

## The Moscow election: too big to jail

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### Summary

Later this week Moscow will go to the polls to choose a new mayor in an election for control of a city that is both the centre of the Russian political economy and not quite like anywhere else in Russian politics. The Russian President, Vladimir Putin, appointed the current mayor, Sergei Sobyanin, and he released from jail his chief critic - charismatic lawyer and anti-corruption blogger, Alexey Navalny. The fact that Putin has chosen to stage a showdown between a long-time critic and a long-time Kremlin loyalist may be further evidence of his power to pull all the strings in Russia, but it is also a serious concession to Muscovites' expectations of a different kind of politics in Russia. It may be a sign of things to come.

The Moscow mayoral elections on September 8 are the largest direct elections in Europe. The economy of Moscow and its surrounding region is five times bigger than the next largest in Russia. It has a budget not far off that of New York City and the tax-take from Moscow makes up more than 20% of all federal government revenues. Muscovites are two and half times richer than their average compatriot, more liberal and more diverse. So these elections will determine the leadership of the city that is the heart of the Russian political economy and matter for anyone who has a stake in the country's economic or political future.

The person with the biggest bet on the table in this year's election is not a candidate. As ever, all Russian roads lead to Vladimir Putin. The Russian President appointed the current mayor, Sergei Sobyanin, and he released from jail (thus allowing him to stand) the only candidate who could conceivably push him to a second round run-off or (conceivably) defeat him: the charismatic lawyer and anti-corruption blogger Alexey Navalny. Indeed his own candidacy was in doubt in July when he was found guilty of embezzlement and sentenced to five years in jail on what most observers viewed as trumped-up charges. Within 24 hours of being incarcerated he was released pending an appeal, no-one doubts he would not

have been released without a nod from the President. The fact that Putin has implicitly mandated his staunchest and most popular critic to run against a long-time Kremlin loyalist makes this a curious contest that tells us something about the wider state of Russian politics. But what, exactly?

### Staged democracy

The answer lies in the unique place of Moscow in Russian life and in perceptions of Russia. Moscow has traditionally been the weakest link in the chain that Putin has wrapped around the imagination of ordinary Russians. He polled 46% in Moscow in the 2012 presidential election - his lowest result in the country. It is no coincidence that it is in Moscow that Navalny emerged in 2011 as the poster boy for the 'angry urbanites'. He led affluent Muscovites onto the streets in numbers not seen since the fall of Communism to protest against irregularities in parliamentary elections. It was the first time in the Putin era that Muscovites had decided they were no longer prepared to accept economic over political freedom.

Despite, at times, giving the impression of aloofness and detachment, Putin certainly sees this. Hence the decision to spring Navalny from jail and allow him to run. Putin knew that not

having Navalny on the ballot paper was a bigger danger to him than having him run. Where once the President was cancelling elections (he scrapped all gubernatorial elections in 2004), he is now taking convicted criminals out of prison and giving them the chance to run for office.

**Box 1: Candidates for 2013 Moscow mayoral elections and current poll ratings**

Sergey Sobyenin, (55)	Acting Mayor United Russia	64%
Alexey Navalny, (37)	Lawyer, businessman, blogger and political activist	20%
Mikhail Degtyarev, (32)	Russian Duma member Liberal Democratic Party	3%
Nikolai Levichev, (60)	Russian Duma member Fair Russia Party	2%
Ivan Melnikov, (63)	Russian Duma member Communist Party	7%
Sergey Mitrokhin, (50)	Politician, Yabloko party leader, the only Moscow-born candidate	4%

Source: Synovate Comcon poll, 22-28 August 2013

Putin will not, however, be expecting Navalny to win, and the polls bear him out. The latest polls (Box 1) give Sobyenin over 60% and Navalny just about 20% of the Muscovites' support. Sobyenin may ultimately be an extension of the President and his Kremlin allies (he was Putin's Chief of Staff) - but he has worked hard to carve out a reputation both for his commitment to Moscow and for a very limited kind of independence. His decision to call a snap election was opposed by some in the Kremlin and was intended to give him a popular mandate instead of the Putin-authorized placement he received in 2010 when tenure of Moscow City Hall was still the gift of the President.

Sobyenin's reign has hardly been free of the strong suggestion of Kremlin cronyism - the half trillion roubles that has been poured into road building in the capital since 2010 has often found its way to Kremlin-backed contractors. But roads got built, along with improvements to Moscow's public transport system, public places like Gorky Park and, most noticeably, to the terrible Moscow traffic. Much of this has been delivered hastily or not maintained properly, and Navalny has campaigned hard on the question of competence and corruption. But Sobyenin still has a record to run on of sorts and he looks set to win, most likely without a run-off (hence securing more than 50% of the vote in the first round).

**A personality without a party**

Yet even in losing, Alexey Navalny will have changed the face of Russian politics. Since stepping into the political limelight two years ago he has been subjected to the routine quasi-legal harassment that has come to characterise attempts by the Kremlin and its allies to snuff out opposition. The fact that he represented more of a threat to the Kremlin in jail than on the campaign trail cannot be seen as a sign of Putin's strength. In reality, it is a recognition that Navalny has raised expectations of a genuine element of competition in the Moscow part of Russian politics that even Putin cannot ignore.

Navalny now faces a basic challenge, which is to build a genuine political movement and crack the perennial dilemma which has dogged Russian politics since 1989: how to build a sustainable party structure. With the exception of the Communist party, which has its roots in a different era, no single political party in Russia has established a credible national foothold in public life for more than a brief period of time. Indeed talk remains in Moscow that Putin's own United Russia will be folded into another new entity before the next Presidential elections (scheduled for 2018). Since the collapse of the USSR, successful Russian politicians have always been bigger than the parties that are their nominal vehicles. Whether Navalny is capable of making this change is a big task, perhaps an impossible one to achieve.

Navalny's natural supporters are still a minority in Moscow and an even smaller minority in Russia, but they are culturally powerful and increasingly vocal. They have created a dividing line in Russian politics. On one side are those who wish to (or need to) endorse a state-backed system led by companies like Gazprom, while accepting ingrained corruption and welcoming the stability that the current elite have brought to Russia. This group includes the majority of the "opposition" parties, as well as Kremlin-controlled United Russia party. On the other sits a small but growing group who see the current state stricture as part of the problem. They favour greater transparency, cutting the size of government projects to reduce corruption, and more substantial attempts to diversify the economy away from its reliance on hydrocarbons.

What Putin is making of all this is hard to say. He will be wondering what his tactical choice implies for his bigger strategy. At one level, he will know that the price of fighting off the 'Navalys' of Russian politics must be a greater measure of freedom from Kremlin control for the 'Sobyanins'. Putin's own legacy requires politicians like the current Moscow mayor to win and thrive, and increasingly they are going to want to do this by casting themselves as more than just tools of the Kremlin.

### Box 2: Key issues for the campaign

<i>Corruption</i>	Navalny's signature issue and a theme on which Sobyanin has been forced onto the attack.
<i>Migrants</i>	Many Muscovites believe the transient immigrant workforce from other Russian regions and CIS countries, thought to be around two million, is behind both a shortage in jobs and a rise in crime. Navalny has probably alienated some of his more liberal supporters with his rather aggressive stance on limiting illegal migration.
<i>Infrastructure</i>	Despite a burst of public infrastructure investment under

<i>Social Welfare vs Civil Liberties</i>	Sobyanin since 2010, Moscow still needs huge investments in roads and public infrastructure - but these are also seen as a key source of corruption.  Sobyanin has focussed on the 'payroll' vote, that part of the electorate which depends heavily on social welfare and state support with the cost of living. Navalny's base is drawn from the twenty and thirty-something middle-classes, who are much more receptive to talk of universal values and civil liberties.
<i>Border changes</i>	Moscow city was expanded into the Moscow Region in 2012. Integrating these new urban areas into the city has been fraught and complicated.
<i>Business climate</i>	Vast areas of Moscow are still in need of industrial regeneration. Inward investment is key and both candidates promise a greater focus on the Moscow business climate, more efforts to make Moscow an international financial centre and more initiatives like Skolkovo science and innovation business park.

The question for stakeholders in Russia is whether this limited revival of political competition is going to impact on international business investing there or foreign governments seeking to deepen diplomatic relations. The fact that tackling corruption is now a central theme in public discourse can only help businesses investing in the country. Extracting commitments from Russian partners to tackle graft will now be seen as a more acceptable request. Russia's poor ranking in global league tables comparing levels of corporate governance is a constant thorn in Putin's side and will again embarrass him at the G20 this week.

For foreign governments, certainly in the West, the attitude of the Russian government to the crisis in Syria is not a source of much

encouragement. It seems that commerce will have to move before the politicians. The most significant cards in this game will be played by the Russian business leaders themselves. If they are seen to favour the approach of the opposition, as a few bold CEOs did recently in a letter to the media, then the Kremlin may see the elite fracturing to a much greater extent. At that stage, they will need to do more than release an opposition activist with an iPhone and a Twitter account from a poky prison cell.

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