

The Troubled Road in Russia: Putin's Impasse

Sait Yilmaz

Esenyurt University, Esenyurt/Istanbul, Turkey

Muzaffer Ertürk

Nişantaşı University, Istanbul, Turkey

After the collapse of the Soviet Union, Russia, which is sustaining a new recovery process with Putin, is at the crossroads of a new turning point. Putin, the face of the country's deep state, may hold the presidency for another two terms, in line with new constitutional changes. The new constitution predicts handing over some of the presidential authority to the Russian Parliament, the Duma. These changes in the constitution involve new alignments in the Russian decision-making system rather than promoting internal democracy. On the other hand, the conventional energy resources of Russia, representing the predominant part of the national income, are in a decreasing trend. The explored energy reserves are either too expensive for extraction or too far from the center of the country. Russia inevitably has to develop additional sources for export other than energy to balance her budget. With COVID-19, the vulnerability of the Russian state system and revenues came into the open. In the coming decades, Russia needs to make critical decisions to sustain her ambition to be a major power. Putin, being aware of this, is planning a transition period, behind which he will personally stand during the changeover.

Keywords: Putin, Russia, Duma, energy, constitution

Introduction

Russia overcame the Mongol and Turkish invasions due to her immense lands. The Tartars, not daring to cross Russia's Western borders, retreated to their own lands. Thus, the Russians have survived, taking the initiative in order to survive in such an environment. A life style similar to their own drew them close to the Christianity, but alienated them at the same time. That is, the division of the churches separated them from Europe. Therefore, they were excluded from the prominent world-shattering events. On the other hand, their own fate was predestined. With Misha, the symbolic Russian bear, Russia grew larger by integrating many nations and ethnic groups. Although a lot of states broke away from the Soviet Union, other nominee states on stand-by that could not be assimilated are anticipating the shattering of the bear. The Russians are in a constant state of insecurity, being secluded and surrounded. Like other large and small states in Asia, they think they have a prominent place in the world stage and are expecting to be appreciated.

The countries in Eurasian region, where Modern Russia is in the center, are still unable assume actual democracy. For instance, the permission of the president is required to establish a university in Kazakhstan or to start up a hospital in Georgia. In such countries, there is no number two and everything depends on one

Sait Yilmaz, Dr., Prof., Faculty Dean of Business and Management Sciences, Esenyurt University, Esenyurt/Istanbul, Turkey.
Muzaffer Ertürk, Dr., Assoc. Prof., Faculty Member of Economy and Administrative Sciences, Nişantaşı University, Istanbul, Turkey.

single man, the president, the only autocrat. Russia, being conscious of its insecurity and isolation due to its geographical location, has the cultural confidence to recognize that the only way to overcome problems is by means of a powerful state and leader. Just like Turkey, Russia, being the unwanted or “other” by the West throughout the history, is now on the verge of transformation. Putin, like Gorbachev, wants to change the image of Russia and reshape it. The main reason for this is the deteriorating structure of the state, and the energy which they depend on so highly is losing its value as an advantage. However, the actual expectation is different and Putin is very well aware of the fact that this transition is inevitable. The transition that Russia is involved in is the subject of this article.

The main research questions of the paper focus on identifying the challenges of the Russian impasse with its state structure and decreasing energy. The study follows a qualitative methodology. Data were collected from secondary sources published in journal articles, professional magazines, conference papers, working papers, reports published by national and international organizations, unpublished archival documents, and online resources of different government and non-government organizations. The findings will hopefully add new information to existing knowledge and provide new insights those governments and policy makers can use to both understand the problems and challenges of integration and introduce appropriate initiatives for the desired and successful regional economic integration to benefit the people there.

The State Structure of Russia

Preceding Putin (1990-2000) there was a “looting state” where three to five oligarch Jews were robbing the country. When Putin came to power, the country moved from a disintegration course into a recovery and reconstruction process, for which he should be given the credit. However, mafia, theft, and bribery became the official state policy. In the 1990s, the country was converted from the “Robber Capitalism”; the USA had been encouraging to Putin's Statist Capitalism. Actually, only the direction of the oligarchs changed in the 2000s; “the Putin Gang” took the place of the former gangs. Although they are also robbers, they at least gain the public consent by providing them a pittance. The public thinks “our money remains within the state instead of being plundered by the thieves”. The country being able to sustain her ambition to become a major power is more important to the Russian people even if they starve. Therefore, the Russian interference in other countries such as Ukraine and Syria has found approval.

The foremost aspects for the Russians are nationalism and pride. The threat of starvation cannot frighten a country that has been hungry and repressed throughout her history although the West had hopes of doing so for years. The weak opponents that emerge in the country are discredited and have no further image than as a puppet of the West. There is no existing basis for the democracy that is desired by the West and freedom is considered a threat against the country's security. In fact, the public has no such expectation.

The global duty of the Russian head of the state, Vladimir Putin, is to maintain the existing system of the government. Like what Angela Merkel said, Putin lives in a world of his own that is full of conspiracies against his country. He reflects his way of thinking to the whole Russian society as if the whole world is against him. He constantly has to point out an enemy and always finds a suitable one. The target has to be powerful but distant so that even though you call it an “enemy” it is unnecessary to be overly concerned. In order to accomplish this, he needs victories such as Syria and Ukraine. First, he wishes to create problems, which are then presented in such a way that only he can solve them. Syria is one of these calculated problems which can be exchanged with another problem. He sees Syria and Ukraine as leverage. He needs a government that would

say: "You won Vladimir", "You made everything right", "We will constitute the new World Order with you". That is how he and Trump are similar.

It is not possible to have a fair election in Russia with the current election laws and the regulations. If there were an independent legal system today, the regime would collapse. In the case of an independent parliament, the regime would also collapse. Putin's ability is having good relations with people and winning their confidence. That is something he learned in the KGB. Only if you are straight can you call it "life" (Rose, 2016). No one around Putin is straight but they are all corrupt. It is very difficult to work in Russia without getting involved in the corruption directly or indirectly. In part, the good relationships with the other countries' leaders are also based on political corruption. From time to time, Putin dismisses some employees because of corruption. There is a saying in Russia: "The one who tells the thief to stop in a higher voice is the thief himself". Corruption becomes a good cover for one to clean his environment. The economy is monopolized; 70% of the GNP is under the control of Putin and his immediate circle. Privatization is unnecessary for them. The education system is getting worse since the Russians do not need education like they used to due to the country's industry. Science is unnecessary, so there is a slump in that sector as well.

The Russian economy is collapsing and gradually losing its compatibility and modern production takes on a lesser place in the industrial base. However, the crash of the economy will not eradicate the foundation of the regime. As the standard of living falls, propaganda is carried out with regard to the attacks of the external enemies, causing harm to the Russian economy. However, Putin wishes to introduce a new model to the Russian public. It will be similar to the Chinese model. The economy will be compensated by a comparatively independent but new political system. This cannot work in Russia, which has a different culture from China. Russia does not have the extensive service concept that is widely present in China. The Russian people are used to living for themselves. There is no vertical power structure in Russia; Putin directs only a small group in his own environment with only a few definite targets. Putin is eventually bound to lose control as the models he offers will not work. The first two models he implemented have already failed. He is preparing to introduce a third model, which is also bound to fail. A psychological crisis is about to emerge. Putin depends on five people to carry on achieving, controlling, and sustaining his living. There are also others who manipulate indirectly. Putin could not make reforms even if he wanted to. He will not have any alternative other than the final slump of the country and will have to leave. He will definitely fall as deterioration continues.

Putin's New Constitution

Putin's state is similar to a drug dealer's. Even if he wishes to leave office, the cartel which makes money off him will not let him. Putin's wife desires to continue her good life with black money. His clients crave for more drugs. Even the police choose to keep Putin in office to get hold of more men. The stones of the government order, which Putin designed particular to him, will fall one by one if he leaves and the bureaucracy does not want that chaos. The elite thieves, the oligarchs behind Putin, need him. If Putin remains, everyone that holds a post becomes rich and is protected against his/her enemies and thus will keep their positions. For the people who are used to a Putin centered administration, he is the most effective drug. They have gotten used to and believe the tales he tells. At the open media video conference meeting Putin arranged at the beginning of January 2020 along with some of the most prominent government authorities, he delegated some of his important duties to the related government organizations and proclaimed that he wanted to lessen central administration of the country. In the Western Media, this is interpreted as the dictator of Russia distributing his authority.

Throughout Russian history, attempts to make reforms are evident. In the 1930s, during the constitutional period capital punishment was repealed and Soviet citizens were given the freedom to travel the whole world. Moreover, some people even said that the constitution was unnecessary and that the church would be sufficient, but they were immediately arrested. Following these implementations, Stalin came to power and the cruelest term was given its start. He founded NKVD, the father of KGB, to punish dissidents in 1934. In 1937 Stalin had his own constitution written (Voronov, 2020). Those who know Russian history well are aware of the fact that the longing for reformation that emerged in this dark period turned into Stalinism due to the fears grounded in the roots of the country (Goldstein, 2020). Just like the period of Stalin, there is still no opposition in Russia so Putin can manipulate the constitution as he pleases like he has done over the last 20 years. In an instant, he can render his status to a more authoritarian level by a demand for urgency. The current constitution, in the brutal civil war setting against Chechnya, was passed to implement strict authorization aimed at maintaining a united Russia (Korybko, 2020). Actually, the first phase of this policy commenced with the technocracy in the Medvedev period. Interference in Chechnya in April 2009 brought a new pace. *At present*, acting on the directives of Vladimir Putin, the Russian Parliament (Duma) is making a constitutional amendment by which the function of the president is lessened, and the government branches are getting more coordinated and dependent on one another.

President Currently *Selects and appoints the prime minister *Elects main members of Cabinet, appoints them, and ratifies the others *Acts as head of State Council and State Security Council and appoints the members of both Guidelines recommended *Term in office cannot be extended *Unable to confirm the cabinet members except key members *Authority over State Council and State Security Council is lessening	Security Council & State Council Currently *Both advise the president *Both represent the authority of the president over the other authorized bodies *Security Council is a constitutional institution Guidelines recommended *The State Council is also designated a constitutional institution *He proposes potential amendments related to the functioning of both councils	Duma Currently *Ratifies the Prime Minister *Demands vote of confidence Guidelines recommended *Confirms all (except the key members appointed by the president)
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Figure 1. Amendments for Russian constitution. Source: Sim Tack, “What 12 More Years of Putin Means for Russia”, *Stratfor* (March 31, 2020).

The constitutional amendment affirmed on March 10 allows Putin to stand for election in 2024 and then run for two more terms, each spanning a six year period. These constitutional amendments were to be submitted for the approval of the public on April 22, but were suspended due to COVID-19 precautions. Because the opposition has no chance to succeed in Russia, the referendum is only a perfunctory. This will allow Putin, who has been leading the country for 20 years, to maintain Russia’s status as a great power and also prevent any socio-economic instabilities that might crop up during the transition period to a new leader. The constitutional referendum was rescheduled to be held from 25 June to 1 July 2020. As foreseen, official results, nearly 79% of valid votes supported the changes to the constitution (Higgins, 2020). According to Konstantin Remchukov, editor-in-chief of *Nezavisimaya Gazeta*, constitutional changes brought an end to the opposition’s political line, which was called transition. The Kremlin does not need traditional, official Duma parties any longer (Heilbrunn, 2020). On the other hand, confidence to Putin is dropping. Speaking of ratings, the Levada Center indicates that public confidence in Putin has dropped to 25 percent (Reevel, 2020). Two-thirds of Russians expect economic conditions will worsen. In this context, it is indeed paradoxical that people vote for Putin.

The transfer of some of the Presidential authority to the Parliament (Duma) by the constitutional amendments that Putin put forth, at first sight, seem to negate the allegations raised in the West that Russia is a dictatorship. Constitutional amendments bring restrictions and balances to various executive organs and at the same time, bring new regulations for appointing members of government, especially those related to the economy, and new arrangements regarding the issue of authority to make decisions related to the Duma and the president's security and foreign policy. It is rumored that Putin has offered the vice-presidency of the State Council to Medvedev, who is known to be Western oriented—"an Atlanticist" as a Russian jargon suggests. In the Russian finance sector, there are also the Western siding people who are seen as the fifth column of the West. The Duma now has more authority and they will appoint the prime minister and the cabinet, but the final decision is still the president's. To avoid the possibility of Russians who live abroad becoming the president, the prerequisite of having resided in Russia for a certain length of time has been introduced. Putin desires a system where the Parliament is more than a mere presidency system.

Primarily, Putin has become aware of his boundaries and realizes that he cannot keep his position forever. The average human life in Russia is 68 years and Putin is 67 years old. If he fulfills his mission, he will be 83. Support for Putin has decreased from 77% in 2018 to 70% in 2020. As Russia enters this new era, Putin will still have authority, some of which he will share with the Parliament. We do not know whether Putin's health will allow him to carry on until 2036, but the elite group who share unity of interest with Putin will maintain their position for that period and they might prepare an alternative for themselves. However, economic hardships might change everything. Putin seems to be able to manage the transition of Russian leadership that will occur sooner or later. The new Putin has given up his Presidential power in favor of Parliament. Now he wants to follow Obama's model of foreign policy, a "directing from behind" strategy, in his country (Korybko, 2020). In other words, this might be "taking advantage of invisible hand in charge". Thus, he can no longer be held accountable for failures such as COVID-19.

Today's Russia

Russia today has to cope with many intertwined; Russia invaded Donbass and Crym in the Ukraine, came to a dead-end with Turkey in Idlib, and is exposed to US sanctions while her energy income is on the decline. Currently Russia is playing the corona virus "aid-game" with other countries while she herself is one of the countries most severely affected by the corona virus pandemic. As a result, Putin has been forced to put off the constitution referendum. Confronted with unforeseen hardships, Putin's competence in crisis management will undergo a difficult test. Putin's next 12 years will be a troublesome period of economic and demographic crises. Social expenditures will increase while the working population diminishes extensively. Her hydrocarbon energy production will decrease considerably over the next 15 years. Russia spends a huge amount of her national income on military expenditures. Despite diminishing income, Russia has to feed a huge population and display a powerful military potency at the same time. To provide a balance between the economy and national defense is difficult, especially when the petroleum business is at a deadlock. Moreover, there are 400 billion dollars worth of National Development Projects waiting to be financed for the improvement of the country.

A third of the Russian budget is provided by energy exportation. Now the Russian government has to reduce its budget for company recoveries, unemployment payments, emergency health expenditures, and other complimentary expense items. This case will cause cracks not only at the Russian social and economic order,

but also within the deep state (Sestanovich, 2020). The security units and armed forces will change their priorities. For example, while the procurement plan of the army is diminishing, there will be a decrease in manpower and operations.

The pandemic crisis may bring about some alterations in the deep state. During the Chechnya Crisis, when he was a retired intelligence officer, Putin became an instant success and superseded Yeltsin in a short time. In 2024 Putin might not stand for candidacy and even if he becomes the president, it is assumed that he might have already made a deal with the deep state, just like he once did to oust Yeltsin. Giving a guarantee to conceal Yeltsin's misuse of authority cleared Putin's path.

Now that Putin has delivered his decision to the prime minister, he will try to re-spin the wheels of the economy with a new directive on May 11th even though the corona virus pandemic still exists. In short, he did not let the prime minister make the decision.

According to the news in the Russian press, the health, education, and retirement policies of the government were criticized by the conservative and pro-monarchy sided television channel, Tsargrad TV, which supports the Russian Head of State Vladimir Putin. The presenter Yuri Pronko announced that "none of the reforms had been successful in recent years based on the 'fatal figures' acquired by the Russian health system". Pronko added that the lyceum and university entrance examinations given in Russia and the continuous changes of the contents were unable to stimulate the students for critical thinking. He also said that the Minister of Finance, Anton Siluanov, signed an embarrassing pension reform by cheating. The presenter declared that as a result of the policies in the medical system, referred to as "the retired reformation", within the last three years, the number of the medical personnel in Russia dropped by 42%. This figure indicates that one of every two people in the health sector has been dismissed. Pronko said that, even in Moscow, these incompetent reformists were obliged to retrieve all those they rejected only yesterday under the pretext of reformation. Not even one reform pioneered by Anayoli Çubays, who turned Russia "into the Capitalism of the thieves", has been successful (Uçan, 2020).

There are two parties in Duma: the Communist Party and the Liberal Democratic Party. The Kremlin is now designing new parties: the Direct Democracy Party and the Actuality Targeting Movement. Although these may focus on definite issues, they do not make up a real opposition. Putin replaced the Prime Minister Dmitri Medvedev with Mikhail Mishustin, whose economic performance was better during the 2015-2017 financial crises. Now, due to COVID-19, the Russian administration is going through a new test. It is high time for Putin to tell a new story through the press in order to conceal the economic complications and to initiate a new administrative understanding without losing his control of power. The Kremlin media is now busy bombarding the public to enhance the popularity of the authority and arranging a new campaign to suppress the feeble opposition. Following the constitutional referendum in 2020, there are elections of Duma in 2021, and the election of the president in 2024. For 20 years, Putin has been running his own democracy by diminishing the power of the opposition.

Russian Energy Option Is Becoming Invalid

It is not enough for a country to have petroleum or natural gas. Other countries may also have petroleum, but at what depth? Is it economically feasible to try to extract that oil? In Russia, it costs 17 dollars to bring up a barrel of oil. In Saudi Arabia, the cost is 7-8 dollars and in Norway they drill in the middle of the sea for 50 dollars. Besides drilling it is necessary to build a pipe-line or another way of transportation system, which has operational as well as security costs. Moreover, customers have to be found for the oil and companies have to

compete with other sellers. Barzani, for example, who confiscated the Kirkuk petroleum in the north of Iraq, cannot find any customer other than Israel and he can sell it only through Turkey. The sale of oil and natural gas in the European Union occurs on the free market, through online trading platforms, where there is no monopoly. You lay the pipe line, bring your product, and compete with the other producers regarding its price. Therefore, when the unit price (mmbtu) of natural gas is 3 dollars in Europe, Turkey purchases the natural gas in Thrace, from Russia for 4-5 dollars with long term agreements. Nowadays, in the Eastern Mediterranean where a gas-search fight is being carried on, even if natural gas is extracted, it will cost 5.5-6 dollars (apart from transportation).

Petroleum must be sold for at least 42 dollars to balance the Russian budget. The annual energy income of Russia is around 300 billion dollars. Russia earns more from natural gas than oil. The share of energy income was approximately 67-68% and in the last 10 years the Russians have been working hard to revitalize other sectors. The economic sanctions implemented by the USA, contrary to the expectations, gave rise to non-energy sectors and to the development of relations with Germany in the fields of technology and chemistry. Recently, the share of energy has dropped to 61%. In Russia, there are particularly three important non-energy sectors that provide income through exportation:

- Arms industry (S-400, SU-24 war planes, etc.),
- Information Technology (IT) (Yandex, Sputnik News, etc.),
- Agriculture (corn, wheat, sunflower oil and other products sold even to Turkey).

Reserves with a low cost of extraction are coming to an end now, so it is necessary to invest in regions where no drilling has been done previously and widen the reserve areas. It is neither an easy nor an inexpensive activity. To begin with, the Russian energy sector is not efficient enough; the technology they employ will rather raise the base cost. A powerful energy market requires funds that can exploit new and expensive reserves. Once Moscow was a candidate country which could meet the escalating petroleum needs of China, but now she misses the good old days.

The International Energy Agency (IEA) expects global demand for oil to drop as of 2025, according to Reuters. This is due to an expected increase in the number of electrified vehicles while fuel efficiency will also increase, according to the IEA, which predicts that 330 million electrified cars will be on the roads by 2040 (Bergquist, 2019). That will hit Russia hard, so officials of the Russian Ministry of Energy fear a decline in Russian oil production of up to 40 percent during the next 15 years if the country does not implement more efficient technology. The bright days of Russia's energy market and immense profits will come to an end. The global demand for fossil fuels is likely to be non-existent after 2040.

Russia currently competes with the US and Saudi Arabia for the title of world's largest crude producer. Although it has set new post-Soviet records, a decline in output in West Siberia, a key producing region, has forced the country to seek an innovative approach to boost oil recovery. Without new technology and state tax incentives, Russia's crude output risks dropping 40 percent over the next 15 years to about 6.8 m barrels a day in 2035, according to energy ministry forecasts. West Siberia, which accounts for more than half the country's crude, has seen output slide 10 percent over the past decade because of depleted conventional reserves and rising water levels (Astrasheuskava, 2019). "The quality of reserves in the country is getting worse. Costs of per-ton production, fighting water levels and drilling have gone up, while average output per well is declining", says Andrey Tereshok, deputy department head at the energy ministry. "That is why developing hard-to-extract reserves and stimulating production from them is one of the main topics for the ministry, it is a priority".

Russia's Projected Oil Production and Cost of Extraction

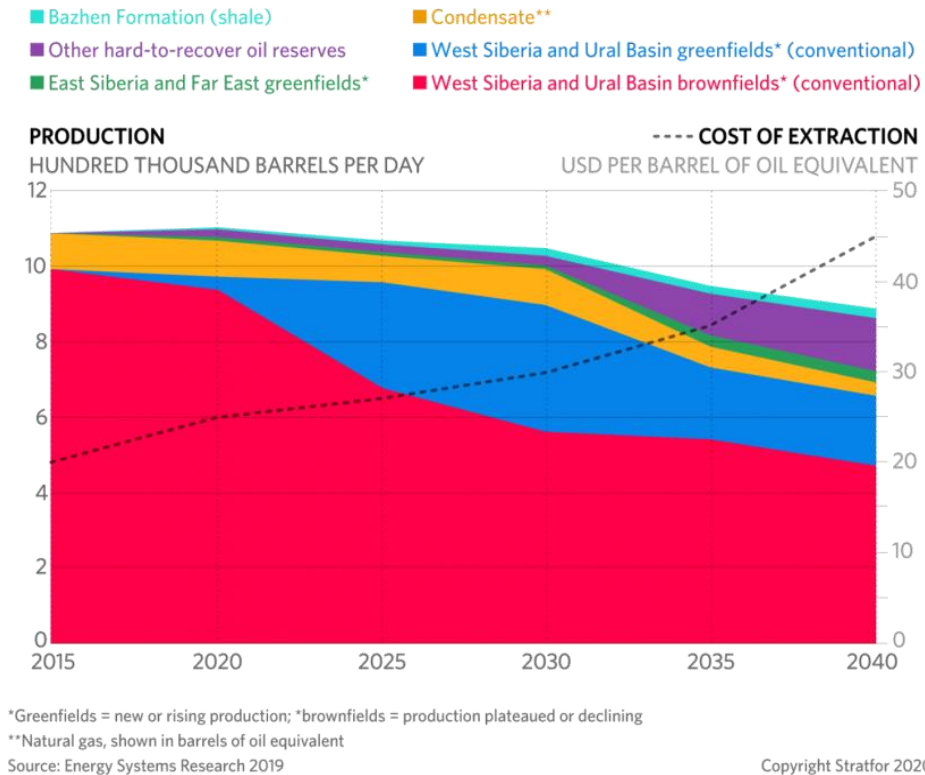


Figure 2. Predicted oil production and drilling expenses in Russia.

Due to climate and geology, Russia's oil wells are less flexible than Saudi ones: They cannot simply be turned off today and then back on again tomorrow. Decreasing output in Russia would risk damaging wells and losing some fields for years, if not forever (Yaff, 2020). Extraction costs will increase in the 10 to 20 years to come since Russia will be obliged to exploit more difficult areas in order to maintain the present export levels.

Along with the inadequate Russian petroleum sector, the distance from the remaining reserves and the potential lapses anticipated in the demand for oil in the future is not good news for Russia, whose economy depends on petroleum. Russia is already in trouble with the sanctions imposed by the U.S. because of the Ukraine. Russia, as a country with a dynamic and assertive foreign policy agenda, will not be able to withstand the shortage of money. Due to the Communist heritage, the liberal economy has been unable to reach the level to ensure the germination of the desired diversity and competition. What could this country offer to sell apart from the petroleum and natural gas already available and arms, the inheritance of the Cold War? What other sectors could be created? For 20 years Putin has been unable to find an answer to these questions. They have not even built a highway to Syberia.

It was the reserves in Western Syberia that revived the Russian economy in the mid 2000s. When the global demand for oil was on the rise, the Russians were extracting cheap petroleum in Western Siberia. 15 years later, stagnation and regression began in these reserves. New zones have to be put into operation by 2030, but they will be costly. Where will these new zones be located? They can be described in two main categories (Endofdays, 2020):

(1) The reserves that are difficult to extract: Khazarian (Caspian), the Black Sea, the Arctic region, and the Eastern Syberia regions. The reserves here would require huge investments and considerable tax cuts. Moreover, the Arctic region is still subject to the Western sanctions.

(2) Shale oil reserves: These are found widely in Russia, especially in the Bazhenov and Domanic regions. However, the Russians do not have the instrumentation to extract shale oil and cannot extract effectively due to the sanctions. They can extract only 15 thousand barrels at ticket price per day.

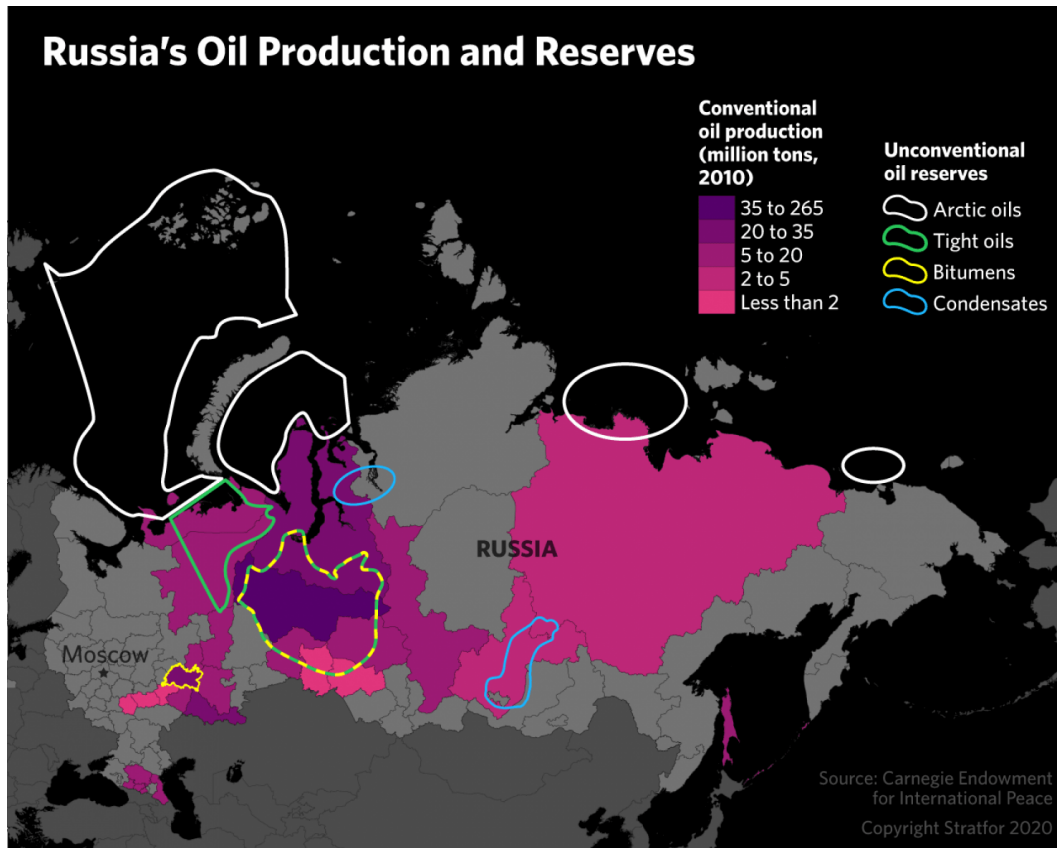


Figure 3. Russian petroleum reserves and production regions. Source: Endofdays, "The Golden Age of Russian Oil Nears an End", *Stratfor* (April 16, 2020).

Following a strong start with annual growth rates above 10% between 1960 and 1980, gas production levels began to even out in the mid 1990s and then declined as of 2010. This downward trend resulted from decreasing production at the three super-giant gas fields of Urogenoy, Yamburg, and Medveze. Originally developed by Gazprom, these fields have since reached maturity (Locatelli, 2017).

New zones for possible development include gas fields in the Yamal peninsula (Bovanenkovo), satellites of the Nadym-Pur-Taz region, Eastern Siberia (Chayandinskoye and Kovyktinskoye), and certain border-areas (the Shtokman and Sakhalin offshore fields). Later, other projects are also envisaged for the development of fields in the Kara Sea (Leningradskoye and Rusanovskoye).

As all of these zones cannot be developed simultaneously, the Russian gas industry must select which zones to give priority to. According to Gazprom, production in the Yamal peninsula and Eastern Siberia could represent more than 20% of the company's total production in 2020 and more than 50% by 2030 (Table 1).

Table 1

Gazprom Production Prospects (in BCM)

Year	2010	2020	2030 baseline scenario	2030 upper limit scenario
Production of fields in operation	510	380	150	150
New fields of Nadym-Pur-Taz		45	110	110
Yamal projects		100	250	290
Eastern Siberia and the Russian Far East		20	70	70
Shtokman		0	45	70
Total	510	545	625	690

Source: "Russian and Chinese Energy Relationships Heat Up", *Gas Matters*, April 2013.

Russia is not very optimistic about the transition to these new reserve regions. In accordance with the Energy Strategy in 2035, the optimistic scenario is that petroleum production will not change while the pessimistic scenario is that production may diminish by 12-40%. Even if production capacity does not change, expenditures are predicted to go up extremely. The new reserve areas such as Eastern Siberia are far away from the highly populated regions like Moscow.

One of the constraints of the Russian energy sector is not having good equipment, as a result of which expenses rise. The hardships do not end with this.

- The refinery network is inefficient and poorly integrated; accordingly, the refined products (that is, the processed ones) are more profitable. Considering the environmental protection and efficiency factors, European countries prefer to export the refined products themselves.

- The lack of trustworthy financial institutions in Russia is the outcome of being continuously robbed—by the Alfa group, for example. As a result of this, oil prices fluctuate and the dollar-based system becomes more fragile.

- International sanctions impede Russia's importing advanced petroleum extraction technology at a rate of 99%. Even if they could find other ways to obtain this technology, they would still need international support to improve extraction. In brief, the sanctions of the West prevent Russia from opening new oil-wells in potential areas.

- There is a lack of competition in the Russian oil market, and the Russian oil producers have got the licence for 95.7% of the country's proven oil reserves and 88% of the estimated total reserves (Endofdays, 2020). Nowadays, these companies are trying to open up abroad. While Lukoil took a huge risk in Iraq, Rosneft is in search of a market in South Asia. Not being able to produce the oil cheaply is a setback for these companies due to the issue of innovations. Furthermore, smaller producers do not have the freedom to experiment. Even if Gazprom, Neft, and Bazhenov start to work on shale oil production, the process will take decades.

Europe still imports 30% of its oil and 40% of its natural gas from Russia. Europe and Russia have achieved a stable relationship in the energy business and need each other. However, the consumption of oil in Europe has reached the saturation point, as a result of which their consumption will not increase. This means that keeping the Russian energy market strong by using the expensive reserves in Eastern Siberia depends on Russia's turning towards Asia, and particularly to China. Russia already provides 15% of the petroleum consumption of China, which will grow slowly as China dispenses with using coal. However, the Russian-Chinese relationship is full of political tensions. China's demand for a greater share in the Arctic region and in central Asia means that the

economic competition will continue. Their energy relationship is important for both countries and they would not want to lose this because of unimportant political issues.

The risk of the US shale gas to show up in Europe may strike a major blow to the energy income of Russia. That is why the US has blocked the North Stream 2 Project of Russia. The US coveted replacing Russian shale gas with its own in Europe but was unable to compete due to \$45 cost and that is why the USA urged Russia and Saudi Arabia not to drop their prices while they were fighting about the price of oil. The USA is also trying to take away the Indian and Belarus energy markets from Russia. To sum up, the energy issue is being used as a weapon between the two countries.

The energy issues of Russia and her budget are seriously impacted by the global oil market. For instance, the excessive drop in the demand for and the price of oil per barrel, because of COVID-19, had a considerable effect on Russia. The decline in the price of petroleum to \$20 had a negative impact of 10 dollars per barrel on the budget. Besides the budget problem, the most urgent issue is to modernize the Russian economy. Being dependent only on selling energy and arms causes economic vulnerability. In recent years, steps have been taken for economic modernization. Following the Norwegian, Australian, and Canadian models, Russia is trying to promote producers with less state control. Putin is aware of the fact that oil income is related to cost, but such an operation might result in a worse situation. The model countries mentioned above have smaller populations, so small companies can survive in a competitive environment.

Russian Foreign Policy

Putin seems to be making a surprise leap forward by taking a step backwards from the authoritative regime while trying to find a solution to the reality of irresponsibility and lack of institutionality in his own back yard. Putin's new constitution has not been set up to bring democracy, a powerful opposition and freedom of media. If Putin stays as the president of the country by means of the latest constitutional amendments, he will either play to save the day by addressing short term issues or find remedial solutions to the country's financial problems in the long term. He may be forced to transform Russia's standing against foreign loans. To Putin's way of thinking, the old constitution was legislated by American bureaucrats during the Yeltsin term, so it was not compatible with the factual basis of the Russian public, who are ashamed of being ridiculed by Europe. In Russia an Atatürk, Churchill, or Roosevelt is not likely to come to the rescue. In recent decades, the Russians learned about election engineering and exercised it first in the US elections and then in Latin America and Europe. Unless the Russians overcome the fear and distrust in their roots and start believing in pluralism and freedom, they will remain the same old "Bear" that they have always been. Whatever policy they choose, the bells toll for Russian petroleum and they still have to solve all the difficulties in question.

There are risks awaiting Putin in the short as well as the long term (Beebe, 2020):

- To begin with, Putin can no longer keep Turkey, with whom he experienced a hostile encounter in Idlib only a few months ago, as an ally. Both Ankara and Moscow found a playground for themselves (in Syria, Idlib), provided that the game has nothing to do with the Turkic World, despite fast-flowing developments.
- Coronavirus showed Russia how delicate the country's health system is and how dependent its economy is on energy sales. Both Russia and Saudi Arabia came out on the losing side in the clash over oil prices. The North Stream 2 Project sanctions of the USA are also beating the Russians.

Agreements made with Putin are not trustworthy because there is nothing to limit his power and everything could change at any time. He is so uncertain that when a foreign statesman at a negotiation table states that "There

are some restrictions”, and Putin thinks he is being deceived. What Putin will do in the coming 12 years is a matter for anticipation (Tack, 2020).

- While Russian conventional military power declines, Putin will give priority to the nuclear ability and deterrent forces. He will maintain his relations with the allies that he chooses one by one through military and financial aid.
- To reorient the economy dependent on the sales of energy, he will put more emphasis on the capabilities of high technology and promote quantum computing as well as the utilization of artificial intelligence in state institutions.
- Putin's escalation continues and the surrogate powered clashes in Ukraine, Iran, and Syria will be carried out.

Russia is going after new geopolitical adjustments in the Middle East; by equally supporting the conflicting parties, he seems to be a stability provider (Rabil, 2020). As American power decreases, the world is sliding down to multi-polar order. In this conflict, Russia and China are vying with the hard and soft power of America in the Middle East. The listlessness and miscalculation of the US, as far as Putin's allies are concerned in a way provide assistance to Russia. The Turkey-YPG/PKK, Saudi-Qatar, Qatar-BAE, Turkey-Egypt, Algeria-Morocco, Israel-Jordan and Lebanon-Israel conflicts are smoothed over through US diplomacy. The short-sightedness that commenced during the Bush term has continued with Obama and Trump, who incessantly followed wrong policies because they were unable to understand the challenges, the historical misunderstandings, and national security concerns in the Middle East, where the situation is as follows:

- Russia built a bridgehead in Syria, trying to protect Esad on one hand and the Kurds on the other. Turkey was forced to turn to Russia due to the misguided policies of the US.
- Lebanon invited the Russian Rosneft to revitalize her energy sector. Thus, Lebanon wanted to prevent the surrogate power that would come from Syria and Iran with the help of the Russians.
- Egypt also chose Russia as an ally when she was disturbed by the intervention of Turkey in Syria and Libya and underwent a joint military exercise with the Russians in November 2019.
- Israel built military bases at the Syrian border by making an agreement with Russia against the operations of Hezbollah in Syria.
- The Arab countries in the Gulf chose to develop socio-economic relations with Russia. They have the idea of balancing Iranian-Russian strategic cooperation.
- Oman, Kuwait, and Iraq are getting relatively closer to Russia while distancing themselves from the USA.

All eyes and ears in the Middle East are shut to Trump's management strategies for Iran although he wants maximum coercion. Russia fills the gap made by the US as she infantilizes the Middle East countries.

Western Perspective of Russia

The Western think-tanks beat their brain on how they will chase Russia, or how they will destroy her. The popular strategy is that, just like in the Cold War, they take Russia under control and apply sanctions, expecting Russia's economic resources to be totally used up (Dobbins et al., 2019). The CIA and its extension RAND assert that Russia's weakest point is her economy and the need for energy exportation. To this end, first of all, the energy dependency of Europe on Russia will be stopped. The second precaution is to encourage a brain drain of young Russians by offering them a better education in the Western World. The next is to prevent the sale of Russian goods using negative propaganda. Geopolitically, the Ukraine is the weak point of Russia, and

NATO's threat will force Russia to increase her defense budget. The USA, on the other hand, is investing in strategic bombardment planes and long-range missile to threaten Russia. Therefore, the US is pulling out of missile agreements one by one. RAND's assumption is that the Russian sources are limited and the idea is to confront them with the scenarios that they would not like to venture into.

Russia has been exposed to the economic sanctions of the US and other countries for many years. The Russians are trying to overcome the sanctions using the corona virus pandemic as an advantage. For instance, Aventa-M ventilators are produced in a factory in the Ural Mountains, which has been under U.S. sanctions since 2014. It is said that 80% of the respiratory ventilators sent by the Russians to Italy and other European countries were either small or impractical. The terms that the US puts forth to the Russians for lifting the sanctions are as follows (Lamond, 2020):

- Russia's withdrawal from Crimea and East Ukraine: During the Minsk negotiations, an agreement was reached to meet these requirements. A cease fire and supervision by the OSCE of the withdrawal of Russians were stipulated. The Ukraine would return to its original boundaries, hold local elections, and implement the new arrangements in the administrative zone.
- Russia's putting an end to the usage of chemical weapons: The Russians have not yet met the terms to relieve the sanctions that were imposed on them following the assassination of the opponent Sergei Skripal in England, Salisbury. The Russians are asked to permit an international inspection on the particular issue and undertake a compensation for the Salisbury victims.
- Putting an end to Russian interference in Western democracies: The intervention in the USA elections will bring additional sanctions.

NATO is getting tougher towards Russia. Since the Ukraine crisis, the bells toll for the Russians. All plans and exercises are targeted towards her. Despite COVID-19, the biggest military exercise of the last 25 years (Defender Europe-2020) was implemented. The number of American soldiers in Europe is over 20 thousand and it is on the rise. New military exercises are on the way. Poland and the Baltic countries are cautiously watching the nearby Kaliningrad region, where there are Russian missiles (Alexander rockets and S-400 missile systems) together with submarines. NATO spy aircraft swept over Kaliningrad more than 800 times in 2019 (Antonopoulos, 2020). The US is setting up an air defense system in the region. Western media perceives the Russians as "aggressive", but the Russians may wake up one day having lost Kaliningrad.

The US venture into Syria commenced when a civil war was designed along with Turkey and Qatar to topple the Esad regime. It is clear that nothing will come of this civil war and each country expects to carve out a piece of Syria for itself. To this end, the USA chose the Kurds under the pretext of combating ISIS. The US realizes that she cannot remain in North Syria despite Turkey's opposition. The US appears to be controlling the oil wells but is in fact chasing after other accounts in the Deyrizor region close to the Syrian-Iraqi border. This region will be the base of the proxy power for the Iranian scenarios and will be exploited together with certain regions in Iraq. Staying in Syria, the US also plans to make Syria uninhabitable for the Russians. On the issue of playing against Esad, the US seems to have entered the same path as Turkey. First of all, new sanctions are being brought to Damascus. All kinds of restrictive decisions against Syria, especially in sectors such as finance, construction, oil, banking, and agriculture, have been taken. Many products, including oil, are imported to Syria from Iran.

Turkey's intervention in Syria and Libya came to a deadlock because of Russian political interests. While defending the Esad regime, Russia still makes agreements with Israel against Syria. Russia, on one hand, allows

Israel to bomb Syria and on the other provides S-300 to Esad. Russia still maintains her position as an ally of Turkey, who is obsessed with toppling the Esad regime, while both Turkey and Russia have recently come close to fighting each other in Idlib. Russia is also extra cautious to sustain her activities without getting into a conflict with the US.

We have observed that Turkey was pulling away from Russia before the Idlib conflict and is taking with the US once more. In an interview at the Hudson Institute, James Jeffrey, the US Special Representative for Syria, declared that they were targeting Russia in Syria and Libya. Turkey has suspended the program to activate the S-400 because of the corona virus pandemic. The recent announcement that Turkey plans to join the European Union is a sign of turning her face to the West again.

Conclusion

The new constitutional amendments in Russia do not bring democracy and her agenda does not include that anyway. The Russian leaders believe that democracy is too dangerous and risky to their ability to maintain their governmental powers. Some German leaders have remained in power for long periods despite a sound democracy and the existence of a strong opposition. For example, Konrad Adenauer (14 years), Helmut Kohl (16 years), and Angela Merkel (15 years) were long-lasting heads of state. In Turkey, during the multi-party terms, Süleyman Demirel (17 years) was another example. The modern leaders in Finland and Iceland have also stayed in power for more than 20 years. The human typology of the Soviet Union has not changed. The Russian people have not even absorbed the concept of "ownership", let alone perceived the freedom of media. As these people have no drive to own property and no drive to be rich, they have very poor motives for business management and entrepreneurialism. The Russians mostly refrain from working. Russia did not disintegrate either at the end of the Czar period nor when the Soviet Union collapsed. Today the republics and autonomous regions that constitute Russia are not ready to separate from Russia. Their regional economies are so interconnected with each other that it is difficult for them to dissolve their relationships.

More importantly, the current rulers who administer Russia are around 60 to 70 years old and they are the final members of the Soviet period. This generation has dwindled and there is a search going on for a new generation of candidates to administer the country. More clearly, Putin is in search of new people that will conform to the regime. He desires to try paving the way for these new people to be administrators. The Russian administration is willing to hand the future over to a new and modern management. As it used to be said about the old Turks, Putin is the person of the system selected by the elite, which consists of security-army-intelligence-business people. So long as this goes on, he does not need to bother about constitutional guarantees. Finally, it should be mentioned that as long as inequality, starvation, climate problems, child labor, homelessness, immigration (all of which are produced by the capitalist order) continue, Russia will maintain its role as an assurer. The only reason for us to be optimistic about Russia is that the US is in worse condition.

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