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The Domestic Political Situation in Russia

Riga, August 28, 2001

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Workshop Report

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The Swedish Institute of International Affairs, the Konrad Adenauer Foundation and the Latvian Institute of International Affairs are implementing a joint project in 2001, "The Baltic States, Geopolitics and Regional Cooperation". The aim of this project is to review processes in the neighboring countries of the Baltic States, taking into account the fact that there is a very great likelihood that these countries will join the European Union in 2005. This will mean very significant changes in the political geography of the Baltic Sea region. This is a region which is made up of countries which are very different in nature – highly developed EU member states, poor candidate countries (the Baltic States and Poland), developed countries which do not want to join the EU (Norway and Iceland), and Russia, which has a level of development and a size which eliminates the possibility that it might hope for EU membership in the foreseeable future. At the same time, however, Russia is an important factor in terms of the economic and political development of the Baltic States. The processes which take place in Russia and Russian policies vis-à-vis the countries of the Baltic Sea region and the European Union – these are factors which directly or indirectly influence things that happen in the region. Taking these considerations into account, one of the seminars that was organized under the auspices of the project was devoted to developments in Russia's domestic political situation.

In opening the seminar, project director **Atis Lejiņš** pointed out that there have been many conferences in Latvia and the Baltic States on the subject of Russian and Baltic politics, but there had never before been a conference in Latvia about domestic political processes in Russia – this despite the fact that domestic politics in Russia have much to do with the relationship between Russia on the one hand and the Baltic States and the Baltic Sea region on the other, as well as with Russia's attitude toward the integration of the Baltic States into the European Union and NATO.

People in the West often believe that Baltic people are the best experts on Russian affairs, because they understand the Russian mentality and approach to problems, they speak Russian, and, because they are to a large extent involved in the Russian information space, they can monitor processes in Russia to a greater extent. At the same time, however, there are relatively few researchers in the Baltic States who focus on domestic politics in Russia. Certainly there are very few specialists for whom this is the main subject of systematic research. This is a very important problem when it comes to the desire of the Baltic States to join the European Union and NATO, because arguments in favor of and in opposition to this

process are an important factor in domestic politics in Russia. One manifestation of this has been the attitude which the Russian public has demonstrated toward the Baltic States. Russians have developed stable stereotypes about the idea that the Baltic States are hostile to Russia, that they are oppressing ethnic Russians, etc. To a certain extent, Russian politicians have promoted these stereotypes for reasons of domestic politics. This thinking, however, shapes the way in which Russians look at the entire world – it is not just a matter of bilateral relations.

The Baltic approach to Russian domestic policy issues might be interesting both to the West and to Russia. The Baltic outlook would be a specific view, one which has emerged over the course of history. The Baltic States have always been neighbors to Russia, and they felt the influence of Russia very strongly during the 50 years of the Soviet occupation. If researchers from the Baltic States were to launch a joint project on the development of Russian domestic politics, the results might be quite interesting. One problem in developing such research, it must be said, is the fact that research institutions in the individual Baltic States are not capable of launching major projects of this kind on their own. Such studies would be entirely possible, however, if we joined forces, inviting Russian and other foreign researchers to join in the work. Atis Lejiņš expressed the hope that this seminar might serve as the first stimulus for the emergence of this kind of pan-Baltic research project.

Four groups of issues were considered at the seminar:

- The relationship between Moscow and the regions of Russia;
- The importance of military reforms in promoting democracy and the emergence of a civil society in Russia;
- The effect of the war in Chechnya on Russian domestic politics;
- The demographic situation in Russia.

The relationship between the federal center and the Russian regions

The first speaker in this subject area was a researcher from the Swedish Defense Research Institute, Ingmar Oldberg. He reviewed the administrative reforms that Russian President Vladimir Putin has instituted in the context of the relationship between the "center" and the regions of Russia.

Looking back at the history of this issue, Oldberg called on us to remember that in the early 1990s, much discussed in Sweden and the Baltic region was a book by Professor Stefan Hedlund in which it was claimed that the disintegration of the Soviet Union might lead to the splitting up of Russia into separate cultural, historical and economic regions. Hedlund and a number of other researchers at that time saw Russia as being in contrast to Europe, where the process of integration was moving forward quite rapidly.

Many people in the West felt that the disintegration of Russia would be a positive process, because it would remove that country's superpower status and make easier the involvement of Russia into the world's processes. The fact that Russia is huge and that its various regions have different interests make Russia's integration into the world a long and fairly cumbersome process. It would be much easier to integrate Russia bit by bit.

At the same time, the West was afraid of disintegration in Russia, because it was not clear what would happen if there were conflicts involving Russia's nuclear arsenal or if regional dictators were to emerge. A split-up in Russia could have led to a flow of refugees to the West.

Disintegration would also make the restructuring of Russia's economy more complicated. The collapse of the Soviet Union destroyed the domestic market. Any further deterioration would set up many small markets; each with its own rules and laws. It would be hard to attract investments in such markets, and their sustainability would in many cases be questionable indeed.

In the early 1990s, Boris Yeltsin implemented policies, including a new constitution in 1993, which served to decentralize power in Russia to a very great degree. Regions gained extensive rights.

Vladimir Putin's policies of re-centralization are seen as the most radical thing that has happened in Russian domestic politics since 1993. There are several major elements in this policy of re-centralization:

1) The reforms involved the setting up of "super-regions", each of them led by a specially appointed presidential representative. Many of these representatives come from the military sector or the security institutions. The main task of these people is to coordinate the work of federal institutions and to ensure that federal resources are not wasted.
2) The opposition to President to the upper house of the Russian parliament, the Federal Council, was diminished. Governors no longer have automatic seats on the council.
3) Despite the fact that regional governors are elected, the president has the right to fire any governors who violate federal law.
4) There have been significant constitutional changes in the federal subjects. They have had to change their laws if they are in contradiction to federal law.
5) The central government has changed the taxation system so that the subjects of the federation are giving up more of their money. Moscow Mayor Yuri Luzhkov has claimed that the federation takes 67% of the collected taxes. Others have said that 52% of the taxes collected in their regions go to the central government, etc. It is certainly true that the central government is now controlling more in the way of tax receipts than was previously the case.
6) Putin has strengthened federal control over the country's law enforcement institutions including the judiciary and the police.

There are certain positive elements in this policy. Russia has grown stronger, and it is more consolidated. The negative side to the story is that Russia is now less democratic than

it once was with weak parties and a passive civil society. Ingmar Oldberg then analyzed the limits to this process of centralization.

In truth, Putin's reforms are nothing new. Putin became popular after the launch of the new war against Chechnya, and this popularity helped to neutralize the opposition. Traditional KGB methods were brought to bear – compromising information was used against governors to neutralize their opposition to the centre. The fact that there were gubernatorial elections in many parts of Russia last year also made the governors vulnerable.

There are, however, limits to Putin's ability to control the country's governors. Governors are no longer automatically members of the Federation Council, but they can appoint representatives to the council, thus ensuring that their interests are represented. Governors who were not reelected last year lost their seats on the Federation Council, but those whose mandates have not yet expired are still there.

Putin has yielded before local authorities in several instances. Governors still have control over their territories, and they have the right to fire local government officials, except for the mayors of the capital cities of the regions.

One of Putin's compromise ideas was the establishment of a State Council, which allowed the governors to go to and gather in Moscow. But the president is the chairman of the State Council, and he alone selects the members of its presidium. Besides, The State Council has only consultative functions.

Furthermore the centralization of power has its weak points. The super-regions and the presidential representatives in those regions have no basis in the constitution and they are subject to the power of the president alone. This means a weakening of the law-based state, if compared with Yeltsin's 1993 constitution. The president's representatives may also become omnipotent viceroys in their territories, and there can be conflicts among them and with local governors.

Another important factor in Russian politics is the scourge of bureaucracy, which involves problems to implement decisions that have been taken. We cannot know, for example, whether Putin's reforms are going to be implemented in the way, which he has intended.

Another weak point is that the federal representatives duplicate the work of other structures – this is a common problem in Russia. The federal representatives often depend on local governors for offices, transportation, personnel, staff wages, etc.

Some of the federal representatives, for instance, in St. Petersburg, have been successful. Others are having problems – Kiriyenko with Tatarstan and Bashkortystan, for example. The representative in the Far East Pulikovski has had his difficulties, and even though Nazdratenko in the Primorskii krai was forced to resign, but instead of Pulikovskii's supporter Apanasenko, Nazdratenko's supporter Darkin became the new governor. What's more, the office of the Far East representative is located in Khabarovsk, not Vladivostok, and that makes it difficult for the representative to control the situation in Vladivostok and the Primore region.

At the same time, however, there is no need to dramatize the contradictions between the center and the regions, because the fact is that both sides also have some common interests.

The center wants the regions to bring in foreign money and sustain themselves so that the center need not support them, and the regions need federal support for economic and legal expertise and for foreign relations.

Nor are the Western countries interested in breaking up Russia and they dare not avoid dealing with federal authorities. Regions can form economic cooperation links with the West, but any such activities must be coordinated with the center.

According to Oldberg the process of re-centralization has been favored by several factors. First of all, Putin has been lucky in that economic development over the last two years has been fairly successful in Russia. This increases Putin's popularity and gives the government more money to dole out to the regions.

Secondly, the successful level of economic development has been affected by a global process – high oil prices. However, dependency on oil and gas prices is also a source of weakness for Russia. The 1998 financial crisis created a situation in which some sectors have successfully shifted from imports to local production, for instance, in the breweries. The beer industry has a fairly important role in the consumer sector.

At the same time, the military industry requires a great deal in the way of investments, and money has until now been flowing out of Russia. Further, the banking sector remains very weak. Russian authorities have also resisted the entry of foreign banks into the country. Oldberg emphasized that the weakness of the banking sector is one of the key factors in Russia's economic weakness and its great difficulties in attracting domestic and foreign investment. Most citizens still save dollars and don't trust Russia's economic system.

Third, Putin's personal popularity has been a key factor in the success of the re-centralization process. Putin has not always taken decisions in a timely way, for instance when it comes to emergencies such as the sinking of the Kursk. Bureaucracy is another obstacle, because it stands in the way of economic and administrative reforms.

All of this suggests that the destiny of Russia's regions depend on the success of the center and less on the regions themselves. If the center is rich and powerful, the regions can benefit. It's also true that the center is interested in regional development, because that increases the resources, which the center can tax. Successful regions can also receive more in the way of investments from the West.

Putin's reforms have reduced the political influence of the regions. The center has become more successful than before in overseeing what they are doing. A larger share of tax revenues is also going to the center. At the same time, regions have an interest in demonstrating loyalty to the center, because that gives them better opportunities to develop trade with the West and to attract investments. The governor of Karelia, for instance, has gone out of his way to demonstrate loyalty to Putin, at the same time as he is intensively developing economic links with Finland.

It is, however, also true that if we want to talk about the development prospects of Russia's regions, each one must be considered separately, because the situation in each one can be quite different. Moscow, St. Petersburg, the Leningrad oblast and to some extent

Karelia have good economic prospects. These regions are successfully developing direct links with the West, and they have extensive economic development potential. The Novgorod region has good prospects, while the Pskov region is in the periphery. Pskov is highly dependent on federal subsidies, and it must be very careful, therefore, in developing relations with Latvia. The center also wants to control the external economic activities of regions, because the independence of the regions sometimes has unfavorable consequences for the center. The Kaliningrad and Leningrad regions, for example, took out extensive loans in the West, which they then were unable to repay. This caused a big scandal, which the center had to handle. The governor of Kaliningrad, Admiral Vladimir Yegorov, will have to stick strictly to Moscow's instructions when it comes to external relations, but at the same time he is seeking foreign trade privileges and retain the special economic zone.

All in all we can say that the trend of increasing policy consolidation in Russia will continue for at least another two years. It's hard to say what will happen then.

Oldberg also promoted the view that the federal system, which was set out in the 1993 constitution, will not be easy to change, and it is unlikely, therefore, that some regions will be merged together. The aim of Putin's reforms is to stabilize and concentrate power in Russia. If he sees any sabotage against the reforms, repressive steps may increasingly be taken. If economic development falters, Putin may return to the administrative style of Yuri Andropov and suppress all opposition. A key problem here is that Putin does not have a political party to support him. If there is no popular party, which supports Putin, the trend of authoritarianism may become stronger.

Russian nationalism is a key element in Putin's policies, and an increase in the importance of the Russian Orthodox Church has been significant in this. The cancellation of a visit by Pope John Paul II to Russia was symptomatic in this respect.

Boris Kuznetsov, a researcher at the St. Petersburg Center for Integration Studies and Programs, does not agree with Oldberg's view that Pskov is afraid of developing relations with Latvia. Both Pskov and Novgorod really do want to expand cooperation with the Baltic States, setting up a Euro-region in the area despite the fact that Moscow does not look very favorable at this plan. The vice-governor of the Pskov region was in Estonia in June 2001 to talk about the establishment of an Euro-region. One important element in Pskov's government is that businesspeople are playing an increasing role in the governor's office. These are people who are more interested in economic advantage than in political considerations. St. Petersburg, for its part, wants to be a leader in the North-West of Russia, but its economic contacts with the Baltic States remain very weak indeed. St. Petersburg is instead highly interested in developing contacts with Sweden and Finland, and it devotes far more energy to this issue than it does to any contacts with the Baltic States. Since the 1998 financial crisis in Russia, products from Latvia and the other Baltic countries have disappeared from the stores of St. Petersburg.

Much attention in the discussion was devoted to the developmental prospects of the Kaliningrad region. It is true that the status of Kaliningrad is a key matter for the Baltic Sea Region, especially given that the accession of the Baltic States to the European Union can happen quite soon. One problem which is being raised in Russia, and especially in Kaliningrad, when it comes to Baltic membership in the EU is the visa issue. Russia wants open borders with its neighbors, and it also wants free movement to and from the Kaliningrad region.

Several participants in the discussion pointed out that the real problem here is not the introduction of the Schengen Agreement and its rules in relation to the Kaliningrad region. Rather, it is the establishment of a unified economic space and a certain level of stability in the region. A special visa regime or other solutions are possible here. Oldberg argued that the Schengen Agreement is not an obstacle against the formation of contacts. After Finland acceded to the agreement, its volume of trade with Russia increased several times over, and the same may be true after Lithuania and Poland join the EU. Oldberg believes that the issue of visas is not all that important when it comes to the shaping of relations with neighboring countries, especially because the flow of people between the Kaliningrad district and the EU is fairly easy to control, given modern resources that are available for this purpose. A key obstacle, however, is that Kaliningrad is not particularly attractive to investors for various domestic reasons (a small internal market, a high level of criminal activity, etc.).

Atis Lejiņš, for his part, called on us to think about the more distant future of Kaliningrad. Can it really survive as a Russian enclave, which is surrounded by the EU? Lejiņš does not believe that this is possible in the long term.

Other participants in the discussion pointed out that Putin has dealt quite successfully with the so-called oligarchs in Russia when it comes to political power. These are the leaders of major economic groupings, and they had a lot of influence during Boris Yeltsin's presidency.

The conclusion that can be drawn from the discussion about the influence of the Putin presidency on the way in which the center deals with Russia's regions and the overall development of Russia can be formulated as follows: Putin has succeeded in strengthening the vertical axis of power, and he is far more active in domestic and foreign affairs than Yeltsin ever was. Putin is fairly popular because of his personal properties, and also because during his presidency, a certain level of economic and political stability has been achieved in Russia despite the ongoing war in Chechnya. At the same time, however, Putin's reforms and policies have strengthened traits of authoritarianism in Russian domestic politics. Whether these traits will develop is hard to say, because further development will be affected by many aspects of foreign policy and domestic processes.

Democracy, military reforms and the civil society

The issue of whether Russia will strengthen democracy, the civil society and a law-based state depends in large part on how the government and Russia's society shape relations with

military circles in the country. Militarism has traditionally been of key importance in shaping the idea of national statehood among the Russian public. Many people think that the influence of Russia's military circles on the Russian government, including Putin himself, is quite significant. When the submarine Kursk sank and Putin issued his reaction with a considerable delay, many analysts concluded that the military leadership did not provide timely information to the president about what was really happening with the submarine. At the same time, however, many people from military and security circles have been put into key government positions in Russia, and some are Putin's representatives in the various regions. This suggests that the military are boosting their influence during the Putin presidency. Are these military structures ongoing actors in Russian policy, or are they nothing more than a tool for the president's own policies? This is a matter of interest to analysts. The way in which the role of the armed forces is defined in Russia will have much to do with whether Russia will manage to set up a truly democratic society.

This latter subject was discussed by a researcher from the Vilnius Strategic Research Center, Margarita Šešelgyte, when she was presenting a study that had been done by the director of the Vilnius Institute on International Relations and Political Science, Raimundas Lopata. The subject of the study was the way in which military reforms affect the emergence of a civil society. It was emphasized that Russia's post-imperialist identity crisis since the end of the Cold War has affected Russia's military circles, too. This has been seen quite vividly in two major events – the second war in Chechnya and in the Kursk disaster.

The second war in Chechnya was the decisive element in allowing Putin to take over and then consolidate power in 1999. This suggested increased militarization. The Kursk disaster, however, posed a dilemma for the president – how to reform military structures while maintaining political stability at the same time.

In trying to democratize Russia's political system, Putin has had to face opposition from hard liners who feel that civilians must not be given control over the armed forces and the Defense Ministry. This, according to some military officials, would discredit the process of military reform.

Military reform in Russia is being implemented in the traditional way – the size of the armed forces is being pruned. This requires a new approach to the armed forces, and there is a need to increase salaries for people who work in the military-industrial sector while reducing some of the benefits, which were enjoyed by the army.

Šešelgyte stressed that if Russia preserves its system of conscription to military service, there can be no quality-based changes in the armed forces. Reductions in the size of the armed forces will not lead to any important changes. There is serious opposition in Russia to the idea of setting up a professional army.

Another element in military reforms involves changes to the system of managing the armed forces. The functions of the main headquarters of the armed forces should be split off from those of the Defense Ministry by 2002. This would mean that the military hierarchy would no longer engage in political functions, although the Head of Staff headquarters, Anatoly Kvashnin, might increase his influence thanks to the war in Chechnya.

It appears that Russia is planning to divide up its armed forces into three major branches – the army, the air force and the navy. This would mean that conventional and nuclear weaponry would be of equal importance. Nuclear forces would be a separate branch of the air force, which might mean that Russia now recognizes that cosmic forces are needed if it is to continue to promote itself as a superpower. Russia's nuclear arsenal is aging and being reduced, but nuclear weapons are still seen as an important part of what Moscow considers to be an "adequate response".

It cannot be denied that security policy and military reforms in Russia will in large part depend on economic developments. There are sharp contradictions between Putin's efforts to launch a functioning market economy on the one hand and the needs of the military-industrial complex on the other.

Russia's defense strategy will depend on the extent to which military reforms are successful and the way in which defense budgets are prepared. The process will also be related to Russia's decision to react adequately to American plans in the area of strategic weapons.

Discussions about military reform in Russia involve two tendencies. One indicates that there are desperate attempts in Russia to increase the importance of strategic weapons, and this can have a seriously deleterious effect on the modernization of Russia's economy and on the emergence of various elements of the market economy. The second tendency is that Russia is applying maximum effort toward the modernization of its economy, and strategic nuclear forces are only being developed to the bare minimum of necessity.

The main question when it comes to Russia's development in the future is whether the trend of military authoritarianism will win out over the development of Russia into a true and modern country.

The theses, which were stated in the research project, led to a very extensive debate, indicating that the possibility or impossibility of democratization in Russia is a central issue. Western European political thought has focused on this issue ever since the 19th century – understandably, given that Russia is a major power in Europe and an important factor in the continent's politics. Whether the major power is democratic or authoritarian will have much to do with the way in which it affects its nearest neighbors, as well as global politics. Atis Lejiņš said that many experts are claiming that a liberal dictatorship is developing in Russia. He asked whether that is possible and what that might mean for Russia's development.

Kuznetsov said that this option is possible, because Putin basically does not face any opposition in the Russian Duma.

A lector at the Department of Social Sciences of the University of Latvia, Mihails Rodins, spoke about opinion polls' data, which show that 29% of the members of the Russian parliament believe that the Baltic States might be joined to Russia. Members of the Duma are also talking about merging Belarus, Armenia, Abkhazia, Ukraine and Kazakhstan with Russia.

Most parliamentarians believe in the reunification mission that is involved here – the creation of Russia's post-Soviet role in the world. A new structure, perhaps a confederation, is being considered.

Marko Mihkelson, too, spoke about Russia's imperial mentality, which does not allow politicians in Moscow to forget about Russia's enlargement in the future. Particularly dangerous is the situation in Ukraine, where Russia's influence is on the rise and incorporation might happen very soon. Mihkelson pointed out that Alexander Dugin and other Russian geopolitical theoreticians are supporting the idea that Russia must try to link other post-Soviet countries as closely as possible in a process of "Finlandization". There is no reason to believe that Russia has forgotten about the possibility of "Finlandization" in the Baltic States, and sometimes people tend to think too highly of the level of democratization in Russia.

Several participants in the discussion, however, said that even though Russia has been more active in bringing the countries of the CIS into its fold in recent times, there is not much reason to think that this may mean the emergence of a confederacy, let alone the incorporation of other countries into Russia. Oldberg pointed out that this is unlikely because of constitutional problems, adding that the political elite in other countries is by no means interested in losing their status. There are also obstacles in the context of every one of the aforementioned countries. Armenia is too far away. Russia supports Abkhazia to put pressure on Georgia, but it is probably not really interested in worsening relations with that country – something that would certainly happen if Abkhazia were incorporated into Russia. The way in which the union between Russia and Belarus is developing also shows that Russia has no interest in dealing with the Belarusian economy. Lejiņš, for his part, said that any attempt to absorb Ukraine back into Russia may lead to instability in Russia itself.

Despite Russia's economic weakness, it is trying to be an active actor of global politics. In this context, discussion participants looked at Russia's role in the post-Soviet world, including in Central Asia There was no unanimity of opinion about whether Russia's role in that region is increasing or decreasing. On the one hand, the migration of Russians from Central Asia remains at a very high level, but on the other hand, foreign capital is flowing actively into the countries of the region. China, for example, is very active in Kazakhstan. Other participants, however, said that Russia's influence in Central Asia has not deteriorated and remains at a very high level.

Rodins pointed to an article which Sergei Karaganov and Alexei Arbatov published to claim that Russia's military defense system is improving in technological terms. One can be fairly skeptical about Šešelgyte's claims concerning links between military leadership and the war in Chechnya, said Rodins, adding that Russia is becoming more stable, albeit only on the basis of strong leaders. This claim led to debates about the matter of whether stability can be achieved on the basis of reduced democracy and increased authoritarianism. Atis Lejiņš stressed that any attempt by Russia to absorb neighboring countries can only happen at the expense of deteriorating democracy.

Šešelgyte said that powerful leadership of this kind is inevitably based on a reduction in democracy. Rodins thought that Russia is seeing the emergence of modern authoritarianism – a system that promotes economic reform and modernization in the country. Šešelgyte countered with the statement that true stability is possible only if reforms that are aimed at democracy and the market economy are put into place. She believes that Russia's residents should be told where military money is actually spent. They must know about military reforms, foreign policy priorities and the resulting security and defense policies. The issue of the need for military reform is being debated quite extensively in the Russian mass media, but there is no clear understanding of what kinds of reforms are being planned. Oldberg agreed that despite the fact that Russians are receiving much more information than they once did about military spending, there is still much less information than is common in the West. Government institutions have implemented strict controls over information about things such as the war in Chechnya, and no plausible explanation has yet been given for what happened to the submarine Kursk. Various versions have been discussed, but there have been no official conclusions about the submarine. Participants in the discussion all agreed that the incident with the Kursk clearly demonstrates an identity crisis in Russia.

Oldberg pointed out that this identity crisis certainly serves to uphold worries about Russia's further development and about its intentions with respect to its neighboring countries. Oldberg made reference to something, which Vaclav Havel recently said – that Russia's neighboring countries will always feel insecure as long as the identity crisis survives, and they will feel a keen need for the protection, which NATO offers. Havel also has said that one must speak frankly with Russia about what neighboring countries think about Chechnya and human rights. Havel said that we must not humiliate ourselves, and we must say clearly what we support – increased trade links and a full observance of human rights. A representative from the European Commission Delegation in Latvia, Hella Gerth, said that the European Union is implementing such policies. It has spoken out about human rights in Chechnya. Russia is an important neighbor for the EU, and it's important for it to bring its laws closer to those of the EU, to institute the rule of law and to ensure domestic stability. Development, she said, must be realistic. The European Union is monitoring the way its partnership agreement with Russia is being put into practice. The relationship is based on cooperation and good will on both sides, and EU policies vis-à-vis Russia have an effect on the way in which Russia's society is developing.

Kuznetsov, for his part, cast doubt on the idea that Russia's identity crisis is playing much of a role in public life there – something that is often claimed. The average citizen of Russia is thinking more about his survival, not about any identity crisis in Russia. He also said that young people in Russia's major industrial cities think of themselves as Europeans. When it comes to discussions about identity and Russia's role in the world, the debates mostly involve middle aged and elderly people, he said. Young people don't talk about identity – they perceive themselves as Europeans.

Rodins said that the Russian Duma talks a lot about a "third way" for Russia's development, without ever really explaining what that means. Šešelgyte said that this third way involves a maximally efficient defense of Russia's interests. Oldberg stressed that Russia can realistically choose between the European way and the so-called special Russian way.

Lejiņš, for his part, said that Russian politics are influenced by the European Union, by NATO and by the obvious fact that Russia is dependent on the West, both because of loans and because the EU is Russia's main trading partner. During the Kosovo crisis, NATO and Russia held differing views, but now Russia is back at the negotiating table with NATO. Statements by Karaganov and other analysts that Russia might join NATO are not to be taken literally. Even if Russia really wanted to join the alliance, it is not ready for such a step. A well known analyst in the area of Russian military issues, Pavel Felgengauer, feels that Russia would need at least 10 years to reach even the minimal criteria that are needed for NATO membership in such areas as transparency, civilian control over military, etc. As far as the proposed American nuclear shield is concerned, that will be something that Russia will obviously have to discuss with the United States. Russia's opportunities for maneuver in this and other areas are limited by its economic weakness – Russia's economy is far smaller than China's. When it comes to the issue of whether Russia is emerging as an authoritarian or democratic country, Lejiņš believes that it will in large part be an authoritarian state, but it will not be authoritarianism from the old school. Rather, it will be something of a hybrid involving both authoritarianism and certain elements of democracy. What's most important, it is and will be aimed at the emergence of the market economy. That is not a particularly optimistic scenario, said Lejiņš, but neither is it overly pessimistic.

Mihkelson objected to this idea, saying that democracy and a civil society can emerge successfully only in the presence of stable economic development. Russia's job now is to rise to a new level of development, not just in terms of its economy, but also in terms of civilization as such. Russia is being held back by the view that its development involves some special process, as well as by its post-imperialist syndrome and its failure to overcome post-Soviet nostalgia. Many Russians still yearn for Stalinism and for Stalin as a personality.

Dr. Ilze Ostrovska from Riga Stradins' University stressed that Russian environmental specialists have claimed that new closed cities and nuclear facilities are being established in Russia, which means that the country's military potential is still on the rise. She also feels that not everyone in the West understands that the Commonwealth of Independent States is being turned into a new kind of federative structure.

The war in Chechnya

The third topic for the seminar was the effect of the war in Chechnya on Russia's domestic developments. **Marko Mihkelson**, who is the director of the Baltic Russian Research Center in Tallinn, reviewed the history of the Chechnya situation. Mihkelson used to work as a journalist, and he has visited Chechnya twice. He believes that the situation is entirely based on Russia's imperial legacy, and even though the war emerged in the 1990s, its historical roots are of importance.

The main events in the 1990s, which led to the war, include the emergence of a sovereignty movement in the early part of the decade. Chechnya's parliament proclaimed sovereignty in 1990, and in March 1991 it decided not to take part in the referendum on the preservation of the Soviet Union. On September 6, 1991, the parliament elected General Dzhokhar Dudaev as the republic's president, and on November 1 of the same year, Chechnya proclaimed its independence. The Russian armed forces withdrew from the country on June 8, 1992, leaving behind a great deal of ammunition. Russia at that time was debating the relationship between the center and the regions. Tatarstan, too, proclaimed its independence, but Moscow managed to regulate its relationship with that region.

The first war in Chechnya began in 1994. It basically involved a desire to put an end to centrifugal tendencies that were taking place in Russia and to implement greater centralization. The search for a political solution failed, and Yeltsin decided to implement a tried and true Soviet solution – setting up a so-called opposition government in Chechnya. The attempt to stage a coup against Dudayev was a shift in Russian policy, and it had far-reaching consequences indeed.

In the 1990s, Chechnya was more than a leftover problem from the early part of the decade. It also became a place where military, economic and political groups sought to implement their interests.

Chechnya has also been of key importance in the development of Vladimir Putin's career. He became popular at the region's expense. There are several opinions about what really happened. Some say that the head of the president's administration, Alexander Voloshin, met with Shamil Basayev in Paris before the events in Dagestan – a meeting that was supposedly organized by Boris Berezovsky in the interests of the "Kremlin family". At that time, Boris Yeltsin was thinking about his successor. Yevgeny Primakov was the first on the list. Two days after Basayev attacked Dagestan, however, Putin was named prime minister. In September 1999, there were explosions in Moscow, Buinaksk and Volgodonsk. A former KGB officer, Alexander Litvinenko, and historian Yuri Felshtinsky recently wrote a book called "The FSB Blows Up Russia" in which the authors claimed that Russian special services were responsible for the explosions, which were aimed at shaping public opinion, turning Russian against the Chechens and paving the road for Putin's ascendancy to higher office. After the explosions in Moscow and the events in Dagestan, it was not hard to start the war all over again.

The second war in Chechnya is different from the first in that we don't really know what is happening there. During the first war, many Russian and foreign journalists were in the breakaway republic, and they met with representatives of both sides. Today, by contrast, there are only accredited Russian journalists who spend most of their time at a Russian military base in

Hankala. The information flow is completely controlled by the Russian military. The temporary disappearance of Radio Free Europe journalist Andrei Babicki made clear the extent to which the armed forces were prepared to ensure an information vacuum. Kidnappings were used to create a poor impression about the Chechens, but also to discourage journalists from being too free in their activities in Chechnya. Putin's administration has done very well in putting the reins on the mass media.

Chechnya represents a complete defeat for the West, the European Union and NATO. Virtually nothing is being done about the situation there, and if anything is done, Putin opposes any western activities in the region quite successfully.

Putin came to power only because of the war. The special services have a decisive role in Russia's political development. Yeltsin was clearly prepared to seek a political situation in Chechnya, but there were powerful groups in the Kremlin which were interested in a military approach instead.

The debate over Mihkelson's thinking showed that the main problem really is that there is too little information about what is happening in Chechnya and about what Russia thinks about the issue. Is Putin interested in a political solution, or is he prepared to wage war until everybody in Chechnya is dead? There are many versions to this story, but one does not really know even today what exactly was the point of Basayev's incursions into Budjonovsk and Dagestan.

Mihkelson did not agree with Šešelgyte when she said that there are parallels between the situation in Chechnya and the situation in Kosovo in that local residents have definite interests in maintaining the conflict. Of course, if a country has faced war for an entire decade, there are people who are interested in pursuing it endlessly, but the fact is that in this case, the war is of interest not to the Chechens themselves, but rather to much more powerful groups outside of the region.

Participants in the debate tried to determine to whose advantage the ongoing war really is. It was pointed out that Putin has no interest in ending the war before the next presidential election. The search for a political solution, said these participants, will take place only after that election. What's more, Putin has no interest in negotiating with Aslan Maskhadov, who was an acceptable Chechen leader as far as the Kremlin was concerned in 1994, but who is no longer acceptable today. In Russia there have been several thoughts about who needs this war – generals, criminal bands in Chechnya, the army in the context of wanting to train its soldiers for potential domestic conflicts in Russia, and corrupt businessmen. Rodins pointed out that Chechnya is an inescapable part of Russian political life. Viktor Chernomyrdin and Yevgeny Primakov made a big mistake in promising that the situation would soon be resolved. Putin is promising no such solution.

Oldberg pointed out that there are several possible solutions to the problem. First of all, Chechnya could be given independence, but that would not be acceptable to Moscow. Second, there could be partial independence, but that would be unacceptable to many Chechens. Third, Chechnya could be integrated more closely into Russia, but that has always been difficult and is even more difficult now after all hostilities. Fourth, the war might spread beyond Chechnya, but that does not seem very possible. It seems that the Russian government has decided on a permanent occupation of Chechnya. Oldberg does not believe that Moscow's goal is to destroy the Chechen nation.

In talking about the influence of radical Muslims in this situation, Oldberg noted that Chechen fundamentalists have planned to set up an Islamic state in Dagestan. This has been a long-term goal. Islamic fundamentalists are natural allies for Chechnya, and the situation in the republic itself gave an impulse for movement towards them. Atis Lejiņš pointed out that there was a similar situation in Afghanistan, where Islamic fundamentalists held little sway before the Soviet invasion but gained a great deal of influence during the 10 years of war with the Soviet Union. Pakistan's secret services supported the Taleban as a counterforce to the Soviet Union, which would represent Pakistan's interests in Afghanistan. Once the Soviet army withdrew, Islamic fundamentalism began to expand in its own and uncontrolled way.

Participants in the discussion also talked about the economic aspects of the Chechen problem, discussing the restoration of Chechnya's economy as a possible solution. Most delegates said that no economic stability is possible while the war drags on and no political solution has been found. The continuation of the war means that various criminal structures and corrupt bureaucrats have an increased interest in preserving the economic collapse of the region. No serious business activities are possible in a country, which is at war, in which terrorists hold sway and in which people are routinely kidnapped.

If we summarize the results of this discussion, we can conclude once again that a major problem here is the lack of information about what is happening in Chechnya and in its surroundings. This allows people to come up with all kinds of versions of events, which cannot be verified. Analogies with other "hot points" in the world are not always applicable, because each situation is very different. At the same time, however, the war in Chechnya is providing additional reserves of resources to the Russian political elite in terms of allowing them to boost their popularity and to limit democracy in case of need. The war has also increased the role of Russia's military circles in Russian politics. Financial resources, which could otherwise be used for military reform, are instead being spent on the war.

Russia's demographic problems

The fourth subject at the seminar was the demographic situation in Russia. The main speaker was Boris Kuznetsov, who works for the St. Petersburg Center for Integration Research and Programs. He said that Russia faced various demographic crises in the 20th century, which can be divided in three chronological phases. One took place as a result of World War I and the Russian Civil War. The second was caused by forced collectivization of agriculture and the repressions and famine, which was the result of collectiviza-

tion. The third occurred because of human losses during World War II, as well as repression after the war. The total loss during these three crises amounted to 31 million people. If there was any compensation for these losses, it was only because Russia at this time had a fairly high fertility rate. Today, by contrast, Russia has entered a fourth demographic crisis, because the birth rate has plummeted. Russia looses 700,000 people each year. People have a different family model, and they have higher demands in terms of their standard of living than was true in the first half of the 20th century. Most families have just one child, and there are many abortions. Problems with the health care system in Russia only serve to exacerbate the situation.

Russia's government has tried to find solutions to the problem. One possible solution is to encourage Russians to move back to Russia from the Baltic States and the countries of the CIS. The economic status of Russians in many CIS countries, especially Kazakhstan and the Central Asian countries, is very poor, and many Russians have been moving to Russia. Relatively few Russians in the Baltic States have followed suit, however. According to the Russian Migration Service, there were 387,000 legal immigrants in Russia from all parts of the ex-Soviet Union as of 2000. Illegal migration is much higher, with estimates ranging between 1.5 million and 3 million people, however, this includes also illegal laborers from Moldova, Ukraine and other countries. Illegal immigrants do not receive any social protection in Russia. The main obstacle against promoting more favorable migration policies is a lack of funds. The Migration Service has long since been calling on the Russian government to approve a national policy on migration. A draft version was approved in July 2001, but no money was awarded for the implementation of the program. Despite legal immigration, Russia's population numbers have continued to decline by 700,000 people each year. If this continues, Russia's population will plummet to 134 million by 2016 and just 85 million by 2050. Presently Russia has 144 million residents.

Kuznetsov also said that the reduction in fertility has served to reduce the proportion of ethnic Russians in the country. This problem is exacerbated by migration pressures from China in the Far East. Chinese are entering Russia both legally and illegally, especially in the Khabarovsk and Chita districts. According to the Russian border guard, there are between 200,000 and 400,000 Chinese immigrants in Russia, but many experts say that the number may be as high as 2.5 million. This may be an exaggerated number, which includes people who are temporary workers in Russia. The number of Chinese people who are permanent residents of Russia is probably around 300,000, but this migration trend may expand in the future.

Putin has signed a friendship agreement with the People's Republic of China, and this has had an indirect effect in terms of promoting greater tolerance against Chinese immigration. The Chinese are becoming fairly active in Russia's economic life, which means that the migration process can have economic and political consequences.

There has not been much emigration from Russia, especially among ethnic Russians.

The level has certainly been lower than that which was predicted by experts in the first half of the 1990s.

In talking about Kuznetsov's theses, participants in the discussion unanimously concluded that positive changes in the demographic situation are possible only if positive solutions are found to the other problems that were discussed at the seminar. If less money were spent on military needs, resources could be devoted to programs that are aimed at increasing the fertility rate. Most importantly, money could then be spent on economic stability and growth – something, which is clearly needed to stabilize the demographic situation. As Mihkelson pointed out, the Russian budget has pushed social programs onto the back burner for next year, with priority being given to the needs of the army. One gets the impression that Russia's government does not really understand how important it is to implement social programs and achieve an improved demographic situation. Kuznetsov admitted that Russia's government is mostly thinking about the attraction of larger numbers of Russian immigrants as a way of dealing with the problem.

The director of the Institute of Economics of the Latvian Academy of Sciences, Raita Karnīte, for her part, said that the problem is not all that simple, because greater spending on social needs does not automatically correlate with a higher birth rate. Most developed countries in the world are seeing population decreases, and this is a steady trend in the world. If Russia were to improve its economic situation, that might put the brakes on depopulation to a certain extent, but it would be very hard to stop it altogether. The fact that populations are growing older is a serious problem in Sweden and the other Scandinavian countries, as well as in the Baltic States. This puts a heavy burden on national social security systems. At the same time, however, it is clear that the problem will not be resolved without economic growth.

In this context, there were lively debates over what is needed in order to lead to fundamental changes in Russia's economic situation. Would it be enough if the government were to change its economic policies, or is the main thing how Russians look at the market economy? The market economy has largely developed in Russia in a way, which discredits the whole principle of the market economy in the eyes of Russians. It was pointed out that there are distinctly negative views in Russia about the market economy, even in major industrial centers such as St. Petersburg. The attitude of the political elite toward market economy principles is often far less than clear, because in many ways the Russian government is trying to control the economy.

To a great extent, an indicator of these attitudes is the battle waged over land ownership in Russia. After great difficulty, the government achieved the passage of a law, which allows private ownership of land, but the law does not cover agricultural land. Kuznetsov made note of the fact that privatization of land in Russia's cities will have much to do with whether or not the free market will be extended to agricultural land. We must also remember that many people in the countryside do not want to see the elimination of the agricultural cooperatives that have been established in place of the old Soviet kolkhozes. They are unable to work the land on an individ-

ual basis, because they lack the equipment and the money. Many people are also loath to undertake the responsibility that this would involve.

Participants in the discussion concluded that it is not at all clear how Russia understands the essence of the demographic problem – is the true issue a reduction in the number of people in Russia, is it the resulting fact that the proportion of people of working age is declining, or is it the fact that the proportion of ethnic Russians in the country is diminishing? Oldberg stressed that if the first issue is valid, then a simple solution is to open up the country's borders for greater immigration. Of course, then there would be the problem of controlling the flow. If the true goal is achieving a Russia in which ethnic Russians dominate, then policies must be different and aimed at "collecting" the world's Russians and in increasing the birth rate among Russians.

In summarizing the debates during the seminar, **Atis Lejiņš** pointed out that it was clearly not possible to look at all of the factors which are important in terms of Russia's domestic development. Many of them were only sketched briefly during the discussions, but this indicated that the organizers of the seminar were right in selecting the four main subjects of discussion. These are of key importance in terms of Russia's own development, in terms of its relationship with neighboring countries, and in terms of its role in the world politics.

President Putin and his administration are the main factor in determining Russia's development over the next few years. Analysts have had differing explanations about Putin's work so far, but there are two main trends in opinion on this topic, and both were largely present in discussions at the seminar.

One popular version is that Putin is a new-generation technocrat who truly wants to modernize Russia so that it can achieve appropriate status in the international system. In order to attract or neutralize opponents to reform, Putin is resorting to imperialist rhetoric and Soviet symbols (the melody of the old Soviet anthem, for example, has been approved for Russia's national anthem). It has also been argued that rhetoric about Russia's might, its traditions and the restoration of its role in the world is being used as a springboard for modernization. The vertical aspects of power are being strengthened in pursuit of this goal, and this is fairly traditional in Russia when it comes to the fight against bureaucratic opposition and the attempts of local administration to ignore central policies. The success of reform will depend on whether opposition from bureaucrats and conservative circles (including the military-industrial complex) can be overcome. If Putin fails in this, then imperial rhetoric and authoritarianism may become his only political resource.

The second version is that Putin was put into office by military and security structures, and he is now expressing their desire to see Russia as a superpower at the international level and in full control of the domestic population. The war in Chechnya and other crises of the same kind are a way of maintaining tension and implementing government control over all aspects of life. One manifestation of these policies has been the limitation of mass media independence at Vladimir Gusinsky's NTV and elsewhere.

This discussion was also a discussion about whether there is any special way for modernization and democratization in Russia – one which involves some kind of liberal authoritarianism – or whether this is a dead end which will inevitably lead to a rejection of reform and a strengthening of authoritarianism.