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Russian Patrimonial Capitalism and the International Financial Crisis

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Abstract

The international financial crisis brought Russia's run of economic growth to a halt and

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Notes

See Justin Robertson (ed.), *Power and Politics after Financial Crises: Rethinking Foreign Opportunism in Emerging Markets* (Basingstoke: Palgrave, 2008), for a general discussion of how crises in emerging markets have changed the way that they relate to the global economy and the balance of power in these markets.

Other examples abound: see, inter alia, Medvedev's article, 'Forward Russia!', of 2009, available at

<http://eng.kremlin.ru/text/speeches/2009/09/10/1534_type104017_221527.shtml> ,

accessed 14 Sept. 2009; his 'Opening Remarks at Meeting of Commission for Modernization and Technological Development of Russia's Economy', 23 March 2010, available at

<http://eng.kremlin.ru/text/speeches/2010/03/23/1953_type82913_224939.shtml> ,

accessed 24 March 2010; or the interview with Elvira Nabiullina, the economy minister, in Charles Clover, 'Interview: Elvira Nabiullina, Russian Economy Minister', *Financial Times*, 27 Oct. 2009, available at <<http://www.ft.com/cms/s/0/a2d03e64-c2f1-11de-8eca-00144feab49a.html>> , accessed 28 Oct. 2009. For a longer Russian academic treatment see I. Diskin, *Krizis ... i vse zhe modernizatsiya* [Crisis - and modernization all the same] (Moscow: Yevropa, 2009).

Dmitrii Medvedev, 'Poslanie Federal'nomu Sobraniyu Rossiiskoi Federatsii, November 12, 2009' [Address to the Federal Assembly of the Russian Federation, 12 November 2009], available at <<http://news.kremlin.ru/transcripts/5979>> , accessed 13 Nov. 2009).

See 'Ekonomicheskii krizis v Rossii: ekspertnii vzglyad' [Economic crisis in Russia: an expert view] *Voprosy ekonomiki*, 2009, No. 4, pp. 4-30, or G.V. Osinov and V.V. Lokosov

(eds.), *Russkaya ekonomika v krizis: ekonomicheskaia i politicheskaya situatsiya* [Russia's economy in crisis: economic and political situation] (Moscow: Rossiiskii gosstat, 2009), pp. 10-11. For an official assessment of the crisis, see the report of the Working Group on the Socio-political Consequences of the Economic Crisis, 'Vliyaniye ekonomicheskogo krizisa na sotsialno-ekonomicheskuyu situatsiyu v Rossii' [The impact of the economic crisis on the socio-economic situation in Russia], *Voprosy ekonomiki*, 2009, No. 4, pp. 3-4.



The division of labor is used together with the division of labor in the academic literature. See Richard Sakwa, 'The Crisis in Russia: A New Paradigm?' *Journal of Democracy*, 2009, 30(4): 44-54; A. Radygin, 'Krizis i modernizatsiya' [Crisis and modernization?]

[Russia in 2000–4 on the way to state capitalism?], *Voprosy ekonomiki*, 2004, No.4, pp.42–65; Anders Åslund, 'Russia's Energy Policy: A Framing Comment', *Eurasian Geography and Economics*, Vol.47, No.3 (2006), pp.321–8; David Lane, 'From Chaotic to State-led Capitalism', *New Political Economy*, Vol.13, No.2 (2008), pp.177–84; Peter Rutland, 'Putin's Economic Record: Is the Oil Boom Sustainable?', *Europe–Asia Studies*, Vol.60, No.6 (2008), pp.1051–72. Indeed, developments in Russia have been portrayed as a leading edge of a global rise in state capitalism that is being reinforced by the crisis and the failure of neo-liberalism, and as a rediscovery of a Russian national model of development that does not slavishly follow Western liberal market models: see National Intelligence Council, *Global Trends 2025: A Transformed World* (Washington, DC: US Government Printing Office, 2008); Ian Bremmer, 'State Capitalism Comes of Age', *Foreign Affairs*, Vol.88, No.3 (2009), pp.40–55; Ian Bremmer, *The End of the Free Market: Who Wins the War Between States and Corporations?* (New York: Viking, 2010); M. Wolnicki, 'The Day After Neoliberal Triumphalism', *International Journal of Social Economics*, Vol.37, No.7 (2010), pp.476–87. On Russia's national model of development see the very useful summary in Joachim Zweynert, 'Conflicting Patterns of Thought in Russian Debate on Transition: 2003–2007', *Europe–Asia Studies*, Vol.62, No.4 (2010), pp.547–70 (pp.550–54).

See, for example, Medvedev's call for changes to Russia's 'development paradigm' made to United Russia on 28 May 2010, or the call of the Institute for Contemporary Development (widely recognized as Medvedev's think-tank and sounding-board) for political change to take place alongside economic modernization. Medvedev's comments are at <http://eng.kremlin.ru/text/themes/2010/05/282033_226327.shtml>,

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Hence his explicit rejection of state capitalism as a developmental choice in an interview in April 2011: see 'Interv'yu Dmitriya Medvedeva Tsentral'nomu televideniyu Kitaya' [Dmitrii Medvedev's interview with Central Television of China], at <<http://kremlin.ru/transcripts/10911>>, accessed 13 April 2011.

Oliver Schlumberger, 'Structural Reform, Economic Order, and Development: Patrimonial Capitalism', *Review of International Political Economy*, Vol.15, No.4 (2008), pp.622–49, especially pp.233–6; see also his *Patrimonial Capitalism. Economic Reform and Economic Order*, unpublished doctoral thesis (Tübingen: University of Tübingen, 2004).

For reviews of these issues, see Jean-Francois Médard, 'The Underdeveloped State in Tropical Africa: Political Clientelism or Neo-patrimonialism?', in Christopher Clapham (ed.), *Private Patronage and Public Power* (London: Pinter, 1982), pp.162–92; Gero Erdmann and Ulf Engel, *Neopatrimonialism Revisited: Beyond a Catch-All Concept* (Hamburg: GIGA Working Papers, 2006). My thanks to Paul Chaisty and Patrick Köllner for passing on these two references.

Schlumberger, 'Structural Reform, Economic Order and Development', p.622.

One further benefit of using patrimonial capitalism is that it enables us to talk about Russia as patrimonial but at the same time not simply lump it together in an undifferentiated mass with other post-Soviet polities that are more dictatorial and economically less open, but that have also been labelled patrimonial. This deals with one complaint about labelling Russia patrimonial: it is not Uzbekistan or Kazakhstan. Of

course it is somewhat different from patrimonialism, with a tendency towards a more neo-patrimonialism and neo-patrimonialism.

These are the main reasons why Schlumberger,

'Structural Reform, Economic Order and Development',

Alexander Schlumberger, *A Book of*

Essays (London: Routledge, 2008), pp. 622–49.

For more on this, see Schlumberger, *Structural Reform and Late*

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For example, Cyprus has consistently been a major source of foreign direct investment in Russia.

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Eteri Kvintradze, 'Russia's Output Collapse and Recovery: Evidence from the Post-Soviet Transition', *IMF Working Paper No.89* (Washington, DC: IMF, 2010).

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The sectoral composition of Russia's economy has changed significantly since the generation

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Ya. Pappe and A. Zudin, 'Chto razvivayut "instituty razvitiya"?' [What do 'development institutes' develop?], available at <<http://www.politcom.ru/article.php?id=6708>>, accessed 22 Jan. 2009.

B. Makarenko, 'Vozmozhna li v Rossii modernizatsiya?' [Is modernization possible in Russia?], Pro et Contra, Vol.12, Nos. 5-6 (2008), No. 29, pp.33-47.

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For a detailed analysis of the crisis in the context of the development of the Russian economy, see the report of the Expert Group on the Economic Crisis in Russia, 'Ekonomika Rossii v 2008-2009: vyzyvy i perspektivy razvitiya' [The Russian Economy in 2008-2009: Challenges and Prospects of Development], Moscow, 2009, pp.10-11.

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