

# Russian case for the evolution of democracy in the 21<sup>st</sup> century

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“What we may be witnessing is not just the end of the Cold War, or the passing of a particular period of postwar history, but the end of history as such: that is, the end point of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government “

Francis Fukuyama

## Introduction

In his 1989 essay “End of History” Francis Fukuyama observes the trends of economic and political regimes all around the world and makes audacious prediction: “But the century (talking about 20<sup>th</sup> century) that began full of self-confidence in the ultimate triumph of Western liberal democracy seems at its close to be returning full circle to where it started: not to an “end of ideology” or a convergence between capitalism and socialism, as earlier predicted, but to an unabashed victory of economic and political liberalism.” However, not unlike financial cycles, the levels of national and international democracy have been volatile.

The rise of the right wing populism in the UK and the United States has shone a spotlight on to the fallacies of the current democratic institutions. Emphasise on the climate change crisis, significant representation of the dystopian future in the media (i.e. Interstellar, Black Mirror), frequent talks and news articles on the threat to the democracy posed by AI technologies, and as is put in one of the articles of the Economist “socialism no longer being the boo word it once was for the younger generation<sup>1</sup>” all contribute to the radicalisation of left politics as well. “There are emerging socialist democratic movements like the Jeremy Corbyn-led Labour party—but it’s becoming apparent that for the left, the middle way has failed.”<sup>2</sup>

Both right wing populist, nationalistic, anti-immigrant ideas posed by politicians such as Donald Trump, Nigel Farage, Sebastian Kurtz and the socialist ideas such that of economists Thomas Piketty, Joseph Stiglitz and politicians Bernie Sanders, Alexandria Ocasio Cortez have fully transitioned from radical to acceptable degree of the Overtone window.

Liberalisation of Soviet Union for Fukuyama was one of the central points to moving the world towards democracy. He rejects the “The automatic assumption that Russia shorn of its expansionist communist ideology should pick up where the czars left off just prior to the Bolshevik Revolution” so it is interesting to study the economic and political patterns that Russia experienced after the collapse of the Soviet union. In particular to study the period after the turmoil of 90s and see if the liberalisation in the 21<sup>st</sup> century can be halted or even reversed and what are people’s reaction to the actions of the government during these times.

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<sup>1</sup> <https://www.economist.com/briefing/2019/02/14/millennial-socialists-want-to-shake-up-the-economy-and-save-the-climate>

<sup>2</sup> <https://www.macleans.ca/opinion/no-more-mushy-middle-2018-will-be-the-end-of-centrist-politics/>

## **Why study Russia in the beginning of the 21<sup>st</sup> Century?**

- 1. It is a smooth borderline case both for economic growth and political volatility.**

### **Economics**

After the collapse of the Soviet union and the turmoil times of the rapid privatisation came the 20 year period of the steady economic growth. Many developing countries have experienced the same levels of economic growth during that period.

### **Politics**

Vladimir Putin has been in power since 2000 and the political agenda of the government and parliament has not deviated much from the course set out in the very beginning of his presidency. Putin has been an elected successor of the former president Boris Yeltsin and has not taken the power violently as a result of a military coup or revolution. It is very important for the research as Russian citizens have voted for Putin to be the president even if electoral institutes in Russia are still in nascent phase. It is necessary to recognise that for the 19 years of his presidency, he was always re-elected within the constitutional frame, even though constitution was changed multiple times it never grossly violated any commonly accepted democratic procedures. During the four year presidency of Dmitry Medvedev from 2008 to 2012, Vladimir Putin was prime minister and the main decision maker in the governing of the country, so we can treat this period for the research purposes as the presidency of Putin. Thus, unlike in communist countries, pure dictatorships or religious states, citizens still consider president elections as their social responsibility.

- 2. The most active representatives of the electorate have seen different political systems.**

The most politically active social groups are the equivalent of the Baby Boomer, Generation X and early millennial age groups if we were to use Howe-Strauss generational theory descriptions. Apart from the third group all of them have spent at least 10 years of their conscious life living in the Soviet union, which was highly authoritarian political regime and provides a big contrast to the current political regime in Russia. Thus the political activity and the electoral decisions that Russian citizens make now are made having the advantage of the hindsight to the past regime and ability to evaluate their actions leading to the possibility of the return of the former regime.

- 3. Cultural and educational similarity of Russian society to the leading democratic countries.**

Although Russia is far from accepting many democratic values of the countries from western Europe, it is secular, highly educated, has open borders and up until now had the uncensored access to the internet and all of the websites, programmes and applications that an average European or North American citizen has, especially the younger representatives. This is what many less developed countries will be “converging” to, at least if they adopt democratic economic and political paradigm, if they haven’t already done so.

## Research

### What to study?

In light of the points described above, it is appealing to test the idea that the ubiquitous desire for democracy will be prevalent and see the relationship between authoritarian tendencies of the regime in Putin's Russia, performance of the Russian economy and people's approval of the actions of the president.

The variable to measure the level of democracy will be the Freedom House democracy score. Poll results published by Levada centre which is a Russian analytical company specializing in quantitative primary research will be used to analyze the level of approval of presidents actions by Russian citizens. It will be used instead of the more obvious indicator, the percentage of votes that Putin and Medvedev attained during the 6 consecutive elections, for two reasons. Firstly, as described in the introduction there is a consideration for the high probability of falsifications during the elections, especially in particular regions like Chechen and Dagestan republics. Secondly, voting results data is only available for every 4-6 years period, which is insufficient to track the necessary dynamics.

### Wealth

Although looking at the figure 1 and 2 it might seem that there is a positive correlation between GDP and support for Putin, simple regression analysis shows that there is no linear relationship between them. (see figure 3). The R-squared number of 0.012 confirms that.

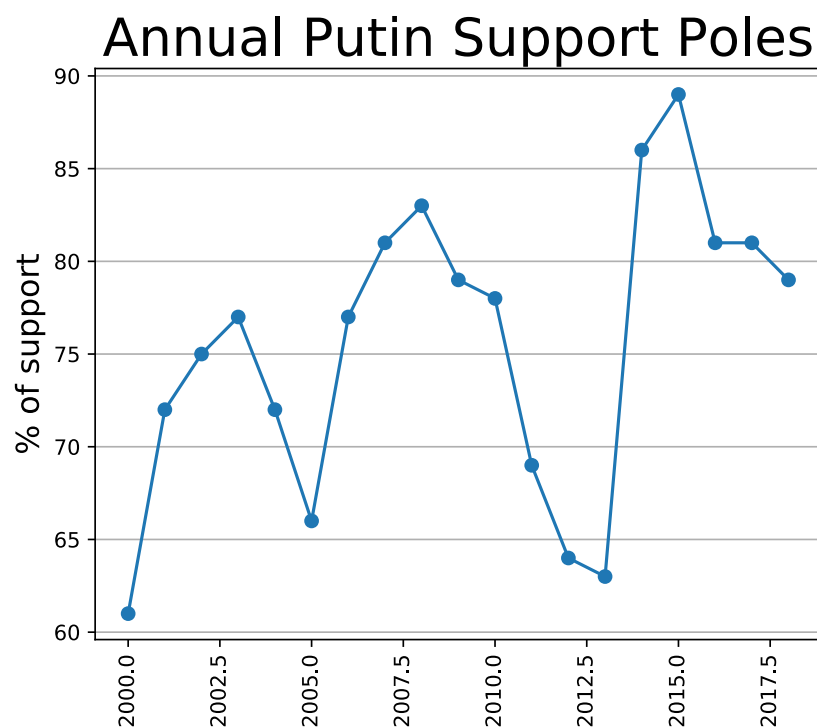


Figure 1



Figure 2

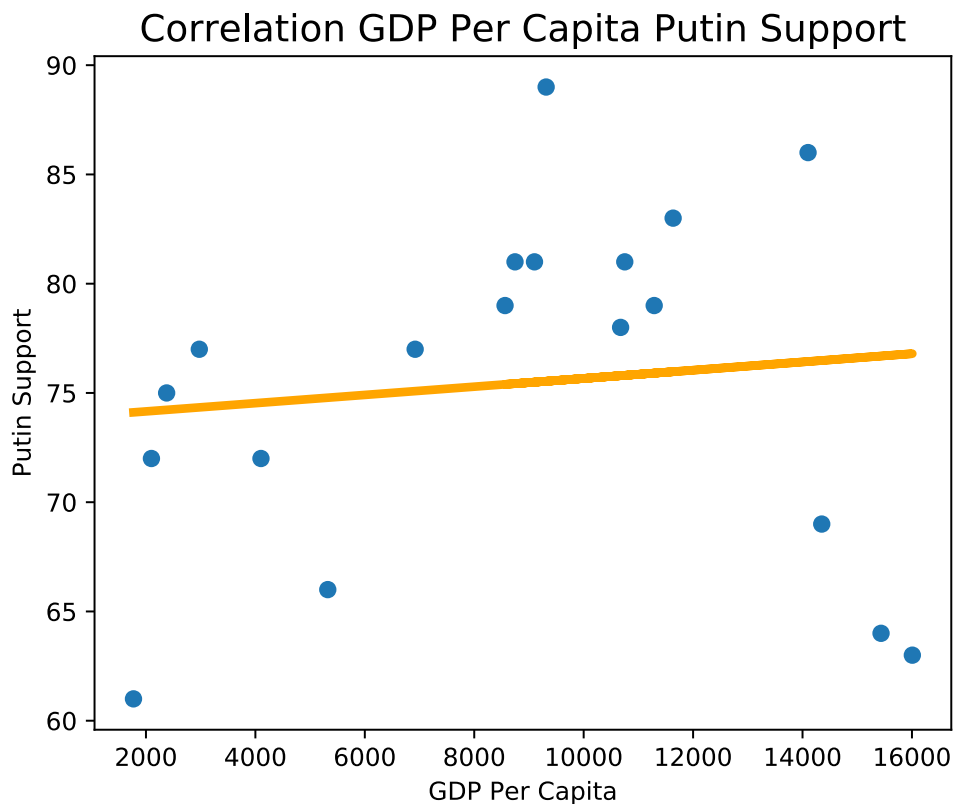


Figure 3

Analyzing graph further we can see that the correlation pattern follows a parabolic shape where the percentage of citizens supporting Vladimir Putin peak at around 9-12 thousand USD for GDP per capita and then start to fall sharply. Indeed an R-squared for second degree polynomial regression is almost 0.5 which corroborates the assumption that the data can be addressed by parabolic model as opposed to linear relationship. (see figure 4)

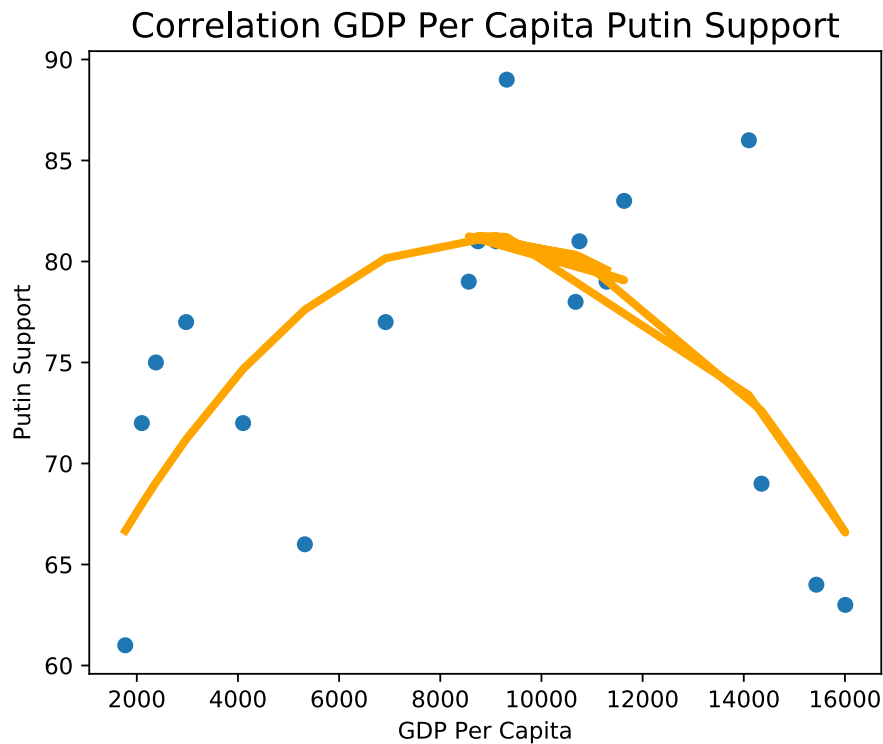


Figure 4

Before, interpreting the data we have to address the two biggest outliers, which do not fit the pattern. These are Putin Support figures for 2014 and 2015, being the highest and the second highest values of 86% and 89% support respectively. In 2014 GDP per capita was at the high level of around \$14,101 whilst in 2015 it fell sharply to \$9,314. One potential explanation might be that the Russian government annexed Crimean Peninsula in March 2014, which was an action supported by majority of Russian citizens at least in the short term, which might have led to these discrepancies.

The parabolic shape of the data might mean that in line with the Maslow's hierarchy of needs, once the certain income threshold was reached for an average Russian citizen, the need for self actualization and involvement into social and political life of the country has grown, that in turn might have led to discontent with the current political leader.

In order to investigate assumptions made above we would need to see if the income of the average citizen has actually gone up by studying changes in income distribution.

### Income Distribution

We use Gini Index and percent of people below poverty line to evaluate the pattern of income distribution in Russia.

Having checked for any meaningful general relationship between poverty rate and support for Putin the finding was that there were no concrete general correlations. (see figures 4 and 5.)

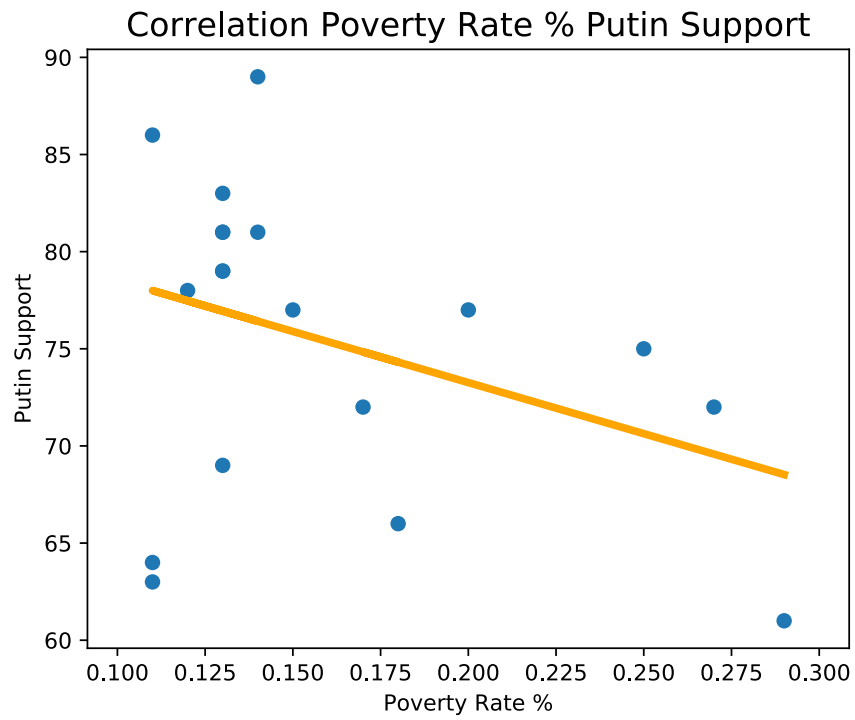


Figure 4

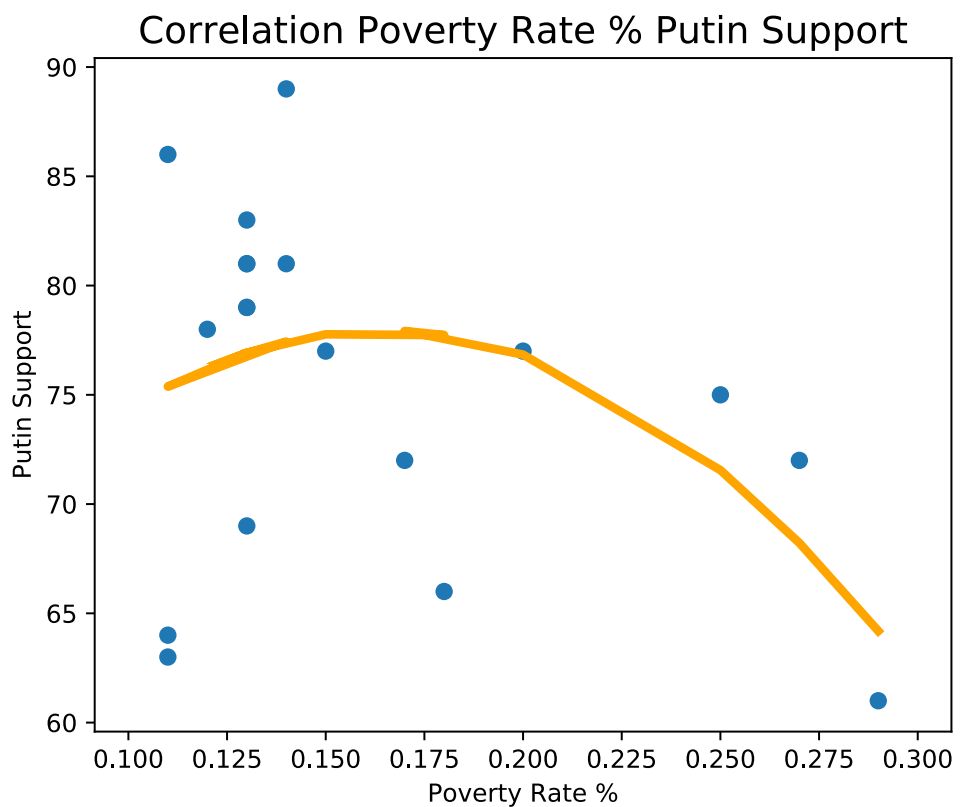


Figure 5

Although there is a parabolic shape in figure 5 it is not representative as most of the values for Putin support are equally distributed closer to the lower levels of poverty rate. R squared values for linear and parabolic models are 0.13 and 0.21 respectively.

Gini Index is only available from 2003 till 2015 and has only a few discrete values, so if put on X axis each of these values corresponds to a few Y values. Therefore instead of choosing linear graph a bar chart can be used, where each bar represents a particular discrete value and the height of the bar represents the mean of all the Y values corresponding to that particular discrete X value. Please refer to figure 6.

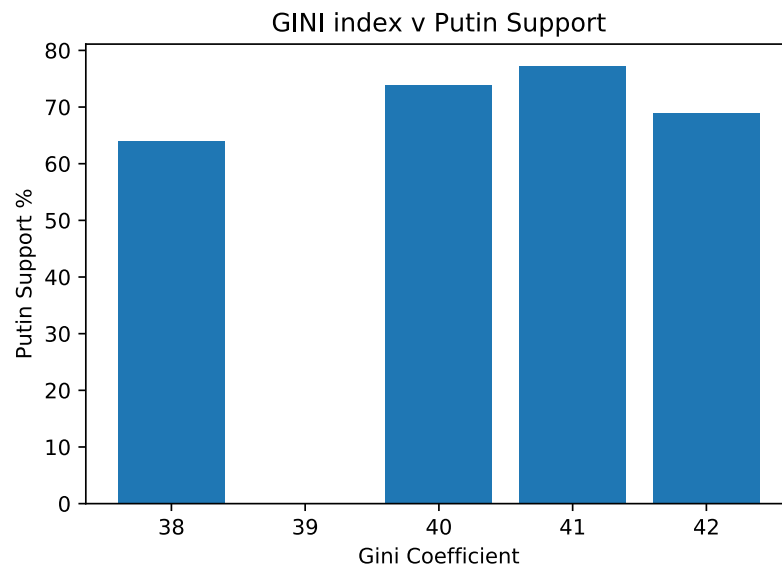


Figure 6

Studying figure 6, even if controlling for an outlier value of 38, there is still failure to find any meaningful relationship.

The connection between GDP and poverty rate is unsurprisingly very strong and evident. Simple linear regression modeling explain the relationship accurately with R squared being 0.75 and the correlation coefficient using that modeling is approximately -0.87(see figure 7 )

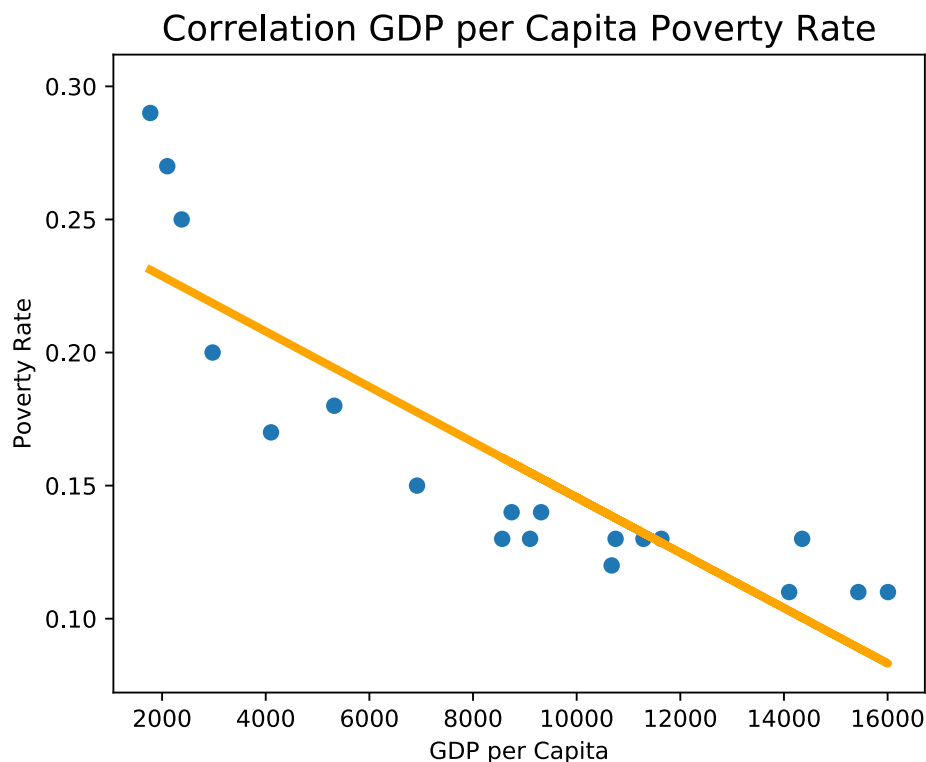


Figure 7

The more unpredictable finding was the negative correlation between Gini Index and Poverty rate. Where a rise in one point in Gini coefficient leads to around 4 to 5% drop in the amount of people living under poverty line.(see figure 8)<sup>3</sup>. This might indicate the scenario glorified by Simon Kuznets of being in the rising part of Kuznets curve where economic growth although increasing inequality in the short term efficiently eradicates number of people living below the poverty line. It also might lead to the creation of the middle class who is more politically active and have more social weight. Indeed we see that the lowest levels of the poverty rate in Russia corresponded with low numbers of support for Putin. (figure 9)

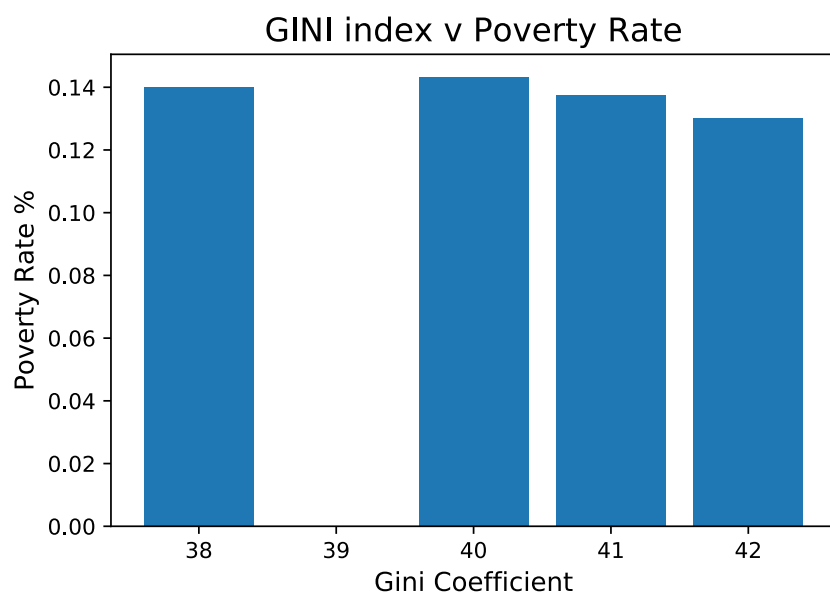


Figure 8

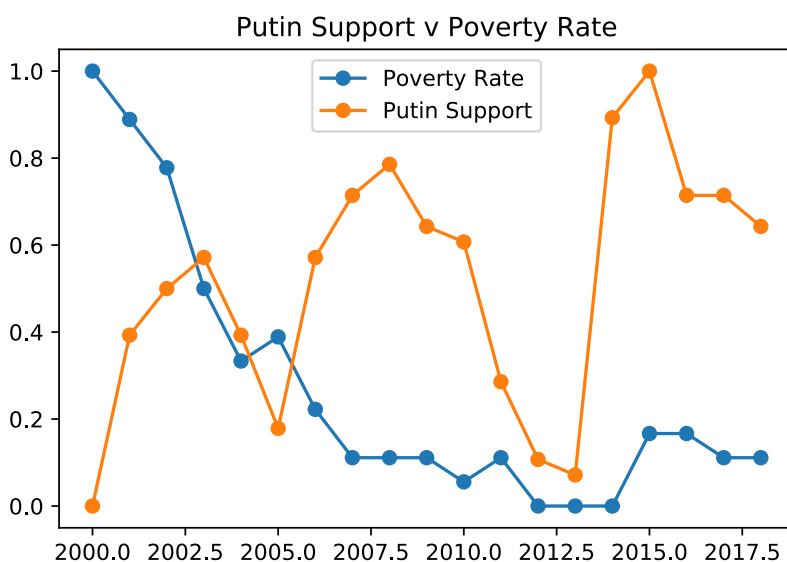


Figure 9<sup>4</sup>

Again, like with the GDP figures, we need to address the outlier of 2015 in figure 8, which had the lowest Gini Index number in the period 2003 till 2015. The possible explanation is the sanction regime that many western countries

3 Gini index varies from 0 to 1, with 0 being the perfectly equal society and 1 representing the society where one person owns everything Please note that in the World Bank data, Gini Index is from 0 to 100, so 0.4 Gini index is equivalent to 40 Gini index in World bank notation. For the sake of keeping data as close to the source as possible World Bank notation is used.

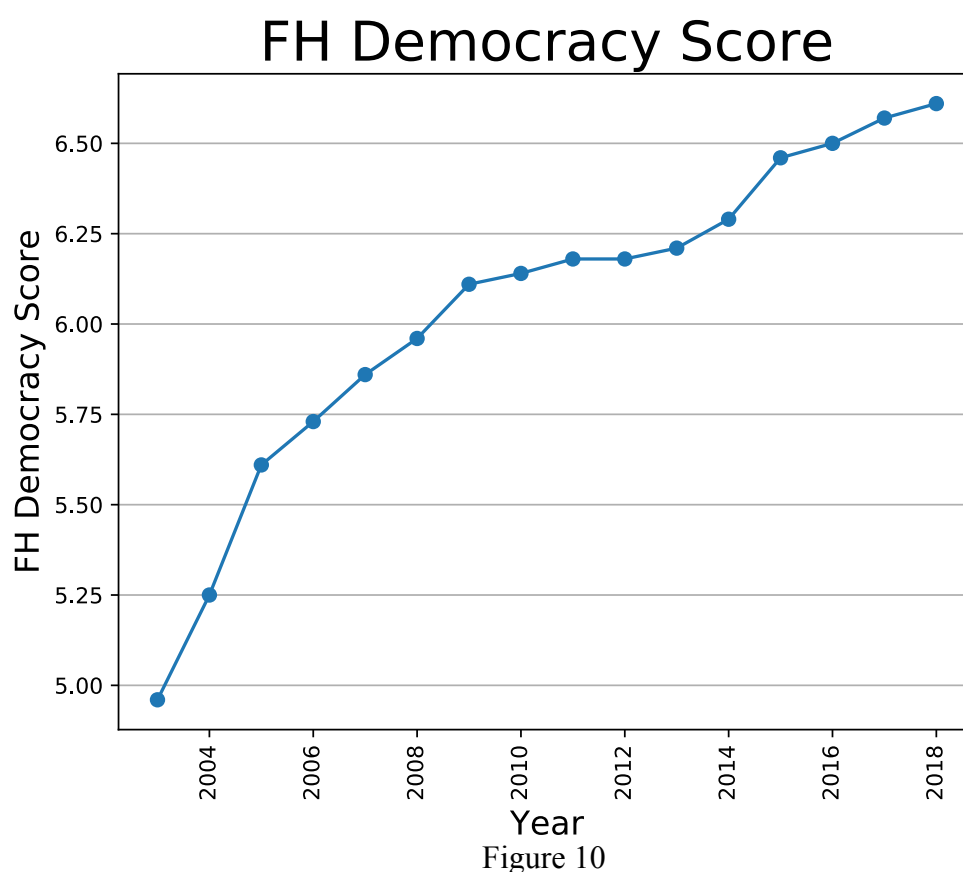
4 Please note that for the figure 9 the Y values were normalized, so the data can fit.



have imposed on Russia straight after annexation of the Crimean peninsula. Although we can see that the poverty rate has gone up by more than 27% the Gini Index still fell sharply to 38. Paired with the fact that the nominal figure for Gini Index was pretty high at 42 this suggests that the richest part of the Russian society had to take the biggest financial hit at least in the nominal terms. Unfortunately, there is no data for Gini Index in Russia after 2015, so we cannot see if the Gini Index bounced back straight after or stayed low for the next three years.

### Democracy

Freedom House Democracy score starts at 5<sup>5</sup> in 2003 and then quickly increases to 6 within 6 years, after that the rate of growth slows down but the actual growth never stops. (see figure 10)



This lets us use the democracy score as a benchmark, we can infer that it is procyclical for the most part as GDP was growing during most of the studied period. It is also obvious that democracy score is strongly negatively correlated<sup>6</sup> (see figure 11) with poverty rate as these graphs are almost mirror reflection of each other (see figure 12). This pattern will hold in general, positive correlation to any growing variable and negative one to variables with descending graphs. If we compare it to our main Y value of Putin Support we see that both set of values grow in the long term, but while Putin support levels show high volatility rate, democracy score doesn't fall at all. Thus, it is hard to see any general pattern between these two variables.

<sup>5</sup> Higher index values represent more authoritarian government and vice versa.

<sup>6</sup> Correlation coefficient  $r$  being around -0.77

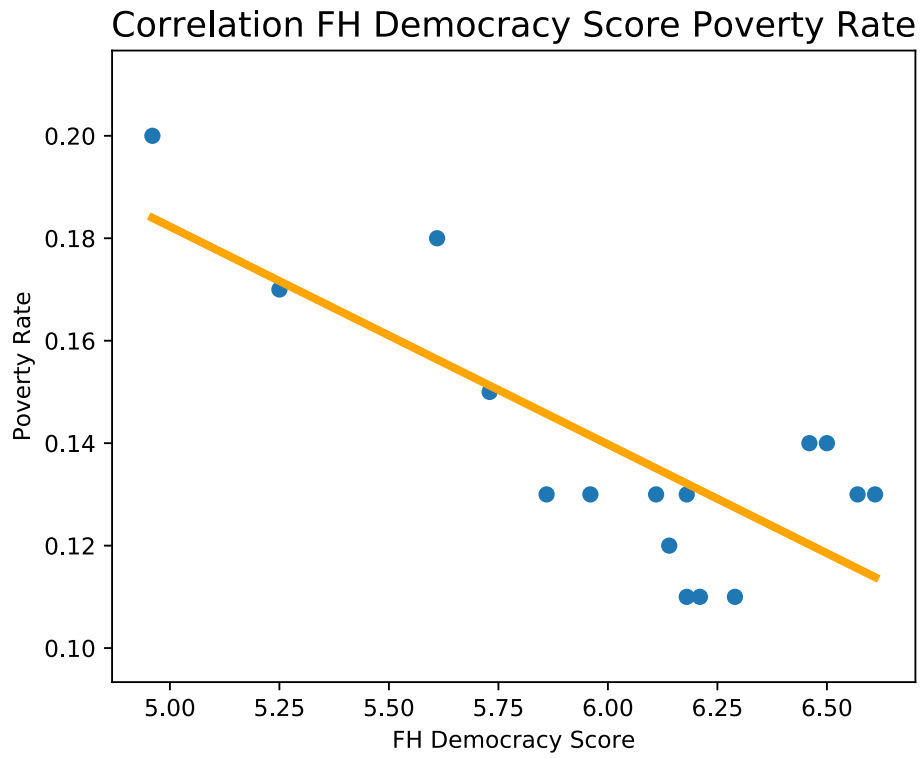


Figure 11

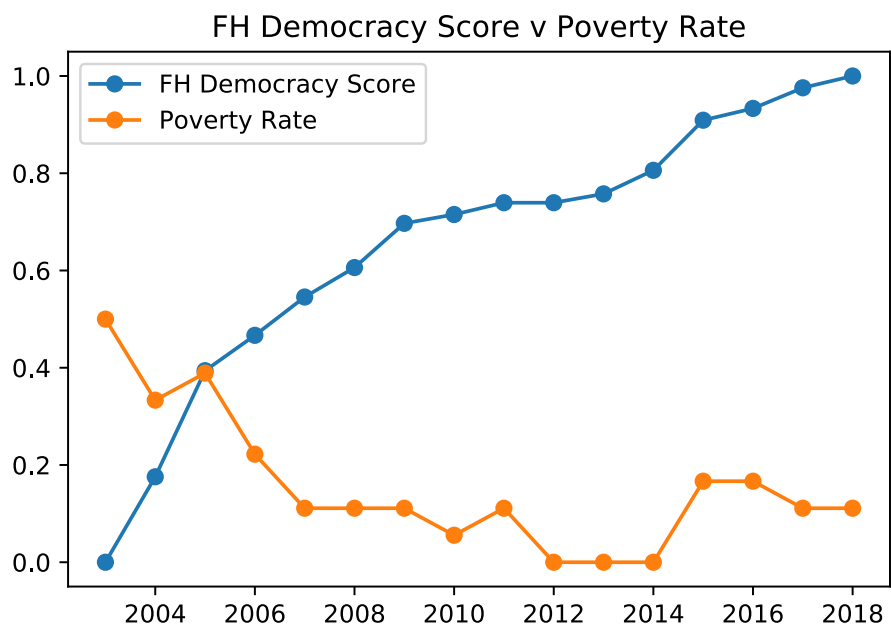


Figure 12<sup>7</sup>

<sup>7</sup> Y values have been normalised

## Conclusion

The monotonous background of the steady dissipation of the liberal institutions in Russia allows for the economic indicators to be sharp predictors of people's attitude towards their leader who has been in power for almost 20 years. The non-linear, inverted parabolic relationship in figure 4 may be seen as corroboration of Fukuyama's view that "political liberalism has been following economic liberalism, more slowly than many had hoped but with seeming inevitability".

The relationship found above can potentially lead to governmental self-sabotage where rulers of the country are willing to sacrifice the growth of national and henceforth their personal wealth in order to stay in power by spending unnecessary budget resources on wars, extensive policing, censorship, propaganda, electoral falsification, etc.. Economists Daron Acemoglu and James Robinson wrote about many similar historic cases in their book "Why nations fail". Indeed, we have seen this strategy deployed in recent years by Russian government.

With many developing countries in the world approaching equivalent GDP per capita threshold of around 10,000 USD on their way to liberalization, will their governments accept similar strategy? Can these strategies influence the populist governments, either left or right, of the more developed countries?

Finding the methods to counter the political reversal of the liberal development goes beyond the scope of this short essay, however finding trends and critical points of when exactly society is the most vulnerable to these reversals may play a great role in enhancing the development of these very democratic institutes around the world.

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5. *Millennial socialists want to shake up the economy and save the climate*, The Economist, February 2019 (This article appeared in the Briefing section of the print edition under the headline "Life, liberty and the pursuit of property")
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3. Freedom House Democracy Score, Freedom House  
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4. Gini Index, The World Bank, last updated 28.10.2019  
<https://data.worldbank.org/indicator/SI.POV.GINI?end=2017&start=2017&view=bar>
5. GDP per Capita, The World Bank, last updated 28.10.2019  
<https://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

## GitHub

A link to my GitHub public repository containing cleaned datasets, pdf graphs and Python Code that was used to process the data.

[https://github.com/YuryMoskaltsov/Russian\\_Democracy](https://github.com/YuryMoskaltsov/Russian_Democracy)