

The Kremlin Cuts Its Tail to Spite the Truth

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According to legend, Alcibiades, a fifth-century B.C. Athenian statesman, once cut off his dog's tail. All of Athens began discussing the deed. When his friends asked him why he had done it, Alcibiades responded, "I want Athenians to discuss this event and nothing else."

One of the characteristic features of the Russian media is that they are forever discussing Alcibiades' dog and its tail. For example, in newspaper and television news reports, we see and hear: "President Dmitry Medvedev has promised to find those who nearly beat Oleg Kashin to death," or, "Medvedev has vowed to investigate the death of Sergei Magnitsky."

Thus, many journalists are left with little choice other than to write about the president's latest promise to do something, which means that the reports are all in the future tense. In a normal country, a government is held accountable for what it has actually done. An incompetent government can only make empty promises for the future.

The result is that Russia has no public discourse concerning the country's most important and pressing issues.

Take, for example, the federal budget. It is practically a classified document; only the consolidated budget has been made public. It is clear that rampant corruption and increased government spending in an election year will make it impossible to balance the 2012 budget. Even oil prices exceeding \$120 per barrel can't compensate for how much has been stolen from the budget.

This will lead to two consequences: Inflation will grow because of increased budgetary spending, and taxes on business will also increase. Russians' standard of living will drop further amid runaway inflation, businesspeople will be suffocated by higher taxes, and investors will continue to head for the exits.

As a result, the chances of an Arab Spring hitting Russia in the next couple years will increase dramatically. That strikes me as being a far more important subject for discussion than whether a rift has developed between Medvedev and Prime Minister Vladimir Putin.

It would be more useful and interesting to discuss issues such as the real reason why the deal between Rosneft and BP collapsed. As far as I can see, that deal unfolded as follows: First, Deputy Prime Minister Igor Sechin offered Putin a plan in which Rosneft would gain a 5 percent stake in BP in return for a 9.5 percent stake in Rosneft. But then Mikhail Fridman, head of Alfa Group, approached Putin with a far more interesting scheme: Force BP to trade shares with Alfa and thereby draw it into a strategic trap that would give Fridman a 10 percent share in BP — a controlling stake by Western standards.

The media has almost given up discussing major business deals as well. For example, why was LUKoil's bid for the Arctic Trebs and Titov deposits rejected and the bid by Bashneft accepted when LUKoil is the only company with the necessary infrastructure? Could it be that Medvedev had an interest in Bashneft's success?

Society should not be restricted to discussing subjects imposed by state-controlled television. Society itself should set the agenda. That is what former Central Bank Deputy Chairman Sergei Alexashenko did when he recently raised concerns about the serious problems at state bank VTB. Anti-corruption blogger Alexei Navalny has been doing the same thing on a regular basis.

These are welcome exceptions amid all the pointless discussion of whether or not there is a schism in the ruling tandem.

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