

Putin's pause

Arkady Ostrovsky MOSCOW

Russia's uncertain sense of direction

One of the favourite political sports in Russia is trying to define the country's place in the historical cycle. Is Russia at the same point it was in 1983, the short-lived era of Yuri Andropov marked by a downturn in the relationship with America and attempts to restore order and discipline at home? Or is it already in the late 1980s, the tail end of Mikhail Gorbachev's *perestroika*, when the Communist Party was fast losing control over the country and many of its leading members were abandoning ship?

The answer is meant to determine how long the rule of President Vladimir Putin can last. But the question itself is a sign of growing uncertainty. Frustration is



No brakes on the spending

palpable in ministerial offices and in expense-account restaurants where bureaucrats and businessmen quietly curse Mr Putin for the state the country is in. The dominant sentiment among the elite is similar to the one that weighed on Mr Gorbachev and his circle after a decade of stagnation: things cannot carry on like this. The country is on a road to nowhere. The question is: how long is this road?

Mr Putin himself does not seem to know the answer. At times in 2013 Russia was on a clear path towards recession. Civil-rights groups and charities were under attack; Alexei Navalny, a leading opposition figure, faced a five-year jail sentence on fabricated charges of stealing timber; one of the country's brightest economists, Sergei Guriev, fled the country after being intimidated by prosecutors.

But then Mr Putin paused. Mr Navalny was allowed to stand in the Moscow mayoral election, getting nearly 30% of the votes. The pressure on non-governmental organisations eased. The barking hounds from prosecution offices were put back on a leash. Kremlin spin-doctors started to talk about allowing some political competition, presenting it as a triumph of Mr Putin's political dexterity. To most outsiders, it looked like confusion.

One reason for the change is the faltering economy. Annual growth has fallen to 1.5%—below that of the world economy as a whole, despite high oil prices. In

2014 the government will have to cut spending by 5%, according to Dmitry Medvedev, the prime minister. Fresh investments have almost dried out, while capital flight continues unabated. The spare capacity left at the end of the Soviet Union has been exhausted and there are no obvious new sources of growth on the horizon. Double-digit growth of incomes during much of the 2000s has been one of the main pillars of Mr Putin's support. That pillar is now gone.

As a substitute, the Kremlin has tried to prop itself up with nationalism, xenophobia and anti-Americanism. But this has had limited appeal for Russia's ruling class, whose strategy has been to spend the oil rent made at home on property and a lavish lifestyle abroad. Now all that is under threat. The so-called Magnitsky list, introduced by the American Congress to punish corrupt and abusive Russian officials, caused panic. And the Kremlin's response to it, including a ban on state officials owning assets and bank accounts abroad, caused resentment.

The most obvious way for Mr Putin to shore himself up is to appeal directly to the nation and purge members of the ruling elite. He has taken some steps in that direction. But he is clearly wary of breaking the unwritten rule that has been in place since the death of Stalin, according to which members of the top-ranking bureaucrats never settled scores by means of violence.

Another reason for the pause may be the winter Olympics, which Russia will host in Sochi by the Black Sea in February 2014. Mr Putin sees this as his personal project, a means of boosting his international status.

The games will end up being, at a cost of \$50 billion (four times more than planned), the most expensive Olympics in history. They have already been mired by corruption scandals and anti-gay laws. The Kremlin can ill afford more controversy before they begin.

Turbulence ahead

Balancing repression and co-optation will be increasingly difficult in the coming year. One test will be Mr Putin's treatment of his opponents. For now, at least, Mr Navalny is staying out of jail. Mikhail Khodorkovsky, a former tycoon and Russia's most famous political prisoner, is due to be freed in 2014, when his second prison term expires. A third case against him is in the works and available to Mr Putin if he chooses to keep his critic locked up.

Whichever direction Russia takes at home, it will not be easy to deal with internationally. The Kremlin's sudden diplomatic coup over Syria in September 2013 is unlikely to ease tension between Russia and the West, but it will make Russia even more assertive in its "near-abroad", as it likes to call the former Soviet territories. The main battle in 2014 will unfold over Ukraine, which has been heading towards an association and free-trade agreement with the European Union. Russia will do everything it can to stop it. Countering Russian pressure will require a vision and resolve from the West last displayed in the early 1980s. ■

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Arkady Ostrovsky:
Moscow correspondent,
The Economist