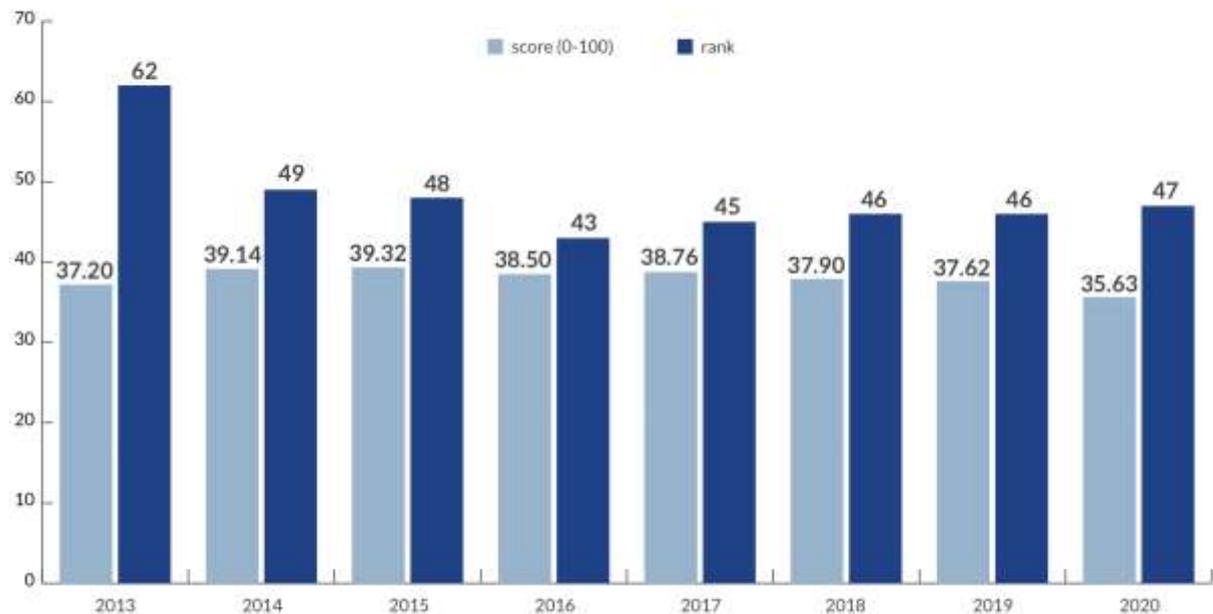
⁵⁶ Korhonen, Iikka. Russia's Growth Potential Post-COVID-19. In: BOFIT Policy Brief 2021, No. 9 (July 2021).

⁵⁷ Astrov, Vasily. RUSSIA: Self-inflicted Stagnation. In: Braced for Fallout from Global Slowdown, Vienna Institute for International Economics (wiiw) Forecast Report, November 2019, pp. 105-109.

⁵⁸ Deuber, Gunter. Five Years of Financial Market and Banking Sector Sanctions – A "New Equilibrium" Locally and Internationally. In: Russian Analytical Digest, No. 236, June 6, 2019, pp. 2-8.

Assessment of Innovative Capacity by the Global Innovation Index from 2013 to 2020

GII (0 = none to 100 = highest possible capacity of innovation / ranking among 129 states)



Source: Statista Research Department (4.9.2021). Russia's assessment according to the Global Innovation Index (GII) until 2020. <https://de.statista.com/statistik/daten/studie/1103182/umfrage/bewertung-russland-nach-dem-global-innovation-index/>.

While Russia improved its position in the Global Innovation Index in the 2000s, it has now been stagnating at rank 45 for several years.

| BertelsmannStiftung

VII The Social Divisions – Fresh Start or Regression?

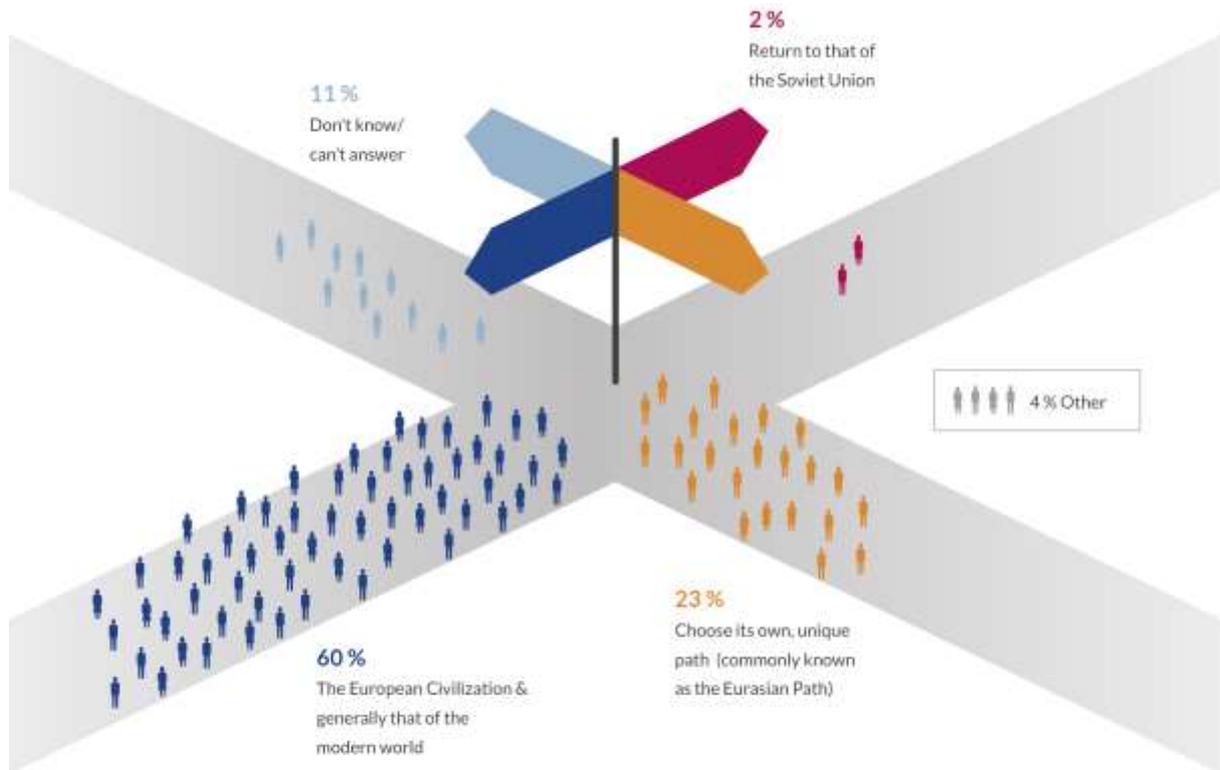
“The most dramatic events will occur (...) not in Moscow or in comparable urban milieus but in the anti-modernist milieu. This is where the intensifying social conflicts will play out. It remains to be seen whether these social conflicts will be regulated by individual adaptation, new structures in business and civil society, or by the spread of criminal practices like corruption and mafia-style methods.”⁵⁹

Factors that decide the starting point for the change described in the introduction and recalled by Andrei Kolesnikov include whether Russia’s “citizenry” want progress and modernization along Western lines.

During the protests in Moscow in 2011-2012, it became clear that urbanites are demanding political participation. But the social currents vary; Russia is a highly heterogeneous socio-economic space.

⁵⁹ Lev Gudkov, director of the Levada Center. See Gudkov, Lev. Sozialkapital und Werteorientierung. In: Osteuropa, Vol. 62, No. 6/8 (Aug. 2012), p. 83.

Which Historic Direction Should Russia Choose? General Attitudes towards Russian Politics



Source: Atlantic Council Eurasia Center (2019). The Putin Exodus: The New Russian Brain-Drain. <https://www.atlanticcouncil.org/wp-content/uploads/2019/09/The-Putin-Exodus.pdf>.

The clear majority among respondents living abroad for the direction "European Civilization and generally that of the modern world" is not surprising.

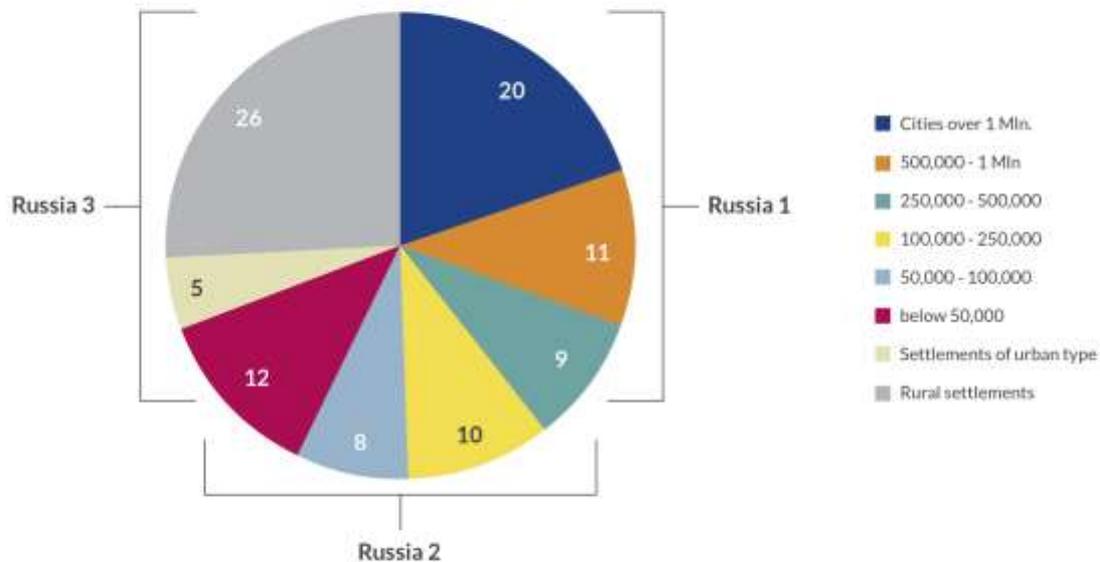
BertelsmannStiftung

Economic geographer Natalya Zubarevich classifies people living in Russia into types by residential area: Russia 1: urban Russia, including people living in megacities and cities with more than 500,000 inhabitants; Russia 2: industrial Russia, including people living in medium-sized industrial cities; and Russia 3: peripheral Russia, which includes people living in villages and small towns.⁶⁰

⁶⁰ Zubarevich, Natalia. Russlands Parallelwelten. Dynamische Zentren, stagnierende Peripherie. In: Osteuropa, Vol. 62, No. 6/8 (Aug. 2012), pp. 263-278. The data in her text are from 2011 and refer to the last census, which was conducted in Russia in 2010. There has not been a census since then.

Population Distribution in Russia by Settlement Type in 2010

In Percent



Source: Osteuropa (6-8/2012): Open Your Eye. Awakening and Regression in Russia, p. 264.

BertelsmannStiftung

Sociologist Gudkov divides Russia into modern, pre-modern and anti-modernist.⁶¹

People living in Moscow, St. Petersburg and the other cities with millions of inhabitants have a significantly higher-than-average standard of living, have better education and qualifications, are capable, self-reliant and mobile. As in Western Europe, there is an individualization and pluralization of lifestyles. And even in the megacities, “classes of people live with an almost archaic, traditionalist culture and a corresponding behavior.”⁶²

Life in the pre-modern Russia of the rural areas is defined by apathy, decline and the sheer struggle for existence.

Finally, the anti-modernist Russia of the small and industrial cities is characterized to this day by Soviet industrialization, by technological backwardness and stagnation. “This Russia is like a depot where the ideas of the bygone era are warehoused. The education and professional qualifications of the citizens, their standard of living and mobility are low, but frustration and resentment are high. This class of anti-modernist Soviet citizens is joined by opponents of modernization of other stripes: Russian nationalists and Orthodox fundamentalists. They all form the social basis for Putin’s rule, which appeared to guarantee stability thanks to high revenues from the sale of raw materials as well as ‘managed democracy.’”⁶³

How future-oriented Russia will actually become – and who will help shape the foundation for modernization or traditional anti-modernity – depends on how these groups develop: “Simulating

⁶¹ Gudkov, Lev, op. cit., pp. 55-83, explanation of his typology on p. 60.

⁶² Gudkov, Lev, op. cit., pp. 59 f.

⁶³ Gerhardt, Wolfgang, Manfred Sapper and Volker Weichsel. Spaltungen. In: Osteuropa, Vol. 62, No. 6/8 (Aug. 2012), pp. 7-8.

modernization is not enough. Whether and how the divide between anti-modernist Russia and modernist Russia is overcome will be crucial to determining the country's future."⁶⁴

Digitization also plays a prominent role and contributes to the transformation of society as well as to its division.⁶⁵ The current leadership's challenge will be to continue to "freeze society" without undermining the leadership's own capabilities.

VIII Influence Beyond Its Own Borders – Onward into the Past

"It is necessary to understand Putin's system of power and (...) the totality of ideas and dimensions of Putinism as an ideology of the future. Precisely and especially for the future (...). [The ideologization of Putinism] should be done for all who are not Putin and want to be like him. For the possibility of adopting his methods and approaches in future times (...) since the made-in-Russia political system is suitable not only for the future of the homeland but clearly has considerable export potential – the demand for it (...) already exists (...), it is already being imitated by both the rulers and opposition groups of many countries."⁶⁶

Stagnation also characterizes the de facto states that are supported by Moscow but unrecognized internationally, such as Transnistria in the Republic of Moldova or South Ossetia in Georgia, which are located within the territories of sovereign countries that (in part re-) emerged following the collapse of the Soviet Union. Backwardness – and dependence on patriarchal de facto government structures – is intentional.⁶⁷

In its "near abroad,"⁶⁸ Russia is pursuing a policy that long-time observers classify as "promoting 'managed instability.'"⁶⁹

In more distant countries, Russia foments conflict instead of contributing to its resolution.⁷⁰ The 2009 prediction of Parag Khanna regarding Russia's minimal importance in external political affairs⁷¹ underestimated Russia's potential for disruption or overestimated the EU's potential to act. Since then, Moscow has (again) been a factor in important international negotiations and it would improve their results if Europe and the United States or transatlantic cooperation succeeded in involving Moscow constructively in conflict solutions.

⁶⁴ Ibid., p. 8.

⁶⁵ Treisman, Daniel. *The New Autocracy: Information Politics and Policy in Putin's Russia*. Washington, DC: Brookings Institution Press, 2018, pp. 1-28.

⁶⁶ Surkov, Vladislav. Владислав Сурков: Долгое государство Путина (Putin's Long State; own translation). In: *Nezavisimaya Gazeta*, Feb. 11, 2019.

⁶⁷ The same applies to the "people's republics" of Donetsk and Luhansk in Ukrainian state territory.

⁶⁸ Term invented for the post-Soviet space, where the formula "sovereign but not independent" applies and where Russia asserts its "vital interests." See Inozemtsev, Vladislav. Wenn alte Reiche kollidieren. In: *Internationale Politik*, No. 2, 2021, pp. 77-82, p. 78.

⁶⁹ Ibid., p. 79. Uwe Halbach, SWP, talks about "controllable instability."

⁷⁰ Bertelsmann Stiftung (ed.). *Antagonismen in der Nachbarschaft der Europäischen Union #2: Strategische Ohnmacht in Syrien überwinden - wie die EU Flagge zeigen und den Interessen der Regionalmächte begegnen kann*. Gütersloh: Bertelsmann Stiftung, 2019.

⁷¹ Khanna, Parag. *Der Kampf um die Zweite Welt. Imperien und Einfluss in der neuen Weltordnung*. Berlin: Berlin Verlag, 2009, p. 49. Khanna wrote at the time: "Russia's foreign policy position is a pale reflection of times past: If the country were not at the table for important international negotiations like the Arab-Israeli conflict and the North Korean and Iranian nuclear programs, the outcome would be the same, because the United States, Europe, and China are much more influential as international conflict mediators."

The hope that Russia would pursue an intelligent development policy – a promising “concept for participating (...) in supporting international development” has been in place since 2007 – has not yet been fulfilled.⁷²

On the contrary, geostrategic considerations generally dominate Russian foreign policy – above and beyond the normal level of state interest policy.⁷³

IX New System Competition? A Battle for Innovation Autonomy with New Tools

“Everyone wants to be first.”⁷⁴

The Sputnik euphoria surrounding the first space flight of the Soviet satellite lies in the distant past. But it's no coincidence, of course, that the Russian COVID vaccine – touted by the Russians as the “greatest vaccine in the world” – is named Sputnik V.⁷⁵ “Beating the West”⁷⁶ plays a major role, after all.

Moreover, instead of using the pandemic, which endangers everyone in equal measure, for an alliance and win-win situation, Sputnik V is at the center of new Russian disinformation strategies of unanticipated scale.⁷⁷ As a Special Report by the European External Action Service states:

The so-called “vaccine diplomacy” follows a zero-sum game logic and is combined with disinformation and manipulation efforts to undermine trust in Western-made vaccines, EU institutions and Western/European vaccination strategies.

[T]he Russian campaign to promote the Sputnik V vaccine has accelerated and developed into a “whole-of-government” approach including state authorities, state companies and state mass media in almost daily interventions. Russian officials not only promote the Sputnik V vaccine but also engage in antagonistic messaging, using disinformation to accuse the West and the EU of sabotaging the Russian vaccine.

[P]ro-Kremlin media outlets (...) have sought to undermine public trust in the European Medicines Agency and cast doubt on its procedures and political impartiality. By sowing distrust in the European Medicines Agency, pro-Kremlin disinformation actors aim to undermine and fragment the common European approach of securing vaccine supplies.⁷⁸

These forces are poorly deployed not only from a Western perspective. Vaccination rates in Russia remain low, precisely because the general public does not trust the state. In June 2021, Moscow reported a peak in new infections.⁷⁹

⁷² Bakalova, Evgenija and Hans-Joachim Spanger. Mühsame Rückkehr. Russlands Engagement in der Entwicklungspolitik. In: Osteuropa, Vol. 62, No. 6/8 (Aug. 2012), pp. 459-474.

⁷³ Bertelsmann Stiftung (ed.). Antagonismen in der Nachbarschaft der Europäischen Union #3: Geopolitische Ambitionen in der Schwarzmeer-/Kaspischen Region. Gütersloh: Bertelsmann Stiftung, 2020.

⁷⁴ Konstantin Chumakov, virologist. See Yaffa, Joshua. The Sputnik V Vaccine and Russia's Race to Immunity. In: The New Yorker, Feb. 1, 2021.

⁷⁵ Bota, Alice, Martin Machowecz and Michael Thumann. Sputnik V: Der großartigste Impfstoff der Welt. In: Die Zeit, No. 19/2021, May 5, 2021.

⁷⁶ Yaffa, loc. cit.

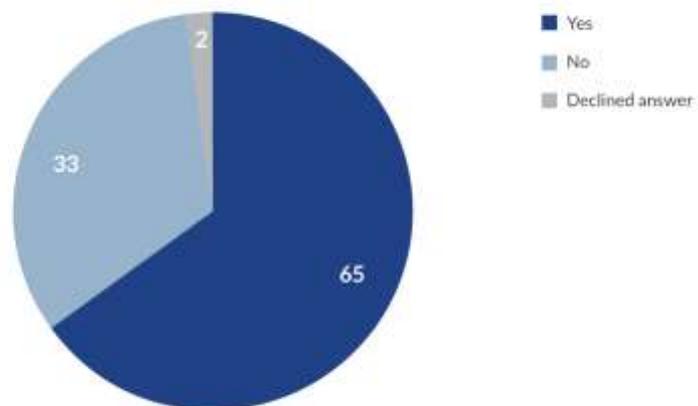
⁷⁷ European External Action Service. EEAS Special Report Update: Short Assessment of Narratives and Disinformation Around the COVID-19 Pandemic (Update December 2020 – April 2021). EU vs Disinformation. April 28, 2021.

⁷⁸ Ibid. The report includes source citations that support the quoted statements.

⁷⁹ Bilger, Oliver. Drogen: Delta-Variante jetzt ernst nehmen. In: Der Tagesspiegel, June 20, 2021, p. 1.

Overall, Do You or Don't You Approve of Vladimir Putin's Actions as President of Russia (April 2021)?

In Percent



Source: Levada Analytical Center (Levada-Center) (27.5.2021): Confidence in politicians, approval of institutions and state of affairs in the country. <https://www.levada.ru/2021/05/27/doverie-politikam-odobrenie-institutov-i-polozhenie-del-v-strane-2/>.

The president's poll numbers rebounded after the second wave of the pandemic in the fall/winter of 2020/21. This is also due to the official narrative of victory over the pandemic and the rejection of far-reaching Covid-restrictions.

| BertelsmannStiftung

Serious economic losses in Russia from the spread of the virus are to be expected.⁸⁰ Given that Russian science has developed a good vaccine, this development should actually not be without alternatives.

X Paths to Escape the Modernization Illusion

“God forbid that we should fall into blindly worshipping all that is Russian merely because it is Russian: God save us from parochial and, to be honest, fruitless attacks against the West (...) The surest sign of strength is to know your own weaknesses and shortcomings.”⁸¹

Even Timothy Snyder, a Russia critic who teaches Eastern European history at Yale University, suspects: “Russia will eventually reconsider its irrational acts. It makes no sense to wage covert war against the United States and Europe when Russia’s real problem is China. Most Russians know this. They are using the conflict with the West as a distraction.”⁸²

Joschka Fischer thinks similarly: The “impending junior partnership under China” is likely to be problematic for the Russian self-image in the long term, the former German Foreign Minister said. Fischer sees Moscow’s final alignment as “not yet decided,” however. And precisely therein lies Europe’s “opportunity to keep the door open for a Western alignment [of Russia] with diplomacy that is patient while also being principled.”⁸³

Inozemtsev cites three reasons there have so far been “**no** signs [emphasis added by authors] of escalating geopolitical rivalry” between Russia and China: First, China has never engaged in

⁸⁰ Deuber, Gunter. Zwei Wirtschaftskrisen zugleich – auch für Russland eine zu viel. In: Russland-Analysen, Issue 386, Apr. 27, 2020.

⁸¹ Iwan Turgenjew (1818-1883). See Heer, Friedrich. Europa – Mutter der Revolutionen. Leinen: W. Kohlhammer Verlag, 1964, p. 759.

⁸² Knipper, Til, Christoph von Marschall and Anna Sauerbrey. Moskau hat den Präsidenten der USA ausgewählt. Interview with historian Timothy Snyder. In: Der Tagesspiegel, Oct. 28, 2018, p. 3.

⁸³ Fischer, Joschka. Willkommen im 21. Jahrhundert: Europas Aufbruch und die deutsche Verantwortung. Cologne: Kiepenheuer und Witsch, 2020, p. 158.

lengthy wars with the Russian Empire and has never been in direct geopolitical competition with Moscow. Second, Russia's conquest of Central Asia never led to a real colonial presence in the region. And third, China shares a long border with Russia and is therefore seen primarily as a neighbor rather than a competitor for "intermediate states."⁸⁴

Indeed, Russia and China are cooperating in areas of future importance: in research, such as on space missions,⁸⁵ as well as in the area of technology in general.⁸⁶

In any case, it is unlikely that Russia will be able to solve its problems demographically,⁸⁷ economically and technologically – that is, in all the sectors of special importance in the 21st century if the aim is to achieve world power status – on its own, irrespective of all political aspirations or statements about "sovereignty."

From a Western perspective, there is the question of an approach to modernization based on interdependence that could benefit both sides and actually lead to improvements.

The more concrete the initiatives and conditions in and on which Russia and Europe could cooperate, including within the framework of multilateral organizations, the more successful the collaboration within the framework of the described challenges would be.

One possibility could be "combating climate change" with a joint innovation strategy. Pro-Russia political consultant Alexander Rahr argues that environmental and climate policy is the "new détente policy" for the 21st century.⁸⁸

The need for an environmental and climate policy exists in Russia, in any case. Energy loss, for example, is a systemic problem, and some see energy efficiency as a "litmus test for modernization."⁸⁹

And the more social pressure Russia's governing leaders face, the more climate policy could offer an attractive area for cooperation with the West, even from the perspective of elites.

⁸⁴ Inozemtsev, Vladislav, op. cit., p. 82.

⁸⁵ Kramer, Andrew E. and Steven Lee Myers. Russia, Once a Space Superpower, Turns to China for Missions. In: New York Times, June 15, 2021.

⁸⁶ Bertelsmann Stiftung/MERICS/DGO. Panel: Outlook: Sino-Russian collaboration in the area of finance and technology. Annual DGO Conference – Interdependencies and Dependencies: China – Eastern Europe – European Union, March 28, 2021.

⁸⁷ Adler, Sabine. Arbeitsmigranten in Russland – Dringend gebraucht, nicht willkommen. In: Deutschlandfunk, June 13, 2021.

⁸⁸ Rahr, Alexander. Ökologie eint EU und Russland. In: Russlandkontrovers, Sept. 23, 2019.

⁸⁹ Mahler, Christian and Gianguido Piani. Energieeffizienz in Russland. Lackmusstest der Modernisierung. In: Osteuropa, Vol. 62, No. 6/8 (Aug. 2012), pp. 363-369. Gas lost in the building sector due to heat losses is equivalent to the total annual gas consumption in Germany (as of 2012).

Assessment of the Current State of Affairs in Your Country



Source: Levada Analytical Center (Levada-Center) (27.5.2021): Confidence in politicians, approval of institutions and state of affairs, in the country. <https://www.levada.ru/2021/05/27/doverie-politikam-odobrenie-institutov-i-polozhenie-del-v-strane-2/>.

Opposing views in Russian society.

| BertelsmannStiftung

XI Internal Change?

“Life in Russia rocks.”⁹⁰

Pollster Gudkov wrote in 2012 that radical changes were unlikely in Russia in the foreseeable future: “Neither revolutionary change nor a split among the elites. Neither the seizure of power by a faction of power nor the launch of radical democratic reforms. The forces capable of offering society a new form of organization have not yet emerged in society.”⁹¹

It is not possible to say whether the people inspired by Alexei Nawalny could be these new forces. The fact that protests erupted again after 2011/12 is in any case largely due to his Foundation for Fighting Corruption, as well as to the fact that activists and political candidates are also present in the Russian regions.

Currently, the intensified repressions ensure that these regional forms of organization will at best face difficulty in their efforts to consolidate – i.e. at considerable personal risk and the threat of bureaucratic obstacles possibly including criminalization.⁹²

Margolina⁹³ had already concluded that Russia is too big for a centralized approach, referring to the “necessity of federalization, the creation of strong local self-governments capable of action.” She thus dismisses both the theses of Kremlin ideologue Surkov and the practices of President Putin, who from the beginning of his presidencies has weakened local self-government in his own country.

Yury Saprykin, who originally came from lifestyle journalism, also views subsidiarity, not the central power vertical, as the future. In his personal attempt to formulate a national idea, he refers to what

⁹⁰ Yuri Dud, YouTube star. See Saprykin. Jury. Decoder: Die gesellschaftliche Wandlung nach 20 Jahren Putin. In: Russland-Analysen, No. 380, Jan. 28, 2020.

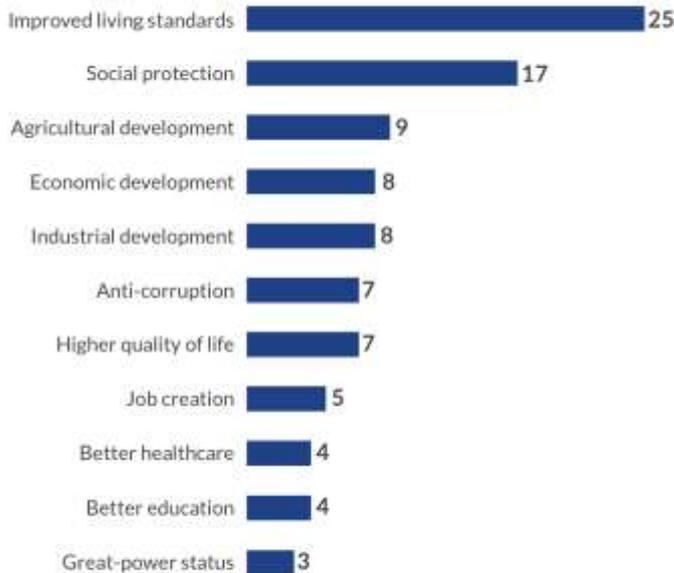
⁹¹ Gudkov, Lev, op. cit., p. 83.

⁹² Regarding the intervention of the Russian judiciary on June 6, 2021, see, for example, Isachenkov, Vladimir. Russian Court Outlaws Opposition Leader Navalny’s Groups. In: AP News, June 10, 2021.

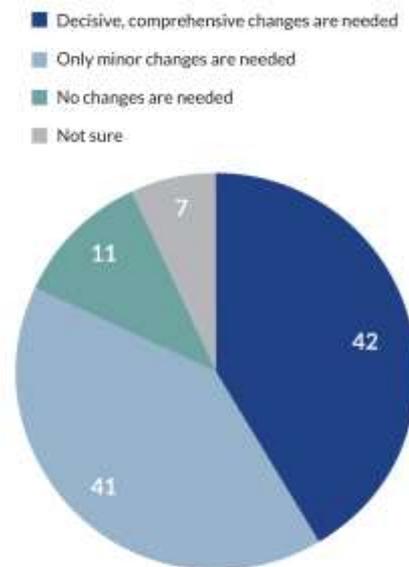
⁹³ Margolina, op. cit., p. 4.

are now numerous “forms of patriotism and national identity that are emerging today from below, independent of the state, and that could unify society in the future.”⁹⁴

Russian Views on the Objectives of National Change
In Percent



Russian Views on the Need for Change
In Percent



Source: Levada-Center for Carnegie Moscow Center (2018): The perils of change: Russians' mixed attitudes toward reform. https://carnegieendowment.org/files/VolkovKolesnikov_RussianReform_article.pdf.

Whatever results economic and industrial development may have had, the majority of respondents do not feel satisfied.

| BertelsmannStiftung

This “local patriotism” is spreading on the Internet and among scene artists, at least outside the propaganda bubble of State Television. This involves “a sense of belonging not to a state abstraction, but to a concrete place that must be treated with care, respect, and attention.” Indicators include the “strengthening of local history and the reassessment of regional historical heritage” as well as “booming domestic tourism” and “the trend toward farming and regional products.”⁹⁵

This also includes “the gradually acquired ability to cooperate, to take communal, socially relevant action, to join forces with neighbors, work colleagues and like-minded people for a common goal.”⁹⁶

And finally, “the new way of dealing with the tragedies of the past, a new kind of memory culture in which war heroes are not the only ones worthy of collective remembrance and honor but also the victims of a criminal regime, or ordinary citizens who had to pay for leaders’ incompetence with their lives. There is, not least, the overcoming of the national inferiority complex (...) to a sober, serene feeling that ‘Russians are okay’ and that life in Russia ‘rocks,’ despite it all.”⁹⁷

⁹⁴ Saprykin, loc. cit.

⁹⁵ Ibid.

⁹⁶ Ibid.

⁹⁷ Ibid. “Russians are okay” refers to a video project by Yelizaveta Ossetinskaya.

Russian elites, with their traditional strategies of anti-modernist isolation and power verticals that impact the economy and society, are not on the path to the future from a pan-Russian perspective.

Russians like Dud or Saprykin recall the recommendation of Stefan Meister from 2012 that Germany's Russia policy should be more strongly focused on civil society.⁹⁸ Another observer states it even more bluntly: "The failure of the modernization partnership [between Germany/the EU and Russia in 2008] underscores (...) that social freedom is a basic prerequisite for economic creativity and progress – and not the other way around."⁹⁹ Whether this applies without restriction is debatable, however, especially in view of China as an "authoritarian and modern" system serving as an alternative to the West.

At any rate, in light of the massive repression, supporting civil society cannot be the only line of action for German policy. Because of its long-standing relations, Germany is especially capable of helping Russia break the vicious circle, i.e. to work through its own weaknesses instead of accusing others of wanting to "keep Russia down" – so it can expand military power as a supposed countermove.¹⁰⁰ That the weaknesses are due to Russian leaders' own decisions – particularly the lack of resolve to shift to a path of reform – is being openly admitted even by some members of the Moscow elite.¹⁰¹

Russia's multilateral integration – along with firm demands that Russia's behavior conform with international rules – is ultimately a task that concerns Europe as a whole in light of the dilemma that some people (in Russia) consider democracy and modernization incompatible.¹⁰²

In the words of Yuri Dud: "Liberation is accomplished through knowledge of the past and respect – for oneself and for others. This is the only way we can make our country fit for the future."¹⁰³

In stark contrast to this is Vladislav Surkov's current assessment: "An overdose of freedom is lethal to a state."¹⁰⁴

These opposing poles set the framework within which regression, stagnation and "нporпeцc" (progress) will develop, both within Russia and in the Russian Federation's foreign relations.

⁹⁸ Meister, op. cit., p. 484.

⁹⁹ Richter, Stephan. Russland ungeschminkt. In: Handelsblatt, No. 103 (June 2018), May 31, 2018.

¹⁰⁰ Ibid.

¹⁰¹ See remarks of Alexei Kudrin, Freytag-Loringhoven, loc. cit.

¹⁰² Inozemtsev, Vladislav and Piotr Dutkiewicz (eds.). Democracy Versus Modernization: A Dilemma for Russia and for the World. London: Routledge, 2016.

¹⁰³ Boutsko, Anastassia. Juri Dud versus Josef Stalin: Ein YouTuber sucht die Quelle russischer Urangst. In: Deutsche Welle, June 18, 2019.

¹⁰⁴ Foy, Henry. Vladislav Surkov: "An overdose of freedom is lethal to a state." In: Financial Times, June 18, 2021.

XII References

Abramow, Dmitry, Stanislav Polezhaev and Mikhail Sherstnev. Moscow as International Financial Center: Ideas, Plans and Perspectives. In: Journal of Eurasian Studies, Vol. 2, Issue 2 (July 2011), pp. 144-152.

Adler, Sabine. Arbeitsmigranten in Russland: Dringend gebraucht, nicht willkommen. In: Deutschlandfunk, June 13, 2021.

https://www.deutschlandfunk.de/arbeitsmigranten-in-russland-dringend-gebraucht-nicht.724.de.html?dram:article_id=498752, [retrieved July 19, 2021].

Aris, Ben. The Russian Economy Is Stagnating. In: Moscow Times, May 27, 2019.

<https://www.themoscowtimes.com/2019/05/27/the-russian-economy-is-stagnating-a65760>, [retrieved July 19, 2021].

Astrov, Vasily. RUSSIA: Self-inflicted Stagnation. In: Braced for Fallout from Global Slowdown, Vienna Institute for International Economics (wiiw) Forecast Report, Nov. 2019, pp. 105-109.

Bakalova, Evgenija and Hans-Joachim Spanger. Mühsame Rückkehr. Russlands Engagement in der Entwicklungspolitik. In: Osteuropa Vol. 62, No. 6/8 (Aug. 2012), pp. 459-474.

Bertelsmann Stiftung (ed.). Antagonismen in der Nachbarschaft der Europäischen Union #3: Geopolitische Ambitionen in der Schwarzmeer-/Kaspischen Region. Gütersloh: Bertelsmann Stiftung, 2020.

https://www.bertelsmann-stiftung.de/en/publications/publication/did/antagonismen-in-der-nachbarschaft-der-europaeischen-union-3-all?tx_rsmbstpublications_pi2%5Bpage%5D=22&cHash=ba6865343776af8bf9cd289dea1b32d3, [retrieved July 19, 2021].

Bertelsmann Stiftung (ed.). Antagonismen in der Nachbarschaft der Europäischen Union #2: Strategische Ohnmacht in Syrien überwinden - wie die EU Flagge zeigen und den Interessen der Regionalmächte begegnen kann. Gütersloh: Bertelsmann Stiftung, 2019.

<https://www.bertelsmann-stiftung.de/de/publikationen/publikation/did/antagonismen-in-der-nachbarschaft-der-europaeischen-union-2-all>, [retrieved July 19, 2021].

Bertelsmann Stiftung/MERICS/DGO. Panel: Outlook: Sino-Russian collaboration in the area of finance and technology. Annual DGO Conference – Interdependencies and Dependencies: China – Eastern Europe – European Union, March 28, 2021. Full conference video starting at 1:47-55.

<https://www.dgo-online.org/kalender/berlin/2021/verflechtungen-und-abhaengigkeiten/>, [retrieved July 19, 2021].

Bilger, Oliver. Drogen: Delta-Variante jetzt ernst nehmen. In: Der Tagesspiegel, June 20, 2021, p. 1.

Bluhm, Katharina. Analyse: Zur Genese des neuen russischen Konservatismus. In: Russland-Analysen, Feb. 17, 2017.

<https://www.bpb.de/internationales/europa/russland/analysen/242788/analyse-zur-genese-des-neuen-russischen-konservatismus>, [retrieved July 19, 2021].

Bota, Alice, Martin Machowecz and Michael Thumann. Sputnik V: Der großartigste Impfstoff der Welt. In: Die Zeit, No. 19/2021, May 5, 2021.

<https://www.zeit.de/2021/19/sputnik-v-russland-regierung-kampagne-abwertung-westliche-impfstoffe-corona>, [retrieved July 19, 2021].

Boutsko, Anastassia. Juri Dud versus Josef Stalin: Ein YouTuber sucht die Quelle russischer Urangst. In: Deutsche Welle, June 18, 2019.

<https://p.dw.com/p/3KZrf>, [retrieved July 20, 2021].

Der Spiegel. Kreml-Berater Surkow versetzt auf neuen Posten. Dec. 27, 2011.

<https://www.spiegel.de/politik/ausland/kreml-berater-surkow-versetzt-auf-neuen-posten-a-805991.html>, [retrieved July 19, 2021].

Deuber, Gunter. Fortress Russia Effective in the Corona and Sanctions Environment: Short-Term, More Stagnation and Sanctions Ahead. In: Russian Analytical Digest, No. 268, May 6, 2021, pp. 3-5.

Deuber, Gunter. Zwei Wirtschaftskrisen zugleich – auch für Russland eine zu viel. In: Russland-Analysen, Apr. 27, 2020.

<https://www.laender-analysen.de/russland-analysen/386/RusslandAnalysen386.pdf>, [retrieved July 19, 2021].

Deuber, Gunter. Five Years of Financial Market and Banking Sector Sanctions – A “New Equilibrium” Locally and Internationally. In: Russian Analytical Digest, No. 236, June 6, 2019, pp. 2-8.

Deuber, Gunter. „Weiter so“ in Russlands Wirtschaft – bei anschwellenden US-Sanktionsrisiken. In: Russland-Analysen, Issue 359, Sept. 21, 2018.

Deuber, Gunter and Andreas Schwabe. Zwei Jahre Wirtschaftskrise: Zögerliche Erholung, alte Rezepte und “Stagnationsmarketing”. In: Russland-Analysen, Issue 325, Nov. 18, 2016.

Donath, Klaus-Helge. Das Kreml-Syndikat. Berlin: Rotbuch Verlag, 2009, p. 9.

Epifanova, Alena. Zukunftstechnologien ohne Zukunft? Russlands Gesetzgebung und Imports substitution im IT-Bereich. In: Russland-Analysen, Issue 388, June 15, 2020.

European External Action Service. EEAS Special Report Update: Short Assessment of Narratives and Disinformation Around the COVID-19 Pandemic (Update December 2020 – April 2021). EU vs Disinformation. April 28, 2021.

<https://euvsdisinfo.eu/de/ead-sonderbericht-update-kurzbewertung-der-narrative-und-desinformation-zur-covid-19-pandemie-aktualisierung-dezember-2020-bis-april-2021/>, [retrieved July 19, 2021].

Fischer, Joschka. Willkommen im 21. Jahrhundert: Europas Aufbruch und die deutsche Verantwortung. Cologne: Kiepenheuer und Witsch, 2020.

Foy, Henry. Vladislav Surkov: ‘An Overdose of Freedom Is Lethal to a State’. In: Financial Times, June 18, 2021.

<https://www.ft.com/content/1324acbb-f475-47ab-a914-4a96a9d14bac>, [retrieved July 20, 2021].

Freeland, Chrystia. Sale of the Century: Russia’s Wild Ride from Communism to Capitalism. Crown Business, 2000.

Gaidar, Jegor and Karl-Heinz Paqué (eds.). Der Untergang eines Imperiums. Berlin: Springer, 2015.

Gerhardt, Wolfgang and Manfred Sapper. Spaltungen. In: Osteuropa, Vol. 62, No. 6/8 (Aug. 2012), pp. 7-8.

Gudkov, Lev. Sozialkapital und Werteorientierung (Social Capital and Value Orientation). In: Osteuropa, Vol. 62, No. 6/8 (Aug. 2012), pp. 55-84.

Guseynov, Abdusalam. Democracy for Russia, Russia for Democracy. In: Russian Studies in Philosophy. Vol. 47, No. 4 (Spring 2009), pp. 74–84.

<https://de1lib.org/book/660972/fff4e7?id=660972&secret=fff4e7>, [retrieved July 19, 2021].

Heer, Friedrich. Europa – Mutter der Revolutionen. Leinen: W. Kohlhammer Verlag, 1964.

Heller, Leonid and Michel Niqueux. *Geschichte der Utopie in Russland*. Bietigheim-Bissingen: Edition Tertium, 2003.

Higgins, Andrew. *Russia Wants Innovation, but It's Arresting Its Innovators*. In: *New York Times*, Aug. 9, 2017.

<https://www.nytimes.com/2017/08/09/world/europe/vladimir-putin-russia-siberia.html>, [retrieved July 19, 2021].

Inozemtsev, Vladislav. *Wenn alte Reiche kollidieren*. In: *Internationale Politik*, No. 2, 2021.

Inozemtsev, Vladislav and Piotr Dutkiewicz (eds.). *Democracy Versus Modernization: A Dilemma for Russia and for the World*. London: Routledge, 2016.

Isachenkov, Vladimir. *Russian Court Outlaws Opposition Leader Navalny's Groups*. In: *AP News*, June 10, 2021.

<https://apnews.com/article/europe-russia-laws-government-and-politics-1ba4f28c2436a5e44396f3d96eb9812d>, [retrieved July 20, 2021].

Khanna, Parag. *Der Kampf um die Zweite Welt. Imperien und Einfluss in der neuen Weltordnung*. Berlin: Berlin Verlag, 2009.

Knipper, Til, Christoph von Marschall and Anna Sauerbrey. *Moskau hat den Präsidenten der USA ausgewählt*. Interview with historian Timothy Snyder. In: *Der Tagesspiegel*, Oct. 28, 2018, p. 3.

Kolesnikov, Andrei. *Russian Ideology After Crimea*. Carnegie Moscow Center, September 2015. https://carnegieendowment.org/files/CP_Kolesnikov_Ideology2015_web_Eng.pdf, [retrieved July 19, 2021].

Korhonen, Iikka. *Russia's Growth Potential Post-COVID-19*. In: *BOFIT Policy Brief 2021*, No. 9 (July 2021).

Kramer, Andrew E. and Steven Lee Myers. *Russia, Once a Space Superpower, Turns to China for Missions*. In: *New York Times*, June 15, 2021.

<https://www.nytimes.com/2021/06/15/world/asia/china-russia-space.html>, [retrieved July 19, 2021].

Krastev, Ivan and Stephen Holmes. *The Light that Failed*. Penguin Books Ltd., 2019.

Krome, Nicole. *Modernisierung durch Staatslenkung? Russlands High-Tech-Industrie in der Sackgasse*. In: *Osteuropa*, Vol. 70, No. 1/2 (2020), pp. 85-120.

Mahler, Christian and Gianguido Piani. *Energieeffizienz in Russland. Lackmusstest der Modernisierung*. In: *Osteuropa*, Vol. 62, No. 6/8 (Aug. 2012), pp. 363-369.

Margolina, Sonja. *Die ungeborene Zivilisation*. In: *Kursbuch*, Issue 103, March 1991, p. 1.

Matthews, Owen. *The End of Putinomics*. In: *Newsweek*, Dec. 30, 2012. <https://www.newsweek.com/end-putinomics-63411>, [retrieved July 19, 2021].

Meister, Stefan. *Entfremdete Partner: Deutschland und Russland*. In: *Osteuropa*, Vol. 62, No. 6/8 (Aug. 2012), pp. 475-484.

Melka, Johanna. *Russia: In a Better Position to Deal With an Oil Price Shock than It Was Five Years Ago*. In: *Eco Conjoncture*, No. 3, June 2, 2020.

Rahr, Alexander. *Ökologie eint EU und Russland*. In: *Russlandkontrovers*, Sept. 23, 2019. <http://www.russlandkontrovers.com/oekologie-eint-eu-und-russland>, [retrieved July 19, 2021].

Richter, Stephan. *Russland ungeschminkt*. In: *Handelsblatt*, No. 103 (June 2018), May 31, 2018.

Russian doctrine, 2006.

<http://www.rusdoctrina.ru/page95507.html> [retrieved July 20, 2021].

Saprykin, Jury. Decoder: Die gesellschaftliche Wandlung nach 20 Jahren. In: Russland-Analysen, No. 380, Jan. 28, 2020.

<https://www.bpb.de/internationales/europa/russland/analysen/304200/dekoder-die-gesellschaftliche-wandlung-nach-20-jahren-putin>, [retrieved July 20, 2021].

For the original Russian text see Vedomosti, Aug. 13, 2019.

<https://www.vedomosti.ru/opinion/articles/2019/08/13/808649-20-let-putina>.

Scherrer, Jutta. Kulturologie: Russland auf der Suche nach einer zivilisatorischen Identität. Wallstein Verlag, 2003.

Siebert, Jens. Ist Russland Konservativ? Russland-Blog. Feb. 16, 2017.

<https://russland.boellblog.org/2017/02/16/ist-russland-konservativ/>, [retrieved July 19, 2021].

Steinmeier, Walter. Für eine Modernisierungspartnerschaft. Rede am Institut für internationale Beziehungen der Ural-Universität in Jekaterinburg, May 5, 2008,

<https://www.auswaertiges-amt.de/de/newsroom/080513-bm-russland/219750> [retrieved July 19, 2021].

Solanko, Laura. From Reforms to Stagnation – 20 Years of Economic Policies in Putin’s Russia. In: BOFIT Policy Brief No. 1, Jan. 9, 2020.

Soric, Miodrag. Russia’s Problems with Innovation. In: DW, Nov. 9, 2018.

<https://p.dw.com/p/37w7J>, [retrieved July 19, 2021].

Spieler, Alfred. Russlands Modernisierung im Wechsel von Berg- und Talfahrten. Institut für sozial-ökologische Wirtschaftsforschung e.V., March 31, 2021.

<https://www.isw-muenchen.de/2021/03/russlands-modernisierung-im-wechsel-von-berg-und-talfahrten/>, [retrieved July 19, 2021].

Surkov, Vladislav. Русская политическая культура. Взгляд из утопии (Russian Political Culture. The View from Utopia). Lecture at the Russian Academy of Sciences, June 8, 2007.

https://thelib.ru/books/vladislav_surkov/teksty_97_07-read.html#n_1, [retrieved July 19, 2021].

Surkov, Vladislav. Владислав Сурков: Долгое государство Путина (Putin’s Long State; own translation). In: Nezavisimaya Gazeta, Feb. 11, 2019.

https://www.ng.ru/ideas/2019-02-11/5_7503_surkov.html, [retrieved July 19, 2021].

Treisman, Daniel. The New Autocracy: Information Politics and Policy in Putin’s Russia. Washington, DC: Brookings Institution Press, 2018, pp. 1-28.

von Freytag-Loringhoven, Julius. Modernisierungswille ohne Strukturreformen – russische Regierung im Widerspruch. Friedrich-Naumann-Stiftung für die Freiheit, Jan. 23, 2019.

<https://www.freiheit.org/de/deutschland/modernisierungswille-ohne-strukturreformen-russische-regierung-im-widerspruch>, [retrieved July 19, 2021].

Weafer, Christopher. Russia’s Economy: Outlook. In: Russian Analytical Digest, No. 268, May 6, 2021, pp. 11-12.

Yaffa, Joshua. The Sputnik V Vaccine and Russia’s Race to Immunity. In: The New Yorker, Feb. 1, 2021.

<https://www.newyorker.com/magazine/2021/02/08/the-sputnik-v-vaccine-and-russias-race-to-immunity>, [retrieved July 19, 2021].

Yakovlev, Andrei. Kommentar: Was ist es, das Russland zu verteidigen sucht? In: Russland-Analysen, Feb. 17, 2017.

<https://www.bpb.de/internationales/europa/russland/analysen/242789/kommentar-was-ist-es-das-russland-zu-verteidigen-versucht>, [retrieved July 19, 2021].

Zubarevich, Natalia. Russlands Parallelwelten. Dynamische Zentren, stagnierende Peripherie. In: Osteuropa, Vol. 62, No. 6/8 (Aug. 2012), pp. 263-278.