

**Adam R. Bartnicki**

Uniwersytet w Białymstoku

ORCID: 0000-0002-2360-5462

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# **LAW VS. INTERESTS RUSSIA AFTER 1991**

## **Abstract**

In Russia, after 1991, we can observe the crisis of rule of law in the political, economic and social area. The criminalization of the state, economy and the policy was part of a kind of inheritance from the Soviet Union. Its essence was manifested by omnipotence and impunity of elites, spreading the thesis about non conflict society and propaganda of common interests of society and oligarchs. Other components of the “decline” were: preservation of power by a large part of politicians from the former system and the elements of Soviet mentality and behaviour, the tendency to clientelism and servility, both in society and among the elites. Some elements of the old system were not only adapted to the new reality, but were even deeper. Such phenomena as corruption, shifts in power into the “dark” illegal structures, disregard of legal standards, contradictions existing between official propaganda and the real life, would be a common occurrence in the Soviet Union, but this contemporary Russia gave them a quasi-legal and almost certainly acceptable. Examples of how to ignore or bend the law went vertically from political power down the social ladder. Exerted and continues to exert a destructive influence on the political system, economy and society of Russia.

Case study.

**Keywords:** Oligarchy, Russia, corruption, Yeltsin, Putin.

**JEL Codes:** K00, N00, P00

## PRAWO VS INTERESY. ROSJA PO 1991 ROKU

### Streszczenie

W Rosji po 1991 r. można zaobserwować kryzys państwa prawa na polu politycznym, gospodarczym i społecznym. Kryminalizacja państwa, gospodarki i polityki była elementem swoistego spadku po czasach ZSRS. Jego istota przejawiała się we wszechwładzy i bezkarności elity, swobodnym żonglowaniu tezą o bezkonfliktowym społeczeństwie oraz propagandowej jedności interesów społeczeństwa i nomenklatury. Innymi składnikami owego „spadku” były: zachowanie władzy przez dużą część polityków z dawnego układu, elementy sowieckiej mentalności i zachowań, skłonność do klientelizmu i serwilizmu, zarówno w społeczeństwie, jak i w samych elitach. Niektóre elementy dawnego układu nie tylko zostały zaadaptowane do nowej rzeczywistości, ale uległy wręcz pogłębieniu. Takie zjawiska, jak korupcja, przemieszczanie się centrów władzy w stronę „ciemnych”, nielegalnych struktur, lekceważenie norm prawnych, sprzeczności zachodzące między oficjalną propagandą a realnym życiem, z pewnością były zjawiskiem częstym w ZSRS, ale to współczesna Rosja nadała im charakter *quasi*-legalny, a już prawie na pewno akceptowalny. Przykłady lekceważenia czy naginania prawa szły wertykalnie od władzy politycznej w dół drabiny społecznej. Wywierały i nadal wywierają bardzo destrukcyjny wpływ na system polityczny, społeczeństwo i gospodarkę Rosji.

Studium przypadku.

**Słowa kluczowe:** oligarchia, Rosja, korupcja, Jelcyn, Putin.

**Kody JEL:** K00, N00, P00

### Introduction

At the beginning of this century Andrzej Czajowski in his book, *Democratization in Russia*, wrote that “Russia still is not a democracy” (Czajowski 2000, p. 375). Ten years later, we can repeat these words: Russia is not a democracy, it is not a country ruled by law in which the bodies of power are created, organized and controlled in accordance with the stable rules. Still does not exist in Russia the system that not abuse its right and not abuse its power. Russian citizens do not have real legal measures to defend their interests and the law

itself it is not clear, understandable and equal for all. Although the 1<sup>st</sup> Article of the current Constitution of the Russian Federation says that “the Russian Federation – is a democratic federal rule-of-law state with the republican form of government”, it seems that the situation is now radically different. Contemporary Russia is seen as a country where- in spite of the law, the constitution and other normative acts- the main role play all sorts of informal systems, in which the most important seem to be family ties, political groups or social contacts. Russia is a state which is more based on semi-legal systems than explicit structures, which presence in the system reflects the law, a state that tolerates corruption, nepotism, obscure and quasi-mafia systems in the economy, the state, that ignores human rights, breaks international law<sup>1</sup> and cannot deal with common crime. Russian authorities refer in their speeches the power of democracy and the rule of law, which in fact do not exist in Russia. Democratic procedures that exist in Russia are very poor. However, the real functioning of democracy and the rule of law is more than just compliance with these procedures. Furthermore, from political science scope, these problems are often overlooked or even ignored, or at, best, researchers advertise it without reflection. Such approach simplifies problems and researchers mostly see Russia by formal and legal account that remind judging house by what we see outside. By focusing on the legal and formal aspects, we are not able to understand Russian reality and, what is worse, make fake picture of contemporary Russia. This is a common problem in the analysis of non-democratic states in which we can observe a kind of forgery of features, laws and structures – where an institution or legal provision, often means something different and has different features and goals than their counterpart in the democratic states of the law. A broad survey of this field probably can give comprehensive description of policy in Russia, but this is extremely difficult task, demanding a lot of effort from researcher. The reasons for this are limited access to research materials as well as the fact that the mechanisms present in Russia are often far from models and standards in mature democracies. What’s more, they seem to be devoid of rationality, logic, and the legal and political correctness. Usually, this is invisible without understanding the nature of the system. Both Yeltsin and Putin regimes in some sense and some degree worked outside the law, except that violations of these rules by Yeltsins do not interfere with system, whereas Putin, has changed extralegal mechanisms of power in to the system. Today’s Russia is coordinated with the Kremlin’s system of people who have

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<sup>1</sup> Especially during war in Chechnya and the war with Georgia in 2008.

done business on the appropriation of state and government. This network in current state model works much better than the institutions.

Vladimir Pastukhov claims that the stereotypical representation of Russia as a country nascent criminals and corruption is unfounded. These stereotypes include the belief that infringement is widespread in Russia, and the mechanisms of the state completely broken. In fact, the situation is much more complicated. While it is true that violations of law and corruption are quite common phenomena, they do not define the legal background of the country (Pastuchow 2002, p. 67). The problem lies somewhere else. Its essence is that the law in Russia develops along two different vectors aiming in different directions. On one side it has to satisfy socio-economic needs of society, which historically and culturally it was decided in the process of transformation, on the other hand – the traditional requirements and mechanisms of power action, on the other hand – the traditional requirements and mechanisms of power. The first vector is pushing the legal system in the direction of revolutionary change and adaptation of state institutions to the needs of post-industrial society and to total respect and defence of private property, the other retains the characteristics of the Soviet system in its worst manifestations. Understanding the presence of these two opposite directions it is essential to explain the eclectic and contradictory nature of the Russian legal system (Pastuchow 2002, p. 69). Parts of the Russian reality are two traditional principles of “presumption of guilt” and the “burden of proof” (Pastuchow 2002, p. 69). The first one is based on Stalin’s belief that it is better to punish ten innocent than miss one that is guilty. This particularly affects the economic sphere, where it is easy to spread accusations, which are often part of political struggle. Consequently it leads to the second principle – “burden of proof” – accused entrepreneur is forced to defend himself and proving its possible purity, because the presumption of innocence does not work and the accusation itself is almost a proof of guilt. In a great way it facilitates the manipulation of the law and the “creative” use of it in short-term political conflicts. Relatively low power culture among society and elites cause that letter of law is often treated almost as equal as all sorts of extra-legal standards that are sometimes close to crime. This situation can explain the general acceptance of corruption or tacit approval of society to violations of democratic principles in the name of propaganda slogans, such as “a need for a strong state”, etc.

The purpose of this article is to expose the key aspects from state’s criminalization, focusing attention over four important aspects from Russian Federation after 1991; the rule of law, politics, economy and its modern society. It appears that Russia can dominate specific legal nihilism – understood here

as an attitude which consists in the belittle or even denial from law's role as a regulator of social behaviour – which effects on the perception of the law and its role in the state (politics), the economy and society which leads to disorganization and disorganization of the whole system.

This paper is fragmented and its rather a cursory analysis and announcing of the issue, which requires further in-depth research.

## 1. Law vs. Politics

Politically, Putin's nomination as prime minister in August 1999 meant that the struggle for power in Russia has entered the next phase. The Kremlin has decided to join the offensive for a few months before the parliamentary elections (December 19). The idea was to give Putin the time and resources to strengthen its position before a decisive phase of the struggle for the presidency. And this guaranteed the prime minister. But it was also something more – Yeltsin wanted to guarantee his personal safety after leaving the Kremlin<sup>2</sup>. Remaining in his “oligarchs” environment – and so indirectly the president – was accused of a number of financial embezzlement, robbery of state assets and operations on the on the edge of the law. Loudest scandal was connected with Mabetex<sup>3</sup>. In thus dirty business were involved people from Yeltsin's entourage, including

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<sup>2</sup> In November 2000, the State Duma adopted in the first reading a draft law with guarantees for a president, and for his family, who ended the execution of their duties. “Pro” was the 282 deputies, “against” 130 (mostly communists). He Act applies to Yeltsin, Putin, Medvedev and each subsequent president. Does not apply to Gorbachev, the first and the last president of the Soviet Union. The adopted law is almost a copy of the president decree of 31 December 1999 issued by Putin immediately after taking power by him. The only change concerns the integrity of the former president. According to the decree can not be had at all held criminally liable and administrative, while this provision in the Act eased and immunity only covers actions taken in the performance of duties. The principle of inviolability applies to immediate family of the President (wife and children). The former president has the right to special social and medical services, can use their own transport, communication, summer house and his team of helpers. His retirement is expected to be 75% of the salary for the office of President.

<sup>3</sup> The Swiss company Mabetex Engineering SA was the main subcontractor of public investment led by presidential administration. She won public procurement tender for and received a license to repair such Russian White House, the headquarters “was shot” in the October 1993 parliament, and now the government of the Federation (175 thousand sq. m.), a restaurant known. Body No. 1 team of architectural Kremlin (the former Senate building, built over 200 years ago), renovation and modernization of the concert halls and convention of the Grand Kremlin Palace, seat of the construction of the Audit Chamber and others.

his two daughters – accused of corruption and embezzlement of money from the Russian budget. Yeltsin could fear that bringing to power someone outside of the current group would bring a wave of accounting, restitution and even the prosecution allegations. There were certainly grounds for such thinking. One of the hidden ambitions of the 90's was to create a political and legal environment for post-Soviet elites, to be able on future to maintain its dominant position in the politics and economy. In this context, the main task of the regime was re-allocation of resources. In this situation presidential power was designated the role of an arbitrator deciding on the redistribution of goods and solving potential conflicts. In the created system, there were many not covered by the rules of law “gaps” that opened the possibility of a political game. In this perspective, in the mechanisms of power was a threat: if the government neglect their duties or was not able to fulfill the role of an arbitrator, the system gradually stopped functioning properly (Рябов 2000, p. 3–4). Mechanisms of power distribution and political games in Russia have been known only to its participants and mostly were also accepted by them. They were based, inter alia, on the use of the rules of democracy to non-democratic actions, for instance, for specific assumptions and arbitrary treatment of the legal system, intrigue, manipulation etc. Often functioned also very risky, both for the whole system, as well as for the ruling regime, the political fragmentation method by launching more and more new conflicts within the establishment (Рябов 2000, p. 3–4). In Russia some features of rule-of-law state, such as law, duty, responsibility, were largely replaced by non-legal norms, resulting from a specific political culture or from moral and social spheres. Democratic state institutions (law, statutes, administrative rules, the constitution), which should determine the formal structure of the political and legal mechanisms of power (Меркель 2002, p. 20–21), have been largely excluded from the political game. This “informal institutionalization” turned out to be very dangerous, because slowly started transform from a temporary “failure” of the political regime into its natural characteristics (Гельман 2003, p. 6–23). Aleksander Soloviev noted that Russian politics and governing elite, were focused on the real resources and forces of questioning authority actors but they did not care enough about their formal status (Соловьев 1999). This way of policy made the pillars of a balanced process. Yeltsin's governance was not undermined by financial scandal, state's bankruptcy, shelling the parliament, neither his personal issue with alcoholism, factors which in a stable democracy would lead a political career into ruins.

Yeltsin did not understand democracy and did not understand what the rule-of-law is. He was convinced of the necessity of his actions and inevitability

neglected destroyed or omitted those who stood in his way. When in 1993 on his way stood the Constitutional Court he suspended for a few months its activity (October 1993 – February 1995), when he comes to the conclusion that cooperation with the parliament it is not possible – he dissolved it (illegally)<sup>4</sup>. The President did not sign the legislation adopted by Parliament, if they for some reason did not correspond with his opinion, implemented unconstitutional decrease and denied the decision of the Constitutional Court, if he considered verdict troublesome and contrary to his expectations. Furthermore, he started illegal war with Chechnya, led to the push of new Russian Constitution without the Parliament working on its content. Finally, he created dominance of the executive power over the legislative and judicial system. It should be noted that in the early years of the transition the judiciary took an active part in political competitions. Cords adjudicated on the constitutionality or unconstitutionality of the constantly amended constitution. As a kind of example that can demonstrate curiosity of Russian reality can be the recognition by the Constitutional Court (22 March 1993) that say that president's actions are incompatible with the Constitution, according to the act that has not been yet officially announced<sup>5</sup>.

In Russia functioned pathological process of adoption of the law. This was a consequence of strong interest groups, weak institutions and mechanisms that allow interest groups to obtain benefits at the expense of the state and society. Different canthers of power tried to play their games according to their own rules, were mostly harm to society. It was, moreover, consistent with the logic of quasi-cultural perception of law, politics and power. Adam Ulam argued that the traditional style of government in Russia was a conspiracy on the top power (Ulam 1987, p. 107). The same thing happened in contemporary Russia, with the exception that during the “yeltsinism” there was more use of improvisation and grasp opportunities than well thought political game. During this time was created a closed structure of power that had her own rules and reality and living on the edge of the law, and sometimes over it (as is evidenced by numerous scandals). Fusion of political power and a variety of interests caused that in Russia it was

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<sup>4</sup> On 21<sup>st</sup> September 1993 at 20.00 Yeltsin delivered a message to the nation in which he announced the release of Decree No No 1400 “On Gradual Constitutional Reform in the Russian Federation”, regarding the dissolution from the Congress of People’s Deputies and the Supreme Council from the Russian Federation, thus introducing presidential rule. In an additional act to the decree the president described the system, the structure and organization of power until the adoption on December 1993.

<sup>5</sup> The Constitutional Court referred not to the file, which he had not physically, but the television of Yeltsin, in which the president announced the release of the decree. On this basis, it was found that the decree violates nine provisions of the Constitution.

often difficult to find the right center of political power. Loyalty and availability to semi – legal groups became more important than the right and duty to the state. The system in its full form flourished during the rule of Putin. In contrast to Yeltsin, he did not break the law, on the contrary but all his actions determined by law (at least at the declarative), and the strengthening of the state and law. He always acted rationally and methodically. From the very beginning he gave a clear message for all political forces that there is only one resort of power – presidential. The guiding principle of the system created by Putin became its functional stability, that he like achieved by muting of all conflicts by power of authority and determination of authorities. Although Putin has allowed some rapid and brilliant careers and sometimes even initiate them, they were always set by the Kremlin and stay in the circle of his influence.

Violation of this order quickly and inevitably gave place to problems with the prosecution, and a moment later political death of rival. In this context, the evolution of Russian authoritarianism was to improve the ability to build new personal environment and subordinate the old one. The gradual reduction of its autonomy inevitably pointed direction of the evolution of political power. Russians during the Yeltsin years were used to see law's breaking and bending by the authorities, therefore they did not react for similar activities of Putin. Putin gave them in exchange security, economic growth and better international position. The regime also sought to gradually eliminate the election as a natural process of exchange of elites. Moreover, it is not the institution itself, but more extreme dangers of marginalization and the unpredictability of the public voting decision. Robert A. Dahl wrote that in true democracies "every citizen must have an equal and effective opportunity to vote, and all votes must be treated the same way" (Dahl 2000, p. 90). Formally, this condition was and still is respected in Russia. Elections in Russia are secret, equal, universal and direct. But in the same time is difficult to resist the impression that the electoral system is at least unclear and numerous reports of forgeries indicate that the situation in this area is far from the normalization<sup>6</sup>. In contrast to countries with well-established democratic traditions, where free elections are "final judgment" on the

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<sup>6</sup> In the parliamentary elections of 2011 the presidential of 2012, the number of violations recorded by observers amounted to several thousand. The authorities and the Central Election Commission considered only isolated cases, stressing that the unprecedented transparency of the process of voting ensured a camera set up in almost all the polling stations. Despite the large scale of the breaches of electoral decisions in the parliamentary elections and the victory of Putin does not dispute the international opinion, or observers (foreign and Russian), or most of the internet. licensed opposition.

governing of society, leading to a real exchange of elites, in the Russian political system, elections do not really bring anything new. Although they are carried out regularly, they do not provide a way to transfer power. The key of controlling the system started to be a parallel political reality. Russian project “Democracy without representation” format fits the communist propaganda “Soviet democratic state”. The goal is the same – to keep the monopoly of power, but also to monopolize potential competition. June the 8<sup>th</sup> 2012, Vladimir Putin signed document, a few days earlier adopted by the Duma, which actually eliminates the possibility of organizing mass protests. Amendments to the Code of Administrative Offences and to the Act on Public Assemblies introduced heavy fines for illegal public gatherings and for those in legitimate protests caused damage or injury. Responsibility for the violating may have not only direct offenders, but also the organizers (Jarzyńska 2012, p. 2).

## 2. Law vs Economy

Louise I. Shelley wrote that corruption and consequently weakness of the state, was one of the main reasons for the collapse of the USSR and Yeltsin’s Russia (Shelley 2000, p. 19–23). According to Igor Klamkin and Lew Timofiejew corruption and various “dark deals” have become a daily issue accepted by state. So-called “political capitalism” in Russia has sized into alarming proportions. Furthermore it was supported by “mafia capitalism” whose emergence has allowed the disastrous privatization carried out, on the other hand a conscious policy of involving authorities on creating a new “business class” – socio-political based regime whose emergence has allowed and conducted the disastrous privatization. In Russia started developing a relationship that can be called a “kleptocracy”. Igor Bunin, on the basis of the mid-90s research, found that three quarters of entrepreneurs consider their activities as lawful. Furthermore, the same people said that bribery is a natural behaviour, belonging to the essential techniques of the free market (Remnick 1997, p. 201). Foundation “Information for Democracy” employees presented in their report gigantic scale of corruption in Russia, reaching 37 billion dollars per year (study conducted in 2000 and 2001) (Ильичев 2002). According to estimates of the British consulting firm Control Risk Group, Russia loses every year due to corruption around 15 billion dollars. Russia began to co-exist in two parallel systems – fictional and real, that is, formal and informal (Дайравет 2003, p. 26) the phenomenon of “black economy”

was already known in the USSR, where it reached an estimated 3–4% of GDP. In the new Russia, its scale has increased several times: in 1990 and 1991 was about 10–11%, in 1993 – 27%, in 1994 – 39% 1995 – 45%, in 1996 – 46%, and this trend was still rising. According the estimates from the years 1994–1995, the “black economy” has passed from 25% to 40% of all goods and services, and worked into it about 60 million people (Борсенков 2003, p. 449). Back in 2004, the “black economy” was estimated to range 8.18 million workers, and the overall share of the Russian GDP to 50% (Мухин 2004). In this case, the “black economy” could have some positive effect by stabilization of the social system, reducing the problem of unemployment and minimize social conflicts. Lilia Shevtsova noted that the common “unclean practices” at some point are stabilizing influence on the political system, because people participating in this process were afraid to charge their opponents, because they felt fear that they could do the same as reaction on their movement (Shevtsova 1992, p. 4). This problem has been recognized by the Russian authorities. In January 2012, Vladimir Putin said that the “main problem” of Russia is a “corruption of the system”. He also announced changes to the law to eliminate this situation. Unfortunately it seems that, at least in part, but it was only pre-election rhetoric (before the presidential election in March 2012).

### **3. Oligarchic Capitalism vs State**

Karens Brutens claimed that “corruption” was in a sense a certain, easily socially recognized political “code” that was used to fight against political opponents (Брутенс 1993). This create process of consolidation of power and the state, “which began to function not as a body were various mafias have penetrated, but as one big mafia” (Фурман 2001, p. 371). It is impossible to deny the fact that around the Kremlin was created the actual structure of the quasi-mafia. As a result, the degree of corruption and criminalization of everyday life in Russia has become so big that it threatened the existence of the state itself. The state structure was completely decomposed and could not function normally. Everyday situation was also widespread lawlessness of monopolies, whether public or private. Organized crime, widespread corruption and bribery, and the lack of elementary legal order have become the main barriers for the democratic and economic reforms. It could not be otherwise. Both Russia – this is criminal and official – lived together (at every level of social life) in closer and closer symbiotic

relationship, what resulted in weakness and corruption of power. The criminal underworld took under control more state structures. Yeltsin realized it, but did not do any movement to change it. There can be two reasons of such attitude: firstly, Yeltsin could enjoy the benefits of “political capitalism” by himself, but more likely he wanted to create a situation where he could gather such information that could be a reason to eliminate every potential enemy. That mechanism build network of very “loyal” oligarchs. In addition it seems that both sides, the president and the “oligarchs”, deliberately tolerate the existence of a kind of status quo between the state and business. This system seemed to be optimal – “oligarchs” supported the regime, the regime allows them to control the resources of the state and move it into the “black economy”. Transition elites in the “shadow” gave them more open space (Дайравер 2003, p. 27). Absence on main political and economic scene allowed them to freely pursue their corporate interests, especially on times where Putin started to fight with illegal and semi-legal structures. During the Yeltsin’s presidency any change among elites caused a political storm. For Putin, change became a natural consequence of President’s sovereignty power of decision, who anointed his authority or refused his support. This kind of “excommunication” was very serious, because in Russia traditionally people are ranked not according to the position or achievement, but according to what impact they can have.

For several months between 1999 and 2000 an alliance of old and new team, seemed to last without a threat. The speech of one of the main person of Yeltsin presidency – Bieriezowski was the first sign of impending division between Putin and Yelstins „old nomenclature” as he publicly criticized the Putins idea of reforming the Federation Council. Shortly after that he started an open war with the Kremlin. He accused Putin of building an authoritarian regime (Третьяков 2000). In some way the media owned by Gusiński especially television NTW – were also against Putin. In the result confrontation ended as a complete success of Kremlin which took control over the media that opposed to the authorities – “Media-Most” and “ŁogoWAZ”.

After the first attacks on the “oligarchs”, Anatoly Czubajs convinced Putin that as soon as possible he should meet with the representatives of big capital in order explain the rules of the game. His “emissary” – Niemcow – presented a list of 24 most powerful names in the Russian economy. The round table took place in the Kremlin at the end of July 2000. Putin did not agree to a meet all the “oligarchs” especially Gusiński and Bieriezowski. He already had elaborated a specific plan to dismantle the system of uncoordinated and irresponsibility “oligarchs” that was created in the times of Yeltsin and was destroying

structure of the state and caused a dramatic weakening of the central government. The compromise between the government and business was not universal. However a total breaking through agreement that was created before the 1999 election could not take place. The “oligarchs” powers were still needed. Business without obstacles from the state had to deal with the economy, but without interference in politics.

Actions taken by the president were quite right. The image of Putin’s activities in the fight against “oligarchs” had one very important element: the fight against them did not affect businessmen closely linked to the Kremlin. Some of them were visibly favored in its relations with the authorities. That concerned in particular, the “oligarchs” associated with high officials of the Presidential Administration – Roman Abramowicz (“Sibneft”), Alexander Mamut “treasurer of Kremlin’s family” (“MDM-Bank”) and Peter Aven (“Alpha”). This indicated that Putin did not oppose to the “oligarchs” as a group of rich people. Obstinate he was fighting with all independent political centers and all those who were too strong.

After the struggle of 2000–2001, with the political autonomy of the media empires Kremlin slightly changed its policy towards to representatives of big business. This “oligarchs” who resigned from excessive political ambitions, could count on the support of government. Kremlin began a policy of active supporting the expansion of foreign corporations, mainly in the sectors of raw materials and defense industry. At the same time sought to avoid unnecessary conflicts with big business and expand the dialogue with the biggest entrepreneurs. In 2003, Putin was ready to make the final revalue the content of previous compromises and set new rules for big business in the authoritarian regime.

Before the elections of year 2003/2004 the owners of oil holdings Michal Chodorkowski – the president of “Jukos” and Roman Abramowicz leading “Sibneft” and “RusAl” (the aluminium industry) remained as the greatest opponents. Their empires raised to be considered as independent domains not submitted to control of any kind. To attack the oligarchs was the straight consequence of the rules of Russian political system. When Bieriezowski and Gusiński did not continue to participate in the Russian political scene it seemed the had been clearly understood that the power indivisibly lingers Kremlin while the oligarchs were only to maneuver the business. Any eventual connection between the two – politics and the business – could only take place with the Kremlin’s approval and within the area strictly determined by the political authorities. Balance maintained in such a way were disturbed by Chodorkowsky’s act of betrayal when he supported the opposition – the center

and the right wing of the Russian political scene. And what is more his actions were considered as a sign of his growing interest in the politics as he was also getting bored with the business. In addition he announced to withdraw from the business and lean to the politics in the year 2008 – so in the year of the future presidential election which were to establish Putin's successor. That made him too influential and too dangerous (Родин, Симакин, Терлецкий 2003). Chodorkowski announced to the public that before the elections of the year 2003 he would support the "Apple" party which was independent and strongly criticized Kremlin's actions. One of his assistants claimed that he would have supported the party with great amount of financial aid. On one hand it was common that the business in Russia financially supported various political forces but on the other hand never before it had been done officially. Putin reacted categorically. Firstly Lebediewa close co-worker of Chodorkowski had been arrested and then the Chodorkowski's arrest followed. That could be considered as the symbolic end of the apparent symbiosis of the authorities and the society. The upper proved that a totally new formation was being established at the very top of the power structure – "the platform of strengthener" (Павловский 2003) that aimed to eliminate from the politics and business the people who used to be influential in the times of President Yeltsin what in consequence might have led to the total take over of the power. This newly formed group consisted of Vice-Director of The President's Wiktor Iwanow administration, the general attorney Wiktor Ustinow, Powel Borodin, the president of "Miežprombank" Siergiej Pugaczow and the corps of actual and former workers of Russian secret service. On 24 of March 2005 the President of Russia hosted at the Kremlin 26 representatives of the great business and he appeased their disquiet as to the revision of the acts of privatization that took place in the 90. and informed them of the act of shortening the period of negative prescription in that respect from 10 to 3 years. That allowed the businessmen to continue to prospect freely.

The Chodorkowski's process proved that the Kremlin had the necessary capacity to destroy any of the oligarchs. It equally manifested the ability and the lack of will to execute it. No more than complete and unconditional loyalty was required.

Simultaneously with the "Jukos" caste the problems in the banking sector followed. The panic among the bank clients caused the mass withdrawal of the deposition from the two main private financial institutions "Guta Bank" that was linked to Łużkow and "Alfa Bank". "Guta Bank" was not any more financially fluent and in consequence was acquired by the national

“Wniesztorgbank”. While “Alfa Bank” suffered from financial loss and the crisis of confidence among its clients. It is very probable that these difficulties were intentionally provoked by the Kremlin<sup>7</sup> as to be considered as “serious warning” directed to the business.

Disruption and re-nationalization of “Jukos” did not put the definitive end to “oligarchic capitalism” in Russia. Rather it seems that with the power taken over by the new political elite a try was made to re-shift the sphere of influence in the economy. This excluded any far-reaching change. Actually the division of the economy had remained unchanged except the media. Still Russia was ruled by the military and mining industry where the leading role was taken by “Gazprom”, “Agroprom” represented the agriculture and few other huge industrial and financial groups that were connected to the Kremlin. Some of Putin’s closest co-workers – strengtheners – joined the business.

The 2007/2008 elections had shown that the Kremlin was still using social reluctance towards oligarchs to consolidate the sphere of economic activity within its own political camp. This time, the oligarch-enemy number one became Mikhail Guceriw – owner of the youngest oil company in Russia – “Rosneft”. His trouble began when, contradictorily, the Kremlin will he bought oil deposits which had been owned by Jukos. Furthermore he did not accept the “unrefusable” offer to sell his company to Oleg Deripaska – a man closely connected to the Kremlin regime. Wagit Alekperow, owner of the biggest private oil company in Russia – Lukoil, could be pointed out as another, potential “enemy” of the regime. The process of taking over and redistribution of the capital goods in Russia was far from being over, and seemed to step into a new phase. Thus, Russian “oligarchies” continued to evolve.

## 4. Law vs. Society

In the early 90s Russian society has created a specific morality, which can be described by Słowacki’s aphorism: “I have king as my lord, but not in my house”. Typical Russian like to have order but on its neighbour’s yard.

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<sup>7</sup> The President of the Federal Financial Monitoring Agency Žubkow informed that the banks which did not comply to the financial requirements referring the safety of the individual clients’ investments would have had the license taken away. List of the banks that were facing such a threat was not precise, nevertheless it was speculated that such a threat is directed towards the two banks.

Russians were not interested in freedom for all and in building structure of the legal system. The symbol of freedom in Russia was the possibility to travel abroad, small trade, western pleasures of life etc. – not for instance democratic elections. To some extent, the situation is reminiscent of the revolution of 1917, when it was possible to observe a paradox: as long as new Soviet authorities did not touch the rural community, they were not opposed to it, feeling the same in new order. But when the power its closed always raised antagonisms and “counter-revolutions” (Посадский 2002, p. 31). Russians still did not believe that the law can serve all citizens, including for the defense against the state. They understood it more as an expression of voluntarism (Хендли 2000, p. 74). This was taught to them in communism, and new reality did not change much. Understanding of the law by Russian society seems to be different from a real democratic countries (table 1, 2) that is effect from Soviet Union times. Studies also show that Russian society is full of nihilism and belief in the impossibility of opposing the “system” (table 3). Andrzej Czajowski also writes that “characterizing the Russian legal culture, it needs to be highlighted that it involves negative nihilism to the law, scepticism towards the potential solution for solving social problems in accordance with the requirements of justice normatively approved” (Czajowski 2000, p. 196–197). According to popular belief, the Russians do not believe in the law, but in the nearest supervisor. We can name it patronage system of law. A characteristic feature of the Russians attitude to the legal system where very flexible behaviours according to rules of law. In fact, many recommendations are based on the non-existent implementing legislation, which gives a very wide scope for interpretation, especially at the lower levels of government.

**Table 1.** Examples of situations in Russia showing legal and moral standards (data in percentages, 2000)

<b>Acction</b>	<b>It can never be excused</b>	<b>Sometimes can be excused</b>	<b>For such situation you should be tolerant</b>
Taking / giving bribes	67,4	25,4	7,3
Tax evasion	48,7	37,0	14,4
Avoiding military service	38,0	46,8	15,2
Opposing police	34,0	56,7	9,3

Source: Петухов (2001).

**Table 2.** Do you think that is acceptable? (data in percentages, 2000)

Acction	Yes, it is	No, it is not
Take someone to work by protection	57	38
Build contact for carieer	46	49
Give presents for teach, doctor etc.	60	37
„Return the favour” for services	74	21
To give a bribe to an official	29	64
Give a bribe „for a good cause”	38	54
Provide non-legal services for the service	40	53
Do not pay taxes	18	75

Source: Левада (2011, s. 267–268).

**Table 3.** Why you do not feel protected by law? (the data in percentages, 2006)

Because...	%
The law is not written for everyone, there are many people who believe they are above the law [representatives of government, ministers ‚strength’ and others]	34
Everything is corrupt, I can not count on a fair and objective consideration of my affairs by the court	31
The law is interpreted by those who are in power	28
The law is changing all the time	17
People do not have the ability to influence on the power	15

Source: Гудков, Дубин, Зоркая (2008, p. 62).

Changes in Russia are associated with dramatic increase in crimes. The main reason for such situation were the crisis and the lack of prospects, especially among the younger generation. According to the Prosecutor General’s Office in 1996, 1.5 million young people were not taught anywhere, and did not work. The same number had case in courts (Мухин 2004). At the same time in the 90s in Russian prisons and labor camps still were about 1 million prisoners. In 1992, the number of offenses increased over by 70% compering to the previous year and this trend was continued in the following years (Борсенков 2003, p. 446). After 1998, the financial crisis in Russia, crime has increased 30%. In 1998 in Russia were committed around 2.5 million crimes, where 60% were felony and heavy felony. Only until November of that year, took place

24 thousand kills (including 221 contract killings) and 38 thousand serious injuries. There was also 110 thousand theft and robbery offenses, 200 thousand economic crimes and 6 thousand cases of corruption. At the same time, the Russian militia took over 200 thousand firearms, 5 million cartridges, 30 tons of explosives and 4.5 thousand grenades. Russian Interior Ministry estimated that in private hands were so many illegal weapons that could be enough for 17 divisions (Popowski 1999). In 2008, Russia recorded a total of 3 million 210 thousand crimes (up 10.4 per cent less than a year earlier). More than 40.5 thousand crimes were related to corruption.

Development of organized crime is often associated with the operation of various types of security companies that operate on the edge of the law. In addition, the word “protection” in Russia still is a wide concept (Борсенков 2003, p. 447). In Russia, has become widespread protection for a fee guaranteeing safety in making legal and illegal interests. In the same time appeared new, previously unknown forms of crime: extortion, protection of money, kidnapping for ransom, terrorism, drug trafficking. By 1995, were murdered every year approximately 1,000 people. In 1991, Russia had no less than 3 thousand criminal organizations in 1994 already 5.5 thousand, and finally 6.5 thousand in 1995 years, where 50 of them overwhelming by action the whole country (Борсенков 2003, p. 447). According to the evaluation of the Russian Interior Ministry, nearly 60% of serious (murder, extortion and kidnapping) were committed by mafia “soldiers”. They did the overwhelming majority of murders done on Yeltsin’s time, 116 bankers, politicians, businessmen and government officials associated with business.

## Conclusions

The final years of the Soviet Union were desperate attempt to resolve the economic and social impasse and also a period of searching for new ways of legislation, which would enable the efficient and least burdensome for the power transition from the post – totalitarian system to the strictly limited system of quasi-democracy. Replacement of the totalitarian state solution by imitate democratic institutions was a way of maintaining power by the elite. The problem is that Russians do not trust elites, often consider them as main cause of their problems. Furthermore, it seems that this confidence is not present on the other side. Thus situation caused emerging trends among elites to

‘management’ and ‘control’. Although, the authorities attempt to rebuild – with some success – the mutual trust, the disharmony lingers.

The paradoxical is the fact, that liquidation of groups of oligarchs independent of Kremlin – which was expected and supported by the society – deprived Russia of remains of quasi-pluralism in Russian politics and thus contributed to strengthening the quasi-authoritarian regime.

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**Afiliacja:** **Dr hab. nauk społecznych Adam R. Bartnicki**  
Uniwersytet w Białymstoku  
Wydział Prawa  
ul. Adama Mickiewicza 1  
15-213 Białystok  
e-mail: a.bartnicki@uwb.edu.pl