

# ANATOLY V. TORKUNOV

Rector of the Moscow State Institute of International Relations (MGIMO-University)

## Four Scenarios of Russia's Future Development

Our University since 2006 has been involved in a prognosis project, which resulted in possible scenarios of the Russian political, economic and social future till the year 2020. This research project specifically reflects the political aspects of the Russian development as well as the dynamics of international political and economic environment.

A series of expert seminars resulted in four scenarios.

I will not speak about the methodology of scenario development but can say that it implied the analysis of international and internal political factors and alternative variants of their influence on the country's future. Each scenario has its "intrigue" and motives.

These are "magnifying glasses" which demonstrate in a very clear way the existing development trends of Russia and the world.

The goal of this study was not just to make a simple prognosis and predict the future, but to look at the limits of development. The conclusions of the research are not abstract vague ideas, but thoughts reflecting specific challenges of modern Russia.

Firstly, these challenges include the impact of external environment on Russia. The foreign policy agenda has often influenced the domestic policy priorities of the country. The logic of industrial and broader economic development of Russia in the 20<sup>th</sup> century depended a lot on the need to respond to external threats.

In this respect one may think about a certain similarity between the Stalinist industrialization and further Cold War development because both phenomena were dominated by the military-political component. Russia had always to choose – whether be involved in global competition or get "the other 20 years of peace".

Secondly, the social-economic and political modernization of Russia has always been a traditional issue of the country's development. In this regard the window of opportunity is determined by priorities of national development, its agents, methods, resources and so on.

Today the Russian government seems to have made a strategic choice for the nearest future. It chose to utilize the model of state-centric modernization. However, other alternatives of Russia's modernization strategies have not been swept away as such.

Thirdly, alternative scenarios of Russia's future have been historically defined by its territorial structure. Relations between the Center and Regions have always been of much importance to the country. Predictions of Russia's dissolution are rarely heard in the political discourse today. Meanwhile, it is obviously early to talk about final settlement of Centre - Regions balance issue and the problem of "crisis" territories.

The following scenarios were formulated as a result of the research:

### **Scenario 1: "The Kremlin Gambit"**

In 2020 the world witnesses continuing economic growth, oil is still expensive. The countries of G7 remain the leading economies. Brazil, Russia, India and China develop dynamically. Their share in the world GDP has increased drastically. Globalization is moving forward, but the diversity of economic and political regimes is increasing. The gap between the rich and the poor is increasing.

The world sees significant conflict potential – fight for energy resources, “grey zones” in Afghanistan, Iraq, some countries in Africa, conflicts in the Middle East, emerging standoffs in the South Caucasus and Central Asia, Islamic radicalism, international terrorism, drug-trafficking and so on. No progress in the sphere of weapons control. But the possibility of global conflicts is minimal – key players compete with each other, but avoid strain of relations.

The deterioration of US-Russian and EU-Russian relations did not come to the new Cold War, but the developed world goes on criticizing Russia’s domestic and foreign policies, its strategy of “energy superpower”.

Russia plays the role of independent centre of power. The basis of Russian international influence is exports of energy resources, military modernization, pragmatic diplomacy based on the country’s national interests. Integration into international institutions (primarily, WTO) has turned profitable for Russia.

Russia managed to achieve these results due to its political course, conserving continuity of economy, domestic and foreign policy. The country’s economic policy determines the key development strategies and investment distribution. Government dominates public-private relations. It controls the energy sector and priority industries – military-political complex, transport.

Government also determines the rules of the game in domestic policies. The system of “sovereign democracy” is dominated by the executive power. Political opposition does not have resources or social support. Society is satisfied with the economic and welfare growth. The federal center almost totally controls the regional developments.

The main priority of the government is rapid modernization of strategic industries of economy, welfare growth and strengthening of Russia’s status in the world. This seems somewhat a chess “gambit”, i.e. limitation of political and economic competition within the country for the sake of strategic modernization of Russia.

### **Scenario 2: “Fortress Russia”**

The world in 2020 is very unstable. International law and international organizations are weak. The role of force in international relations becomes decisive. The new arms race has begun. The world sees further proliferation of weapons of mass destruction.

Russia is actually surrounded by enemies. A curve of ongoing and latent conflicts has formed along its borders. The US and the EU decided that Russia “is lost”, stopped hoping they can direct Russia’s development and turned back to the policies of Cold War and containment. They make various barriers for Russian business, and a tough struggle for energy resources is going on. Oil prices are volatile, which is bad for Russia.

Ukraine and Georgia have joined NATO. American ABMD is deployed close to the Russian borders. A real union of Russia and Belarus has shaped. Central Asia sees “old” and “new” sparks of civil war. US, EU, China, Iran, Turkey and others try to divide Eurasia south of Russia.

The world witnesses a lot of other conflicts. The old (US, Japan, EU) and new (China, India) centers of economic power struggle for energy and other resources. Centers of global instability have formed in the leftist Latin America, Indonesia and Pakistan. Russia is not actively involved in these conflicts but tries to use them in its interests.

A hostile Western attitude towards Russia has resulted in a deflux of capital. Defense budgets have increased. The consumer sector is diminishing, taxes are on the rise. All this has strangled the goals of Russian modernization. But the government retains sovereignty and territorial integrity.

The country must unite to withstand external threats even if it limits individual rights and freedoms. Russia balances with world’s centers of power, rising like a “fortress” above a dangerous and chaotic ocean.

### **Scenario 3: “Russian mosaics”**

By the year 2020 westernized globalization spreads across the world. The leading countries set the economic, technological and sociopolitical standards and all the others aspire to reach them. China, India and such “new giants”

as Brazil, SAR, South Korea, Indonesia, Turkey, Thailand and others preserve their national specifics but all in all they also follow the West.

The world economy grows. Oil prices are relatively low due to new technologies. International institutions and organizations (starting from the WTO and up to NATO, CE and the OSCE) define the “rules of the game” in the world. International conflicts are still there, however, they are mostly under control. The “rogue states” and such “non-systemic powers” as international terrorism, Islamic radicalism, drug dealing mafia and international crime are moved to the world periphery.

Russia in this new international system follows the rules it has to accept. It is integrated into the international institutions and has become a member of the western community, although this was achieved not always under advantageous conditions. Russia, however, has become an open country, huge foreign investment and credits flow into the country, the well-being of the active part of the population and regions most participating in the international division of labor rises. Capital and brain drain, however, remain. Russian regions decentralize and become more sovereign. The regions are more and more autonomous, they define their own development strategies, policies and rules for living. Some, mostly subsidized regions, continue to be dependent on the federal center, others are often supported from abroad. Competition between the regions strengthens. Moscow does not interfere in this process.

The state does not dominate any more – both people and regions are free to live the way they feel is best for them. Corruption and the revenue gap remain, but for the active and the successful ones huge opportunities appeared.

The state sector and the state regulation of the economy are unsubstantial. Some sectors that were nationalized in the first decade of the XXI century (like energy, transport and others) underwent a huge privatization and re-privatization program. Capitals and seaports, regions rich in natural resources, some border adjacent regions take advantage from the situation and develop rapidly.

Russia becomes more and more “mosaic-like” and decentralized.

#### **Scenario 4: “The New Dream”**

Sustained growth in 2020 is ensured mostly by high technologies.

The demand for energy resources is high, but oil prices are falling gradually. The gap between the “North” and the “South” remains, but the world community by use of the UN and other international organizations is striving to ensure the sustained development, to soften inequalities, to settle conflicts and to preserve peace.

After a successful UN reform international law is strengthened. The power factor in international relations is not the defining one.

Russia is a fully participating member of the international community. The UN and not NATO is defining the international “rules of the game”. The conflicts along the Russian borders are more or less settled. However, the influence in this region is split between several actors.

Russia finally has the opportunities to concentrate on domestic modernization. Falling oil prices made Russia search intensive ways of development, raise the labour productivity, invest in high technologies and human resources. “Russian breakthrough” is the motto of the new generation politicians. The new political coalition came to power, one that does not remember the “Soviet power” and has nothing to do with the corruption and the turmoil of the 1990s. These new power politicians are supported by the majority of the active population.

State management is carried out according to the existing norms, there is no more “dictatorship of the law”, but the norm of life and not everyone is ready, the businessmen are eliminated. For the first time in the Russian history an influential middle class appeared in Russia. However, the gap between the rich and the poor remains. People have to pay for their healthcare, education, habitation, although there is a social insurance and credit systems work properly. Personal success is in your own hands.

To assess desirability and real prospects of the above-mentioned scenarios we've organized a full-fledged focus-groups examination. They included more than 1500 participants, of 3 age groups, both government supporters and opposition proponents. I don't want to elaborate much upon techniques of the focus expertise, rather on the results. In general, overarching perception looks as follows.

The most realistic scenarios are:

*"The Kremlin Gambit"*

*"Russian mosaics"*

*"Fortress Russia"*

*"New Dream" – seems to be rather unrealistic*

The most desirable are:

*"New Dream"*

*"The Kremlin Gambit"*

*"Fortress Russia"*

*"Russian mosaics" – perceived as the least desirable*

It's clear that both of scales look simplistic, but 50% of "realistic" and "desirable" are overlapping which makes us, those who were involved to this experiment, feel rather safe about Russia's strategic future.