



HELSINGIN YLIOPISTO
HELSINGFORS UNIVERSITET
UNIVERSITY OF HELSINKI

RUSSIAN SOCIETY

Russia Lost or Found? Patterns and
Trajectories. June 11th 2009

Markku Kivinen, Director, Aleksanteri-institute





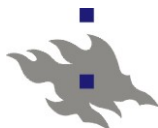
Path Dependency and Choices

- Several discourses emphasise the path dependency in Russian development
- One version: Patrimonial model
- Another version: Transition
- The Finnish approach emphasises choices and agency



Russian Challenges

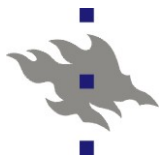
- Economic diversification
- Democracy
- Welfare regime
- Foreign policy frame



Eurasian Energy Value Chains

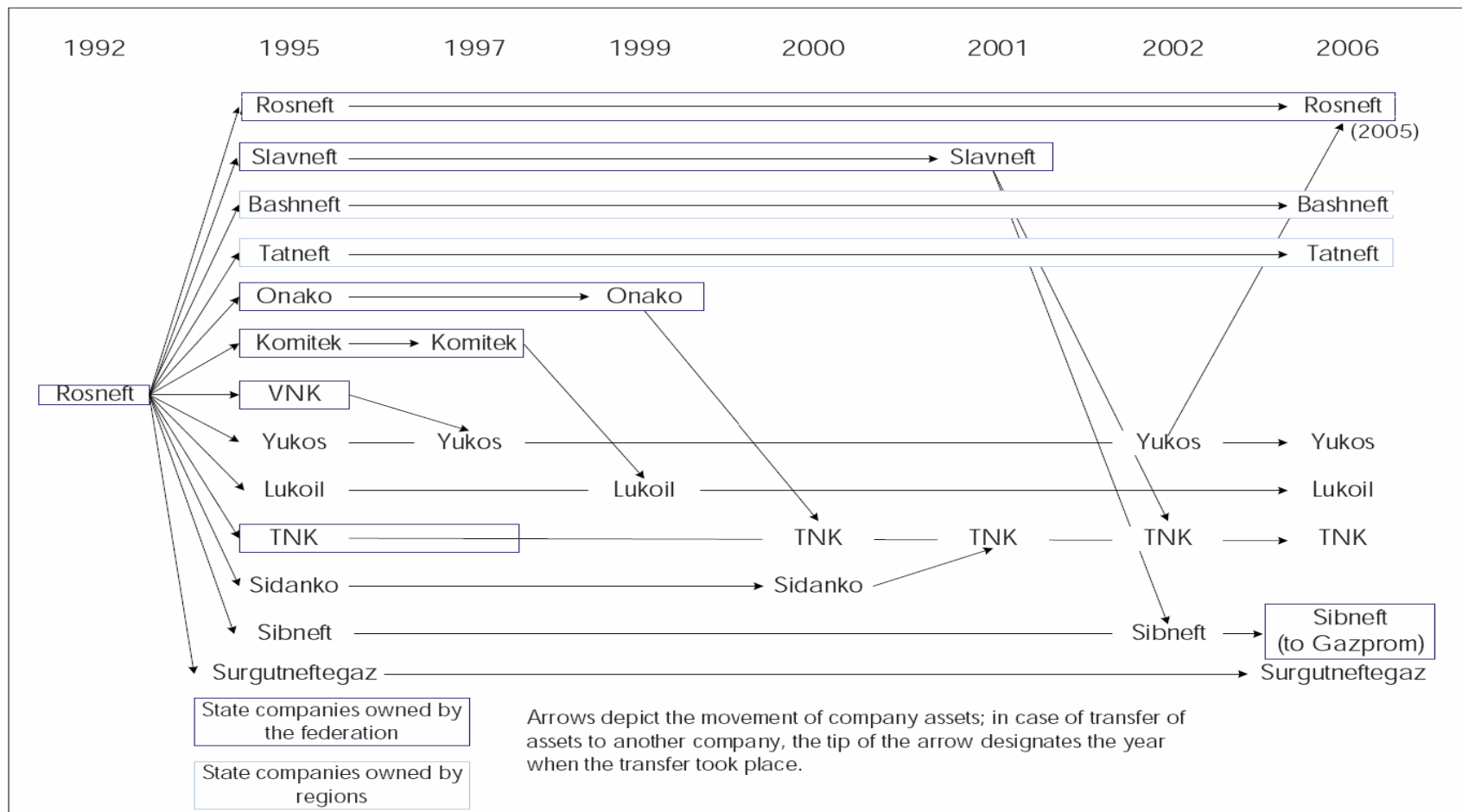
Selected Oil and Gas Pipeline Infrastructure in the Former Soviet Union

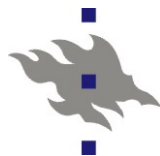




Changes in the Russian Oil Industry

Diagram 1: The process of consolidation in the Russian oil industry 1992–2006





Gazprom's Customers and Costs

**TABLE 4: Major Recipients
of Russian Natural Gas Exports, 2006-2007**

Rank	Country	2006 Exports (bcf/y)	2007 Exports (bcf/y)	2006 % of Domestic NG Consumption
1	Germany	1,300	1,378	36%
2	Turkey	703	827	64%
3	Italy	756	742	25%
4	France	353	346	20%
5	Czech Republic	261	247	79%
6	Poland	272	247	47%
7	Hungary	272	226	54%
8	Slovakia	240	223	100%
9	Austria	233	191	74%
10	Finland	173	166	100%
11	Romania	180	138	28%
12	Bulgaria	113	120	96%
13	Greece	95	113	82%
14	Serbia & Montenegro	74	74	87%
15	Croatia	35	35	37%
16	Slovenia	25	18	64%
17	Switzerland	14	11	12%
18	Macedonia	4	4	100%

Sales to Baltic & CIS States

1	Ukraine	2,085	2,240	66%
2	Belarus	724	763	98%
3	Baltic States	173	243	78%
4	Azerbaijan	141	0	35%
5	Georgia	67	36	100%

Sources: "Domestic Consumption" EIA International Energy Annual, 2007; "Exports 2006 and 2007" Gazexport as cited by Energy Intelligence, March 2008; "Sales to Baltic and CIS States 2007", CIS and E. European Databook. 2006 from Gazprom Annual Report.

Russian Gas Sales Prices (2008)

in \$/thousand cubic meters

Lithuania	\$ 280.00
Latvia	\$ 280.00
Estonia	\$ 280.00
Georgia	\$ 230.00
Moldova	\$ 191.25
Ukraine	\$ 179.50
Belarus (Q1)	\$ 119.00
Armenia	\$ 110.00

Note: Sales to other countries are occurring at European market prices (around \$370/mcm).

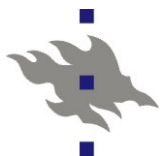
Source: EasternBloc Research Ltd.



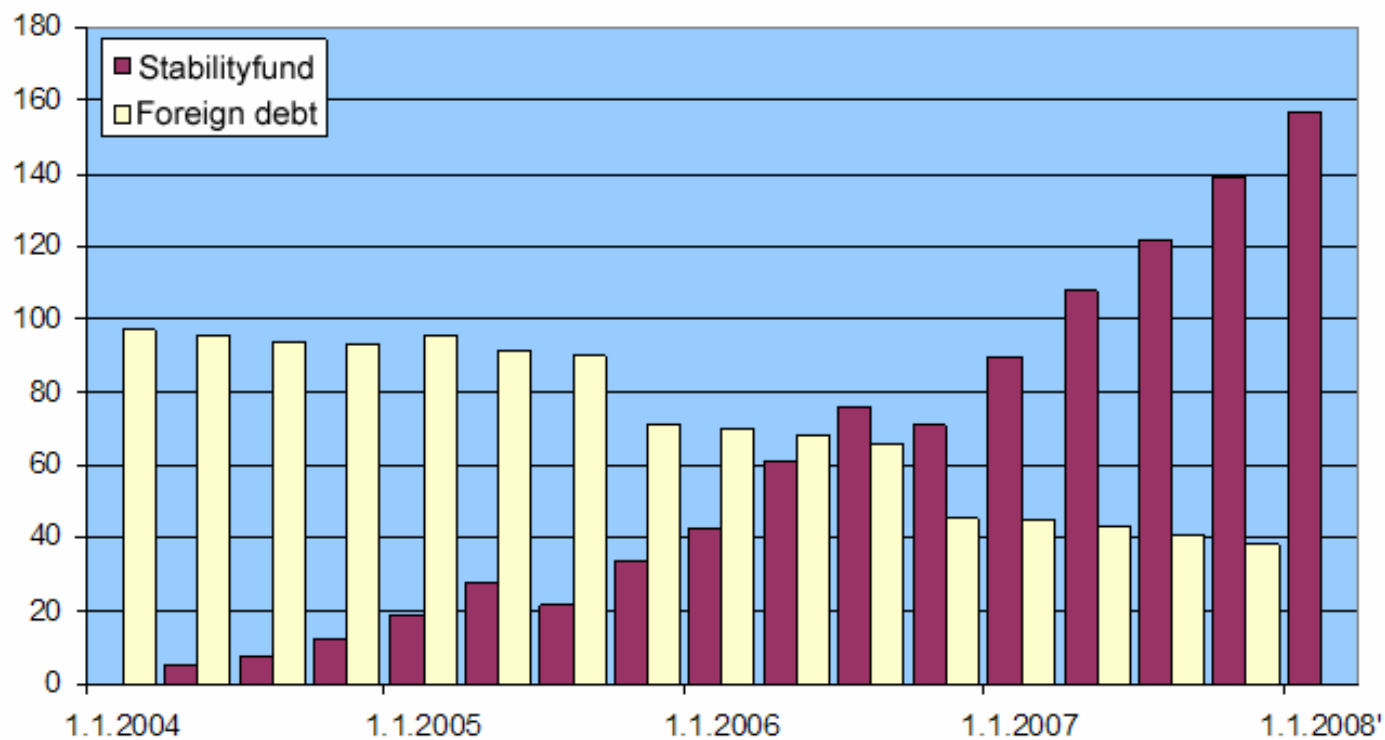


The Russian Perspective: recovery from transition

- Energy export forms the basis for Russia's economic, social and political stabilisation;
- Priorities given to internal versus external interests; and
- Consolidation of the energy value chain.

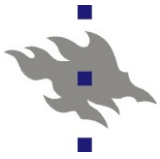


Russia's foreign debt and stability fund



Source: Minfin

<http://www1.minfin.ru/ru/stabfund/statistics/volume/>



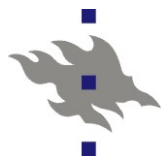
Models of welfare

- Liberal model: USA
- Conservative model: Germany
- Social-democratic model: Nordic countries (Esping-Andersen)
- "Democratic class struggle" (Korpi)
- Dilemma in Russia as well as in China: organisation of interests
- Other actors: specialised elites, professional organisations



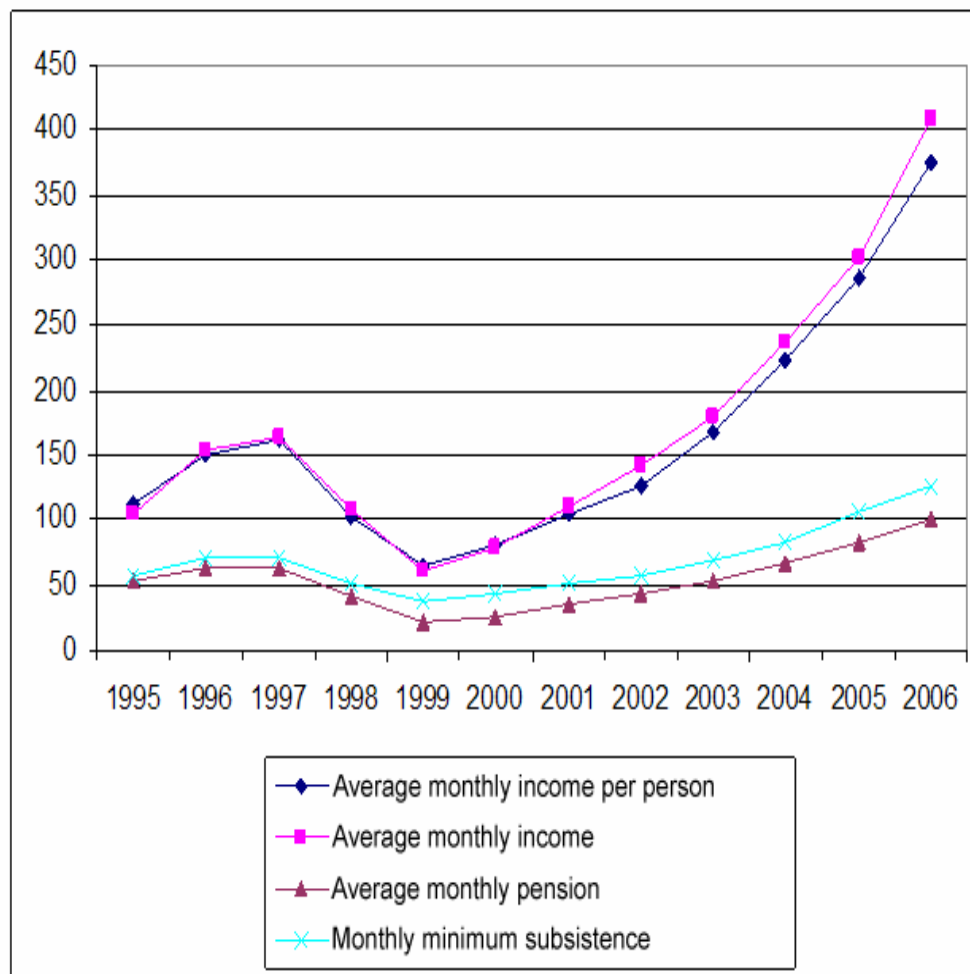
Tendencies in Russia

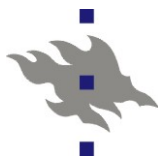
- Very high level of poverty in 1990's – diminished under the Putin era
- Social inequality at Brazilian level. Almost no changes in relative incomes of classes during the Putin-regime
- Regional incomes differentiation as a challenge
- Social mobility downwards from middle class in 1990's
- Rising level of living since 1999
- Rapid change in working conditions
- Potential middle class becoming more real
- Working class organisations still weak
- United Russia as a hegemonic party suitable for middle class



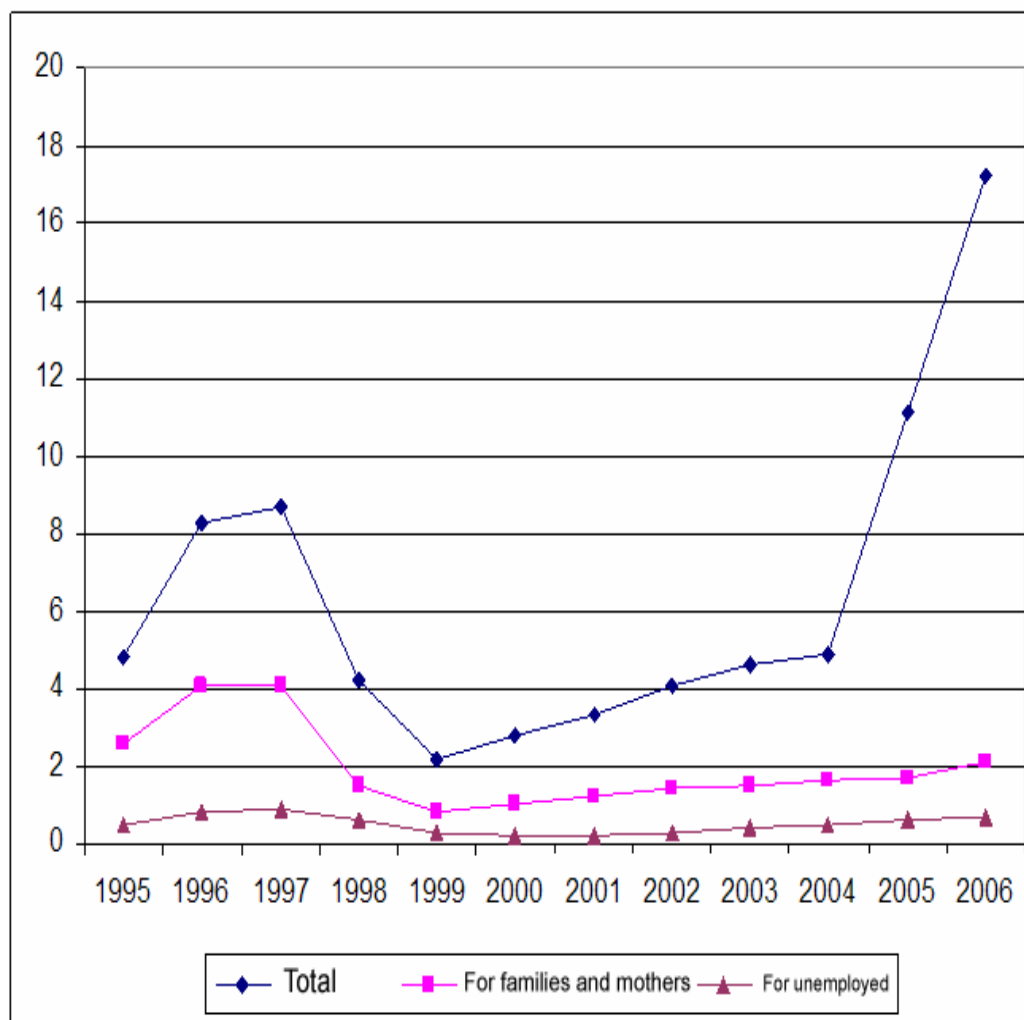
Progression of wages and pension

1995-2006 (USD)





Government expenditure on socialcare 1995-2006 (billion USD)



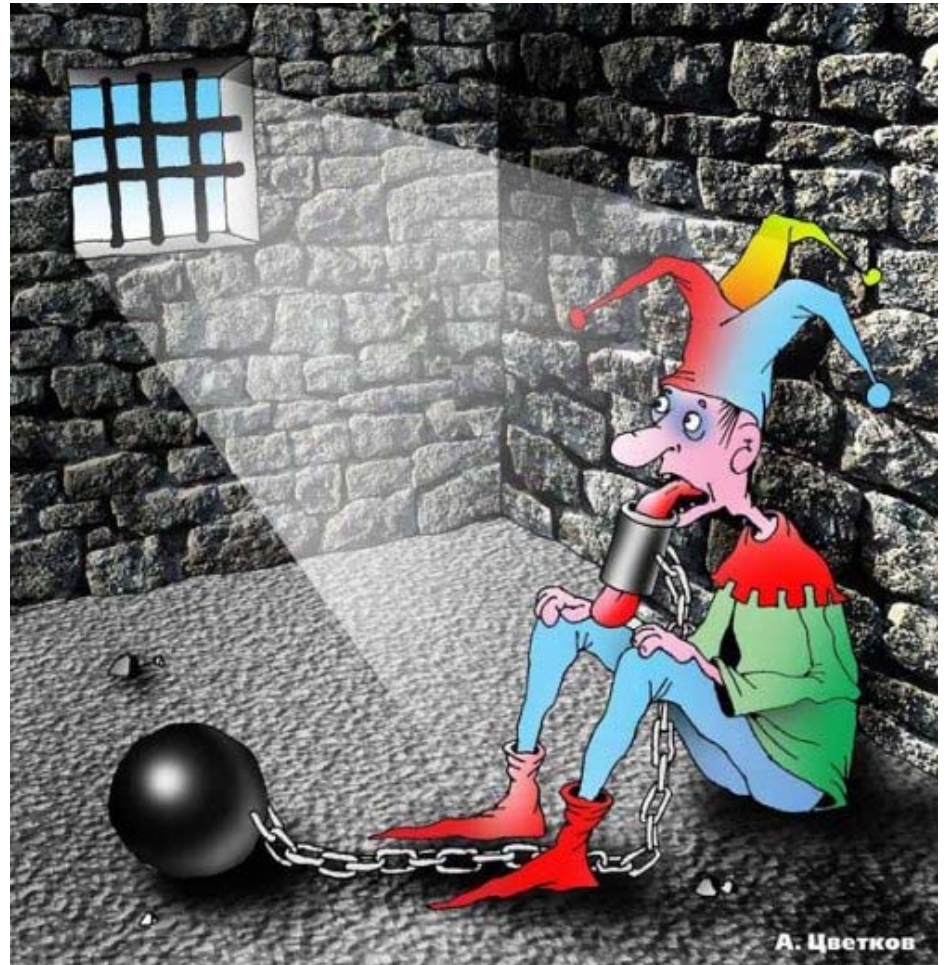
The specificity of Russian Politics

- **Overwhelming constitutional power of the president: post-empire condition and the symbolic significance of national interests**
- **ER as a state carrying party**
- **The authoritarian elements “siloviki**
- **No politics based on articulated interests:
Weak class identification**



Political Frame

- Illiberal democracy
- Order as civil religion
- Mass democracy





The Three Different Frames of Post Cold War International System

- Continuation of the Cold War
- Power struggle between great powers
- Consensual international interaction based on multilateral organisations, agreements and common interests

