

# No Palace Coup in Sight for Russia

By [Ivan Nechepurenko](#)

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When the U.S. government announced its first round of sanctions against President Vladimir Putin's friends over the Ukraine conflict in May, it made no bones about their aim: Increase the cost for them of Putin continuing his course and they will influence him to back off or, ultimately, throw him under the bus.

The sanctions quickly began to hit some where it hurts. Billionaire Gennady Timchenko, whom the U.S. Treasury Department has described as someone whose "activities in the energy sector have been closely linked to Putin," found that his wife was unable to pay for her back surgery in Switzerland in May when all his credit cards were suddenly blocked.

Timchenko, 61, has been friends with Putin for more than 20 years, and his labrador Romi is a daughter of Putin's favorite labrador Koni, he said in a rare and outspoken interview with ITAR-Tass published Monday.

In the interview, Timchenko said that business elites would not turn on Putin over sanctions and that he would be willing to give up all of his assets, estimated by Forbes in 2014 to stand at \$14.3 billion, to the state "even tomorrow."

"We have encountered certain difficulties because of sanctions, but they are negligible when compared with the country's goals," he said, ruling out any expectation that he, along with other Putin's longtime friends Yury Kovalchuk, Arkady and Boris Rotenberg, who were also sanctioned, will pressure Putin to change course.

"It is naive to think that with such methods anyone will scare us or force us to retreat," he said, apparently admitting that there is a cohesive group surrounding Putin.

### **Putin's Elite, Tamed and Loyal**

The people who have had sanctions slapped on them constitute a particular group of the president's longtime friends whose wealth has increased exponentially since Putin came to power at the end of 1999.

For instance, Kovalchuk, the largest single shareholder of Bank Rossiya, is described by the U.S. Treasury as "a close advisor to President Putin, [who] has been referred to as one of his 'cashiers.'"

In addition, the sanctions targeted government officials, mostly Putin's former colleagues from the security services, heads of key state companies and some of Putin's mouthpieces in the Duma and the Federation Council.

The overall group is described by the U.S. Treasury as "Russian government officials and members of the inner circle."

### **Carrot and Stick**

Over the years in power, Putin has developed a carefully crafted system in which he stands as the arbiter between different individuals and elite clans, Kremlin-watchers say. No figure has risen high enough to potentially replace him, with President Dmitry Medvedev's political ambitions strictly controlled during his term: At no point did Medvedev's ratings surpass Putin's.

The country's elite has been tamed by the carrot and stick policy, with the imprisonment of oil tycoon Mikhail Khodorkovsky in 2003 acting as an example of what could happen if any powerful strongman attempted to rival Putin on the political scene. Those who stayed away from politics were allowed to keep their assets, often privatized by bogus schemes in the 1990s, and multiply their value.

Since the mass protests in 2011-2012 in Moscow and other large cities, the government has prevented any alliance between potentially disloyal elites and the opposition-minded masses by raising the cost for both: Stronger punishments were introduced for civic activity, while law enforcement agencies began corruption crackdowns on those who were suspected of funding the opposition.

Even a year before the political crisis in Ukraine erupted, leading to the worst standoff

between Russia and the West since the Cold War, Putin initiated a campaign to repatriate as much as \$1 trillion in capital held by companies and high-ranking officials abroad, thus isolating the ruling elite from the West.

"How can you trust an official or politician who makes bold statements about the wellbeing of Russia, but then tries to move his funds, his cash abroad?" Putin said at the end of 2012 in his state of the nation address.

As a result of this set of policies, Putin has secured his position as the unrivaled center of gravity for the Russian political scene. Eighty-five percent of Russians approve of Putin's policies, according to a July survey released by the independent Levada center pollster. The poll was conducted among 1,600 respondents with a margin of error not exceeding 3.4 percent.

In this situation, questioning Putin's role is absolutely unimaginable, according to Yevgeny Minchenko, director of the International Institute of Political Expertise.

"Toppling Putin from the top is impossible given the present level of public support for the president," he said in a phone interview.

### **Does the West Want Regime Change?**

At the same time, in an op-ed last week Dmitry Trenin, director of the Carnegie Moscow Center, said that the real struggle now is not over Ukraine, but over Russia.

"The Kremlin sees the U.S. goal as being not so much stopping Russian support for the Donbass rebels, or even getting Moscow to withdraw from Crimea, but as toppling the Putin regime," he wrote.

Some commentators in the West have made similar suggestions. Author Ben Judah suggested in an article for Politico magazine last week that the West should think "what guarantees and concessions could it offer the Russian elite to tempt them away from Putin."

### **Too Dependent on Putin**

According to Andrei Piontkovsky, a veteran Russian political analyst who is also active with the opposition movement, Timchenko and other members of the inner circle are too dependent on Putin to think of replacing him with someone else.

"They are always ready to give everything away to Putin because he is always prepared to take it himself," Piontkovsky told The Moscow Times in a phone interview.

At the same time, according to Piontkovsky, the sanctions aim to pressure Russia via two channels: the elites and the public, with the former goal being much easier to achieve.

"Russia has a long history of palace coups: Khrushchev was replaced like this, not to mention all the tsars," he said.

## **Consolidation Rather Than Dispersion**

Despite historical parallels, so far the sanctions have only served to consolidate the elite, according to Minchenko.

"The West has tried to attack those who are in the same boat as Putin, but they have not realized that these people have nowhere else to go," he said.

"What I heard from many high-ranking representatives of Russia's political elite is that sanctions have not changed much for them, as they were already considered second-class citizens in Europe and the U.S.," Minchenko said in a phone interview.

"The Americans will not be able to give the elite any guarantees, and also these people have seen how they treated those who helped the U.S. to overthrow Saddam Hussein in Iraq, while Putin's policy has always been to protect those who are loyal to him," Minchenko added.

## **Oligarchs' Defense**

The publication of an interview with Timchenko was clearly no coincidence, according to Alexander Konovalov, president of the Institute of Strategic Assessments in Moscow.

"Clearly Putin gave him his blessing to do this," or the idea even came from the Kremlin, Konovalov told The Moscow Times.

"But I don't think that members of this privy council have come together and decided that they will now launch some kind of offensive. They understand that they are in a subordinate role and that their role is very limited," he said.

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Contact the author at [i.nechepurenko@imedia.ru](mailto:i.nechepurenko@imedia.ru)

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