PUTIN’S PATH TO POWER

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By Peter Rutland

Abstract:

Based on a close monitoring of the election campaign and the reports of Russian political scientists, the author analyzes the remarkable rise to power of President Vladimir Putin. Putin’s ascent is a logical outcome of certain systemic features of the Yeltsin regime, such as patronage, populism, and the concentration of power in presidential hands. At the same time, Putin has a reformist agenda, since he recognizes that given new global realities, some structural features of Yeltsin’s system of rule must be changed if Russia is to recover some of its lost strength and prosperity.

This spring saw the first peaceful, democratic transfer of power from one leader to another in Russia’s 1000-year history. But Vladimir Putin remains an enigmatic figure. Is he liberal or authoritarian? Is he building a new Russia, or seeking a return to its Soviet past? Most Western commentary has treated Putin’s rise to power as evidence that Russia has slipped back into its authoritarian ways. However, the real story is more complex, and more hopeful. Russia has survived a period of tremendous instability and uncertainty, and its prospects for future progress look more favorable than at any time in the past decade. Putin arguably has a clear agenda for rebuilding the Russian state in the context of a highly competitive global economy. That Russian is run by a KGB veteran is less surprising than the fact that this ex-spy has embraced the philosophy of democracy and markets as the founding principles of the modern state which Russia must become.

In March 2000 Vladimir Putin cruised to victory in a presidential election which was a foregone conclusion. Russia’s unsteady transition to democracy passed a crucial test: the first peaceful transition of power in the presidency since 1991, and the first democratic transfer of power in Russian history. However, few could escape the irony of an election ten years after the collapse of the USSR where the main choice was between candidates drawn from two pillars of the Soviet state: a Communist (Gennadii Zyuganov) and an ex-KGB man (Putin).

Putin’s elevation in less than a year from head of the Federal Security Service to prime minister to acting president took everyone by surprise. Western commentators responded by declaring that Putin was an “enigma”: a mysterious, sinister figure who could be a closet liberal or a closet authoritarian. There was nothing original in this tendency to view the Russian leader with puzzlement. After all, Boris Yeltsin himself was a profoundly enigmatic figure, variously regarded as hero, villain, or fool. He was the father of Russian democracy who sent tanks against the duly-elected parliament and into rebel Chechnya. Yeltsin oversaw the introduction of markets, but also the rise of “crony capitalism” and a corrupt oligarchy.

The deeper and more interesting enigma lies not in the character of the president, but in the challenges which he faces. The important question to ask about Mr. Putin is not “Why did he

1 Research for this article was conducted while the author was a Fulbright fellow at the European University in St. Petersburg in the spring of 2000. Thanks are due to my EUSP colleagues and students for their ideas and inspiration, and to Hilary Appel, Vladimir Boxer and Miriam Lanskoy for comments on an earlier draft.

2 Yeltsin was elected president of the Russian Federation in June 1991 but only achieved full power after the failed military coup in August 1991 led to the collapse of Soviet state institutions.
win?” or even “What does he want to do with his newly-acquired power?” but rather “What are the challenges which Putin faces, and what institutional capacity does he have to meet them?”

This requires a shift from the dominant paradigm of Russia-watchers in recent years: the master narrative of democratic consolidation. The two main issues in Russia’s “transition,” we were told, are the introduction of democracy and the market. Other tasks, such as strengthening the state, fighting corruption, building the rule of law, resolving center-region relations, securing the state’s borders, tackling poverty, or reviving economic growth, are subordinate to or consequent upon these two mandates.

It is time – more than time – to question this transition paradigm. Rather than democratic consolidation, the task facing the Putin presidency is to rebuild the Russian state. Putin’s challenge is not merely to halt the collapse of state institutions which followed the implosion of the Soviet Union. His task is to build new institutions in a new global environment. For while Soviet institutions were collapsing, the world around was not standing still. The complex dynamics of globalization has forced radical reform on states all around the globe. In a world of increasingly free trade, rapid international capital flows, and an information revolution, advanced states have little choice but to curtail their old welfare and industrial management functions and focus on promoting international competitiveness. The end of the Cold War freed states to ponder transnational challenges, from terrorism to Aids to global warming. An ongoing agricultural revolution led to a global food surplus, while the rise of the service sector and new technology meant that the working class formed a shrinking minority of society.

One clear feature of this new world order is the widening gulf between winners and losers. The winning countries find themselves in a virtuous circle of economic growth, increased efficiency, rising living standards, and political tranquility. The losers are trapped in a vicious circle of stagnant growth, repeated crises, rampant corruption, and political despair. No country can afford to bury its head in the sand and pretend that these challenges do not exist. In such cases the tide of capital, innovation and labor migration ebbs away at a rapid rate, in a process which governments were powerless to stem. States faced a brutal choice: adapt or implode.

The Yeltsin administration had a strategy for dealing with this situation: rapid integration of Russia with the West. It was a strategy that they adopted almost by accident in the chaotic final weeks of 1991, when the institutions which they, their fathers, and grandfathers had lived under came crashing down. Yeltsin embraced market liberalization and political democratization at home and a strategic partnership with the US abroad. Yeltsin basically accepted the new global rules of the game and sought to integrate Russia into that system as rapidly as possible. However, in their haste to embrace a quick fix from Western political and economic advisers, the Yeltsin team failed to devote sufficient attention to the need to customize these Western models to suit Russian conditions. It was easier to polarize the political landscape into friends and foes of change: heroic Westernizers on the side of civilization and progress, versus communist/nationalist reactionaries.

Yeltsin’s strategy was doggedly pursued throughout the 1990s: regular elections were held at regional and national level; 70% of industry shifted from state to private ownership; and Russia became one of the most open economies in the world in terms of lowering tariff barriers. However, the strategy appeared to be failing: GDP shrank for eight years in a row, plunging one third of the population into poverty. Even liberals believed that the necessary reforms were only half-completed. Despite these setbacks, while Yeltsin was still at the helm there was no change of course. The elevation of Foreign Minister Yevgenii Primakov to the post of prime minister in the wake of the August 1998 financial crisis seemed to presage a change in direction in domestic

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3 Putin himself remarked, in the context of diplomatic relations in Asia, “‘this is all happening in a context of globalization, which brings both pluses and minuses in that it entails a very intense battle with often unpredictable results.” Interview with The Russian Journal, 30 September 2000.
policy. The government established cooperative relations with the State Duma, export tariffs were raised, and some criminal investigations were opened against the oligarchs. But Yeltsin fired Primakov in May 1999, replacing him with Interior Minister Sergei Stepashin.

Yeltsin’s second and final term in office was due to expire in June 2000. Nobody had a clear idea of what would happen next, whether “Yeltsinism” would survive Yeltsin. It is easy, looking at the situation in late 2000, to forget the tremendous uncertainty about Russia’s political future which prevailed in mid-1999. Political power had become so intimately connected to the person of Boris Nikolaevich that it was hard to imagine how Russia would be ruled in his absence. Would the clique of Kremlin insiders (“the Family”) who had effectively ruled in Yeltsin’s name be able to continue running the country under his successor? What would be their strategy for economic development? For handling separatist republics like Chechnya and Tatarstan? For dealing with the Duma and Federation Council? For managing relations with the West?

Six months after Putin’s election as president, answers to these questions are starting to emerge. The basic message is one of continuity: Putin is completing the job of modernizing Russia that Yeltsin started but left unfinished. He is building on the legacy of Yeltsin policies, not reversing reform or heading off in a completely new direction. He is addressing issues that Yeltsin left unresolved, such as state administrative capacity, the legal integrity of the country, and a viable system of political party competition; while leaving relatively untouched areas which had seen radical change under Yeltsin, such as the privatization of industry and a foreign policy based on cooperation with the West. On fundamental issues of democracy, market economy, and relations with the international community, Putin’s policies show an essential continuity with those of his predecessor. Above all Putin’s task is to adapt the Russian state to the challenges of the global environment: to “customize” global practices and requirements to suit Russian conditions.4

Putin is by no means alone in facing these challenges. All around the world, national leaders have been struggling to protect vulnerable social groups and preserve national cultures while adapting to the competitive pressures of the global market place. In the East, it led to the opening of China and sparked the “Asian values” debate. In the West, it caused liberals and socialists to embrace free trade and fiscal conservatism. The “Putin enigma” can be understood as part of an arc of political transformation that stretches from Mohammed Mohatir and Deng Xiaoping to Tony Blair and Bill Clinton.

There are some areas where Putin’s policy represents a radical break from the Yeltsin model: most notably, his assault on the governors and the oligarchs. Yeltsin’s political style was focused on informal, backroom dealings, of the sort which he had learned during his decades of service in the Soviet Communist Party bureaucracy. Yeltsin seemed to be allergic to formal rules and laws, preferring instead the personal, secret deal. That was how he ran federal policy towards the republics and regions, and that was how he ran Russian economic policy – even including the privatization program, which saw a massive transfer of wealth into the hands of favored elites. Putin, in contrast, has voiced a strong interest in establishing a “dictatorship of law” clear and fair rules of the game.

This shift in style of government from informal personal networks towards more formal institutional practices is perhaps the most important challenge facing the Putin presidency.5 After six months in office, we can see that he has taken some decisive steps towards the dismantling of the informal networks that ruled Russia. However, Putin’s own rise to power was largely the

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5 I am indebted to Rostislav Kapelyushnikov, researcher at IMEMO, for making this point. Interview, 17 October 2000.
product of those backroom maneuverings, and Putin has shown himself more than willing to resort to private deals before and after his election as president. Changing the political style of the Russian establishment will not be easy. It will take many years for the Russian political elite to be deflected from informal to formal patterns of political interaction.

THE PATH TO POWER

In just a few months Putin was catapulted from relative obscurity to the pinnacle of political power. The story of his rise contains the usual mixture of serendipity and predictability to be found in any political biography. But unlike most politicians, Putin showed little political ambition throughout his career. The first election he ever contested was that for President of Russia. Political power fell into Putin’s lap almost by chance. But, when the opportunity arose, he showed consummate political skills. His lack of background in politics turned out to be an asset: both in the eyes of Russian voters, and in his ability to examine Russia’s problems with a dispassionate eye.

Putin was born in 1952. His father worked in a factory and his grandfather had been a cook for Stalin. They lived in a communal flat in Petersburg, sharing the kitchen with two other families. He studied law and German at Leningrad State University from 1970-75, and became an expert in judo, winning the city championship. He joined the KGB, which was his goal even before entering college. He worked in foreign intelligence in Leningrad, and was sent to East Germany in 1985, rising to the relatively modest rank of lieutenant-colonel. He witnessed the trauma of the GDR’s collapse at first hand, graphically describing how he held off an angry mob outside the KGB offices in Dresden in November 1989. A call for help to the nearest Soviet army barracks went unanswered for several hours: in his words, “Moscow was silent.”

Returning to Russia he worked for the KGB at Leningrad University, but then was recruited as an aide by the liberal mayor Anatolii Sobchak, his former law professor. On the first day of the August 1991 coup, Putin resigned from the KGB. Under Sobchak Putin was responsible for handling contacts with foreign companies and helping joint ventures overcome bureaucratic hurdles, and apparently he did a good job.

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7 According to Boris Yeltsin’s new memoirs, it took four conversations to persuade Putin to accept the job. AP, 4 October 2000.

8 Ot pervogo litsa, op. cit., p. 71.

9 An earlier resignation letter had gone astray. Ot pervogo litsa, op. cit., p. 85.

10 There was a whiff of corruption around a 1991 scheme exporting metals in return for food, in which he was peripherally involved. David Filipov, Putin’s record suggests alliance with insiders,” Boston Globe, 24 March 2000.

Anatolii Chubais, at the time deputy prime minister, and Aleksei Kudrin. In March 1997 Putin was promoted to deputy presidential chief of staff overseeing relations with the regions, and a year later to first deputy chief of staff. In July 1998 Yeltsin appointed him head of the Federal Security Service (FSB). The influential oligarch Boris Berezovsky claims to have had a hand in Putin’s rise, although the precise extent of his role is a matter of controversy. Berezovsky says he first met Putin in 1991, and as evidence of their close ties he claims that in early 2000 was still talking with him by phone once a month. Berezovsky also says that in February 1999, when he was under investigation form corruption, Putin unexpectedly came to his wife’s birthday party in a show of support.

Putin’s biography suggests a man of humble origins and modest ambition: intelligent, competent and loyal; an organization man and a team player. He is a populist in the sense that he understands ordinary people and speaks their language; but he is also a functionary, a bureaucrat. Service of the state and concern about the common people are the twin poles of his philosophy. He was a product of the Soviet state and its loyal servant. He was also a product of the Yeltsin state and its loyal servant. Judging both by his personality and his public statements, Putin feels more comfortable in the post-1991 Russia than in the pre-1991 USSR. He is the first post-Soviet leader, a man who understands how life works in the “New Russia,” with all its pluses and minuses. His life story contains evidence for both the “closet liberal” and “closet authoritarian” interpretations. He spent 16 years in the KGB – but helped bring capitalism to Petersburg. He was the first Russian leader since Lenin to speak a foreign language and live abroad – but he did so as a KGB man, in East Germany.

What is clear is that he was able to win the confidence of leading officials, and to rapidly climb the very greasy pole of Kremlin politics. What is also indisputable is that his biography provided the raw material to fashion a political persona which Russian voters found powerfully attractive.

Note that Putin rose through patronage, and not by competing in elections or working inside a political party. He was selected as a trustworthy aide by officials at ever-higher levels of responsibility. Patron-client relations were central to cadre policy in the Soviet era, and paradoxically became even more dominant as a vehicle for elite recruitment during the Yeltsin years, when Russia was becoming a democracy. This was true even for the teams of liberal reformers led by Anatolii Chubais and Boris Nemtsov, which were recruited through patronage networks.

The chosen successor

Putin’s rise to the presidency was rapid and unexpected. In March 1999 a distinguished group of scholars assembled in Washington DC to discuss the likely candidates for the June 2000 presidential election. Papers were delivered on the leading contenders: then-Prime Minister

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12 In June 1997 he also found time to defend a candidate of science dissertation in economics, at Petersburg’s Mining Institute.
13 “Berezovsky: Man behind the curtain,” St Petersburg Times, 27 March 2000, originally in Vedomosti 24 March. In this contemptuous eve-of-poll interview, Berezovsky seems to be daring Putin to arrest him.
14 Moscow Times, 6 July 2000.
15 Many have tried to read Putin’s psychology at long distance: the results are unconvincing. See for example Viktor Talanov, Psikhologicheskiy portret Vladimira Putina [Psychological portrait of Vladimir Putin], (St. Petersburg: B&K, 2000).
16 The papers presented at the Hoffman Memorial Seminar were published in Problems of Post Communism, fall 1999.

Yevgenii Primakov, Communist party leader Gennadii Zyuganov, Moscow mayor Yurii Luzhkov, liberal economist Grigorii Yavlinsky, and ex-general Aleksandr Lebed. The name Vladimir Putin was not mentioned – not even among the dozen or so possible outsider candidates. Nor for that matter did anyone mention the name of Sergei Stepashin, the interior minister who just one month later was appointed prime minister, only to be dismissed after four months in office.

The lesson is clear: Russian politics is highly unpredictable. Moreover, one can argue that this uncertainty is not merely a contingent factor, a product of the idiosyncracies of Boris Yeltsin’s personality. Rather it is a systemic feature, due to the failure to develop robust political and economic institutions, such as stable parliamentary parties from which familiar leaders could emerge, in the decade since the collapse of communism.

Although Putin himself seemed to come from nowhere, there was one aspect of his rise that was predictable: the institutional mechanics of his elevation. Yeltsin created a political system that was held together through patronage, and in which political succession hinged was the prerogative of the incumbent leader. There were two other striking regularities of political succession under Yeltsin: the use of the post of prime minister as a sounding-board for potential successors, and increasing reliance on the security organs as a source of candidates. (Three of the four prime ministers appointed in the last 18 months of Yeltsin’s rule came from the security apparatus).

Yeltsin had created a super-presidential system, where presidential power exceeded that of the legislature and was unconstrained by the emaciated judicial branch. Klyamkin and Shevtsova have described this system as an “elective monarchy,” where the president rules like a monarch, but is subject to periodic election. It is natural in such a system to expect that the president will select his successor. In Mexico, for example, another super-presidential system, the practice was for the president to stay only one term in office but have the privilege of picking his successor (a process known as finger-pointing, or dedazo). Yeltsin failed to develop an institutional procedure for handling the transition of power and had to rely on the Russian equivalent of dedazo.

Yeltsin spent much of his time in office fending off challenges to his rule, primarily emanating from the Communists who with their allies had a majority in the State Duma after the December 1995 election. Although Yeltsin managed to secure re-election in June 1996, his ill-health made him a vulnerable target, and the Communists persisted unsuccessfully in their efforts to impeach the president. More attention was devoted to Yeltsin’s ability to cling to power than the question of his likely successor. However, speculation about who would succeed Yeltsin intensified after as the severity of his medical problems became clear. (Yeltsin’s heart condition kept him physically out of the Kremlin for eight of the 12 months following his re-election.) In spring of 1997 Yeltsin signaling that the youthful governor of Nizhnii Novgorod, Boris Nemtsov, who he appointed first deputy prime minister might be a worthy successor. Nemtsov’s liberal reforms ran into opposition from regional and industrial elites, and he fell from grace.

In March 1998 Yeltsin abruptly fired the dour Viktor Chernomyrdin, prime minister since December 1992, viewing his efforts to raise his public profile as a sign of presidential ambitions. Chernomyrdin’s replacement was the bland and inexperienced Sergei Kirienko, a 35-year old banker from Nizhnii Novgorod. But the August 1998 financial crash, with a dramatic foreign debt default and 75% devaluation of the ruble, forced the resignation of Kirienko. After the Duma twice rejected Yeltsin’s proposal to reappoint Chernomyrdin as premier, Yeltsin agreed to accept a

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17 A cynic would suggest that it tells us more about the deficiencies of Russia-watchers in America, the present author included, than about Russian politics per se.  
18 Igor Klyamkin and Liuya Shevtsova, “Eta vsesilnaya besilnaya vlast” [This powerless all-powerful power], Nezavisimaya gazeta, 24 June 1998. 
19 Note for example that the post of vice-president, introduced in 1991 in mimicry of the American system, proved to be incompatible with the absolute authority which Yeltsin wanted, and was dropped after Vice-President Aleksandr Rutskoi joined the rebel parliament in 1993.
compromise candidate – Foreign Minister Yevgenii Primakov. Primakov appointed several communist ministers and started to cautiously chart a new course: tightening controls on export earnings, trying to rein in Russia’s autonomous regions. In January 1999 Primakov proposed a compromise with the Duma that would have significantly curtailed the president’s powers: in return for an end to impeachment hearings, Yeltsin would promise not to dismiss the Duma (his constitutional prerogative). In February Primakov ordered prosecutors to investigate corruption in the Central Bank and in two organizations with close ties to the Yeltsin family and their key financial backer Berezovsky, Sibneft oil company and Aeroflot. In March Procurator General Yuri Skuratov, who was in charge of these investigations, was blackmailed into resigning with a tape of him in bed with two prostitutes. Skuratov went public, the Federation Council refused to accept his resignation, and the tape was leaked to national television. In April the procuracy issued a warrant against Berezovsky – but Interior Minister Sergei Stepashin, the head of the police, refused to serve it, and Berezovsky retreated to France. Presumably in response to these anti-corruption efforts, Yeltsin fired Primakov on 12 May. Three days later the Communists put impeachment to the vote in the Duma, but failed to win the necessary two-thirds majority. Yeltsin nominated Stepashin as premier and the Duma meekly concurred. By August, however, Stepashin himself had been fired, for his failure to prevent two developments: renewed fighting in Chechnya and a new political alliance between Primakov and Moscow Mayor Yuriii Luzhkov (see below). He was replaced by Putin.

Thus Yeltsin went through three premiers (Kirienko, Primakov, and Stepashin) in 12 months before hitting upon the relatively unknown Putin. Yeltsin was using the post of prime minister to vet a presidential successor, rather than to provide a well-led government. He seemed indifferent to the resulting chaos in Russia’s political system, not to mention its domestic and foreign policy.

Yeltsin had very practical reasons for being concerned about the identity of his successor. In the winner-take-all world of Russian politics, there were no guarantees that a future Russian president (under pressure from the Duma, for example) would not seek to strip Yeltsin of his government-provided villas, medical services, and other privileges, and even sanction his criminal prosecution. The same held true for the members of Yeltsin’s circle: his daughter and “image consultant” Tatyana Dyachenko, his other daughter’s husband Valerii Okulov, an Aeroflot executive, and the rest of his entourage known as “the Family.” Again, however, it is important to remember that Russia is not unique in facing this problem of indemnifying corrupt or repressive leaders as an unpleasant precondition for removing them from office. It is a feature of democratic transitions from Indonesia to Chile. (Yeltsin’s case differs slightly, in that he is a transitional figure, intermediate between the old regime and a democratic future.)

Putin, the ever-loyal apparatchik, was trusted to meet this criterion for office. The day after Yeltsin’s surprising resignation on 31 December, Putin as “acting president” signed a decree granting Yeltsin and his immediate family immunity from prosecution. (The same day he also made a well-publicized trip to Chechnya.) Putin the pragmatist did what was necessary to become

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21 The impeachment case would have had to be approved by the Supreme Court, Constitutional Court, and Federation Council, so its chances of success were anyway slim. Yeltsin was accused of destroying the Soviet Union; undermining the military; assaulting the parliament in 1993; starting the Chechen war; and genocide through economic impoverishment.
22 For example, Putin’s mentor, Anatolii Sobchak, had to flee the country as soon as he lost office in 1996 because he knew the media and court system would fall under control of the enemies accusing him of corruption. He only returned from Paris in September 1999 – after Putin became premier. Putin’s ability and willingness to bring Sobchak safely back from Paris presumably impressed Yeltsin.
More charitably, one can suggest that Putin was less interested in an abstract search for justice than in forestalling a tide of retribution which could have had disruptive and violent consequences. His action was in keeping with the amnesty the Duma granted in 1994 to the leaders of the August 1991 coup and October 1993 parliamentary rebellion – a step which Yeltsin had opposed at the time.

Putin enjoyed a vertiginous rise in popularity following his appointment as prime minister in August 1999. Polls indicated those willing to vote for him as president climbed from 2% in August to 4% in September, 21% in October, 42% in November, 50% in December and 59% in January. By then his approval rating as prime minister was 79%. In contrast, for the past several years Yeltsin’s approval rating had been in the single digits. Putin’s rise was fueled by two factors, analyzed in the following sections: the war in Chechnya, and the strong showing of the pro-Putin Unity party in the December 1999 Duma elections.

As Putin’s rating rose the Yeltsin camp became increasingly confident that they had found the ideal successor. Yeltsin’s decision to step down and appoint Putin “acting president” nevertheless came as a great surprise – not least because of the drama of its announcement on 31 December, at the dawn of a new millennium. Yeltsin had clung to power with such determination over the preceding decade that it was hard to imagine that he would leave before the end of his term, in June 2000. But in retrospect it is easy to explain why Yeltsin resigned in December. By selecting his own successor, Yeltsin underlined his historic legacy as Russia’s “first president” (which is his official designation, as opposed to “former president”). More importantly, it boosted Putin’s chances of winning the election. Putin would have the crucial advantage of incumbency: the ability to use the presidential office to mobilize support and cultivate an image of leadership. It seemed that Putin’s popularity had already reached its peak and would erode over time – especially if Russian forces were to suffer setbacks in Chechnya. Yeltsin’s resignation minimized this risk by bringing forward the election from June to the end of March, since the constitution decrees that elections must be held within three months of a presidential resignation.

**WAR IN THE CAUCASUS**

“We will wipe out the terrorists wherever we find them. If we find them in the toilet, then that’s where we’ll do it.” *Vladimir Putin.*

The decisive political event affecting Putin’s rise was the second war in Chechnya, which began with an invasion of Dagestan by Chechen militants on 7 August 1999. It was Prime Minister Stepashin’s inability to prevent the Chechen attacks which provided the excuse for his dismissal, and Putin, as head of the FSB and (since March 1999) of the Security Council, was an obvious choice to replace him. It was Putin’s determined handling of the war which then led to his spectacular and sustained rise in popularity. The nature of the threat posed by the war was brought home to the Russian public by a series of massive bombings of apartment blocks in Moscow, Volgodonsk and Bunaisk in September, which claimed more than 300 lives.

Some skeptics argue that Putin was following a “Wag the Dog” scenario, and deliberately engineered the conflict in order to boost his electoral chances. If a war against communism had

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23 Yurii Levada, “Opinions, sentiments,” Nezavisimaya Gazeta/Stsenarii, no. 2, January 2000. By January Zyuganov was polling 16% and Primakov 9%.
24 There were also renewed fears about a possible rapid deterioration in Yeltsin’s health. He stumbled at the signing of the Russian-Belarusian Union on 9 December.
saved Yeltsin in 1996, then a war against terrorism could do the trick for Putin in 2000. There were reports that the September bombings – and even the Chechen invasion of Dagestan itself – were “black operations” of the Russian security forces, or rogue elements therein. Such reports are as yet unproven, and it would require Oliver Stone-like credulity to believe that the vast and diverse wave of violence was part of an integrated conspiracy that led all the way to Putin.

Federal forces were better prepared for war than in 1994, and by relying on air strikes and artillery bombardment they reduced the level of Russian casualties. The initial plan was just to seal off the northern border of the breakaway republic. When this was accomplished in October, the Russian forces seized the lowlands north of the Terek river, and then pressed on to the siege and ultimate capture of Grozny on 6 February. In the following month Russian forces took heavy casualties as they tried to clear the remaining guerrilla bands from their mountain hideaways in the south of Chechnya. The Russians settled in as an army of occupation, but were unable to eliminate all the guerrillas. In the first year of fighting more than 2,500 Russian troops were killed and 10,000 wounded (compared to 4,300 Russian military deaths in the 1994-96 war). Civilian casualties were in the region of 20-30,000. But in contrast to the first Chechen war, the Russian public – and media – were strongly supportive of the war effort this time around, even though they did not believe it would bring a quick or easy solution. The change in public mood was a response to the gruesome tales of murder and mayhem that emanated from Chechnya, reinforced by the invasion of Dagestan and the Moscow bombings. The liberal elite – which supported the second Chechen war, unlike the first – was also influenced by NATO’s bombing campaign against Yugoslavia in March 1999. Many Russian liberals felt betrayed by their Western allies, and saw the bombing, that was launched without UN authorization or Russian approval, as validation of the principle that “might is right.”

Chechnya was one of many problems left unresolved by the Yeltsin presidency, and it was a problem at least partly of Yeltsin’s own making. In 1991 Yeltsin tolerated the seizure of power by Dzhokhar Dudaev, under whom the republic became an enclave of banditry. Equally foolish was the invasion launched by Yeltsin’s generals in December 1994, after the failure of a bungled coup. During two years of conflict the two sides fought each other to a standstill, matching atrocity for atrocity. The peace accords signed in Khasavyurt in August 1996 ended the fighting but did not resolve Chechnya’s political status. President Aslan Maskhadov, Dudaev’s successor, was unable to bring the warlords under control, and Russia was unwilling to grant Chechnya independence, not least because of fears that its gangs, using the rhetoric of militant Islam, would destabilize neighboring regions. The whole North Caucasus from Dagestan to Adygeya is a tinder-box of hostile ethnic minorities and long-simmering grievances over land, property, and political power. And even in this global era, it is that old-fashioned institution, the state, which is primarily responsible for securing the basic conditions of law and order. The Chechen proto-state failed in this task.

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28 Thanks to rising oil revenues, money was not a problem – unlike in the first war. The second war cost about $400 million in the first six months. Itar Tass, 4 April 2000.


30 Stepashin relates that the kidnapping of General Gennadii Shpigun in March 1999 was the last straw for Moscow. Comments at forum organized by the Kennedy School Strengthening Democratic Institutions project, Washington DC, 13 March 2000.
Russian officials regard their actions in Chechnya as akin to what India is doing in Kashmir, or Spain in the Basque country. Western criticism of the campaign is seen as hypocrisy or at least an inability to see things from Moscow’s point of view. The case of Andrei Babitsky, which in the West became a litmus-test of Putin’s waverings commitment to democracy, is instructive. Babitsky, a Radio Liberty journalist working in Chechnya, was detained on 16 January, threatened and by his account beaten by Russian security forces, and handed over to persons unknown in exchange for some Russian captives. He later surfaced in Dagestan and was again arrested, but released after an international outcry. Putin went on record describing his actions as those of a “traitor.” But if say the US government was fighting a war against separatist guerrillas who had killed thousands of their troops, would they allow an employee of a radio station financed by a foreign government to broadcast interviews with rebel leaders in which they justified making video recordings of the beheading of prisoners? During the Northern Ireland troubles, for example, British media were forbidden from broadcasting interviews with representatives of the IRA or its political wing, Sinn Fein.

The Russian state’s objectives in the conflict with Chechnya have shifted over time. Back in 1994, one incentive was the September signing of the “contract of the century” by US oil corporations to develop Azerbaijan’s oil field. Oil from that project would flow through a pipeline across Chechnya. In 1998, a by-pass pipeline was built around Chechnya, so the oil factor is less relevant. Back in 1994, one of the public rationales for the invasion was the fate of the 400,000 ethnic Russians living in the republic. But two years of fighting drove most of them into exile. Now, the reason for involvement is more fundamental: it has become a test not so much of Russian democracy, as Western critics would see it, but of Russian statehood. If the line is not drawn in Chechnya, then Russia risks losing control of the rest of the north Caucasus and perhaps some of the other 21 ethnic republics inside the Russian Federation.

Putin’s focus on the war in Chechnya was not merely an electoral strategy. In August 1999 few were predicting that the war would be popular, or successful. Putin said “I kind of inwardly decided that it might well be the end of my career but my mission, my historical mission, (it sounds grandiose, but its true) would lie in resolving the situation in the North Caucasus.” In fact Chechnya would prove to be the opening gambit in a systematic effort to restore state authority and the “power vertical” in the Russian political system. As Putin himself observed “In my opinion, the active public support for our actions in the Caucasus is due not only to a sense of hurt national identity but also to a vague feeling … that the state has become weak. And it ought to be strong.”

THE DECEMBER 1999 DUMA ELECTION

The December 1999 Duma election, and not the March 2000 presidential poll, was the key electoral event in Putin’s rise. In the course of the year a powerful movement had emerged among regional leaders anxious to consolidate the autonomy they had won during the Yeltsin years. The initiator was Moscow Mayor Yurii Luzhkov, who formed his Otechestvo (Fatherland) movement in December 1998, which claimed to be running against the oligarchs who dominated the federal

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31 The rebels’ excuse for the beheadings was to prove the depth of their convictions. For a critical take on the case, see Vladimir Matussevich, “Andrei Babitsky and Radio Liberty,” Russian Journal, 14 February 2000.
Babitsky’s reports and articles on his ordeal can be found at www.rferl.org.

32 Ot pervogo litsa, op. cit.


government. However, most governors remained wary of a movement led by the mayor of the rich and privileged city of Moscow. In April 1999 Tatarstan President Mintimer Shaimiev and St. Petersburg Governor Vladimir Yakovlev created a rival movement, Vsya Rossiya (All Russia). In August Luzhkov joined them to form the Fatherland/All Russia alliance (OVR), under the leadership of ousted premier Primakov. OVR was a serious threat to Yeltsin, and the dismissal of Prime Minister Stepashin in August was in part due to his failure to prevent its emergence. Victory in the Duma election could propel Luzhkov or Primakov into the presidency in June 2000.

To meet this challenge the Kremlin hastily created a new loyalist party, Yedinstvo (Unity). After a decade of more-or-less free elections, Russian voters had coalesced into two fairly stable blocs of democrats and communists, with about 20% and 30% support respectively. There was a large group of floating voters in the middle who were skeptical of both ideologies and preferred strong, pragmatic leaders at national and regional level. This was the group of voters that Putin targeted. Apart from the Communists and to a degree the liberal Yabloko, none of Russia’s political parties had much of a presence or organization outside the nation’s capital. Local candidates signed on to a national party not because of ideological sympathy but because it could bring access to poll data, central media, and connections to governors and companies. For many candidates, such services could also be provided by the local governors’ political machine or by one of the politicized financial-industrial conglomerates. So both ideologically and organizationally the field was open for a new entrant like Unity which, using the resources of the state, could try to provide these services to candidates at national level.

Unity was launched in September – a mere three months before the election. Its creation was orchestrated by two deputy chiefs of staff in the Kremlin, Igor Shabdurasulov and Vladislav Surkov, with help from media outlets controlled by oligarch Boris Berezovsky. The news and slander programs on the Berezovsky-controlled ORT television station launched a devastating propaganda blitz against Primakov and Luzhkov. Luzhkov was accused of everything from running a private army to sheltering the Japanese terrorist sect Aum Shinrikyo. (Some of the charges were even true.) Unity’s philosophy was simple: support for Prime Minister Putin, who was leading the fight against the Chechen “bandits.” The official leader of Unity was the ambitious young Minister for Emergency Situations, Sergei Shoigu, who explained “Many people call us Putin’s party. Well, it’s true.”

Previous efforts to create a “party of power” loyal to the Kremlin

35 Manifesto printed in Nezavisimaya gazeta, 13 April 1999.
36 In January 1999 Samara’s governor Konstantin Titov created a rival movement, Golos Rossii (Voice of Russia) but this failed to attract a following and eventually merged with the Union of Right Forces.
39 Berezovsky later explained: “everyone was sure that Primakov would become Russia’s next president, but nobody actually wanted him. It was my personal task to anticipate this and help the society. My instrument was the ORT channel.” Interfax, 4 April 2000. Andréi Karmakin and Andréi Smirnov, “Berezovsky’s defense,” Segodnya, 12 April 2000. Shabdurasulov was the head of ORT before joining the Kremlin in September 1999. He returned to ORT in July 2000. Surkov was another former ORT executive who joined the administration in May 1999 and was promoted to deputy chief in August.
40 The most brutal propaganda came in the “author’s programs” of Mikhail Leont’ev and Sergei Dorenko. ORT newscasts devoted 28% of time to Unity, twice as much as to OVR, and the former coverage was positive while the latter was mostly negative. On the other hand Vladimir Gusinsky’s NTV and Luzhkov-controlled TV-Tsentr backed OVR. See the report from European Institute for the Media, Monitoring of Media Coverage during the Parliamentary Elections in Russia in December 1999, Dusseldorf.
41 Quoted after Unity’s founding congress on 28 December, which Putin addressed, in Sarah Karush, “With official blessing, Unity forms,” Moscow Times, 29 December 1999. For a profile of Shoigu, see Yelena Dikun, “Bogat i
and with a majority in the State Duma (Russia’s Democratic Choice in 1993, and Our Home is Russia in 1995), had failed, partly because Yeltsin himself did not assume a direct leadership role.\textsuperscript{42} Putin, as premier and then acting president, was closely associated with Unity, although he only formally endorsed it in November. It is difficult to explain Unity’s success: it had no program to speak of, its leaders were not well-known. Its association with the increasingly-popular Putin seems to have been the decisive factor.\textsuperscript{43}

OVR had been formed as a vehicle to undermine the Yeltsin presidency – but that turned out to be its fatal flaw, in that it was still campaigning against Yeltsin, and not against Putin.\textsuperscript{44} Also, the Kremlin was able to use its “administrative resources” to persuade most regional governors to abandon OVR. For example, in Rostov through economic pressure via the state-owned Sberbank and electricity company EES, and with threats of investigation by the procuracy, the Kremlin persuaded governor Vladimir Chub to switch from OVR to Unity. Chub’s men got to work and in one month local support for Unity leapt from 10 to 31\%.\textsuperscript{45} Putin had to be wary of relying too heavily on the governors’ political machines, however, since this could limit his freedom of maneuver after the election. He also created his own network of “trusted persons” (\textit{doverennye liitsa}), the official nominees of his candidacy, and used them (half a dozen in each region) to speak on his behalf to local media and campaign meetings.\textsuperscript{46} Putin’s registered agents and representatives included 536 public officials, including deputy ministers and deputy heads of presidential administration and 25 army officers, and there were many reports of letters being sent to government offices by Putin campaign headquarters urging them to organize support activities.\textsuperscript{47}

In December to everyone’s surprise Unity won 23\% of the votes on the national party list, close behind the Communists’ 24\%, while OVR polled only 13\%.\textsuperscript{48} The election showed that OVR was not a national force, but an alliance of regional barons. (OVR won over 35\% support within its regional strongholds: Moscow and a half-dozen independence-minded ethnic republics.)\textsuperscript{49} The failure of OVR meant that the only serious rival presidential candidate to Putin would be the shop-soiled Communist Zyuganov, who had signally failed to dislodge Yeltsin in 1996. The liberals, as usual, were divided. Each of the four main leaders each had their own private party, which they merged into Union of Right Forces (SPS), fearful that separately they would not clear the 5\% threshold, beneath which a party would not win any parliamentary seats. Grigorii Yavlinsky’s Yabloko remained aloof from the alliance. With respect to policy, the liberals were uncertain what to make of Putin. Most supported his prosecution of the Chechen war, but were unsure what else he had up his sleeve. SPS did surprisingly well in comparison with the liberal parties in 1995, winning 8\% of the vote. This result can partially be attributed to the fact that Putin spoke out in their support.

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\textsuperscript{42} A. Ryabov, “Partiya vlasti” [The party of power] in \textit{Partiino-politicheskie elity i elektoralnye protsessy} (Moscow, 1996), p 5-16.

\textsuperscript{43} Boris Makarenko, Center of Political Technologies, speaking at the speaking at the Annual Political Science Association Conference, MGIMO, Moscow, 23 April 2000.

\textsuperscript{44} Gleb Pavlovskii and Georgii Satarov, “Russia after the Duma elections,” \textit{Vek}, no. 50, December 1999. Pavlovskii, the head of the Effective Policy Foundation, served as the chief “image maker” for the Unity party and for Putin.


\textsuperscript{46} Field notes from Henry Hale, 28 March 2000, based on visit to Bryansk, Perm and Bashkortostan.

\textsuperscript{47} OSCE final report, 19 May 2000, at \url{www.osce.org/odihr/elecrep.htm}

\textsuperscript{48} 225 of the Duma seats are allotted to party lists through proportional representation. 26 parties ran but only six cleared the 5\% barrier and won party representation. Unity did very poorly in the 225 single district seats. They only managed to nominate 42 candidates, of which 8 won. Results are at \url{www.russiavotes.org}

\textsuperscript{49} Moscow city and Moscow oblast, plus Tatarstan, Bashkortostan, Mordoviya, Kabardino-Balkariya, Ingushetiya, and Dagestan.
ELECTING A PRESIDENT

“Television campaign spots are like advertisements. You don’t need to know during the middle of an election campaign whether Tampax or Snickers are better.” Vladimir Putin

From August to December Putin’s support level went from 2% to 50%, and it continued to climb up to election day, 26 March. How is one to explain this astonishing record? The two key factors were his incumbency and his personality, both amplified by skilful use of the latest tricks of public relations, or what Russians now call “political technology.”

Six months prior to the 1996 election Yeltsin, like Putin, had seen his public support level in single digits. He had secured electoral victory through a blitz of pork barrel spending and an energetic media campaign that portrayed the election as a choice between democracy and communism. Putin was less generous with the political pork, but the same techniques of media manipulation that had served Yeltsin so well were also deployed for Putin. One important difference was that Putin did not need his “political technologists” to conjure up a phony Communist threat, since there was a very real war in progress in Chechnya.

Putin’s democratic legitimacy was forged in war. Media coverage of the war was relentless: the heroic sacrifices of Russian soldiers, the sufferings of civilians, the inhumanity of the bandits, the determination of Putin, the hypocrisy of the West. It was a story that played endlessly during the months between Yeltsin’s resignation and the election on 26 March. A typical night’s television news would lead with 10-15 minutes of stories from Chechnya: a patriotic pounding that was often emotionally wrenching. Funerals of dead soldiers, sometimes attended by Putin and top generals, with the requisite Orthodox rites, formed an elaborate theater of la patrie en danger.

For this viewer, the tone of war coverage did not differ substantially between the three main TV channels (Vladimir Gusinsky’s NTV, Berezovsky’s ORT and the state-owned RTR), although NTV was somewhat more critical, especially in the period up to December.

The point of the election was not to select a president from a field of competing candidates, nor to debate the issues. The purpose was to use the majesty of a “free and fair” election to legitimize Putin in the office of president. Legitimacy would be assured if the election was formally fair, if turnout was high, and if Putin secured a convincing victory by pulling more than 50% of the votes in the first round and by sweeping many regions.

These expectations were attained, in a triumph of manipulative democracy. On 26 March, election night, there was some tension in the news studios, as the early results from the far east (up to eight hours ahead of Moscow) showed Putin failing reach the 50% hurdle needed to avoid a run-off. It was not until after 2.00 am that Putin officially cleared 50%. However, throughout the day observers (and anyone else who cared to log on) had access to nationwide exit polls, run by Putin’s main political consultant Gleb Pavlovskii, which provided an accurate forecast of the final result.

51 The church revived the World War Two practice of blessing troops on the way to the front: the troops cross themselves. Eg. departure of troops from Moscow on NTV, 10 April 2000.
53 The exit polls, of 80,000 voters at 800 polling stations, were reported live on the Internet at www.vvvp.ru. Already by 3.00 pm Sunday they showed Putin clearing 50%. TsIK head Veshnyakov complained that the TV stations which broadcast the exit poll results Sunday evening before voting ended in Kaliningrad were breaking the election law. Although 20% of voters declined to answer the poll was accurate, giving Putin 51.2% while the actual result was 52.9%.
Putin won 52.9% followed by Zyuganov with 29.2%, Yavlinsky 5.8%, Tuleev 3.0%, and Zhirinovsky 2.7%, while 1.9% voted “against all.” Putin cleared the 50% barrier by the slim margin of 2.2 million votes. Putin swept all but six of Russia’s 89 regions. In Moscow Putin won only 46% while Yavlinsky polled 19% (compared to 8% in 1996). In his home town of Petersburg Putin won 62% and Yavlinsky only 10%.\(^{54}\)

In addition to legitimizing Putin, the election also legitimized Zyuganov as the sole standard bearer of the opposition, since he handily trounced his populist and patriotic rivals. Zyuganov mustered 21 million votes, but led in only five regions: Adygeya, Altai, Bryansk, Lipetsk, and Omsk.\(^{55}\) Subsequent investigative reporting revealed convincing evidence of vote-rigging in Putin’s favor, especially at the stage where protocols from the districts were tallied.\(^{56}\) Even taking the official figures, Putin’s margin of victory looks implausibly high in some of the ethnic republics where Communist support had been strong as recently as December.\(^{57}\) The Communists cried foul, but did not energetically pursue their complaints in court. The OSCE’s election monitoring team made some criticisms of unequal media access and procedural irregularities, but were silent on the vote-rigging issue.\(^{58}\) Their preliminary report, issued on 27 March served to speedily legitimize Putin’s election, saying that it “marks further progress for the consolidation of democratic elections in the Russian Federation.”

Russia’s liberal democrats were deeply disillusioned by the rise of Putin, with some intellectuals comparing him to Stalin and Hitler.\(^{59}\) Most saw him as a somewhat mediocre manager who lacked the vision to lead Russia forward. But most liberals did not see much of an alternative to the Putin candidacy. Some thought it would be good if Putin was forced to go to a second round, because he would have to reveal more of his program. Others argued that this might make him more dependent on the oligarchs.\(^{60}\) SPS leader Irina Khakamada reasoned that “It would do more harm than good to oppose Putin personally. When you do that to military-type people they start to really dig in and take up repressive, dictatorial methods.”\(^{61}\) Although back in December SPS had campaigned with posters saying “Putin is our president,” in February the party leadership declined to endorse Putin – partly because SPS member and Saratov governor Konstantin Titov was a candidate, and partly because of lingering distrust after Putin’s January deal with the KPRF (see below).\(^{62}\) Yavlinsky soldiered on in his self-chosen role as the credible non-communist alternative candidate.

The campaign itself was something of a surreal experience. Although the victor was known in advance, the procedural niceties appeared to be followed with elaborate precision. In a triumph of form over substance, a prominent role in media coverage was accorded to the Central Election Commission (TsIK), chaired by Aleksandr Vishnyakov. News stories were fashioned around the travails of Kemerovo governor Aman Tuleev and nationalist demagogue Vladimir Zhirinovsky, whose candidacies were imperiled by their failure to declare all the apartments owned by their

\(^{54}\) Viktoriya Lukova, “Vmesto mnogosloviya” [In place of verbosity], Kommersant Vlast, 4 April 2000.

\(^{55}\) www.vybory.ru/spravka/260300result.php3.

\(^{56}\) Yevgeniya Borisova, “And the winner is?”, Moscow Times, 9 September 2000. She estimates that 550,000 votes were added to Putin’s total in Dagestan alone, and notes that the official number of registered voters grew by 1.3 million in the three months between the Duma and presidential elections.

\(^{57}\) For example, Putin won 85% to Zyuganov’s 5% in Ingushetia, 77% to 20% in Dagestan, and 69% to 21% in Tatarstan. Officially, 79% of the 480,000 voters in Chechnya turned out, and Putin won 51%. Lukova, “Vmesto mnogosloviya,” op. cit.

\(^{58}\) OSCE final report, 19 May 2000, at: www.osce.org/odihr/elecrep.htm

\(^{59}\) Pavel Felgengauer, “New thousand-year Reich?”, Moscow Times, 2 March 2000; Yelena Bonner told AFP on 1 March that he was introducing “modernised Stalinism”

\(^{60}\) Points made by Boris Nemtsov and editor Nikolai Bardul in Kommersant-Vlast, 28 March 2000.


\(^{62}\) ORT, 21 February 2000.
family. Removing Tuleev and Zhirinovsky from the race would have increased the chances of a clean first-round victory for Putin. Eventually, after court appeals both were allowed to run. The TsIK quietly ignored Putin’s undeclared ownership of a rural dacha, on the grounds that it was “under construction.”

Zyuganov stuck to his patriotic rhetoric, and did not play up leftist economic discontent. This strategy had not worked against Yeltsin in 1996, and was even more ill-advised against Putin, who was obviously attractive to patriotic voters. Zyuganov pledged to cut taxes and tariffs by 50%, to increase the minimum pension and wage to R1000 ($33) and the minimum pay of doctors and teachers to R3000. Putin countered with a 20% hike in pensions effective 1 February and a promise to raise state wages by 20% from 1 April. Yavlinsky criticized the lack of economic growth and the absence of a political plan for Chechnya, and tried to make some political capital out of an unpopular hike in the minimum price of vodka. The OSCE election report noted that when Yavlinsky’s ratings started to rise “in the final days of the campaign, this candidate was subjected to the same negative campaigning on State-controlled media as during the Duma election.”

Zyuganov aside, none of the candidates running against Putin stood a remote chance of victory. For them the vicarious thrill of participation was sufficient motivation. At best, their objective was to win 3 percent and thus avoid having to pay back their state campaign funds (R500,000 or $20,000 each). Eleven candidates managed to gather the 500,000 signatures required to enter the ballot. Most did this by paying someone to collect or forge the signatures. They included Vladimir Zhirinovsky and Aman Tuleev, charismatic individuals who had both run in the first presidential election in June 1991; Konstantin Titov, the Samara governor; and a string of characters who seemed to have come straight out of the script of Kukly, NTV’s puppet satire show. There was a brace of nationalists (filmmaker Stanislav Govorukhin and writer Aleksei Podberezkin); the disgraced former procurator Yuriii Skuratov; Umar Dzhabrailov, the manager of the Slavyanskaya hotel, who was implicated in the scandal around murdered US businessman Paul Tatum; former FSB and Kremlin official Yevgenii Sevastyanov; and Ella Panfilova, a former minister who was running as she explained to give a voice to women.

The candidates were entitled to one hour of free time on TV, half of which was devoted to debates between 3-5 candidates at a time. Putin simply declined to attend any of his scheduled debates. At first, in protest, Yavlinsky also refused, but then relented. The debates had a surreal quality, rarely touching on issues of substance and avoiding discussion of the Leading Candidate. Zhirinovsky, Podberezkin and Tuleev openly supported Putin, and Panfilova, Govorukhin and Dzhabrailov refrained from making any negative comments about him. Skuratov threatened to reveal the names of the corrupt officials who he had been unable to prosecute during his three years as Procurator-General, but (as in his filmed bedroom encounter) he failed to deliver. Outside of the free TV spots there was little active campaigning.

Putin had no need of the debates and TV spots: he was getting all the free coverage he needed on the network news. Putin visited 15 regions after 1 January, each trip being the focus of extensive and mostly fawning coverage on TV news. His exploits included spending a night in a submarine and a ride down to Chechnya in an SU24 fighter-bomber one week before the election. One of his few forays into more conventional campaigning was a 9 February live phone-in where

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63 Another theory is that the TV exposure actually helped Tuleev and Zhirinovsky, who the Kremlin wanted to help, to draw votes away from Zyuganov and Yavlinsky.


he fielded 38 calls, covering a broad range of topics: delays in child payments and spring sowing subsidies; the future of the oligarchs; and a call from the mother of an imprisoned Chechen. He came over as intelligent, reasonable and caring. Putin deliberately avoided publishing a program, since as he explained to students in Zelenograd he did not want his program to become “an object of attack,” since “As soon as it is made public, it will be gnawed at and torn to pieces.”

Not only did he avoid publishing a program, he was also vague on specific policy proposals. He did not for example pick up Yeltsin’s habit of proposing to hold referenda on controversial issues (such as land reform). His only promise was that there would be no promises. Indeed, it was very important for Putin’s image that he not be seen as inhabiting the same level of existence as the other candidates: he was already the acting president, and that was his essential appeal. He was running as an anti-candidate, on a ticket of anti-politics, and this resonated with Russian voters who both admired a strong leader and were tired of political feuding. It is worth noting that these are not exclusively Russian traits: avoidance of negative campaigning and political controversy are also central features of the US 2000 presidential race, as candidates vie for the apolitical median voter.

Apart from its electoral appeal, Putin’s non-campaign had the added advantage of marginalizing the oligarchs and making him beholden to no-one (since he was not making any promises). Putin built up a mass base of popular support which would empower him to face down the oligarchs. His chief political strategist even went so far as to suggest (with tongue in cheek?) that “Those who voted for Putin see him as the leader of the opposition to the seizure of power in the Kremlin.”

As the appointee of Yeltsin, Putin was a symbol of continuity and stability, but at the same time as a young, intelligent and energetic figure he was very different from Yeltsin. Thus Putin positioned himself as a symbol of both change and continuity: the best of both worlds. Shortly before the election he hosted a state visit in Petersburg by Tony Blair. Blair is roughly the same age as Putin, and his visit underlined the image that Putin belonged to a new generation of world leaders. Another factor was that Putin was seen as an outsider (coming from Petersburg and not from Moscow) – just as Yeltsin himself had been seen, a decade before.

In the first weeks of January Yeltsin let it be known that as “first president” he retained a Kremlin office and would still be carrying out official functions. Anxious not to remind voters of his dependence on Yeltsin, Putin soon put a stop to these appearances, and Yeltsin vanished from sight. He was barely seen in the media until his walk-on role at Putin’s inauguration on 7 May. (In a studied display of reconciliation, the ceremony was also attended by Mikhail Gorbachev and by Viktor Kryuchkov, the KGB chief who led the August 1991 coup.)

The most powerful media boost for Putin was a one-hour RTR documentary on his life, the “Unknown Putin,” taking us through his childhood and student years (but stopping abruptly after he left college). It was a masterful piece of political propaganda, skillfully interspersing newsreel footage of happy Pioneers with music from the 1960s and interviews with his childhood acquaintances. The message was Putin as Everyman: the humble communal apartment, the boisterous friends (“remember how Vova climbed the outside balcony four floors up?”), the caring German teacher who nurtured his talents. The emotional climax to the film was a switch to the

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67 “Vremya,” ORT, 8 February 2000. On 25 February Putin did release a vaguely-worded “Open letter to Russian voters,” which was printed in newspapers and stuck on wall posters.
68 Gleb Pavlovski interviewed by Yelena Tregubova, “Rossiyu legko raskrutit na revolyutsiyu” [It’s easy to unravel Russia in revolution], Kommersant-Vlast, 4 July 2000.
70 RTR, 17 March 2000.
71 Both Putin’s parents are dead. Although Putin entered college in the late 1960s the music and dance clips were from the early 1960s, presumably to create a more quaint nostalgia.
present, and a tearful meeting between the teacher and the adult Putin. Tears also featured in another powerful television appearance by Putin: his attendance at the 24 February funeral of Anatolii Sobchak. He was shown embracing Sobchak’s widow: the emotion was raw and genuine. A tough guy who could cry was an attractive combination for Russian voters, especially women, in a society where positive masculine role models were few and far between. Putin’s strategists were concerned that his tough image and aggressive pursuit of the war in Chechnya might intimidate women voters. Hence considerable effort went into humanizing his image, even to the extent of introducing the family’s miniature white poodle to TV viewers. In the election in March, Moscow exit polls would show that Putin drew support disproportionately from women (5% more than men). Again, one sees intriguing parallels with the “compassionate conservatism” of George W. Bush and Al Gore’s famous Kiss of his wife at the Democratic convention.

What kind of president?

What were the qualities that Russian voters wanted to see in their president? Putin’s election strategists made extensive use of polls and focus groups to discover the image of the ideal candidate. According to VTsIOM polls, voters valued intellect and honesty (mentioned by 60% and 57% respectively) followed by experience as a politician (49%) and as a manager (38%). Two quintessentially Putinesque qualities, “strong will” and “personal charm,” scored only 34% and 7% respectively, but this perhaps reflects the reluctance of respondents to admit to respecting such attributes.

Putin’s personality and political style proved very popular. In a March 2000 pre-election poll, 70% of respondents said they liked him, 66% approved and only 11% disapproved of his actions. On a seven-point scale, they ranked Putin’s energy at an average 6.1 points; determination, physical strength and communication skills at 5.9; adherence to principles at 5.5; and decency, appearance and charm at 5.4. A linguistic analysis of Putin’s speech patterns revealed heavy use of impersonal constructions and invocation of the collective “we,” signaling modesty and engagement with the audience. As one commentator observed: “He has become the first Russian politician in the past few years to speak a language understandable to ordinary people!” Voters also responded positively to his youth and vigor – his image as a sportsman was positively received. In the election Putin drew support from across the political spectrum, although most votes came from the center. He won 77% of Unity voters and 54% of SPS and OVR voters, 32% of LDPR and Yabloko, and 12% of Communists.

One concern among voters was Putin’s relative lack of experience: he had not been visible as a public figure before August 1999. By March 2000 the relentless media presentation of Putin as prime minister and then acting president apparently was enough to persuade voters that he was

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72 Discussion at St. Petersburg Center for Gender Studies, 24 March 2000; presentation by Irina Vladykina at the annual Political Science Association Conference, MGIMO, Moscow, 23 April 2000.
73 “Nerazgadannyi Putin,” [Unsolved Putin] www.Polit.ru, 28 March 2000. Respondents said they admired his personal qualities, there were almost no comments about policy.
74 Galina Kovalskaya, “Come and rule us” Newsweek, 3 April 2000.
77 M. Novikova-Grund, Moscow State University Linguistic Faculty, speaking at the Annual Political Science Association Conference, MGIMO, Moscow, 23 April 2000.
78 Svetlana Babaeva, “Sam sebe rezhissier” [His own producer], Izvestiya, 29 February 2000.
79 According to exit polls, asking people how they voted in December, Oleg Savelev, “The elections are over thank God!,” Vremya Novostei 10 April 2000.
sufficiently experienced. Focus groups suggested that voters did not expect their leaders to be supermen, they preferred someone they could identify with. Lebed, for example, was seen as being “too” honest, while Luzhkov was seen as too sly (but some deviousness is seen as necessary in a politician). Putin’s public image did not at all dwell on his KGB past. On the contrary, in his public remarks Putin tended to invoke his mother, teacher and religion to establish his moral credo.

Poll respondents were also asked what should be the president’s priorities. They favored dealing with Chechnya (59%), restoring Russia as a great power (54%), and strengthening law and order 58%. Next in line were a cluster of economic goals, all scoring about 38% – to reduce social inequality, strengthen the economic role of the state, to reverse the negative consequences of the reforms.

Chechnya, then, was pivotal to Putin’s rise. This was a dramatic reversal from the situation in 1994-96, when involvement in the Chechen war was intensely unpopular and a major threat to Yeltsin’s tenure (such that he had to engineer a phony peace deal just weeks before the 1996 election). Many observers found it hard to believe that the public was behind the Chechen war this time around: as one intellectual commented privately, “Putin won despite the Chechen war, not because of it.” In fact the opposite seems to be the case, judging by the polls. Putin drew disproportionally more support from those who favored strong measures in Chechnya. Moreover, Yavlinsky’s criticism of the conduct of the war seems to have lost him votes both in December 1999 and March 2000. On the eve of the election in March, polls found 70% of respondents favored the continuation of military action and only 22% wanted to see peace negotiations.

THE DOCILE DUMA

Putin’s success has in large measure rested on his ability to co-opt forces from the left and right of the political spectrum. Nowhere is this clearer than in his dealings with the State Duma before and after his election. The contrast with Yeltsin is striking. The hostility between president and legislature was one of the defining features of the Yeltsin era – and one of the major obstacles to the emergence of an effective party system and responsible government.

Yeltsin could rarely command a 50% majority to get necessary legislation passed and had to resort to rule by decree, while fighting off Duma efforts to impeach him. Putin in contrast has repeatedly won two-thirds majorities for his policy proposals, sufficient to override the veto of the Federation Council (and to change the constitution). The following is a list of the key votes in 2000 where the 450-seat Duma supported the government’s proposal.

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80 Analysis based on focus groups, presented by S.V. Nesterova at the Annual Political Science Association Conference, MGIMO, Moscow, 23 April 2000.
81 E. Kikteva, speaking at the Annual Political Science Association Conference, MGIMO, Moscow, 23 April 2000. According to the VTsIOM poll in March, 23% of respondents were concerned by the fact that Putin worked for the KGB, and 71% unconcerned. Similarly 29% were concerned that he did not have a concrete program, and 43% said they were unconcerned.
83 VTsIOM poll cited by Interfax, 6 March 2000. Opinion had even hardened since November, when the numbers were 61% and 27%.
Table One

<table>
<thead>
<tr>
<th>Date</th>
<th>Votes in favor</th>
<th>Issue</th>
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<tbody>
<tr>
<td>18/1</td>
<td>285</td>
<td>Gennadii Seleznev elected speaker</td>
</tr>
<tr>
<td>14/4</td>
<td>288</td>
<td>Start 2 ratification</td>
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<tr>
<td>17/5</td>
<td>325</td>
<td>Mikhail Kasyanov confirmed as prime minister</td>
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<tr>
<td>24/5</td>
<td>294</td>
<td>Appointment of human rights representative</td>
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<tr>
<td>23/6</td>
<td>308</td>
<td>Bill on Federation Council (3rd reading)</td>
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<tr>
<td>30/6</td>
<td>399</td>
<td>Bill on status of federation subjects (3rd reading)</td>
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<tr>
<td>19/7</td>
<td>308</td>
<td>Bill on Federation Council (final version)</td>
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<td>19/7</td>
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<td>19/7</td>
<td>362</td>
<td>Tax code</td>
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How was Putin able to forge a collaborative relationship with the Duma? The first step was the creation of the Unity party and its strong showing in the December election. After the December election there were more than 100 independent deputies from the single-seat mandates, and they were lured into Unity and the People’s Deputy (ND) group, which became the second pro-government faction. Some 40% of the members of the OVR bloc also left to join other factions.

The second step was the unexpected deal that Putin struck with the Communist faction on 18 January. Unity and the KPRF split the committee chairs between themselves and Communist Gennadii Seleznev was allowed to stay on as speaker. This deal was denounced as a betrayal by OVR, SPS and Yabloko, who were given the chairs of only two of the Duma’s 27 committees despite holding 140 of the 450 seats. Their deputies boycotted the parliament for a few days until they were tossed a few additional appointments by way of compromise. Putin’s deal with the Communists stemmed partly from ideological affinity and partly from parliamentary arithmetic. Unity and ND gave Putin 139 seats, well short of the 226 needed for a majority, even with the support of SPS (32 seats) and LDPR (17). Putin needed more support. An alliance with OVR (45 seats) would have strengthened Primakov and Luzhkov, and anyway there were signs that OVR was fragmenting. So a deal with the KPRF was the best bet to win a cooperative Duma.

Throughout all this Putin was on good terms with Primakov, and even rebuilt a cooperative relationship with Luzhkov. At first All Russia and then Fatherland, the two components of OVR, then joined the Putin camp.

Putin clearly had no ideological objections to allying with the Communists. His non-campaign strategy in the presidential race meant that he avoided attacking his Communist opponent. And in his remarks to the press on the night of his election victory he even went out of his way to praise the Communists for having fought a good campaign. The deal with the

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85 An active role in forming the ND faction was reported taken by representatives of Alfa Bank, who are also strongly represented in the Kremlin. Nikolai Petrov, “The Alfa banking group takes over the Duma,” Novaya gazeta, 21-27 February 2000.

86 As of 20 January 2000 the number of deputies in each Duma faction was: Communists (KPRF) 90 (20%), Unity 82 (19%), People’s Deputies 57 (13%), Fatherland/All Russia (OVR) 45 (10%), Russian Regions 41 (9%), Agrarians 39 (8%), Union of Right Forces (SPS) 32 (7%), Yabloko 21 (5%), Zhironovsky Bloc 17 (4%), Independents 16 (4%). Our Home is Russia won 9 seats, but joined the People’s Deputies group. Petr Kozma, “The new Duma: an analysis,” EWI Russian Regional Report, 2 February 2000.

87 Interviewed on “Geroi dnya,” NTV, 18 February 2000. Primakov praised Putin but stopped short of saying he would vote for him. Curiously, he also explained that he is not a member of OVR, but merely led its bloc in the election!

88 NTV, 27 March 2000; Reuters, 27 March. He was responding to a question from CNN.
Communists was unpopular with intellectuals and with some voters. It was seen at the time as a political blunder, but in retrospect it was a vital step to the consolidation of Putin’s political power, enabling him to move swiftly forward with his reform strategy. Even where the Communists strongly objected to government proposals Putin’s men were usually able to get their way – for example, in February the Duma was unable to overcome the presidential veto of a bill accelerating the indexation of pensions. The president’s official representative to the Duma, Vladimir Kotenkov, ensured that Unity maintained tight discipline in its ranks and followed the presidential line. For example, prominent Unity deputy Vladimir Ryzhkov was expelled for voting against the bill on the removal of governors in May. Vladislav Surkov, the deputy head of the presidential administration is also thought to closely monitor Duma from the Kremlin, telephoning instructions to Unity leaders.

Putin has suggested that Russia needs to develop a stable system with fewer parties. He would clearly like to see Unity emerge as a ruling party, in the manner of Japan’s Liberal Democratic Party, with presumably the Communists as a loyal opposition. The goal is a two party system, with “one a little to the left and one a little to the right.” Such a system while formally democratic would be a continuation of the insider politics of the Yeltsin years, since “The struggle for control of the government will be not between parties but between factions inside these parties.”

It is too early to say whether Unity will escape the fate of earlier would-be “parties of power” and fade into obscurity. There have been some rather half-hearted efforts to create a mass base for Unity: organizing a youth branch, for example. The main institutional base of Unity seems to be branches of federal ministries and the apparatus of sympathetic local governors. Putin’s attempts to leverage his political authority into victory for a chosen candidate in a gubernatorial race have ended in failure. In April he delegated Deputy Prime Minister Valentina Matvienko to run against incumbent governor Vladimir Yakovlev in his home town of Petersburg. Despite an expensive media campaign, polls showed that Matvienko had no chance of winning, so she withdrew. In December, Putin had backed Duma speaker Seleznov in his race for the governorship of Moscow oblast, but he was defeated by an OVR candidate.

PUTIN AND THE OLIGARCHS

By 1996 it was widely understood that Russia was in effect ruled by a group of “oligarchs.” These were businessmen who had grown rich during the process of market reform. Some of them gained control of companies during the voucher privatization launched in 1992, others had bought state-owned factories at a discount during the loans-for-shares auctions of 1995. Still others had established de facto control of companies in which the state still had a controlling block of shares (such as the Gazprom, the electricity monopoly Unified Energy Systems or EES, the television company ORT, and the railways ministry).

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89 It was thought responsible, together with some setbacks in Chechnya, for the first dip in Putin’s popularity rating – from 55% to 49%, in a VTsIOM poll. AFP, 28 January 2000.
91 For example, Unity deputies voted together on 92% of votes in May – more than any other fraction. (KPRF vote discipline was 75%, SPS 78%, Yabloko 83%.) The KPRF was voting with Unity 70% of the time. www.duma.ru/inf噶/00_05/0005_018.htm
92 APN, 26 April 2000.
93 Anonymous administration official quoted in Dmitrii Pinsker, “Partiiinoe stolpotvorenie” [A Babel of parties] Itogi, 11 April 2000. The phrase was originally used by Nigeria’s General Babaginda.
94 See the comments by Sergei Markov at the forum organized by the Kennedy School Strengthening Democratic Institutions project, Washington DC, 13 March 2000.
The oligarchs united their efforts to ensure the re-election of Boris Yeltsin in 1996 – lending money for his election campaign, and using the media outlets (print, radio and TV) which they controlled to wage a relentless anti-communist campaign. The oligarchs subsequently fell into disagreement in 1997 when it came to dividing the spoils in the next wave of privatization, and the presidential administration was split between those who wanted to launch a second wave of liberalization and those who wanted to preserve the status quo.

The August 1998 financial crisis seriously weakened the oligarchs. It undermined their cash flow, bankrupted many of their firms and discredited their economic strategy in the eyes of their Western backers. In the wake of the crisis Yevgenii Primakov was appointed prime minister, and under his watch economic policy took a more conservative course. It started to look as if the oligarchs’ wings would be clipped. In February 1999 the tax police launched an investigation of Sibneft, the oil company controlled by Boris Berezovsky. Berezovsky was uniquely powerful even among the oligarchs. Having made a fortune from trading cars, he moved on to oil and metals, and somehow gained control of the television station ORT (of which the state still owned 51% of the shares). Berezovsky had close ties with Yeltsin’s daughter Tatyana Dyachenko: her husband ran an oil trading company with ties to Sibneft, and Berezovsky had a network of contacts in the Kremlin known as “the Family.”

Primakov’s move seemed to be striking at the Kremlin itself, and the prime minister was unceremoniously fired in May 1999. Over the course of the summer of 1999 NTV, the leading private television station owned by Vladimir Gusinsky’s Media-Most, became increasingly critical of the Yeltsin administration, arguing that it had fallen into Berezovsky’s clutches. Berezovsky’s ORT rallied to the Kremlin cause, launching a vicious campaign of calumny against Primakov and Luzhkov, effectively sinking the chances of OVR in the December Duma election.

After Yeltsin’s resignation, key figures from Berezovsky’s clique stayed on in the Kremlin. The only leading figure to be let go was Yeltsin’s daughter, Tatyana Dyachenko. Most notably, Putin re-appointed Aleksandr Voloshin, the eminence grise of the Berezovsky clan, as chief of staff. At the time, Putin was widely regarded as a tool of the Family with no independent standing or room for manoeuvre.  He was seen as weak and isolated, maybe not even strong enough to play Yeltsin’s checks and balances role. However, this Kremlinological reading overestimated the extent to which the Family controlled the government, and underestimated Putin’s ability to use the authority vested in him as acting and then elected president to chart his own course.

The challenge facing Putin was nevertheless considerable. Yeltsin’s penchant for government reshuffles had produced administrative chaos. In the past four years of his rule there had been five prime ministers, three foreign ministers, three defense ministers, five finance ministers, five chiefs of staff, and seven Security Council secretaries. Putin wanted to restore a stable chain of command, but it was not clear whether Putin had the administrative experience or the team of loyal cadres to pull this off. “It takes 400 people to staff the key positions in the administration, Putin’s bench of loyalists is narrow, perhaps forty people.”

On the eve of the presidential election there were thought to be three main groupings in the government and presidential apparatus:

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95 Boris Nemtsov said this openly in a speech in Nizhnii Novgorod (Interfax, 22 January 2000) while according to analyst Boris Kagarlitsky “There is no such political entity as Vladimir Putin. He exists solely as a Kremlin invention.” AFP, 30 January 2000.
97 Thomas Graham, US Senate Foreign Relations Committee Testimony, 12 April 2000.
98 Ibid.
1) the Kremlin clan – chief of staff Voloshin, Valentin Yumashev, railways minister Nikolai Aksenenko, energy minister Viktor Kalyuzhnyi, MDM-Bank head Aleksandr Mamut, acting prime minister Mikhail Kasyanov, atomic energy minister Yevgenii Adamov, science minister Valeri Kirpichnikov.

2) the Liberals – economics minister German Gref, deputy prime ministers Aleksei Kudrin, Valentina Matvienko, and Viktor Khristenko.

3) the security men (siloviki) – Sergei Ivanov, Nikolai Patrushev, Viktor Cherkessov (deputy head of FSB), Defense Minister Igor Sergeev, procurator general Dmitrii Kozak, deputy prime minister and defense industry chief Ilya Klebanov.

Putin apparently had good working relations with all three groups, and wanted to delineate duties more clearly in order to stamp out factional conflicts – something that Yeltsin had actually encouraged as part of his “checks and balances” style of rule. There was no purging of ministers after Putin took over. Kaluzhnyi was dropped as energy minister, but even he was kept on in the government, as special representative for development of the Caspian basin. It was widely reported that the “Family” had dissuaded Putin from appointing his first choice for procurator general, Dmitrii Kozak, in favor of Yuri Ustinov.

Already by February it was clear that Putin was headed to certain electoral victory, so Russia’s political and economic elite was lining up to support him. The oligarchs from the state-owned companies were firmly in Putin’s camp. In a joint statement Gazprom, Lukoil and EES called on their 1.4 million employees to vote for Putin. Berezovsky seemed firmly in favor, and a February decision to allow the Berezovsky-allied Sibneft to form an alliance with the Sibal company which would give them 70% of Russian aluminum production seemed to confirm his influence. Putin built bridges with his former political rivals Primakov and Luzhkov, and even buried the hatchet with Petersburg governor Vladimir Yakovlev, the man who he had once described as “Judas” for deposing Sobchak. However, one week before the election Putin sent a warning signal. Speaking to Radio Mayak on 18 March he attacked the oligarchs who have been “merging power with capital” and declared that “Such a class of oligarchs will cease to exist.” The battle lines were being drawn.

One oligarch who remained outside the broad tent that Putin had erected was Vladimir Gusinsky, whose media outlets had backed the wrong horse (Primakov and Luzhkov) in the Duma election. Already in 1999 it had been clear that the storm clouds were gathering for Gusinsky’s NTV. The August 1998 crisis undermined NTV’s advertising revenues and made it harder for the company to pay back its dollar-denominated loans. In spring 1999 the state-owned broadcasters ORT and RTR got government-backed credits: NTV was refused, and creditors started calling in their loans – including $380 million in loans guaranteed by Gazprom. In December 1999 the influential advertising company Video International (which was formerly headed by current media minister Mikhail Lesin) ended its exclusivity agreement with NTV.

The Kremlin created an elaborate apparatus to manage the news coming out of Chechnya. In contrast to 1994-96, it was determined to win the “information war.” But NTV continued with its objective coverage of the conflict. In January Oleg Dobrodeev, NTV’s general director, quit to

For the formal structure of the presidential apparatus, see kommersant.ru/docs/reforma/htm 4 May 2000, “Struktura administratsii prezidenta RF.”


101 Svetlana Babaeva, “Ne v den’gakh schast’e” [Money can’t buy happiness], Izvestiya, 3 February 2000.

102 Bloomberg, 23 March 2000.

become the head of state-owned RTR, apparently in disagreement over the Chechen coverage. Another bone of contention was NTV’s puppet satire show *Kukly*, which showed Putin in a variety of unflattering scenes (the madam of a brothel, a surgeon with a blowtorch, etc.).

These tensions boiled over in the aftermath of the presidential election. Masked tax and security police staged a dramatic raid on the Media-Most offices on 11 May, searching for evidence of wrongdoing. A month later Gusinsky himself was jailed in the infamous Butyrka prison, on vague charges dating back to 1998 involving the privatization of a small Petersburg company called Russkoe Video. He was released three days later, after an international outcry. Putin was on a state visit to Spain and Germany at the time, and he neither endorsed nor condemned the arrest. While analysts pondered whether the arrest was an independent action by prosecutors or part of a deliberate presidential strategy, the message for Russian journalists and businessmen was clear: watch out! Putin’s actions were condemned in the West, but were favorably viewed by most ordinary Russians. In July Gusinsky made a secret deal with Lesin under which he agreed to cede control over NTV in return for the cancellation of its debts and the dropping of criminal charges. Gusinsky was allowed to leave the country, and in September, from the safety of Gibraltar, he publicly denounced the deal.

In June, under pressure to repay a $100 million loan from state-owned Vneshekonombank, Berezovsky announced that he was ready to transfer his 49% stake in ORT back to the state. On 14 July procurators re-opened the investigation into Aeroflot foreign currency accounts, interviewing Berezovsky. In a curious move, Berezovsky gave up his seat in the Duma on 19 July, and set about creating a political movement to oppose the centralization of power under Putin. He recruited a handful of intellectuals and movie stars to sign his opening declaration. Most observers were skeptical, regarding Berezovsky’s maneuvers as a publicity stunt to preempt the criminal investigations that had been restarted into his business activities.

During the summer months a number of other oligarchs also felt the hand of the state on their shoulder. Vladimir Potanin’s Interros, Chubais’s EES and Tyumen oil company were accused of irregularities during their privatization, while LUKoil, auto giant AvtoVAZ, NTV, Gazprom and Roman Abramovich’s Sibneft were all subject to tax inspections. None of these threats led to any arrests or legal actions, but they served their purpose of warning the oligarchs. In politics demonstration effects can be powerful and – like in judo – small actions can produce large results if the correct leverage is applied.

Critics saw Putin’s moves against Berezovsky and Gusinsky as targeting not the oligarchs themselves, but the relatively critical and independent media which they control. Polls suggested that the Russian public sided with Putin: 44% expressed approval and only 6% concern about his moves against the oligarchs. His actions suggested a familiar historical pattern: “the tsar fighting the boyars.”

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104 Media-Most was accused not only of tax evasion but also of running illegal surveillance operations through its 2,000 strong security unit, headed by ex-KGB general Filip Bobkov, who formerly headed the Fifth Main Directorate, which monitored dissidents. This is an area in which the FSB would prefer to establish a monopoly. FSB spokesman Aleksandr Zdanovich on “Vremya,” ORT, 11 May 2000.


106 Titled “Russia at the Crossroads,” it was published 9 August in *Izvestiya*.

107 Natal’ya Arkhangel’skaya et al “Provokatsiya” [Provocation], *Ekspert*, 17 July 2000. The suit filed on 20 June against Interros regarding the privatization of Norilsk Nickel was later rejected by a Moscow court, and on 11 July the procurator offered to drop the charges if Interros handed over the $140 million it had allegedly underpaid for Norilsk in 1997.


In a bid to calm things down and consolidate his position, on 28 July Putin met with 19 businessmen in the Kremlin. In contrast to previous meetings between Yeltsin and select oligarchs, this time around it seems to have been a case of the president laying down terms to the oligarchs, rather than the other way around. Also noteworthy was the absence of some key figures from the meeting – Gusinsky, Berezovsky and Sibneft chief Roman Abramovich were not invited, and Anatolii Chubais declined to attend. The outcome of the meeting was a bland statement that the state would cooperate with businesses “whose actions function in the state’s interests.” It seemed as if the age of the oligarchs was over.

THE ROLE OF THE SECURITY ORGANS

Given Putin’s origins in the Federal Security Service (FSB), the KGB’s successor, many assume that the security organs have played a key role in Putin’s consolidation of power. The FSB survived the collapse of the Soviet Union more or less intact – unlike the Communist Party, whose massive apparatus was dismantled and ideology discredited. But it was not clear what its 80,000 employees were supposed to do now that the great rivalry with the United States had turned into an uneasy partnership. Protecting Russia’s military and commercial secrets while stealing those of other nations remained its priority, but this no longer had the urgency of the Cold War years. The spies the FSB were catching were more likely to be from China, Iran or Estonia than from the US.

In search of a more meaningful and gainful mission, the FSB turned its attention to non-traditional security threats – organized crime, corruption, terrorism, and drugs. There is nothing remarkable in this, when seen in an international context. In the US the Pentagon and the CIA responded to the budget-cutting of the post-Cold War era by developing a sudden interest in issues such as drugs, AIDS and terrorism which had previously been left to domestic agencies. (President Clinton appointed a Gulf War general to run the National Drug Task Force.)

The rise in prominence of the FSB can thus be seen as a natural consequence of the Soviet collapse and the end of the Cold War, paradoxical though this may be. The shift brings its own problems, however. The expertise and skills of the security service are unlikely to be well-suited to understanding and solving the domestic policy agenda. Second, they are entering an already-crowded arena. The Soviet state had already spawned a vast array of agencies to tackle these problems, and several more were created after 1991 (such as the tax police and the Ministry of Emergency Situations). More than 20 organizations are empowered to carry out security operations – using armed force and collecting intelligence – in the name of the Russian state: from the border guards, railway troops and tax police to the gargantuan Ministry of the Interior.

The FSB would face fierce competition from these agencies, keen to protect (and enlarge) their own turf. What was the comparative advantage of the FSB in this already crowded market? Mainly, it was its “brand” identity – the FSB/KGB name connoted efficiency, reliability, intelligence. There was inevitably a gap between the image and the reality. While the actual activities of the FSB were shrouded in secrecy, the public image could be upheld. But once the FSB moved into the domestic policy arena, there was a danger that its mystique would fast erode as people started judging it by concrete results. There was also a practical problem: the more FSB

111 For a list, see http://www.leader.ru/cgi-bin/lnk?bank/15/17. Only four were bankers, six were from the oil/gas industry, and the remainder from various manufacturing companies.
114 The FSB did go through various name changes, and hived off foreign intelligence to the External Intelligence Service or SVR.
agents got involved in fighting organized crime, the greater the risk that they would be corrupted (levying “fees” on businesses in return for breaking protection rackets, for example).

For these reasons the shift of the FSB into the domestic arena had to be handled carefully. The main role of the FSB in rebuilding the Russian state would be as a source of cadres and not as an instrument of power. This process began in the twilight years of the Yeltsin era (Primakov was former head of foreign intelligence) and was symbolized by the appointment and election of Putin himself as president. Putin wasted little time in moving FSB men into his administration and into the new seven super-regional representatives.

THE SEARCH FOR STATEHOOD

Russia was founded as a super-centralized state from the very start. This is inherent in the genetic code, traditions and people’s mentality.” Vladimir Putin 115

“He who doesn’t regret the break-up of the Soviet Union has no heart, he who wants to revive it in its previous form has no head.” 116

Yeltsin’s last words to Putin when he appointed him acting president were “take care of Russia.” Yet, in the words of Putin’s chief electoral strategist, Gleb Pavlovskii, “Yeltsin did not build a state. Fore ten years he led a revolution.” 117 As a result there was a real possibility of an outbreak of open conflict between rival elite factions after his departure, and Putin’s main achievement has been avoiding such chaos.

Putin sees his main task as reviving the Russian state. He speaks of the state almost as a sacred object, with a reverence which previous leaders, such as Gaidar and Chubais, had reserved for the concept “reform.” Given his background in the security organs, and his apparent sincerity, Russian voters accepted his patriotic protestations at face value. In sharp contrast to Yeltsin’s reformist ministers, there were no suggestions that he was a “tool” of the West. 118 Under Putin, the main division in the Russian political spectrum shifted from pro/anti reform to pro/anti the state. 119

Putin’s views were clearly laid out in a policy document “Russia at the turn of the new millenium,” issued on the Web in December 1999. For Putin the state is “the source and guarantor of order, the initiator and driving force of all change.” He describes communism as an exercise in “historic futility.” “The experience of the 90s vividly shows that our country’s genuine renewal without excessive costs cannot be assured by mere experimentation in Russian conditions with abstract models and schemes taken from foreign text-books…. Every country, Russia included, has to search for its own way of renewal.” 120 He underlined that “it is too early to bury Russia as a great power” and that “The country needs a long-term national strategy of development.”

Similar themes were underlined in Putin’s address to the Federal Assembly on 8 July. 121 He was harshly critical of the previous reform path, which led to a situation where “the growing gap between the leading countries and Russia is pushing us towards the Third World.” He argued “We have had to choose: operate on alien aid, advice and credits or rely on our own resources.” At the

119 Aleksei Makarkin, “Kto ne s name, tot protiv gosudarstva” [Who is not with us, is against the state], Segodnya, 11 July 2000.
120 “Russia at the turn of the new millenium,” www.pravitelstvo.gov.ru
same time he did not see this reassertion of state authority as inimical to democratic values: “We must use the instrument of the state to secure freedom, freedom of individual, or entrepreneurship and of civil society.” The civil society which has thus far emerged is only a “carcass” while “Journalistic freedom has become a tasty morsel for politicians and powerful financial groups, a handy tool for clan warfare.”

Putin’s efforts to rebuild the Russian state in the face of a new external environment can be compared with similar efforts in 19th century France (after the collapse of the Napoleonic empire) and in Japan (after the 1868 Meiji restoration). Key features of these restoration efforts were that they were essentially top-down processes through which state leaders sought to disempower the old established elites, to introduce new and modern state institutions, to centralize power; and to restore political legitimacy through the fashioning of new state symbols and invented traditions. However, finding an economic strategy for this restoration will be tricky. Policies that worked for example for Japan and Korea in the 1950s (import substitution and export-led models) are not feasible in the new free-trade era. Moreover, the new global openness means that domestic actors in contemporary Russia have far more exit options than elites in previous restoration regimes.

Putin’s state building strategy proceeded along several fronts. First, there was his bid to end the futile conflict between the presidency and the Duma. Second were his moves to reign in the oligarchs, who since 1996 had been treating the government as an extension of their private business empires. Third, he was determined to restore a sense of patriotism. Fourth, and most vexing of all, were his efforts to restore federal authority and reverse the leakage of power to regional leaders.

Putin the patriot

After his re-election in 1996, Yeltsin launched an artificial exercise to discover a new “national idea” for Russia, in an abortive effort to fill the ideological vacuum left by the Soviet collapse. Rather than search for an elusive “national idea” Putin argues for “basic values” noting that “Russia is not going to invent anything new, and is not going to be radically different from any other people.”122 On a practical level, he has opted for reviving the symbols and rituals of patriotism, and promoting state support for the arts.123

Most telling in this regard was the 7 May inauguration ceremony, where Putin strode along 200 meters of red carpet lined by Russia’s political elite, while a military band played Tsarist-era marches.124 He swore loyalty to the constitution and talked of his “sacred duty to unite the people (narod) of Russia,” who “have one motherland, one people, one common future.” He said Russia must become a “free, developing, rich, strong, civilized and democratic state, a country which its citizens are proud of and which is respected in the world.” Yeltsin gave a speech at the ceremony in which he explained that he had faced the task of creating “a new Russia from scratch by method of trial and error.” While Yeltsin, as was his custom, addressed his remarks to “dear Russians (Rossiyanie)” Putin tends to avoid this term, instead using “citizens.” After his swearing-in Putin took the salute from the Kremlin guard regiment, decked out in 1812-vintage uniforms.

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123 The Russian government sunk $20 million into the production of Nikita Mikhalkov’s Barber of Siberia, which premiered in the Kremlin in February 1999. It is an awful film, but Russian audiences enjoyed its lavish nostalgia for the life of Tsarist officer cadets. Interview with Vladilen Arseniev, the director of NTV-Kino, in Sapporo, Japan, 13 July 2000.
124 NTV, 7 May 2000.
Soviet-era themes were notably absent from the inauguration. Just about the only Soviet element which is still very much part of the patriotic mix is the Great Patriotic War.\(^{125}\) Victory Day (9 May) was more elaborately celebrated in 2000 than in recent years. Several units in the Red Square parade were clothed in World War Two uniforms, and veterans marched in columns arranged by their old battlefront. Putin described the war as “a test of our statehood and national spirit (dukh)” and a “genuine achievement of derzhavnost (great power status).”\(^{126}\)

In his emphasis on patriotism Putin is not so different from Yeltsin as may first appear. While Yeltsin may be regarded in the West as the “Father of Russian democracy,”\(^{127}\) to Russians he is equally respected as the man who rescued the Russian state from the Soviet collapse. After all, the most powerful image of Yeltsin is him standing on a tank in August 1991. And he used tanks again to suppress the parliamentary rebels in October 1993. So in showing a willingness to use force to defend the Russian state Putin is well within the Yeltsin tradition.

Putin is often portrayed as a would-be dictator, given his KGB background. Much attention was attracted by his comment that Russia should have a “dictatorship of laws.”\(^{128}\) This is a contradiction in terms, but one should bear in mind that it was a throw-away remark which Putin made while talking to journalists. (He was making the implicit contrast with the Leninist “dictatorship of the proletariat.”) In 1996 it became a cliché to describe ex-general Aleksandr Lebed, a contender in the presidential election, as a would-be Pinochet. The sobriquet has also been applied to Vladimir Putin, as shorthand for the idea that authoritarian measures are needed to contain popular hostility to the pain of market reform.\(^{129}\) The invocation is misleading, on two counts.

First, the assumption that market reform is incompatible with democracy does not hold weight. Authoritarian measures are much more likely to be found in countries that resist market reform.\(^{130}\) Second, contemporary Russia has few similarities with General Augusto Pinochet’s Chile. Chile was a developed capitalist country where a popularly-elected government tried to introduce socialism. They were stopped by a military coup which left 3,000 people dead. Only several years later did Pinochet open the door to the market liberalization of the “Chicago boys.” In Russia there is no established system of capitalist institutions, nor is there a popular movement in office trying to dismantle them. Putin came to power through the ballot box, not through a military coup. He is trying to introduce capitalism, not remove it, nor preserve it from a socialist threat.

The question of strengthening the state is often portrayed in terms of a stark choice between dictatorship and democracy. Hence a VTsIOM poll showed that respondents preferred order over democracy by 72% to 13%. But this is a false polarity – by order people mean respect for law, not dictatorship, since polls also show that respect for human rights and elections are high.\(^{131}\) Although a majority of citizens feel nostalgia for the Soviet past and dissatisfaction with the way markets and democracy are working in Russia, this does not mean that most of them want to install an authoritarian regime.\(^{132}\) One careful study of Moscow high school children found that

\(^{125}\) The Duma has repeatedly voted in favor of restoring the Dzerzinsky statue in front of the Lubyanka, most recently on 7 July. (Segodnya, 8 July 2000). According to Public Opinion Foundation poll, 60% of respondents supported the idea and 21% objected. Interfax, 2 July 2000.
\(^{126}\) NTV, 9 May 2000.
\(^{127}\) President Clinton, quoted in Time, 1 January 2000.
\(^{128}\) Interfax, 31 January 2000.
\(^{129}\) See the interview by Alfa Bank president Petr Aven by Ian Traynor, “Putin urged to apply the Pinochet stick,” Guardian (UK), 30 March 2000; and on ORT, 4 April 2000.
\(^{132}\) Interview with Yevgenii Gontmakher, head of social development department in the government administration, “In what country do we want to live?”, Trud, 19 January 2000.
they have a mixed value system with both totalitarian and liberal aspects, regarding Russia as a “superpower with a liberal economy.”\textsuperscript{133} Children from elite families were more nationalist, tending to identify with the state which has served them well. These and similar findings cast doubt on the widespread but unspoken Western assumption that the new middle class will not hold patriotic values.

Popular attitudes towards Russian statehood were illuminated by a VTsIOM poll which asked which periods of history were most favorable or unfavorable for the country.\textsuperscript{134}

\textbf{Table Two} “Was a given period relatively positive or relatively negative for the country?” (percent)

\begin{tabular}{lcc}
 & Relatively positive & Relatively negative \\
Nicholas II & 18 & 12 \\
Revolution & 28 & 36 \\
Stalin & 26 & 48 \\
Khrushchev & 30 & 14 \\
Brezhnev & 51 & 10 \\
Gorbachev & 9 & 61 \\
Yeltsin (as of March 1999) & 5 & 72 \\
Yeltsin (as of Jan. 2000) & 15 & 67 \\
\end{tabular}

This table shows that ordinary people have few illusions about the horrors of the Stalin era, yet at the same time show considerable nostalgia for the stability and rising living standards of the Brezhnev years. Given the tremendous unpopularity of the Yeltsin regime, Putin’s ability to win public support despite being his chosen successor looks all the more remarkable.

**STRENGTHENING THE “POWER VERTICAL”**

After the oligarchs, the main challenge to the Russian state was posed by the leakage of power to the regions which occurred during the break-up of the Soviet Union and the decade of Yeltsin’s erratic rule. At one extreme was the threat of outright secession (as in Chechnya), closely followed by the refusal to allow federal authorities to implement Russian laws on the sovereign territory of ethnic republics (as in Tatarstan and Bashkortostan). But all Russia’s 89 regions, rich and poor, from Moscow to the distant Far East, had to a greater or lesser extent sought to escape from federal tutelage and accountability.

The federal authorities simply lost their ability to regulate much of the country’s economic activity and hence to raise taxes at the level expected and required of a modern state. The federal state’s ability to raise taxes shrank from about 25-30% of GDP in 1990 to 11% in 1997.\textsuperscript{135} Services such as education and health care were largely dumped in the lap of regional governments, who lacked the resources to keep them going. Profound doubts were being raised about Russia’s capacity to emerge from the Soviet collapse as a coherent nation-state, given the lack of congruence between ethnic and political identity and the absence of a unified national political elite.

Between 1990 and 1996 Russian federalism evolved into a system based on bilateral power-sharing treaties between federation subjects and the center. The vast majority of these

\textsuperscript{133} Anna Fen’ko, “Deti khotyat obratno” [The children want to go back], \textit{Kommersant-Vlast}, 4 April 2000, study conducted by the director of the Center for Sociology of Education Vladimir Sobkin.


\textsuperscript{135} \textit{Russian Economic Trends} (Moscow: Center for Economic Reform), April 1998.
treaties, which are generally not published and are of dubious legality, violate federal laws. In addition, a significant proportion of the normative acts passed by regional powers violate the federal constitution or other federal legislation. These ranged from local citizenship laws and language requirements for public office to Bashkortostan’s 1998 decision to introduce its own security service.

In the wake of the August 1998 crisis regional leaders strengthened their grip: some introduced price and “export” controls, especially on grain, and from January 1999 they were allowed to introduce a local sales tax of up to 5%. Helped by the new, more flexible 1997 bankruptcy law, some governors took advantage of the insolvency of local businesses to take them back into state ownership. In the course of 1999 regional leaders consolidated their power, moving forward elections to facilitate their re-election, and cracking down on the independence of local mayors.

An idea long discussed has been the consolidation of Russia’s 89 regions into fewer, larger units. They are too numerous to manage effectively from the center, and too small (with an average population of less than 2 million) to be self-sufficient. Russia has a messy federalism, arising on the foundations of Soviet federalism, with upper floors built out of tactical deals between Yeltsin and the bosses of the leading regions and republics. In the 21 ethnic republics a parade of sovereignty declarations and local ethnic revivals followed Yeltsin’s famous 1990 Kazan statement “take as much sovereignty as you can swallow.” The March 1992 Federation treaty did little to clear up the confusion since it failed to define the powers of different levels. The December 1993 Constitution was contradictory – it included the text of the 1992 federal treaty, implying recognition of the “sovereign” subjects, but also insisted that federal law was superior to subject laws. Article 5 of the constitution states that all subjects are equal, but art. 3 establishes six different types of federal subjects (oblast, krai, republic, autonomous oblast, autonomous okrug, city of federal importance). Then in February 1994 Tatarstan signed the first bilateral treaty with the federal government. Other republics and regions followed, with 46 such treaties signed by the end of 1999.

As acting prime minister Putin (and his predecessor, Stepashin) had tried to insist on adherence to federal laws, tightened financial controls of the regions, and had launched corruption investigations. But during his election campaign Putin was silent on his plans for the regions. In February 2000 Kemerovo governor and presidential candidate Aman Tuleev called for a reduction in the number of federal subjects from 89 to 30-35, and the suspension of governor elections for five years. Later that month three other governors (Mikhail Prusak of Novgorod, Belgorod’s Yevgenii Savchenko, and Oleg Bogomolov of Kurgan) sent a letter to Putin calling for an extension of the presidential term to seven years and the appointment of governors by the president. At the time this was a baffling step, but now it can be seen as an attempt to pre-empt Putin’s plan to set regional representatives over the governors. During the presidential election campaign the governors, like the oligarchs, lined up to express their support for Putin. Only one governor (Tula’s Vasilii Starodubtsev) maintained openly supported Zyuganov.

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137 Ibid., p. 5. The proportion was 18% in 1998 and 30% in 1997.
138 Lussier, op. cit.
139 Thus in recent years in response to protests Tatarstan changed 69 laws, 56 presidential decrees and 666 government decrees. Rossiskaya gazeta, 30 June 2000, interview with deputy procurator for Volga region Aleksandr Zvyagintsev.
After his election Putin energetically pursued three measures in his drive to rebuild central authority: the creation of seven new super-regions; a restructuring of the parliament’s Federation Council; and granting the president power to remove governors accused of corruption.

His first step was to announce the creation of seven super-regions headed by presidential plenipotentiaries (known as polpredy). Each polpred will be accountable for the implementation of federal laws and budgetary policies in a dozen regions, and they have a right of veto over federal appointments in their region. They are full members of the national Security Council, they meet each other every week in Moscow, and their “rank is somewhere between deputy chief-of-staff of the presidential administration and deputy prime minister.”

Commentators were quick to note that five of the seven men Putin appointed to these jobs came out of the army or security apparatus, and the super-regions coincided with the country’s military districts. And none of the super-regions were centered in any of the ethnic republics. The polpredy are to serve as legal and fiscal oversees of the regional governors and republican president who previously enjoyed a very high degree of autonomy in their bailiwick. The fact is that since the collapse of the Soviet Union no other central bureaucracy had been able to exert the power previously wielded by the Communist Party Central Committee in monitoring regional party bosses. Opinions differ over whether the polpredy will be able to establish effective control over the governors in their region, or will become just another layer of ineffectual bureaucracy.

The key forum for representation of the regional leaders at national level was the Federation Council, the upper house of the parliament. This was composed of the head of the executive and legislative branch in each of Russia’s 89 regions. The Federation Council demonstrated its power in the summer of 1997 by blocking Yeltsin’s efforts to fire the deeply corrupt governor of Primorskii krai, Yevgeni Nazdratenko. Putin proposed to change the composition of the Federation Council, by replacing the governor and speaker from each region with two nominees in their place. Clearly, these representatives will not carry the political weight of the current Council members – and the governors will no longer enjoy the legal immunity they had as senators.

On 31 May the Duma accepted on first reading Putin’s three reform bills, and there followed two months of tough political maneuvering. Putin’s proposals were opposed by regional leaders, but Putin was able to mobilize the Duma (which is able to overturn Federation Council vetoes with a two-thirds vote) to face down their opposition. The biggest danger for Putin was that the Communists in the lower house could withdraw their support for his proposals and defect to the side of the governors. In the end, this did not occur. As for the public, opinion was weakly supportive of Putin’s reform plans. Putin stuck to his agenda, in what can be seen as a determined effort to restructure the organs of state power while political and economic conditions were favorable. On 19 July the Duma overrode the upper house’s veto of the bill giving the president right to dismiss governors (and city mayors) under investigation for wrongdoing. A week later the Federation Council, rushing to decision before the summer recess, approved the new tax

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141 Interview with Sergei Samoilov, the head of the Presidential Administration’s Territorial Department by Marina Kalashnikova in the EastWest Institute Russian Regional Report, 2 August 2000.
142 APN expert club debate, 8 August 2000. For a report on how Kirienko was settling into Nizhnii Novgorod, see Vladimir Noskov, “Kirienko-polpred,” Rossiiskaya gazeta, 28 June 2000. He ran an open competition, with 5,000 applicants, to recruit 17 inspectors.
143 44% approved (and 11% disapproved) of the creation of seven districts; and 47% approved of the limits on governors’ rights. But only 29% approved plan to reform Federation Council, while 29% opposed. VTsIOM polls, reported in Nezavisimaya Gazeta-Tsenarii, no. 7, July 2000.
code and the law to restructure the Federation Council.\footnote{One concession was that the existing Council members will retain their seats till 2002.} On 11 August Putin signed a decree creating a central registry of all laws, something did not exist before.\footnote{Aleksei Germanovich, “Taim-aut Putin” [Putin’s time-out], Vedomosti, 14 August 2000.}

Putin’s biggest political mistake since election was his failure to respond quickly to the disaster which befell the submarine Kursk on 12 August. Putin stayed on vacation in the Black Sea for several days, and delayed calling for international help. He managed to rescue his image by having a frank and painful meeting with the families of the victims. On balance, the Kursk incident does not seem to have dented his popularity, which is contrary to what most Western observers believe. Polls indicate that between the end of August and the end of September trust in Putin rose from 60\% to 65\%, while disapproval fell from 30 to 27\%.\footnote{Rossiiskaya gazeta, 29 September 2000.}

**ECONOMIC STRATEGY**

\textit{We are a rich country of poor people. And this is an intolerable situation.}\footnote{Address to Unity party, Itar Tass 28 February 2000.}

As noted above, Putin successfully campaigned for the presidency by proclaiming the absence of an economic strategy. His promise to the Russian voter was no more experiments, no miracle cures, no more promises. This essentially meant that his policy was one of continuity: that he would hold fast on the course towards a market economy introduced by Boris Yeltsin.

In January Putin gave German Gref, a lawyer from St. Petersburg, the task of developing an economic strategy through an extensive process of consultation with leading experts and government officials. Although the program was drawn up by Gref’s Independent Center for Strategic Analysis, ministers and deputy ministers headed some of the working groups and were required to provide Gref with information.\footnote{See the interview with Gref by Sergei Parkhomenko, “Sostavitel kontrakta” [The contract maker], Itogi, 8 February 2000; and on Nikolai Svanidze’s “Zerkalo,” RTR 2 July. For a draft of the plan, see www.kommersant/ru/docs.} The four main themes were defining a new social contract; modernizing the economy; reforming the structure of power; and a new international role. The task was to bring Russia into the modern world, not through finding a “special course for Russia,” but by adapting policy to the “Russian mentality,” which Gref defined as follows: “We must take into account the fact that only in Russia can the owner steal from himself, that faced with a choice between a bottle of vodka today and $10,000 tomorrow he will choose the bottle.”\footnote{Ibid.}

The Gref exercise aroused considerable skepticism. The Gorbachev period had seen a flurry of plan-writing, which generated considerable political controversy but did not result in a single plan capable of implementation. The Yeltsin period saw plans being written for the benefit of Western donors, and again produced a cycle of false hopes. In contrast to these earlier efforts, the Gref plan was supposed to be based not on an ideological concept, but on a consensus of views among all key elites. Rumors soon emerged of sharp disagreements within the drafting team, with Prime Minister Mikhail Kasyanov reportedly unhappy with the ultra-liberal tone of some of the program. Final release of the grand strategy document was postponed, seemingly indefinitely. A summary of short-run tasks, drafts of which were leaked to the press, was approved by the government on 29 June.

The document was interesting primarily for what it did not say: there were no surprises, no plan to deviate from the course of market reform. The document produced some rather anodyne proposals to improve human capital and “do more with less” in government services, the kind of
analysis one would expect from a “reinventing government” taskforce of the Clinton or Blair administrations.

The most concrete proposal to emerge from the Gref team was the plan to slash the personal income tax from a top rate of 35% to a flat rate of 13%, plus a proposal to bring the various social funds (pensions, unemployment and social insurance) into the budget. The Duma meekly accepted these radical steps on 19 July, even though the social fund measure was opposed by some government ministers. 151 The only amendments the Duma introduced were a cut in the indexation of excise duties and the retention of a 1% corporate turnover tax (down from the previous 4%).

Things could have been very different. After seeing GDP slump and inequality increase, public support for market reform had steadily eroded. By the year 200 70% of people favored more state planning, 73% wanted price controls, and 63% approved confiscating the gains of the “New Russians,” while 54% were opposed to the free sale of land. 152 One can easily imagine a scenario in which Putin, having made his deal with Communists in the Duma, went on to complement the construction of a political “vertical” with an economic “vertical” by trying to reintroduce elements of state planning. The now-Communist economist Sergei Glazev could have become Putin’s economic guru instead of the market-friendly Gref. High tariff barriers would have been imposed, with the resulting revenues from oil and gas exports poured into the re-equipping of Russian industry. Such an interventionist policy was slowly gathering steam during the prime ministership of Yevgenii Primakov. Putin’s commitment to market reform reflects a radical rejection of such inclinations. Putin’s statist instincts do not, apparently, extend to economic life. In his state of the union address he admitted that he used to favor using tariffs to protect domestic business but now sees it as ineffective and a recipe for corruption. Now he believes that “a policy of general state paternalism is economically impossible and politically inappropriate.” 153

Putin’s commitment to the market was made easier by the windfall Russia enjoyed from oil prices, which had fallen to $11 a barrel in early 1998, went hit $30 by 1999. Russian oil export earnings rose from $1 billion a month in 1998 to hit $2.5 billion in 2000. 154 Overall exports stood at $75 billion in 1998 and 1999 – about 25% of GDP – (including $18 billion from oil and $11 billion from natural gas) while imports fell from $59 to 40 billion, leaving a massive trade surplus of $34 billion. The government has made a serious effort to capture a substantial portion of this revenue increase, by tightening controls on export earnings (75% of which must now be converted into rubles) and hiking the oil export tariff from 5 Euros per ton in September 1999 to 27 Euros a year later. In December 1999 copper, nickel and zinc tariffs were doubled to 10% and a new 5% gas export tax was introduced, the latter alone worth $500 million in 2000. With dollar reserves increasing Russia was able to meet its international payment obligations in 1999 and 2000 even thought he anticipated IMF loans were frozen in September 1999 due to slow progress with reform measures.

CONCLUSION

A year after his initial appointment as prime minister in August 1999, Putin has presided over a fundamental transformation of the political landscape in Russia. He oversaw a smooth transition of power from President Yeltsin, and vigorously set about curtailing the power of the

152 Andrei I. Kolganov, “Russia: Consolidation of the national consciousness?,” Jamestown Foundation Prism, vol. 6, no. 9, reporting the results of an Ebert Foundation survey.
153 “Poslanie Prezidenta,” op. cit.
financial oligarchs and regional governors, who between them had come to dominate the political scene. This was done, for the most part, without resort to authoritarian methods, and while retaining the support of the Russian population, although critics argue that the brutal military campaign in Chechnya, and the use of threats of prosecution against recalcitrant oligarchs, bely the notion that Putin is using democratic means.

Many observers are puzzled by Putin’s avowed combination of patriotism and market reform. For Western liberals, these are contradictory philosophies. But it may be that only a state-oriented leader couldpersevere with market reform in Russia – like Nixon going to China. Only a figure like Putin can win the trust of the ordinary people, who have seen few of the fruits of reform, and convince them that the market economy is in Russia’s long-term interests.

It is tempting to explain away Putin’s success by saying that he has been lucky, with a buoyant oil price and steady economic growth. But the odds stacked against Putin were considerable: divided and hostile political and economic elites, a skeptical and exhausted population, rampant criminalization and corruption, huge international debts and a brutal insurrection in Chechnya. There can be few political leaders around the world, looking at the challenges facing Putin on 1 January 2000, who would have regarded him as lucky.