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The third issue of The PBN Company’s Russia Election Update focuses on election dynamics in the final weeks of the campaign leading up to the December 2 vote. The main development in November has been a transformation of the parliamentary elections into a referendum on President Putin. The continuing demise of Fair Russia raises the prospects for a two-party Duma, though Vladimir Zhirinovsky’s LDPR remains within striking distance of the 7% threshold. The competing tensions between popular movements supporting Putin and “protest votes” linked to recent inflation will drive turnout performance. Nevertheless, current polling still suggests that United Russia will attain a constitutional majority.

Although the campaign has not focused on specific economic or policy issues, inflation is the one key variable that hovers over the election and could impact its outcome. The double-digit inflation on certain key staples (milk, eggs, bread, etc.) over the past several months is felt most by critical segments of the electorate such as pensioners, teachers and doctors. Rising prices threaten not only to wipe out recent pension and wage increases, but they also detract from the “pocketbook” aspect of Russia’s economic stability, which United Russia trumpets as its crowning achievement.

The inflation issue also relates to turnout, which is the wild card in the run-up to December 2. Prior to Putin’s October 1 announcement, turnout was projected to be just under 50%, the lowest ever for a State Duma election. However, with the election now framed by United Russia and by Putin himself as a vote of confidence in the president, voter turnout is a crucial link to legitimizing Putin’s post-presidential role and influence. Polling data over the past month indicate that Putin’s more active role in the campaign has boosted the number of voters who say they will participate in the election.

The tactical shift to framing the Duma elections as a referendum on the president has facilitated the rise of popular movements in support of Putin. The most recent idea to surface is the notion of calling a civic assembly, or “sobor,” in support of Putin, with the purpose of naming him the “national leader.” Unconventional as it may seem, such movements have historical precedents in modern Russia. In 1993, just prior to President Yeltsin’s confrontation with the Parliament, and again in the run-up to the 1996 presidential elections, similar groups were organized to support Yeltsin. The current aim is to institutionalize Putin’s role as the national leader irrespective of his future position inside or outside the government.

Referendum on Putin

In the final weeks before the State Duma elections, the December 2 vote has been recast in a new light. The expected bounce for United Russia following President Putin’s October 1 decision to head the party list did in fact materialize, but the ruling party subsequently saw a minor downward correction. As a result, United Russia is now actively repositioning the election as a referendum on the president, with Putin himself suggesting that the outcome of the election will determine his future role as a political figure and “national leader.”

The shift in focus away from parties and toward political personalities is beneficial not only to United Russia but also to the Communist Party and LDPR, while it adds to the mounting concerns for parties lacking strong leaders. In particular, Fair Russia appears to be floundering, with neither a clear ideology nor a popular leader.

Parties Approach the Finish Line

On November 1, the Central Election Commission completed its review of signature lists and other requirements in order to finalize the election ballot. The Duma campaign entered its most active phase

on November 6, when parties began their print and broadcast advertising efforts. Below is the list of 11 parties officially contesting the December 2 parliamentary elections according to ballot position.

	Name	Party Chairman
	Agrarian Party	Vladimir Plotnikov
	Civil Force	Mikhail Barschevsky
	Democratic Party	Andrei Bogdanov
	Communist Party (KPRF)	Gennady Zyuganov
	Union of Right Forces (SPS)	Nikita Belykh
	Party of Social Justice	Alexei Podberezkin
	Liberal-Democratic Party (LDPR)	Vladimir Zhirinovskiy
	Fair Russia	Sergei Mironov
	Patriots of Russia	Gennady Semigin
	United Russia	Boris Gryzlov
	Yabloko	Grigory Yavlinsky

United Russia



The surprise announcement on October 1 that Putin would head the United Russia party list immediately added 8-10 percentage points to the party's rating by mid-October.

Polling data from the Levada Center suggested that United Russia was supported by 68% of decided voters. This additional support was drawn from some undecided voters, as well as from supporters of Fair Russia and LDPR. At this level, United Russia would be guaranteed a constitutional majority in the next Duma. However, near the end of October and into early November, the party's surge lost some momentum and United Russia dropped 2-8 percentage points in various mid-November polls.

This not-so-subtle shift resulted in an immediate change in strategy for United Russia. First, the party began altering the way it portrays itself, tweaking its image as the party of "Putin's plan" to simply "Putin's Party" (hence the referendum mentality). Second, Putin has begun to actively campaign for the party -- a recent appearance in Krasnoyarsk marked the first time he was introduced as the head of the United Russia party, rather than as President of Russia. His speech at a November 21 rally of the "For Putin" move-

ment was his most vigorous on behalf of United Russia, drawing the link between the December 2 vote and the March presidential election, and the leadership and welfare of the country more generally.



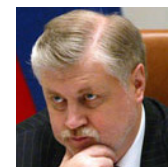
Furthermore, the impact of the election law changes that took effect for this parliamentary cycle has become increasingly clear. Without half of the Duma seats going to winners of individual district elections as before, the composition of the Duma is now exclusively determined by proportional representation, which somewhat complicates United Russia's goal of achieving a constitutional majority. This has required United Russia to go after voters on both the right and left flanks. United Russia has ratcheted up its efforts to draw votes from left-leaning Fair Russia and from the Union of Right Forces, using both political and administrative tactics. Of particular note, United Russia signed agreements with several business lobbies, including Delovaya Rossiya, OPORA and the Union of Small and Mid-Sized Businesses, promising lower taxes on business and greater participation in government decision-making processes.

Fair Russia



More than any other party, Fair Russia has seen the largest outflow of support following President Putin's announcement that he would head the United Russia party list. Moreover, the subsequent November "correction" to United Russia's numbers did not produce any residual support for Fair Russia, which has stagnated in the polls at around 4-5%. Fair Russia has suffered a series of other mini-crises, including the mass defection of 4,000 party members in the Sverdlovsk region alone, the removal of the #3 candidate on their party list (Sergei Shargunov), and numerous incidents of administrative pressure in the regions. Even party leader Sergei Mironov, who is the third-ranking official in Russia as

Chairman of the Federation Council, has been locked out of auditoriums where he was scheduled to speak.



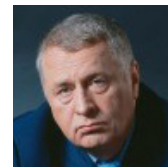
Although poll results suggest the party retains a statistical chance of making it into the next Duma, the outlook for Fair Russia in the current political climate is not good. Without a clear message of support from the Kremlin, the party is not likely to surpass the 7% threshold on December 2. Created with the purpose of mobilizing the voters who support President Putin but not United Russia, the party has largely failed to fulfill its mission.

Liberal-Democratic Party (LDPR)



Although it experienced declining levels of support in early October, LDPR has regained some lost ground and remains a viable competitor. The party has always relied on the charisma of leader Vladimir Zhirinovsky, who is known as a “strong finisher.” His vigorous campaigning and frequent appearances on television are two key intangibles that boost LDPR’s

chances in the heated final weeks of the campaign.



Polling data in the first half of November support the view that LDPR is gaining late momentum, as has been the case in previous Duma elections. It also remains clear that government authorities have not written off the party’s chances.

Communist Party (KPRF)



The Communist Party is now in a more comfortable position relative to earlier speculation about Fair Russia luring away opposition votes. As Fair Russia continues to lose credibility, the Communist Party may be able to position itself as the only real opposition party, and thus attract “protest voters” in addition to their core constituencies. In the final weeks, the Communist Party is trying to consolidate the dissatisfied voters

who do not want to risk voting for a party (Fair Russia) that may not surpass the minimum threshold. Coupled with inflation-related tensions and the fact that the “against all” option has been removed from the ballot for the first time, the Fair Russia factor suggests that the KPRF may exceed current expectations.



Other Parties

The Agrarian Party is the only other party to receive a noticeable uptick over the past month. Having taken a clear opposition stance, it has succeeded in capturing the attention of a small segment of disgruntled voters. And more public

attention has been directed toward the Union of Right Forces, as it appears to be the recipient of increasing administrative pressure. However, neither of these parties has come within striking distance of the 7% Duma threshold.

The Inflation Factor

According to official government statistics, since January 2007 dairy product prices have jumped 25%, with butter rising 29.2%, cheese 42%, flour 31%, bread 21.1%, sunflower oil 43%, and eggs 18.2%. Unofficial figures indicate even higher price increases. The largest leap in inflation was seen in September and October, with a slightly lower rate thus far in November due to the temporary price freezes instituted by the government. Wage and pension increases, while ahead of general inflation, have not been sufficient to compensate for these higher food prices. The slight boost in government pensions that goes into effect on the day before the elections is unlikely to be felt by voters before they go to the polls.

In mid-October the government reached an agreement with several major food producers and retailers

to place price caps on certain key staples through the end of the year. Now buyers can find, for example, special discount milk on the shelves of certain retailers. However, because the Russian market lacks consolidation, particularly outside the capital cities, such efforts go largely unnoticed throughout much of Russia.

It remains unclear what effect the recent surge in inflation will have on the Duma elections, but the implications are most worrisome for the party of power, United Russia. According to a recent survey by the VTsIOM polling agency, the rising prices have forced more than half (52%) of all Russians to cut back on food purchases; and the percentage of people calling inflation in Russia “high” has leaped by nearly 30% since June, up to 80% in November. Thus inflation may play a key role in determining the sympathies of undecided voters, resulting in a higher protest vote than might ordinarily be expected.

The “National Leader” Movement







On November 15, approximately 700 Putin supporters from throughout Russia gathered in the city of Tver to form an organization called the “All-Russian Council of Initiative Groups to Support Putin.” According to a spokesman for the organization, 30 million signatures have already been collected in support of having Vladimir Putin named the “national leader.” Earlier in November an article appeared for a short time on the United Russia website calling for a civic assembly (sobor) to be convened to formalize the institution of national leader as the foundation of the “new configuration of government.”

While unconventional, these groundswells of support in the form of civil movements are not new to modern Russia; former President Yeltsin also found such support during times of crisis and elections. The current movement appears to be aimed at motivating voters to show up on election day. By indicating that the results of the Duma elections will determine what sort of political role he will play in the future, President Putin is effectively leveraging the widespread anxiety about the upcoming

succession to increase voter turnout. The equation is clear: if voters support United Russia, then Putin will interpret this as a vote of confidence and remain in the political arena. And the well-publicized “assemblies” play a crucial role in framing the State Duma elections as a much larger referendum on the president himself.

The Putin factor has had a clear impact on projected turnout. According to the Levada Center, throughout 2007 the number of Russians who have said that they intend to participate has been lower than in all previous Duma election cycles. However, turnout projections jumped 13% from mid-October to mid-November. The most recent polling data indicate a slightly higher level of interest than immediately prior to the 2003 election – 63% now plan to vote, as opposed to 60% (which in 2003 translated into 56.8% turnout). Central Election Commission Chairman Vladimir Churov has said he expects turnout to be 66%, which appears to be an optimistic projection. At the same time, a turnout on par with previous Duma elections would be noteworthy, as turnout has consistently fallen by roughly 5% in each consecutive State Duma election since 1993.

Latest Polling: Likely Voters

Parties / Chairmen	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
 United Russia (B. Gryzlov)	49	46	57	53	57	52	54	59	55	68	66
 Communist Party (G. Zyuganov)	19	19	15	22	18	17	19	18	18	15	14
 Liberal-Democratic Party (V. Zhirinovskiy)	11	12	11	10	11	9	8	7	11	6	6
 Fair Russia (S. Mironov)	5	8	11	6	8	7	9	9	7	5	5
 Yabloko (G. Yavlinsky)	4	3	3	4	1	4	5	3	2	1	2
 Union of Right Forces (N. Belykh)	4	3	1	2	3	2	3	1	2	1	1

Source: Levada Center

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