

Vladimir Putin's Vertical State and the Embryo of a Horizontal Opposition

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The victory of acting president Vladimir Putin in the first round of the March 2000 Russian presidential election has confirmed Russia's trend of noncompetitive electoral politics. The concentration of financial and media resources in the hands of the Presidential Administration led to the election of its co-opted candidate and consolidated the elite group in power.¹ With the noticeable exception of Vladimir Gusinsky's Media-Most, all of Russia's financial and industrial groups backed Boris Yeltsin's heir. For most of the ruling elite's representatives, the reason for backing Putin was that he was the only candidate capable of implementing another breakthrough reform strategy. In that respect, Russia's ruling elite agreed with the idea of maintaining a liberalization policy without implementing genuine democratization.

Over the transition period, elite groups, or clans, have become institutions of their own in Russia.² They gravitate around power centers such as the Presidential Administration (the Kremlin), the federal government, the Moscow city government, and regional governors. They shape Russia's political landscape by funding certain political parties or charismatic leaders. Both Western and Russian journalists and scholars have extensively described Russia's informal elite groups, showing that it is these groups, rather than democratic institutions, that exert real influence on the state decision-making process.³ One of the most recent illustrations of the influence of these clans and their struggle for power was the December 1999 legislative campaign, when Russia's financial-industrial magnates and regional leaders were separated into two competing groups behind the Kremlin administration and the Moscow city government.⁴ Eventually, the winners were the financial-industrial groups that had the largest media and cash resources, not those who were the most politically articulate. The winning political party, Unity, which was created only eight weeks before the election with the backing of the Presidential Administration, never publicized a coherent political program.

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By focusing on individuals rather than on political agendas, the March 2000 presidential campaign was no different than the December 1999 Duma race. The leading contender, Putin, set the tone by announcing that he would not disclose his electoral program before the poll. As Putin systematically turned down other candidates' offers to publicly debate on television, his campaign reached a climax with the publication of a book in the form of a lengthy interview,⁵ whose purpose was to highlight Putin's main character traits: toughness, bravery, and single-mindedness. By campaigning in this manner, the Kremlin created an atmosphere in which money and symbolism replaced genuine political exchange.

In their struggle for power, financial-industrial groups have little concern for the fundamental political issues. They rely on short-term tactics, such as publishing materials that compromise their political rivals and maintain the oligarchic nature of the regime. Their ultimate goal is to establish for themselves a patron-client relationship with the Kremlin or the regional governors rather than to eradicate patronage as a system. Despite their struggle for power, members of these groups share a vertical and paternalistic understanding of the state. No wonder, then, that Putin has repeatedly stressed that what his country needs most is a "paternalistic leader" and a "vertical state" in which discipline predominates.⁶

One of the issues raised during the campaign was whether the strengthening of the state would lead the country to security or to autocracy. A few days after the presidential election, Alfa Group head Pyotr Aven suggested that President-elect Putin should resort to dictatorial measures to push through economic reforms. "The only way ahead is for fast liberal reforms, building public support for that path, but also using totalitarian force to achieve that," Aven said in an interview with the British newspaper the *Guardian*.⁷

Aven expressed a widely shared desire among the liberal political elite to seize the opportunity of the change in Kremlin administration to enhance the efficiency of the state and launch structural reforms. Among the targeted changes are land and fiscal reforms, anticorruption measures, and the reform of state machinery. However, although there is a consensus on political priorities—on the necessity to implement structural reforms as well as on the reforms themselves—there is also a fundamental divergence regarding the way the reforms should be implemented, either through administrative measures or by stimulating private initiatives.

In that sense, the current political environment is similar to the first months of Boris Yeltsin's regime, when people agreed on the necessity to speed up the economic reforms initiated by Soviet president Mikhail Gorbachev, but no one agreed on the method of their implementation. At that time, the issue was not whether the country should develop the embryo of a market economy, launch a privatization program, or encourage the emergence of a private banking sector. Rather, the debate highlighted the means and pace of transition and focused on whether shock therapy should be employed or if a slower pace of reforms would be better.

That split is not as visible now, after the March elections, as it was during 1991–93. That Putin was elected in the first round with 52.52 percent of the vote created a false impression that Russian voters are unified behind their new leader.

However, a split did occur among the representatives of the liberal political elite, even among Putin's supporters.⁸ Disagreements went so deep that, only a few months after the election, some of them called for the creation of a new opposition to the Kremlin.⁹ It is possible that only a few months after the presidential election, this might lead to a major fracture among the ruling elite.

My aim in this article is to describe the disagreements that exist among Russia's liberal political elite and might deepen in the foreseeable future. I base my conclusions on three types of sources: First, I refer to the preliminary results of a research project devoted to singling out the political and economic values of the Russian political, industrial, and financial elites.¹⁰ Over one hundred in-depth interviews, which I conducted in the past two years among representatives of the elite, have shown many short-term political alliances that explain the fluidity of the groups and the shared values and aspirations of the oligarchy. The discussions also revealed a profound divide between the ruling elite and the liberal political parties, a divide less obvious to the casual observer but still extremely deep-seated in the minds of the Russian elite. Second, in this article I use the findings of the latest series of interviews, conducted a few weeks before the March 2000 presidential election among members of Anatoly Chubais's group, the Union of Rightist Forces, and Yabloko.¹¹ Answering the question of what role the state should play in society and economy, respondents echoed the fundamental disagreements over the role of the "efficient state." My third source is the transcript of a round table organized in February 2000 by Andranik Migranyan, chairman of the Moscow-based Reforma Foundation, during which political experts described their personal visions of the ideal state.¹² Here again, the two groups are clearly divided on the issue of the state and power relations.

This new cleavage among elite members is based on their general understanding of the role of power and, more specifically, their perception of the Russian state and its relationship with society. According to the respondents, the presence or absence of the state's support in their professional careers represents a profound dividing line that separates them into two spheres. These two groups reflect divergent mindsets about the idea of a strong versus a weak state, and the implementation of a reform policy from above versus initiatives from below.

In this article I focus on the perception of society among the liberal political elite, on their eagerness to reinforce the vertical executive power, and on the potential rise of a new political opposition. Before discussing the findings of the interviews, it is important to examine the main dividing lines among the liberal elite and to explain how the transition process could generate the two opposing attitudes toward the state, which I have labeled *vertical* and *horizontal*.

The Dichotomy of the Russian Elite

Russian politicians and journalists have often presented the transition process as one-dimensional. In their view, Russia had only two options: it could either get rid of the Soviet centralized economy and single-party regime or witness a Communist comeback. Whether one believed in the liberal or Communist philosophy, the transition was seen as a linear process, and there was a widespread belief that

only the state and a handful of elite representatives were empowered to lead the transition process and maintain control over it. However, ten years of the transition process have shown a flaw in that perception. Beginning in 1988–89, when Gorbachev launched genuine economic and institutional reforms, Russian politicians, industrialists, and financiers have reacted in different ways to the same events, depending on their position in relation to the executive power and on their personal worldview and values. They have forged a new generation of elites, which is far from monolithic.

The ruling elite developed within the executive branch in an extremely tense atmosphere. It is precisely because they needed to implement a structural reform policy in a politically hostile environment and in the institutional vacuum that followed the collapse of the Soviet Union that the Yeltsin team was forced to maintain certain elements of the Soviet regime: a state policy of patronage and cronyism; a vertical executive power; and a lack of transparency in the decision-making process.

Yeltsin's "young reformers" endorsed the creation of private banks by government institutions. They also sought to rely on the executive power as a vertical chain that linked the Kremlin to the local level. Yeltsin's team appointed governors rather than insisting on the democratic process of elections, and they offered these local leaders the right to rule their regions or cities arbitrarily. The appointment of governors allowed the Kremlin to end the open confrontation with former Soviet institutions even while certain political disagreements remained vivid. However, the situation has led to a number of abuses.

On the one hand, the new regime has generated fundamental institutional transformations, such as the creation of a bicameral elected parliament, a new constitution, a constitutional court, and a free press. On the other hand, it has closed its eyes to abuses of power, endemic corruption, and the manipulation of the electoral environment to prevent a "Communist comeback," which was perceived as the main threat to the country. More important, the ruling elite failed to implement a balance of power, budget transparency, systematic dialogue with various social actors, elite recruitment based on merit, and a system of genuine economic competition. It is precisely these methods of political management, and not ideology, that led to the rise of an oligarchic regime.

At the same time that Kremlin officials were developing a new regime, relying on a newly born oligarchy and reinforcing the role of the state, government officials were also opening windows of opportunity for non-nomenklatura and non-state members, who saw the transition process quite differently. Beginning in 1988, a different type of elite managed to grow rich by forging horizontal links between industry, the banking system, and local political institutions. Without the backing of the state, members of the counterelite were forced to play with the rules of the emerging market. Denied custom and tax privileges, they had to be flexible and inventive, turning the loopholes of the new legislation to their own advantage and building a positive image in a competitive environment. The lack of patrons within the federal executive branch also forced them to find a common language with local authorities and to negotiate with their own employ-

ees and with representatives of other industrial sectors. As time went by, they developed a worldview that opposed that of the ruling elite: market-oriented values and a clear preference for consensus policies. These reckless businessmen were eventually joined by government officials and even regional governors, namely, by local representatives of the executive branch who saw the failure of vertical rule and believed that the state should implement reforms differently. The attitude of the Yeltsin regime and its proclivity to implement reforms by relying only on a handful of cronies generated disillusionment and frustration on the part of this elite.

Like those in Yeltsin's entourage, these elite representatives have a democratic agenda and are eager to maintain electoral institutions.

They too are willing to implement a free market economy. But, unlike the vertical elite, they advocate decentralization and a reduced role for the state in the economy. These politicians, prominent businessmen, and industrial managers see the state-society relationship from

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the perspective of the popula-

tion, not through the eyes of the authorities. They believe that a prerequisite to a successful reform policy is genuine dialogue between state and society. In their view, this would ensure that society would accept the reforms and, in some cases, would even become their driving force. They argue that the ruling elite should consider the population an equal partner that should not be patronized. They also say that it is time the state accepted initiatives from below and implemented reforms gradually, so that they could be accepted by both the population and industry and thus be more firmly rooted in Russia's society.

Ruled by different standards, the two elite groups have engendered a new dichotomy in Russia's political life. On the one hand, a majority of the ruling elite has promoted an oversized executive power, vertically structured and highly centralized. They are convinced that good political and industrial management depends primarily on an efficient top-down chain of order, and they believe that reforms should be implemented from above only, and as quickly as possible, so that a market economy can be achieved rapidly. On the other hand, some politicians, industrial managers, and bankers have refused to side with the state and have multiplied horizontal relationships with various social actors. The interviews show that the Russian elite is most divided on their perception of the role of power and the state in Russian society. To them, these disagreements are fundamental. They cut across political affiliations, concern the notion of public good, and reflect personal ethics.

As we will see below, the dichotomy of worldviews does not depend on ideology, as one can easily find Communists and market-oriented liberals in both

groups. Although the ten respondents that I interviewed a few weeks before the March 2000 presidential election were all sympathetic to market-oriented parties and political figures, such as then acting president Putin, former prime minister Sergei Kirienko, former acting prime minister Yegor Gaidar, UES chairman Chubais, Samara governor Vladimir Titov, or Yabloko leader Grigori Yavlinsky, they nevertheless displayed some fundamental disagreements.

The respondents agreed on the need for an efficient state capable of implementing institutional and economic structural reforms, and they even approved of strengthening the capacity of the state to build a democratic society. However, they clearly disagreed on the way these reforms should be implemented and on their understanding of the state-society relationship. In answer to a question on whether “political clans” are a myth or a reality, all respondents said that such clans do exist. However, most of them were unable to explain in detail how these clans function, what their recruitment criteria are, and what keeps members of these groups together. Instead, they spontaneously drew a line between “two antagonistic groups” that cut across political parties, which they labeled either “dogmatists vs. pragmatists,” “optimists vs. pessimists,” or “collectivists vs. individualists.” Interestingly, the development of one approach over another (vertical vs. horizontal) no longer depends on the elite representatives’ positions, either inside or outside state structures. Indeed, one can now find horizontally oriented state officials and even ministers within the executive branch, both at a federal and a regional level (Samara governor Titov and former Federal Securities Commission chairman Dmitri Vasilyev are good examples). Therefore, calling the two groups “insiders” and “outsiders” would be confusing. Such a situational approach would not reflect the opposing worldviews and political-economic values that have led to the dichotomy among the Russian elite. To call them “statist” and “liberal” could lead to even greater confusion, considering that both the current ruling elite and the former Yeltsin team consider themselves genuine liberals despite the fact that they share a statist view of reforms.

Additionally, differences between verticals, who favor reinforcement of the vertical executive power, and horizontals, who advocate respect for social contract, defy party lines and do not depend on political views. Instead, distinctions should be sought in the values and attitudes toward power of each elite group (see table 1).

“From Above” vs. “From Below” and the Perception of Society

It is quite symptomatic of the new Russian regime that one of the first official statements of President-elect Putin reaffirmed his willingness to shape and strengthen the state, which he perceives vertically. Putin pointed out that the West had misinterpreted his previous statements about building a strong state in Russia to mean that law enforcement agencies and security services would play an increased role. Instead, he stressed that he meant “an effective state capable of guaranteeing the rules of the game translated into laws for everyone.”¹³ Like Putin, vertical respondents insist that the state must act as a leader, a “locomotive” that both formulates national priorities and shapes the society’s values. Such

TABLE 1. Characteristics of Vertical and Horizontal Political Groups

Vertical group	Horizontal group
Has hierarchical vision of the world.	Integrates with other social groups. Emphasizes the need to recruit on merit.
Has collectivist world view.	Has individualistic world view.
Gives preference to the presidential powers. Believes reforms should be implemented from above, notably by the executive power.	Lacks confidence in the executive's capacity to reform. Gives preference to a parliamentary system.
Believes that politics is the driving force of reforms.	Believes that economics and society are the driving force of reforms.
Emphasizes the qualities of patronage and recruitment through cronyism to create loyalty.	Emphasizes the need to recruit based both on cronyism and on merit to enrich the potential of their team or company.
Prefers prompt economic reform.	Prefers a slower tempo of reform.
Resolves conflict using coercive means (tax police, intimidation).	Resolves conflicts through negotiation, systematic search for consensus.
Believes a reform policy justifies a temporary collusion between the political and financial worlds, secret decision-making processes.	Emphasizes the need for budget transparency.

a belief is often in tandem with a negative view of society as a whole: "If society is left to itself, it will spontaneously re-create an authoritarian regime," one vertical elite respondent emphasized. "The state should be more enlightened than people are." According to another respondent, society is unaware of what is good for the country, so the state must show the way to reform. "Citizens do not understand what the country needs. Look at the kind of people they elect. Instead of electing deputies who could implement a [liberal] reform policy, they vote for people who hinder this policy. It's a pity that a large constituency accept political methods that are totally unacceptable to us," he pointed out, referring to the large representation of Communists in the Duma.

Logically enough, these respondents, who consider the state to be more enlightened than the population, emphasize the need to implement reforms from above. In their view, it is more efficient and much faster to reform the state and economy without any particular "mass education" than to wait until the population understands and supports reforms. One respondent emphasized,

In the postwar period, the allied occupation forces helped such countries as Germany and Japan build civil society and a state of law. Unfortunately, we don't have such a possibility; nobody will help us. That's why we could try to resort to force to implement market reforms and stabilize the economy. By force, I mean with no consent from the population.

From the viewpoint of this elite, the relationship between state and society is clearly perceived as either a parent/child relationship or a dominator/dominated relationship based on fear. The respondents often emphasize that the public is taken into consideration only for short periods of time, notably during electoral campaigns, when the Kremlin has concerns about its allegiance. Generally speaking, they argue, the state despises the Russian population and quickly forgets its promises to implement a genuine social policy. A respondent emphasized,

Before an election, politicians generally have to act psychologically on the electorate. One could compare them to investigators interrogating and trying to "break" a suspect. In my view, in our country this kind of situation represents the only moment when the electorate and the state, or when the electorate and those who want power, interact one way or another.

One inevitable consequence of the gap between society and the "enlightened state" is the negative attitude of the population toward reformers. For the vertical political elite, this last argument is an easy way to explain the success of the Communists during the December 1999 legislative election, as well as Gennady Zyuganov's good performance in the presidential election.

Horizontal respondents, on the contrary, believe that reforms should be implemented only with the consent of the population to avoid any rejection of state reform policies. Despite the Kremlin's manipulation of the electoral process, they see a potential counterpower in the vox populi. One respondent said,

Even the Soviet regime needed, to a certain extent, to listen to public opinion. Today also, there are ways—through elections, for example—to exert pressure on the political leadership. Of course, demonstrations were manipulated by the Soviet regime. Of course, elections are manipulated by the current regime. But, we certainly cannot call it a dictatorship. If you don't want to be manipulated, don't let them manipulate you.

The implication is that there is a great deal of passive resistance on the part of the population in today's Russia, just as there was passive resistance under the Soviet regime.

So far, horizontal respondents argue, most of the liberal economic reforms have been implemented in a nondemocratic way—from above, without any feedback from or concern for the population. They oppose "revolution" in favor of "evolution" and argue that the Russian population advances in the right direction, at its own pace. As one person remarked,

Today, if you are an entrepreneur who created his own business starting from nothing, people understand that you are a crook, a criminal who should be thrown into jail. This is the situation today. But tomorrow, this system of values will be different. It is a slow process. A new generation will come from below and will eventually replace the entire political elite. . . . The same way oligarchs replaced "Red

directors," new businessmen will come and replace the oligarchs. All we have to do is wait.

To be sure, such a statement could be highly idealistic. However, it is worth noting that despite the results of the last two elections and the large representation of Communists in the Duma, horizontal respondents still believe in the capacity of the population to eventually embrace liberal reforms: "It is quite natural that today people should vote for the ruling elite in hopes that things will change to the better. There will probably be further disappointments before the society again backs revolutionary changes. For the time being, it expects only evolutionary changes."

Reinforcing the State and the Notion of Public Good

Vertical political experts believe that the reason behind state inefficiency should be sought not in its vertical construction but in the fragmentation of power that was aggravated during the last years of Yeltsin's regime. They believe that the executive power should exert informal but genuine control over the legislature and the judiciary. "Yeltsin's regime was in fact a nonconsolidated regime under which the president, who was granted enormous powers by the constitution, reigned but did not rule the country," Vyacheslav Nikonov argued during a round table discussion among political experts.

The government acted like an independent political center. . . . The Duma (the lower chamber of Parliament) opposed the executive power. The Federation Council (the upper chamber of Parliament) openly spread the wind of revolt. The regional authorities were insubordinate. The judicial power sometimes [made] decisions that contradicted the executive branch's policy. More importantly, the oligarchs and the "family" represented an even more powerful center of influence than all the institutions taken together. Today, this model of power has significantly changed. First of all, the president now reigns and rules the country; he chairs the government. This means that the government cannot act independently any longer.¹⁴

According to these experts, there should be a single locus of power in the state decision-making process, and that should be the executive branch, or more precisely, the Presidential Administration. It is quite symptomatic of their views that they justify the alliance between the Kremlin and the Communist majority in the parliament by the need to enlarge the president's ability to carry out reform policy. In their minds, the executive branch needs control over the legislature to avoid never-ending political negotiations. The Kremlin claims today that its behind-the-scenes agreement with the Communists at the eve of the Duma speaker's election helped ensure political stability during and after the presidential campaign. It also says the deal should serve as an example for the future.

Vertical political experts go even further, arguing that Russia has no state per se. "It's a good thing to live under democracy," one leading political observer said. "But prior to living under democracy, we need to build it up. A prerequisite to democracy is state building. Without a state, there cannot be any democracy. There cannot be any kind of political regime, neither good nor bad."¹⁵ Andranik Migranyan shares that idea. "Unfortunately, all our Rightists (liberal politicians)

say that individual freedom comes first, before state building. But, if there is no state, who will provide and guarantee such an individual freedom?"¹⁶

For the vertical elite, an efficient state is technocratic machinery, with a functional chain of command going from the Kremlin down to municipal authorities. They echo Putin, who argued "Russia's vertical management structure has been destroyed from top to bottom and from the bottom to the top." Putin pointed at two breaks in the vertical chain of command, one between the regional governors and the municipal authorities, the other between the federal government and regional governors.¹⁷ No wonder that Putin decided, soon after his election, to create seven federal districts above the already existing eighty-nine regions of the Russian Federation, reinforcing both the

Presidential Administration's control over the governors' policy and the vertical presidential power.

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Representatives of the horizontal elite espouse a radically different idea of an efficient state. In their view, to be efficient, the state does not necessarily need to be closed and secret and there is no need for

behind-the-scenes agreements between the executive and the legislative branches. An alternative to the vertical state would be an executive power capable of encouraging civil society and cooperating with it.¹⁸ As a rule, they insist on individual rights and claim a less-collective understanding of Russia's society than vertical respondents do. "What do we mean by 'liberal' society?" one respondent asked.

We mean civic rights for each individual. Only a liberal society needs a strong state to protect these individuals. In other societies, say in oligarchic societies, the oligarchs protect themselves without the help of any state. They command the state and the state machinery. I participated in the development of a political program on ecology. In this program, we argued that a strong ecological policy is possible only under democratic liberal states. If the state depends on an oligarch, what can its ecological policy be?

Although they claim that only strong states are capable of defending individual freedoms, horizontal respondents also argue that the less involved a state is in society, the better. "There should be just enough state regulation to solve social tasks," one respondent said. In their mind, the state is clearly a synonym of parasitic bureaucracy. "A bureaucratic state spontaneously devours its own resources. It leaves problems unsolved while swallowing up its resources," he added. Other respondents pointed out that the former Soviet-type bureaucracy has not vanished. On the contrary, it could re-emerge under Putin's presidency. "As a rule, bureaucracy sides with oligarchy and, under the pretext of restoring order and struggling against corruption, builds up an efficient state that shuts everybody's mouth," another respondent argued. "Only afterwards, it appears that there is no

efficient state, but a semi-dictatorship, under which the country is no longer in a position to develop as it used to.”

Such disparate notions of a strong state and even of an efficient state created different understandings of the last presidential election. Although Putin won with a comfortable majority, liberal-minded respondents clearly show that there is a lack of genuine consensus behind the new head of state. Not only do respondents differ on describing their ideal “efficient state,” they also disagree on the mission of such a state. Consequently, it is not surprising that members of the vertical and horizontal elites should also have different understandings of the notion of political responsibility and public good.

For vertical elite representatives, the public good is synonymous with an ideal society. In that sense, they believe that they have a particular mission to fulfill. But to reach that goal as quickly as possible, they are ready to write society off, believing that they are in a better position than the rest of the population to decide what policies are the most appropriate for Russia. During the transition period, the executive branch takes full responsibility for the reforms and becomes “exceptionally” and “temporarily” above the law. In their view, this can justify a temporary collusion between the political and financial worlds and a downplaying of the parliament’s role. For the same reason, vertical elite representatives tend to favor the resolution of conflicts by force, using the tax police as a political tool in struggles for power.

They are convinced that they can violate laws if it is in pursuit of what they see as the “public good.” In their view, it is more important to “do things” than to play by the rules when the rules could slow them down and hinder their mission. Infringement on the law is facilitated by the fact that they themselves drafted the current legislation. What is noticeable here is the blatant lack of respect, on the part of the vertical elite, toward the legislation they fathered and now consider as their own tool. One respondent argued,

I cannot regard laws as sacred when I know perfectly how much [money] I gave to such and such MP [member of parliament] in order to have this law approved by the parliament. Furthermore, I am perfectly aware that, should somebody else give even more money to these same MPs, the law would be changed. How do you expect Mr. X to have respect for presidential decrees when he personally brought these decrees to the president after having thought days on end about the best way to approach the president and have him sign these decrees? I am convinced that the entire political elite shares this nihilistic approach to law.

Despite that respondent’s beliefs, it is worth noting that another respondent, who belonged to the same political team, had a quite different understanding of the notion of public good and a different attitude toward the law. He believed that public good is not an end that justifies the means, but a day-to-day process that requires respect of legislation:

The annual budget of the Russian federation does not reflect the actual state of things. It is always higher than the government’s capability . . . and this is done purposely by the Finance Ministry. This gives people working there the incredible power of distributing financial resources, billions of dollars, and deciding to whom

money should go. The same can be said about the Central Bank. There is no written rule regarding the distribution of operating licenses. I have raised this issue several times, but everybody keeps silent. What we need here are very precise written rules that should be enforced and the interdiction for civil servants to play by their own rules.

Horizontal respondents take a more individualistic approach, emphasizing the importance of personal responsibility in the notion of public good. In other words, they argue that public good cannot exist when it is too abstract a concept and that both high-ranking officials and rank-and-file civil servants should serve society first, then—and only then—implement their mission.

As we have seen above, the horizontal group believes that the population is already equipped with sufficient moral reference points and instinctively understands the basics of democracy. “When one speaks of a ‘firm hand’ regime, the population sees nothing but the end of chaos. By ‘authoritarian regime,’ they mean the implementation of the rule of law,” one respondent said, underscoring the lack of consensus on the issue of the “firm hand” regime. “They certainly do not understand it as leading to a limitation of freedom. Even in remote places, such as Evenkia or the Tuva Republic, freedom has become a real value,” the respondent added.

Turning Point for the Opposition

To be sure, the horizontal elite is not yet organized and is still at the stage of self-identification. However, some recent events in Russia’s domestic political life may have acted as catalysts for the formation of the group. Surprisingly, few respondents referred to the bloody events of October 1993, the first military campaign in Chechnya, or the October 1994 financial crash as turning points in their political beliefs, perhaps because most respondents were, at that time, in the process of consolidating their political careers. Since Yeltsin’s 1996 re-election, however, there have been at least three key moments that may have helped forge a horizontal opposition:

1. There was a split among the ruling oligarchy after Boris Berezovsky gave an interview to the Western press in which he claimed that the oligarchs’ financial support of Yeltsin was a tradeoff. By discrediting a political move that was considered by some oligarchs as ideological, not economic, Berezovsky wore down the unity of the small group of Russia’s oligarchs. He thus created a “second circle of power,” in which he included only some of the oligarchs, more precisely, himself, former first deputy prime minister Chubais (then head of Yeltsin’s electoral staff), and their closest associates. Other oligarchs, notably Gusinsky and Rosprom-Yukos head Mikhail Khodorkovsky, lost their political influence. That is, at least, how the latter perceived it.¹⁹ The frustration that followed Berezovsky’s interview helped spark a political confrontation in 1997–98, which in turn led to the media war that opposed Berezovsky and Gusinsky during the December 1999 legislative and March 2000 presidential campaigns.²⁰

Soon after the presidential election, the war between the two groups resumed when the FSB launched a raid against Gusinsky’s Media-Most and confiscated numerous documents. In early June, Gusinsky was suddenly arrested, released

three days later with no charge against him, then once again arrested and interrogated. Such a sudden and aggressive reaction against one of Putin's main opponents showed that the Kremlin was not inclined to accept any genuine debate on its reform policy, nor did it want to develop a consensus policy with a liberal opposition.²¹

2. For many entrepreneurs and industrialists, the August 1998 financial crisis played the role of a catalyst. In their view, the shock was not in the financial crash but rather in the obvious lack of respect the state showed toward industry on that occasion. The resulting disillusionment and strong feeling of exclusion among the financial and industrial elite led some of them, such as then Federal Securities Commission chairman Dmitri Vasilyev, to create new lobbying structures to protect the national industry's interests. Other prominent industrialists, such as Bioprotess CEO Kakha Bendukidze and former Inkombank vice president Vladimir Preobrazhensky, set up an informal forum to discuss the role of the state in society.

“Disillusionment after frustrations, an alternative elite, and a new political opposition are taking shape. They are a direct consequence of the Kremlin's vertical policy.”

That forum was eventually transformed into the “intellectual-political club 2015,” in which prominent businessmen, industrialists, sociologists, political experts, and even MPs meet on a regular basis. One of the missions of the club 2015 is to show that it is possible to develop business, and even to invest in Russia's industry, without the help of the state. Paradoxically, although many Russian elite representatives have apparently become afraid of state authoritarianism developing in Russia, these horizontal businessmen and industrialists are still optimistic regarding their future. They argue that over the transition period they have learned how to prosperously develop their own business outside of the state structures, relying on their own skills and proficiencies. They are now convinced that they will survive no matter what the state invents to strengthen its power.

3. For some politicians, a feeling of exclusion followed the unexpectedly strong performance of Unity, the political movement created by the Kremlin a few months prior to the December 1999 legislative election. That feeling was aggravated after Yeltsin's sudden resignation on 31 December 1999. His resignation was perceived as yet another manipulation of the electoral environment. Last, liberal deputies, who considered themselves part of a large driving force to implement reforms, felt deceived when the Kremlin administration negotiated a truce with the Communist deputies in return for a promise to offer the seat of Duma chairman to Communist Gennady Seleznev. Frustrated liberal politicians started to imagine new forms of opposition to the Kremlin and, a few days before the presidential election, decided to support Yavlinsky.²² However, that does not mean that they definitely endorsed Yabloko's program. On the contrary, on the night of

the presidential election, Irina Khakamada made it clear that the time of single-leader political parties was gone and that the opposition needed to revise its program in order to enlarge its membership.

This state of mind is also reflected in the interviews I conducted. One respondent said,

What we need now is a powerful political party. Actually, we need a strong democratic rightist organization. When we divide people between liberals, social democrats, conservatives, etc., it is nothing more than a play on words in today's Russia. All this will become much more interesting at a later stage, when society reaches maturity. Today's priority is to create a strong political organization able to exert pressure on the state, to be influential in the Duma, and elaborate its own laws.

Another respondent sees the current lower chamber of Parliament as a mere "puppet institution" in the hands of the president. "It is like the USSR Supreme Soviet before perestroika," he argued.

This is why we'll have to start all over again, almost from scratch, and under much worse conditions than those we had in 1989. At that time, the population was strongly anti-Communist. Now, we have to gather people around the idea of struggling against corruption. Not against oligarchs, because oligarchs have always existed under all kinds of regimes, and they exist in the West also. But precisely against corruption.

Respondents who say it is about time to shape a new opposition could easily be labeled horizontal. They all think that priority should be given to initiatives from below. They advocate a lesser role for the state in the economy and favor consensus politics over the use of force. They also reject the idea of political clans, which they usually associate with patronage. Even if they disagree on who should be the leader of the opposition, they share a respect for dialogue and mutual trust and are eager to encourage rule of law and civil society. One of the respondents emphasized the urgent need to reform the state structures. But he added that it was unclear whether the state was capable of reforming itself from within. Rather, he argued that there should be an impulse from outside state structures, "not necessarily from above, but certainly from outside," to structurally reform the state:

I am convinced that prior to democratizing the state, there should be more economic progress, as well as more frustration from the population. The boiler has to warm up. It is clear that, in order to make the boiler explode in the right direction, we need a new organization to channel this explosion.

Some respondents even draw a comparison with the Soviet dissidence, when opponents to the regime symbolized moral values in opposition to those of the state and society. They point out that there is a similar trend in today's Russia and that a new political party could rely on a number of frustrated middle-class representatives:

Who could turn into a dissident in the 1980s? The environment then was propitious. Any intellectual was a potential dissident. But he needed a catalyst, an injustice, for example, vexations endured at his work or the ousting of his daughter from the Komsomol because she was not dressed properly or because she said something

wrong, etc. Instead of domesticating these people, the state kicked them out of their environment. As a result, it made them turn towards dissidence. . . . Today, notably in business, there are numerous similar examples. Take an honest, hardworking guy who needs a loan. To get it, he has to bribe several people and agree to unacceptable conditions. Frustration and disillusionment are growing. And these people are part of no political clan.

As a result, they could be channeled in a new political organization.

"A crucial question is whether we could conceive the emergence of a third force," another respondent spontaneously brought up.

I am convinced that we can. I am convinced that 10 or 15 percent of the Russian population could vote for a more open society and a more open economy. Is there a political party that can defend the interests of these people? Yes. Actually there are two, Yabloko and, to some extent, the Union of Rightist Forces. But the people of the Union of Rightist Forces are in a quite contradictory situation right now. The Kremlin rebuffs them, then pets them, then rebuffs them again, and then pets them again. Since they are waiting for the Kremlin to call them to join the government, I would say that they represent a semiopposition and a semipower. And they could collapse any time. Yabloko faces even bigger problems because it is personified by a leader whom people are literally tired of. So there is definitely room for a new liberal democratic party, even if it remains unclear who should be its leader. Even if it is also unclear whether there would be independent businessmen willing to fund this new party in today's environment, and whether there would be media to support it amidst bureaucratic pressure exerted by the state.

Disillusionment after frustrations, an alternative elite, and a new political opposition are taking shape. They are a direct consequence of the Kremlin's vertical policy, according to which, in a transition period, "the end justifies the means." In the late 1980s, Yeltsin managed to gather on his side all those that had been frustrated under the Soviet regime. Likewise, today's alternative elite serves as a magnet for all those disillusioned by the transition period. In both cases, we see a disparate elite positioning itself in relation to the state. But there is a fundamental difference. Although the Russian population largely supported Yeltsin's team in the late 1980s, today's alternative elite has only started to identify themselves; they share the population's aspirations more than they express them.

Conclusion

One can find numerous similarities, as well as fundamental differences, in the discourse of those interviewed, all of whom belong to democratic, liberal, rightist political movements or elite groups. On the one hand, all the respondents share liberal values and a negative attitude toward the ruling elite. They also agree that Russian society is not yet mature. On the other hand, they disagree on what should be the driving force of reforms. For some of them, it is society. For others, it is the state.

Respondents whom I labeled verticals believe that the state is at the center of any reform policy, that it is the only driving force possible, and that it should work as a locomotive, implementing its policies from above and relying on administrative tools. The vertical elite perceives the relationship between state and society as unequal—the state dominates society—and believes that this relationship

should be maintained until the period of transition comes to an end. It does not consider society a crucial factor in the reform process and believes that only the political elite fully apprehends the needs of the country and the population.

Political experts point to the danger of authoritarianism, which lies at the heart of this vertical conception of power. One respondent said,

I think that we are witnessing a brand new situation. What pose a problem are Putin's capabilities. The state is civil servants. Civil servants are stealing from the state. Who will force them to stop stealing and amend themselves in order to create this strong state everybody is talking about? Where is this superstructure? What will it be? How is it possible to deflect this enormous machinery? No decision has been taken so far. Therefore all these debates around the need to struggle against corruption are empty words.²³

Horizontal respondents assess society and state equally in reforming the state structures and economy, even if they also agree with their vertical counterparts that civil society is not developed enough. Most of them believe that the impulse for reforms should come both from inside and outside state structures and, consequently, that mutual trust and dialogue with society are a prerequisite to successful transformations.

What we are witnessing today among Russian liberals is the emergence of two groups that could serve as a basis for two possible liberal parties. So far, respondents see today's political arena as divided between three political parties: the so-called party of power, which represents Putin's supporters and members of the executive branch, such as the regional governors; the Communist party, inherited from the Soviet regime, which could disappear with time, considering that most Communist activists are older people; and, finally, what some respondents call a "new force," which could eventually turn into a liberal reform party. Of course, this will certainly not happen in the immediate future, but many respondents emphasized that they plan to be ready for the years 2004 or 2008, in other words, for the next two presidential elections.²⁴ The main disagreements between the still-emerging new force and the party of power lie in their perception of civil society and of the attitudes of the state toward this emerging civil society. It is worth noting that these disagreements do not concern the choice or priorities of reforms (both groups agree on the necessity to implement land reform, fiscal reform, and anticorruption measures), but the way in which these reforms should be implemented. In this regard, their disagreements concern governance, not economic issues.

NOTES

1. See Vladimir Gelman's political analysis in *Russian Election Watch* 9 (7 April 2000), Strengthening Democratic Institutions Project, John F. Kennedy School of Government, Harvard University.

2. Olga Kryshtanovskaya has argued that contemporary Russia is ruled exclusively by clans with varying degrees of influence, in "Kto segodnya pravit bal v Rossii," *Argumenty i Fakty* 21 (May 1997). Gelman emphasized that "established connections within and among elites and their density and stability can be considered a special kind of resource." A clientele, he added, can play a key role in struggles for power. See Vladimir Gelman,

"On the Problem of Elites in the Former USSR: Criteria and Approaches," *Post-Soviet Puzzles: Mapping the Political Economy of the Former Soviet Union* 3: 15–23.

3. Thomas Graham was one of the first Western scholars to focus on post-Soviet "clan logic." See his article, "The New Russian Regime," translated in *Nezavisimaya Gazeta*, 23 November 1995. See also Donald N. Jensen, "How Russia is Ruled," in *Business and the State in Russia*, ed. Peter Rutland, unpublished. Jensen's article can also be read on RFE/RL's Web site at www.rferl.org/nca/special/ruwhorules/index.html. See also Gelman, "On the Problem of Elites in the Former USSR." See also, in the same volume, Mikhail Maluyutin, "Authority Group: Stabilisers and Chaots," 155–59. On the functioning of financial and industrial groups as informal power networks, see Mathilde Mesnard, "Emergence des groupes et 'Corporate Governance' en Russie," *Economie Internationale* 77 (1999): 131–60.

4. On the distribution of the political-financial forces during the legislative campaign, see Virginie Coulloudon, "Russie: Derrière la façade démocratique," *Politique Internationale* 85 (fall 1999): 265–86.

5. N. Gevorkyan, A. Kolesnikov, N. Timakov, *Ot pervogo litsa. Razgovory s Vladimirom Putinyim* (Moscow: Vagrius, 2000), also available at <http://www.vagrius.com/html/books/na/putin.htm>.

6. Garfield Reynolds, "Putin Gives People Paternal Patriotism," *Moscow Times*, 30 December 1999.

7. *Guardian*, 31 March 2000, quoted in "... Says West Misunderstands Him," *RFE/RL Newswire* 4, no. 66, part 1, 3 April 2000.

8. A few days before the presidential election, liberal politicians and members of the Union of Rightist Forces political movement Yegor Gaidar, Boris Nemtsov, and Irina Khakamada turned their back to Putin and sided with democratic candidate Grigory Yavlinsky. For his part, Sergei Kirienko, another leader of the Union of Rightist Forces, decided to remain behind Putin, thus provoking a split within the movement.

9. In August 2000, the financial magnate Boris Berezovsky decided to gather all those who had been disillusioned in the state into a new party in order to "shape an opposition of a new kind."

10. Entitled "The Elite and Patronage in Russia," this research project is funded by the Smith Richardson Foundation and began in November 1997. It is based at the Davis Center for Russian Studies, Harvard University, directed by the author. Since March 1998, 111 in-depth interviews with representatives of the Russian elite have been conducted in Moscow, Yekaterinburg, and Perm.

11. For this particular series, interviews were conducted with

- Dmitri Kataev, Moscow city deputy, deputy-chairman of the "Democratic Russia" political movement, and member of the Union of Rightist Forces' Commission in charge of drafting the movement's political programs (8 February 2000);
- Dmitri Vasilyev, former Federal Securities Commission chairman (10 March 2000);
- Vadim Bondar, Duma deputy, member of the Union of Rightist Forces' Duma parliamentary group, president of the "Demokratichesky Vybor Rossii" (DVR) party's Tymen regional branch (9 March 2000);
- Vladimir Yuzhakov, Duma deputy, member of the Union of Rightist Forces' Duma parliamentary group, deputy president of the Duma Committee for the Federation and Regional Policy, professor, Saratov Academy of Science (9 March 2000);
- Sergei Yushenkov, Duma deputy, member of the Union of Rightist Forces' Duma parliamentary group, member of the DVR party, and deputy president of the Duma Committee for Security (9 March 2000);
- Leonid Gozman, adviser to the president of UES, member of the DVR political council (7 March 2000);
- Marina Salie, leader of the "Svobodnye Demokratiya Rossii" political movement (24 February 2000);
- Igor Lisinenko, Duma deputy, member of the "Fatherland-All Russia" parliamen-

tary group, deputy president of the Duma Committee for Ownership Rights, and businessman, founder of the enterprise “Maysky Chay” (25 February 2000);

- Vladimir Ryzhkov, Duma deputy, former Duma deputy-speaker, member of the Unity parliamentary group, member of the Duma Committee for the Federation and Regional Policy, and leader of “Our Home is Russia” political movement (21 February 2000).

12. This round table was held in February. Its transcript was published in the Berezovsky-owned newspaper *Nezavisimaya Gazeta*. See “Politicheskie igry: chto mozhet proizoiti v strane posle 26-ogo marta,” *Nezavisimaya Gazeta*, 23 March 2000. Among the participants were Andranik Migranyan (Reforma Foundation), Vitaly Tretyakov (*Nezavisimaya Gazeta*), Aleksei Pushkov (TV-Tsentr), Mikhail Krasnov (INDEM Foundation), Igor Klyamkin (Institute of Sociological Analysis), Vyacheslav Nikonov (Politika Foundation), Sergei Kurginyan (Experimental Creative Center), and Vladimir Ryzhkov (State Duma deputy).

13. “. . . Says West Misunderstands Him.”

14. Vyacheslav Nikonov, “Politicheskie igry.” Nikonov evoked then acting president Putin, who had kept his duties of prime minister. After his election, Putin has maintained Mikhail Kasyanov at the head of the government, but it was understood that he also kept a large influence and control over the government’s policy.

15. Vitali Tretyakov, “Politicheskie igry.”

16. Andranik Migranyan, “Politicheskie igry.”

17. This interview was published in the Komi newspaper *Respublika* on 15 March 2000. See Yuri Shabaev, “Putin on his Relations with the Governors,” East-West Institute, Russian Regional Report 5, no. 11, 22 March 2000.

18. See Mikhail Krasnov, “Politicheskie igry.”

19. Rosprom-Yukos deputy chairman Leonid Nevzlin, interview with author, Moscow, 26 October 1999.

20. Berezovsky notably controls the first public TV channel *ORT* and the *Nezavisimaya Gazeta* and *Kommersant* dailies. In summer 2000, Gusinsky still owned and controlled the *NTV* private TV channel, the *Ekho Moskvy* radio station, the *Segodnya* daily, and the *Itogi* news magazine.

21. Eventually, Gusinsky was freed from all charges. He flew to Spain and obtained a permanent resident permit in Gibraltar. Neither Gusinsky nor the procurer revealed the details of the agreement between the Kremlin and the oligarch.

22. This was notably the case of the Union of Rightist Forces’ members Nemtsov, Gaidar, and Khakamada. Presidential candidate Yevgeny Savostyanov withdrew his candidacy in favor of Yavlinsky just days ahead of the election.

23. Igor Klyamkin, “Politicheskie igry.”

24. By labeling their club 2015, the industrialists meant that they planned to be represented in the government and the Kremlin by 2015.