

Russia: The Putin Regime Is Straining Under Its Own Contradictions

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Several tensions run deep in Russian society: Politics are decided by elections without democracy. A growing number of Russian billionaires have outlandish wealth but no political power. And Putin is a populist without the people.

Russia's invasion of Ukraine on February 24, 2022, has sparked a new and volatile conflict in Europe that will have global consequences. Yet Russian politics remain a mystery to many in the West, with the personality of President Vladimir Putin often treated interchangeably with the Russian regime and society. In this interview, [originally recorded](#) for the podcast of the University of Pennsylvania's Andrea Mitchell Center for the Study of Democracy, Rafael Khachaturian sat down with St. Petersburg-based researcher and lecturer and [Openleft.ru](#) editor Ilya Matveev to discuss the social, political, economic, and ideological foundations of the regime, to provide additional context about Russia's geopolitical goals.

RK | You have noted that the 2010s were a period of economic stagnation for Russia. What changed after the period of uneven but relative growth in the early 2000s? What is the state of the Russian economy today, both domestically and internationally?

IM | In the 2000s, Russia was one of the economically fastest growing nations in the world. In that sense, it was similar to China. But in the next decade, in the 2010s, things changed, and average growth was closer to 1 percent. Why is that? For one, economic growth in the 2000s in Russia was different from, for instance, Chinese growth, because it was basically a growth spurred by a recovery from the 1990s. There was productive capacity, in terms of factories left from the Soviet Union, that had basically stopped working in the 1990s because of a complete economic collapse. Yet there was a lot of potential for utilizing all this productive capacity, and that was what indeed happened in the 2000s. New owners and big businesses made modernizing investments and utilized already existing productive capacity.

But there was a limit to this process because, at some point, the Russian economy began to operate at maximum capacity. Basically, everything was already being put to use, so all of the existing factories were working, but it became clear that neither businesses nor the state made sufficient investments to create new capacity and the engine of growth that would ensure some kind of long-term sustainable growth. This is why we had a crisis in 2009, just like nearly every country in the world, where the usage of productive capacity dropped; but then, in the next few years, the Russian economy once again reached its maximum utilization of existing capacity. Since then, it has basically been at a point of stagnation, with 1 to 2 percent economic growth at best. Not enough investment was made in the successful period of the 2000s, and the foundation for a new period of economic growth was not created in those years.

At the same time, if we look at the other BRICS (Brazil, Russia, India, China, South Africa) countries, we see very stable economic growth in China and India for several decades, but in Brazil and in

South Africa it has not been much better than in Russia. In that sense, Russia is not a big exception from countries in that group.

RK | Turning to the class composition of Russian society today, we know that there has been a process of class formation and reformation from the 1990s onward. In your new article in the *Socialist Register*, you note a shift in the class composition of the anti-Putin protests that happened in 2011-12 and the more recent ones, led by Alexei Navalny. What were these differences, and what does the class stratification of Russian society look like today?

IM | This successful period of the 2000s generated what is basically the new middle class: urban professionals, white-collar workers, employed in the private sector. This was the product of several years of strong economic growth, and these white-collar workers were concentrated in big cities, particularly Moscow and St. Petersburg. They became an important social force, but at the same time, the state increased the salaries of public sector workers such as teachers and doctors, and they formed something like a parallel middle class composed of public employees.

These were in fact two different groups of people because, for instance, in terms of readiness to protest, the regime public sector workers were less ready to go into the streets than private sector professionals and white-collar workers. What we noticed when we analyzed the interviews with the participants of those rallies in Bolotnaya Square in 2011-12 was that some people identified as the intelligentsia — a social group that crystallized in the Soviet period. But other people identified more with the middle class, calling themselves entrepreneurs, businesspeople, and so forth. At the same time, there was a tendency for these two groups of people to converge: the new middle classes wanted to participate in the protests led by the educated and cultured intelligentsia, while the intelligentsia was drawn to the protests of materially successful people who now wanted political freedom as well.

What we concluded from noticing this is that the Bolotnaya protests themselves became a place of class formation. Class formation happened not just in “the economy” or in “society” but in the protests themselves, especially in terms of class consciousness. The middle class in Russia was not just the product of economic dynamics; it was also the product of the protests themselves, because that was where the middle class began to self-identify as such.

Yet at the same time, the composition of the protests and the demands actually changed somewhat over the last ten years. When Navalny became the central figure, he turned the movement in a more populist direction, bringing in more working-class and rural people.

In particular, after Navalny published his video investigation of Dmitry Medvedev in 2017, we saw a much more working-class wave of protests, one that was more open to populist slogans — not just about political freedom but a direct confrontation with the corrupt and greedy ruling class. This was the result of Navalny’s populist strategy.

That most recent wave of protests, which was brutally crushed by the regime in January 2021, was also very regionally dispersed. In some provincial cities in Russia, they were the biggest protests in their history. That too was the product of Navalny’s strategy of opening regional branches of his organization, which became active in local politics.

In conclusion, the movement became more populist, more inclusive, and made more social demands. When Navalny made his presidential bid in 2018, he was blocked from participating, but at the same time he put forward certain social slogans about increasing the minimum wage and attacking the oligarchs. In general, economic inequality became the central theme of his campaign, and this

resonated with broad layers of Russian society. That was one of the reasons that the movement became broader.

Of course, Navalny is not a left-wing politician. He is a populist and democratic politician, in the sense that he does respect liberal democracy and wants to build it in Russia. But because he is not a genuinely left-wing politician, that rhetorical turn he made was contradictory.

RK | You have also noted that some of Navalny's proposed solutions would actually further the liberalization and marketization of the Russian economy.

IM | With the caveat that Navalny's movement has now been basically crushed — yes, the economists who advised him were quite neoliberal in their outlook. While he offers very strong critiques of the oligarchs and their wealth and has said that privatization in Russia was illegitimate, he also proposes a one-time, windfall profits tax. For the oligarchs this would be a lump sum of money to settle the issue of their illegitimate privatization, thus letting them off the hook. In itself, it's not a good policy, because the factories have changed hands many times since the privatization of the 1990s — so who should be taxed for each factory is not clear.

Furthermore, what we need is not this one-time tax, but a change in the existing tax system. We need real progressive taxation on profits. Navalny has been ambivalent on this issue, calling it something to discuss and think about. In fact, Putin himself implemented something like a progressive tax in 2020 — which is of course a joke, because the increased tax rate for the wealthy and those whose income is over \$5 million is just 2 percent more than the normal tax rate of 13 percent for everyone else. In response, one of Navalny's economic advisers, Vladimir Milov, actually pointed to Putin supporting progressive taxation as a reason for why they would not. This was very revealing in terms of economic policy and pointed to a contradiction between what Navalny advocated in terms of social demands and his critique of inequality, and the actual policies of his advisers.

RK | What kinds of changes did the Bolotnaya Square protests prompt to the structure of the political system and the Putin coalition over the following decade? Who makes up the power bloc — the coalition of class fractions — at the center of the Russian state today?

IM | Russia is similar to many countries in the world in that there is a billionaire class and the size of the billionaire class has increased dramatically in the last twenty years. The number of billionaires has increased from several people to over 100 people over just the first decade of the 2000s. This is the core of the coalition that Putin is holding together. This billionaire class has been comfortable with this particular regime, because the biggest owners of private property and their wealth were seen as illegitimate by the population. Putin provided them with a certain legitimacy and defended them from society. In that sense, the situation is similar to Karl Marx's description of Bonapartism. The regime of Louis Bonaparte was an authoritarian regime, as we would call it today, but compatible with the rule of the bourgeoisie because they required the strong state to survive, due to the antagonism of the working class. It was this extraordinary non-parliamentary dictatorship, and this is true of Russia as well.

With this framework, we can think of the billionaire class requiring the strong state, and Putin personally, to ideologically and organizationally protect them and ensure the conditions for twenty more years of the accumulation of capital. The billionaires and the biggest businessmen in Russia still enjoy a privileged position in decision making, and they receive many benefits and subsidies from the state.

There is a very cozy relationship between the political elites and the economic elites, but at the same

time, beginning in 2014, this situation gradually began to change. The heightened confrontation with the West is not beneficial to the billionaires, primarily because they are part of a transnational capitalist class rather than just the domestic bourgeoisie. This means they require dense integration into the global economy, but this political and geopolitical confrontation prevents this integration. It is primarily expressed in their inability to borrow money on global financial markets; all the while, Russian business is heavily dependent, in fact, on borrowing money abroad to function.

The level of corporate debt continuously increased up until 2014, followed by a decrease. That means that the Russian capitalist class had to reorient itself into a more domestically oriented regime of accumulation, and this was very painful for them. It threatens their positions, and this is the reason for the potential tension at the top, among the elites in the ruling-class coalition. There is potential for a growing contradiction between the oligarchs and the national security establishment, which is interested in expanding its influence by “securitizing” everything against Western influence: the national culture, the national economy, and so forth. The more the national security establishment does this, the more influence it has.

At the same time, this tension between the transnational oligarchic class and the national security establishment is not expressed politically, because the former has no independent means of expressing its political disagreement or directly influencing politics. It’s a Bonapartist regime where the bourgeoisie is disempowered and the state acts in the interest of the billionaires.

This contradiction did not exist before 2014, since this custodial form of government was completely compatible with the interests of the ruling class. But after 2014, those foreign policy decisions began to cut against the interests of big business. Even still, we should not overstate this tension, because the latter gets so many different benefits from the regime that they feel quite comfortable. The government has compensated them quite nicely for their troubles, through grants, additional sources of income to compensate for Western sanctions, and so forth.

RK | To what extent has the regime relied on foreign policy successes, especially the invasion of Crimea, as a means of domestic legitimation to compensate for a lack of popular support when it comes to the country’s corruption, inequality, and slowing economic growth?

IM | There is a popular point of view that foreign policy decisions in Russia are driven by domestic calculations, insofar as adventures abroad are driven by the need to increase legitimacy and support for the regime at home. I think the situation is more complex, because the decisions that Putin makes are prepared collectively. There are groups of people and different governmental organs that discuss and prepare them. Domestic policy and foreign policy are two different parts of the Russian government and of the presidential administration. One part thinks about elections and managing political parties, the other about foreign policy and the securitization of society. Ultimately, Putin decides, but these groups of people offer different solutions to him. All the while, he realizes that foreign policy decisions also have domestic impacts.

Putin was completely unknown to the Russian public in 1999. Half a year before he became president, he was not included in sociological polls because his recognition rating was no greater than the margin of error. Several months later, when he began the second war in Chechnya, his approval rating increased from basically zero to 80 percent. Exactly the same thing happened in 2008 with the military campaign in Georgia and the 2014 campaign in Crimea. The latter ushered in several years of what everyone calls the Crimean consensus, where basically more than 80 percent of the population support the regime in a nationalist consensus in society.

So, yes, Putin is mindful of these things, but I do not think this is the actual cause of foreign policy

decisions. In terms of foreign policy, I think that, ultimately, they think in terms of potential and actual threats. Even potentially invading Ukraine is conceived of as defense against the threats of NATO and Western influence there.

RK | What is the ideology of the Putin regime, and has it changed over time, from earlier conceptions of “sovereign democracy,” “managed democracy,” and so forth? What is peculiar about its combination of nationalism and statism today?

IM | There’s nothing special about it. It’s a typical brand of right-wing populism. No one is attacking the elites, but otherwise there is conservatism, in the sense of a focus on criticizing any attempt at consciously changing social reality. Dramatic reforms are dismissed as utopian because consciously improving society is doomed from the start. This conservative trope is very much present in Russian ideology, alongside its nationalism.

To understand Russia nationalism, we need to bear in mind that the English word “Russian” means two things in the Russian language. First, it means *Rossiyskiy*, as in belonging to the contemporary Russian nation as a citizen of the Russian Federation. Second, it means *Russkiy*, which is more of an ethnic and cultural description. Previously, Putin mostly used *Rossiyskiy*, but after 2012 or so, he started to use *Russkiy* more and more often, for instance when talking about Crimea. He talked about Crimea as the birthplace of the *Russkaya* civilization, not the *Rossiyskaya* civilization. Russian nationalism has this ethnic component now, which was ultimately reflected in the new constitution. A constitutional amendment claims that the state is formed by the Russian — *Russkiy* — people.

At the same time, the issue of illegal migration has somewhat receded after 2014, because TV propaganda has focused so much on threats from the West. They have not talked as much about migrants and their potential harm to society. So, even though it was a turn to ethnic nationalism, paradoxically, this ethnic nationalism was less openly xenophobic and less uniform. Nevertheless, this xenophobic attitude toward migrants is still present in official propaganda and as occasional scaremongering.

The third thing is traditionalism, so-called traditional values. No one exactly knows what those are, but basically, it’s opposition to LGBT people, to feminism, and to all kinds of social progress.

Taken together, all three things are not very unique to Russia but a rather typical right-wing populist ideological cocktail that you can find in European right-wing parties and, in fact, in the Republican Party in the United States. One might even say that Putin could become a successful right-wing politician in America today!

RK | You note the idea of “populism without the people” or populist politics without actual populism in the streets. The regime considered mobilizing its own counterdemonstrators against Navalny’s supporters, but it was always wary of cultivating a street movement for fear that it would get out of hand. It is an interesting phenomenon, of drawing on domestic legitimacy through faking polls and elections but not actually creating visible support.

IM | I agree it’s rather paradoxical because, again, if we look at the United States, Donald Trump had his own street movements, and he demonstrated their potential even for violence with the storming of the Capitol. Nothing like that ever happens in Putin’s Russia, because he has never bet on street mobilization. During the opposition rallies of 2011–12, there were some counterrallies organized by the Kremlin, but they were completely orchestrated, with people being driven there by their bosses and paid a bit of money. There were concerts by some popular Russian artists. This was more like a municipal celebration, not a street movement in any sense.

Since then, the regime has avoided real mobilization of its supporters, in part because they feared that such mobilization, even in support of the regime and its values, risked having people turn against Putin. After some time, the regime settled on repression pure and simple, on using the resources of the state to crush any kind of organized opposition, instead of trying to mobilize potential supporters. Russian liberals compare Russia to Venezuela, saying that Putin is exactly like Hugo Chávez or Nicolás Maduro. But, in fact, they are completely incomparable situations. How can you compare Putin to Chávez, when people on the street literally protected Chávez with their own bodies against the coup d'état? Nothing even resembling this ever happens in Russia. Putin has always relied on the national security apparatus.

In terms of propaganda, what we have on TV in Russia is not dissimilar from Fox News. But at the same time, if we look to the streets, we don't have a similar right-wing street movement, so in that sense it's populism without the people on the streets.

RK | Over the years, we have seen a number of constitutional and political measures innovated almost in real time in order to prolong Putin's time in office, but that can't happen indefinitely. Some have predicted that were he to step down, it would create a systemic crisis of political legitimacy, precisely because he has not cultivated a clear successor as of yet. Even as we should avoid speculation, do you think that is a plausible analysis?

IM | It is almost a consensus in political science that the biggest vulnerability for personalist systems like the one we have in Russia is the matter of succession. If we look at the Central Asian countries, some of them already have already successfully replaced all the older autocrats, so it is possible. But the problem of legitimacy goes deeper.

The Russian regime, like other electoral authoritarian regimes, is based on electoral legitimacy and the popular selection of leaders, even though the elections themselves are rigged. There is an inherent problem with this, for if you need so much electoral fraud to the point of completely rewriting the results of elections, you cannot draw legitimacy from this source. During the last election in September 2021, we saw electoral observers in St. Petersburg literally dragged out of polling stations by police, because they were doing their jobs of registering electoral fraud. Things like this make elections meaningless, because it becomes extremely clear that this is a complete farce. Elections need to at least resemble something real in order for this whole thing to work. Otherwise, they lose their function as a legitimating device.

There is essentially no alternative to elections. In some traditional societies, you can have something like hereditary monarchy, but not in Russia. The paradox is that it's an authoritarian regime but one based on elections. So, when elections become completely meaningless, when they have to rewrite the results without even counting the vote — as we know, from the statistical distribution of the results, in many places they did just that during recent elections — then there is no real source of legitimacy. This is a very real and deep problem.

RK | We have seen statistics that indicate that, alongside the United States, Russia demonstrates one of the highest levels of vaccine skepticism among developed countries. What kind of impact has the pandemic had on the social fabric of Russia? How has the pandemic affected the stability and legitimacy of the regime?

IM | In terms of handling the crisis, I think that the verdict is failure. We need to be very clear on that. According to demographers, there were more than 1 million excess deaths since the beginning of the pandemic. That demonstrates unequivocally that government policies failed, to the extent that something was in the government's hands.

Vaccine skepticism and hesitancy is extremely high in Russia, and in fact it's like that in all post-Soviet states. Some people argue that you can explain it by people not trusting authoritarian governments. This sounds logical, but then, if you look at countries like Serbia, we see that they actually have democratic governments but also extremely high rates of vaccine hesitancy.

This is the future for the post-Soviet landscape. So, to some extent there was not much that the government could do. But I would still say that they failed in not attacking vaccine hesitancy head-on. A very simple thing world leaders did was a photo op of them getting the shot. With Putin, there was just a news story that he was vaccinated, without even explaining which vaccine he received. But several million people probably did not get the shot because of mistakes like this.

The Russian health care system was completely overwhelmed because of the underinvestment of previous decades, along with what it calls "optimization" — which is basically cuts and an austerity regime. In general, that was a complete disaster, and what compounded it was the political calculation of not imposing a lockdown. Here too is a paradox: an authoritarian regime that cares too much about its popularity in the eyes of the public to impose too many restrictions, for fear of a drop in the president's approval rating.

Even though you could say that they were set for failure because of some structural factors, at the same time, clearly not enough was done to persuade the public, not enough investment was made in health care, and more resources should have been directed to hospitals and the increasing of doctors' salaries.

RK | The pandemic has made organizing and street movements even more challenging. Navalny has been imprisoned, and his movement may no longer be viable. What kinds of patterns and trajectories can we see taking shape for the liberal and left opposition?

IM | Unfortunately, we do not have an organized opposition currently in Russia, because it was basically destroyed. First of all, all public gatherings and demonstrations — even single-person pickets — are banned under the pretext of government pandemic restrictions. There were several times when people gathered without being dispersed, in the form of anti-restriction protests, but this is very rare and, in general, the strategy of the state is to disperse any demonstration at all.

There was also a huge attack on independent media outlets and journalists, all of which are now basically declared foreign agents and if they still operate, it's in a very limited fashion. The attack on Navalny's organization completely destroyed it: he's in prison, his close circle migrated to other countries, and a lot of his associates are in prison as well.

Obviously, some people are still free, and there are some political initiatives, especially on the local level. For instance, in Moscow, there are going to be municipal elections this year, and probably some independent activity will be allowed on this small-scale level, because, even if elected, the opposition does not have much power.

In general, it is a very bleak picture. The previously existing machinery of managed, sovereign democracy in Russia, where they maintained the façade of elections and even some independent political activity that did not threaten the regime, became impossible because the stakes were increased. Now the opposition is very real, and attitudes in society are very much turned against the regime. The regime is not willing to risk anything.

Some people compare it to Yuri Andropov's period in the Soviet Union. When Andropov came to power in the early 1980s, he jailed all the dissidents and basically destroyed this movement in the Soviet Union. His background in the KGB taught him the simple methods of ensuring discipline and

protecting the sovereign state by sending everyone to prison. But perestroika began just three years later. Just when it seemed like all the opportunities were closing and nothing was possible anymore, suddenly everything changed. Perhaps something like that could happen again.

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