

# FROM THE CHIEF EDITOR

DOI: 10.15838/esc.2016.3.45.1

UDC 338.2:324, LBC 65.050.11:66.042.1

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## State Duma Election 2016 *Economic Policy of the President Assessed by the People*



**Vladimir Aleksandrovich**

**ILYIN**

Institute of Socio-Economic Development of Territories of RAS

56A, Gorky Street, Vologda, 160014, Russian Federation

ilin@vscc.ac.ru

September 2016 will be the time when elections to the State Duma of the Russian Federation will be held; it will undoubtedly be the major event in Russia's domestic political life.

The State Duma elections as well as presidential elections in 2018 are the key steps after which a new political cycle will begin in Russia. This means that the people who come to power after the nationwide

vote will have to justify the trust placed in them and implement their campaign promises. By and large, in 2016 and 2018, Russians will vote for not just specific people, but a course for the country's political and economic development for the next decade. Thus, of course, elections are an important milestone in the life of the country, and the preparations to them started long before today.

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<sup>1</sup> This, in particular, is proved by the following steps taken by Putin during his third presidential term: restoration of the mixed electoral system that provides for the election of deputies under party lists and single-mandate constituencies (draft Federal Law "On elections of deputies of the State Duma of the Federal Assembly of the Russian Federation" was submitted by the President of the Russian Federation in March, 2013), the law on foreign agents, which has become one of the mechanisms of combating a "fifth column" (Federal Law No. 121 "On amendments to certain legislative acts of the Russian Federation in the part that regulates the activities of non-profit organizations performing the functions of foreign agents" was adopted on July 20, 2012); earlier, during Dmitry Medvedev's presidency, – the extension of the President's term from four to six years and powers of the State Duma from four to five years (Law of the Russian Federation on the amendment to the Constitution of the Russian Federation of December 30, 2008 No. 6-FKZ "On changing the term of powers of the President of the Russian Federation and State Duma"); simplification of procedure of creation of political parties (Federal Law dated April 02, 2012 No. 28 "On amendments to the Federal Law "On political parties").

Since the previous State Duma elections held on December 4, 2011, Russia has lived through many historically significant events, the most important of which are associated with the Ukrainian crisis, accession of Crimea and Sevastopol to the Russian Federation and subsequent aggravation of international relations with the U.S. and its allies.

The Russian society approaches the new political season with “the head proudly raised”, but with “empty wallets” and in an environment of openly hostile relations with the U.S. and many Western European countries<sup>2</sup>. In these circumstances, it is very important to carry out a scientific and comprehensive analysis of public opinion on economic policy pursued by the President. What bothers Russians a few months before the beginning of a new political cycle? What motives they will be guided by when they come to the polling stations on September 18?

### *Socio-economic agenda*

The socio-economic agenda has long been a subject of much excitement and even fears for Russians<sup>3</sup>. Once the main events of the “Crimean spring” became the thing of the past, price tags began to irritate citizens more and more, and demands that the authorities find ways to solve internal economic problems have become more and more frequent. Even Russia’s successful participation in the Syrian conflict has not been able to provide that psychological effect, which the accession of Crimea and Sevastopol to the Russian Federation had on the Russian people in 2014.

Experts have long been warning us that negative trends in the Russian economy are leading the country toward crisis, and the reason for this is not the sanctions, but the inconsistency between the current economic model and the present-day realities. “*The economy that is experiencing a downward trend*”<sup>4</sup>; “*the deterioration of the socio-economic situation in general is not*

<sup>2</sup> According to a survey by Levada-Center conducted in October 2015, 33% of Russians believe that Europeans regard our country “with contempt and fear” (source: Zorkaya N., Lezina E. Rossiya i Evropa 2000 – 2015: rezul’taty sovmejnogo proekta Levada-Tsentra i Fonda Fridrikha Naumanna [Russia and Europe 2000 – 2015: results of the joint project of Levada Center and the Friedrich Naumann Foundation]. *Vestnik obshchestvennogo mneniya* [Public opinion herald], 2015, no. 3–4, p. 189). According to a survey conducted by ISED T RAS in February 2016 in the Vologda Oblast, 45–47% of local residents believe that the attitude toward Russia in the world is “bad” and “biased” (the opposite view is held by 20–23% of people); more than half of respondents (53%) point out that Russia “instils fear” (the opposite opinion is expressed by 22% of people).

<sup>3</sup> As international tension is weakening, Russians are becoming increasingly alarmed with economic problems, crime and natural disasters. In April, there were no major changes in the “map of fears” of Russians (the index of fear shows how high is the probability of a particular problem in the eyes of Russians), while according to most indicators, the situation today looks somewhat more tense than a year ago. Decline in real incomes remains the most relevant topic”.

The opinion of S. Lvov, head of VTsIOM monitoring and electoral studies: “The values of each indicator in the “map of fears” are closely connected with current political and socio-economic situation. If the concern about growing prices is a consequence of the “crisis” socio-psychological background, and in this aspect there has been no change since the beginning of the year, then the fears about the spread of international conflicts have been gradually declining for the past six months. This is obviously connected with the foreign policy situation, more specifically – with consistent resolution of the Syrian issue” (*Press-vypusk VTsIOM “Strakhi i opaseniya rossiyan”* [VTsIOM press release “Fears and concerns of the Russians”], 2016, May 16, No. 3105. Available at: <http://wciom.ru/index.php?id=236&uid=115690>

<sup>4</sup> Mirkin Ya.M. Vnezapnyi povorot [A sudden turn]. *Zhurnal novoi ekonomicheskoi assotsiatsii* [Journal of the New Economic Association], 2015, vol. 26, no. 2, p. 197.

*a short-term but a long-term process, so the recovery is impossible to predict*<sup>5</sup>; *“it is not the sanctions but we ourselves that are to be blamed for the current economic troubles of Russia... It is a man-made crisis, it started without any sanctions, without the Maidan, and everything was clear at the end of 2013”*<sup>6</sup> – this is how experts evaluated the dynamics of the situation in the country.

However, the official position of the authorities, broadcast through the media, did not recognize the whole danger of this situation in the economy: the Government said there was no crisis or that it would soon pass; moreover, anti-Russian sanctions will give a new impetus to the growth of domestic market and revive the Russian economy<sup>7</sup>.

The policy of “tightening the knots” has led to the fact that the economic crisis interfered with the social and psychological spheres, and the consequences of social maladjustment are eliminated much slower than the economic consequences of crises<sup>8</sup>.

<sup>5</sup> Aganbegyan A.G. Sotsial’no-ekonomicheskoe razvitiie Rossii: itogi i perspektivy, sanktsii (materialy otkrytogo seminar) [Socio-economic development of Russia: results and prospects, and sanctions (proceedings of an open seminar)]. *Novosti na ofitsial’nom saite RANKhiGS pri Prezidente Rossiiskoi Federatsii* [News on the official website of Ranepa]. Available at: <http://www.emba.ranepa.ru/novosti/seminar-abela-gezevicha-aganbegyana-abel-aganbegyan-naibolshiy-uscherbot-sanktsiy-zhdet-rossiu-v-2015-g>

<sup>6</sup> Grinberg R. *Krizis v Rossii – delo rukotvornoe: (interv’yu s V. Poznerom)* [Crisis in Russia – a man-made thing: an interview with V. Pozner]. Sait RAN [RAS website]. March 18, 2015. Available at: <http://www.ras.ru/news/shownews.aspx?id=22d54502-27d8-4be4-8257-af50146c1fb8>

<sup>7</sup> In 2015, this, for example, Dmitry Medvedev spoke about this (at the APEC forum) and A. Ulyukayev (in an interview with V. Pozner).

<sup>8</sup> Valiakhmetov T.R. *Zdorov’e kak integral’nyi pokazatel’ kachestva zhizni* [Health as an integral indicator of the quality of life]. *Rossiiskii ekonomicheskii Internet-zhurnal* [Russian economic Internet journal], 2006, no. 4. Available at: <http://www.e-rej.ru/Articles/2006/Valiakhmetov.pdf>

The social nature of the 2012–2015 crisis is manifested in social stratification. A telling example is the dynamics of the R/P 10% ratio – the ratio of the average income of the richest 10% to the poorest 10%<sup>9</sup>. According to experts, it is a critical threshold value of R/P 10%<sup>10</sup>, the achievement of which demonstrates **“the high level of risk for the functioning of social relations, the threat of transition to highly volatile state, low predictability and, hence, the need for quick intervention by the authorities in order to change the dangerous trends”**<sup>11</sup>.

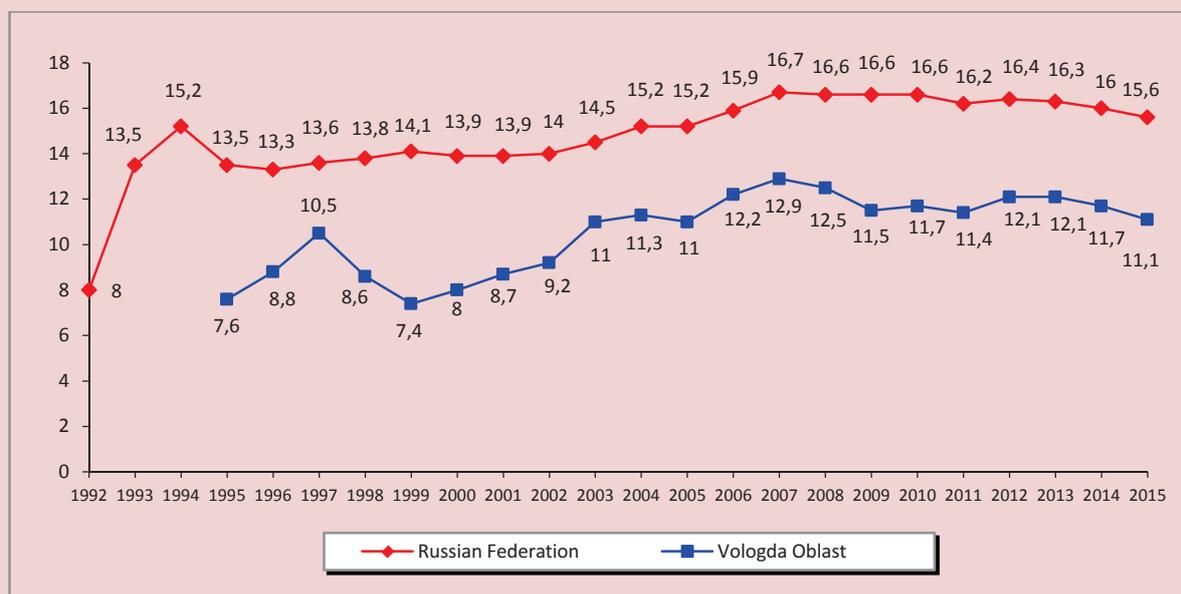
However, in post-Soviet Russia, there was and is no “prompt interference” of the government in addressing social stratification issue. R/P 10% corresponded to the threshold critical value (8) only in 1992. In the 1990s – early 2000s, it was 13–14, in the mid-2000s – 15, and from 2006 to 2015 – 16, i.e. twice as high (*fig. 1*). And it is only the data of official statistics. But, according to some estimates, **the income gap between the richest 10% and poorest 10%** is “officially 16 times, in fact – 28–36 times, which is not only higher than in

<sup>9</sup> According to the UN recommendations, this figure should not exceed 8–10, “otherwise, the situation in a democratic country is fraught with social cataclysms” (source: Kalabekov I.G. *Rossiiskie reformy v tsifrakh i faktakh* [Russian reforms in facts and figures]. Available at: <http://refru.ru/income16.pdf>).

<sup>10</sup> Glazyev S.Yu., Lokosov V.V. *Otsenka predel’no kriticheskikh znachenii pokazatelei sostoyaniya rossiiskogo obshchestva i ikh ispol’zovanie v upravlenii sotsial’no-ekonomicheskim razvitiem* [Estimation of the maximum critical values of indicators of the state of Russian society and their use in the management of socio-economic development]. *Vestnik RAN* [Herald of the Russian Academy of Sciences], 2012, vol.82, no. 7, pp. 587–614.

<sup>11</sup> Lokosov V.V. *Metod predel’no kriticheskikh pokazatelei i otsenka chelovecheskogo potentsiala* [Method of threshold critical indicators and the assessment of human potential]. *Ekonomika. Nalogi. Pravo* [Economy. Taxes. Law], 2012, no. 5, p. 72.

Figure 1. Dynamics of R/P 10%, times



Source: Federal State Statistics Service, data for the Vologda Oblast – from 1996.

Western Europe, Japan and the US, but also higher than in many countries of Latin America”<sup>12</sup>.

The process of aggravating social differentiation is illustrated by the data of official statistics and findings of sociological research. Thus, according to public opinion monitoring carried out by ISEDТ RAS<sup>13</sup>,

<sup>12</sup> Smolin O.N. Ne nadoelo vrat’? Shokiruyushchie priznaniya spetsialista po rossiiskoi statistike [Are you not tired of lying? Shocking revelations of a specialist in Russian statistics]. *Sovetskaya Rossiya* [Soviet Russia], 2011, November 12. Available at: <http://www.sovross.ru/modules.php?file=article&name=News&sid=589425>

<sup>13</sup> ISEDТ RAS public opinion monitoring is held since 1996 once every two months. The volume of the sample population is 1,500 people aged over 18 in the cities of Vologda and Cherepovets, and in Babayevsky, Velikoustyugsky, Vozhegodsky, Gryazovetsky, Kirillovsky, Nikolsky, Tarnogsky and Sheksninsky districts. The representativeness of the sample is ensured by the observance of the proportions between the urban and rural population, the proportions between the inhabitants of settlements of various types (rural communities, small and medium-sized cities), age and sex structure of the oblast’s adult population. The method of the survey is a questionnaire poll by place of residence of respondents. Sampling error does not exceed 3%.

in 2008–2015, the share of negative assessments of the economic situation in the country increased twofold (by 18 p.p., from 18 to 36%), the proportion of pessimistic forecasts about the future of the Russian economy increased almost twice (by 17 p.p., from 19 to 36%; *insert 1*).

The proportion of people who consider themselves to be “poor” and “extremely poor” for the period from 2009 to 2015 increased by 10 p.p. (from 42 to 47%). The beginning of Vladimir Putin’s third presidential term has not resulted in any positive changes in the dynamics of social self-identification: in June 2016, just like in 2012, the share of the “poor” and “extremely poor” was 46–47%, while in February 2016 it reached its peak registered in the period from 2009 to June 2016 (i.e. from the time of the global financial crisis; 51%).

## Insert 1

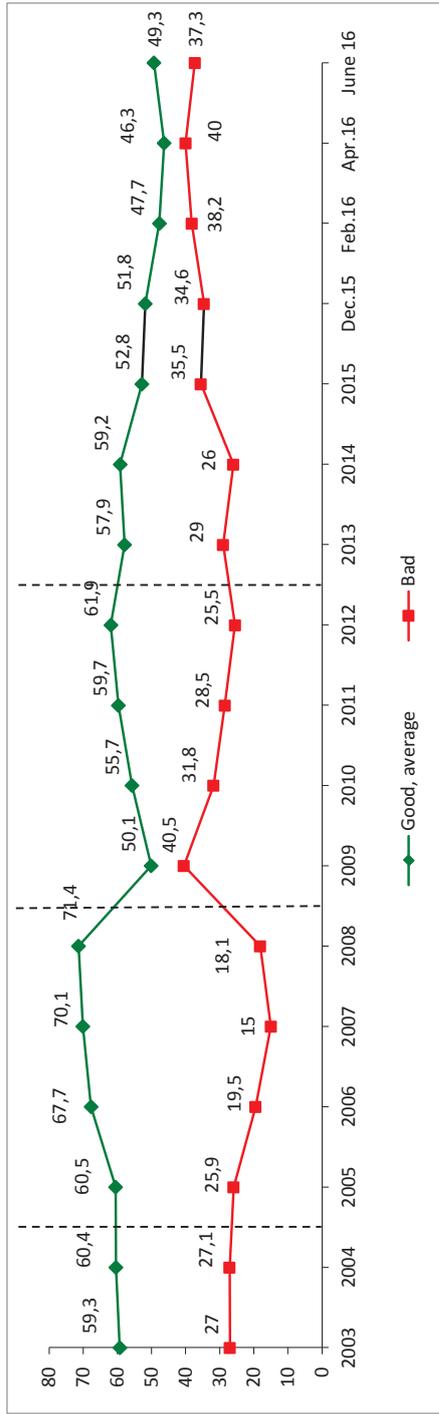
In 2003–2008 (during Vladimir Putin's first and second presidential terms), the proportion of positive and neutral assessments of economic situation in the country increased by 12 p.p. (from 59 to 71%). The proportion of negative judgments decreased by 9 p.p. (from 27 to 18%). The difference between these indicators reached its maximum in 2007 (+55 p.p.), which meant the most favorable perception of economic situation in the country.

In the most acute phase of the global financial crisis (2009), the proportion of negative characteristics of economic situation in Russia dramatically increased (by 23 p.p., from 18 to 41%, compared to 2008). The share of positive and neutral assessments dropped by 21 p.p. (from 71 to 50%).

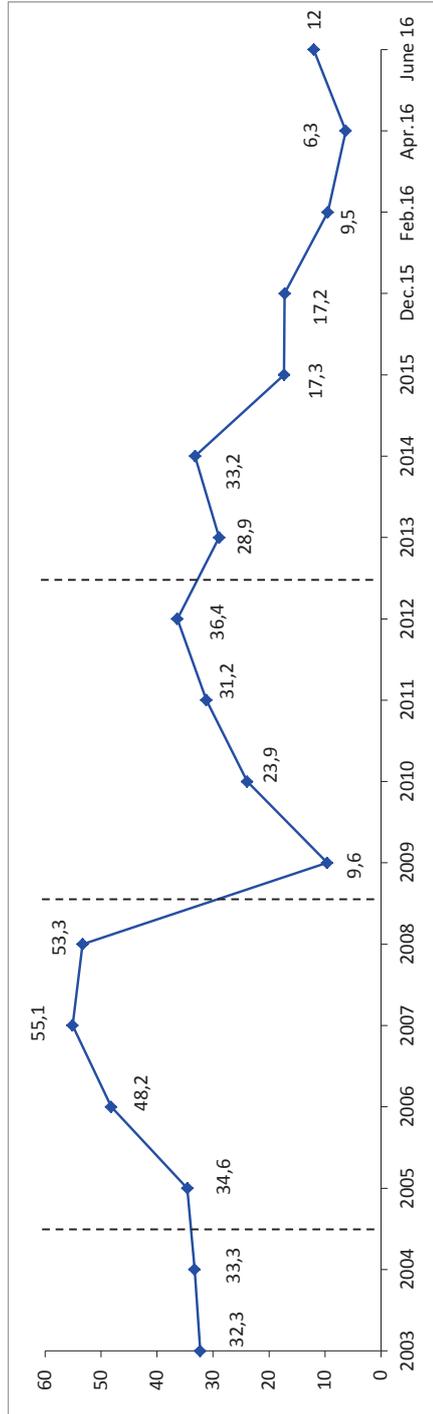
In subsequent years, the pre-crisis level in the assessments of public opinion about economic situation in the country was never achieved. Moreover, since 2012 (beginning of Vladimir Putin's third presidential term), the proportion of positive judgments is reducing (by 9 p.p., from 62 to 53% in 2012–2015), and that of negative judgements – increasing (by 6 p.p., from 30 to 36%).

In the short-term dynamics, positive changes are not observed: in February – June 2016 the percentage of positive judgments about economic situation in Russia was 48 – 49%, the percentage of negative ones – 35–37%.

In February 2016, the difference between the proportion of positive and negative assessments reached the same “bottom” as in 2009, i.e. during the most acute period of the global financial crisis (+9.5 p.p.).



Assessment of economic situation in Russia\* (as a percentage of the number of respondents)\*\*

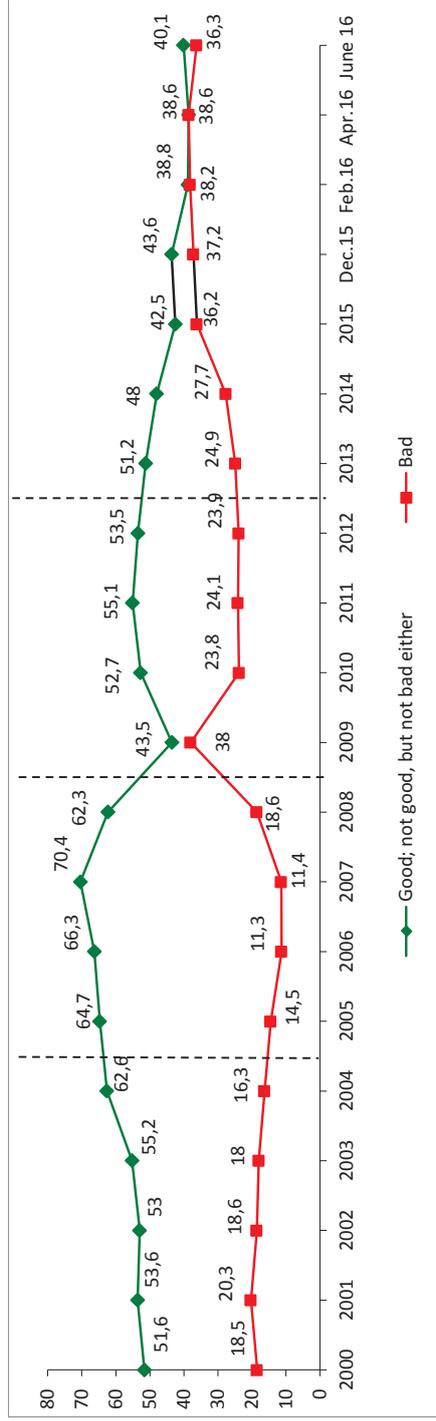


Dynamics of the difference between positive and negative assessments of economic situation of Russia\* (in percentage points)\*\*\*

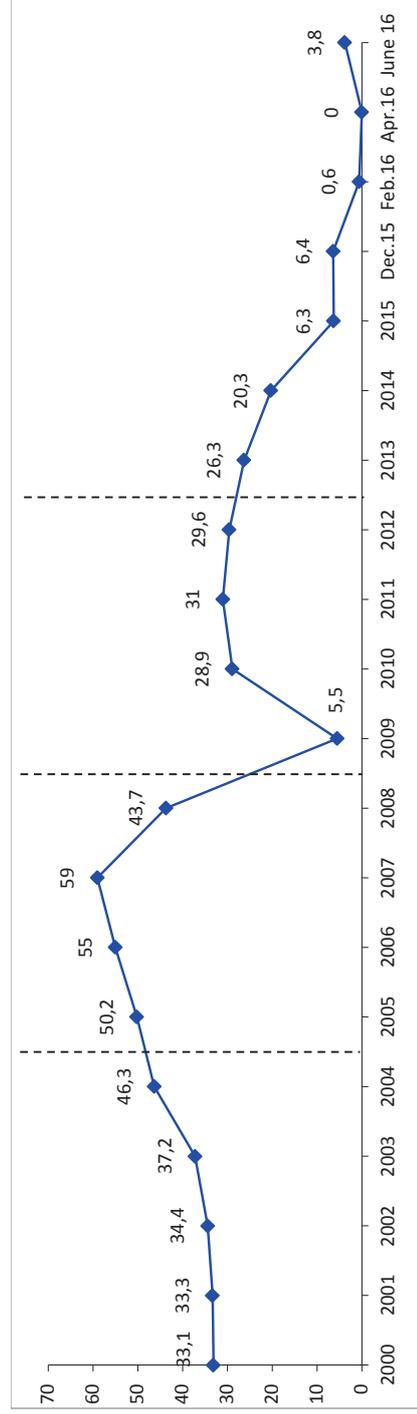
\* The dotted lines highlight the presidential terms: January 2000 – May 2004 – the first presidential term of Vladimir Putin; May 2004 – May 2008 – the second presidential term of Vladimir Putin; May 2008 – May 2012 – presidential term of Dmitry Medvedev; May 2012 – present – the third presidential term of Vladimir Putin.

\*\* The question is asked since 2003. The wording of the question: “How would you assess Russia’s economic situation?” Possible answers: “very good”, “good”, “average”, “poor”, “very poor”, “difficult to answer”.

\*\*\* The decline in the indicator means an increase in the share of negative estimates. If the indicator is below 0, then negative assessments prevail over positive ones.



**Assessment of development prospects for economic situation of Russia\***  
(as a percentage of the number of respondents)\*\*



**Dynamics of the difference between positive and negative forecasts of development of economic situation in Russia\* (in percentage points)\*\***

\* The dotted lines highlight the presidential terms: January 2000 – May 2004 – the first presidential term of Vladimir Putin; May 2004 – May 2008 – the second presidential term of Vladimir Putin; May 2008 – May 2012 – the third presidential term of Dmitry Medvedev; May 2012 – present – the third presidential term of Vladimir Putin.

\*\* The wording of the question: “What do you think about the next 12 months: will they be a good, bad or other time for the Russian economy?” Answers: “good”, “good, but not in everything”, “not good but not bad either”, “bad, but not in everything”, “bad”, “difficult to answer”.

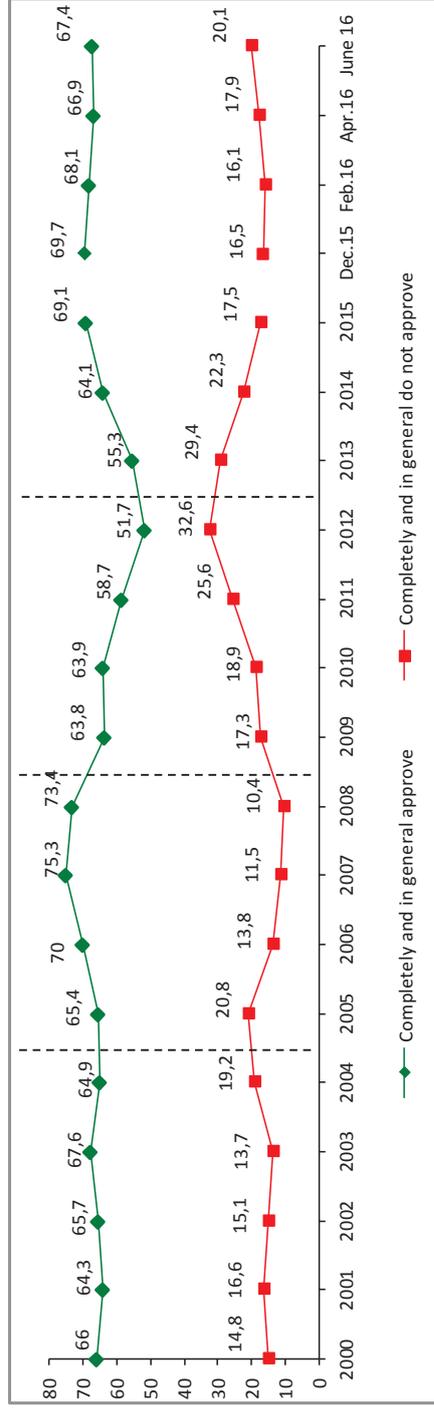
\*\*\* The decline in the indicator means an increase in the share of negative estimates. If the indicator is below 0, then negative assessments prevail over positive ones.

In 2000–2008 (Vladimir Putin’s first and second presidential terms), the proportion of positive and neutral forecasts of the economic situation in Russia increased by 10 p.p. (from 52 to 62%). The most favourable expectations of the population were noted in 2007 (difference between the proportion of positive and negative predictions has reached its “peak” and amounted to +59 p.p.).

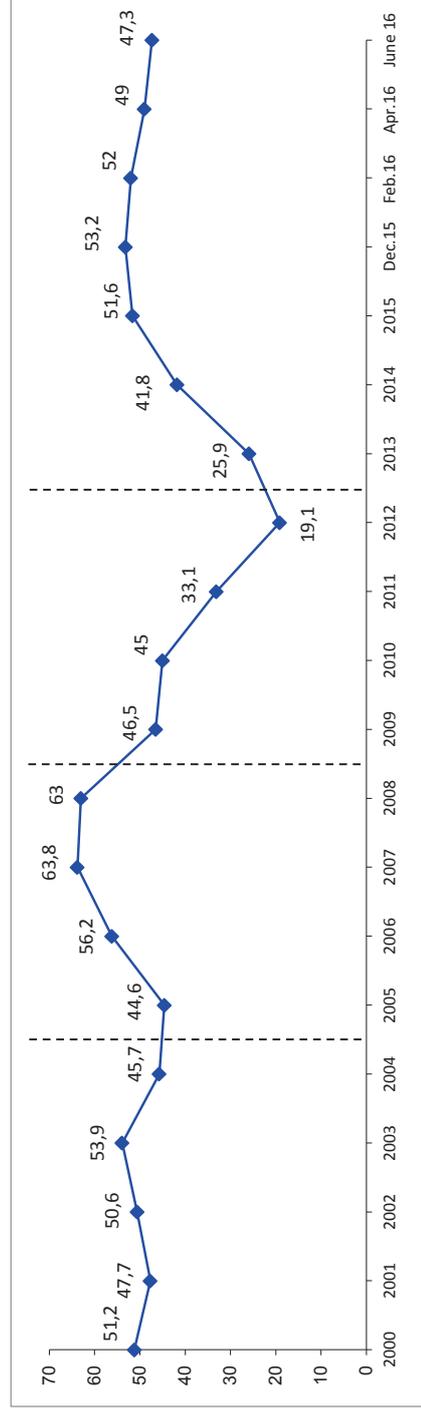
In subsequent years, mainly negative changes were observed in the dynamics of the forecasts of the economic situation in the country. From 2008 to 2012 (Dmitry Medvedev’s presidency), the share of optimistic expectations decreased by 8 p.p. (from 62 to 54%). From 2012 to 2015 (Vladimir Putin’s third presidential term) – by 11 p.p. (from 54 to 43%).

In the short-term dynamics, there are no positive changes in the public opinion: in February – June 2016, the proportion of optimistic forecasts is maintained at the level of 39–40% pessimistic – 36–38%.

It should be noted that in April 2016 the percentage of people expecting improvements in economic situation in the country or forecasting the stability of the situation became equal to the share of those who give pessimistic forecasts concerning the future of the Russian economy (39% for both). For the entire period from 2000 to the present, this is the most negative perception of development prospects for the Russian economy. Even in the most acute period of the global financial crisis (2009), the share of positive expectations was slightly higher than the share of negative forecasts (44 and 38% respectively, the difference was +6 p.p.).



Assessment of the President's work\* (as a percentage of the number of respondents)\*\*



Dynamics of the difference between the share of positive and negative assessments of the President's work\* (in percentage points)\*\*\*

In 2000–2008 (Vladimir Putin's first and second presidential terms), the level of support for the President of the Russian Federation increased by 7 p.p. (from 66 to 73%). In 2007–2008 (the end of Vladimir Putin's second presidency) a "peak" in support for the President's work was observed (difference between the share of positive and negative assessments was +64 p.p.).

In 2008–2012 (Dmitry Medvedev's presidency), the share of positive assessments of the work of the head of the state declined by 21 p.p. (from 73 to 52%). In the last year of Dmitry Medvedev's presidency (2012) we observe the "bottom" of support for the work of the head of the state (difference in the proportion of positive and negative assessments was +19 p.p.).

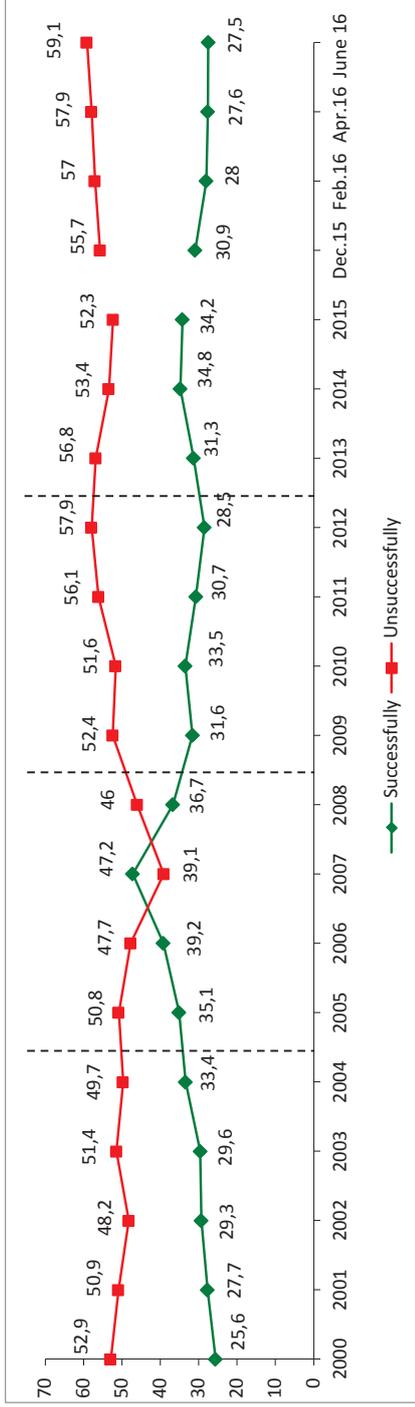
At the beginning of Vladimir Putin's third presidential term, the dynamics of the level of support for the President was again positive: the percentage of positive ratings from 2012 to 2015 increased by 17 p.p. (from 52 to 69%).

At the same time, it should be noted that in the short-term dynamics (from February to June 2016), there was an increase in the percentage of people who negatively evaluating the work of the head of the state – by 4 p.p. (from 16 to 20%).

\* The dotted lines highlight the presidential terms: January 2000 – May 2004 – the first presidential term of Vladimir Putin; May 2004 – May 2008 – the second presidential term of Vladimir Putin; May 2008 – May 2012 – presidential term of Dmitry Medvedev; May 2012 – present – the third presidential term of Vladimir Putin.

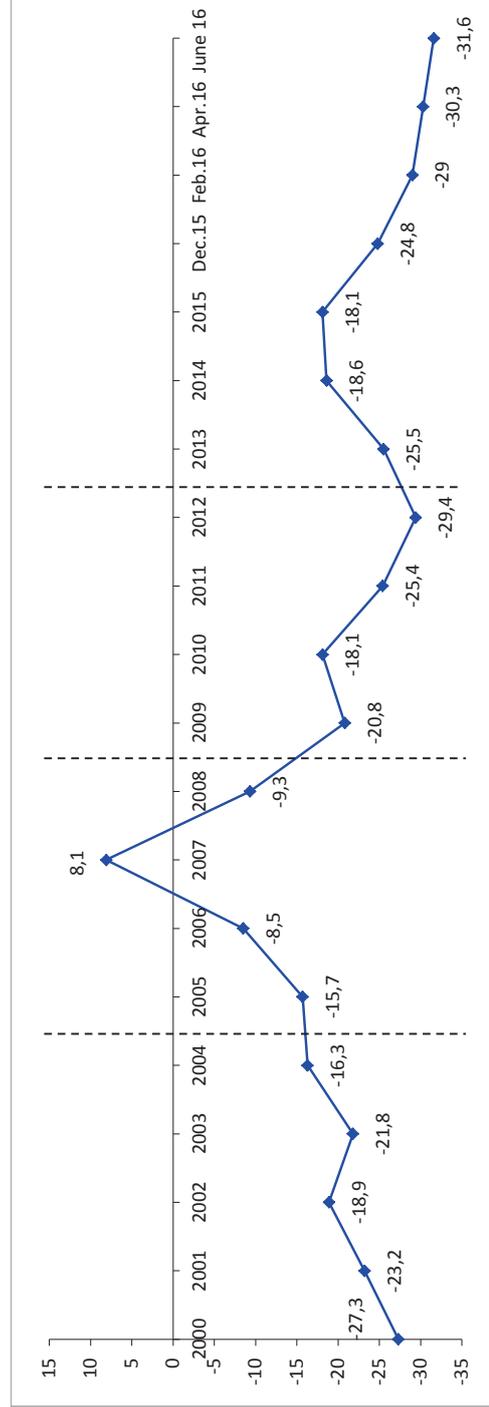
\*\* The wording of the question: "Which category do you belong to, in your opinion?" Answers: "the rich", "with middle income", "the poor", "the extremely poor", "difficult to answer".

\*\*\* The decline in the indicator means an increase in the share of negative estimates. If the indicator is below 0, then negative assessments prevail over positive ones.



### Assessment of the success with which the President addresses the issue of economic recovery and growth of welfare of citizens\*

(as a percentage of the number of respondents)\*\*



### Dynamics of the difference between positive and negative assessments of the decision by the President to the problem of economic recovery and growth of welfare of citizens\* (in percentage points)\*\*\*

\* The dotted lines highlight the presidential terms: January 2000 – May 2004 – the first presidential term of Vladimir Putin; May 2004 – May 2008 – the second presidential term of Vladimir Putin; May 2008 – May 2012 – the third presidential term of Vladimir Putin; May 2012 – present – the third presidential term of Vladimir Putin.

\*\* The wording of the question: “In your opinion, how successful is the RF President in coping with the task of economic recovery and increasing the welfare of citizens?”. Answer options: “very successful, fairly successful”, “without much success”, “absolutely unsuccessful”, difficult to answer”.

\*\*\* The decline in the indicator means an increase in the share of negative estimates. If the indicator is below 0, then negative assessments prevail over positive ones.

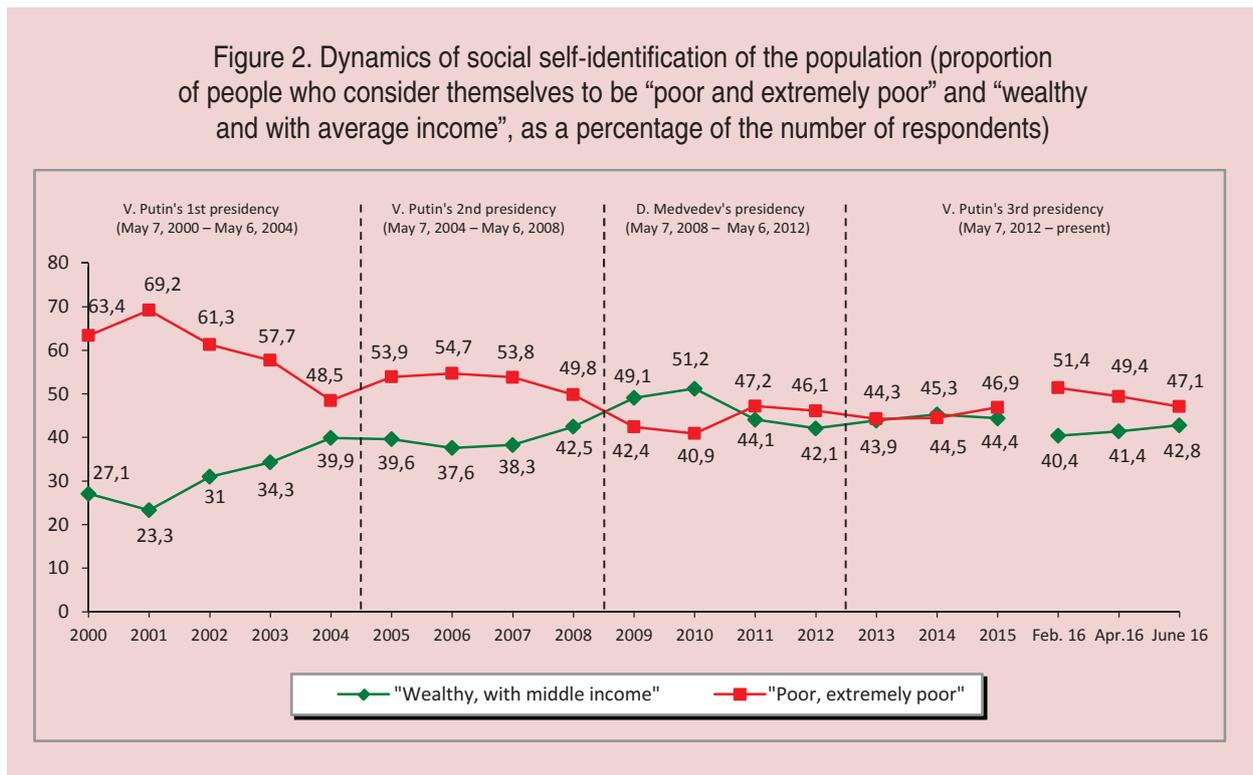
In 2000–2007 (Vladimir Putin’s first and second presidential terms), there was an increase in the share of positive (by 21 p.p., from 26 to 47%) and a decrease in the share of negative (by 14 p.p., from 53 to 39%) assessments of the success with which the President addresses the issue of economic recovery and growth of welfare of citizens. 2007 marks the “peak” of the ratio of the share of positive to negative characteristics (+8 p.p.), which means the most favorable estimates of public opinion.

However, for the entire period from 2000 to the present, 2007 was the only year when the proportion of positive assessments of the President’s work on dealing with economic problems of the population was higher than the share of negative judgments (47 and 39%, respectively).

In 2008–2012 (Dmitry Medvedev’s presidency), the share of negative assessments increased by 12 p.p. (from 46 to 58%).

In 2012–2015 (Vladimir Putin’s third presidency), the dynamics of public opinion has somewhat stabilized, but by and large, there were no significant positive changes: the share of positive assessments of the success of the President’s work on economic recovery increased by 5 p.p. (from 29 to 34%), negative – decreased by 6 p.p. (from 58 to 52%).

In the short-term dynamics, there remains a disturbing situation: the share of negative judgments is significantly (almost twice) higher than the share of positive assessments (57–59% vs. 28%). According to the latest data (as of June 2016), the deviation of positive and negative assessments reached its “bottom” for the entire period from 2000 to the present (-32 p.p.).



According to the latest data (as of June 2016), the proportion of people who consider themselves “poor and extremely poor” is higher by almost 5 p.p. than the share of those who consider themselves “wealthy and with average income” (42 vs. 45%; *fig. 2*).

People’s concern about the dynamics of financial position and economic situation is reflected in the assessment of management effectiveness. The results of sociological measurements show that in 2012–2015 in the Russian society there was a growth in support for the President’s performance due to the beginning of Vladimir Putin’s third presidential term (in 2012), and later – due to the events of the “Crimean spring”. During this period, the level of support for the head of state increased by 17 p.p. (from 52 to 69%) and the share of negative

assessments decreased nearly twofold (from 33 to 18%; *insert 1*).

However, in the first half of 2016, along with the economic agenda becoming more acute and the relevance of international issues declining in the evaluation of public opinion, the level of approval of performance of the President decreased slightly. It was 70% in December 2015, and 67–68% in February – June 2016.

In 2008–2015, the share of negative judgments about the success of the President’s work concerning economic recovery and growth of the welfare of citizens increased by 6 p.p. (from 46 to 52%); by June 2016, it was already 59%. At the same time, the share of positive ratings in 2008–2015 decreased by 3 p.p. (from 37 to 34%), and in February – June 2016 amounted to 28% (see *insert 1*).

It should be noted that the above data reflect the dynamics of public opinion of inhabitants of a particular region (Vologda Oblast). Sociological studies performed at the level of a Russian Federation subject provide important information about assessing the whole of Russian society; allow us to consider the regional specifics of social sentiment more deeply. Especially if such research is based on systematic, scientific approach and carried out in a monitoring mode. In light of this, it should be noted that the data obtained by ISEDT RAS in the course of its 20-year monitoring surveys of the Vologda Oblast residents correlate with nationwide studies conducted by VTsIOM and Levada-Center<sup>14</sup>. Moreover, according to experts, pessimistic views about the future did not emerge yesterday, so today

<sup>14</sup> Levada-Center data:

One in ten residents of Russia does not have enough money to buy foodstuffs. More than 80% of Russians are sure that the economic crisis in the country will continue. Almost 40% of citizens believe that the economic crisis could last at least another year or even two years. About 20% of respondents believe that “the crisis will be very long, its effects will manifest themselves for many years”. 44% of Russians call the crisis Russia’s main internal threat. This is a record-breaking figure for the last ten years; it has not risen above 37% before. (Source: *Krizis stal absolyutnoi dominantoi dlya rossiyan* [The crisis has become an absolute dominant for Russians]. *Nezavisimaya gazeta* [Independent newspaper], 2016, May 25. Available at: [http://www.ng.ru/economics/2016-05-25/1\\_crisis.html](http://www.ng.ru/economics/2016-05-25/1_crisis.html))

VTsIOM data:

“Concern about economic problems is growing: for example, the indicator reflecting the fears of Russians about the price rise and devaluation of savings increased to 22 p. in March 2016 (from 13 p. in December 2015)... People’s conviction that the crisis is a natural and uncontrollable phenomenon is growing. Price tags in stores are a telling indicator that shows the depth of the crisis to the mass consciousness. Price growth arouses significantly more fears than the possibility of reduction or loss of wages. Ordinary citizens do not know how it is possible to affect the growth of prices and the situation in world politics – and fears emerge primarily in those areas where people do not see opportunities to control the situation personally” (Source: *Karta strakhov: vesne navstrechul!* [Map of fears: toward the spring!]. *Press-vypusk VTsIOM* [VTsIOM press release], 2016, April 01. Available at: <http://wciom.ru/index.php?id=236&uid=115647>)

“the absolute dominance of the topic of crisis among Russians is quite logical”.<sup>15</sup>

However, along with the increasing negative perception of their own difficulties, the situation in the economy, the growing polarization of the population by income level, Russia has experienced another process: “On the background of the total fall of everything, the profits of large and medium private capital have considerably grown in some “mysterious” way... In 2015, the profit of large and medium businesses grew 1.5-fold in nominal terms, and in real terms, adjusted for Rosstat’s official deflator – by 42.2%”. Thus, **the phrase “Russian economy is experiencing a severe crisis” – is only a verbal stamp, because in a society divided into classes there is no phenomenon such as economic crisis common for everyone in all its consequences. “This is not a crisis but a pure manifestation of the universal law of capitalist accumulation, which, as Marx wrote, “leads to the accumulation of misery corresponding to the accumulation of capital”**<sup>16</sup>.

Growth of profits of large and private capital correlates well with the statements of Government representatives who speak about the absence of crisis in the country; however, it reveals another issue: isolation of the authorities from society. “It is premature to speak about the crisis of confidence, but it is clear that economic difficulties the

<sup>15</sup> Solov’eva O. *Krizis stal absolyutnoi dominantoi dlya rossiyan* [Crisis has become the absolute dominant for Russians]. *Nezavisimaya gazeta* [Independent newspaper], 2016, May 25. Available at: [http://www.ng.ru/economics/2016-05-25/1\\_crisis.html](http://www.ng.ru/economics/2016-05-25/1_crisis.html)

<sup>16</sup> Frolov A. *Pod znakom Marsa. Zapiski obozrevatelya* [Under the sign of Mars. Notes of an explorer]. *Sovetskaya Rossiya* [Soviet Russia]. Available at: <http://www.sovross.ru/modules.php?name=News&file=article&sid=603035>

country is experiencing today, introduce significant changes in the relationship between the authorities and society. The changes are manifested primarily in the deterioration of trust in the majority of governmental and non-governmental institutions, the growing alienation of citizens from politics...”<sup>17</sup> Probably that is why Russians would like the next Parliament to be, first, more professional (it is not party functionaries and government officials but economists, lawyers, and scientists in other fields of knowledge that are viewed as professionals by our fellow citizens). Second, the Parliament should more adequately represent major social groups and layers of society (teachers, doctors, soldiers, and peasants). Third, in the new Parliament there should be a place for civil activists and public figures well-known in the country, many of which have already gained experience and political “weight”<sup>18</sup>.

While Vladimir Putin had to deal with a historically significant task of restoring the sovereignty and status of Russia at the international level almost “from scratch” and, subsequently, to protect the country’s interests from its geopolitical rivals, for whom, a strong Russia is, putting it mildly, an inconvenience, individual members of the Government who pursue purely private capital interests “put their hand even deeper into the wallets of wage earners and petty

bourgeois, but did not touch large capital profits, although, according to the basic fiscal logic, they ought to have acted the opposite way – after all, the wallets are being emptied out, and profits are growing outrageously.. It was a different logic – the logic of the selfish class interests”<sup>19</sup>.

**Socio-psychological aspects of the 2012 – 2016 crisis**

Unlike the two previous crises that the Russian society went through after the “shock therapy” (1999 and 2008), the specifics of modern economic situation in the country consists in the fact that **the aggravation of the social injustice issue takes place simultaneously with the growth of patriotic sentiment caused by the tense international situation and, in particular, the events of the “Crimean spring”**.

Increasing consolidation of patriotic sentiment in connection with Crimea and Sevastopol joining the Russian Federation have affected all segments of the population. The “Crimean consensus” brought together the businessman and the worker, the housewife and the TV star, the socialist and the liberal... Versatile, deep, vivid emotions that receded and turned into a deep nationwide feeling that is called “Krymnash” (“Crimea is ours”), a feeling that cannot be identified exactly, but that is profoundly embedded in the national consciousness”<sup>20</sup>.

<sup>17</sup> *Rossiiskoe obshchestvo vesnoi 2016-go: trevogi i nadezhdy: informatsionno-analiticheskoe rezyume po itogam obshcherossiiskogo sotsiologicheskogo issledovaniya* [Russian society in the spring of 2016: concerns and hopes: the information-analytical summary on the results of a nationwide sociological research]. Moscow: IS RAN, 2016. P. 23.

<sup>18</sup> *Ibidem*, p. 24.

<sup>19</sup> Frolov A. *Pod znakom Marsa. Zapiski obozrevatelya* [Under the sign of Mars. Notes of an explorer]. *Sovetskaya Rossiya* [Soviet Russia]. Available at: <http://www.sovross.ru/modules.php?name=News&file=article&sid=603035>

<sup>20</sup> Skorobogatyi P. *Krymskaya planka* [Crimean plank]. *Ekspert* [Expert], 2016, no. 12, p. 40.

The effect of the events of the “Crimean spring” was powerful but short-lived. During this time, economic agenda “faded into the background”, but no effective management decisions were made that would allow to bring the dynamics of the standard of living and quality of life to a sustainable positive trend.

The results of sociological research indicate that after the global financial crisis of 2008–2009 there emerged two opposite trends in the Russian society: on the one hand, improvement of emotional state (from 2009 to 2015, the relevant index has increased from 115 to 143. p.) and a consistently low level of protest potential (17–20% since 2007); on the other hand, the increase in the share of people who experience uncertainty about the future (from 48 to 61% in the period from 2013 to 2015), and the decline in the consumer sentiment index (from 92 to 77 p. for the period from 2012; *insert 2*). These seemingly paradoxical data are actually quite logical. They show that **people live for the day and they afraid to look into the future. According to experts, people are getting used to living under an economic crisis and this is the main threat for them**<sup>21</sup>.

<sup>21</sup> N. Zubarevich: “Adapting to the crisis, people, especially those living in small towns and rural areas, increase reliance on their private subsidiary plots, they plant more potatoes. People are just trying to survive in the given circumstances” (source: Zabelina N. Naselenie privykaet k bednosti [People are getting used to poverty]. *Nezavisimaya gazeta* [Independent newspaper], 2016, January 13. Available at: [http://www.ng.ru/economics/2016-01-13/4\\_prices\\_2.html](http://www.ng.ru/economics/2016-01-13/4_prices_2.html)). In the article, the author cites statements of various experts about economic situation in the country.

Russians gradually managed to get used to the idea that the “beautiful far away” can actually be far away”<sup>22</sup>, and the uncertainty about the future leads to the desire to satisfy their needs in the present and as quickly as possible. As a result, we are witnessing a crisis of morality, the concrete manifestations of which are almost daily highlighted in the media<sup>23</sup>.

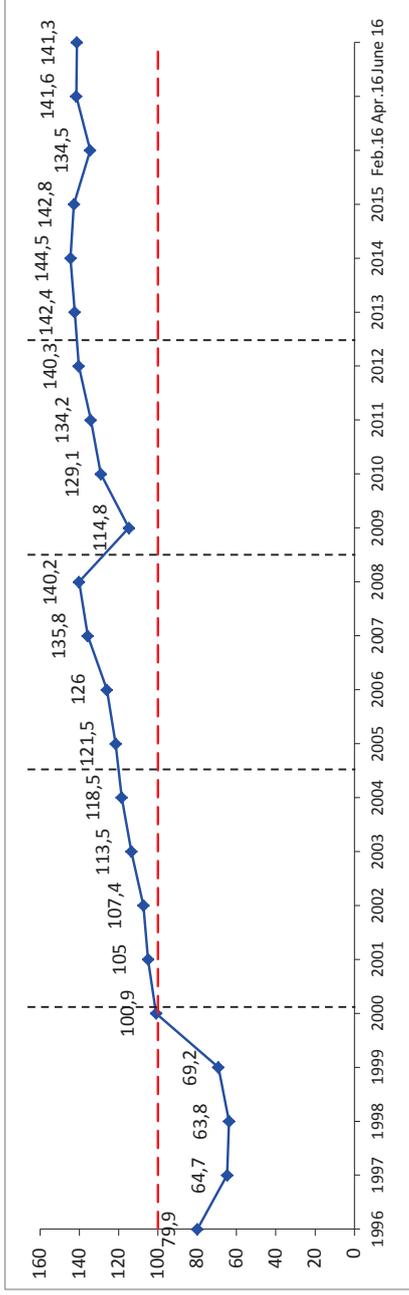
Quite recently, people have noted that there is more harmony and cohesion in Russia; that they are willing to come together to achieve common goals. The surge of these sentiments (for obvious reasons) was noted in 2014 after the events of the “Crimean spring”. Since then, however, the proportion of those who share this view is becoming smaller: for the period from 2014 to 2016, the proportion of people who consider that today the country has “more cohesion and unity than disagreement, disunity” has fallen by 17 p.p. (from 55 to 38%), while the share of those who “are willing to unite to achieve common goals” – by 7 p.p. (from 29 to 22%; *fig. 3*).

In other words, the crisis phenomena that began in Russia long before the Crimean events and anti-Russian sanctions

<sup>22</sup> *Rossiiskoe obshchestvo vesnoi 2016-go: trevogi i nadezhdy: informatsionno-analiticheskoe rezyume po itogam obshcherossiiskogo sotsiologicheskogo issledovaniya* [Russian society in the spring of 2016: concerns and hopes: the information-analytical summary on the results of a nationwide sociological research]. Moscow: IS RAN, 2016. P. 3.

<sup>23</sup> For example: information in the media about the wedding of the son of oligarch Gutseriev, dangerous driving of the son of Transneft’s top manager Almazov, a mass brawl during the sharing-out of the territory of Khovansky cemetery, the murder of the family of Colonel A. Gosht, criminal actions of bill collectors, etc.

### Dynamics of indicators characterizing the socio-psychological state of the population



In 2000–2008 (Vladimir Putin’s first and second presidential terms), the social sentiment index increased by 39 points (from 101 to 140 p.).

A decrease in the index is noted in 2009, that is, in the most acute period of the global financial crisis (compared to 2008 – by 25 points, from 140 to 115 p.).

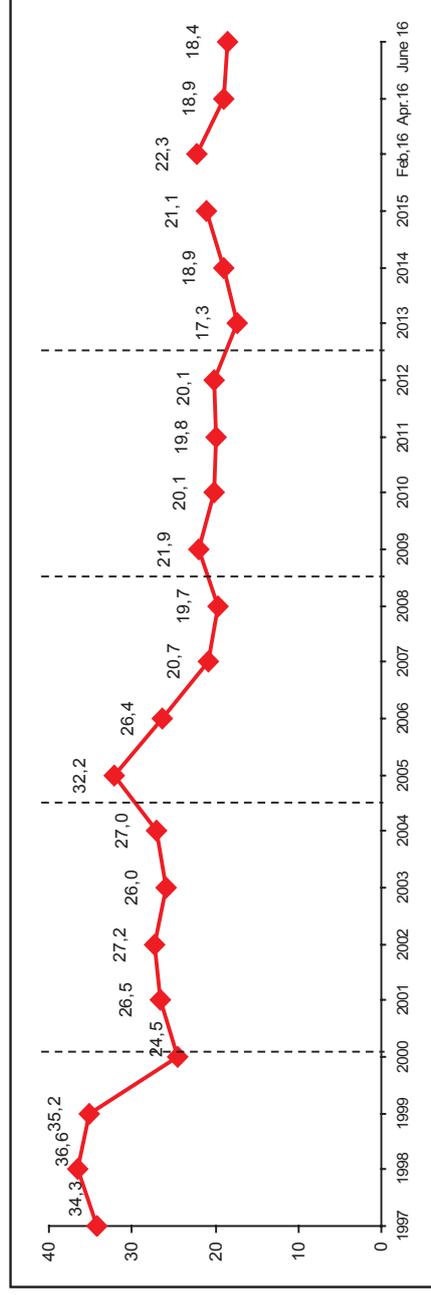
However, in subsequent years, the positive dynamics of the social sentiment index continued. In 2009–2012 (Dmitry Medvedev’s presidential term), it reached a pre-crisis level (an increase by 25 points, from 115 to 140 p.). In 2012–2015 (Vladimir Putin’s third presidency), the growth of the index somewhat slowed (by 3 points, from 140 to 143 p.).

As economic issues became more acute, in late 2015 – early 2016, the social mood of the people deteriorated (the index was 135 in February 2016); however, by mid-year, the index returned to an average level of 2015 (141–142 p.).

During Vladimir Putin’s first and second presidential terms, the level of protest potential decreased by 5 p.p. (from 25 to 20%). A slight increase (by 5 p.p., from 27 to 32%) was observed only in 2005, when the unsuccessful monetization reform was carried out.

In subsequent years (during Dmitry Medvedev’s presidency, and Vladimir Putin’s third presidency) the level of protest moods did not change substantially and remained in the range of 17–22%.

### Dynamics of the social sentiment index\* (in points)\*\*



### Dynamics of the protest potential\* (as a percentage of the number of respondents)\*\*\*

\* The dotted lines highlight the presidential terms: January 2000 – May 2004 – the first presidential term of Vladimir Putin; May 2004 – May 2008 – the second presidential term of Vladimir Putin; May 2008 – May 2012 – presidential term of Dmitry Medvedev; May 2012 – present – the third presidential term of Vladimir Putin.

\*\* The wording of the question: “What would you say about your mood in recent days?” Answer options: “good mood”, “normal usual condition”, “I feel tension, irritation”, “I feel fear, anguish”, “difficult to answer”.

\*\*\* The wording of the question: “What are you ready to do to protect your interests?” Answer options: “my interests are sufficiently protected”, “I will sign a petition to the authorities”, “I will come to the rally or demonstration”, “I will participate in strikes and other protests”, “if necessary, I will take up arms and go to the barricades”, “I will do nothing”, “difficult to answer”.

Consumer sentiment index (CSI) had a positive trend in 2000–2007 (during Vladimir Putin’s first two presidential terms; an increase of 17 points, from 89 to 106 p.).

After the global financial crisis (2009) to the present time, the CSI is in the range of negative values, which indicates the predominance of pessimistic forecasts about the prospects for material well-being.

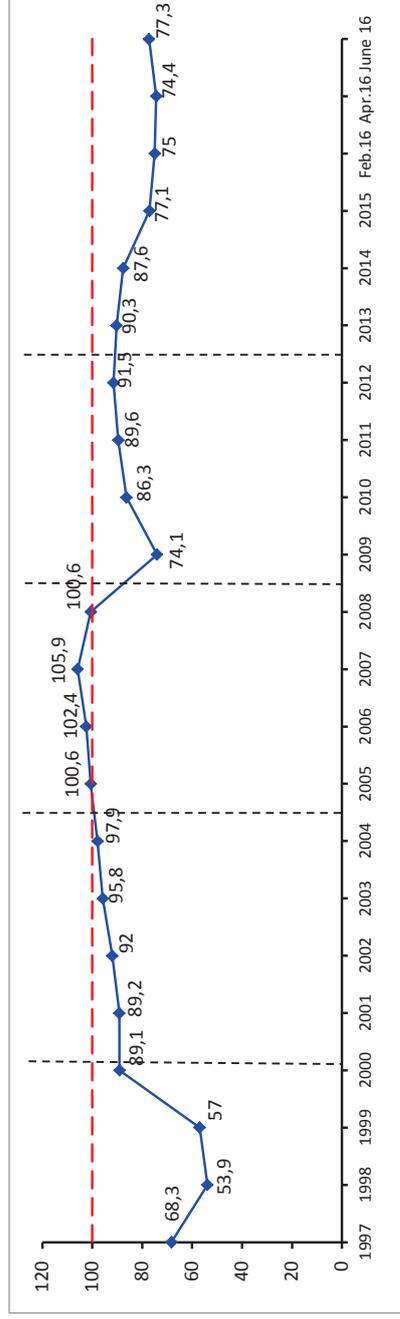
Moreover, since 2012 (beginning of Vladimir Putin’s third presidency) and up to 2015, we observe a decline of CSI (by 15 points, from 92 to 77 p.).

There are no significant positive changes in the short-term dynamics of CSI: in the first half of 2016 (February – June) it was 75–77 p., CSI in April fell to the level of 2009 (74 p.) – the period of the global financial crisis.

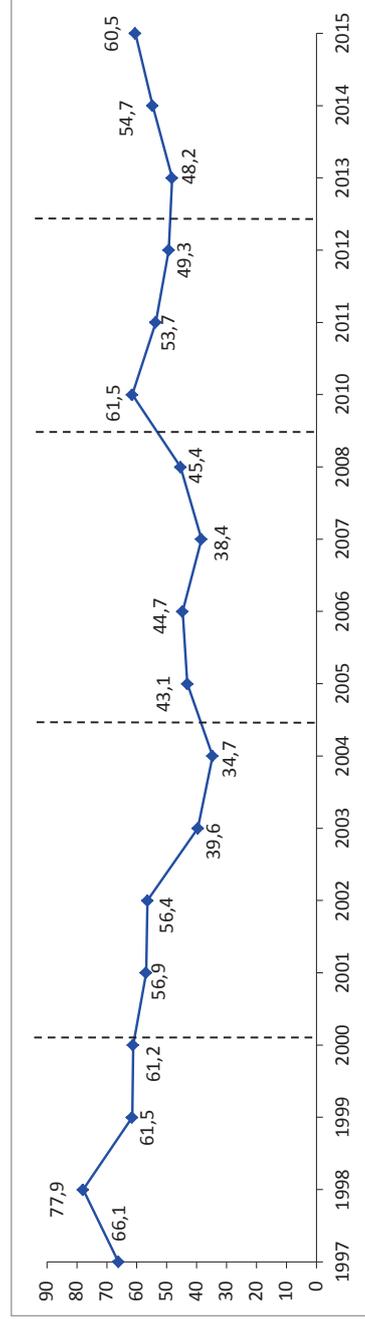
In 2000–2008, the proportion of people that have no confidence in the future (Vladimir Putin’s first and second presidential terms) declined by 16 p.p. (from 61 to 45%).

In 2008–2012 (Dmitry Medvedev’s presidency), the share of people uncertain about their future, increased by 4 p.p. (from 45 to 49%).

The negative trend continued after the beginning of Vladimir Putin’s third presidential term: in 2012–2015, the proportion of those who are experiencing insecurity increased by 12 p.p. (from 49 to 61%), returning to the level of 1999–2000.



Dynamics of the consumer sentiment index\* (in points)\*\*



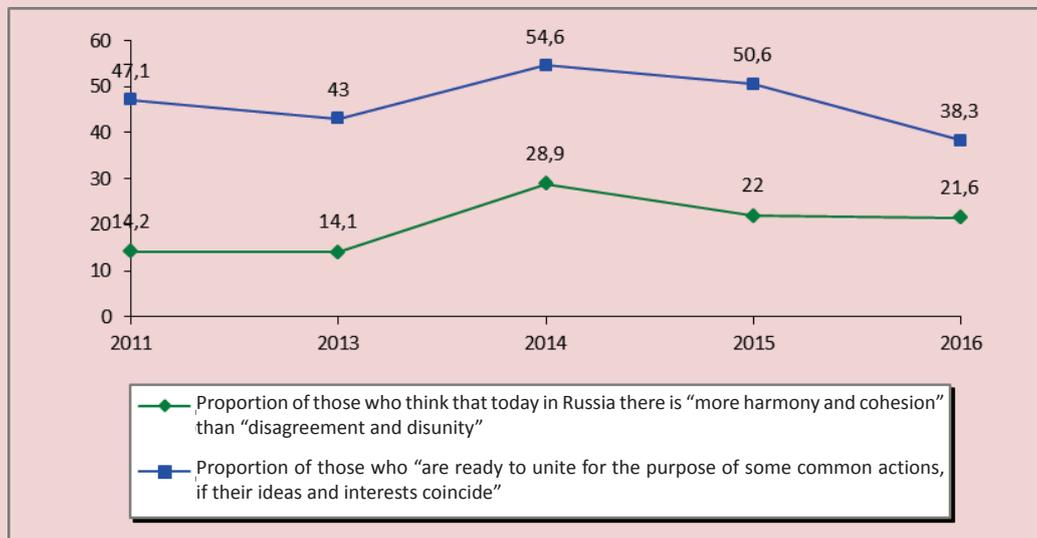
Proportion of people who experience a lack of confidence in the future\* (as a percentage of the number of respondents)\*\*\*

\* The dotted lines highlight the presidential terms: January 2000 – May 2004 – the first presidential term of Vladimir Putin; May 2004 – May 2008 – the second presidential term of Vladimir Putin; May 2008 – May 2012 – presidential term of Dmitry Medvedev; May 2012 – present – the third presidential term of Vladimir Putin.

\*\* The consumer sentiment index (CSI) is a key indicator of public opinion monitoring; it reflects people’s perceptions of the current economic situation in the country and region and their assessments of their personal well-being and expectations about the prospects for its development in the near future.

\*\*\* Wording of the question: “Which of the following problems did you have to deal with last year?” Answer option: “lack of confidence in the future”. The question is asked once a year, the results of 2015 were assessed in February 2016.

Figure 3. Indicators characterizing the dynamics of social cohesion in society (as a percentage of the number of respondents)



have reached beyond the economy. This years-long process, has acquired comprehensive nature. Its specific feature and danger is the latency of its flow, because, as a rule, the more apparent the "collapse" of various aspects of public life, the sooner and more resolute the measures that are taken. The crisis of recent years has developed in the "shadow" of certain successful international moves of Russia, which were constantly mentioned in the media that regularly referred to mental, moral and patriotic feelings of the population. According to some experts, "what is called the Russian national interests in the international arena today is in fact the interests of Gazprom, Rosneft and a dozen oligarchic monopolies, although the majority of people have not realized

it yet"<sup>24</sup>. Because there is "an inseparable connection between capital and war", and only big business is the "sole beneficiary" in military action. And the development of society as a whole, regardless of any "surge" of patriotic sentiment and national identity, cannot have a strong foundation if pressing everyday issues are not resolved and sustainable development of the standard of living and quality of life ensured.

**Internal economic policy on the eve of the elections: administration issues and the relevance of effective action.**

In medicine, an untimely diagnostics aggravates the diagnosis; the situation is the same with regard to politics and economy:

<sup>24</sup> Frolov A. *Pod znakom Marsa. Zapiski obozrevatelya* [Under the sign of Mars. Notes of an explorer]. Sovetskaya Rossiya [Soviet Russia]. Available at: <http://www.sovross.ru/modules.php?name=News&file=article&sid=603035>

“tying the knots” eventually leads to a need to make increasingly difficult decisions. In Russia, the necessity of making such decisions is long overdue, but they are not being made, because there is a split of interests in the Russian political elite responsible for the implementation of this task. **It is as if there were two Russias: one is “deeply embedded in the Western world”, the other is “a new constellation of Russian statesmen that inevitably accompany the sovereign growth”<sup>25</sup>.** The first group accumulates “quite strong positions of Pro-Western “agents of influence”, those comprador forces whose interests and assets are within the sphere of influence of the “collective West” and who at any cost need guarantees from the West that their interests and assets will be preserved. The second group are “ready to get such guarantees “from a position of strength”, using Russia’s political and military capacity”<sup>26</sup>.

The struggle between these groups has already been going for over 15 years since Vladimir Putin assumed office as President for the first term and put down to some degree the pro-Western comprador part

<sup>25</sup> Prokhanov A.A. “Gosudarstvo Polyarnoi zvezdy” [“The country of the Polar Star”]. *Gazeta “Zavtra”* [Newspaper “Tomorrow”], 2016, March 17.

<sup>26</sup> Gordeev A. Spor Putina i Kudrina [An argument between Putin and Kudrin]. *Gazeta “Zavtra”* [Newspaper “Tomorrow”], 2016, June 02. Available at: <http://zavtra.ru/content/view/nagorniyj-2/>

Today, the liberal financial block of Dmitry Medvedev’s Government implements the very movement to chaos, which is the core of the policy pursued by ruling elites of the world. As a result of the fall of the ruble, privatization, healthcare and education “reforms”, etc. we are getting weaker, not the other way around. It is due to the fact that **the liberals pursue the policy in the interests of those who want us to be weak. In fact, all this simply grants the world hegemon embodied by the United States the advantages in a potential fight with us. While President Putin cannot ignore the desire of some representatives of the Russian elite, who see the meaning and purpose of their life in joining the world elite.** Supporters of these “ideas” strongly torpedo, sabotage and oppose any actions that aim to protect Russia’s interests, if they in any way contradict U.S. interests, which from the viewpoint of those striving to “join” the world elite can jeopardize this process and even (what a horrible thing!) make it unrealizable. The President cannot ignore these sentiments of some part of the elite – that explains his tolerance toward the statements and actions of some of the most “striking” representatives of those who want to join the world elite”

(Source: Starikov N. *Rossii ne privykat’ byt’ v avangarde chelovechestva* [Russia is no stranger to being at the forefront of the humanity]. *Ofitsial’nyi blog N. Starikova* [N. Starikov’s official blog]. Available at: <https://nstarikov.ru/blog/66219>)

of the elite that had become rampant in the 1990s. In recent years, this struggle has become increasingly tough and uncompromising, but there have been no actual “breakthroughs” in favor of either group; it prevents the adoption of effective management decisions in economic sphere and ultimately threatens social stability and national security.

A telling example of the inconsistency between the positions in the higher echelons of power may be a dialogue between Russian

President Vladimir Putin and former Finance Minister Alexei Kudrin at the session of the Economic Council on May 25, 2016, when, in response to a proposal of the latter “to reduce the confrontation with the West”, which implied even some concessions with regard to the Donbass and Crimea, the President declared that Russia would not trade its sovereignty<sup>27</sup>. Let us recall that a similar exchange of views between the same persons took place on April 25, 2013 in the live TV phone-in with the President. The difference is that back then “the objections Putin voiced to Kudrin were careful and delicate, and accompanied by continuous compliments toward the “best Finance Minister”<sup>28</sup>. This indicates a lingering and protracted nature of the conflict between the “power” and “comprador” forces of the Russian elite; it also indicates the President strengthened his determination to cross the t’s and dot the i’s in matters of domestic policy.

In general, the second meeting of the Presidium of the Economic Council under the President of the Russian Federation became a very significant event for the understanding of the current situation in the ruling elite.

- First, the Council was assembled for the first time in two years<sup>29</sup>, which shows, on the one hand, that economic issues have come to the fore; on the other hand – that there is no systematic work on resolving them.

<sup>27</sup> *Ibidem*.

<sup>28</sup> *Ibidem*.

<sup>29</sup> The latest meeting of the Presidium of the Economic Council took place January 30, 2014.

- Second, it once again<sup>30</sup> showed the inefficiency of the Government in addressing key economic policy challenges. “In fact, the Stolypin club and the team of Kudrin’s associates have become independent centers that work out solutions to economic issues. If Medvedev’s Government were able to elaborate satisfactory programs on its own, no parallel structures would be needed”<sup>31</sup>.

- Third, at the Council meeting, Vladimir Putin noted that “the reserves and resources that propelled our economy at the beginning of the 2000s, are now inefficient”, and he urged “to outline the key priorities of economic policy till 2025, to determine major drivers of economic growth and social development”<sup>32</sup>. Thus, as 10 years ago, Russia’s economy faces the task of finding new growth points alternative to oil prices. The only difference is that in 2005–2007 the situation simply **suggested** it, but today’s situation **necessitates** it.

<sup>30</sup> “There is an order of the President following the meeting of the State Council on the development of small and medium businesses and following the forum of “OPORA Russia”. But the problem is that expert suggestions that have been elaborated thoroughly are not being implemented. For example, according to the results of the State Council, there were 21 orders, but, according to our estimates, only three of them were executed... The Ministry of Labor, Ministry of Economic Development and Ministry of Finance each have their own viewpoints. The government lacks an arbitrator who would make the final decision in the presence of different opinions” (source: Skorobogatyi P., Gavrilenko D. Kto teryaet porucheniya Prezidenta [Who loses the instructions of the President.]. *Ekspert* [Expert], 2016, no. 19, pp. 50–51).

<sup>31</sup> Bashkatova A. Putinu predstoit skrestit’ ekonomicheskogo ezha s predvybornym uzhom [Putin will have to interbreed an economic hedgehog with the pre-election snake]. *Nezavisimaya gazeta* [Independent newspaper], 2016, May 21. Available at: [http://www.ng.ru/economics/2016-05-24/4\\_senatory.html](http://www.ng.ru/economics/2016-05-24/4_senatory.html)

<sup>32</sup> Stenogramma zasedaniya prezidiuma Ekonomicheskogo soveta ot 25 maya 2016 g. [Transcript of the meeting of the Presidium of the Economic Council of May 25, 2016]. *Ofitsial’nyi sait Prezidenta RF* [Official website of the President of Russia]. Available at: <http://www.kremlin.ru/events/president/transcripts/51996>

- Fourth, the Council session was held “behind closed doors”. In other words, the discussion of key issues that arouse concern among the population, was not revealed to the public, despite the fact that the government pays special attention to the declaration of important activities such as “providing opportunities for citizens and public associations of the Russian Federation to participate in the political life of society”<sup>33</sup>.

- Fifth (and most important), the result of the Council session was that the President again found himself in a situation when it was necessary to find a compromise solution between the two options of dealing with the economic crisis. “On the one hand, the monetary-incentive program of the Stolypin club, which involves feeding the economy with soft loans; on the other hand, the Kudrin program, the essence of which is to economize and carry out institutional reforms”<sup>34</sup>.

Thus, now just like in the middle of the “fat” 2000s, the Russian economy confronts

<sup>33</sup> Polozhenie o poryadke provedeniya predvaritel'nogo golosovaniya po kandidaturam dlya posleduyushchego vydvizheniya ot partii “Edinaya Rossiya” kandidatov v deputaty Gosudarstvennoi Dumy Federal'nogo Sobraniya Rossiiskoi Federatsii sed'mogo sozyva [Regulations on the procedure of preliminary voting for candidates for subsequent nomination of candidates from the party “United Russia” for deputies of the State Duma of the Federal Assembly of the Russian Federation of the seventh convocation]. *Ofitsial'nyi sait proekta “Predvaritel'noe golosovanie 22 maya 2016g.”* [Official website of the project “Preliminary vote, May 22, 2016]. Available at: <http://pg.er.ru/images/docs/file/polozhenie-o-predvaritelnom-golosovanii.pdf>

<sup>34</sup> Bashkatova A. Putinu predstoit skrestit' ekonomicheskogo ezha s predvybornym uzhom [Putin will have to interbreed an economic hedgehog with the pre-election snake]. *Nezavisimaya gazeta* [Independent newspaper], 2016, May 21. Available at: [http://www.ng.ru/economics/2016-05-24/4\\_senatory.html](http://www.ng.ru/economics/2016-05-24/4_senatory.html)

the need to seek new growth points, and the Russian government is faced with the necessity to make management decisions that would objectively help implement basic provisions of the National Security Strategy 2015, which provides for “removing structural imbalances in the economy and its modernization” in order to “prevent threats to national security”.<sup>35</sup>

However, the non-economic factors that prevented from implementing appropriate reforms 10 years ago have been preserved:

- solution to the dilemma falls on the period prior to presidential elections;
- there is no doubt concerning the willingness of the U.S. to take advantage of any unstable situation in Russia;
- in addition, the President is still forced to maneuver between the interests of society and those of the part of the liberal wing of the Government that expresses the interests of oligarchic capital.

A difficult choice that Putin will have to make consists on the fact that no matter what efforts he makes in order to “reanimate” the Russian economy and solve the historic task of bringing the country to a positive trend of development, they will be inevitably associated with the risk of growing dissent: “Reforms will imply conflict with the elites or the masses. But

<sup>35</sup> Strategiya natsional'noi bezopasnosti Rossiiskoi Federatsii (punkt 26): utv. Ukazom Prezidenta Rossiiskoi Federatsii ot 31 dekabrya 2015 goda No. 683 “O Strategii natsional'noi bezopasnosti Rossiiskoi Federatsii” [The national security strategy of the Russian Federation (item 26): approved by the Decree of the President of the Russian Federation of December 31, 2015 No. 683 “On the national security strategy of the Russian Federation”]. *Rossiiskaya gazeta* [Russian newspaper], 2015, December 31. Available at: <https://rg.ru/2015/12/31/nac-bezopasnost-site-dok.html>



Dynamics of the consumer sentiment index (in points)

Population group	1999		2003		2007		2011		2016		Dynamics +/- June 2016 to ...								
	Feb.	June to Feb.	Feb.	June to Feb.	Feb.	June to Feb.	Feb.	June to Feb.	Feb.	June to Feb.	June 2011	June 2007	June 2003	June 1999					
Sex																			
Men	46.5	47.2	+1	93.5	99.6	+6	106.2	106.0	0	89.6	91.4	+2	75.2	79.0	+4	-12	-27	-21	+32
Women	45.1	46.4	+1	85.4	93.0	+8	102.5	101.8	-1	87.8	92.9	+5	74.7	75.9	+1	-17	-26	-17	+30
Age																			
Under 30	52.3	54.3	+2	104.7	109.6	+5	115.0	112.8	-2	97.3	97.9	+1	80.6	84.8	+4	-13	-28	-25	+31
30-55	45.0	46.1	+1	87.6	93.6	+6	105.2	105.0	0	87.8	91.2	+3	73.6	75.6	+2	-16	-29	-18	+30
Over 55	41.6	41.5	0	74.4	87.3	+13	93.2	93.4	0	82.6	89.1	+7	73.4	75.1	+2	-14	-18	-12	+34
Education																			
Secondary and incomplete secondary	45.3	43.4	-2	81.1	92.5	+11	97.2	98.1	+1	83.6	85.8	+2	70.5	75.5	+5	-10	-23	-17	+32
Secondary vocational	44.7	47.8	+3	86.9	95.3	+8	101.7	104.1	+2	83.1	90.5	+7	75.2	77.4	+2	-13	-27	-18	+30
Higher and incomplete higher	47.8	50.6	+3	97.8	100.4	+3	113.3	109.9	-3	98.4	101.3	+3	79.8	79.3	-1	-22	-31	-21	+29
Income groups																			
20% of the poorest people	41.3	43.4	+2	75.3	75.3	0	88.8	82.6	-6	71.9	76.5	+5	63.6	67.1	+3	-9	-16	-8	+24
60% of the people with median income	43.7	44.6	+1	82.3	93.5	+11	103.1	104.9	+2	86.7	92.6	+6	73.7	75.9	+2	-17	-29	-18	+31
20% of the most prosperous people	56.2	57.5	+1	109.9	111.6	+2	121.7	121.0	-1	105.8	107.0	+1	90.6	90.6	0	-16	-30	-21	+33
Territories																			
Vologda	46.1	53.4	+7	91.0	105.2	+14	101.8	99.7	-2	92.5	92.9	0	76.2	78.7	+3	-14	-21	-27	+25
Cherepovets	52.4	49.0	-3	88.3	95.8	+8	111.1	115.1	+4	103.7	102.5	-1	74.9	77.9	+3	-25	-37	-18	+29
Districts	42.4	42.2	0	88.0	90.6	+3	101.9	99.9	-2	79.1	86.8	+8	74.3	76.1	+2	-11	-24	-15	+34
<b>Oblast</b>	45.7	46.8	+1	88.8	95.8	+7	104.1	103.7	0	88.6	92.3	+4	75.0	77.3	+2	-15	-26	-19	+31

The consumer sentiment index (CSI) in June 2016 in all socio-demographic groups was significantly (by 15–30 points) lower than in June 2011, 2007 and 2003, This suggests that in the pre-election period of 2016, people's expectations regarding the prospects of economic situation in the country and the dynamics of development of their own personal financial situation were substantially more pessimistic than before all the Duma elections held Russia for the period from 2000 to the present.

Dynamics of the index of assessing the President's performance (in points)

Population group	1999		2003		2007		2011		2016		Dynamics + / - June 2016 to....			
	Feb.	June	Feb.	June	Feb.	June	Feb.	June	Feb.	June	June 2011 to Feb.	June 2007	June 2003	June 1999
Sex														
Men	33.6	29.1	146.2	143.0	164.4	162.9	125.0	133.7	147.8	139.7	+9	+6	-23	+111
Women	31.4	27.8	154.8	150.2	168.5	166.9	141.2	146.1	155.3	153.4	+5	+7	-14	+126
Age														
Under 30	35.2	26.2	163.9	153.4	170.2	168.9	138.5	137.6	154.5	153.0	-1	+15	-16	0
30-55	30.4	26.5	148.4	144.7	164.1	165.8	124.2	142.4	147.4	144.6	+2	+2	-21	0
Over 55	33.9	34.0	143.8	146.6	167.9	160.6	145.9	140.3	156.6	147.6	-7	+7	-13	+114
Education														
Secondary and incomplete secondary	35.5	34.7	135.2	140.4	156.0	158.3	126.3	134.3	145.2	136.7	+5	+2	-22	-4
Secondary vocational	30.4	27.4	155.3	152.1	166.5	168.6	131.3	143.3	149.9	148.7	-3	+5	-20	+121
Higher and incomplete higher	30.0	19.9	161.7	148.2	177.2	168.8	143.5	144.8	161.8	158.9	-14	+14	-10	+139
Income groups														
20% of the poorest people	28.0	33.9	136.0	134.3	145.3	142.0	113.5	128.8	126.2	138.6	-2	+10	-3	+4
60% of the people with median income	32.8	27.9	151.2	149.6	172.4	169.3	139.4	141.8	159.7	144.7	-2	+3	-25	+117
20% of the most prosperous people	35.1	25.0	162.4	158.6	178.4	175.3	142.0	153.2	155.9	162.3	-4	+9	-13	+4
Territories														
Vologda	39.9	30.1	161.1	163.8	162.2	165.8	138.2	138.0	150.5	147.5	+3	+10	-18	+117
Cherepovets	28.6	19.3	142.0	119.4	177.5	175.7	147.8	150.4	168.2	160.9	-23	+11	-15	+42
Districts	30.8	32.8	151.6	154.1	163.4	159.6	125.0	136.8	143.4	139.4	+2	+3	-20	+107
Oblast	32.4	28.4	151.2	147.1	166.7	165.2	134.0	140.6	152.0	147.3	-4	+7	-18	0

In all socio-demographic categories of the population, the index of assessment of the President's work in June 2016 was higher than in June 2011 (by 2–15 p.). It is due to the non-economic events that occurred over the period from 2011 to 2016 (accession of Crimea and Sevastopol to the Russian Federation, international success of the President's policy).

**However, in February and June 2016, in 12 out of 14 socio-demographic categories, there is a decrease in the index of support for the head of state, which indicates a decrease in the relevance of success of international policy as a factor ensuring stable growth of the level of endorsement of the President. In anticipation of the 2016 election, domestic economic agenda plays a more significant role than the protection of Russia's geopolitical interests.**



if we follow the path of stagnation, then there will be no money for social spending, and sooner or later people will take to the streets”<sup>36</sup>.

The fact that the growing dissatisfaction with economic issues in the society and escalation of tension in the relationships within the political elite coincide with the period of the elections to the State Duma is a special catalyzing factor. The results of sociological polls show that in the first half of 2016, representatives of various social segments (including those that differ by income level) assess their financial situation and prospects of its development more negatively than in previous pre-election periods. Thus, the social self-identification index in the majority of socio-demographic groups (in 8 out of 14) was lower in June 2016 than in June 2011 and 2007 (in the Vologda Oblast as a whole – 94, 97 and 104 points, respectively; *insert 3*).

From February to June 2016, social self-identification has improved in almost all socio-demographic categories. However, we cannot interpret this as a completely positive result. These data confirm the opinion of experts that people get used to living in crisis and find new means of subsistence (by mid-year, largely by working at their household plots). At the same time, the forecasts regarding future prospects

of their financial well-being, as well as assessments of effectiveness of government policy to tackle economic issues are getting worse and worse.

The dynamics of forecasts about the future of the Russian economy and people’s personal wealth is reflected by the consumer sentiment index, which in June 2016 was significantly lower (by 10 – 20 points) than in June 2011, 2007 and 2003 (see *insert 3*). The consumer sentiment index (according to the data as of June 2016) does not exceed 90 points in all the socio-demographic groups. In other words, for the entire period from 2000 to the present, people’s expectations have not been so pessimistic as they are today, a few months before the September elections to the State Duma.

Support for the President in all the socio-demographic categories of population remains higher than in 2011; however, according to some experts, this is “the last straw that the mass consciousness holds on to, so as not to sink completely into gloomy pessimism”<sup>37</sup>. At least the fact that the assessment of the President’s success in dealing with the issues of economic recovery and growth of welfare of citizens in June 2016 is more negative than in 2011 and 2007 (in the Vologda Oblast as a whole – 68, 77 and 114 points, respectively) clearly indicates that economic issues are a key factor in the upcoming elections.

<sup>36</sup> Papchenkova M., Prokopenko A. Putinu predstoit vybrat’ odnu iz dvukh modelei rosta ekonomiki [Putin will have to choose between two models of economic growth]. *Vedomosti* [News], 2016, May 20. Available at: <http://www.vedomosti.ru/economics/articles/2016/05/20/641726-putinu-predstoit-vibrat-model-rosta-ekonomiki>

<sup>37</sup> Frolov A. *Pod znakom Marsa. Zapiski obozrevatelya* [Under the sign of Mars. Notes of an explorer]. Sovetskaya Rossiya [Soviet Russia]. Available at: <http://www.sovross.ru/modules.php?name=News&file=article&sid=603035>

It is also important to note that, unlike the previous electoral period (February – June 2011), we observe a deterioration in estimations of public administration efficiency in the first half of 2016 in the majority of socio-demographic groups. This applies both to the evaluation of the President's work in general and his work on dealing with the material issues of the population in particular (see *insert 3*). All this also proves the severity of economic agenda in the estimates of public opinion and indicates that an alarming situation prevails on the eve of the September 2016 elections compared to previous pre-election periods.

Today experts say that the current government will retain their positions in the next Duma and presidential elections, but no one can predict what will happen then, "there are too many unknowns here"<sup>38</sup>. We must not forget that Russia is one of the major players in the international arena; therefore, the Duma and presidential elections in our country is only internal but also external matter. In the context of hybrid warfare, the gap between the government and society can be very convenient for Russia's potential geopolitical rivals (as was the case after the collapse of the

<sup>38</sup> Garmonenko D. Khodorkovskii perenosit datu padeniya rezhima [Khodorkovsky postpones the date of the fall of the regime]. *Nezavisimaya gazeta* [Independent newspaper], 2016, April 28. Available at: [http://www.ng.ru/politics/2016-04-28/1\\_hodor.html](http://www.ng.ru/politics/2016-04-28/1_hodor.html) (opinion of L.Gudkov, Director of Levada-Center)

**If in the near future the Kremlin does not implement the whole set of measures that should have been implemented long ago for the development of Russia's socio-economic potential, elimination of conflict potential between different regions and social groups within the country that has accumulated and is growing, if the open and hidden resistance of the "compradors" is not overcome and neutralized, then this "party of treason" under the "hybrid aggression" by the "collective West" will inevitably play the role of a "fifth column", which will be at the lead of socially discontented Russian masses.**

(Source: Gordeev A. Spor Putina i Kudrina [An argument between Putin and Kudrin]. *Gazeta "Zavtra"* [Newspaper "Tomorrow"], 2016, June 02. Available at: <http://zavtra.ru/content/view/nagornyij-2/>)

USSR). Thus, "...abandonment of a liberal economy is not just a question of preservation and development of the country. It is a question of preserving world peace. And this is no exaggeration...The price of our electoral vote is not the matter of victory of a particular party or candidate. We are talking about war and peace on a planetary scale"<sup>39</sup>.

**However, the new political cycle must first clarify the situation concerning the solution of internal economic and political issues.** It needs to show the extent to which the President's decisions are dictated by the need to maneuver between different groups (to take into account the interests of both the liberal bureaucracy and society) and the

<sup>39</sup> Starikov N. Rossii ne privykat' byt' v avangarde chelovechestva [Russia is no stranger to being at the forefront of the humanity]. *Ofitsial'nyi blog N. Starikova* [N. Starikov's official blog]. Available at: <https://nstarikov.ru/blog/66219>

The Saint Petersburg International Economic Forum held in June 2016 has shown that “officials contradict themselves without figuring out what exactly is happening to the Russian economy. Instead of carrying out a serious analysis, they rely mainly just on the feelings. Speeches at the SPIEF could be compiled in a collection of the most ridiculous official statements.

The anniversary, 20th Saint Petersburg Forum has shown two things. First, Russian authorities have no clear understanding of what is going on in the economy. Their forecasts are often based on their feelings and contradict each other. Second, it seems as if some officials lived in a parallel reality because they put forward such extraordinary innovations that the Russian people can only wonder where these officials get their inspiration.

Source: Bashkatova A. Pitserskii forum pereborshchil s nelepymi zayavleniyami [The Saint Petersburg forum went too far with ridiculous statements]. *Nezavisimaya gazeta* [Independent newspaper], 2016, June 20. Available at: [http://www.ng.ru/economics/2016-06-20/1\\_forum.html](http://www.ng.ru/economics/2016-06-20/1_forum.html)

extent to which he adheres to his long-term strategic direction developed back in the late 1990s<sup>40</sup>.

The research results show that today the problem of a lingering crisis situation in the economy, the lack of alternative, innovative points of growth and the absence of positive dynamics of the standard of living – all these issues are deeply rooted in the essence of the Russian society, in its social structure

<sup>40</sup> It is about Vladimir Putin’s article “Russia at the Turn of Centuries”, published in “Rossiyskaya Gazeta” Newspaper in its issue of December 30, 1999. An author’s view of this document is given in more detail in the previous issue of the Journal (Ilyin V.A. Tret’ya chetyrekhletka prezidenta V.V. Putina: protivorechivye itogi – zakonomernyi rezul’tat [President Vladimir Putin’s Third Four-Year Term: Contradictory Outcomes – an Expected Result]. *Ekonomicheskie i sotsial’nye peremeny: fakty, tendentsii, prognoz* [Economic and social changes: facts, trends, forecast], 2016, no. 2, pp. 9–21).

and public consciousness. Getting used to crisis can lead to the gravest consequences, because, having learned how to cope with their financial problems on their own, without relying on effective government policy, people can lose interest and trust in the government. And without this trust we cannot speak about social stability and sustainable foundation of people’s support necessary to protect Russia’s national interests in the international arena.

The change in economic model requires, first of all, a change in the system of public administration. The Saint Petersburg International Economic Forum held in June 2016 has shown that Russian

authorities “have no clear understanding of what is going on in the economy. Their forecasts are often based on their feelings and contradict each other. Second, it seems as if some officials lived in a parallel reality because they put forward such extraordinary innovations that the Russian people can only wonder where these officials get their inspiration”<sup>41</sup>. “Among the reformers there must not be any government officials who already were at the helm of the previous “raw-material-based” economic model. Despite their professional experience, they will be influenced by the old principles, dogmas

<sup>41</sup> Bashkatova A. Pitserskii forum pereborshchil s nelepymi zayavleniyami [The Saint Petersburg forum went too far with ridiculous statements]. *Nezavisimaya gazeta* [Independent newspaper], 2016, June 20. Available at: [http://www.ng.ru/economics/2016-06-20/1\\_forum.html](http://www.ng.ru/economics/2016-06-20/1_forum.html)

and fears... The country's development management, in our opinion, should be in the hands of people who have experience in creating new productions, managing investment, and developing entrepreneurial environment"<sup>42</sup>.

It is unknown what decisions the President will make, but we think that it is safe to say that if the confusion noted by experts in the management system remains, it will continue to hamper the efficient solution of domestic economic problems. This means that class inequality and social stratification will only increase, and what is called a crisis today, can go into a deeper phase tomorrow.

**Judging by expert assessments and the dynamics of sociological polls reflecting public opinion, it should be noted that three months before the elections economic agenda in the Russian society is of such a great current interest as it has never been before. Probably it will be a key factor that will influence voters' preferences on September 18, 2016.**

**Apparently, the election results could seriously affect the dynamics of socio-economic processes and public sentiment; it is obvious that if the President does not take steps to bring the country to a positive rate of development, then it will be impossible to avoid the aggravation of social tension**

<sup>42</sup> Papchenkova M., Prokopenko A. Putinu predstoit vybrat' odnu iz dvukh modelei rosta ekonomiki [Putin will have to choose between two models of economic growth]. *Vedomosti [News]*, 2016, May 20. Available at: <http://www.vedomosti.ru/economics/articles/2016/05/20/641726-putinu-predstoit-vibrat-model-rosta-ekonomiki>

**and, therefore, it will be impossible to ensure national security in the international arena.**

**First and foremost, it is the head of state that bears the burden of responsibility for the situation in the country, and it is he on whom the society pins great hopes and who currently has a high level of trust in all segments of the population.**

**Due to the difficult situation concerning the Russian political elite, the cautiousness and precision of administrative decisions taken by Vladimir Putin is understandable and explainable, but, in our view, it can be called effective only up to a certain stage – until the moment when the recession of the Russian economy started.**

**Unfortunately, in the power vertical there is no effective system of self-regulating mechanisms; there are no organizational structures and effective tools that not only could, but would be required together with the President to formulate and implement an adequate response of the Russian economy to the external and internal challenges it faces. There is no clear system of planning and forecasting, there is no personal responsibility of top-level officials for the achievement of target indicators, the same can be said about all the rest levels of government.**

**In many cases, the deputies of the Federal Assembly, who see the outrageous facts in the economic or political life, do not have sufficient powers in order to intervene in time, because the system of parliamentary investigations is functioning inefficiently, the procedures of personal approval in**

the committees and at the meetings of the Federal Assembly of all members of the Cabinet of Ministers are not formalized in legislation (so far, they are approved in a single batch).

Despite the strengthening of the authority of the All-Russian People's Front, the system of public control remains poorly organized, and this system could be an additional means of increasing the efficiency of work of the authorities at all levels. Only if organization at the federal level is systemic in its nature, the effectiveness of the results of civil investigation will be achieved in all areas of domestic policy.

The unchanging nature of the questions that Russians ask the President during his annual live TV phone-ins (about the state of roads, tariffs, administrative barriers to business, the inability to "reach out" to officials, etc.), suggests that the pressing problems of people are not solved efficiently by the competent authorities: people from different regions of Russia have to apply directly to the head of the state with their complaints of authorities of lower levels.

The speed at which urgent problems in government and in society will be solved, the effectiveness of the President's decisions – all this will largely depend on the result of the upcoming elections. And not only on their final result, but also on the transparency of voting procedures at all stages of the electoral process that can cause a wide public resonance both in a positive and negative way.

\* \* \*

People's support, which the President of the Russian Federation still has, opens a "window" of opportunities for the implementation of measures aimed at improving the efficiency of public administration in the new political season. But how long will the trust of the population in the head of state remain high? Will it be possible to use the foundation of people's support for the purpose of restoring order in the management system and ensure its conformity with the interests of national security? The answers to these questions depend on the President's political will.

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### Information about the Author

Vladimir Aleksandrovich Ilyin – Doctor of Economics, Professor, Honored Scientist of the Russian Federation, Scientific Director, Institute of Socio-Economic Development of Territories of Russian Academy of Science (56A, Gorky Street, Vologda, 160014, Russian Federation, [ilin@vscc.ac.ru](mailto:ilin@vscc.ac.ru))