
WHO WILL DETERMINE FURTHER SCENARIOS OF RUSSIA'S POLITICAL AND ECONOMIC DEVELOPMENT?

Vytautas Sirijos Gira*

After the inauguration of the new Russian president, Dmitry Medvedev, and the return of Vladimir Putin to the position of the prime minister, deliberations of political observers and analysts regarding the possible scenarios of Russia's political and economic development continued for a considerable time. Up until the end of 2007, the same political scientists and political observers kept raising the question of whether Putin was part of one of the closed groups of Russia's political elite, or the main authority in the political organisation with control over a tremendous state-corporation. Now such questions are very seldom raised. Over a period of eight years Putin has managed to create an efficiently operating clientelistic system. This was notably demonstrated by the well-staged Duma elections and a clever political manoeuvre following which Dmitry Medvedev, loyal to Putin and in essence possessing no "basis of influence" of his own, was delegated to become president, while the "master" himself was returned to the chair of the prime minister.

It is only natural that in view of the circumstances of Medvedev's arrival to the position of Russian president, the following questions arise: will Medvedev be performing the role of the regent or will he seek to become an independent player? Will Medvedev succeed in ensuring continuity and "controlling" rival elite groups or will he simply be a façade, leaving the balance among the clans to be further maintained by Putin? Or perhaps Medvedev will decide to launch new "rules of the game"?

Many analysts and political observers agree that at best it will only be possible to draw conclusions about the role of the new president in the political system after six months have passed and the profiles of the policy for selection

* **Vytautas Sirijos Gira** – an analyst of the Centre of Eastern Geopolitical Studies, e-mail: vytautas@rytugeopolitika.lt

of staff in the hierarchy of political institutions begin to show; strategic political decisions are made, etc. Therefore, in order to provide answers to these questions, it is vital to clarify where these answers may be found. In other words, what factors will determine further scenarios in Russia's political and economic development?

“Russian” division of power

Unlike democratic countries of the West with the classic principle of division of power (legislative, executive, and judicial), in Russia, there is a single real centre of power—the president of the country alongside formally functioning legislative, executive, and judicial powers, which in reality do not participate in any significant decision making, subordinate to the president. On the other hand, the lack of division of power in the Russian political system is compensated for by the implementation of the so-called principle of “checks and balances” in the informal “networks” of elite groups (clans). The implementation of the principle of “checks and balances” that replaces the traditional division of power is not only an exceptional prerogative of the presidential institution of Russia, but also the factor that guarantees stability of the Russian political system: for the sake of political stability, power must be divided among the elite groups with different preferences; as a result, the Russian president has limited possibilities to organise “a group of his own people”. Thus, “a president that has unlimited power” becomes dependent on a fragmented and mutually conflicting team.

Presidential independence from competing elite groups is compensated for by the limitation of institutions (parliament and prime minister) that potentially may question presidential powers. It is established in the Constitution of the Russian Federation—which was adopted as early as 1993—that Russia is a semi-presidential state with most of its authority being held by the prime minister who is under direct control of the president. It should be noted that only in the case of a semi-presidential state are the powers of the state governor—who directly controls the government—far broader than in the presidential system: the president may dismiss the parliament, initiate laws, etc. When concentration of power leverage is left in the hands of the president, it provides support

for the actual absence of responsibility of the government towards political parties in the Russian political system; firstly, because of the highly limited possibilities of the functioning of a political system:

1. Between 2001 and 2007, the number of political parties was artificially reduced on several occasions. In June 2001, Vladimir Putin, the President of Russia, initiated a new law on political parties in Russia (this law foresees new and more rigid procedures for the registration of all political parties in Russia). The requirements of the said law promote discrimination against the smaller political parties of Russia: the barrier for a party to be elected into the parliament was lifted from five to seven percent; only newly reregistered parties may participate in parliamentary elections; all members of the parliament are elected on a proportional election system, etc. As a result, the number of political parties was reduced (in 2001, there were 200 political parties in Russia, while in 2006 only 36 remained).
2. The new law on political parties in Russia sets maximum limits on the development of new political parties (the law restricts private financial support for parties, and state support is envisaged only if the political party has participated in the parliament or presidential elections and gained the support of at least three percent of the voters).
3. Since 2003, the Russian parliament has been dominated by the pro-governmental United Russia Party, which in fact transformed the State Duma into a false instrumental type of institution that unconditionally supports the new Russian Putin.

Furthermore, the concentration of the leverage of power in the presidential institution is enforced by the “non-formal state government”—presidential administration of several thousand staff (both at the federal and regional level) who more or less participate in the adoption of all major political decisions; whereas informal decisions made by the administration may establish the limits of power for the parliament and the government.

Who assures the political stability of the Russian political system?

The enforcement of the “checks and balances” mechanism as a substitute for the principle of the division of power has determined that it is natural to call the formed political regime in Russia a political vertical, a state corporation, or a system of bureaucratic capitalism. The key features of such a formation are as follows: the political system is hermetic and resistant to external influences; there is a “merged” political and economic elite; political decisions are adopted according to the principles of the “board of directors”; and strategic areas of state economy are controlled by bureaucratic corporations. Synergy of these factors determines that any attempts of external figures (state or international organisations) to “attach” Russia to certain “rules of the game” (for example, EU initiatives directed at the Europeanization of Russia) or increase its political and economic dependence (for example, through direct foreign investment into strategic sectors of the country) are only doomed to failure.

On the other hand, although the system does not succumb to external pressures, it is very sensitive to internal problems, such as various redistributions of spheres of influence, competition between elite groups (clans), unsuccessful searches for internal consensus, etc. These factors mean that the political stability of Russia and, to a large extent, possible changes in the system depend on the existing balance (“the rules of the game”) between the competing “agencies of influence”, and also on the ability “to manage”—with the help of these rules—the competition among various elite groups. In other words, the possible scenarios for transformation of the political regime in Russia (or possibly even for political and economic development models in general) should be examined, first of all, by focusing on the trends inside this closed political and economic system. Possible in-depth transformations in this hermetic political system will, to a large extent, condition the level of closeness/openness of all political and economic regimes, including centralisation/liberalisation, and autocratic/international dependence of Russia.

Medvedev-Putin diarchy: search for the power model

The fact that the balance of powers in the political system of Russia, to a great extent, depends on the relationships between the non-formal “agencies of influence”, and that there is, in essence, a single institutional centre of power (the president) in the political system of this country, presupposes tensions that occur between the institutional formations and non-formal sources of power. In other words, a problematic relationship between the institutional power balance in the Russian political system and non-formal (non-institutional) power balance poses a dilemma that could be named a “power tandem” or diarchy.

Experts maintain that the current relationship between Medvedev and Putin which could be characterised as a “power tandem” or diarchy, essentially reflects a peculiar transitional period that will sooner or later reveal in whose hands (the president’s or the prime minister’s) political power will be consolidated. The dilemma of the “power tandem” was caused by the relative political and economic stability in Russia that was achieved during Putin’s presidency, and thus is not really associated with the presidential and other institutions, but with the personality of Vladimir Putin (who initiated the erosion of the powers of the State Duma, the Federation Council of Russia, the courts, the main political parties, and other institutions). In this event several scenarios can be singled out:

Regency model. Dmitry Medvedev is only the nominal president of the country and the real power is concentrated in the hands of Putin. Basically, such a scenario involves retaining the *status quo* in a new form. In such a situation Putin would be the “grey cardinal” (the centre of power shifts from the Kremlin to the White House), i.e., the government) and would continue to be the main factor supporting the stability of the “elite corporation”, i.e., he would ensure the balance between different “agencies of influence”. Sharing of influence between the prime minister and the president in such a scenario is fairly clear: Medvedev will represent the Russian position abroad, which is inclined to be a compromise (for this purpose he is a viable candidate with the reputation for being a liberal which is appreciated in the West), yet basically he will not make any political decisions. Liberal reforms will not be carried out and further centralisation of power will take place. Due to the instatement of a puppet pres-

ident there will be less transparency, but the stability of the country will be ensured. This is to say that the image of the “power tandem” is further maintained, where Medvedev in reality only executes Putin’s political will. Medvedev’s presence in power during his entire term will create favourable conditions for Putin not only to act as a “grey cardinal”, but also, in case of the failure of Medvedev’s economical, social, and political reforms, it will increase the chance for Putin to return to the position of president in 2012 as the “winner”.

Premature presidential election. Dmitry Medvedev, on some pretext, after a certain time will resign and a premature presidential election will be held. In this case, the Russian Constitution establishes that the prime minister of the country (i.e. Putin) will become acting president, whereas the premature presidential election will have to be held no later than within three months. In other words, Medvedev’s premature “resignation” would enable Putin to become president of the country prior to the established term (2012) without violating the Constitution of the country.

Smooth transfer of the governing functions. According to this scenario, Putin would be prime minister for a short period of time in order to ensure the successful transfer of power to the president, and later he would withdraw from the political arena. This is to say that Putin’s key objective in the transitional period is to maintain the balance between rival groups of the political elite (they tend to be called “siloviks” and “liberal-technocrats”) and to ensure further functioning of the established system of “checks and balances” inside the Russian political elite where none of the political clan conglomerates have any major influence. In the event of this scenario, even after Putin’s resignation from office, it is necessary to control Medvedev’s “neutrality”, i.e., not to allow Medvedev to form his political environment independently.

Adoption of constitutional amendments that will increase the power of the prime minister and reduce the power of the president. Although Putin is head of the United Russia party (with 315 seats in a Parliament of 450) and the Parliament may initiate impeachment of the president, the power of the prime minister is limited. Therefore, according to this scenario, Medvedev should either

voluntarily limit his powers as president of the country, or change the political system by transferring more powers to the prime minister.

In order to find an answer to the question on what model of relationship between Medvedev and Putin and the competing elite groups will be established, it is necessary to monitor the redistribution of the “key” positions in the national institution, the controlling powers of which enable the rules of the political game to be dictated.

On 12 May 2008, Russian President Medvedev approved the new government formed by Putin. The majority of ministers from the previous government retained their seats, yet some of Putin's former assistants were also appointed to the new government. The number of vice prime ministers in the new government of the country increased (from five to seven)—former prime minister Victor Zubkov (currently in charge of national projects and fishing) and Igor Shuvalov (former deputy head of the Administration of the President) were appointed first vice prime ministers. Alexei Kudrin (Minister of Finance), Igor Sechin (former deputy head of the Administration of the President), Sergej Ivanov (former first vice prime minister), and Alexander Zhukov were appointed vice prime ministers and Sergey Sobyenin (former head of the Administration of the President) was appointed head of Administration of the Vice Prime Minister and the Government. Among the new appointments, the most significant is the appointment of Sechin. Igor Sechin is considered one of the key figures of the Russian political system and he is one of the heads of the representatives of the power clan (“siloviks”). It should be noted that while being a vice prime minister, Sechin also maintains the position of the manager of the national oil company “Rosneft”.

The prioritised issues of the new Russian government will be economics and energy, and this is reflected in the appointment of both first vice prime ministers—Shuvalov, a former assistant of Putin's in the Kremlin on G8 issues, was appointed first vice prime minister responsible for the coordination of actions of the government, issues of foreign trade and the negotiation process for joining the World Trade Organisation (WTO) (as yet it is not clear whether Shuvalov will maintain the position of the chairman of the board of the national tanker company “Sovcomflot”). Another first vice prime minister of Russia, Zubkov, should be appointed chairman of the national gas company

“Gazprom” (i.e. he should take the former position of Medvedev). Among the new appointments experts unambiguously assess the dismissal of Nikolai Patrushev from the position of the head of the Federal Security Service (FSB) and his appointment as secretary of the Russian Security Council. Experts maintain that the appointment of Alexander Bortnikov (former head of the economic security division of the FSB and head of the Federal Security Service) by the Russian president Medvedev indicates the existence of some compromise agreement between the prime minister and the president regarding the redistribution of power structures. On the one hand, it is forecast that after Bortnikov (who is regarded to be closer to the “liberal” than the “silovik” clan) becomes head of the FSB, the role of the FSB as regards economics will increase. On the other hand, after Patrushev becomes head of the Russian Security Service, the advisory role of this institution in formulating strategic priorities of the state policy will increase. The appointment of Sechin, Bortnikov and Patrushev shows that Putin will further try to use the system of “checks and balances” by “programming”—through new appointments in the new government—a continuous tension between competing clans and institutions that cannot exceed certain limits.

New government appointments, in fact, reflect the role of Putin as a “mediator” between the new president Medvedev and the “silovik” clan. On the one hand, new appointments in the Kremlin and the White House (Russian government) are aimed at creating a “controlled” environment (i.e., to create premises for Medvedev to gradually take over the control of power structures); on the other hand, changes in the “silovik” clan and appointments to other positions may mean a certain obligation for Putin to “defend” representatives of the “silovik” clan from the “licence” of the new president.

Then again, by using the “silovik” clan Putin seeks to create a distinctive balance for the new president Medvedev in the regions. As early as 2000, Putin reformed the institution of the president’s representatives in the regions (since all the president’s representatives in the regions belong to the “silovik” clan, perhaps the prime example of this being the former General Prosecutor of Russia and the Minister of Justice, Vladimir Ustinov, who was appointed new representative of the president in the Southern Federal District of Northern Caucasus). The logic of appointing “siloviks” to the regions is fairly clear: *firstly*, this is

aimed at ensuring rigid regional control and stability; *secondly*, it is likely that by appointing “siloviks” to regions Putin may not only strengthen the relationship of the president’s representatives with the Russian Security Service managed by Patrushev—former head of the FSB—but also Putin’s influence over the Council (which would limit the power of the Russian president Medvedev even more); and *thirdly*, considering that the Russian president’s representatives in the regions may—according to their status—be compared to deputy ministers, it is obvious that the appointment of “siloviks” to the regions is a continuation of Putin’s policy of “checks and balances” at a governmental level.

In summary, it may be stated that as yet there are no signs that Medvedev has started creating new “rules of the game”, because the change in the institutional powers after the presidential election is balanced by the redistribution of the spheres of influence in the powers of non-formal agency “networks”.