

New Rules in Old Corruption Game

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In 2007, Semyon Vainshtok stepped down as head of state-owned Transneft and was replaced by Federal Security Service General Nikolai Tokarev.

The siloviki had long waged a backroom fight to remove Vainshtok, and the Audit Chamber compiled a secret report on his murky activities as Transneft chief. But when a copy of the report was leaked to anti-corruption whistle-blower Alexei Navalny, the new Transneft management became even more upset than the old leadership named in the report.

The conflict between Tokarev and Vainshtok was a textbook case of infighting among the ruling elite that has been brewing for several years now. The main rule in such squabbles is not to air the dirty laundry because public scrutiny is always counterproductive. Tokarev kept the interclan feud under wraps because President Vladimir Putin made it explicitly clear that he would resolve the matter himself. It was also understood that anyone who went public with these kinds of problems would lose big.

For instance, in October 2007, Viktor Cherkesov, former first deputy director of the Federal Security Service, tried to drag his conflict with Igor Sechin, the quintessential eminence grise who is now head of Rosneft, into the public spotlight by publishing a comment in Kommersant that referred to many chekist members as crooks. This article marked the end

of Cherkesov's career.

After the firing of Defense Minister Anatoly Serdyukov, once a trusted member of Putin's inner circle, that system began collapsing before our eyes. As recently as six months ago, Putin had no plans to fire Serdyukov. Otherwise, he would not have reappointed him as defense minister in May. But then, Putin unexpectedly fired him amid a high-profile criminal case that was preceded by a public announcement that Serdyukov had been found at 6 a.m. in the apartment of his attractive subordinate, 33-year-old Yevgenia Vasilyeva, who has been charged with stealing millions of rubles from government funds.

Under the old rules, a public scandal involving Serdyukov would have failed to result in his dismissal. It also would have meant that those who brought the situation into the open would have paid dearly for their escapade. The reason for this is simple: There is only one arbiter for these types of conflicts — Putin, not the Russian people. Nonetheless, Serdyukov was fired, proving that it is possible to force Putin's hand by appealing to the public.

In less than a month, four new scandals emerged. The Rostelecom offices were searched, Glonass chief designer Yuri Urlichich was sacked over allegations of embezzlement, Channel One aired incriminating material about the murky activities of former Agriculture Minister Yelena Skrynnik, and a former aide to onetime St. Petersburg Governor Valentina Matviyenko was arrested in St. Petersburg on charges of laying 600 kilometers of used water pipes and billing them as new.

Note that all these scandals involve misdeeds that stretch back years into the past. Presidential administration head Sergei Ivanov benefited from both the Glonass and Serdyukov scandals and admitted in no uncertain terms that he had known about the theft as recently as two years ago but kept silent to build a stronger case against the suspects. Matviyenko has long had a very bad relationship with the new governor of St. Petersburg, Georgy Poltavchenko, but criminal proceedings began only now, when the siloviki are recovering lost ground following the end of Medvedev's presidency.

The rules of the game have changed with blinding speed. Five years ago, every scandal like the current ones would have been dealt with behind closed doors. Putin would have been the only arbiter in every case, and no incriminating information would ever have been released to the public.

This is a major change in Putin's behavior, and it is coming at a time when rumors are flying that he is experiencing health problems.

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