

# FROM THE CHIEF EDITOR

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## National Security Strategy 2015 – a Step towards the New Phase of Russia's Development



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*December 31, 2015, Russian President Vladimir Putin signed the new National Security Strategy. Having analysed the key provisions of this document, we conclude that this event can be regarded as a new and historically significant step toward the strengthening of the Russian statehood and transition to a new stage of development.*

*The National Security Strategy—2015 stipulates that “the implementation of the government policy of the Russian Federation in the sphere of national security is carried out through the concerted actions of all the elements of its system under the supervision of the President of the Russian Federation and with the coordinating role of the Security Council of the Russian Federation”. Thus, the President takes on personal responsibility for ensuring the implementation of priority directions of state policy in the sphere of national security, and this is not only a timely step, it also demonstrates Vladimir Putin’s ability to assume the historical role of leader when Russia experiences hard times.*

The centuries-long history of formation and development of the Russian state demonstrates that the key role of personality is one of its features. The historic decisions crucial for Russia were always made by a concrete person – its leader.

The adoption of Christianity in Russia under Vladimir the Great (9th century); the strengthening of absolutism during the reign of Ivan the Terrible (16th century); the reforms

of Peter the Great carried out according to the European model (1st quarter of the 18th century); the era of “enlightened absolutism” of Catherine II (2nd half of the 18th century); the abolition of serfdom under Alexander II (2nd half of the 19th century); the establishment of the Soviet power and the Communist regime after the October Revolution in the period of Vladimir Lenin’s political leadership (1st half of the 20th century); the victory in the

Great Patriotic War during the reign of Joseph Stalin (1st half of the 20th century) – each of these events was followed by many years of periods that form the history of our country and specifics of the Russian mentality. There can be different opinions about these events, but it is clear that each of them is unique; all of them did not emerge “from scratch”, but matured from the daily lives of millions of Russians. Each of these landmark events was accompanied by the fact that the system put forward its leaders, historically significant individuals who carried in their words and actions the ideas of Russia’s modernization in the struggle for strengthening its international status.

There were other periods in the Russian history when the country had no clearly defined leader, when he could not take responsibility for making decisions or when his decisions were inconsistent with the national interests. As a rule, those “troubled” times were characterized by endless coups, struggle for power inside the country and external interventions. Such was the reign of Boris Godunov (which led to the Polish-Lithuanian intervention; the end of the 16th – beginning of the 17th century); the era of Palace revolutions (mid-18th century); the reign of Nicholas II, which ended with his abdication and the establishment of the Provisional Government, which became one of the key events of the February Revolution of 1917, almost 100 years have passed since that time (2nd half of the 19th century – beginning of the 20th century); the period of Mikhail Gorbachev’s “perestroika” (2nd half of the 1980s – beginning of the 1990s) which ended with the “August Putsch” and the dissolution

of the Soviet Union (the Belavezha Accords on the establishment of the Commonwealth of Independent States; 1991); the reign of the first President of Russia Boris Yeltsin, remembered for the bloody events of 1993, when the Congress of People’s Deputies and the Supreme Soviet of the Russian Federation were dispersed by force with the use of tanks.

The modern stage of the Russian history is no exception; the role of personality is important today as well. According to experts, specific actions and management decisions made by Vladimir Putin as President become truly historical for Russia<sup>1</sup>. His name is associated with overcoming the catastrophic situation that our country faced in the late 1990s, the settlement of the conflict in Chechnya, the accession of Crimea to the Russian Federation... For the period from 2000 to 2015 Russia transformed from the country on the brink of extinction into the state without which it is impossible to solve key world issues. During this time in the Russian society there emerged and strengthened the middle class, the financial needs of people have changed and, most importantly, the attitude of the Russians towards themselves changed, their self-esteem and self-respect increased, the people have revised their view about the place of Russia in the world, what they desire and what they actually have in our reality, our successes and failures<sup>2</sup>.

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<sup>1</sup> Glavnyi marafonets [The Main Marathon Runner]. *Zhurnal “Ekspert”* [The Journal “Expert”], 2016, February 14. Available at: <http://expert.ru/expert/2016/01/glavnyij-marafonets/>

<sup>2</sup> Esli budut ukhudsheniya, to reiting Putina budet menyat'sya poslednim [If the Situation Becomes Worse, Putin's Rating Will Be the Last to Change]. *Izvestiya* [The News], 2016, January 20. Available at: <http://izvestia.ru/news/601912>

However, throughout the whole period of Vladimir Putin's presidency, there were some contradictions in the domestic administration system. The history of Russia knows examples of such situations (for instance, the activity of Alexander Menshikov during the reign of Peter the Great or the activity of Ernst Johann von Biron during the reign of Empress Anna Ivanovna<sup>3</sup>).

Currently, the effectiveness of independent policy pursued by the President in order to ensure national interests and strengthening

Russia's sovereignty and its status in the international political arena is "inhibited" by internal administration decisions taken primarily by the financial-economic block of the Government with the support of the liberal media. As a result, Russia that is reinforcing its international status and its influence in the world each year is also a country with an inefficient, raw materials exporting model of economic development that does not correspond to the trends of the world economy and national security interests.

<sup>3</sup> Some excerpts from the textbook on Russian history by V.O. Klyuchevsky (source: Klyuchevsky V.O. Kurs russkoi istorii [A Course in Russian History]. Internet-resurs "Kronos: vsemirnaya istoriya v internete" [Internet-Resource "Chronos: World History on the Internet"]. Available at: [http://www.hrono.ru/libris/lib\\_k/klyuch00.php](http://www.hrono.ru/libris/lib_k/klyuch00.php)).

#### 1. About Prince Menshikov:

- "In the conditions of total lawlessness at the bottom and arbitrariness on the top, timid people did not put their savings into circulation... *Prince Menshikov himself had more than one million of money on deposit in London*".
- "...Peter himself with the engineers toured the area between Ladoga and Shlisselburg and assigned the case to Prince Menshikov, who did not understand anything in it, but tampered with everything. Menshikov and his friend managed the matter so that he spent more than 2(16) million rubles digging in the earth for no reason, thousands of workers died because of bad food and disease, and nothing was done".
- "...Kurbatov complained to the Tzar about the people in power and even about his chief overseer Prince F.Yu. Romodanovsky, and covered only for his patron Prince Menshikov, a minor embezzler".
- "*Menshikov surrounded himself with a gang of bureaucratic predators, who became rich and made their patron rich at the expense of the Treasury*".

#### 2. About Duke Biron:

- "The Germans poured into Russia like rubbish from a leaking bag, swarmed the court and the throne, and tried to get all the lucrative posts. This human whatnot consisted of the sidekicks of two strong patrons: "*the Courlander rascal*" whose only merit was that he was able to find purebred dogs – that was spoken of Biron, and the other rascal – count Löwenwolde the Livonian, Biron's apprentice and even rival as a minion, chief master of the horse, a deceitful man, passionate gambler and bribe taker. *The whole pack was partying in the splendour, dissipation and festivities that ruled at the court at the expense of the money squeezed out of common people. No wonder that under Anna, the court was five or six times more expensive than during the reign of Peter the Great, though state revenues did not increase, but rather diminished. Ambassadors wrote: "Given an unheard-of luxury of the court, the Treasury is empty and no one is paid for anything". Meanwhile, the management was carried on without any dignity*".
- "State revenue sources were extremely exhausted, and people could not pay either: in 1732 it was estimated to get 2/2 million rubles of revenues from customs and other indirect taxes, but actually it was managed to collect only 187 thousand. *Millions of tax arrears dazzled the eyes of Biron. In addition to natural disasters like crop failures, famine, epidemic diseases and fires that Russia experienced in that period, the authorities launched extortion expeditions against peasants*, regional rulers who failed to do their job properly were put into irons, landlords and headmen starved to death in prisons, peasants were beaten with rods and were deprived of everything that could be sold. It was like a new Tatar invasion, but this time they came from Russia's own capital. The moan and the cry went around the country. *People said: Biron and Münnich acquired great strength, people suffer because of them, they allowed foreigners to rule; they collect taxes stained with blood and tears of poor citizens and spend the money on delicious food and drinks; Russian peasants are treated worse than dogs; our country is lost!*"
- "*The inept passion for policy on the part of the higher class resulted in the fact that the entire nation was punished by the regime of Bironovshchina; having experienced Russian lawlessness under Menshikov and Dolgoruky, Russia experienced German lawlessness under Biron and Löwenwolde*".

Public speeches of the President, during which he regularly demonstrates a deep knowledge of the Russian history<sup>4</sup>, suggest that Putin understands the controversy of the situation in the internal administration system. So, step by step, he is pursuing a policy aimed to improve the efficiency of Government performance. One of the latest steps was a new National Security Strategy approved on December 31, 2015.

It should be noted that the Law on Strategic Planning adopted in 2014 commits to review key strategic documents every six years. The previous Strategy, according to expert assessments, was “knowingly helpless, irrelevant to reality, providing for no implementation mechanisms, and clearly demonstrating the intellectual impotence of the liberals”<sup>5</sup>. The Strategy was signed by Dmitri Medvedev in 2009, i.e. after the famous Munich Speech of Vladimir Putin, when he first declared that Russia is ready and will pursue its independent foreign policy.

Dmitri Medvedev was President in 2008–2011. In anticipation of the next presidential election (2012) Vice President Joe Biden visited Moscow (March 9, 2011). According to experts, this demonstrated “the Western support of Dmitri Medvedev’s candidacy for

the second term in office”<sup>6</sup> or, in other words, it was directed against the return of Vladimir Putin as President of Russia.

However, despite external pressure from the United States, on March 4, 2012, the Russians made their choice, which clearly showed that only Vladimir Putin could effectively represent the interests of the majority of citizens (in the presidential election, he scored 63.6% of the vote; the closest contender was Gennady Zyuganov with 17.2%). Vladimir Putin showed the desire and ability to continue the implementation of an independent foreign policy, the basic principles of which were outlined in the Munich Speech of 2007; the U.S. Government responded to this fact by unleashing a new round of hybrid warfare, which continues to evolve actively. Ukraine got the role of a “bargaining chip” in this regard.

Subsequent events showed two things.

*First*, it has proven the fact that the hybrid warfare between Russia and the U.S. goes far beyond the bilateral conflict. It has involved most countries of the world, and this means that the key ideas of Vladimir Putin’s Munich Speech of 2007 were actually implemented, that the unipolar model of the world is really “not only unacceptable but completely

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<sup>4</sup> For example: the Address to the Federal Assembly on December 3, 2015, the speech at the meeting of the Valdai International Discussion Club on October 22, 2015, the speech at the 70th session of the UN General Assembly on September 28, 2015.

<sup>5</sup> Delyagin M. Shabash liberalov [The Coven of the Liberals]. *Gazeta “Zavtra”* [Newspaper “Tomorrow”], 2016, no. 3 (1155), January 21. Available at: <http://www.zavtra.ru/content/view/shabash-liberalov/>

<sup>6</sup> Dzho Biden popytaetsya otgovorit’ Vladimira Putina ballotirovat’sya na post Prezidenta RF v 2012 godu? [Will Joe Biden Try to Dissuade Vladimir Putin from Running for President of the Russian Federation in 2012?]. *Obshcherossiiskaya obshchesvenno-politicheskaya elektronnaya gazeta “The Moscow post”* [All-Russian Social and Political Electronic Newspaper “The Moscow Post”]. Available at: <http://www.moscow-post.com/politics/000129922924180/>

impossible”, and Russia as a country with more than a thousand-year history “practically always had the privilege to conduct independent foreign policy”<sup>7</sup>.

*Second*, as follows from the events of 2012–2015, the Russians made the right choice. In the conditions of continuous information pressure on the society through the media, and regular provocations with the goal of engaging Russia in military action in Ukraine, the Russian President faced the necessity to address foreign policy objectives. And we can assert that during this period Vladimir Putin showed everything, which the Russian people voted for in the presidential election of 2012: a deep, strategic understanding of the situation and commitment to clear and timely action in the interests of the majority of the population.

Evaluating the consequences of one of the major global events of 2014 – the accession of Crimea and Sevastopol to the Russian Federation, many scientists (Gennadii Osipov, Mikhail Gorshkov and others) have speculated that Russia is on the threshold of a new stage of its historical development, that the “Crimean spring”, has possibly forever changed the attitude of the Russians toward the world, their country and themselves.

This is confirmed by the events in Syria since June 2015 when upon the official request

by Syrian President Bashar al-Assad<sup>8</sup> Russia’s military-space forces began the anti-terrorist operation against the Islamic State of Iraq and the Levant (30 September 2015); it is now obvious that Russia does not need to prove it is a full-fledged partner of the leading world powers. The effectiveness of air strikes of Russian air and space forces was recognized by the United States and around the world, and Russia has become not only an equal, but the key “player”, without whom it is impossible to resolve the Syrian issue.

However, there are serious problems on the way to the new stage of development. Along with the strengthening of Russia’s international positions, there emerge more requirements to ensure that Russia corresponds to its status in matters of not only foreign policy but also domestic economic development, self-awareness of the Russians, cultural and ideological foundations of the society, the state of the social sphere.

**In recent years, it becomes more and more clear that Russia is lagging behind developed countries in terms of economic development. And this threat is no less dangerous than any armed conflict. While the United States and industrial countries of the EU, have high-tech digital industrialization that enables the transition to post-oil energy, recycling of**

<sup>7</sup> Stenogramma vystupleniya V.V. Putina na Myunkhenskoi konferentsii po voprosam politiki bezopasnosti 10 fevralya 2007 g. [Transcript of Vladimir Putin’s Speech at the Munich Security Conference, February 10, 2007]. *Ofitsial’nyi sait Prezidenta RF* [Official Website of the RF President]. Available at: [http://archive.kremlin.ru/appears/2007/02/10/1737\\_type63374type63376type63377type63381type82634\\_118097.shtml](http://archive.kremlin.ru/appears/2007/02/10/1737_type63374type63376type63377type63381type82634_118097.shtml)

<sup>8</sup> September 30, 2015, the Administration of Syrian President Bashar al-Assad confirmed that it asked Russia to provide military assistance. “Any strengthening of the Russian military support of Syria has happened and is happening as a result of the request from the Syrian state”, – declared the administration of Syrian President (source: *RBC News*. Available at: <http://www.rbc.ru/rbcfreenews/560bbb069a7947a7de197c8b>).

**resources and energy efficiency of all social production, Russia retains the raw materials export model of the economy.**

“Neo-industrial change in the structure of public power balance in industrialized countries makes the raw materials exporting countries even more dependent on them. If we retain the raw materials exporting model of the economy after the crisis, then instead of high growth rates we will get a protracted depression... Based on post-oil power generation, industrialized countries would be able to unilaterally manipulate the global market of hydrocarbons and the oil and gas market. For example, they will be able to without any harm to themselves to bring down the prices as low as they want and set up the crisis conditions for oil-producing countries not every 3–5 years, but every six months”<sup>9</sup>.

**Neoindustrialization is a natural course of development of postindustrial society. Any crises or armed conflicts will be overcome as time goes by; and the change in economic structure is a natural process which nothing can stop. Therefore, countries that do not have time to adapt to this process, become uncompetitive.**

Thus, it has been 6 years since the adoption of the National Security Strategy of 2009, and during that time Russia faced new global challenges related to strengthening its international status and to the natural process of neo-industrialization going on in developed

<sup>9</sup> Губанов С.С. *Sistemnye predposyalki ekonomicheskogo pod"ema Rossii: doklad na VII nauchno-prakticheskoi konferentsii "Strategiya i takтика sotsial'no-ekonomicheskikh reform: regional'nyi aspekt"* (g. Vologda, ISERT RAN, 18.12.2015) [System Prerequisites for Economic Recovery of Russia: the Report at the 7th International Research-to-Practice Conference “Strategy and Tactics of Socio-Economic Reforms: Regional Aspect” (Vologda, ISEDT RAS, December 18, 2015)].

countries. In order to reflect the priorities of ensuring national interests in the changed geopolitical conditions it was necessary to adopt a new Strategy, which was signed by the President on December 31, 2015.

This document contains several fundamentally significant changes that reflect the new status of Russia in the world and the new priorities of domestic policy. The key priorities, in our opinion, are the following.

*First*, “state policy of the Russian Federation in the sphere of national security is carried out through the concerted action of all elements of its system **under the leadership of the President of the Russian Federation** and coordinating role of the Security Council of the Russian Federation”<sup>10</sup>, i.e. the head of state takes personal responsibility for ensuring the implementation of the priorities identified in the Strategy 2015.

*Second*, the new Strategy significantly increases the emphasis on the priorities of economic security and quality of life. They now include “improvement of the quality of life of Russian citizens, economic growth, science, technology and education, health, culture”; the list of key threats includes “the risks of misuse of budget funds”; the indicators of national security include “satisfaction of citizens with the degree of protection of their constitutional rights and liberties, personal and property interests”, “life expectancy” and “GDP per capita”.

<sup>10</sup> Указ Президента Российской Федерации от 31 декабря 2015 года №683 “О Стратегии национальной безопасности Российской Федерации” [The Decree of the President of the Russian Federation of December 31, 2015 No. 683 “About the National Security Strategy of the Russian Federation”]. *Rossiiskaya gazeta* [Russian Newspaper], 2015, December 31. Available at: <http://www.rg.ru/2015/12/31/nac-bezopasnost-site-dok.html>

**Thus, according to the new strategy, the President takes responsibility for ensuring the state policy in the sphere of national security, and in those issues that mostly concern the Russian citizens – financial issues, standard of living, and the state of the economy<sup>11</sup>.**

The new National Security Strategy points out the changes in the implementation of foreign policy, which still occupies an important place due to objective circumstances prevailing in the international arena. The main task is to prevent threats on the part of NATO (USA) and not on the part of “several leading foreign countries”, as was stated in the Strategy 2009.

It is obvious that the President understands the true causes of the military conflict that Russia was dragged into in recent years

(primarily the Ukrainian and Syrian crises). **The uncompromising recognition of the fact that these crises are backed by the U.S.<sup>12</sup> is exactly what was not reflected in the Strategy 2009; and this is what radically distinguishes Leader Putin from Leader Medvedev.**

However, in general, the main difference between the Strategy 2015 and the Strategy 2009 is that it pays significantly more attention to the internal life in the country. Indeed, its lack of competitiveness due to the “hopeless and initially criminal” model of economic development, which is based on “parasitism on the heritage of ancestors instead of intense scientific, technological and industrial development”<sup>13</sup>, is the main issue of national security. It is no coincidence

<sup>11</sup> The results of sociological measurements confirming this fact are given below in the section “Public Opinion Monitoring of the State of the Russian Society”.

<sup>12</sup> Vladimir Putin about the situation in Ukraine: “Our western partners, led by the United States of America, prefer not to be guided by international law in their practical policies, but by the rule of the gun. They have come to believe in their exclusivity and exceptionalism, that they can decide the destinies of the world, that only they can ever be right. They act as they please: here and there, they use force against sovereign states, building coalitions based on the principle “If you are not with us, you are against us.” To make this aggression look legitimate, they force the necessary resolutions from international organizations, and if for some reason this does not work, they simply ignore the UN Security Council and the UN overall. This happened in Yugoslavia, and then, they hit Afghanistan, Iraq, and frankly violated the UN Security Council resolution on Libya... A similar situation unfolded in Ukraine.” (Source: Obrashchenie Prezidenta RF k deputatam Gosudarstvennoi Dumy, chlenam Soveta Federatsii, rukovoditelyam regionov Rossii i predstaviteleyam grazhdanskogo obshchestva 18 marta 2014 g [Address of the President of the Russian Federation to State Duma Deputies, Federation Council Members, Heads of Russian Regions and Civil Society Representatives on March 18, 2014]. *Oifitsial'nyi sait Prezidenta RF* [Official Website of the RF President]. Available at: <http://www.kremlin.ru/events/president/news/20603>).

Vladimir Putin about the situation in the Middle East: “Why is it that the efforts of, say, our American partners and their allies in their struggle against the Islamic State has not produced any tangible results? Obviously, this is not about any lack of military equipment or potential. Clearly, the United States has a huge potential, the biggest military potential in the world, only double crossing is never easy. You declare war on terrorists and simultaneously try to use some of them to arrange the figures on the Middle East board in your own interests, as you may think. (источник: Стенограмма выступления В. Путина на заседании международного дискуссионного клуба Валдай 22.10.2015 [Электронный ресурс]. – Режим доступа: <http://kremlin.ru/events/president/transcripts/statements/50548>).

An excerpt from the National Security Strategy 2015: “The implementation of independent foreign and domestic policy by the Russian Federation has provoked opposition from the United States and its allies, seeking to maintain their dominance in world affairs. Their policy of containment of Russia provides for the exertion of political, economic, military and informational pressure on Russia” (source: Ukaz Prezidenta Rossiiskoi Federatsii ot 31 dekabrya 2015 goda №683 “O Strategii natsional’noi bezopasnosti Rossiiskoi Federatsii” [The Decree of the President of the Russian Federation of December 31, 2015 No. 683 “About the National Security Strategy of the Russian Federation”]. Rossiiskaya gazeta [The Russian Newspaper], 2015, December 31. Available at: <http://www.rg.ru/2015/12/31/nac-bezopasnost-site-dok.html>).

<sup>13</sup> Boldyrev Yu. Tragediya ili shans? [A Tragedy or a Chance?]. *Literaturnaya gazeta* [The Literary Newspaper], 2016, no. 5 (6540), February 04. Available at: <http://www.lgz.ru/article/-5-6540-4-02-2016/tragediya-ili-shans/>

that the new Strategy pays much attention to the national priority “Economic growth”. “Low competitiveness, adherence to the raw materials export model of development and high dependence on external economic conditions, delays in the development and implementation of advanced technologies, vulnerability of the national financial system”<sup>14</sup> are pointed out as the main strategic threats to national security in the economic sphere.

An objective criterion – the dynamics of official statistical indicators – shows that the system of Russia’s economic development management is inefficient. In recent years, it led Russia to the crisis that goes far beyond the sphere of economy. It is a structural crisis, manifesting itself in various fields and directions: in the real sector of the economy, in fiscal policy, in the social sphere and management system.

In 2012–2013, unlike Russia, developed countries managed to overcome negative economic trends that occurred during the

global financial crisis. This is clearly reflected in the dynamics of GDP growth (in 2012–2014, the growth rates of GDP on average across countries amounted to 3.4% of the previous year’s indicator; they increased from 1.2 to 1.8% in developed countries, and declined from 3.4 to 0.6% in Russia; *tab. 1*).

According to preliminary estimates by the International Monetary Fund, in 2015, Russia will take the 9th place among the developing countries by the pace of GDP decline, and it is the level of the countries of South Africa. In the group of CIS countries, a deeper collapse in real GDP is expected only in Ukraine.

In the past 12 years (2002–2014), experts note the reduction in the share of manufacturing industries along with the increase in the extraction and export of minerals, the high level of differentiation of population by income, the decline in labor potential, the “distortions” in the system of administration that is reflected in the significant growth of the bureaucratic apparatus (*tab. 2*).

Table 1. Dynamics of GDP growth rates in countries of the world  
in 1997–2015 (% to the previous year, in comparable prices)

Countries	Average for 1997–2006	Average for 2007–2015	2007	2008	2009	2010	2011	2012	2013	2014	2015, estimate
<b>World</b>	<b>4.0</b>	<b>3.5</b>	<b>5.7</b>	<b>3.1</b>	<b>0.0</b>	<b>5.4</b>	<b>4.2</b>	<b>3.4</b>	<b>3.3</b>	<b>3.4</b>	<b>3.1</b>
<b>Developed countries</b>	<b>2.8</b>	<b>1.2</b>	<b>2.8</b>	<b>0.2</b>	<b>-3.4</b>	<b>3.1</b>	<b>1.7</b>	<b>1.2</b>	<b>1.1</b>	<b>1.8</b>	<b>2.0</b>
USA	3.3	1.3	1.8	-0.3	-2.8	2.5	1.6	2.2	1.5	2.4	2.6
Japan	0.9	0.4	2.2	-1.0	-5.5	4.7	-0.5	1.7	1.6	-0.1	0.6
Eurozone	2.3	0.4	3.0	0.5	-4.6	2.0	1.6	-0.8	-0.3	0.9	1.5
<b>Developing countries</b>	<b>5.4</b>	<b>5.6</b>	<b>8.7</b>	<b>5.8</b>	<b>3.1</b>	<b>7.5</b>	<b>6.3</b>	<b>5.2</b>	<b>5.0</b>	<b>4.6</b>	<b>4.0</b>
<i>CIS</i>	5.5	2.4	9.0	5.3	-6.3	4.6	4.8	3.4	2.2	1.0	-2.7
<b>Russia</b>	<b>5.0</b>	<b>1.8</b>	<b>8.5</b>	<b>5.2</b>	<b>-7.8</b>	<b>4.5</b>	<b>4.3</b>	<b>3.4</b>	<b>1.3</b>	<b>0.6</b>	<b>-3.8</b>
Besides Russia	6.6	3.8	10.4	5.6	-2.5	5.0	6.2	3.6	4.2	1.9	-0.1

Source: International Monetary Fund. Available at: <http://www.imf.org/external/russian/pubs/ft/weo/2015/02/pdf/textr.pdf>

<sup>14</sup> Указ Президента Российской Федерации от 31 декабря 2015 года №683 “О Стратегии национальной безопасности Российской Федерации” [The Decree of the President of the Russian Federation of December 31, 2015 No. 683 “About the National Security Strategy of the Russian Federation”]. *Rossiiskaya gazeta* [The Russian Newspaper], 2015, December 31. Available at: <http://www.rg.ru/2015/12/31/nac-bezopasnost-site-dok.html>

Table 2. Some indicators of a systemic crisis in Russia

Indicator	2002	2014
The share of manufacturing, % of total GVA in industry	62.5	53.2
Mineral extraction, in % of total GVA in industry	24.2	35.2
Exports of mineral products %	55.2	70.5
Decile coefficient, times	14	16
Gini coefficient	0.397	0.416
The number of employees of state administration bodies at all levels and all branches of government, thousand people	1252.3	1548.1*
The number of employees in the executive branch, thousand people	1070.2	1264.8*
The number of employees of federal agencies, thousand people	444.4	589.0*
The number of people employed in the economy per 100 pensioners, persons	170	163
The real amount of pension, in % to previous year	116.3	100.9
Real disposable income, in % to previous year	111.1	99.3

\* Data for 2013.

Source: Nikolaev I., Marchenko T., Tochilkina O. Kakoi v Rossii krizis i kak dolgo on prodlitsya? [What Kind of Crisis is in Russia and How Long Will It Last?]. *Obshchestvo i ekonomika* [Society and Economics], 2015, no. 8-9, pp. 5-44.

An extremely low degree of export diversification that indicates low competitiveness of Russia's manufacturing industry on a global level is "not just risky but dangerous"<sup>15</sup>, because the mining industry becomes very dependent on world prices for minerals.

Domestic and foreign experts recognize that the systemic crisis in Russia is generated not by geopolitical factors but by inefficient economic policy<sup>16</sup>. The situation can be changed with the help of political will and decisive action, the examples of which can only be seen in the implementation of the foreign policy pursued by the President.

As for the liberal wing of the Government, many experts provide evidence of its helplessness: "*Our government officials are*

*constrained by a sort of shyness, it seems that it will be very difficult to expect large-scale and effective solutions from them... hesitation and haughty rejection of others – these are the qualities which are inherent in the same group of the Russian bureaucracy that is responsible for the economy, and they hamper the forward movement and become a political issue*"<sup>17</sup>. "*It seems that ministers and their superior do not meet at work, do not discuss problems, do not work out a LINE of government, which is expressed and defended by everyone*"<sup>18</sup>.

Some go even further in their assessments and compare the actions of the Cabinet of Ministers to the betrayal of national interests, stating that "*the government should stop deceiving the people. It cannot cope with*

<sup>15</sup> Nikolaev I., Marchenko T., Tochilkina O. Kakoi v Rossii krizis i kak dolgo on prodlitsya? [What Kind of Crisis is in Russia and How Long Will It Last?]. *Obshchestvo i ekonomika* [Society and Economics], 2015, no. 8-9, p. 18.

<sup>16</sup> This opinion, in particular, was expressed by President of the Federal Association of the German Industry (BDI) Ulrich Grillo: "The deep economic crisis in Russia is caused primarily by the errors committed by Moscow in the past. The main cause of the current crisis is not the sanctions, but a one-sided fixation of the Russian economy on oil and minerals". Available at: <http://www.perspektivy.info/rus/ekob/>

<sup>17</sup> Fadeev V. Ekonomika tonet v fariseistve [Economy Is Drowning in Pharisaism]. *Zhurnal "Ekspert"* [The Journal "Expert"], 2016, no. 3 (971), January 18. Available at: [http://expert.ru/expert/2016/3/#page\\_3](http://expert.ru/expert/2016/3/#page_3)

<sup>18</sup> Starikov N. A znakomy li mezhdu soboi Siluanov i Medvedev? [Do Siluanov and Medvedev Even Know One Another?]. *Oifitsial'nyi blog N. Starikova* [N. Starikov's Official Blog]. Available at: <http://nstarikov.ru/blog/61831>

*the development of the economy. What is happening in the country is not the crisis. It is the degradation and disintegration of the socio-economic system... Since the times of Gaidar we have chosen a vicious course of development and constructed a defective socio-economic system. It is beneficial for certain narrow circles. And the economic bloc of the government works for the benefit of those circles and not for the good of the country”<sup>19</sup>.*

Both generally come to the same conclusion: “**If we do not change our economic policy, then someday our research and technology will fall way behind those in the West so that no one will buy our energy resources any longer – they will just come and get them”<sup>20</sup>.**

The inefficiency of the liberal wing of the Cabinet of Ministers paralyzes the development of the entire Russian economy, creates fertile ground for the growth of corruption not only in government but in big business; not only at the federal but also at the regional level. This is demonstrated by the performance results of the largest resource-extracting companies that are the basis of economic prosperity in the countries with raw-material orientation of the economy.

Russia's oil and gas complex forms almost one third of tax proceeds and is a key source

of revenues of the budget system of the Russian Federation. However, research results<sup>21</sup> indicate that the lack of state regulation allows the leadership of state corporations to pursue their own distribution policy in order to satisfy their personal interests that do not correspond with the increase of profitability of the budget.

The estimated shortfall in the revenues of the budgetary system due to the use of different schemes of minimizing taxation of oil and gas corporations shows that in 2008–2014 additional tax payments by open joint-stock companies Gazprom, Rosneft, Tatneft, and Rosneftegaz could have been 2880.5 billion rubles per year, including those in the federal budget – 2648.2 billion rubles, in the budgets of the regions – 232.3 billion rubles (*tab. 3*).

The situation is also acute in the basic enterprises of ferrous metallurgy<sup>22</sup>.

In 2008–2014, additional tax payments from Cherepovets, Magnitogorsk and Novolipetsk metallurgical plants could have amounted to 81.3 billion rubles per year, including: in the federal budget – 37.7 billion rubles, in territorial budgets – 43.6 billion rubles, in the budget of the Vologda Oblast – 22.7 billion rubles; in the budget of the Chelyabinsk Oblast – 15.9 billion rubles; in the budget of the Lipetsk Oblast – 5.0 billion rubles (*tab. 4*).

<sup>19</sup> Zapesotskii A. Pravitel'stvo Rossii kak ugroza natsional'nym interesam [The Russian Government as a Threat to National Interests]. *Komsomol'skaya Pravda* [Komsomol'skaya Pravda Newspaper], 2016, January 13. Available at: <http://m.kp.ru/daily/26479/3349764/>

<sup>20</sup> Boldyrev Yu. Tragediya ili shans? [A Tragedy or a Chance?]. *Literaturnaya gazeta* [The Literary Newspaper], 2016, no. 5 (6540), February 04. Available at: <http://www.lgz.ru/article/-5-6540-4-02-2016/tragediya-ili-shans/>

<sup>21</sup> The study was conducted by ISEDT RAS on the example of three largest Russian oil and gas corporations: Gazprom, Rosneft and Tatneft. All these companies are on the Forbes list, they are also on the list of strategic organizations, approved by the RF Government on February 05, 2015 and have state ownership (more than 50% of the shares of Gazprom and almost 70% of the shares of Rosneft belongs to the Russian Federation).

<sup>22</sup> The study was conducted on the example of Cherepovets, Magnitogorsk and Novolipetsk metallurgical plants. PAO Severstal, OJSC MMK and OJSC NLMK are on the list of strategic organizations approved by the Government of the Russian Federation. Source: Ilyin V.A., Povarova A.I. *Problemy effektivnosti gosudarstvennogo upravleniya. Tendentsii rynochnykh transformatsii. Krizis byudzhetnoi sistemy. Rol' chastnogo kapitala. Strategiya – 2020: problemy realizatsii* [Public Administration Efficiency. Market Transformation Trends. Crisis of the Budget System. Role of Private Capital. Strategy-2020: Implementation Issues]. Vologda: ISERT RAN, 2014. 188 p.

**The reduction in the fiscal function of the largest taxpayers results from the oligarchic nature of the national economy.** This unsolved problem leads to the fact that against the background of the annual growth of revenues of the largest corporations in the country the volume of accumulated debt of the RF subjects and municipal entities continues to increase.

Thus, in 2008–2014, it increased by 2.3 times (from 14.4 to 33.5% of the volume of territorial budgets' own revenues). Over the past five years, debt obligations of regional budgets increased nearly twofold, and the number of regions with critical level of debt (over 80%) increased from 4 to 25. By the end of 2014, public debt in 13 regions of the Russian

Table 3. Tax and non-tax revenues that were not received from oil and gas corporations by the budget system of the Russian Federation in 2008–2014, billion rubles per year

Indicators	Gazprom	Rosneft	Tatneft	Rosneftegaz	Total
Export sales of hydrocarbons at low prices	52.4	32.5	4.1		89.0
Uncontrolled growth of specific commercial, administrative and interest expenses	29.7	7.1	1.8		38.6
Unjustified tax concessions to Gazprom	1644.0				1644.0
Reduction of taxable profits of Gazprom at the expense of writing off its doubtful debts	17.0				17.0
Tax refunds	291.8	31.7	18.1		341.6
Repayment of tax debts to the budget	165.6	201.0	14.6		381.2
Shortfall of the dividends, derived from profit according to Russian Accounting Standards	164.8	88.9			253.7
Unremitted dividends of Gazprom and Rosneft				32.0	32.0
Lack of clear legal regulation of the net profit used for dividends	Shortfall of the dividends from 10 largest companies				83.4
<b>Total</b>	<b>2365.3</b>	<b>361.2</b>	<b>38.6</b>	<b>32.0</b>	<b>2880.5</b>
- in the federal budget	2243.4	260.0	29.4	32.0	2648.2
- in the territorial budget	121.9	101.2	9.2		232.3

Table 4. Tax revenues that were not received from the largest enterprises of ferrous metallurgy in the Russian Federation in 2008–2014, billion rubles per year

Source	CherMK	MMK	NLMK	Total
Underpricing when exporting products	1.7	4.3	2.7	8.7
The increase in specific commercial, administrative and interest expenses	3.1	1.3	2.2	6.6
Export VAT refund	5.0	6.9	12.2	24.1
Refund of profit tax	1.3	1.7	0.6	3.6
Taxation of profit received from participation in other organizations, at the rate of 0%	2.3	0.2	3.9	6.4
Taxation of dividends at the reduced rate of 5%	1.5	0.6	0.7	2.5
Expenses charged for losses on formation of reserves under depreciation of financial investments of foreign companies*	19.0	10.1		29.1
<b>Total</b>	<b>33.9</b>	<b>25.1</b>	<b>22.3</b>	<b>81.3</b>
- in the federal budget	11.2	9.2	17.3	37.7
- in the territorial budget	22.7	15.9	5.0	43.6

\* Calculated based on the amount of losses of profit tax as a result of referring to the costs of CherMK and MMK of reserves under depreciation of financial investments of foreign subsidiaries of PAO Severstal and OJSC MMK.

Federation neared or exceeded the volume of their own budget revenues<sup>23</sup>.

Despite the fact that the President of the Russian Federation set out the goal of de-offshorization of the Russian economy in 2012<sup>24</sup>, no significant success in the reduction of the role of offshore factor in the economy has been achieved so far<sup>25</sup>. As for metallurgical corporations, it is manifested in the ongoing manipulation of transactions with related parties, with the help of which the Russian taxation annually lost more than 40 billion rubles of revenue from export sales; as a result, budget losses due to the shortfalls of income tax in the budget are estimated at about 9 billion rubles.

Leaders of corporations actively use the legislatively authorized ways to optimize profit by increasing the managerial and commercial costs and accumulating corporate debt, which contributes to the reduction in the amount of budget receipts. In such a way, the tax base declined annually on average by 20–30 billion rubles.

<sup>23</sup> *Vliyanie interesov sobstvennikov vertikal'no-integrirovannykh korporatsii na sotsial'no-ekonomicheskoe razvitiye: otchet o NIR* [The Influence of the Interests of Owners of Vertically Integrated Corporations on Socio-Economic Development: a Research Report]. Executed by A.I. Povarova. Vologda, 2015. 101 p.

<sup>24</sup> *Address of the President of the Russian Federation to the Federal Assembly on December 12, 2012; Budget Message of the President of the Russian Federation on Budget Policy for 2014–2016 on June 13, 2013; Address of the President of the Russian Federation to the Federal Assembly on December 12, 2013; Decree of the President of the Russian Federation of May 7, 2012 No. 596 "About the Long-Term State Economic Policy"*.

<sup>25</sup> Only at the end of 2014, the State Duma adopted the law on controlled foreign companies, according to which every Russian who has control over a foreign company must pay taxes to the budget according to the legislation of the Russian Federation. Another significant event happened on December 1, 2015, when the Government of the Russian Federation submitted to the State Duma a bill limiting the state support to foreign legal entities in the form of subsidies, guarantees, and investments.

Thus, amid steadily falling payments into the budget, metallurgical corporations received a compensation of about 30 billion rubles each year in the form of refund of overpaid profit tax and export VAT refund; this was equal to 60–90% of the taxes actually paid, which devalued their participation in the mobilization of budget revenues. The growth rate of VAT refunds outpaced the growth rate of exports, which indicates the inefficiency of provision of tax incentives to large exporters.

The losses of non-operating activities have become one of the permanent major threats not only to the financial stability of enterprises, but also to the inflow of profit tax to the budget. The main factor in the losses is not so much the results, as the tax legislation that has deliberately created extremely intricate, complex and opaque mechanisms of administration of profit of the largest taxpayers along with the provision of tax exemptions often devoid of economic significance.

After the establishment of tax offices in Moscow that govern the taxation of big business, regional authorities lost control over the completeness of inflows of profit tax – the key revenue sources of budgets of single-industry territories.

These data indicate that private owners of strategic enterprises and heads of state corporations openly violate the moral norms of behavior characteristic of a socially oriented state, deepening the conflict of interests between the owners and other shareholders and public interest. And all this is going on with the active participation of liberal financial and economic bloc of the Government and the media that serve its interests; in fact, they consider Russia to be a colony, the resources of which can be used in personal, rather than national, interests.

“The liberals don’t like Russia, not as an enemy, not as an opposing force, but only as an annoyance, as a tack in the shoe: liberals want to consume, but Russian people get in their way, like the legs of a bad dancer impede his dancing... But it is the liberals that have a distinguish consumer orientation expressed very fully, and it is precisely because of their ideology. And, by serving their consumption, they automatically, almost unnoticeably, begin to serve the countries and regions where it is most comfortable to consume, and they are our objective strategic competitors. And, living for the sake of consumption, they begin to love the places where it is good and comfortable to consume, and they begin to dislike those places where it is bad and uncomfortable to consume. They start to dislike Russia. And it is very well demonstrated by the practical actions of the liberals who still serve the government and virtually define its socio-economic policy”<sup>26</sup>.

In mid-2015, when the Russian President gave an order to draft a new National Security Strategy, he noted: “We know the reasons for the pressure being put on Russia. We follow an independent domestic and foreign policy and our sovereignty is not up for sale. This does not go down well in some quarters, but this is inevitable”<sup>27</sup>. In the Strategy itself states: “The fact that the Russian Federation pursues its own independent foreign and domestic policy has provoked opposition from the United States and its allies that seek to maintain their dominance in world affairs”.

<sup>26</sup> Delyagin M. Globalizatsiya i predatel’stvo elit [Globalization and the Betrayal of the Elites]. *Gazeta “Zavtra”* [Newspaper “Tomorrow”], 2016, no. 2 (1154). Available at: <http://www.zavtra.ru/content/view/globalizatsiya-i-predatelstvo-elit/>

<sup>27</sup> Stenogramma vystupleniya V.V. Putina na zasedanii Soveta bezopasnosti RF 3 iyulya 2015 g. [Transcript of Vladimir Putin’s Speech at the Session of the RF Security Council, July 03, 2015]. *Ofitsial’nyi sait Prezidenta RF* [Official Website of the RF President]. Available at: <http://kremlin.ru/events/president/news/49862>

Indeed, the independent foreign policy pursued by Vladimir Putin receives wide public support<sup>28</sup>. However, it is doubtful whether the people at the helm of the financial-economic bloc of the Government also want to strengthen the sovereignty of Russia rather than only seek “to finally put the Russian state at the service of global business, the interest of which is objectively incompatible with the interests of development of our country and even with the interests of its existence”<sup>29</sup>.

Thus, the adoption of a new National Security Strategy is dictated not only by changes in foreign political environment. The deep and systemwide prerequisites for this step primarily concern the organization of internal management of development of the economy and the country as a whole.

The history of Russia teaches us that at critical moments in our country there emerges a leader and only the leader takes on historic responsibility by making decisions that lead to a new era. Another critical moment came when the Soviet Union collapsed and the former superpower was on the verge of extinction. Vladimir Putin throughout his presidential terms successfully proved his ability to take a historic leadership role, first – by preventing the collapse of the Russian economy and demographic collapse, and then – after returning to the Russian people their self-respect and pride for their country.

<sup>28</sup> According to sociological measurements carried out by ISEDT RAS, the proportion of people who consider that the President is successful in the strengthening of Russia’s international position is 50–52% since 2014. For comparison, 28–35% of citizens think that the President is successful in dealing with the issues of economic recovery and increasing the welfare of citizens (see the section “Public Opinion Monitoring of the State of the Russian Society”).

<sup>29</sup> Delyagin M. Shabash liberalov [The Coven of the Liberals]. *Gazeta “Zavtra”* [Newspaper “Tomorrow”], 2016, no. 3 (1155), January 21. Available at: <http://www.zavtra.ru/content/view/shabash-liberalov/>

A telling example is the military-industrial complex (MIC), which in the period of the Soviet Union was a “segment of the economy that was clearly organized on a sectoral basis and controlled by the highest leadership of the country”, but by the early 2000s, it was virtually eliminated as a result of “deliberate” policy of “effective managers”. In 2007, MIC was removed from the control of the Government and placed directly under the control of the President by creating a new legal form – state corporation<sup>30</sup>. As a result, by the beginning of the 2010s the military-industrial complex changed so that for outside observers it was “a shock, akin to the rise of a phoenix from the ashes, and the emergence of the Russian aerospace forces in the sky of Syria has silenced all who have been screaming that all is lost”<sup>31</sup>.

Essentially, vertically integrated government-owned corporations are used worldwide, and an example of the military industrial complex is a real confirmation of the effectiveness of creation and development of a complex agglomeration under the direct control of the President. It is an example that should be spread to all the major sectors involved in national security, it will help solve the task of new industrialization and help Russia overcome its critical lagging behind developed countries.

In the conditions of systemic crisis the President has to handle the issue of accelerating the pace of nationalization of the elites and providing its political and economic independence from the influence of Russia's geopolitical rivals. The results of sociological assessments show that in the second half of 2015 there emerged negative trends in social mood – a complex indicator that reflects the psychological state of society (*tab. 5*).

The decline in the share of those who experience positive emotions is registered not only among the socially vulnerable categories of the population, but also among middle class people, young and middle aged people – those who support the current government. In fact, in late 2015 – early 2016, there was a significant deterioration in social mood in all socio-demographic categories except for the richest people – those who, according to their own assessments of their incomes, fall into the category of the wealthiest 20%.

Such dynamics of public sentiment indicates the long-standing expectations of the people regarding the solution of common issues related to the quality of life, such as low wages, inflation, the situation in the economy – all those problems that Russia's leading sociological centers point out as “the most significant” for the Russians<sup>32</sup>.

<sup>30</sup> Laws on state corporations:

- Federal Law of May 17, 2007 No. 82 “About the Development Bank” (Bank for Development and Foreign Economic Affairs (Vnesheconombank);
- Federal Law of July 19, 2007 No. 139 “About the Russian Corporation of Nanotechnology”;
- Federal Law of July 21, 2007 No. 185 “About the Fund for Assistance to Reforming the Housing and Utilities Sector”;
- Federal Law of October 30, 2007 No. 238 “About the State Corporation on Construction of Olympic Venues and Development of Sochi as a Mountain Climatic Resort” (State Corporation “Olympstroy”);
- Federal Law of November 23, 2007 No. 270 About the State Corporation “Rostekhnologii”;
- Federal Law of December 01, 2007 No. 317 “About the State Corporation for Atomic Energy “Rosatom”.

<sup>31</sup> Bryzgalov A.L. Putin i Pravitel'stvo: vozrozhde-nie VPK [Putin and the Government: the Revival of the Military-Industrial Complex]. *Ofitsial'nyi blog N. Starikova* [N. Starikov's Official Blog]. – Available at: <http://nstarikov.ru/blog/62800>

<sup>32</sup> Press-vypusk VTsIOM ot 01.02.2016 № 3029 “Problemnyi fon: v fokuse – rost tsen” [Press-Release of VCIOM of February 01, 2016 No. 3029 “A Problem Background: Focus on Rising Prices”]. *Ofitsial'nyi sait VTsIOM* [Official Website of VCIOM]. Available at: <http://wciom.ru/index.php?id=236&uid=115568>

Table 5. Index of social sentiment in different socio-demographic groups of the Vologda Oblast population (in points)\*

Population group	Aug. 2015	Oct. 2015	Dec. 2015	Feb. 2016	Dynamics (+/-) Feb. 2016 to...	
					Aug. 2015	Dec. 2015
<b>Sex</b>						
Men	153.9	144.6	147.0	136.6	-17	-10
Women	146.0	145.4	143.7	133.0	-13	-11
<b>Age</b>						
Under 30	160.7	169.2	159.2	147.8	-13	-11
30–55	146.9	139.7	143.4	131.3	-16	-12
Over 55	146.6	137.3	139.5	131.2	-15	-8
<b>Education</b>						
Secondary and incomplete secondary	144.3	137.1	137.8	124.7	-20	-13
Secondary vocational	153.7	145.3	142.0	129.6	-24	-12
Higher and incomplete higher	151.5	153.4	156.9	151.4	0	-5
<b>Income groups</b>						
20% of the poorest	115.2	116.9	115.4	97.0	-18	-18
60% of those with median income	158.2	144.1	148.7	138.8	-19	-10
20% of the wealthiest	172.5	176.4	160.3	160.8	-12	+1
<b>Territories</b>						
Vologda	159.6	156.7	151.5	139.5	-20	-12
Cherepovets	151.6	145.3	148.9	137.5	-14	-11
Districts	143.0	138.4	139.4	130.2	-13	-9
Oblast	149.6	145.0	145.2	134.6	-15	-11

\* Data of the public opinion monitoring carried out by ISEDT RAS. In order to calculate the index, the percentage of negative answers ("I feel tension, irritation, fear, anguish") is subtracted from the share of positive answers ("Good mood, normal, smooth condition"), then 100 is added to the value, so as not to have negative values.

Today, the consequences of the domestic economic policy that does not meet the national interests dominate public consciousness and lead to the worsening of social mood. So far, it only creates the ground for social unrest and loss of confidence in the government. However, if the problem of nationalization of the elites is not solved, it can lead to more serious consequences that are difficult to predict, they range from the results of the upcoming parliamentary and presidential elections to mass protests.

Looking back at the recent past, we can see that in order to ensure the independence of domestic economic policy, Vladimir Putin

takes very important and historically significant steps that at first glance may seem untimely and incomprehensible. However, they are arranged in a clear logical series of decisions aimed to strengthen the power vertical through the creation of "a new ideological and political platform, which gives a different vision of economic issues and different ways of solving them; this platform has moral foundation and moral power, which will be recognized by society"<sup>33</sup>.

<sup>33</sup> Fadeev V. Ekonomika tonet v fariseistve [Economy Is Drowning in Pharisaism]. *Zhurnal "Ekspert"* [The Journal "Expert"], 2016, no. 3 (971), January 18. Available at: [http://expert.ru/expert/2016/3/#page\\_3](http://expert.ru/expert/2016/3/#page_3)

Such solutions might include:

- **Federal Law No. 95 of July 11, 2001 “On political parties”**, in which, according to experts, “none of the current political players was interested; however, it was a strategic choice made by the President, the choice of the way to develop the system, a signal that the presidency is guided not only by short-term considerations, that it has a wide horizon for decision-making”<sup>34</sup>;
- **amendments to the Constitution of 2009**, which increased the term of office of the President and the State Duma;
- Vladimir Putin’s initiatives on the creation of **the Public Chamber and the All-Russian People’s Front**;
- **the reform of the Federation Council**, which was at first perceived as “half-hearted and cosmetic”, because “the presidential version of the draft gives the citizens in the best case the role of a filter in the elections, but in fairness it should be noted that the new system is still able to add some representativeness to the upper chamber of the Parliament”<sup>35</sup>;
- **Federal Law No. 20 dated February 22, 2014 “On the elections of deputies of the State Duma of the Federal Assembly of the Russian Federation”**, which restored the mixed electoral system under which one half of the State Duma deputies out of 450 people were elected out of single-mandate constituencies

<sup>34</sup> Skorobogaty P. Tirazh prezidentskoi “romashki” [The Circulation of the presidential “Camomile”]. *Zhurnal “Ekspert”* [The Journal “Expert”], 2016, no. 5, February 01. Available at: <http://expert.ru/expert/2016/05/tirazh-prezidentskoj-romashki/>

<sup>35</sup> Vse pustoe: reforma Soveta Federatsii okazalas’ polumeroi [Everything Is Useless: the Reform of the Federation Council Turned Out to Be a Half Measure]. *Novostnoe internet-izdanie Lenta.ru* [Online News Edition Lenta.ru]. Available at: <https://lenta.ru/articles/2012/06/28/sovfed/>

and the other half – out of party lists (the last time such a system was used in 2003, and this step significantly changed the law “in the direction of openness, transparency and competitiveness”<sup>36</sup>);

- **the reform of the judicial system**, in the course of which the powers of the Higher Arbitration Court (the highest court specialized in economic disputes) are transferred to the Supreme Court of the Russian Federation, thus the procedural legislation is drastically changed, the control over the decisions of judges increases, the presidential administration creates a working group on enforcement and monitoring of law enforcement in the sphere of entrepreneurship<sup>37</sup>;
- **the measures taken against offshore companies** (in particular, Law No. 23 “On introducing amendments to the Budget Code of the Russian Federation”, which forbids government funding of companies with more than 50% of the share capital in offshore jurisdictions);

<sup>36</sup> Chem obnerytsya smeshannaya sistema vyborov na Kavkaze [What Will Come Out of the Mixed System of Elections in the Caucasus]. *Oifitsial’nyi blog radio “Eko Moskvy”* [Official Blog of the Radio “Echo of Moscow”], 2014, March 17. Available at: [http://echo.msk.ru/blog/kavkaz\\_politic/1260888-echo/](http://echo.msk.ru/blog/kavkaz_politic/1260888-echo/)

<sup>37</sup> The President pointed out that “our reform should first of all assist in improving the quality and accessibility of justice. It was launched with exactly this aim in view – the efficient protection of the rights, dignity and property of this country’s citizens, and increasing their trust in courts and judges... at the same time respect for court rulings and a civilized attitude to them should be instilled in society... Those judges who have any interests that prevent them from meeting the requirements of the existing legislation or the Judicial Ethics Code should look for a different place to apply their knowledge and efforts” (source: Stenogramma vystupleniya V.V. Putina na seminare-soveshchanii predsedatelei sudov 16.02.2016 [Transcript of Vladimir Putin’s Speech at the National Conference of Court Chairmen]. *Oifitsial’nyi sait Prezidenta RF* [Official Website of the RF President]. Available at: <http://kremlin.ru/events/president/news/51343>).

- *the anti-corruption campaign* that includes a whole range of activities, such as the strengthening of criminal liability for corruption, the involvement of the presidential administration and public organizations to carry out joint anti-corruption monitoring;
- *the establishment of a mechanism for regular dialogue between business representatives and law enforcement authorities with the mediation of the presidential administration and Vladimir Putin's personal participation*, in order to “reveal the bottlenecks and things that are bothering, on the one hand, the law enforcement system, which is obliged to protect the interests of the whole society, and on the other hand, the business community... So that the regulations and, what is very important, law enforcement practice were consistent with the interests of the state as a whole after the adoption of these acts”<sup>38</sup>.

In combination, these measures lead to a situation where different political forces act in the framework of sovereign national policy determined by the President and experiencing pressure from civil society that demands the awareness of its purpose and its responsibility on the part of the elites.

It is still unknown what the next step of the head of state will be; but we believe that the

strategical activities aimed to nationalize the elites have been going on for many years throughout Vladimir Putin’s presidential terms. Its purpose is to form a ruling class, which itself will maintain the framework of competition policy. The ongoing major reform of 2012–2016 has consolidated the movement of our country along this path. “And the beginning of the election campaign to the State Duma in 2016 will be a test of strength”<sup>39</sup>.

The National Security Strategy is the main strategic document that defines the development priorities of the country; this document consolidates the foundations of domestic political and economic development, it allows us to expect that this work will continue, that it will be effective and will ultimately lead Russia not only to external political but also to internal economic willingness to comply with the status of one of the centers of the multipolar world.

**Vladimir Putin has taken responsibility for comprehensive support of priority directions of state policy in the sphere of national security (including economic development, increase in the standard of living and quality of life), thus he has made a new significant step toward the strengthening of the Russian statehood in the process of its transition to a new stage of development.**

<sup>38</sup> Putin predlozhil biznesu reguljarno vstrechat'sya s pravookhranitelyami [Putin Suggested that the Business Should Regularly Meet with Representatives of Law Enforcement Agencies]. *RIA-novosti* [RIA News], 2016, February 15. Available at: <http://ria.ru/politics/20160215/1374839273.html>

<sup>39</sup> Skorobogaty P. Tirazh prezidentskoi “romashki” [The Circulation of the presidential “Camomile”]. *Zhurnal “Ekspert”* [The Journal “Expert”], 2016, no. 5, February 01. Available at: <http://expert.ru/expert/2016/05/tirazh-prezidentskoj-romashki/>

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