The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

'Are You Mad?' Putin Orders Government to Restore Train Services

By Howard Amos

February 04, 2015



Responsibility for suburban trains — largely a loss-making service — lay fully with Russian Railways until 2011 when reforms saw the Kremlin-controlled firm create subsidiary companies to run the service.

President Vladimir Putin castigated the Russian government Wednesday as he intervened in a struggle between state-owned Russian Railways and regional authorities by ordering scrapped suburban train routes to be reinstated.

The cancellation of hundreds of loss-making local passenger trains in over 20 Russian regions in recent months has sparked rare local protests, backed by an outpouring of support on social networks.

"What, have you all gone mad?" Putin told a government officials. "This is not a serious approach to the matter in hand."

The battle between regional leaders — who preside over heavily indebted budgets —

and Russian Railways is a sign of intensifying competition for state handouts amid the current economic recession, even as its fallout raises concerns over possible social instability.

Putin's Rage

The outburst by the Russian leader, which took place in front of television cameras at his Novo-Ogaryovo state residence outside Moscow, appeared to be focused at the Transportation Ministry and Deputy Prime Minister Arkady Dvorkovich, who oversees the sector.

"Does the Transport Ministry not exist? I thought you were in charge of this field?" Putin told Dvorkovich, who was shown by state television with his head bowed.

"What is going on?" Putin continued. "We understand how serious this is. It's not just one bus route that's been canceled. Suburban trains have stopped running in the regions!"

Dvorkovich told Putin in reply that he would propose a financial solution to the problem within 24 hours, although it was not immediately clear who would foot the bill.

Popular Resonance

"I am a schoolboy in Class 11 and I need to prepare for the Unified State Exams. Most students have tutors that live in Tver," Yury Arakcheev wrote on petition site change.org after local trains from his town to regional capital Tver north of Moscow were canceled.

"A large number of people work or study in Tver and to leave at five o'clock in the morning and returning at 10 o'clock at night is not an option, especially if a person has a family or small child," Arakcheev said in a petition addressed to the regional governor that has now 7,700 signatures.

Cancellations of suburban trains have launched a wave of popular anger in Russia, a country where social protests are rare.

Last month, residents of a small village in Zabaikalsky Krai threatened to block Russia's East-West rail artery, the Trans-Siberian Railroad, after suburban train services were cut, local media reported.

Other protests have taken place against the cuts in particularly-badly affected regions.

Opposition leader and anti-corruption activist Alexei Navalny, currently under house arrest, has repeatedly raised the topic in his popular blog, dubbing the cancellation of train services a "genocide of Russians."

On Jan.12 Navalny said in a blog entry that a Facebook post he wrote about the issue was seen by almost 1 million people, making it one of his most popular posts on the social networking site ever.

Loss-Making

Responsibility for suburban trains — largely a loss-making service — lay fully with Russian Railways until 2011 when reforms saw the Kremlin-controlled firm create subsidiary companies to run the service.

Some local governments took stakes in the subsidiaries, but the arrangement was marred from the outset over arguments about financial contributions.

Regional and municipal governments are heavily indebted to the tune of about 2.1 trillion rubles ($30.9 billion) — or about 32 percent of their annual income. As pressures on these governments rise, their administrations have became increasingly entrenched in disagreements with Russian Railways over who was responsible for what expenditure.

"It is a war between a state monopoly and the regions," said Natalya Zubarevich, the director of the regional program of the Independent Institute for Social Policy in Moscow.

The disagreements led to cuts to the service throughout last year, but the tempo of cancellations has accelerated since New Year's. Suburban train services were fully canceled in the northwest regions of Vologda on Jan. 1 and Pskov on Feb. 1. Suburban trains have also been completely canceled in the Tula region south of Moscow, the RBC business news website reported Tuesday.

There are severe problems with suburban trains in 22 Russian regions, the head of Russia's upper chamber of parliament, Valentina Matviyenko, said Wednesday, according to media reports.

'Blackmail'

Russian Railways said Wednesday that it welcomed the re-establishment of the services ordered by Putin, but Yakunin has repeatedly refused to shoulder any blame for the situation.

"How can I answer the many complaints of citizens?" Yakunin wrote in a blog post last month.

"Instead of blocking the Trans-Siberian it would be better to turn to regional administrations because suburban trains are not being canceled by Russian Railways."

A former KGB official, Yakunin has run Russian Railways since 2005 and is known to be close to Putin. The company employs almost one million people and carries about 1.3 billion passengers a year, in addition to its freight services.

Officials said earlier this week that one of the first tranches of state aid in the current crisis, 100 billion rubles ($1.47 billion), will be received by Russian Railways via a bond purchase by state development bank Vneshekonombank.

While regional leaders had played a role in raising the stakes in their confrontation with Russian Railways, experts said that the state-owned company bears the brunt of the responsibility for the canceled rail services.

Possible corruption within Russian Railways' sprawling corporate structure was possibly one of the reasons why costs for the suburban trains services had been inflated, according to Lyubov Sobol, a lawyer and activist with Navalny's Anti-Corruption Foundation who has researched the issue.

"The biggest culprit here are the companies of Russian Railways," said Sobol. "Which rent their carriages to their daughter companies under non-transparent agreements."

Zubarevich said that Russian Railways was engaged in nothing less than a high-level extortion campaign.

"Above all, it is Yakunin's people who are guilty," she said. "It's pure blackmail."

Staff writer Delphine d'Amora contributed to this report.

Contact the author at h.amos@imedia.ru

Original url:
https://www.themoscowtimes.com/2015/02/04/are-you-mad-putin-orders-government-to-restore-train-services-a43581