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How Putin's Crackdown Holds Russia Back

*Michael McFaul and Kathryn Stoner-Weiss*

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# The Myth of the Authoritarian Model

## How Putin's Crackdown Holds Russia Back

*Michael McFaul and Kathryn Stoner-Weiss*

THE CONVENTIONAL explanation for Vladimir Putin's popularity is straightforward. In the 1990s, under post-Soviet Russia's first president, Boris Yeltsin, the state did not govern, the economy shrank, and the population suffered. Since 2000, under Putin, order has returned, the economy has flourished, and the average Russian is living better than ever before. As political freedom has decreased, economic growth has increased. Putin may have rolled back democratic gains, the story goes, but these were necessary sacrifices on the altar of stability and growth.

This narrative has a powerful simplicity, and most Russians seem to buy it. Putin's approval rating hovers near 80 percent, and nearly a third of Russians would like to see him become president for life. Putin, emboldened by such adoration, has signaled that he will stay actively involved in ruling Russia in some capacity after stepping down as president this year, perhaps as prime minister to a weak president or even as president once again later on. Authoritarians elsewhere, meanwhile, have held up Putin's popularity and accomplishments in Russia as proof that autocracy has a future—that, contrary to the end-

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of-history claims about liberal democracy's inevitable triumph, Putin, like China's Deng Xiaoping did, has forged a model of successful market authoritarianism that can be imitated around the world.

This conventional narrative is wrong, based almost entirely on a spurious correlation between autocracy and growth. The emergence of Russian democracy in the 1990s did indeed coincide with state breakdown and economic decline, but it did not cause either. The reemergence of Russian autocracy under Putin, conversely, has coincided with economic growth but not caused it (high oil prices and recovery from the transition away from communism deserve most of the credit). There is also very little evidence to suggest that Putin's autocratic turn over the last several years has led to more effective governance than the fractious democracy of the 1990s. In fact, the reverse is much closer to the truth: to the extent that Putin's centralization of power has had an influence on governance and economic growth at all, the effects have been negative. Whatever the apparent gains of Russia under Putin, the gains would have been greater if democracy had survived.

#### POLITICAL THERMIDOR

THE PROCESS of democratization started before Russian independence. In the years leading up to the collapse of the Soviet Union, Mikhail Gorbachev began to introduce important reforms, including competitive elections for many national and local offices, pluralism in the media (even when still state-owned), and freedom of association for political and civic groups. After 1991, Russia started developing all the basic elements of an electoral democracy. There were competitive elections for parliament and the presidency and mostly competitive elections for regional governors. Political parties of all stripes, including opposition communist and ultranationalist groups, operated freely, as did non-governmental organizations (NGOs). Electronic and print media outlets not controlled by the state multiplied. So vibrant was the political opposition that Yeltsin twice faced possible impeachment by the Communists in the Duma, Russia's lower house of parliament. Deep divisions among national officials, regional governors, oligarchs, and media outlets made the 1999 parliamentary election the most competitive contest in Russian history.

Yeltsin was far from a perfect democrat: he used force to crush the Russian parliament in 1993, bulldozed into place a new constitution that increased presidential power, and barred some parties or individuals from competing in a handful of national and regional elections. He also initiated two wars in Chechnya. The system that Yeltsin handed over to Putin lacked many key attributes of a liberal democracy. Still, whatever its warts, the Russian regime under Yeltsin was unquestionably more democratic than the Russian regime today. Although the formal institutional contours of the Russian political system have not changed markedly under Putin, the actual democratic content has eroded considerably.

Putin's rollback of democracy started with independent media outlets. When he came to power, three television networks had the national reach to really count in Russian politics—RTR, ORT, and NTV.

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Whatever the gains under Putin, they would have been greater if democracy had survived.

Putin tamed all three. RTR was already fully state-owned, so reining it in was easy. He acquired control of ORT, which had the biggest national audience, by running its owner, the billionaire Boris Berezovsky, out of the country. Vladimir Gusinsky, the owner of NTV, tried to fight Putin's effective takeover of his channel, but he ended up losing

not only NTV but also the newspaper *Segodnya* and the magazine *Itogi* when prosecutors pressed spurious charges against him. In 2005, Anatoly Chubais, the CEO of RAO UES (Unified Energy Systems of Russia) and a leader in the liberal party SPS (Union of Right Forces), was compelled to hand over another, smaller private television company, REN-TV, to Kremlin-friendly oligarchs. Today, the Kremlin controls all the major national television networks.

More recently, the Kremlin has extended its reach to print and online media, which it had previously left alone. Most major Russian national newspapers have been sold in the last several years to individuals or companies loyal to the Kremlin, leaving the Moscow weekly, *Novaya Gazeta*, the last truly independent national newspaper. On the radio, the station Ekho Moskvy remains an independent source of news, but even its future is questionable. Meanwhile, Russia now ranks as the third-most-dangerous place in the world to be a journalist,

behind only Iraq and Colombia. Reporters Without Borders has counted 21 journalists murdered in Russia since 2000, including Anna Politkovskaya, the country's most courageous investigative journalist, in October 2006.

Putin has also reduced the autonomy of regional governments. He established seven supraregional districts headed primarily by former generals and KGB officers. These seven new super governors were assigned the task of taking control of all the federal agencies in their jurisdictions, many of which had developed affinities with the regional governments during the Yeltsin era. They also began investigating regional leaders as a way of undermining their autonomy and threatening them into subjugation.

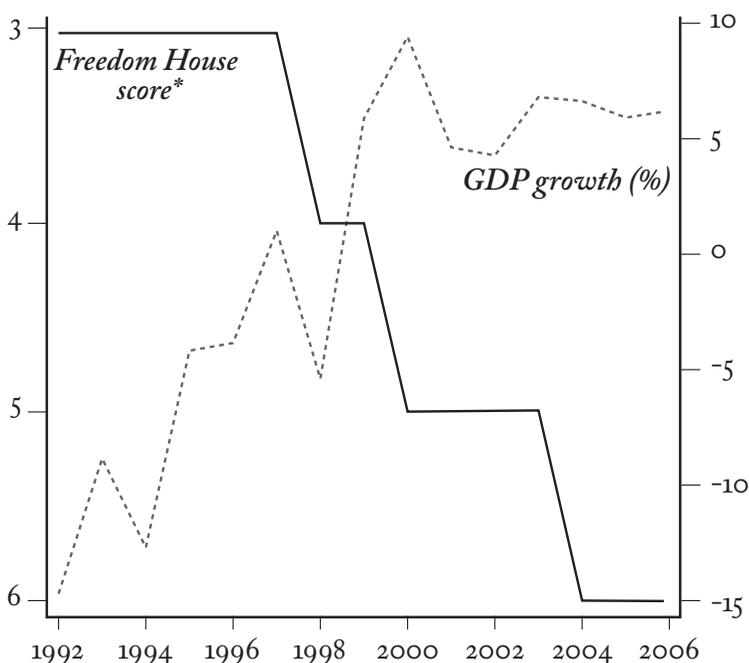
Putin emasculated the Federation Council, the upper house of Russia's parliament, by removing elected governors and heads of regional legislatures from the seats they would have automatically taken in this chamber and replacing them with appointed representatives. Regional elections were rigged to punish leaders who resisted Putin's authority. And in September 2004, in a fatal blow to Russian federalism, Putin announced that he would begin appointing governors—with the rationale that this would make them more accountable and effective. There have been no regional elections for executive office since February 2005.

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### The Myth of Putinism

*Freedom Versus GDP Growth in Russia, 1992–2006*

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\*A measure of political rights and civil liberties, with 1 being the most free and 7 being the least free.

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Putin has also made real progress in weakening the autonomy of the parliament. Starting with the December 2003 parliamentary elections, he has taken advantage of his control of other political resources (such as NTV and the regional governorships) to give the Kremlin's party, United Russia, a strong majority in the Duma: United Russia and its allies now control two-thirds of the seats in parliament. Putin's own popularity may be United Russia's greatest electoral asset, but constant positive coverage of United Russia leaders (and negative coverage of Communist Party officials) on Russia's national television stations, overwhelming financial support from Russia's oligarchs, and near-unanimous endorsement by Russia's regional leaders have also helped. After the December 2003 elections, for the first time ever the Organization for Security and Cooperation in Europe issued a critical report on Russia's parliamentary elections, which stressed, "The State Duma elections failed to meet many OSCE and Council of Europe commitments for democratic elections." In 2007, the Russian government refused to allow the OSCE to field an observer mission large enough to monitor the December parliamentary elections effectively.

Political parties not aligned with the Kremlin have also suffered. The independent liberal parties, Yabloko and the SPS, as well as the largest independent party on the left, the Communist Party of the Russian Federation, are all much weaker today and work in a much more constrained political environment than in the 1990s. Other independent parties—including the Republican Party and the Popular Democratic Union, as well as those of the Other Russia coalition—have not even been allowed to register for elections. Several independent parties and candidates have been disqualified from participating in local elections for blatantly political reasons. Potential backers of independent parties have been threatened with sanctions. The imprisonment of Mikhail Khodorkovsky, previously Russia's wealthiest man and owner of the oil company Yukos, sent a powerful message to other businesspeople about the costs of being involved in opposition politics. Meanwhile, pro-Kremlin parties—including United Russia, the largest party in the Duma, and A Just Russia, a Kremlin invention—have enjoyed frequent television coverage and access to generous resources.

In his second term, Putin decided that NGOs could become a threat to his power. He therefore promulgated a law that gives the state

numerous means to harass, weaken, and even close down NGOs considered too political. To force independent groups to the margins, the Kremlin has generously funded NGOs either invented by or fully loyal to the state. Perhaps most incredible, public assembly is no longer tolerated. In the spring of 2007, Other Russia, a coalition of civil-society groups and political parties led by the chess champion Garry Kasparov, tried to organize public meetings in Moscow and St. Petersburg. Both meetings were disrupted by thousands of police officers and special forces, and hundreds of demonstrators were arrested—repression on a scale unseen in Russia in 20 years.

In his annual address to the Federation Assembly in April 2007, Putin struck a note of paranoid nationalism when he warned of Western plots to undermine Russian sovereignty. “There is a growing influx of foreign cash used directly to meddle in our domestic affairs,” he asserted. “Not everyone likes the stable, gradual rise of our country. Some want to return to the past to rob the people and the state, to plunder natural resources, and deprive our country of its political and economic independence.” The Kremlin, accordingly, has tossed out the Peace Corps, closed OSCE missions in Chechnya and then in Moscow, declared *persona non grata* the AFL-CIO’s field representative, raided the offices of the Soros Foundation and the National Democratic Institute, and forced Internews Russia, an NGO dedicated to fostering journalistic professionalism, to close its offices after accusing its director of embezzlement.

While weakening checks on presidential power, Putin and his team have tabled reforms that might have strengthened other branches of the government. The judicial system remains weak, and when major political issues are at stake, the courts serve as yet another tool of presidential power—as happened during NTV’s struggle and during the prosecution of Khodorkovsky. One lawyer, Karinna Moskalenko, was disbarred after assisting with Khodorkovsky’s defense.

#### BIGGER IS NOT BETTER

MANY OF Putin’s defenders, including some Kremlin officials, have given up the pretense of characterizing Russia as a “managed” or “sovereign” democracy. Instead, they contend that Russia’s democratic retreat

has enhanced the state's ability to provide for its citizens. The myth of Putinism is that Russians are safer, more secure, and generally living better than in the 1990s—and that Putin himself deserves the credit. In the 2007 parliamentary elections, the first goal of “Putin’s Plan” (the main campaign document of United Russia) was to “provide order.”

In fact, although the 1990s was a period of instability, economic collapse, and revolutionary change in political and economic institutions, the state performed roughly as well as it does today, when the country has been relatively “stable” and its economy is growing rapidly. Even in good economic times, autocracy has done no better than democracy at promoting public safety, health, or a secure legal and property-owning environment.

The Russian state under Putin is certainly bigger than it was before. The number of state employees has doubled to roughly 1.5 million. The Russian military has more capacity to fight the war in Chechnya today, and the coercive branches of the government—the police, the tax authorities, the intelligence services—have bigger budgets than they did a decade ago. In some spheres, such as paying pensions and government salaries on time, road building, or educational spending, the state is performing better now than during the 1990s. Yet given the growth in its size and resources, what is striking is how poorly the Russian state still performs. In terms of public safety, health, corruption, and the security of property rights, Russians are actually worse off today than they were a decade ago.

Security, the most basic public good a state can provide for its population, is a central element in the myth of Putinism. In fact, the frequency of terrorist attacks in Russia has increased under Putin. The two biggest terrorist attacks in Russia's history—the *Nord-Ost* incident at a theater in Moscow in 2002, in which an estimated 300 Russians died, and the Beslan school hostage crisis, in which as many as 500 died—occurred under Putin's autocracy, not Yeltsin's democracy. The number of deaths of both military personnel and civilians in the second Chechen war—now in its eighth year—is substantially higher than during the first Chechen war, which lasted from 1994 to 1996. (Conflict inside Chechnya appears to be subsiding, but conflict in the region is spreading.) The murder rate has also increased under Putin, according to data from Russia's Federal State Statistics Service. In the “anarchic” years of 1995–99, the



average annual number of murders was 30,200; in the “orderly” years of 2000–2004, the number was 32,200. The death rate from fires is around 40 a day in Russia, roughly ten times the average rate in western Europe.

Nor has public health improved in the last eight years. Despite all the money in the Kremlin’s coffers, health spending averaged 6 percent

of GDP from 2000 to 2005, compared with 6.4 percent from 1996 to 1999. Russia's population has been shrinking since 1990, thanks to decreasing fertility and increasing mortality rates, but the decline has worsened since 1998. Noncommunicable diseases have become the leading cause of death (cardiovascular disease accounts for 52 percent of deaths, three times the figure for the United States), and alcoholism now accounts for 18 percent of deaths for men between the ages of 25 and 54. At the end of the 1990s, annual alcohol consumption per adult was 10.7 liters (compared with 8.6 liters in the United States and 9.7 in the United Kingdom); in 2004, this figure had increased to 14.5 liters. An estimated 0.9 percent of the Russian population is now infected with HIV, and rates of infection in Russia are now the highest of any country outside Africa, at least partly as a result of inadequate or harmful legal and policy responses and a decrepit health-care system. Life expectancy in Russia rose between 1995 and 1998. Since 1999, however, it has declined to 59 years for Russian men and 72 for Russian women.

At the same time that Russian society has become less secure and less healthy under Putin, Russia's international rankings for economic competitiveness, business friendliness, and transparency and corruption all have fallen. The Russian think tank INDEM estimates that corruption has skyrocketed in the last six years. In 2006, Transparency International ranked Russia at an all-time worst of 121st out of 163 countries on corruption, putting it between the Philippines and Rwanda. Russia ranked 62nd out of 125 on the World Economic Forum's Global Competitiveness Index in 2006, representing a fall of nine places in a year. On the World Bank's 2006 "ease of doing business" index, Russia ranked 96th out of 175, also an all-time worst.

Property rights have also been undermined. Putin and his Kremlin associates have used their unconstrained political powers to redistribute some of Russia's most valuable properties. The seizure and then reselling of Yukos' assets to the state-owned oil company Rosneft was the most egregious case, not only diminishing the value of Russia's most profitable oil company but also slowing investment (both foreign and domestic) and sparking capital flight. State pressure also compelled the owners of the private Russian oil company Sibneft to sell their stakes to the state-owned Gazprom and Royal Dutch/Shell to sell a majority share in its Sakhalin-2 project (in Siberia) to Gazprom. Such

transfers have transformed a once private and thriving energy sector into a state-dominated and less efficient part of the Russian economy. The remaining three private oil producers—Lukoil, TNK-BP, and Surgutneftegaz—all face varying degrees of pressure to sell out to Putin loyalists. Under the banner of a program called “National Champions,” Putin’s regime has done the same in the aerospace, automobile, and heavy-machinery industries. The state has further discouraged investment by arbitrarily enforcing environmental regulations against foreign oil investors, shutting out foreign partners in the development of the Shtokman gas field, and denying a visa to the largest portfolio investor in Russia, the British citizen William Browder. Most World Bank governance indicators, on issues such as the rule of law and control of corruption, have been flat or negative under Putin. Those on which Russia has shown some improvement in the last decade, especially regulatory quality and government effectiveness, started to increase well before the Putin era began.

In short, the data simply do not support the popular notion that by erecting autocracy Putin has built an orderly and highly capable state that is addressing and overcoming Russia’s rather formidable development problems. Putin’s failures in this regard are all the more striking given the tremendous growth of the Russian economy every year since 1999: even with money coursing through the economy, Putin’s government has done no better and sometimes worse of a job of providing basic public goods and services than Yeltsin’s government did during the deep economic decline of the 1990s.

#### A EURASIAN TIGER?

THE SECOND supposed justification for Putin’s autocratic ways is that they have paved the way for Russia’s spectacular economic growth. As Putin has consolidated his authority, growth has averaged 6.7 percent—especially impressive against the backdrop of the depression in the early 1990s. The last eight years have also seen budget surpluses, the eradication of foreign debt and the accumulation of massive hard-currency reserves, and modest inflation. The stock market is booming, and foreign direct investment, although still low compared to in other emerging markets, is growing rapidly. And it is not just

the oligarchs who are benefiting from Russia's economic upturn. Since 2000, real disposable income has increased by more than 10 percent a year, consumer spending has skyrocketed, unemployment has fallen from 12 percent in 1999 to 6 percent in 2006, and poverty, according to one measure, has declined from 41 percent in 1999 to 14 percent in 2006. Russians are richer today than ever before.

The correlations between democracy and economic decline in the 1990s and autocracy and economic growth in this decade provide a seemingly powerful excuse for shutting down independent television stations, canceling gubernatorial elections, and eliminating pesky human rights groups. These correlations, however, are mostly spurious.

The 1990s were indeed a time of incredible economic hardship. After Russia's formal independence in December 1991, GDP contracted over seven years. There is some evidence that the formal measures of

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**If there is a relationship between autocracy and economic growth in Russia, it is negative.**

this contraction overstated the extent of actual economic depression: for instance, purchases of automobiles and household appliances rose dramatically, electricity use increased, and all of Russia's major cities experienced housing booms during this depression. At the same time, however, investment remained flat, unemployment ballooned, disposable

incomes dropped, and poverty levels jumped to more than 40 percent after the August 1998 financial meltdown.

Democracy, however, had only a marginal effect on these economic outcomes and may have helped turn the situation around in 1998. For one thing, the economic decline preceded Russian independence. Indeed, it was a key cause of the Soviet collapse. With the Soviet collapse, the drawing of new borders to create 15 new states in 1991 triggered massive trade disruptions. And for several months after independence, Russia did not even control the printing and distribution of its own currency. Neither a more democratic polity nor a robust dictatorship would have altered the negative economic consequences of these structural forces in any appreciable way.

Economic decline after the end of communism was hardly confined to Russia. It followed communism's collapse in every country throughout the region, no matter what the regime type. In the case

of Russia, Yeltsin inherited an economy that was already in the worst nonwartime economic depression ever. Given the dreadful economic conditions, every postcommunist government was compelled to pursue some degree of price and trade liberalization, macroeconomic stabilization, and, eventually, privatization. The speed and comprehensiveness of economic reform varied, but even those leaders most resistant to capitalism implemented some market reforms. During this transition, the entire region experienced economic recession and then began to recover several years after the adoption of reforms. Russia's economy followed this same general trajectory—and would have done so under dictatorship or democracy. Russia's economic depression in the 1990s was deeper than the region's average, but that was largely because the socialist economic legacy was worse in Russia than elsewhere.

After the Soviet collapse, Russian leaders did have serious policy choices to make regarding the nature and speed of price and trade liberalization, privatization, and monetary and fiscal reforms. This complex web of policy decisions was subsequently oversimplified as a choice between “shock therapy” (doing all of these things quickly and simultaneously) and “gradual reform” (implementing the same basic menu of policies slowly and in sequence). Between 1992 and 1998, Russian economic policy zigzagged between these two extremes, in large part because Russian elites and Russian society did not share a common view about how to reform the economy.

Because Russia's democratic institutions allowed these ideological debates to play out politically, economic reform was halting, which in turn slowed growth for a time. During Russia's first two years of independence, for example, the constitution gave the Supreme Soviet authority over the Central Bank, an institutional arrangement that produced inflationary monetary policy. The new 1993 constitution fixed this problem by making the bank a more autonomous institution, but the new constitution reaffirmed the parliament's pivotal role in approving the budget, which led to massive budget deficits throughout the 1990s. The Russian government covered these deficits through government bonds and foreign borrowing, which worked while oil prices were high. But when oil prices collapsed in 1997–98, so, too, did Russia's financial system. In August 1998, the government essentially went bankrupt. It first radically devalued the ruble as a way to reduce

domestic debt and then simply defaulted on billions of outstanding loans to both domestic and foreign lenders.

This financial meltdown finally put an end to major debate over economic policy in Russia. Because democratic institutions still mattered, the liberal government responsible for the financial crash had to resign, and the parliament compelled Yeltsin to appoint a left-of-center government headed by Prime Minister Yevgeny Primakov. The deputy prime minister in charge of the economy in Primakov's government was a Communist Party leader. Now that they were in power, Primakov and his government had to pursue fiscally responsible policies, especially as no one would lend to the Russian government. So these "socialists" slashed government spending and reduced the state's role in the economy. In combination with currency devaluation, which reduced imports and spurred Russian exports, Russia's new fiscal austerity created the permissive conditions for real economic growth starting in 1999. And so began Russia's economic turnaround—before Putin came to power and well before autocracy began to take root.

First as prime minister and then as president, Putin stuck to the sound fiscal policies that Primakov had put in place. After competitive elections in December 1999, pro-reform forces in parliament even managed to pass the first balanced budget in post-Soviet Russian history. In cooperation with parliament, Putin's first government dusted off and put into place several liberal reforms drafted years earlier under Yeltsin, including a flat income tax of 13 percent, a new land code (making it possible to own commercial and residential land), a new legal code, a new regime to prevent money laundering, a new regime for currency liberalization, and a reduced tax on profits (from 35 percent to 24 percent).

Putin's real stroke of luck came in the form of rising world oil prices. Worldwide, prices began to climb in 1998, dipped again slightly from 2000 to 2002, and have continued to increase ever since, approaching \$100 a barrel. Economists debate what fraction of Russia's economic growth is directly attributable to rising commodity prices, but all agree that the effect is extremely large. Growing autocracy inside Russia obviously did not cause the rise in oil and gas prices. If anything, the causality runs in the opposite direction: increased energy revenues allowed for the return to autocracy. With so much money from oil

windfalls in the Kremlin's coffers, Putin could crack down on or co-opt independent sources of political power; the Kremlin had less reason to fear the negative economic consequences of seizing a company like Yukos and had ample resources to buy off or repress opponents in the media and civil society.

If there is any causal relationship between authoritarianism and economic growth in Russia, it is negative. Russia's more autocratic system in the last several years has produced more corruption and less secure property rights—which, as studies by the World Bank and the European Bank for Reconstruction and Development demonstrate, tend to hinder growth in the long run. Asset transfers have transformed a thriving private energy sector into one that is effectively state-dominated (private firms accounted for 90 percent of Russian oil production in 2004; they account for around 60 percent today) and less efficient. Renationalization has caused declines in the performance of formerly private companies, destroyed value in Russia's most profitable companies, and slowed investment, both foreign and domestic. Before Khodorkovsky's arrest, Yukos was Russia's most successful and transparent company, with a market value of \$100 billion in today's terms. The redistribution of Yukos' properties not only reduced the value of these assets by billions of dollars but also dramatically slowed the company's oil production. Sibneft's value and production levels have experienced similar falls since the company became part of Gazprom. Meanwhile, companies, such as Gazprom, that have remained under state control since independence continue to perform below market expectations, with their management driven as much by political objectives as by profit maximization.

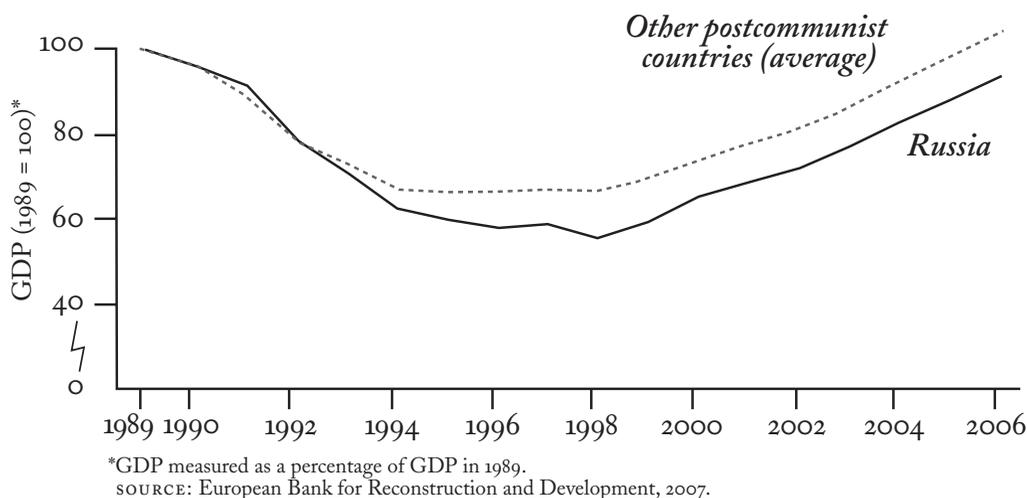
Perhaps the most telling evidence that Putin's autocracy has hurt rather than helped Russia's economy is provided by regional comparisons. Strikingly, even with Russia's tremendous energy resources, growth rates under Putin have been below the post-Soviet average. In 2000, the year Putin was elected president, Russia had the second-fastest-growing economy in the post-Soviet region, behind only gas-rich Turkmenistan. By 2005, however, Russia had fallen to 13th in the region, outpacing only Ukraine and Kyrgyzstan, both of which were recovering from "color revolutions." Between 1999 and 2006, Russia ranked ninth out of the 15 post-Soviet countries in terms of

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## Russia Versus the Rest of the Postcommunist World

### *GDP Decline and Recovery, 1989–2006*

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average growth. Similarly, investment in Russia, at 18 percent of GDP, although stronger today than ever before, is well below the average for democracies in the region.

One can only wonder how fast Russia would have grown with a more democratic system. The strengthening of institutions of accountability—a real opposition party, genuinely independent media, a court system not beholden to Kremlin control—would have helped tame corruption and secure property rights and would thereby have encouraged more investment and growth. The Russian economy is doing well today, but it is doing well in spite of, not because of, autocracy.

#### THE ANGOLA MODEL

KREMLIN OFFICIALS and their public-relations operatives frequently evoke China as a model: a seemingly modernizing autocracy that has delivered an annual growth rate over ten percent for three decades. China is also an undisputed global power, another attribute that Russian leaders admire and want to emulate. If China is supposed to be Exhibit A in the case for a new model of successful authoritarianism, the Kremlin wants to make Russia Exhibit B.

Identifying China as a model—instead of the United States, Germany, or even Portugal—already sets the development bar much lower than it was just a decade ago. China remains an agrarian-based economy with per capita GDP below \$2,000 (about a third of Russia's and a 15th of Germany's). But the China analogy is also problematic because sustained high growth under autocracy is the exception, not the rule, around the world. For every China, there is an autocratic developmental disaster such as the Democratic Republic of the Congo; for every authoritarian success such as Singapore, there is a resounding failure such as Myanmar; for every South Korea, a North Korea. In the economic-growth race in the developing world, autocracies are both the hares and the snails, whereas democracies are the tortoises—slower but steadier. On average, autocracies and democracies in the developing world have grown at the same rate for the last several decades.

As Putin and his team devise schemes to avoid a real handover of power later this year, their contortions to maintain themselves at the head of the Russian state seem much more successful than their efforts at improving governance or growing the economy at a faster pace. World energy and raw-material prices make sustained economic growth in Russia likely for the foreseeable future. But sustained autocratic rule will not contribute to this growth and, because of continued poor governance, is likely to serve as a drag on economic development in the long term. Russians are indeed getting richer, but they could be getting even richer much faster.

The Kremlin talks about creating the next China, but Russia's path is more likely to be something like that of Angola—an oil-dependent state that is growing now because of high oil prices but has floundered in the past when oil prices were low and whose leaders seem more intent on maintaining themselves in office to control oil revenues and other rents than on providing public goods and services to a beleaguered population. Unfortunately, as Angola's president, José Eduardo dos Santos, has demonstrated by his three decades in power, even poorly performing autocracies can last a long, long time. 🌐