

Russia Before the Storm: More Politics, Less Stability

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SUMMARY

- The third year of Medvedev's presidency decided not so much the fate of the current presidential term, but the country's direction over the next ten years. The political class appears to have settled on an economic and political model for the coming decade, and rather than setting a course to modernize the system, it seems to have returned to the old familiar ways, divvying up the money earned through the export of natural resources.
- The end of 2010 marked the end of the Putin era, a decade of rising living standards, increasing political apathy among the public and contracting public politics, Russia "arising from its knees," sovereign democracy, an ever-growing pie for the elite to carve up, and a correspondingly lower degree of cannibalism in relations between the main business and political clans.
- The tandem model, which divided roles into that of official leader, President Medvedev, and real leader, Prime Minister Putin, has largely exhausted itself. Though effective in the economy (where real and official leadership are combined), the model has prevented long-overdue political reforms, while paving the way for a repeat in 2012 of the "2008 problem" of deciding who will be president.
- The year began and ended with major mass demonstrations that forced the authorities into dialogue: in Kaliningrad in January and on Moscow's Manezh Square in December. In both cases the authorities failed to heed growing signals of unrest and nip the protests in the bud. While harsh in dealing with small protests, the authorities are afraid of big crowds. They also demonstrate a certain maneuverability with regard to public protests. The problem is that relations between the state and society are deinstitutionalized, and in dealing with each problem in an ad hoc fashion, the authorities do not bother to establish mechanisms that could prevent a repeat of similar problems, or at least help to solve problems automatically.

What was 2010?

During the late Soviet period, the third year in a five-year plan was always called "decisive". This is also true of 2010, the third year in Dmitry Medvedev's presidency. Though overall, this presidential term, the fifth in Russia's modern history, could be summed

up as one of expectations betrayed, in reality 2010 decided the fate not of the current presidential term, but of the country's direction in the decade ahead.

The political class seems to have settled on an economic and political model for the next ten years, and rather than choosing to mod-



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ernize the system, it has returned to the good old ways of divvying up the earnings from natural resources. This does not mean that there will be no modernization; it means that modernization will not be comprehensive, covering the economy, social sphere, and political life. Rather, it will be piecemeal, mostly technological in focus, and primarily centered on an economy based on raw materials.

The year was a turning point in many respects. This was clearest in foreign policy with the successful “reset” in relations with the U.S., NATO, and the West in general, progress in bilateral relations with Poland, Norway and Ukraine, the launch of the Customs Union, and the completion of negotiations on the WTO. The year in domestic politics was marked by the dismantling of regional political machines, above all in Moscow and Bashkortostan, and the final replacement of the old, elected politician-governors with new bureaucrat-governors, appointed from Moscow. Breaking the unwritten rules of the “era of Putin’s stability”, this dismantling process was accompanied by a powerful information campaign, complete with mudslinging against Yuri Luzhkov and Murtaza Rakhimov (and earlier against Aleksander Lukashenko, president of neighboring Belarus), reminiscent of the media wars of the late 1990s.

It is too early to speak of a turning point in relations between the authorities and society, but change is evident. Milestones included the mass protests in Kaliningrad and the authorities’ action to resolve the conflict, withdrawing plans to raise the transport tax, limiting rate hikes in the housing and utilities sector, cancelling the decision to build the Gazprom Okhta Center skyscraper in St. Petersburg, at least making a show of paying heed to public opinion over the Khimki forest dispute, and the thousands of youth in the center of Moscow and in a number of regions, shouting nationalist slogans and forcing the

authorities to react. This is not yet a dialogue in the sense of searching for a possible compromise, but it demonstrates how far the authorities can be pushed, even going as far as to retract earlier decisions when pressured into doing so by mass protests.

The major manmade disasters and technological catastrophes that have become a regular feature of Russian life were accompanied in 2010 by equally devastating natural disasters, brought on by abnormal weather: drought and forest fires in the summer, ice storms, mass power cuts and the New Year’s collapse of Moscow’s airports in the winter. And then, quite separately, there was the ominous signal sent when thousands gathered below the Kremlin walls to chant nationalist slogans on December 11, while the authorities were powerless to respond.

The experiment with a new policy in the North Caucasus, creating a new federal district headed by a presidential envoy, has not delivered the results Moscow had hoped for. In their attempts to solve the region’s problems by pouring in money while supporting the archaic, clannish and corrupt local elites, the authorities are not only failing to address the problem of terrorism, but are actually making it worse. Such an approach exacerbates the massive social inequalities and feelings of injustice and hopelessness among young people, pushing them to “take to the hills”, while at the same time increasing the flow of money feeding the rebels, who force businesses in the region to pay them tribute.

Choice of a model

Competition continued all year long between two political and economic development models: the traditional economy, based on earnings from raw materials; and the modernization model. The former won, showing its strength in financial-economic terms and in the geopolitical arena, above all in the

Nord Stream and South Stream gas pipeline projects.

A symbolic conclusion to this competition is reflected in the verdict passed in the second case brought against Mikhail Khodorkovsky and Platon Lebedev, which drew a negative reaction from the West and a new wave of talk about how investors would abandon Russia, as well as in the subsequent announcement of a Rosneft-BP share swap.

This is a case of leaving well enough alone: it would be strange for the system's players to set about dismantling a system that is still serving them well.

The modernization model might have had a better chance of winning approval if oil prices were lower, but in the current situation the political and business elites seem confident that the old model will thrive for another decade to come.

What does this choice mean for Russia's political development? Earlier plans for top-down modernization at the authorities' initiative are off the agenda. Instead of modernization from above, there will be a reactive modernization, caused by pressure from below and reflecting the system's attempts to adapt to fast-changing conditions. The main risk is that in a country as big as Russia, where any process first has to break through a lot of inertia, there might not be enough time to react and make the needed changes. The system, like a runaway train, might then jump its tracks, veering either into hard-line authoritarianism, or into chaos, or perhaps first into one and then the other.

Dialogue between the authorities and society

The tone of state-society dialogue in 2010 was tense. The authorities were driven into it nervously and hastily by mass protests too loud to ignore, and only in order to try to cool emotions: Khimki Forest,

Manezh Square, the series of road accidents in Moscow in which high-ranking officials and major businessmen were implicated in the death of ordinary citizens. In response, however, the authorities have offered nothing beyond "fatherly care." The president ritualistically repeats that he will "sort out" the situation and take it under his personal control. There are no coordination commissions and no expert councils (on the Khimki Forest, for example) – nothing that could provide hope that the next time a conflict situation emerges, the authorities will take measures before mass protests push them into action.

The institutions that should be relevant in such a dialogue are all but absent: the Federal Assembly, political parties and the Public Chamber. The Presidential Council for the Support of the Development of Institutions of Civil Society and Human Rights (when Ella Pamfilova headed it), Human Rights Ombudsman Vladimir Lukin, and the Moscow Interior Ministry Department's Public Council have all been involved from time to time on various issues, but they have served more as amplifiers of the public's voice than as moderators. The largely decorative and unwieldy machinery of outwardly powerful institutions has proven incapable of responding to the fast-changing situation. It was therefore unusual when the president suddenly proposed starting a session of the State Council at the end of December not with the planned agenda, but with the issue of the Manezh protests.

The fact that registered political parties (whether represented in the State Duma or not) have not served as vehicles for expressing people's interests and as moderators between the authorities and society induces sad thoughts on just how the current party system would function in the event of mass social protests.

The authorities do not want to engage in dialogue with society of their own free will. Society has to force them into dialogue. Dmitry Medvedev proposed “public discussions” of laws, in a move reminiscent of the Soviet practice of “national discussions”, which involves no direct contact and is not binding in any way. At the same time, there were multiple closures of platforms for direct communication between the authorities and the public in the form of elections of big city mayors, which, set against a growing wave of public activism (Kaliningrad, Khimki Forest), looks strange, to say the least.

The politicization of society and the strident statements from cultural figures such as musicians Yuri Shevchuk, Noize MC (Ivan Alekseyev), Andrey Makarevich and Boris Grebenshchikov, or journalist Leonid Parfenov, defending Mikhail Khodorkovsky, and ex-ballerina Anastasia Volochkova, who caused a stir with her departure from the United Russia party, are something new.

Also new is the practice of “emergency” descents by senior officials to trouble spots in the regions, where they meet directly with local residents to hear their grievances (head of the Investigative Committee Aleksander Bastrykin visited Kushchevskaya village and Gus-Khrustalny, for example.) What better demonstration of the power vertical’s ineffectiveness?

The authorities react only when they are afraid. If crowds had blocked Leninsky Prospekt to protest the accident there, the investigation would have produced a different result. Through their laziness and demonstrative indifference to people and breaches of the law, the authorities provoke society into mass protests.

Although society seems to have scored few victories in their disputes with the authorities (with the exception of the Okhta Center skyscraper in St. Petersburg), there is an in-

disputable positive movement in the development of relations between the two. Society’s active section has grown up and sensed its own strength, and there has been a transition from fragmented action, narrowly focused on this or that decision by the authorities, to consolidated efforts. People have developed more effective forms of response, and leaders have emerged.

The authorities and business

Relations between the authorities and business are a key element in understanding a political system’s fundamental nature and internal evolution. The first trial of Khodorkovsky and Lebedev became a watershed between Putin’s first and second terms as president, which were very different in content and in their degree of effectiveness for the country. It is too early yet to say whether the second trial, the verdict in which was handed down at the very end of the year, marks the end of the first “Putin decade” and the start of the second, but this is entirely possible.

The year brought some major changes in Russian business. Not so long ago, the emphasis was on developing state-owned corporations headed by Putin’s friends and trusted people. Now there is a move to develop private empires alongside these state corporations: those of Gennady Timchenko, Yuri Kovalchuk, and Arkady and Boris Rotenberg, who form what has been dubbed the “triple alliance”. The policy of creating and building up big players in the raw materials sector, capable of participating on the global stage, has continued, regardless of the official ownership form these businesses take. Two examples here are Norilsk Nickel and the as-yet nameless mineral fertilizers giant in the process of formation.

The ongoing process of asset redistribution has continued apace and has claimed its first big victims: banker-cum-politician

Sergey Pugachev, mobile phone retailer Yevgeny Chichvarkin and Yelena Baturina, the real estate mogul and wife of Moscow's ex-mayor. Their problems are primarily linked to control of political resources and influence. Among the big players and business empires, there seems to be no one left who is not directly linked to Putin or his close entourage, which makes "family" conflict among the remaining business groups all but inevitable.

During the year there was an increase in administrative pressure on small and medium-sized business, above all from the regional authorities and tax agencies. It is nothing personal: budgets at every level are having increasing problems raising enough revenue. Particularly serious was the increase in the tax burden that came as a result of replacing the consolidated social tax with insurance payments beginning on January 1, 2011. As well as increasing the burden on small and medium-size businesses, these payments will also deal a blow to high-tech business with high payroll costs, putting it at even more of a disadvantage in the competition with raw materials businesses. In any event, the latter, with its might and personal ties to Prime Minister Putin, has far greater possibilities for lobbying its interests.

To be fair, the administrative pressure on business has lessened somewhat since Medvedev passed amendments softening penalties for economic crimes, Mikhail Gutseriev and Telman Ismailov returned from abroad, a court decision in a jury trial came down in favor of Chichvarkin's company, Euroset, and the criminal prosecution of Chichvarkin was subsequently abandoned. However, at the same time, the problems surrounding Yelena Baturina's business (also implicating her husband, Yuri Luzhkov) and the Bank of Moscow show all too clearly just how far the authorities can go and how vulnerable a busi-

ness becomes if it loses its political protection from above.

The exchange between businessman Sergey Polonski and first deputy chief of the Presidential Administration Vladislav Surkov, during Surkov's meeting on May 20 with the General Council of the business union *Delovaya Rossiya*, was very illustrative of the current situation. "Many of us would like to ask about the relations between business and the authorities but are afraid to do so," Polonski said. "Yevgeny Chichvarkin is not with us here today... Such is the brand image of our country's investment climate. 80% of businesspeople are sitting on their suitcases." Surkov replied, "We sit on chairs, but many sit on suitcases, though they possess billions, got their companies for free, make huge profits, have direct access to the Kremlin and talk with ministers at their dachas, and yet they're all sitting on their suitcases! What does Russia's bourgeoisie need to stop sitting on their suitcases?"¹

This story continued in the form of a survey of Russian businesspeople conducted by the company CESSI for the Institute of Social Forecasting.² Asked about their plans, if any, to emigrate in the next five years, 4% of respondents said they would leave and close down their businesses; 1% said they would leave but their business in Russia would continue; 12% said they would spend more time abroad but not move away from Russia altogether; 32% said their departure was unlikely, but nonetheless possible; and 51% said they had no plans to leave.³ According to another survey on the investment climate in 2010 (carried out by the Russian Union of Industrialists and Entrepreneurs, or RSPP), businesspeople said the biggest obstacle they faced was ineffective state management and the lack of clear national development goals.

The authorities prefer to deal with business on an individual basis, which automatically

places businesspeople on unequal footing, depending on their closeness to the state and the size of their company. Particular mention should be made of the “modernizing oligarchs”: Viktor Vekselberg, who has been put in charge of the Skolkovo project, and Mikhail Prokhorov, who is playing an active part in the Presidential Commission on Modernization and is personally overseeing a number of modernization projects. However, when the same Prokhorov, speaking on behalf of the Russian Union of Industrialists and Entrepreneurs labor market committee, which he heads, proposed relaxing the Labor Code’s provisions, he was showered with an avalanche of populist criticism from the authorities. This is further evidence of the way the authorities ignore the voice of business associations (RSPP, OPORA), and of the deinstitutionalization of relations even with regard to the “oligarchs’ trade union”, the RSPP.

The political system

One result of preserving the government’s costly populist social policy is that there is no external incentive to change a political system that was designed for the “fat years” that have now ended, and for a time of relatively good relations among the ruling elite and between the authorities and society. In 2010, the political system either did not change or continued by inertia in what in today’s situation is a counterproductive direction of primitivization and deinstitutionalization, creating an ever-growing gap between the system and the external challenges it faces. The political sphere has undergone a demodernization process, both passive and active.

The State Council’s numerous statements on the current situation and proposed reforms in the beginning of the year, and the fizzle of Medvedev’s vacant video address at the year’s end were fitting bookends for the tale of change in the political system over the 12

months in between. The work done over the course of the year could be called “fine-tuning” if it actually had any relation to changing the real parameters of the system’s operation and did not in fact make things even worse. However, what we actually have is an imitation of political reform and the resulting degradation of the system. The end of direct mayoral elections and the transition to a proportional system in forming local self-government bodies, along with the end of civic groups’ right to nominate candidates, are just some of the political changes. Medvedev’s so-called “second political package” included the start of efforts to even out the number of deputies in regional parliaments and unify the naming of the regional leaders and parliaments.

The only positive note of the year was the handful of changes in the way the Federation Council is formed, probably a side effect of the weakening of Federation Council Speaker Sergey Mironov’s position. There are two main changes, both of which took effect beginning January 1, 2011. First, Mironov was removed from the chain of approvals required for appointments, and now only the regional authorities themselves have the power to recall a senator (the first such case was Sergey Pugachev, recalled from the upper house by Tuva at the start of January.) Second, only people who have previously held elected office in any representative body at any level can now become a senator. With proportional representation used practically throughout the whole country now, this will give United Russia even greater control over the upper house of parliament, too.

As far as political parties are concerned, the year saw no serious changes, but preparations for change began in the form of several projects to launch new parties or revive old ones. They include Rodina: Common Sense, launched by Mikhail Delyagin. The new party, perhaps an attempt to revive the

old Rodina party, held its founding congress on September 11, 2010. The Party of People's Freedom, For Russia without Arbitrariness and Corruption, held its founding congress on December 13, 2010; it was formed by the coalition of several liberal organizations outside the mainstream political system: the Russian People's Democratic Union (headed by Mikhail Kasyanov), the Republican Party of Russia (headed by Vladimir Ryzhkov), the Solidarity movement (one of the leaders of which is Boris Nemtsov); and the Democratic Choice movement (led by Vladimir Milov).

United Russia has undergone some noticeable changes. Two processes are noteworthy. First of all, the party has not so much strengthened its position, as it has simply organized itself increasingly as a real party machine with a vertical hierarchy. It already obtained the right to nominate candidates for regional governorships beginning from the second half of 2009, and now it has a big hold over appointing senators and has also secured the post of the government's key man in charge of apparatus for one of its leaders, Vyacheslav Volodin. It is pursuing a policy now of combining the posts of regional chief executives and speaker of the legislative assembly, while freeing the party's official leadership from the influence of willful regional barons, rooting out the last remnants of the now-defunct Otechestvo party. On the other hand, the party has been subjected to regular and conscious public humiliation and its completely dependent role has been evident (as illustrated by the decision to repeal the law on the transport tax a week after it was passed, the dismissal of Kaliningrad Governor Georgy Boos, who initially held the party's publicly expressed support, and then the dismissal of Yuri Luzhkov, one of the party's senior leaders.)

Efforts to court the youth movements and use them in political games stepped up during the year: this is evident in the mass events or-

ganized to coincide with the Victory Day celebrations in May and the scandal at the Lake Seliger youth camp organized by the Kremlin-backed Nashi youth group, where an exhibit during the summer depicted such public figures as Boris Nemtsov and Condoleezza Rice wearing swastikas. However, when real-world events provoke a spontaneous response from genuine political opposition, like the riot on Moscow's Manezh Square in December, the Kremlin's youth movements are absent. Their inability to react directly to events seems a sure sign that these movements are artificial in nature and controlled from outside.

Elections

The successive election cycles in recent years have come to resemble a roller-coaster ride, with alternating "peaks" and "troughs" of manipulation in the fall and spring, respectively: a trough in the spring of 2009; and a peak in the fall of 2009; a trough in spring of 2010 and a peak in the fall of 2010.

Both the spring and autumn elections in 2010 were unfair. There were numerous cases of local officials using their power to disbar candidates that did not suit them, and in this respect the elections in 2010 differed little from the tainted elections of autumn 2009. Other candidates, whether independent or from the non-parliamentary parties, were also prevented from running. However, unlike the autumn 2010 elections, the elections of March 14, 2010, were relatively honest on the whole.

United Russia's results were considerably worse in the March elections than six months before. It lost ground in the voter rolls, although it still came in far ahead of all of the other parties combined, but in cases where the majority system was used it had a number of painful defeats: in mayoral elections in the Urals and Siberia, and also in single-seat districts in a number of regional centers.

The autumn elections, like those of a year earlier, were neither fair nor relatively honest. United Russia continued to use its immense administrative advantages, inconvenient candidates and slates were removed from the running, United Russia dominated the media, and numerous violations took place during voting and counting the ballots.

The Kremlin's decision to abandon the one-and-a-half party model (in which one party, United Russia, dominates the vote, with only a very small token opposition), which it used in the autumn 2009 election to the Moscow City Duma, and the return to the earlier four-party system is certainly a positive step. The bad news was the completion of the liberal flank's liquidation. Yabloko, which had already long since lost any party representation at the federal level, also lost it at the regional level in the autumn 2010 elections. The Union of Right Forces had already died off earlier, and the announced Right Cause party never really took shape. The result was not just to marginalize these parties, but also to deprive a large share of voters of any party expressing their interests. Removing colors from the political spectrum makes the spectrum as a whole much more primitive.

The election of the mayor of Irkutsk showed how a clumsy administrative intervention can produce the opposite of the desired results for the authorities. United Russia initially tried to please the new governor, who had come in from St. Petersburg, by putting forward a non-local candidate, the mayor of Bratsk. However, when this candidate began falling clearly behind another United Russia member, a populist who decided to run of his own accord and at his own risk, the electoral commission dreamed up a pretext on which to remove the stronger candidate from the running. The result was to consolidate votes in favor of the one remaining relatively independent candidate – running on the Communist

Party ticket – who won by a large margin. This model, in which voters vote not so much for their chosen candidate as against someone imposed from outside, is familiar from the elections of 1989-1990, and it is what explains the boost in the Communist Party's and LDPR party's results.

The elections were to an extent a loss of face for United Russia, but every cloud has a silver lining: bringing the official election results more into line with the real crisis situation, when public confidence in the authorities decreases, pulled the party out of the dead-end into which its own officials had driven it by reporting ever better results and explaining them by public consolidation around the authorities at a time of crisis.

Although there have been some changes for the better, elections in general still fall far short of the norm, not just for society, but for the authorities, too. The repressive electoral system makes it possible to tighten the screws in one place and loosen them a little in another. However, it does not enable the elections to provide any real interaction between the authorities and society or to play a part in forming the agenda and the mechanisms for deciding how to go about solving the problems uppermost on society's mind.

So far, we can say only that the authorities have gone into reverse a little in order to get out of the dead-end into which they have driven the elections, only they have done so not by improving the mechanism, but by doing some manual adjustment.

The Kremlin opted for a course of demodernization in the autumn elections, tightening administrative control over the elections themselves and the vote-counting process. The one-and-a-half party model completely dominated by United Russia remained in place only in Tuva this time. Three parties made it into the Belgorod Region's parliament, while in the other four regions that held elections all

four parties in the national parliament made it into the Legislative Assembly of the regional parliaments. True, not a single one of the parties outside the national parliament had any success in any region, thereby cementing the departure of Right Cause, Patriots of Russia and Yabloko from the political scene.

In four of the six regions where parliamentary elections took place, United Russia received the absolute majority of votes at the polls and improved the results it received in these regions four years earlier, though it did not do as well as in the national parliamentary election of 2007. The party's worst results were in the Novosibirsk (44.8%), Kostroma (49.99%) and Magadan (50.7%) regions.

United Russia suffered no serious defeats in the municipal elections. The one exception was the election to the city council in Angarsk, which it lost to the Communist Party. It suffered some smaller but sensitive defeats, too: in the election for the mayor of Surgut, and for the Cheboksary city assembly. The party's victories included the comeback by the United Russia candidate in the Samara mayoral election, with the incumbent, Viktor Tarkhov, from A Just Russia, losing the race. The elections in the Dagestan towns of Makhachkala and Derbent were a special case, dealing not so much with parties as with clans.

It would be wrong to interpret the elections as an electoral success for United Russia that indicates the party has no need to make any changes in preparation for the upcoming parliamentary and presidential elections. Why?

First of all, geography matters. The autumn elections took place in more easily controlled regions than those in the spring. In the national parliamentary election in the winter of 2011, United Russia will face problems in regions known for their consistently critical public sentiment (the Kaliningrad, Sverdlovsk and Irkutsk Regions, for example), and in regions where the departure of long-serving

political heavyweight leaders has led to the complete or partial breakdown of the regional political machines: Tatarstan, Bashkortostan and Moscow. Replacement of the leader, even if all other components of the machinery remain in place, reduces the guarantees of impunity in the event of violations during elections and changes the motivations of the local authorities and electoral commissions.

Second, intra-regional differentiation also plays a part: United Russia's position in the regional centers is weak; the bulk of its conformist support comes from voters in rural areas and small towns. These were United Russia's autumn 2010 results in the regional capitals: Orenburg – 47%, Izhevsk – 44%, Tomsk – 42%, and Novosibirsk – 40.5%.

The Irkutsk Region offers a clear example of how subterfuge on the part of United Russia can actually produce negative results for the authorities. Seeking to avoid disgrace in direct mayoral elections, as had happened not long before in Irkutsk and Bratsk, the authorities rewrote the city charter, so that the mayor of Angarsk would be elected by the local assembly rather than by direct ballot. As a result, the voters being no fools, United Russia was trounced by the communists in the elections to the local assembly.

In an attempt to avoid an even worse showing for United Russia than it had in the March elections, all means were put to use in the fall: from heavy-handed political pressure on the other political parties, to making United Russia more competitive as a party by holding primaries; from subdividing party rolls into numerous groups, to enlisting overseers from among party members in the State Duma and Federation Council, and more. However, opportunities for increasing internal competition in United Russia and weakening competition from other parties seem to have largely exhausted themselves. Thus, new measures are

needed just to maintain results at their current levels. The Kremlin has little choice in this situation, and in the run-up to the federal elections and the planned revision of the populist social policy set to follow, a more complicated political system, with a transition from a single dominant party to a more complex configuration, seems inevitable.

Abolition of direct mayoral elections

The improvement of the political system is being used as a pretext for the process, which has been gathering pace of late, of replacing directly elected mayors with appointees from among local deputies, who, in turn, are increasingly elected not from actual electoral districts, but from party lists. Current evaluations show that the institution of directly elected mayor has been done away with in more than half of all municipalities. However, of the approximately 30,000 municipalities around the country, only a hundred have real political significance – mostly regional capitals and the largest cities with enough financial independence for the mayors to be influential and act autonomously from the regional governors.

Many of the largest cities were engulfed by this process in 2010. Direct mayoral elections were abolished in Nizhniy Novgorod, Perm, Chelyabinsk, Barnaul, Blagoveshchensk, Ivanovo, Orenburg, Oryel, Penza, Smolensk, Murmansk and Elista. The bureaucrat-governors and United Russia party officials share the same interests in this respect. Often, incumbent mayors go along with the abolition of direct elections in return for promises that they will be allowed to keep their job.

Thus, the process that began in 2004 with the abolition of direct gubernatorial elections has continued down the “vertical”. The problem is, however, that the onset of the economic crisis calls for a different logic. Public administration and the government system

must be at once more flexible and more stable in a crisis situation. This means that its different components need greater autonomy and more room to move on their own, and that the center of political and financial gravity should be closer to the grass roots.

The Russian political system’s problem is that its weak institutions and lack of division of powers also weaken its failsafe mechanisms. This means that there is no one to rein in the authorities when they go too far, no one to stop them from making mistakes that are costly for society and for the authorities themselves. This explains why events here so often swing like a pendulum, from one extreme to the other. Having lost the mayoral elections in Irkutsk and Bratsk, for example, the authorities decided it would be better just to abolish elections altogether. However, it did not occur to them in the process that elections play a very important role for the authorities themselves, acting as a channel for direct contact with and feedback from the public, a means for the authorities to develop agendas and political action plans, a school of political participation for citizens and competition for the political elite, and a means of sharing responsibility and “letting off steam”. By throwing all of this away out of short-term opportunistic considerations, the authorities are going against their own strategic interests and sawing off the very branch upon which they are sitting.

The mayors were at one point the Kremlin’s main allies in the fight against overly independent governors. As the strongest and most independent figures in the regional political establishment, it was the mayors who ensured that there was always some room to maneuver in the regions and reduced the centralized monopoly on power. Now that governors have essentially become little more than federal bureaucrats, and the speakers’ chairs of regional parliaments are all being taken over

by the secretaries of United Russia's local political councils, the mayors of the regional capitals are the only relatively autonomous endogenous centers of political influence with their own, rather than borrowed, resources. This gives the system as a whole a more solid foundation.

The "hired city manager" model, where the manager is chosen from the mayor's deputies, was one of three models proposed by the municipal reforms. The Western-sounding name should not be misleading. This model is really no more than a renamed version of the "city executive committee chairman/city council chairman" so familiar from the Soviet era. The similarity is even more marked when we consider that most city councils these days are completely dominated by a single party – United Russia.

One illustrative case is that of Perm, where the authorities, who were trying to force through the abolition of direct mayoral elections, encountered resistance from the Coalition for Direct Elections in Perm. Public hearings took place and a special site, www.vyborpermi.ru, was set up. A survey carried out by the Levada Center showed that 79% of the city's residents wanted to keep direct mayoral elections, but they did not succeed in holding on to that right. The authorities in Perm, despite being known for their democratic traditions, opted for what was the more convenient system from their point of view.

The prospects for the direct mayoral elections that still exist are not very clear. During his televised live question and answer session with the Russian public in November 2010, Vladimir Putin had this to say on the subject: "The system we have now, in which the president proposes a candidate for regional governor and the local deputies vote on it, on the whole protects society from criminal elements making their way to this top level of regional

government. Unfortunately, this is not yet the case in the municipalities, where criminal influences continue to make themselves felt. I have my own thoughts on this matter. This does not mean abolishing elections, of course. There is no need to abolish elections at the municipal level, but we need to pay more attention to the whole situation, at both the federal and regional levels."⁴

The center and the regions

With the onset of the economic crisis, the regions began playing a bigger part in government activity and in public awareness. The federal authorities' attention, measured in the number of trips to the regions by senior officials, various away meetings, United Russia mini-congresses and so on, even increased in 2010. This was even more the case as a wave of mass protests swept through the regions at the start of 2010 against the increase in housing and utilities tariffs initiated by Moscow. In addition to the country's various manmade catastrophes and accidents, there were natural disasters in the form of drought and wildfires. A large number of regional leaders reached the end of their terms, too, and had to be replaced.

The development of relations between the federal authorities and the regions was stormy and even dramatic in 2010. On one hand, during this year the country emerged from the crisis, but on the other, it entered the pre-election campaign period. The year was marked by the removal of heavyweight governors and the dismantling of their political machines, quarterly mini-congresses held by United Russia in the federal districts, a campaign to drop the word "president" from the titles of regional leaders, a succession of corruption scandals, especially in state procurement contracts for medical equipment, and a series of scandals and exposures concerning the links between government and criminal

groups at the local level: in Kushchevskaya, Gus-Khrustalny, Engels and other places.

Appointments and dismissals

Table 1 gives a picture of the number of replacements of governors and other top federal officials in the regions. It shows that the overall number of replacements increased substantially compared to 2009, and that replacements of governors and regional police chiefs were the most frequent.

As far as the governors go, experts some time ago warned of the problem that would come up in 2010, when 30-odd governors, two fifths of the total, would need to be replaced or reappointed. In 2009, three out of every four regional heads were replaced as the ends of their terms approached, while in 2010 only one of every two was replaced. Nevertheless, a fifth of the total number of governors were newly appointed, and almost all of the remaining heavyweight governors who came to power at the start of the Yeltsin years or even earlier were replaced. Taking previous years into account, almost two thirds of regional governors have received their current mandate from President Medvedev, including 34 governors appointed for the first time.

The replacement of the three super heavyweights – Mintimer Shaimiyev, Murtaza Rakhimov and Yuri Luzhkov – drew particular attention. It was they who headed the regional challenge to the Kremlin during their time, controlled political machines they had built in the largest regions, maintained the greatest autonomy from the federal authorities and showed a marked rise in activeness in 2008-2009, with the onset of the economic crisis and weakening of centralized control. The first and most peaceful departure was that of Shaimiyev, who put a successor in place and retained considerable influence in Tatarstan. Rakhimov tried to battle on, including in the public political arena, but after a series of information campaigns against him in the federal media, backed up by pressure from the law enforcement agencies, he was forced to admit defeat and stepped down, receiving a top state decoration in recompense. Luzhkov fought on hardest and longest and was finally dismissed for “losing the president’s confidence.”

In the past, before the abolition of gubernatorial elections, when Moscow did not want an incumbent to remain in place, it usually replaced the prosecutor a few months before the election, which made it a lot harder

Table 1. Replacement of key federal officials in the regions in 2009 and 2010

Regional governors	Prosecutors	Investigative committee	Interior Ministry	FSB	Judges	Chief federal inspectors	Secretaries of United Russia	Total replacements
<i>2009</i>								
15 (4)/3.2	13/1.4	7/2.1	6/3.1	23/1.1	9/3	25/2.8	13/4.2	111/2.5
<i>2010</i>								
32 (16)/4.5	5/1.6	10/1.4	27/1.2	22/1.0	2/3.5	13/3.1	21/4.6	132/2.7

Note. The numerator shows the number of replacements (the number of reappointed incumbents is given in brackets), and the denominator shows the degree of “localness” in the replacements. The degree of localness was measured on a 1-5 scale: 1 is someone brought in from outside the region; 2 is someone from outside, connected to the region only by birth or ethnic background; 3 is someone from outside, but who was living and working in the region before the appointment; 4 is someone from the local establishment, but who worked in a different region before receiving the appointment; and 5 is someone who has made an entire career in the region.

for the governor to make use of local political levers. However, these days, it is usually the police chief who gets changed when governors are replaced. If the governor in question is a political heavyweight, a new police chief could be appointed just before the gubernatorial replacement takes place, as was the case in Bashkortostan and Moscow. In other cases, a new police chief can be appointed after the new governor has taken office, acting in the logic that the new governor will find it easier to work with his own people.

It is also noteworthy that while in the case of governors the authorities tried to appoint people with as much local connection as possible among the political elite of the region in question (4.6 out of a maximum score of 5), this was not the case for police chiefs, who were usually appointed from outside the region (1.2).

United Russia mini-congresses

United Russia's interregional conferences in the federal districts (Social-Economic Development Strategy for 2020. Program for 2010-2012), with Putin taking part, were held in Siberia in March-April, the North Caucasus in July, the Volga region in September and the Far East in December. These events were essentially for pre-election campaign mobilization and served partly as an opportunity for bargaining between the regional elites and the federal authorities.

Some conclusions about the results achieved by this new work format can be drawn from the four conferences. For a start, unlike earlier United Russia meetings, these conferences showed greater preparation at all levels, with the entire spectrum of the regional political elite involved. Development proposals are now the product of dialogue underway at the federal, federal district and regional levels.

In the past, governors would come up with regional development strategies when elec-

tions were approaching. After direct gubernatorial elections were abolished, all candidates for the post of governor were supposed to propose a development program, but this idea did not work out at all. Starting in 2009, the government stopped examining regional development strategies at its meetings, declaring that strategies had to be drafted first for the federal districts, and only then for the regions that compose them.

The experience of the federal authorities (the federal government and party officials) with their colleagues in the regions is also important. This is a good school for the federal authorities (along with the party activists, a big team accompanies Putin on his trips), giving them the chance to get more familiar with the situation on the ground and build ties between the different levels of power.

As Putin put it when the government had only just begun its dialogue with the regions through the United Russia mini-congresses, regional development policies should be based on the following principles:

- Using criteria for evaluating results to change people's lives for the better;
- Action should solve problems and not create new ones, such as an overly narrow focus, environmental problems and so on;
- Efforts must be made to identify each region's specific advantages;
- The specific situation in each federal district should be taken into account, with efforts made to establish conditions that will benefit the local people;
- The Regional Development Ministry should build up an effective and integrated management system.

The tension in relations between the federal authorities and the regions reached a peak in 2010, and the pendulum is now swinging the regions' way again. After the "stick", in the form of the campaigns against strong regional governors and dismantling of their po-

Table 2. Regions in the North Caucasus Federal District: time in the region and degree of “localness” of

Region	Regional heads		Chief federal inspectors		FSB		Interior Ministry		Prosecutors	
	Time in months	Localness	Time in months	Localness	Time in Months	Localness	Time in Months	Localness	Time in Months	Localness
Average	38.3	3.7	37.3	2.8	21.9	1.0	19.3	2.1	28.4	1.7
Dagestan	10	5	78	5	39	1	17	5	16	1
Kabardino-Balkariya	63	5	15	1	5	1	2	1	43	5
Karachayevo-Cherkessiya	28	2	35	1	50	1	7	1	23	1
North Ossetiya-Alaniya	66	5	34	4	9	1	25	1	13	1
Ingushetia	25	2	44	1	15	1	9	1	46	2
Chechnya	45	5	32	—	6	1	72	5	26	1
Stavropol Territory	31	3	23	5	29	1	3	1	32	1

Notes: 1. Calculation of the average time spent in the region and degree of localness did not include the regional heads.
2. The degree of “localness” was measured on a 1-5 scale: 1 is someone brought in from outside the region; 2 is someone from outside the region before the appointment; 4 is someone from the local establishment, but who worked in a different region before receiving

litical machines, the distribution of “carrots” is beginning. Putin, in particular, declared the “urgent need to decentralize business, social and cultural life.” In his view, the way to achieve this is by setting ambitious goals and taking on international commitments that will give a boost to various cities and regions: for example, the Asia-Pacific Economic Cooperation Forum’s summit in Vladivostok, the political forum in Yaroslavl, business forums in Krasnoyarsk, Irkutsk and other cities, the Winter Olympics in Sochi, and the World Student Games in Kazan.

The North Caucasus

Summing up the year’s results, both the president and prime minister preferred not to talk about the North Caucasus. There was no good news to offer, and they did want to talk

about the bad news. However, the continued policy of buying the loyalty of local archaic clan-based elites, while at the same time taking a harsh line against “potential insurgents” by sending in security and law enforcement personnel from outside the region, is probably exacerbating rather than improving the situation. Aleksander Khloponin’s efforts as the new presidential envoy in charge of the North Caucasus Federal District have yet to bring results, and there is little hope of seeing any in the foreseeable future. Khloponin’s duties seem to be about sorting out the situation with financial support for the region and ensuring that at least part of the sizeable sums sent from Moscow actually reach their intended recipients.

Table 2 shows that one new North Caucasus regional head was appointed in

the regional heads and federal officials as of January 1, 2011

Investigative Committee		Judges		Average length of service in the region of key federal officials	Average degree of localness	Average length of service in the region of key federal officials and regional heads
Time in Months	Localness	Time in Months	Localness			
34.4	4.1	63.3	3.4	35.2	2.8	35.8
39	5	1	5	31.7	3.9	28.6
39	5	144	5	41.3	3.0	44.4
39	5	33	1	31.2	1.7	30.7
22	1	131	5	39.0	2.6	42.9
39	5	1	2	25.7	2.0	25.6
24	5	93	5	42.2	3.7	42.6
39	3	40	1	27.7	2.1	28.1

de, connected to the region only by birth or ethnic background; 3 is someone from outside, but who was living and working in the the appointment; and 5 is someone who has made an entire career in the region.

2010. This was Magomedislam Magomedov in Dagestan, whose father ran the republic for almost 20 years. Seven federal “generals” were appointed, of which six were people brought in from outside, while the seventh, the chairman of Dagestan’s Supreme Court, was the object of a battle lasting months. The officials with the greatest degree of local connection are the regional heads (3.8 on average) and the judges (3.8). Those with the least local connection are the regional FSB heads (1.0), prosecutors (1.8) and interior ministers (2.1). Bringing people in from outside gives the federal authorities greater assurance of their loyalty, but it comes at a price, as these appointees often have insufficient knowledge of the very specific local situation and traditions, and there is the danger of conflict between the political and

security and law enforcement elites, with the increasing risk that the latter will be perceived as an occupying force.

Deputy Prosecutor General Ivan Sydoruk reported that the number of terrorist attacks in the North Caucasus doubled in 2010. According to the Interior Ministry’s statistics, 609 terrorism-related crimes were committed over the first 11 months of 2010; 242 law enforcement and security personnel were killed and 620 wounded; and 127 civilians were killed and 536 wounded. The North Caucasus insurgents committed a number of particularly headline-grabbing crimes in Pyatigorsk, Moscow and Vladikavkaz. The situation in the North Caucasus was more and more often described as a “low-intensity civil war”.

The statistics given by the Caucasian Knot website paint a more nuanced picture. It shows

that the number of terrorist attacks increased dramatically in Kabardino-Balkaria (from 12 in 2009 to 41 in 2010) and Dagestan (from 69 in 2009 to 112 in 2010), and decreased substantially in Chechnya (from 62 in 2009 to 39 in 2010) and Ingushetia (from 86 in 2009 to 40 in 2010). Stavropol Krai, which had not been hit by terrorist attacks targeting civilians in 2009, did see such attacks in 2010. This paints a worrying picture of the level of terrorist activity spreading from its traditional hotbeds to the entire North Caucasus region and to the entire country, if the blasts in the Moscow metro in March 2010 and at Domodedovo Airport in 2011 are taken into account.

The problem is not that the Kremlin does not want to solve the problems in the North Caucasus, and not even that it is not capable of resolving them. The problem is that the Kremlin has driven itself into a dead-end, and instead of resolving the real problems, it is able only to make a show of action, not even sweeping the problem under the rug, but using the rug to cover the holes in the floor. On one hand, the Caucasus suffers from a particularly severe version of the problems that affect all of Russia: weak institutions, corruption, and so on. On the other hand, the region has its own specific problems that have built up over the years and decades. These problems can be resolved only by carrying out a long and painful strategy that will not produce results overnight. However, the Russian authorities and political elite have always had a short-term horizon when it comes to planning and strategy. The authorities had to show that Chechnya was at peace in time for the presidential election in 2004. Now they need to hold the 2014 Winter Olympics in Sochi. The federal authorities made a brief attempt to modernize the Caucasus republics' ruling elites in 2004-2007, when Dmitry Kozak was presidential envoy in the region. There was a mixture of successes and failures, but no seri-

ous attempts have been made since then to work on state-building and resolving the region's social and economic problems. Instead, the authorities have thrown their support behind the archaic local clan-based elites and a policy of replacing security and law enforcement officials with people brought in from outside and who, to complicate things further, are constantly reshuffled. It is obvious that the problems in the North Caucasus cannot be solved by money and policing alone.

The idea of holding the Winter Olympics in Sochi in 2014 was a big mistake. It is not too late to admit this, and the sooner this is done, the lower the cost in human lives in the Caucasus and in Moscow.

Modernization and the regions

The political and business elites at the federal level have real hopes of keeping in place the raw-materials export model that suits them just fine, but in most of the regions this will not be possible. Many regions do not have such abundant resources, and what's more are not the main beneficiaries of resource sales in any case and are therefore forced to look around for more suitable development models. Excessive centralism and unification in many areas limit their freedom to maneuver, while at the same time encouraging activeness and initiative in the few areas still open to them.

However, although everyone is talking about modernization these days, the regions are in actual fact undergoing a process of de-modernization, and it would thus be more accurate to speak of the balance between the two.

We calculated three composite indexes in order to identify the different regions' modernization possibilities and evaluate the real progress made both in purely technological modernization and in broader social and political modernization.

The first Figure (Fig. 1) shows potential for modernization and was calculated taking into account the number and overall share of residents living in big cities, gross and per-capita total foreign investment received over recent years, the human development index potential, and Internet access.⁵

The second Figure (Fig. 2), reflects the level of technological modernization and takes into account the presence in a region of national research centers, federal universities, and special economic zones for the introduction of technology, and whether or not the region served as the venue for meetings of the Modernization Commission chaired by the president (which usually meets at innovative enterprises that have achieved successful results), is a member of the Association of Innovative Russian Regions, and receives Rusnano grants.

Finally, the third Figure (Fig. 3) reflects modernization in the broad sense and takes into account the complexity of the political system (number of decision-making centers), the existence of direct mayoral elections, degree of democracy of elections, level of corruption, and conditions for business. Comparison of these three indexes reveals significant overlap when it comes to modernization potential and technological modernization (the leaders here are the capitals and big interregional centers), and a very different picture when it comes to broader modernization, where the leaders are regions far from the capital. The different pictures that emerge show that technological modernization and overall modernization are not closely linked, which means that technological modernization efforts alone will not be enough for now to resolve the country's main problems.

Fig 1. Leading regions in terms of modernization potential



Natural disasters and anthropogenic catastrophes

In Russia, August is the cruelest month: things have more often collapsed or exploded in Russia in August than in any other month. However, so many major accidents, cataclysms and terrorist attacks have struck Russia almost every month since the summer of 2009, that no one talks about the “August curse” any more. Almost half of the disasters to hit the country have involved fires, destroying retirement homes, shopping malls, military supply bases and night clubs.

The wildfires of the summer of 2010 continued the succession of accidents and technological disasters, the worst of which was the blast in a mine in Mezhdurechensk in May, which killed almost 100 people. Several dozen people perished in the July-August wildfires that swept through numer-

ous regions in central and southern European Russia.

The fires themselves were sparked by the heat wave and thus may be considered a natural disaster. But the damage they caused was not nature’s fault alone. Wildfires are certainly a natural disaster, but not as sudden as other natural disasters, and their onset and scale are also partly the result of the presence or absence of preventive efforts and the system’s ability to deal effectively with situations of this kind. This was where Russia had problems.

The local authorities’ lack of preparedness for the fires was the subject of much discussion, as was the need to give the Emergency Situations Ministry new fire-fighting equipment and to restore the water supply to the peat bogs that were drained dry during the Soviet years. The new Forest Code, which the authorities pushed through three years ear-

Fig. 2. Leading regions in terms of technological modernization



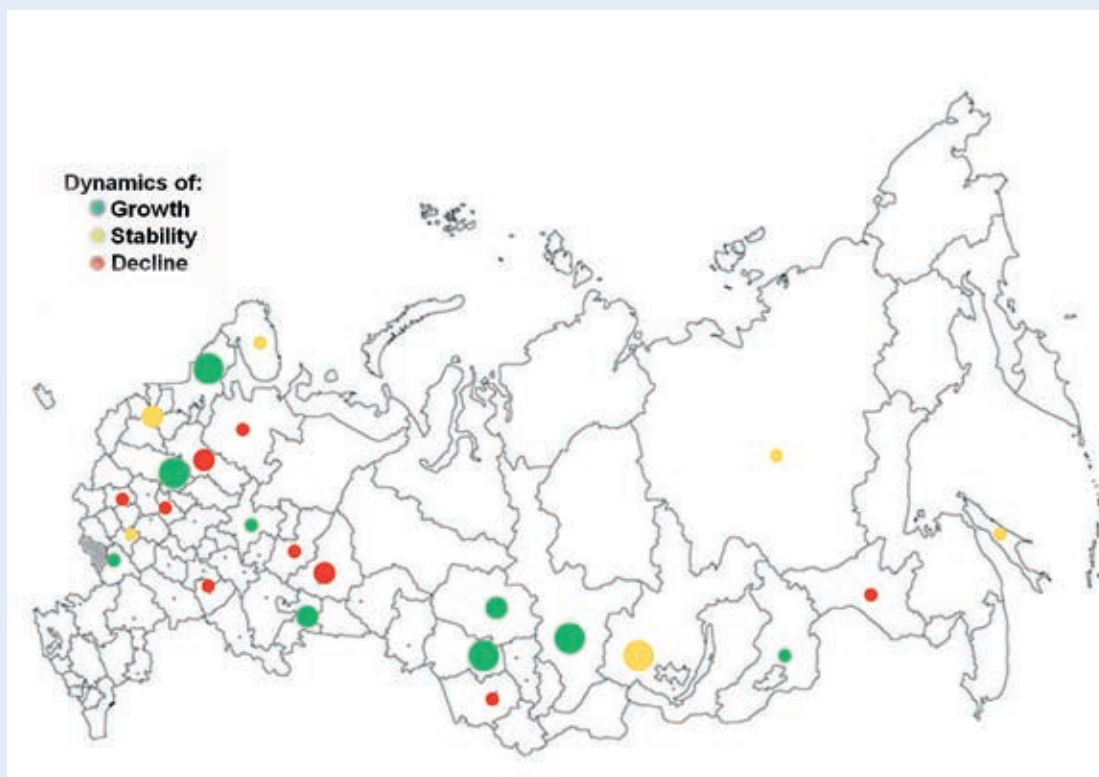
lier over the objections of many experts and people representing the forested regions, and which effectively freed the state authorities from any responsibility for forest preservation and protection, was the subject of much less discussion. However, the authorities did take some steps: for example, the government approved provisions on state forest fire monitoring.

The ineffectiveness of the management system in general was discussed least of all, yet this is where the root of the problems lies. The lack of division of powers in the government inevitably causes systemic malfunctions, and it is not enough just to keep fixing the breakdowns: the whole decision-making system needs to be overhauled. Regional authorities have neither the autonomy nor the resources to react to situations adequately, without having to first get the federal au-

thorities' permission every time. Municipal authorities have even fewer options, and yet it is they who are primarily responsible for organizing fire-fighting efforts. As long as the power pyramid remains upside down, with all the resources and authority on the top and all the responsibility on the bottom, no real improvement in the situation can be expected. It is worth noting that even Putin, who built this team-based management system, is aware of the paralysis it has caused: the only way he could think of to ensure that his own instructions were carried out was to install video cameras everywhere, with their footage being transmitted directly to his residence.

The start of 2011, marked by a new major terrorist attack in Moscow and a new fire in Perm, which cost many lives, underscores the futility of the authorities' demonstrative

Fig. 3. Leading regions in terms of modernization in the broad sense



efforts to improve the situation even in one specific area without making serious changes to the system overall.

The end of 2010 was very stormy and marked by a series of significant events that not only have a ripple effect into the next year but are also setting its tone. They are briefly outlined below.

Manezh Square

The December demonstration on Moscow's Manezh Square reflected in many ways the authorities' inability to come up with timely responses to new challenges. The authorities did not see the demonstrations in Kaliningrad coming at the end of 2009 and were not ready for the events in Manezh Square at the end of 2010, either. The public outburst on December 11 would not have happened if the authorities had known how to respond appropriately to warning signs on a smaller scale, such as the events on Leningradsky Prospekt on December 7 and the murder of Yuri Volkov in July. Perhaps the replacement of Luzhkov and the gradual dismantling of his political machine disrupted some of the informal mechanisms that previously provided early warning of public unrest. If there was any element of provocation involved, then this was playing with fire, and the current political players running the country were hardly equipped to enter into the game. That they would try to profit from the situation is another matter. Many wanted to reap the dividends: the football fans, nationalists and the Kremlin. The authorities ended up at a loss and were scared, however, and their response showed no real consistency. The events of December 11 were a symptom rather than the actual disease. The disease is a serious and long-running illness, and just keeping it away from the Kremlin walls, which is the authorities' primary focus at the moment, will not improve the situation

in any way. The whole problem is that the authorities, not knowing how to cure the disease, are simply trying to drive it further out of sight.

The Putin generation showed its face in Manezh Square, and the country saw that a non-organized crowd can be much scarier than an organized one, especially when there is nothing to oppose it. Where were the numerous pro-Kremlin youth groups at this time, all the members of Nashi, the United Russia Young Guard, Stal, and Mestnye? Some of them were glimpsed among the crowd, only without their usual flags and T-shirts. The authorities fought the frightening specter of an "orange revolution" in its time by various means, including domesticating the threat of right-wing unrest, but what are they going to do now?

The Khodorkovsky and Lebedev case

The entire second trial of Khodorkovsky and Lebedev, especially its conclusion, was a mixture of insolence, cynicism, and demonstrative trampling of the law. It was reminiscent of Soviet times, harking back not so much to the Stalin-era trials, but to the trials of dissidents during the stagnation of the 1970s and 1980s, when the Soviet authorities flaunted the fact that they put themselves above the law, not even bothering to create a semblance of fairness.

Whether Putin wanted it or not, Khodorkovsky has become one of the main symbols of Putin's regime, leaving his mark on every year of Putin's rule. The events have unfolded like a bad TV series, with tragedy turning into farce and a villain who looks ridiculous, not that this makes things any easier for his victims.

The Khamovnichesky Court's verdict showed that the system cannot and does not want to change. At the same time, a sizeable part of the elite clearly opposes the outcome

of the affair, and their opposition is not a muffled complaint, but a public outcry.

The first case against Yukos was the beginning of the implementation of the country's current governance and development model, which produced the second case even as that same model slips into decline.

Khimki Forest

Even though the authorities seem to have gotten their own way in the end, the Khimki Forest affair nonetheless has a positive side. The important thing here is not the number of trees planted or the width of the strips of land alongside the road (the promises given today can hardly be believed), but the fact that people demonstrated their ability to organize themselves and demand action from the authorities, monitor the authorities' activities, show solidarity with each other, and even if they could not get the authorities to sit down at the negotiation table, at least force them to take immediate action.

Public politics is starting to emerge in Russia, not through the political parties, where the authorities have safely cemented over all the cracks, but instead where no one expected to see it appear. New names are making their mark, something Russia has not seen in a long while, and old names are taking on new roles and transforming themselves.

The negative side of this affair is not even so much that the authorities never had any intention of sorting out the situation and in essence simply deceived people, but that apart from perhaps the usual conditioned reflex, they learned nothing from this whole situation. There is not even any hint that they will start putting in place mechanisms that could prevent a repeat of this kind of affair in the future.

The other negative aspect is that Khimki itself is looking more and more like Kushchevskaya village, only this time not

some thousand kilometers away from the Kremlin, but just on the other side of the Moscow Ring Road.

Kushchevskaya Village

In Kushchevskaya village in Krasnodar Krai twelve people, including four children, were murdered in November 2010 at a holiday gathering in a farmer's home. The suspects in the killings were members of a gang, led by a local agricultural baron, that had sown terror there for years, unchecked, trying to force farmers to sell their land, and had forged close relationships with the local government. The tragedy made the headlines through a combination of circumstances that had a spillover effect into other links in the chain of power, leading Putin to recognize a crisis not just in the police force but also in the entire law enforcement system. The affair grabbed public attention, not just because of the extreme brutality involved, but also because it was a classic illustration of how power and crime had merged – a problem not unique to this one village.

All of this put together looks a lot like a tightly coiled spring that will suddenly straighten out again, probably sooner rather than later. The courts' direct or indirect involvement in all of these events is also typical and paints a very bleak picture, as does the almost complete absence of professional "politicians". However, politics is re-emerging, but not in the "reservations" of opposition, safely fenced off and heavily trodden.

Is this another change in direction (towards the right this time) by the authorities, throwing aside masks they no longer need, or is it just another swing of the pendulum, soon to be followed by a swing back in the other direction? We will not have to wait long for the answer. In any case, there might not be much difference, given that the authorities are not so much determining the

course of events as simply trying to keep up with them.

Results and outlook

As far as the results of 2010 and outlook for the future go, there are several points worth noting.

First of all, this is not just the end of another year, but the end of a decade, the 2000s, which saw rapidly rising living standards and the partly related public disinterest in politics, against the backdrop of satiated well-being, the gradual withering of public policy and the remaining public politicians (above all the regional governors), Russia rising from its knees, sovereign democracy, and a constantly growing pie to divvy up, resulting in less cannibalistic relations among the main business and political clans. The Putin era is now giving way to something new.

The tandem model of government with its division of roles between the official and real leaders has exhausted most of its potential. It was effective in dealing with the economy (where official and real leadership merged and the system's split between the president's and prime minister's leadership vanished), but at the same time it blocked implementation of needed political reform, and the 2012 presidential election will encounter the same problems that were seen in the 2008 election. The potential for improving the system's image through Medvedev's liberal rhetoric is also close to nil now because of the continued and often growing gap between words and action. This was particularly apparent towards the end of the year with the new law on the FSB, the Khimki Forest affair, the second trial of Khodorkovsky and Lebedev, and the authorities' hard-line against acts of the political opposition.

The authorities have shown greatest flexibility in foreign policy. There is the reset in relations with the U.S. and NATO, a warm-

ing in relations with Poland, Ukraine and the Baltic states, and the settlement of the almost 50-year-old border dispute with Norway. There has been some thawing in the economy and a new redistribution of big assets (Uralkali, Silvinit, and Nornickel). However, the opposite is true for domestic politics, where there has been a freeze, and a moratorium seems to be in place on any real changes to the system and the rules of the game.

In order to survive in today's circumstances, which are far more complex than the almost greenhouse conditions in which the current system took shape, political modernization is needed, and the elite realizes this, but the system's real leader has blocked such attempts. This is understandable, for any real changes could upset the mechanism that allows the exercise of real power over the system without holding the post of formal leader. At the same time, more caution and balance have been apparent in gubernatorial appointments than was the case earlier, and from time to time leaders' statements have echoed the idea, not expressed these days in the public arena, of returning to direct elections of regional heads.

The freeze in the political system and its short-term planning horizon could produce extremely negative consequences for it in the not too distant future. The Kremlin is currently trying to figure out how to retain control over the State Duma and the regional parliaments. This does not require real political parties; parties that exist only on paper are enough. After the 2012 elections, however, when the time comes to implement a much more austere economic and social policy, parties will be needed as a real instrument of interaction between the authorities and the public. Turning the parties into real political organizations will require not just effort but also quite a lot of time, which might turn out to be in short supply. The time has long since been ripe to prepare the party system for new

and more complex tasks and playing a real rather than decorative role, but nothing is being done.

The year 2010 began and ended with mass protests that forced the authorities into dialogue: in Kaliningrad in January, and in Moscow's Manezh Square in December. In both cases, the problem was the authorities' own failure to make a timely response to signals and nip growing protests in the bud. The Kremlin has time and again shown that it is deaf, hearing the public voice only when faced with a whole crowd shouting. The authorities display fear when faced with a big crowd and take a harsh line in dealing with small crowds (like the Strategy 31 meetings). They know how to maneuver with regard to public protests, as could be seen in the Khimki Forest and Okhta Center affairs. The problem is that interaction between the authorities and society is deinstitutionalized, and the authorities do not make use of even the institutions they themselves created, whether the "proper" political parties, or the Public Council. The authorities prefer to find ad hoc solutions to problems as they arise and do not bother developing and strengthening mechanisms that could if not prevent similar problems in the future, at least make it possible to deal with them automatically.

The year 2011 will bring important elections, reformatting the political system ahead of the 2012 presidential election. All of the processes underway among the political elite and in society in general will inevitably intensify. Life will become stormier, and many of the conflicts hidden from public view will come more into the open. Conflicts will increase along both horizontal and vertical lines, following initiative from the bottom. This year will be a time for developing and approving a strategy for the future. Only the final approval of this strategy will end the uncertainty among the political and business

elites, which is currently leading people and capital to leave the country.

Happy new political decade!

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RESOURCES

¹ <http://kommersant.ru/doc.aspx?DocsID=1372262>.

² The survey collected responses from 198 entrepreneurs from various parts of Russia, all owners (55%) or managers (45%) of companies of various sizes and in various sectors: 29% of respondents represented companies employing fewer than 100 people; 23% were from companies employing 100-250 people; 28% from companies employing 250-500 people; and 19% from companies employing more than 500 people (<http://www.inop.ru/page529/page665>).

³ "Russian businesspeople's life plans and thoughts about emigration," INOP; *Ekspert*; CESSI, 2011, P. 23.

⁴ <http://www.moskva-putinu.ru>.

⁵ A somewhat different approach to evaluating "regions' successes in terms of their investment climate" was proposed by Aleksey Kudrin, who announced at the Krasnoyarsk Economic Forum in February 2011 the creation of a special fund of 10 billion rubles that would be distributed as incentives to the country's 20 most successful regions as measured by three criteria: average per capita growth of investment, industrial output and tax collection.

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