



**CRONY CAPITALISM AND DEMOCRACY: PARADOXES OF
ELECTORAL COMPETITION IN RUSSIA'S REGIONS**

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ABSTRACT

The phenomenon of crony capitalism has been explored primarily with reference to its impact on economic growth. This study investigates the political implications of crony capitalism and, specifically, the interaction between political competition and crony capitalism. Based on a case study of political trajectories in two regions of the Russian Federation, I argue that under crony capitalism political competition can undermine the legitimacy of state authorities and such democratic institutions as the electoral mechanism. Played out in public during electoral campaigns, unrestricted political competition uncovers the predatory nature of crony elites engaged in struggle for power and wealth. Paradoxically, the electoral process itself gets discredited as an essential part of the overall institutional order in the process. Noncompetitive political systems avoid such negative tendencies, at least in the short run.

RESUMEN

El fenómeno del capitalismo de amigos (crony capitalism) ha sido explorado principalmente con referencia a su impacto sobre el desarrollo económico. Este estudio investiga las implicancias políticas del capitalismo de amigos y, específicamente, la interacción entre la competencia política y el capitalismo de amigos. Con base en un estudio de caso de las trayectorias políticas en dos regiones de la federación rusa, sostengo que bajo el capitalismo de amigos la competencia política puede minar la legitimidad de las autoridades estatales y de instituciones democráticas tales como el mecanismo electoral. La competencia política irrestricta, desplegada en público durante las campañas electorales, devela la naturaleza predatoria de las elites envueltas en una lucha por el poder y la riqueza. Paradójicamente, durante este proceso el mecanismo electoral mismo se desacredita como una parte esencial del orden institucional general. Los sistemas políticos no competitivos eluden estas tendencias negativas, al menos en el corto plazo.

*Nie wird soviel gelogen wie nach einer
Jagd, im Krieg und vor Wahlen.*
Otto von Bismarck¹

INTRODUCTION

In September 2004 President Putin abolished gubernatorial elections in Russia, thus depriving the country's people of their right to elect regional leaders. The public opinion polls following this decision produced shocking results: 44% of the respondents supported Putin's decision and thus the curtailing of their own rights, while 42% disapproved.² Such public reaction, as well as Putin's popularity ratings, which have rarely gone below 70 per cent, have reflected public support for the "authoritarian turn" under Putin (Shevtsova 2005, Jack 2004). At the same time, other public opinion polls have shown that, as far as ideals are concerned, people hold dearly the values of freedom and democracy (Colton and McFaul 2001). Russians are not undemocratic by nature. Why then would they relinquish the right to form their own regional governments? What explains this paradox of widespread approval for Putin and his authoritarian policies by a public otherwise supportive of democratic ideals? Some clues, I argue, lie at the regional level in Russia.

This study focuses on regime transformation and crony capitalism in two regions (Tatarstan and Nizhnii Novgorod) and develops an argument applicable to Russia nationwide. Specifically, I demonstrate that, contrary to previously held views about crony capitalism, an electoral system with genuine contestation does not deter informal (crony) arrangements among political and economic elites. Furthermore, under crony capitalism contestation reflected in competitive elections has negative effects on both the public support for elites perceived (and frequently rightly so) to be corrupt and self-serving and, ultimately, on political institutions such as elections.

This argument contributes to the study of informal institutions, crony capitalism, and political competition. Responding to the surging scholarly interest in informal institutions, I advance an understanding of post-communist regime transformation complicated by the rise of informal institutions and crony capitalism (Helmke and Levitsky 2004; Collins 2004, 2002; Kang 2002). Furthermore, I propose an amendment

to magnanimous theories of political competition linking it to good governance and lesser corruption by suggesting that under crony capitalism the negative effects of political competition could outweigh its positive impact.

POLITICAL ECONOMY OF CRONY CAPITALISM

I begin with the premise that the postcommunist transformation in Russia resulted in the emergence of a crony capitalist system—a distinct institutional order characterized by the domination of informal elite groups that I refer to as economic-political elite networks (EPNs). Under crony capitalism selected economic elites receive preferential treatment and privileges, thus making support from the state rather than market forces a crucial factor for maintaining and accruing wealth. Crony capitalism has significant implications for both the political and economic spheres but is, in itself, neither solely political nor solely economic. Scholars have mostly viewed crony capitalism as a condition-shaping economic sphere, often overlooking the political implications of cronyism.³ Following the East Asian financial crisis, the term “crony capitalism” has been used primarily to criticize the East Asian economic model for allowing a close linkage between government and big businesses (Stiglitz 2002). Consequently, crony capitalism has been perceived as an explanation for lack of economic growth and economic backwardness in many countries and even regions of the world (Hutchcroft 1998, Hellman 1998, Rose-Ackerman 1999). These initial propositions have been superseded by recent studies that reveal variation in the degree to which crony capitalist arrangements inhibit or contribute to economic growth and development (Kang 2002, Gomez 2002). The political implications of cronyism have been accorded less attention, although collusion between political and economic elites makes crony capitalism an inherently political phenomenon. Hutchcroft (1998) recognized the political aspect of crony capitalism,⁴ but used politics as an independent variable to explain the roots of an underperforming economy.

The scholars studying democratization processes have been more cognizant of the effect of crony capitalism on political outcomes. Hagopian (1996) linked traditional elite networks in Brazil to democratic consolidation problems, while Collins (2004, 2002) analyzed, in a post-communist setting, how clan-based systems undermine

democratization in Central Asia. Building on these works, this study investigates the effect of crony capitalism on political behavior by looking at the interaction of political competition and cronyism in the context of an electoral democracy.

Democratic transitions in the post-communist region advanced the issue of the relationship between crony capitalism and democracy to the forefront. Are the two compatible? What is the impact of crony capitalism on democratic institutions or does the causation run the other direction? Haber (2002) suggested provocatively that electoral democracy is incompatible with crony arrangements. Those who lose from such arrangements, he reasoned, would presumably mobilize and defend their interests through the electoral process (xiii). The assumption underlying this argument—that of a monolithic state selecting one group of economic elites and upholding their rights while leaving the rest disadvantaged—is too restrictive. In the post-communist context, for example, a more accurate representation would involve various groups within the state having their preferred economic elites. Haber also did not explain why those disadvantaged actors, who could mobilize and gain access to power and resources, would not re-establish crony arrangements, thus continuing the cycle of cronyism. In a different argument linking democracy, governance and corruption, Grzymala-Busse (2006, 2003) argued that democratic institutions such as political competition foster good governance and prevent corruption. According to her, when competition is clear, plausible, and vociferous, so as to create a credible threat of power transfer, it promotes greater government accountability and limits corruption. Similar to that of Haber, this argument envisions political competition as undermining crony capitalism. Additionally, scholars of Latin American politics have ascertained that political competition has a positive impact of on the rule of law and governance through promoting the independent judiciary (Chavez 2003), strengthening legislatures, and reinforcing trends toward decentralization (Beer 2003).

The optimism embedded in these arguments with regard to the impact of competitive elections on crony capitalism (either in the form of greater government accountability or a lesser degree of corruption) and governance derives from the analysis of incentives facing the incumbent government that is confronting the threat of electoral replacement. This is indeed the core of the mainstream democratic theory postulating that

competitive elections provide for government accountability because voters can punish unaccountable, corrupt governments by bringing the opposition to power. This influential argument does not always hold up to reality. Way and Levitsky (2002) have convincingly argued that political competition or “pluralism by default” could sometimes be a result of state weakness and coexist with ineffective and fragmented governments, not revealing many beneficial consequences. I extend this argument here to show that political competition can not only coexist with ineffective and fragmented governments but have damaging effects in at least two realms: (1) discrediting of political elites, and (2) undermining the electoral mechanism.

Both of these effects are linked to the use of corruption. In any democracy politicians face a strong incentive to use corruption as a political tool for obtaining power. This incentive expresses itself in the strategy of negative campaigning commonly employed in the United States and many other democracies.⁵ As scholars of American electoral campaigns have discovered, the amount of negativity is determined by the degree of electoral contestation: the closer the race, the meaner the campaign (Ansolabehere and Iyengar 1997). In crony capitalist systems the degree and the character of political contestation is even more intense due to the higher stakes involved in controlling a state office. Political and economic spheres under crony capitalism are tightly intertwined, so the access to power means access to property (Hellman et al. 2000, Tompson 2005). Therefore, the tendency to use negative campaigning and other dirty tricks is much stronger in such systems. Governed by a “winner-takes-all” mentality, competitive politics under such system knows no respect for legal or civil boundaries and is characterized by a strong inclination toward using tricky, conniving methods to obtain victory that go beyond mere slandering of opponents as occurs frequently in democracies based on the rule of law. Besides negative campaigning, competitors engage in a host of other, blatantly “dirty,” manipulative political practices that involve provocation, fraud, and the use of administrative resources. The electoral process then becomes so nasty that people devalue the elections, disengage from public politics, and, disgusted with a manifestly corrupt system, become inclined to support an authoritarian “solution.”

Additionally, when corruption is so widespread as to become systemic—as in crony capitalist systems—it is even more likely to become an oft-used political tool

because of the availability of ample material. The widespread political exploitation of corruption inevitably leads to the discrediting of political elites as the regular airing of politicians' dirty laundry does not leave a grain of faith in the decency of those who are in power.

In short, when corruption does not wane but anti-corruption campaigns gain steam, propelled by electoral competition, the dynamics expected by mainstream democratic theory could be reversed. If elections are competitive and function as an actual mechanism of power transfer, the logic of using corruption as a political tool plays out most ferociously. The electoral struggle produces the unintended effect of uncovering the corruption and the predatory nature of crony elites and, in the end, delegitimizes the elites and undermines the credibility of political institutions that serve as a conduit of inter-elite conflict. As "the baby is thrown out with the bath-water," elections themselves get discredited along with elites. Paradoxically, instead of undermining crony capitalism and corruption, the electoral process itself gets delegitimized along with the overall political-economic system.

The term "legitimacy" is frequently used in political analysis but is infrequently defined (except by political theorists) and is even less frequently agreed upon. Avoiding common normative definitions, I rely on Lipset's conception of legitimacy as "a capacity of the system to engender and maintain the belief that the existing political institutions are the most appropriate ones for the society" (Lipset 1963, quoted in Ansell 2001, 8705). This definition aptly brings attention to two aspects: legitimacy is about people's beliefs about rulers and institutions and it is also about claims made by rulers. As posited by Beetham (1991, 11) "a given power relationship is not legitimate because people believe in its legitimacy but because it can be justified in terms of their beliefs" (quoted in Ansell 2001, 8705).

Political competition under crony capitalism undermines the legitimacy of elites and institutions via two channels. First, the rulers' potential to claim legitimacy gets undermined as a result of widespread blackmailing and negative campaigning in a "war of all against all," so that no credibility can be attached to any claim in such conditions. Second, popular attitudes and beliefs about the system and the rulers spiral down, driven by revelations and claims leveled by political opponents against each other. In the end,

after repeated rounds of political competition played out in public through competitive elections in an atmosphere of widespread corruption and its use as a political tool, the public sees no other alternative but to opt for “color revolutions” or support a shift towards authoritarianism. The delegitimization of the ruling elites and the electoral mechanism is expressed in various ways: through declining public trust in the regional and municipal authorities, decreasing voter turnout, an increased protest vote and, most importantly, declining trust in the electoral process. These indicators appear especially important in the context of recently introduced, weak democratic institutions because even short-term devaluing might result in their complete elimination.

Russia’s Crony Capitalism

The economic-political networks—often referred to as “clans” in Russia—bring together politicians and businessmen linked through special relationships of mutual support.⁶ The formation of such groups started under Gorbachev during the process of spontaneous privatization and accelerated later, with the economic reforms of the 1990s (Goldman 2003, Hoffman 2002, Freeland 2000, Klebnikov 2000). These networks embodied the common interests of the politicians, who faced the necessity of being reelected, and the economic actors who sought property as well as protection of their property rights. These informal structures are well recognized in popular perception. Since the infamous 1995 “loans-for-shares” program that promoted Yeltsin’s re-election and divided some of the most attractive pieces of state property among a small circle of well-connected entrepreneurs, the terms “oligarchs” and “clans” have been widely used by the public to signify the structures that matter. During the 1990s the existence of these networks became institutionalized in the sense that they acquired a “taken-for-granted” quality among the Russian public.⁷

Informal, personalized policy making started at the level of the Russian president (Breslauer 2001). However, it was not restricted to the top echelons of federal politics. Political developments in Russia’s hinterland reveal a similar subversion of formal institutions by informal elite structures (C. Ross 2000, 402–420; Gelman 2000, 85–105). Hence, it is possible to study a variety of crony systems by focusing on the regions of the Russian Federation. The 1990s presented the regions with unprecedented opportunities to

develop various political and socio-economic models of development (Gelman, Ryzhenkov, and Brie 2003; Moses 1999). Such diversity and the relative insularity of regional developments provide an opportunity for comparative study of postcommunist transformational outcomes, in which many important variables (such as history, culture and institutional legacies) can be kept constant. Therefore, an investigation of different political trajectories at the regional level could be used to assess possible scenarios of political development at the national level.

The argument about the interaction between crony capitalism, political competition, and elections is developed using a case study of two regions—the Nizhnii Novgorod region (NN) and the Republic of Tatarstan (RT). After addressing the issue of case selection below, I demonstrate that both regions can be characterized as having developed a crony capitalist system based on the domination of informal elite groups. I then show how increasing political fragmentation and its electoral manifestation in NN resulted in the discrediting of regional elites and the electoral process. In RT, on the other hand, political domination by the single power center has allowed the republican authorities and political institutions to maintain an overall legitimacy. Elections, skillfully controlled by the dominant elite group, have reinforced the monocentric political regime and served to legitimize the regime rather than to undermine it.

CASE SELECTION

NN and RT represent two different types of polities. During the 1990s, ethnic republics in Russia tended to evolve in a more noncompetitive direction than the rest of the regions (Sharafutdinova 2006). RT has been selected as a noncompetitive regime case. Over the past fourteen years, the Tatarstani elite has constructed one of the most stable and enduring monocentric political regimes in Russia. It can almost be seen as an ideal-type monocentric regime, viewed as an example by Russia's other republics and regions.⁸ In crafting this regime the Tatarstani elites relied on political and economic privileges secured from the federal center in the early 1990s (Sharafutdinova 2004, Mukhariamov 2000, Farukshin 1994). As opposed to most other regions in Russia, Tatarstan maintained a state-controlled economy, avoiding rapid privatization and, thus,

preventing the formation of potential alternative centers of power. Any large-scale private economic activity developed in close association with republican authorities.

NN—a territorially-defined federal unit—represents a polycentric system, characterized by the domination of several economic-political networks. In the early 1990s, NN was a pioneer of regional democracy and economic reforms in Russia, praised for its privatization program and various institutional innovations, and known for its charismatic governor, Boris Nemtsov (Makarychev 2001). By the late 1990s and early 2000s, however, NN became infamous as a region marred by wild rivalry among its elites and numerous electoral scandals.

While different in federal status, RT and NN share a number of similarities. Both are heavily industrialized and economically diversified. Both feature well-developed automobile, aircraft, petrochemical, and machine-building industries and have large defense-oriented industries. In addition, they have similar levels of social development and are approximately equal in territory and population. One important distinction in the economic structure of two regions is the presence of the oil industry in RT and the lack of oil reserves in NN. The oil factor along with the federal status issue will be discussed later in this article as potential alternative explanations.

ELITE NETWORKS IN NIZHNI NOVGOROD AND TATARSTAN

The Nizhnii Novgorod region became a pioneer in implementing many economic reforms including the first privatization auction, held in 1992 under Nemtsov's governorship. Informal elite networks also started to form in NN under Nemtsov.⁹ His most important power base in the region involved the financial-entrepreneurial capital that formed in the region in the early 1990s. Nemtsov's network included the heads of newly created regional banks, the chairman of the famous city trade fair, and a few businessmen (Sharafutdinova 2004). The most important section of regional elite—the directors of regional enterprises—did not become part of Nemtsov's network. An outsider, who Yeltsin appointed in 1991 as governor, Nemtsov was not able to integrate these powerful elite members into his power base and, although they accepted Nemtsov as a dominant actor, the elite in effect remained fragmented. Nemtsov's followers clearly

revealed themselves when he suddenly moved to Moscow in March 1997 to assume the post of Russia's deputy prime minister. His closest associates followed him and took up various positions in the federal bureaucracy (Lysov 1997).

The elite fragmentation came into the open after Nemtsov's departure. The main political controversy involved a standoff between the new governor (Skliarov) and the mayor of NN (Lebedev). This conflict culminated in the 2001 gubernatorial elections, in which the mayor attempted to run against the incumbent governor for the governorship.¹⁰ A weak politician, the incumbent governor was not able to create a strong political base and, prior to the 2001 elections, attempted to join forces with a powerful new actor who entered the political scene in May 2000 (Makarychev 2002, 128). Sergei Kirienko, the new presidential envoy to the Volga Federal district (*okrug*), had returned to NN following the institutional reorganization of Russia's federal structure.¹¹

Starting in 2000, the EPN associated with Kirienko was the most developed and visible elite network in the region. Based on a web of personal relationships cultivated earlier in his career, Kirienko quickly gathered a strong team of associates through which he enjoyed direct influence over key economic sectors in the region. His friends controlled the region's main energy company and managed the regional oil company, while his own position as a presidential envoy gave Kirienko a solid base of influence in regional affairs (Reddaway and Orttung 2004, 158). An elite network rivaling Kirienko's EPN is associated with Savel'ev—an ambitious businessman, who previously belonged to Kirienko's camp.¹² By the 2001 gubernatorial elections, Savel'ev joined forces with Mayor Lebedev to fight against the Kirienko-Skliarov coalition. Savel'ev's EPN had strong media and economic components and benefited from the mayor's administrative resources.¹³ When Lebedev was disqualified from the race, Savel'ev remained as the key representative of this alliance.

It will be shown below that these informal elite networks dominated Nizhnii Novgorod politics after Nemtsov's departure in 1997. The emergent system was crony capitalist in that it was characterized by collusive behavior among political and economic actors. Selected economic actors received governmental favors and special entitlements, while in turn providing support for political actors in the form of financial backing,

favorable media coverage and other resources needed to acquire or maintain their administrative positions.

In a sharp contrast to the fragmenting political scene in Nizhnii Novgorod, Tatarstani politics grew ever more monolithic and centralized. The republic avoided the rapid privatization process and most key enterprises have remained under governmental control. Having secured a high degree of institutional and economic autonomy from the center, the republican leadership built a centralized power pyramid based on vertical control of local governments and incorporation of major economic elites—the managers of large industrial complexes (Sharafutdinova 2004). The lack of rapid privatization did not prevent the rise of cronyism in the republic, however. The emergence of crony capitalism in RT can be seen in the advancement of “Tatar-American Investments and Finances” (the TAIF “empire”)—the most significant new business structure that sprang up in the republic during the 1990s. The TAIF became the most visible outcome of the interaction of the state and market reforms in Tatarstan.

Created in 1995, over several years TAIF expanded at an unprecedented rate and became a diversified holding structure composed of over twenty subsidiary firms. The company engaged in investment activities acquiring shares of major Tatarstani and national-level enterprises and banks (“Vnedrenie” 2001). It got directly involved in the petrochemical industry¹⁴ and participated in the construction of a new oil-processing plant in Nizhnekamsk.¹⁵ It invested in other construction activities and expanded aggressively into the telecommunication sector (Filippova 2002).¹⁶ According to the director general of the company, TAIF is involved in virtually everything: security services, insurance, trade, air transportation, and consulting services on customs issues (“Vnedrenie” 2001). This web-like business structure has been expanding in every profitable sector of the economy.

With an annual capital turnover of over 1 billion dollars, TAIF is comparable to the biggest Russian enterprises (Postnova 1999). Yet, in contrast to the infamous Russian oligarchs, TAIF and its owners are not very well known. Its expansion was so rapid and so hidden from many eyes that even the republican residents are not always aware of its existence and the extensiveness of its reach. What allowed this company to expand so dramatically? The key is simple: government connections. TAIF is directly linked to the

president of Tatarstan through his son who occupies a key position in the company.¹⁷ Not only has TAIF operated with direct presidential clout, but it has also enjoyed direct entitlements and favorable policies from the government.¹⁸ The importance of personal ties in RT is reflected in other sectors of the economy as well.¹⁹

In brief, while some important economic assets in RT have been maintained under state control, opportunities for private enrichment were open to the select few with close (often familial) links to the highest state authorities. As opposed to rival EPNs in NN based mostly on friendship ties or short-term political convenience, the dominant EPN in RT resembles kinship-based clans in Central Asia, although in terms of social structure, Tatarstan is much closer to Nizhnii Novgorod than to the Central Asian states.²⁰ It should be noted though that even the dominant EPN in RT involves non-kin members,²¹ while other, non-dominant EPNs are based on ties other than familial.²²

Having established the existence of a crony capitalist system in both regions, I will now focus on the differing political dynamics characterizing these regions and discuss an unexpected pattern of interaction between cronyism and political competition revealed in the NN region.

ELECTIONS UNDER CRONY CAPITALISM: COMPARING NIZHNI NOVGOROD AND TATARSTAN

To summarize the evidence from the outset, since Nemtsov's departure from the region NN has experienced intensifying political competition that revealed itself primarily during the elections for its two main executive posts: governor and mayor of NN. Elections became more heated, scandalous, and marred by a variety of "dirty tricks," while the level of public apathy and protest against the regime progressively increased. In the political struggle, candidates used political provocation, massive negative campaigning, and compromising materials (often fabricated) against their competitors (often referred to as "black PR"). With each successive election, these methods had become more brazen and elaborate, so that by 2001 NN was one of the most infamous showcases for new "political technologies"²³ and "black PR" used during the elections in Russia's regions (Bikmetov 2002, 137). The public reaction to such elections involved lowering participation rates, an increasing number of people voting "against all" the

candidates, rising attitudes of distrust and disaffection with regional elites, and emerging signs of disillusionment with regional and local elections.

RT, on the other hand, evolved in the direction of building a politically stable, monocentric regime that lacked open political competition. Cases of inter-elite fragmentation undoubtedly occurred; however, the regime dealt with them behind closed doors, avoiding public spillover. The strength and flexibility of the regime has been reflected in its ability to accommodate or expel potential opposition forces, so that no alternative force that could challenge the establishment was able to consolidate during the 1990s. Well-controlled elections held in the republic avoided the scandals characterizing the elections in NN and were used as a legitimation tool for the republican authorities. Attitudes towards the government remained favorable and the protest vote was lower.

Nizhnii Novgorod: Competition Running Wild

Elections in Nizhnii Novgorod were not boring most of the time and almost always involved some intrigue. The first mayoral elections, held in March 1994, for example, involved a clash between the popular incumbent mayor of Nizhnii Novgorod, Bedniakov, appointed in 1992, and the governor, who could not tolerate the mayor becoming more independent.²⁴ Governor Nemtsov promoted his own candidate for mayor, who, when it became clear that he would lose, withdrew his candidacy. With only one candidate running, the election was declared invalid. Until 1998, however, the elections in NN did not involve a high degree of political competition and were relatively calm. In 1995 Nemtsov won relatively easily over his main competitor (see Appendix A). The second gubernatorial election in the region (after Nemtsov's departure to Moscow in 1997)²⁵ was also notable for its calm, mostly because the uncertainty about the next candidacy was resolved prior to the election.²⁶ No compromising materials or dirty tricks were employed and the elections could be considered democratic and fair: the ultimate winner had to go through two electoral rounds and won with a relatively small margin (see Appendix A).

The mayoral election held in March 1998 was more controversial in that its results represented a real challenge to the authorities. Nemtsov's erstwhile friend and protégé, the infamous entrepreneur Kliment'ev, earlier charged with embezzlement,

unexpectedly won the race (see Appendix B). In a shattering embarrassment, both the regional and federal authorities lost as their candidates were defeated by the outsider with a questionable past and, allegedly, a criminal present.²⁷ The regional electoral commission immediately declared the results of the election to be invalid. The Central Electoral Commission voided the results, claiming that all the candidates had broken regional and federal electoral laws.²⁸ This incident created traumatized regional voters, discrediting official authorities and putting in doubt the electoral process itself as the voters' choice was not upheld.

This March 1998 mayoral election started a pattern of elections in NN that involved real challenges to the regional and municipal authorities and intense competition that led to a visible change in candidates' electoral strategies. The new mayoral election held in the fall was characterized by the use of a variety of political technologies based on media and manipulation of public opinion.²⁹ In the second round, the electoral campaign turned into open informational warfare between the two finalists with the major regional media sources aligning behind each front-runner (Matsuzato and Shatilov 1999, 125–126). These electoral strategies were perfected further during the 2001 and 2002 elections in the region.

The gubernatorial election in July 2001 and the mayoral election in September 2002 revealed further intensification of elite infighting in the region. These two elections became exceptional in the intensity of competition among the main political actors and, consequently, the degree and type of “political technologies” and “black PR” used to mobilize voters. The main battle during the 2001 gubernatorial election occurred between Kirienko's EPN (which supported the incumbent governor Skliarov), the alliance between Lebedev and Savel'ev, and the infamous Kliment'ev.³⁰ This election was characterized by an extraordinary level of negative campaigning and was perceived as one of the dirtiest regional campaigns in Russia. Kliment'ev became the central target for negative campaigning originating from Kirienko's EPN (Bikmetov 2002). From city billboards and TV screens the residents of Nizhnii Novgorod were bombarded with information discrediting Kliment'ev (137). In addition to the fierce anti-Kliment'ev campaign, another contender, Savel'ev, who owned some of the largest media holdings in the region and controlled most of the city's exterior advertising, organized his own

scandal-driven campaign, which appeared to be the most expensive campaign of all the candidates (138). This campaign targeted Kirienko and Skliarov and used provocations involving journalists,³¹ exposing Kirienko's links with the Church of Scientology, reminding voters about his role in the August 1998 default³² and discussing his attempts to control the regional government. Other gubernatorial candidates received their share of negative campaigning as well.³³ In this context of numerous scandals and political provocations, the most ordinary, even boring political campaign was associated with Khodyrev, who avoided negative campaigning and relied on such standard methods as distributing leaflets and meeting with voters (Bikmetov 2002). Not perceived as the campaign favorite, Khodyrev avoided negative attention, maintaining his image unscathed.

The outcome of the 2001 election was unexpected and revealing (see Appendix A). Against all the predictions,³⁴ the victory went to Khodyrev, an outsider³⁵ who did not resort to negative campaigning and was for the most part ignored in “the battle of the giants.” Neither the might of the media, controlled by political contenders, nor their administrative and financial resources were sufficient to “manage” the electoral outcome. Distrusting the local actors, whose familiar faces were buried in piles of compromising material, voters brought back to power the candidate who headed the region prior to the collapse of the Soviet Union.³⁶ However, it was not a nostalgic vote for the past whereby people expressed their disenchantment with the present economic situation and their longing for the relative security experienced under communism. Such a vote would have been expressed more sharply among the rural population. The gap between the two contenders (66% vs. 17%) was highest in the capital,³⁷ most strongly exposed to various “political technologies” and “black PR” and, therefore, most sharply demonstrating voters' revulsion with the elites relying on such methods of political struggle (Migacheva 2001). Turnout rates were low in both rounds, while the number of people voting against all increased (see Table 1).

Table 1

Participation and Protest Vote in Nizhnii Novgorod and Tatarstan						
	Nizhnii Novgorod		Tatarstan		Tatarstan (Kazan)	
	Turnout (%)	Against all (%)	Turnout (%)	Against all (%)	Turnout (%)	Against all (%)
1991 Presidential Elections			63	n/a	53	n/a
1994 Mayoral Elections	Not held	Not held				
1995 Gubernatorial Elections	63	5.3				
1996 Presidential Elections			78	2.8	73	3.1
1997 Gubernatorial Elections	40.1	2.9				
	48.9	3.5				
1998 Mayoral Elections (March, results annulled)	51.1	4.5				
1998 Mayoral Elections (September/October)	37.2	10.1				
	36.1	12.8				
2001 Gubernatorial / Presidential Elections	37.3	8.2	79	2.8	69	4.6
	37.7	10.4				
2002 Mayoral Elections	29	30.4				
	36.6	29				

The mayoral election held in September 2002 continued the pattern of the 2001 election, featuring the same political rivalries and an even more fragmented political scene (see Appendix B). Thirteen candidates ran, three of which were associated with the official authorities.³⁸ Lebedev, the incumbent mayor, and Kliment'ev—"the hero" of the 1998 mayoral election—renewed their attempts to gain the seat. The list of main contenders for the mayoral seat became complicated with the appearance of their "doubles."³⁹ These "clones" did not engage in campaigning; their role was only to confuse voters confronted with the same name appearing twice on the ballot.⁴⁰ The panoply of other dirty tricks used in previous campaigns also became handy: newspapers and leaflets falsely attributed to particular candidates, fake "documentaries" discrediting the main candidate, and even a novel about the main political figures in the region freely distributed among the public ("Reiting" 2002).

Several weeks before the election the authorities faced a very unpleasant situation. The two political outsiders—Lebedev and Kliment'ev—showed the highest rates of

public support and, as some polls demonstrated, support for Kliment'ev was rapidly rising. Threatened by the possibility of these two candidates facing each other in the second round, Kirienko convinced two of the three candidates representing the establishment to withdraw from the race and give their support to the third.⁴¹ A more serious action on the part of the threatened authorities involved a last minute decision to cancel Kliment'ev's registration as a candidate. Accused of not following some of the campaign rules, Kliment'ev was not allowed to participate in the race (Migacheva 2002). The final ballot included the names of only twelve candidates. The main struggle—between the incumbent, Mayor Lebedev, and Bulavinov, the candidate supported by the official authorities—ended with Bulavinov's victory (see Appendix B). However, in this election both front-runners competed against another serious candidate—"against all." Over 30% of voters in the first round and almost 30% in the runoffs voted "against all." The gap between the three front-runners was so narrow that it allowed some observers to claim that the candidate "against all" might have been the real victor. Indeed, in some districts more people voted "against all" than for any other candidate. Participation rates went down, reaching only 29% in the first round and 36.6% in the runoffs.

An incident that occurred after the election discredited the final results even further. The night after the runoff election, ostensibly responding to a complaint by Bulavinov, the regional court "arrested" the ballots, claiming to introduce additional security measures for their safety. The ballots were taken under guard and the election committees were not allowed to count the ballots that night. Although Bulavinov withdrew his complaint the next day and the counting resumed, this interference from the court was widely interpreted as an attempt by the regional administration to take control of the ballot counting (Okmianskii 2002).

The 2001 gubernatorial and 2002 mayoral elections in NN were a high point in revealing the impact of constant and unhindered political competition on the legitimacy of elites and political institutions. Political competition in the NN region did represent the democratic element of the region's political system in that it created uncertainty in electoral results; the results were never predetermined. Various elite factions competed for power, mobilizing different types of resources and making the elections competitive. However, competition also signified the undemocratic element of the political system

inasmuch as the rules and procedures governing how the competition played out were not clear and predictable but ad hoc and biased. The politically competitive environment in Nizhnii Novgorod could therefore be referred to as “pluralism by default.” as Way and Levitsky (2002) term a political situation in which no group can become a dominant player.

The chain of competitive but “dirty” elections led to the discrediting of official authorities and all the main political players in the region. The level of trust toward the regional elites dropped to minimal levels as reflected in public opinion polls, meager participation in the elections and, most revealingly, in the record level of those voting “against all” (see Tables 1, 2). The two mayoral elections held in 1998 reveal especially visibly the negative public reaction to the attempts to control the electoral results by the official authorities. After the “inconvenient” results of the March election were annulled, September voter turnout dropped by almost 13%, while the protest vote “against all” increased by over 5%. Similarly, the voter turnout remained low during the 2001 gubernatorial election and fell even lower for the mayoral elections of 2002, while the vote “against all” increased dramatically in the most recent mayoral elections (see Table 1). Using voter turnout by itself as evidence of growing popular disillusionment with authorities and the electoral process might not have been warranted. The causes of declining turnout rates are different in different contexts. Taken along with other signs of disillusionment—a rising protest vote (for “against all” and political outsiders) as well as the plunging trust towards regional government—such an interpretation of the declining turnout in NN as a reflection of growing popular disenchantment with the government seems to be the most appropriate. Indeed, the polls show that public assessments of regional and local authorities took a dramatically negative turn between 1998 and 2001 (see Table 2).

Table 2**Public Assessment of Regional Authorities in Nizhnii Novgorod**

	Positive (%)			Negative (%)		
	1997	1998	2001	1997	1998	2001
Governor	40	45	17	20	20	46
Mayor	30	35	12	16	22	38

Source: Ivashinenko, N. N., Iudin, A. A., Strelkov D. G., *Nizhnii Novgorod: Vybory mera* (Nizhnii Novgorod: Izdatel'stvo Volgo-Viatskoi akademicheskoi gosudarstvennoi sluzhby, 1998), p. 8.

Akhmetova E. V., Volokovykh P. S., et al (eds.), *Politicheskaiia kul'tura i politicheskoe povedenie nizhegorodskikh izbiratelei* (Nizhnii Novgorod: NISOTs, 2001), p. 8.

Most disturbingly, as noted by several local analysts, the 2001–2002 elections contributed to the spread of public skepticism towards the electoral process itself. Local sociologists observed a growing number of people disappointed in the elections, questioning their necessity and effectiveness (Iudin et al. 2001, 201–208). It was symbolic that in one of his public press conferences in 2002, Putin faced a suggestion from a Nizhnii Novgorod journalist to cancel the regional elections and appoint governors instead of electing them.⁴² Ironically, this idea was implemented by Putin not long thereafter.⁴³

Elections in Tatarstan: “Choice” without Alternatives

RT has held three presidential elections since 1991.⁴⁴ The first elections were held at the same time as the first presidential elections in Russia, on June 12, 1991. The political scene was still in flux at that point, though evolving toward a tripolar system with the official authorities representing the remnants of the old system and with popular opposition—represented by nationalists and democrats—gaining force (Mukhariamov 2000, 32). However, the official authorities were able to monopolize the electoral process. In April 1991, the republic's Supreme Soviet—controlled by the communist establishment⁴⁵—adopted a draconian law on the election of the republican president. Candidates wishing to register for the election were required to collect the signatures of at least 2% of all the voters within two weeks (May 14–27, 1991). This was impossible in

the absence of solid administrative support. The lack of such organizational support prevented the registration of alternative candidates, although several other individuals did, albeit unsuccessfully, try to accomplish that task.⁴⁶ As a result, in the “founding” elections in RT in June 1991, there was only one candidate on the ballot.

The elections resulted in overwhelming support for that candidate, Mintimer Shaimiev, who received close to 71% of the vote. This election represented more of an affirmation of the republic’s statehood than a reflection of its democratic nature.⁴⁷ The introduction of the post of the president was seen as part of the process of realizing the republican sovereignty declared in August 1990. Shaimiev, the chairman of the Supreme Soviet of Tatarstan, was supported by the public as the person representing the republic vis-à-vis the center (the Soviet Union as well as the Russian Federation). Hence, the republican presidency itself embodied Tatarstan’s sovereignty and its statehood. The election of the first president, therefore, played an integrative role in the political process, asserting Shaimiev personally as well as the position of the political establishment.

The extent of the regime’s consolidation became apparent in the second election, held in March 1996, in which Shaimiev received 97% of the vote. This second presidential election was also held without alternative candidates, thus reflecting the monocentric nature of the political system. Of four candidates who wanted to register, only Shaimiev actually did so.⁴⁸ Even if they had registered, the potential alternative candidates were in no position to compete with Shaimiev, whose reputation had grown dramatically since 1991. The 1994 bilateral treaty with Moscow enabled Shaimiev to create favorable conditions for the development of the republican economy. The treaty essentially amounted to the creation of a special regime regulating relations between the center and Tatarstan, according to which the republic benefited from a favorable tax-sharing arrangement with the center.⁴⁹ Hence, by 1996 Tatarstan had acquired an internationally acknowledged image of an “island of pragmatism” in Russia (Thornhill 1996). Without strong opposition, the election outcomes were predictable and organized to serve as a demonstration of popular support for the regime and a confirmation of Shaimiev’s position as the undisputed leader.

In the last presidential election, held in March 2001, the ballots included the names of alternative candidates for the first time. After Putin’s federal reforms, the

republican leaders could no longer hold elections without alternative candidates.⁵⁰ Secondly, in accordance with federal laws, governors could not hold their position for more than two terms. Shaimiev already had been elected twice and could not legally run for a third term. Therefore, one of the main intrigues of these elections was the imperative of receiving legal permission to run for a third term. This task was accomplished in January 2001 when the State Duma adopted an amendment to the federal law, allowing most of Russia's governors to run for a third term

Shaimiev's campaign employed mostly traditional methods: numerous meetings with voters, some populist measures (such as adding 100 rubles to pensioners' allowance as "a present from the president"), and publicity by the government-controlled local mass media about the achievements of the social and economic policies undertaken by the republican government. These achievements were packaged in the form of the internationally marketed "Tatarstan model" of economic and social transformation and included references to "compromising" but firm principles adhered to by the republican authorities in regulating the republic's relations with the federal authorities.⁵¹ Four other candidates did not have a chance.⁵² They all stood independently, without attempting to join forces against Shaimiev. Their campaigns did not attract much attention from the press, largely controlled by the republican authorities. No major scandals erupted that could have provoked the public to vote unpredictably. As a result, Shaimiev received over 79% of the votes while the second best result was only 5.5% (see Appendix C).

Such electoral results were, of course, possible only in the context of a well-managed political regime in Tatarstan that, in essence, relied on a political machine, not unlike those described by V.O. Key (1949).⁵³ Taking this into account, voter turnout in Tatarstan does not appear to be suitable for measuring legitimacy of the government and the electoral process. We could, however, distinguish between a controlled rural vote and the voting patterns in the capital of Tatarstan—Kazan—a city of over a million. More sophisticated in their choice of media and not tied to the state, Kazan residents could, for the most part, escape the machine politics and express their real opinion through voting. The voting data from Kazan still reveals a drastic contrast to voting patterns in NN. As opposed to the plunging participation rates and the growing vote "against all" in NN,

turnout in Kazan remained steady and the vote “against all” remained relatively low (see Table 1).

Public opinion polls also indicated a solid level of support and positive evaluation of the regional elites. In 1997–99 positive assessments of the president predominated both on the republican level and in Kazan (Table 3). These attitudes have not changed radically in the following years. The survey held in Kazan ten days prior to 2001 presidential election by *Vecherniaia Kazan*—one of the few opposition newspapers in Tatarstan—indicated that a considerable 65.2 % of the respondents would have voted for the incumbent president Shaimiev (Bronstein 2001). Additionally, public opinion polls have revealed a consistent, more favorable view of society and politics in RT than in Russia nationwide. The majority of the respondents described the sociopolitical situation in the republic as calm and favorable, while viewing Russia’s condition as tense and crisis prone (Table 4). It is reasonable to expect that such assessments could translate into public recognition of the regional authorities in RT, as revealed by public opinion polls (Table 3).

Table 3

Public Assessment of Regional Authorities in Tatarstan

	Positive (%) ¹						Negative (%) ²					
	1997		1998		1999 ³		1997		1998		1999 ⁴	
	RT	Kazan	RT	Kazan	RT	Kazan	RT	Kazan	RT	Kazan	RT	Kazan
President	87	82	82	77	79.7	77	13	17	18	23	12.3	17.7
Adm./Govt.	66	54	61	50	n/a	n/a	34	46	39	50	n/a	n/a
Gossovet ⁵	59	51	57	44	n/a	n/a	41	49	43	56	n/a	n/a

Sources: (1) *Respublika Tatarstan v zerkale obshchestvennogo mnenia: 90-e gody, sotsiologo-ekonomicheskii aspekt* (Kazan, 1998), p.169.

(2) “Deiatel’nost’ prezidenta RT, pravitel’sva i parlamenta v otsenkakh izbiratelei,” Vypusk II, April 1997, Kazan (prepared by the Informational-analytical Department of the Cabinet of Ministers of the RT).

(3) Mukhametshin, F.Kh. *Respublika Tatarstan: Osobennosti sotsial’no-ekonomicheskogo razvitiia na rubezhe vekov* (Kazan: Idel-press, 2000), p.116.

¹ This column includes those who answered “positively” and “satisfactorily” to the question: How would you assess the work of the president/prime minister/parliament in the past year?” (with an exception for 1999, see fn. 116)

² This column includes those who answered “unsatisfactorily” and “not sure” to the same question.

³ The figures for 1999 are from a different survey, indicating people who express “trust” or “trust rather than distrust” president Shaimiev.

⁴ These figures indicate those who “distrust” and “distrust rather than trust” president Shaimiev.

⁵ The Gossovet is the State Council or legislature of the republic.

Table 4

Public Assessment of Socio-political Situation in Tatarstan and the Russian Federation

	Calm, favorable									Tense, crisis-prone								
	'97	'98	99	'00	'01	'02	'03	'04	'05	'97	'98	'99	'00	'01	'02	'03	'04	'05
Tatarstan	65	16	55	63	69	67	65	72	65	28	80	37	28	25	27	28	25	27
Russia	16	2	7	21	41	31	32	32	39	76	95	88	69	51	60	69	51	60

Source: Isaev G. A., "Politicheskie otsenki i orientatsii izbiratelei respubliki v preddverii vyborov v munitsipalnye organy vlasti v Tatarstane" (Kazan, 2005).

In brief, these data reflect a much higher degree of legitimacy enjoyed by the authorities in RT compared to the authorities in NN. This legitimacy is based both on the ideological "production" of the "Tatarstan model" as a stable and peaceful republic, and on the public assessment of economic, social and political realities in the republic (Bukharaev 1999, Khakimov 1998). The noncompetitive nature of the regime allowed the government to promote this "Tatarstan model" and, thus, its legitimacy. Any potential opposition forces were dealt with before they presented a real danger to the regime. Consequently, Tatarstani voters have never experienced the methods of electoral struggle that led to an acute revulsion with regional politics by voters in NN in 2001 to 2002.

A similar legitimation model (although with different ideological content) did exist in NN under Nemtsov's governorship when the region was promoted as a pioneer of democratic and market reforms (Magomedov 2001, Makarychev 2001). Until 1997 this model was not seriously challenged by political competitors and the public maintained a positive evaluation of the regional government. After Nemtsov's departure, however, the model was discredited by his political opponents, who pointed to the deteriorating economy and grim social realities. Afterwards, no political actor was able to develop any legitimacy claims or any "legitimation model" such as the one that existed under Nemtsov. The logic of political struggle devoured all the actors.

Alternative Explanations

The most challenging alternative explanation to the argument advanced in this study focuses on regional economic performance and, particularly, the oil factor. As an oil-producing region, RT has access to financial resources from oil exports. Could not oil

rents have provided the republican government with advantages not available to Nizhnii Novgorod? Industries linked to the fuel and energy sector as well as metal production fared better than other industries in the transition period in Russia (Hanson and Bradshaw 2000; Van Selm 1998). Consequently, regions lacking a natural resource extraction sector experienced greater industrial decline in the first years of the transition than regions that could rely on natural resources (Van Selm 1998). At the same time, there are influential arguments such as “the resource curse” demonstrating the negative consequences of oil on democracy and governance (M. Ross 2001, 1999; Karl 1997). Given such widespread set of opinions, I argue that the oil factor by itself is neither good nor bad. Like any resource, it depends on how it is used. In this case, the presence of oil must be treated as a condition that helps to explain the degree of elite fragmentation and political polarization, which exerted an independent effect on the legitimacy of the political regimes in the two regions. As such, it is a structural factor that precedes the causal chain advanced in this study.

Undoubtedly, oil was extremely important for the relative political success of Tatarstan because oil revenues made possible the construction of the wealth-sharing schemes that unified the republican elites. Without the availability of that wealth in the first place, the government might not have been able to construct a centralized, noncompetitive political system (Sharafutdinova 2004). Therefore, the government-controlled Tatneft oil company has been rightly seen as a crucial element in RT’s political and economic system and as a power base of the republican ruling elite (Sharafutdinova 2004). The presence of oil in NN, on the other hand, would not have helped the legitimacy of democratic institutions in NN (as it did not help to legitimize Yeltsin’s regime, for example). Nemtsov’s policies of privatization were directed by the ideological precepts of radical economic reform rather than the political imperative of integration of regional elites. If oil had been available, it is more likely that the situation in NN would have resembled that in the Komi region, where the regional oil conglomerate Komineft was stripped of its assets by numerous joint ventures formed with Western partners.⁵⁴ This scenario seems more likely in NN given notorious cases of asset-stripping at several major regional enterprises (Sharafutdinova 2004). In short, oil is important as a resource that makes it possible to incorporate major elites into the political

system and thus serves as a precondition for a politically unified and non-fragmented elite. When in private hands, oil resources create competition,⁵⁵ allowing for the logic discussed in this study to unfold. Not surprisingly, after initiating a process of political centralization, Putin moved forward in consolidating state control over the oil industry in Russia.⁵⁶

The second alternative explanation is linked to the ethnic factor. The Tatarstani elites had another additional resource—nationalism—not available to the elites in NN. Throughout the 1990s Shaimiev presented himself as a defender of the national interests of Tatarstan vis-à-vis the federal center, without antagonizing the Russian population in the republic. He was able to carve out considerable autonomy for the republic and thus had greater leeway in terms of decision making, including greater control over regional economic resources. Does this factor better explain a higher degree of popular support for the regime in Tatarstan?

The ethnic factor has undoubtedly made a significant difference for political outcomes in Russia's regions. Similar to the oil factor, however, it is more potent in explaining the origins of noncompetitive regimes among Russia's regions than their transformational dynamics (Sharafutdinova 2006). Having built a monolithic regime, Tatarstani political elites avoided the unintended consequences of unrestrained political rivalry faced by political elites in NN. Other, nonethnic, monocentric regimes have emerged in Russia, such as the system built by Luzhkov in Moscow (Medvedev 2005, Brie 1997). Luzhkov's system, often noted for its cronyism, had nonetheless demonstrated significant durability and a considerable level of support and legitimacy among Moscow residents. In short, the ethnic factor did not predetermine the political fortunes of Tatarstan. The beneficial impact of monocentrism has been felt in nonethnic units of the Russian Federation.

Table 5

Expert Assessment of Selected Gubernatorial Elections 1998–2002

Region	Date of election	Competitive/Non-competitive; use of black PR	Experts' evaluation of the electoral impact on civil society and black PR effect
Mordovia	02/1998	Not competitive; no black PR	Neutral ¹ assessment of the election and its impact;
Vladimir	12/2000	Not competitive; no black PR	Neutral assessment of the election and its impact;
Ivanovo	12/2000	Competitive; no black PR	The election had no impact on civil society in the region; neutral assessment;
Ryazan'	12/2000	Very competitive; black PR used	Negative impact of black PR on public attitudes towards both politicians and elections is noted;
Murmansk	03/2000	Competitive; black PR	Mixed effect: the election stimulated political apathy, distrust towards authorities and the electoral mechanism itself but it also represents a feedback mechanism between the authorities and population;
Tambov	12/1999	Very competitive; black PR used	Elections are not considered important by the public but tolerated;
Lipetsk	04/2002	Competitive; no black PR	Potential positive impact of election is noted;
Voronezh	12/2000	Competitive; black PR used	Negative impact of the information war on civil society is noted;
Kursk	10/2000(i) 11/2000(ii)	Competitive; black PR used	Mixed impact of elections on civil society: both positive and negative effects are discussed;
Bryansk	12/2000	Very competitive; black PR used widely	Election had a negative impact on the regional civil society; use of black PR leads to distrust towards authorities and the electoral mechanism itself;
Marii-El	12/2000	Very competitive; black PR used widely	The negative impact of black PR is acknowledged as well as the positive impact of power transfer in the region;
Penza	04/1998	Competitive; no black PR used	Positive impact of competition in this election is discussed; it is also noted that free press is often used as a tool to manipulate public opinion;
Chuvashia	12/2001	Very competitive; black PR used	Elections do not stimulate civil society; main regional political cleavage leads to fragmentation and polarization of the polity;
Bashkortostan	06/1998	Not competitive but scandalous	Negative impact of the election; relatively high protest vote (17% voted "against all");
Samara	07/2000	Not competitive	Mixed assessment: elections are controlled and thus do not function properly; but on the other hand, any election has an inevitably positive impact on civil society;
Saratov	03/2000	Not competitive; black PR	Elections are discredited as a result of gross manipulation of electoral rules by the authorities;
Ulyanovsk	12/2000	Competitive; black PR	Positive impact of power transfer on civil society is noted;
Komi	12/2001	Very competitive; black PR used	Negative impact of black PR on voters is noted;
NN	07/2001	Very competitive; black PR used widely	Negative impact of scandalous elections on public perceptions is noted.

Source: Carnegie Moscow Center (www.ftp.carnegie/seminars).

¹ The term neutral is used in the absence of a clear positive or negative impact of elections.

Thus, the effects of political competition deserve special consideration. Going beyond the two cases addressed in this study, the database of expert analysis of

gubernatorial elections (summarized in Table 5) produced by the Carnegie Moscow Center reveals similar patterns emerging in other regions of the Russian Federation.⁵⁷ Heightening political fragmentation revealed in intense informational wars and nasty electoral campaigns alienates the public from the elites and discredits the electoral system (see Table 5).

THEORETICAL OBSERVATIONS

A case study of political trajectories in Russia's two regions produces several observations of theoretical importance. First, an electoral system with genuine contestation does not deter informal arrangements among political and economic elites. Informal elite networks can coexist with electoral institutions that are functioning under conditions of political contestation. An electoral mechanism does not necessarily lead to the replacement of corrupt elites by non-corrupt. Furthermore, the causal links asserted earlier that electoral democracy undermines crony capitalism and that political competition leads to better governance and less corruption, needs, as regards systems like Russia's, to be reversed. When political competition is combined with crony capitalism, the electoral system itself gets undermined by crony capitalist arrangements along with the main political actors. How does this happen?

The delegitimization of the electoral process and the ruling elites occurs as an unintended consequence of inter-elite clashes that become publicized during electoral campaigns. As the EPNs compete for state resources and elected posts, they use their media outlets to expose compromising material aimed at delegitimizing their opponents. The political struggle turns into informational warfare among the key competitors, with the issue of corruption turned into a political tool and an array of other manipulative tools used to obtain the desired results. In the course of such wars, all the parties are discredited. What is even more important, the institutional framework used in the political struggle—the electoral mechanism—also undergoes a process of delegitimization. Faced with consecutive rounds of dirty, competitive elections, the public perceives the electoral process as the instrument for pursuing elite interests rather than a means of projecting the public will.

The increased political competition in NN did not make regional politics more democratic or the government more accountable. Its actual impact was felt mostly in the changing methods of electoral struggle and the explosion of creativity in the field of “political technologies” and negative campaigning. Such impact was rejected by a public growing disgusted by the regional elites and the games they play—including the game of elections that, despite their competitive nature, could not ensure accountability and good governance in NN. The only result of such competition was the public’s heightened sense that private interests dominate the state, with an ensuing retreat into political apathy and protest-voting.

Political regimes lacking meaningful political competition avoid such negative tendencies. The public does not face an outpouring of corruption charges; instead, enabled by official control over the mass media, the government projects its claims for legitimacy by developing a set of ideas that play into the public’s hopes and fears and present the situation in the region as more successful than in other regions. Hence, not only are public perceptions of corruption and cronyism controlled in such systems but the absence of strong opposing voices allows the ruling elite to develop a positive image of the situation in the republic. Additionally, in relatively secure monocentric regimes elections do not introduce much uncertainty because the dominant network has a greater influence over the election results through controlling public opinion and administrative and economic resources. Therefore, authorities do not have to resort to force or blatant manipulation to try to change voting outcomes; people vote for the establishment anyway.

This case study reveals that a crony capitalist institutional order might be present in both competitive and noncompetitive political systems. It is not simply the existence of informally colluding elite networks that is consequential for discrediting elections but the fact that the public *expect* the political and the economic sphere to be dominated by such networks. The perception that public authorities represent and promote the interests of particular informal networks instead of advancing public goals reflects the degree of institutionalization of these EPNs. The greater such perception is, the more institutionalized these EPNs and cronyism are. Public apathy and the protest against the ruling elite and even some of the democratic elements of the political system (such as

elections) are consequently greater in systems where cronyism and corruption are perceived more acutely.

Dirty politics is, of course, not limited to Russia, its regions, or other countries featuring crony capitalist systems. Is the argument developed here any different from the more prosaic idea that dirty politics (in more advanced democracies referred to as negative campaigning) alienates people anywhere, not only in crony capitalist countries? Although voters generally dislike negative campaigning, most research has yielded conflicting results on its effectiveness and impact on the voter turnout (Lau et al. 1999). Even if the results were clearer in terms of the damaging impact of negative campaigning, dirty politics in Russia's context is substantially different from the negative campaigning in advanced democracies. The form of politics described above in the case of NN features particularly fierce competition that originates from a broader institutional environment characterized by insecure property rights and great stakes riding on the outcome of political struggles. It is still the politics of "sovereignty," pertaining to who would rule, rather than the politics of the "cash register" pertaining to the distribution of resources.⁵⁸ As such, it cannot be equated to political games played in systems governed by the rule of law and characterized by secure property rights.

In light of these findings, Russia's evolution toward authoritarianism under Putin seems to be conditioned by the intense intra-elite rivalry that occurred under Yeltsin. As competing elites engaged in all-out informational warfare, the very basis of the whole system was delegitimized (Hoffman 2002, Freeland 2000).⁵⁹ No wonder, one of Putin's first initiatives was a doctrine on informational security that strengthened the government's role in monitoring information flows in Russia. Shortly after, the Kremlin took over the main TV channels owned by Gusinsky and Berezovsky, thus securing close to monopolistic control over key media resources (Zassoursky 2004). Putin's subsequent steps in building executive hierarchy in Russia⁶⁰ and increasing state control over the oil industry all point in the direction of constructing a political system in Russia that strongly resembles the system built in Tatarstan during the 1990s. Tatarstani-type authoritarianism demonstrated a better capacity for ensuring legitimacy for the ruling elite and political institutions than the competitive system characterized by NN or Russia under Yeltsin.

CONCLUSION

This study is not intended to show authoritarianism in a favorable light. Rather, I have attempted to show how political competition under crony capitalism has had a destabilizing effect on the political system, as evidenced in the delegitimization of the regional elites and the electoral process. The example of the Nizhnii Novgorod region has shown that, at least in the short run, a crony capitalist institutional order brings political competition and the electoral process into contradiction. To the extent that elections are competitive and do function as a mechanism of power transfer creating political uncertainty, the competing elites have to engage the public. Driven by the stakes involved in the outcome of elections, the candidates engage in all-out informational wars and invent “dirty” political technologies that inadvertently undermine the elites as well as the electoral process itself. Drawn into the open rivalry between economic-political networks, members of the public sense that they are constantly being manipulated and come to view the electoral process as a mechanism of power struggle rather than a process through which the common will is expressed.

Albeit an extreme case, NN is representative of the situation that has existed since the 1990s in many regions throughout Russia. In the context of crony capitalism such an effect could only be avoided in fully centralized, noncompetitive regimes with controlled information flows, such as the system built in Tatarstan. It is important to note that the demand for such a noncompetitive system comes not only from the elite interested in building a sustainable political order but also from the public, appalled by the chaos and mess produced by political competition. Not surprisingly, stability and order have become the slogan of the day in Putin’s Russia. Also not surprisingly, Putin has chosen to craft a new political order based on a centralized pyramid of power, eliminating both real and potential rival centers of power, and establishing tight control over the media. The public has willingly acquiesced and even welcomed Putin’s initiatives, even when his decisions have meant restricting public participation in the government (as in the case of the abolition of gubernatorial elections in the regions).

Although noncompetitive political systems might fare better in the short run, they face their own challenges. The most crucial vulnerability of noncompetitive systems is linked to the personalization of power and relationships that prop up the political regime.

Such personalization is inherent in crony systems. After all, by definition cronyism involves the predominance of informal institutions and relationships. The carefully constructed power pyramid requires a cornerstone to hold the main blocks of the system together. Thus it is possible that the problem of the succession of power will lead to the unraveling of the entire system. This represents the most important threat to the stability and sustainability of such a political system. However, this is an issue for consideration at another time.

APPENDICES

Appendix A: Gubernatorial elections in the Nizhnii Novgorod region

December 1995		June 29, 1997 (Round I)		July 15, 2001 (Round I)	
Nemtsov	58.1%	Skliarov	40.95%	Khodyrev	24.4%
Rasteriaev	26%	Khodyrev	37.84%	Skliarov	20.8%
Maslov	6.1%	Bulavinov	8.15%	Bulavinov	19.9%
Sokolov	2.3%	Zvereva	6.88%	Savel'ev	12.6%
Against all	5.2%	Speranskii	1.05%	Kliment'ev	10.6%
		Against all	2.91%	Against all	8.1%
		July 13, 1997 (Round II)		July 29, 2001 (Round II)	
		Skliarov	52.04%	Khodyrev	59.8%
		Khodyrev	42.15%	Skliarov	29.3%
				Against all	10.4%

Appendix B: Mayoral elections in Nizhnii Novgorod

March 27, 1994	December 1995		March 29, 1998		"Repeat" elections September 27, 1998 (Round I)		September 15, 2002 (Round I)	
annulled	Skliarov	59.58%	Bedniakov	24.29%	Lebedev	33.82%	Bulavinov	31.4%
	Bedniakov	27.5%	Gorin	31.32%	Bedniakov	25.1%	Lebedev	30.85%
	Chechevichkin	3.48%	Kirienko	3.87%	Semago	21.51%	Against all	30.35%
	Kamal'dinov	0.88%	Kliment'ev	33.67%	Bulanov	4.32%	Bogdanov	1.94%
	Against all	5.49%	Kurdiumov	0.30%	Sedov	1.44%		
			Against all	4.50%	Against all	10.12%		
					5 other candidates got less than 1 % of the vote		The rest of the 9 candidates got less than 1% of the vote	
					October 11, 1998 (Round II)		September 29, 2002 (Round II)	
					Lebedev	44%	Bulavinov	35.57%
					Bedniakov	41%	Lebedev	34.93%
					Against all	12.8%	Against all	29.4%

Appendix C: Presidential elections in the Republic of Tatarstan

June 12, 1991		March 24, 1996		March 26, 2001	
Shaimiev	70.9%	Shaimiev	97.1%	Shaimiev	79.52%
				Shashurin	5.78%
				Grachev	5.47%
				Sadykov	4.43%
				Fedorov	0.49%
				Against all	2.81%

ENDNOTES

¹ “People never lie so much as after a hunt, during a war or before an election” (Otto von Bismarck).

² <http://www.levada.ru/press/2004092902.html> (last checked on September 9, 2006).

³ E.g., Haber (2002, xii) considers crony capitalism to be a system “in which those close to the political authorities who make and enforce policies receive favors that have large economic values.”

⁴ He considered the patrimonial oligarchic state as the central aspect of “booty capitalism.”

⁵ The literature on negative campaigning in American politics scholarship is very extensive. See, for example, Ansolabehere and Iyengar (1997). For a meta-review of findings from this literature, see Lau, Sigelman, Heldman, and Babbitt (1999).

⁶ Instead of colloquially using the term “clan,” I prefer introducing the term “EPN” to avoid the confusion with the anthropological meaning of “clan,” referring more strictly to kinship-based networks.

⁷ The term “institutionalized” is used here in a sociological fashion, to mean a practice that is expected or taken for granted by the people.

⁸ It was the first region, for example, to sign a bilateral treaty with Moscow in February 1994. This practice was followed by 46 other regions in Russia.

⁹ Nemtsov was appointed by Yeltsin as the governor of Nizhnii Novgorod in 1991, was re-elected in 1995, and remained in office until 1997.

¹⁰ Ultimately, because of problems with signatures, Lebedev was not registered as a candidate and supported Dmitrii Savel’ev.

¹¹ The country was divided into seven super-regions (*okrugs*), with presidential envoys who were given broad powers to monitor federal agencies in the regions as well as to ensure the consistency of regional legislation and policies with federal laws and regulations (for more information, see Reddaway and Orttung, 2004).

¹² When Kirienko left for Moscow as part of Nemtsov’s team, he appointed Savel’ev to his former position as the head of Norski-Oil. Also at Kirienko’s initiative, Savel’ev was later appointed the head of Russia’s oil pipeline monopoly Transneft.

¹³ Savel’ev owns two very popular television companies, “Volga” and “TNT Nizhnii Novgorod.” In addition, Savel’ev controls all the street advertising (the billboards) in the city.

¹⁴ It first rented oil-processing equipment from Nizhnekamskneftekhim and developed its own production unit.

¹⁵ In fact, TAIF was able to monopolize control over the NNPZ (oil refinery) so that Tatneft decided to construct another refinery.

¹⁶ From 1998 to 2002, Santel (a TAIF company) dominated the republican mobile telephone market. In 2003, however, under intense competition from national mobile phone operators, it sold its mobile phone business to Moscow-based MTS (Mobile Telephone Systems).

¹⁷ In 1998 Radik Shaimiev was also the chief of the company’s board of directors.

¹⁸ Since 1996, based on a resolution of the Cabinet of Ministers, TAIF has had privileged access to oil and considerable tax breaks, including profit taxes and the republican portion of value-added taxes.

¹⁹ The president's second son managed a joint stock company called Road Services; through the non-budgetary "Road Fund" he controlled the resources associated with road construction in Tatarstan. Even more importantly, Tatarstan's electricity company, Tatenergo, is headed by the president's nephew.

²⁰ There are no comparable historically rooted clans or tribes in Tatarstan. The special role of family ties at the elite level in RT could be attributed to either domination of the state elite by people with rural backgrounds and, therefore, a more traditional, family-oriented mentality (Farukshin 2004), or simply nepotism, widespread in many other regions as well.

²¹ Most notably those of Prime Minister Rustam Minnikhanov.

²² In particular, the EPN surrounding the former mayor of Kazan, Kamil Iskhakov, is based on nonfamilial ties.

²³ This term, widely used in Russia, refers to a variety of techniques designed by political consultants to achieve the desired electoral result.

²⁴ The mayoral elections were held simultaneously with a referendum on a city charter, which would have made the municipal authorities more independent of the regional administration.

²⁵ He was appointed first deputy prime minister of the Russian Federation.

²⁶ The initial uncertainty about the heir to the throne was resolved when Lebedev, the deputy governor, decided to withdraw from the race, thus leaving NN mayor Skliarov the strongest candidate.

²⁷ Earlier Nemtsov accused Kliment'ev in misappropriating the funds for the reconstruction of the Navashinskii shipbuilding plant.

²⁸ Kliment'ev was arrested at the court hearings on the issue of the Navashinskii embezzlement.

²⁹ Kliment'ev could not participate in the fall election as the Supreme Court affirmed the decision of the regional court in regard to the embezzlement charges.

³⁰ Kliment'ev was released from the prison in fall 2000.

³¹ In March 2001 one of Savel'ev's TV channels, TNT, showed a two-year-old video clip in which Kirienko voiced negative opinions about Skliarov. Several days afterwards, Savel'ev's media sources announced the disappearance of the journalist, Grigor'ev, who had provided the video clip, hinting at the possibility that the disappearance was organized by some "prominent politicians" who did not like the clip. Grigor'ev was later found, guarded by the TNT's security forces, in a hotel owned by Savel'ev, revealing that the whole incident was a political provocation. Another story of a beaten journalist (the author of anti-Skliarov and anti-Kirienko articles) that was presented as a political persecution appeared to be a more banal story of drunken fighting.

³² Kirienko, then Russia's prime minister, had to announce a default on the government's financial obligations.

³³ Bulavinov, who prior to being elected a State Duma deputy chaired one of the most popular regional TV channels, represented another target for Savel'ev.

³⁴ Most analytic predictions focused on Skliarov and another of the candidates (excepting Khodyrev) as the challengers likely to meet in the second round.

³⁵ During most of the 1990s Khodyrev worked for the federal government in Moscow.

³⁶ Khodyrev was the last *obkom* secretary in the Nizhnii Novgorod region.

³⁷ In the region at large, the gap was 60% vs. 29% in the second round.

³⁸ Bulavinov (who had run for governor a year earlier), Dikin (a deputy of the regional legislative assembly supported by the regional branch of the Union of Right Forces, a liberal party) and Sentiurin (a deputy governor invited from Moscow by Governor Khodyrev).

³⁹ Several weeks prior to the election the public witnessed the entry into campaign of newcomers—another Dikin and another Bulavinov registered as candidates. These unknown individuals popped up from nowhere, having changed their names (and their passports) just days prior to registration.

⁴⁰ Candidate cloning has recently become a widespread electoral trick in elections across Russia.

⁴¹ Dikin and Sentiurin withdrew in favor of Bulavinov.

⁴² The full version of Putin's press conference held on June 24, 2002 can be found at <http://www.strana.ru/stories/02/06/21/3083/150299.html>. (Accessed January 27, 2007.)

⁴³ This reform abolishing gubernatorial elections in Russia was announced after the Beslan tragedy in September 2004.

⁴⁴ There are no mayoral elections in Tatarstan; the mayor of Kazan is appointed by the republican president.

⁴⁵ From 213 deputies elected to the Supreme Soviet in March 1991, about 190 deputies were directly dependent on and responsible to the republican leaders (including all the first party secretaries in the districts, directors of major enterprises, and other members of the *nomenklatura* [Soviet-era party elite]) (from communication with Mikhailov, V., member of the democratic opposition in Tatarstan, May 2003).

⁴⁶ Beliaev, Grachev, and Shaidarov are examples of such individuals. From communication with V. Mikhailov (May 2003).

⁴⁷ Russia's ethnic republics are considered to be states (*gosudarstvo*) by the Constitution.

⁴⁸ Two candidates could not collect enough signatures and one candidate from the Communist Party withdrew.

⁴⁹ As was the case with the later bilateral treaties signed by the center and the federal units, all the practical issues, such as tax-sharing arrangements and control over economic assets in the regions, were left for elaboration in the special attachment sections of the treaty, which were usually not made public.

⁵⁰ Elections without alternative candidates are not legal according to federal legislation.

⁵¹ The Center for Economic and Sociological Research in the republican government, for example, produced a document describing the major elements of economic and social transformation in Tatarstan.

⁵² Grachev, Shashurin, and Fedorov.

⁵³ See Hale (2003) on ethnic machines in Russia.

⁵⁴ These joint ventures involved some Western businessmen known for their fraudulent activities in other countries. Marc Rich, for example, was sought by US authorities for tax evasion; Johan Bonde-Nilsen was known for financial fraud in Europe. As a result, Komineft experienced a drastic decline and eventually went bankrupt, while the joint ventures increased their production from 815,000 tons in 1992 to more than 4.5 million tons in 1997 (Krotov 2001).

⁵⁵ Khodorkovsky's case in Russia is very revealing in this regard.

⁵⁶ This strategy has become apparent with the acquisition of Yuganskneftegaz and Sibneft by state-owned Rosneft and Gazprom.

⁵⁷ www.ftp.carnegie/seminars.

⁵⁸ This view is shared by other students of postcommunist political economy; see, for example, Woodruff (1999), Markus (forthcoming).

⁵⁹ Competition over Sviaz'invest's privatization from 1997 to 1998 is notable in this regard as well as the informational warfare undertaken by the Kremlin against the Fatherland-All Russia (OVR) party and Luzhkov personally in the fall of 1999.

⁶⁰ Including the introduction of seven federal districts and other related federal reforms (2000–2001) as well as the more recent abolition of gubernatorial elections.

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