

Part 1.

**RUSSIAN POLITICAL SYSTEM  
– “DUUMVIRATE EPOCH”**

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## **1.1 The first outcomes of the new political two centre operation model.**

The post-election situation in Russia in 2008 brought significant difference compared with the previous election cycles: ex-president remained included into the power system, because he was appointed as the Prime Minister. Thus the problem of “the two centres of power” appeared in the political discourse, which as it turned out later was in many respects far-fetched. This erroneous assumption inspired the “thaw” theme, raised by liberals, who aspire to become the members of Medvedev’s team. They reasoned about “the thaw” as a convenient mean for taking some powers from the “weak” president, as they deemed unrealistic that the successor would manage to take over all power mechanisms from Vladimir Putin (Medvedev was not very popular with the “siloviki camp” – among people from military or security services). The “tandem model” was suggested as an alternative to the “thaw model”, and the latter eventually prevailed.

It is worth mentioning that political model which was created in 2008 and named “tandem” was not an absolutely new element in Russian political system. Putin’s decision to become the Prime Minister provided real powers for this position, compared to those from before 2004. Currently Dmitri Medvedev, gradually establishing himself as a president, has started paying less attention to social issues, economics (except the matters related to economic crisis, which is a problem that cannot be ignored by the leader of the state), and is dealing predominantly with “pure” politics. Vladimir Putin concentrated his attention on fighting the crisis. During Putin’s second term in the office, real decisions on the important political, social and economic issues were the President’s responsibility.

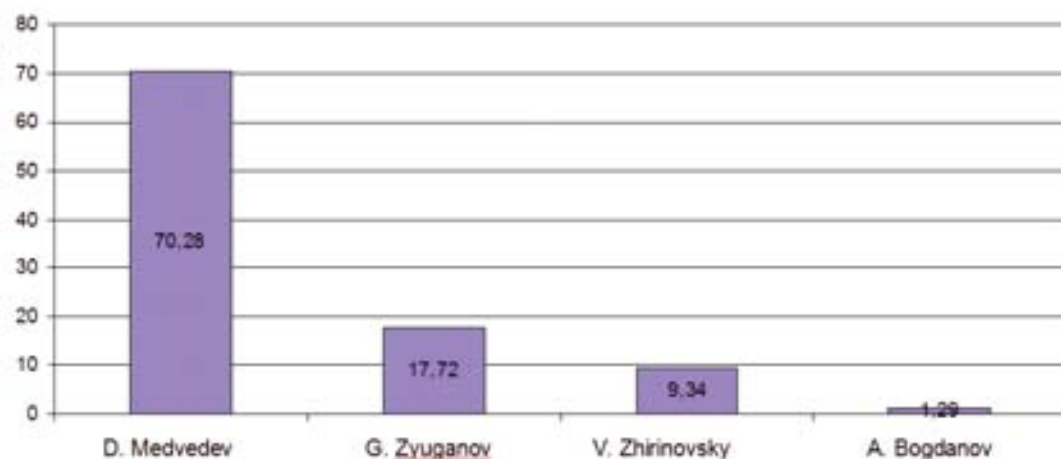
***The results of 2<sup>nd</sup> March 2008 elections confirmed forecasts of the leading pollster centres, published a week before the elections day***, which predicted that Dmitri Medvedev would get approximately 70% of votes (the statistical error being taken into account). This result, favourable to Medvedev, was determined by both short-term and long-term factors. Firstly, growing standards of living increased popular support to Vladimir Putin’s course, which was transferred to his “successor”. Secondly, during the fall of 2007 some efficient measures to mobilize the voters were undertaken, which later ensured high voting turn-out during the presidential elections.

***The widespread opinion that Dmitri Medvedev succeeded exclusively as a result of his domination in mass-media, which ensured him the highest recognition ratio among voters, was not confirmed by the data of public opinion***

**polls.** Specifically, VCIOM published data on the causes of Dmitri Medvedev's victory in the presidential elections. According to the sociologists, the successor's victory could not be explained by his high activity in the media, as his opponents (except Andrei Bogdanov) enjoyed higher recognition ratios in the target audience. The analysis of the public opinion polls data highlights two major reasons for Medvedev's victory.

Firstly, the majority of voters perceived Medvedev as a "new figure" and hoped that he would differ from the "old timers" in Russian politics ("moral wear and tear" of public politicians who entered political arena in the 1990s was evident). Secondly, the significant share of voters was confident of Dmitri Medvedev's victory: they did not want their votes to be wasted and preferred to vote for the favourite in election race.

**The results of presidential election (official Central Election Committee data).**



***Almost immediately after the results of the elections were announced, the dispute about their interpretation has started.*** The statement that "the successor" failed to repeat Vladimir Putin's success in 2004 (Medvedev has got 70.3% of votes compared to 71.3% votes for Putin) is only partially true. Taking into account higher turn-out, the absolute number of voters, who supported Medvedev is even higher and amounts to approximately 52,5 million compared to 49.5 million votes for Putin in 2004. Although it is not clear yet, if "the successor" has his own "core electorate". Those who sympathize with "the successor" (some liberal politicians and those who expected to strengthen their positions after May 2008) claimed that impressive results of the elections were predominantly due to

Dmitri Medvedev's own efforts, and Vladimir Putin's contribution into Medvedev's victory was minimal. Nevertheless, their opponents argued that in fact Putin's electorate followed the request of their leader voting for "the successor" and that own electorate base of the future leader of the state at best could be estimated as the difference in results in 2008 and 2004, which is approximately 3 million votes.

***Both of these positions are rather extreme opinions and their supporters demonstrate wishful thinking.*** Still, the second opinion seems to be more reasonable. Probably, Dmitri Medvedev really managed to attract a share of liberally oriented voters, who perceived Vladimir Putin as a representative of "KGB community" and a hard-liner in both internal and foreign politics, but the number of these voter does not exceed 4-7 millions.

***Almost immediately after Dmitri Medvedev was announced "the successor" the attempts to revise the results of Vladimir Putin's rule have started.*** Anatoly Chubais's warning statement which he made in December 2007 during the congress of the Union of Right Forces Party could be considered as an unofficial start of this campaign. Specifically, the head of RAO Unified Energy System of Russia headed "than still a president" not to "demonize" the results of 1990s, and hinted "life shows that if you spit on your predecessors, you should be prepared that sooner or later successors will do the same to you".

***But the active phase of the campaign started in February 2008.*** Because negative experience of the non-systemic opposition revealed that population is indifferent to general political and human rights issues, opponents of "Putin's regime" particularly emphasized that it was necessary to discredit the so-called "practical" results of the state leader actions. Initially, they promoted the radical variant. The report "Putin – The Final Results" written by Boris Nemtsov and Vladimir Milov, strongly criticized almost all aspects of socio-economical policy of Putin (Milov has already published some of his conclusions before in his column in the newspaper "Vedomosti"). In the end of the month, the "moderate" report by Institute of Economics of Russian Academy of Science was published, which also presented rather negative evaluation of Putin's activity as a president during his second term although indirectly. This report was more "balanced" compared to the radical one by Nemtsov and Milov.

"Ratings war" between the leading polling centres played a significant role in the aforementioned process.

***Some discrepancies in the data presented by leading Russian polling centres already appeared during the presidential elections campaign.*** At the end of

January, Levada-Centre published the rating of support for Medvedev as a president equal to 82%. At the same time, the polls of two other polling centres – FOM and VCIOM presented Medvedev's rating equal only to 55%-60%. Thus sociologists from Levada-Centre, which has more "liberal" image, sent a signal to their "own" candidate that he allegedly had higher public support than Vladimir Putin. It implied that in the future he would be able to become independent from his predecessor.

It is symptomatic that *the abovementioned rating was presented just before the speech of the "successor" at the extraordinary congress of the Russian Lawyers Association. It was expected that Dmitri Medvedev would present the main ideas of his programme at the congress.*

Yet "the X hour" was changed and the expected event took place only in the middle of February in Krasnoyarsk, following Vladimir Putin's speech, in which Putin gave his "directives" to the future president. The fact that there were no breakthrough points in the successor's speech prompted to the conclusion that he preferred "not to pay attention" to the "hint" given to him by the sociologists. But the real dispute among the pollsters concerning the interpretation of current events in the country started after the results of the presidential elections had appeared: the first data of the voters turn-out and the number of votes for Medvedev – were computed and announced.

*The specificity of the second tour of the "competition of interpretations" related to the fact that there were no discrepancies in the data of different polling agencies*, as it has happened before with the presidential ratings of Dmitri Medvedev. The polling agencies now emphasized various aspects of the images of Vladimir Putin and his "successor", which provided vast space for different interpretations.

Particularly, there was a broad resonance caused by "Levada-Centre" poll, which revealed that only 10% of Russians approved the transition from presidential to parliamentary republic in Russia and the transfer of major powers to the Prime Minister – the two thirds of the respondents favoured the status-quo. The mass media loyal to Dmitri Medvedev interpreted this fact (at least in the headlines) as a sign of a distrust to Vladimir Putin (See, for example, the article "Russians do not entrust the state to Vladimir Putin", Kommersant, 31.03.2008). Analyzing the data of this poll, they concluded that the parliamentary elections results should not be interpreted as the negative evaluation of the RF second president's activity. They rather demonstrated sceptical attitude towards the United Russia party, which according to opinion of many respondents won parliamentary elections only because it was supported by than President Putin.

*Despite these differences in interpretations, all leading polling centres published high estimations of public support to both Vladimir Putin and Dmitri Medvedev, but the former president was still a clear leader.* According to VCIOM data, the level of personal trust of Russians to Vladimir Putin was 62%, and to Dmitri Medvedev – 43%. Levada-Centre poll showed that 77% of respondents in general supported Putin's actions as a president.

It is worth noting that *different polling centres highlighted different aspects and components of the political ratings of both presidents.* Levada-Centre tried to emphasize the connection “Putin – United Russia”, while *VCIOM concentrated its attention on the “Medvedev – Putin” relationship*, which presumably explained high rating and impressive results of the “successor”. In particular, 28% of the respondents voted for Dmitri Medvedev solely because he was positioned as “Putin's successor”. VCIOM polls demonstrated much higher popularity of both Putin and Medvedev compared to Boris Yeltsin. While the majority (64%) of the respondents failed to indicate any positive characteristics of Boris Yeltsin. In contrast more than a half of the respondents did not refer to any negative characteristics of Putin (53%) and Medvedev (65%).

*After Dmitri Medvedev was announced as Vladimir Putin's “successor”, “the group of liberal revenge” bolstered its activity.* During the first phase, which lasted approximately two months following 10th December 2007, the “dissatisfied block” demonstrated unfounded optimism. In particular, it was a popular activity to suggest and circulate different lists of the prospective members of a “Shadow Cabinet” and the Administration of the President of RF, which Dmitri Medvedev allegedly should take into account while forming his new administration.

*The second phase, the longest one, continued from February (when it became obvious that Vladimir Putin was going to retain his power) till May 2008, when the real information about the members of the Cabinet and Presidential Administration was published.* The essential characteristic of that phase was “the war of interpretations” concerning the future roles of Vladimir Putin and Dmitri Medvedev, which already started during the first phase, when the candidate received clear signals indicating that he had his own “core electorate”.

In the end of the second stage, when Vladimir Putin revealed the configuration of power he was building, wherein Dmitri Medvedev's freedom to manoeuvre was significantly limited, those wishing to expand Medvedev's influence started to advance the idea of the so-called “Nigerian scenario”. In Nigeria, the president Obasanjo, retiring from his post, did not wish to change the Constitution and instead he recommended as his “successor” some obscure

governor. Obasanjo hoped that he would be able to retain full control over that governor, but in reality after only one year, the governor started to act against his patron. The purpose of the promotion of this scenario was not to impress Dmitri Medvedev or population, but the elites, whose desire to retain Vladimir Putin as an ultimate arbitrator was becoming increasingly obvious. Besides, the polls indicated that the population still perceived Vladimir Putin as the “ultimate leader”, even after he changed the presidential status to the status of the Prime Minister.

The reappointment of the major part of the acting members of the Presidential Administration and the government became a turning point, since it obviously did not fit the “Nigerian scenario”.

## **1.2 New format of the elites – the system of checks and balances**

*In reality, until his last day as the President, Vladimir Putin kept building the power configuration, which would ensure the transition of the essential share of powers, including cadre appointments, from the president to the government.* The major part of this work was performed in the second part of April. It is possible that at a certain moment Vladimir Putin has decided that Dmitri Medvedev partially failed the “loyalty test” and accelerated the construction of the “safety” mechanisms.

*Acquisition of the control over the regional governments played an important role in the “apparatus manoeuvres”.* This process started in the end of April after Vladimir Putin had changed his own presidential decree, issued a year before, concerning the requirement that the constituent entities of the Russian Federation should submit their reports to the Federal Centre. Initially, it was required to submit these reports to the president, and now it was ordered to submit them to the government. It should be mentioned that according to the legislation, the subordination of the regional governments to the central government does not violate the constitutional principle of the division of powers, since both central and regional governments belong to the executive branch.

*At the same time “the power vertical” was extended to the local governments:* the similar system of the evaluations was introduced for the municipalities. The decree did not stipulate what institution would render a verdict



and what would happen to those heads of the municipalities, who got a negative evaluation. It stipulated that each year before 1st May, the heads of city districts and municipalities should “submit their reports with the required indicators to the superior executive department of their constituent entities of federation”.

Presumably, there were two reasons for this decision. The first was to increase control of the executive power over municipalities, as the municipalities control the so called “administrative resource” (the ability to influence results of elections), especially in the regional “capitals” and big cities. Secondly, it could be used to compensate governors for what they lost as a result of construction of the “power vertical” centre-regions, in order to guarantee their loyalty to Vladimir Putin, who granted them the additional resources in their competition with municipalities.

***The appointments in the government and Presidential Administration demonstrated that Vladimir Putin intended and took all opportunities to retain absolute domination in Russian politics.*** As the experts of CCPR (Centre for Current Politics in Russian) predicted, in general there were only minor cadre changes in the higher executive authority body, and the new appointments were mainly related to the transition of the former members of Putin’s Presidential Administration to the government. The most important was the transition to the status of the vice-premier of Igor Setshin, the leader of “siloviki” group in Russian political elite and the former deputy head of the Presidential Administration.

***The appointments to the Presidential Administration were initially the most intriguing issue in the “tandem’s” agreement about cadre appointment, since it was clear that the majority in the government would get***

***Vladimir Putin’s appointees.*** In line with the appointments which were already made, the same pattern worked in the Presidential Administration. Until the beginning of 2009 Dmitri Medvedev followed the principle of the almost absolute cadre continuity. The only important exception was the appointment of Constantine Chuichenko – the member of the “successor” cadre pool as the head of the Control department of the Presidential Administration. It is worth mentioning that Vladimir Putin started his career in Moscow at the same position.

Nevertheless, Dmitri Medvedev appointed Oleg Markov, the former head of the Russian Federal Financial Monitoring System, to the key position of his staff assistant. Markov already worked in the Presidential Administration as the deputy head of the presidential protocol. The new appointee is a member of the personal cadre pool of Vladimir Putin. He is also an ally of “Kremlin’s cadre”, whose alleged leader Victor Ivanov became the head of the Federal Drug Control



Service. Thus, the tendency to reappoint the members of the “Putin’s team” to the Presidential Administration of Dmitri Medvedev continued. It is important to note that the president’s staff assistant responsibility is to select and introduce candidates for all key positions in Russian power system before president. Thus, Victor Ivanov was an influential figure in Russian politics not only because his official position, but also because he had an essential informal “weight” – the cadre apparatus, which Oleg Markov still has to get (in 2008 Markov significantly strengthened his position in the power apparatus).

*If new appointments are considered in the perspective of power structure renovation and rotation of elites, we have to conclude that there was no renovation and rotation.* What happened, in reality was the “flow” of cadres, mainly from the Presidential Administration (PA) to the government. It is symptomatic that both the members of “Putin’s team” (for example, Igor Setshin) and “Medvedev’s team” were included in this process. So, *Vladimir Putin promoted further intertwining of different clans’ interests*, which retains for him the role of an ultimate arbitrator in intro-elite conflicts. Those new appointees, who did not come to the government from the PA, worked before in those industries, which are controlled by the state, like, for example, the new Minister for Energy, Sergey Shmatko, and they belong to the spheres of interests of the already existing elite groups.

Name 5-6 politicians to whom you trust more (VCIOM, 05.11.2008)



*Those experts and members of elites who expected that the positions of “Kremlin’s siloviki” and their leader Igor Setshin would weaken proved to be wrong* (there are even more reasons now to call Setshin’s group “radical siloviki”). After he was transferred to the government, the former deputy head of the Presidential Administration generally managed to confirm officially the

powers, which he already exercised informally. Vice premier now supervises energy industry and management of natural resources, and also got control over the production sector in general (with the exception of the Military Industrial Complex).

It should be noted that *while Igor Setshin managed to retain his position, this was counterbalanced by lowered statuses of some members of his group.* The former head of the Ministry of Justice, Vladimir Ustinov was appointed to the post of the presidential envoy to the Southern Federal District and the former head of FSB Nikolai Patrushev was transferred to the post of the secretary of Security Council. Although this status losses are not symptomatic and “bureaucratic weight” of those, who were demoted could be corrected later. This is especially important for Nikolai Patrushev, because responsibilities of the Security Council are rather vaguely determined, and it could become either a “technical” department or an independent centre of influence and the starting ground for the next career breakthrough, as it happened with Vladimir Putin after he had been appointed as the Secretary of the Security Council.

It is worth mentioning that Rashid Nurgaliyev the Minister of the Interior, who aligns himself with “siloviki”, retained his office contrary to what was expected. The new head of FSB Alexander Bortnikov was already the independent centre of influence in the ministry, because he had direct access to Vladimir Putin. It is assumed that in general he also aligns himself with “siloviki”, although he is not as closely connected with this elite group as Patrushev. The new head of the State Drug Control Service Victor Ivanov is also supposed to be Igor Setshin’s tactical ally. There are some data proving that the head of the PA, Sergey Naryshkin formerly worked in Russian foreign intelligence, so he could be considered as “silovik”, although a moderate one. He has a reputation of a person who skilfully avoids conflicts, so his main task in the new office is to ensure smooth interaction between the PA and the government in making strategic decisions.

It is worth mentioning that *one of the changes in the Cabinet of Ministers was intended as a symbolic gesture with a purpose to send a signal both to Western and Russian human rights advocates.* The function to register NGOs, including Russian agencies of international organizations, was transferred to the Ministry of Justice from Russian Registration Agency, which in turn was transferred now from the Ministry of Justice to the Ministry for Economic Development and Trade. It is also important that Alexander Konovalov, who used to be the presidential envoy to the Volga Federal District, became the head of the Ministry of Justice.

***Structural reconstruction of the government confirmed the assumption of CCPR's experts that the decision to abandon the principles of the administrative reform became irreversible.*** It was supposed earlier that the increase in the number of state committees, which took place previous autumn in the system of the executive power after Victor Zubkov's appointment, was the crucial point of the government structure reform.

***The status and responsibilities of state committees directly contradicted the main idea of the administrative reform:*** to separate government structures into the developers of state policy in different industries (ministries), state controllers, and state services (agencies). A state committee (SC) is a federal executive body, which functions include development of state policy, legal control and regulation, provision of state services and property management, "if this is stipulated by the legal statute of the aforementioned state executive body".

In addition, state committees had some other powers belonging to ministries: they can suggest regulatory legal acts to the government, proposals to federal budget (including proposals related to their sphere of responsibility). The presidential decree published in September emphasized that the chairman of a state committee "can use other powers of a federal minister". The governmental regulation issued in the beginning of April 2008 confirmed and expanded the presidential decree, especially as far as the authorities of SC at all three levels of governmental structures are concerned.

***Yet, in the process of shaping of the new structure of the government it was decided to stop using SCs any longer*** – and two already existing state committees were transformed into agencies subordinated to the appropriate ministries. One more tendency was the reduction of the number of agencies. Among liquidated agencies were the Federal Agency of Russia for the Healthcare and Social Development (Roszdrav), the Federal Agency of Russia for Construction, Housing and Utilities (Rosstroj), the Federal Agency for Industry (Rosprom), the Federal Agency for Energy (Rosenergo) and their functions were delegated to appropriate ministries, although that was not an "across-the-board" process. For example a new agency: the Federal Agency for Commonwealth of Independent States (CIS) was created, which is subordinated to the Ministry of Foreign Affairs.

Nevertheless, ***there is an obvious tendency to create a vertical structure of subordination in the government and to liquidate independent agencies and services.*** Earlier the heads of ministries were entitled to give assignments to appropriate agencies and to control their execution, while currently they can give direct and obligatory orders. Furthermore, some agencies and services are going

to be liquidated in the future. In 2009, three agencies: the Federal Registration Service, Russian Property Service (Rosnedvizhimost) and Russian Cartography Service (Roskartografiya) will merge. Moreover, the government liquidated one more “rudimental” state agency – Russian Federal Property Fund, which functions were delegated to the Federal Agency for State Property Management (FAUGI).

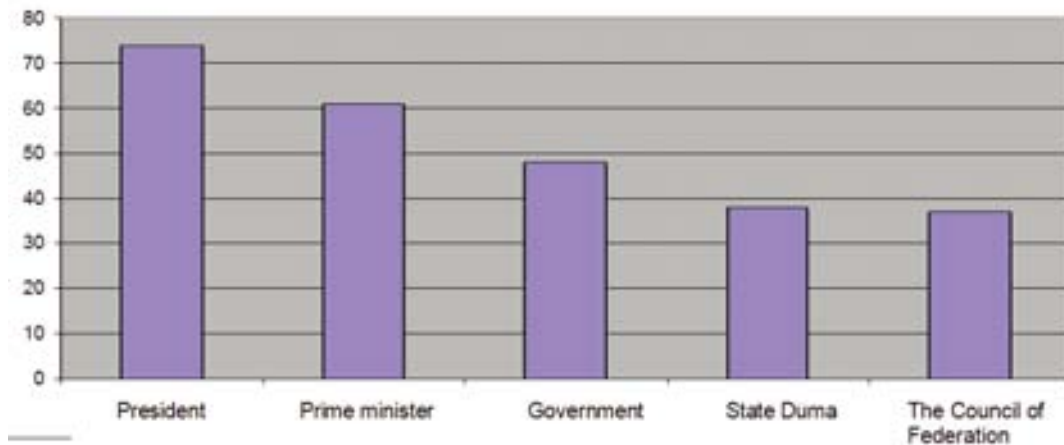
***It was announced that presidium of the government would be created and besides vice-premiers some key ministers would become its members.*** This decision corresponded to the logics behind the structural reforms of the executive branch, including increased number of vice-premiers. It allowed Vladimir Putin to distance himself from “everyday routine” and to limit direct access to him for “second-rated” members of the government, as now the government in full strength meets approximately once a month. The ex-president concentrated on strategic tasks, and routine issues are resolved now by his deputies.

***The next task in the process of the presidium formation is to delegate to the presidium some powers, which earlier belonged to the head of the state.*** The heads of the ministries of Defense, Internal Affairs, and Foreign Affairs, which are directly subordinated to the president, became the members of the presidium. The fact that one of the leaders of “siloviki” Victor Ivanov was appointed as the head of the Federal Drug Control Service is another argument in support of the assumption that Vladimir Putin intends to retain full control over “siloviki block”.

It is also worth mentioning that Dmitri Medvedev’s protégé, the Minister of Justice of RF Alexander Kononov was not included into the presidium, although his predecessor was a member of the presidium. The previous presidium, formed in January 2000, was chaired by then Prime Minister Vladimir Putin and included six vice-premiers and also the Minister of Transport, the Minister of Foreign Affairs, the Head of the Government Office, the Ministers of Internal Affairs and Defence, the Minister of Justice and the Minister of Economy. Thus, the new Putin’s presidium copies the old model introduced eight years ago with the exception of the representation of the ministries of transportation and justice. Additionally, three more ministries of health and social development, regions, and agriculture were included in the presidium.

Following cadre transfers in May, the disposition and the distribution of the spheres of influence in the “tandem” became obvious. Considering different classifications, it is possible to highlight one criterion concerning the branches of power, where the distribution of “apparatus competences” appears to be especially distinct.

Do you trust ...? (VCIOM, 05.11.2008)



***Vladimir Putin controls two most important branches of power (according to Russian mentality and political culture) out of three.*** These are executive and legislative powers. Obviously, the most important administrative “asset” is the executive “vertical” at both federal (the government) and regional (regional offices of federal agencies and local governments) levels. If Putin’s total domination in the government was unquestionable even before he was confirmed as the Prime Minister, recently his similar domination at the regional levels has become more and more visible.

To a certain extent, it was prepared by measures undertaken by Vladimir Putin before his second presidential term expired, for example, by partial transfer of the procedure of governors’ reports and evaluations from the presidential administration to the government (annual reports). There is some indirect evidence that the heads of the constituent entities of the RF themselves oriented on Vladimir Putin as the leader of the “tandem”. Increasingly more frequent meetings of the governors with the Prime Minister, which were uncommon for his predecessors, confirm the foregoing. In addition, it is worth remembering that a number of governors are also the members of the “party of power”, whose leader is Vladimir Putin.

***Vladimir Putin also absolutely dominates the State Duma*** – the lower chamber of the Russian Parliament is totally controlled by the “United Russia” party. ***The situation in the Federation Council is more complicated.*** On the one hand, many senators are members of the “United Russia”. Additionally, they are recommended by governors and local parliaments, which are also controlled to a significant degree by the Prime Minister and the “Party of Power”. On the other

hand, after the Putin's decision to become the leader of the "United Russia", the Speaker of the Federation Council Sergey Mironov began to "promote" himself energetically as Dmitri Medvedev's ally, also through his public statements. For example, by criticizing the idea of transition to a parliamentary republic he eventually quite sharply disapproved of the absence of pro-presidential TV-channels in Russia. The speaker's activity irritated the members of political elites oriented on Vladimir Putin. It is worth noting that during the inauguration ceremony of the new head of the state, the guests applauded, when the State Duma speaker Boris Gryzlov appeared, but ignored Sergey Mironov.

By all appearances, *it was implicitly agreed, when the spheres of influence were divided, that Dmitri Medvedev would dominate (although not absolutely) in the third branch of power – judicial, which importance is rated as the third after executive and legislative.* This is explained to a large extent by the specificity of his career track (he lectured at the law department of the Saint Petersburg State University and worked as a lawyer), which is why the major part of personal "cadre pool" of the RF president are the members of "judicial corporation".

During the first half of the year, the activity of the "judicial corporation" visibly increased. The first move was the demarche of The Supreme Arbitration Court of the Russian Federation (SAC) in April before Medvedev inauguration. SAC, whose head is Anton Ivanov, a current president's protégé, adopted the resolution, which substantially limits application of the Article 169 GK, which the tax administration actively used for the purpose of property redistribution. It is worth mentioning that *the Article 169 was eagerly used in the "YUKOS case" and also in some other conflicts, which got a lot of publicity, for example the "Russneft" case.* The aforementioned resolution theoretically provides some grounds for a partial revision of the court sentences for these cases.

*Later increased importance of the judicial corporation was demonstrated in the open conflict with its opponents from the "apparatus".* The deputy chair of SAC, Elena Valyavina, who is also considered to be a member of Medvedev's team, during the hearings under the oath in the court accused Valery Boyev, the official from the Presidential Administration, of attempting to blackmail her. Although the main purpose of the incident was to weaken the position of the former staff aid of the president Victor Ivanov, whose protégé was Boyev, the aspiration of the judicial power to expand its influence was obvious in this case.

*By all appearances, the elites started to recognize that two principal figures in Russian politics divided their spheres of influence exactly according this line:*



*people from judicial corps should apply to Dmitri Medvedev as their patron and chief arbitrator and that will not inflict on them any sanctions from “Putin’s people”.* Particularly, the head of the Supreme Court Vyacheslav Lebedev announced that his office will propose the draft law updating Code of Criminal Procedure of RF. For instance, according to this draft a prosecutor will be allowed to apply directly to the State Duma or the Council of Federation, requesting to cancel deputy’s or senator’s immunity against criminal prosecution, bypassing courts. If the initiative is introduced, it will augment powers of the General Prosecutor Office, which is another representative of the “judicial corporation”, whose head Yuri Chaika is loyal to Dmitri Medvedev.

*It is worth mentioning that the aforementioned initiative was proposed by the head of the Supreme Court, who is not a member of president’s team like the head of SAC.* Moreover, Vyacheslav Lebedev on many occasions argued in press with Anton Ivanov about means and methods of the judicial system reforms. Finally, practically the next moment after Ivanov’s appointments to his post two “chief justices” implicitly competed for the status of the chief lobbyist for the entire judicial community. Obviously, this informal title was now unanimously awarded to the president of RF.

*Apart from the judicial branch of power, which in general is in the sphere of competence of the “successor”, currently the demarcation of the spheres of influence becomes more obvious in the economic sphere,* which is reasonable from the point of view of public expectations concerning both Dmitri Medvedev and Vladimir Putin. Particularly, it becomes more obvious that the “successor” controls medium and small business, and his predecessor concentrates on the interaction with large-scale business, predominantly with the enterprises operating in mining and extraction industry and export-oriented sector, predominantly these are state-owned enterprises. Although in the second half of the year Medvedev also started “sending signals” to the representatives of the large-scale business.

*Dmitri Medvedev almost immediately after his accession made several statements about preparation of the package of documents aimed at the de-bureaucratization of Russian economy.* The representatives of small and medium business were expected to be the main beneficiaries of the proposed measures, including the reduction of the number of inspections by controlling authorities etc.

*Vladimir Putin, in turn, continued demonstrating intention to work predominantly with “oligarchic” business.* For instance, large-scale business benefited from the rotation of members in the Council on Competitiveness and



Entrepreneurship. Alexei Miller (Gazprom), Vladimir Yakunin (Russian Railroads), Vagit Alekperov (“Lukoil”), Peter Aven (“Alfa bank”), Oleg Deripaska (“Basic Element”), Vladimir Yevtushenkov (AFK “Systema”) retained their membership in the Council, among newcomers are Vladimir Potanin (“Interros”), Ruben Vardanyan (“Troika Dialog”), Valery Bezverkhni (“United Aircraft Corporation”). Many representatives of medium business were excluded from the Council, including Sergei Nedoroslev (“Kaskol”), Alexei Nechaev (“Faberlik”), Victor Avdeev (“Unihimtek”), Igor Babaev (“Cherkizov Meat-Processing Plant”). Yet, the representatives of industry unions of small and medium business (Sergei Borisov from “Opora Rossii”) retained their membership in the Council.

Throughout eight years of its existence, the Council barely functioned, yet it is possible that during Putin’s tenure it will serve as one of the important official channels for communication between the head of the government and the large-scale business.

*Yet, in social sphere the demarcation of the spheres of influence is not clear yet.* The head of the government pays serious attention to this sphere, while Dmitri Medvedev, from the beginning of his “successor” period, has got a strong reputation of a “socially-oriented” statesman.

### 1.3 The new government and the old conflicts

The intro-elite competition was quite active throughout the year. If initially elites tried to use the factor of “apparent bipolarity” of power, later they have stopped attempts “to knock in two doors simultaneously”. To a large extent, the stability of the power construction was the result of Vladimir Putin’s policy, which played on the contradictions of interests of the leading elite groups. *The election of Victor Zubkov as the chairman of the board of directors of Gazprom, although long expected, had some important consequences for the elites’ power configuration.* The rumours that Zubkov could get that post circulated already in spring and became even more widespread in the beginning of May, when Alexei Miller semi-officially announced Zubkov as his “successor”.

*Victor Zubkov is assumed to be a protégé of the previous “cadre lobbying” group* (whose leader is the former staff aid for the president and now the new head of State Drug Control Agency, Victor Ivanov) and also of the leader of “radical siloviki”, Igor Setshin. According to unofficial information these two

persons initiated his appointment and later helped him in his career advancement. In addition, in autumn 2007, Victor Zubkov was considered to be the most probable candidate to the successor position from the “radical siloviki” group.

***Although Gazprom is a complicated structure, considering how the interests of various elites are represented in the company, until now “radical siloviki” were scarcely represented.*** Until then, there was implicit “distribution of functions” according to which the elite group in question controlled the oil industry. Victor Zubkov’s accession changes the power balance, established during Vladimir Putin’s second term as the President and promotes further intertwining of the interests of different elite groups. Apparently, it corresponds to the ex-president’s strategic plans, as it ensures additional stability of the current balance of power system in Russia. There are similar decisions concerning cadres in the “radical siloviki” domain, specifically – in “Rosneft”. In June, Yuri Petrov, who is assumed to be a member of Dmitri Medvedev’s personal cadre pool, became the member of the board of directors of this company.

***It is worth mentioning that intertwining of the different elites interests has already caused some transformations of the “intro-elite power field”.*** In particular, the tandem Zubkov-Serdyukov, which was earlier closely affiliated with “siloviki” has recently started to drift to more independent posture. Furthermore, there are indications of its convergence (at least, it is true about Anatoly Serdyukov) with Dmitri Medvedev. The new President has support the minister of defence against the “generals’ opposition”. There is also unofficial information that earlier Anatoly Serdyukov has already got a carte blanche from Vladimir Putin for various military reforms (including permission to sell military property).

In 2008, the map of inter-elite relations changed significantly and “the old players” started forming new alliances. So, ***the prolong intrigue related to the formation of the authorized capital of “Rostekhnologii” was ended***, and its outcome has significantly influenced the elite power alliances and configurations at the top level of power. According to the statement of the Deputy Minister of Industry and Trade of the Russian Federation, the President Dmitri Medvedev signed a decree on the state contribution to the authorized capital of “Rostekhnologii”, which should be considered as the victory of the head of this state company Sergey Chemezov. ***The dispute about the list of the enterprises continued for quite a long time, and its climax coincided with the period of power transformation – March-June of 2008.*** Current situation provided for the players an opportunity to manoeuvre between two presidents – the former and the acting. Dmitri Medvedev’s decision proved that concerns about possible

destabilization of power system in Russia in the situation of “bipolar rule” were unfounded and demonstrated again that he intends to follow strictly the course of Vladimir Putin’s policy. He chose the “compromising decision”, which was acceptable both to Sergey Chemezov and his opponents.

The first version of the document was submitted to the government in December 2007, while, “under the carpet” apparatus struggle over this draft was continuing for three months. Yet, in spring 2008 contradictions became so acute that they leaked into mass media. Before that, bank “Rossiya” group managed to win the important victory struggling against ambitions of “Rostekhnologii”. With the support of the Minister of Agriculture Alexei Gordeev (a previous Chairman of Russian-Mongolian intergovernmental commission) this centre of influence blocked the attempt of the state corporation “Rostekhnologii” to get control over some Russian assets in Mongolia, including 49% of the shares in the joint venture “Erdenet” mining corporation.

***Later Sergey Ivanov, who still was the first vice-premier at that time and supervised industrial sector, interfered into the struggle.*** He insisted that the list should be significantly shortened and for that purpose all civil enterprises should be excluded. It is symptomatic that in this case the “silovik” Ivanov got support from the liberal head of Russia’s Ministry of Economic Development and Trade (soon it was transformed into Ministry of Economic Development) Elvira Nabiullina. Later the project was sharply criticized by the minister of finance Alexei Kudrin, who in fact accused the leadership of “Rostekhnologii” that it covertly attempted to privatize the state property.

***Yet, during the final stage Sergei Chemerkin’s ambitious plans were in general supported by the first vice-prime minister Igor Shuvalov,*** who declared that the draft of the decree was already agreed with the government and was sent to the Presidential Administration. Shuvalov initially belonged to the “family” group, dating back to Yeltsin’s administration, although he adjusted to the new circumstances during Vladimir Putin’s tenure. Thus, the process of inter-elite alliances formation is still continuing and some changes are quite dramatic. For instance, Victor Gerashchenko, a former chairman of the board of directors of YUKOS and previously the Chairman of the Russian Central Bank accused during an interview several high-rank officials and politicians that they provoked the bankruptcy of YUKOS oil company. As far as Igor Setshin was concerned, he just repeated what Mikhail Khodorkovsky said six months before, but the appearance of Igor Shuvalov among those who were accused by Gerashchenko, looked quite strange. It could be possibly a hint that the supporters of “liberal revenge” scenario do not rely on Shuvalov any longer.

***Igor Setshin, the leader of “radical siloviki” group, which is oriented on Putin, still has strong position in the Russian power structure.*** After his official resignation from the Presidential Administration he cannot influence key political decisions, but he has got a good compensation, as now he controls the industrial, fuel and energy sectors.

***Important statements of the vice-prime minister Ivanov during the last two months allow concluding that he is playing two main roles: he is a lobbyist for the industrial sector, which he supervises, and also the lobbyist for “Rosneft” and for the whole oil sector.*** In the first case his statements and actions (meetings, visits etc.) have a rather routine nature and do not reflect the logics of inter-elite power struggle. In other words, as the sponsor of the industrial sector, Igor Setshin managed not to affiliate himself yet with any elite group.

But his second role as the sponsor of “Rosneft” and the oil industry forces him to align himself with competing interest groups. After his becoming the vice-premier the executive power branch “recognized” the necessity to lower tax burden on oil industry so as to prevent the decrease in the volume of oil production. Another initiative of this official is to liberalize access to the gas transmission system, which directly contradicts “Gazprom” interests, but is beneficial for independent gas and oil producers who must either burn the gas or sell it to monopolies offering much lower prices than global or even domestic prices. Thus, in this case, Igor Setshin acted as the lobbyist for “Rosneft” and from the ideological perspective – as a person supporting liberalization of the gas transmission sector, which can also be considered as a “symbolic change”. It is worth noting that Setshin’s initiative was supported by the head of the government Vladimir Putin, which significantly increases the chance that it will be realized.

***In summer, the restructuring of former alliances accelerated due to the federal policy based on intertwining of interests.*** Following Putin’s actions in support of “Rostekhnologii”, when he negotiated with the president the list of state corporations, which “Rostekhnologii” would control, the balance of interests and power started changing concerning “Norilsk Nickel” and other mining and smelting assets.

Victor Vekselberg, the owner of “Renova”, who was supposed to be Oleg Deripaska’s ally, unexpectedly accepted the offer of Alisher Usmanov, the co-owner of “Metalloinvest”, to be a mediator in the negotiations concerning the creation of mining and smelting holding controlled by the co-owners of “Norilsk Nickel”, “Rusal”, “Interros” and “Metalloinvest”. It is probable that there is a state corporation behind this alliance, which plans to go public and possibly in

the future by exchange of assets and with the help of administrative and financial instruments of the state to get hold on profitable copper and nickel as well as other resources which are fiercely contested. It is worth to mention the alliance of Sergey Chemezov and Alisher Usmanov, who was earlier considered as the “strong Medvedev’s supporter”. Thus, the forming alliance of Usmanov, Vekselberg, Potanin and Chemezov may become an important base of support for Vladimir Putin in the large business.

***The strengthening alliance between Igor Setshin and Sergey Chemezov should also be stressed.*** The vice-prime minister, who officially became the chairman of the board of directors of the United Shipbuilding Company (USC) agreed to Vladimir Pakhomov’s appointment as the president of USC. Previously Pakhomov was a top manager in “Rosoboronexport”. It allowed Igor Setshin to block the promotion to this post of the former head of “Rosprom” Andrei Dutov.

In general, the “radical silovikis” managed to “exchange” successfully their political influence for high positions in the economy. ***Recently, Igor Setshin and his supporters continued their expansion into those parts of the energy sector, where they were not present before.*** The first visible step in this direction was the appointment of Igor Setshin as the head of the State Energy Commission, and what is most important – the significant expansion of the commission’s powers. After “Rosenergo” was disbanded, its authorities for the regulation of power industry were transferred to the Ministry of Energy, whose head became the protégé of Kovalchuk brothers, Sergey Shmatko. They had to yield some part of these powers to Igor Setshin, probably in exchange for his consent not to raise any objections to Igor Chubais’ appointment as the head of Russian Nanotechnology Corporation (Rosnanotekh).

***“Radical siloviki” consider the expansion of control over power industry as a valuable resource in their competition with other elite groups.*** For example, the aforementioned commission can become a convenient instrument for the redistribution of assets in some power intensive industry sectors, such as aluminum industry. Setshin’s ally Sergey Chemezov is struggling for the control over “Nornickel” with Oleg Deripaska – a crucial figure in the aluminum industry. Thus, putting pressure on the main business of the “aluminium king” (Deripaska) Setshin and his ally can force Deripaska to make concessions in the nickel industry. It is possible that Chemezov-Usmanov tandem victory in the competition for Udokan copper deposit was also an element of such “intro-elite exchanges”, although in that case the tandem had the sufficient administrative resource for easy victory.

Although *the analysis of current events leads to conclusion that vice-premier appointment as a head of the state commission (earlier it was chaired by the Prime Minister) was just the first step of the systemic expansion of Igor Setshin and his “team” into electric power industry.* After Setshin has got control over “Inter RAO”, he in fact became the dominating power centre in the industry (before that the head of the company was Chubais’s protégé Andrei Rappoport, a chief executive of the Federal Grid Company). His absence in the new board of directors as the absence of the former chairman of the board of directors of RAO Unified Energy System of Russia (RAU UES) Alexander Voloshin means that Anatoly Chubais’s “team” is losing its positions in the state electric power sector to the group of “radical siloviki”.

*Still urgent issue is what will be the complete configuration of the “exchange” between “radical siloviki” and other elite groups.* The large-scale expansion of Setshin’s group into electric power sector hardly could be explained solely as a compensation for their agreement not to object against Anatoly Chubais nomination. Although some experts claim that Igor Setshin’s activity of could be explained by financial problems of “Rosneft”. Likewise they explain vice-premier’s interest in the electric power industry in general and in “Inter RAO”, in particular referring to Setshin’s desire to create “alternate airfield”, if “Rosneft” financial situation significantly deteriorates.

Yet, *this version is doubtful.* Firstly, considering significant lobbying resource of Igor Setshin, in the case of serious financial problems his company will be the last to be abandoned by the state – it can happen only if financial resources of the state are completely depleted. Secondly, as a result of the reforms initiated by Anatoly Chubais, the electric power industry is not any longer so profitable and attractive as it is still presented by the majority of mass media. The interest of investors who bought power plants and whose only concern are profits could conflict with the expectations of the state and population. Besides, under the pretext of financial problems at global markets the owners of power plants can abandon large-scale investment programmes for the new power plants construction, although these programmes were the main reason for the reforms of the industry and for its privatization.

At the end of 2008, the influence of “radical siloviki” and their leader Igor Setshin increased. It was related to the economic crisis and the fact that Setshin became almost the sole decision maker about the distribution of money channelled through VEB with the purpose to help Russian economy. Igor Setshin,



who recently strengthened his group's position in the strategically important industries, tried to expand his success. It was revealed in Setshin's letter to Dmitri Medvedev, which was published in mass media. In the letter, Setshin accused the leadership of the Ministry of Defense, claiming that the Ministry delayed creation of the United Shipbuilding Corporation hindering the conversion of the shipyards into joint-stock companies (it was planned that USC would unite eleven shipyards subordinated to the Ministry of Defense).

*It is likely that this "leak" is explained by two reasons.* The first was the impasse with USC creation and the second – the start of the "general onslaught" of "radical siloviki" exactly at the shipbuilding "front". With regard to the first reason, currently there is a complete parity of the competing parties. Igor Setshin is among the closest Vladimir Putin's associates, yet in the case of USC creation the Prime Minister rather cautiously supported his subordinate (besides, formally this issue in the sphere of competence of the RF President). Anatoly Serdyukov is supported by both members of the "tandem", yet it is assumed that he is more oriented to the Supreme commander in chief Dmitri Medvedev, although he does not belong directly to his team. It is interesting that after reading the Setshin's letter the president did not issue any particular resolution, which could be considered as his implicit support for Anatoly Serdyukov.

#### 100 of leading Russian politicians in October 2008

Politician	Rating in October	Rating in September	Average grade
Putin Vladimir	1	1	9,40
Medvedev Dmitri	2	2	9,22
Surkov Vladislav	3	3	7,22
Setshin Igor	4	6	7,17
Serdyukov Anatoliy	15	9	5,53

Source: *Nezavisimaya Gazeta*

The second reason was the increased activity of Igor Setshin and his partners in the shipbuilding industry. Apart from the attempts to intensify the conversion of shipyards into joint stock companies, he undertook some other measures. The United Shipbuilding Corporation lodged a complaint in the court against "Muzei",



a company based in St. Petersburg, which in 2006-2007 bought Kronstadt Maritime Plant's debts and probably will acquire this plant. Earlier, the Federal Property Management Agency accused this business structure of the attempted raider take-over of the assets. In addition, according to unofficial information the possible problem with aircraft carrier "Admiral Gorshkov" is resolved. If India still refuses purchasing this ship due to the significant increase in the cost of its upgrade, Russian Navy can buy it.

*It should be remarked that until recently the expansion of USC was only partially successful, which was probably the reason for "radical siloviki" decision to pay more attention to this issue.* Specifically, in the first part of November, the information appeared that the RF Ministry of Industry and Trade initiated a draft presidential decree which ordered to transfer to the corporation "Tactical rocket armament" (TRA) some state assets as a compensation for additional issue of shares. The document referred to the 100% minus one share of the public corporation "Concern "Sea Underwater Weapon – Gidropribor"", in which the USC is interested. Several weeks earlier Igor Setshin approved the transfer of "Gidropribor" to USC, although TRA is subordinated to the Ministry of Defence.

*The vice-premier also acted quite visibly both at federal and regional levels.* In particular, the new air-transport company which was created with the support of Moscow authorities, started an attack on its direct rival – "Aeroflot" backed by Federal Antimonopoly Service (FAS), whose head Igor Artemiev is also Igor Setshin's follower. "Russian Airlines" demanded from FAS to forbid "Aeroflot" to claim "transit money" from foreign air companies. Furthermore, FAS refused to the request of the Minister of Transport and the Chairman of the Board of Directors of "Aeroflot" Igor Levitin to transfer to "Aeroflot" a package of shares of the state-owned airline "Sibir".

*Thus, "radical siloviki" are trying to take advantage of the difficult situation of "Aeroflot", whose management is losing its apparatus positions.* The "family group", whose representative Valery Okulov is the head of "Aeroflot", experienced several severe losses. One of its important allies Oleg Deripaska became heavily dependent from VEB, which remains in the sphere of influence of the "radical siloviki". Besides, it is possible that the investigation of the case of the corporation "Social Initiative" will have negative consequences for the "family group". The head of the Ministry of Transport Igor Levitin failed to become an adequate substitute considering his lobbyist potential for the former staff aid for Vladimir Putin Victor Ivanov, whom Levitin succeeded as a chairman

of the board of directors of “Aeroflot”. Levitin according to one version is a protégé of Kovalchuk brothers (according to another version he is a protégé of their partner – oil trader Gennady Timchenko), who recently have also significantly lost their “weight”.

***Apart from the struggle for assets redistribution, Igor Setshin also increased his activity in apparatus battles.*** In the second half of the year there were rumours about alleged retirement of the Moscow oblast governor Boris Gromov, who was to be replaced by vice-premier Sergey Sobyenin with the purpose to prepare grounds for the unification of Moscow and Moscow oblast. After the scandalous statement of Yuri Luzhkov about the necessity to resume governor’s elections, similar rumours circulated about Moscow mayor, who allegedly soon would be replaced by Sobyenin. Yet, the most probable source of these rumours are Setshin’s supporters, who are trying by means of these to “squeeze out” their rival from the government and to get control over the executive power.

Sergey Sobyenin, in turn, allegedly hinted that he already used to be a governor and would consider such an appointment as a demotion, which he did not deserve. Some people also believe that a long term campaign has started to discredit the head of the Ministry for Economic Development Elvira Nabiullina, whose probable successor will be the director of the department of economics and finances Andrei Belousov, who is oriented on Setshin and Chemezov.

According to unofficial information, Igor Setshin managed to decrease “apparatus weight” of his competitor, the head of “Gazprom” Aleksey Miller. Allegedly, the vice-premier recently managed to exclude Miller from the list of the participants of several official delegations, accompanying the Prime Minister and the President.

***The deteriorating economic situation has increased the importance of the access to state financial resources for the companies, including large “backbone” companies.*** During Vladimir Putin’s presidency they used to be the “backbone” not only for Russian Economy, but also for the elite configuration, because the majority of elite centres of influence controlled either such business structures entirely, or at least partially. Because during the period of favourable economic situation these companies, owned or affiliated to state, practically did not care about cutting expenses and instead of that inflated their personnel and aspirations, now an urgent problem for them is their survival and more or less normal operation.

***The habitual level of financing for this large corporations, considering that many of them are natural monopolist, was maintained by regular indexation of***

*rates*, which caused negative effect for inflation level in the country. In the situation of global crisis, dropping prices of energy resources and consequent decline in production of natural monopolies, whose profits ultimately depend on the natural resources prices, the issue of rates increase became urgent. The major rates were approved in the first half of the year, when it was not yet obvious that the crisis would significantly influence Russia.

***By the end of year 2008, the lobbyist for different industries were actively pressuring the government in the attempt to make it decrease indexation levels for rates.*** Natural monopolies, who significantly strengthened their positions in the executive branch of power, were actively trying to oppose it. JSC Russian Railroads got most visible success, after it deliberately demonstrated readiness to limit its ambitions and only minimally increased its rates in 2009. Moreover, the Federal Tariffs Service (FTS) continued for the year 2009 special rates (as a rule they apply to specific companies). Discount rates will be continued for export of some brands of coal through Russian ports and also for coke and ferrous metals, mineral fertilizers, oil and oil products, condensed gasses and for import traffic of cars.

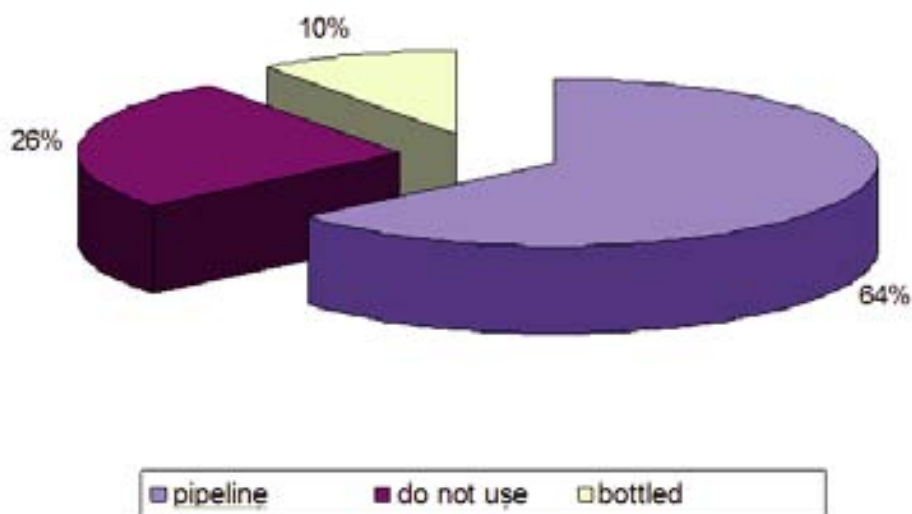
In return, the government supported Russian Railroads, which experienced significant losses. The traffic in ferrous metals and coal industries, which constitutes the major part of the transport business, decreased in recent months significantly. The Prime Minister Putin ordered to increase the authorized capital of the monopoly by 41.5 billion roubles. Thus, the state demonstrated that it would support those monopolies, which are willing to make concessions and which care not only about their narrow corporative interests. For example, almost immediately after the announcement of the Russian Railroads about additional issue of shares, the Prime Minister declared that to support domestic automakers, their production will be delivered to the Far East by railroads for free (at zero rates). also In addition, the Russian Railroads losses would be compensated from RF budget, although most likely it will be only partial compensation. Yet, it will allow company to use some of its capacities, which are not operating currently due to decreased traffic of “customary” clients.

***Gas monopoly proved to be less successful compared to its railroad “colleagues”.*** The struggle around gas rates, which continued for more than half a year after the growth of gas rates was approved at the level exceeding the inflation growth rate for next few years, ended successfully for the consumers. As the first vice-premier Igor Shuvalov said, the increase of rates for “blue fuel” for consumers (industry and population) in 2009 would be set quarterly and in the

first quarter it would be 5% (the annual increase of rates for population would be approximately 25%). Yet, he warned that it is expected that at the end of the year the rates would be at the predicted level, but only in the case of “normal situation”. Taking into consideration that the forecasts for the next year are increasingly pessimistic, it is highly probable that the situation will be far from “normal”.

***Initial argument in favour of rates increase was the sharp increase of global prices for gas:*** Gazprom lobbied the idea of equally profitable prices for both domestic and export deliveries. Following the sharp fall of global prices of energy resources (the prices for the “blue fuel” were not influenced yet – it is estimated that export gas prices will follow the pattern of global oil prices with a lag of approximately 6-9 months), this argument is not valid any longer. Yet, gas monopoly has started arguing that it is necessary to upgrade its capacities to prevent the significant production decline. Because of dropping prices and decreased consumption rates of gas in Europe (the winter was warm), according to different estimations, the budget deficit of gas monopoly in 2009 will be about 20 billion dollars and it is very important for Gazprom to compensate this deficit at the expense of Russian consumers.

**Do you use household gas, if you do, is that pipeline gas, or bottled gas& (FOM, 27.01.2008)**



*In contrast to their colleagues from gas industry electric power producers managed to reach planned targets of rates indexation.* Although legally this industry is no longer a monopoly (RAO EES was liquidated in the middle of the year) in fact it has transformed into oligopoly and is controlled by few large-scale players. As the first vice-premier Igor Shuvalov said “in 2009 electric power rates for population will increase by 25% and for industry – by 19%”. This decision looks really strange considering that it was decided to avoid sharp increase of gas rates. In Russia the significant part of electric power is produced at gas-burning power plants. Most likely *the “benevolent” attitude of the government to electric power producers could be explained by two reasons.*

Firstly, they have already tried to “rebel” claiming that they are prepared to reconsider their investment programmes and reduce investments because of the crisis. In fact, the necessity to attract private investors to the industry was the main explanation for the reform of RAO EES. Secondly, it is possible that it was due to Igor Setshin interference, who recently positioned himself as a sponsor not only for the oil, but also for electric power industry. It is quite possible that by means of these actions, this top official wanted to demonstrate to his opponents (for example, to “Gazprom”) how useful “constructive” relations with him may be.

#### **1.4 The change of the Constitution of Russian Federation: the causes and the consequences**

The speech of the president Dmitri Medvedev to the Federal Assembly in the beginning of November 2008 marked the new stage in the development of Russian political system.

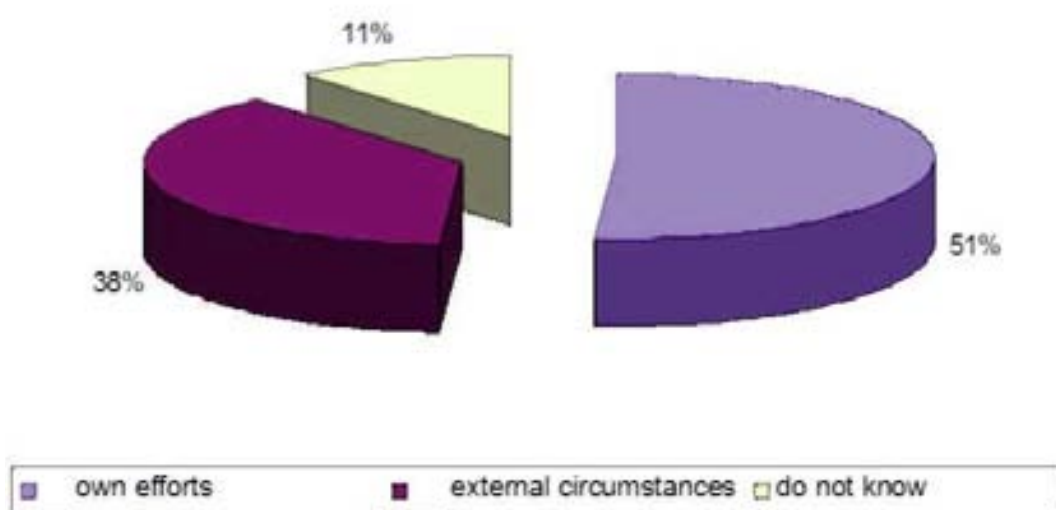
*The Address contained both a large strategic block and a number of specific points, including internal politics.* If the first of the abovementioned dimensions is considered, it should be emphasized that it has quite impressive “values block”, which distinguishes it from the former speeches. Thus, the head of the state outlined strategic guidelines of his rule both at “rhetorical” and ideological levels.

*In his Address, the president staked on “dynamic stability”.* Thereby, he aligned two tasks, which at the first glance seemed to be incompatible. One is to save political stability in the country at the institutional level, while the other is to send modernization impulse to the country, which requires either to create new political institutions or to reform the existing ones.

The changes deriving from the modernization impulse for the country were formulated less specifically than the changes related to the “stabilization block”: only at the level of values. The analysis of the values declared in the Address and their definitions allows the suggestion that president Medvedev during his rule will stake on conservative modernization (or liberal conservatism), which assumes gradual modernization based on the sustainable development.

*It is interesting to consider what priority values were declared by Dmitri Medvedev and the hierarchy of these values.* Most likely these values were suggested by the President of Russian Federation as the basic element of the informal pact of the social consensus between population and elites, which will guarantee the stable development of the country. **Justice was declared among the major priorities**, and it is “understood as equal political rights, fair courts, and responsible management. It is realized as social guarantees, the purpose of which is to overcome poverty and corruption. It will strive to provide a decent status for every person in the society and for the Russian nation in the system of international relations”. The detailed statement of the principle of justice quoted above unambiguously demonstrates the paternalistic understanding of this principle in the document, and the special emphasis on social equality, which corresponds to the “cultural code” of the majority of Russian population.

**Is people's material welfare primarily determined by external circumstances or by their own efforts? (FOM, 06.15.2008)**





***The second declared principle was a freedom and all its dimensions:*** “personal, individual freedom. The freedom of enterprise, the freedom of speech, the freedom to choose a place of residence and occupation, and also the freedom, the independence and self-determination of the Russian state as a whole”. Similar definition of the notion of freedom was already stated in the previous Medvedev’s speeches (“The freedom is better than the absence of freedom”), still, when the President emphasized the sovereignty of Russian Federation, when he reasoned about freedom – it seemed like an unexpected and original move. It contradicts liberal dogmas in their classical definition, when a freedom is referred only in relation to an individual and not to a group or a state.

***Human life, welfare and dignity, peace and protection of ethnic minorities are also mentioned in the list of values.*** This means that in this case the President related this principle not just to the internal, but also to the foreign policy of Russia. In his words, Russia’s recognition of Abkhazia and South Ossetia independence is an impressive example of the protection of rights of ethnic minorities.

***Family traditions were not discussed in detail by the head of the state,*** and the reasons for that are quite understandable: there is long-standing consensus on this matter in the Russian society. ***Finally, patriotism was proclaimed as an extra value base for the development of Russia*** – “trust in Russia, deep attachment to one’s native land, to our great culture”.

***The analysis of both presidential interpretation of values and the order in which they were presented allows making an important conclusion.*** “Freedom” in this list is placed after “justice”. Although, in the official version of the document at the President’s website these values are not explicitly “numbered”, so the conclusion about their hierarchy is tentative.

***Family traditions and patriotism were also declared among priorities, which corresponds more to the conservative rather than to the reformist trend.*** Altogether, the stylistic and ideological characteristics of the Address are most visibly demonstrated by the names of “classics” of political science mentioned by the President. Stolypin, Korkunov, Chicherin are considered as “liberal conservatives”, who in their intellectual and practical undertakings (Stolypin) adhered to the model of development, based on the conservative values.

The general analysis of moral benchmarks, mentioned in the Address (both explicitly stated and implicitly mentioned in the parts of the Address, which are not directly related to values) allows to suggest that the authors of the document with the purpose to establish new “social pact” between elites and population tried to appeal to the broadest possible ideological spectrum.



Firstly, there are definitely conservative and paternalistic motifs in the Address. Secondly, social democratic rhetoric (concern for social peace, social support for economically vulnerable strata of population etc.) is also present. Yet, the opinion of certain analysts that there are some socialist “hints” in the Address seems to be unfounded. Probably, it was just the opposite: the president of RF deliberately wanted to avoid simplified understanding of his message, which is why he expressly emphasized that Russia would celebrate the equality of starting opportunities for everybody, but not the “levelling” approach to equality.

***Besides ideological and value statements there were also some specific suggestions in the Presidential Address, though contrary to some already voiced assumptions the most detailed and specific block related to internal policy.*** The most important and almost sensational was the head of the state statement about his initiative to change the Constitution and to prolong the tenure of the president and the State Duma deputies to 6 and 5 years respectively. Before that the Constitution was considered to be untouchable. In 2007, Vladimir Putin decided not to prolong his presidential term and not to abolish the limit, allowing only two consecutive presidential terms, although he was a very popular politician both among the population and elites satisfied with his performance in the role of the supreme arbitrator, and such a proposal would be supported by almost all major “players”.

***Still, Dmitri Medvedev deliberately emphasized in his speech that he meant only correction of the Constitution and not the reform of the Constitution,*** so that to suppress “reformist itching” of some special interest groups. In general his intention was to “optimize” three articles of the Supreme Law: 81 (president’s term of office), 96 (the State Duma deputies’ term of office) and 103 (the extra authorities for the lower chamber of parliament concerning requirement for the government to report to Duma). Thus, the basic principles of the Constitution will not change, which will preserve its role as the document declaring the consensus of elites and population with respect to basic political priorities. The constitutional assembly is not required for inaction of these changes. It is sufficient according to the procedure to get approval of the two thirds of the State Duma deputies, and at the final stage of the two thirds of the legislative authorities of constituent entities of Russian Federation.

***In general this is a constructive proposal for the number of reasons.*** Those who criticize this initiative often refer to the experience of the “standard of democracy” – USA, where the presidential tenure is limited to two terms, four years each and nobody dares to talk about any kind of prolongation. Although

they forget about the precedent of presidential tenure prolongation: for Franklin Delano Roosevelt the two terms limit was suspended and the author of the “New Deal” was elected the president for four consecutive presidential terms.

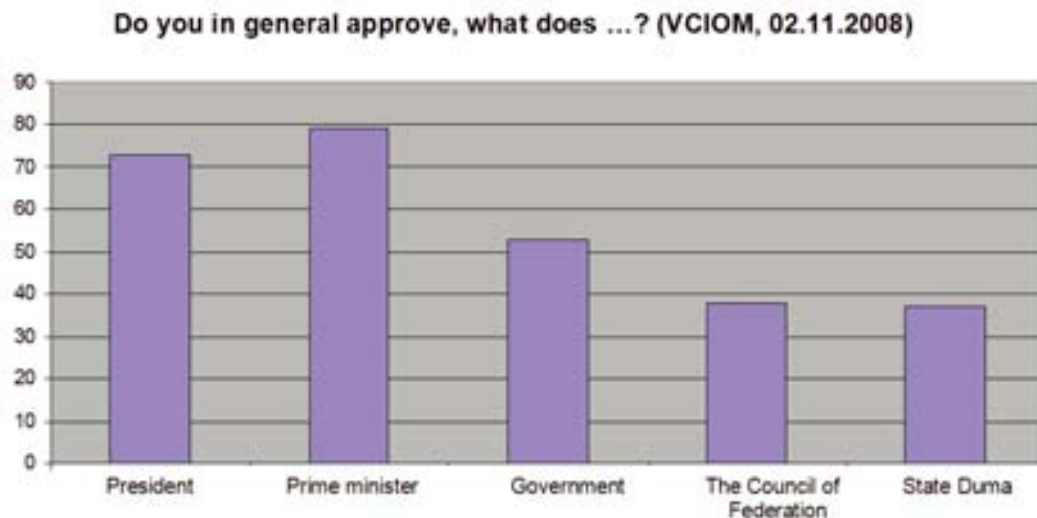
The reference to the American experience is not the right one for some more important reason. In general, the personal influence of the President in the USA is somewhat more significant compared to the Russian situation. All in all, there is consensus among American elites concerning basic priorities and any president of the United States (whether Republican or Democratic one), who dares to challenge this values would lose his post, and even more likely – would never be elected. Therefore, the differences between two major American parties are not about the strategic goals – they are about means of achieving these goals. In Russia, the role of the personal factor is much more significant, and the elites do not have a long experience of accommodation of interests, although during Vladimir Putin’s term some positive achievements in this direction appeared. That is why *the prolongation of presidential tenure will be the additional guarantee for the stable development of Russian in medium-term perspective.*

*The State Duma deputies’ tenure prolongation is also intended to be the additional guarantee for the political stability.* Furthermore, this measure will allow solving one more problem, which was formulated earlier, the shift of the dates of parliamentary and presidential elections so as not to have them at the same date and to avoid excessive “agitation and mobilization” of population during elections period. This will also allow ruling elites to detect during “intermediary” elections (de-facto this will be the status of parliamentary elections campaign) what are major concerns of the electorate and to correct their policy taking them into account.

*The extra powers granted to the State Duma by the requirement that the government will report to Duma are also important.* It must be stressed that unlike the previous two changes (related to terms), which could be introduced only by changing the Constitution, the latter change does not require any changes in the Supreme Law. It is possible to expand control authorities of the lower chamber of the parliament by changing the “lower level” documents, for example, of the Federal Constitutional Law on the Government. The fact that Dmitri Medvedev in his Address directly mentioned the need to change Article 103 of the Constitution means that he is paying special attention to this issue and that the expansion of the State Duma powers is not a tactical move.

*In current situation this correction does not look as principled one.* If Vladimir Putin remains the head of the government – the report of the executive

power to State Duma will turn to be a mere formality. But if the ex-president quits his post and concentrates, for example, on the political work in the United Russia, it will provide for him some additional means to influence situation, which will help to maintain balance of power inside “governing tandem”.



*The publication of the Address provoked a new wave of rumours about future changes in the “tandem” members’ relations.* The overwhelming majority among even those analysts, who predicted conflict scenario of interaction of the two leading Russian politicians had to acknowledge that Dmitri Medvedev definitely coordinated his initiatives with Vladimir Putin and he surely was not trying to “play his own game” behind the back of his predecessor. Yet another time the version started circulating that the “thaw” was starting in RF (allegedly initiated by the head of the state). The supporters of this theory at that time were promoting the suggestion that the president “has already paid his dues to the prime minister” and now he was free from any obligations. Although once again this was a tendency of wishful thinking, it was clear that the supporter of the “thaw” scenario would continue despite the hard facts to look for potential “cracks” in the “tandem” and would keep adjusting their speculations to changing reality.

*The next wave of rumours, provoked by publication of the Address, was related to the assumptions dealing with the question who will be the beneficiary of the prolonged presidential tenure.* There were two absolutely opposite opinions: either Dmitri Medvedev acting this way prepared the ground for

Vladimir Putin's return for another twelve years as a president, or he demonstrated "who runs the show" and his power ambitions (this opinion is popular among ultra-liberals). It is worth mentioning that considering current consensus of elites, which even economic crisis has not broken, it is really not important, who will rule the country next – Dmitri Medvedev or Vladimir Putin. 2008 demonstrated that the partners in the "tandem" elaborated the reliable schema for coordination of their positions, which proved to be efficient even in the crisis situation.

***The important part of the Address, related to internal policy, dealt with the issues of parties' development.*** In this sphere Dmitri Medvedev one more time acted as an "innovator", although this time his initiatives did not require correcting the Constitution. The proposals, which he announced, deal with the issue of more active roles of "small" parties and also of their "senior" colleagues, represented in the parliament, in the political life of the country.

In particular, ***the suggestion to grant "one or two mandates" to the political parties, which overcome 5% barrier, but failed to reach 7% barrier, could be considered as an attempt to attract to the systemic political field the parties, which do have some electoral support, although they do not attract enough votes for the "legal" success.*** It is quite possible that this measure is aimed on "testing" semi-parliamentary parties: considering the activities of their representatives in the State Duma it will be clear, if they are ready to "build into" the existing political system, or not. If the answer will turn to be negative, it will mean "failed test", and the damage from populist speeches of one or two deputies (they would be simply unable to undertake more impressive demarches because there will be too few of them) will be minimal.

***This president's proposal inspired numerous discussions.*** According to one of the versions, it seemed like Dmitri Medvedev planned to restore 5% barrier, yet because of some ideological considerations (allegedly this could mean a sharp break with "Putin's legacy") decided not to realize his plans. It must be articulated that this move in the current political situation hardly could be considered as the principal difference between Dmitri Medvedev's and his predecessor's parties' development policy, although it could definitely provide the advocates of the "thaw theory" some extra "trumps".

The decision to introduce higher 7% barrier for parliamentary elections was mainly aimed at blocking parliamentary activity of some parties, which used to be systemic, but starting from the year 2000 marginalized and more and more deviated toward "irreconcilable" actions. Yet, 2007 elections demonstrated that

the ruling elite concerns related to these parties were exaggerated: oppositional parties have lost almost all their electorate and without radical modernization could hardly count to attract even 5% of votes. Thus, even if the barrier is lowered, it will hardly change the configuration of political field.

***One more measure, aimed at support of “small” parties, was the president’s of RF proposal to allow not to collect signatures to the parties, which will get more than 5% of votes in the next elections to the State Duma, or to those parties, who will create their fractions in more than two thirds of the regional parliaments.*** It is worth noting that in this case the head of the state indirectly pointed one more way for “breaking” into “big politics”. If earlier nearly all parties developed at the federal level, and regional departments’ activity was only secondary or even tertiary task, now situation may change. The party, which succeeded in regional campaigns, and, hence, has effective local organization and infrastructure, can attempt to ascend to the federal level.

***There are two more president’s suggestions for small parties’ development*** (yet, he warned that this time the progress should be cautious and gradual): reduction of the number of signatures, required for the registration of the candidates in elections, and reduction of the minimal required number of the members of the party. It is quite possible that the first beneficiary of this proposal will be a new liberal party – “Just Cause” (“Pravoye delo”).

***It should be pointed that attention of Dmitri Medvedev to small parties was compensated by advances for their “big colleagues”.*** The head of the state ordered to abolish a money pledge for elections at all levels, which makes signatures collection the only mean of admission to election campaign. Considering the fact that almost in all regional parliaments only four parties are represented following the example of the State Duma, the beneficiaries of this innovation will be primary only parliamentary parties.

***They will in general gain also from the other initiative:*** the proposal that the candidates, which will become in the future the heads of the executive branch of power in constituent entities of RF, will be recommended to the President only by those parties, which have won the maximal number of votes at regional elections. Thus, this suggestion will secure “leading and directing” role of the “United Russia” in the regions and will strengthen control of this party over the Council of Federation.

***The Address also proposes some significant benefits for so-called parliamentary “minor parties”:*** all parties represented in the State Duma except of UR. They have already complained many times that “power party” in fact

monopolized informational field and their activities receive almost zero coverage in mass media. So, legal guarantees, ensuring that citizens will be informed about minor parties' activities in the state-owned mass-media will help to develop competition between parties.

***In the middle of November 2008 on the Internet site of the head of the state Dmitri Medvedev his interview to French newspaper Le Figaro was published.*** Beside other issues, the interviewer asked how likely was the RF president's early resignation before the end of his term. It was an echo of discussions in experts' community, triggered by the Presidential Address. After they failed to find any "hidden agenda" in the idea of president's term prolongation, the observers started artificially inflating intrigue around the assumed beneficiary of such a decision – in their opinion it could be Vladimir Putin. Yet Dmitri Medvedev's reply to this suggestion demonstrated that such variants currently (later everything could change because of rapidly changing financial-economic situation) are not considered.

***Meanwhile there was a sequence of rapid events related to the president's initiatives.*** There was a meeting of Dmitri Medvedev with representatives of parliamentary parties. At the meeting "technical" aspects of realization of the ideas, proposed in the Presidential Address were discussed. In 2008 ***Dmitri Medvedev submitted to the State Duma a package of draft laws, aimed at the realization of the key ideas of his first Presidential Address.*** The draft laws for the prolongation of the tenure for a president and deputies of the State Duma, and for the requirement of annual reports of the government in the State Duma were proposed. It is worth mentioning that the foregoing took place only a week after the Address was published and only a day after the president met with the representatives of the parliamentary parties. Such a fast realization of Dmitri Medvedev's proposals could be explained by at least two purposes, which do not contradict one another. Firstly, the intent to demonstrate that the head's of the state initiative should be immediately realized without any "red tape". Secondly, this activity demonstrates that the elections to one or even two power institutions may happen much earlier, than expected.

***The prime minister Vladimir Putin publicly approved Dmitri Medvedev's proposals.*** Ex-president as a leader of the United Russia instructed his party to support absolutely all initiatives of the "successor" immediately after the Address was published, and his public joint press-conference with the Prime Minister of Finland, when he made aforementioned statement, became just one more convenient informational opportunity to express publicly his support for the ideas of his partner in the "tandem".



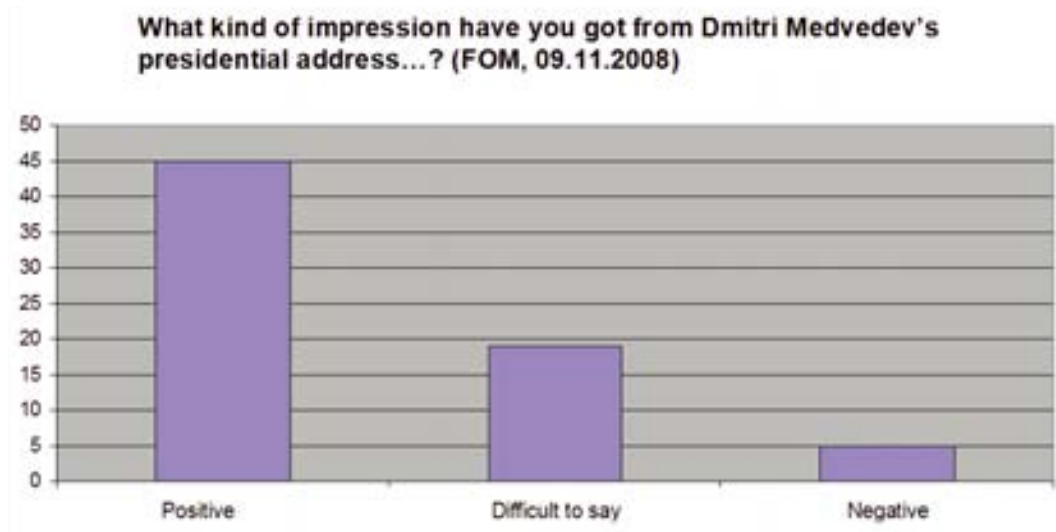
***By December 2008 the proposals were approved by both chambers of the parliament and signed by the president and soon – also by regional parliaments.*** It is interesting to consider the context in which president's proposals were enacted, particularly, the actions of the leader of LDPR, Vladimir Zhirinovsky. He is to a significant degree a "referent" politician, which means that he is quite sensible to the moods of population and power elites, which is reflected in his statements. Specifically, the head of "liberal democrats" proposed the "russification" of the Supreme Law and for that purpose to introduce following amendments: official reference to Russians on a par with other nations, and liquidation of national administrative entities at the Russian territory. Although in the near future the probability that these amendments will be approved is none, the fact that they were proposed, demonstrated that in Russia there is some support the nationalist-populist ideas. The initiative of the deputy from LDPR Sergey Ivanov proposing to prolong presidential tenure to 7 years instead of 6 is also interesting, because it showed that there are influential groups outside the State Duma lobbying this proposal.

***The reaction of different strata of population and elite groups to the Address confirmed the assumption that the Address was a compromise.*** On the one hand, there is a quite visible trend of liberalization of political system, primarily by presidential initiative to reform parties' configuration. It was a result of the pressure on the head of the state from liberal elite groups, who talked about possible apocalyptic scenarios if "state power continues controlling civil society in a crisis situation". It is worth remembering that the purpose of this liberalization is not the change of political system and return to the "true democracy of the 1990s", but the increase of the number and widening of the channels of "vapour release" for population, because during the economic slump there will be more "vapour" to release. ***Thus, as it was already mentioned earlier, the purpose of proposed changes is to ensure extra stability for the existing political system, and not the creation of a new one.***

***The Address also contained some ideas intended to balance "liberal trend", rather "qualitative" than quantitative.*** First of all it deals with prolongation of president and State Duma tenures. Apart from other things, this will allow to separate electoral campaigns in time (naturally, before that a new head of the state and parliament for the next term should be elected): destructive forces regularly try to use agitation, provoked by side-by-side elections. The talks that even a letter in the RF Constitution should not be changed are unfounded: laws are made for people, not people for laws, and Constitution is the Supreme Law. Besides, the



advocates of the invariant Constitution, many among them are also proponents of “thaw idea”, forget that in case of uncontrolled liberalization the “tectonic” social changes could also bury them as one among intellectual groups, which will be replaced by populists.



*It is worth to pay attention to another special feature of the Address. There are fewer references to corruption in the Address, compared to the previous ones.* In Dmitri Medvedev's Address there is practically no reference to exact sums assigned to specific sectors, and to specific targets, which potentially could be related to abuses from the part of officials.

### 1.5 Political parties after elections to the State Duma

The party system also evolved significantly. In the second part of 2008 the authorities have decided to consolidate party system and to liquidate “dwarfs”. Some of them had to merge with larger parties and some were completely liquidated. In October *there was a congress of Agrarian Party of RF (APR) and the unification with UR was officially announced.* APR, which was created in the beginning of 1990s as a backup in case if CPRF would be banned, underwent numerous metamorphoses. The first ten years after its creation the APR strictly followed communists' politics also lobbying the interests of the regions. Yet, during the last years while the party system was consolidating the intent of the

APR to merge with some leading political party with the purpose to survive at the federal level became more and more obvious. This change of course became especially visible, when “systemic” politician Vladimir Plotnikov replaced the former leader of the agrarian-industrial group in the State Duma and the strong advocate of the union with CPRF Nikolai Kharitonov.

***Yet, there was an intrigue still: what party would choose Agrarian Party as their patron?*** APR merger with the “Fair Russia” (FR) seemed more logical, because the latter claimed the role of the power uniting the whole left flank. This move was advantageous for the FR too, because its rating was rather low only about 7%, which is indispensable to overcome the barrier: the additional agrarian electorate (the APR got 2.3% of votes in 2007 elections) could be an extra guarantee that the FR would get to the State Duma. Yet Vladimir Plotnikov and his supporters decided to unite with UR – “the party of power”, assuming that it would allow them, using the political weight of UR, to protect the interests of their “core” rural electorate.

***The algorithm of the unification with the UR party also played an important role.*** It used the quota principle: i.e. in case of the unification with the UR, the APR party leaders were promised guaranteed quota in UR management structures. That was an additional guarantee against “fight for posts” between UR activists and the “newcomers” from APR, like those which for a long time troubled the “Fair Russia” following its creation after the merger of three different parties.

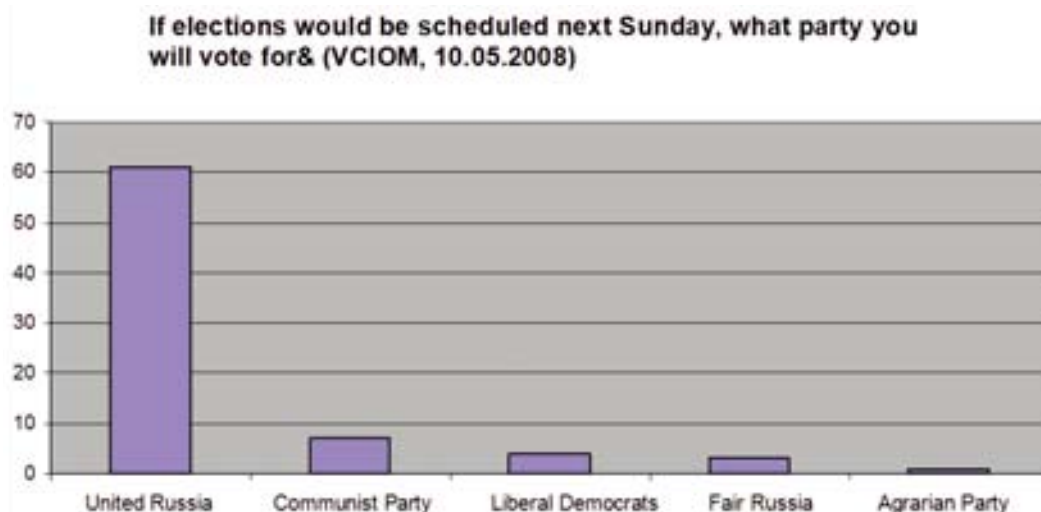
Finally, one factor, which help to neutralize the supporters of the FR in Agrarian party, were metamorphoses of Sergey Mironov’s party per se. Particularly, its ambitions to become the “second party of power” proved to be unfounded. After Vladimir Putin agreed to head the UR, the members of the FR aspired to become “Dmitri Medvedev’s party”, but according to unofficial information they failed to get the president’s approval for that. Thus, the perspectives of the FR before forthcoming parliamentary elections look obscure.

***It is worth mentioning that the unification with the Agrarian Party will provide some dividends for the United Russia too.*** Yet the “party of power” will benefit from the unification with the APR rather not at the federal (the APR got in the last elections only 2.3% of votes, which is not really significant, considering high UR rating), but at the regional level. Despite its low visibility at the federal level the agrarians have significant support in the rural constituent entities of the RF, for example in some regions and republics of South Siberia. This can help to improve significantly the UR results in the future regional elections, in which they will have to achieve a difficult objective – to increase the party’s popularity, which is already high.

*Taking all this into account, the “Fair Russia’s” attempt to provide the “symmetric response” to the UR activity looks unsuccessful.* The parties, which the FR “swallowed”, are basically the “paper” parties: their rating is just fractions of per cent. Moreover, unlike the APR they do not have such a valuable asset as “their own” regions. Thus, the FR tries to compensate by the quantity of acquired parties the lack of their quality. The only valuable asset at the left flank could be the CPRF, but the CPRF leaders do not demonstrate any desire to unite with any other party.

*Besides there are some serious doubts about the necessity of the FR and the CPRF merger.* The purpose of party consolidation and also of modernization of the “old” parties (for example, the URF) is to provide an extra support for the authorities, other than UR, which will ensure for them some extra stability, especially in the situation of financial crisis, which can lead to protest activity of social groups used to be rather passive before the crisis.

The CPRF unlike the FR has its core electorate, although in general its policy is loyal to the authorities. In case of the FR and the CPRF unification the new party could lose a significant part of the left electorate, which could join some non-systemic projects in the situation of the absence of any other “socially oriented” parties.



In the middle of November the first phase of the consolidation at the right flank was ended by the first congress of the new party “Right Cause”, which was created after the unification of three parties “Union of Right Forces” (URF),

“Democratic Party of Russia” (DPR) and “Civil Power”. *Almost immediately after the start of the new project was announced and two months before the congress there were attempts to disrupt the project.* The initiators were “irreconcilables” – those who reject outright the possibility of cooperation with the government and join “non-systemic” opposition. The former leader of URF Nikita Belykh, despite his refusal to cooperate with the authorities decided not to position himself as the leader of the “dissatisfied”, that is why rather marginal members of the party aspired to become the leaders of the “irreconcilables”.

*Initially they staked on the dissatisfaction of the regional branches.* Although, in general, party activists (especially those who performed real electoral work and were represented in regional and municipal governments) got tired from permanent confrontation with authorities, hindering their work, it was assumed that exactly at the local level the “wave of dissatisfaction” will raise, which later, immediately before the congress could be “retranslated” into the federal level. In that case, they could announce about the cleavage instead of the disbandment of URF, which could provide some image advantages for the “irreconcilables”, although it could not stop the liquidation of the party. Initially information was circulated that allegedly Moscow, St. Petersburg and some other branches (for example, Vologda branch) were divided. Their leaders (except Moscow branch) allegedly were for cooperation with the authorities, but the majority of activists – against it.

*Yet later it appeared that the rumours about cleavages were largely exaggerated.* Only Moscow branch was “differentiated”, but in the other the “irreconcilables” were in minority. It is quite understandable that the idea of cleavage was most popular in those regions, which URF according to the package agreement has to make concessions to its partners – DPR and “Civil Power”, so in the regions where the activists of URF could not obtain leading positions in the branches of the new party.

*When the attempt of the “irreconcilables” to raise a wave of protest from “the lower level” failed, they used their last resort – the attempt to play on the contradictions among candidates at the congress.* Initially, Maria Gaidar was expected to become the leader of the “irreconcilables”, but she had only minimal number of supporters and could not really hinder the plans of the advocates of the alliance with authorities. Yet at the last moment it appeared that the “irreconcilables” would be represented at the congress by more influential candidate – Boris Nemtsov, who suspended his membership in the party in the beginning of the year. He skilfully used the party charter, restored his

membership, got deputy mandate and opportunity to make a speech at the congress. Because the main argument of the “loyalists” was unsatisfactory financial situation of the party, Nemtsov announced that he found the sponsors who could pay party’s debts and suggested to stop URF liquidation. Although he almost surely bluffed, his suggestion jeopardized the plans for the creation of the new right power. Yet, this unexpected situation vividly demonstrated, how popular were “loyalist” attitudes in the party 96 out of 107 delegates voted for the party liquidation, 9 voted against and 2 – abstained.

***Despite the fact that unification processes at the right flank have been successful so far, it is only the first step.*** The new party has to prove in reality that it can claim the role of the liberal electorate representative, which means that it should get no less than 3-5% of the votes in the next elections. In that case it might be represented in the State Duma, at least using “lowered” barrier from 5% to 7%, which was announced by Dmitri Medvedev in his Address. It is quite possible, that the members of the supreme council of the new party will fulfil this task.

***The accusations of the “irreconcilables” that the main purpose of the authorities’ plan to create a new right wing party is to liquidate URF, are unfounded.*** If that was true, the authorities could just wait until the middle of December and to liquidate the party “officially” as a bankrupt. The purpose of the new party creation is different and it is more global. In the hard economic situation middle class’s political activity will grow, although during the previous “fat 2000’s” period it was rather passive indulging in consumption. Now it will try to defend its interests by political means, and the task of the new party will be to become the exponent of the middle class interests and to protect it from the influences of non-systemic populists.

***In 2008 Vladimir Putin officially became the leader of “United Russia”.*** Although it was for a long time presented as “Putin’s party”, the official convergence of its current leader and the UR party has started only in the end of 2007, when Putin was placed at the first position in UR list of the candidates to the State Duma. The official accession of Vladimir Putin to the post of “United Russia” leader immediately after he resigned from president’s post, had not changed the balance of power in the party, which before also demonstrated its willingness to follow any directives of this popular politician.

***After the Prime Minister became the Chairman of the UR, information appeared that the party would be radically modernized,*** which would correspond better to its new status. Allegedly, the apparatus changes, which aim is to force out “the old guards” and to promote young and efficient managers cohort, were

planned in fall at the UR party congress. Yet this information was not confirmed, and in general the status quo in the leadership of the “party of power” was retained. Probably, the changes were planned, but delayed for the same reason as the government reform – because of the economic crisis.

*When the active phase of the crisis started, it set new tasks for the party,* which was mentioned not once before both by the leader of the UR and by its curator, the first deputy chairman of the President’s Administration, Vladislav Surkov. The UR, which was created in its current appearance as a mechanism for “stamping” laws and for automatic approval of all other initiatives of the government, now needs to be modernized and to become more independent and enterprising political player capable to accept more responsibility. Yet this did not happen in 2008. Vladimir Putin’s “public reception offices”, which were created, failed to be the channel of “direct feedback” from population to the Prime Minister, and “Forum 2020” also could not suggest any sensible strategy for overcoming the crisis. It is possible that the UR will be really modernized, if Vladimir Putin resigns from the post of Prime Minister and concentrates on party building activities. This will require replacement of the party cadres, including top level cadres. The practice demonstrated that in the opposite case the United Russia party would be unable to modernize and will remain the rudiment of the epoch of the “fat 2000s”, which has already ended.

## **1.6 Economic crisis and the increase of political activity. New protest movements and opposition projects.**

*During the “fat 2000s” practically all mass politics was fictitious, including both pro-authorities and anti-authorities movements.* Moderate, often even minor, but constant growth of income of the major part of population during Putin’s rule has changed the essence of relations of the authorities and the countries: population did not feel the necessity to fight for its socio-economic rights using mass public actions.

*The only exception could be protests against benefits monetization in the end of 2004 – beginning of 2005.* Because benefits monetization influenced the most vulnerable strata of the population, the protests became widespread and caused public resonance. At that time the wave of protest actions was tamed by means of “stick and carrot” combination: it was both the actions of law-



enforcements agencies and some concessions to population. De-facto the authorities either abandoned benefits monetization or significantly increased the amount of compensation, which was possible because the state budget was rapidly growing due to the high oil and gas prices.

***To a certain degree so-called “marches of dissenting”, which climaxed in spring of 2007, could be considered an exception.*** They started in the begging of March in Saint Petersburg, where the situation turned to be favourable to their organizers. Firstly, in the “North Capital” the sizable part of population was dissatisfied with the authorities’ decision to ban “Yabloko” party to participate in regional elections and decided to protest in the streets. Secondly, St. Petersburg residents, who are more conservative compared to Muscovites, felt similar dissatisfaction concerning plans to build a sky scribe “Gazprom City”, which according to their opinion could interfere with historical design and look of the city. Finally, there was one coincidence – the activity of the militants from the National-Bolsheviks Party, which is prohibited, and the confusion of the police special forces, which during the “placid years” forgot how to deal with mass protest actions.

In the next several months, the interests to “marches” was heated up by inadequate actions of the authorities, trying to suppress them (April 2007) and by some inertia. Yet the potential of marches was generally exhausted by June, when there were just few participants in the provinces and no more than several scores in the cities with million population. The reason was simple – negative slogans are unable to unite people for a long period of time (they have limited mobilization potential), and abstract positive slogans (appeals to civil political rights and freedom etc.) in a favourable socio-economic situation were interesting only for few “city crazies”. The attempts of some left-wing activists from non-systemic opposition to transform their slogans into socio-economic (in fall 2007) failed.

***The worsening of the socio-economic situation made the issue of mass politics revival actual again.*** The representatives of the non-systemic opposition were the first, who tried to use it, when they staged in the end of October so-called “Days of People’s Wrath” in some cities. That action failed, because of quite understandable reasons. While the pace of population’s income decrease was moderate (the course of the state ensuring gradual devaluation of rouble was helpful), people preferred the strategies of individual adaptation and survival instead of mass protest actions.

***Yet while crisis situation keeps deteriorating the state’s capability to minimize negative consequences and population’s capability to adapt are***

**significantly decreasing.** Quite often exactly the actions of the state provoke population's dissatisfaction – the most obvious example are protest actions in Primorski Krai. The authorities got into the very difficult situation dealing with problems with automobiles. On the one hand, they have to take into account the interests of “Avtovaz” and foreign automakers, operating in Russia, who provide income for hundreds thousands of people, including their employees, the employees of their suppliers and their families, on the other hand, the same number of people, who are related to Japanese cars traffic and sales business in the Far East.

It should be mentioned that mass media predominantly broadcasted information about protest actions in Vladivostok and Artem, which were rather moderate in their character: the police just gently pushed out the protesters, who did not resist (the exception was the disbandment of the protest action in Vladivostok in the end of December by the special forces detachment “Zubr”, which was sent to Vladivostok from Moscow). ***The most interesting situation happened in the town Spassk-Dalni***, also located in the Far East region. After the enterprises forming this company town were closed and local young people lost their jobs, they organized violent riot and for the short period of time controlled the town. In different districts of Spassk groups of young people almost simultaneously attacked 16 retail shops and kiosks. They broke shop's windows and burnt down the majority of attacked objects. The postal office and local “Sberbank” branch were also damaged. It is interesting that even Internet mass media almost ignored these events.

***There are some other more sensible attempts to “rock the boat”.*** One of the leaders of non-systemic opposition Alexei Navalny, who positions himself as a defender of the rights of those, who suffered from the so-called “people's IPO”, is trying by means of populist slogans to get funds from the state, so that the participants of such IPO could not just compensate their losses, but even get some profit. It is hard to understand why the state should compensate the losses for those people, who deliberately decided to gamble on stocks and lost.

***Despite the fact that “precipitous crisis” did not happen, the advocates of the “radical change of regime” and “abandonment of Putin's legacy” kept trying to destabilize the situation.*** After they had realized that “mass uprising” would not happen in the near future, despite the deteriorating situation, they switched to the tactics of the “long siege”, which required to prepare public opinion to influence the authorities to break the unity of the “power vertical”, to weaken it and so on.

*The most vivid example of failure of the non-systemic destructively oriented activists' attempts to change public mood was the unsuccessful attempt to organize so-called "The Day of People's Wrath" in the end of October.* After realizing that ultra-liberal slogans were already exhausted, because of the "hard legacy of the 1990s", and could be replaced only by social and national-populist ideas (by the way, that was said at the last congress of the URF by its former acting leader Leonid Gozman), non-systemic opposition decided to use social rhetoric. Yet, the actions initiated in many cities by leftists and the members of the "United Civic Forum" failed.

*In this situation they have chosen the tactic "if there is no real crisis, it should be created in people's heads", so they made a special accent on the psychological pressure tactics.* It is worth mentioning that many articles in liberal mass media, which used to be "alarmist", recently became less emotional and more rational, although they still claim either explicitly or implicitly that situation will deteriorate and that the only way out is liberalization (firstly, economic and then also political).

*Not only marginal groups, but also allegedly respectable analytical centres started using the tactic of alarmist influence on the power elite consciousness.* For example, the member of the board of the Institute of Contemporary Development (INSOR) Eugene Gontmakher described in his article apocalyptic scenario of the social explosion in some imagined provincial town and concluded that "finally it is time to start a radical modernization of the whole Russian life, starting from economics and finishing with politics, on the principles of the minimal state interference into social processes, the fair competition and the freedom for private entrepreneurship". It is worth remembering that the desire to follow some abstract schemes (it is not important, either they are liberal, authoritarian or paternalistic etc.) could lead to the situation in which the control over social processes will be lost, and the "liberalization advocates" will be squeezed into political periphery (one historical example is the Constitutional Democrats, who undermined the foundation of Russian monarchy and in a short while were overthrown by Bolsheviks).

*It is worth remembering that the concerns of alarmists, although they are largely exaggerated, are not absolutely unfounded.* There are some real negative tendencies in the country and they are gradually aggravating. After the leaders of some large "city forming" enterprises realized that economic problems are "serious and will last a long time", they started gradual shift from the policy of partially paid leaves and part-time employment to firing of the employees. It is

also worth remembering that one job lost at the “leading” enterprise can precipitate the loss of several jobs in the partners and suppliers’ companies and also in the service and entertainment sectors. Thus, it is possible that the problem of the unemployment in small towns, where it is difficult to find an alternative job with an acceptable payment, will be getting more serious.

***In that situation the role of trade unions becomes more important, and trade unions cannot be always loyal to the managers of their enterprise, and eventually to the leadership of the country.*** It is confirmed by the fact that the assaults on the leaders of the efficient trade union, who proved to be capable to defend the interests of their members, became recently more frequent. Alexei Etmanov the leader of the independent trade union of the “Ford” plant in Vsevolozhsk was assaulted two times with “educational purposes”. The authorities, understanding that they cannot completely rely on the loyalty and efficiency of trade unions, are trying to build alternative channels for information gathering and communication.

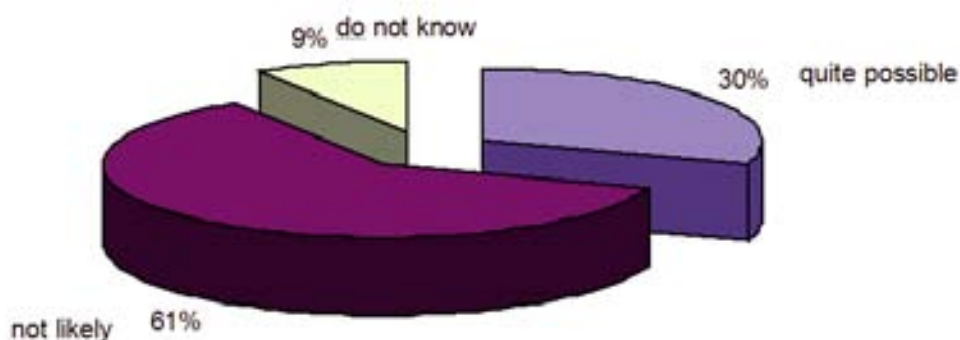
***Finally, there is one more type of threats, although mainly hypothetical.*** Recently the authorities more clearly informed the constituent entities of RF that they have decided to concentrate on the federal problems, leaving the governors to “the mercy of fate”. It causes growing dissatisfaction of the regional elites, which displayed openly just in few cases. It is quite possible that in the future the regional authorities will try to use spontaneous protest attitudes for putting pressure on the Federal centre, which might have some very destructive consequences, primarily for the governors themselves.

***While the severity of the crisis was increasing the anti-crisis measures and neutralization of negative consequences of the crisis became more urgent.*** The authorities concerned with the potential protest activity of pensioners, workers and deceived co-investors appointed the curators from the “United Russia” responsible for the aforementioned groups. Later the activity in this direction became institutionalized: in December 2008 the anti-crisis staff was created by the “party of power”. The Presidium of the General Council of the “United Russia” decided to appoint at the federal level several coordinators: the State Duma deputy Mikhail Tarasenko is responsible for employees and trade union organizations, the member of the Supreme Council of the UR Valery Ryazansky is responsible for pensioners and veterans, the member of the General Council of the UR Vladimir Medynsky is responsible for white collar workers, the deputy of the State Duma and the member of the General Council, Alexander Hinstein is responsible for investors and shareholders.

*The activity aimed at white collar workers is a radically new initiative for the authorities in general and for the UR in particular.* The particular aspect of the current crisis is that not only pensioners are in hazard, but also blue collar workers (by now they are not fired outright, but rather forced to work part-time), and white collar workers (“office plankton”) and some other representatives of the “middle class”. Allegedly the middle class is the most organized and mobilized social stratum, which is capable for self-organization (for example, using the Internet) and for protest actions. The resonant protests of motorists in Vladivostok, which were coordinated in the “world wide web”, is one of the examples.

*Yet there are some reasons to believe that the danger from the part of “office plankton” (not meaning some other subgroups of “the middle class”) is largely exaggerated.* This particular subgroup is concentrated predominantly not in the “company towns”, where it is difficult to find an alternative job, but in the regional centres and megalopolises. In general it is possible to find there an alternative job, although less prestigious and less paid. If the living standards decline gradually, then “office plankton” will choose the individual strategies of adaptation to the situation, which exclude the opportunity of “live” organized protest activity (yet the increase of virtual activity in Internet, for example, mailing of “anti-government” jokes, appeals etc. is quite possible).

**What do you think? Could mass protests against declining living standards happen at your place of residence? (VCIOM, december2008)**



*The government has rich experience in interacting with the discontented social groups, which became apparent in the case of “deceived co-investors” in the years 2005-2007, which was quite successfully neutralized.* There was a competition between the “United Russia” and the “Fair Russia” in this field. By the beginning of 2007, two main centres of the “swindled shareholders” appeared. The first was “Coordination Council of the Deceived Co-investors”, which had rather amorphous structure without any distinct leader. The most influential in this organization were the representatives of the Association for the aid to aggrieved co-investors – “Social initiative” under the leadership of Constantine Yakimovitch, since they were relatively numerous and had relatively good geographic coverage. The members of the “Social initiative” were the initiators and the main participants of the hunger strike in Moscow in 2006. After this action, which got a significant resonance in mass media, the Ministry of Regional Development was ordered to communicate with the deceived co-investors, and The Public Chamber delegated the lawyer Anatoly Kucherena, who was already well-known after his participation in Butovo conflict. Kucherena managed to calm down the protestants, after he promised that “the concrete decisions will be made within two months”. Later, the deputy Alexander Hinstein (from the “United Russia” faction) was added to the task force from the State Duma and promised to prepare a draft law on protection of the co-investors rights.

The second “centre of influence” was represented by the “Association for the protection of rights of deceived co-investors”, whose leader was the chairman of the All-Russian popular movement “The Committee for Support for Aggrieved Co-investors: Housing, Land, People” Anton Belyakov. This organization, which was created in the middle of 2006, increased its activity in December 2006 – January 2007 and organized mass PR campaign with the purpose to discredit Kucherena and his initiative. The key accusation was that the lawyer intended to become a defendant for the leader of “Social Initiative” Nikolai Karasev. The purpose of that campaign was to reorient “ordinary” co-investors from the Coordinative Council aligned with the UR to the Association aligned with the FR party (Anton Belyakov is Sergey Mironov’s advisor). Eventually, the initiative proved to be unsuccessful, as the printed media, which published “unproved” information about Kucherena’s intention to become Karasev’s defendant, later had to apologize.

*Recently there were two visible tendencies in the “political evolution” of the independent trade union movement.* Firstly, Russian trade unions started



concentrating more often on the concrete actions with the purpose to defend the rights of their members at the specific enterprises and also on inclusion of the primary “cells”, which proved to be an efficient “umbrella” structure. In 2006 , “Sotsprof” was involved in the conflict of “Surgutneftegaz” with its employees, which organized the trade union “Profsvoboda”. In July 2006, this union organized the meeting in Surgut for gathering 2000 participants (it was the most impressive mass action organized by the structure not aligned with Russian Federation of Independent Trade Unions /RF ITU/), and in December it was registered as the lower level structure of “Sotsprof”.

Similar actions were performed by trade unions organized at the factories of some foreign companies in Russia. The first was the trade union at “Ford” factory in Vsevolozhsk, whose leader is Alexei Etmanov. During the last two years trade unions increased their activity at the factories of companies controlled by foreign capital. On 13<sup>th</sup> April , 2007 “Italian strike” started at the factory owned by joint stock company “Heineken Breweries” (it was organized jointly by representatives of the “Sotsprof” and RFITU) and on 20<sup>th</sup> April the workers of Coca Cola company organized a picket, demanding to increase their wage by 30% and to return social benefits, threatening to go on strike if their demands are not be met. These protest actions were also linked to one another: the representative of the trade union at “Ford” took part in the meeting at “Heineken” and activist from the trade union at Coca Cola consulted their colleagues from “Heineken”.

One more tendency in the Russian independent trade unions activity was their gradual inclusion in the sphere of influence of non-systemic political opposition. The representatives of “Profsvoboda” and “Nabat” trade unions (their members are employees of the aluminium plant “SUAZ-UAZ”) were among the participants of the March of Dissenting in St. Petersburg on March 3, 2007. And one of the active participants of the “Marches”, the leader of the “Red Youth Vanguard” Sergey Udaltsov took part in the trade union action in Surgut.

***One more direction of the growth of protest mood is related to the spread of ethnophobia toward migrants among some representatives of the core Russian population.*** According to official statistics, with the advent of the economic crisis the number of crimes committed in Moscow by migrants from other Russian regions grew by 9% and committed by citizens from former Soviet republics by 13.5%. In total “the guests to the capital” committed more than 45% of crimes, which took place in the megalopolis. In these circumstances, the forecasts of some experts, who were concerned about probable increase in the number of crimes committed by unemployed guest workers were confirmed to a

certain degree. Although the riots, like one in Yekaterinburg (in that city several hundreds of migrants went on strike, protesting against employers' refusal to pay them their wages) were rather an exception, the spontaneous reaction to the crisis, which displayed itself in the increased number of crimes, is getting more pronounced.

***To a large extent the cause of such development of events is illegal migration, which was ignored by the authorities in the "fat 2000s".*** There is no precise statistical data, but according to expert estimations there are about 10 to 12 million of illegal immigrants in Russia. By absolute numbers RF is at the second place in the world after the USA both according to absolute (38-40 million of illegal immigrants), and relative indicators. If in the USA the percentage of illegal immigrants exceeds 10% of the total population, in Russia it is slightly less than 10%. If legal immigrants are easier to control and to deport if they lose their jobs, the illegal immigrants could be controlled only by surprise police raids and by increased number of policemen on the streets. In addition, it is exactly illegal immigrants who often lose their jobs and means of subsistence, which stimulates them to undertake violent criminal actions.

***Situation is also aggravated by the fact that ex-immigrants are not welcome in their home countries.*** The authorities of the Central Asian republics assume that during the crisis, which is even more severe in their region than in Russia, the ex-immigrants are "explosive materials" for social disruption, since they are the most socially active group. That is why the authorities of the Central Asian republics hardly would provide any help even for the registration of the number of those who emigrate from their countries for economic reasons. Furthermore, another country attractive for immigrants – Kazakhstan – has substantially reduced the quotas for immigrants and as a consequence some illegal immigrants change their destination and travel to Russia instead.

***Recently, the number of arrested suspects, who are accused of committing crimes for nationalistic motives, has significantly increased.*** Probably, it is not only the consequence of the efficient operations of the law enforcement agencies, but may also be explained by more fundamental factors. The first among them is the economic crisis, which changed the mood of Russia's native population. When habitual environment is changing (and crisis expectations and real consequences of the crisis are among such destabilizing factors) people always try to find those, who are allegedly responsible for the aggravation of the situation, and people, who are different, including those, whose physical appearance is different, are the first among suspects. Yet, the fact that to a certain degree ethnophobia was a

consequence of the increased crime rates among migrants should not be discounted. It is likely that in some measure it could be possible to limit the negative effects of ethnophobia in Russia by attracting ordinary citizens to law enforcement activities (for example, as voluntary police helpers /"druzhinniki"/). In this case ordinary citizens will "share responsibility" for law enforcement with police and it might mitigate their dissatisfaction with police inability to control crimes committed by ethnic minorities.

***The situation is also aggravated, because the authorities traditionally do not pay attention to the problem of the so-called internal migration.*** In the first place, it is related to the migrants from national republics located in the Southern Federal District. This category of migrants differ from the migrants from outside Russia, who before the crisis started tended to live in isolated communities and did not challenge the traditions and habitual life style of the native population, in that respect that "internal migrants" is less tolerant to the cultural traditions, which are alien for them. Secondly, the migrants from the CIS countries usually occupied those "niches", which the native population considered to be not prestigious, which did not cause any significant interethnic tension (with exception of some "company towns", in which there was a large proportion of migrants, because of the predominance of law-skilled jobs). Yet the "internal migrants" compete for those jobs, which are considered to be prestigious. Additionally, they often use "the informal" mechanisms in their negotiations with the authorities, which provokes discontent and conflicts.

***The nationalist movements, who are trying to use the current situation and the inability of the law enforcement agencies to resolve the problem in essence, might get some success.*** In particular, "The Movement against Illegal Immigration" (DPNI) appealed to its supporters to buy traumatic weapon legally. Besides, DPNI in Nizhniy Novgorod is experimenting with the creation of the police helper forces ("druzhiny"), which in the future, if the bill about "druzhiny" is be enacted, could become a real power under its control. It is also worth mentioning that respectable mass media have started more and more frequently publishing information about "incorrect behaviour" of migrants in general and migrants from national republics in particular, and these are popular mass media, for example "Komsomolskaya Pravda". Although, taking into account the fact that it is already impossible to stop publication of such information completely, these kind of publications could serve as a "steam release valve".

***While socio-economic situation in Russia is aggravating, it looks like the authorities have decided to use a "stick and carrot" strategy in reaction to the***

*consequences of the crisis.* On the one hand, they incorporate and assimilate “sane” representatives of opposition (the most recent example was the appointment Nikita Belykh for a governor ), depriving “non-systemic” opposition of its prominent leaders. On the other hand, they demonstrate their readiness to use a “stick” – the law enforcement structures.

The tendency to incorporate the potential opposition leaders into the government or structures affiliated to the government surfaced already some years before. The main objects of this tactic were representatives of liberals and human rights activists. It could be explained by authorities concerns about possibility of the “orange revolution” in Russia, especially considering some short-term tactical successes of the “Marches of Dissenting”.

*There were different forms of the “incorporation” tactic used by the authorities.* One of them was the incorporation of human rights activists in those structures, which were formally independent, but were controlled by the state, for example, the Public Chamber. The president issued the decree on the second composition of the Public Chamber, which included such prominent human rights activists as Alla Gerber and Alexander Brod. The second form was the financial support for human rights activists, which after the authorities for many years actively fought against foreign influence through NGOs in Russia, started experiencing serious financial problems. During the last year Moscow Helsinki group for the second time won the grant from the Public Chamber. Finally, some leaders of the opposition were directly incorporated into the government, not only liberals. The examples are the former leader of the URF Nikita Belykh, who was appointed as the governor of the economically depressive Kirov Region (his abandonment of the opposition also opened the chance for his brother to become the chief prosecutor in the Perm region) and the former nationalist leader Dmitri Rogozin, who became the permanent representative of Russia in NATO.

*While the crisis was aggravating, the authorities demonstrated that they were prepared to use not only “carrot”, like it used to be in the end of the “fat 2000s”, but also a “stick” i.e. force.* The most vivid example was the decision to use special forces (OMON) detachment “Zubr” stationed in Moscow region, to crack down motorists’ protest in Vladivostok. This action obviously was intended to be intimidating, as the use of force was disproportional. Although it is symptomatic that in contrast to the crackdown of the “Marches of Dissenting” in April 2007, which was also disproportionately rough, there were few publications in mass media sympathetic to the protestors or condemning OMON. The

intimidating action proved to be efficient – the organizers of the protests announced that they cancel protest action scheduled on 28<sup>th</sup> December.

*Recently the intention of the authorities to “tune” and strengthen power structure apparatus, which it justifies by potential destabilization of the country, is becoming more obvious.* Thus, it was announced about the intention to stop reducing the number of the Interior Ministry troops, allegedly for the purpose to ensure security during Olympic Games in Sochi in 2014. Most likely the real purpose is a concern about possible social situation deterioration. Another example is the information communicated by one of the State Duma deputies that Internal Ministry troops were relocated as a support for the local police to the settlements, where social situation was aggravating (“company towns” etc.). This tactic seems justified, because the practice of the protest actions, for example, in the Far East, demonstrated that “local” law enforcement agencies cannot always act tough and efficiently because of the quite understandable reasons.

*One trend is formation of the elite detachments,* which are isolated and are prepared to execute any orders of the authorities, partially because of the pure financial reasons. According to information in mass media, the money allowance of a trooper from “Zubr” detachment, which cracked down the protests in Vladivostok, is 3-4 times higher than the allowance in the other special police squads troopers. It is quite possible that the same practice will be introduced in the army that is why it was promised that the military officers will be paid up to 70-250 thousand roubles a month and the best among them will be also paid annual bonuses.

### **1.7. The role of the Russian Orthodox Church in the social and political life of the country and the contest for Patriarch’s post.**

In the end of the year, Russian Orthodox Church (ROC) attracted significant attention which was related to the patriarch’s Alexis II death. *Alexis II death was not a totally unexpected event – “leaks” about his illness appeared before, which was related to his advanced age.* The telling example is a wave of rumours about the patriarch’s illness and his coming death, which circulated in April 2007, after he failed to attend the first Russian President Boris Yeltsin’s funeral.

*Patriarch Alexis was an “equally distant” figure from different groups inside ROC and he had the reputation of the person, who is capable to negotiate*

*with the authorities and also to demonstrate his loyalty, avoiding the role of their “puppet”.* ROC refused to confirm the authenticity of Nicholas II remains, although it was ideologically very important for then president Boris Yeltsin and his family members, who needed the Church’s support on this issue very much.

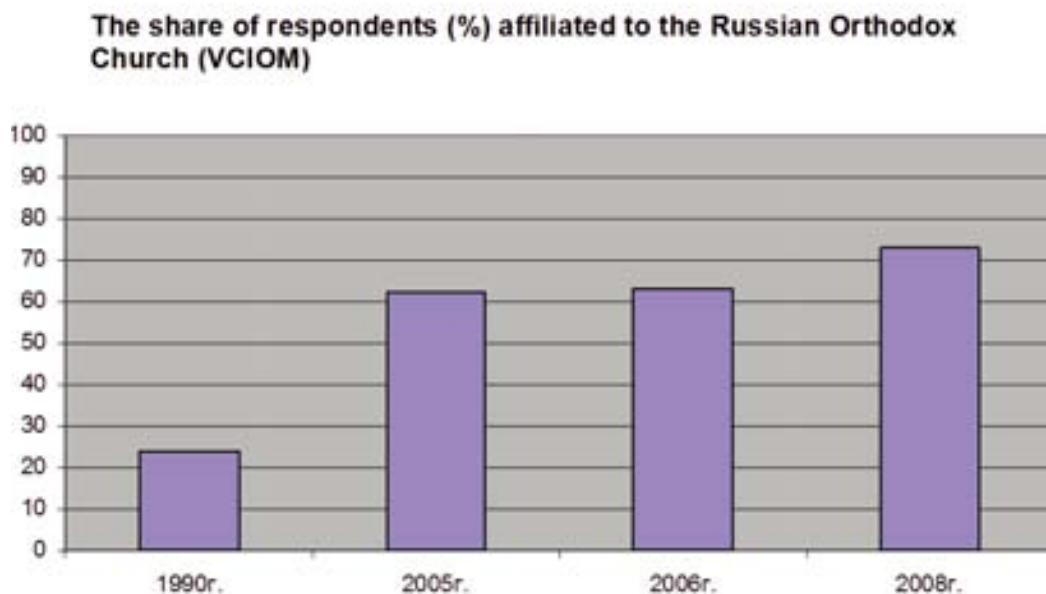
*During the last years, the most important project for the patriarch was to restore the unity of the Russian Orthodox Church, and Alexis the Second managed to complete it.* Its climax took place last year, when the Act on Canonical Communication and Restoration of the Unity in Russian Orthodox Church was signed. *Before the unification happened there were at least two attempts to prevent integration processes,* and it seems that they were coordinated from the same centre. In February 2007, in the run-up to the Council scheduled on March, which was expected (and it really happened) to approve the resolution “On the Unity of Russian Orthodox Church”, which was the final step before signing the “Act on Canonical Communication” the letter of the bishop of Anadyr and Chukchi Diomidius was published, accusing the leadership of the ROC of some “transgressions”.

This demarche was intended to prevent the adoption of the resolution “On the Unity of Russian Orthodox Church” at the March Council. Among other ideas the resolution declared that “Moscow, Kiev, Chisinau, Minsk should realize themselves as the unique and inimitable centres of the united Church and united powerful civilization, which provides them the opportunity to communicate as equal partners with any international power centres”. The public approval of this thesis undermined the position of the Ukrainian priest Filaret (Denisenko), who announced himself “Kiev patriarch” and did not want to collaborate with ROC. According to publicly available information, he is one of the sponsors of the Internet portal “Credo.ru”, which was among the first which published Diomidius’s statement and invited readers to collect their signatures in support of Diomidius’s opinion and to send them the Patriarchy. In this context, Diomidius’s letter could be considered as an attempt to discredit the ideas of the Resolution and to create an appearance of the serious schism (not just disagreements) in the ROC. The consolidated positions of the Patriarch Alexis and Metropolitan Cyril, who were the leaders of two the most influential groups in the Russian Orthodox Church demonstrated the futility of the attempts to destabilize the situation.

The second attempt to intervene with integration processed was attempted in April 2007. Some mass media published the information that the Patriarch Alexis is dying and his death would be announced in few days. These publications referred to the absence of the Patriarch at the first president’s of Russia Boris



Yeltsin funeral as a proof. The analysis showed that the initial source of this claim once again was the “provocative” Internet portal “Credo.ru”. In this case, the leadership of ROC preferred not to disprove the rumour directly which appeared to be an efficient tactic, because “the informational wave” soon subsided, following patriarch public appearance at the praying in the Intercession (Pokrovski) Convent in Moscow.



*Despite the presence of the obvious favourite – Cyril, who is already occupying patriarchal see, the election campaign of the head of ROC was rather intense although not long – shorter than 2 months.* Initially the intrigue was concentrated around two issues. The first was what will be the position of the senior according to the date of cheirotonia (consecration) metropolitan of St. Petersburg and Ladoga Vladimir. Although because of his age he could not aspire to become a patriarch himself, his status as a head of ROC after the demise of Alexis II (until the elections of the Patriarchal Locum Tenens) provided him some means to influence the situation, and Metropolitans Cyril and Vladimir used to be the informal leaders of the two competing influential groups inside the Church during Alexis II tenure. Nevertheless, this intrigue was resolved as it was expected: Cyril was elected as Patriarchal Locum Tenens.

The second issue was the date of election of a new patriarch. The Charter of ROC allows for this procedure up to six month since the demise of the previous head of the Church. The intrigue was related to the fact that besides an obvious

favourite – Cyril, there was one more potential leader: metropolitan Clement. He was promoted by diseased Alexis II, who, apparently, did not want “unipolarity” inside ROC and decided to counterbalance Cyril’s influence, which was rapidly increasing, although the latter supported his predecessor’s project of ROC and ROCOR (the Russian Orthodox Church Outside Russia). Lately, Alexis always was accompanied by Clement in his trips and gave him important assignments, in contrast Cyril was seldom seen near the Patriarch (although it was more than compensated by his activity in mass media). Although Clement was less popular than Cyril inside the Church, the delay of election was beneficial for him – he could use extra time for the creation of “anti-Cyril” coalition.

***Yet, Clement’s supporters were defeated on this issue*** – the Church Council was scheduled in less than two months after patriarch’s demise, which seriously complicated the realization of their plans. Cyril almost helped his opponents himself. His speech at the requiem service for the deceased patriarch in some analysts’ opinion was too self-assured, which provoked negative reaction of some influential representatives of Russian elites (both clerical and secular). According to unofficial information. After that speech the compromise candidate’s metropolitan Juvenal chances to be elected had increased for a short time.

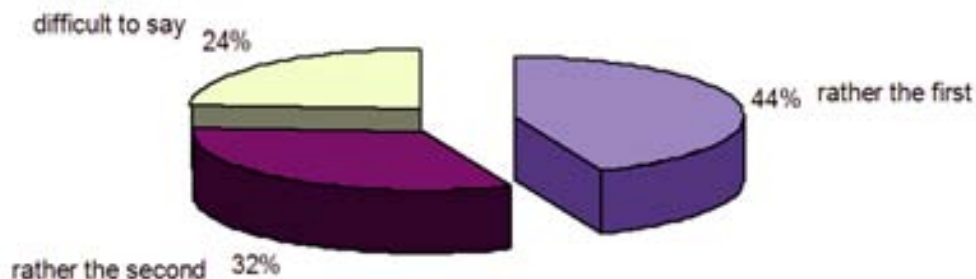
***Meanwhile the Clement’s supporters running out of time tried to organize counter play against Cyrill.*** It is worth mentioning that some liberal mass media supported Clement, which looks strange, because he has a reputation of the more conservative hierarchy, than Cyril. So-called “Ukrainian factor” could be also used. To prevent the secession of Ukrainian Orthodox Church from ROC (the initiator was the metropolitan Filaret /Denisenko/, who competed in 1990 with the deceased Alexis for the patriarchal post and after his defeat went into schism), the optimal autonomy was granted to this Church, including the right to determine the number of hierarchs. The consequence was that although Ukrainian Church has much smaller congregation than the Russian one, the number of bishops representing it at the Local Council amounted to one third of the total number of bishops. According to implicit data, Clement’s supporters tried to manipulate this target group and to persuade it to vote against Cyril.

***Nonetheless, the acting patriarch supporters at the final stage managed to take over the initiative.*** Firstly, Kiev Metropolitan Vladimir announced that he was not aspiring for the patriarch’s see, which complicated the usage of “Ukrainian factor”. Secondly, during The Local Council the secular delegates were allowed to vote, and considering their composition, they were in general loyal to Russian state and to the favourite of the campaign. The intrigue was

ended, when the Council of Bishops of ROC voted on three candidates and Cyril got three times more votes than Clement. He retained the same advantage at The Local Council, where the last attempts of Cyril's opponents to prevent him from becoming the patriarch (they proposed to elect the head of ROC by drawing lots) failed.

*The new patriarch has to resolve a number of problems related to both “internal” and “external politics”.* Among the first group the most urgent problem is to prevent possible attempts of counter play of the defeated groups. They will hardly directly challenge the patriarch, who got 70% of votes in the first round, which means his absolute victory. Yet the attempts to use against Cyril, who has the reputation of the “liberal” and “ecumenist”, ultra-orthodox bishops, for example Diomidius, are possible, especially taking into account the fact that Diomidius has accused in “indulgence to filth” even more conservative Cyril's predecessor Alexis II.

Some people think that Orthodox Church should be the guardian of its traditions – other think that it should change according to the spirit of times? What opinion do you prefer? (VCIOM, 01.11.2009)



The second task for the new patriarch is to strengthen the role of ROC in social life and as the support for the state. The Church is traditionally criticized for its conservatism, which does not correspond to the dynamism of the social processes. It is possible that Cyril will succeed to modernize the church in that respect (his missionary activity on TV could be considered as a successful example, which demonstrates his understanding of mass media roles and PR in contemporary society). It is quite possible that scepticism of the liberal mass media concerning the new patriarch could be partially explained by their concerns

that he would be able to organize the “peaceful” expansion of ROC to mass media with the use of the information and not administrative means. This, in turn, could help to thrust back the “spirit of consumerism”, which is spread by “mediacracy” and dominates over other “basic” values.

***Among all candidates (at least among the favourites in the race) Cyril looked like an optimal choice.*** Firstly, he was rather young according to church standards, which expands planning horizon compared to the election of older patriarch. Secondly, the Church is a living organism, which needs to develop and to modernize and respond to different challenges, including globalization. Cyril has an image of a non-dogmatic thinker, willing to cooperate with the other Christian churches. It will, in turn, allow Russia to create one more channel for the communication with European elites.

Cyril’s reputation as ecumenism advocate is an argument in support of this assumption. It is not a secret that Russia has good political relations primarily with Christian “catholic-protestant” countries (Germany, Italy, in part – France). The development of the dialogue between different churches will allow Russian elite to obtain one more channel for the integration into European establishment.

## 1.8. The new ideological discussions

***During Vladimir Putin’s presidency there was an informal social treaty (pact) between population and elites, based on the consensus about the redistribution of rental resources.*** According to that pact the population did not object to the situation in which in exchange for moderate but steady growth of population’s income elite would get larger profits. The major part of the electorate abandoned political freedoms (elections, marches etc.) and in fact entrusted their realization to the authorities in exchange for the expansion of socio-economic freedoms. In other words, political freedoms were exchanged for the freedom of consumption, which meant freedom of choice of purchases, vacation places etc., which was limited only by financial resources. Despite the attempts to compare and to identify with one another “Putin’s” and “Brezhnev’s” models, in the USSR such a freedom of consumption was nonexistent, it has appeared only in the “fat 2000s” and ensured the relative stability of the “Putin’s model”.

***The crisis challenged many aspects of this model.*** Firstly, the constant growth of population’s income, which in many respects created the image of the

“bright hydro-carbonate future” and the belief that “tomorrow will be better than today” has stopped. Secondly, in the situation of dwindling resources, the authorities had to limit socio-economic rights of citizens, first and foremost, the freedom to consume. That is how the decision to raise tariffs for second-hand foreign cars should be interpreted. In fact, new prohibitive tariffs deprived many citizens of their rights for the free choice to purchase and artificially foisted on them the production of domestic automakers.

*Some analysts from the liberal camp, who noticed this trend, hurried to reproach the authorities*, and offered the model, which could be called “the theory of connected vessels”. According to this theory the volumes of political and socio-economic freedoms are interrelated and their sum is a constant. If the political rights are “sequestered”, they should be compensated by an additional volume of socio-economic rights, and that was what happened during “fat 2000s”. If there is an opposite tendency, then it is necessary to compensate the loss of the part of “consumer rights” by some extra political rights, i.e. to liberalize the political system. The authorities appeared to be unprepared for such development, because of their fear to lose control over situation, but they also failed to respond at the conceptual level, just relying of the “second addition” of the attempts to support social optimism by offering the image of the bright future, which is evident from the statements of the first persons of the state (Dmitri Medvedev, Vladislav Surkov).

Simultaneously, Russian liberals also made some weak and inefficient attempts of the ideological “rebranding”. *2008 became a year of the global crash of the “classical” liberalism*, which is understood as a total non-intervention of a state into economy, and hence into political and social life. The gradual erosion of the classical liberalism following the last wave of the “neo-liberalism” in the West in 1980s – 1990s, which also got additional impulse from the disintegration of the USSR and Eastern Block, was visible during the last 8-10 years. In Western countries’ economies, (especially after the first wave of scandals around dotcoms “bubble” and “Enron affair”) the tendency for dirigisme was more and more prominent, and in their political system – the tendency to limit the rights and freedoms, which seemed to be indisputable before, under the pretext of ensuring safety.

*Before the global economic crisis, it seemed that this kind of deviation from the canon corresponds the logics of local “oscillations” in the continuum “liberalism-dirigisme”* and that after short-term retreat the governments of the majority of countries (including Russia) under the pressure of the circumstances

would be forced to return to the “well-trodden trail”. However, in the second half of 2008 it became clear that the American economy instead of expected “recovery” has got into even deeper crisis, and then the economies of the majority of other countries followed. The crisis has provoked the crash of the postulates, which seemed to be eternal. For example, the arrest of Bernard Madoff, who was one of the founders of the American stock exchange Nasdaq has questioned the viability of “post-industrial economy” in general, which now seems to be founded on financial “bubbles” and inflated costs of assets, with the virtual absence of their real growth, taking into account growing population of the planet, which aggravates social inequality.

***Thus, we should talk not about the short-term “pendulum-style” retreat of the liberal ideology with its subsequent “offense” according to sinusoid, but about the long-term recession,*** which according to Kondratieff cycle model can last for several decades. It is doubtful that current events mean “the death” of liberalism, but the need for the radical modernization of liberalism including its systemic aspects is obvious.

***The representatives of Russian liberal camp until recently did not pay attention to the scope of objective circumstances, leading to the decrease of influence of their ideological perspective both globally and in Russia.*** In many respects it was caused by the marginalization of liberal movement, which is more and more relying on the non-systemic activity. The situation was aggravated by the fact that initially the “Marches of Dissenting” got some response, which considering the recent success of “colour revolutions” in some CIS countries encouraged some leaders of the “protestants”. But they did not understand that the initial success of the “Marches” was the result of not fundamental, but tactical factors. The subsequent events have demonstrated that the electorate prefers not abstract-liberal, but more specific socially-oriented slogans.

***The coming crisis just confirmed and enforced this tendency.*** It is possible that the most farsighted liberal leaders recognized it much earlier, which is why they decided not to participate in the ideological discussions, but instead to collaborate with the authorities (for example, Anatoly Chubais or later – Nikita Belykh). The rest of liberal ideologists have just now recognized that the “dogmatic liberalism” in the next few years, and probably decades, will not have any prospects.

***Recently some liberal ideologists have tried to adjust their ideology for new challenges, although most probably they intend “to pour old wine into a new jug”.*** In particular, they have attempted to suggest so-called “left liberalism”. The



attentive analysis of this initiative allows to make an assumption, that in fact they are trying to impose to left forces, whose influence will grow, the function of the conductors of liberalism.

Most probably, the attempt to introduce some variant of the “left liberalism” will fail, because the social agenda in the situation of the global crisis could be realized without following any liberal dogmas. While the resources of global economy are dwindling, the economic policy will be getting more liberal and less oriented on the principle of social justice, while the political system will drift to authoritarianism with the purpose to suppress the sources of dissent. Similar processes will develop in Russia with the national specificity taken into account.