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Pro-Kremlin Parties Receiving Covert State Funding — Report

By Yelena Mukhametshina

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Maxim Stulov / Vedomosti

Russian political parties and candidates are receiving covert state ⊠funding through government contracts and subsidies, a report by⊠ independent election monitor Golos revealed Thursday. ⊠Private companies are more likely win government contracts if they ⊠pledge part of their fee to Kremlin-friendly political parties, the ⊠report claims.

Out of the 241 companies named in the study who ⊠contributed at least 1 million rubles to various Kremlin-friendly ⊠parties, 90 received state contracts. Of those 90, 80 donated part of ⊠their windfall to United Russia, said the report's author, Stanislav ⊠Andreichuk.⊠

On a regional level, the most lucrative government deals were on offer ⊠in the Bashkiria, Tatarstan, Voronezh, and Tyumen regions, and the ⊠Yamal-Nenets autonomous district. In these areas, the practice of ⊠ensuring money was returned back to political parties was well in place,⊠ the report said. In those regions, approximately one-third of all ⊠companies

contributing 1 million rubles or more to certain political ⊠parties were the recipients of major government contracts, said ⊠Andreichuk. “United Russia has an extensive system of donors that ⊠receive state contracts, whereas other parties do not,” he said. “At the⊠ same time, there are a limited number of state agencies issuing those ⊠contracts. This shows how various interest groups will take shape in the⊠ next Duma.”

Five Russian parties receive funding from the federal budget, based on ⊠the amount of votes these received at the last general election: United ⊠Russia, the Communist Party, A Just Russia, the Liberal Democrats, and ⊠Yabloko. Of these five, only the opposition Yabloko party is not ⊠represented in the State Duma. Four of them are almost entirely ⊠dependent on those funds and receive little in the way of contributions ⊠from other sources. The liberal Yabloko party is most dependent, ⊠receiving 99 percent of its funding from the government, while United ⊠Russia receives 68.6 percent.

State funding effectively integrates the parties into the state ⊠bureaucracy, reducing competition. “The story with state contracts and ⊠hidden government funding distorts the idea of competition even more,” ⊠Andreichuk said. “In addition to official sources, the government is ⊠also pouring money into some parties [via this channel].” ⊠The Kremlin has denied the claims on bias in the allocation of ⊠government tenders.⊠“There is no connection between state contracts and contributions to ⊠United Russia,” said United Russia Central Executive Committee Head ⊠Maxim Rudnev.

Some businesses who refuted the claims. The manager of one defense ⊠contractor mentioned in the report said there was no evidence of ⊠companies contributing money to political parties in an organized scheme⊠ of shadowy backroom financing. Each company makes its own decisions ⊠about contributions based on its local political connections, he ⊠claimed.

Ultimately, businesses do not want to fund opposition parties without ⊠getting anything in return, said political analyst Konstantin Kalachev. ⊠“Of course, the government has built a system on which systemic parties ⊠are dependent. Businesses do not get involved in unpromising projects. ⊠They want to get people into the executive branch, and who could Yabloko⊠ put in power? It is understandable that the authorities would ensure ⊠that they have a say over what government money is put into politics,” ⊠Kalachev said. ⊠That is why businesses prefer building relations with the authorities ⊠directly, he said, rather than through political parties.

“The idea that⊠ a business becomes part of the government system simply because it ⊠contributed money to United Russia is nonsense,” he said. “These are ⊠long-term relationships. The question is which came first – the chicken ⊠or the egg? There is a good reason why major businesses in the regions ⊠help United Russia, but they are successful not because of that. ⊠Political parties appeal to them because they are successful. But even ⊠so, how else should it function? Scratch my back and I’ll scratch yours –⊠ that’s how the whole world works,” he said.⊠⊠

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