

THE POLITICAL AND ECONOMIC RESULTS OF MAY 2013

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In May 2013, RF President Putin continued his criticism of the government, which took the form of a well-planned media campaign designed to shift the blame for every adversity and failure in the country onto the Cabinet of Ministers. It is expected that this campaign will culminate in the dismissal of the entire government. Dmitry Medvedev himself has confirmed that the dismissal of his government will take place – the only question is when. May saw the sacking of Deputy Prime Minister and head of the government apparatus Vladislav Surkov, previously a long-term curator of Russia's internal politics. Although he had made it clear that he was ready to take over that job once again, he was dismissed without being appointed to a new position. Surkov was replaced at his post of deputy prime minister by Sergey Prihodko. The long-rumored business amnesty was indefinitely postponed.

May saw a continuation of the PR campaign around Vladimir Putin's ongoing criticism of the RF Government (the most important feature of his criticism being perhaps that it has been widely disseminated through every state-controlled TV channel). Putin chose to focus his criticism of the Government on its 'failure to properly implement the President's executive orders'. In fact, the case in point was his May 2012 executive orders and election promises, some of which had been purely declarative, while the rest of them could not be implemented within the available budget (Putin was able to give a number of convincing examples of the Government's lack of fiscal realism, including the fact that the Government had approved a program of development of Russia's Far East with a budget of Rb 3.8 trillion, while the federal budget had earmarked only Rb 296bn for its implementation. However, the same can be said of his own promises). In particular, Vladimir Putin said: '[...] *Against the backdrop of a difficult global economic situation, we are looking together for new incentives to support growth. By the way, we do find them. However, the earlier decisions taken and the money allocated (and we did find some money – it was difficult, but the Government did so nevertheless) with the goal of supporting development are either functioning at limited capacity or not at all.*' He illustrated his words with the following example: out of the 192 billion rubles of additional budget allocations to specific activities directly arising from the executive orders, only 17 billion had actually been paid out in Q1 2013. Putin went on to enumerate the Government's mistakes: it had failed to adopt the roadmaps on enhancing the quality of state regulation and on improving the access of small and medium-sized businesses to the procurement orders of state-owned companies; the mechanism of state guarantees for loans to medium-sized businesses did not work because it was almost impossible to get those guarantees; the Government had failed to introduce into parliament a draft law designed to stimulate the growth of housing construction, etc. Frankly speaking, the exact proportion of Putin's executive orders implemented by the Government – be it 70% or 40% – does not really matter in the least. The very fact that they were not implemented in full implies that the persons in charge had lacked the political will to do so, and had apparently doubted the importance of the aforesaid matters. Moreover, Putin himself admitted that Russia's economic growth was on the decline, and that her budgetary problems were aggravating. Thus, the real reason for Putin's criticism of the Medvedev government is that the President is irritated by that government in general and – maybe – by Dmitry Medvedev in particular.

Prime Minister Dmitry Medvedev confirmed that his government would indeed be dismissed. His announcement was made in a humorous manner usually not associated with government officials. *'The Government's resignation will necessarily take place, the question is only when. And this issue will be of interest to our political sphere so long as our Government and President represent two different components of authority, when the President is the guarantor of the Constitution and the Government exercises supreme executive power. [...] I am a more seasoned soldier than many of my colleagues. I told them: guys, you hold still and work, because sooner or later you will all be*

sacked anyway. *This is life.*' In this interview Medvedev also confessed that he was keeping his post only because his relations with Putin were 'friendly' (!): '[...] *Otherwise, maybe, there would have been another government today.*' When asked about the legal aspects of the authorities' onslaught on Russia's non-commercial organizations, Medvedev gave no answer, but, for some reasons, referred to himself as 'Dimon' (a pejorative nickname used by his adversaries): '*I want to be clear. I'm not here to speak as a lawyer. Or, for example, to be addressed as Dimon. Or rather, yes, I am Dimon, but I am not a lawyer – I am, after all, the head of a government and the chairman of a political party. Therefore I cannot argue simply as a lawyer. Because it is impossible to tear oneself into components and say that as a lawyer I categorically disagree with you, but as a politician I am ready to support you. This would have been simply dishonest.*' Such statements alone severely undermine the standing of both the Prime Minister and his supporters in the eyes of people from all walks of life, including politics and commerce. Moreover, such revelations deprive them of any legitimacy apart from that of being on 'friendly terms' with Putin. But, as we see, this friendship is no longer bulletproof and is starting to crumble.

Also, May witnessed a major personnel reshuffle in Russia's corridors of power. Deputy Prime Minister and head of the government apparatus Vladislav Surkov, more famous for his previous role as curator of Russia's internal politics in the rank of deputy head of the RF President's Executive Office in 2004–2011 (in 2008–2011 – in the rank of first deputy head of that office), was abruptly dismissed. He was replaced by Sergey Prikhodko, a long-term curator of Russia's external politics in the rank of assistant to the RF President and then, since 2012, a deputy head of the government apparatus. Prikhodko is universally regarded as an agreeable and not very active person.

It is a noteworthy fact that Surkov was not offered any new post. Moreover, he was ostracized by the media. Surkov's protégés, expelled *en masse* from the corridors of power and the top positions in United Russia by the new curator of Russia's politics, Viacheslav Volodin, have immediately begun to position themselves as 'enlightened politicians' under whose leadership, as they claim, things had been much better.

In reality, it was under Surkov (although not without Putin's blessing) that Russia's political system took a clearly authoritarian turn: in September 2004, under the pretext of struggle against terror, the Kremlin abolished direct gubernatorial elections and single-member district elections for Parliament, drastically increased the membership threshold for political parties (from 10,000 to 50,000) and presided over the liquidation of scores of political parties (including such veterans of the Russian political scene as the Union of Right Forces, *Rodina* [Fatherland], the Agrarian Party, and the Pensioners' Party). By early 2009, Russia had only seven political parties. New political parties were denied registration, scores of political activists became political prisoners or political emigrants, and anti-extremism legislation began to be widely misused. In late 2008 – early 2009, behind a smokescreen of some empty talk about liberalization and freedom, election deposits were abolished, thus making it impossible for regime-opponents to become candidates even at regional and municipal elections. At the same time, nearly all the city mayors who had not run as *United Russia* candidates were either forced to join its ranks, or were forced out of office, prosecuted on trumped-up charges. To make a long story short, Vladislav Surkov tried to build a semi-party system that would include *United Russia* and the political parties led by Stalinist Gennady Ziuganov and the eclectic part-time nationalist Vladimir Zhirinovskiy (both parties were – and are – equally repulsive to the civilized voter). In accordance with the express wishes of Vladimir Putin, the list of those parties was extended to include Sergey Mironov's *Fair Russia*. Surkov was adamantly opposed to that decision and did his best to erase *Fair Russia* from the political arena. He was apparently vexed by the fact that, although *Fair Russia's* approval rating was negligible, it was not negative, which made it possible for that party, from time to time, to do extremely well in regional elections¹. Any criticism of Vladimir Putin was an absolute taboo for the so-called 'systemic opposition'. Its freedom of criticism was limited to toothless protests against the activities of one or other minister, and to lamentations about one or other negative event.

1 In the 2007 elections to the State Duma of Stavropol Krai, the Fair Russia list headed by Stavropol Mayor Dmitry Kuzmin even managed to outperform United Russia, by winning 37% of the votes cast. Half a year later, Kuzmin was put on the international wanted list and was granted political asylum in Austria.

Thus, the authorities developed a model that, as they hoped, precluded the main element of an 'orange revolution' – the opposition's victory or near-victory in elections – because the opposition was effectively denied access to any elections. After abolishing the voter turnout threshold for elections and the ballot option 'Vote against all', the authorities were sure that they had the country firmly under their thumb. The 2007–2008 election cycle rewarded *United Russia* with a succession of victories, achieved due to – among other things – the dissemination of rumors that Medvedev was a liberal, or was going to be a liberal. Such rumors sapped dry society's will to act independently of the government. However, in December 2011, Surkov's methods suffered a crushing defeat at the hands of the opposition, who had managed to find a brilliant counter-method – the strategy of voting for any political party but *United Russia*, that had been designed to turn the oncoming general election into a referendum. The adoption of that strategy by the opposition made it possible for it to ignore the drawbacks of the 'systemic parties'. By relying exclusively on brute force and blatant falsification of electoral results, the Surkov administration heavily degraded both morally and politically. Thus, it was unscrupulous enough to launch a scandalous project like the notorious hooliganism-prone youth movement *Nashi* [Ours] and to stream online hidden-camera sex videos targeting opposition figures. Surkov and Co totally lacked any positive agenda. To make matters worse, the mass replacement of elected governors by appointed, locally unknown outsiders had literally thrown a monkey wrench into the administrative mechanism: it turned out that the employees of budget-funded institutions, including those patronized by the authorities, that had been expected to willingly and adroitly falsify electoral results were not eager to do so, especially in the presence of numerous election supervisors. As a result, *United Russia* bagged only 49% of the vote. This 'victory' was marred by massive vote fraud scandals – thus, figures were clearly plucked out of thin air at about one-quarter of Moscow polling stations.

In the aftermath of that general election, Surkov was removed from office and replaced by Vyacheslav Volodin, who thus became the supervisor of March 2012 presidential election. Volodin quickly proved that he was worth his salt. He tarnished the public image of some rather unpopular protest rally speakers like Boris Nemtsov and Ksenia Sobchak by contrasting their records with those of Vladimir Putin. He abstained from crude falsification of electoral results and resorted instead to more ingenious methods of achieving election victory, such as the use of 'additional lists' and other practices, although not illegal but dubious. Also, he liberally used the method of 'merry-go-round voting, when groups of voters vote more than once at different polling stations. This type of election fraud is extremely difficult to expose. Volodin's tactics proved to be successful. Putin won 64% of the vote, while *United Russia* had scored only 49%. The number of scandals sharply dropped. After the presidential election, the 'stick' of repressions against the Bolotnaya Square activists involved in clashes with police on 6 May 2012¹ was supplemented by the 'carrot' of easing the registration of new political parties, and they (although with some exceptions) began to be registered *en masse*. Single-mandate electoral districts were restored, and opposition figures once again began to be registered for election. To a large extent, the authorities' attempt at redirecting the energy of street protests to conventional political struggle was a success. The scale of opposition rallies considerably declined. (And now a few words about the further disruption of Vladislav Surkov's career. Instead of trying to prove themselves at their new jobs in the government apparatus, Surkov and his team continued their intrigues against the new curators of Russia's internal politics. They literally begged to be taken back and made contradictory about the policies of their successors. It was even unclear whether they considered those policies too liberal or too rigid).

Public prosecutors continued their search for compromising materials against RF Minister of Education Dmitry Livanov, who is widely believed to be a protégé of Medvedev. He had apparently been chosen as the scapegoat in the ongoing struggle to improve the government's performance. Livanov had indeed managed to antagonize a lot of powerful institutions and persons. Before the

1 It should be noted that the number of political prisoners in Russia has remained almost unchanged since 2004–2005. It amounts to just several scores (not taking into account the businessmen and officials imprisoned on politically motivated charges). The number of people facing criminal charges over their alleged participation in the Bolotnaya Square riots (29 so far) does not exceed the average number of defendants in the criminal cases of the 1990s. And in the most famous politically-motivated cases of the 1990s initiated against a number of members of Edward Limonov's National Bolshevik Party the number of persons sent to prison was even higher than that average.

beginning of the Russian Academy of Sciences presidential campaign, Dmitry Livanov, fully aware of the traditionally complicated relations between the Government and the Academy of Sciences, had publicly – and justly – criticized the latter for a number of unresolved problems, including *the issue of ageing membership*. The Academy answered in kind by unleashing a barrage of criticism on the Government and Livanov. The computer program for finding plagiarism in dissertations – introduced on his initiative (by the way, not on the basis of a public tender) – has undermined the reputations of many well-known persons, including St. Petersburg Governor Georgy Poltavchenko, *United Russia* MPs Vladimir Burmatov and Olga Batalina (a protégé of Deputy Head of the RF President's Executive Office Vyacheslav Volodin), and the leader of the Liberal Democratic Party, Vladimir Zhirinovskiy, exposed as dissertation plagiarizers. To make matters worse for Livanov, this program is being vociferously lauded by opposition figures, some of whom allegedly rub shoulders with him (by being members of the Public Council under the auspices of the Minister of Education or his co-authors). Hence he was accused of political disloyalty. Yet another headache for Livanov was the continuation of the Unified State Examination test-cheating scandals. It should be noted that region-by-region statistics for this examination is classified, apparently in order to hide the outrageously high level of test-cheating in Russia's national republics. But, as the saying goes, the truth always outs. Livanov's attempt to place a number of prominent higher education establishments, including Moscow State Mining University (it was forcibly merged with National University of Science and Technology ('MISIS') formerly headed by Dmitry Livanov) and Russian State University for the Humanities, caused an uproar. Both the Ministry and Livanov were accused of trying to seize valuable real estate in the center of Moscow under false pretense, while paying absolutely no attention to the efficiency of the higher education establishments situated in areas like, for example, the North Caucasus. This scandal resulted in the retirement of Deputy Minister of Education Igor Fedyukin, who had been also in charge of the checks of dissertations, which had caused so much anger on the part of the elite. Livanov's subsequent comments that he would possibly quit his job if faced with the impossibility of materializing his ideas have confirmed that his retirement is indeed very likely.

Andrei Dyachkov retired as President of the United Shipbuilding Corporation (USC). For many years in a row, this corporation had been giving rise to a lot of domestic and international scandals by its failure to observe delivery dates and by the poor build quality of its civilian and military ships. It should be said that Dyachkov's appointment as USC President had raised a few eyebrows among experts, because he had previously headed the notoriously problem-ridden OJSC *PO Sev-mash* [Industrial Association 'Northern Machine Building Enterprise']. All the same, he had been given that job due to the insistence of the state corporation *Rostekhnologii* [Russian Technologies]. Dyachkov was replaced as USC President by the former First Deputy Director General of the rather successful OJSC *NPK Uralvagonzavod* [Research and Industrial Corporation 'Ural Rolling Stock Plant'], Vladimir Shmakov. Apparently, one of his top priorities will be to speed up the construction of new dockyards for building ships and equipment for the offshore oil and gas projects of *Gazprom* and *Rosneft*.

Sergey Vereshchagin was appointed Director General of the state corporation *Kurorty Severnogo Kavkaza* [Health Resorts of the North Caucasus], who had been its acting director general for a number of months, since the retirement of Akhmed Bilalov. Vereshchagin had worked for many years in Krasnoyarsk Krai under the leadership of Deputy Prime Minister Aleksandr Khloponin. Having become Director General, Vereshchagin demonstratively appointed Khloponin's son-in-law to the position of his deputy. Thus, no changes should be expected in the dubious aims of this corporation – organization of large-scale construction of tourism infrastructure at the expense of the state budget in an environment characterized by serious security problems and a lack of demand for such services. The only thing that has changed is the administrative clan that controls the project.

Two major events took place in academic sphere: plasma physicist Vladimir Fortov was elected as President of the Russian Academy of Sciences. He achieved victory in the first round of voting by winning more than 50% of the vote. In 1996-1997, he had been Russia's minister of science and technology. Fortov had lost the previous election at the Academy of Sciences, being defeated in the second round of voting by Yuri Osipov. Having held the position of President of the Russian Acad-

emy of Sciences for more than twenty years in a row, Yuri Osipov did not stand for President this time. Nobel prize winner and CPRF member of the State Duma Zhores Alferov came second (apart from being an octogenarian, he was prevented from winning by rumors of his closeness to Director of the Kurchatov Institute Mikhail Kovalchuk, detested by the academic community), while Vice President of the RAS and member of the Board of Directors of OJSC *Rosneft* Alexander Nekipelov came third (he was hampered by his being a member of Osipov's team and his two lackluster terms in office as Vice President of the RAS, as well as by a nasty scandal over alleged instances of plagiarism in one of his books). In his program, Fortov had assiduously followed the golden mean: had scolded the Ministry of Education and Science – but without any fanaticism; had promised his audience composed of not-too-young academicians to increase their pension allowances to 70% of pre-retirement salary; had promised his reform-minded colleagues to introduce performance-based financing, etc. Life will show whether Fortov will manage to achieve anything, or will simply prefer to go with the flow: in order to materialize one's program, it is not enough to simply compose it – one should also have the will to materialize it and the knowledge of the 'administrative vertical to push the program through. Concurrently with his electoral defeat of the Academy of Sciences, the aforementioned Mikhail Kovalchuk lost his re-election bid for Director of the Institute of Crystallography of the RAS by a majority of votes in a secret ballot at a meeting of the Physical Sciences Division of the Russian Academy of Sciences.

In May, Vladimir Putin refused to grant amnesty to businessmen, and turned down the amnesty draft put forth and much spoken about by Boris Titov, the Presidential Plenipotentiary for protecting businessmen's rights. Business amnesty was indefinitely postponed on the pretext that the issue had not been properly worked through. In particular, Vladimir Putin pointed out that the draft, in fact, suggested pardoning counterfeiters and 'people sentenced for the illegal export of dual-purpose materials that can be used for the production of weapons and even weapons of mass destruction', etc. Thus, Titov suffered yet another public defeat, for which he should blame, at least partly, only himself. The crux of the problem is that the RF Criminal Code does not contain an 'entrepreneurial article' as such. Most often, this term is applied to Article 159 of the RF Criminal Code ('Fraud'). However, fraud is also a very real and widespread crime. It is very difficult to distinguish between fraud, which is a deliberate action that takes place with intention to cause harm, and trivial commercial miscalculations. The same is true of Article 160 ('Misappropriation and Embezzlement') and Articles 198 and 199, which address non-payment of taxes by individuals and legal entities respectively. Mr. Titov could have put forth some more reasonable and specific demands – for example, to release persons sentenced under Article 159 of the RF Tax Code in criminal cases where a specific victim of fraud cannot be identified (thanks to the recent amendments, at present such criminal cases cannot be launched, but people sentenced before the amendments went into effect are still serving their sentences); or persons sentenced for tax evasion, if they have paid the taxes that they owed, or first-time offenders, or those who have served more than one half of their sentences, etc. However, this is not what he actually did. Instead, he tried to give freedom to more than 100,000 people – one-eighth of Russia's total prison population. As a result, he gave freedom to none of them. However, Titov's debacle can be seen as yet another indication of the Russian authorities' not too benevolent attitude toward the business community in general. ●