

Is Putin Emulating Azerbaijan in 2008-09?

MODIFYING TERM LIMITS UNDER ECONOMIC UNCERTAINTY

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Does President Vladimir Putin's move to zero-out his count to presidential term limits replicate the "Ilham Aliyev" scenario of Azerbaijan in 2008-09 as [suggested](#) in a recent PONARS Eurasia policy memo? If so, what are the deeper explanations? In both Baku and Moscow, circumvention of term limits is seen as a way to deal with a looming succession crisis. More importantly, in initiating their moves, both incumbents were operating under severe economic uncertainty and exogenous oil shocks that were threatening to transform into protracted economic problems. Such crises can quickly escalate, as illustrated by oil-dependent and mismanaged Venezuela. Both the Azeri and Russian leaders were concerned to act swiftly in order to assure the elites of their resolve to stay in power. Delaying decisions on succession runs the risk of affording potential rivals time to coordinate, pool resources, and organize coalitions in support of alternative candidates.

While both Russia and Azerbaijan have enough strategic reserves to withstand oil price crashes over the short term, burning through strategic reserves too quickly discounts future prospects, which would leave their economies even more vulnerable to inevitable oil price disruptions. Under extreme uncertainty, policymakers tend to follow an [availability heuristic](#) (limiting the pool of possible options to what easily comes to mind) and learn from other successful models. Putin must have learned important lessons from the Russian exposure to external shocks in the past, in 2008-09 and 2014. It is unclear whether he deliberately emulated Azerbaijan's "2008-09 tactics" of managing succession or was merely influenced by prior choices made by his counterpart in Azerbaijan.

Removal of Term Limits in Azerbaijan

An autocratic ruler who is constitutionally constrained to regain the presidency has three choices: 1) play by the rules and step down, 2) promote a successor he has been grooming

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and hand the reins of power to him or her, or 3) bend the constitutional rules requiring term limits and seek another term for himself.

This was the trilemma facing President Ilham Aliyev as he sought a win in the October 2008 election, knowing he would be barred from running again in the next election in 2013. Not only did he opt for the arguably unpopular option 3 above (bend the rules), but his administration rushed to call for constitutional changes immediately after the voting took place on October 15, an act [boycotted](#) by major opposition groups. What happened, and why the rush?

A referendum on a [package](#) of 29 constitutional amendments was put forward by the otherwise lethargic ruling New Azerbaijan Party (YAP), which among other changes, included scrapping term limits on the presidency. Ilham Aliyev, who succeeded his father Heydar in 2003, was reelected in a landslide victory. The referendum, which was scheduled for March 18, a few months after he was sworn in as president for a second and what would have been final term, was officially [linked](#) to his October electoral “triumph.”

By removing term limits, Aliyev sought to foster certainty on the [succession issue](#) and preempt intra-elite threats amidst uncertainty over extreme fiscal volatility during the 2008-09 global financial crisis. The experience of an oil price shock turning into a source of instability generated lessons for Aliyev and prompted him to expedite efforts to solve the looming succession question before deteriorating circumstances put the existence of the regime at risk.

The amendments were approved by the March referendum. Article 101(V), which had [provided](#) that “no one can be elected as the President of the Republic of Azerbaijan more than twice consecutively,” was replaced with a completely different provision—not related to term limits—and which granted the president the right to extend his term during a state of war. As the Venice Commission pointed out in its [opinion](#) on the matter, the provision was substituted in for a different regulation rather than put to a vote. Moreover, it was hidden in a package of changes that were difficult for citizens to interpret.

In sum, constitutional rules were clear about the ban on reelection. However, enforcing this ban would have weakened the incumbent leader during his second term by granting his rivals enough time to coordinate and conspire against him. By scrapping term limits, Aliyev sent a signal to intra-elite competitors regarding his aspirations to stay in power early on, eliminating the uncertainty around the impending succession crisis. Furthermore, he reappointed most senior officials as a reward for their loyalty.

The 2008-09 Global Financial Crisis

Changes in oil prices can affect succession issues. Global oil prices reached a peak in the summer of 2008, which allowed Aliyev to cruise into his second term. However, after a prolonged period of oil-driven economic growth that began in the early 2000s, the country experienced its first oil bust and the economy suffered badly. After hitting their peak level in July 2008 (\$147 per barrel), oil prices went from \$90 per barrel in September to as low as \$35 in December of the same year.

In the years preceding this drop, the economy had been booming. This allowed the government to reduce levels of poverty, sustain public sector jobs (mostly through large-scale infrastructure projects), and set aside large amounts of oil revenue in a “rainy day” sovereign wealth fund (SOFAZ). Oil fund assets rose from \$960 million in 2004 to \$11.2 billion in 2008, [based](#) on SOFAZ data.

While Azerbaijan had acquired some capacity to absorb external shocks by instituting and filling its oil fund early on, if recurrent, such shocks would be destabilizing, particularly for political elites, and especially if they coincided with leadership succession periods. The negative consequences of the economic crisis for Azerbaijan were substantial. The budget ran a non-oil fiscal deficit and the banking sector suffered liquidity and credit problems. Export and fiscal revenue dropped by more than 30 percent in 2009, [according](#) to an IMF report.

Elite Management and Realignment

At the outset of Aliyev’s second term, [three](#) succession scenarios were widely discussed. 1) He could stay in power after 2013 (as he did). 2) He could transfer power to his wife, Mehriban Aliyeva (*née* Pashayeva). 3) He could transfer power to a loyal successor.

In hindsight, the key challenge to Aliyev’s rule arose from the ranks of the old guard—a conservative group centered around the figure of the all-powerful, communist-era apparatchik, Ramiz Mehdiyev. Mehdiyev, in his capacity as the presidential chief of staff, commanded considerable power over the appointment of high-ranking officials, the recruitment of state bureaucrats, and the selection and approval of members of parliament, electoral administration, and the mass media.

At that time, the other group beginning to gain power was the first lady’s Pashayev family, whose power ambitions clashed with those of the retrograde old guard. In October 2019, Mehdiyev and several leading members of his troupe were demoted and replaced by younger technocrats. After a major government reshuffling in 2019, Mehdiyev’s group was largely [sidelined](#).

Putin's Succession Scenarios

How closely does Russia's handling of presidential succession copycat Azerbaijan? The Russian constitution mandates that a president may not serve more than two terms. Although Putin gamed the constitutional restriction in the past by having his protégé Dmitry Medvedev serve as president while keeping power in his own hands as prime minister, Russian term limits were at least formally observed.

There are some interesting parallels between Putin's 2024 succession problem and Aliyev's handling of succession in 2009. As happened in Baku in 2008-09, Putin in Russia is facing a precarious succession problem staring into the face of economic recession. Russia's elites are more [complex](#) than Azerbaijan's but they are fragmented along similar ideological lines (*siloviki* vs. technocrats) and the sharing of patronage resources. In the eventuality of a deep economic or succession crisis, elites may split, eroding the pillars of regime stability.

Russia has accumulated about \$570 billion (including \$150 billion in the National Welfare Fund) in foreign exchange reserves, giving it enough of a [financial buffer](#) to withstand a short-lived oil shock. However, its ability to absorb an external shock for a long period of time is [questionable](#). An oil price slump would reduce the government's tax earnings from oil and gas exports and the 2014 sanctions pose structural constraints on economic growth. This contributes to uncertainty about the future. If the economic crisis gets out of hand, intra-elite management of several rival groups might become complicated and deep splits may occur. The sequencing of events leading up to the presidential term "reset" proposal's approval in parliament points to such worries.

On Friday, March 6, 2020, oil prices began plummeting following the failure to negotiate an increase in production volumes between the Saudi-led OPEC cartel and Russia. Coupled with the coronavirus pandemic, Brent crude prices plunged to below \$36 per barrel (and lowering). While the package of suggested constitutional amendments put forward in January included various options for Putin to cling to power beyond 2024 (such as him leading the State Council or, indirectly, broadening the powers of the parliament), the first comments about presidential term limits by Putin himself [appeared](#) only on March 7 (a Saturday), which was one day after the OPEC+ meeting in Vienna.

On Tuesday, March 10, the final act came—like a *Deus Ex Machina* in an ancient Greek drama—when Valentina Tereshkova, the first female cosmonaut and a deputy from the ruling United Russia party, appeared before the State Duma and called for the "resetting" of Putin's count toward presidential term limits. Notably, Tereshkova's proposal happened just one day after oil prices suffered their most dramatic collapse over the previous weekend. The oil price [crashed](#) on March 9, to around \$30 per barrel.

There may be other reasons for the timing of the reset proposal, but the precipitous fall in oil prices has increased uncertainty in Moscow about succession. A change in external circumstances might have pushed the Russian president to alter his earlier plans of “power succession” that were prepared with a different economic prognosis in mind, and to instead blatantly opt for a more straightforward path that proved acceptable in Azerbaijan under somewhat similar conditions (hence, the availability heuristic). As Tatiana Stanovaya at the Carnegie Moscow Center [pointed out](#), Tereshkova was handed the amendments the morning of March 10 and “the implementation of the reset plan was improvised and hurried” in the same way that Aliyev had hurried to abolish term limits as the economy was suffering under low oil prices during the last months of 2008.

Another parallel between the Russian and Azerbaijani cases is the fact that the proposed Russian term limit changes are to be voted on as a part of a package deal; they are essentially hidden within a large array of other constitutional changes. Azerbaijan’s package contained about 29 alterations, many of which could have been introduced through standard legislative procedures. The Russian proposal consists of about 400 [changes](#), among them, enshrining faith in God, defining marriage as a union between a man and woman, and designating the Russian language as “the language of the state-forming nation.” This makes it look like the referendum is not a direct vote on term limits *per se* but an endorsement of the purported “constitutional reform.”

Conclusion

If Azerbaijan offers any lesson, it is, simply, that the resetting of term limits signals an incumbent’s intent to stay in power. Thus, Putin will likely run for the presidency in 2024, and his exemption from term restrictions will likely prolong his stay in power until 2036. This may negatively affect his approval ratings because his current term nears its end in 2024. Unlike Azerbaijan, where opposition parties are weak and civil society groups have been largely wiped out by years of repression and targeting of regime opponents, Russia has a relatively stronger opposition and dissenting voices are likely to [challenge](#) Putin’s post-2024 term in office as “[unconstitutional](#).”

Moreover, while the removal of term constraints on Putin’s reelection introduces a degree of clarity regarding the president’s desire to remain in power, the unfavorable external environment continues to provide fertile ground for intra-elite tension. Although substantial international strategic reserves provide a temporary cushion to absorb external shocks, state fiscal dependence on petroleum revenues ([accounting](#) for 46 percent of federal budget revenue in 2018) remains a key structural vulnerability in the years to come.