



EUROPEAN
COUNCIL
ON FOREIGN
RELATIONS

ecfr.eu

ESSAY

PUTIN'S DOWNFALL: THE COMING CRISIS OF THE RUSSIAN REGIME

Nikolay Petrov

SUMMARY

- Russia's political regime is unsustainable. It has no capacity to reform, and faces growing economic woes, crumbling infrastructure, and warring elites.
- After widespread protests and ebbing of support, the government began in 2014 to base its legitimacy on winning wars. Putin centralised all power in the presidency, suppressing dissent and weakening institutions in the process.
- Now, the regime needs to keep delivering military victories or face a loss of support. Excessive centralisation makes the system unstable and inefficient, focused on survival rather than strategy. As sanctions bite and funds run short, the elites are growing impatient, and the chance of conflict is rising in regions such as the Caucasus.
- There are two ways out for the Russian regime: improve its finances by reconciling with the West, or regain legitimacy by replacing the president. Even these will only buy it time, and may not prevent a total collapse.
- There is no clear heir to Putin, and collapse could be followed by the redistribution of power to various government bodies, companies, and regions, including Chechnya.

Russia's current regime will not last long. The tumultuous events in Ukraine in 2014 reduced the country's possible trajectories to a single one – a path that will quickly lead to the collapse of the Putin government if there is no radical change in its course.

Before the Crimea–Ukraine affair, it looked as though President Vladimir Putin's political regime was fairly stable and could last for several years without profound change. However, there was a qualitative shift in the regime's character after 2014. Now, it draws its legitimacy from military action, rather than from the ballot box. The roots of this shift go back to the political crisis of 2011–2012, when mass anti-government protests and poor electoral results for the ruling party showed that the old form of politics was coming to an end.

Today, the regime derives its legitimacy not from the bottom up, through elections, but from the top down, by placing the country on a permanent war footing. Although Putin stayed in power, his role changed fundamentally – now, he is more like a tsar than the chair of a board. The regime has moved from a hybrid system that still maintained the outward trappings of a democracy to a full-scale authoritarian state, while the shifting balance of power has made the elites more dependent on the president.

Although Putin's popularity skyrocketed after the annexation of Crimea, he has been trapped by his choices. His regime is addicted to military action and now needs a series of ever-stronger hits of foreign conflict in order to maintain its legitimacy. This position is unsustainable, given shrinking financial resources, the waning patience of elites who don't want to live in a military camp forever, and Russia's

fast-deteriorating administrative and political systems. The country is being held hostage by the regime; the regime is a hostage of Putin, and Putin is a hostage of his own actions, which have drastically narrowed his range of options.

Given all this, Russia's current trajectory is that of a plane in a tailspin. There are three possible outcomes:

(A) Regime change: The plane crashes into the ground, and the current Russian political regime undergoes a complete collapse, with both leader and institutions removed;

(B) Exit strategy 1: The plane pulls out of the tailspin, with the pilot still in place. This could involve reconciliation with the West, or a sharp increase in the oil price;

(C) Exit strategy 2: The crew selects a new pilot, who pulls the plane out of its tailspin.

It is by no means certain which of these scenarios will come to pass. Their relative probabilities shift according to events on the ground, and even an attempt to maintain the status quo will alter the range of possible outcomes in unpredictable ways.

This paper sets out to assess how long the Russian regime has left, setting out the five factors that have sent it into its current tailspin, before considering its possible exit strategies, and what type of regime might come next.

How long can it last?

Putin's regime can't last for long in its current state – either the plane will climb out of the tailspin, or it will crash.

The concrete dangers for the regime include rising social tensions due to cuts in government spending; terrorist attacks in response to its military action in Syria; and the dilemma of eastern Ukraine – where it is unable to escalate, for fear of tougher sanctions, or retreat, for fear of being accused of betraying the national interest. Underlying all this is the general political instability that could slide into chaos if something happened to Putin himself, or if his approval ratings went into a sharp decline.

In addition, the likelihood of an explosion of conflict in the Caucasus grows as federal funds shrink, becoming insufficient to ensure the loyalty of ethnic clan elites, and thus to buy stability in the region. Russia's ageing infrastructure could cause a technological disaster at any time, and indeed this has happened several times in the recent past. The authorities may be able to deal with individual crises in government institutions if they strike one by one, but not if they take place in an avalanche, with each triggering a further crisis.

The key issue is timing – how long the regime can survive without radical change. Predictions vary: from many years of slow decay, like the Roman Empire,¹ to a complete transformation – imposed either from above or from below – by

¹ See Vladislav Inozemtsev, Vladimir Gel'man, and others.

the end of 2016.² In the view of this author, the regime has less than a year: the existential threat it faces is made up of several dynamics, each of which, taken alone, is likely to destroy the regime in less than two years. When combined, however, they exacerbate the turbulence and make the regime's life expectancy even shorter. By considering each dynamic separately, we can systematically approach the question of how long the regime has left.

Dynamic #1: Over-concentration of power

The Russian regime's shift in 2014 from using elections to establish its legitimacy, to using the mobilisation of the military, produced a qualitative change in the regime's character.

All autonomous centres of influence – media, oligarchs, governors, and civil society – had been suppressed early on, but the regime only assumed a truly monocentric character in 2014. Democratic institutions such as independent legislative and judicial branches of government, local self-administration, and elections were weakened even further. The “substitute institutions”,³ bodies that lack direct legal power and are personally controlled by Putin, took on an expanded role. These include the presidential staff, especially its control division, which is responsible for making sure that the president's orders are executed; the Security Council and the *siloviki* (current and former members of the security establishment); as well as various presidential envoys, both formal and informal.

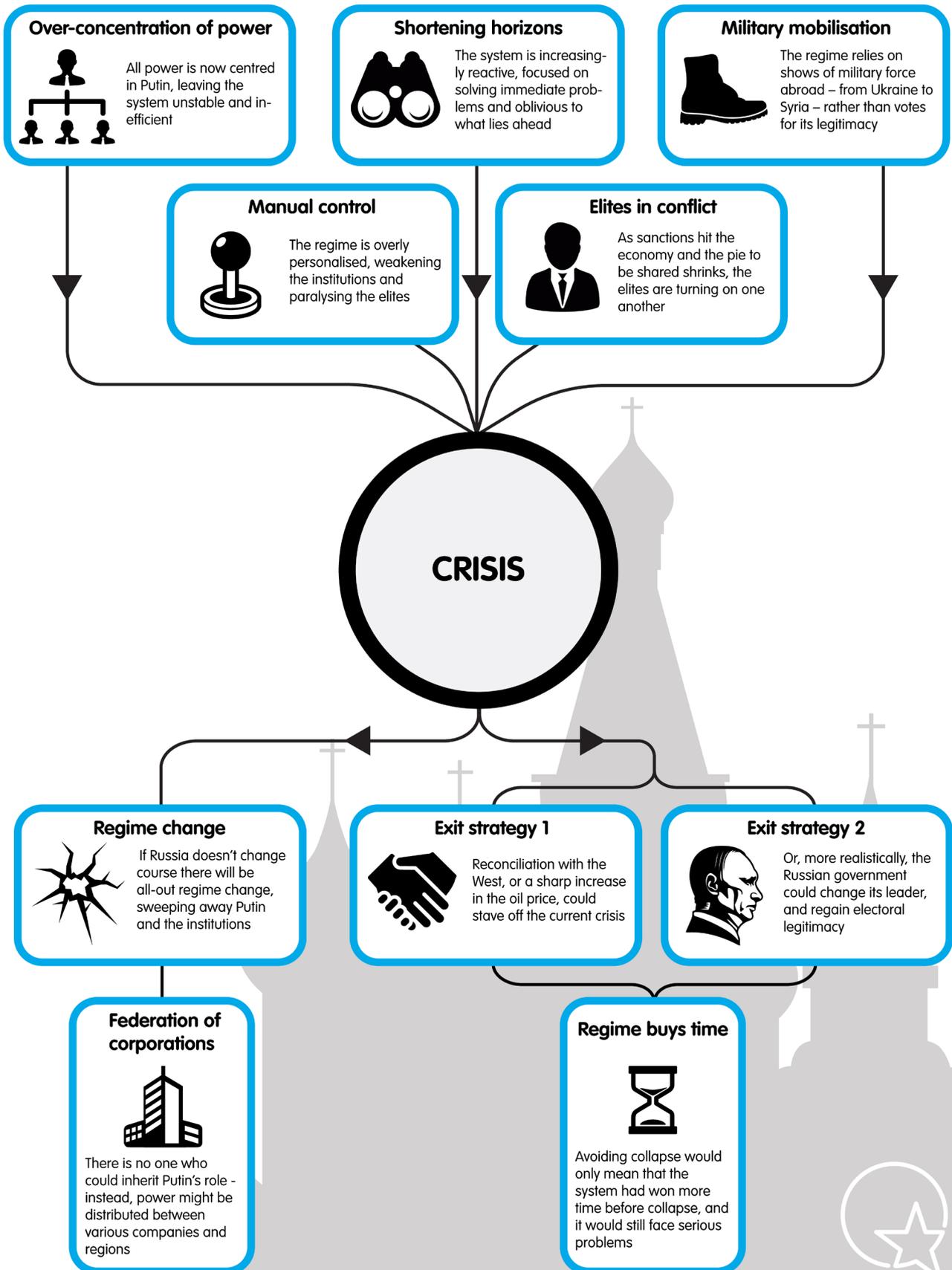
Russia's power pyramid has become inverted, so that the whole edifice is highly unstable, resting on a single point – namely Putin, and his ultra-high popularity. The highly personalised nature of the regime means that feedback channels have become blocked. Members of the president's entourage are transformed into courtiers who are reluctant to convey negative information to the leader. Partners and comrades-in-arms are leaving Putin's inner circle, and being replaced by sycophants and servants. A striking example of this growing problem is Putin's confidence that he fixed Russia's demographic problem by introducing “maternal capital” – a programme of benefits for families with more than one child – in reality, the population continues to age at a dangerous rate, but Putin's entourage hide the evidence from him, and publicly praise the policy.

A highly centralised political system has a number of shortcomings due to its excessive emphasis on a single actor. These include instability; rigid and brittle links within the political system, which is unable to withstand external shocks; and delayed reactions, due to the slow journey of signals moving through the system – both when information is sent from bottom to top, and when orders are sent from top to bottom. These structural defects worsen over time, as counterbalancing forces weaken and power concentrates still more in the centre.

² See Tatiana Stanovaya.

³ See more in Nikolay Petrov, Masha Lipman, and Henry E. Hale, “Overmanaged Democracy in Russia: Governance Implications of Hybrid Regimes”, Carnegie Endowment for International Peace working paper, 2010, p. 25.

What next for the Russian regime?



Where does this path lead? Either the system slides gradually into crisis – carrying the leader with it – due to its growing inefficiency; or, if the leader dies or becomes too ill to govern, crisis will hit abruptly.

Dynamic #2: Shortening horizons

High political uncertainty makes long-term investment irrational – both in financial and in political terms. The political system is increasingly reactive, entirely focused on solving immediate problems, and oblivious to what lies ahead. There are no actors within it who are interested in – or capable of – acting strategically. If it remains on its current path, the system is doomed, its collapse as inevitable as the collapse of a financial pyramid scheme.

The focus on the immediate triggers a vicious downward spiral, making it impossible to design or implement strategies even in the medium term. This can be seen both in the economy, where the government lacks a strategy for overcoming the current crisis, and in politics, where the archaic party system, designed in a time of enormous prosperity, has been left unchanged. There is a fear on the part of the regime that any reform could get out of control, sparking demand for more fundamental change, as with the Perestroika reforms carried out in the 1980s by Mikhail Gorbachev, and followed soon after by the collapse of the USSR.

The limitation of all plans to the short term changes the calculation of rational behaviour for officials, creating an incentive for outright theft rather than more subtle, longer-term corruption; stealing assets instead of deploying them to make a profit; and the rapid spending of capital. The mentality of Russian officials today is that of a group of barons who know that their fate rests entirely in the hands of the monarch and could change at any time.

The government's declining horizons can be illustrated by the failure of a series of its economic programmes. "Strategy 2010", put together in 2000, was only partly implemented – researchers found that only 30–40 percent of the measures were put into action.⁴ "Strategy 2020" was adopted in 2011, but the government never even claimed to have implemented it; and work on "Strategy 2030" has not yet started, although it was announced in mid-2015.

In the political sphere, the situation is even worse. The party system is facing imminent crisis, but the government has pushed aside all attempts to modernise it, claiming that reforms have been postponed until after the September 2016 parliamentary elections. The dysfunctional, archaic parties, often led by the same people who have been in place for decades, do not play any real role in politics other than as a brand rolled out for elections. Even United Russia, the ruling party, has no real structure or function and is little more than a vehicle for Putinism. It is a "party of power" – a Russian term to describe parties that consistently back the president and lack all autonomy as political actors.

⁴ Center for Strategic Research, 2010, available at http://datis.pro/upload/c3e/2010_strategya-2010_itogi.pdf.

There are two kinds of crisis that could strike the party system: it could come from outside, for example if the party of power loses voter support in the absence of a viable political opposition that could replace it. Crisis could also come from within the system, caused by the departure of ageing party bosses such as Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of Russia (LDPR). Though he in theory forms part of the opposition, he provides a vital service to the Russian regime by providing a safe channel for anti-government sentiment.

Moreover, aspects of the system that today may look like achievements for the government, such as the marginalisation and dramatic weakening of the opposition, could turn out to be a major problem tomorrow. Facing economic deterioration and the ensuing mass protests, the regime may find itself faced by crowds of protesters, unable either to find negotiators on their side, or to channel the energy of the people into a constructive political form.

The Kremlin has been able to get away with this rampant short-termism, in part because Russian analysts often attempt to rationalise its moves – or lack of them. For example, Putin ended the direct election of governors in 2004, gaining more power over local politics, but his replacement, Dmitry Medvedev, reinstated the practice in 2012, before it was again scrapped by Putin on his return to power the following year. Each stage of this back-and-forth was explained by Russian political commentators as rational and timely.⁵

Dynamic #3: Military mobilisation

The government has to make great efforts to maintain its new source of legitimacy – the mobilisation of Russia's military. This has included campaigns such as the annexation of Crimea, though the cost of Russia's involvement in Ukraine soon became prohibitively high. As the effect of each victory begins to fade, it is propped up by virtual reminders, such as the TV film "Crimea: The Way to the Motherland", broadcast on the first anniversary of the annexation; and the extensive use of rhetoric drawing on the idea of Russia as a besieged fortress. The Syria intervention is like a virtual war, playing out on Russia's TV screens as a slick computer game that costs nothing and doesn't demand any sacrifice from the Russian people.

Supporting society's addiction to military mobilisation isn't easy, especially over a long period. The government switches from one military target to another, but each time – Crimea, eastern Ukraine, Syria, and Turkey – the intoxicating effect is shorter. The Crimea takeover was a hit of speed that gave a spurt of energy to the ageing regime, but with each subsequent dose, the effect is shorter: the high from the March 2014 annexation of Crimea, followed by the aggression in the Donbas, lasted for a year – or, if we include the impact of the TV film celebrating the annexation, a year and a half.

⁵ See, for example, the Institute of Socioeconomic and Political Research (ISEPI) report on direct gubernatorial elections, 2012, available at <http://www.vesti.ru/doc.html?id=960528>.

In a bid to regain momentum, the regime launched its military operations in Syria in September 2015, and whipped up anti-Turkish hysteria in response to the shooting down of the Russian fighter jet in November 2015. If this dynamic continues, the system will be capable of holding on until the September 2016 legislative elections, at best.

Though the dramatic worsening of the financial situation in early 2016 cut short the effect of the victorious rhetoric, it also gave Putin and his system the chance to make a volte-face, converting the mobilisation rhetoric into a new sphere and shifting from the external enemy to a new internal one – the economic crisis.

The use of military mobilisation rhetoric to keep the regime going is fraught with serious risks. The line between real and imagined foreign enemies is thin, and perceptions shift as the elites and society are increasingly indoctrinated. It could even lead to a real international armed conflict, either through a gradual slide or a sudden rush into direct confrontation. However, the regime has to maintain its military legitimacy at all costs: it is not capable of switching back to electoral legitimacy, except by replacing its leader.

Dynamic #4: Manual control

Since 2014, Russia's plane has been under manual control, overriding the systems and processes meant to guide its flight. The political regime is personalised and deinstitutionalised, with all power concentrated at the very top. Manual control causes the systemic controls to degrade, weakening institutions and paralysing the elites. The more Russia's leadership practises personalised control, the less capable the system is of returning to an institution-based regime. The nominal political actors lose all autonomy, and the centre of gravity for decision-making rises too high in the hierarchy; this single decision-making core becomes overstretched, especially as problems grow in number.

The weakness of management systems – if they are present at all – is particularly clear now that the system is confronted with new problems, due to the economic crisis, which it cannot handle through routine procedures. The number of urgent decisions that need to be made is growing, and as the financial base shrinks and competition between elites for diminishing resources intensifies, the problems that arise are new and often unprecedented. There is a growing gap between the need for timely and well-judged decisions, and the capacity to make them.

In Russia's case, the political geometry is further complicated by colossal physical space and regional diversity. This increases the risk of making the wrong decision, or failing to make the right decision in time.

Dynamic #5: Intensification of conflict between elites

Until recently, the system was capable of meeting the growing appetites of Putin's elite clans, albeit at the expense of overall economic growth, and of seizing property from the old elites. Since 2008, amid gathering economic crisis and growing international isolation, these opportunities have been diminishing. The stagnant or even shrinking economy no longer has "nobody's property" left for redistribution; when Putin and his allies first came to power, they rewarded supporters by redistributing the property of their enemies, and, when that ran out, of those who were outside the group. However, there are few "outsiders" left with property to confiscate, so to feed hungry new members of the elite the Kremlin would have to redistribute the goods of the existing elites.

Clashes within the elite were bound to intensify as the pie to be shared shrinks due to the economic crisis. The number of such conflicts has grown rapidly since 2014: for example, the nationalisation of oligarch Vladimir Yevtushenkov's crown jewel – Bashneft oil company – in 2014, the forced resignation of Vladimir Yakunin as head of the state-owned railway company in 2015, and two arrests in six months that year of governors accused of corruption: Alexander Khoroshavin of Sakhalin and Vyacheslav Gaizer of Komi.

These conflicts weaken the elites or produce dramatic shifts in the balance of power between them, with some weakened or even eliminated, while others gain excessive strength. Members of the elite increasingly make unilateral moves and take pre-emptive action, as everybody fights everybody else. These clashes damage the regime's legitimacy, and could upset the balance among major clans and destabilise the system.

The public conflict in March 2015 between the FSB security service head Alexander Bortnikov and Chechen leader Ramzan Kadyrov – two siloviki pillars of Putin's regime – is a striking illustration. The clash sent the Kremlin into a stupor. Putin disappeared for a week and a half – perhaps to avoid being forced to act in a lose-lose scenario, where he couldn't afford to take either side. During his still-unexplained absence, Governor Khoroshavin was arrested, publicly and on camera. This may have been in part a case of the FSB attacking another regional leader to get payback for the humiliation it suffered when Putin failed to take its side in the clash with Kadyrov, or a move to dominate the news and overshadow the Kadyrov conflict.

The clashes between elites are aggravated by Russia's confrontation with the West, which increases the exhaustion of the regime's political-economic base, and makes the political environment increasingly febrile. The Kremlin's aggression abroad, and the resulting damage to Russia's economy from sanctions, have forced the elites to live a more modest lifestyle – something they won't tolerate for long. Whether disgruntled elites opt for exit or revolt, both pose great risks to the system.

The regime's exit strategies

As the region's resources run out – political, material, and financial – it will need to make a radical shift in the next year in order to survive. In the view of this author, the regime has two alternative exit strategies, one of which may already be underway.

Exit strategy #1: Pulling out of the tailspin

The first option is for Russia to pull out of its tailspin, either through a sharp increase in the oil price, or through reconciliation with the West. The first is largely outside its control, but it could pursue the second through demonstrating Putin's ability to address crises like the Syrian civil war, combined with a show of willingness to launch liberal economic reforms inside the country.

The appointment to a high-ranking position of a supposedly liberal politician who is in fact closely linked to the regime – such as Alexei Kudrin or German Gref – would send a positive signal to the West. At the same time, it would go some way towards restoring the balance between liberals and *siloviki* in the government, which in recent years has shifted dramatically in favour of the latter. The liberal entrusted with implementing economic reforms could either be named as prime minister (not very likely), or, say, as the first deputy head of the presidential staff.

Once the September 2016 parliamentary elections are out of the way, removing the immediate need to win over the electorate with forceful anti-Western rhetoric, the Kremlin may declare that it has won the power struggle with the West and restored Russia's greatness on the international stage, and can now re-engage in cooperation from a position of strength. Indeed, the elections are being held early not just to make them less visible, and thereby to play down the legislature as an alternative power base to Putin, but also to avoid having to carry out a full-scale anti-Western campaign that would make an eventual sharp turn in relations more difficult.

Exit strategy #2: Change of pilot

The second option is for Russia to change its leader. This strategy looks more realistic than the first, given the breakdown in relations between Putin and the West, and given the "legitimacy trap" that the Kremlin is caught in, forced to deliver ever-increasing hits of military action. As the system can't keep up its current military legitimacy for long, it will need to eventually return to electoral legitimacy, and the only way to do this is by replacing the leader. As a result of his reliance on military legitimacy, Putin can't gain a mandate for a new term by winning a simple majority of the vote. He would need to win "Central Asia-style", with over 90 percent turnout and voter support, which would be very difficult to achieve in present-day Russia.

The removal of Putin would end the massive imbalance in the current political system, which could not be inherited in

full by his heir. Though he could back a younger ally, such as Sergey Shoigu, to take over, there is no one that could occupy the same position. But in the absence of any stable, durable institutions, the departure of Putin would mean that the foundations of the system need to be rebuilt. The relatively orderly transition of power that followed the death of Josef Stalin – for example – could not be repeated, due to the lack of an institution such as the Communist Party to hold the country together. Rather, Putin's inner circle would lose its position of power with his departure.

Even a successful exit strategy would not mean that the system's troubles were over. At least some of the dynamics that make up the existential threat to the regime, such as the limited political horizon, weak institutions, and overly personalised control would still be in place, if somewhat less damaging. Avoiding a crash would only mean that the system had won more time, and it would still face serious challenges.

Regime change

If the plane fails to pull out of its tailspin, it will crash – in other words, the regime will collapse. In 2014, Russia underwent a qualitative shift in regime, altering its institutions and means of governing without changing leader, but an all-out regime change would involve the removal of both institutions and leader. This would leave Russia lacking viable political institutions or respected politicians, with fractured elites and a disoriented society.

What would this collapse look like? The decay of the state may be invisible on the surface, but it weakens the state's immune system: the onset of even a minor "infection" – for instance, the December 2015 protests by truck drivers against a new road tax – could have deadly consequences for the regime. These may include the visible paralysis of the state; the use of force against protesters, causing anger and further protests, and eventually even leading to an elite coup; or the emergence of a radical split between different elite groups, which begin to compete for public support.

This decay might gradually weaken Putin's centralised and highly personalised regime and transform it into a kind of "federation of corporations". In this scenario, power would be redistributed among various bodies, such as government agencies, large companies, and even certain regions, such as Tatarstan and Chechnya. The extreme centralisation of government under Putin paves the way for a system of competing oligarchic groups in the next phase, as there is no clear successor powerful enough to take his place.

Whatever new regime emerges in the immediate aftermath of a collapse is unlikely to be an improvement, given the lack of strong institutions and the poor condition of both the elites and Russian society as a whole. A year from now, the country will look different in many ways, which poses many questions both in the sphere of domestic politics and that of foreign policy. But, as the old saying goes, Russia is a country where everything can change in five years, and nothing in 100.

About the author

Nikolay Petrov is a visiting fellow at the European Council on Foreign Relations. He was chair of the Carnegie Moscow Center's Society and Regions Program. He worked in the Institute of Geography at the Russian Academy of Sciences from 1982 to 2006. He served as chief organiser of the Analysis and Forecast Division in the Supreme Soviet (1991–1992), was an adviser and analyst for the Russian Presidential Administration (1994–1995), and a scholar at the Kennan Institute for Advanced Russian Studies (1993–1994) and the International Foundation for Electoral Systems (1994). From 1996 to 2000, Petrov worked at the Carnegie Moscow Center as a senior consultant and scholar-in-residence. Petrov earned his Ph.D. from Moscow State University.

Acknowledgements

Thanks are due to the staff of ECFR's Wider Europe programme, who have offered support in the production of this paper.

ABOUT ECFR

The **European Council on Foreign Relations** (ECFR) is the first pan-European think-tank. Launched in 2007, its objective is to conduct cutting-edge research, build coalitions for change, and promote informed debate on the development of coherent, effective and values-based European foreign policy.

ECFR has developed a strategy with three distinctive elements that define its activities:

- **A pan-European Council.** ECFR has brought together a distinguished Council of over 250 members – politicians, decision makers, thinkers and business people from the EU's member states and candidate countries – which meets once a year. Through regular geographical and thematic task forces, members provide ECFR staff with advice and feedback on policy ideas and help with ECFR's activities in their own countries. The Council is chaired by Carl Bildt, Emma Bonino and Mabel van Oranje.
- **A physical presence in the main EU member states.** Uniquely among European think-tanks, ECFR has offices in Berlin, London, Madrid, Paris, Rome, Sofia and Warsaw, allowing the organisation to channel the opinions and perspectives of a wide range of EU member states. Our pan-European presence puts us at the centre of policy debates in European capitals, and provides a platform for research, debate, advocacy and communications.
- **Developing contagious ideas that get people talking.** ECFR has brought together a team of distinguished researchers and practitioners from all over Europe to carry out innovative research and policy development projects with a pan-European focus. ECFR produces original research; publishes policy reports; hosts private meetings, public debates, and "friends of ECFR" gatherings in EU capitals; and reaches out to strategic media outlets.

ECFR is a registered charity funded by charitable foundations, national governments, companies and private individuals. These donors allow us to publish our ideas and advocate for a values-based EU foreign policy. ECFR works in partnership with other think-tanks and organisations but does not make grants to individuals or institutions.

www.ecfr.eu

The European Council on Foreign Relations does not take collective positions. This paper, like all publications of the European Council on Foreign Relations, represents only the views of its authors.

Copyright of this publication is held by the European Council on Foreign Relations. You may not copy, reproduce, republish or circulate in any way the content from this publication except for your own personal and non-commercial use. Any other use requires the prior written permission of the European Council on Foreign Relations

Icons for infographics in this document are attributable to FreePik.

© ECFR April 2016

ISBN: 978-1-910118-66-5

Published by the European Council on Foreign Relations (ECFR),
7th Floor, Kings Buildings,
16 Smith Square, London,
SW1P 3HQ, United Kingdom

london@ecfr.eu