

Russian Parliament Is Slipping Back to '90s Chaos

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The story behind the State Duma decision to adopt a new chapter of the Tax Code on the third reading on Nov. 21 is both interesting and characteristic of Russian lawmaking today. To understand what is happening, it is necessary to first accept that lawmaking is a political process that essentially aims to coordinate the interests of powerful individuals and interest groups. It would be to the public's benefit if the interests of society were also on the table, but that is not the case in a non-democratic system. Only a very narrow circle of people has access to the decision-making process, and that number continually grows smaller. Intuition suggests that, under such circumstances, only that select group makes all the decisions and the results are not open to discussion. But that is not what's happening in reality.

The State Duma demonstrated its highest level of legislative discipline in 2007-11. That period saw a relatively small number of bills introduced by the major political players: the president, the Cabinet, and United Russia leaders. The bills were passed quickly but with decent regard to the parliamentary rules. By contrast, the current scene calls to mind the parliamentary chaos of the 1990s: a flood of initiatives from a variety of authors — senators, individual

Duma deputies not belonging to the ruling party or holding any important parliamentary posts, and even regional legislative assemblies.

Paradoxically, the bills introduced by ordinary deputies are adopted within days, while initiatives coming from the Cabinet stall or require rewriting. Two examples are a package of amendments on advertising introduced by Duma Deputy Igor Zotov that parliament passed in just 11 days at the end of its spring 2014 session and a bill by a group of deputies that limits foreign ownership of mass media in Russia and passed after a brief nine-day review period in September. By contrast, a governmental bill on privatizing the Russian postal system has little chance to see a second reading.

All this is not a result of "lobbying" as the word is commonly understood because the idea of lobbying presupposes the existence of business groups as separate political entities that push their agendas through governmental structures. But in today's Russia, all of those "outside interests" are themselves Duma deputies or government ministers, making the legislative process the exclusive work of "insiders." In such a situation, how can the public or even other businesses not represented in parliament influence decisions?

Just as the steadily shrinking number of individuals allowed into "Government Decision-

Makers, Ltd." has not led to increased executive discipline but instead to growing chaos, the closed nature of the legislative process does not mean there is no place for input from the public. In reality, this is what happens: Politicians want to know which of their actions might lead to social discontent, but they have no feedback mechanisms in place to obtain that information. They therefore rely on strange and even "garbled" channels of information.

Or else they invent such mechanisms themselves or mistakenly interpret an intra-elite debate as a dialogue with wider society. This has led to the bizarre cult of opinion polls in Russia's political system, as seen in the mysterious efficacy of petitions posted on the website Change.org — a resource that has proven more effective than the official Russian Public Initiative (ROI).

The result is an external mechanism for making adjustments to laws. Generally, one of two things occur: Either legislators announce their new law and later put it "on hold" — as happened with the so-called "Rotenberg law" that aimed to provide budgetary compensation for losses companies and individuals suffer from rulings by foreign courts — or else they pass a new law and immediately begin the process of correcting it. This has happened with the law banning a wide range of food imports from the European Union and the earlier law regulating international payment systems in Russia. Both are still undergoing corrections with no end in sight.

The amendments to fees charged to small businesses offer a perfect example of this "external digestion" system. They first appeared as part of changes to a government bill on tax policy. It is an old Duma trick to introduce amendments unconnected to the bill under discussion during the second reading. The reason is that the relevant Duma committee has the right to introduce changes to a bill during its second reading, whereas an independent new bill would have to pass the whole three readings in a plenary session of parliament. Thus deputies generally use the second reading when they want to introduce changes quickly and quietly. However, the changes to the tax bill became known and caused a public uproar, prompting

legislators to pass the government's bill without the alterations.

After that the fees placed on small businesses were included in the second reading of a different bill authored by Deputy Andrei Makarov and that passed the first reading on Oct. 14. Why this maneuver? Obviously, to shift the responsibility from the government to the parliament. And as they moved from one bill to another, the proposed amendments changed considerably, so that now they no longer apply to all municipalities but only to Russia's three cities of federal stature — Moscow, St. Petersburg and Sevastopol. The fees themselves became lower and the range of taxable business activity was reduced from 22 to just one — distributive trade. The amendments were adopted in this form during the second reading on Nov. 18.

As it turned out, that same evening President Vladimir Putin told a forum of the All-Russia People's Front that the Moscow authorities were behind the idea for the bill because they were unhappy with how little retail chains contribute in taxes to the city budget. If that is true, why didn't the Moscow City Duma, which has the right to present legislative initiatives, introduce the bill itself? Why was it introduced in such a strange form and so different than the original goal of collecting more tax revenues from retailers? Did Duma Deputy Makarov know of that goal? Or were the president's words an attempt to calm the business community?

The Russian Union of Retailers appealed to Putin to veto the law when it reaches him. But they might not realize that Putin has only used his veto power once during the Sixth Convocation of the State Duma. That was in late 2012 and concerned amendments to a law on the Skolkovo innovation center. The Federation Council uses its veto power a bit more often, vetoing 18 bills during the Sixth Convocation. However, the president signed 14 of those into law after minor changes were made.

None of this resembles a story of lobbying. Rather, it is the picture of an imbalanced system that sends and receives distorted signals. It ostensibly aims to conform to reality, but has only a vague understanding of what that reality is. The system can't be influenced directly, but we know that it's scared of any outside noise. The only trouble is that you never know how it will react to this noise.

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