

RUSSIA ON THE EVE OF ELECTIONS: CONTINUITY OR CHANGE?



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Russian Politics: Authoritarian Drift

- Formal Institutions Not Changed
 - Constitution
 - Elections
 - Called Managed or Sovereign Democracy
- Centralizing Decision-making
- No *New* Democratic Reforms
- Weakening Checks on Executive Power

Weakening Checks on Kremlin Power

- **Elimination of National Independent Media**
 - NTV, ORT, REN TV, Izvestiya, Kommersant, Kom. Pravda, Moscow News
-
- **Reigning in Regional Leaders**
 - 7 Districts, distribution of tax receipts, elimination of elections
 - **Emasculation of Federation Council**
 - **Duma Is a Rubberstamp**
 - **Reconfiguration of Party System**
 - Pro-Putin Parties Stronger (United Russia, Just Russia, LDPR)
 - Independent Parties Weaker (KPRF, Yabloko, SPS, Republicans, Kasyanov)
 - **Elections not Free and Fair**
-
- **Civil Society More Constrained**
 - **Crackdown on Protesters**





DEFINING AUTOCRACY

- “GOVERNMENT IN WHICH ONE PERSON HAS UNCONTROLLED OR UNLIMITED AUTHORITY OVER OTHERS.”

- A “SELECTORATE” SMALLER THAN THE NATIONAL POPULATION DECIDES WHO RULES.
 - WHITE MALE LANDOWNERS SELECT
 - COMMUNIST PARTY OFFICIALS SELECT
 - MILITARY OFFICERS SELECT
 - MULLAHS SELECT

- UNFAIR AND/OR NOT FREE ELECTIONS
 - RESTRICTIONS ON WHO PARTICIPATES
 - RESTRICTIONS ON CAMPAIGNS
 - FRAUDULENT RESULTS
 - RESULTS OVERTURNED

- MEANINGLESS ELECTIONS (THOSE ELECTED HAVE NO POWER)

DEGREES OF AUTOCRACY

- COMPETITIVE AUTHORITARIANISM
 - ELECTIONS WITH SOME DEGREE OF UNCERTAINTY
 - SOME DEGREE OF OPPOSITION/CIVIL SOCIETY
 - SOME DEGREE OF JUDICIAL INDEPENDENCE
- FULL BLOWN DICTATORSHIP
 - NO ELECTIONS OR MEANINGLESS ELECTIONS
 - NO OPPOSITION
 - HIGH LEVELS OF OPPRESSION

KINDS OF AUTOCRACY

- MONARCHIES
- PERSONALISTIC REGIMES
- HEGEMONIC-PARTY AUTOCRACIES
- MILITARY JUNTAS
- THEOCRACIES
- TOTALITARIAN DICTATORSHIPS

PARLIAMENTARY ELECTIONS IN RUSSIA VS. MOROCCO, 2007

	MOR	RUS
EQUAL ACCESS TO BALLOT	YES	NO
LEVEL CAMPAIGN PLAYING FIELD	YES	NO
REAL OPPOSITION COMPETES	YES	?
FREE AND FAIR COUNTING	YES	YES?
PARLIAMENT PICKS PM	NO	NO
PARLIAMENT INFLUENCES PM CHOICE	?	NO

IS THE SYSTEM STABLE?

- SHORT RUN– Putin Controls the Process
 - 77%-Approval Rating
 - 60% will support whoever Putin appoints
 - Opposition cannot compete
- LONG RUN?
 - SPLITS INEVITABLE (HOW SEVERE?)
 - ECONOMIC PERFORMANCE KEY

SURVIVABILITY RATES OF AUTOCRACIES (1946-1999)

- MILITARY REGIMES: 9 YEARS
- PERSONALISTIC REGIMES: 15 YEARS
- SINGLE-PARTY REGIMES: 23 YEARS

- THEOCRACIES
 - ISLAMIC REPUBLIC OF IRAN (27 YEARS)
 - TALIBAN IN AFGHANISTAN (5 YEARS)

SURVIVABILITY OF PERSONALISTIC REGIMES

- ECONOMIC GROWTH KEY!
- NOT IDEOLOGY
- NOT ORGANIZATIONAL CAPACITY
- NOT REPRESSION

Russian Economy: A (Fantastically) Positive Story

- Average GDP Growth, 1999-2005: 6.7%
- Macroeconomic Stability
 - Budget Surpluses
 - Inflation controlled
 - Stabilization Fund bursting
- Stock Market and FDI Bursting
- Reduction in Poverty Levels
- Increases in Disposable Incomes
- Declining Unemployment

	1999	2000	2001	2002	2003	2004	2005	2006
GDP growth (%)	6.4	10.0	5.1	4.7	7.3	7.2	6.4	6.6
Foreign Direct Investment (\$mn)	3309	2714	2748	3461	7958	15444	15151	30000
Inflation (CPI, %)	85.6	20.7	18.6	15.1	12.0	11.7	10.9	9.7
Budget Balance (% GDP)	-3.6	0.8	3.0	1.4	1.7	4.3	7.5	7.4
Foreign Currency Reserves (\$bn, incl. gold)	12.5	28.0	36.6	47.8	76.9	124.5	182.2	303.0
Stabilization Fund (\$bn)	-	-	-	-	-	18.7	42.9	90.2
Stock Market Index (RTS Index; rubles)	175.3	143.3	260.1	359.1	567.3	614.1	1125.6	1921.9
Real income per capita (annual % change)	-11.9	13.4	10.0	10.8	14.6	11.2	9.3	10.0

(Sources: World Bank, Goskomstat, IMF, RIA Novosti, RTS Index, EBRD, Economist, other news sources)

	1999	2000	2001	2002	2003	2004	2005	2006
Unemployment	12.4	10.7	9.1	8.0	8.3	8.13	7.58	6.6
Real income per capita (annual % change)	-11.9	13.4	10.0	10.8	14.6	11.2	9.3	10.0
Poverty (% population)	41.5	29.0	27.3	24.2	20.6	17.8	15.8	14.5



AUTOCRACY AND GROWTH WORLDWIDE

- ✧ **On Average, Autocracies and Democracies Grow at the Same Rate**
- ✧ **Democracies are the Tortoises**
 - ✧ Slower, but steady growth rates
 - ✧ Do not produce “miracles” but also avoid economic meltdowns
- ✧ **Autocracies are the Hares (and Slugs)**
 - ✧ Some speedsters (China), Some laggards (DRC)
 - ✧ Handful of speedsters, 60 dictatorships with slow growth
 - ✧ “the variance in economic growth rates for autocracies is about twice what it is for democracies.” (Bueno de Mesquita & Root, 2000 p. 6)
 - ✧ Autocracies twice as likely to experience collapse as democracies

DOES MORE AUTOCRACY PRODUCE MORE GROWTH IN RUSSIA?

- **Correlation** between Growing Autocracy and Economic Growth in early Putin Era
- **But, Causes of Growth Independent of Regime Change**
 - Devaluation
 - Increased Energy Prices
 - Economic Policies (Macroeconomic stability, tax reform, stabilization fund)
 - Does Regime Type Matter for These Outcomes?

RUSSIA'S GROWTH RATES

- Steady, But Could Be Higher
 - Andrei Illarionov - "Should be well over 10 %"
- Average for Region
 - 9th out of 15
- Slipping Below Average Recently
 - In 2006, Russia 13th out of 15 countries
 - Only Moldova and Kyrgyzstan slower
 - Today, correlation between rising autocracy and slowing growth rates

REAL GDP GROWTH, %, 1999-2006

EURASIA

Country	1999	2000	2001	2002	2003	2004	2005	2006	Average	Rank
Turkmenistan	16.5	18.6	20.4	15.8	17.1	14.7	9.0	9.0	15.1	1
Azerbaijan	11.4	6.2	6.5	8.1	10.4	10.2	24.3	31.0	13.5	2
Armenia	3.3	6.0	9.6	13.2	14.0	10.5	14.0	13.4	10.5	3
Kazakhstan	2.7	9.8	13.5	9.8	9.3	9.6	9.7	10.6	9.4	4
Tajikistan	3.7	8.3	10.2	9.1	10.2	10.6	6.7	7.0	8.2	5
Latvia	4.7	6.9	8.0	6.5	7.2	8.6	10.2	11.9	8.0	6
Estonia	0.3	10.8	7.7	8.0	7.1	8.1	10.5	11.4	8.0	7
Belarus	3.4	5.8	4.7	5.0	7.0	11.4	9.3	9.9	7.1	8
Russia	6.4	10.0	5.1	4.7	7.3	7.2	6.4	6.7	6.7	9
Ukraine	-0.2	5.9	9.2	5.2	9.6	12.1	2.7	7.1	6.5	10
Georgia	3.0	1.9	4.7	5.5	11.1	5.9	9.6	9.0	6.3	11
Lithuania	-1.5	4.1	6.6	6.9	10.3	7.3	7.6	7.5	6.1	12
Uzbekistan	4.3	3.8	4.2	4.0	4.2	7.7	7.0	7.2	5.3	13
Moldova	-3.4	2.1	6.1	7.8	6.6	7.4	7.5	4.0	4.8	14
Kyrgyz Republic	3.7	5.4	5.3	0.0	7.0	7.0	-0.2	2.7	3.9	15

CORRUPTION

- INDEM
 - 2001: \$31 billion
 - 2005: \$319 billion
- Transparency International 2006 - **ranked 121 (out of 163)**
 - Between Philippines and Rwanda
- World Economic Forum Growth Competitive Index 2006 - **ranked 62 (out of 125)**
 - Ranked 53 in 2005.
- World Bank "Doing Business" Index 2006 - **ranked 96 (out of 175)**

Instruments for Fighting Corruption Weakening

Independent Media

Opposition Parties

Independent Judiciary

INSECURE PROPERTY RIGHTS: *REDISTRIBUTION/RENATIONALIZATION*

- NTV → Gazprom
- Yukos → Rosneft
- Sibneft → Gazprom
- BP → TNK (to Gazprom next?)
- Aerospace → AirUnion
- Automobiles → Rosoboronexport
(Avtovaz)
- Heavy Machinery → Gazprom
(Uralmash/OMZ)

INSECURE PROPERTY RIGHTS FOR FOREIGN INVESTORS

- Yukos- (Foreign shareholders lost hundreds of millions)
- Sakhalin II – Royal Dutch Shell
 - In violation of environmental regulations
- Sakhalin I --Exxon
- BP Rights in Kovytko
- Bill Browder

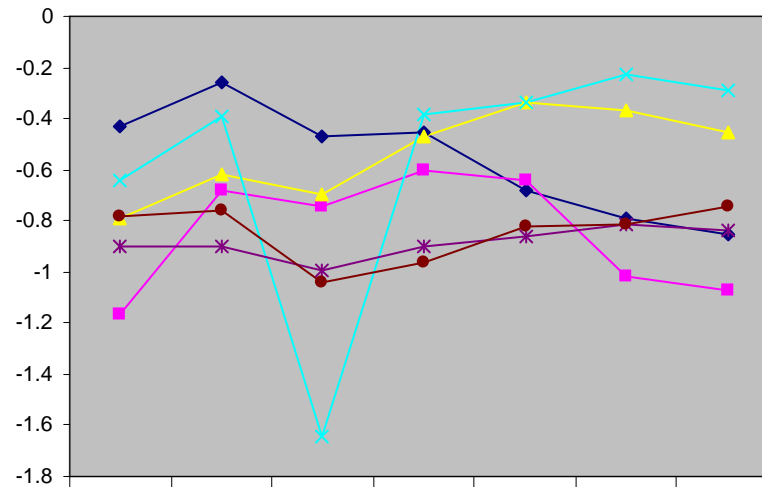
IS BIGGER BETTER?

STATE SIZE VS. STATE EFFICACY

- **State Size**
 - End of Brezhnev era – 700,000 employees
 - Today - 1.5 million

- **Murder Rates**
 - “Anarchic” Years of 1995-1999: 30,200
 - “Orderly” Years of 2000-2004: 32, 200

WBI GOVERNANCE INDICATORS IN RUSSIA, 1996-2006




	1996	1998	2000	2002	2003	2004	2005
◆ Voice and Accountability	-0.43	-0.26	-0.47	-0.45	-0.68	-0.79	-0.85
■ Political Stability/No Violence	-1.17	-0.68	-0.74	-0.6	-0.64	-1.02	-1.07
▲ Government Effectiveness	-0.79	-0.62	-0.7	-0.47	-0.34	-0.37	-0.45
× Regulatory Quality	-0.64	-0.39	-1.64	-0.38	-0.34	-0.23	-0.29
* Rule of Law	-0.9	-0.9	-0.99	-0.9	-0.86	-0.81	-0.84
● Control of Corruption	-0.78	-0.76	-1.04	-0.96	-0.82	-0.81	-0.74

THE NEXT PRESIDENT

- LOWER APPROVAL RATING
- “WEAK” PRESIDENT
- DUAL POWER STRUCTURE
- SHADOW OF PUTIN
- INHERITING ALL PUTIN ERA PROBLEMS
- FORMULA FOR S.Q.? UNLIKELY

LONG RUN: ECONOMIC DEVELOPMENT WILL PUSH DEMOCRATIZATION AGAIN

- Russian Society Is Rich, Educated, European,
- No Alternative Ideology 
- Majority Has Preferences for Democracy, Just not Priority Now
- How Long is “Long Run”?