

THE POLITICAL AND ECONOMIC RESULTS OF OCTOBER 2013

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The political highlight in October became the mass ethnic riot in a Moscow's uptown district of Birulyevo. The unrest proved the rise of ethnic problems in big cities. While the authorities met the rioters' local claims (they found the killer and shut down the vegetable warehouse with a bunch of illegal migrants therein), no decision was made in the wake of the riot, and it was local authorities who were held responsible for it. Quite predictably, Mr. A. Navalny, an opposition politician, was not put behind the bars after hearing his case at the courts of appeal. However, he was deprived of an active electoral right and will now have to take a lot of pains to stake out his niche in the opposition politics where the electorate engaged in some projects easily flows to other ones. Despite Mr. V. Putin's vows, the newly established Agency for Research Institutions will be led not by Mr. V. Fortov, the head of RAS, but by Deputy Finance Minister Mr. M. Kotyukov.

Developments in a Moscow's uptown district of Biryulevo became a major political scoop in October. Soon after an illegal Azeri immigrant stabbed a Russian man who was protecting a young lady, local residents called for mass mobilization and were joined by a number of henchmen from other Moscow districts. What started as a popular rally soon turned into riot, with a pogrom of a local shopping mall and a huge vegetable warehouse which had long been a source of ethnic crime. The scenario replicated what had happened in a Moscow downtown square several years ago. Like at that time, the protesters' demands were satisfied – the police went after the killer and promptly found him, and the warehouse was shut down – so far under the pretext of breaching sanitary standards (it was found out that the owner, JSC Novye Cherepushki, partly rent the site from the City Hall and also owns a fraction of that). The local police brass were dismissed, the warehouse owners were charged with a string of counts of organization of illegal immigration, and some local rioters were detained. The events in Birulyevo show that Moscow is not the only crisis region as long as ethnic conflicts are concerned and that what happened in the center of the city few years ago was not a unique provocation or an odd incident. The visa-waiver regime with the Middle Asian countries whose GDP per capita is far lower than Russia's and the flux of millions of their culturally different residents in Russian megapolices, plus a mass corruption-driven practice of re-classification of violent crimes against the local Slavic residents (e.g. to Art. 109 of the Criminal Code "Voluntary manslaughter", which enables killers to be on the loose) fuel the potential of future ethnic conflicts, as long as the authorities turn a blind eye on the problem and hold undestrappers responsible.

Last October saw regular amendments be introduced in the electoral law. The purpose of the exercise

is to once again modify the fundamentals of nomination of candidates to regional legislature and municipal councils. Now that the novelty has been passed, the minimum representation quota of party lists on the regional level is 25% against the previous 50%. Meanwhile, party lists on the municipal level are no longer mandatory (while in the past, they were an imperative for 20+-strong municipal councils). In the mid-2000s, the compulsory introduction of party lists even in jurisdictions where they clearly were a white elephant (e.g. in small-size municipalities) aimed at depriving unsuitable, "out-of-system" candidates of a chance to seek nomination. Nowadays, it becomes evident that in the frame of the proportional system United Russia is simply incapable of winning majority in many local jurisdictions. Meantime, Moscow and St. Petersburg that boast the most advanced party system, on the contrary, by a local legislature's ruling may fully dampen party lists. In all fairness, the law was passed for the sake of the next year's Moscow City Council election. That said, elections in St. Petersburg were held fully by the proportional system and United Russia does not enjoy a majority in the local Council, so the city is likely to retain either the mixed system or the proportional one.

The court of appeals rendered its verdict on Mr. Navalny's case on charges of fraud. Quite predictably, after letting Mr. Navalny run for the Moscow Mayor office in the summer, the sentence proved a conditional one. In compliance with the effective law, Mr. Navalny has lost the right to run for any office; however, he may engage in other numerous activities, such as, for instance, campaigning for a party list or candidates associated with him. It can be asserted that the authorities do not dare to take on the opposition and opt for an indefinite revamping of the election law instead. As to Mr. Navalny, he faces a grave challenge of maintaining his current rating in a situation when he

is barred from election. The upcoming Moscow City Council election, which traditionally is perceived of as a rehearsal of the parliamentary one, should answer the question whether Mr. Navalny has found a way to consolidate the opposition and grown as its mediator, or his rating would prove as easy transferrable to another strong candidate as Mr. Prohorov's one did in the wake of the 2012 presidential campaign.

In October, there came to an end a long-lasting intrigue with regard to establishment of a federal agency to manage the RAS's assets. The urgent work had been underway since the summer 2013 under the pretext of the need for sorting out the mess in the area. To this effect the Duma passed an ambiguous law with references to not yet promulgated RF Government's normative acts. However, while passing the law, it was found out that in addition to assets the new agency would also oversee research organization's performance, approve their operational plans, etc. Facing the outraged scientific community and mass rallies in the summer, Mr. Putin allegedly opted for a compromise and publicly offered Mr. V. Fortov, President of RAS, to head the agency over a "transitional period". After Mr. Fortov agreed, already in October Mr. Putin broke his vow, as it was Deputy Finance Minister Mr. Kotyukov who was picked to run the agency. Interestingly, a 37 year-old prodigy does not even hold an academic degree. It seems that the key factor became the RAS leadership's acquiescence to the extent that one does not need to count them in and to be certain there would be no resistance but a publicly expressed support of whatsoever initiative from the top. With that he intrigue is not over, however, for following the classical redistribution logic, Ms. L. Ogorodova, the Deputy Minister of Education and Science, announced that the newly established agency would run all the scientific organizations rather than those under the auspices of RAS – that is, all the universities, research centers, etc., including those having founders of their own, including, *inter alia*, the RF President, the federal government, and government agencies. The scandalous final of the reform leaves little doubts as to its ultimate goal being property redistribution, rather than improvement of the situation in the research sector. Furthermore, the reform will give rise to further conflicts between different government instances, as many of them will not be happy to transfer their research organizations under the new agency's control. As to a longer-term perspective, the country leadership's prestige among the national research community will plummet like it did among the military one during Mr. A. Serdyukov's tenure.

The month of October saw several other personal changes. Specifically, Mr. G. Onischenko, the infamous head of Rospotrebnadzor, whose name is associated

with bans on Moldovan wines, Georgian mineral water, and other political actions, bowed out to take a ceremonial post of adviser to the Chairman of the RF Government. It looks like that Mr. Onischenko has exceeded authority with his recent moves, including claims against dairy imports from Lithuania, which currently holds the EU presidency, and Belarus, which has for long been at odds with Russia, while remaining an information sponsor to the Russian authorities as far as a flamboyant concept of the "Union State" is concerned. Hopefully, his leave would help minimize various sorts of the domestic lobbyism – yet another infamous feature of his agency.

The oil-and-gas sector also faced several critical decisions. The RF Government approved a bill on a minor liberalization of gas exportation. Gazprom has been a recognized monopoly in this regard since 2006, bar a few production sharing agreements. Under the circumstances, gas producers find themselves in a politico-economic trap, as they are forced to sell their produce to Gazprom, which can dictate monopolistic prices to them. The bill provides for granting the right to other state-owned corporations (i.e. Rosneft and Zarubezhneft), as well as companies operating LNG projects (which de-facto means an individual privilege to Novatek). Meanwhile, Rosneft and Transneft settled a long-lasting conflict about expansion of a China-bound pipeline. The oil behemoths were bickering about which of them should bankroll the subject – whether it should be Transneft at the expense of royalties payable by the whole national sector, or Rosneft as a final beneficiary of the pipeline. The compromise proves Rosneft's victory, as it agreed to capitalize a relatively minor fraction of the pipeline.

Mr. Putin submitted to the State Duma a bill to abrogate a two year-old procedure of opening criminal cases on charges of tax arrears. At the time, it was established that such criminal cases could be opened only upon a tax office's presentation, which helped reduce the number of such cases many-fold. That was rightly lauded as relief of the state pressure on businesses and had a rationale behind it, with the Tax Service exercising the respective authority with regard to the *corpus delicti* concerned. The new bill suggests to once again grant the authority to the Ministry of Interior. Given open criticisms Mr. V. Kolokoltsev, the incumbent Minister of Interior, throws at the 2008–2012 reform of the Ministry, one can note that the Ministry, which has for long been tagged as a major enemy to the small- and medium-sized businesses, tends to regain its omnipotent status it used to enjoy under the notorious para. 25 Art. 10 of the federal law "On militia" which would form a perfect rationale for checking anyone for compliance with anything. ●