

CHAPTER 3 of *The Crisis of Russian Democracy: Factionalism, Sovereignty and the Putin Succession*

FACTIONALISM AND RUSSIAN POLITICS

Richard SAKWA, University of Kent

Paper presented to the CEELBAS Public Policy Conference, 'Russia Beyond 2008', St Antony's College, Oxford, 15 December 2007

If under Gorbachev there was a move from authoritarianism to anarchy, under Putin the movement was in the other direction. In the transition from communism many had called for a 'firm hand', even of the Pinochet type where political liberty is traded in exchange for economic growth. Others have stressed the Bonapartist features of Putin's rule, a system defined in Marxist terms as 'an authoritarian government that temporarily gains relative independence and reigns above the classes of society, mediating between them'.¹ Medushevsky, for example, has developed this model, with the appointment of the *polpredy* (the presidential representatives at the head of the seven federal districts) acting as the functional equivalents of the Napoleonic prefects.² Our model suggest that rather than a clear-cut Bonapartist regime emerging in Russia, balanced between the established bureaucratic classes and the nascent middle class and bourgeoisie, the presidential regime seeks to retain its independent by manoeuvring between factional quasi-class structures. The presidency under Putin had a dual valence: applying elements of the liberal democratic tradition while itself remaining outside the norms of accountability represented by that tradition – ambiguities, it may be noted, that are not entirely absent elsewhere. In Russia the coherence of the regime was undermined by the importation into the administrative system of the conflicts that are unable to take political form in society as a whole. Two parallel systems emerged: a sphere of public politics, regulated by formal constitutional norms and populated by typical elements of a representative system, above all parties and parliament; and a second sphere of clandestine intra-elite contestation for power and property. The presidency participated in both, undermining the autonomy of public politics while seeking to retain its own autonomy in the sphere of factional politics.

Factionalism, clans and regime politics

The under-development of the party system is a common refrain of commentators on Russian politics, and in the medium-term the emergence of a dominant party system in the form of United Russia may act as a mechanism to externalise and manage conflicts within the regime. In the meantime, the struggle over control over policy and the ideological orientations of the system take the form of factional struggle. We use the term 'faction' rather than 'clan' advisedly. Thomas Graham in the mid-1990s suggested that clan-type structures had emerged as the shaping force of Russian

¹ The definition is from Alexander Lukin, 'Putin's Regime: Restoration or Revolution?', *Problems of Post-Communism*, Vol. 48, No. 4, July/August 2000, pp. 38-48, at p. 47.

² Andrei Medushevskii, 'Bonapartistская модель власти для России?', *Konstitutsionnoe pravo: vostochnoevropейskoe obozrenie*, No. 4 (33) / No. 1 (34), 2001, p. 28.

politics, in which various economic structures struggled for access to the president and thus to state resources in order ‘to engineer a political stability that would ensure their hold on power and the country’s financial resources’.³ Already Graham had noted that the major aggregative unit in post-communist Russian politics was not the political party, the interest group or formal political institutions, but personality-based interest constellations vying to influence the president. Viktor Sheinis points out that the influence of what he calls ‘shadow structures’ remains strong: ‘The defining feature of the organisation of power under both Russian presidents is the characteristic interaction of official and shadow structures. People from the president’s “inner circle”, because of their personal ties, gain influence that far exceeds the authority granted by law to their post.’⁴ This was a type of court politics where Byzantine manoeuvrings within the administration and in the interface between regime and society substituted for a more open form of public politics, overshadowing parliament and other political institutions.

Factions, not clans

The notion of clan politics was probably an exaggeration even at the time when Graham was writing, although undoubtedly there were various interests seeking to impose their views on policy. These included the traditional industrialists represented by prime minister Viktor Chernomyrdin, regional leaders, and in particular the ‘Moscow group’ headed by the city’s mayor, Yuri Luzhkov, the ‘party of war’, including Yeltsin’s confidant and body-guard Alexander Korzhakov, which had encouraged Yeltsin to launch full-scale war in Chechnya, and the various ‘Westernisers’ who shaped Russia’s liberal economic programme. The dominance of the ‘family’, a grouping of oligarchs, relatives and administration officials in Yeltsin’s last years was always unstable and represented little more than a fluid grouping based on immediate interests, although sharing in broad terms a commitment to a set of policy preferences (above all, keeping the communists and their allies out of power). Factions are far less substantive and enduring than clans.

A recent study by Henry Hale has focused on the concept of ‘patronal presidentialism’, where an elected president disposes not only enormous formal power resources but also ‘immense informal authority based on pervasive patron-client relationships and machine politics’.⁵ These relationships are structured around groups: ‘Patronal presidents like Russia’s Boris Yeltsin and Ukraine’s Leonid Kuchma, for example, were famous for balancing key groups of supporters against each other, and current Russian president Vladimir Putin has long done the same with informal Kremlin “groups”, such as those sometimes referred to as the *Siloviki* and the “St. Petersburg lawyers”’.⁶ Hale’s central argument is that the moment of succession is the most dangerous one for patronal presidencies, potentially exposing the regime to a range of threats. He notes that some leaders, such as Heidar Aliiev in Azerbaijan, avoided the ‘succession trap’, which he defines as ‘the need to choose the successor from among the several competing elite groups that were all part of the presidential

³ Thomas Graham, ‘Novyi russkii rezhim’, *Nezavisimaya gazeta*, 23 November 1995, p. 5.

⁴ V. L. Sheinis, ‘Dvizhenie po spirali: prevrashcheniya rossiiskogo parlamenta’, *Obshchestvennye nauki i sovremennost’*, No. 5, 2004, pp. 43-52, at p. 47.

⁵ Henry E. Hale, ‘Democracy or Autocracy on the March? The Colored Revolutions as Normal Dynamics of Patronal Presidentialism’, *Communist and Post-Communist Studies*, Vol. 39, 2006, pp. 305-329, at p. 307.

⁶ ‘Democracy or Autocracy on the March?’, p. 308.

team', by appointing his own son, Ilham, as successor.⁷ In Russia Yeltsin had pre-empted a crisis by ensuring that his nominated successor, Vladimir Putin, was able to cruise into power.

Elsewhere, where elites are split and the successor election is mismanaged, 'orange' type revolutions can break out. In Georgia in November 2003, the autumn of 2004 in Ukraine, and the spring of 2005 in Kyrgyzstan, popular movements intervened. Putin devoted much of his second term to foreclosing such an eventuality, including imposing restrictions on foreign-financed NGOs and creating youth movements that would occupy the space from whence anti-regime movements could emerge. In the immediate pre-succession period, 'The [orange] revolutions are actually triggered primarily by splits in the elite brought about by a lame duck syndrome and unpopular leadership under patronal presidential institutions...', and not by the various civic activists and western intervention, as feared by many of the post-Soviet leaders.⁸ Putin was intent on ensuring that he would not become a lame duck president, while at the same time enjoying enormous popularity. The greatest danger in the Putin succession was not so much a 'colour revolution' as the defection of elite factions and social groups. As we shall see, much of the succession was focused on forestalling this eventuality. Factions were balanced and neutralised, while regional bosses and business leaders suborned.

The clan phenomenon is far less defined in Russia than in Ukraine and some other countries. Unlike in Ukraine, where clan-type structures represent a combination of social, regional, economic and even ideological differences,⁹ in Russia the political regime is more dominant, and interests less defined. The classic case in Ukraine was the long-established 'Dnepropetrovsk mafia', which has been able to reproduce itself over generations and advance its own policy agenda. The existence of several such deeply-entrenched communities helps explain Ukraine's relative democratisation, but whether they can be characterised as 'clans' remains controversial. The difference in the way interests are aggregated and represented, over and above any differences in formal political structures, is an important factor determining divergent democratisation trajectories in the two countries. In addition, as Kimitaka Matsuzato notes, the absence of anything approximating clan-type formations in Belarus is one reason why the Lukashenko regime was able to maintain its independence and able to pursue populist practices in which the leadership appealed directly to the people without any intermediary aggregations.¹⁰

In some Central Asian countries clan structures (based on kinship ties and regional identities) and political administrations have to all intents and purposes merged, and this in turn gives rise to yet another type of political regime.¹¹ The debate about the role of clans in Central Asian politics is far from exhausted, with arguments

⁷ 'Democracy or Autocracy on the March?', p. 310.

⁸ 'Democracy or Autocracy on the March?', pp. 320-21.

⁹ See Kimitaka Matsuzato, 'Semipresidentialism in Ukraine: Institutional Centristism in Rampant Clan Politics', *Demokratizatsiya*, Vol. 13, No. 1, Winter 2005, pp. 45-58.

¹⁰ Kimitaka Matsuzato, 'A Populist Island in an Ocean of Clan Politics: The Lukashenko Regime as an Exception Among CIS Countries', *Europe-Asia Studies*, Vol. 56, No. 2, March 2004, pp. 235-61.

¹¹ See, for example, Edward Schatz, *Modern Clan Politics: The Power of "Blood" in Kazakhstan and Beyond*, Jackson School Publications in International Studies (Seattle, University of Washington Press, 2004); Edward Schatz, 'Reconceptualizing Clans: Kinship Networks and Statehood in Kazakhstan', *Nationalities Papers*, Vol. 33, No.2, 2005, pp. 231-54.

suggesting that they can provide a positive integrative function balanced by critiques of the destructive effect they have on formal institutions.¹² Collins locates the debate over the role of clans firmly in the comparative social science literature while providing detailed empirical analysis of the practical way in which they operate in Central Asia.¹³ She argues that they are not a perverse inversion of standard accounts of institutional development but a rational way for social groups to interact in a specific collectivist institutional and cultural setting characterised by late state formation, weak national identities and under-developed capitalist market relations. She is at pains to stress that clans should not be reduced to state organisations or ethnic ties.¹⁴

While in Ukraine there is a clear regional and sectoral basis to relatively stable groupings with a defined stance on public policy issues, the degree to which a stable 'clan' system has emerged can be questioned. Similarly, the attempt to apply a clan model to Kazakhstan politics has been questioned on the basis of the lack of empirically testable evidence.¹⁵ The applicability of the model to Russia is even more problematical, since here things are far more situational, permeable and malleable. Executive authorities in the centre and the regions build up their own factions through personalised patterns of appointment, as seen most vividly in Putin's 'tail' from St Petersburg, but it would be far-fetched to call them a 'clan'. Elsewhere in the country the recruitment mechanism of the great majority of regional officials does not conform to any Weberian stereotype and is far from competitive, being dominated by 'informal relations and personalised practices'.¹⁶ The reason for this in part lies in the absence of what one author calls 'instruments of mass vertical mobility', primarily effective political parties, and thus 'politics', that is, 'activity to achieve influence and power, is hostage to the amorphous structure of Russian society [*sotsium*]'.¹⁷

Corporations, factions and regime

Just as in the federal system a type of segmented regionalism emerged, so, too, the segmented nature of the state, reflecting its Soviet background, took the form of the development of what have been called *votchiny* (derived from allodial or patrimonial estates in Muscovite Russia, as opposed to *pomest'e*, estates). These *votchiny* were prominent in certain sectors of the economy that, while formally controlled by the state, were able to act as autonomous agents. Notable examples were the state-controlled bodies such as Gazprom, RAO UES (Russian Share Company Edinye Energosistemy, the electricity monopoly), Alros (diamonds), TVEL (power

¹² See Katherine Collins, 'Clans, Pacts, and Politics in Central Asia', *Journal of Democracy*, Vol. 3, No. 3, 2002, pp. 137-52; Katherine Collins, 'The Logic of Clan Politics: Evidence from the Central Asian Trajectories', *World Politics*, Vol. 56, January 2004, pp. 224-61; V. Khanin, 'Political Clans and Political Conflicts in Contemporary Kyrgyzstan', in Yaacov Ro'i (ed.), *Democracy and Pluralism in Muslim Eurasia* (London, Frank Cass, 2004), pp. 215-32.

¹³ Katherine Collins, *Clan Politics and Regime Transition in Central Asia* (New York, Cambridge University Press, 2006);

¹⁴ Collins, *Clan Politics and Regime Transition in Central Asia*, p. 56.

¹⁵ Murphy, Jonathan, 'Illusory Transition? Elite Reconstitution in Kazakhstan, 1989-2002', *Europe-Asia Studies*, Vol. 58, No. 4, June 2006, pp. 523-54.

¹⁶ A. E. Chirikova, 'Ispolnitel'naya vlast' v regionakh: pravila igry formal'nye in neformal'nye', *Obshchestvennye nauki i sovremennost'*, No. 3, 2004, pp. 71-80, at p. 73.

¹⁷ A. G. Vishnevskii, 'Modernizatsiya i kontrmodernizatsiya: ch'ya voz'met?', *Obshchestvennye nauki i sovremennost'*, No. 1, 2004, pp. 17-25, at p. 23.

engineering) and Rosoboronexport (the arms export monopoly), complemented by the state agencies Minatom, MPS (transport) and GTK. As the Putin years passed even nominally independent companies, particularly in the energy sector, had to show loyalty, and even obeisance, to the regime to survive. Already in the 1990s power and property were directly related in these companies, populating an unusual social landscape in which Soviet patterns of interaction were reproduced. Igor Bunin argues that this gave rise to ‘internal oligarchs’, each guarding its part of the ‘sovereign territory of the state’.¹⁸

Putin sought to undermine the power of these ‘internal oligarchs’, and to do this he had as it were to ‘nationalise’ the state. The first step was to ‘deprivatise’ the companies, and one of the mechanisms to do this was the imposition of a system of interlocking appointments between the administration and these corporations. The old Yeltsinite ‘unwritten contract’ between powerful independent actors gave way to their transformation into agents of the state, what Bunin calls the *pomest’ e* system. Corporate autonomy gave way to subordination not so much to state as to regime interests. This was reflected in the pattern of state appointments to these corporations (see below), which for a large part were people who were loyal to Putin personally. Outsiders were rare, and on the whole the managers and overseers of these corporations had either known Putin earlier or came from the special services, or both. There was not much scope for independent action in this system, unless one entered into direct confrontation, the path taken by Khodorkovsky. His fate served only to reinforce the compliance of others.

Even in Russia’s most centralised and authoritarian periods, factions were in evidence.¹⁹ As Stalin consolidated his power in the 1920s, contending factions in the Soviet leadership appealed to provincial party committees to bolster support.²⁰ Under Stalin patron-client relations fostered the development of a clientelistic bureaucratic system, and helped create the networks on which Stalin based his power.²¹ Clientelism remained one of the central integrative mechanisms of the Stalinist system.²² Even in the Soviet system, however, there were informal rules against the development of ‘family clans’ (*semeistvennost’*), whereby close relatives were forbidden to be directly subordinate to each other. This did not mean that family members were not appointed to high positions, particularly in the long years of Brezhnevite stability that gave way to *zastoi* (stagnation), but direct subordination of family members was avoided by ensuring at least one other managerial level came in between. Article 21 of the federal law on state service makes this a formal requirement: ‘A citizen may not be appointed to state service or remain in state service in cases of ... a close family relationship with another state servant, if their state service involves direct subordination of one to the other’. A recent study revealed 35 examples of family connections in national and regional administration, a total that included a high proportion in state-controlled businesses. For example, the

¹⁸ Igor’ Bunin, ‘Ot votchnin k pomest’yam’, *Ekspert*, No. 46, 10 December 2001, in *Ekspert: Luchshie materialy*, No. 2, 2007, p. 41.

¹⁹ Gerald M. Easter, *Reconstructing the State: Personal Networks and Elite Identity in Soviet Russia* (Cambridge, Cambridge University Press, 2000).

²⁰ Aleksandr Livshin and Igor’ Orlov, *Vlast’ i obshchestvo: dialog v pis’makh* (Moscow, Rosspen, 2002), pp. 66, 82.

²¹ T. H. Rigby, ‘The Origins of the Nomenklatura System’, in T. H. Rigby, *Political Elites in the USSR* (Aldershot, Edward Elgar, 1990).

²² John P. Willerton, *Patronage and Politics in the USSR* (Cambridge, Cambridge University Press, 1992).

son (Alexei) of Sergei Bogdanchikov, the president of the Rosneft (75 per cent state-owned), was in charge of investments in the oil company.²³

I have argued elsewhere that the word ‘regime’ (rather than government or administration) is the preferred term to describe the power system that came into existence around the middle period of Yeltsin’s governance and which was consolidated under Putin. The notion of regime in this sense has a long pedigree in political science, and is used to contrast an under-institutionalised power system in contrast with a government, which sits firmly in some sort of legal-constitutional regulation of power relations. A regime is inadequately constrained by the constitutional state from above and lacks effective accountability to the institutions of mass representation from below (parliament, political parties, civil society generally).²⁴ In the Russian case it is certainly an over-simplification to suggest that the chekisty comprise a ‘state within the state’, yet they are an important constituent element of the shifting constellation that we call ‘the regime’. However, the nature of ‘the regime’, its constituent elements and dynamics, remain under-theorised. It is more than the personalised leadership model, but less than an institutionalised law-governed system.

The presidency under Putin has been careful to maintain its pre-eminence by standing above factions, and indeed part of its effective power derived from its ability to arbitrate between different elements of the regime. As Andrei Ryabov puts it, ‘In post-communist Russia the presidency, in which all fundamental authoritative functions are concentrated, is traditionally balanced, and often even opposed, to the interests of various elite groups. Conflicting groups have to appeal to the supreme arbiter for support. The president also wishes to maintain such a state of affairs, which works to strengthen his power and extends the field for political manoeuvre’.²⁵ This is a Bonapartist model of politics, but the fundamental question is the nature of the groups above which the presidency stands. There is no agreement what these groups represent. According to Glebova, ‘The ruling layer of the new Russia is divided into groups engaged in a permanent “war” for access to resources and superprofitable output. All these groups participated (and participate) in the creation of supermonopolies – raw materials, telecommunications and so on, which are easily controlled. The state is one of the players in this field and always wins any fights’.²⁶ However, when the state itself is fragmented, the outcome is more uncertain.

The factions

Different forms of informal socio-political structuration give rise to different political outcomes. Ukraine’s more strongly institutionalised clan-type structures endowed the country with an entrenched fragmentation that favoured a more pluralistic political environment. One result of this was the greater uncertainty of political outcomes. In Russia the sphere of ‘real politics’ was populated less by the Duma, political parties

²³ *Kommersant-vlast*, No. 37, 24 September 2007.

²⁴ Richard Sakwa, *Russian Politics and Society*, Third Edition (London and New York, Routledge, 2002), pp. 454-8; *Putin: Russia’s Choice* (London and New York, Routledge, 2004), Chapter 4; see also ‘The Regime System in Russia’, *Contemporary Politics*, Vol. 3, No. 1, 1997, pp. 7-25.

²⁵ Andrei Ryabov, ‘Poslanie prezidenta kuda podal’she’, *Novaya gazeta*, No. 33, 4-10 May 2006, p. 2.

²⁶ I. I. Glebova, ‘Politicheskaya kultura sovremennoi Rossii: obliki novoi russkoi vlasti i sotsial’nye raskoly’, *Polis*, No. 1, 2006, pp. 33-44, at p. 40.

and regional leaders, than by factions within the regime itself. Those able to wield the 'power' resource were in a particularly strong position, traditionally exercised through the General Prosecutor's Office (GPO). As we shall see in the next chapter, in the run-up to the 2007 election Putin effectively neutralised the autonomous exercise of this power. The Yukos case became an instrument in the factional struggles in the Kremlin, with a particular section intent on using the case to assert its authority and to build a property empire of its own.²⁷ There is no consensus on the precise breakdown of factional conflict in the Kremlin, but at least six may be identified. Our categorisation is based primarily on policy orientation, rather than place of origin or professional background. Both these factors are important, since clearly Putin's colleagues from St Petersburg (the *Pitery*) are one of the most recognisable groups in his administration, while those with a background in the security services are also an identifiable group. However, geographical origin or professional background is only one factor in determining the contour of politics.

The siloviki

The first of our factions, and the focus of our analysis, are the *siloviki*, representatives of the security apparatus and to a lesser extent the military.²⁸ The *siloviki* is a category broader than the *chekisty* (the Cheka was the abbreviated name for the first secret police organisation established by Lenin in December 1918, the Extraordinary Commission), those who had served specifically in the KGB or its successors, and denotes quite a broad spectrum of statist-patriotic sentiment. Contrary to much ill-informed commentary, Putin's KGB past does not automatically make him leader of a newly-militant security apparatus thirsting for revenge. Putin had worked in the KGB from 1975 to 1990, and had briefly returned as head of the FSB in 1998-99. Nevertheless, Putin's *silovik* background, even though tempered by his work under the liberal mayor of St Petersburg, Anatoly Sobchak, in the early 1990s and then in the presidential administration under Yeltsin, no doubt predisposes him to statist rather than pluralist approaches to public policy issues. The *siloviki* viewpoint is an important one in reinforcing *dirigiste* trends in Russian public affairs. The *siloviki* stress the need to restore the coherence of the state and have strong views about how the economy should be run. The concept of a cohesive 'militocracy' is exaggerated, but the general *silovik* view that the state should take the priority over the anarchy of the market in strategic economic issues and over the unpredictability of the democratic representation of civil society in politics is something that is close to Putin's heart. They were particularly concerned to ensure the consolidation of their power and the perpetuation of their rule even after Putin had left the presidency.

Numerous studies have noted the increased role of the *siloviki* under Putin. The standard figure is that about 6,000 former security service operatives, including Putin himself, entered government service in his first term. As a recent work has demonstrated, the federal and regional elite structures now have a significant security

²⁷ For a discussion of the struggles of members of the presidential administration, see Pavel K. Baev, 'Putin's Team in Disarray over Oil Money', The Jamestown Foundation, *Eurasia Daily Monitor*, Vol. 2, No. 55, 21 March 2005.

²⁸ On the size and role of the *siloviki* in Putin's administration, see Olga Kryshtanovkaya and Stephen White, 'Putin's Militocracy', *Post-Soviet Affairs*, Vol. 19, No. 4, October-December 2003, pp. 289-306; and for updated figures, Olga Kryshtanovkaya and Stephen White, 'Inside the Putin Court: A Research Note', *Europe-Asia Studies*, Vol. 57, No. 7, November 2005, pp. 1065-75.

component.²⁹ According to Kryshtanovskaya and White, the proportion of those with a security, military or other law enforcement agencies in leadership positions rose from 4 per cent under Gorbachev to 11 per cent under Yeltsin, and then rose to 25 per cent by the end of Putin's first term as president, with the proportion even higher in the national government.³⁰ Rivera and Rivera demonstrated that while the number of *siloviki* in responsible government positions had indeed increased, this rise was not as big as Kryshtanovskaya and White had suggested – a threefold increase since 1998 rather than the reported seven-fold increase.³¹ They conclude that claims about ‘an emerging “militocracy” are real but overstated’.³² Above all, they argue that this is balanced by the increased representation of business representatives in all spheres of Russian public life, a nascent bourgeoisie that will in the long-term perhaps have a far greater impact than the temporary assertion of *silovik* authority.

Nevertheless, the leading ‘securocrats’ were well-represented among the ‘barons’, the senior ministers and Kremlin officials, who worked closely with Putin and regularly attended the unofficial ‘kitchen cabinet’ held at his country home on Saturday mornings, where they drank tea and discussed the fate of the nation. This group of about eight people includes the heads of the force structures, as well as the prime minister and the head of the presidential administration.³³ It is doubtful whether the prime minister, Mikhail Fradkov, can be considered a fully-fledged *silovik*, but he was often considered a protégé of the former defence minister Sergei Ivanov. One of Fradkov's sons is known to be an FSB officer. Ivanov had spent a period in the early 1970s in the KGB academy, where he probably learnt his excellent English.³⁴ Like Putin, he began his career in the Leningrad KGB's Main Directorate. Ivanov is a retired SVR colonel general, and in the late Putin years he oversaw the military-industrial sector and various programmes for the development of high-tech industries, including one for nanotechnologies. It is not entirely clear whether Ivanov himself can be considered a member of the *silovik* faction since his loyalty was primarily to Putin individually and thus helped Putin constrain factional conflicts. Equally, the head of the Audit Chamber, Sergei Stepashin, was a former head of the FSB yet he kept his distance from the *silovik* faction.

Igor Sechin, deputy head of the presidential administration, is usually considered a key representative of the *siloviki*. He worked in the KGB's First Main Directorate, responsible for foreign intelligence operations, and which after the fall of communism became the Foreign Intelligence Service (SVR). The *siloviki* group includes another deputy head of the presidential administration, Viktor Ivanov, who worked in the KGB's domestic counter-intelligence section. Nikolai Patrushev, the head of the Federal Security Service (FSB, the successor to the KGB), is an FSB colonel general. The head of the Federal State Reserves Agency, Aleksandr Grigor'ev, had served with the special services in Afghanistan, and with Ivanov, was part of Putin's inner circle. Rashid Nurgaliev, heading the Interior Ministry (MVD), which

²⁹ Olga Kryshtanovskaya and Stephen White, ‘Putin's Militocracy’, *Post-Soviet Affairs*, Vol. 19, No. 4, October-December 2003, pp. 289-306.

³⁰ Kryshtanovskaya and White, ‘Putin's Militocracy’, p. 294.

³¹ Sharon Werning Rivera and David W. Rivera, ‘The Russian Elite under Putin: Militocratic or Bourgeois?’, *Post-Soviet Affairs*, Vol. 22, No. 2, 2006, pp. 125-44, at p. 136.

³² Rivera and Rivera, ‘The Russian Elite under Putin’, p. 126.

³³ Kryshtanovskaya and White, ‘Inside the Putin Court’, pp. 1067-8.

³⁴ Stephen White, ‘The Domestic Management of Russia's Foreign and Security Policy’, in Roy Allison, Margot Light and Stephen White, *Putin's Russia and the Enlarged Europe* (Oxford, Blackwell Chatham House Papers, 2006), p. 26.

controls the ordinary police as well as some 180,000 internal troops, is an FSB army general. Andrei Belyaninov, a colleague of Putin's from his Dresden days in the late 1980s, heads the Federal Customs Service, while the Federal Migration Service is headed by FSB lieutenant General Konstantin Romodanovsky. Another of Putin's colleagues from Germany is Sergei Chemezov, the head of Rosoboronekспорт. Another of Putin's colleagues from St Petersburg, although of an older generation, is FSB colonel general Viktor Cherkesov, who heads the Federal Antinarcotics Committee (Gosnarkontrol', FSKN), established in 2003, had previously been the long-time envoy to the central federal district. Following the resignation of Igor Ivanov as head of the Security Council in July 2007, former FSB director colonel general Valentin Sobolev took over as acting head. FSB army general Nikolai Bordyuzha headed the Collective Security Treaty Organisation (CSTO), while SVR lieutenant general Grigory Rapota oversaw the Eurasian Economic Community until appointed presidential envoy to the southern federal district in September 2007. In general, Putin was careful to balance intra-factional sub-groupings, but as we shall see, this did not prevent them coming out into the open as the succession approached.

The former Prosecutor General, Vladimir Ustinov, was also a key member of the *silovik* group. There were close family ties between two of these, with Ustinov's son Dmitry married to Sechin's daughter Inga, suggesting that factional links were at the margins becoming clan-type relations. According to one report, this group was 'pushing for a hard line toward Yukos as part of a wider plan to "reshape the market and also strengthen state control, along with their own influence"'.³⁵ Ustinov's ascription as a *silovik* raises a fundamental definitional question, since he is not known to have a security background. Thus there is a narrow meaning to the concept of *silovik*, restricted to those with a force structure background, and a broader application to encompass the group of people allied to them with non-security career structures.

Pre-eminent among the latter is Sergei Bogdanchikov, head of the state-owned oil giant Rosneft that was instrumental in the destruction of Yukos. Bogdanchikov is ranked as one of the most influential *siloviki* but he never served in any force structure. Sechin, considered the *éminence grise* behind the Yukos case, joined the board of Rosneft on 25 June 2004 and became chairman of the board a month later on 27 July. Sechin clearly pressed for the complete liquidation of Yukos and for the continuation of the campaign against Yeltsin-era oligarchs. Born in Leningrad on 7 September 1960, he studied foreign languages in Leningrad State University (Putin's alma mater) 1977-84. He then worked as a military translator in a number of countries (a typical cover for security work) before joining the directorate for foreign economic ties in the Leningrad City Soviet, and between 1991-96 he worked in the Committee for Foreign Economic Ties, headed by Putin, at the St Petersburg City Council. Like Putin, from 1996 he worked in the presidential and governmental apparatus in Moscow, being appointed deputy head of the presidential administration on 31 December 1999, the day that Putin became acting president. A recent book comments on Sechin as follows: 'Chief among the siloviki faction were two shadowy presidential deputy chiefs of staff, Viktor Ivanov and Igor Sechin, both with KGB backgrounds and both long-time Putin associates who had followed him from St. Petersburg to the Kremlin. Ivanov was put in charge of personnel, and he used his power to eliminate the commission

³⁵ Charles Gurin, 'Top Kremlin Official Becomes Rosneft's Board Chairman', *Eurasia Daily Monitor*, Vol. 1, Issue 61, 28 July 2004. He quotes Elena Dikun, "'Delo Yukosa" v sude kreml' – Yukos neokonchennaya voyna', *Moskovskie novosti*, No. 18, 21 May 2004, p. 4.

that recommended pardons for prisoners. Sechin controlled the paper flow that reached Putin and served as the president's guardian. "His main asset is his loyalty," said Valery Pavlov, who had worked with both men in St. Petersburg'.³⁶ As noted, Sechin is closely linked with Rosneft, one of the central players in the destruction of Yukos.

As we shall, although bitterly divided into various sub-fractions, the *siloviki* maintained a certain group self-image as the saviours of the nation. This view had a certain popular resonance. A Levada Centre survey in September 2007 found that 42 percent agreed with the view that the security services were fulfilling an important role and that their powers were appropriate, but a sizeable group of 35 percent of respondents considered that 'The Russian special services have been given too great and uncontrolled powers'.³⁷

Neo-oligarchy: the 'family' and other beasts

The second faction is made up of the remnants of the 'family', the Yeltsin era officials and business people oriented towards a *laissez-faire* economic policy, and a minimal role for the state. The key figures here are Alexander Voloshin, head of the presidential administration until October 2003, and Mikhail Kasyanov, prime minister until he was dismissed in February 2004. The key oligarch associated with this group was Boris Berezovsky, but he has been in exile in London since 2001. Berezovsky by 2006 had spent a full 18 months of his four years abroad plotting the downfall of Putin's government, by fair means or foul.³⁸ In an interview with the radio station *Ekho Moskvy* in January 2006 Berezovsky stated: 'This regime will never permit a fair election to be held, so there is only one solution: taking power by force. It's important for people in Russia to understand that the time for empty talk has passed, and what we need now is action'.³⁹ This of course exacerbated the siege mentality of Putin's entourage. Voloshin resigned four days after Khodorkovsky's arrest on 25 October 2003, indicating the weakening of the Yeltsinite faction. Nevertheless, even those who cannot be counted among the ranks of the *siloviki* have warned about the dangers of an 'oligarchical restoration', a return to the Yeltsin years when powerful business magnates stalked the corridors of the Kremlin and used political leverage for economic advantage. The partisans of the 'oligarchical underground' hoped for a weak president to emerge from the succession process to allow elements of state capture to be restored.

Democratic statist

The third group comprises the democratic statist. Their leading representative is another deputy head of the presidential administration, Vladislav Surkov, responsible for the management of public politics. He is the figure most closely associated with the practice of 'managed democracy', and later advanced the notion of 'sovereign

³⁶ Peter Baker and Susan B. Glasser, *The Rollback of Democracy in Vladimir Putin's Russia: Tenure Marked by Consolidation of Power* (New York, Scribner, 2005), extracted in *The Washington Post*, 7 June 2005, p. A01.

³⁷ 'Rossiya v tsifrakh', *Kommersant-Vlast*, No. 40, 15 October 2007, p. 12.

³⁸ Vyacheslav Kostikov, *Argumenty i fakty*, No. 49, 6 December 2006.

³⁹ Cited by Kostikov, *Argumenty i fakty*, No. 49, 6 December 2006.

democracy'.⁴⁰ Some of the most active 'political technologists' were associated with this idea, notably Gleb Pavlovsky and Sergei Markov. For Markov there was no fundamental division between the liberals and the *siloviki*. As he put it, 'The *siloviki* are in charge of retaining the country's sovereignty and restoring the state's institutions, while liberals deal with economic reform and the functioning of the political system, what observers have described as managed democracy. This is a clear division of responsibility'.⁴¹ This group had a distinctive idea of how democracy should work in Russian conditions, a view that denigrated the free flow of liberal pluralism but promoted a centrist state-oriented and technocratic approach to public affairs. Recognising that in Russia democracy is faced with the need to create the conditions for its own existence, the emphasis has been on managing political processes and constraining pluralism.⁴² They are classically 'democratic but not liberal'.⁴³ Their approach was technocratic, seeking to depoliticise the management of public affairs.

The notion of 'sovereign democracy' emerged to fill the ideological vacuum and to give intellectual coherence to statism. The Duma enthusiastically supported this project, in November 2005 allocating over \$17 million in an amendment to the 2006 budget to support non-profit organisations involved in developing civil society. At the same time, on 8 November 2005 a bill was introduced to tighten state control of non-governmental organisations, which came into effect in April 2006 and which bound NGO's hand and foot in a shroud of red tape. NGOs had a year to bring their charters in line with the new legislation and to re-register with the Ministry of Justice. All half million NGOs in Russia have to make regular reports to the tax authorities. Convicted criminals are not allowed to establish NGOs at all, a stipulation that disqualified Khodorkovsky and his Open Russia Foundation from providing support for NGOs in the future. The bill's sponsors considered foreign-financed NGOs a 'fifth column' in the pay of foreigners and subverting the sovereignty of political space in the country. Despite the establishment of the Civic Chamber and promises of greater dialogue between the authorities and society, this measure was a clear response to the perceived 'Orange' threat of popular intervention in the succession process. As a protest letter signed by some leading civic rights activists put it, 'We are convinced that what civil society needs is not "stabilisation", but intensive development. Total control will not promote development'.⁴⁴

Economic liberals

The fourth faction is the economic liberals, who remained responsible for the main features of economic policy throughout Putin's presidency. They included Alexei Kudrin as finance minister, German Gref at the head of the Ministry of Economic Development and Trade (until September 2007), and Sergei Ignat'ev, the director of the Central Bank of Russia. Kudrin and Ignat'ev, together with the economist Vitaly

⁴⁰ For a collection of the most significant writing about sovereign democracy, see Nikita Garadzha (ed.), *Suverenitet* (Moscow, Evropa, 2006).

⁴¹ Press conference with Sergei Markov at *Argumenty i fakty* press centre, 16 November 2005, in *JRL* 9299/15.

⁴² Harley Balzer, 'Managed Pluralism: Vladimir Putin's Emerging Regime', *Post-Soviet Affairs*, Vol. 19, No. 3, 2003, pp. 189-227.

⁴³ See Fareed Zakaria, 'The Rise of Illiberal Democracy', *Foreign Affairs*, Vol. 76, No. 6, November/December 1997, pp. 22-43.

⁴⁴ <http://www.hro.org/ngo/about/2005/11/10-2.php>, in *JRL*, 9298/23, 17 November 2005.

Naishul, had been part of the original group of St Petersburg economists headed by Anatoly Chubais in the 1980s. They had studied the history of economic reform and comparative experience in Yugoslavia, Poland and Hungary, together with the work of western economists, and to a remarkable extent remained a powerful influence on Russian economic policy for the best part of two decades. They were no less technocratic than the democratic statist, and thus tended to lose sight of the political and social consequences of their policies.

This group was deeply pained by the Yukos affair, but in the main kept their counsel and sought by quiet means sought to mitigate the worst effects of the case. Gref firmly advocated liberal economic reforms and opposed the extension of state ownership over the energy sector and other areas, describing the creeping deprivatisation as ‘neanderthal thinking’. Chubais suggested that the creation of a government holding company in the aviation industry was a good idea, as was the promotion of Gazprom as a national champion, but he criticised the diversion of billions to buy Sibneft, or to increase its stake in Avtovaz. Chubais noted the essential role that Putin’s support played in the liberalisation of the electricity sector.⁴⁵ The notable exception to the policy of behind the scenes resistance was Andrei Illarionov, Putin’s never less than outspoken economic adviser between 2000 and his resignation on 27 December 2005. On numerous occasions Illarionov condemned the expropriation of Yukos assets, Khodorkovsky’s imprisonment and the whole drift towards greater state control over business.

One example of intra-regime factional struggle was the fight back by the economic liberals in 2006. Minister of economic development and trade German Gref warned that bureaucrats were engaged in a ‘bacchanalia’ of confiscation of private businesses.⁴⁶ They were supported by Dmitry Medvedev, who clearly aligned himself with the St Petersburg liberals. He was also sceptical about the concept of ‘sovereign democracy’, insisting in July 2007 that ‘I still don’t like this term. In my opinion as a lawyer, playing up one feature of a full-fledged democracy – namely the supremacy of state authorities within the country and their independence [from influences] outside the country – is excessive and even harmful, because it is disorienting’.⁴⁷

The industrialists

The final grouping is no less important, but much less remarked on, largely because of its lack of clear identity and technocratic profile. This is the sectoral industrial ‘faction’ (although here the word is perhaps even more conditional than for the other groups).⁴⁸ The key representative is Viktor Khristenko, minister of energy and trade. This group increasingly set its gaze on global markets. For example, Lukoil planned to invest \$27bn abroad by 2017. Russia’s largest steel company, Evraz, in which Roman Abramovich owned 41 per cent of stock, bought Oregon Steel Mills for \$2.3bn, while Norilsk Nickel bought the nickel assets of another US company.⁴⁹

⁴⁵ *Der Spiegel*, 25 September 2007.

⁴⁶ *Vremya novostei*, 19 May 2006, quoted by Pavel K. Baev, ‘Putin’s Fight Against Corruption Resembles Matryoshka Doll’, *Eurasia Daily Monitor*, Vol. 3, Issue 99, 22 May 2006.

⁴⁷ Interview with *Vedemosti*, cited in Nabi Abdullaev, ‘A Soft-Spoken, “Smart Kid” Lawyer’, *Moscow Times*, 2 November 2007, p. 1.

⁴⁸ The importance of this group has been highlighted by Julian Cooper of CREES, University of Birmingham, to whom I am grateful for drawing this to my attention.

⁴⁹ For details, see Dmitrii Simakov, ‘Pora v lidery’, *Vedemosti*, 29 December 2006, p. 1.

Russia acquired a stake in EADS, the parent company of Airbus Industrie, but Russian hopes that this would give them a seat on the board were blocked. At the same time a number of companies raised significant capital by launching IPOs in foreign money markets. Alexei Mordashov's Severstal raised nearly €1bn for 10 per cent of his company in London in 2006. Severstal had already gone global, and had some 90,000 employees in Europe and North America. His bid earlier that year to take over Europe's largest steel group, Arcelor, failed, but it was anticipated that he would bid for the Anglo-Dutch Corus group. In October 2006 Oleg Deripaska's Rusal merged with the smaller Sual and the Swiss-based Glencore to create the giant United Company Rusal, producing 16 per cent of the world's aluminium.

Russia's growing economic power has been seen as a form of 'liberal imperialism' to apply a form of 'soft power' to reassert its interests in post-Soviet Eurasia. The empirical evidence for this is thin.⁵⁰ Putin's strategy since the Yukos case was undoubtedly to build 'national champions' that could compete in international markets, but this encountered significant political resistance in the West, reinforcing Russia's existing concerns about the application of 'double standards'.

Regional 'barons'

The shift from election to the effective appointment of regional leaders deprived them of an independent political legitimacy, yet some of the more powerful remained influential not only in their regions but also in national politics. There was little chance of a repetition of the 1999 scenario, which saw a powerful coalition of regional leaders preparing to take on the Kremlin, yet the a number of regional leaders, above all the presidents of some of the major republics, had strong local bases of support. These include pre-eminently president Mintimir Shaimiev of Tatarstan, president Murtaza Rakhimov in neighbouring Bashkortostan, as well as mayor Yuri Luzhkov in Moscow, joined by governor Valentina Matvienko in St Petersburg.

This section has argued that the prominence of the *siloviki* in Russian governance has increased under Putin, but not by as much as some have asserted. The standard interpretation suggests a tension between economic liberals and the *siloviki*, and there is no doubt that these are two of the factions involved. At the same time, the *siloviki* must be seen as just one faction out of at least six. Although the boundaries between these groups are permeable, they do reflect genuine interests and definable policy positions.

The presidency, factions and policies

Standard images of Putin's leadership veer between seeing him as an all-powerful strongman, dominating the political Olympus, while others see him as balancing between the various power groups and governing on the basis of a type of Kremlin consensus, an informal 'Politburo' dominated by the *siloviki* Patrushev, Viktor Ivanov, Sechin, supported earlier by Ustinov.⁵¹ This, however, is a misleading picture. Putin's presidency retained its autonomy, although in different ways to reflect the political conjuncture, and his political regime over which he presided has not fallen prey to

⁵⁰ Andrei P. Tsygankov, 'If Not by Tanks, then by Banks? The Role of Soft Power in Putin's Foreign Policy', *Europe-Asia Studies*, Vol. 58, No. 7, November 2006, pp. 1079-1099.

⁵¹ Kryshatanovkaya and White, 'Inside the Putin Court'.

clan divisions. As we shall see, his administration in broad terms maintained a consistent and coherent policy agenda. This does not mean that it has not been buffeted by various factional struggles, but Putin's regime has retained an internal unity that has allowed it to consolidate an extraordinary dominance over social forces and informal interest aggregations, while at the same time remaining loyal to a state-dominated modernisation process.

Factionalism and the policy process

Putin's power rested on an 'internal coalition' of economic liberals, democratic statist occupying the centre ground of politics, security statist closer to the authoritarian end of the political spectrum, and non-political technocrats, and regional elites. We suggest that this is an 'internal' coalition because it is not quite like the standard notion of a coalition as the coming together of independent political forces to create a government; but this is the 'coalescence' of factions within a regime, united in their support of the president and his patriotic-statist policy programme of national modernisation, but with very different ideas on how best this could be achieved. The internal coalition was fragile and in the absence of a strong leader could easily disintegrate. There was some evidence that this was beginning to happen as the succession struggle intensified. In the late Putin era this internal coalition began to lose its stability.

These tendencies were often hostile to each other, and indeed the policy drift of Putin's middle period, against the background of the Yukos affair, reflected the stalemate that they had fought themselves into. Although the various strands are difficult to entangle and tend to be pursued in the shadows of the couloirs of powers, their logic is open to examination in a manner appropriate for the examination of issues of public policy. The factions represent debates and viewpoints that reflect fundamental strategies for modernisation, development and interaction with the rest of the world. This is normal politics, not Byzantine court intrigue (although an element of this is inextricable from even the most 'normal' of political systems), let alone the 'virtual politics' suggested by Andrew Wilson.⁵²

Two political systems operated in parallel. On the one hand, there was the system of open public politics, with all of the relevant institutions described in the constitution and conducted with pedantic regulation in formal terms. At this level parties were formed, elections fought and parliamentary politics conducted. However, at another level a second political world existed based on informal groups, factions, and operating within the framework of court politics. This Byzantine level never openly challenged the leader, but sought to influence the decisions of the supreme ruler. This second level was certainly not 'virtual' politics, the attempt to manipulate public opinion and shape electoral outcomes through the pure exercise of purely manipulative techniques. Indeed, Putin strongly opposed the 'virtualisation' of politics,⁵³ although by permitting the pseudo-politics of the second system he ensured that the formal side of political life was liable to become little more than 'show-politics', a spectacle to satisfy the formal demands of the system and the international community, but lacking the efficacy that, however limited, is one of the

⁵² Andrew Wilson, *Virtual Politics: Faking Democracy in the Post-Soviet World* (New Haven, CT, Yale University Press, 2005).

⁵³ A point made by Gleb Pavlovsky who, if anyone, should know, 'Predstavitel' nepredstavlennykh', p. 54.

characteristics of modern democracies. By seeking to reduce the inevitable contradictions that accompany public politics into a matter of technocratic management, Putin inevitably exacerbated the contradictions between the groups within the regime itself. Putin placed a high value on civil peace, and thus opposed a return to the antagonist politics that was typical of the 1990s, but this reinforced the pseudo politics typical of court systems.

Following the defeat of Berezovsky and Gusinsky on 2001, no substantial opposition remained in society. From 2003, however, Pavlovsky argues, ‘the authorities encountered a new systemic opposition within itself, try to modify the president’s course from within, relying on part of the state’s special services under the flag of supporting and strengthening a ‘weak’ president’.⁵⁴ The aim of the intra-systemic opposition, according to Pavlovsky, was to achieve a redistribution of property and a change of elites at the national and regional level, accompanied by the development of a new state ideology that allow the ‘new oligarchy’ to consolidate power. A new breed of Kremlin ‘oligarchs’ had already subordinated the representatives of the state and quasi-state corporations (the *votchiny* analysed above), and now they sought to discipline the independent oligarchs at the head of Russia’s big business. If these new Kremlin oligarchs won, Pavlovsky noted, Putin would become their hostage. In the event, the Yukos affair saw the destruction of the nascent bourgeoisie’s to pursue independent policies. use independent

The presidency has not been captured by a clan or an interest group, and instead the regime retains considerable autonomy. Putin himself faced numerous limitations on his power, above all because of the existence of contending factions within the regime, the existence of powerful economic interests in society, the entrenched powers of some regional bosses, and the regime’s commitment to democratic proceduralism, above all its continued commitment to elections as the source of the legitimacy of the Russian polity. While some of the most egregiously political of the oligarchs were tamed, at least a dozen economic magnates continued to expand their business empires and their wealth, and thus acted as a counter-weight to the *siloviki*. Within the regime a number of trajectories are possible, hence the importance of the succession: he who controls the regime decides the fate of the country for the next generation.

Political role of the siloviki

Putin and many of the *siloviki* whom he has appointed to top positions were trained when Yuri Andropov was head of the KGB, between 1967 and 1982. He undertook a programme of modernisation in the agency, and instilled it with a new sense of purpose and pride. Andropov had briefly led the Soviet Union between November 1982 and February 1984, and launched a programme of what some have called ‘authoritarian modernisation’, although there was far more of the former than the latter. He sought to make the Soviet Union more competitive in its struggle against the West, but without weakening any of the system’s authoritarianism. On coming to power in 1985 Mikhail Gorbachev quickly realised the bankruptcy of such an approach. Later he moved against the formal powers of the secret police, and effectively they were out of formal power by 1991. As his popular support eroded, Yeltsin relied ever more on the *siloviki*, to the point that his last prime ministers all

⁵⁴ Gleb Pavlovsky, “‘Brat – 3’”, *Ekspert*, No. 32, 1 September 2003, in *Ekspert: Luchshie materialy*, No. 2, 2007, pp. 63-67, at p. 63.

had a security background. He had begun with economic liberals, moved to economic statist, and ended up with security officials.

Putin's étatisation programme has been beset by contradictions, not the least of which is that Putin may be overwhelmed by the bureaucratic machine that he has created. Yet Putin did not become hostage to the system, and while control was concentrated it retained a degree of flexibility and remained manageable. In particular, it is an exaggeration to assert that Putin has gone all the way and allowed the security forces free rein. The alleged pre-eminent role of the *siloviki* has been challenged by a number of studies. Renz has questioned whether the growth in *silovik* numbers is a conscious strategy by Putin to enhance their influence to create a more authoritarian regime, and she argues that there is no common 'military mindset' among them advocating relatively more authoritarian policies. In her view, they are far from dominant in the policy-making process. Only 9 of 47 leading officials in the presidential administration in 2005 had a security background, and none of the 9 were in the top echelons of power. Only two of 10 presidential advisors were *siloviki*. Putin simply relied on people with whom he had worked in the past, and in her view security officials were just one group of many. Most of Putin's *siloviki* in any case had, like Putin, enjoyed varied careers, and most had worked in other spheres. They certainly did not constitute a coherent clan, she insists, as the concept of 'militocracy' implies.⁵⁵

Rivera and Rivera note that 'few analysts have expressed the expectation that a Kremlin dominated by *siloviki* will behave more aggressively in the international arena or observed any actual increase in the use of force by Moscow'.⁵⁶ Indeed, foreign policy under Putin until 2007 was characterised by the search for consensus and strategic co-operation with the West, although the attempt to assert Russia's views on world issues provoked much criticism. Russia's more assertive foreign policy stance in recent years has been advanced with as much vigour by the democratic statist as it has been by the *siloviki*. Foreign policy has been dominated by Putin personally, seeking to balance the various interests at home while advancing a policy of Russian autonomy abroad. Putin struggled to ensure that Russia was not boxed into becoming the centre of a new alternative bloc (for example, in the Shanghai Co-operation Organisation) in a putatively multi-polar world. The distinction between autonomy and alternativity is absolutely crucial to understand Russia's foreign policy in the Putin era.⁵⁷

The main influence of the *siloviki* was in the domestic sphere, where pluralism was diminished and political processes, above all party formations and elections, were ever more closely regulated and monitored. Their pressure on NGOs, especially those concerned with the defence of human rights and public advocacy, became ever more intrusive, especially following the adoption of the NGO law in 2006. Even here it is important to distinguish between the military and the security establishment. A survey of Russian military officers reported by Rivera and Rivera, for example, demonstrated their strong support for 'the basic tenets of democracy'.⁵⁸ Even the impact of the *siloviki* on domestic affairs is hard to demonstrate. The appointment of five *siloviki* as heads of the seven federal districts when they were established in 2000 has often been

⁵⁵ Bettina Renz, 'Putin's Militocracy? An Alternative Interpretation of *Siloviki* in Contemporary Russian Politics', *Europe-Asia Studies*, Vol. 58, No. 6, 2006, pp. 903-24.

⁵⁶ Rivera and Rivera, 'The Russian Elite under Putin', p. 127.

⁵⁷ See Richard Sakwa, *Putin: Russia's Choice*, 2nd edn (London and New York, Routledge, 2008), Chapter 10.

⁵⁸ Rivera and Rivera, 'The Russian Elite under Putin', p. 128.

adduced of evidence that the *siloviki* had come to power with Putin, but since then replacements to the original seven have had a diverse background. Despite much talk of a surge of generals coming to power in the regions, this has not been the case in practice. In the 26 gubernatorial elections held in *oblasts* and *krais* between 26 March 2000 and January 2001 candidates from security agencies participated in only four (Kaliningrad, Kamchatka, Voronezh and Ulyanovsk), and won in only three (Vice-Admiral Valerii Dorogin came a poor fourth in Kamchatka). The election of General Vladimir Shamanov, who had a tough track record in Chechnya, as governor of Ulyanovsk *oblast* seemed to be the most spectacular case of the military coming to power, but once in office his behaviour was indistinguishable from other governors and his team came from all over the country with different interests.⁵⁹ Other aspects of his identity (he had been a sociologist by training) came to the fore. Shamanov was a dismal failure as governor and his tenure was not renewed by Putin. It would thus be an exaggeration to talk of the ‘militarisation’ of Russian regional politics under Putin, although the presence of *siloviki* undoubtedly increased.

Most observers suggest that Putin relies on an ‘inner court’ of some close advisors, almost all of them with a *silovik* background. At the heart of the group are Igor Sechin and Viktor Ivanov, as well as Sergei Ivanov and FSB director Nikolai Patrushev. Just beyond this core are a number of people who remain close to Putin. These include Vladimir Yakunin, the chair of Russian Railways (RZhD), Viktor Cherkesov, the head of FSKN; Sergei Chemezov, general director of the arms export monopoly Rosoboronekспорт; and first deputy prime minister Dmitry Medvedev, who is also chairman of Gazprom’s board of directors. Other key figures include Yuri Kovalchuk, chairman of the board of directors of Bank Rossiya; Aleksandr Grigor’ev, director of Gosrezerv, the state reserve agency; Dmitry Kozak, the former presidential envoy to the southern federal district and from September 2007 the regional development minister, and deputy prime Minister Sergei Naryshkin, chair of the board of the Channel One television station and deputy chair of Rosneft. These people represented an extraordinary concentration of political and economic power, and have been dubbed the ‘silovarchs’ by Daniel Treisman. While in broad terms they shared a *dirigiste* perspective, this did not preclude some intense factional fighting.

Putin was careful to balance the influence of the various factions. For example, in November 2006 Sergei Meshcheryakov, allied with Sechin, was moved from the MVD’s Economic Security Department, to head a less influential agency, the Department for Countering Organised Crime and Terrorism. This was perceived as a setback for Sechin’s *siloviki*. The new head was Yevgeny Shkolov, a former intelligence officer who had served with Putin in East Germany.⁶⁰ It was clear that Dmitry Medvedev and Sechin are rivals, although both are close to Putin. Inter-institutional rivalry constantly came to the surface, spreading disturbing ripples across the Russian political scene. At the same time, Putin was careful to ensure that the military was on his side. On his 55th birthday on 7 October 2007 Putin demonstratively invited a range of top military officials, and they in turn swore loyalty to him.⁶¹

Factionalism and Putin’s policy agenda

⁵⁹ Derek S. Hutcheson, *Political Parties in the Russian Regions* (London, RoutledgeCurzon, 2003), p. 45.

⁶⁰ Roman Shleynov, *Novaya Gazeta*, No. 88, 20-22 November 2006.

⁶¹ *Nezavisimaya gazeta*, 8 October 2007.

The Putin administration initially drew on staff from the Yeltsin team, notably Alexander Voloshin at the head of the presidential administration and Mikhail Kasyanov as prime minister. At the same time, a parallel administration was built up in the Kremlin, and gradually it dispensed with the services of Yeltsin's old guard. This was accompanied by a shift in policy priorities in the middle period of Putin's leadership. Putin's administration retained its autonomy, and his political regime did not fall prey to clan divisions. However, although Putin kept his personal autonomy, his administration was riven by factional struggles. The appointment of Fradkov as prime minister in March 2004 was designed in part to ensure that the factional struggles did not spill over into the work of the government. Fradkov himself did not represent any faction, and he effectively neutralised their influence in the cabinet. The government remained firmly technocratic, while Fradkov himself kept a low profile and came up with no political initiatives of his own. In part this is a result of the constitutional position, which reserves political issues for the presidency while the government deals the economy, budget expenditures and social programmes, but it was also a feature of his personality. His predecessor, Mikhail Kasyanov, had also kept his head down on political matters, but he had a powerful political presence of his own and owed no loyalty to the Kremlin, and this in part was the reason for his dismissal on 1 March 2004.

Factional fights came to a head over the challenge posed by Khodorkovsky and the Yukos company. Putin's regime was certainly oriented towards the retention and perpetuation of power, but at the same time it had a clear ideological orientation towards a state-shaped developmental agenda. This strategy got bogged down in the middle part of his presidency by the struggle over ownership questions, and in particular the belief that the 'oligarchs' represented a threat to the achievement of his goals, and thus there was the need to reassert state prerogatives in the sphere of political economy and economic policy-making. This took the form of the Yukos affair, which deflected attention away from Putin's reformist agenda and exacerbated divisions within the administration. The presidency sought to retain its autonomy from the factions and corporate interests. For example, early in Putin's first term Putin's old colleagues in the Lubyanka and in the Security Council had developed a restrictive 'information security doctrine', but he rejected their ideas and no such doctrine was adopted.

Khodorkovsky was convinced that the attack on Yukos was a function of factional struggles. In an interview three months before his arrest he argued that the struggle between Kremlin factions in anticipation of the March 2004 presidential elections lay behind the assault.⁶² Although the factional tendencies identified above existed and contributed to policy debates during Putin's presidency, his leadership was not factionalised. By that I mean that no distinctive faction was able to dominate his leadership, nor was his leadership shaped by the struggle between factions. Putin certainly listened to the various views, but in the end his policy preferences tended to predominate. It would certainly be misleading to suggest that his presidency was characterised by a great divide between *siloviki* and liberals, or that the Yukos affair emerged out of this struggle. There were plenty of former security officials in the employ of oligarchs, notably Colonel General Filip Bobkov, once the second ranking figure in the KGB, who was head of media oligarch Vladimir Gusinsky's security

⁶² United Financial Group, *Morning Comment*, 7 July 2003, cited by Phil Hanson, 'The Turn to Statism in Russian Economic Policy', mimeo, p. 8.

service.⁶³ Similarly, former KGB General Kondaurov was on Khodorkovsky's staff. Both outranked Putin, who had risen no higher than lieutenant-colonel in the service.

By all accounts the attack on Yukos was orchestrated by Sechin. One of the main detectives working on the Yukos case, general Salavat Karimov, is alleged to have reported to Sechin twice a week on progress on the case. However, Sechin's *silovik* credentials have been questioned,⁶⁴ and no adequate explanation has been given for the role of his faction. Their views overlap with those of the democratic statist, and call for greater state involvement in the economy and a more aggressive role of Russian capital abroad, where they join forces with the industrial lobby. The *siloviki*, as much as the Yeltsinite oligarchs earlier, fused power and property, although now with 'business capture' taking the place of 'state capture'. Neo-patrimonial features became ever more prominent.

As the moment of succession in 2007-08 approached, the ideological features of the regime were given ever more definition.⁶⁵ Much of Putin's policy agenda (described in Chapter 1) got bogged down in the middle part of his presidency by the struggle over ownership questions, and in particular the belief that the 'oligarchs' represented a threat to the achievement of his goals, and thus there was the need to reassert state prerogatives in the sphere of political economy and economic policy-making. This took the form of the Yukos affair, which deflected attention away from Putin's reformist agenda and exacerbated divisions within the administration. The priority in the middle period of Putin's leadership appeared to be to deny oligarchs influence over the economy, politics and the media, a concern that appeared marginal to the real issues facing the country. After a long trial Khodorkovsky was jailed and the Yukos company was dismembered, but the reformist agenda was blunted and factional conflict in the Kremlin exacerbated. In the new model of political economy that emerged out of the Yukos affair the state has been obsessed with defending its claimed prerogatives against the business elite. It has done this by placing its representatives on the boards of leading companies. While Boris Berezovsky boasted in 1997 that seven bankers controlled the bulk of Russia's economy, a decade later seven of Putin's barons were monitoring the work of companies that accounted for two-thirds of the Russian economy.

The 'over-mighty subjects' had been tamed and now the Kremlin went on the offensive, not only to ensure its own prerogatives in economic policy and political life, but also to forge a new model of political economy where the state's preferences predominated. The Yukos affair represented a major disciplinary act, not only ensuring that business leaders stayed out of politics, but also brought the state back into the heart of business life.⁶⁶ This was achieved not so much by renationalisation, as through a process of what could be called 'deprivatisation'. Economic policy was no longer to be a matter purely for autonomous economic agents but would have to be

⁶³ For Bobkov's own views, see F. D. Bobkov, *KGB i Vlast'*, 2nd enlarged and updated edition (Moscow, EKSMO, Algoritm, 2003).

⁶⁴ Renz, 'Putin's Militocracy?', p. 909, fn 7.

⁶⁵ The main work in this sphere has been conducted by Vladislav Surkov, the deputy head of the presidential administration, and in particular in advancing the notion of 'sovereign democracy'. For an attempt to analyse Putin's ideology, see Aleksei Chadaev, *Putin: ego ideologiya* (Moscow, Evropa, 2006).

⁶⁶ See William Tompson, 'Putin and the "Oligarchs": A Two-sided Commitment Problem', in Alex Pravda (ed.), *Leading Russia: Putin in Perspective* (Oxford, Oxford University Press, 2005), pp. 179-202; also William Tompson 'Putting Yukos in Perspective', *Post-Soviet Affairs*, Vol. 21, No. 2, April-June 2005.

coordinated with the state, while the state itself became a major player in the economic arena (in particular in the energy sector) through its 'national champions, above all Gazprom and Rosneft. The equivalent of deprivatisation in the political sphere was 'de-autonomisation'. The ability of political actors to act as independent agents was reduced through a not-so-subtle and at times brutal system of rewards and punishments, while the economic bases of independent political activity were systematically dismantled. The 'imposed consensus' of Russia's elite, as Gel'man notes, was achieved through the Kremlin's use of 'selective punishment of some elite sections and selective cooptation of others'.⁶⁷ As long as the Kremlin had adequate resources, in material, political capital and authority terms to rein in potentially fractious elites, the system could continue, but there was an ever-present threat of defection.

In energy policy the dominant paradigm until the Yukos affair was the liberal one, suggesting that policy in this area was driven by the struggle between rival groups for influence.⁶⁸ The standard interpretation suggests a tension between economic liberals and the so-called *siloviki*, and there is no doubt that these were two of the factions involved.⁶⁹ The Yukos affair was the most vivid manifestation of a faction able to pursue its policy agenda in one sphere, but in the event the Yukos affair did not signal a wholesale attack by the state on big business. Other factions were able to blunt the scope of the *silovik* attack. Another example of policy debate taking the form of factional conflict was the issue of agreeing power sharing treaties with Tatarstan and Chechnya. Putin early on repudiated the system of bilateral treaties, and by July 2005 all 46 had lapsed. However, with elections coming up the Kremlin needed Tatarstan's support, accompanied by concerns about renewed separatist militancy in the region. The renewed treaty with Tatarstan was ratified against considerable opposition by the Duma on 9 February 2007.⁷⁰ Long-drawn out discussions with Chechnya tried to formalise its exceptional status with a bilateral treaty. Delays were provoked by Moscow's fears of granting excessive powers and privileges to the Chechenised leadership in the republic, above all in the economic and taxation spheres. The president, Ramzan Kadyrov, was particularly keen to assert the republic's control over the oil industry. The *siloviki* in the Kremlin and their allies did not trust Kadyrov. Opposition to a power-sharing treaty with the republic was led by Sechin in the presidential administration, his close friend Sergei Mironov in the FC, and Viktor Ilyukhin, head of the Duma's security committee. The *siloviki* lost the battle for Tatarstan, but over Chechnya they were able to have their way and encouraged Kadyrov to abandon the idea.

⁶⁷ Vladimir Gel'man, 'Political Opposition in Russia: A Dying Species?', *Post-Soviet Affairs*, Vol. 23, No. 3, 2005, p. 242.

⁶⁸ For example, Peter Rutland, 'Oil, Politics and Foreign Policy', in David Lane (ed.), *The Political Economy of Russian Oil* (Lanham, MD, Rowman & Littlefield, 1999), pp. 163-88.

⁶⁹ On the size and role of the *siloviki* in Putin's administration, see Olga Kryshtanovkaya and Stephen White, 'Putin's Militocracy', *Post-Soviet Affairs*, Vol. 19, No. 4, October-December 2003, pp. 289-306; and for updated figures, Ol'ga Kryshtanovkaya and Stephen White, 'Inside the Putin Court: A Research Note', *Europe-Asia Studies*, Vol. 57, No. 7, November 2005, pp. 1065-75.

⁷⁰ The debate was one of the most heated seen in the Duma for years, and even United Russia split over the issue, but in the end the motion was carried by 306 votes for, 110 against and one abstention. Andrei Smirnov, 'Tatar Treaty Suggests Dissent Inside Kremlin on Regional Policy', *Eurasia Daily Monitor*, Vol. 4, Issue 33, 15 February 2007.

The fundamental question as the election approached is how the power struggle in Putin's entourage would affect foreign policy. It is not entirely clear how the factional interests map on to what undoubtedly was increased hostility to the West in the late Putin presidency. The general philosophy of the period was summed up by Pavlovsky: 'The main challenge in the contemporary world is clearly American expansion. And no one, I think, except a sovereign, resilient and modernised Russia can contain American expansion ... And if America is not contained, in a friendly but firm and consistent manner, it will destroy the international system'.⁷¹ In the light of such thinking Putin had clearly taken the decision to resist American hegemony, but the role of the special services in taking that decision is unknown.

Factionalism and the new dirigisme

The *silovik* preference for a *dirigiste* economic model promoted the gradual deprivatisation of the Russian oil industry. From 2001 about 45 per cent of the oil sector returned into state hands, most notoriously the effective expropriation of Yukos assets. The major beneficiary was the Rosneft company, which became Russia's largest oil major with a capitalisation by 2007 of \$78 billion and with an annual production of 100 million tons. The destruction of Mikhail Gutseriev's Russneft company, the seventh largest Russian oil producer, in 2007 marked yet another milestone in the consolidation of the sector. The struggle for ownership of the corpse of Russneft between Oleg Deripaska's Basic Element and Sechin's Rosneft was a proxy test of the strength of the two factions concerned, the *siloviki* and the loyal industrialists.⁷²

Putin has remained above faction, but the phenomenon of factionalism during his presidency is perhaps more complicated. Each of the five main groups identified above reflect a facet of his political personality, so it is not so much that Putin is above faction, but they each one embodies an element of the programmatic orientations of his presidency. Thus while the attack on Yukos was led by the *siloviki*, the democratic statist, concerned with the defence of the prerogatives of the state, joined in to provide ideological justification for the assault. The fundamental problem was that while the defeat of the 'criminal oligarchs', like Boris Berezovsky, of the Yeltsin era can be justified in terms of overcoming state capture and the end of what the left-nationalist opposition in Russia likes to call comprador capitalism', Khodorkovsky represented a different type of capitalism. Even though Khodorkovsky had benefited no less than the criminal oligarchy from the anarcho-capitalism of the 1990s, he now came to represent the nascent industrial bourgeoisie. The flexing of his political muscles in 2003 can be seen as the attempt by this new bourgeoisie to emerge from the shadows of the state and to exist as an autonomous force in Russian politics. Hence the clipping of the wings of the oligarchs in 2000 was very different from the process three years later. The second event ultimately changed the nature of the post-communist state. The dirigisme of the first years of Putin's leadership now gave way to a far more intense tutelary form of neo-patrimonialism.

In the new model of political economy that emerged out of the Yukos affair the state has been obsessed with defending its claimed prerogatives against the business elite. It has done this by placing its representatives on the boards of leading companies. While Boris Berezovsky boasted in 1997 that seven bankers controlled the

⁷¹ 'Chego zhdet' ot Putina?', 19 October 2007, <http://www.lenta.ru/conf/pavlovsky/>.

⁷² Yuliya Latynina, *Novaya gazeta*, 10 September 2007.

bulk of Russia's economy, a decade later seven of Putin's barons were monitoring the work of companies that accounted for two-thirds of the Russian economy. While the *siloviki* were prominent in this, they were by no means alone in acting as the state's eyes and ears in state companies. The resulting inter-penetration of state officials and business executives has given rise to much talk of the establishment of 'Kremlin, Inc', as a type of corporation (*korporatsiya*), run by a strong chief executive (the president), but also constrained by a type of collective board (the factions).

The new economic policy has been represented as a type of authoritarian modernisation, harking back not to the Soviet period but to that of some of the developmental states of the 1960s (notably, South Korea and Singapore). However, this is probably a misnomer, if by 'authoritarianism' in this context we mean the repudiation of democratic norms. As long as the country remains committed to the development of effective and democratic governance, it may be more accurate to describe it as a type of dirigiste rather than authoritarian modernisation.

State corporations: Kremlin Inc

The creation of state-sponsored mega-corporations during Putin's second term reflects not so much the consolidation of *silovik* power as Putin's own preferences. In his doctoral dissertation defended in June 1997 at the St Petersburg Mining Institute and in an article published in 1999 he argued that for Russia to make up lost economic time Russia would have to create vertically-integrated financial-industrial corporations 'capable of competing on equal terms with western multinational corporations'. State support would be essential to create competitive companies, and at the same time the state would defend the 'interests of society as a whole' and act as the arbiter between competing economic interests and to obstruct the 'monopolistic behaviour' that would otherwise predominate and 'inhibits innovation'.⁷³ This was not so much an attempt to emulate the post-war authoritarian developmental states of South and East Asia, as a response to the challenge of reviving sick industries in conditions of neo-liberal hegemony. The aircraft industry is a classic case, where the world is dominated by two huge corporations (Boeing and Airbus Industries), and without consolidation and protection the Russian industry would simply shrivel away.

In May 2007 the Kremlin created the United Aviation Corporation, which brought together the leading civilian and military aircraft manufacturers including MiG, Sukhoi and Tupolev. It planned to introduce the Sukhoi Superjet-100 in 2008. The new company is headed by Sergei Ivanov, who also headed the nanotechnology corporation. In July 2007 it was the turn of the shipbuilding industry, consolidated in the hands of the United Shipbuilding Company bringing together the bulk of Russia's civilian and naval shipbuilders. Once again Putin turned to one of his confidants, Sergei Naryshkin, to head the new company. Although the banking sector remains highly fragmented, the state-controlled VTB (*Vneshtorgbank*) took control of a number of banks to emerge as a player in global financial markets. Once again interlocking came into play, with two of VTB's vice presidents coming from the *silovik* stable: Dmitry Patrushev, the son of FSB director Nikolai Patrushev, and Yuri

⁷³ Harley Balzer, 'Vladimir Putin's Academic Writings and Russian Natural Resource Policy', *Problems of Post-Communism*, Vol. 53, No. 1, January-February 2006, pp. 48-54, with Putin's article 'Mineral Natural Resources in the Strategy for Development of the Russian Economy', at pp. 49-54. See also Harley Balzer, 'The Putin Thesis and Russian Energy Policy', *Post-Soviet Affairs*, Vol. 21, No. 3, 2005, pp. 210-225.

Zaostrovstev, the former head of the FSB's economic department. The state's take over of Avtovaz, Russia's largest car manufacturer, was achieved in December 2005 by appointing officials to dominate its board and through Rosoboronexport's purchase of a controlling (62%) stake for \$350 million. Last on the list was the creation of a corporation to take the lead in developing heavy industry. Sergei Chemezov became the head of a new state corporation called 'Russian Technologies' (Rostekhnologii), controlling the state arms agency Rosoboronexport and VSMPO-Avisma, the world's largest titanium alloy producer (a supplier to Boeing, as well as other defence plants), and its other assets included the carmaker Avtovaz. Rostekhnologii became a huge military-industrial conglomerate.

Contrary to the nostrums of liberal economists that liberalisation was the only way ahead, and that private enterprises are always more efficient than state-owned ones, Putin's administration insisted that state intervention had an important role to play. The Sredmash company, a conglomeration ranging from defence industries to nuclear reactors, was held up as an example of a successful state-owned company. There were special features at work here, since the company had enjoyed strong investment, good management and a competitive environment, but the case demonstrated that the form of ownership is not always the key factor in a company's performance. The Gazprom monopoly was a good counter-example, able to increase output by only 0.1 per cent in the first half of 2007 when the economy as a whole was growing at 7 per cent per annum. Putin was well aware of these issues, and thus it would be a mistake to argue that he was a full-blooded exponent of the developmental state. Putin argued that industrial development required 'institutions of development' (the various conglomerates mentioned above), but 'I consider that the real sector of the economy should be developed above all not through institutions of development, but through creating the appropriate macroeconomic conditions'. This included keeping inflation low, creating the appropriate financial conditions and so on. Some money he admitted could be devoted to infrastructural investment and the institutions of development without threatening macroeconomic stability, but the priority was not so much state investment, which he admitted was not always the most efficient, but the state's lead would encourage private investors.⁷⁴

This was not the language of corporatism but of someone who understood the rules on which liberal development were premised; but it was also the talk of someone who understood the limits of neo-liberalism and its dogmatic denigration of state intervention. This was reinforced by Arkady Dvorkovich, the head of the presidential administration's analytical department, who warned against creating too many state corporations: 'I view the fashion of creating state corporations as being extremely dangerous, particularly for the industries being proposed'. His comment came in response to plans to create corporations to run the fishing industry, develop medicines and build roads.⁷⁵ Particular concerns were raised by creeping state control of the oil industry, with the head of Surgutneftegaz, Vladimir Bogdanov, warning that increased state control would render the industry less competitive. His company was considered the next target for a Rosneft takeover. The promotion of finance minister Alexei Kudrin to deputy prime minister in September 2007 (see below) strengthened the position of the economic liberals, but during the election campaign the attack on his

⁷⁴ Valdai meeting, Sochi, 14 September 2007, <http://president.kremlin.ru/text/appears/2007/09/144011.shtml>

⁷⁵ Anatoly Medetsky and Miriam Elder, 'Kremlin Aide warns of State Control', *The Moscow Times*, 4 October 2007, p. 1.

deputy, Sergei Storchak (see below), revealed the high stakes and the struggle by the political elite to control economic resources. Thus while Putin remained in charge some sort of balance between the establishment of 'patrimonial estates' and more liberal approaches was maintained, the situation was inherently unstable.

The fusion of the state and business to create *sui generis* 'business states' has become ever more prevalent in the post-war era. The development in Pakistan of a 'military business' ('Milbus') has been described in a recent work by Ayesha Siddiqa. She argues that from the very inception of the Pakistani state in 1947 defence has absorbed up to two-thirds of the new state's resources not only to defend itself against India, but from the early 1950s the military presented itself as the moral saviour of the country. This was certainly the rhetoric of general Pervez Musharraf when he deposed the civilian regime in 1999, accusing it of corruption in its eleven years of rule since the last bout of military government under General Zia, and argued that the military was the last remaining viable institution in the country. However, the army had penetrated agriculture, business, manufacturing and real estate to create a Milbus empire, defined as 'military capital used for the personal benefit of the military fraternity, especially the officer cadre, which is not recorded as part of the defence budget'.⁷⁶ The military's economic empire was accompanied by the development of cronyism, the exploitation of informal networks in the award of contracts, financial bailouts by state banks to keep unprofitable enterprises working, and in general by multiple inefficiencies and the distortion of the market. The political consequences were no less dysfunctional, with a powerful incentive structure created for the military to stay in power to defend its vast economic empire. Siddiqa notes the comparison often drawn between the military's vaunted professionalism and guardianship of modernisation and Samuel Huntington's model of the 'soldier reformer'; but she argues that rather than being the 'carriers of western cultural norms', the military model in Pakistan is rather more 'feudal-authoritarian' than akin to any Weberian model of hierarchical professionalism.

Daniel Treisman has described the emergence of a distinctive class of 'silovarchs'.

The succession and faction fights

Once Putin made clear that he would be standing down in 2008, the struggle for his legacy began. While the liberals had a number of possible candidates, including Dmitry Medvedev and even Sergei Ivanov, the *siloviki* had no credible candidates of their own whom they could advance, and it is for this reason that they sought to persuade Putin, by fair means and foul, to stay on. Already in early 2007 Gleb Pavlovsky was arguing that the *siloviki* could resort to a strategy of 'managed instability' to ensure that Putin was forced to stay on for a third term.⁷⁷ The parallel political system now gave rise to two separate campaigns in the 2007-08 elections, one usually hidden from view but now breaking into the open, and the open formal process. It was not clear which would be decisive.

Matters came to a head over the 'Tri Kita' ('Three Whales') furniture case, a case that rumbled on for most of the early 2000s, involving the smuggling of

⁷⁶ Ayesha Siddiqa, *Military Inc: Inside Pakistan's Military Economy* (London, Pluto, 2007).

⁷⁷ Robert Coalson, 'Russia: Why the Kremlin Likes the CIA', RFE/RL, *Russia Report*, 1 October 2007.

consumer goods from China to evade customs duties, as well as money laundering, arms smuggling and assassinations. The case may well have led to the poisoning of the Duma deputy and *Novaya gazeta* journalist, Yuri Shchekochikhin, in July 2003 after he had reported on the case. It was suspected that Tri Kita was patronised by the FSB, notably by the father of Yuri Zaostrovstev, then a deputy FSB director. In their notorious report of 4 June 2003 'The State and the Oligarchs', which warned of a 'creeping oligarch coup', Stanislav Belkovsky and his colleagues in the Council for National Strategy warned that the elite was ignoring the law when it suited them, as in the Tri Kita case when even the president's order for the case to be investigated properly was ignored. They noted that 'the president in this new system no longer has the function or right to act as arbiter, and thus one can assume is a weaker institution than even during Boris Yeltsin's rule.'⁷⁸

With the investigation going nowhere, in 2006 Putin insisted that the case should be pursued more vigorously. The new investigation by lieutenant general Alexander Bulbov, of the FSKN, headed by Cherkesov, led in spring 2006 to widespread dismissals in the General Prosecutor's Office (GPO) and the FSB, including the arrest of five senior officers. The FSKN appeared to have less to do with controlling drug smuggling than acting as a body to keep an eye on other special services. However, on 2 October 2007 Bulbov, who worked closely with Cherkesov, in turn was arrested by agents of the FSB and the newly-established Investigations Committee (see below) and accused of corruption and monitoring the calls of 53 businesspeople and journalists.⁷⁹ He was charged with illegal wire-tapping, illegal business activities and receiving bribes. Corruption, as we know, is always the characteristic of the opposing camp.

This was more than normal inter-institutional rivalry, but hinted at an intense struggle between factions behind the scenes. Cherkesov was lined up against FSB director Nikolai Patrushev, while away from this particular conflict no love was lost between Sergei Ivanov, on the one side, and Igor Sechin and Vladimir Ustinov on the other. The arrest of some top officials in the Audit Chamber, headed by the former FSB director Sergei Stepashin, suggested yet another dimension to the factional struggles. Stepashin had been investigating the disappearance of some \$4bn in IMF loans in 1998, and apparently he had gathered a considerable body of evidence against government officials. Cherkesov's key ally was the head of the presidential security service, Viktor Zolotov. The arrest of Vladimir Barsukov (see Chapter 3), considered an ally of Cherkesov and Zolotov, in August 2007 was also part of the intrigue. Cherkesov apparently had business ties with Semyon Vainshtok, the head of the Transneft oil and pipeline company, who was replaced, perhaps not coincidentally, in October 2007 by Nikolai Tokarev, who had served with Putin in East Germany in the 1980s.

On 9 October Cherkesov admitted as much in a lengthy article in *Kommersant* that warned against 'internecine feuds' in the security services, noting that 'Any corporation, including the Chekist one, should respect norms in order to be healthy ... If these norms disappear and there is arbitrariness, then the corporation collapses'. He singled out the Investigations Committee for attack, although the FSB was clearly his

⁷⁸ The full version of 'Gosudarstvo i oligarkhiya' is available (accessed 7 November 2007) at http://www.strategeia.ru/news_453.html. A slightly shortened version was republished as 'Gosudarstvo i oligarkhiya', *Zavtra*, 27 June 2003, p. 3.

⁷⁹ 'Russian General Implicated in Narcotics Sting', *Eurasia Daily Monitor*, Vol. 4, No. 186, 9 October 2007.

target. He also talked in terms of the elite being a 'caste', suggesting interlocked networks of family and other ties, and noted that 'You cannot be a trader and a warrior at the same time', highlighting the commercial aspects of the case.⁸⁰ He suggested that Bulbov had been arrested to prevent investigation into corruption and smuggling in the special services. Cherkesov had long espoused the ideology of 'Chekism', the view that the security services (called the Cheka when first established by Lenin in December 1917) had a special role, and had saved the Russian state in the 1990s. The security service was a 'hook' that had been grabbed by post-Soviet society as it was 'tumbling into an abyss'. Now the unity of the special services had dissolved and they were torn by rivalries: 'A "war of all against all" will result in a complete disintegration of the network. ... We must avoid scandals and an all-out war'. The degeneration of the warrior caste into merchants was a rather romantic way of describing the interpenetration of politics and business in Putin's Russia.

Sechin once again appeared to be at the heart of struggle, with his opponents (notably Cherkesov) once again trying to curb his influence as the putative head of the *siloviki*. The fact that the struggle under the carpet had now moved into the open indicated the intense nature of this intra-factional power struggle. It also suggested that Cherkesov was losing ground, and by going public was ready to exercise the nuclear option. The audience perhaps was not the public at large but Putin personally, to whom he had probably lost access. Patrushev's FSB also suddenly became more public, listing in October how many foreign spies it had stopped in 2007, and exposing the alleged plot to assassinate Putin on his visit to Teheran that month.

This was not the first time that Cherkesov had argued that the Chekists had a special role in Russia. In an earlier article in 2004, however, he had been far more triumphalist, attacking those who sought to undermine the security services and their staff, and he describing former KGB-FSB personnel as 'the bulwark estate'.⁸¹ He proudly stated: 'I remain faithful to the main thing, to my sense of work as a chekist, to the understanding of my chekist destiny. It is well-known that I did not reject this faith during the peak of the democratic attacks in the early 1990s, and I will not reject it now'. The burden of saving Russian statehood, he insisted, had fallen to the lot of the Chekists.⁸² Cherkesov perhaps revealed more than he intended in both articles, since in appealing to the corporate duties of a special group he not only admitted the existence of a type of state within the state, but also its limited coherence. Contrary to those who argue that a unified group of *siloviki* exists, guided by an ideology of Chekism, Cherkesov revealed a permanent war over influence and resources. As so often in Putin's Russia, the struggle between state agencies entailed a struggle to control the flow of resources. The Chekist view, as far as we can ascertain, was that Putin had to remain in power to guarantee that the chaos of the 1990s would not return and that there would be no property redistribution at the elite level.

As Putin's second term came to a close the struggle to influence the succession intensified. The machine that Putin had created appeared now to threaten his ability to shape the transition. As Vladimir Kryuchkov, the head of the KGB at the time of the August 1991 attempted coup, and some other KGB officials warned in an open letter at this time, all sides in the conflict must 'take steps towards each other!

⁸⁰ Viktor Cherkesov, 'Nel'zya dopustit', chtoby voiny prevratilis' v torgovtsev', *Kommersant*, 9 October 2007, p.1.

⁸¹ Viktor Cherkesov, 'Nevedomstvennye razmyshleniya o professii: Moda na KGB?', *Komsomol'skaya pravda*, 29 December 2004, p.6.

⁸² Viktor Cherkesov, 'Vместo poslesloviya: Chekistov byvshikh ne byvaet', *Komsomol'skaya pravda*, 29 December 2004, p.7.

Otherwise, as our experience shows, a terrible misfortune may occur, and we must not allow this'. They argued that Cherkesov's letter had been the first step in overcoming the conflict, and they called for more steps in that direction. As they noted, 'We know from experience that conflict between respected and worthy people can be used for dark ends', and they stressed that 'all sides are united in their faith in Putin as a national leader, as the factor of stability in the country'.⁸³ Putin also fought back, and warned Cherkesov that airing dirty linen in public was 'incorrect': 'It is wrong to bring these kinds of problems to the media. When someone behaves that way and ... claims that there is a war between security agencies, he should, first of all, be spotless'.⁸⁴ At that very time Putin appointed him the head of a new state anti-narcotics agency, the State Anti-Narcotics Committee (GAK). In this way Cherkesov's powers were expanded, making him head of an organisation comparable to the National Anti-Terrorism Committee (NAK), headed by FSB director Patrushev.⁸⁵ Kryuchkov and his colleagues in the special services had played a catastrophic role in 1990-91 in feeding Gorbachev fearsome stories about internal and foreign subversion, encouraging Gorbachev's turn to the conservatives in winter 1990 and thus losing the confidence of the democrats. It would be ironic if the very same process now led to Putin's isolation.

There had been much speculation that Cherkesov had been angling to be appointed head of the Security Council, a post vacant since July), or even to head the FSB. In not doing so, Putin signalled that he would be even-handed in the factional and inter-agency conflicts, and would not allow one complete victory over any other. To do so would have limited Putin's ability to balance one group against the other, and entailed the danger of him becoming hostage to them. The unity that had characterised the regime during the Yukos affair had now given way to open conflict, and as his presidency came to the end it may well that he was losing the power to mediate. More broadly, if in 1997 the country was wracked by a 'banker's war', when the major oligarchs fell out over the spoils of the Svyazinvest communication company privatisation and used the media to fight their respective corners, it was a measure of how much things had changed that the struggle was now between factions of the *siloviki*. The earlier war had pitted Boris Berezovsky and Vladimir Gusinsky against Vladimir Potanin and the so-called 'young reformers' (Anatoly Chubais, Boris Nemtsov and Alfred Kokh), but within a year the whole system of oligarchical power had collapsed in the partial default of August 1998. Fear that something similar could be repeated now led Putin to warn against conducting such factional fights in public. With the disposal of the energy rents at stake, as well as policy continuity and the property settlement, the factions sought to consolidate their positions in the transition. Putin feared that the whole system could be consumed by internecine warfare between rival elite factions. However, with the stakes so high, the warring camps would remain in conflict until the succession was resolved.

⁸³ 'Ne dovesti do bedy!', signed by Vladimir Kryuchkov, Nikolai Leonov, a Duma deputy and former head of a KGB department, Vagif Guseinov, director of the Institute of Strategic Evaluations and Analysis and former head of the Azerbaijan KGB, and Vyacheslav Generalov and Yevgeny Kalgin, also former heads of KGB departments, *Zavtra*, 31 October 2007, p. 1.

⁸⁴ Andrei Kolesnikov, 'Prezident ne sognul svoyu "liniyu"', *Kommersant*, 19 October 2007, p.1.

⁸⁵ Natalya Melikova and Marina Obrazkova, '"Second, Anti-Narcotics: Putin Has His Say in the War Among the Special Services', *Nezavisimaya gazeta*, 22 October 2007.

Yet another sign of this was the arrest of the deputy finance minister, Sergei Storchak, on the eve of the election. A deputy to the finance minister Alexei Kudrin, he was arrested on 22 November and charged with embezzling \$43.4 million from the state budget. Storchak had been in charge of negotiations to pay off Soviet-era debts, and he was one of the leading experts in the field. The embezzlement charges focused on the settlement of one of these debts to the commercial firm Sodexim. The case focused on an Algerian debt that Sodexim had purchased from the Russian government in 1996 for \$26 million, to be repaid to Sodexim in the forms of various goods and services. When the Algerians stopped supplying these, Sodexim sought recompense for the Russian government. The director of Sodexim, Victor Zakharov, was also arrested, along with the president of the Moscow-based Interregional Investment Bank. The new Investigations Committee (see Chapter 5) took the lead in pursuing the case. Kudrin, who at the time of the arrest was just about to leave for South Africa, initially strongly backed his deputy: 'I don't understand the measure taken regarding this man, who for many years worked and every day fought for every kopeck, asserting Russia's interests in every debt negotiation'.⁸⁶ The lesson may well have been precisely this – to teach Kudrin just how irrelevant he was in the real hierarchy of power.

The case was seen to have broader ramifications, including control of Russia's \$148 billion Stabilisation Fund. By weakening Kudrin, the guardian of macroeconomic probity, there would be easier access to these funds.⁸⁷ His arrest, at the climax of the election campaign, revealed perhaps an even more profound tendency: the conduct of politics in the second sphere to take the form of ever more spectacular arrests and *démarches*. As an editorial in *Ekspert* magazine put it, there could be different views on the most appropriate way to dispose of Stabilisation funds, but 'a situation where the chief argument in fighting Kudrin is the arrest of his deputy minister cannot be considered normal'. The article went on to argue that force had become basically the only way to resolve arguments within the elite, and the costs of the breakdown of normal procedures was becoming ever more disruptive. An assault on one group ricocheted into attacks on others.⁸⁸ In this context, Putin's attempts to ensure a strong majority for United Russia can be seen as a way of escaping the logic of internecine power struggles and to root the existing formal institutions not only in the legitimacy of law but also of popular politics. In the 2007-08 electoral cycle he sought to break out of the isolation of a popular president accompanied by weak instruments of popular representation (parties and parliament). In this election the covert system came into open confrontation with the system of public politics. Whether the Putinite system could reintegrate the two dimensions and thus transcend itself remained a moot point.

As the focus of the new system of power and property, Putin himself came under increasing scrutiny. Aslund notes that in February 2004 the presidential candidate and speaker of the First Duma, Ivan Rybkin, had named three people as Putin's financial intermediaries, including Gennady Timchenko, a former KGB officer and a member of Putin's dacha collective in Priozersky district of Leningrad Region. Timchenko was a co-founder of the Gunvor oil trading company, with

⁸⁶ Quoted by Anna Arutunyan, 'Deputy Finance Minister Held in Corruption Probe', *Moscow News*, 23 November 2007, p. 2.

⁸⁷ Nika Viktorova, 'Skandal: minfin protiv MVD?', *Argumenty i fakty*, No. 48, 28 November 2007, p. 2.

⁸⁸ *Ekspert*, No. 44, 26 November 2007.

apparently a net worth of \$20bn, which acted as the trading company for four Russian oil companies.⁸⁹ More details on this were provided by Stanislav Belkovsky, the former head of the National Strategy Institute whose report in 2003 had provided the intellectual rationale to launch the campaign against Mikhail Khodorkovsky and the Yukos oil company. He had hoped to use the Yukos campaign to establish himself as the Kremlin's favoured PR campaigner, but having failed in this endeavour he turned into a harsh critic of Kremlin politics. In an astonishingly direct attack on Putin in an interview during the election campaign on 12 November 2007, Belkovsky claimed that Putin had amassed enormous personal wealth. He alleged that Putin controlled 37 percent of the shares in Surgutneftegaz (worth \$20bn), 4.5 percent of Gazprom's shares (\$13bn) and half of Timchenko's Gunvor company (possibly \$10bn).⁹⁰ This would give Putin personal assets worth over \$41bn, which if true would make him one of history's greatest kleptocrat rulers, casting president Mobuto of Zaire or Marcos of the Philippines in the shade. Allegations of this type have been made against Putin since the time of his work in the mayor's office in St Petersburg in the early 1990s, and none of them have been confirmed.

A further indication of the covert struggle accompanying the formal parliamentary election was the appearance of an interview with Oleg Shvartsman in *Kommersant* on 30 November 2007, this time an attack directed against Sechin. Shvartsman, the head of Finansgroup, claimed that his \$3.2bn fund management company handled the financial affairs of 'certain political figures', including through offshore companies, and had close links with people in the presidential administration, the FSB and the Foreign Intelligence Services (SVR). He claimed that his company had the backing of the state to conduct corporate raids on private companies to force them back into state ownership, what he called the 'velvet-re-privatisation' of assets initially privatised in the 1990s. Methods included what he termed 'voluntary-coercive instruments', applied with the assistance of the Interior Ministry's (MVD) departments fighting against organised crime and economic crime. The key point and probably the whole reason for the article was that Igor Sechin, the *éminence grise* of the *siloviki*, was allegedly behind the whole exercise.⁹¹ Valentin Varennikov, one of the masterminds behind the anti-Gorbachev coup of August 1991, had been named by Shvartsman as his intermediary to Sechin, but he condemned Shvartsman as a 'rascal of the highest order'.⁹² The whole episode was interpreted as an attempt to discredit Sechin, possibly by his rivals Victor Cherkesov and Victor Zolotov, the head of the Presidential Security Service. Even if this was the case, the fundamental question remains: how true were the allegations? Anatoly Chubais stated: 'Intentionally or not, Mr Shvartsman told the truth. Truth about unavoidable diseases of such social and political systems as "sovereign democracy"'.⁹³ Chubais was uncharacteristically blunt about the dangers attendant on making the Kremlin the sole source of power. No less pertinent a question was the timing of the article, removing yet again a corner of the rug covering elite faction fights.

⁸⁹ Anders Aslund, 'Unmasking President Putin's Grandiose Myth', *Moscow Times*, 28 November 2007, p. 9.

⁹⁰ "Man sollte die active Rolle Putins nicht überschätzen": Der russische Politologe Belkowski sieht wirtschaftliche Kräfte am Werk im Kreml und prophezeit den Niedergang Russlands', *Die Welt*, 12 November 2007.

⁹¹ *Kommersant*, 30 November 2007. Later Shvartsman claimed that the newspaper had misinterpreted his comments, and in response *Kommersant* planned to sue Shvartsman.

⁹² *Moscow Times*, 5 December 2007.

⁹³ Reuters, 4 December 2007; in *Eurasia Daily Monitor*, Vol. 4, Issue 227, 7 December 2007.

The existence of this secret succession struggle undermined the sphere of public politics and the importance of open elections. No less significant, open conflict between warring factions suggested that the Putin era was coming to an end even as he tried to manage the succession. The balance between factions that Putin had been able to maintain was coming apart, and the discipline and coherence that had dominated the public image of his regime was now eroding.

Class, factions and power

Stanislav Belkovsky, originally seen as the mastermind of the Yukos campaign, later stated that he was deeply dissatisfied with the way that the case developed. He had favoured a revision of the privatisations of the 1990s but instead, he argued, all that had happened was a re-distribution of property carried out by the same controversial methods.⁹⁴ The implication was that the Putin elite used their turn in power to enrich themselves rather than establishing a more just political system. Valery Khomyakov, who had taken over at the head of the National Strategy Council, argued that while the distancing of big business from the corridors of power under Putin was to be welcomed, economic interests would nevertheless try to influence the succession. He insisted that the succession would not be a pleasant stroll but a ‘intense struggle both within elite groups and between them’. The main players would be regional elites, political parties, including United Russia, ‘which has recently demonstrated independence’, and above all big business. He singled out the Alfa Group, headed by the former minister Peter Aven, as the most likely to attempt to influence the succession. He noted the way that it was deeply integrated into the power system, the international community and with the media, and with apparent ambitions to place one of its own into the top echelon of power, the premiership or as speaker of the State Duma.⁹⁵

On the same occasion Sergei Markov argued that ‘Russia has no experience of peaceful and calm transfer of power from one leader to another. ... The 2008 problem is a very important and objective problem for Russia’s development. It is important to avoid risks’. He placed at the top of the list of dangers facing the country as ‘the risk of chronic destabilisation as a result of a clash of clans...’. His second danger lay in the selection of a weak leader, which would tempt the authorities to use ‘administrative resources’ to manage the elections, provoking a Russian ‘orange revolution’. The third threat that Markov identified was ‘an attempt at oligarchic revenge’:

Vladimir Putin’s team, which has been well consolidated over these years, may split up because of the fight between clans for the next leader. If this happens, they will start appealing to outside groups, seeking their support, basically appealing to oligarchic groups. Therefore I think in this case a return of oligarchy would be quite feasible, it may creep into the Kremlin amidst the fight between clans for the heir. ... An alliance of clans with old oligarchs may provide one of the ways for bringing oligarchs back to power. ... It would

⁹⁴ BBC Monitoring, NTV Moscow, 0720 gmt 26 December 2004, in *Johnson’s Russian List*, 8517/10.

⁹⁵ Roundtable held on 6 June 2006, ‘Sud’ba Khodorkovskogo koe-kogo nichemu ne nauchila’, *Izvestiya, ru*, 6 June 2006, <http://www.izvestia.ru/press/article3093549/index.html>.

be a serious political mistake if oligarch groups are allowed to take part in deciding who should be Russia's president after 2008.⁹⁶

The whole 'securocracy' had a stake in the succession. The fate of the entire caste, numbering at least 4 million if family members are included, would be decided by the person who entered the Kremlin in 2008. It is for this reason that various webs of conspiracy sought to implicate the *siloviki*, or at least a 'rogue' faction, in the slow-motion murder of Alexander Litvinenko with polonium 210, apparently administered on 1 November 2006 and with death coming only on 23 November. Litvinenko was a former KGB officer who had fled to London in 2000 to join the exiled oligarch Boris Berezovsky in campaigning against Putin's regime, and together they had produced a film and then a book called *Blowing up Russia*, alleging that the FSB had been behind the apartment block bombings in September 1999. Coming after the murder of the journalist Anna Politkovskaya on 7 October, and the mysterious illness of the economist Yegor Gaidar on a visit to Ireland on 24 November, there appeared to be a chain of events that were somehow linked. This certainly was the view of Anatoly Chubais, the architect of the 1990s privatisation programme, who argued that the 'chain of deaths of ... Politkovskaya, Litvinenko, and Gaidar would perfectly correspond to the interests and the vision of those people who are talking about a forceful, unconstitutional change of power in Russia as a possible option'.⁹⁷ The aim of the faction was to force Putin to stay in power after 2008, by creating conditions in which it would be impossible for him to step down.

Another key stakeholder in the succession was the bureaucracy. Under Putin the ranks of officialdom had swelled to reach nearly 1.5 million at the central and regional levels. Suspicious of public politics, Putin early in his presidency had staked on the bureaucracy as an agent of modernisation, but like so many leaders before him, Putin discovered that the purported servant of the state could develop its own interests.

⁹⁶ Roundtable held on 6 June 2006, 'Sud'ba Khodorkovskogo koe-kogo nichemu ne nauchila', *Izvestiya, ru*, 6 June 2006, <http://www.izvestia.ru/press/article3093549/index.html>.

⁹⁷ Comments on RTR Rossiya Television, Associated Press, 29 November 2006, reported by Charles Gurin, 'Gaidar's Apparent Poisoning Fuels Conspiracy Theories', *Eurasia Daily Monitor*, Vol. 3, Issue 222, 1 December 2006.