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The Political Economy of Revolution: Examining the Transition From Marxist–Leninist Economics to Russian State Capitalism

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Abstract

The article aims to address the historical knowledge gap concerning Russia's ideological shifts in economic management. Previous research has often focused on isolated periods, overlooking the continuous transformation driven by internal crises and international pressures. Our study adopts a comprehensive perspective to trace these ideological transitions and their long-term impacts. Each phase reveals how the USSR/Russia adapted policies to mitigate economic stagnation and address shifting geopolitical realities. The qualitative historical and phenomenological analysis has been applied to generate arguments based on primary and secondary sources. The findings suggest that ideological rigidity – manifesting in both Marxist and neoliberal forms – contributed to economic stagnation, while episodes of pragmatic flexibility facilitated stability and recovery. This historical trajectory underscores the necessity of adaptability in economic governance. Russia's experience reveals that blending state control with market mechanisms can serve as a strategy for managing complex economic and political environments, offering lessons in balancing ideology with pragmatic policy-making.

Keywords

socialist economy, neo-Sovietism, collectivisation, state intervention, Abkhazia, South Ossetia

Introduction

Economic revolutions in Russian history have been pivotal in shaping the nation's political, social, and geopolitical trajectories. Each significant economic policy emerged as a response to crises, reflecting deeper ideological goals rather than being mere administrative fixes. The Bolshevik Revolution of 1917 exemplifies these dynamics, driven by Marxist–Leninist ideology and the intent to dismantle exploitative capitalist structures (Melnik, 2017). Understanding the historical evolution of these policies reveals how economic revolutions intertwined with broader ideological and strategic shifts, influencing Russia's path toward modern statehood. This study aims to explore these transformations, examining how key policies from the Bolshevik era to Putin's modern-day Russia have shaped the nation's economic destiny.

The historical trajectory of Russia's economic development is marked by radical transformations shaped by ideological commitments and geopolitical necessities. Early scholarship, such as Maurice Dobb's Studies in the Development of Capitalism (2012), highlights the Bolsheviks'

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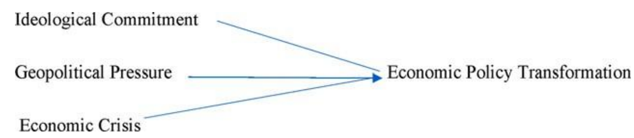
radical departure from capitalist models toward a socialist economy after the 1917 Revolution. Sheila Fitzpatrick's The Russian Revolution (2008) provides critical insights into Lenin's New Economic Policy (NEP), a pragmatic retreat from War Communism that temporarily allowed private enterprise. Scholars like Malle (2002) further explore the ideological recalibrations necessitated by economic disruptions. The Stalinist period has been extensively studied, with Alex Katsenelinboigen's Studies in Soviet Economic Planning (1980) examining the authoritarian control mechanisms that fuelled rapid industrialisation while causing widespread social dislocation. The post-Stalin era saw reformist policies under Khrushchev, which, as noted by Kibita (2013), ultimately failed due to entrenched bureaucratic inertia. Gorbachev's *Perestroika* reforms, as discussed by D'Agostino (2016), aimed to decentralise the economy, although they inadvertently contributed to the Soviet Union's collapse. In the post-Soviet era, Hedlund (2002) in his 'Russia's Economic Transition' analysed the chaotic implementation of Shock Therapy under Boris Yeltsin. Contemporary studies by Grosman and Wright (2022) consider the hybrid economic model of Putin's Russia, where state capitalism ensures both economic growth and centralised control. This extensive body of research underscores how Russia's economic policies evolved in response to both internal pressures and external geopolitical challenges.

While existing literature has thoroughly examined specific economic policies, this study positions itself by synthesising these transformations through a crisis-response framework. It argues that economic revolutions in Russia were cyclical, driven by immediate crises but rooted in deeper ideological commitments. This perspective broadens the analysis beyond policy shifts, linking economic changes to broader social, political, and geopolitical narratives. The study seeks to bridge historical accounts with modern economic practices, offering a comprehensive understanding of Moscow's evolving economic structure.

The economic policy transformations in Russia from the Bolshevik Revolution to the present era reflect the interplay of ideological commitments, geopolitical pressures, and economic crises, driven by influential variables. Marxist–Leninist principles initially shaped policies like War Communism, characterised by state control over resources to sustain the revolution. The subsequent New Economic Policy (NEP) introduced limited market liberalisation to stabilise the economy, reflecting ideological flexibility under Lenin. Stalinist central planning, with its industrialisation drives and Five-Year Plans, illustrated rigid adherence to state control amidst Cold War pressures. Geopolitical dynamics, including isolation and confrontation with Western powers, heavily influenced resource allocation and technological advancements. Post-Soviet transitions under Gorbachev's Perestroika reforms and Yeltsin's Shock Therapy were marked by attempts to integrate into the global economy but faced significant challenges like inflation and industrial stagnation. Under Putin, state capitalism has emerged as a response to sanctions and global resource dependency, reflecting a strategic blend of central control and market mechanisms.



Influential variables such as worker strikes during the Bolshevik Revolution, sanctions, foreign investments, and leadership roles have repeatedly forced policy shifts. Economic crises, including food shortages and bureaucratic inefficiencies, have necessitated adjustments in frameworks, while leaders like Lenin, Stalin, Khrushchev, Gorbachev, and Putin have determined the intensity and direction of reforms. These transformations underscore the enduring tension between ideological imperatives and pragmatic responses to geopolitical and economic realities.

Despite significant scholarly focus on individual economic reforms in Russian history, there is limited research exploring these transformations through a continuous crisis-adaptation cycle. This oversight risks a fragmented understanding of Russia's economic development. This study addresses the gap by analysing Russia's economic policies from 1917 to the present through a crisis-response framework, emphasising ideological motivations, policy shifts, and its socioeconomic impacts. Rather than treating ideological rigidity and reform as binaries, this study conceptualises them as positions along a spectrum of policy elasticity. It acknowledges that even the most reformist policies were often implemented within prevailing ideological structures, revealing a pattern of pragmatic adaptation embedded within ideological continuity. This framework enables a more nuanced reading of the Soviet/Russian economic transformation as an iterative negotiation between dogma and realism. By examining key periods from the Bolshevik Revolution to Putin's managed state capitalism, the study seeks to understand how economic revolutions were both reactive and ideologically driven.

In this article, our primary aim is to identify long-term patterns and trends in Russia's political–economic transitions, rather than to provide in-depth case studies. What recurring patterns in Russia's political system, particularly how leaders have adapted hybrid structures in response to economic crises and geopolitical pressures? Our focus is on the importance of economic revolutions in Russian history and sets the study's scope. The paper utilises historical materialism and crisis theory to examine the intersection of ideology, policy-making, and socioeconomic change. Then, it highlights recurring patterns of crisis-response and ideological adaptations in Russian economic policy. The last discussion reflects on how historical economic policies shaped modern Russia's political and economic landscape, offering lessons for future policy-making.

Literature Review

The Bolshevik Revolution of 1917 introduced Marxist–Leninist economic policies in Russia, evolving through key phases. Early policies included War Communism (1918–1921) and the New Economic Policy (1921–1924). Under Stalin (1924–1953), authoritarian central planning and forced collectivisation dominated. Khrushchev (1953–1964) pursued de-Stalinization and economic reforms, followed by Brezhnev's era (1964–1982), marked by stagnation and conservative policies. Gorbachev's Perestroika (1985–1991) aimed at economic reform but triggered a transition to market capitalism under Yeltsin's Shock Therapy (1991–1999). Since 2000, Putin's administration has adopted State Capitalism, balancing state control with market mechanisms. These shifts addressed economic challenges, modernisation, and external pressures. Understanding the ideological evolution of Russia's economic policies from the Bolshevik Revolution of 1917 to the contemporary Putin era highlights how historical, economic and geopolitical forces have shaped its development. This exploration is crucial for grasping how economic governance and ideological flexibility influence state stability and global positioning.

The economic policies of the early Bolshevik period have been extensively analysed, particularly focusing on the transition from War Communism to the New Economic Policy (NEP). Recent studies, such as Davies (1998), explore the economic impacts of War Communism, emphasising its role in the consolidation of Bolshevik power and the severe economic disruptions it caused. Smith argues that while War Communism was intended to mobilise resources for the Civil War, it led to widespread economic hardship and inefficiency. In contrast, Boettke (2013) highlights the NEP's pragmatic approach, noting its success in stabilising the economy and alleviating some of the hardships imposed by War Communism. Jones provides a detailed analysis of how the NEP balanced state control with private enterprise to address immediate economic needs. Despite these contributions, there remains a gap in understanding how the interaction between War Communism and NEP influenced subsequent economic policies.

During the Stalinist era, recent literature such as Nove (2014) focuses on Stalin's economic policies, particularly the Five-Year Plans and collectivisation. Brown's research examines the economic successes and failures of these policies, highlighting the rapid industrialisation and the human costs of forced collectivisation. Roh (2019) offers a critical opinion of the economic impact of Stalin's centralisation efforts, arguing that while Stalinist policies achieved notable industrial growth, they also led to significant inefficiencies and social disruptions. Despite these insights, there is a need for more detailed research into the long-term economic effects of Stalinist policies on post-Stalin Soviet economic reforms.

The era of de-Stalinization and Reformist Marxism has been the focus of recent studies, such as Davies (1998), which explores Khrushchev's attempts to reform the Soviet economy by decentralising economic control and improving living conditions. Wilson emphasises the mixed results of Khrushchev's policies, noting both their innovative aspects and their eventual limitations. Kibita (2013) similarly analyses the economic reforms of this period, highlighting the challenges Khrushchev faced in balancing reform with the entrenched bureaucratic structures. Although these studies deliver treasured visions about the economic challenges of the Khrushchev era, there is a need for further research on how these reforms influenced subsequent economic policies under Brezhnev.

Brezhnev's Developed Socialism is examined in recent works like Bacon & Sandle (2002), which analyses the period's focus on economic stability and the maintenance of existing policies. Taylor argues that Brezhnev's approach led to significant economic stagnation due to a lack of innovation and reliance on outdated policies. Jones (2016) provides a critical evaluation of the conservative nature of Brezhnev's policies, noting their impact on long-term economic growth and efficiency. While these studies offer thorough assessments of Brezhnev's economic policies, they leave room for further exploration of how this era's economic stagnation set the stage for the transformative policies of Gorbachev, which is the central idea of this study to interrogate the evolution of Soviet economic strategies.

Gorbachev's Perestroika era has been extensively reviewed in recent literature. Ploss (2014) discusses Perestroika's economic reforms, focusing on the introduction of market mechanisms and the decentralisation of economic decision-making. Mitchell highlights both the innovative aspects of these reforms and their failures to address deep-seated economic problems. McCauley (2016) also examines the impact of Gorbachev's policies, noting that while Perestroika aimed to revitalise the Soviet economy, it ultimately contributed to the Union's dissolution. Despite such worthy perceptions, there is an essential need for more comprehensive research on how Perestroika's economic policies influenced the transition to a market economy under Yeltsin or is there any role of Perestroika in dissolving the Soviet Union.

The transition period under Boris Yeltsin, reflected by Shock Therapy, is analysed in Klein (2014) work, which evaluates the rapid privatisation and economic liberalisation efforts. Clark argues that Shock Therapy led to significant economic instability and increased inequality, with mixed results in terms of economic growth. Turner (2024) provides a comprehensive assessment of the social and economic impacts of these policies, noting the widespread hardships faced by the Russian population during this period. Unlike all in-depth studies, the gap in understanding how these transitional policies laid the groundwork for the state capitalism model under Putin requires further investigation.

The current era of State Capitalism under Vladimir Putin has been the subject of recent analyses, such as Spechler & Ahrens (2017), which explores Putin's economic policies and their impact on Russia's economic structure. Turner highlights the centralisation of state control in key sectors and the balancing of market mechanisms with state intervention. Aslund (2019) examines how Putin's policies have managed to achieve economic stability while maintaining significant state dominance over strategic industries. Besides such deep analysis, there is a requirement for evaluation of how Putin's state capitalism model has evolved in response to global economic pressures and domestic challenges. This gap also facilitates this study to further address how contemporary Russian economic strategies align with historical developments. The research employs a historical-analytical approach guided by Neoclassical Realism (Rose, 1998),[1] examining Russia's economic evolution through policy shifts and ideological redefinitions. Key texts include Richard Connolly's analysis of Soviet economic history (2020), Albrecht Rothacher's work on Putin's State Capitalism (2021), and Marek Dabrowski's recent study on contemporary Russian economic challenges (2023). The study identifies six major ideological-economic phases: Early Revolutionary Marxism (1917–1921), Stalinist Authoritarian Marxism-Leninism (1924–1953), Reformist Marxism under Khrushchev (1953–1964), Developed Socialism under Brezhnev (1964–1982), Gorbachev's Reformist Socialism (1985–1991), and Putin's Managed Democracy and State Capitalism (2000–present).

Theoretical Framework

By incorporating Neoclassical Realism as its theoretical framework to analyse the economic transitions in Russia from Lenin to Putin. Neoclassical Realism, as articulated by Rose (1998), provides a lens through which the interplay of domestic factors and international pressures can be examined to understand state behaviour and policy decisions (Kunz & Toje, 2024, pp. 23-24). This approach focuses on how internal political dynamics, economic conditions and leadership perceptions shape a country's foreign and domestic policies.

This article applies Neoclassical Realism to trace how internal crises, leadership perceptions, and external pressures collectively shaped economic transitions from Lenin to Putin. Neoclassical Realism emphasises that foreign policy and domestic institutional arrangements – ideological or otherwise – emerge from a state's response to systemic constraints. In this light, reforms such as Perestroika or Shock Therapy are not antithetical to ideological projects, but are products of ideological elasticity within realpolitik constraints.

Economic Foundations of the Bolshevik Revolution and Early Soviet Policies (1917–1924)

The Bolshevik Revolution of 1917 was driven by profound discontent with the existing socioeconomic conditions under Tsarist Russia, which were marked by severe inequality, exploitation, and political repression. The autocratic Tsarist regime had long imposed an economic structure that concentrated wealth and power in the hands of a small elite, leaving the majority of the population in poverty. The working class and peasantry faced harsh working conditions, land dispossession, and inadequate wages, while political dissent was suppressed with brutality. The revolution, led by Lenin and the Bolsheviks, sought to dismantle this inequitable system and replace it with a socialist economy that promised greater equity and worker control. The early economic orientations of the Bolsheviks were grounded in Marxist theory, which advocated for the abolition of private property and the establishment of a planned economy to ensure the fair distribution of resources and eliminate class distinctions. Lenin envisioned the Soviet Union, where economic decisions were centrally planned to meet the needs of all citizens, eliminating the exploitative practices of capitalism and creating a society based on collective ownership and democratic control (Dobb, 2012, p. 34). In the immediate aftermath of the revolution, the Bolsheviks implemented Early Revolutionary Marxism, which included War Communism (1918–1921) and the New Economic Policy (NEP, 1921–1924). War Communism was a radical economic strategy aimed at supporting the Red Army during the Russian Civil War by nationalising all industry, requisitioning grain from peasants and centralising economic management. While it succeeded in sustaining the Bolshevik war effort, it led to significant economic dislocation, including severe shortages of consumer goods and widespread famine. This period highlighted the need for economic stabilisation, leading Lenin to introduce the NEP. The NEP was a more pragmatic approach that reintroduced limited market mechanisms, allowed private enterprise, and aimed to revive agriculture and trade. This policy sought to strike a balance between state control and private enterprise to stabilise the economy and address the immediate post-war shortages. Lenin's shift to the NEP was a response to the economic hardships under War Communism and a recognition that the extreme measures of the earlier period had compromised the Bolsheviks' legitimacy and the country's economic stability. Lenin considered Tsarist economic policies to be fundamentally flawed as they prioritised the interests of a privileged few over the fundamental rights and needs of the Russian people. His vision for the Soviet Union was one where economic policy was reoriented to ensure social justice, equitable distribution of resources and the protection of fundamental rights, thus challenging the deeply entrenched inequalities of the pre-revolutionary regime (Dobb, 2012, pp. 35-42).

Centralisation, Collectivisation and Economic Transformation under Stalinism (1924–1953)

Under Stalin's leadership, the Soviet Union shifted from Lenin's New Economic Policy (NEP) to what became known as Stalinism or Authoritarian Marxism-Leninism. Stalin's policies exhibited a significant departure from the more moderate and pragmatic NEP, which had sought to balance state control with limited market mechanisms. Stalin's primary aim was to rapidly industrialise the Soviet economy and consolidate state power. He believed that the NEP's concessions to private enterprise and market forces were hindering the USSR's progress towards socialism and weakening the central authority necessary for a unified, centrally planned economy. The centralisation under Stalin involved consolidating control over all aspects of economic and political life, with a focus on large-scale industrial projects, which Stalin saw as essential for transforming the Soviet Union into a major world power and ensuring its security against perceived external threats (Katsenelinboigen, 2013, p. 59).

Stalin's policies of forced collectivisation and rapid industrialisation had profound economic and social impacts. Collectivisation, initiated in 1928, aimed to consolidate individual farms into large collective farms controlled by the state, which was intended to increase agricultural productivity and provide a surplus to fund industrial growth. However, the process was marked by violence, widespread resistance, and significant disruption of agricultural production. The forced nature of collectivisation led to severe famines, notably the Holodomor in Ukraine, and substantial loss of life. Economically, while Stalin's industrial policies succeeded in creating a heavy industrial base and transforming the Soviet Union into a major industrial power, they also entrenched a system of central planning that proved rigid and inefficient. The long-term impacts included a focus on heavy industry at the expense of consumer goods, which stifled living standards and led to systemic inefficiencies in the economy. Stalin's approach reflected his belief that the NEP's incrementalist approach was inadequate for achieving the rapid transformation he deemed necessary for the Soviet Union's global ambitions and internal stability (Katsenelinboigen, 2013, pp. 50-71).

Khrushchev's De-Stalinization and Reformist Marxism (1953–1964)

Nikita Khrushchev's tenure as Soviet leader was considered a momentous shift from Stalinism towards De-Stalinization and Reformist Marxism, driven by his recognition of the limitations and harshness of Stalin's policies. Khrushchev initiated de-Stalinization as a means to distance the Soviet regime from the excesses and repressions of Stalin's rule, including the purges, forced collectivisation, and the extreme centralisation of economic control. This process began with his famous 'Secret Speech' at the 20th Party Congress in 1956, where he denounced Stalin's crimes and called for a more humane and collective leadership style. Khrushchev believed that Stalin's approach had created a highly centralised, authoritarian state that stifled innovation and suppressed dissent. To address respective issues, he implemented a series of economic reforms aimed at decentralising control and promoting local decision-making. This included transferring some administrative powers from central ministries to regional and local authorities, which was intended to make economic planning more responsive to local needs and conditions (Kibita, 2013, p. 133).

Khrushchev's economic reforms under Reformist Marxism were manifested by attempts to improve agricultural productivity and consumer goods availability, reflecting a shift away from the heavy industrial focus of Stalin's era. The Virgin Lands Campaign and other agricultural initiatives aimed to boost food production, while efforts to increase the production of consumer goods sought to improve living standards. However, these reforms had mixed results. While they achieved some success in increasing agricultural output and diversifying production, they were also hampered by bureaucratic inefficiencies, overambitious targets, and resistance from entrenched interests within the Communist Party. Khrushchev's approach highlighted the need for a more flexible and responsive economic model but also revealed the limitations of attempting to reconcile central planning with decentralised decision-making. The long-term impact of Khrushchev's reforms set the stage for further economic experimentation under his successors but also demonstrated the inherent challenges of balancing central control with local autonomy in a command economy. His reforms aimed to address the perceived gaps in Stalinism, particularly its rigidity and repressive nature, but were ultimately constrained by the complexities of Soviet governance and economic planning (Kibita, 2013, pp. 134-135). These reformist tendencies, although constrained, directly responded to the structural stagnation inherited from Stalinism, setting a precedent for subsequent leaders to experiment with system-level economic modifications.

Economic Stability and the Era of Developed Socialism under Leonid Brezhnev (1964–1982)

Leonid Brezhnev's tenure was categorised by the consolidation of a conservative approach to Soviet economic policy, often referred to as Developed Socialism. Brezhnev's era exhibited a departure from the reformist attempts of his predecessors, as he aimed to stabilise and consolidate the gains made during the earlier phases of Soviet development. This period saw the continuation and reinforcement of central planning, with an emphasis on maintaining the existing industrial base and promoting steady economic growth. Brezhnev's administration focused on increasing production in heavy industries, particularly in sectors such as steel, coal and military equipment, while largely neglecting consumer goods and agriculture. His approach was rooted in the belief that stability and gradual growth would ensure the Soviet Union's continued development without the disruptions caused by radical reforms or rapid changes (Bacon & Sandle, 2002, pp. 52-54).

However, the Brezhnev era also exposed significant limitations within the Soviet economic model. Despite initial successes in maintaining economic stability and achieving modest growth, the emphasis on heavy industry and central planning led to systemic inefficiencies and stagnation. The lack of innovation and responsiveness to consumer needs resulted in persistent shortages of goods and lower standards of living compared to Western countries. Additionally, the entrenched bureaucratic structure and resistance to reform created a rigid economic system that struggled to adapt to changing conditions. Brezhnev's policies highlighted the challenges of sustaining economic progress within a centralised system that prioritised stability over flexibility. His tenure revealed the inherent flaws of Developed Socialism and set the stage for subsequent leaders to grapple with the need for more dynamic and responsive economic strategies (Bacon & Sandle, 2002, pp. 55-60). The stagnation under Brezhnev created mounting economic contradictions, which later catalysed the push for reforms under Andropov and Gorbachev.

Reform and Economic Challenges for Yuri Andropov (1982–1984)

Yuri Andropov's short tenure as Soviet leader was highlighted by a recognition of the deepening economic challenges facing the Soviet Union and an attempt to address these issues through reform and increased discipline. Andropov, having previously served as the head of the KGB, was acutely aware of the pervasive inefficiencies and corruption that plagued the Soviet economic system. His administration sought to tackle these problems by implementing measures aimed at improving the performance of state enterprises and increasing productivity. Andropov's approach included efforts to combat corruption and inefficiency within the bureaucracy, and he pushed for a renewed emphasis on labour discipline and work ethic. These measures were intended to enhance the efficiency of the central planning system and address some of the growing disillusionment among workers and managers (Small, 2017, p. 37).

Despite his reformist intentions, Andropov faced significant limitations due to the entrenched nature of the Soviet economic system and the short duration of his leadership. His efforts at reform were constrained by the conservative elements within the Communist Party and the difficulty of enacting meaningful changes within a rigid bureaucratic framework. While Andropov's tenure brought attention to the need for economic reforms and highlighted issues of corruption and inefficiency, the scope and impact of his initiatives were limited by his brief time in office. His period in power demonstrated the inherent challenges of considering systemic economic problems within the constraints of a centralised and authoritarian system. The initiatives he introduced, while significant in their focus on reform and discipline, laid the groundwork for the more extensive changes that would be pursued by his successor, Mikhail Gorbachev, during the era of Perestroika (Small, 2017, p. 38). Although his reforms were limited, they highlighted the urgency of system renewal, paving the way for Gorbachev's more comprehensive overhaul.

Continuity and the Stagnation of Soviet Policies during Konstantin Chernenko's Era (1984–1985)

Konstantin Chernenko's leadership was characterised by a period of political and economic continuity, exhibited by a reluctance to pursue significant reforms. Chernenko, who succeeded Andropov, was known for his conservative approach and emphasis on maintaining the status quo rather than implementing radical changes. His shortest tenure was dominated by a focus on preserving the existing Soviet economic structure and reinforcing the policies of his predecessors. Chernenko's administration aimed to uphold the principles of Developed Socialism and avoid the disruptions associated with major economic overhauls. This approach reflected his commitment to stability and continuity in a time of economic stagnation and declining productivity (Small, 2017, p. 38).

However, Chernenko's leadership was constrained by his declining health and the growing recognition of systemic issues within the Soviet economy. Despite his efforts to maintain stability, the Soviet Union continued to face significant economic challenges, including inefficiencies in state enterprises, shortages of consumer goods, and a lack of innovation. Chernenko's period in office did little to address these underlying problems, and his reluctance to pursue meaningful reforms contributed to the continued stagnation of the Soviet economy. His brief tenure highlighted the limitations of an approach that prioritised continuity over reform and underscored the urgent need for more comprehensive changes. The stagnation experienced during Chernenko's leadership set the stage for Mikhail Gorbachev's eventual introduction of Perestroika, which aimed to address the economic and political issues that had been exacerbated by the lack of reform during this period (Small, 2017, p. 39).

Mikhail Gorbachev: Reform and Transition in the Late Soviet Era (1985–1991)

Mikhail Gorbachev's headship of the USSR from March 1985 to December 1991 showed a profound shift in Soviet economic and political policies, characterised by his efforts to implement major reforms aimed at revitalising the Soviet Union's stagnating economy and addressing its systemic problems. Gorbachev introduced two key policies: Perestroika (restructuring) and Glasnost (openness). Perestroika aimed to reform the Soviet economic system by introducing elements of market mechanisms and decentralising economic decision-making. This included promoting greater autonomy for state enterprises, reducing central control and encouraging private initiative in certain sectors. Gorbachev's reforms sought to address the inefficiencies of the central planning system and foster economic innovation and productivity. Meanwhile, Glasnost aimed to increase transparency and openness in government and society, encouraging public debate and criticism of the system's shortcomings (D'Agostino, 2016, p. 166).

Despite the ambitious goals of Perestroika and Glasnost, Gorbachev's reforms faced significant challenges and limitations. The transition towards a more market-oriented economy was met with resistance from entrenched interests within the Communist Party and the bureaucracy, which hindered the implementation of effective reforms. Additionally, the economic disruptions caused by the shift from central planning to market mechanisms led to further instability and shortages. The political openness introduced by Glasnost also contributed to rising public discontent and demands for greater autonomy and independence among Soviet republics. These factors, combined with the economic strains of the Cold War and international pressures, ultimately contributed to the collapse of the Soviet Union in December 1991. Gorbachev's tenure highlighted the complexities and difficulties of transitioning from a command economy to a more market-oriented system, and his efforts set the stage for the emergence of post-Soviet Russia (D'Agostino, 2016, pp. 167-168). The failures of Perestroika to deliver economic stability contributed to the political opening for Yeltsin's radical reforms and Russia's full embrace of market capitalism.

Boris Yeltsin: Shock Therapy and the Transition to Market Capitalism (1991–1999)

Boris Yeltsin's presidency (1991–1999) marked a turbulent transition from Soviet central planning to market capitalism, guided by an ideological commitment to neoliberal reforms. While his economic vision emphasised rapid privatisation and liberalisation, the implementation revealed a hybrid structure wherein market dogma coexisted with vestiges of centralised control. Yeltsin's 1999 Duma speech emphasised national unity and the state's responsibility in cushioning reform shocks, illustrating a pragmatic recalibration of ideological commitments under severe domestic pressure. The Yeltsin era was marked by a strong adherence to ideological principles, particularly those rooted in market fundamentalism. While the reforms initiated under Yeltsin promoted a capitalist framework, the implementation process reflected a more hybrid approach that combined elements of both market mechanisms and state planning (Åslund, 2009).

One of the cornerstone policies of Yeltsin's Shock Therapy was the rapid privatisation of state-owned enterprises. The goal was to transfer ownership of these enterprises to private individuals and entities to stimulate efficiency and innovation. The process involved large-scale auctions and voucher programs that allowed citizens to acquire shares in formerly state-owned companies. However, the implementation of privatisation was fraught with challenges. The haste with which assets were privatised, coupled with weak legal frameworks and corruption, led to the emergence of a new class of oligarchs who accumulated significant wealth and power. This uneven distribution of resources and the lack of a robust regulatory framework resulted in economic disparities and hindered the development of a competitive market economy (Klein, 2014, p. 138).

The social and economic impacts of Shock Therapy were philosophical and multilayered. While the transition to a market economy brought about certain economic freedoms and spurred some sectors of the economy, it also led to significant social disruptions. The removal of state subsidies and the liberalisation of prices resulted in hyperinflation and a dramatic increase in the cost of living. The abrupt changes led to widespread hardship for many Russians, including a rise in poverty and a decline in living standards. The economic instability of the transition period also contributed to political instability, with widespread dissatisfaction and public protests against the economic reforms (Klein, 2014, p. 171).

State Capitalism and Managed Democracy under Putin (2000-Present)

Vladimir Putin's tenure as the leader of Russia, beginning in 2000 and continuing into the present day, has been portrayed by a distinctive economic and political approach known as 'State Capitalism and Managed Democracy'. This era represents a complex evolution of Russia's economic policies, integrating elements of state control with market mechanisms to achieve a form of managed economic development. Putin's policies reflect a pragmatic response to the challenges faced by Russia during the transition from Soviet central planning to a market economy, as experienced under his predecessors, Boris Yeltsin and Mikhail Gorbachev (Aslund, 2019, p. 64). Under Putin, the evolution of economic policies has been branded by a deliberate reassertion of state control over key sectors of the economy. While acknowledging the necessity of market mechanisms for economic growth, Putin's administration has emphasised the role of the state in managing and directing economic activity. This approach has involved the re-nationalisation of strategic industries, such as oil and gas, and the establishment of state-controlled monopolies in sectors critical to national security and economic stability (Aslund, 2019, p. 65). Scholars like Laqueur (2015) and Taylor (2018) argue that Putin's State Capitalism has been effective in stabilising the Russian economy and restoring state influence after the chaotic transition period of the 1990s. Wilson notes that the state's involvement in strategic sectors has provided a buffer against global economic fluctuations and has allowed Russia to leverage its natural resources for economic and geopolitical advantage (Laqueur, 2015, p. 5; Taylor, 2018, pp. 3-4).

In contrast, critics such as Gans (2020) contend that Putin's policies have led to economic stagnation and the entrenchment of corruption. Gans argues that while State Capitalism has ensured state control, it has also perpetuated inefficiencies and hindered genuine economic diversification. The reliance on oil and gas revenues has made the Russian economy vulnerable to fluctuations in global energy prices and has stifled innovation and competition in other sectors (Gans, 2020, p. 14). Surveys and studies, such as the one conducted by the Russian Academy of Sciences, 2022, highlight mixed opinions on Putin's economic policies, where 54% of Russians favour Putin's State Capitalism (RAS, 2022). Putin's approach to State Capitalism can be understood within the context of classical neorealism, which emphasises the importance of state power and security in shaping economic and political strategies. According to scholars like Gotz (2022), neorealism postulates that states pursue policies that enhance their power and security in the international system. In this framework, Putin's economic policies can be seen as a means to consolidate state control and project power both domestically and internationally. The reassertion of state control over strategic sectors aligns with the neorealist perspective of prioritising state security and stability over unfettered market liberalisation (Gotz, 2022).

In the respective theoretical paradigm, Putin's perception of State Capitalism is also tangled with his broader vision of neo-Sovietism, which emphasises the restoration of Russian influence and prestige on the global stage. This vision is reflected in Russia's aggressive actions in regions such as Eastern Ukraine, Georgia's Abkhazia and South Ossetia, and Moldova's Transnistria, which is considered a war-torn state under more economic control. The support for separatist movements and military interventions in these areas can be seen as part of a strategy to reassert Russian dominance and influence in the post-Soviet space. From an economic perspective, these regions hold strategic and economic value, including natural resources and geopolitical positioning. For instance, control over energy transit routes and access to mineral resources are key factors in Russia's engagement in these areas (Asim, 2020). As per Zaheer (2024), the economic implications of Putin's policies in these regions are significant. The support for separatist territories and military interventions has allowed Russia to exert influence and secure economic interests, but it has also led to international sanctions and economic isolation. These actions have contributed to the complexity of Russia's economic landscape, highlighting the tension between state control and market integration. While Putin's State Capitalism has aimed to stabilise and grow the Russian economy, the geopolitical and economic consequences of his policies illustrate the challenges of balancing domestic control with international engagement (Zaheer, 2024).

Assessment of the Transition from Marxist–Leninist Economics to Russian State Capitalism

According to Hill (2024), Putin's embrace of State Capitalism was a strategic move to counteract the economic stagnation that plagued Russia under Yeltsin, using state control over key sectors to stabilise the economy and enhance geopolitical leverage (Hill, 2024). As noted by Trenin (2024), the re-nationalisation of major industries under Putin was aimed at consolidating economic power and ensuring that Russia could better navigate both internal and external economic pressures (Trenin, 2024). Kotkin (2024) emphasises that Putin's economic policies reflect a pragmatic response to the challenges posed by global market volatility, illustrating a shift from rigid ideological frameworks to more flexible, market-oriented strategies (Kotkin, 2024). In the view of Dawisha (2018), while Putin's policies have managed to stabilise the economy to some extent, they have also entrenched systemic inefficiencies and corruption, highlighting the limitations of state-dominated economic models (Dawisha, 2018). Surveys conducted by the Center for Strategic Research (Russia) reveal a dichotomy in public perception: while some data suggest economic stability and sectoral growth, other findings point to ongoing issues with living standards and inequality (Shestopal & Rogach, 2022).

According to Yurchenko (2024), the application of classical neorealism in understanding Putin's policies shows how state-centric strategies are employed to enhance national security and power, aligning with the broader need for economic adaptability (Yurchenko, 2024). As noted by Granville & Mau (2018), Putin's approach demonstrates that while traditional ideologies may lead to economic crises, the integration of state and market mechanisms provides a more adaptive framework for addressing contemporary challenges (Granville & Mau, 2018). The analysis by Kolesnikov (2024) argues that Putin's policies reflect a conscious effort to modernise the economy while maintaining state control, thus navigating the complexities of both global integration and domestic stability (Kolesnikov, 2024). According to Guriev (2023), the continued evolution of Putin's economic strategies underscores the necessity of adaptability in economic systems, illustrating that responsive and flexible policies are essential for sustaining long-term growth and stability (Guriev, 2023).

Putin's economic policies illustrate a sophisticated synthesis of state control and market mechanisms, reflecting Russia's iterative adjustment to internal vulnerabilities and global pressures. Rather than oscillating between ideological rigidity and reform, Russia's economic trajectory reveals a pattern of strategic adaptation, where ideological constructs were continuously reinterpreted to meet pragmatic needs. This highlights the necessity of ideological elasticity and state responsiveness in shaping long-term development under changing geopolitical conditions.

This study contributes to the ongoing re-evaluation of Russian political economy by offering a historical-structural interpretation rooted in ideological elasticity rather than rigid binary categories. It shows that the Soviet and post-Soviet economic trajectory was shaped by a dialectical tension between ideological conviction and systemic adaptation, resulting in hybrid models of governance. This approach allows for a reassessment of periods like Yeltsin's presidency, where neoliberal dogma coexisted with significant state entanglement, and Putin's era, which blends economic centralisation with selective liberalisation.

There is complexity and variability of ideological rigidity across the Soviet and post-Soviet periods. Likewise, one can draw a strict dichotomy between periods of strong ideological adherence and those of relative flexibility, risks overgeneralising a much more nuanced historical reality. As noted above discussion, even under the dominance of Marxist–Leninist ideology, outcomes varied significantly; there were moments of impressive economic mobilisation (e.g. during the early Five-Year Plans) as well as periods of stagnation or failure (e.g. the late Brezhnev era).

Moreover, reform efforts were often implemented not in direct opposition to ideology, but rather as reinterpretations or adaptations of it. For example, Khrushchev's decentralisation efforts and Gorbachev's perestroika both framed reforms as necessary for the preservation and revitalisation of socialism rather than a departure from it. Similarly, even during the Yeltsin period, while market fundamentalism appeared to dominate rhetorically, policy implementation often involved hybrid approaches that blended market mechanisms with remnants of state control. Consequently, rather than a binary distinction, it may be more productive to conceptualise ideological rigidity as a spectrum, with varying degrees of doctrinal influence shaped by political, economic, and leadership dynamics at different historical junctures.

In the current geopolitical context – shaped by sanctions, resource militarisation, and strategic alignments – Russia's state capitalism appears both a continuation of past logics and a recalibrated response to 21st-century constraints. The return of great power competition, intensified by war in Ukraine and global sanctions regimes, makes the Russian case a critical lens through which to assess the interplay of ideology, sovereignty, and economic survival.

Conclusion

This study finds that the evolution of Russia's economic policies from Lenin to Putin reflects a continuous effort to respond to internal stagnation and shifting geopolitical pressures. Lenin's shift from War Communism to the New Economic Policy illustrates an early precedent of ideological flexibility driven by economic exigency. Stalin's central planning and collectivisation, while achieving rapid industrial growth, imposed long-term structural inefficiencies. Khrushchev and Brezhnev's respective eras marked competing attempts to reconcile reformist impulses with systemic rigidity, ultimately culminating in the stagnation that Gorbachev's Perestroika sought to address.

The post-Soviet period brought its own contradictions. Yeltsin's Shock Therapy embodied a market fundamentalist vision but was applied within a legacy bureaucratic apparatus, producing a hybrid and volatile economic structure. Putin's model of state capitalism represents a further iteration, blending market mechanisms with centralised control to ensure regime stability and strategic autonomy amid global uncertainty.

The main elements influencing the evolution of Russia's ruling style have been precisely identified throughout the discussion. Diachronically tracking the trajectory of political and economic development is challenging due to these underlying factors, which might be institutional, ideological, economic, or geopolitical. However, the intricacy and fluidity of post-Soviet developments present a portion of the analytical issue. The dynamic interaction of leadership decisions, outside forces, inherited Soviet institutions, and changing ideological narratives has altered Russia's governing style throughout time rather than causing it to change evenly. Because of this, identifying a single, linear causal path is challenging. However, the diachronic analysis would undoubtedly be strengthened by a more thorough periodisation and a deeper engagement with both structural and contextual elements, such as the influence of elite networks, energy revenues, state-building obstacles, and responses to perceived Western encroachment.

Present-day Russia, particularly in the context of protracted war in Ukraine and broader geopolitical realignment, is navigating a complex terrain where economic governance must reconcile war-driven expenditures, sanctions, and resource nationalism. Rather than a binary model of socialism versus capitalism, Russia's economy increasingly exhibits characteristics of oligarchic and strategic capitalism, tailored to domestic consolidation and external resistance to Western economic norms. Future trajectories may depend on Russia's capacity to adapt its economic system amid intensifying global competition, technological bifurcation, and internal demographic pressures. This study concludes that understanding Russia's political economy requires not only attention to ideological shifts but also a recognition of strategic recalibration and systemic hybridity as enduring features of its development model.

Further study could explore how ideological elasticity functions in other authoritarian capitalist systems and how external pressures like technological decoupling or climate transitions may force new policy paradigms in Russia. Ultimately, this study affirms that understanding the political economy of revolution in Russia requires not only historical fidelity but also theoretical agility.

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Note

1. Gideon Rose re-elaborates his concept of neoclassical realism in his work 'Neoclassical Realism and Theories of Foreign Policy' (Rose, 1998).

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