Sovereign democracy

Dictatorship over capitalism in contemporary Russia

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Economists tell us that Russia is on its way to completing the transition to capitalism. The only problem remaining now is a political one – the paradise of a fully fledged 'free-market' economy is suspended by the lack of liberal democracy, while, conversely, the lack of a free market stops the development of liberal democracy. A recent paper by Daniel Kimmage, presented at Freedom House in London in June 2009, summarizes a typically liberal view of the relationship between capitalism and politics in contemporary Russia:

A transition [to capitalism] did take place, but it was not to be the hoped-for liberal democracy grounded in a free-market economy and the rule of law. Instead, it was a shift ... to a flashier, more footloose authoritarianism that rests on selectively capitalist kleptocracy, the dominance of informal influence groups, a decorative democracy that is often described as 'managed' and officially encouraged attempts to create a new profoundly illiberal ideology with mass appeal.¹

For Kimmage and other liberal commentators, the Russian state operates today as a form of police state, allowing no challenges from an independent business sector, oppressed populace or free media. Without guarantees of stable property rights, it is the state that controls the market. Yet in fact during the preceding 'kleptocracy' years of the Yeltsin era between 1991 and 1999, it was precisely due to the state's weakness that property rights themselves had no real meaning, since they simply did not exist – a few kleptocrats owned everything (as Robinson Crusoe alone owned his island). In this sense, at least in the immediate transition to capitalism, the absence of secure property rights had, contra Kimmage, little connection with state power. Of course, the more profound point today concerns the Russian state's supposed desire to substitute democratic politics with a Soviet-styled artificial and illiberal politics of what is termed 'sovereign democracy'. The Russian 'conception of "national greatness"', Kimmage writes, 'is not an aggregate expression of citizens' social and economic well-being, but rather a metaphysical abstraction in which individual citizens dissolve into the faceless entity of "the people". The coinage 'sovereign democracy' implies merely that Russia 'has the right to define the term [democracy] as it pleases and deviate – by virtue of national sovereignty and tradition – from basic democratic standards and practices'.²

It is true that in Russia's transition to capitalism, after a brief period of self-loathing over illegal privatization and the general chaos of Yeltsin's drunken years, the state played a decisive role. Yukos, for example, the biggest Russian oil company at the time of Yeltsin's regime, was the showcase of Russian capitalism. Its sublime headquarters, the pearl-tinged tower, was insured against police raids, robbery, earthquakes, storms, floods, but not against political change. Most Yukos assets have now ended up with statecontrolled Rosneft, Russia's largest oil company, run by the Kremlin. All that remains of Yukos is a number of lawsuits timidly demanding some compensation from the Russian state. More generally, one might say that Russia today has capitalism but few capitalists. According to EBRD's transition report (2008), the state's share in Russia's GDP, once stabilized at the level of 30 per cent in the late 1990s, began to rise with the Yukos affair in 2004 up to 40 per cent (though, to put that in context, UK spending is 42 per cent of GDP). The state's share in the Russian stock market also jumped from 24 per cent in 2003 to around 40 per cent in 2007, while the private share decreased by almost 20 per cent between 2004 and 2008.3 These figures certainly demonstrate a growing state expansion in the Russian economy, whether via renationalization of strategic economic assets (as in the case of Yukos), establishment of state corporations (Rossiiskye Technology, Rosnanotekh, OAK, OSK, and so on), or the appointment of Putin's and Medvedev's closest aides to key posts in strategic companies not directly or formally under state ownership. As this state intervention grows, so, too, does then the worry among Western commentators about how a transition to 'real democracy' grounded in a market-based form of economics can occur. Current hopes are pinned to the pressures of globalization and to Russia's found and lost opposition.

Yet, in fact, Medvedev's Russia is not a totalitarian state, just as, for better or worse, it is neither a liberal nor a 'managed' democracy'. Such classifications are unable to grasp that the current situation concerns political ambition rather than the preservation of power. What is lacking is an insight into the imagination of Russia's new ideologists themselves. Indeed, such new ideology is founded precisely upon the uniqueness of its concept of a 'sovereign democracy'. Such an ideology is certainly illiberal, but it is not anti-democratic per se, since precisely it has, as Kimmage acknowledges, a 'mass appeal'. Indeed, unlike for example the EU project, which has to cope with the jaded disaffection of West Europeans towards most authority, national or continental, the Russian project is noticeably popular at home.

Capitalism as a politics of the state

A recent volume of collected articles and speeches by Russian academics and politicians, Sovereignty, is indicative of what is at stake in this, to the extent that it attempts not to explain some Russian version of liberal democracy but to challenge the very meaning of the term 'democracy' itself.4 Rooted, theoretically, in François Guizot's political rationalism and Carl Schmitt's 'decisionism', Sovereignty endorses their contempt towards key concepts of the liberal 'democratic' age - specifically, the idea of popular sovereignty, which defines democracy as the rule of the popular will, and the idea of representation as the expression of the pluralist nature of modern social order. Following Schmitt, the new Russian theorists of sovereign democracy prefer instead to understand democracy as an 'identity of the governors and the governed'. And, taking their lead from Guizot, this identity corresponds not to a notion of rights but to a particular capacity in a particular situation. The sovereign is not the people or voters but the reason embodied in the unity of the responsible in power. Thus, directly inspired by Schmitt, Nikita Garadza, for example, states that the 'desire to achieve sovereignty by transforming it into a legal notion or a framework based on a "right" destroys relations of power', 5 making, he argues, any political process ultimately meaningless. According to Schmitt's anti-liberalism, elections are, for Garadza, not the expression of different and often contradictory interests and identities but merely a demonstration of the boundaries between the 'ruling class' and 'the people'. Elections are there to show the rules *to* 'the people', not to represent them as such, since any political order, above all, constructs identities and interests rather than, so Gradza argues, simply reflecting or representing them.

Schmitt's understanding of the sovereign as 'he who decides on the state of exception' clearly fits the metaphysical role assumed by the president's Russian mise en scène, as it does the Kremlin's current view of the relationship between capitalism and political identities. The problem is that liberal thinking in the West, which circulates between ethics and economics, tends necessarily to miss the precisely political dimension at stake here, since state and politics disappear in it as fish in water. From a Schmittian perspective, both the moralization and the marketization of society play a depoliticizing role. What is more, if the economy is to be understood in terms of its own laws and identities, then political interventions in this realm have to be limited. Russia's current ideologists, however, understand the economy as a process embedded in social and historical construction. Indeed, in addressing the so-called 'anti-democratic' nature of renationalization, and of the Kremlin's punishment of kleptocrats, the authors of Sovereignty point once again to Schmitt, who, in his Nomos of the Earth, famously argues that the beginnings of capitalism proper are to be found in seventeenth-century England when pirates and bandits, or 'corsair capitalists', were sponsored by the Royal House. (As he puts it, the state itself took over the activity of the pirate.) As such, any argument that it was actually liberal free trade which provided the original source of that capital necessary to kick off capitalism as such is ultimately groundless. There was nothing free or liberal in early privatization, which always depended on the intervention of the state. Markets are socially constructed institutions and cannot be understood separately from links between a territory and political community. Even in the age of globally networked capitalism, Russia's new ideologists might well point out, nation-states matter, as the 2008 American and British state bailout of the banks shows.

In this sense, contemporary Russian state ideology might be best understood as trying to reverse the dynamics between capitalism and politics itself. Hence, Vladislav Surkov, a first deputy chief of staff

and the leading Kremlin ideologist, aims, for instance, to dislodge the metaphysical fiction of 'natural rights' written into post-Fordist capitalism because, he argues, it can only lead to political paralysis. Instead he wants to return to what Guizot terms 'realist economies' based on the metaphysical dimension of the nationstate. That is, Russia's ideologists want to create the conditions where capitalism would discover itself as a political project under the state's control and in which capitalism would serve as politics in some new type of super-state. Just as Schmitt's conception of democracy in terms of identity rather than representation does not allow, then, for a distinction between democracy and dictatorship, so the new state capitalism would not, for Surkov, distinguish between capitalism and state. For the likes of Surkov, what is thus at stake here is presented in terms of the ambition to construct a new type of society not outside of the capitalist system, but, so to speak, 'inside' a post-socialist capitalism represented by the state itself. The Russian ideology of 'sovereign democracy', as he articulates it, is therefore aimed not simply at controlling, struggling against or creating an alternative to capitalism. Rather, one ought perhaps to understand this project as the construction of a political framework through which capitalism would demonstrate its artificiality and purposelessness as such.

The broader political question, of course, is whether (and if so how) this can be combined with a democratic trajectory. All Surkov will say at the moment is that Russia is moving 'further and further away from the non-democracy' of the Soviet Union and from the 'faked' democracy of the 1990s kleptocracy regime.6 Quite what this entails remains to be seen. While Surkov's attitude is taken by many in Russia itself to be an idealistic and patriotic one, others are unsurprisingly not so kind. Michael Kasyanov, former prime minister and now opposition politician, as chairman of the People's Democratic Union (PDU),7 states, for example, in a recent interview with the Financial Times: 'Surkov runs the virtual world of Russian democracy. He is the main functionary of the imitation of political parties, the imitation of elections, the imitation of political pluralism.'8 Such a view echoes recent research by a group of Western academics published in the journal Slavic Review (Fall 2009), which understands the concept of 'sovereign democracy' as merely a 'hybrid regime', occupying what Luke March terms the 'grey zone' between liberal democracy and outright dictatorship.9

Nonetheless, what appears attractive about the concept of 'sovereign democracy' in Russia is that

it is neither a left-wing melancholy, surviving on, for example, a post-autonomist faith that, all evidence to the contrary, the oppositional biopower of multitude is surreptitiously extending its panoptical empire of 'immaterial labour' and 'general intellect', 10 nor merely, as is frequently supposed, a right-wing rage insisting on Russia's exceptionalism and nationalistic destiny. Certainly, the creation of nationally minded elites is the important aspect of the 'sovereign democracy' project, but it is by no means the entire story. In fact, leaders like Surkov see their new system, grounded in Schmitt's distinction between the friend and the enemy as the essence of the political, as the model that Europe itself, disillusioned with the logic of the post-modern state form embodied in the European Union, should follow:

I often hear that democracy is more important than sovereignty. We do not admit it. We think we need both. An independent state is worth fighting for. It would be good to flee to Europe but they will not receive us there. Russia is a European civilization. It is a badly illuminated remote area of Europe but not Europe yet. In this regard, we are inseparably tied with Europe and must be friends with it; they are not 'enemies'. They are simply competitors. So, it is more insulting that we are not 'enemies'. To lose in a competitive struggle means to be a loser. And this is doubly insulting. It is better to be 'enemies' and not competitive friends as is the case now.¹¹

Surkov goes on to cite Schmitt again at this point, emphasizing precisely the need to think *politically*, to imagine an 'other Europe', as an alternative to the European Union project, sidelined both by the rise of nationalism at home and the pressures of globalization beyond.

Garadza and Surkov are not alone in hearing echoes of Schmitt in Putin's and Medvedev's political arguments. Andrey Makarichev, a professor of politics at Novgorod University, also claims, for example, that Putin's reforms are founded on Schmitt's logic:

Both [Schmitt and Putin] understand that the problem today is that the state is lost among the many different institutions upon which it is dependent. Therefore, in the process of this relativization, the state becomes a mere derivative from this multitude of institutions, interests, etc., and power takes on arbitrary or 'peacemaker' roles only.¹²

Putin's Russia might at least bring some clarity to this dilemma, Makarichev argues. On the one hand, Putin or Medvedev are effectively saying: 'We are in charge, leave decisions to us, we are the experts.' This presents itself as a process of taking power from 'the people', what Makarichev describes as a first stage of 'depoliticization'. On the other hand, because, by this means, power is consolidated and legitimized, then it is also able to put forward a new political idea about what Russia is and what it could be, hence opening up some new political space. Hence, Makarichev states,

the paradox of Putin's answer to the Schmittian problem is that through depoliticization he is attempting to address the political problem of the resurgence of the state as a subject in its own right. In this way the political process is envisaged as a hegemonic articulation when some part of the 'people', at certain stages, would be able to talk from the point of view of the state in general.¹³

A true politics in Russia can, on this account, only come about after what must necessarily appear as a process of depoliticization.

No political process, no politics

It is important to remember that post-socialist Russia's capitalist development never was a natural process, so to speak. First, at the beginning of 1980s, when the writing was on the wall for the Soviet system, long before the 'perestroika' was announced in 1987, the state and, particularly, its KGB-oriented party elites started testing the waters of what might become the market economy. They lent capital to various semi-legal and criminal individuals and groups. For example, former Komsomol (Party Youth) such as Vladimir Gusinskiy or Michael Chodorkovskiy (both now fallen oligarchs) were financed by the KGB (now FSB) to start their businesses. The Party never planned to convert to the real market economy. The conflict with Chechen traders in Moscow in the 1980s and subsequent wars in Chechnya demonstrate this point.¹⁴ Yet when the 'shadow market' was normalized, it was the authorities that organized and gained from privatization. Boris Berezovskiy, for example, began his business career as deputy secretary of the Security Council. Many kleptocrats have certainly enjoyed their position within the government. However, even though they managed to privatize cash flows and put the money offshore, they were never businessmen in the strict sense, since they did not create any businesses.

Another and more significant obstacle for capitalist development in Russia was a hatred and suspicion of capitalism, effectively generated by Soviet ideology. As Boris Groys argues of such ideology:

For my relationship to power to become dialogical, I have to imagine that power is a subject. So, I

have to think that capitalism is not only based on buying and selling but is also based on the fact that some 'dark subjective powers' viciously oppress me. Soviet ideology operated precisely by suspicion since it was convinced that what is hidden behind any market mechanisms is class interests and capitalist exploitation. We can say that Soviet ideology has verbalized capitalism, having transformed it from the market's logistics into a transcendental subject of oppression.¹⁵

The Russian version of capitalism, then, has always developed under suspicion. To get rid of this suspicion the state must, according to Surkov's logic, take control and produce a new ideology. This ideology does not alter the thesis of the artificiality of capitalism, which is written into the genetic memory of Russia, but puts capitalism to work for the state's own purposes. From the beginning of Putin's strategy of economic nationalism in 1999, through to 2006, Russia posted growth rates averaging 6 per cent of GDP, while the average of the G8 countries was just 2 per cent. IMF debts of \$3.3 billion and \$22 billion owed to the Paris Club were repaid ahead of schedule in 2005 and 2006 respectively. Most importantly for the Russian public, the problem of capital flight was checked. The non-free market economy seems to be remarkably healthy by orthodox economic standards. According to America's RAND Corporation, the positive outcome of economic nationalism has been 'the husbanding rather than the dissipating of economic rents from high oil and gas prices'.16 The Chicago School of monetarists had shaped the policies pursued by the IMF and the World Bank throughout the 1980s and 1990s. The 'Washington Consensus' was for blanket market liberalization, selling off state assets and floating currencies on the assumption that the natural laws of the market would correct distortions and establish a proper equilibrium. It was their advice that led to the shock therapy pursued under Yeltsin. But to the horror of the economists, those countries - Malaysia and China - that rejected the 'Washington Consensus' did much better. The especially negative result of Russia's collapse in the 1990s discredited the Chicago School of free-market believers.

The Russian state today is not conceived of, then, as a handmaiden to that post-Fordist 'communism of capital' without material equality described by thinkers such as Paolo Virno – in which, 'dismissing both Keynesianism and socialist work ethic, post-Fordist capitalism puts forth in its own way typical demands of communism: abolition of work, dissolution of the State, etc.' Rather, it is conceived of as an obstacle to it. What is more, the current situation is thereby

perceived, ultimately, as far more potentially *political* in character compared with the kind of post-Fordist process defined by Virno, which only ever has a single subject – that is, capital itself. By this logic, there is at least in Russia, by contrast to Western liberal democracies, the emergence of some sort of identifiable political subject that could be contested.

On the surface, it seems that politics in contemporary Russia are a replica of Soviet-style authoritarianism, just as Kimmage argues. However, one striking aspect of 'sovereign democracy' is precisely that, by bringing forth some kind of identifiable political subject, it ensures that there is a political process. This is at the heart of Makarichev's argument. And, of course, there cannot be any democratic politics if there is no political process - even if this has to go by way, as the Makarichev proposes, of what appears initially as a process of depoliticization, in which power is first seized so as to put forward a new political idea about what Russia is and could be. (First, 'we' have to agree that we are all Russians.) Kimmage superficially assumes that 'sovereign democracy' leads to an oppressed opposition, an indifferent populace, and a lack of challenges from independent business. But, by comparison to Putin or Medvedev, the great weakness of the so-called 'opposition' in Russia is actually their disconnection from, and attitude of superiority towards, the Russian people. Medvedev's and Surkov's own distrust of popular sovereignty may certainly be a weakness, and potentially dangerous in form, but if there is presently no substantive popular opposition to it, it is simply because their critics are, by and large, far more hostile to the people than is the current regime itself. Groups such as 'Another Russia' led by the former chess champion Garry Kasparov, the National Bolshevik Party led by the extreme nationalist Eduard Limonov, or the mainstream liberal opposition party Yabloko led by Grigoriy Yavlinsky are better at getting their press releases taken up in the West than they are at talking to Russians. Their common theme is that popular endorsement of the Medvedev regime signifies repression and a supine public. But the greatest challenge this 'opposition' faces is actually their very evident lack of public support. As such, their statements tend towards simple demands to smash 'the state' and a mocking of any popular will.

Above all, perhaps, the opposition do not like the fact that Russians continue to put their trust in the state, and to demand that Putin himself should solve particular conflicts – such as the most recent one in the provincial town of Pikalevo, when almost an

entire adult population went onto the main highway, connecting North-West Russia with Moscow, and demanded Putin come and restore their jobs lost as a result of the business activities of the town's elites - turning to the Russian government and not the 'opposition', which tells them to struggle for their individual rights. As long as the opposition remains open to charges of relying on the financial support of the 'offshore aristocracy', it is the government that will be called upon to address problems of unemployment and low wages - which it often does via the populist measure of forcing regional oligarchs to reopen manufacturing industries and pay salaries. Of course, such direct 'politics' show the weakness of the state, which is slowly re-motivating its authority over civil society - but the Pikalevo actions proved effective.

Meanwhile, Russian civil society itself is neither oppressed nor apolitical. During Yeltsin's regime, the state ignored rather than oppressed civil society; today it is civil society that ignores the state - in our view, a small but still positive change. For sure, Russian civil society today is not participating enough in the bargaining of power between political leaders and national elites, but this is largely because they are still suspicious that the new 'state oligarchs' would eventually return to old 'business oligarchs' mode. And while civil society may not be interested in political parties or activism, this cannot be considered simply as apathy. Putin and Medvedev still enjoy popular support. However, when state intervention is more clearly confined to the macroeconomic realm, then we might witness some real challenges concerning the character of the state's intervention into capitalism. In the past this intervention was deep enough to penetrate into the micro-level of the Russian economy, but, for the moment, its beneficiaries have been a relatively small set of political elites. While the economy boomed, Russians never seemingly felt the elites' success as being at their expense. So far as civil society is concerned, it has seemed better to have one capitalist - that is, the state - rather then the hybrid forms of politico-economic blurred actors, where the rules of the game are never clear, which characterized the Yeltsin era. Meanwhile, as far as the Kremlin is concerned, sovereignty comes first: business can only offer real challenges when it is dependent; the populace can only be politically engaged if there is a political process, ensured by the transparency of the game – that is, there is a stage and there are actors, the identity of which should be clear to all; and, finally, there can be no citizens unless there is a country.

A lack of alternatives

One of many reasons behind the continuing popularity of Putin and Medvedev lies in the lack of any credible alternative. Yet this alternative is lacking not merely because of harsh 'Putinism'. Such an alternative has been absent since the days of Gorbachev. Opposition leaders such as Yavlinsky or Kasyanov were there – and, indeed, offered their own economic and political reforms, such as the famous '500 days plan of resurgence of economy' at the beginning of Yeltsin's privatization, which contributed to the state of total devastation and despair that characterized the immediate postcommunist era – and they are *still* here, offering 'alternatives' to their unrealistic and crashed ambitions and expectations.

The state of Russia today offers little consolation to radicals. The government's critics struggle to relate to a wider audience, and the greater part of the population identifies with a regime that has a strangle-hold on debate. The real process of power politics is forbiddingly authoritarian, and indifferent to critical voices. At the same time, there is certainly little to prove that 'sovereign democracy' can ultimately work, raising the question of whether the fusion of state-controlled capitalism and sovereignty might be even more disastrous than a neoliberal hegemony led by the capitalist imaginary. Do we have to choose between the dictatorship of capitalism and the dictatorship of the state's fusion with capitalism? Or is this a false choice altogether?

Unlike the governing classes in Western Europe and North America, the Russian elite is engaged in a political struggle for authority. Authority in the West is evasive, difficult to pin down, diffuse. Not so in Russia, where the elite are forcefully politicizing events, for good or ill. That might hold dangers, but, as Makarichev suggests, it may at least open the possibility for an engagement, a contest for a different interpretation of events. At the same time, the failure of the opposition is painful to behold. They have abstained from the issues that Russian people feel strongly about - Russia's standing in the world, the greed of the oligarchs, the need for work and the hope for betterment. And they have conflated very reasonable anxieties over political freedom with the protests of oligarchs and Western investors against state intervention in capitalism. For this reason, the harsh truth is that if any debate is to be opened up over Russia's future, it will almost certainly take place in the terrain that is opening up as the governing elite plants its new flag.

Notes

- Daniel Kimmage, Undermining Democracy: 21st Century Authoritarians, ed. Christopher Walker, Freedom House, London, June 2009, in partnership with Radio Free Europe/Radio Liberty and Radio Free Asia, www.freedomhouse.org/uploads/special_report/83.pdf.
- 2 Ibid
- 3. Catherine Belton, 'Kremlin Moves to Regain Control of Business', *Financial Times*, 7 February 2008. According to Russian economic weekly *Expert*'s 2006 annual survey, 200 of Russia's largest 400 companies were under state control, with almost 40 per cent of the entire revenues of these 400 companies concentrated in the hands of the state. Considering that the equivalent numbers in 2004 were 81 companies and 34.6 per cent, respectively, the state's advance into the economy, particularly the expansion of state ownership in Russia's largest companies, was remarkable indeed. See 'Annual Survey of Russia's Largest Companies', *Ekspert*, 36, 1 October 2007.
- Nikita Garadza, ed., Suverinitet (Sovereignty), Evropa, Moscow, 2006. All translations from Russian are by the authors
- Nikita Garadza, 'From Real to Absolute Sovereignty', in ibid., p. 226.
- Vladislav Surkov, 'How Russia Has to Deal with International Conspiracies', 2005, http://mosnews.com/interview/2005/07/12/surkov.shtml.
- 7. PDU was one of the co-founders of the first The Other Russia conference in July 2006 and of the Other Russia coalition led by Kasparov. However, Kasyanov and Kasparov have recently parted ways citing ideological disagreements.
- Michael Kasyanov, cited in Clover Charles, 'Influential scriptwriter directs from backstage', *Financial Times*, 13 October 2009.
- 9. Luke March, cited in ibid.
- 10. Hardt and Negri hence argue, in their interview with Russian weekly Zavtra, that Russia is, as ever, too late: the struggle against capitalism is outdated and unnecessary; instead Russia must integrate capitalism further so that the self-organization of multitude can develop and take over both: capitalism and the state. See Antonio Negri and Michael Hardt, interview with Oleg Kildushov and Maxim Fetisov, Zavtra 14, 5 April 2006, www.zavtra.ru/cgi//veil//data/zavtra/06/646/72.html.
- Surkov, 'How Russia Has to Deal with International Conspiracies'.
- Andrey Makarichev, 'Depoliticised Federalism', Russian Journal, 25 July 2005, http://old.russ.ru/culture/20050725makarichev.html.
- 13. Ibid.
- 14. See Julia Svetlichnaja and James Heartfield, 'The Russian Security Service's Ethnic Division and the Elimination of Moscow's Chechen Business Class in the 1990s', *Critique: Journal of Socialist Theory*, vol. 36, no. 3, 2008, pp. 385–402.
- 15. Boris Groys, 'Postscript for "Communist Postscript"', interview with Victor Miziano and Aleksey Penzin, *Moscow Art Magazine* 65/66, June 2007, www.xz.gif. ru/numbers/65–66/groys.
- 16. Charles Wolf and Thomas Lange, Russia's Economy: Signs of Progress and Retreat on the Transitional Road, Rand Corporation, Santa Monica CA, 2006.
- 17. Paolo Virno, *A Grammar of the Multitude*, Semiotext(e), New York, 2004, p. 111.