

How Ivanov Fiddled as Glonass Burned

By [Alexander Golts](#)

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Even the best stand-up comedian wouldn't have been able to get the laughs that presidential administration head Sergei Ivanov got from comments he made on national television last week. What's worse, he was dead serious when he made them.

Ivanov, who oversaw the Glonass project as deputy prime minister from 2006 to 2011, said he had been involved in a secret intelligence operation for the last two years to trace the large-scale embezzlement of state funds that were supposed to develop the Glonass navigation system. But to aid the investigation, Ivanov said, he had not wanted the suspects arrested but instead simply watched. Otherwise, Ivanov explained, the suspects could have destroyed evidence.

Of the 107 billion rubles (\$3.4 billion) allocated for Glonass from 2001 to 2011, investigators estimate that at least 6.5 billion rubles (\$205 million) was stolen. Apparently, Ivanov's ridiculous excuse for not acting on the Glonass corruption scheme was an attempt to explain why he has not been dismissed like Defense Minister Anatoly Serdyukov and others, even though they were fired over embezzlement schemes that involved far smaller amounts.

It almost seems as if Ivanov was trying to take a page from the Trust Operation, organized by the Soviet secret police in the early 1920s. In this operation, agents created a fake monarchist organization that attracted opponents of the Soviet regime like moths to a flame. Perhaps Ivanov's "agents" were trying to create a mock Glonass project only to nail corrupt officials in a huge sting operation. If this were the motive, perhaps the project's numerous satellite launches were just a decoy so the corrupt officials would take the bait. President Vladimir Putin may have also played along to add credibility to the secret operation, with Ivanov regularly and publicly reporting to him on the progress of the Glonass program. Even Putin's dog, Koni, played a role in this plot by happily running around with a fake Glonass receiver on its collar.

In the beginning, Glonass, whose first satellite was put into orbit in 1982 and began regular operations in 1993, was exclusively a military system. While the program nearly became defunct because of funding shortages, Putin tried to breathe new life into it in 2001 after the U.S. satellite system, GPS, played a large role in developing high-precision missiles used in the Yugoslav conflict in the late 1990s. After the Pentagon spent \$12 billion developing GPS, the benefits were not only military but civilian as well, as people around the world were buying up GPS-based navigation devices for their vehicles.

Ivanov's task was to create a Russian version of GPS, but he didn't even come close. It took 10 years to get several satellites into orbit, and their signal still does not cover all of Russia. What's more, it has proved impossible to make Glonass an economically viable alternative to GPS. It turned out that Russian companies are incapable of manufacturing the relatively simple Glonass receiver. Since the electronic components are not mass-produced in Russia, Moscow hoped India could become a reliable supplier. When that didn't work out, it turned to China.

In the end, the idea of creating a rival to the GPS system was completely abandoned. One reason for this is that Chinese-made Glonass receivers can find buyers only if they also include GPS capability. What's more, the Taiwanese-made Glonass chip is so large that it cannot be integrated into mobile phones.

The Glonass debacle is a classic example of Putin's attempt to rationalize the relationship between the defense industry and the state. Both Putin and Deputy Prime Minister Dmitry Rogozin claim that the defense industry will be the driving force of a new, modernized economy. At the same time, they pretend as if they do not understand that no mechanism exists to transfer advanced military technologies to civilian applications. First, this is because those technologies are 30 years old at best. Second, the country's civilian sector is almost nonexistent. Russia has many firms that assemble televisions and refrigerators from imported parts, but they are in no position to make use of advanced technologies.

Since Putin apparently believed the fairy tales about the program's huge potential, more than 100 billion rubles (\$3 billion) was made available for corrupt managers and officials to cash in on the Glonass windfall. Now, as Ivanov's huge sting operation against Glonass embezzlers wraps up, it is time for Russia's intelligence officers to create a new sting operation to catch the next batch of corrupt officials and businesspeople. Perhaps the next target will be Uralvagonzavod, the country's largest tank manufacturer.

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