

Political Plurality Spotted At Davos

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First Deputy Prime Minister Igor Shuvalov, who led the Russian delegation at a global economic forum in Davos, condemned his country's political system, but said any changes should be moderate.

Shuvalov's criticism may have been the first time a ranking government official took the floor outside Russia — and before international investors and economists — to assail the legacy of Prime Minister Vladimir Putin.

The way the state functions in Russia is "backward" and "one-dimensional," Shuvalov said at a business breakfast hosted by Russia's biggest lender, state-controlled Sberbank, at the World Economic Forum in Switzerland.

"Russia deserves a different political system," he told the audience that included Societe Generale chief executive Frederic Oudea.

Shuvalov's comments came after two public rallies in Moscow last month, the biggest

in about two decades, which prompted President Dmitry Medvedev to introduce bills in a bid to loosen the Kremlin's grip on the political opposition. Some protesters, however, demanded more, including new elections to the State Duma.

"What is happening in Russia now is very positive," Shuvalov said, apparently referring to the protests. "We have a chance to hear perfectly distinctive voices, harsh voices that say this status can be no longer tolerated."

He was cautious to avoid specifics about what he didn't like about the political landscape, but said it produced a "monopolized" economy.

In proposing changes, he only said they must not tighten the screws or wreak havoc. If Putin abruptly loses power like Soviet President Mikhail Gorbachev, it wouldn't serve the best interests of the country, Shuvalov warned.

Another ranking member of the Russian delegation, Kremlin economic aide Arkady Dvorkovich, also took issue with the political system, but spared it disparaging remarks. He called for reasonable opposition to the government, such as a liberal party and reiterated that the state played an excessively large role in the economy.

First deputy chairman of the Central Bank Alexei Ulyukayev, who traveled to Davos as well, agreed there is too much state influence on business.

Despite all the talk against a state-dominated economy, Shuvalov indicated again, on the forum's sidelines, that the government was in no hurry to pull out of its prize assets. Privatizations scheduled for this year may move back if the price is not right, he said.

With all the delays amid market volatility, asset sales last year earned the government a record price in the past 10 years, RIA-Novosti reported. The privatizations, including a stake in VTB, the country's second-largest bank, raised 120 billion rubles (\$4 billion).

Former Finance Minister Alexei Kudrin mentioned a one-year or two-year delay in privatization plans.

State pressure on business also has a political dimension, Kudrin said. He said at the Sberbank breakfast that there had been "numerous" cases when companies came under pressure for financing opposition parties.

"We aim for tolerance in society regardless of political views," Kudrin said. "That includes the right of businesses to finance political ... parties. Only then there will be competition."

He didn't give any examples of pressure. Kudrin joined the latest protest with a brief speech and has expressed readiness to participate in creating a liberal party.

Dismissed in September for public disagreement with the president over swelling defense spending, Kudrin reiterated that he thought the State Duma elections were rigged.

One of Russia's former top investors, Bill Browder, who accuses the authorities of stealing his firms and killing his lawyer, said he did not believe Kudrin could become a true opposition figure and would instead be used by the Kremlin to take the steam out of the opposition

movement.

"Putin has a big problem. He cannot put the genie back in the bottle. Fear evaporated in December," Browder said, Reuters reported.

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