

NZZ Podium, 19th of April, 2007

**Russia: A New World Power?
Between Resurgence and Retrenchment**

Keynote speech by Ulrich Schmid, correspondent of the Neue Zürcher Zeitung for Eastern Europe

Ladies and Gentlemen,

a visit to a Moscow cinema that I shall never forget: The film was *Doctor Zhivago*. You remember: Omar Sharif, the handsome Egyptian, is in love with Julie Christie, the India-born British actress who is even handsomer than he, but is not his wife. From the first minute of the showing, Zhivago and Lara, and director David Lean's grotesquely neat and clean revolutionary Russia, brought smirks to the faces of the audience. But when Zhivago fought his way through ice and snow to the apartment of his lady-friend, a place as spacious and bright as the apartments in which Laura Ashley models water their plants, a veritable storm of laughter broke loose. I've never seen a Russian audience so boisterous.

Russia and laughter: not images one thinks of as inseparable. Russia is not regarded as the motherland of humor. But I have always seen the matter differently. Russians like to laugh, and do so often, out of despair as much as joy, sometimes even out of anger, and they have a subtle sense of humor schooled in the long decades of Communist rule. Communist Party boss Syuganov recently published a book of his favorite jokes. Russians laugh at themselves as well as at the West's picture of Russia, and never have they done so more readily and relaxedly than they do today, when their reflexive awe of everything Western has long departed. So for the next few minutes let laughter be our guide.

A few weeks ago, during my most recent visit, I noticed that Muscovites have become more friendly. They smile once again, even in public. Formerly, a waitress would drag herself to my table grimly; today she brings me my coffee with a big smile and wishes me „Good day” when I leave.

Russia's present economic upswing is making people more cheerful: at least those who are benefitting from it. And despite all the shortcomings, their numbers are not inconsiderable. What an unparalleled development. *Kommertcheski strukturi* Russia's economy is flourishing, in some areas actually booming. Moscow is unrecognizable.

Shopping centers and restaurants are sprouting like mushrooms, and small businesses are doing well. A class of citizens with purchasing power has arisen: and by God, they do a lot of purchasing! It is a rough form of capitalism, an economic gold rush, with all the negative aspects of such phenomena. But it works: at least a thousand times better than the unspeakable planned economy of yesteryear. And its engine is not only a highly visible and audible delight in pleasurable consumption, but also a remarkable will to achieve. Countless shops are open twenty-four hours a day. Improvisation, once a derogatory term, has become the norm. Customers are wooed with special offers; those who hesitate lose out. Life has become more colorful, more „cool” and relaxed.

No question about it: the transition to a market economy is making progress. The introduction of a flat tax was a tremendous success: one which might be more closely studied in Western Europe. A whole new entrepreneurial structure has developed. Banks have begun making loans, and foreign currency reserves have reached record highs. At the individual level, however, people are less thrifty; what they have, they want to spend open-handedly. Increasing numbers of Russians are turning up at sunny beaches. Turkey and Egypt are flooded with Russians hungry for the sun: striking evidence that a middle class is slowly growing.

The economic diversity is paralleled by cultural variety. I speak not of the establishment culture, which has its ups and downs charted in the arts pages of the country's newspapers, as they are everywhere. No, what fascinates me are the small theaters, the music clubs, cabarets, cinemas and discos, the street theater and subway musicians, private museums and unofficial city tours. What is going on in Moscow in this respect is unprecedented. The „scene” is blossoming, thriving with lively diversity. Moscow has become one of the most vital cities I know. The „underground” is bubbling with energy, reaching out for what is becoming increasingly rare in the country's politics, media and official culture: freedom. Heading home late on the subway, night-owls sometimes smile at one another like members of some secret society.

But those who read the newspaper *Kommerzant* or listen to the broadcasts of the excellent Radio Moskv are likely wearing grimmer smiles. What they are being forced to recognize is: that the Kremlin has again destroyed something of the country's democracy; that blatant injustice goes unpunished; that government officials have been terrorizing people for years with impunity; that yet another political demonstration has been beaten down, yet another journalist killed. So theirs is a laughter which sticks in the craw, and it marks the greatest failure of the New Russia: absence of the rule of law. Today, as in the 1990's and back in the Soviet era, the law means little here. It is power alone that decides who wins and who loses.

Critics of the Kremlin are in greater danger today than they were during the Brezhnev years. They have all heard about the assassination of Anna Politkovskaya, which caused some indignation in the West, as did the murder of the former KGB agent Litvinenko. But the chances are, ladies and gentlemen, that you have not heard about many other cases. I will mention only a few. In May of the year 2000 Igor Domnikov, a journalist for the tabloid *Novaya Gazeta*, was killed in front of his own home: he had been researching corruption in Southern Russia. Yuri Shchekhotchikin, a Duma representative and assistant editor of *Novaya Gazeta*, died in June 2003 of a mysterious illness: he had exposed tax evaders in Moscow. Last month, Ivan Safronov, a journalist for *Kommerzant*, fell from a fifth-story window of his apartment house – he had been reporting on hot arms sales. Since 1993, according to the Union of Russian Journalists, 214 journalists have been killed in the execution of their professional duties. And not a single case has been solved.

I've gone into a little detail here because this is not a subject which I am capable of coolly analyzing from a distance. I was slightly acquainted with Anna Politkovskaya, and I knew Yuri Shchekhotchikin quite well. Oh yes, I've been touched by this. It's no joke when colleagues and friends are murdered. And no, this is not a side issue which could be overlooked in the light of a flood of positive developments. These murders are a catastrophe for Russia.

On the one hand an economic upswing, on the other a political freeze. Since taking office, Vladimir Putin has consistently expanded the Kremlin's power. He now appoints provincial governors and puts his KGB buddies in key positions, while his underlings determine who will be permitted to vote. The Russian state has become a voracious giant, with more bureaucrats today than it had during the Soviet era. The important media are nearly all under government control. Opposition figures are beaten into the ground, as they are in neighboring Belarus. An acquaintance recently told me that he had been able to hold up his placard for only about 20 seconds in Nizhny Novgorod before a policeman attacked him. The scenes he described reminded me of the Chinese police's witch hunt against demonstrators on Tiananmen Square in Beijing, one of the most frightening and degrading things I have ever witnessed. Putin appears to have learned from Deng Xiaoping: Give the opposition no room to grow, tear it out by the roots. Just keep an eye on public appearances by President Putin. He lowers his head, narrows his eyes ominously, fixes his gaze on his cabinet ministers. There's nothing to laugh about here; you don't laugh in a freeze.

The democratic institutions of Russia in the 1990's are today nothing but a Potemkin façade. *Yedinaya Rossiya*, United Russia, is not a political party with an ideology, but an

organization put in place for the maintenance of power. *Spravedlivaya Rossiya*, A Just Russia, is merely a pseudo-opposition, created not out of any love for pluralism, but out of a need to be armed for all eventualities. The parties are obedient to personalities, not programs, and they are easily bought. Elections may be allowed to accomplish something, but not the unexpected and certainly not a changing of the guard. So they are „organized”. The members of the elite have to be certain that they won't land in prison and that they can hold onto their booty. That's all that counts. Should he step down, Putin will name his own successor: just as Boris Yeltsin once chose him.

Then why does this president enjoy such widespread popularity? Doubtless primarily because most Russians see the Yeltsin years as a very, very dark time. What is lawlessness today was anarchy back then. The Russian Mafia ruled the streets; people on pensions could barely keep themselves alive; low-level officials received their salaries very late, and their wages lost more than half their value due to rampant inflation. The new elite, the selfsame people who had made up the old one, plundered the state with the instrument of „privatisation“, an outbreak of robbery probably unparalleled in history. And on top of all that, when the ruble crashed in 1998 millions of people lost their savings. Nevertheless, the man who headed the Kremlin at that time was one of whom I would claim to this day that he had something resembling a democratic cast of mind. Admittedly, in decisive moments Yeltsin consistently showed himself to be a hesitant leader. But he wanted a better, more democratic and, as he himself said, a more Westernized Russia. All that remains of democracy in Russia today stems from that era. Yet the country's citizens remember Boris Yeltsin as a man who presided over a period of destructive chaos, and as a president whose appearances in the international arena were a cause of shame to many.

With Putin the situation is precisely the opposite. He is an authoritarian leader, a man of the KGB to whom democracy means little, tough, unscrupulous, sober. But he has brought Russia forward: at least, that is how most Russians see it. They no longer have to ask themselves each day what tomorrow will bring. Russia has regained influence internationally, and Putin reads the Riot Act to the West. The world needs energy, Russia has plenty, and the world eats out of the Kremlin's hand. Putin's stance is increasingly arrogant throughout the Soviet Union's former territories, and very few Russians mind that. In short, the country's democratic phase has been repudiated and authoritarianism has acquired a good reputation among many Russians.

Not that this reputation is entirely justified. Under Putin there is more, rather than less corruption than there was under Yeltsin. The Mafia uses its guns less, but it is still riding high, and Putin lets it do so. Moreover, the economy is not nearly as healthy as it

appears. It lives from raw-materials exports. Should the price of oil collapse, Russia will find itself in a serious crisis. It does not have the kind of industrial production which would create the added value needed to pay for the country's massive imports. Russia is a big power with the economy of a developing country. It demonstrates little of the drive to produce that is found today in China, for example. Competition and the market economy have come to the fore only at the lower levels. But in the energy realm, and also wherever the „oligarchs“ have gotten a grip on things, there is the most shameless protectionism. Putin appears interested primarily in securing the exorbitant earnings of a small elite and, for the rest, to make sure that no civil society develops which might endanger that arrangement. The state and its bureaucracy are tightly intertwined. Anyone who challenges those in power, the *Soloviki*, is removed. Mikhail Khodorovsky, the former head of the Yukos oil company, is only the most prominent example.

Indeed, Russia today is not exactly seething with revolutionary spirit. Its university students are among the most apathetic I have ever seen, with no trace of a critical mentality. The nationalist, pro-Putin All Russian Youth march through the streets, terrorizing nonconformists and loudly inviting their own subjugation. Three-quarters of all Russians do not regard themselves as Europeans. „We're children, we need a strong hand“, said a young man to me just a few weeks ago, in dead earnest. And where is the systematic confrontation with past Communist crimes? Communists are highly regarded citizens today. This is a serious problem for the West. How can one trust a country which not only negates its monstrous past, but often glorifies it?

The world – and especially the so-called near abroad – is being made to feel the impact of Russia's newly regained self-confidence. Horrendous war crimes continue to be committed in Chechnya. The Kremlin interferes, intervenes and intrigues in Ukraine and Georgia, in Moldova and Belarus. Outposts such as South Ossetia, Abkhazia and the Trans-Nistrian Republic in Moldova are stubbornly defended, while the weak protests emanating from those places and from the West are sovereignly ignored. Last autumn, when I asked him whether Sevastopol is Russian or Ukrainian, an officer of the Black Sea Fleet replied: „*Rossiski gorod, konekhno* – a Russian city, of course“. And his laughter was highly provocative, since he had not used the adjective *ruscki*, which would have merely described the city's ethnic reality, but *rossiski*, a word which defines its national territoriality.

This new self-confidence is of course based on the old. Russia was always a world power; it still has one of the largest nuclear arsenals. But today Russia wants to be more than a world power – it strives to be a Great Power, a country respected in the region, one that can successfully intervene not only economically but also militarily. That

was impossible for quite a long time. After the collapse of the Soviet Union its armed forces were in devastating shape, and there could be no question of American-style interventions. Today, however, Russia is rearming and the Kremlin is carefully studying the example of Washington's experience.

I have no wish to demonize Russian foreign policy. It has certainly become more aggressive rhetorically, but at bottom it still seems to me to be quite erratic and unthought-through, as if too many conflicting interests were being considered in its formulation. Strategic considerations quite obviously collide with financial interests. In my view, Russia is only in the process of developing a coherent foreign policy. Seen in the light of day, it often enough goes no further than the old Soviet desk-pounding. The Russians pound the table when the Baltic republics join NATO; they pound when the Ukrainians topple a corrupt elite, when the Georgians boot out that master of intrigue, Shevardnadze. And they pound when the Americans propose stationing 10 missiles in Poland, missiles which in no way relativize Russia's nuclear position. But then, often enough they quietly yield - which is occasionally overlooked in the West. The Russians seem to be firm only in matters affecting the territories of the former Soviet Union. Excursions into the outside world - such as the Middle East, for example - are tentative and avoid open collision with America. At the diplomatic level, Moscow enjoys tripping Washington up. But frequently the two capitals find they have common interests. Moscow is as little eager to see a nuclear-armed Iran as it is for a nuclear-armed North Korea, and in the final analysis Russia has more to fear from militant Islamism than America does, since it is virtually surrounded by Muslim neighbors.

The situation is similar when it comes to what is currently the Kremlin's most important foreign-policy instrument: energy policy. No, it is not lovely to see how Moscow treats its neighbors. But is it a crime? I cannot see it as „extortion“ when Gazprom demands higher prices from Kiev, Minsk and Vilnius. Russia is not obligated to subsidize foreign economies. Countries such as the Ukraine, Moldova and Belarus still pay preferred prices. The West preaches the market economy; so how can it castigate Russia for demanding market prices? Whether it is wise to rely as heavily on energy exports as Moscow is doing is quite another questions. It seems to me that this is a repeat of an old mistake. The power elite is currently in a state of euphoria, drunk on its new power and the flood of petrodollars. Moscow is resting on its resource laurels. That damages Russia; it hampers the development of a work ethic and makes the country too dependent on - and too vulnerable to - fluctuations in the price of oil.

What, then, are the prospects for Russian democracy? Many Russians will laugh out loud if you tell them that, despite everything, you still believe in democracy for their

country. And one can hardly blame them. The political opposition is weak and fragmented, and not only because of repression and censorship of the media. The idea that western-oriented democrats such as Gaidar, Yavlinsky, Kasparov or Kasyanov could rise to power seems absurd. But would you, as a convinced democrat, laugh at even one of the millions of Russians who still hope for more democracy and the rule of law?

I, at any rate, do not believe that the Russians have relinquished the dream of democracy. They have no love of authoritarianism. Putin is respected, not loved. There is still a basic mistrust of authority among the Russian people, whose attitude toward their rulers is one of cynicism. Eighty percent of all Russians believe that the next presidential election will be fraudulent. Of course, the idea of democracy has also been discredited. Many people equate it with party bickering and instability. But most know that democracy can function. There is admiration for countries in which a democratic consensus arises out of civilized debate among political parties. The skepticism which I often encounter is almost never focused on democracy per se, but rather on Russia's ostensible inability to adopt it. What I hear is that the country is not yet mature enough, not yet ready for it. "Not yet ready" – that leaves room for hope.

Finally, it pays to bear in mind that things could have turned out very differently. Essentially, the collapse of the Soviet Union went off fairly easily. Who, back then, would have categorically ruled out the chance of wars, tyranny and misery? You may bemoan Russia's many democratic shortcomings. But you should also keep in mind that the country has hardly any democratic traditions on which to build. Despite all the criticism I suspect that, in the final analysis, Putin's „guided democracy“ comes quite close to what the West could realistically have hoped for. That may not be a cause for celebration. But it is something like a consolation to all those in the New Russia who cannot yet find it in their hearts to relax, smile and laugh.