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Russia's social and political dynamic: a shaky new equilibrium

Abstract

The fast economic growth during the first decade of the 21st century accelerated the formation of a mass consumer society in Russia. It underpinned the emergence of an influential middle class, and concluded mass exit from poverty. Growing well-being was accompanied by an attitude change from survival-oriented towards development-oriented priorities. Social change might have contributed to growing demand for political modernization which underpinned recent protests against unfair elections in Moscow and other big cities. However, our latest sociological data indicate that the process of social and political modernization in Russia is far from being straightforward. There is an evidence of refocusing of public attention outside Moscow to current consumption and economic survival instead of development which is rather unexpectedly accompanied by the growing interest in political democracy. However, in Moscow which, unlike other regions, sustains more modern social attitudes, demand for political change has weakened. A new political equilibrium seems to have established itself which is characterized by political demobilization and by stable ratings of Vladimir Putin and the United Russia Party. However, this new equilibrium is threatened by an increasing demand for democracy outside Moscow and by high propensity for economic protests in big and medium-size cities in case of new economic crisis.

The relationship between economic perceptions and approval ratings

During the first decade of this century Russia's economic growth, social attitudes and political developments were closely interrelated. Recently, however, the nature of this relationship has changed.

Since 2000 the dynamic of public support to the authorities measured by electoral ratings and trust/approval ratings of Vladimir Putin passed through several phases:

- 2000-2003 - initial increase of ratings of Vladimir Putin
- 2004-2005 - first electoral equilibrium when growth trend of the ratings was interrupted
- 2006 - resumption of the upside trend of the ratings resumed
- 2007-2010 - second electoral equilibrium when ratings stabilized around peak levels.
- 2011-2012 - decline of the ratings by 15-20 percentage points
- 2013 - second electoral equilibrium when ratings for Vladimir Putin and, probably, for United Russia stabilized but at much lower level than during the first equilibrium.

It may seem that these fluctuations of political support followed a complex pattern and were affected by multiple factors. However, rather counterintuitively, the relationship which robustly explained and could even predict most of variations in presidential ratings until 2010, included just one variable. According to Daniel Treisman, professor of the University of California, variations of the presidential approval in Russia during the 20 years since 1991 measured on a weekly basis until 2003 by VCIOM, and since 2003 – by the Levada-Center using consistent methodology, could be explained within a 95% confidence interval by a single variable - the index of perception of the state of Russian economy with a 6-9 months lag (*Fig.1*). The index of economic perception averaged the answers to 3 questions which reflected the respondent's assessment of the state of the economy in the previous period, currently and in the near future.

The explanation, why economic perceptions in Russia became so overwhelmingly important in defining political support to the authorities, may lie in the assessment of socio-economic priorities of the population during that period:

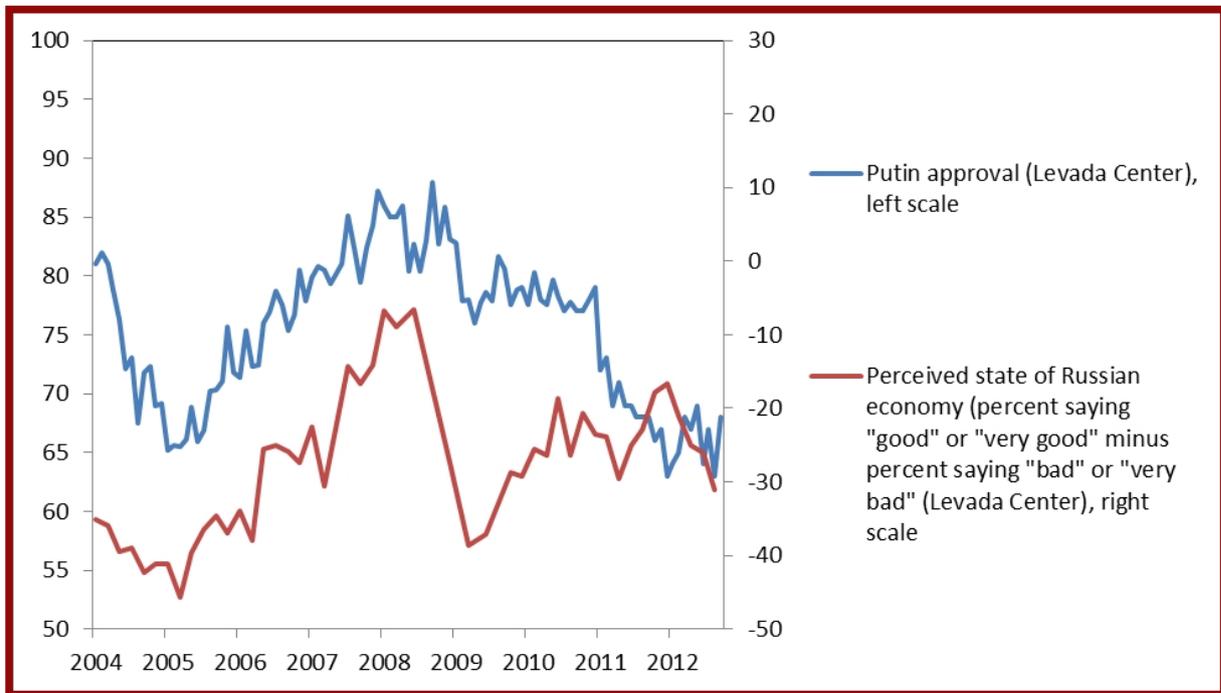


Fig.1 Putin approval ratings and the perception of the state of Russian economy
 Source: estimates by D. Treisman according to the Levada-Center's data.

Consumption growth and attitude change

During the first decade of this century economic priorities of the Russian population were overshadowed by the severe recession of the 1990s. The recession reinforced the survival mentality, which prioritized current consumption over other needs of the individuals. Survival mentality dictated a low priority of human development (health, education) and of long term investment (housing and financial savings). As opinion polls of early 2000s indicate, these issues were pushed to the periphery of the public concerns. **Fig.2** depicts data from the 2002 Public Opinion Foundation¹ survey which contains an open-ended question to the respondents: “If you had an opportunity to voice your opinion on Vladimir Putin, what would you suggest doing in the first place?” As one can gather from the diagram, in 2002 the priorities were strongly biased towards current incomes, social transfers and inflation (33% of the respondents). The problems of social services, including education and health care were mentioned by 5 % of the respondents, and housing and utilities - by only 2%.

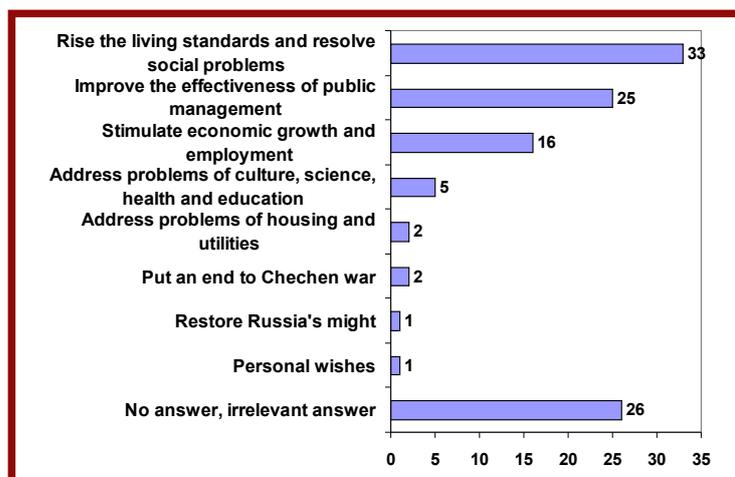


Fig.2 The examples of answers to the open-ended question “If you had an opportunity to voice your opinion on Vladimir Putin, what would you suggest doing in the first place?” June 2002.

¹ http://bd.fom.ru/report/cat/socium/let/chto_vzvaet_nedovolstvo_dd022504
<http://bd.fom.ru/pdf/d10sitvro11.pdf>

During the 1990s and 2000s the request for maximizing current consumption remained the dominant public demand on which the politicians were expected to deliver. Very fast income growth (2.5 times in real terms in a decade preceding Great Recession of 2008-2009) was the best possible response to those requests. Unsurprisingly, approval ratings of the Russian president increased by more than 3 times during that period. When current consumption declined in 2009 (Fig. 3) and economic perceptions deteriorated, approval ratings of V.Putin came down. But when consumption growth resumed and economic perceptions bounced back and stabilized, approval ratings did not follow suit as they used before. On the contrary, they began to decline and fell approximately by 15 percentage points before the decline stopped in late 2011. At that time they were already below the 10-year minimum of 2004 whereas economic perception index remained 15-20 percentage points above its relatively low 2004 values.

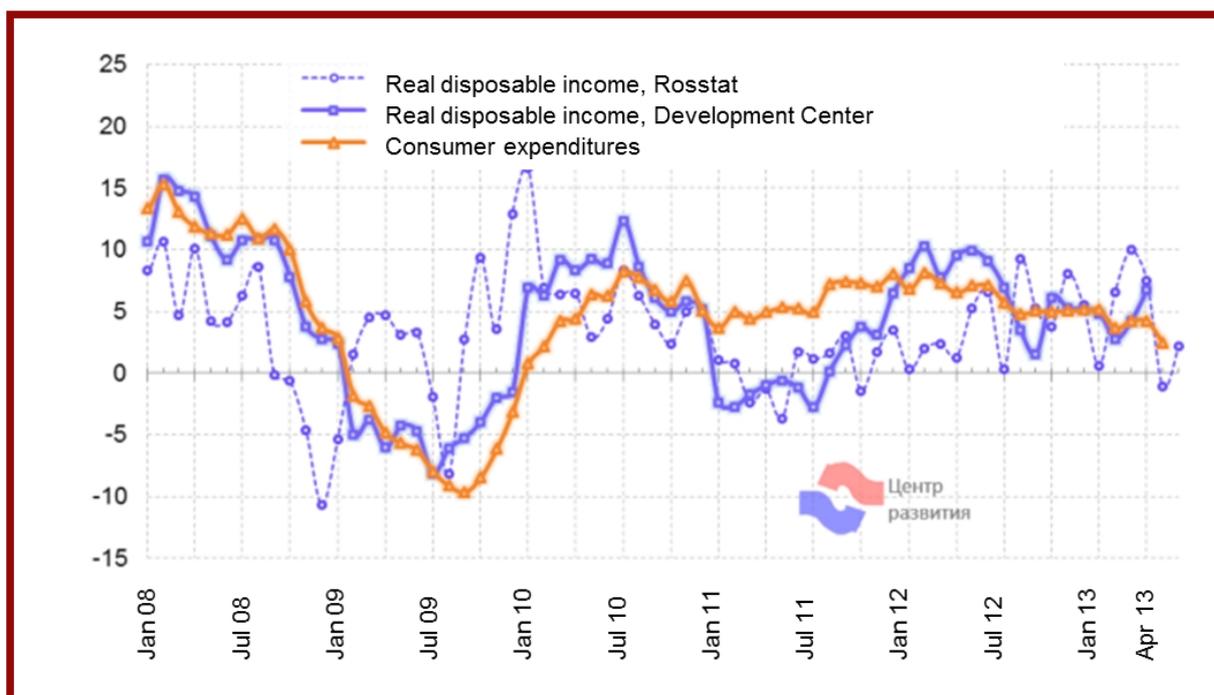


Fig.3 Real incomes and consumption growth (yoy) during and after the 2008 crisis.
 Source: Development Center of the High School of Economics

The possible reasons for the disruption of this historic trend were considered in our recent paper.² They may be associated with the shifting demands of the population. The regionally representative survey carried out by the CSR in September-October 2012 in Moscow, Vladimir Oblast and Samara Oblast offered to respondents a choice of over 40 negative and positive characteristics of the activities of the Russian authorities, which were identified in the focus-groups. Among the positive characteristics the issues related to incomes and social transfers had slid towards the lowest decile of the list (with the only exception of maternity capital and other pro-natality benefits which were most frequently ticked as an achievement of the authorities). The issue of wages and other sources of income did not make to the list at all. The top ten of the negative assessments included the provision of housing and utilities, decay of industry and agriculture, corruption and governance, as well as education. The complaints related to incomes and current consumption showed up in the lower quartile of the list.

It seems that during the post-crisis economic recovery, the issues of housing and utilities, education and personal security came to the forefront of social priorities. Just as in 2002 and 2012, governance emerged as the second biggest priority after housing.

The growing importance of housing is understandable. The gap between Russia and advanced economies in per capita housing space (almost 3 times with the Western Europe and over 5 times with the USA) is much

² Dmitriev M., Misikhina S. Goodbye, destitution!... Hello, development! Alleviation of the extreme poverty in Russia and its social implications.

higher than in incomes and in ownership of major consumer durables, including cars. Many households are challenged by the previously unfamiliar problems of accommodating the increasing amount of clothing, furniture, appliances and other belongings in a cramped space of Soviet-era apartments. During the 2000s housing construction per capita was even lower than during the troubled 1990s and if it continued at the same pace, the gap between Russia and current levels of Germany could only be eliminated in half a century from now and with the USA - in more than a century, whereas per capita income gap with Germany could be bridged in just 20 years.

These shifts might have been underpinned by the saturation of current consumption and dramatic reduction in absolute poverty. During 1999-2010 the absolute poverty ratio defined as the share of individuals living at less than \$2.15 a day on purchasing power parity declined by about 100 times -, from 6% to 0.05%. Before and even during the 2009 crisis consumption of the Russian poor was improving and converging with that of the middle class. In 2000-2010 the nutritional gap between the poor and non-poor measured by energy value decreased from 1.8 to 1.3 times, the gap in consumption of major food items fell from 2-2.5 times to 1.4-1.6 times. The differences in TV set, refrigerators (including new and expensive ones) and washing machine ownership are already non-substantial. In 2005 the gap in the number of cars per household between the 5-9 and 1-2 income deciles was 2.5 times, but by 2010 it decreased to 1.6 times and the gap in the number of personal computers contracted from 3.3 to 1.5 times.³

This rebalancing of social priorities coincided with the period of public unrest. The mass protests began in 2010 with the outburst of economically driven protests outside Moscow (34 000 protest actions according to the Ministry of Interior statistics).⁴ The next year they were followed by a wave of politically motivated protests in Moscow and other big cities during parliamentary and presidential elections in autumn 2011-2012.

All these changes indicated that the Russian consumer became more affluent, more mature and longer-term oriented and was no longer satisfied by a mere growth of consumer good purchases. The problems of securing basic consumption, increasing incomes and social transfers, which had been of primary importance a decade ago, became rivaled by issues of human development and long-term investment. Public expectations began to shift towards more forward-looking and modern political and social paradigms. Income growth as such no longer allowed to achieve improvements in those areas. Progress in housing, health, education and the rule of law was too slow by comparison to the fast strides of current consumption. However, in the existing rent-seeking economic model these new priorities are harder to satisfy than the basic consumerist agenda. Our latest survey which was carried out in May-June 2013 revealed strong disappointment of the respondents by a conspicuous lack of progress on development.⁵ The intensity of this disappointment might have played a role in setting a kind of invisible ceiling which prevent the upside movements of the ratings of Vladimir Putin.⁶

Both in 2002 and in 2012 the difference in priorities of respondents in Moscow and other regions was relatively small. In 2002 current consumption seemed to be of an overwhelming importance both in Moscow and in Russia as a whole. In 2012 survey priorities also seemed to have shifted synchronously among Muscovites and other respondents from current consumption towards housing education and health.

However, our latest survey carried out in May-June 2013 revealed a much more complicated layout. This survey covered all the three regions from our previous study of the October 2012 (Moscow, Vladimir Oblast and Samara Oblast). But it had a larger sample, covered a larger number of regions and was representative at the national level. The sample for Moscow was increased to allow comparisons between the capital and the rest of the country. This survey confirms that a shift to more modern social priorities framework proved to be sustainable in Moscow. But in the rest of the country public attitudes seem to be more volatile and pointed to the revival of survivalist mentality.

³ *Ibid.*, pp. 7-12.

⁴ Новая протестная волна: мифы и реальность. – М., Фонд развития гражданского общества, 2012, p. 11

⁵ Новое электоральное равновесие: среднесрочный тренд или временное затишье? Доклад экспертов Фонда «Центр стратегических разработок» Комитету гражданских инициатив. М., 2013, pp. 16-27. <http://www.csr.ru/images/docs/csrkgi.pdf>

⁶ *Ibid.*

Again, as in the early 2000s, poverty came as number one (41% of respondents), and prices came second (36%) among the issues most important for Russia as a whole. A much lower percentage of respondents were concerned with these issues in Moscow (23% and 11%, respectively). Current wages do not satisfy 64% of all the residents of Russia but only 37% of Muscovites. Unemployment was also a stronger concern outside Moscow: 23 % all-Russian average and only 14% in Moscow

The list of priority issues for Muscovites included typical questions of development and self-realization:

- the crisis of morality and culture (45% in Moscow against the all-Russian average of 28%);
- inaccessibility of many types of medical services (37% in Moscow against the all-Russian average of 28%);
- state of the environment (14% in Moscow against the all-Russian average of 8%).

When answering the question “What is it that you disagree with in Russia?” muscovites showed more concern with the following issues, as compared to other residents of Russia with the lack of safety (38% against 27%) and disregard for human rights and freedoms (36% against 27%).

Muscovites were less concerned with lack of prospects for the future (18% against 39%) and lack of promising jobs (22% against 36%).

The problem of corruption appeared to be a priority to both the Muscovites and people from the other regions: 48% and 41%, respectively.

In both Moscow and nationwide the issues of living conditions and communal services appeared to be a significantly lower priority, compared to study results from 2012 when they came out ahead of any other issues in their importance. The problem of communal services (their price and quality) was noted by only 10% of respondents in the all-Russian average and 9% of muscovites, while the issue of purchasing residential space was mentioned by 24% and 28%, respectively. The priority of education has decreased significantly as compared to last year poll (18% in Moscow and 16% in the all-Russian average).

Thus, Moscow has come significantly ahead of other regions of Russia in the level of social modernity. In Moscow this shift seems to be more deep and fundamental. Outside Moscow shift towards social modernity seems to be more superficial and produces more volatile and less consistent demands (proved to be inconclusive and reversible).

The reasons of this sudden attitude setback outside Moscow are not quite clear and need to be thoroughly analyzed. Most probably they are related to insufficiently deep social and economic changes. While such changes in Moscow progress on the strong basis of developed economic and human potential, such a foundation is just starting to shape in the province. “Green shoots” of modern settings may easily be “weeded out” by adverse economic and political changes. Newly acquired well-being in many regions is still fragile and memories of recent misery are vivid. The threat of sliding back into poverty no longer seems real for a majority of Muscovites - their living standards are already close to Western European average. But this risk seems far more real for much less prosperous Russians outside Moscow. For them economic slowdown of late 2012-2013 might have activated more conservative attitudes. These attitudes might have also been reinforced by intensified conservative official propaganda which appealed to traditionalist social and religious values. This “conservative wave” partially succeeded in refocusing public attention from modernization and development to protection against external and internal threats, paternalistic expectations, and hostility to foreigners, migrants, and sexual minorities. As sociological data indicates, this propaganda resonated mainly with provincial population whereas the majority of Muscovites have begun to develop “immunity” to the official propaganda. The impact of the “conservative wave” might have helped to widen the social and political gap between the modernized Muscovites and more traditionalist masses in province.

The paradoxes of the new political equilibrium

Although the origins of the recent attitude shift outside Moscow are not yet clearly understood, its political implications have already become visible from our last survey.

The downward trend of the ratings of Vladimir Putin and the United Russia Party ended in 2012, alongside with the fading away of political protests against unfair elections. A new political equilibrium seems to have established itself which is characterized by political demobilization and by stable ratings of V.Putin and United Russia. The new equilibrium seems to reflect a non-linear pattern of social and political modernization in Russia. It has been accompanied by a conservative political wave initiated by the authorities. This wave seems to have resonated with the recent rebalancing of social priorities outside Moscow towards a survival-oriented agenda. However, the changing social and economic environment represents new challenges which could make the new equilibrium unsustainable.

In 2010, a year before the beginning of mass political protests of 2011–2012, our paper revealed higher propensity for protests in Moscow than in most other regions. During the street protests in Moscow the electoral ratings of V.Putin and United Russia were below Russian average. By that time, Moscow could be considered the leader in demand for political change. It was assumed that such demand was formulated primarily by the middle class, and its concentration in Moscow was much higher than in any other region. But with the data from our new study this assumption seems much less obvious.

Moscow still retains its higher share of sturdy opponents of V.Putin. The share of those unconditionally mistrusting V.Putin in Moscow is still higher than the all-Russian average (22% against 13%). But electoral ratings of V.Putin in Moscow have leveled up with the national average: 49%. V.Putin's trust rating (in the format used by FOM prior to 2012) and electoral rating with “against all” voting option are 5% higher than the all-Russian average (*Fig. 4*). 47% of Muscovites against 29% across all Russia believe that the situation in the country would deteriorate if V.Putin would resign in the nearest future. 36% of Muscovites and only 20% of the Russian citizens in general believe that V.Putin should stay through his fourth term.

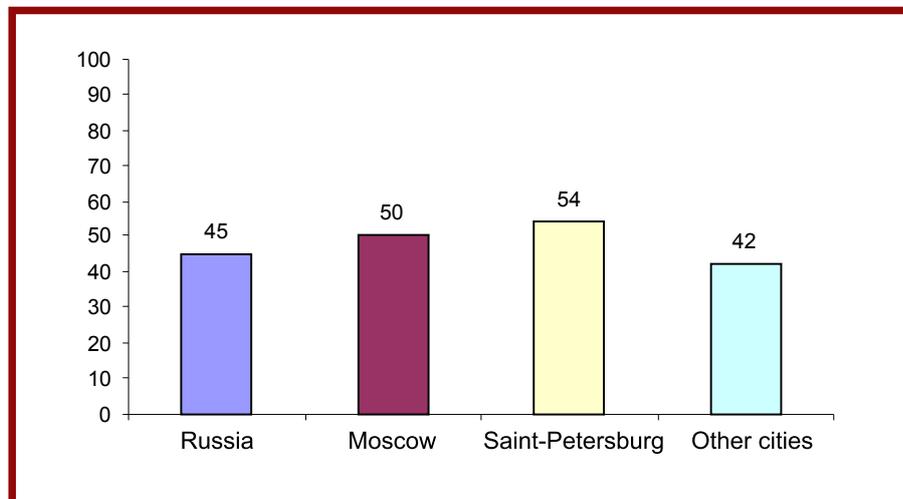


Fig.4 Voting for V.Putin. Suppose the AGAINST ALL option is back in the ballots, and the scheduled presidential elections are to be held next Sunday. How would you vote in such a case? (Single response)

Source: Center for Strategic Research

Support to the United Russia in Moscow has strengthened significantly, as compared to the end of 2011. The electoral rating of United Russia in Moscow appeared to be even higher than the all-Russian average (46% and 44%, respectively), according to our study. This is in stark contrast with the data from 2011: according to FOM, on October 13, 2011 the rating of United Russia was 21% in Moscow against 49% nationwide.

⁷ Власть-элиты-общество: контуры нового общественного договора. – М., Фонд «Центр политических технологий», 2013, pp. 38-39.

⁸ Белановский С.А., Дмитриев М.Э., Мисихина С.Г. Средний класс в рентоориентированной экономике: почему Москва перестала быть Россией? SPERO. № 13. Autumn-winter 2010, pp.69-86.

According to our study, Moscow looks an outlier in terms of loyalty of its residents to regional authorities. 30% of Muscovites trust their governor, while the all-Russian average is only 16%. 28% of Muscovites trust undoubtedly the head of their municipal entity (their city), while the all-Russian average is 13%. Since the positions of the governor and mayor in Moscow are combined, the total share of those trusting city authorities is 37%. The cumulative rate of the Muscovites' trust in the governor and the mayor together (including the position of "rather trust") is 67%. 52% of Muscovites believe that the head of Moscow Government will support their demands in case of an economic crisis while only a quarter of Russians share this view with regard to their governor and mayor.

Shifts in the perception of democracy fit the logic of other recent political changes but they challenge the belief that the middle class concentrated in major cities generates the demand for democratization in the middle income countries. According to our latest survey, Muscovites more often than other Russians prefer fully non-democratic regimes (29% and 9% accordingly). Free democracy is chosen by a smaller share of respondents in Moscow than in Russia (36% against 44%). The maximum demand for free democracy is found in Saint-Petersburg (69%) and other largest cities (59%). It is particularly amazing that even in smaller cities and villages where the modern middle class constitutes about ¼ of the population, demand for free democracy now reaches 38–39%, exceeding the level of Moscow. The same is true for combined support of the free and managed democratic systems (*Fig. 5*). If the demand for democracy, indeed, has grown outside Moscow, as our data suggests, it could not have been generated by the middle class alone.

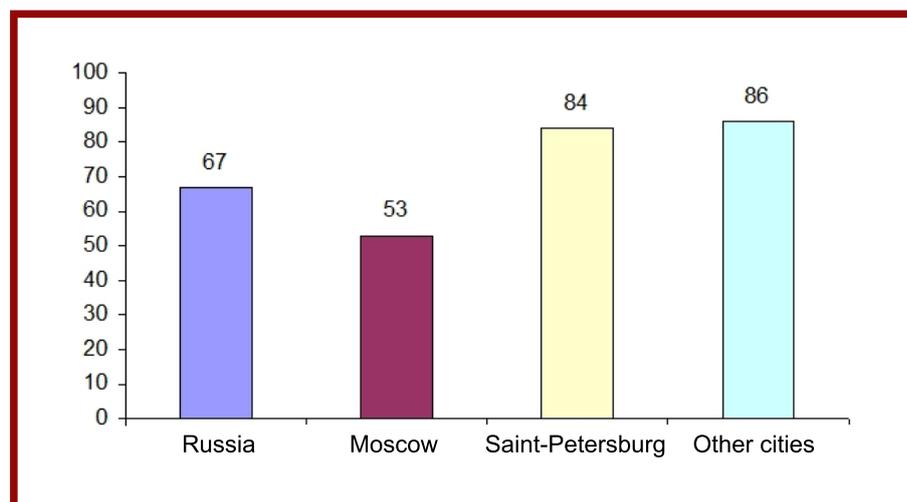


Fig.5 What political formation would you prefer to live in?
Optional answer: Free democracy + manageable democracy
Source: Center for Strategic Research

These results support an already wide-spread argument that demand for democracy by the middle class is not its immanent feature but rather circumstantial.⁹ For example, a sizeable part of the Moscow middle class is employed by the public sector and their current position may offer certain benefits associated with the absence of political competition.

In this respect, Moscow and other regions seem to follow two opposite patterns identified among transition economies in the EBRD surveys. Between 2006 and 2010, the share of proponents of democracy has grown dramatically (up to 2 times) in comparatively less advanced transition economies such as Tajikistan, Armenia, Uzbekistan, Georgia, Azerbaijan, Kazakhstan and Belarus.¹⁰ In the least developed Tajikistan and Uzbekistan a share of proponents of democracy has neared 80% and exceeded levels of France, UK, and Italy. According to EBRD, strong demand for democracy in those countries may have been precipitated not so much by social and economic modernization but by the economic crisis which was associated by the locals with the failures of established political order.

⁹ As applied to the Russian conditions this issue is discussed in: М. Урнов, В. Касамара. Современная Россия: вызовы и ответы. – М., ФАП «Экспертиза», 2005.

¹⁰ Crisis and Transition: the People's Perspective. Transition Report 2011. – EBRD, 2011, p.62.

The same survey registered the opposite trend in more advanced and more democratic transition countries such as Slovenia, Hungary, Czech Republic, Slovakia, Poland, Lithuania and Latvia. According to EBRD, the share of democracy proponents in Russia between 2006 and 2010 remained practically unchanged. Being the largest country of the region, Russia may now be “catching up” with its neighbors in both ways at a time. In Moscow, the most socially advanced region of Russia, the aura of democracy somewhat wanes whereas in many Russian regions comparable to less advanced transition countries the appeal for democracy gains strength.

Moscow is not only lagging in the quest for political change but also demonstrates lower propensity for protests -, both political and economic. The share of Muscovites who regard the elections of recent years as fair is above the all-Russian average (43% and 39% accordingly). Only 24% of Muscovites feel outraged by unfair elections against 39% nationwide and 43-45% in the medium-size cities. 42% of Muscovites and only 26% of all Russians do not care about elections. 51% of Russians and only 34% of Muscovites insist that the next presidential elections should be free. Only 21% of population in Moscow are ready to protest against unfair elections against 25–30% outside largest cities, including rural areas.

However, 21% of potential political protesters in Moscow is still a huge number in absolute terms (about 2 million individuals). A recent hint of their influence gives a spontaneous street action in Moscow on 18 July 2013, when political activist A. Navalny was convicted by court. In response to this action the authorities announced a release of Navalny until his appeal is considered by the upper court – a move which has no precedents in the Russian legal practice.

In Moscow readiness to protest on economic grounds in case of a new economic crisis is even lower than on political grounds - just 15%. On the contrary, at a national level the propensity for economic protests is 43% - much higher than for political protests. The propensity for economic protests in case of new crisis peaks at 63% in megacities (except Moscow and Saint-Petersburg). Higher propensity for economic protests outside Moscow seems to correlate with a reestablished priority of incomes, employment and current consumption. Unlike other regions, Moscow has been exempted from this trend, hence its low propensity for economic protests.

The new challenges to the authorities

The proliferation of economic protests in the province in case of economic crisis represents a number of new challenges to the federal authorities.

First, the protest indicators reflect a profound attitude change towards the street protests during the last three years. Just a few years ago, street protests against the authorities were considered mainly as a deviant behavior associated with radical opposition. Now $\frac{3}{4}$ of respondents consider them fully legitimate. Only 22% approve an anti-protest bill initiated in 2012.¹¹

Second, Russian authorities are not willing to suppress economic protesters as vigorously as the political ones and such protests can more easily get out of control.

Third, the nature of economic protests has also changed: they are much more likely to target central authorities than before. According to FOM between 2010 and early 2013 the share of respondents believing that local economic situation depends on the governor dropped from 37% to 25%, while the share of those who hold the President of Russia responsible for that grew from 15% to 38%. According to our latest survey, 50% of all the respondents will address their economic claims to the federal authorities - the President (30%) and the Government of Russia (20%). In Moscow their share is minimal – just 32% but it peaks at 78% in megacities (with the exception of Saint-Petersburg) which are also characterized by the maximum propensity for protests and in smaller oblast centers (57%). Answering the question who is to be blamed for the decay of industry and agriculture, 48% of all Russians and only 25% of Muscovites point to the federal authorities.

Fourth, unlike recent political protests in Moscow, new potential wave of protests against economic crisis will not stem from the progress of social modernization. On the contrary, they are likely to be associated with

¹¹ Власть-элиты-общество: контуры нового общественного договора. – М., Фонд «Центр политических технологий», 2013, p. 37.

a temporary setback in social modernization outside Moscow, which reinforced traditionalist attitudes. This means that a new economically driven wave of protests – if it ever happens – may have a strong Latin American flavor combining demands for democratization with redistributive populism and xenophobia.

These are the circumstances that may make the new political equilibrium more vulnerable than the previous one. The short and medium term risks of the Russian economy are on the downside. In case of new economic crisis, reestablished priority of current consumption outside Moscow may drive down approval ratings of the president as it happened after the Great Recession of 2009. Economic crisis is also likely to trigger economic protests in the regions. In this case Moscow, given a sheer size of its protester's pool, may play a role in consolidating diffused protest activity in the regions and in giving them a political momentum.

Therefore, prospects of sustaining the new electoral equilibrium will depend on the capability of the federal authorities to attain at least moderate economic growth. With the stagnant or declining export revenues, the only way to stimulate economic growth would be to improve the investment climate. That would help regain the lost trust of the investors, reduce net capital flight and renew a buildup of private investment. However, such strategy does not seem to be fully compatible with the increasingly conservative domestic and anti-Western foreign policy trends. So, the key precondition for sustaining the new political equilibrium may be the willingness and ability of Russian authorities to put a brake on conservative political course for the sake of rejuvenating economic growth.

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