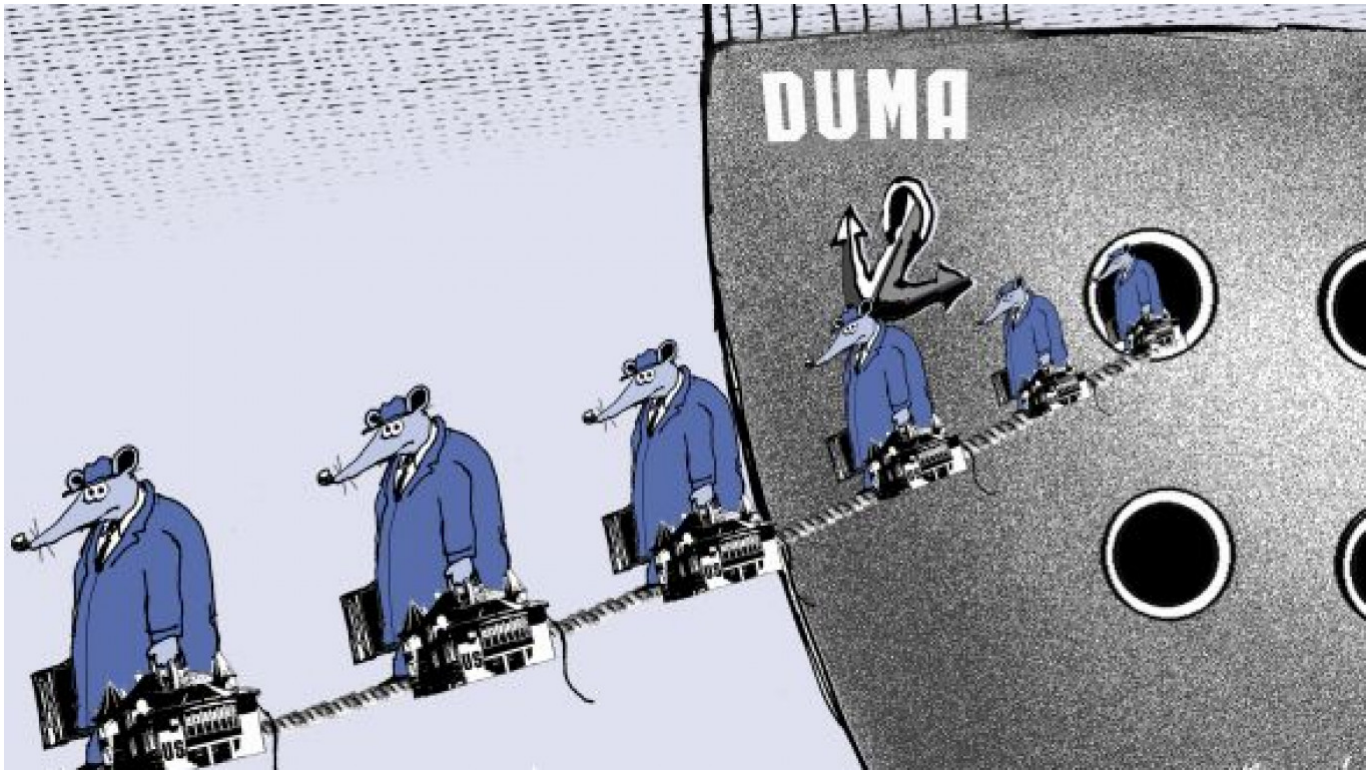
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Pekhtin's Mistake Was Investing in Miami

By Vladimir Ryzhkov

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The sudden resignations of three State Duma deputies with the United Russia party and rumors of the imminent resignations of six more have caused widespread surprise. Within a span of just days, Deputies Vladimir Pekhtin, Anatoly Lomakin and Vasily Tolstopyatov relinquished their posts after having served only one year of their five-year terms.

What does it all mean? Is the parliament really getting tough on corruption? Have the authorities suddenly begun taking anti-corruption whistleblower Alexei Navalny seriously, ousting Pekhtin just three days after Navalny posted information on his website indicating that Pekhtin owns apartments in Florida? Or has President Vladimir Putin begun enforcing a new initiative to ban Russian politicians and officials from holding foreign assets?

In fact, the answer is "no" to all of the above.

First, this has nothing to do with the fight against corruption. Putin is more than tolerant

of corruption occurring on Russian territory. If he weren't, corruption would not be growing yearly as it has, and Russia would not consistently have the world's most expensive roads, sports and recreation facilities, bridges, hospitals, summits and Olympic Games. In this case, the problem is with offshore corruption as compared to corruption at home. In other words, by ousting Pekhtin, Putin is sending a new message to Russian officialdom: "If you remain loyal, you can continue doing whatever you want here at home, but don't dare buy a home for yourself in the United States — our enemy."

The Duma developments also are not the result of pressure from the opposition. The authorities are well aware that dismissing a key figure such as Pekhtin, seemingly in response to Navalny's revelations, only strengthens the cause of the opposition. Pekhtin served in the United Russia leadership for several years and was recently instrumental in stripping opposition Deputy Gennady Gudkov of his parliamentary mandate.

The authorities know that each such scandal — and especially when they are connected with such high-profile dismissals — only further tarnishes the already badly tainted reputation of the party of power. It only makes Putin's power vertical look weak, defensive and thoroughly corrupt.

The Kremlin is forging ahead because it has an even stronger motivation: the virulent anti-U.S. sentiment of Putin and his inner circle. This is the real reason behind what is happening.

Putin & Co. view Washington's support of democracy around the world and in Russia as deliberately subversive toward the Moscow regime and aimed at Putin personally. Putin cannot forget how U.S. Vice President Joseph Biden offered some friendly advice during his visit to Moscow a few years ago by suggesting that he not cling to power. That is why Moscow now considers everything American anathema and is forcing everything directly linked to the U.S. out of the country.

Pekhtin's undoing was not that he failed to declare his elite foreign real estate. After all, do any deputies or senators declare theirs? And it was not that he never declared the earnings that enabled him to purchase it. After all, most deputies and senators never provide a clear explanation of where their money comes from. What proved fatal for Pekhtin was that his property was in the U.S. — a country that Putin & Co. truly hate and consider an arch enemy.

Tellingly, rumor has it that Putin will only strip deputies of their posts if they hold property and assets in the United States. There is no example of deputies getting into trouble for owning property in, say, Switzerland, Austria, Germany or the south of France. In this regard, it will be interesting to see what happens in the near future to lawmakers Irina Rodnina, Vladislav Tretyak, Mikhail Margelov and Vitaly Malkin, all of whom reportedly have real estate, businesses or other personal interests in the U.S. There is a distinct possibility that more heads will roll because, as one source with close ties to the presidential administration told Kommersant, Pekhtin's ouster was the result of the "anti-U.S. and patriotic agenda" of Putin's third term in the Kremlin.

By stepping up the authoritarian rule of his regime, strengthening the role of intelligence agencies in cracking down on all forms of dissent, and by consolidating his rapidly declining majority around reactionary and patriarchal values, Putin is waging a campaign aimed simultaneously against the United States and the West as a whole. In a strategic sense, this

means Putin is trying to once again isolate the country and its political elite from the outside world.

Putin wants to rein in the members of his political machine who have grown fat from corruption and the permissiveness that comes from being above the law. He wants to control them with the help of his personally loyal Federal Security Service and Investigative Committee. He not only tolerates but even seems to encourage corruption within his inner circle, but only on the condition that it is done at home where he can see it. Putin considers it an act of disloyalty, as treasonous and a challenge to his personal authority, if a Russian official purchases assets in the U.S.

However, Putin's plan won't work. Russia's corrupt officials will need only about a year to adjust to the "less accommodating" circumstances. They will go right on plundering taxpayers' money and state corporations and actively transferring those funds overseas — to the U.S. included. But they will figure out better ways of hiding the money by registering those assets in the names of distant relatives and by using trusts. The number of firms specializing in such services will grow exponentially, far beyond the dozens that already exist in Moscow.

For these officials, the desire to loot public funds and hide the money in countries that respect property rights will always be stronger than their loyalty to Putin. In the party of crooks and thieves, there are very few fools to be found — with the possible exception of Pekhtin.

Vladimir Ryzhkov, a State Duma deputy from 1993 to 2007, hosts a political talk show on Ekho Moskvy radio and is a co-founder of the opposition Party of People's Freedom.

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