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POLITICAL CRISIS IN RUSSIA AND HOW IT MAY DEVELOP

Introduction

The period of political stability in Russia is coming to an end. If the trends presented in this report sustain and nothing is done in response, the country would be heading for political cataclysms comparable to the crises of the late 1980s and early 1990s.

Crisis phenomena are mounting rapidly in the social and political spheres in Russia. By far the signs of an impending crisis are: waning support for Putin and Medvedev, the shrinking electorate of the United Russia and growing criticism of the political system they embody. If confidence in the authorities continues to fall over the next 10-15 months a full-scale political crisis in Russia is a distinct possibility. In that case we will be faced with serious problems. In terms of intensity, the future crisis may well surpass the upheavals of the late 1990s (when Russia defaulted on sovereign debt) and may be almost as grave as in the late 1980s which saw the breakup of the USSR.

What the focus groups have shown

Sociological data attest that between May 2009 and March 2011 all the positive (approval) ratings of the state's leaders and of the party in power have tended to diminish and the negative (disapproval) ratings have tended to grow. The dynamics of approval ratings are practically the same for the President, the Prime Minister and the United Russia. This means that the emerging trend is not about this or that specific individual but about the political system as a whole, indicating a process of its diminishing legitimacy.

Qualitative surveys (focus groups) conducted by the Center for Strategic Research Foundation substantially enlarge the picture of the ongoing changes. Although the method does not appear to be rigorous enough, it has considerable prognostic power compared with qualitative surveys. The forecast horizon may be between six and eight months. The forecast is based upon the emergence within the focus groups of new opinions which have not yet become

widespread, but have never previously been voiced at all, or upon the prevalence of opinions that previously were only occasionally expressed. Quantitative surveys are tardy in detecting such changes.

The new political trend can be reduced to the following main components.

1. "The people are regarded as a herd"

The operational characteristic of the new trend that arose in recent months is the statement that one hears everywhere in Russia today that "the people is regarded as a herd" (variants are: "This administration considers the people to be a herd", "the bosses at work regard us as a herd", "people are fed up with being looked upon as a herd").

Although such phrases were occasionally be heard before they have become much more frequent in recent months.

Over the past decade respondents said that while the state of affairs left much to be desired there was a new stability and there were signs of improvement. At present the thesis that things in the country are improving is hardly ever heard in focus group discussions.

The prevailing opinion is that everything in the country is bad, the economy is stagnating and the petrodollars are pocketed by the ruling elite. Nothing real is being done and lack of real accomplishments is covered up with demagoguery.

2. Waiting for a third candidate

Confidence (initially in Putin during his presidency and then in the Medvedev-Putin tandem) was initially very high. Even in the crisis years of 2009-2010 the members of focus groups said that these leaders were doing their best to counter the crisis and on the whole were succeeding.

For many years respondents reacted with something close to horror to the very suggestion that somebody else could come to power (before Medvedev the formula was "somebody other than Putin"). The main fear was that the new leader would again launch liberal (or some other kind of) reforms. The typical responses on this topic were: "Things have only just calmed down while they will start to rock the boat again;" "we do not want a return to the 1990s".

The key change in the political consciousness of Russians that occurred in recent months is not only diminishing confidence in the Putin-Medvedev tandem, but a growing demand for a new leader, a third leader. People no longer fear the appearance of a third person, indeed, they want to see a new person.

3. Crisis of the tandem

If one assumes that the results of focus groups are of certain prognostic capacity, Medvedev appears to be unelectable. The paradox is that Medvedev comes out for democratization which implies political competition, including the right and opportunity to freely promote other persons for presidency. But Medvedev himself cannot be elected without strict control over the list of candidates and other administrative interference.

Putin, unlike Medvedev, has preserved part of his traditional electorate, but that electorate is becoming outdated in the marketing sense of the word (or rather, the marketed political product is ageing). Putin's supporters form their opinion of him on the basis of his past accomplishments, mainly the post-Yeltsin stabilization. But the same people agree that the situation in the country has deteriorated and that there are no signs of improvement.

In the former years Putin practically had no anti-electorate, with the exception of the politicized part of the Moscow middle class. Now such an anti-electorate may be observed even in the quantitative surveys published by the Public Opinion Fund. There are many angry pronouncements at the focus groups about the situation in the country and against the country's leaders, something that was not the case before.

There is yet another subjective factor that diminishes Putin's personal legitimacy. In the early 2000s Putin's image gained a lot because he was comparatively young, especially in contrast to the negative memories of ailing Brezhnev and Yeltsin. In the summer of 2010 we heard for the first time sporadic remarks to the effect that Putin is not all that young. Such remarks were already quite numerous in the focus groups conducted in February-March 2011. After the negative experience of Brezhnev and Yeltsin, the Russian people categorically do not want to see an old and ineffectual leader.

4. The danger of manipulation

The presidential campaign will take place after the parliamentary elections, but its risks are far more important. Sociological surveys conducted during Medvedev's presidential campaign in 2008 revealed an important fact that passed unnoticed at the time. It is succinctly summed up in a direct quotation from a report published at the time:

“The expert community, including sociologists, assumed that Putin's authority was so high that the method of transfer of power chosen would meet with criticism among the intelligentsia, but not among the grassroots. This turned out not to be the case. The first mass and fairly powerful reaction that manifested itself at the very start of the election campaign was observed among all the social strata, both educated and uneducated, the people in the capital and in the provinces. The reaction was one of resentment because the election was uncontested:

‘They had decided everything for us.’ And, as respondents said, Russia after all is a democracy and not a monarchy.

“It is interesting that the critics included many of those who had nothing against Putin or Medvedev personally, although the latter was less well known at the time. Complaints about uncontested elections did not mean criticism of Medvedev himself. It was the mode of transition of power that had caused a negative reaction.”

In the new situation, if the 2011-2012 election campaigns proceed as planned, they will deal a powerful blow at the legitimacy of power because political manipulation will be evident. The blow at legitimacy will combine with the spontaneous trend of delegitimization which is rapidly gaining momentum.

What’s next?

So far we are unable to identify the exact causes of the change in social sentiments. If the only cause were deteriorating quality of life due to economic crisis, support for the leaders should have plummeted much earlier, back in 2010, with a lag of 6-9 months after the worsening economic expectations.

Moreover, one should have expected confidence to rebound when the economic conditions improved noticeably. The fact that a change in political sentiments occurs with a lag of almost a year attests that the diminishing confidence in the rulers may be not only due to the worsening economic expectations, but due to some other reasons which we cannot yet clearly formulate.

The lack of clarity as to the causes of the continuing fall in confidence in the authorities prevents us from making well-grounded forecasts regarding the future of this trend. We cannot rule out that the trend of diminishing confidence will stop and turn around before the political crisis erupts. In the meantime we consider such a development less likely than the continued trend of delegitimization of power.

In the medium term economic growth is likely to be erratic, which will add to popular discontent with the economic situation. The continuation of that trend will keep the political crisis simmering and sooner or later it will erupt into the open.

There are a number of factors contributing to the spread of the political crisis which at a certain point may end it a “self-perpetuating” character. Below we consider the possible process of perpetuation of political crisis in more detail.

1. Dissent as the mainstream

With the positive attitude among the population prevailing, opposing power was the lot of a small non-conformist minority and exacted a heavy personal and collective cost. Given the silent conformism of the majority, the non-conformist minority was on the receiving end of pressure and had difficulty in replenishing its ranks by attracting discontented but conformist-minded sections of society. At that stage conformism favored the authorities by expanding the passive support base and ensuring political equilibrium on the basis of status quo.

In the context of diminishing confidence in the authorities conformism will turn into its opposite and will tend to create a new political equilibrium based on the majority of society opposing the authorities. Mass disapproval of the authorities will turn a critical attitude to the authorities into a behavioural norm. Expressing political loyalty to the authorities may become regarded as a kind of “bad manners” and invite disapproval. Over time mainly non-conformists would dare to behave themselves in that way.

The conformist majority will rally ever more actively around opposition centers of influence. Such a shift will take place not only among the grassroots but within the party and state apparatus. Many members of the United Russia and bureaucrats will join the opposition seeing an opportunity there to advance their careers under a new regime. Protest sentiments will become widespread within the security and military establishments and they will be much harder to contain than before. Similar processes – in fact predating such processes elsewhere – will develop in the media. In the Internet we have seen them unfolding before our eyes during the last several months.

2. Devaluation of words and ideas

Another likely aspect of the crisis is the final loss of moral and ideological leadership by the authorities. Devaluation of the words and ideas emanating from the ruling elite will aggravate the crisis. A renewal of political rhetoric of the top leaders and the ruling party and the development of new economic programs will not stop the dwindling of political support. On the contrary, with confidence in the authorities low and still falling, the authorities will become the target of universal criticism, ridicule and discontent, which may or may not be well grounded and constructive. That applies in particular to the political activities of the United Russia: any initiatives, slogans and programs will be rejected simply because they are put forward on its behalf.

In this context the authorities will expose themselves to ever greater risk by putting forward new initiatives. And yet on the eve of the elections the authorities will have to become

involved in a public dialogue. Under such circumstances the pre-election dialogue will be a losing game for the incumbents.

The right to put forward popular ideas will gradually shift to new political leaders and opposition movements. The appearance of such ideas may totally discredit the former content that emanated from the authorities when they were popular. Being unable to independently renew the political content the authorities will have to poach ideas from the opposition and toe its intellectual and ideological line. At the end of the day that would boost the authority and influence of political opponents.

3. Elections as a destabilizing factor

Judging from our surveys, a critical mass of the opposition majority in Moscow and other big cities will be reached by the beginning of autumn, that is, before the parliamentary elections. In turn, the big cities, being centers of information influence, will actively spread opposition sentiments throughout the country speeding up the growth of opposition sentiments in the provinces. The authorities will no longer be able to effectively counter that process.

The approaching parliamentary and presidential elections themselves may provide channels for the spread of the crisis. The electoral mechanism no longer ensures a meaningful dialogue with the population and the emergence of political platforms that replenish the trust.

Managed elections would deliver the majority in the Duma to the United Russia and re-elect Putin (but not Medvedev) for another term. But the “unfair victory” of the United Russia in the parliamentary elections will most probably speed up the delegitimization of elections in principle. That would put into question the legitimacy of the presidential election and the elected candidate. Conditions will be created for the political crisis to continue after the elections.

4. Concessions to protestors

The (often ungrounded) hostility towards any official actions and initiatives creates a favourable environment for protest actions. Given a low level of overall support for the authorities even an insignificant event can trigger protest actions that would be practically impossible to stop. The existence of a strong coercive apparatus merely creates an illusion that it is possible to maintain stability by force. The last two decades have seen a noticeable growth of rejection by the Russian population of any violence that threatens people’s lives and health. An attempt to use force will quickly turn against the authorities because they will lose any legitimacy in the eyes of the population and cause an escalation of conflicts on that basis.

The use of force will also be constrained by international pressures. Such pressures become more real as a result of the holding of a serious of major international events, notably the

APEC Summit, the Sochi Olympics and the World Football Cup. The failure of any one of them would mean loss of face in the eyes of Russians and would further complicate the internal political situation at a very inauspicious time.

Having failed to restrict protests the authorities will increasingly make concessions to the protesters. In turn, the success of early protest actions will contribute to their spread. Degradation of economic policy will be one of the consequences. Unpopular governments at all levels will be unable to pursue a responsible economic policy and reforms that are vital for continued economic growth. The degradation of economic policy will create a vicious circle of erratic growth rates, budget and macroeconomic instability, capital flight, worsening economic expectations and further shrinking of political support for the authorities.

5. Destabilization in the Caucasus

The situation in the North Caucasus may become a special and the least manageable factor of the political crisis. It may get out of control at any moment: either in the near future under the impact of the international crisis in the Middle East and North Africa, or later under the impact of the internal political crisis in Russia.

If the situation in the Caucasus deteriorates sooner rather than later, it would deal a heavy and possibly crippling blow at the existing political system. The ability to control the situation in the Caucasus has been a major source of legitimacy of the system over the past ten years.

If a new spiral of destabilization in the Caucasus begins later due to aggravating internal political contradictions it will make it much more difficult for the whole country to overcome the political crisis and to form a stable political system. In the worst-case scenario it may trigger processes of disintegration.

The possibilities to contain a new conflict in the Caucasus would be limited because its scale may be larger than all the previous conflicts in recent Russian history.

How to contain the risks?

The aim of this section is to encourage a broader discussion of possible actions that could mitigate the political crisis and steer it in a constructive direction opening way for political change and “reloading of public trust”.

Scenario 1.

That scenario consists of three stages.

The first stage involves the use of State Duma elections to as an opportunity to move towards more competitive political model. That implies abandonment of attempts to achieve a parliamentary majority for the United Russia at any cost and the formation of a coalition government supported by two or more parties, including a United Russia that would not command a majority at the Duma.

The ineffectiveness of the existing parliamentary opposition does not need any comments. However, co-opting the existing opposition parties into the ruling coalition and the formation of a government in which they take part would send a powerful signal that the authorities are ready to seriously take into account the sentiments in society. For the political parties being directly involved in the government's work will serve as a factor of discipline stimulating responsible political behavior.

An instance of such an approach was the Primakov government formed after the default of 1998. That government proved to be able to pursue a responsible economic policy. It ushered in a decade of the fastest economic growth in the country's history and is in that sense it was one of the most successful governments in modern Russia. Its achievements opened a window of opportunities for the emergence of a new national political leader and a full-scale "reloading of public trust".

Along with creating a balance between the United Russia and other existing parties, it is necessary to initiate a renewal of party politics. In the first place, it is necessary to create a party that expresses the interests of the middle class in Moscow and other big Russian cities. That the Moscow middle class is opposed to Putin and the United Russia became clear much earlier than the growth of similar attitudes in other social strata. According to the recent study by CSR, the middle class now accounts for about 40% of the population in Moscow and at least 30% in other large cities. It is a large, though not a homogeneous segment of the electorate which is not represented in the power structures.

It is important to note that the middle class, especially in Moscow and St Petersburg, is the least radicalized and therefore the most constructive part of Russian society capable of thinking reasonably and keeping negative emotions in check. The middle class is not only a numerous, but also the most highly skilled part of Russian society which has a bigger stake in the modernization of the country and understands better than any other stratum what such modernization can mean in practice. Pointed neglect of the views of the middle class over the past decade was a major political mistake of the Russian authorities. The widespread opposition sentiments among the middle class as manifested in staying away from the polls, and

simultaneously anti-establishment activity in the media is a sure sign that the country's political course is wrong and that the composition of leading political forces needs to be changed.

The growing political consciousness of the middle class in big cities opens an opportunity for a quick creation, even before elections to the State Duma, of a new political party that is a vehicle of the interests of that stratum. Unless the authorities deliberately put obstacles in the way of its formation and electoral activities it will bring to the polls a large number of protesting voters who did not bother to vote before. While such a party is bound to be populist and short of constructive ideas at first, it would still be able to join the government coalition. Together with that party the nascent Russian middle class will begin to acquire the experience of responsible political participation.

The second stage is connected with the election of the Russian President. The plummeting approval ratings of the Russian leaders make it questionable that they can be elected democratically (although it can happen given certain political changes). Many experts already suggest that if the political scenario is based on inertia the administrative resources would have to be pressed into service much more resolutely than before in order to organize a victory in the presidential elections of one of the members of the "tandem" (whether it be Medvedev or Putin). As a result, the process of delegitimization of power will get a new impetus and the new Russian president will be unable to effectively perform his functions in the situation that will prevail. The absence of effective government in the country may pave the way for the implementation of utterly destructive political scenarios in the wake of the presidential elections.

It takes time after parliamentary elections and the establishment of a coalition cabinet to form a new political environment and to allow new credible political figures to come forward for the presidential contest. It is therefore necessary to increase the interval between parliamentary and presidential elections by postponing the latter until the summer of autumn of 2012.

The third stage is redistribution of functions between the President and Parliament. The orientation of the Russian economy towards the rent-seeking and the concentration of power in the President's hands in the absence of proper checks and balances leads to very dangerous and conspicuous concentration of corruption within the public administration at all levels. If that system is left intact it would impede the restoration of popular trust in the authorities. It is necessary to strengthen the checks and balances. As early steps to restore the balance of powers between Russian political institutions it would be advisable to strengthen the role of parliament and government while reducing somewhat the powers of the President. This is not about large-scale changes of a constitutional character that would turn Russia into a parliamentary republic. Minimal, but consistent steps are needed to make the Government less dependent on political

interference on the part of the President and his Administration and make it more accountable to the Parliament. In particular, the party principle of the formation of the Cabinet by the parliamentary majority and diminished interference of the President in that process may be introduced.

Scenario 2.

The second scenario of political transformation involves greater spacing of political actions in time. A variant of proactive reaction to the development of the crisis has been presented above. Its advantage is that it would shorten the period of confidence-building and will open a new window of opportunities for economic reforms immediately after the presidential elections. But the majority of politicians may still need time to realize the need for such resolute actions and the need for such actions may become evident only when the political crisis precipitates. Meanwhile one of the features of the beginning crisis is that plummeting popular confidence in the authorities became evident too close to the start of the election campaign. That leaves little time for the implementation of scenario 1. Apart from the fact that the political elite is not ready for it, there are many technical and legal obstacles in the way of such a scenario. Although most of the legal obstacles do not seem to be insurmountable, it seems highly probable that the process of political transformation will not be launched in the current political cycle that is coming to an end. This implies that the composition of the State Duma will not be renewed, a coalition government will not be formed and presidential elections will not be postponed. As a result of elections in which administrative resources will be pressed into service, either Dmitry Medvedev or Vladimir Putin will be elected President.

Such a development per se does not yet spell a political impasse although it will inevitably slow down the restoration of confidence and will incur considerable losses of time for political consolidation (approximately until 2015) that could otherwise have been used to carry out the much needed economic reforms. Because in this scenario the restoration of confidence takes more time, the risks of political instability and confrontation increase. Even so, political transformation can be implemented in the post-election period.

Under this scenario, if confidence in the authorities continues to fall, the authorities should be ready to act in a similar way as Boris Yeltsin acted in 1999. If such decisions are to be prepared it is desirable after the presidential elections to renew the leadership of the “party in power” and to inject new blood in the “graying” leadership of opposition parties (in particular the CPRF and LDPR). It is necessary to create conditions for the formation of a party that expresses the interests of the middle class (either on the basis of one of the existing parties or by creating a new one). In a certain sense (though not literally) there will be many parallels with the

preparation of parliamentary elections of 1999. After that stage is over, it may become necessary to call for early parliamentary elections. After these elections a coalition government could be formed like in scenario 1. In this government the new leadership of opposition parties will be represented. Thereafter over a certain period these leaders will have to prove themselves in public politics. Then (in about a year from parliamentary elections) new presidential elections could be called before the end of the term.

The question may arise, what could induce politicians already elected, albeit not quite legitimately, to act in this way. The answer is that the president elected in the spring of 2012 due to massive use of the administrative resource will be politically enfeebled and the authorities will find it impossible to effectively run the country, pursue a responsible economic policy and implement the bare minimum of economic reforms. Any actions in that direction would meet with stiff resistance among the population as we have witnessed repeatedly in the recent past. As a result, the country will be unable to maintain sustained economic growth, avoid economic deterioration and avoid falling further behind its competitors. The attitude of the population to the authorities will deteriorate. All this will prompt the authorities to take more radical steps towards political transformation that would open way for economic reforms and economic growth.

Scenario 3.

The third scenario of political transformation is possible if, in spite of the continuing fall of confidence in the authorities even the second, less rapid, scenario will not be implemented and the country's leadership decides to postpone the necessary political actions for as long as possible. In that case the situation will sooner or later deteriorate dramatically making the country ungovernable and turning the crisis into a confrontation and possibly disintegration of the country. Such a development may be triggered by a probable aggravation of the situation in the Caucasus, although other events are possible that could initiate a sharp deterioration of the crisis.

That passive mode of behavior may waste another decade for the country's economic development. It may result in an "Ukrainianization" of Russian politics when all the resources of the political system are committed to maintaining a minimum of stability and keeping the political situation under control whereas a responsible economic policy would be beyond the bounds of political possibility. In fact, Ukraine has lost a whole decade for economic and social development because of its political instability. This is the worst of the scenarios that we may witness. In that case, Russia risks joining the club of developed countries simultaneously with China and not 10-15 years ahead of it.