

3 Russian Modernization Doctrines under Debate

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Introduction

Towards the end of the first decade of the new century, the issue of modernization of the Russian economy, technology base, and society in general became debated more intensely than any other national issue in the country's political, professional and academic communities.¹

In Russian debates, the term 'modernization' most often stands for a kind of 'catching-up', that is, measures or processes aimed at bridging the gap between Russia and the most developed countries.² In 2008 the Russian Government adopted the term 'modernization' in a strategy document, thereby giving it official status – the 'Concept of Long-term Socio-Economic Development of the Russian Federation for the Period up to 2020' (Strategic Concept 2020), a document based on Vladimir Putin's speech at a meeting of the State Council ('On the Development Strategy of Russia up to 2020').³

There is no consensus on criteria for the catching-up process or on the appropriate measures to achieve the objectives of modernization. There are many different and sometimes conflicting approaches or ideologies of modernization.⁴ They can be roughly categorized as communist, liberal and conservative according to four criteria:

1. *Scope of modernization* – areas in which modernization must take place (from purely technological modernization to modernization of all spheres of social life);
2. *Major institutional agencies of modernization* – state versus non-government agencies with possible state support;
3. *Balance of resources used* – national resources versus a combination of national and foreign resources;

4. *Priorities of state policy* – on the supply side or the demand side of innovation.

The communist doctrine is 'minimalist' in the sense that the key institutional agency is the state, and the resources to be used are exclusively national.⁵ The liberal doctrine is 'maximalist', while the conservative one is 'intermediate', located between the other two.

This chapter analyses only the conservative and liberal doctrines. The communist doctrine is not discussed because of its – for present Russian conditions – too far fetched proposals to nationalize natural resources and strategic industries (electricity, transportation, military industry, oil and gas) and restore state control of the national economy. In Russian political and expert circles the 'liberal' and 'conservative' modernization doctrines crystallized as a result of the publication of Dmitrii Medvedev's article 'Go, Russia!' in September 2009 and the report of the Institute of Contemporary Development (ICD) entitled 'Russia in the XXI Century: Vision for the Future' in early 2010.

However, there was a previous debate between 'liberal' and 'conservative' factions, although not in the paradigm 'liberalism versus conservatism'. A most intensive debate took place in 2003, when a report was published by the Council on National Strategy (a non-governmental organization).⁶ The report, 'The State and the Oligarchy', which appeared in the press under the title 'Oligarchic Coup under Preparation in Russia', was part of a huge public relations campaign preparing for the seizure of the Yukos Corporation by another oil company, Rosneft, and the trial of Yukos owner Mikhail Khodorkovskii. The report was dedicated to the economic and political threats to Russia stemming from so-called oligarchic modernization.⁷ The debate that took place over the following years prepared almost all key positions of the liberal and conservative modernization doctrines that appeared in 2009–10. A majority of these discussions took place in political clubs and at round-tables⁸ but were less present in Russia's scholarly journals.

Most Russian academic publications on modernization were written by well-known adherents of the liberal doctrine or by researchers who advocated liberal rather than conservative modernization. Far from being polemical, these papers drew attention to the importance of cultural (value-oriented) change for the success of economic modernization. They emphasized the interdependence of economic modernization and political democratization and the futility of a purely technological modernization.⁹ The proponents of conservative modernization focused much more on promoting their concepts within the government and

presidential administration. When their ideas appeared in public they were often dressed up in terms such as 'sovereign democracy'¹⁰ or presented as the idea that any cultural modernization had to be prevented, otherwise it would destroy Russian national identity.¹¹

One version of the conservative modernization ideology had already been presented in the government's 'Strategic Concept 2020' of 2008 and Putin's speech of the same year, on which it was based. The term 'conservative modernization' was absent from these documents. In this chapter I use the term the way the United Russia Party, led by Putin, uses it. Since November 2009 the party has described itself not as centrist but as a 'conservative force with the aim of conducting modernization and supporting the government programme'.

The ideas of more liberally oriented scholars were incorporated in the ICD report and in Medvedev's article of September 2009, 'Go, Russia!', mentioned above. Some of the basic positions of the ICD report were later confirmed and reinforced in two of Medvedev's speeches in the summer of 2010.¹² These documents provide the most detailed version of the Russian liberal modernization doctrine, formulated as the basis for a political decision-making process.

Medvedev's article generated a surge of publications by proponents of conservative modernization,¹³ which emphasized the following:

1. Medvedev's article is only a development and refinement of positions that were formulated by Putin and were contained in the government's 'Strategic Concept 2020'.
2. The key element of modernization is technological; social and socio-cultural modernization are only supplementary components.
3. The existing political regime should be maintained.¹⁴

The last point can be interpreted as relying on the 'Putin majority' to prevent a weakening of the political role of the United Russia Party as the 'framework of Putin's majority and the skeleton of the national modernization coalition', and avoiding a split in the ruling tandem by maintaining Putin as the national and majority leader and Medvedev as the leader of a national coalition for modernization, and of the creative minority of the population. In other words, the supporters of conservative modernization tried to incorporate Medvedev's concept into their own concept of how the Russian political system should function.

The publication of the ICD report provoked strong (not to say furious) negative reactions. Conservatives described it as a set of empty abstractions, out of touch with reality,¹⁵ as a call for 'the day before yesterday',¹⁶ and not reflecting the positions of Medvedev himself.¹⁷

For their part, the authors of the ICD report suggested that it represented an alternative to the government's 'Strategic Concept 2020'. According to Evgenii Gontmakher, one of its principal drafters and a member of the ICD Board, 'everybody understands that such documents as the "Strategy 2020" are out of date and do not contain clear principles, that they are conceived "for us and for you" (*i nashim, i vashim*)'.¹⁸

The next section analyses the similarities and differences between the conservative and liberal modernization doctrines.

Conservative and Liberal Modernization Doctrines: The Similarities

The arguments of the two modernization doctrines are similar in many respects:

1. the idea that modernization is necessary,
2. the objectives of modernization,
3. the areas in which it is necessary to act to achieve the main goals of modernization,
4. criticism of the inefficiency of the Russian economy,
5. the emphasis on social and political stability,
6. the negative evaluation of some key aspects of Russian public administration.

In both doctrines the necessity of modernization is defined explicitly: it must be carried out because Russia is a great power and a member of the club of the most advanced countries; therefore, any degradation of the country has to be arrested and the emergence of threats to its position prevented.¹⁹ In the ICD report this dichotomy – *all or nothing, intermediate options are not available* – is explained as follows: 'It is possible that Russia is just doomed to struggle for leadership and a special position in the world because of its size, unique natural resources and human capacities'.²⁰ The dichotomy contains one of the key elements of Russian/Soviet national identity as a great, leading power playing a decisive role in global political processes.

In the twentieth century there were only two relatively short periods when this kind of great-power mentality did not dominate: from 1917 to the late 1920s, and from the late 1980s to the late 1990s. These two 'atypical' periods had their own specific causes and preconditions. In both cases, Russian political and intellectual elites tended to view the country as a patient to be cured of a grave disease rather than as an

example for other countries. Both periods were overtaken by a strongly opposite trend: the paths of the Great Power.

The main objectives of modernization set out in both doctrines can be summarized in the following five points.

1. *A high standard of living*: a standard close to or comparable with that of the most developed countries²¹
2. *Social justice, law and order*: equal opportunities, social protection of vulnerable groups, guarantees of constitutional rights, etc.
3. *Economic leadership*: a world leader in the energy and commodity sectors, and one of the leading industrial nations with a high potential for innovation
4. Significant improvement of the country's ecological conditions
5. Securing the country from external threats.

Both doctrines emphasize the importance of political and social stability: Putin stated that the major parties must be mindful of 'their immense responsibility for the unity of the nation',²² and Medvedev pointed to 'maintaining cross-party consensus on strategic issues of foreign policy, social stability' and other aspects of social life.²³

They both evaluate the existing system of public administration similarly. The conservative doctrine notes that 'today the public administration apparatus is largely a bureaucratic, corrupt system, not motivated towards positive changes, still less for dynamic development', suffering from over-centralization (Putin) and low efficiency.²⁴ The liberal doctrine refers to the 'authoritarianism' of public administration.²⁵ Both doctrines highlight the need for profound reforms in public administration and have some proposals in common.

Key areas that both doctrines claim are in need of modernization are: values and motivations (human capital), economics, the political system, public administration, and relations with the outside world.

The next section turns to the differences between the doctrines with regard to these key areas, thereby suggesting that the doctrines should be treated as alternatives rather than complementary.

Conservative and Liberal Modernization Doctrines: The Main Differences

The differences are best seen in the approaches to modernization in the five key areas that are listed above.

Values and Motivation

With regard to values and motivations, the conservative doctrine proposes extremely cautious measures (as befits conservative doctrines). It reduces 'the problem of changing values and motivations' to 'an increase in work motivation' and to the need for 'civic education, patriotic upbringing of youth, [and] the promotion of legal, cultural and moral values among young people'.²⁶ The latter refers to 'popularization' of the following set of 'community values': health, labour, family, patriotism, service to the country, responsibility, an active civic position, environmental protection, toleration and human rights. This set of values differs from the standard values propagated by the communist regime in only two aspects: toleration and human rights. And this innovation is not at all accentuated. Otherwise, new values are listed modestly in much the same way as the traditional set of Soviet values.²⁷

The logic behind the conservative doctrine's ideas for modernization of human capital can be summarized as follows.

1. No radical transformation of dominant values in Russian society of today is required in order to start the modernization process
2. Some correction of values – with the help of civil associations' programmes and social advertising' – is however needed.²⁸
3. Further changes in values will come with changes in the institutional environment.²⁹

In other words, the conservative doctrine treats changes in the value system as a function of changes in formal institutions. The liberal doctrine proposes a much more radical version of human capital modernization, based on the assumption that changing institutions is a function of changing the culture (values).

According to Medvedev, one of the major ills of Russian society is the 'prevalence of paternalistic attitudes', which generate 'inertia, lack of new ideas', etc.³⁰ The 2010 ICD report considered 'the humanitarian component' as crucial to the modernization process: 'Modernization begins with the right mood. Of particular importance is the humanitarian component: values and principles, morals and motivation, attitudes and system of prohibitions'.³¹

Creating 'the right mood' entails destroying the deep-rooted authoritarian complex of Russian mass consciousness. A 'strategic objective of any modern government' is to 'cultivate' in society a classic set of characteristics of *homo liberalis*, that is citizens who are fully adapted to

a competitive economic and political environment and reject paternalism; have independent opinions; are capable of reflection and rationality; are autonomous, dynamic and flexible in their actions; and who take initiative and responsibility. The promotion of these qualities is a necessary condition for replacing the 'parasitical-distributive set of values' with a set of 'creative-productive' values and the model of 'citizens in the service of the state' with the principle 'the state in the service of citizens'.³²

Mikhail Fedotov, the chairman of the Presidential Human Rights Council under the Russian president and an adviser to the president, also points out the need for modernizing the popular consciousness (while stressing that he is quoting the president): 'What we need is a modernization of social relations and of stereotypes of social behavior. A modernization of consciousness. This is, if you want, an ideological priority. After all, we are thinking archaically'.³³

Economic Policy

The differences between the two doctrines in the field of economic policy pertain primarily to the relative importance of two ways of promoting innovative development of the economy: creating a *supply* of innovations and their implementation in the economy; or creating a *demand* for innovation on the part of the economy.

According to the conservative doctrine the first type of policy clearly dominates over the second. Here key problems of the Russian economy are reduced mainly to poor technical and technological conditions and the obstacles to improving them. Putin talks about extreme economic inefficiency, unacceptably low productivity, the inertia of the 'energy and raw materials' scenario of development, and 'fragmented economic modernization'.³⁴ The government's 'Concept up to the year 2020' emphasizes the underdeveloped transport and energy infrastructure; the shortage of qualified engineers and skilled workers; high levels of social inequality and regional differentiation; the poor development of self-organization and regulation of business and society; the low level of confidence and low efficiency of public administration; the slow development of the national innovation system; the poor coordination of education, science and business; the low level of competition in some markets; the high risks involved in conducting business because of corruption, excessive administrative barriers, poor protection of property rights, and so on.³⁵

Putin's speech and the government's 'Concept' document contain a concrete, detailed description of the structural and technical aspects

of an innovative development of production. The solutions for the demand for innovations, on the other hand, remain in the realm of general 'textbook style' declarations. Putin says that 'it is necessary to develop market institutions and a competitive environment that will motivate companies to cut costs, modernize production and respond flexibly to consumer demand'; that 'a comfortable environment should be established in Russia to attract investment, especially in high-tech industries, and to do business'; and that 'it is necessary to *continue efforts* [italics added] to establish an independent and effective judiciary that unquestionably guarantees protection of entrepreneurial rights, including protection from bureaucratic arbitrary action'.³⁶

The document laying out the government's concept for development up to the year 2020 states that the transition from a 'raw materials export model of economic growth to an innovation model requires creating a highly competitive institutional environment that encourages entrepreneurial activity and attracts capital into the economy, presupposes the creation and development of competitive markets, and consistent de-monopolization'.³⁷

But in spite of these declarations the conservative doctrine does not contain any plans to de-monopolize the leading and most monopolized industries – at least not until 2020. The government's Concept document contains a special section on the development of the Russian oil and gas industry, aviation, shipbuilding and banking system, but does not mention de-monopolization of these branches. The only economic sectors mentioned in the Concept document as the objects of future de-monopolization are 'the engineering infrastructure (roads, airfields, etc.), and the sphere of limited natural resources, including aquatic biological resources and subsoil'.³⁸

To be fair, it should be noted that in his article 'A Miracle is Possible' (on the prospects for developing an innovative economy) Vladislav Surkov, at that time the Kremlin's chief ideologist, highlights the key role of the demand for innovation in the modernization process. However, for him the demand comes primarily from the government and large public and private corporations. The state is a means for forcing innovation. According to Surkov, the value of competition should not be exaggerated: 'the liberal hope for the invisible hand of the market itself is not justified', and 'an excessive number of competing systems degrades the quality of competition'.³⁹

The liberal doctrine, on the other hand, stresses the importance of the demand side of innovation. The ICD report states that 'the challenge is to create an economy generating innovation, not to generate

innovations to be painfully imposed on the economy' and that 'the main change needed by the innovation economy is to create an environment in which corporations are chasing bearers of knowledge and intangible assets, and not bearers of knowledge chasing corporations'.⁴⁰

The Political System

The differences between the doctrines' approaches to modernization of the political system begin with their evaluations of its current condition. It is therefore useful to start by recalling that, according to Freedom House's 'Nations in Transit', Russia now belongs to the group of 'unfree' countries.

Russia has an authoritarian system of government that gives its citizens few tools to hold their leaders accountable. In 2001–10 Russia's rating for national democratic governance rose from 4.88 to 6.50; for the electoral process from 4.22 to 6.75; and for the independent media from 5.25 to 6.25.⁴¹

The conservative doctrine avoids estimating the current state of the political system. The liberal doctrine, however, evaluates it negatively: in the Medvedev texts rather gently, but in the ICD report very sharply.

Medvedev: Democratic institutions in general are formed and stabilized, but their quality is far from ideal.⁴² We must make better use of our foreign policy tools in solving domestic problems, for the purpose of modernization of our country, its economic, social and – in some measures – political system.⁴³

ICD report: Business and social activity of citizens has to be released from bureaucratic "vertical pressure", otherwise a "technological" modernization simply will not have any positive results.⁴⁴

The impression that the conservative doctrine regards the existing political system as adaptable for its purposes, while the liberal doctrine considers it a barrier, is supported by an analysis of their respective approaches to political modernization.

The changes proposed by the conservative doctrine do not refer to such concepts as 'political competition', 'opposition', 'political pluralism' or 'free media'. The government's 'Concept' document of 2010 contains only vague statements such as the 'transition to an innovative socially oriented type of development is impossible' without 'developed democratic institutions'; the country needs 'an effectively operating democratic system' that could provide 'effective mechanisms for protecting the rights and freedoms of citizens', and with 'the use of

procedures and rules ensuring the identification and consideration of the interests of each social group in decision making at all levels ... of power', etc.⁴⁵ Such vague formulations are dictated by the genre of the document: government programmes are focused primarily on socio-economic rather than political issues.

Putin refers more explicitly to the political system. Along with a general characteristic of political modernization (which he defines as a transformation of the 'democratic state' into 'an effective instrument of the self-organization of civil society'⁴⁶), Putin offers his vision of a future (i.e. modernized) party system. For him Russia will have several big political parties, which 'must remember their immense responsibility for ... national unity' and in any case must not allow society to become fragmented. 'Attempts to split up the society' are equated with 'irresponsible demagoguery' and with 'the use of foreign aid and intervention in domestic political struggles', and are regarded as 'immoral' and 'illegal'.⁴⁷ Thus, the conservative doctrine does not propose any significant liberalization of the political system.

The liberal doctrine, on the other hand, puts forth a comprehensive programme of political reforms aimed at creating a competitive political environment. In 'Go, Russia!' Medvedev wrote about 'political competition', which provides periodic changes in the power of different parties.⁴⁸ The ICD report's section on 'The political future of the country: back to the constitution' states that political modernization of the country is 'a necessary component of modernization' and that the modernized state must be 'the arbiter and manager of all conflicts among pluralistic interests'. This arbitration 'necessarily implies political pluralism ... competition in politics, including a change in power of different political forces, independent courts, [and] a general willingness to resolve conflicts within existing institutions'.⁴⁹

Public Administration

In some respects the positions of the two doctrines on the modernization of Russia's public administration are quite close. Nevertheless, there is a fundamental difference. The liberal doctrine contains a draft programme for deep reform of the current power structures, whereas the conservative doctrine makes no mention of this.

The ICD report proposes, in particular, a transition to a professional army; transformation of the *militiya* into a Federal Service of Criminal Police and municipal police; conversion of interior troops into a National Guard; reorganization of the Federal Security Service (FSB), and so forth.⁵⁰ It is obvious that implementation of this package of reforms

would fundamentally change the state system and represent the complete rejection of key elements of the Soviet state legacy. It is also clear that, without these reforms, the modernization of public administration would be only partial and unlikely to provide the required level of flexibility for the modernization of other aspects of social life.

Relations with the Outside World

The contrast between the two doctrines is most striking with regard to Russia's foreign relations. They differ in such key areas as: the assessment of the sources and levels of external threats, the view of priority areas of cooperation, and the permissible extent of economic and political cooperation with possible allies.

The conservative doctrine is based on the assumption of a serious military threat, especially from the West, and of a worsening of the geopolitical struggle for control over natural resources. Putin claims that the world has entered a new arms race; that the most developed countries spend ten times more on defence than Russia does; and that the North Atlantic Treaty Organization (NATO) wants Russia to unilaterally implement agreements all the while the alliance is moving geographically closer to Russia's borders. There is no constructive response to Russia's concerns, he says, and Russia is therefore forced to make its own appropriate response: 'in the coming years Russia will start to produce new weapons, not inferior in quality characteristics to weapons at the disposal of other states, and in some cases – exceeding those specifications'.⁵¹ The government's 'Concept' document notes that the development of global economic competition is accompanied by increased geopolitical rivalry, including a struggle for control over raw materials, energy, water and food resources.⁵²

On the basis of this paradigm, the conservative doctrine targets the 11-member Commonwealth of Independent States (CIS), China and India as the first three priority areas of political and economic cooperation for Russia; the European Union and the United States are fourth and fifth, respectively. This replicates Soviet foreign policy priorities, which were (1) the community of the former Soviet Union, (2) China and (3) India.

As regards foreign investments in Russia, the conservative doctrine is extremely cautious. In his 'Strategy 2020' speech Putin said nothing about foreign investment in the Russian economy. According to the government's 'Concept', in 2007–20 the share of direct foreign investments in Russia's GDP will remain almost unchanged (3.5% in 2020 as against 3% in 2007). The Concept strategy is not predicated on any special

measures to promote foreign investments in basic industries (oil and gas, raw materials, etc.). Putin's document proposes only clarification of the rules of the game; adjustment of the 'conditions of competition of Russian and foreign manufacturers in Russia',⁵³ and the 'establishment of clear and understandable restrictions on foreign investors in respect of strategic areas'.⁵⁴ On high-technology industries the Concept states that their modernization 'is impossible without the involvement of foreign strategic partners, foreign technology and skills', but also that in these sectors 'Russia wishes to establish independent national companies, which could play an active role not only in the domestic but also in the world market'.⁵⁵ In other words, the conservative doctrine does not envisage a significant increase in the openness of the country to foreign capital – in this version modernization is supposed to take place primarily on its own.

The liberal doctrine offers a fundamentally different view of Russia's relations with the outside world, although neither Medvedev's speeches nor the ICD report mention any threats to Russia from the West. On the contrary, the European Union and the United States are regarded as important cooperation partners. The ICD report portrays the European Union as a potential strategic Russian ally and even advocates Russia's eventual full membership. Relations with the United States are predicted to develop in the direction of strategic partnership.⁵⁶ In both cases 'cooperation' stands for collaboration in both the economic and military–political spheres.

In the economic field the liberal doctrine advocates not only a broad involvement of Western capital in the Russian economy, including basic industries, but also integration of the Russian economy with those of the leading European countries. Thus, according to the ICD report, the framework for a strategic alliance between Russia and the European Union can be created by the 'gradual formation of a united European energy sector, based on cross-ownership of business entities and joint management of production and redistribution of gas and other energy sources'.⁵⁷

In his July 2010 speech to Russian ambassadors, President Medvedev supported economic integration with the West as outlined in the ICD report. He said that Russia 'really needs special modernization alliances with international partners... First of all, with countries such as Germany, France, Italy, the European Union as a whole, [and] with the United States of America'.⁵⁸

In the military field the liberal doctrine advocates close cooperation with the United States in a joint missile defence programme and in

WMD (Weapons of Mass Destruction) non-proliferation measures, particularly as regards the programmes of Iran and North Korea.⁵⁹ Another strategic Russian objective is membership of NATO.⁶⁰ China is seen rather as a potential danger. The ICD report regards the 'rapid rise of China' as one of the key arguments for building 'a new model of relations with elements of cooperation and competition, especially in the quadrangle USA–Japan–Russia–China'.⁶¹

The next section of this chapter assesses the extent to which these two modernization doctrines can be put into practice and the possible consequences of their implementation.

Conservative and Liberal Modernization Doctrines: Feasibility and Implications

The Conservative Doctrine

Implementation of the conservative doctrine would run into some very significant institutional and resource constraints. The most significant institutional constraint is a lack of demand for innovation in the economy and in government institutions.

As shown above, the conservative doctrine does not propose either de-monopolization or a smaller government presence in key sectors of the economy, or the termination of 'friendly relations' between the state and a few big private corporations. This is particularly striking since the monopolization of the Russian economy that has taken place in recent years. In 2006–09 five big public companies appeared as monopolies in their respective sectors: the United Aircraft-Engineering Company (2006), the United Ship-building Company (founded in 2007; by 2009 it controlled another 19 companies), Rosnano (2007), RosTechnologies (2008) and RosAuto (2009).

In 2010 the World Economic Forum reported that Russia occupied 'a very low 114th position in this year's ETI' (Enabling Trade Index) and had 'fallen to the last place in the entire sample on the market access subindex'.⁶² It now holds 101st place (out of 125) for the quality of domestic competition (the intensity of competition, level of monopolization, size of entry barriers, etc.) and 115th place in terms of its openness to foreign participation.⁶³

It is difficult to support the contention that an economy in which the dominant positions are occupied by non-transparent monopolies that are supported by the state budget and protected from foreign competition will have a strong demand for innovations. For these corporations an innovative process would hardly support their survival, but rather would be a source of problems. Putin's evaluation of the current situation

In Russian public administration was quoted above. General declarations aside, the conservative doctrine does not contain any significant measures to change this situation. This means that in the foreseeable future the state apparatus will look the same as it does today.

On the World Economic Forum's indices for 2010, the Russian state apparatus is rated as follows: in the Corruption Perceptions Index, 112th place out of 125; ethics and corruption (diversion of public funds, public trust of politicians), 91st place; undue influence (judicial dependence, favouritism in decisions of government officials), 103rd place; and government efficiency (wastefulness of government spending, burden of government regulation, efficiency of the legal framework, transparency of government policymaking), 103rd place.⁶⁴ Given this, it would be naive to suggest that there will be any demand in Russia for innovations in the field of public administration.

The state also needs to invest in technological modernization, but the resource constraints are no less serious there. According to various estimates, the share of outdated, physically obsolete equipment in Russian production assets now varies from about 45 to 75 per cent.⁶⁵ The average age of production equipment in Russian industries is approximately 13 years, as compared with 7 years in the United States.⁶⁶ Putin has a valid point when he says that modernization of the country would require it to change 'almost all... technology, almost all machines and equipment'. And this would require enormous financial resources.

Russia must invest even more resources in its human capital – not only to raise the quality of education, but also to alleviate the severe demographic crisis, that is to slow down the population decline and to improve public health. Today, Russia's population is shrinking at one of the highest rates of all countries in the world (by about 750,000 people annually), primarily due to the decreasing birth rate. If this situation does not improve, by the middle of the twenty-first century the population of Russia will have declined by about a third, to around 100 million people. Leading Russian demographers claim that it is impossible to halt this trend, but it is possible to slow down the process – not the part that depends on the fertility rate (this a cultural factor), but the part determined by the health of the population. The health situation is extremely bad. Natalya Rimashevskaya, one of the most authoritative Russian demographers, says that over the past few decades every succeeding generation was less healthy than the previous one,⁶⁷ leading to a mental and physical degradation.

The mortality rate for Russians of working age is seven times higher than the rate in the developed countries. In recent years Russia has

rated around 172nd place (of 193 countries) for the occurrence of tuberculosis.⁶⁸ In the past century alcoholism in Russia reached catastrophic proportions. In 1914 Russians consumed about 2.5–4 litres of alcohol per capita. According to the World Health Organization, alcohol consumption of more than 8 litres per capita a year poses a threat to the very survival of a population. Meanwhile, the figure for Russia today is 18 litres per capita a year. This terrifying increase is mostly attributed to increased beer consumption. It is clear that unless the demographic crisis is overcome (or at least significantly alleviated) and technological renovation is implemented, any dream of successful modernization will remain a pipe dream.

There are other serious problems that have to be financed and solved. One of these problems is national defence. The conservative doctrine's vision of the world, which notes the increasing geopolitical competition over natural resources and an arms race involving countries that invest ten times more than Russia in defence, dictates the necessity for large military budgets. Because the conservative doctrine does not suggest that the share of foreign investment in the Russian economy should be increased, the country will have to solve the 'guns or butter' dilemma on its own.

This means that civilian and military spending – in accordance with Soviet tradition – will be a zero-sum game, and again in accordance with Soviet tradition 'guns' will win. The results can be predicted by examining some of the allocations in the national budget for 2011: defence, security and law enforcement, 16 per cent; medical care, 4 per cent; education, 3.7 per cent; science, 1.9 per cent; and culture, 0.9 per cent.⁶⁹ The problem of the scarcity of domestic resources for modernization is exacerbated by corruption. The impact of this factor can be evaluated by the size of kickbacks, which make up about 50 per cent of the total value of all contracts between the state and private contractors.

All this points to the doubtful feasibility of the conservative modernization doctrine, which would probably result in a waste of time and a devastating dissipation of resources. In my view this project would not contribute to alleviating the demographic crisis, nor to modernizing the civilian sectors of the economy; nor would it create military forces that are comparable in effectiveness with the armed forces of the countries that the conservative doctrine project considers the main source of threats (NATO). Given the fact that this project involves alienation from the West and cooperation with China (a country with territorial claims against Russia, which actively finances the emigration of its male population to the Russian Far East, and whose military spending – according to the Stockholm International Peace Research Institute – already

exceeds Russia's by four times), such a strategy is likely to lead to the spread of Chinese influence in the Russian Far East. In the longer run this scenario could result in Russia's becoming the 'little brother' of a Great China.

The Liberal Doctrine

It is easier to see the feasibility of the liberal modernization doctrine. As the authors of the ICD report wrote: 'It is a dangerous illusion to think that Russia – as it is formed today – can be transformed into an innovative country, communicating on equal terms with the leaders of the world's innovative development and competing for the opportunity to manage the future. A truly innovative development (and by and large, even the start of such a development) requires another country – with a different set of values and relations, with different politics and social environment, with a different public administration, with a different mood of business'.⁷⁰ In other words, Russia is not equipped to achieve full modernization and cannot therefore be transformed into a leading world power in the twenty-first century.

Conclusion

Of the doctrines of modernization discussed in Russian academic and political communities, the liberal-oriented one, here represented by the ICD report, seems the most profound and honest one. It opens the prospect of a future Russia as part of the European, or rather Euro-Atlantic, civilization – not as a great power but simply as a participant country with a per capita income that is below the European and US average but much higher than the world average. However, in some spheres Russia could be counted as a significant member of the community; as one of the key countries in the collective security system; as a good partner in major space and oceanic research programmes; as a supplier of energy and processed raw materials; as a source of scientific and technological innovations (if integration with the West limits or stops the 'brain drain' from Russia); and as a tourist attraction because of its unique natural areas. The sooner Russia starts to implement a liberal doctrine – that is, the faster it opens up key sectors of its economy to Western investors and fully cooperates militarily with the United States and NATO – the less threatening the 'Chinese factor' will be and the greater the probability that Russia will be able to survive within its current borders.

If Russia is not caught up in trying to achieve a neurotic, unrealistic goal but rather calmly examines its options, it will realize that between the visions of Russia as a superpower and the possible disintegration of

the country there are many development trajectories that can provide a quality of life that is better than that in most other parts of the world.

Notes

1. In the 18-year period 1992–2009 the number of publications devoted to this subject in Russian newspapers, magazines and news agency releases nationwide multiplied approximately 1200 times. By the end of the first decade of the twenty-first century, however, there were four times more Russian publications on security issues. Calculated with the services of Integrum World Wide databases; see <http://www.integrumworld.com>.
2. It is impossible to list all the many publications confirming this statement, but among the most interesting are A. A. Auzan and A. Zolotov (2008), 'Koalitsii za modernizatsiyu: analiz vozmozhnosti vozniknoveniya' [Coalition for Modernization: An Analysis of the Potential], *Voprosy ekonomiki* [Problems of Economy], No. 1, pp. 97–107; S. Dubinin (2010), 'Alternativny modernizatsii' [Alternatives of Modernization], *Svobodnaya mysl* [Free Thought], No. 2, pp. 5–14; L. Grigor'ev and V. Tambovtsev (2008), 'Modernizatsiya cherez koalitsii' [Modernization through Coalition], *Voprosy ekonomiki*, No. 1, pp. 59–70; V. Inozemtsev (ed.) (2009), *Modernizatsiya Rossii: usloviya, predposylki, shansy. Vyp. 1.2*. [Modernization of Russia: Terms, Conditions, Chances] (Moscow: Tsentr issledovaniya postindustrialnogo obshchestva [Centre for Studies of Post-industrial Society]); E. Jasin (2007), 'Modernizatsiya i obshchestvo' [Modernization and Society], *Voprosy ekonomiki*, No. 5, pp. 4–29; and V. Polterovich (2008), 'Strategii modernizatsii, instituty i koalitsii' [Strategy for Modernization, Institutions, and Coalitions], *Voprosy ekonomiki*, No. 4, pp. 4–24.
3. 'The Concept of Long-term Socio-Economic Development of the Russian Federation for the Period up to 2010' (see note 3 in 'Introduction', p. 12); V. Putin (2008) (see note 3 in Chapter 1, 'Introduction').
4. By 'ideology' I mean 'any wide-ranging system of beliefs, ways of thought, and categories that provide the foundation of programmes of political and social action', according to the definition in *The Oxford Dictionary of Philosophy*, 2nd edn (2005), (Oxford: Oxford University Press), p. 178.
5. A good example of a communist version of modernization can be found in the report of Gennady Zyuganov, the leader of the Communist Party of the Russian Federation (CPRF), at the 5th CPRF plenum, 3 April 2010. See 'Socialist Modernization – The Way to a Revival of Russia', http://kprf.ru/rus_soc/78111.html.
6. The Council on National Strategy was headed at that time by Stanislav Belkovsky and Iosif Diskin. On the council document see e.g. <http://www.Russiajournal.com/node/6277>.
7. See the text of the ICD report at <http://www.utro.ru/articles/2003/05/26/201631.shtml>. In some publications, including that one, I was mentioned as one of the authors of the report. The present author was a member of the council but did not participate in the preparation of this report. Its publication was the reason for my withdrawal from the council. A few others left the council at the same time: A. Salmin, B. Makarenko and L. Shevtsova.

Salmin died in 2005. As for Makarenko and Shevtsova, they are now two of the consistent supporters of liberal modernization. E.g., Makarenko is one of the authors of the ICD report that is analysed in this chapter.

8. See e.g. transcripts of several meetings of the Open Forum Club: 1. 8th meeting (10 July 2003): Political coercive tools in Russian Economy: Contexts and consequences, available at http://www.open-forum.ru/meeting.php?fullsten&sten_id=23.
2. 11th meeting (30 September 2003): Economic Growth and Politics in Russia today, http://www.open-forum.ru/meeting.php?fullsten&sten_id=20.
3. 13th meeting (28 October 2003): The Yukos affair and scenarios of Russia's development for the next 10 years: A situational analysis, http://www.open-forum.ru/meeting.php?fullsten&sten_id=18.
4. 17th meeting (3 February 2004): Modernization of Russia: Conflicts and dangers on the road to post-industrial society, http://www.open-forum.ru/meeting.php?fullsten&sten_id=14.
9. See A. G. Vishnevsky (2004), 'Obshchestvo i reformy: Modernizatsiya i kontrmodernizatsiya: chya vozmet?' [Society and Reforms: Modernization and Counter-modernization: Who Would Win?], *Obshchestvennye nauki i sovremennost'* [Social Sciences and Modernity], No. 1, pp. 17–25; V. V. Lapkin and V. I. Pantin (2005), 'Ritmy mezhdunarodnogo razvitiya kak faktor politicheskoi modernizatsii Rossii' [Rhythms of the International Development as a Factor for Russia's Modernization], *POLIS*, No. 3, pp. 44–58; Jasin (note 3); A. A. Auzan (2007), 'Koleya rossiiskoi modernizatsii' [Track of Russian Modernization], *Obshchestvennye nauki i sovremennost'*, No. 6, pp. 54–60; Auzan and Zolotov (note 3); K. S. Gadgiev (2008), 'Vesternizatsiya ili osobyi put modernizatsii?' [Westernization or Special Path of Modernization?], *POLIS*, No. 4, pp. 148–62.
10. L. V. Poliakov (ed.) (2007), *PRO suverennuyu demokratiyu* [On Sovereign Democracy] (Moscow: Evropa).
11. A. Dugin (2009), 'Chto takoe modernizatsiya' [What is Modernization?], *Politicheskii klass* [Political Class], No. 1, pp. 60–5.
12. Dmitri Medvedev (2009), 'Go, Russia', <http://eng.kremlin.ru/news/298>; D. Medvedev (2010), 'Vystuplenie na plenarnom zasedanii Peterburgskogo mezhdunarodnogo ekonomicheskogo foruma, 18 June' [Speech at the Plenary Meeting of the International Economic Forum in Petersburg], <http://news.kremlin.ru/news/8093>; D. Medvedev (2010), 'Vystuplenie na soveshchanii s rossiiskimi poslami i postoyannymi predstaviteliami v mezhdunarodnykh organizatsiyakh' [Speech at the Meeting of Russian Ambassadors and Permanent Representatives to International Organizations], 12 June, <http://www.kremlin.ru/transcripts/8325>; *Rossiia XXI veka: Obraz zheleznogo zavtra* [Russia in the XXI Century: Vision for the Future], Institut sovremennogo razvitiya ICD [Institute of Contemporary Development] (2010) (Moscow: Ekon-Inform). For documents in English see the ICD website at <http://www.ricenter.ru/en>.
13. V. Ivanov (2009), 'Konservativnaya modernizatsiya' [Conservative Modernization], *Izvestiya*, 30 November; D. Orlov, D. Badovsky and M. Vinogradov (2010), 'Konservativnaya modernizatsiya – 2010: konfigratsiya vlasti i novaya politicheskaya povestka dnya. Analiticheskii doklad' [Conservative Modernization 2010: Configuration of Power and the New

Political Agenda. An Analytical Report], *REGNUM*, 3 January, <http://www.regnum.ru/news/1241073.html>; V. Surkov (2010), 'Chudo vozmozhno' [A Miracle Is Possible], *Vedomosti*, 15 February.

14. Various conservative authors write about the need to preserve the existing political regime in different ways. V. Ivanov, a supporter of the 'consensual oligarchy', regards democratization as a dismantling of the regime and believes that it is unacceptable. V. Ivanov (2009), 'Konservativnaya modernizatsiya' [Conservative Modernization], *Izvestiya*, 30 November. The more flexible author Vladimir Surkov writes about the need to start political modernization immediately, 'but not dramatically', and adds that the United Russia Party is likely to win the elections of 2011. V. Surkov (2010), 'Chudo vozmozhno' [A Miracle Is Possible], *Vedomosti*, 15 February.
15. I. Diskin, <http://www.politonline.ru/comments/2250.html>.
16. L. Polyakov and A. Chesnakov, <http://actualcomment.ru/done/456/>, or even as state treason: A. Kuchin, <http://www.nakanune.ru/articles/14481>.
17. D. Orlov and A. Chesnakov, <http://actualcomment.ru/done/456/>.
18. See http://www.gazeta.ru/politics/2010/02/02_a_3319216.shtml.
19. The conservative version is 'the most attractive country for living', 'leader in socio-economic development and in national security'. V. Putin (2008), 'Vystuplenie na rasshirennoy zasedanii Gosudarstvennogo soвета "O strategii razvitiya Rossii do 2020"', 8 February [Speech at the Enlarged Meeting of the State Council 'On Russia's Development Strategy to 2020'] <http://archive.kremlin.ru/text/appears/2008/02/159528.shtml>: 'our level of economic and social development is in keeping with the status of Russia as one of the world's leading powers of the XXI century'. See Concept (note 3), p. 7, versus 'the loss of positions in the economy, security, and ultimately the loss of sovereignty (Putin). The liberal version: 'an attractive country where people from all over the world will strive to come in search of realization of their dreams, in search of better opportunities for success and self-actualization'. D. Medvedev (2010), 'Vystuplenie na plenarnom zasedanii Peterburgskogo mezhdunarodnogo ekonomicheskogo foruma, 18 June [Speech at the Plenary Meeting of the International Economic Forum in Petersburg], <http://news.kremlin.ru/news/8093>, 'a modern, prosperous and strong Russia', 'a co-founder of a new world economic order and a full-fledged member of the collective political leadership in the post-crisis world'" versus 'the degradation of a Great Power', 'final calming down at a back seat of the world civilization'. *Rossiia XXI veka: Obraz zhelaniya zavtra* [Russia in the 21st Century, Institut sovremennogo razvitiya (ICD, Institute of Contemporary Development)]. For documents in English see the ICD website at <http://www.riocenter.ru/en>, p. 4.
20. ICD (note 19), p. 15.
21. In the conservative doctrine this goal is stated as: 'In 2020 the income and quality of life in Russia will reach a level typical of developed economies – in 2020 the per capita GDP should be about 70% of the average of OECD member countries, against approximately 40% in 2007, and the share of the middle class in the population should exceed 50%. Concept (note 3) p. 8. According to the liberal doctrine, the objective of modernization is to achieve a quality of life that is in all respects comparable with the most advanced countries of the world. ICD (note 48), p. 21.

22. Putin (note 3).
23. Medvedev (note 12).
24. Concept (note 3), p. 9.
25. ICD (note 19), p. 8.
26. Concept (note 3), pp. 55, 73.
27. 'The third task – a civic and patriotic education of youth, a fostering of elaboration of legal, cultural and moral values among young people. The problem can be solved... by a popularization... of social values, such as health; work; family; tolerance; human rights; patriotism, service to the motherland; responsibility, active civil position; by a support of programs aiming to create a unified Russian civil nation, national-state identity; by fostering tolerance toward different ethnic groups; by international cooperation, by stimulating the interest of the youth in the historical and cultural heritage of Russia, in environmental protection...'. Concept (note 3), pp. 73–4.
28. Concept (note 3), p. 74.
29. The project presupposes that there are a lot of resources to create an institutional environment 'to ensure the development of human capital'. Concept (note 3), p. 85: improving education, expanding opportunities for the realization of individual initiatives, entrepreneurship, etc.
30. Medvedev (note 12).
31. ICD (note 19), p. 8.
32. ICD *ibid.*, pp. 8–9.
33. M. Fedotov (2010), 'Ne bit dubinoi, a obsuzhdai' [Do not Bludgeon but Discuss], *Russkii Newsweek*, No. 43, pp. 24–5.
34. Putin (note 3).
35. Concept (note 3), p. 7.
36. Putin: 'Taking into account that the Yukos affair in general, and the trial of Khodorkovsky and Lebedev in particular, led to the degradation of the Russian judicial system, the appeal "to continue efforts to establish an independent and effective judiciary" sounds a bit strange. According to the World Economic Forum, Russia – in terms of judicial independence – occupied 109th place out of 134 in 2008–2009, and 116th place out of 133 in 2009–2010.' See <http://www.weforum.org/documents/gcr0809/index.html> and <http://www.weforum.org/documents/GCR09/index.html>. 'Judges remain beholden to their superiors and are pressured to produce convictions. Security services are increasing their ability to monitor private communications. Russia's penitentiaries remain unreformed with torture a common practice. Russia's rating for judicial framework and independence remains unchanged at 5.50'. *Nations in Transit 2010*, see note 15.
37. Concept (note 3), pp. 13–14.
38. Concept (note 3), pp. 126, 143.
39. Surkov (note 14).
40. ICD (note 19), pp. 17, 18.
41. *Nations in Transit 2010*, see Chapter 2 by Hayoz, note 10.
42. Medvedev (note 12).
43. Medvedev (2010) 'Vystuplenie na soveshanii s rossiiskimi poslami i postannymi predstavitel'yami v mezhdunarodnykh organizatsiyakh' [Speech at a Meeting with Russian Ambassadors and Permanent Representatives to International Organisations], 12 June, <http://kremlin.ru/transcripts/8325>.

44. ICD (note 19), p. 10.
45. Concept (note 3), p. 18.
46. Putin sees this transformation as a process that 'takes years and is carried out' with the help of education and the formation of civil culture by enhancing the role of non-governmental organizations, ombudsmen, and civic chambers as well as, of course, through the development of the Russian multiparty system. Speech by Putin, 8 February 2008 (note 3).
47. Putin *ibid.*
48. Medvedev (note 12).
49. ICD (note 19), pp. 10, 11.
50. ICD *ibid.*, pp. 38–42, 63–4.
51. Putin (note 3).
52. Concept (note 3), p. 5.
53. *Ibid.*, p. 124.
54. *Ibid.*, p. 150.
55. *Ibid.*, p. 114.
56. ICD (note 19), pp. 44, 45.
57. ICD *ibid.*, p. 44.
58. Medvedev (note 43).
59. ICD (note 19), p. 45.
60. ICD *ibid.*, p. 42.
61. ICD *ibid.*, p. 47.
62. GETR (2010), The Global Enabling Trade Report 2010, World Economic Forum, p. 25, <http://www.weforum.org/pdf/GETR10/Global-Enabling-Trade-Report-2010.pdf>.
63. *Ibid.*, p. 233.
64. *Ibid.*, p. 233.
65. E. V. Balatsky and A. B. Gusev (2008), 'Proizvodstvennyi park yurskogo perioda [A Non/Productive Park of the Yura Period], *Nezavisimaya gazeta*, 23 April, http://www.ng.ru/science/2008-04-23/20_logics.html; Inozemtsev (note 31); ROSSTAT (2008, 2009), *Rossiiskii statisticheskii ezhegodnik* [ROSSTAT. Statistical Yearbook of Russia] (Moscow: Goskomstat Rossi); N. Savelyev (2004), Speech at the meeting of the Open Forum Club on the topic 'The European Union and the CIS. Prospects of Interaction', 27 October, <http://www.open-forum.ru>.
66. IWEIR, Institute of World Economy and International Relations (2010), *Modernization of Russian Economy: Structural Capacity* (Moscow), <http://www.imemo.ru/ru/publ/2010/10004.pdf>.
67. Rimashevskaya's speech at the Nikitsky Club, 16 March 2005, unpublished (author's transcript).
68. Human Resource (2004). 'Chelovecheskii resurs i konkurentnosposobnost Rossii v XXI veke: Sovmestnoe zasedanie Kluba "Otkrytyi forum" i Assotsiatsii menedzherov [The Human Resource and Russia's Competitiveness in the XXI Century: Joint Meeting of the Club 'Open Forum' and the Association of Managers] (Moscow).
69. *Vedomosti*, 24 September 2010, <http://www.vedomosti.ru/newspaper/print/2010/09/24/246414>.
70. ICD (note 19), p. 20.