

IGOR YURGENS

Chairman of the Management Board of the Institute of Contemporary Development in Russia

Dominique Moisi, Special Advisor at Ifri

Igor Yurgens, the president of the management board in the Institute for Contemporary Development in Russia, applied this vision to the future of Ukraine.

Igor Yurgens, Chairman of the Management Board of the Institute of Contemporary Development in Russia

My institute went public in 2008 in asking the Russian leadership to join the EU, under certain conditions of course. Mr Putin himself asked the EU leadership in 2002 about the conditions, the timeframe, etc. He was given a cold shoulder for various sensible reasons; Russia was not ready for EU membership. We then asked for NATO membership and got the same reply. Russia is a continent, and were it not for the sheer size and number of problems Russia has, my choice would be the EU.

Asked to describe in one word the situation in Russia, I would say it is pragmatic; to use two or three words, I would say pragmatic bordering on cynicism. That is exact description of our attitude towards Ukraine, Moldova, Georgia, the Eastern Partnership, etc. Mr Putin has every justification to do what he does at the moment, but in my view he does not have long-term strategic thinking. He is a good leader and showed a lot of strength and drive for success and control in a difficult country like Russia, but he does not have strategic vision. Even if he did it would be very difficult to make choices. The EU situation is still precarious; the US is weakening, our strategic “so called” partnership with China is ambivalent, to say the least.

He tries to win tactically and to stabilise the situation. Stability in Russia must take into account the ‘Alice in Wonderland’ effect – you have to run very fast forward to stay in the same place. Russia cannot remain stable without fast modernization because it needs investment, it needs migrant labour, it needs technology even more than the Soviet Union needed. All of the above means that we have to open up for the outside world but at the moment we are closing down. I wear two hats: one of a leader of industrial association, another one of a liberal think-tank. In my first capacity we are in a very fruitful dialogue with the economic wing of the government: they are mostly sensible people and we are in agreement about budget consolidation, proper fiscal and monetary policy, inflation targeting and so on.

I take economic hat off and as a think-tanker I can report to you about very reactionary twist in internal policies of Russia.

When we talk about civil society, we cannot neglect the fact that many NGO’s are labelled as the foreign agents. When we talk about the role of the religion, we see that it is not the mainstream of the Russian Orthodox Church but the most reactionary obscurantist and religious fanatics have arisen. When you open international press all you read about Russia is Pussy Riot, Khodorkovsky and political prisoners.

So, we have two Russias at the moment: 20% of the population who want to move forward, to be contemporary and silent majority which is afraid to move forward and to open up.

We don’t underestimate the short to mid-term difficulties that lie ahead. Economy slows down. Weak and unstable global demand for hydrocarbons and metals, combined with ongoing shale gas/oil revolution have negative impact on federal budget. This represents a serious threat to the social spending, military procurement, salaries of the Army and law-enforcement, state employees. The base of the social and political stability could be eroded and public support for the authorities drastically decreased. Ethnic tensions and national sentiments are on the rise. All of this increases corruption (maximum profits right here and now) and capital flight.



Just a couple of words about Ukraine, which was mentioned at this Forum a number of times. Are Ukrainians ready for EU? I would say that not. Paradoxically, it would be better if Ukraine were allied to the Customs Union, which is one step down in terms of economic performance but could create an infrastructural bridge between China and the EU. That is logical. However, in any logic there is something illogical and empirical, and I am sure that the people who now have an upper hand in Kremlin will play it as a political rather than an economic project and that could be another liability and not an asset.

I would do exactly what has been announced today: suspend the negotiations with Ukraine, wait until the 2015 elections in the country, and then the Ukrainians decide for themselves. The Russians should not get this Pyrrhic victory of paying EUR10-15 billion to assist the present unreliable Ukrainian partner, in my view.