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**Review of Chris Miller, *Putinomics. Power and Money in Resurgent Russia*. Chapel Hill: The University of North Carolina Press 2018. Select Bibliography, Index. 978-1-4696-4066-2**

**Jonas J. Driedger, February 2019**

The weakest part of this strong book is its main title. This is not a “Putinomics” book – in that it does not actually follow the widespread fallacy of attributing all of Russia’s policies to the supposed omnipotence and personal whims of its president. Rather, the book argues that Russia’s political elite – a complex wheel of which Putin is the hub and which this book usually refers to as “the Kremlin” – has pursued a single, persistent, continuous, and deliberate economic policy that has consequentially shaped Russia’s economy.

The book’s author is Chris Miller, the Associate Director of the Brady-Johnson Program in Grand Strategy at Yale University. He draws on a wide array of English and Russian sources, including original interviews, background talks, statistics and a thorough review of existing research. He keeps his arguments and use of numbers understandable for non-economists and largely maintains a tight fit between his wider claims and the evidence he provides.

Miller’s argument is explicit, elegant and concise: With *Putinomics*, the Kremlin pursues three goals. In order of priority, they are: maintaining power, expanding Russian influence abroad, and developing Russia’s economy at home. Keeping it trinitarian, *Putinomics* entails a three-pronged strategy to achieve these goals: first, strengthen central authority to ensure the elite’s capability to pursue its interests; second, prevent popular discontent by keeping unemployment low and providing adequate pensions; third, rely on private business for efficiency and growth. Again, these three measures are ranked by priority, and, when in conflict, the regime will first seek to ensure its own security and value keeping the population docile over economic efficiency.

Chapter 1 focuses on the Russian 1990s. Starting out with the Russian financial crisis of 1998, Miller sheds light on how President Yeltsin’s power struggles were both a driver and a consequence of the massive economic transition from the Soviet Union’s command economy to what turned out an ever more predatory form of market capitalism. Miller also outlines how, in this context, Putin rose from a confidant of St. Petersburg’s mayor Anatoly Sobchak to becoming Russia’s next president in 2000.

In chapter 2, Miller shows how two seemingly contradictory developments in the early 2000s – the emergence of a political “power vertical” and drastic liberal reforms in the economic sphere – are actually complementary when viewed through the lens of *Putinomics*. The economic reforms spurred business and restored the state’s tax collection capabilities. This improved efficiency, added legitimacy, and gave the Kremlin the means to pursue its goals, one of which was to subdue and co-opt regional political elites and Russia’s oligarchs.

Chapter 3 deals with Russia’s oil and gas sector, which fuelled and maintained *Putinomics* up until the financial crisis of 2008, when the long rise in oil prices was over. Again, Miller emphasizes and

explains lesser known trends in the Russian economy, such as the Russian state allowing compliant oligarchs to weaken Gazprom's monopoly on natural gas production. Miller uses the Khodorkovsky case as an early and powerful illustration of how Putinomic Russia deals with not-so-compliant energy oligarchs.

In chapter 4, Miller turns to Russia's public finances. Addressing the role of Alexei Kudrin, Russian Finance Minister from 2000 to 2011, Miller outlines how early Putinomics yielded decisive political initiatives that run counter to popular expectations about autocratic petrodollar states. To increase long-term fiscal capability, investments and efficiency, the Kremlin, against major domestic resistance, used its new energy revenues to pay down Russia's debts, grew an emergency savings fund worth over half a trillion dollars, and imposed a strict monetarist policy to keep inflation low.

Chapter 5 investigates the role of Putinomics in Russian business by analyzing different economic sectors. The case selection is good, the analysis interesting, and the results inform the general argument well. For example, with regime stability taking precedence, state-owned banks and energy firms serve as tools for elite graft, international influence, and domestic tranquility, rendering them inefficient and corrupt. Where regime and social stability are not at stake, Putinomics promotes free enterprise, as Miller shows by surveying the rapid modernization of Russia's retail sector. The narrative of Russian mum-and-pop stores displacing grossly inefficient Soviet-style shops only to then be replaced by modern supermarkets showcases Miller's talent for entertaining and informative examples.

Chapter 6 explores social-economic policy in Russia. Fuelled by rising productivity and commodity prices, the regime has long maintained a "social contract" with its population, even during the financial crisis of 2008 and the decline in oil prices in 2014. The Kremlin has sought to increase pensions, support wage growth and keep unemployment low, catering to blue-collar workers and the elderly, which form a crucial part of its support base. This also explains the regime's surprisingly lenient reaction to mass-protests against foreclosures and welfare reforms as well as its strong-arming of oligarchs that lay off workers in inconveniently public ways.

Chapters 7 and 8 discuss recent challenges to Putinomics and analyze its transformation in the process since 2008 and 2013 respectively. Despite Russia's swift victory, the Russo-Georgian war in 2008 revealed shortcomings in the Russian army's ability to deter, coerce and defeat even small neighbours. Immediately thereafter, the global financial crisis threatened to destabilize the Russian financial system, pushing down global oil prices and depressing Russian revenues. Even after Russia managed to stabilize its economy, growth never regained the impressive rates of the early 2000s.

As Putinomics would predict, the Russian political elite prioritized regime stability and international influence over economic efficiency. Consequently, Russia started a massive military reform and increased military spending, while simultaneously privileging state banks, energy companies, and its core societal support base in its bail-out measures and investments. These processes were already evident under the comparatively liberal tenure of Medvedev and intensified when Vladimir Putin ran as president for a third time. Alexei Kudrin, Finance Minister and guardian of conservative fiscal choices since 2000, publicly objected to this course and was promptly fired by Medvedev.

Miller also shows how Russia's foreign economic policy subsequently took a more protectionist and illiberal turn, including attempts to cajole Ukraine into the Eurasian Economic Union. The annexation of Crimea and the war in Eastern Ukraine in 2014, Western sanctions, and a slump in oil prices all intensified processes that had started in 2008.

In a postscript, Miller extrapolates from current trends and discusses the future of Putinomics. He argues that Putinomics, while effectively responding to a whole set of challenges emerging from the Soviet breakup and the chaotic 1990s, has come under increasing strain, a process that is likely to

continue, as growth remains sluggish, while tax increases are as unpopular with the regime's support base as are spending cuts.

The book's laudable brevity and accessibility somewhat dull its analytical sharpness. Considering the book's wide-ranging claims, some theorists and analysts would appreciate more explicit definitions, operationalizations and methodological discussion on how one can confidently measure and compare different regime interests and strategies. Sometimes, especially in the first two chapters, it is up to the reader to reconnect the argument with the evidence presented.

Miller does not undertake the admittedly daunting task to analyze where exactly the line between corruption as a means of regime stability and mere elite self-enrichment lies. Regime stability is part of Miller's Putinomics argument, self-enrichment part of the late Karen Dawisha's account of "Putin's Kleptocracy". To Miller's credit, he does list examples of corruption that do not neatly fit his framework, such as the hugely inefficient diversion of anti-crisis funds after 2008 into Russia's major oil companies (p.125).

Lastly, the analysis of the second goal of Putinomics, seeking influence abroad, is largely confined to the post-2008 era and Russia's military actions in Georgia and Ukraine. Not much space is devoted to discussing Russia's economic statecraft in its "Near Abroad" which, well before 2008, has ranged from expensive gas-discount subsidies to foreign economies such as Belarus up to sanctions and arm-twisting for political goals which damaged Moscow's reputation as a reliable gas supplier to Western Europe, with Ukraine being the most prominent example. Important scholars in this area, such as Margarita Balmaceda, Jakob Tolstrup and Irina Busygina do not show up in the bibliography. However, it is also fair to state that Miller focuses on the effects of Putinomics on Russia itself and that a systematic assessment of Russia's economic foreign policy would necessitate a new book.

Attempting to address these shortcomings would have resulted in a much longer and less accessible book. Indeed, "Putinomics" is very short, 163 pages plus index, bibliography and a useful thematically ordered review of relevant English language literature. At the same time, it is a very fluent and entertaining read. It also dispels many predominant myths about Russia's political economy. "Putinomics" should be interesting and useful to a wide audience.

Miller's study is also of great use to more knowledgeable readers. Due to its explicit argument, the wealth of its corroborating empirics, the comprehensiveness of its scope and its exploration of many under-researched areas, the book will appeal to policymakers, political scientists and the expert community. All in all, "Putinomics" is currently the best attempt to understand Russia's overall political economy using a single overarching framework.

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