

**ELIZABETH
WOOD:**

Good morning, good afternoon, good evening, and welcome to the MIT Starr Forum with Professor Sam Greene on Palaces and Sand Castles: Deconstructing Putin's Power. I'm Elizabeth Wood, Professor of Russian and Soviet History and Director of the MIT Russia Program, and together with Carol Saivetz, Senior Advisor to the MIT Security Studies Program, we will be hosting today's Focus on Russia talk.

My first obligation, and my most delightful one, is to thank the MIT Center for International Studies Program, the MIT Security Studies Program, MIT Russia, and the MIT Starr Forum, ably run by Michelle English and Laura Kerwin.

I also want to quickly announce, as you may have seen in the slides, that on April 9 and April 12 at 12:00 noon, Angela Stent and Andrey Kortunov will be talking about advice for President Biden in dealing with Putin's Russia. I want to remind you that for the audience, the Q&A feature will allow you to ask questions of our speaker. Carol Saivetz will be moderating and collecting those questions.

Sam Greene is Professor of Russian politics at King's College London and director of King's Russia Institute. Prior to moving to King's, he lived and worked for 13 years in Moscow. He's got a long expertise. He's a PhD in political sociology from the London School of Economics and Political Science.

Sam has two books that are critical for this topic. One is the most recent, *Putin v. The People: The Perilous Politics of a Divided Russia*, published in 2019, and his previous book, *Moscow in Movement: Power and Opposition in Putin's Russia* was published in 2014 by the Stanford University Press.

Sam is bringing his expertise on Putin and Russian politics to us at a very critical moment in Russian political development. As many of you are aware, political opposition leader Alexei Navalny has been much in the news for his recent poisoning this summer, his being transported to Germany, and then coming back to Russia, where he faced imprisonment.

So today we're going to ask Sam Greene to talk to us about what is the importance of Navalny, who's been involved in Russian politics since at least the early 2000s.

He's been involved in Russian political protests. But why is Navalny so important? What's happening with Putin? Where do you think this is all going? So Sam Greene, delighted to welcome you, *Palaces and Sand Castles: Deconstructing Putin's Power*.

SAM GREENE: Great. Thank you very much, Elizabeth. Thanks, Carol, as well, and to the entire team at MIT for the invitation to join you-- I was going to say this afternoon. It's afternoon where I am just outside London. But whatever time it is where you are, it is always a pleasure.

So thank you also for setting up the questions. These are big questions, not necessarily easy questions. So what I'm going to try to do is throw out some ideas and some perspectives that might be provocative one way or another, and hopefully we get into a fruitful and productive conversation after that.

If you will bear with me one moment, I'm going to try to share some slides with you.

All right. OK. So three questions that I want to try to talk about a little bit in the next 20 minutes or so. One is why does Putin need a palace, this thing we had up on the first slide. If you've been following the news from Russia, one of the things that happened after Navalny came back to Russia from his convalescence in Berlin was the publication of an expose on Putin's wealth focusing on this palace that you see on your screen at the moment.

So what does that mean? Why does that matter. Why does Putin need a palace? Do Russians care is part of the question that Elizabeth was asking about, what impact Navalny and the opposition might be having at the moment. We'll look at that as well. And then, of course, what happens next. And I'm not going to predict the future, but I'm going to try to set up some questions that we might want to think about as we move into whatever the future holds.

So there have been a lot of attempts to explain how Russian politics works, to put labels on Putin, to put labels on the system that he has presided over now since 1999. One of the, I think, most resonant came from a book that Karen Dawisha published now going on a decade ago called *Putin's Kleptocracy*, which is about a system of power in which, essentially, those at the top of the socioeconomic and the political economic food chain are able to, as she puts it, nationalize the risks.

So they leave a lot of the investment in the production of economic goods and economic rents in the hands of the public, in the hands of the state. But they privatize the reward. So they're able to skim off of the budget and skim off of state-owned corporations, which are increasingly dominant in the Russian economy, to enrich themselves.

This is a system that she has described as kleptocracy. If you've seen Catherine Belton's recent book, *Putin's People*, it also tells a very similar and related story. At the heart of this, Dawisha describes a group of people at the top of the system, headed by Putin at the top of the hierarchy, that is built around loyalty, discipline, and silence. The purpose of the group and the purpose of all of this loyalty and discipline and silence, Dawisha tells us, is to allow officials to maraud the economy with impunity.

And key to the successful functioning of this system has been the unity of all of these players and their willingness to allow Putin to be the ultimate arbiter of any dispute without using the rule of law, without using courts, without using public politics and democratic politics.

Another colleague, [INAUDIBLE], a colleague here in London, has described this in broader terms, in terms of a system of understandings, which he refers to as a *sistema*, using the Russian word. This is a system of understandings and relationships that is built around personalized relationships and personalized networks between individuals rather than institutions for the achievement of whether it's political ends or economic ends or anything else that you might want in Russian politics. And resources within the system, she writes, are distributed through diffuse networks rather than following market principles, again, coming back to something that Dawisha was describing in terms of blurring the line between the public and the private.

Another political scientist, Henry Hale, has talked about this in terms of paternalism, in terms of a system in which, again, politics is organized around the distribution of patronage. But at the core of this is what he describes as a social equilibrium built on expectations, the expectation is that everybody in the system has, whether you're at the top of the system or the bottom of the system, that this, in fact, the distribution of patronage and paternalism, is the purpose of the system, that we are

not operating on the basis of formal understandings, formal rules, laws, and institutions, but we're operating on the basis of informal understandings, that, in fact, allow us to subvert those formal rules.

And the expectation is that everybody around you is behaving this way, enriching themselves through this process, amassing power and privilege through this process. And thus the powerful incentive for everybody is to behave the same way. Otherwise, you're writing yourself out of the game.

Now I don't want to spend a whole lot of time talking about the nuances of social science theory when it comes to Russian politics. But I did want to focus on the fact that all of these big picture explanations of Russian politics come down to expectations. They come down to these sets of soft, informal understandings that people have about what the purpose of power is and how they are supposed to behave in this system.

This is true of the elite. This is true of Putin himself. And that's part of the answer to the question of why Putin needs a palace. Putin, as a participant in this system, needs to be able to demonstrate that there is patronage, wealth, resources, and power to be distributed, has to demonstrate that he is at the top of the system-- nothing more than a palace, I suppose, can demonstrate that-- and has to keep providing opportunities for others to be participating in the amassing of this patronage.

This has led to the development of what we might think of as a club of people at the top of the socioeconomic and political food chain in Russia, which has a number of rules. One rule is that what matters in the economy are assets that generate rents. These can be companies, things like Gazprom. These can be ministries, things like the Defense Ministry. These can be pieces of infrastructure like the railroads. These can be a region, being governor or mayor of Moscow or governor of an oil-producing region.

All of these are systems that generate rents, generate money that can be skimmed out of a corporation, that can be skimmed out of a budget. But anybody who holds these assets, who is able to control and thus extract these rents from these assets, holds them not in freehold, not in perpetuity-- that's true if it's a private company or

state-owned company or a government ministry-- but you hold them on leasehold. The arbiter, Putin at the top of the system, is empowered to redistribute any of these assets in the interests of a system as a whole whenever he sees fit.

Rule number two is that club members agree to relinquish their control of these assets whenever called upon to do so. And rule number three is that if you don't observe rules number one and rules number two, you will find yourself outside of the club very quickly. And if you think about people like Mikhail Khodorkovsky, the ex-owner of the Yukos Oil Company, or you think about ex-Moscow mayor Yury Luzhkov, people who tried to push back and tried to use things like international relations, the law, courts, political parties, the media, other things to try to secure their positions within the system-- they found themselves on the outside looking in, if not on the inside of a prison looking out.

That's the contract that Putin has with his elite. I'll come back in a moment to why I think that matters. But there's a broader question that comes up a lot in Russian politics, particularly when we see protests on the streets, as we have in the last couple of months, about whether or not Russia has a social contract. And here, I think there's a bit more controversy.

So there's only weak and pretty inconsistent evidence for there being any kind of a causal relationship between how voters are thinking about the economy, how they're feeling about their own personal well-being, or how they're feeling about how the national economy is doing as a whole, and their support for incumbents. And that was true when Yeltsin was in power, and that's been true for the 20 plus years that Putin has been in power.

People do not tend to vote on the basis of their pocketbooks. They don't tend to answer questions in polls about support for Putin on the basis of their pocketbooks. At the same time, the polling that we do have, including from independent, high-quality pollers and academic studies as well, shows that broadly, Russian citizens are aware of the degree of corruption and bad governance.

So this club this arrangement of kleptocracy, what Karen Dawisha was describing, is not something that Russian citizens are unaware of. In fact, people broadly understand that the system is not governed in the interests of the common citizen.

And in fact, they see Putin himself as governing not in the interests of the common system.

There's also only minimal evidence of coercion in voting, or fear in survey responses. There's been a fair amount of academic research done around this, and it does, maybe, shift the numbers by 2% or 3% or 4% here and there when it comes to an election or when it comes to an opinion poll. But most people, despite the fact that they understand how poorly the country is governed, seem to be voting for Putin for reasons that have to do with something else, but that are also genuine.

So this is at the heart of the argument that Graham Robertson and I tried to make and in this book *Putin versus the People* that I Elizabeth mentioned earlier. So our argument here is that Putin, in fact, needs the support of the people, or at least wants the support of the people. This is in part because the alternative, if you're running an authoritarian state, is to rule by coercion.

Ruling by coercion costs a lot of money. You have to spend money on a coercive apparatus, on police and on other institutions to keep people in line. But it's also incredibly risky because at some point, it's going to involve violence. And using violence is a tricky calculation to get right. If you use too much violence-- we've got tons of experience both from Russia, from around the world that if you use too much violence, you, in fact, provoke a backlash. What you do is make it harder to stay in power rather than easier.

But also, he needs to be able to show to all of these people that rely on him to provide this patronage, to provide this wealth and this rent-seeking, he needs to be able to show to them that he will continue to be able to provide this for as long as he can. Otherwise, their interest is to get rid of him and find somebody who can keep this system going. The system requires some kind of public legitimation through elections that the arbiter at the top of the system, the president, is able to win.

So it's cheaper and easier and better if Putin can keep people onside rather than having to coerce them. And that's important both for his control of the masses, but also for his control of the elite.

And what Graham and I found was that the ways that Putin has been able to do this throughout most of his time in power-- and we'll get, at the end, to discuss whether

or not this might be changing-- but that he was able to rely on a system of social expectations. I was talking about elite expectations around corruption and that sort of thing a moment ago, that there are a set of social expectations in a system that delegitimizes difference.

This is still an authoritarian system, a system in which Putin controls all four parties in the Parliament, more or less. He controls all four television stations that matter with any news content. He controls the police, the courts, and much else that matters in Russian life.

So one thing that we find is that people, in fact, use Putin as a symbol, as sort of a guide star to minimize social friction. You minimize friction, you minimize risk, you communicate to other people that you are a normal-- the Russian word would be [RUSSIAN]-- you're kind of a normal being. You're a normal member of society. You understand. You share the same expectations of how things work in the world by communicating your support for Putin and for his policies and his attitude. So this, we find, to be an important part of Putin's support.

Emotion is another part of Putin's support. This was particularly important after the annexation of Crimea in 2014, when Putin's approval rating shot up from the mid-60s to the mid-80s. There was a newfound emotional attachment among millions of ordinary Russians to the political community and to the state.

But even after Crimea, we see this emotional attachment remain. And media use, again, interacting with both this sort of risk-averse nature of communication and this emotional attachment, media use as something that is important, again, to communicating your social embeddedness or membership of a community, that you consume the media that everybody else around you is consuming, essentially means that you're consuming, for most people, state-controlled or state-owned media and the messages that that is providing.

And the reason you're doing this is not because you're looking for information to decide what's going on in the country. Most people, in fact, get the information about what's going on in the country from their friends, their relatives, and their colleagues. But you're consuming these media in order to be able to have conversations with your friends and your relatives and your colleagues. And so it's

important to be on the same page.

Now if we look at what's been going on in Russian politics and Russian economics recently, it has not been a terribly pretty picture. So if we look at Putin's approval ratings-- this is from the Levada Center, so the one independent polling agency that we have in Russia-- we find that-- I apologize for this being in Russian-- but the dark blue line here at the top, if you follow my cursor, is approval. The light blue line is disapproval. We had this period after Crimea where Putin's approval ratings was up in the 80s, pretty high, really, as high as it has ever been for him. But it is now down to somewhere in the mid-60s, so not too far above historic lows.

One of the reasons for this, despite everything I said earlier, does seem to be the economy. We have now had six, going on seven years of either declining or stagnant real disposable incomes. So the money that people have left in their bank accounts after taxes and inflation and other basic necessities. This is the longest prolonged period of economic malaise in post-Soviet Russian history since the early 1990s. So even though I said that we have not seen a clear relationship between economics and political preferences, we have also not seen a period quite like this one.

Handling of the pandemic is another issue. So Russia, if we look at excess mortality as opposed to the official Russian statistics on COVID mortality, what we find is that Russian excess mortality is second highest in the G20 on a per capita basis. Russians, again, broadly are aware of this, and they're not particularly trusting of the official statistics that they are given.

So enter this man, Alexei Navalny, opposition leader. Has been around prominently since about 2011, 2012, the first round of major anti-Putin protests. We can go into that history if you like. But he started off as a blogger, as an anti-corruption campaigner. He started off with projects like this one, [RUSSIAN]. The word, at the root of it, means ditch or pothole. The idea is that it was an online project allowing people to post information about potholes in their local neighborhoods, and then put pressure on public officials to obey the law to stand up to their obligations and fill these potholes, which, of course, they never did.

So it was a way of identifying, in a very concrete manner, poor governance. This led

to another crowd sourced project which was about identifying corruption in state budgets, which then became what is Navalny's core organization now, the Foundation for the Fight Against Corruption.

Underpinning all of this is an interesting approach to politics from Navalny's standpoint. So again, apologize for the Russian. But if you look at the tagline under his name at the top of the screen, it says "The final battle between good and neutrality".

So rather than trying to convince Russians that the country is poorly governed, what Navalny and his team and his allies have tried to do over the last decade or so is to convince Russians that, in fact, if somebody else were to come to power, like Navalny, things might actually get better because if people support Putin at the same time that they understand that the country is poorly governed, then the intuition that the opposition has-- and I think this is probably correct-- is that the political dividing line in Russia is not between people who think that Putin is doing a good job and people who think that he's doing a poor job.

It's between people who think that he's doing a bad job-- but the country has always been poorly governed and it will always be poorly governed because that's just life-- and the smaller number of people who are inclined to support opposition figures like Navalny, who believe that things could actually possibly change.

So that has been his approach. And he's worked, really, from the ground up, literally from the street level up, talking about corruption around potholes and road contracts, all the way up to talking about palaces.

So in 2017 he published what was at the time his biggest investigation into the former president, then Prime Minister Dmitry Medvedev and his palaces and yachts and vineyards. This led to street protests calling for a crackdown on corruption, and then in January, another video investigation into Vladimir Putin's wealth, which also supported protests that we've seen on Russian streets throughout January and into early February.

Now this does seem to be having something of an impact. So if we go, again, back to the data from the Levada Center again-- we can go into this in more detail if you like in the Q&A-- but a couple of headline figures.

So viewership has gone from 7% of survey respondents in 2017, when he did that Medvedev investigation, up to 26% in 2021, when we had the Putin investigation. So roughly 1/4 of the population has seen this. Even for those who haven't seen, it's part of their news diet. So two out of three Russians told the Levada Center that they were aware of this investigation into Putin, compared to only one out of three in 2017. So this is becoming more prominent.

And 17% of those who saw the film said that it decreased their opinions, their feelings about Putin. We could have a conversation about whether that's a large number or a small number, but again, I think the context in which we need to understand that is that a lot of people, in fact, did not have a great opinion of Putin to begin with and already believed him to be corrupt. So for a lot of people, these revelations will not have been all that surprising.

Along with this, we're seeing some increased approval for Navalny himself and for the opposition's tactics. So approval of Navalny has gone up from 6% in 2013 to about 19% or 20% over the last year. And there is an age structure to this. So the highest levels of support, about 36%, are among those aged 18 to 24. And then it decreases as people get older.

So just to wrap up, where are we and where are we going? Again, we've had six plus years of declining or stagnant real disposable incomes. And we have to wonder whether or not we do eventually reach a point in which Russians feel like they can no longer afford to not care about their material well-being when it comes to their political preferences. We haven't gotten there yet. At least we haven't seen any evidence of that yet. But it's hard to imagine that we would not get there eventually.

At the same time, the government has essentially stopped proposing any way out of this economic malaise. So Russian citizens, Russian businesses see no prospect of structural reform because the government is not talking about structural reform. What the government has been trying to do has been to use ideology and emotions, and all the things that they used before that Graham and I were writing about when we talked about construction, to try to boost support for Putin. And it has not been working. So all of these tricks of the trade and all of these non-material ways by which people become attached to Putin as leader seem to be giving diminishing

returns.

And as a result, the Kremlin is falling back on Plan B, on his only other tool in the toolkit, which is coercion. So we have seen, since 2017, an increasing amount of violence on the streets against protesters and increasing numbers of arrests. So we saw something like 12,000 to 15,000 people arrested during the protests around the country in January and early February. Statistics I saw today said that all of those people who were arrested, as many as 1/3 were given some kind of a custodial jail sentence. So ramping up the level of coercion against both the opposition and ordinary Russians who are inclined to support the opposition.

So the question moving forward is whether we are, in fact, beginning to see both the Kremlin and the population itself dismantle this set of expectations that they have about each other that has underpinned Putin's support for so long. And I will stop there. Thank you.

CAROL

SAIVETZ:

Super. Thank you. First of all, let me thank you very much. If we were in person, I would ask for round of applause. So that was great. We really appreciate it. And we have any number of questions from the audience.

So the first question that we got-- hold on a second. I'm trying to read these-- asked about how this compared to China, whether the system that you were describing is really similar to what's happening in other authoritarian states, namely China, the other biggie on the block, so to speak.

SAM GREENE:

That's a really interesting question. I should preface this by saying that I don't know that much about China and have never studied it. So making an actual comparison is difficult. But Russia had very clearly tried to be different than China, at least in terms of the way it managed domestic politics. So unlike China, which does insist on a monopoly of a single political party, Russia has held to at least an outward sort of facade of pluralism and has tried to leave space over the years for some degree of civil society, some degree of independent media.

Those degrees have narrowed over the years. And I do feel like what we've seen in Russia, particularly with the poisoning of Navalny and then the response when he returned, has been, I think, reflective of a decision in the Kremlin to become a little bit more like China, particularly if they look at the way that China has handled

things in Hong Kong and things in Xinjiang, and really decided that it's going to stop playing nice, for example, with the democracy movement in Hong Kong.

And it doesn't really care what international or even local opinion is going to be, that the Kremlin may also be feeling that it's time to stop playing nice with its own domestic opposition, that whatever sanctions or other consequences it might bear are either minimal or at least worth the benefits of ridding itself of an opposition, particularly in a situation where it's, maybe, feeling politically less secure than it had been.

The problem, of course, for Russia has always been that it doesn't have the elite management systems that China has. So the United Russia is not the Communist Party of China. It does not allow for rotation of leadership. It does not really keep the elite on board the same way. Of course, we've seen China dismantle that as well under Xi. So the comparison is a problematic one.

But in terms of the level of coercion, Russia had for years really tried to avoid drawing clear red lines, tried to maintain at least some room for the opposition to operate. And that period does feel like it's coming to an end.

CAROL

SAIVETZ:

One of our viewers asked a related question about why Russia has not clamped down on the internet the same way the Chinese have in terms of allowing for the spread of information, whether it's about Navalny or other opposition leaders.

SAM GREENE:

Very good question. I think there's a couple of reasons for that. One is that censorship of the internet was a feature of the Chinese internet from its inception. And so Chinese internet users have grown up kind of as a generation with both an expectation that news and information is going to be filtered and censored but also with sort of skill sets for getting around it.

And so I think Russia worries about this from two perspectives. One is that if you do have a dramatic clampdown on internet freedom, that you might provoke a response. You might provoke a backlash from people who are used to having the run of the world, at least the run of the worldwide web, but also that you could bear that cost without it being terribly effective because even in China, where there are much more powerful systems than Russia has been able to invest in thus far, they're not actually able to control information all that well. They have other means.

And I think Russia has really been focusing on those other means. They've been focusing on their ability to monitor the internet, to figure out where mobilization is likely to happen, and to then target those individuals with preemptive arrest or some other kind of harassment to make mobilization unlikely. We've seen, particularly in the regions, particularly outside of Moscow and St. Petersburg, we've seen increased prosecution of people for things that they post and share on social media in particular. And they clamp down on the independent media, or what remains of the independent media.

And so I think they've decided to go that route, really, to try to impose self-censorship rather than formal censorship.

CAROL

SAIVETZ:

Great. So two people asked kind of parallel questions, and I'm taking the liberty of pairing questions here. The first was what really generated Navalny's popularity? Was it the attempted poisoning last summer? Did that make people more aware of what was going on and who he was?

And the second and related question is that I think we all used to talk about Moscow and Petersburg as sort of the centers of opposition. One of Navalny's claim to fame in people who know about him are the widespread nature of his movement and the targeting of local officials and things like that. I mean, he was in Tomsk and Omsk and all these other places in Siberia. It wasn't just the people in Moscow or the other major cities. So what's your take on what's the strength of his popularity, really?

SAM GREENE:

Well, popularity is a difficult concept in this context because first of all, it's very difficult to actually conduct polling that would be accurate. But it does seem to be the case that certainly his name recognition has gone up. And I think when we ask people, do you support him, do you like him, do you think he's doing the right thing, that gets, I think, in people's minds caught up in this question of is a different kind of Russia possible?

So even if people are inclined to agree with a lot of the things he says, they might see him more as a troublemaker, or simply as kind of just not a very useful person if you don't actually think that politics can be proactively meaningful.

But Carol, you're exactly right that he has built an infrastructure around the country

for mobilization going back, really, to the run up to the 2018 presidential election. So he actually began this in 2016, 2017 after losing the Moscow mayoral election, but doing better than anybody thought he would do.

He set his sights on higher office. He started to build out this network of sort of local headquarters and cities around the country, which he needed in order to try to get onto the ballot for the presidential election, but also would participate in the work of this anti-corruption foundation. So they would investigate, they would campaign, or it was crowd sourced mobilization, as a result of which he and his network became a presence in more cities than really any Russian opposition organization has had since end of the Soviet Union.

And that matters. Having that network, having people who understand their roles, having people who had become professionalized, but also what this organization has been able to do that others in the Russian opposition have not has been to produce new people. So it's been a network through which people who have ideas, people who have a voice, people who would like to participate can sort of percolate up using social media, using his national network to make their voices heard and to become part of this ecosystem of opposition.

And he and his colleagues have been able to do this in a way that has been sort of non-internally competitive. So if you look around the network, you look around the movement, you see new people coming up all the time, and they are able to coexist, in fact, build on and complement the other people in the network. One of the things it also means is that when somebody gets put in jail, there are other people who can pick up the flag and keep running.

So I think actually his visibility and his popularity, if we use that term, are older than the attempt to poison him. I think they're one of the reasons, probably, behind the attempt to poison him and then to jail him upon his return.

CAROL

SAIVETZ:

A couple of people have asked a related question, or maybe it's the opposite question, of what really sustains Putin's power at this point. Are people, when they get to go vote, are they afraid not to vote for Vladimir Putin or for United Russia?

And a side question to that, if it's an oligarchic system or a kleptocracy, to use Karen Dawisha's term, the fact that so many of these oligarchs own property outside of

Russia or seem to have ties-- their kids are in school in the west or whatever-- how is that really part of the system? What keeps the system up versus the growing support for Navalny?

SAM GREENE: OK. So two parts to this. One is sort of what maintains support among ordinary Russians? And the other is what maintains support among non-ordinary, extraordinary Russians, if you want to put it that way. I think I'll start with the second part.

So if you look around, the people in the Russian elite, all of them are winners from this system. Some of them are winning now less than they used to because their economy isn't doing as well, either. Some of them now find themselves in pretty subordinate positions vis a vis where they were earlier. So you used to have this kind of very fluid competition among finance types versus the oil and gas types versus the security state types.

And now it's the security people at the top and the oil and gas people under that, and sort of everybody else under that. But they're still all winners. So if you were to reform the system, if Navalny were to come to power, particularly somebody coming to power on an anti-corruption message, at least some of these people, if not all of them, would find themselves on the outside.

Even if they were to push for a palace coup and bring somebody new in, that could end up pushing some people out. And you have no way of knowing ahead of time whether you're going to win from a reform process or lose from it. And so the incentive is to stick with the status quo for as long as that status quo can be maintained.

When it comes to their foreign assets, this, in fact, has been, I think, a source of stability for the system because it means that if they find that things are not going in their direction, they can cash out. They can take whatever money they have in the bank. They can't take their company with them, but they can take whatever money they have in the bank, whatever money they've stored in banks in Switzerland or the UK or wherever, and decamp rather than having to stay in the system and push for change.

So it's an easier calculation. If you've studied your political economy, you know of the exit and voice paradigm and Albert Hirschman. So it's easier to exit than to express voice. Karen Dawisha and my colleague, [INAUDIBLE], also had an article a number of years ago about this idea of institutional arbitrage, which is that if you are in a system like Russia, you will always be able to make more money in a system like Russia than in a non-rule of law system than you can in a rule of law system like the UK or the US because you just get these outsized profits. But you can't protect your profits in that system.

So going back to the early '90s, we all thought that, well, Russia would develop capitalism, and then the capitalists would demand rule of law. And they did demand rule of law, but they found the rule of law in London, not in Russia. And so by using this sort of institutional arbitrage, they can have the best of both worlds. So again, these are supportive of each other, as long as we allow them to keep parking their assets and defending them in London or in Mar a Lago or Trump Tower.

So on the ordinary Russian citizen side, again, I think it's an expectation game. So I think people look around at each other, and they try to figure out what's the dominant opinion? If you don't think that politics is materially meaningful, if you don't think that a vote for somebody like Putin, or somebody unlike Putin, is going to have much of an impact on your material well-being because, in fact, whoever has been in power for the last 40 years, in Russian experience, has not really met anybody like that much better.

And so the story that most people tell themselves is yes, Putin sort of brought stability after Yeltsin, but that my prosperity is still something I created on my own in that stable environment. But it's down to me. And when we interview people, it is a very kind of up by the bootstraps, almost American-style narrative that we hear from people.

So your relationship with Putin is, in fact, much more about your relationship with other Russians, with other people around you that you say, I support Putin as a way of saying to all of the other people who matter to you that I'm a normal human being. I understand what's what. I understand the distribution of power in this country, and I just want things to stay as they are.

If you say something else, and you are in the majority, or if you're part of this sort of [INAUDIBLE], then you risk finding yourselves on the outside of your own social circle. There is a minority for whom saying that you support Putin would also put you on the outside of your social circle. And so in any political environment, you think about Tories and Labor in the UK, Democrats or Republicans in the US. Also, if you're in Cambridge, Massachusetts and you put a Trump yard sign in front of your house, you probably would find yourself a little uncomfortable.

So the difference is that in the US it's kind of a 50-50 split. In Russia, it's kind of an 80-20 split. And so even if you're dissatisfied, what you need to do is feel that if you put that Navalny yard sign in front of your house, that enough other people are not going to hate you for it. And so you're constantly reading your social environment. And it is that sense of that social consensus, I think, that has kept Putin's numbers high.

CAROL SAIVETZ: We got a couple of questions about US Russian relations and the potential for cooperation in general, so I'd love to hear your take on that. And one person in particular asked about the possibility of cooperating on a COVID vaccine or on the distribution of the COVID vaccines, whether it's the Sputnik or one of the ones that has been developed here.

SAM GREENE: Interesting.

CAROL SAIVETZ: I recognize that you've been doing much more Russian domestic politics, but we did get a couple of foreign policy.

SAM GREENE: These are the questions of the day. It was great to see that the Biden administration and the Kremlin very quickly renewed New Start. That was low-hanging but incredibly important fruit. And so it's good that happened. Beyond that, it's very hard to see a proactive agenda from either side.

So from the Biden administration's point of view, moving anywhere on the relationship with Russia, because sanctions are Congressional sanctions, requires going out and spending a political capital in Congress to move that conversation. And given everything else that Biden needs to spend political capital on, it's hard to see what the incentive for that would be. Plus, we've seen his administration, and Secretary Blinken in particular, have really placed the emphasis on rebuilding the

relationship with the European allies. And again, sort of reopening the relationship with Russia is not necessarily beneficial to that end.

So Russia matters. But we're back to kind of the pre-Crimea phase in which things that mattered to the administration were kind of Iran, Iran, Iran, Europe, China, China, China, China, and then Russia somewhere below that.

On the Russian side, I think it's almost a similar situation in that to the extent that there is still this residual emotional mobilization for a lot of Russians in support of the Kremlin, it is because of this sense, or the Kremlin understands it to be because of this sense of confrontation with the west. And so were the Kremlin all of a sudden pivot to a more friendly relationship with the US, or with Europe, for that matter-- and if you saw the visit of Burrell to Moscow, they really did everything possible to make him feel uncomfortable, and to, in fact, push Europe towards more sanctions against Russia.

So I think, actually, the Kremlin has decided that the confrontation with the west is politically useful, that sanctions are probably not likely to go anywhere anyway because they remember how long it took to get Jackson Vanik off the books. And so even if there were a change of heart in the White House, sanctions would still remain in place. And so they might as well play along.

In terms of the vaccine, it's an interesting idea. I don't know enough about the medical technology. And the Russian vaccine is working. It was published in *The Lancet* recently. It's effective. Lots of people are taking it. And it has buyers both in Russia and around the world. I think there are issues in terms of production capacity, but that's not my specialty.

CAROL
SAIVETZ: Shifting back to Russian domestic politics, a couple of our listeners asked about the role of the Orthodox Church, and then also of the military in terms of, I guess, building the structures that keep Putin in power, is the way I would ask the question.

SAM GREENE: Interesting. There is a really interesting book I would recommend if you're interested in this by Dima Adamski called-- I think it's *Nuclear Orthodoxy* or something like that, which is very well worth reading. But broadly, so in 2012, when Putin was facing his first real challenge from the streets, he started using wedge issues, the same way that Trump does or Boris Johnson does, to try to galvanize his

support and hive off and marginalize the opposition.

And one of the wedge issues that he latched onto was religion and traditional family values, so an anti-LGBTQ agenda in particular. And the Russian Orthodox church, obviously, was very useful for that perspective. But we've seen since then that the church has tried to use this as an opportunity to institutionalize its influence over the Kremlin. And that's something that the Kremlin has been, at the very least, nervous about.

And so we have seen the church be pushed back into a slightly more marginal position. It still matters symbolically, but it's not in the position to sort of dictate the agenda to the Kremlin. The Kremlin will pull it off a shelf when it needs it for mobilization purposes. But the church really isn't in a position to jump off the shelf itself.

Part of this is also because Putin, for all his faults, is not an ethno nationalist. He's not a Slavic nationalist and not an Orthodox nationalist. And he understands that Russia is a multi-ethnic country. And if he's going to continue to control the streets and control the elite, he needs to keep everybody on board.

And so when we have seen anything resembling nationalist mobilization in Russia, for example, the pro-Putin rallies that they put together after the euromaidan in Ukraine, we saw the church out there, and sort of pro-Slavic nationalists-- who do exist, obviously, in Russia-- alongside Chechens. So you saw portraits of Putin and [INAUDIBLE] -- not this [INAUDIBLE], but his father, the late [INAUDIBLE] together in order to project that this is almost, if you will, a Russian civic nationalism rather than ethnic, certainly rather than a religious nationalism. They've been very careful to make sure that whatever they do in supporting the Russian Orthodox church does not come at the expense of other religions in Russia, particularly Islam.

So from that perspective, I think that the church has been hamstrung. The army, obviously, became more important and got a lot of investment after its victories, to a certain extent, in Crimea and in Eastern Ukraine. We have seen defense spending scaled back as part of a broader austerity to deal with the economic decline in recent years, but also, I think, to rebalance a sense in the security establishment that too much of the money now was going to the military and not enough was

going to the other security services.

So again, I think the military was beginning to think that they could set the agenda in a way that would cement their position in the food chain. And the Kremlin, again, in order to keep this sort of rent-seeking game going, to keep it fluid, to keep it liquid, has pushed back against that to make sure that the military does not monopolize those positions.

CAROL

SAIVETZ:

Somebody asked the question about this image that we all have of Russia as a petro state. With the shift to renewables, the push for environmental concerns, what happens? I mean, you talked about how the security people are at the top and the petro people, the oil and gas people were the next rung. What happens to that whole structure that's been constructed if and when the price of oil declines-- right now it's up again-- but declines further? If and when there really is, certainly, in Western Europe and the United States, a shift to renewables, what happens to that prowess that Russia has in the oil and gas sector?

SAM GREENE:

It's really good question. So one of the things that Putin figured out very early on in his term is that if his key goal is sovereignty, if you're not solvent, you're not sovereign. And so maintaining fiscal discipline and the professional management of the economy has been important to him from the get go. He's kept these people in important positions. The Russian Central Bank is among the best-managed central banks in the world. The Russian finance ministry is very carefully managed.

And it's a very austere budget. They could spend much, much more money than they do. They could borrow a lot more than they do. But they run a very tight ship and in that respect. And that's because they recognize, I think, the potential that, obviously, oil prices go both up and down. And they need to be able to weather those storms. They had built up sovereign wealth funds. Those were depleted, to a certain extent, during the currency crises and the sanctions that they faced in the early days after Crimea. But they have restocked them, to a large extent, in the ensuing years. And so they feel like they can weather most short-term storms.

They understand what's going on. Clearly these are professional people. They know the markets. They operate on global markets. So they understand what's going on with renewables. They understand what's going on with general shifts in energy

balances. But I think they also feel, look, we've got this oil and this gas in the ground. There's probably a limited amount of time in which we can get money out of it, and so we might as well get as much of it out of the ground now as possible.

And so despite the OPEC Plus agreement with Saudi, we've seen them, in fact, try to maintain the highest possible levels of oil production in particular and constantly open up new pipelines and other things in order to monetize all of this.

So now from a theoretical perspective, I think, if you talk to the policymakers, what they would tell you is, well, we make all this money now. We invest it in scientific infrastructure and education and other things so that when that new economy comes, we now are in a place to capitalize on those investments. Problem, of course, is that all of that money is being misinvested and misspent and is ending up in palaces than in universities and that sort of thing.

And so given the nature of how Russia is governed, that's probably, to a large extent, inevitable. And I don't think that the people at the top don't recognize that. I think they recognize probably quite clearly how poorly they themselves are governing the system. But nobody is going to be the first mover. Because of this set of expectations and this social equilibrium I was talking about earlier, nobody's going to be the first mover to say, I'm going to be the first person to spend the budget honestly, because then you place yourself outside of this system and in fact, you become a liability to the system. So it's a very difficult nut to crack.

CAROL

SAIVETZ:

Well, we only have about two minutes left, but I was dying to ask you a question about Russian nationalism because you mentioned it before. On the one hand, you seem to argue that what Putin has been arguing for is a kind of civic nationalism as opposed to ethnic nationalism. On the other hand, there are a lot of people, Paul Goebel among others, writing about the efforts to sort of quash uses of local languages, trying to subvert some of the autonomies within the Russian Federation.

At some point, there has to be a breaking point or a clash between these two ideas. I buy the civic nationalism, but I also understand there could be pushback from some of the smaller nationality groups that are negatively affected by Putin's policies.

SAM GREENE: And we do see regional governments, particularly in the [INAUDIBLE] republics and

other places, actually subverting some of these attempts. And we do see opposition to it. And I think the Kremlin has to be careful-- And I don't think they are being as careful as they need to be-- to make sure that they don't provoke backlashes because the surest way to create a mobilized [INAUDIBLE] identity-- and we saw this in the 1990s-- is to push a great Slavic identity, or an Orthodox identity. They've been more careful about this, to an extent, in the Caucasus because it's already blown up on them before. And I don't think they necessarily recognize the degree to which that can be an issue in other parts of the country.

There is chauvinism and ethno nationalism in Russia. But the Kremlin has actually usually been at odds with the Slavic nationalist community in Russia. So they've tried to not to antagonize them, every once in a while to do something that will sort of keep them more or less in line. In fact, the war in [INAUDIBLE] was the biggest gift that they ever gave to the nationalists. But they've also been very careful to make sure that they're not setting the agenda.

I think where there is a problem is that whether you're talking about Putin or you're talking about Navalny-- that's another conversation we haven't had-- is that there is a deep-seated stratum of what we might think of as sort of just chauvinist common sense, almost, in a large part of the political class. And that's true whether you're talking about liberals or whether you're talking about those who support Putin and United Russia. There is a sense of the importance of Russian Slavicness and identity at the core of this state, but recognizing you don't want to antagonize the other parts of the state that you need to govern.

CAROL

SAIVETZ:

Well, we've hit 1:01, to be exact, at least East Coast time. So first of all, let me thank our audience. There were over 200 people at one point. So we're delighted that you all were able to join us. And Sam, I can't thank you enough. I think this was great, and I think we got a really nuanced picture of both the Navalny forces and the state and its vulnerabilities and yet its ongoing strengths.

It's very different from the picture, even, in the front page of *The New York Times*. Navalny did this, they arrested him, they put him in jail, and isn't it terrible, but Putin is still strong. I think we got a very different kind of a picture, and also a lot of things for us to keep an eye on.

So thank you so much. And again, as I said before jokingly, if we were in person, I applaud you. And thanks for taking the time to join us today. We really appreciate it. Thank you.

SAM GREENE: Thank you very much for the invitation.

**CAROL
SAIVETZ:** Thanks to Michelle and Laura and Elizabeth. We're all doing great. Thank you. Stay safe and healthy. Thank you. Great.

**ELIZABETH
WOOD:** Thanks, Sam. That was great.