"The Mystery of Vladimir Putin's Dissertation"

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Igor Danchenko:

Good morning. I will start with a brief introduction and then turn to a discussion of the dissertation itself.

In recent years, the Russian economy has experienced an upturn. This trend can potentially be reversed, however. It depends heavily on the production and export of Russia's mineral resources, primarily oil. The prices of these commodities are factors that are not permanent. They're often beyond the producing country's control. As Russia recaptures its status as a major energy exporter status and a great power, its leadership is faced with the dilemma of how to make that status sustainable, in other words, how to ensure the continued flow of revenues from the resource sector and how to multiply it in the long term.

Sustainability demands strategic decision-making in a number of areas from regulating the oil industry itself to managing it in "harmony" with other industries to create effective governance and legislation, and within the industry, to ensure the replacement of the reserves of these resources in strictly geological terms. A sound and adequate strategy has the potential to ensure sustainable resource-driven development.

In the research that we are doing here at Brookings on the Russian oil industry, one particular work attracted our interest. In 1996, Vladimir Putin devoted his dissertation for the graduate degree of *kandidat ekonomicheskikh nauk* to the topic of strategic planning in the resource sector. We were surprised to discover that Putin's dissertation hardly registered in references in Russian literature on resources. Moreover, we ran across numerous accounts of the alleged inaccessibility of the text of the dissertation, which only added to the overall mystery of the topic.

The Vladimir Putin that emerges from the much of the work done by journalists, researchers, and scholars is already something of the proverbial "riddle wrapped in a mystery inside an enigma." The dissertation has become one of many manifestations of this enigma. To unravel the mystery, we sought to examine the full text of Vladimir Putin's dissertation, including its sources, and explore its significance for understanding President Putin and his governance style.

Let us first look at the time during which Putin writes his dissertation. Vladimir Putin's KGB career had officially ended as he resigned from the organization in August 1991 during the Soviet putsch. At the time he was already working in the Leningrad city administration as deputy to Mayor Anatoly Sobchak. After five years of work for the city, Putin's career was disrupted by Sobchak's loss in the city elections. Always loyal to his boss, Putin vacated the office soon thereafter. He remained unemployed for a brief period of time and then moved to take a position in the Presidential Administration in Moscow.

Meanwhile, in 1996, right around the time of elections in St. Petersburg, Putin manages to write and defend a dissertation. It may not seem surprising that Putin decided to earn a degree in economics. He may have wanted to improve his CV and have more credibility as an economist and a reformer, since he probably knew his career would continue in the capital. After all, it is a typical practice in Russia for government officials to earn second and third degrees.

Initially, Vladimir Putin had planned to go into law practice and write a doctoral dissertation on international trade law at his alma mater, Leningrad State University. However, according to some accounts, his acquaintance with Vladimir Litvinenko, the director of the Mining Institute in St. Petersburg, played a crucial role in his final choice of dissertation topic.

So suddenly, Putin turns around and writes a dissertation on the subject of "Strategic Planning of the Reproduction of the Mineral Resource Base of a Region under Conditions of the Formation of Market Relations" and takes his own St. Petersburg and Leningrad region as a case study. His advisor, Litvinenko, stayed close to his prospective student. He served as campaign manager for Vladimir Putin in the presidential elections in the City of St. Petersburg in 2000 and 2004. Litvinenko is also said to have served as an informal advisor on mineral resource policies to the president. We will return to Vladimir Litvinenko later in this presentation.

So, Clifford Gaddy and I were determined to find Vladimir Putin's dissertation.

It was a well documented fact that Putin wrote a dissertation. He defended it at the St. Petersburg Mining Institute and was awarded a degree of candidate of economic science, considered sometimes to be roughly the equivalent of a Western Ph.D.

Although Putin has on various occasions publically stated he has a degree in economics, he has never, as far as we know, referenced or cited his own dissertation, even in his interview-autobiography from the year 2000, *First Person*. Rather, he seems to evade questions about it. He has even implicitly denied his close relationship with Litvinenko. In one instance in September 2005, during president's TV dialogue with the nation, he, for some reason, contradicted himself by saying, on the one hand, that he was very familiar with the Mining Institute, while on the other hand, making a mistake (probably deliberate) in the patronymic of Mr. Litvinenko's name. (There might be a policy disagreement or even a personal dispute between Putin and Litvinenko over the new subsoil legislation, but this is not documented.)

Having read many Russian and Western works on Vladimir Putin and other sources, we find that with respect to the dissertation, scholars can be divided into three major groups. First, there are those who didn't know about the dissertation or for some reason ignored it. Second, there are those who dismissed its relevance and significance for their research. And, third, there are those who studied an article on Russian mineral resources policy written by Putin in 1999 and made the assumption that it recapped the essential points of the dissertation — which is not true. We suggest that one thing that all of these scholars have in common is that none of them read the full text of the dissertation.

Now, was the dissertation accessible? Here are a few quotes to illustrate the contradictory nature of statements on this issue. David Hoffman wrote in the *Washington Post* in 2000 that the Mining Institute refused to show Putin's thesis to a reporter (presumably Hoffman himself). And as late as March 2004, Fritjof Meier asserted in *Der Spiegel* that Putin's dissertation is not accessible to an "average mortal."

By contrast, Victor Fyodorov, the director of the Russian State Library, said in an interview in *Izvestiya* in 2003: "We have the dissertation in our electronic database." And then in April 2005, Vladimir Litvinenko noted in one of his interviews that the work of the head of state was "open to everyone."

There was even confusion about what document we needed to look for. This might sound confusing. Is there one version or two? Some accounts date the dissertation to 1996, others to 1997. Or is one of the documents some kind of abstract of the dissertation, a summary of the dissertation? Is are people confusing the dissertation with Putin's nine-page article entitled "Mineral Resources in the Development Strategy of the Russian Economy," published in *Zapiski Gornogo Instituta* [Transactions of the Mining Institute] in 1999?

We assumed that there is a dissertation and remained determined to find the actual document. Following the advice of the director of the Russian State Library (who, you recall, said that it's in their electronic database), we went to the library in Moscow and indeed were able to check out a copy of Putin's dissertation — a 218-page document filed in the library dissertation catalogue in 2002 in the sub-category of "Economics and Economic Governance." We scanned and downloaded it at the library and now have it in a PDF version. Here [slide 1] is the cover page with Putin's signature and the full title again: "Strategic Planning of the Reproduction of the Mineral Resource Base of a Region under Conditions of the Formation of Market Relations."

Let's move on to the contents of the dissertation. As you see from the table of contents [slide 2], it follows a typical thesis structure of an introduction, three chapters, a conclusion, a bibliography, and appendices. The first chapter is on the geopolitics of the Leningrad region. The second chapter deals with strategic planning and the reproduction of the mineral resources or reserve replacement. The third chapter deals with the development of infrastructure in the Leningrad region, and conclusions follow. The topic seems quite boring … three chapters, a lengthy dissertation.... Maybe it's not worth reading? Why did we study the dissertation?

We studied it to answer several important questions. First, the institution. Why did Putin choose the Mining Institute of all other places and not, for example, his own Leningrad State University, to write and defend the dissertation? Second, why did he choose this obscure topic of mineral resources in the Leningrad region, something you may think is irrelevant to his role as deputy mayor? And finally, how consistent is the dissertation with the views that he later was to express as Russia's leader? To find this out, we structured our research as follows. We looked at milestones in his life in St. Petersburg, his earlier life, and of course his life in Moscow, and we asked how they were relevant to the dissertation. Then we looked at challenges and lessons in the context of Putin's views as expressed in the dissertation.

There's one important aspect of Putin's learning process that has become the leitmotif of stories about his childhood but is rarely projected onto his professional life. This is that he always remembers his challenges — and especially his failures — and always draws lessons. He is patient and persistent in his attempts, and when he understands the ineffectiveness of his actions, or when he fails, he makes sure never to repeat the mistake. In light of this observation and in the context of the dissertation, we single out a few major events that were a challenge to Putin and resulted in his initial failures to adequately counter them, and then I emphasize the lessons that he learned from his experiences. Moreover, we argue that these challenges and failures — many of them documented in *First Person* — set a foundation for Putin's dissertation, and subsequently translated into his state policies.

Now let's look at the actual challenges and failures.

The first event that had a very significant impact on Putin was the 400-day blockade of Leningrad in 1941-1944 that left millions of people starving, freezing, and dying in the besieged city. Every Leningrad family was deeply scarred by that terrible time, and the Putins were no exception. Putin's older brother didn't survive the blockade. Vladimir, born soon after the war, knew everything about the sufferings of his family and all the fellow citizens. He understood that had there been enough food in the city, his brother would have survived. So, young Putin realized the vulnerability of cities and the dangers that food shortages can pose. Thus, for him, and for all Leningraders, the notion of food security became an essential element of functioning of their native city.

The test of how well Putin learned the lesson of basic food security came unexpectedly with the breakup of the Soviet Union. Links between the countryside and cities that had been maintained in the Soviet command economy failed. Collective farms kept food for themselves, depriving industrial and administrative centers of supplies they had grown accustomed to in the post-war decades. Russia's large cities, especially Moscow and Saint Petersburg, found themselves on the brink of hunger in the winter of 1991-1992. The weakened and failing state couldn't help.

Inflation destroyed the purchasing power of the Soviet ruble, and low commodity prices could not generate sufficient hard currency receipts. The only option left for cities was to purchase food abroad through barter schemes, and the only real currency they could trade with was natural resources. Cities had to secure shipments of food from the West against delivery of various natural resources from other territories of Russia.

In Moscow, Yury Luzhkov, a deputy mayor at the time, struck a deal with Gazprom to assist Moscow in purchasing food for the city during the first post-Soviet winter. Gazprom sold gas to Central Europe in exchange for basic foods: Moscow received 600,000 tons of potatoes and 100,000 tons of apples and onions in exchange for 1.5 billion cubic meters of natural gas in a deal negotiated between Luzhkov and Polish deputy prime minister Leszek Balcerowicz.

In Leningrad, Putin, then a member of the City's Committee on Foreign Relations, was assigned to negotiate similar resources-for-food agreements. He assigned several private trading companies to facilitate the barter schemes, because the city lacked its own independent mechanisms to execute them. In other words, he delegated authority to the emerging private sector....

To make the story short, Putin's scheme failed. The deals for the most part fell through because companies never fulfilled their obligations, delivering only a fraction of the initially agreed quantities of food. Luckily, the winter was not a severe one, and household food stocks, a traditional, almost instinctive, survival mechanism, helped to relieve the shortages.

This early experience and failure in his public career taught Putin two lessons. First, in addition to reinforcing his belief in the importance of food security and essential survival, Putin realized that the ultimate currency that a Russian official can have at his disposal is raw materials. It is therefore not surprising to find a lengthy list of strategic materials in Putin's 1999 article, where he lists basic foods along with uranium, oil and gas, and other materials. To sum up the first lesson, during cataclysmic events, Russia's ultimate guarantee of survival, and subsequently

of wealth and development, is natural resources. Since they are essential to Russia's survival and security, they should always be kept in strategic reserve.

Putin drew a second lesson from his mismanagement of the resources-for-food schemes: private companies can't be trusted. Therefore, the state has to exercise some degree of control. Having trusted private companies, he failed because in an unstable and unpredictable environment, private companies may often disregard their obligations and act exclusively for their private interest. In the ideas he expressed in the dissertation, Putin favors a market economy with strong state regulation and preemptive power in the economy.

However, it took another challenge, and partial political fiasco, for Putin to be fully persuaded of the validity of his economic management model. This was the infamous case of the St. Petersburg casinos. The city of St. Petersburg nominally owned a 51-percent share in the newly established gambling business but was unable to control the casinos' financial flows. As a consequence, profitable casinos cooked their books to show operational losses, thus depriving the city of its share of revenues. As in the minerals-for-food case, the city council and the public accused the Sobchak-Putin administration of corruption and mismanagement. The case was not dropped until Sobchak's defeat in the 1996 elections and Putin's resignation.

These cases prompted Putin to devise state strategies for corporate management beyond simple majority ownership. Putin once again voiced mistrust for private enterprises. Speaking about casinos in St. Petersburg, he expressed his deep regret that he didn't have enough time to "squeeze" cash from the casinos. He says in *First Person* [p. 102]: "If I had remained in Peter [St. Petersburg], I would have squeezed those casinos to the end and forced them to work for the betterment of society and to share their profits with the city. That money would have gone to pensioners, teachers, and doctors." Putin also suggested that private companies should operate within boundaries permitted by the state for the betterment of society, therefore, in a way, not necessarily for efficiency and maximization of profits. By growing too rich, companies — in this case casinos — compromise the state's ability to execute power with the potential to paralyze the government's effectiveness.

Here is where Vladimir Litvinenko likely comes into the picture. If Putin had wanted to better understand this idea of natural resources and national security, he would have looked for specialists on the issue. He would naturally have come across the leading specialist on the subject, a geologist and director of the prestigious St. Petersburg Mining Institute, Vladimir Stefanovich Litvinenko. Litvinenko informs Putin that the world is running out of resources, and makes a point that we, Russians, cannot waste our own resources; and as we tap them, we should ensure they are continuously replaced or otherwise we are going to quickly deplete them. Putin and Litvinenko agree on many issues: that mineral resources are in the ground, but they need to be made marketable; that their reproduction is a priority; and that the state should reserve its role in regulation and control of resources to as great an extent as possible.

Now, very briefly, a few points about the infrastructure of St. Petersburg. Remember, the entire third chapter of Putin's dissertation is devoted to the infrastructure of the Leningrad region. Just to name a few things that have happened since Putin became president: the Baltic Pipeline System, the oil terminal in Vysotsk and in Primorsk , modernization of the Kirishi oil refinery, a new coal terminal in Ust'-Luga that opened in 2006, not to mention other upgrades to infrastructure as well as relocation of the corporate headquarters of various companies and the

Constitutional Court of the Russian Federation from Moscow to St. Petersburg, and many other projects including ports, terminals, highways, roads, dams, tunnels, and, of course, the North European Gas Pipeline. A lot has been accomplished in the city over the last decade.

Finally, here are the two conclusions.

The simple and logical chain of events outlined above shaped Putin's personality and made his economic and political thought systemic and consistent. At the time of completion of the dissertation, Putin's approach to management and governance was fully developed. He argues that the cornerstone of his policy — to provide for the well-being of the population and ensure stability — is economic security, and that raw political power and patriotic commitments of governing and enforcement structures need to be complemented with economic state order. To him this order is only sustainable through various control mechanisms over essential strategic commodities. As a former deputy mayor of a large industrial city, Putin is aware of the inefficient and uncompetitive nature of the existing manufacturing sector and Russia's economy in general. He sees Russia's mineral resources as the only "hard currency" that ensures not only the economic and political security but also the very survival of Russia. Mineral resources are the ultimate insurance for overcoming any crisis, and they represent a disaster contingency plan. And, of course, they are the source and engine of Russia's economic and political recovery.

While Vladimir Putin realizes that market economy is the only system capable of effectively delivering on the set goals, he accepts its introduction in Russia with caution and some reservations. He contends that since Russia's natural resources bear critical strategic properties for the state, their management should not only be heavily regulated but also controlled by the state. Therefore, mineral resources should always remain at the ultimate disposal of the state — regardless of their ownership and the model of the economy. He sees the state as the only institution that can responsibly secure resources for the long-term development of Russia rather than for private corporate interest.

Now, what is the mechanism by which this can be done? Does Putin envision this mechanism? Does he have a strategy model for this? Can we identify and describe this model based on his dissertation? If yes, what is the conceptual framework behind it?

My colleague Clifford Gaddy will address these and other issues of Vladimir Putin's dissertation. Thank you.

CLIFFORD GADDY:

Thank you, Igor. Before talking about the notion of strategic planning in Putin's dissertation, I will say a few more words about the actual work we are discussing. The text you see on the screen [slide 3] is from the Russian presidential website. Highlighted in red is the statement Putin holds the degree of *kandidat ekonomicheskikh nauk* and that this is the equivalent of a Ph.D. degree in economics. This is misleading. First, Mr. Putin's dissertation was really not about economics at all — as I will illustrate later. Second, the Russian *kandidat* degree is generally not the same as a Ph.D., at least not in most social sciences. Given the material covered in the dissertation, Putin's degree might perhaps be closer to an MBA. Note, however, that he never attended any classes for this degree.

As to the quality of the dissertation: it is quite poor. It is poorly organized, poorly written, and poorly researched. On this last point, the most striking thing is that *there is not a single explanatory footnote* in this 218 page document. The source citations, to the extent they are there, are in the form of a single bracketed number to refer, without page numbers or other explanation, to a work in the bibliography list. Forty-seven works are listed there.

As Igor explained, the topics in the thesis vary. Chapter one consists mainly of an accounting of the raw materials resources found in the St. Petersburg and Leningrad region. Chapter two, among other things, contains a simple exercise of cost-benefit analysis for an investment project for purchasing new machinery for a small granite quarry in St. Petersburg. Chapter three is an elaboration of a project to build a maritime transportation complex in the St. Petersburg region. Both in the chapter and in the appendices, there are numerous formulas for calculating the costs and benefits of the projects.

Only one part of the dissertation presents anything resembling a conceptual framework or larger idea. In the first part of chapter two, the chapter that's called "Strategic Planning," there are sections about a strategic planning system, the process of strategic decision making, and information needed for strategic planning. The section begins by defining strategic planning, a term that otherwise might seem rather conventional in a Soviet type context, in contrast to the old ideas of central planning. Strategic planning, Putin writes, is not just long-range planning but "planning for the future under conditions of change, especially rapid change caused by circumstances beyond one's own control." There are repeated references to the idea of rapid, unexpected change that occurs as a result of uncontrollable external circumstances. Here, I think you might recognize some of what Igor was talking about in the experience of Putin's own past.

It is interesting is that this key section, which is the closest thing in the dissertation to any kind of theory, uses one single source. And this source is an American business school textbook written by William King and David Cleland. As you can see [slide 4], the book's title is *Strategic Planning and Policy*. Because of the crude system of citing sources that I referred to earlier, it was not at all clear which of the ideas in these sections on strategic planning came from King and Cleland and which were Putin's original contributions. We needed a copy of the cited source, which was not the American edition you see on the slide here but the Russian translation of this book. Once that was in hand, we could examine the dissertation text more closely.

Let me show you some of the results. On these slides of pages from Putin's dissertation [slides 5 and 6], you see text highlighted in yellow — a few sentences over many pages. Let me explain that what is highlighted is original text, text that has *not* been directly copied from King and Cleland. All the rest, on page after page, is taken word for word from the Russian language edition of this book, *Strategic Planning and Policy*. Whole sentences, sometimes whole paragraphs, are identical.

On one of these pages I have circled in red the reference number 23. That is the King and Cleland reference in the bibliography. It is therefore true that the dissertation cites the book from which the material is taken. But there are no quotations marks anywhere used in this. There are no page citations anywhere, no footnotes at all. There is no mention in the text, whatsoever, of the names of these two gentlemen, Professors King and Cleland. From the beginning of the chapter, these ideas are presented as the dissertation writer's own, leading the reader to believe that when rhetorical questions are asked and answers are posed, that these are all directly from

the writer of this dissertation. This goes on page after page after page for nearly 20 pages. I calculate that there are more than 16 pages worth of text taken verbatim from King and Cleland. Also, there are at least six diagrams and tables lifted directly or slightly modified from King and Cleland, with no attribution whatever [slides 7-11].

This is plagiarism at any level of U.S. higher education, undergraduate and graduate. It would be plagiarism if it had been used in a term paper, not to mention a thesis or dissertation. Those of you who are old enough may recall one of the most famous cases of something very similar in our own country. When Senator Joe Biden was running for the presidential primary races in 1987 he was caught plagiarizing speeches from the British labor politician Neal Kinnock and, later, also from Robert Kennedy. Initially, Biden was excused because, it was said, "politicians do that all the time." However, someone inquired further into this and found out that Biden had received an F in a course in law school because he had plagiarized a legal article in a very similar way. He had just quoted page after page after page, and had one single footnote. His campaign collapsed and he withdrew.

So this is a very similar sort of a case. I should also note that the King and Cleland book is the only source we checked. We do not know whether there might be other instances of plagiarism.

So in short, part of the dissertation is plagiarized. Someone cut corners here. Was it Putin himself? Or was it someone who "assisted" him in the writing? We do not know the answer to that question. However, my guess is that by now, if not earlier, Mr. Putin knows that someone at the Mining Institute did a sloppy job, either directly — by including the plagiarized material, if someone else actually wrote the thesis — or more indirectly — by failing to advise Putin of proper academic standards if he was the writer.

Now, is all of this important in the final analysis? Given everything else people have written about Mr. Putin, this might seem minor. And indeed, some would say, it's very clear he never wrote the thing in the first case. This is clearly the product of some diploma-mill type operation of which there are so many in Russia. This is a dissertation paid for, made to order. If he didn't write it, who cares whether or not it's plagiarism?

I can think of several reasons why it should not be ignored. One is the general principle of transparency, that if this is fact, then let the facts be known. In addition, it is particularly ironic that a man who from the very beginning of his tenure as president of Russia proclaimed his adherence to the law and boasts of his legal training and so forth might engage in this. It is also important to note that that one of the agenda items that Putin has selected for the G-8 Summit in St. Petersburg is higher education. Finally, we should think about Vladimir Litvinenko's role. Litvinenko is a person of significant influence in Russian politics. The whole port and infrastructure transportation development in St. Petersburg is something in which Mr. Litvinenko has a personal financial interest. The fact that his institute sanctioned Putin's dissertation should not be ignored.

One could go on about how and why the plagiarism slip-up occurred. Simplest would have been if Putin had never pretended to be a scholar. But I want to leave the plagiarism issue and turn instead to the book from which these sections on strategic planning are taken. I argue that regardless of how Putin misused this book in his dissertation, he actually did read it and that its ideas have been important in his thinking about management of Russia.

So what is this book? It was a business school textbook by two University of Pittsburgh professors, first published in the United States in 1978. It was then translated into Russian in a limited edition by Progress Publishers in 1982. The editor was a scholar at the USA-Canada Institute, Gennady Borisovich Kochetkov. Putin may have read the Russian edition as early as the mid-1980s. At that time he was in the KGB in Leningrad. He had joined the KGB coming out of Leningrad State University in the summer or fall of 1975. After a brief period in Leningrad, he was sent away to counterintelligence training. He was sent for the first round of intelligence training in Moscow for a year, came back to Leningrad, and worked as an operative there. Then finally, after a rather long period, he was nominated to go to the KGB's Red Banner Institute — the Andropov Institute by then — in the fall of 1985, and he spent the following academic year there.

Remember that this book is published in 1982. And, as mentioned, its theme is planning under conditions of uncontrollable, unpredictable changes in the environment. This was exactly the big problem that was recognized by the more enlightened, insightful Soviet planners and policymakers in all areas around 1980-81-82. The Soviet economy had already begun to experience a crisis by 1976 at the latest. To give one example, industrial growth rates, which had been between 8 and 10 percent up to 1975, dropped to below 4 percent within a few years [slide 12]. What you don't see here is the fact that rising oil prices compensated for much of the negative trend in the early period. But when oil prices collapsed in 1981, it was harder to ignore the signs of crisis.

Towards the end of the 1970s, there were a number of key individuals in various places who recognized the urgency. Something had to be done to reform this system, to help it adjust and adapt to change. We can remember some of the statements by people like Marshal Nikolai Ogarkov, the chief of general staff, who warned of the need to reform the Soviet economy to become more flexible, more capable of adapting to a changing, uncertain future environment in the realm of military technology.

The King and Cleland text was selected for translation and publication in that general climate. Its limited edition wasn't intended for broad readership; it was to be read by people in the right places. And one of the right places would have been the Andropov Institute, where members of the KGB's foreign intelligence branch were being trained and where Putin was studying in 1985.

Now, why then is this book important? I would suggest that there are a couple of ideas. The first this is the way in which the authors define the nature of strategic planning and how it is to be done. The key, say King and Cleland, is to have a hierarchy of what you are planning for. You need to be able to distinguish between short term goals and objectives and those that are constant, lasting, and really important, because in an uncertain and unpredictable situation you may have to make trade-offs among them.

The first step is to identify, define, and then explain to other people in your organization, what are these constant objectives and what, in contrast, can be adapted or even sacrificed? It begins with defining the basic purpose of the organization. What is the organization all about? Why does it exist? What's the unique contribution it can make? In other words, what is its mission.

Repeatedly in this book, by the way, while talking about organizations, they make clear that "organization" does not necessarily mean a company, a corporation. It can mean a government. It can mean a state.

After the mission come the objectives. These should be "broad and timeless" statements of destinations needed in order to live up to this mission. It is only at the next lower level, what they label explicitly as goals, that we look for specific time-based points of measurement along the way to these objectives. Goals are something we can focus on. Finally, in order to implement or achieve these goals, we need sets of specific activities, programs and then projects with designated resources to implement the program.

Well, think now about Mr. Putin and his style of management. Isn't his so-called Millennium Message, the statement he wrote even before he entered office at the end of 1999, a perfect mission statement? He asks, who are we as Russians, what are we about, why do we exist, what is our unique contribution? Then, objectives — the broad and timeless statements of destinations to be achieved. These would be, for instance, his intention to "restore Russia's great power status." These are things that everybody agrees on, things that are "broad and timeless." Goals — the next stage — have to be specific, quantitative, and time-defined. Wouldn't Putin's call to "double GDP in 10 years" fit exactly in this category? And finally, the programs and projects, these are too numerous to mention, but you can think of the national projects most recently.

In other words, I think it is very likely that Putin's approach to planning Russia's future is taken from this model of strategic planning. Perhaps most important is that he presents the problem of strategic planning not as anything resembling central planning — the Soviet legacy — but as the management problem of the CEO of a corporation. In this sense, his dissertation may therefore contain a summary of his philosophy of management of economic and political systems. Many people have talked about Russia as "Russia, Inc.," or before as "USSR, Inc." Mr. Putin is really the first one to take this seriously.

Another important concept in King and Cleland that we can recognize in Putin's management style is the distinction between the strategic level of planning and management and the operating level. That parallels a dichotomy between what the authors (and Putin) refer to as "effectiveness" versus "efficiency." Efficiency is taking a given set of inputs and producing the optimal output, the maximum output. That is the purview of managers of divisions of a corporation. Take what we give you, and make the best of it on the way to achieving these goals and objectives. At a higher level, there is the individual who ensures that the outputs that are produced by these inputs serve the larger purpose of the organization. This is the CEO. He's not worried about efficient transformation of inputs into outputs. He's worried about the extent to which the outputs achieve organizational purposes. The organization will be structured in a way to make this work. There will be a CEO and there will be a board of directors along with a set of managing directors of the operational division.

Putin is trying to apply this corporate strategic planning managing model to the entire economy. He thinks this can work now, in contrast to the Soviet period, because at that time there were no private owners. Only private owners can be efficient. Efficiency was the Achilles heel of the Soviet economy. Soviet central planners focused on "effectiveness" — on strategic purposes and goals — and were good at that. What they could not do was find a way to make the economy efficient, to convert the inputs into the outputs that they wanted. The planned

economy, the so-called command administrative system, failed. Its flaw was the insistence on micromanaging from the top.

Putin has a different economy to manage. The industries do have private owners. Putin recognizes that private ownership is superior in the efficiency sense. What is needed is to have national leadership and the state regain strategic control. The ideas of strategic planning — ideas that could not work under the Soviet system — can be implemented today, Putin reasons. That is the appeal of King and Cleland.

Now, is this going to work? I do not think so. I think it's another futile quest for the magic bullet. Mr. Putin cannot successfully apply this corporate strategic planning model to an entire economy, despite its apparent appeal and consistency with the notion of private ownership. And why? Because he cannot allow corporate CEOs to make strategic decisions for their businesses. It goes back to the asymmetry of economic power in Russia. The resource companies — the oil and the gas companies, the major mineral companies — are simply too big and too important, especially in Putin's view, too strategic for the entire economy, for him to allow the owners to operate in this way.

Private owners are not going to be allowed to make strategic decisions for the corporations because the corporations encroach on what are considered strategic national interests. And because those industries are so important, the strategic business decisions by their owners are strategic for the nation. In order to try and keep these companies under control without re-nationalizing them, Mr. Putin had devised various forms of control mechanisms, something that Barry Ickes and I described as a giant protection racket. In order to protect a modicum of your property rights, you do what Mr. Putin wants. If you don't, you'll be subject to the kinds of penalties that mafias or protection rackets impose on their clients.

But this means, in effect, that he's turning the corporate CEOs, the real CEOs of these corporations, into mere divisional managers, operational managers of the big, real corporation, which is "Russia, Incorporated." But that in turn means they cannot be efficient. So it's a contradiction. Keeping them private is supposed to guarantee the efficiency. But they are not allowed to be efficient. While that might be an acceptable price to pay under certain circumstances, if you prioritize strategic control enough, I don't it really think it is in the case of today's Russia. The schemes that have been instituted, these control and manipulation schemes and limits on competition in key business sectors, will have such a negative effect on investment, innovation, and risk-taking that it will not work in the long term. Putin's idea of corporate planning on the national level — this idea that he may have known about or thought about as early as the 1980s and returned to in his dissertation in the 1990s — will end up as another failed scheme for managing Russia.