

# FROM THE CHIEF EDITOR

DOI: 10.15838/esc/2015.5.41.1

UDC 338(470), LBC 65.050.11(2Rus)

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## Issues of Russia's Transition to the New Stage of Its Nation-Building



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After the collapse of the Soviet Union, Russia found itself in a situation when all the ties existing between the republics of the Union were broken, ethnic relations deteriorated sharply, the social consequences of political and economic crisis aggravated. All this plunged millions of people into despair and led to an unprecedented differentiation of the society into the rich and the poor; it also caused an upsurge of social and political tensions, an increase in mortality, including mortality from suicide, which meant that Russian people were psychologically unable to adapt to the new conditions of life. In fact, the current “hybrid warfare”<sup>1</sup> against Russia was waged in that very period.

<sup>1</sup> Glazyev S.Yu. *O vneshnikh i vnutrennikh ugrozakh ekonomicheskoi bezopasnosti Rossii v usloviyakh amerikanskoj agressii: doklad na zasedanii RAN 29 oktyabrya 2014 g.* [On the External and Internal Threats to Economic Security of Russia in the Conditions of American Aggression: a Report at the Meeting of the Russian Academy of Sciences, October 29, 2014]. Available at: <http://promportalndg.ru/sergeyglazhev-ovneshnihivnutrennikh/>

Many people link the new stage of the Russian history to the consequences of the “Crimean spring” (when Crimea and Sevastopol joined the Russian Federation) and to President Putin’s successful foreign policy (especially in relation to the U.S. and the conflicts in Ukraine and Syria). However, in our opinion, this new stage started back in 2000, when, as a result of compromised decisions of various political forces, Vladimir Putin was elected President of the Russian Federation<sup>2</sup>, which was followed by efforts to overcome degradation processes in Russia’s economy and to eliminate profound consequences of the “turbulent 1990s”.

The period of stabilization of the political and economic situation allowed the Russian society to accumulate a critical mass in anticipation of change, to relate the Western

<sup>2</sup> Vladimir Putin became Acting President on December 31, 1999 after Boris Yeltsin’s early retirement; March 26, 2000 Vladimir Putin won the presidential election with over 52% of the vote; May 7 he officially took office as Head of State.

values that penetrated into Russia in the early 1990s to the Russians' own mentality. In our view, this was a crucial and an integral part of the new stage of Russian statehood.

After a while, the policy aimed at stabilization ceased to meet the demands of the people – the society needed new ideas and actual steps that would make people proud of their country, just like the people of the past were proud of the achievements of the USSR: social protection, outstanding achievements in science, sport and art, and, of course, the victory in the Great Patriotic War and the contribution of Soviet scientists to the exploration of outer space<sup>3</sup>.

The evidence that the post-Soviet society was developing a need for national identity became clear in 2007 when Vladimir Putin delivered his speech at the Munich Security Conference (February 2007). In the speech, the President of the Russian Federation for the first time “demonstrated the fundamental will of Russia, as a planetary geopolitical power, to participate in shaping the future world order”<sup>4</sup>.

We can assume that the second step was Vladimir Putin's speech at the meeting of the Valdai International Discussion Club in September 2013. **It was “the first large-scale attempt on the part of Russia's authorities to**

<sup>3</sup> According to the 2007 VCIOM data, “the vast majority of Russians admires the exploits of the heroes of the Great Patriotic War of 1941–1945 (93%), and is proud of the Soviet designers who launched the first artificial Earth satellite in 1957 (84%) and sent the first man into space in 1961 (91%)”. (Source: VCIOM: Russians are Proud of War Heroes and Space Explorers. Official Website of RBC. Available at: <http://top.rbc.ru/society/19/01/2007/99081.shtml>)

<sup>4</sup> Dugin A. *Ekho “myunkhenskoj rechi”*. *Prezident Putin vstupil na put' geopoliticheskoj revolyutsii* [Echo of the “Munich Speech”. President Putin Embarked on a Path of Geopolitical Revolution]. Available at: <http://okoplanet.su/politik/politikrus/230532aleksandruginemyunhenskoy-rechiprezidentputinvstupilnaputgeopoliticheskoyrevolyucii.html>

**formulate a new political ideology for Russia after the collapse of the Soviet Union and to consider from a critical perspective the issue concerning the values that must make the foundation of the new Russian identity, Eurasian peace and international relations”<sup>5</sup>.**

After that, public attention was focused on the successful performance of the Russian team at the Olympic Games in Sochi (February 2014), accession of Crimea and Sevastopol to the Russian Federation (March 2014), armed aggression against the Donbass population launched by the Ukrainian authorities. All these events could not but strengthen the consolidation of different social groups and adherents of various political viewpoints.

It was not only the idea of revival of the “Russian world” and restoration of Russia's status as a major center of multipolar world order that has consolidated the people of Russia. Consolidation of the society was facilitated by concrete measures that the President took to “return Crimea and Sevastopol to their native harbor”<sup>6</sup>, and by the successful efforts on the part of Russia's authorities that managed to implement successfully and in the shortest possible period the mega-project for building the sports, transport and tourist infrastructure in the framework of the Winter Olympics in Sochi.

<sup>5</sup> Makhmudov R. *Valdaiskaya rech' Vladimira Putina: kriticheskii analiz* [Vladimir Putin's Valdai Speech: a Critical Analysis]. *Informatsionnyi portal* <http://www.12news.uz/> [Information Portal <http://www.12news.uz/>]. Available at: <http://www.12news.uz/news/2013/09/30/valdaiskayarech'-vladimiraputinakri/>

<sup>6</sup> Stenogramma vystupleniya V.V. Putina na mitinge “My vmeste!” v podderzhku prinyatiya Kryma v sostav Rossijskoi Federatsii 18 marta 2014 g. [Transcript of Vladimir Putin's Speech at the Meeting in Support of Crimea's Accession to the Russian Federation “We Are Together!”]. *Ofitsial'nyi sait Prezidenta Rossii* [Official Website of the President of Russia]. Available at: <http://kremlin.ru/events/president/news/20607>

In the middle of 2010s many scientists said that Russia was on the threshold of a new stage in its development: after almost 15 years of waiting, a “new resurgent” Russia at last made the transition to a new – “bright and optimistic” – age<sup>7</sup>.

The new stage of Russia’s history is largely connected with the events unfolding on the world stage. This leads to the realization of the people’s need for national identity and for the return of the former greatness of the USSR that prior to its collapse was one of the two global superpowers.

It should be noted that recent armed conflicts that break out now and then only “pour oil on the flames” of international relations, while the “flame” itself is associated above all with the desperate attempts that certain countries undertake in fear of losing the “right” to carry out “social experiments for export, to make attempts to push for changes within other countries based on ideological preferences”<sup>8</sup>. Iraq, Afghanistan, Yugoslavia, Libya, Ukraine, Syria – the armed conflicts in all of these countries involved the USA – the country that is spreading the so-called “democratic values” around the world ignoring the fact that in so doing it violates a basic principle of international law – the right to state sovereignty. The U.S. is facing

<sup>7</sup> Osipov G.V. Ne upustit’ predostavivshiysya shans! [Do not Miss This Chance!]. *Sotsiologiya i ekonomika sovremennoi sotsial’noi real’nosti. Sotsial’naya i sotsial’no-politicheskaya situatsiya v Rossii v 2013 godu* [Sociology and Economics of the Current Social Reality. Social and Socio-Political Situation in Russia in 2013]. Moscow: ISPI RAN. P. 17.

<sup>8</sup> Stenogramma vystupleniya V.V. Putina na plenarnom zasedanii yubileinoi 70i sessii General’noi Assamblei OON [Transcript of Vladimir Putin’s Speech at the Plenary Meeting of the Anniversary 70th Session of the UN General Assembly]. *Ofitsial’nyi sait Prezidenta RF* [Official Website of the President of Russia]. Available at: <http://kremlin.ru/events/president/news/50385>

the overaccumulation of capital in financial pyramids and obsolete industries, it is losing the markets on which it sells its products, and the share of the dollar in international transactions is decreasing. Consequently, the U.S. is trying to preserve its leadership by waging a world war for the purpose of weakening its competitors and partners as well<sup>9</sup>.

Speaking at the 70th session of the UN General Assembly, Vladimir Putin quite clearly outlined the possible consequences of this strategy of building relations with international partners: “It would suffice to look at the situation in the Middle East and North Africa... An aggressive foreign interference has resulted in a brazen destruction of national institutions and the lifestyle itself. Instead of the triumph of democracy and progress, we got violence, poverty and social disaster. Nobody cares a bit about human rights, including the right to life”<sup>10</sup>. Russian President stressed that such behavior represents an attempt to undermine the credibility and legitimacy of the UN, which is an extremely dangerous act that can lead to the collapse of the entire architecture of international relations.

<sup>9</sup> Glazyev S.Yu. O neotlozhnykh merakh po ukrepleniyu ekonomicheskoi bezopasnosti Rossii: doklad na zasedanii Soveta bezopasnosti 15.09.2015 [On Urgent Measures to Strengthen the Economic Security of Russia: a Report on the Meeting of the Security Council, September 15, 2015]. *Biznes Online: delovaya elektronnaya gazeta* [Business Online: the Business Online Newspaper], 2015, September 15. Available at: <http://www.businessgazeta.ru/article/140998/>

<sup>10</sup> Stenogramma vystupleniya V.V. Putina na plenarnom zasedanii yubileinoi 70i sessii General’noi Assamblei OON [Transcript of Vladimir Putin’s Speech at the Plenary Meeting of the Anniversary 70th Session of the UN General Assembly]. *Ofitsial’nyi sait Prezidenta RF* [Official Website of the President of Russia]. Available at: <http://kremlin.ru/events/president/news/50385>

Besides, Vladimir Putin openly stated that in order to counter the spread of terrorism, Russia provides military and technological assistance to Iraq, Syria and other countries that fight against terrorist groups in this region. The subsequent military operation of the Russian air force in Syria carried out at the formal request of Syrian President Bashar al-Assad has shown that Russia in its fight against terrorism does not intend to do nothing but call for the establishment of an international coalition. Russia is willing to take real action on a legitimate basis.

**Thus, if Vladimir Putin's 2007 Munich Speech carried a message that Russia was capable of acquiring the status of one of the centers of multipolar world order, then eight years later, as it follows from the speech of the President of the Russian Federation at the Anniversary Session of the UN General Assembly in September 2015, it is already clear that each of his conceptual messages has concrete actions behind it, or, at least, actual readiness for such actions.** The accession of Crimea and Sevastopol to the Russian Federation, President Putin's firm position

concerning the Ukrainian and Syrian issues, the establishment of relations with foreign partners in compliance with the inner understanding of ideological development that is supported by the vast majority of Russia's population, the pursuit of international politics from the position of equal partner (somewhere "walking a fine line", but always within the framework of international law) – all these facts implement the need of the Russian society for national identity and are, perhaps, the main element in the current support of the President.

It is no coincidence that, in the opinion of the population, the head of state is most successful in "strengthening Russia's international standing" (*table*). According to the polls conducted by ISEDT RAS, 56% of Russians are proud of the country's position in the international arena and 73% are proud of its military power.

However, if foreign policy becomes the unifying aspect that brings together representatives of various political forces and finds support in various strata of the Russian society, then the internal contradictions, which characterize a very low level of

Table 1. In your opinion, how successful is the RF President in coping with challenging issues? (as a percentage of the number of respondents)

Indicator	2000	2007	2008	2009	2010	2011	2012	2013	2014	2015	Dynamics, 2015 r. +/- to		
											2000	2007	2014
<b><i>Strengthening Russia's international standing</i></b>													
<b>Successful</b>	<b>42.3</b>	<b>58.4</b>	<b>55.1</b>	<b>49.5</b>	<b>49.9</b>	<b>46.2</b>	<b>43.1</b>	<b>45.6</b>	<b>50.4</b>	<b>51.4</b>	<b>+9</b>	<b>-7</b>	<b>+1</b>
<b>Unsuccessful</b>	<b>30.9</b>	<b>24.9</b>	<b>23.7</b>	<b>30.4</b>	<b>29.3</b>	<b>33.7</b>	<b>37.9</b>	<b>36.2</b>	<b>32.4</b>	<b>31.2</b>	<b>0</b>	<b>+6</b>	<b>-1</b>
<b><i>Imposing order in the country</i></b>													
Successful	31.4	53.2	48.2	39.1	41.1	36.6	35.4	39.4	48.0	50.1	+19	-3	+2
Unsuccessful	49.2	34.0	34.2	43.5	42.5	50.0	50.7	47.5	39.1	37.9	-11	+4	-1
<b><i>Protecting democracy and strengthening the citizens' freedoms</i></b>													
Successful	23.5	44.4	39.9	36.7	36.3	32.4	28.8	31.8	37.5	40.3	+17	-4	+3
Unsuccessful	43.8	37.0	35.9	41.5	42.6	48.3	52.3	51.0	45.4	41.0	-3	+4	-4
<b><i>Economic recovery and increase in the citizens' welfare</i></b>													
<b>Successful</b>	<b>25.6</b>	<b>47.2</b>	<b>36.7</b>	<b>31.6</b>	<b>33.5</b>	<b>30.7</b>	<b>28.5</b>	<b>31.3</b>	<b>34.8</b>	<b>34.8</b>	<b>+9</b>	<b>-12</b>	<b>0</b>
<b>Unsuccessful</b>	<b>52.9</b>	<b>39.1</b>	<b>46.0</b>	<b>52.4</b>	<b>51.6</b>	<b>56.1</b>	<b>57.9</b>	<b>56.8</b>	<b>53.4</b>	<b>51.6</b>	<b>-1</b>	<b>+13</b>	<b>-2</b>

administration in the socio-economic system, are still at the initial stage of their resolution and they make this system ineffective.

The late 1980s – early 1990s witnessed the establishment in Russia of an “oligarch-comprador” administration system; according to experts, it “aggravates the dramatic systemic crisis and expands it to the sphere of internal policy”<sup>11</sup>.

The change of technological modes and centuries-old cycles of accumulation is inevitably accompanied by a deep restructuring of economy on the basis of fundamentally new technologies and new mechanisms of reproduction of capital; this restructuring is the reason for the current escalation of international military and political tensions. Critical dependence on the imports of foreign technology can be overcome with the help of large-scale programs for import substitution that take into account material, financial and human resources available. This cannot be done within the existing system of economic regulation, which abandoned planning methods, the preparation of balance sheets, goal programming, science and technology forecasting or system design<sup>12</sup>.

<sup>11</sup> Gubanov S.S. Kompradorskii rezhim derzhitsya na voloske istorii: interv'yu S.S. Gubanova gazete «Biznes Online» ot 24.02.2015 [The Comprador Regime Is Hanging by a Single Thread of History: an Interview with Sergei Gubanov in the Newspaper “Business Online”, February 24, 2015]. *Ofitsial'nyi sait gazety “Biznes Online”* [Official Website of the Newspaper “Business Online”]. Available at: <http://www.businessgazeta.ru/article/126419/>

<sup>12</sup> Glazyev S.Yu. O neotlozhnykh merakh po ukrepleniyu ekonomicheskoi bezopasnosti Rossii: doklad na zasedanii Soveta bezopasnosti 15.09.2015 [On Urgent Measures to Strengthen the Economic Security of Russia: a Report on the Meeting of the Security Council, September 15, 2015]. *Biznes Online: delovaya elektronnyaya gazeta* [Business Online: the Business Online Newspaper], 2015, September 15. Available at: <http://www.businessgazeta.ru/article/140998/>

Fused interests of the bureaucracy and business create a profoundly unjust state in which there is a redistribution of the most important resources from the groups that make efforts to modernize the society to the highest ranks that strive for unlimited personal enrichment.

Unfortunately, the entire hierarchy of executive power, including the current Government of Russia, continues to pursue the liberal course that hinders the country's transition to the path that would promote actual movement toward a modern, dynamic and efficient economy. “Those who destroyed the Soviet Union have not disappeared, they have not even left the historical scene. Of course, some left, some died, some realized their mistake and are now trying to expiate their historical guilt. But many of them have remained in the halls of power”<sup>13</sup>.

In May 2015, summarizing the three-year performance of the Government (half of its constitutional term), Chairman of the Cabinet of Ministers Dmitry Medvedev clearly demonstrated that the views of Russian officials are inconsistent with the actual situation in the country<sup>14</sup>. The same can be said about his September article headlined “The new reality: Russia and global challenges”, which, as a matter of fact, is a mere sequel to the article “Go forward, Russia!” and in which the Prime Minister “evades the talk about actual causes of economic problems... he advocates and justifies unpopular measures

<sup>13</sup> Polyakov Yu.M. O prostranstve russkoi kul'tury [About the Space of Russian Culture]. *Ofitsial'nyi sait Izborskogo kluba* [Official Website of Izborsk Club]. Available at: <http://www.dynacon.ru/content/articles/1280/>

<sup>14</sup> D. Medvedev udivil rossiyan svoim vzglyadom na ekonomiku [Dmitry Medvedev Surprised the Russians with His View of the Economy]. *Nezavisimaya gazeta* [Independent Newspaper], 2015, no. 101, May 25.

and reforms in education, healthcare, pension system... thus an obvious weakness of the text is its reticence and unwillingness (or inability) to be frank with the audience up to the end"<sup>15</sup>.

In recent years, the assessment of economic situation by the Government has been contrary to the opinion of experts<sup>16</sup>. While the

<sup>15</sup> Remchukov K.V. Rossiya, vpered! Chast' vtoraya: v svoei antikrizisnoi stat'e prem'erministr ukhodit ot razgovora ob istinnykh prichinakh problem v ekonomike [Go forward, Russia! Part Two: the Prime Minister in His Anti-Crisis Article Evades the Conversation about the True Causes of the Problems in the Economy]. *Nezavisimaya gazeta* [Independent Newspaper], 2015, no. 206, September 25.

<sup>16</sup> Some examples:

"Russia ranks first in the world among major countries according to the inequality of distribution of wealth. In the countries with a socio-democratic tradition (the Nordic countries, Germany) the ratio of the average income of the richest 10% to the poorest 10% (R/P 10% ratio) is 3–7 times. In Russia in 1991 it was 4.5 times, in 2014 – 16 times according to official statistics, and 25–40 times according to expert estimates (taking into account hidden income). The threshold critical R/P 10% ratio is considered to be 10 to 1. The number of Russians with incomes below the subsistence level in the first quarter of 2015 reached 23 million and, judging by the forecast of inflation and people's incomes, it could rise by a third" (source: Glazyev S.Yu. Zapredel'noe neravenstvo. Politika gosudarstva protivorechit interesam naseleniya [Outrageous Inequality. Governmental Policy Is Contrary to the Interests of the People]. *Zavtra* [Tomorrow], 2015, no. 29 (1130), July 23. Available at: <http://zavtra.ru/content/view/zapredelnoeneravenstvo/>)

"...It can be asserted that in 2014 we experienced only a partial impact of the anti-Russian sanctions; 2015 will become the year of the sanctions. Many indicators deteriorated in 2014: investment, record-breaking devaluation of the ruble; inflation has been accelerating since 2012. Socio-economic situation in general has worsened. In contrast to the crisis (2008 – V. I.), it is not a short-term but a long-term process, so is impossible to forecast the onset of recovery" (source: Aganbegyan A.G. Socio-Economic Development of Russia: Results and Prospects, Sanctions (Proceedings of the Public Seminar). *News on the Official Website of the Russian Presidential Academy of National Economy and Public Administration (RANEPA)*. Available at: <http://www.emba.ranepa.ru/novosti/seminarabelagezevichaaganbegyanaabelaganbegyan-naibolshiyuscherbotsanktsiyzhdetrossiuv2015g/>)

"The shocks of 2014 exacerbated the problems that had accumulated over a quarter of a century: deterioration of individual industries, reduction of export and import by dozens of percent in early 2015; nationwide losses in the real sector and banks. The following dynamics is expected: stabilization at a lower level, as after a stroke, new jumps of the ruble, the

Government pointed out that the change was "very good", the change was "for the better"<sup>17</sup>; experts predicted a "tangible reduction in the standard of living and quality of life for the majority of the population... the return of the Russian society to the level of poverty that it had 10 years ago"<sup>18</sup>.

Moreover, the assertion that it is all the fault of Rosstat's deficient methodology is gradually becoming less convincing; in other words, the Government's understanding of economic situation in the country is not an error but a conscious strategy. In the middle of 2014, Sergei Gubanov, Chief Editor of the journal "Economist", said that the imperfection of the statistics is Rosstat's misfortune rather than its fault<sup>19</sup>. In early 2015,

space of uncertainty and risks; weak responses to challenges (crisis management plan), while negative external factors are acting with the same force. The result is an economy which is sliding downhill" (source: Mirkin Ya.M. Vnezapnyi povорот [Sudden Turn]. *Zhurnal novoi ekonomicheskoi assotsiatsii* [The Journal of the New Economic Association], 2015, no. 2 (26), p. 197.).

<sup>17</sup> Interview with Dmitry Medvedev to the channel "Rossiya", May 23, 2015. *News on the Official Website of the RF Government*. Available at: <http://government.ru/news/18220/>

<sup>18</sup> Glazyev S.Yu. Zapredel'noe neravenstvo. Politika gosudarstva protivorechit interesam naseleniya [Outrageous Inequality. Governmental Policy Is Contrary to the Interests of the People]. *Zavtra* [Tomorrow], 2015, no. 29 (1130), July 23. Available at: <http://zavtra.ru/content/view/zapredelnoeneravenstvo/>

<sup>19</sup> "The alleged tiny increase that the Kremlin believes in was received through purely statistical trick... If the rows are distorted, then science loses a powerful analytical tool of comparison... There is a fall by 0.7 percent, but in the dollar terms this fall was greater – about 1.2 percent. Instead of a decline, the statistics presents a fake growth... The indicators for the end of 2014 were adjusted in an even more sophisticated way – through the decrease in the deflator. Minus 1.5 percent was converted to plus 0.6 percent. This macroeconomic eyewash is probably the only innovation that Alexey Ulyukaev has introduced in the work of the Ministry of Economic Development" (source: Интервью проф. Губанова о причинах стагнации российской экономики, 30 июня 2014 г. An Interview with Professor Gubanov about the Reasons of Stagnation of the Russian Economy, June 30, 2014. *Information Center After-shock*. Available at: <http://aftershock.su/?q=node/240304>)

he was much more explicit in his assessment: “Lies have become part of the system. In turn, erroneous and distorted analytical data obviously cause the adoption of wrong public decisions that make the situation even worse”<sup>20</sup>.

However, the reality is inexorable, and today it, so to say, “pinned down” the officials, forcing them “to admit that their economic calculations are flawed”<sup>21</sup>. However, on TV programs we still hear statements that “the situation has become tougher, but nothing terrible has happened”<sup>22</sup> and “no matter how the situation may develop, all social obligations will be fulfilled as they have always been”<sup>23</sup> (although it is planned to strengthen the principle of targeted social support to the most vulnerable categories of the population, and this, according to experts, is “a euphemism designed to soften the blow from a possible suspension of the indexation of pensions and the raising of the retirement age”<sup>24</sup>).

The position of the Government again raises controversy: it agrees with experts that Russia’s economy is in a critical condition, but, at the same time, the people are informed that its performance is good. Moreover, “if we

<sup>20</sup> Gubanov S. S. *The Comprador Regime is Hanging on a Thread of History*. Available at: <http://www.businessgazeta.ru/article/126419/>

<sup>21</sup> V pravitel’stve priznali ushcherbnost’ ekonomicheskikh raschetov [The Government Acknowledged Flaws in Economic Calculations]. *Nezavisimaya gazeta* [Independent Newspaper], 2015, September 22.

<sup>22</sup> *VTB Head Andrei Kostin (News Rossiya 24)*. Available at: <http://www.vestifinance.ru/videos/23936>

<sup>23</sup> *News of Channel One Russia (Medvedev at the International Investment Forum in Sochi)*. Available at: <http://www.itv.ru/news/economic/293401>

<sup>24</sup> Vladimir Putin otkhodit na vtoruyu liniyu oborony. Prezident teryaet kontrol’ nad defitsitom byudzheta [Vladimir Putin Backs Off to a Second Line of Defense. The President Loses Control over the Budget Deficit]. *Nezavisimaya gazeta* [Independent Newspaper], 2015, September 23. Available at: [http://www.ng.ru/economics/20150923/4\\_putin.html](http://www.ng.ru/economics/20150923/4_putin.html)

listen to the statements made by the financial block of the Government, and other reputable personalities in the Russian economy, we can note a remarkable fact: almost all of them link the future to the weak ruble, and the strong ruble, on the contrary, was one of the factors that prevented the Russian economy from moving forward”<sup>25</sup>.

**“A generally recognized postulate of Russia’s economic policy is that it is based on dogmatic, false and harmful notions concerning the usefulness of market self-organization mechanisms and non-interference of the state in regulation issues. Based on false assumptions from the very beginning, the policy of present-day monetarists and monetarism has already caused economic stagnation and recession and deprived the economy of the prospects and impulses for development... As the national economy is deteriorating, the welfare of those who pursue this policy and those who thrive on it – the offshore oligarchy – is growing”<sup>26</sup>.**

In addition, in recent years, the quality of public administration is reflected in numerous instances of corruption, as evidenced by a series of investigations against the directors of RUSNANO, SKOLKOVO and Oboronservis; the arrests of the governors Vasilii Yurchenko, Sergei Bozhenov, Nikolai Denin, Aleksandr Khoroshavin, Vyacheslav Gaizer, vice-governors Vadim Lukoyanov, Aleksandr Ivanov, Nikolai Sandakov, Viktor Nechaev and others. There are still “hundreds of less notable cases against government officials,

<sup>25</sup> Why There Will No Longer Be the Strong Ruble. *Information Portal “Vesti”*, October 02, 2015. Available at: <http://www.vestifinance.ru/articles/62986>

<sup>26</sup> Glazyev S.Yu. Nishcheta i blesk rossiiskikh monetaristov. Chast’ 1 [The Miseries and Splendors of Russian Monetarists. Part 1]. *Ekonomicheskaya nauka sovremennoi Rossii* [Economics of Contemporary Russia], 2015, no. 2, pp. 78.

deputies, city heads. These cases can pass unnoticed under a superficial glance from the federal level... Members of this “group of cronies” often ask their Moscow patrons for protection; criminal proceedings are ceased after the interference of certain influential persons”<sup>27</sup>.

A special anti-corruption unit was created within the power structures. Like in the 1930s – 1940s, it was done “due to a pressing necessity to purge the elites when the country was facing the threat of war... There were party bosses, former civil war gunmen who had to be put down, and the elite that had to be purged and very quickly too”<sup>28</sup>.

**Today, charges are brought not only against individuals, but also against organized groups, thus indicating a deep moral decay of the elites.** The operations that aim to expose illegal actions of administrative elite have a wide public resonance and are a factor that promotes the growth of trust in law enforcement agencies.

According to Levada-Center, the level of trust in the national security agencies in the period from 2014 to September 2015 increased from 46 to 50%, the level of trust in the police increased from 21 to 29%. During this same period, the share of the Russians who trust the Government decreased from 46 to 45%.

According to sociological polls conducted by ISED T RAS, in the period from February 2014 to October 2015, the level of trust in the Federal Security Service increased from 36 to 40%, in the police – from 35 to 41%, while the level of trust in the authorities did not change: the RF Government – 48–49%, the

Federation Council – 40%, the State Duma – 33–35%, the Vologda Oblast Administration – 36–37%. Among all the state institutions the level of trust increased only in relation to the President of the Russian Federation (from 57 to 60%), which is no doubt connected with his political strategy on the international arena.

However, according to experts, the fact that financial authorities focus on the interests of financial and currency speculators and offshore oligarchy aggravates the contradictions between the ruling elite and the people, making these contradictions antagonistic. This undermines people’s confidence in the state power institutions and weakens its two pillars – bureaucracy and law enforcement agencies<sup>29</sup>. The inconsistency of action is also proved by the fact that the punishment lasts just as long as the attention of the public is locked on the case<sup>30</sup>. Many people who make, to put it mildly, “ineffective” management decisions, remain in key positions for decades during their whole “productive” life, and they only change the names of organizations or parties in which they work<sup>31</sup>.

<sup>29</sup> Glazyev S.Yu. Zapredel’noe neravenstvo. Politika gosudarstva protivorechit interesam naseleniya [Outrageous Inequality. Governmental Policy Is Contrary to the Interests of the People]. *Zavtra* [Tomorrow], 2015, no. 29 (1130), July 23. Available at: <http://zavtra.ru/content/view/zapredelnoe-neravenstvo/>

<sup>30</sup> See, for example, the developments concerning the detention of Evgeniya Vasilyeva (source: Maksimov A. Zhenechka v stoge sena [Zhenechka in a Haystack]. *Zavtra* [Tomorrow], 2015, no. 32, August 13. Available at: <http://zavtra.ru/content/view/zhenechkavstogesena/>; Maksimov A. Komediya strogogo rezhima [High Security Comedy]. *Zavtra* [Tomorrow], 2015, no. 35, September 3. Available at: <http://zavtra.ru/content/view/komediyastrorozhima/>)

<sup>31</sup> See, for example, Delyagin M. Bezgramotnyi rifmoplet [Illiterate Verse-Monger]. *Zavtra* [Tomorrow], 2015, no. 37, September 17. Available at: <http://zavtra.ru/content/view/bezgramotnyirifmoplyot/>; Delyagin M. Otlichnyi troechnik [Excellent C Student]. *Zavtra* [Tomorrow], 2015, no. 33, August 20. Available at: <http://zavtra.ru/content/view/zurabov/>

<sup>27</sup> Tikhonov S. Khoteli posadok? [Did You Want Them to be Put Away?]. *Ekspert* [Expert], 2015, no. 40 (959), September 28. Available at: <http://expert.ru/expert/2015/40/hoteliposadok/>

<sup>28</sup> *Ibidem*.



Thus, nowadays Russia is at the crossroads of its development. In the transition to a new stage of Russian statehood there arise comprehensive and systemic problems that do not allow experts to make clearly positive forecasts<sup>32</sup>.

The challenges that Russia faces at the present stage of its history can be organized in two groups.

First, it is *international relations* in which Russia is playing an increasingly important role and which are becoming more and more strained due to frequent breakouts of armed conflicts.

Second, it is the current *system of public administration*, which, according to experts, is “incompatible with life interests of the production sector and population”<sup>33</sup> and becomes a formidable obstacle to effective interaction between government and society<sup>34</sup>.

<sup>32</sup> According to Gennadii Osipov, the consequences of the events of 2014 (in the first place – the accession of Crimea to Russia) “can be fatal for our country, and they can be marked by new moral and economic recovery, as well as by the gloom of disappointment and the deepest decline of everything” (source: Osipov G.V. *Ne upustit’ predostavivshisya shans! [Do not Miss This Chance!]. Sotsiologiya i ekonomika sovremennoi sotsial’noi real’nosti. Sotsial’naya i sotsial’no-politicheskaya situatsiya v Rossii v 2013 godu [Sociology and Economics of the Current Social Reality. Social and Socio-Political Situation in Russia in 2013]. Moscow: ISPI RAN, 2013. P. 12.*)

<sup>33</sup> Glazyev S. Yu. *Zapredel’noe neravenstvo. Politika gosudarstva protivorechit interesam naseleniya [Outrageous Inequality. Governmental Policy Is Contrary to the Interests of the People]. Zavtra [Tomorrow], 2015, no. 29 (1130), July 23. Available at: <http://zavtra.ru/content/view/zapredelnoe-neravenstvo/>*

<sup>34</sup> “Change of priorities is impossible without changing the entire system of values, and in this respect, Russia today is split into power and property, into the minority (maximum 10% of the population) that owns much and the enormous poor majority (over 90% of the population). The former professes Western liberal values, providing a free and unhindered transfer of Russian assets and resources to the West, the latter professes traditional values of the Russian civilization and is deprived of virtually any form of participation in the structures of power and property” (source: Kon’kov N., Nagornyi A. *Glazyev i plan revolyutsii sverkh: vokrug doklada “O neotlozhnykh merakh po ukrepleniyu ekonomicheskoi bezopasnosti Rossii” [Sergei Glazyev and*

**We see that domestic policy is lagging critically behind global political achievements. The President enjoys obvious successes in enhancing the international status of Russia. However, the liberal wing of the Government hampers the solution of national security issues of the 21st century. There are not two but even three principal ways out of this conflict situation: “revolution from above”, “revolution from below” and “revolution from outside”. Given the scope and significance of Russia in the global division of labor, we cannot hope that “everything will somehow turn out fine on its own”<sup>35</sup>.**

As for the Russians themselves, their expectations can be described as “restrained uneasiness”. Almost half of them are characterized by negative social and psychological feeling (a quarter of them feel anxiety, one in five is experiencing apathy, irritability, less often – anger)<sup>36</sup>. **“The citizens realize the gravity of the situation in the economy and do not believe the authorities are able to pull the country out of the crisis. But those very citizens support Russia’s foreign policy that helped regain its glory”<sup>37</sup>.**

the Plan of the Revolution from Above: Around the Report “On the Urgent Measures to Strengthen Russia’s Economic Security”]. *Zavtra [Tomorrow]*, 2015, September 24. Available at: <http://zavtra.ru/content/view/glazeviplanrevolyutsii-sverhu/>)

<sup>35</sup> *Ibidem.*

<sup>36</sup> Rossiiskoe obshchestvo v kontekste novykh realii (teziy o glavnom): informatsionno-analiticheskoe rezyume po itogam obshchenatsional’nogo issledovaniya [Russian Society in the Context of New Realities (Theses about the Most Important Things): the Information-Analytical Summary of the Findings of a National Survey]. *IS RAN [IS RAS]*. Moscow, 2015. P. 4.

<sup>37</sup> *Grazhdan ne volnuet rost bednosti. Vnutrennie problemy strany vyvedeny iz politicheskoi povestki [Citizens Do Not Care about the Growth of Poverty. Internal Problems of the Country Have Been Withdrawn from the Political Agenda]. Vedomosti: gazeta [Vedomosti: Newspaper], 2015, June 14. Available at: <http://www.vedomosti.ru/opinion/articles/2015/06/15/596296grazhdannevolnuetrost-smernostiibednosti>*

Commenting on the situation, we can compare it with socio-cultural transformation, which, according to RAS Academician Viktor Polterovich, is going on all over the world: from collectivism to individualism and further to collaborativeness; from centralism to competition and cooperation, from socialism – through liberalism to “cooperation philosophy”<sup>38</sup>.

Just as centralism and collectivism prevailed in the USSR during the Communist regime, just as the competition and individualism of the “turbulent 1990s” ruled after its collapse, today we are talking about collaborativeness and “cooperation philosophy”, i.e. a moderate but necessary intervention of the state in economic and social processes management<sup>39</sup>.

The willingness to cooperate is an essential principle in dealing with international issues. Every head of state regularly talks about it, although not all of them demonstrate this

willingness under specific circumstances and in specific actions. As for domestic politics, it has much more controversy. Having declaring a policy of rapprochement with the society<sup>40</sup>, the authorities are content with making promises, forecasts and unsubstantiated statements. All this resembles a simulation of cooperation, which Jean Toshchenko described as “the substitution of activity in all its manifestations”, “the fruit of activity (conscious or unconscious), when artificial conditions for processes and phenomena are created in order to meet specific (selfish) group and corporate goals that are presented as socially significant”, “the result of the lack of clear strategic goals and science basis, the result that fits in those conditions when there is no stable feedback with the people, when their opinion is disregarded and their proposals ignored; when it is suggested that the people should follow the decisions made by those in power”. The very imitation, according to Jean Toshchenko, is the reason for social apathy, distrust in the government, low electoral turnout and the overall anomie of the society<sup>41</sup>.

<sup>38</sup> Polterovich V.M. Ot sotsial'nogo liberalizma k filosofii sotrudnichestva [From Social Liberalism to a Philosophy of Collaboration]. *Obshchestvennye nauki i sovremennost'* [Social Sciences and Modernity], 2015, no. 4, p. 45.

<sup>39</sup> “Unlike competition that inevitably leads to the parallel use of resources to achieve mutually exclusive goals and, consequently, to their wasteful spending, cooperation involves harmonization of efforts... The increasing role of cooperation institutions is a natural result of technological, cultural and institutional evolution... The transformation described here increases the efficiency of institutions from the social and individual viewpoints: the sphere of compulsion inherent in power institutions and the institutions of unlimited competition is reducing; the goals of interaction are achieved at a lower cost. It is not only about material but also about social and psychological (“moral”) costs: the observed evolution expands opportunities to implement interactions in the framework of the moral norms that are widely recognized in modern societies” (source: Polterovich V.M. Ot sotsial'nogo liberalizma k filosofii sotrudnichestva [From Social Liberalism to a Philosophy of Collaboration]. *Obshchestvennye nauki i sovremennost'* [Social Sciences and Modernity], 2015, no. 4, p. 45).

<sup>40</sup> In our view, the state has finally and irrevocably turned toward cooperation with the society; the state has openly invited it to participate in the decision of internal issues as a full participant. It happened, when the All-Russia People's Front was established (2011); when at the highest levels of power they began to say that “the main criterion in assessing the work of the authorities is the opinion of the people” (President Putin's speech in October 2012 at a video conference on the efficiency of executive authorities of RF subjects); when the assessment by the people was included in the List of indicators to assess the performance of executive authorities of RF subjects (Decree of the RF President of August 21, 2012 No. 1199 “About assessing the performance efficiency of executive authorities of RF subjects”).

<sup>41</sup> Toshchenko Zh.T. Novye liki deyatel'nosti: imitatsiya [New Images of Activity: Imitation]. *Sotsiologicheskie issledovaniya* [Sociological Studies], 2012, no. 12, pp. 23-35.

It is known that a chain is only as strong as its weakest link. And since the “ideological power is in the same hands, we can expect nothing useful from these people anymore; they prevent Russia from moving forward; today we need a new paradigm, we need new ideas how to improve our country; we need new carriers of these ideas...”<sup>42</sup>.

According to Valerii Fadeev, Chief Editor of the journal “Expert”, “there is no doubt that in the near future a new political configuration that will ensure a breakthrough will be created”<sup>43</sup>. However, more than two years passed and still there is no solution to this problem, and there are fewer and fewer reasons for optimism.

Obviously, without solving key problems “at home, in our own country”<sup>44</sup>, the results

achieved in the international political arena cannot have a solid foundation, so today, at the crossroads of a new stage of Russia’s history, the main challenge facing the society, science and government is to bring national macroeconomic policy “in line with the common understanding of the principles of social justice and truth, and to make it useful for the development of the production sphere”<sup>45</sup>; to improve public administration for the purpose of restructuring the economy on the principles of vertical integration; to fight corruption, to undertake real action to reduce outrageous social inequality and all that really hinders the realization of the presidential program and complicates the pursuit of an independent sovereign policy.

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<sup>42</sup> Vyiti iz brenda [Come Out of Delirium]. *Ekspert* [Expert], 2013, no. 19, May 13–19.

<sup>43</sup> *Ibidem*.

<sup>44</sup> During the “direct line” in April 2015, the Russian President pointed out: “The sanctions certainly contribute to our difficulties, but still it is not the most important thing” (source: Stenogramma «pryamoi linii» s Prezidentom RF V.V. Putinym ot 16 aprelya 2015 g. [Transcript of the “Direct Line” with Russian President Vladimir Putin on April 16, 2015]. *Ofitsial’nyi sait Prezidenta RF* [Official Website of the President of the Russian Federation]. Available at: <http://kremlin.ru/events/president/news/49261>).

<sup>45</sup> Glazyev S.Yu. Zapredel’noe neravenstvo. Politika gosudarstva protivorechit interesam naseleniya [Outrageous Inequality. Governmental Policy Is Contrary to the Interests of the People]. *Zavtra* [Tomorrow], 2015, no. 29 (1130), July 23. Available at: <http://zavtra.ru/content/view/zapredelnoeneravenstvo/>