

Elections Test Economic and Political Stability

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"Fair and honest elections" must lay the groundwork for progress, learning from the financial crisis and reducing the country's dependency on fuel exports, Finance Minister and Deputy Prime Minister Alexei Kudrin said during the Krasnoyarsk economic forum on Friday.

For an official of his rank and proximity to Prime Minister Vladimir Putin to bring up elections and inefficiencies in the work of the government in the opening of his speech to investors was perceived by many as a feat of courage.

Money will not come to the country unless the government ensures openness in elections — and the deputy prime minister made sure to not bury that fact during his address.

The minister, who is commonly seen by foreign investors as perceptive of both economic trends and government wishes, spoke rather openly to businessmen about how Russia needs fair elections, a more balanced budget and a government that does not discriminate between

private companies in showing its support.

He was also rather critical of the country's reliance on oil and gas.

"It is important that society realizes these elections will be a test, an inspection of the deeds performed by the authorities," Kudrin said in the beginning of his speech, according to a transcript on the government web site.

"[It is important] that the elections are fair and honest, that they represent all leading political forces of society. Only this will give the mandate of confidence that is necessary for economic reforms," Kudrin said.

"If a lack of confidence emerges, we will be unable to fulfill our tasks properly," the minister concluded.

Kudrin expected the economy to grow by about 4 percent, which will be insufficient for the country's economy as it continues to rely excessively on oil and gas and backroom deals between businesses and state officials.

"Mergers, acquisitions, access to resources are often dealt with in officials' offices. The situation needs to be fundamentally changed," he said.

Resource management is another weak point for Russia, Kudrin pointed out, citing the Economic Development Ministry's forecast through 2030, which, he said, repeats many pre-crisis operational models and needs substantial reworking.

There are 193 strategic documents and concepts approved by the government, 83 in development and 30 in the pre-development stage. Many are unbalanced and require the budget to stretch beyond capacity, he said.

Speaking of the regions, the minister said investments are decreasing while spending on social services is increasing.

"This is food for thought," he said.

Kudrin's election-related comments seemed to have been swept under the carpet by state-owned media, which downplayed the minister's comments in their reporting.

"This just shows the level of independence of our press," said Lilia Shibanova, executive director of Golos, a Russian watchdog promoting fair elections.

"There is internal censorship among the editors, who chose to avoid the issue," said Shibanova, who first saw the news on the Internet and reposted it on the organization's blog.

The prime minister has performed a "feat of civic duty" by speaking up and talking about the elections, Shibanova said of Kudrin's words.

"This means that, even on the highest levels, there are still honest people," she said.

Open elections, in which capable candidates are given the opportunity to rise to the top, are the only guarantee that corruption will leave the halls of government, and Kudrin was brave

enough to speak out on the issue "as an individual and a public person," Shibanova told The Moscow Times.

The leading United Russia party, however, was quick to criticize the finance minister for his comment.

"If Kudrin is trying in this way to show doubt about the actions of those currently empowered to make needed economic change, it is causing bewilderment," acting secretary of United Russia's General Council's presidium Sergei Neverov said Saturday, according to the party's official web site.

"This is not the first time the finance minister has made such statements about politics and elections," Neverov said. "It's interesting that these statements coincide every time with an aggravation of economic and social problems that members of the government's financial and economic block, and, first and foremost, Mr. Kudrin, have to solve."

According to Neverov, the minister could be trying to shift his responsibility and politicize the problem by making "dubious statements."

United Russia's reaction to the minister's comments is understandable, experts believe, because his words may be interpreted as questioning the legitimacy of the previous set of elections, which preserved United Russia as the ruling party.

The importance of Kudrin's comments for foreign investors should not be underestimated, experts say.

"I put a lot of trust in Kudrin's judgment," said Alexei Sikaylo, whose law firm, Sikaylo, Gabbasov, Romakhova & Partners, represents a number of foreign investors in the country.

Sikaylo called Kudrin a man "with a nose for economic trends" who understands that the presence of fair elections in Russia plays a part in foreign investors' decision to bring money to the country. This especially concerns long-term investments and those by Western investors who place a high value on transparency and democratic principles.

More attention should be paid to the PR value of fair elections in Russia, and Kudrin, "as a person with acute senses," realizes that, Sikaylo said.

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