Russian president Vladimir Putin made state building the central priority of his first term. For example, in his first State of the Union address in July 2000 Putin stated that meeting the many challenges facing Russia was “impossible without strengthening the state.” On the eve of the March 2004 presidential election, which Putin is widely expected to win, it is worth evaluating how successful Putin has been in this endeavor. To what extent has he succeeded in the goals he set for himself in 2000? What steps should he take to further his state-building project in a second term?

In this policy memo, I argue that the apparent strengthening of the Russian state under Putin is largely an illusion. Putin has strengthened the Kremlin, but not the state. The political power of some key actors under his predecessor Boris Yeltsin, particularly regional leaders and the so-called oligarchs, has diminished. But the ability of the state to implement reliably and enforce its decisions has not appreciably increased.

Putin, although winning nearly every battle, is losing the war. Unless he radically changes course in his second term, he will pass on to his successor many of the same state weaknesses that he inherited. Such a change of course would involve both institutional reforms designed to strengthen the popular accountability of the government and a more general effort to strengthen the institutions of civil society—political parties, the media, and nongovernmental organizations (NGOs)—that both assist and monitor the state’s efforts in a democratic society.

State Building in a Nutshell

State building has three central components: state integrity, state capacity, and state autonomy. State integrity refers to an external attribute of statehood, the soundness of its territorial borders. State capacity concerns the ability of a state to ensure the reliable implementation of its decisions by its own personnel and staff. State autonomy implies that a state can make major policy decisions at least somewhat independently, without policy being hijacked by well-positioned special interests.
Putin’s Program

All three of these components of state building are clearly evident in Putin’s major policy initiatives since 2000. Specifically, the Chechen war is about state integrity; his federal reforms are about state capacity; and his policies toward the oligarchs are about state autonomy.

State Integrity

The centrality of the Chechen war to Putin’s ideas about the Russian state, not to mention his rise to power, is clear. In his 2000 campaign autobiography *First Person*, for example, Putin argued that without his strong actions in Chechnya the entire Russian state might have collapsed, and declared, “my mission, my historic mission—it sounds pompous, but it is true—is to resolve the situation in the North Caucasus.” Although often treated as an unwelcome distraction, the war in Chechnya is inseparable from his presidency, and from his state-building project.

State Capacity

Putin’s federal reforms are the most important element of his drive to increase state capacity. He undertook several initiatives at the beginning of his presidency to weaken regional governors, by removing them from the Federation Council and establishing seven federal districts (okrugs) headed by his appointed presidential representatives. Keeping governors in line remains part of Putin’s current policy, most obviously in the increasingly blatant meddling of the Kremlin in regional elections and the growing use of law enforcement structures against regional and local officials. He also initiated a campaign to bring regional and local laws into compliance with federal laws, an issue he had struggled with unsuccessfully as a member of Boris Yeltsin’s presidential administration in the late 1990s.

State Autonomy

Kremlin attacks on several highly prominent oligarchs are the most obvious manifestation of Putin’s effort to lessen the influence on public policy of prominent nonstate actors. At the beginning of his presidency, Putin expressed his intention to keep all oligarchs “equidistant” from the formulation of state policy. Driving Boris Berezovsky and Vladimir Gusinsky into exile and the 2003 YUKOS affair are the best examples of this policy in action.

Successes and Failures: A Balance Sheet

State Integrity and Chechnya

Putin and his supporters frequently argue that his forceful actions in fall 1999 prevented the disintegration of Russia. Although obviously it is true that Putin’s policies have not allowed Chechnya to become independent, only in this limited sense has he succeeded in boosting Russian state integrity. The risk of Russian disintegration has always been overstated by the Russian government. For a host of reasons—geographic, demographic, economic, political, and cultural—it was never likely that Chechen independence would
be the first domino in an unstoppable chain. More to the point, the bloody war waged by Russia during the last decade seems more likely to stimulate the rise both of “terrorists” and of “freedom fighters” than to eliminate them.

On the eve of his second term Putin is no closer to winning the Chechen war than he was at the beginning of his first term. The efforts to prepare the way for “Chechenization” of the conflict under the leadership of Chechen president Akhmad Kadyrov are unlikely to succeed, given the reputation for both corruption and thugishness that surrounds Kadyrov and his close supporters. If the Kremlin truly believes that Kadyrov can consolidate Chechen society behind his rule, they should have let him win the October 2003 elections fair and square. The Kremlin’s manipulation of the process suggests that even Putin and his advisers lack confidence that Kadyrov’s “election” will pave the way toward ending the war.

Chechnya, in short, represents a state-building failure, not a success.

**State Capacity and Regional Politics**

Putin has been most successful in this sphere of state building. Two steps in particular have limited the power of the governors and the regions in reasonable ways. First, the removal of governors from the Federation Council eliminated an avenue for their participation and bargaining that arguably gave them excessive influence on national policy. Second, the campaign to bring regional and local laws and regulations into compliance with federal laws and the constitution has reduced the legal anarchy that developed after the Soviet collapse. Although important issues remain unsolved, like the Tatarstan constitution, undeniable progress has been made.

The problem with Putin’s federal reforms in terms of strengthening state capacity is that his impulses, and the impulses of his key Kremlin advisers, are to extend central control beyond the limits that a democratic federal system should be expected to bear. Putin seems to be aiming for a symmetric federation to replace the asymmetric one created under Yeltsin. But all multinational federal democracies in the world are asymmetric not just in practice, but by their very design (India and Spain, for example). Symmetrical federalism may be appropriate for the United States or Germany, which lack territorially compact ethnic minorities, but asymmetrical federalism seems a more appropriate model for Russia. It is impossible to imagine a solution to the Chechen problem, for example, that keeps Chechnya as part of Russia without granting it special rights and privileges.

Further, Putin’s presidential representatives in the federal districts, as well as the staff of the presidential administration, have not confined their activity to ensuring that federal officials based in the regions comply with central directives. They have increasingly interfered directly in matters that should be left to the regions, elections being only the most prominent example. All too frequently these efforts involve the manipulation of courts, prosecutors, the police (secret and otherwise), and electoral commissions to ensure the desired outcomes.

This impulse to control and manage everything paradoxically weakens the capacity of the state. Under current conditions, state officials are not the reliable implementers of lawful state decisions, but tools in the hands of a variety of public and private clans.
State Autonomy and the Oligarchs

Putin’s effort in this sphere of state building is another example of his tendency to win all
the major battles but lose the war. He successfully drove Boris Berezovsky and Vladimir
Gusinsky out of the country, and recently demonstrated that Russia’s richest oligarch,
Mikhail Khodorkovsky, is also fair game for pressure from the state. The constant refrain
that no one is above the law, and that these cases are legal and not political matters,
would sound more convincing if there were not such obvious political reasons behind
these investigations, and if other major businessmen were being scrutinized for similar
offenses.

Under Putin it is not the game that has changed, but some of the players. The clan
politics identified by then-U.S. diplomat Thomas Graham as the dominant characteristic
of the Yeltsin era continue to thrive. The major new player under Putin, of course, is the
faction known as the siloviki, a group largely comprised of officials with a common
background in the power ministries (silovie struktury, hence the name), most notably the
KGB/FSB (Federal Security Service). The key opposing clan is the so-called Family that
was dominant in the late Yeltsin period. The degree of coherence and carefully executed
conspiracies attributed to various clans may be overstated, but there is little doubt that,
like under Yeltsin, politics is dominated by subterranean clashes between competing
groups that unite state officials and big business.

In short, there is no evidence that the state has become more autonomous in the sense
that major policy initiatives are undertaken by state officials independent of private or
sectional interests and motivated largely by calculations about the medium- and long-
term interests of the state. The Russian state as currently constructed inevitably
encourages an inefficient form of crony capitalism. These problems, of course, are not
unique to Russia, but the decline of major independent media under Putin makes solving
the problem that much harder, because a free press plays a key role in exposing corrupt
deals.

Toward a Second Term

Real progress on building a strong Russian state will require a drastic change of course
during Putin’s second term. The fundamental issue that needs to be addressed to build a
strong state is political accountability. This is true throughout the state apparatus, but it
starts with the presidency. As currently constituted, the president is detached from the
government (the prime minister and other ministers), from the legislature, and from any
political party. Of course, Putin appoints the government. But in the current system one
of the government’s main unofficial functions is to take the blame for policy failures,
particularly in the economic and social spheres, that the president seeks to avoid. The
legislature, similarly, has no good mechanisms for calling either the government or the
president to account, as it would in a true parliamentary system. Finally, Putin’s
determination to remain “above parties” further serves to make it difficult to assign blame
for policy failures.

The first step in building a strong, democratic state, then, would involve efforts to
inject greater accountability into the political system. One mechanism would be to form
the government based on a majority in Parliament, as the French semi-presidential system
requires. Putin himself, intriguingly, suggested such a possibility in his May 2003 State of the Union address. Unfortunately, there are reasons to doubt his sincerity, particularly because the ultimate effect of such a step would be to weaken the president’s powers.

A second alternative mechanism for creating greater accountability would be for Putin himself to head the United Russia political party. If ministers, and ideally the president, were affiliated with major parties, then holding them accountable for policies would be considerably easier. There would then be a stronger incentive to undertake major reforms to transform the mentality of state officials so that they act like public servants, responsible to society. It is perhaps not surprising that the state official most closely associated with a major party, Boris Gryzlov, the minister of internal affairs and the head of United Russia, has been actively campaigning against police corruption in 2003. Cynics suggest these efforts are a mere pre-electoral show, and purists complain that, legally, Gryzlov should not simultaneously head a party and a ministry. Neither complaint is unreasonable within the current rules of the political game, but a better solution might be to change the rules themselves. Unfortunately, Putin has already rejected the idea that he openly join a political party.

Without changing the rules of the game in ways that inject greater accountability, the current system of clan politics, corruption, and inattention to societal needs and demands will continue. A strong modern state needs to be based not on unaccountable bureaucrats, but civil society—strong parties, vibrant NGOs, and an independent media. Putin said as much in “Russia at the Turn of the Millennium,” the programmatic statement released in late 1999 in which he called for a “partnership between executive power and civil society” to fight corruption, arbitrariness, and abuse of authority. Unfortunately, the bulk of his policies since then have not reflected these stated goals. Absent a significant change of course, Putin’s successor is likely to inherit a weak and ineffective state often able to dominate a fragile civil society, but incapable of creating the conditions for a successful and prosperous country.

Conclusions and Implications for U.S. Policy

Putin’s state-building project since 2000 has been structured around the three core areas of state integrity, state capacity, and state autonomy. He has achieved some successes, but they are more modest than many observers believe—and even these successes are apt to wither away if Putin’s high rating starts to erode, leaving him more vulnerable to opposition from the regional leaders and oligarchs that he has tried to cut down to size.

The fact that many of the pathologies of the Yeltsin era have not been eliminated, despite the radically different personalities of Putin and Yeltsin, suggests that the problem is one of institutions, not personalities. The most important institutional weaknesses are the ineffective mechanisms of political accountability, and the frailty of civil society institutions that help connect the state with broader society in modern democratic states.

The U.S. role in this process is necessarily limited, and its leverage weak. But speaking out for, and providing financial support to, the civil society groups and institutions necessary for an effective modern state are still the right things to do, and
may have some effect on the margins. It is far too early to lump Russia together with more successful countries in Central and Eastern Europe that have “graduated” from U.S. assistance. Whether Putin continues with the same flawed state-building strategy, or adopts a radically different approach, the road to a “democratic, law-governed, efficient federal state” will be an extremely long and difficult one. Now is not the time for friends of democracy, and friends of a strong Russian state, to be leaving the game. On the contrary, more civil society and democracy assistance for Russia would be appropriate at this time.

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