

## Russian Presidential Elections: Domestic Realities and Foreign Policy Initiatives

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### **Summary**

Russia's Parliamentary and Presidential elections held in December 2011 and March 2012 were besieged by a popular awakening. Putin's declaration of a tie up with Dmitri Medvedev to swap presidential power followed by allegations of election fraud led Russian citizens to protest against the notion that their support can be taken for granted. The protestors were also angered by the personalisation of power and institutionalisation of the system of managed democracy and bureaucratic capitalism that is uniquely Russian-styled. In short, the protests were aimed at reforming the system. However, the fact remains that Putin may go on to serve two more consecutive six year terms, which will take his total years in the presidential office to 20; two more than Brezhnev and second only to Stalin. This will probably ensure an element of continuity in the system when looked through the prism of managed democracy, bureaucratic capitalism, and widespread corruption. Although the protestors are alleged to have no clear cut agenda, apparently one of their demands is economic reforms. There is a growing realisation that Russia must modernise its economy by diversifying from a resource-based one to one based on high technology in order to flourish in the long run. Therein lies an opportunity for India to participate in Russia's massive modernisation programme. On the foreign policy front, Russia can be expected to take a more hard-line approach towards the West even as its interests converge with that of China.

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## Political and Economic Realities of Russia

### Managed Democracy

One needs to study the Russian political system and its practices in order to realise the significance of the recent popular protests. The President as the head of the State has been vested with strong powers through the 1993 Constitution. His power to issue decrees and presidential directives does not need the approval of the legislature nor does it come under the purview of legislative review. Moreover, he nominates the Chairman of the Government, i.e. the Premier, and if the State Duma rejects the nomination thrice, the President has the right to dissolve it and announce fresh elections. He can also announce the resignation of the Government or reject the decision of the State Duma even when it passes a no-confidence motion against the government. Apart from these super presidential powers, if both the President and Premier were to have the support of the majority party in the Federal Assembly, the powers of the President can go unchecked. It is precisely this situation that has arisen in Russia ever since Vladimir Putin won the presidency in 2000. Hence the political regime in Russia – both in theory and practice – is today termed as a 'system of personalized rule' and its nature of power as 'personalised power'.<sup>1</sup>

Putin's team came up with the idea of 'managed democracy' by filling the administration with 'all the King's men' i.e. mostly the *Siloviki*,<sup>2</sup> while at the same time controlling the Duma, the opposition as well as the civil society and media. During his presidential tenure, core members of the *Siloviki* like Igor Sechin (deputy head of the presidential

<sup>1</sup> Lilia Shevtsova (2010), *Lonely Power*, Washington DC, Carnegie, p. xii.

<sup>2</sup> A member of the *Siloviki* means any official from the 'force structures' from the intelligence agencies, armed services and the law enforcement agencies who is part of the government and decision making.

administration), Viktor Ivanov (key adviser to the President) and Nikolai Patrushev (director of the Federal Security Service (FSB) were all part of the administration.<sup>3</sup> This unique structure of personalisation of power was designed to enable Putin continue to dominate the political system even after giving up the presidency in 2008, in accordance with the provisions of the constitution which mandate that a person can serve only two consecutive terms at a time as president. The personalisation of power has now been confirmed by the Putin-Medvedev swap announced in the ruling United Russia party's annual Congress held in September 2011, which paved the way for Putin to once again become the President.<sup>4</sup>

Even though the December 2011 parliamentary elections were denounced as fraudulent and popular protests against Putin and his United Russia party broke out, the presidential elections held in March 2012 saw Putin coasting through to victory. Several factors contributed to this outcome. First, Putin, during his eight years as President earlier and the last four as Prime Minister, did bring stability in contrast to the turbulent period of the 1990s, ensured relative economic prosperity and secured a place for Russia at the international high table. Second, the contenders against Putin were weak. Opposition leaders from the Communist Party, Just Russia, Liberal Democratic Party of Russia and other independents enjoyed popular ratings ranging only between three and 15 per cent, making Putin's election a foregone conclusion (See Table 1). Third, Putin was successful in keeping the protesters at bay without the law enforcement agencies defecting towards their side. This can be attributed to significant pay raises promised during the course of the election campaign.

**Table 1: Poll Ratings and Votes Polled by Russian Presidential Candidates**

Presidential Candidate	Party	Ratings* (in %)	Votes polled** (in %)
Vladimir Putin	United Russia	66%	63.60% (44.9 million votes)
Gennady Zyuganov	Communist Party of Russian Federation (CPRF)	15%	17.18% (12 million votes)
Vladimir Zhirinovskiy	Liberal Democratic Party of Russia (LDPR)	8%	6.22% (4.3 million votes)
Mikhail Prokhorov	Independent	6%	7.98% (5.4 million votes)
Sergei Mironov	A Just Russia	5%	3.85 % (2.7 million votes)

**Source:** \*Levada Centre, as per the survey conducted between February 17-20, 2012.

\*\*Russian Central Election Commission (CEC)

<sup>3</sup> Ian Bremmer and Samuel Charap, "The Siloviki in Putin's Russia: Who They Are and What They Want", *The Washington Quarterly*, Winter2006-07, Vol. 30 (01), pp. 83-92.

<sup>4</sup> It was announced that Putin will run for Presidency while Medvedev will become the Prime Minister if Putin was elected as the President. Medvedev had taken over the rein of President in 2008 when Putin resigned to take up the post of Premiership.

## Petro- Dollar Economy

Real change within Russia has not taken place either in terms of the political system, which is characterised by a “managed democracy” or within the economy dominated by “bureaucratic capitalism”. Dwindling protests in recent weeks cannot hide the citizen’s desire for greater democratic freedom and a diversified economy that has elements of both growth and development. In addition to people’s unhappiness at the current system becoming institutionalised, there is also the perception that their socio-economic needs have become more neglected under the new system adopted since 1992. According to the Russian Public Opinion Centre, citizen’s satisfaction with the economic situation stood at around 38 per cent in January 2012.<sup>5</sup> The protestors have been demanding an end to massive corruption, rising unemployment, growing inflation, bureaucratic redtapism and housing and pension problems affecting the society.<sup>6</sup>

The Russian economy suffers from the structural flaw of being pegged to the fluctuating international oil prices. Given the current instability in the Middle East, oil prices are expected to remain high and Russia can indeed sit back and reap its benefits. However, if the economy is to remain strong in the long run, Russia needs to support innovations similar to the Silicon Valley projects of the 1940s and 1950s, which brought the US to the forefront of high technology development and became a source of its international power and prestige. The Russian economy is state controlled through oligarchic ownerships in key industries. If economic reforms are not attempted during Putin’s new six year presidential term, Russia will become a pure commodity exporter and thereby embrace the fate of the Petro-dollar States. That foreign investors lack faith in Russia’s business practices is evident from a decline in foreign direct investment (FDI).<sup>7</sup> Moreover, high inflation and an erratic exchange rate have resulted in significant capital flight of up-to US\$60 billion.<sup>8</sup> Election promises made by Putin to increase salaries, pensions, childcare allowances, stipends and creating 10 million new high-tech jobs will depend on oil prices remaining at US\$95 per barrel as per the estimates of the Sberbank experts.<sup>9</sup>

The Russian leadership has failed to reform the economy or find suitable alternatives to its commodity exports driven economy. The 2007 Skolkovo initiative of building high technology sectors has not really taken off. At present, the Russian Rouble is still accepted

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<sup>5</sup> As per the Social Development Indices of the *Russian Public Opinion Centre* available at <http://wciom.com/> Accessed on March 10, 2012

<sup>6</sup> Russia ranks a dismal 154<sup>th</sup> in the Transparency International Corruption Index.

<sup>7</sup> “Capital flight from Russia may reach \$60 billion this year”, *Nezavisimaya Gazeta*, October 26, 2011, <http://en.rian.ru/papers/20111026/168140258.html> Accessed on March 14, 2012

<sup>8</sup> Ibid.

<sup>9</sup> Babkin, V. “Putin Wins Again”, *Russia Beyond the Headlines*, March 5, 2012 at [http://rbth.ru/articles/2012/03/05/putin\\_wins\\_again\\_14998.html](http://rbth.ru/articles/2012/03/05/putin_wins_again_14998.html) Accessed on March 10, 2012

in the emerging markets due to Russia being the world's major hydrocarbon exporter and the negative balance of payments with it that they suffer from. However, the Rouble cannot become a reserve currency because Russia's economy is characterised by high inflation, macroeconomic instability, erratic rouble exchange rate policy, dominance of state ownership, poor bankruptcy law, lack of rule of law and deficient network externalities.<sup>10</sup>

## Foreign Policy

On the foreign policy front, Putin's return to the Presidency portends both continuity and change.

### Russia and the West

One major objective of President elect Putin will be to restore what he believes is Russia's rightful place in world affairs. This is likely to translate into Russia taking a more hard-line approach in dealing with the West. There has been intense negative speculation about the US role in fomenting massive protests across Russia during the recent Presidential elections. Putin's statements, such as the US being a 'parasite on the world economy' and American attempt to 'dominate the world order' by 'challenging internal political procedures of other countries', indicate a hardening of stand. Russia has been alarmed by the West's proactive role in the recent turmoil in the Arab world, especially in Libya and Syria. The West-supported international call for 'collectively acting together' to remove the ruling regimes and ignoring Russia's legitimate interests in the region has only fuelled the belief that the "Reset" is not durable.

There can be major roadblocks over missile defence talks as well as over Europe's new energy deregulation policy which, many believe, is designed specifically against *Gazprom's* monopolistic interests.<sup>11</sup> However, Russia's recent defence cooperation with major NATO members – Germany, France and Italy – is an indication of its effort to selectively improve bilateral ties. For the first time since the end of the Second World War, Russia has agreed to import weapons. It has concluded a 1.2 million Euro deal with France for the supply of two Mistral Class ships. It is also in negotiations with Germany for designing combat training centres for Russian soldiers and developing dual capable helicopter engines

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<sup>10</sup> Network externalities include various international uses like pricing, invoicing, or transactions outside the country wherein here the Rouble is not used for any of these purpose outside Russia. All these are the reasons that Anders Aslund has listed in his op-ed "The Ruble as a Global Reserve Currency? No!", *The Moscow Times*, September 23, 2009 available at <http://www.iie.com/publications/opeds/oped.cfm?ResearchID=1298> Accessed on March 10, 2012

<sup>11</sup> The package requires independent ownership of energy production, transportation and sales and will directly affect *Gazprom* which trades in all these services.

with Italy.<sup>12</sup> On account of the EU being its largest trading partner, there is a possibility of Russia providing some assistance to tide over the Euro-zone crisis<sup>13</sup> and collaborating with it to create a visa free regime which is expected to give a boost to economic and cultural ties.

### **Near Abroad**

One of Putin's key policy initiatives has been a push for the expansion of the Customs Union and creation of a new integrated Eurasian Union comprising of the former Soviet republics. The project is aimed at coordinating the economic and currency policies of its members. Russia can also be expected to expand the profile of the Collective Security Treaty Organisation (CSTO). NATO's eastward expansion and apprehensions over the US missile defence shield in Eastern Europe have made CSTO even more relevant today for Russia in Central Asia; an area which it considers as its own sphere of influence. The formation of a Collective Rapid Reaction Force with operational similarities to a NATO command is an indication of Russia's attempt to fortify its position in the region.

### **Military Posturing in Foreign Policy**

Given the importance of military strength in determining a country's international position, we can see Russia developing its military potential as part of a strategy to play a more assertive role in global affairs. Putin has already announced a massive 23 trillion rouble (more than US\$ 700 billion) plan to modernise the country's armed forces by 2020.<sup>14</sup> Russia has started to initiate the game of military posturing through naval and air exercises as witnessed in the Arctic and over the Kurile islands and can be expected to aggressively export weapons to new arms markets in the hope of building new allies.

### **Russia-India Partnership: New Opportunities and Challenges**

Russia's influence in global affairs today stands reduced on account of its lack of global economic competitiveness. The economic modernisation programme launched with much fanfare during Medvedev's Presidency aims to tackle the problem head on by weaning away the economy from over-dependence on the export of commodities to high technology programmes. The Skolkovo initiative is one amongst the many projects in this regard. Herein lies an opportunity for India to strengthen its strategic ties with its oldest and most trusted ally. The real foundation of India's partnership with Russia in this century

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<sup>12</sup> Vasiliev, D. (2011), "Russian arms trade in 2010", *Moscow Defence Brief*, 1(23) <http://mdb.cast.ru/mdb/1-2011/item2/article1/> Accessed on March 7, 2012

<sup>13</sup> In the past Russia had declared its willingness to provide upto US\$ 10 billion aid to the Euro-zone states through the IMF. Russia has been in discussion with Spain for buying Spanish debt. "EU confusion blocks Spanish bond buy-in", *Russia Today*, October 10, 2011, <http://rt.com/news/russia-europe-crisis-aid-437/> Accessed on March 20, 2012.

<sup>14</sup> "Russia to prioritize modern weaponry in new arms acquisition programme", *RIA Novosti*, March 11, 2011, [[http://en.rian.ru/mlitary\\_news/20110311/162956743.html](http://en.rian.ru/mlitary_news/20110311/162956743.html) Accessed on March 16, 2012.

was laid by Putin and although one can expect continuity in the bilateral engagement, the real emphasis should be on taking the relationship to the next level.

India can be a reliable and a long-term partner in Russia's high-technology modernisation enterprise. Indian companies have the technological know-how and the capacity to invest in sectors like IT, pharmaceuticals, nano-technology, hydrocarbon processing and biotechnology. Russia is home to some of the best engineers and scientists in the world and its patronage and expertise for science and technology is legendary. Therefore, the two countries should aim to maximise their human and intellectual potential, engage in capacity building and create entirely new areas of world-class high technology. It will also help achieve the objective of increasing bilateral trade, which now stands at US\$8.35 billion, to \$20 billion by 2015.<sup>15</sup> Active cooperation in the field of nano-technology and joint development of the fifth generation fighter aircraft are steps in the right direction and more such endeavours need to be taken up.

Russia's modernisation programme also includes a plan to significantly upgrade ageing Soviet era infrastructure. Russia is scheduled to host the Winter Olympics, Soccer World Cup and Formula One races in the next few years; sectors which will require massive all round infrastructural development worth billions of dollars. Indian companies should explore the possibility of participating in these projects.

### **Russia's Converge of Interests with China**

However, India should not take its relationship with Russia for granted. There has been a growing convergence of Russia's and China's interests as evident from their veto of the UN resolution on Syria, which marked a major 'East-West' confrontation and was interpreted as an attempt to thwart the West's attempt to dictate the global agenda.<sup>16</sup> China is now Russia's biggest trading partner and the border issue has been finally resolved. The East Siberian Pacific Ocean Oil pipeline which involves diversification of Russia's energy supplies from Europe to China has added a new dimension to the partnership.

Moreover, their defence cooperation, particularly Russian arms sales to China is picking up after a lull. China is in advanced negotiation with Russia for the purchase of the state of the art Sukhoi 35 fighter aircraft.<sup>17</sup> Russia has also agreed to supply RD-93 jet engines

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<sup>15</sup> "India, Russia talk economic pact, Koodankulam", *The Indian Express*, March 30, 2012, <http://epaper.indianexpress.com/31140/Indian-Express/30-March-2012#page/6/2> Accessed on March 30, 2012.

<sup>16</sup> Radyuhin, Vladimir "The cold wind from Russia", *The Hindu*, March 3, 2012, <http://www.thehindu.com/opinion/lead/article2954867.ece> Accessed on March 16, 2012

<sup>17</sup> "Russia Close to Sign Su-35 Fighter Deal With China", *RIA Novosti*, March 6, 2012, <http://en.rian.ru/world/20120306/171780246.html> Accessed on March 10, 2012

for China's FC-1 Fierce Dragon fighter jets being jointly developed with Pakistan.<sup>18</sup> Although statements emanating from the Kremlin indicate that Russia will not permit these engines to be fitted on Pakistan's JF-17 fighter jets, knowing China's past record it will be difficult to guarantee the same.

### **Russia's Growing Engagement with Pakistan**

Russia has also started to engage Pakistan and in the last two years there have been four high level interactions including President Zardari's official visit to Moscow; the first in 37 years. Moreover, President elect Putin is expected to visit Islamabad in September this year, the first ever visit by any Russian head of state. Some key areas of cooperation under discussion include tackling terrorism, economic cooperation and energy partnership. Russia is also not averse to Pakistan becoming a member of the Shanghai Cooperation Organisation (SCO). Russia's need to engage probably stems from the fact that Pakistan remains the central piece in the Afghan jigsaw. It is also an indication of Russia's intention to play a greater role in stabilising the region now that the American withdrawal appears to be a foregone conclusion. Further, one cannot rule out an arms agreement with Pakistan especially when there is growing disillusionment about Russian companies missing out on India's mega weapons projects.

### **Need to Find Common Foreign Policy Synergies with Russia**

India can ill afford to let go of a true strategic ally and should look to find foreign policy synergies to take the partnership forward. Russia's 'Look East' policy of playing an active role in the emerging economies of Asia, particularly in South East Asia, where India too has economic, cultural and historical ties can be tapped into. The renewed focus towards Asia can be seen as an attempt by Russia to compensate for its reduced international status vis-à-vis the West. India and Russia need to coordinate their positions at multilateral forums and institutions like Asia Pacific Economic Forum (APEC), SCO, BRICS<sup>19</sup> and ASEAN Regional Forum (ARF) where Russia has shown a willingness to work closely with India. Recent developments in the Middle East indicate Russia's attempts to play an influential role by preventing the West from forcibly changing the political dynamics of the region. India can look at the possibility of employing its close historical ties with the countries of the Middle East to find common synergies with Russia's goals in this area. India must convince Russia that it can be counted upon as Russia's stable partner in the international arena based on mutual trust.

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<sup>18</sup> "Russia to sell additional RD-93 jet engines to China", *RIA Novosti*, November 16, 2010, [http://en.rian.ru/military\\_news/20101116/161360534.html](http://en.rian.ru/military_news/20101116/161360534.html) Accessed on March 16, 2012

<sup>19</sup> Brazil-Russia-India-China-South Africa multilateral grouping.



## Conclusion

Russia is at an important crossroads in its democratic statehood and as recent protests indicate the support of the people cannot be taken for granted. Although the protests have petered out, Putin should address popular demands for reforming the system – less dependence on oil money, restoring the confidence in the economy to stifle capital flight, attracting FDI and loosening state control over the media and civil society. Failure to address these may lead to instability and a worsening economy. The new administration should attempt to move away from a managed to an inclusive democracy by making the office of the President autonomous from the current power centres dominated by the *Siloviks* and business tycoons, restoring direct gubernatorial elections and ensuring the independent functioning of the *Duma*. Modernising the economy by making it more competitive can help Russia to achieve its foreign policy aspirations by projecting its economic might. Restoring Russia's position in world affairs will be one of Putin's main aims. As part of its multi-vector diplomacy Russia can be expected to play a significant role in the Middle East, South and South East Asia. India should try to strengthen ties with its oldest ally by finding common foreign policy synergies and by participating in its modernisation programme. At the same time, India must carefully evaluate Russia's converge of interests with China as well as its growing engagement with Pakistan to ensure that the international security structure in the extended neighbourhood continues to remain favourable.