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Why Jailed U.S. Investor Calvey Is the Least of Putin's Concerns

While the authorities used the St. Petersburg International Economic Forum to blame the U.S. for Russia's problems, the forum's unofficial topic were the security services.

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St. Petersburg International Economic Forum **Anton Novoderezhkin / TASS**

President Vladimir Putin's speech at the annual St. Petersburg International Economic Forum, which this year ran from June 6 to June 8, is usually highly anticipated. The speech and Putin's interaction with a well-informed, professional audience shed light on the mood of the Russian leader, his priorities, and the topics about which he feels most strongly.

If last year the head of state griped about protectionism and the harm done by sanctions, while pleading for everyone to just get along, this year Putin appears to have opened a second geopolitical front in the global economic war. Against this backdrop, the fate of Michael

Calvey, the U.S. investor currently under house arrest in Russia on embezzlement charges, seems like a minor glitch on the home front.

No doubt the same could be said of the fate of the investigative journalist Ivan Golunov, whose arrest on the first day of the forum on drug dealing charges, which many believe were fabricated by the authorities as revenge for his work, sparked a massive outcry in Russia, meaning Putin's speech went largely unnoticed by both Russian and international audiences.

Putin's speech at the forum is traditionally anti-American and anti-Western, but never before had he focused quite so much on criticizing the U.S. domination of the global economy. The "global development model" that, according to Putin, emerged in 1991 — at the same time as the collapse of the Soviet Union — was named as the main cause of the crisis in international economic relations.

Putin barely mentioned the United States by name in his speech, but his list of complaints meant that the foe in question was easily identifiable: using the dollar as an instrument of pressure; squeezing competitors out of advanced markets (citing the example of Huawei); waging trade wars, including over basic goods; "undisguised economic raids"; and "endless attempts to torpedo" the Nord Stream 2 gas pipeline.

The implication is that the geopolitical standoff is clearly behind the global trade war. This raises the question: if the Russian leader is distancing himself from this "Western" model "founded on the liberal tradition," what should be the ideological foundation of an alternative model under the Russian vision of the global economy?

Putin partially answered this question at the very beginning of his speech, giving pride of place to "pragmatism, understanding of mutual interests," and "frankness and clear-cut positions," which epitomize the desire to return to the practice of major deals, not just on issues of dividing up the world but also in designating roles in the global economy. This has never been among Putin's priorities before.

Related article: Kremlin Hopes Detained U.S. Investor Calvey Will Be Freed for St. Petersburg Forum

For the Russian president, world trade has acquired more clearly defined contours, while major players — who also happen to be enemies and competitors — fit in easily to the confines of the Euro-Atlantic alliance. It was not by chance that Putin described the existing system of global economic development as "Euro-Atlantic," clearly symbolizing the merging of NATO's geopolitical goals with the economic opportunities of its members.

Such a merging of the military power and economic resources of key NATO countries (primarily, of course, the United States), takes on both commercial and geopolitical dimensions directed against Russia, in the eyes of a significant part of the Russian elite. It seems that what is happening is the corporatization of the geopolitical front: first up are the interests of major Russian state and private corporations whose owners are among the president's close circle.

The standout feature of this year's forum was the pronounced difference in the perceptions of

Putin and the business elite of what exactly is preventing Russia from rising in the global hierarchy. In forum discussions, the topic of the external containment of Russia was clearly less popular than that of internal obstacles as a threat to economic development.

While Rosneft CEO Igor Sechin, to all intents and purposes embodying the authorities, used the forum to blame the United States for Russia's problems — essentially accusing the United States of gaining control over the Russian aluminum industry — the main unofficial topic of the forum was the lawlessness and impunity of the *siloviki*. Faced with the question of what is preventing business and investors from developing in Russia, the authorities and business elite had contradictory answers.

In this context, Calvey, the founder and CEO of private equity firm Baring Vostok, was practically the main participant of the forum, despite sitting this one out due to being under house arrest. He was discussed by Sberbank CEO German Gref and former finance minister Alexei Kudrin, by current Finance Minister Anton Siluanov and Economic Development Minister Maxim Oreshkin, by Prosecutor General Yury Chaika, and by Putin himself. And during the forum, Calvey was joined as a cause célèbre by the journalist Golunov.

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There are three clear positions on the Calvey case. The first is pro-liberal and non-state, and believes that the U.S. investor's arrest was a powerful blow to Russia's investment climate. This is the position expressed by business ombudsman Boris Titov and the in-system liberals Kudrin and Gref, and is the position favored by the business and investment community.

The second position is more formal and is represented by state functionaries. Siluanov is clearly weary of the responsibility attributed to him as a representative of power, so has called for less focus on Calvey's case while emphasizing that there really are "questions" concerning the bank's activities. Neither Siluanov nor his fellow minister Oreshkin are in a hurry to stand up for Calvey, though they abstractly acknowledge the existence of a "systemic problem" of prosecuting businessmen. It seems that the case against Oreshkin's predecessor, Alexei Ulyukaev — currently serving an eight-year term for graft in a case instigated by none other than Sechin — has been an effective cautionary tale: publically opposing the *siloviki* is not now the done thing.

The third position was formulated by Prosecutor General Chaika, who attempted to defend the actions of the *siloviki* against accusations that they had intervened to help one side in a corporate conflict, saying there were "enough grounds and reasons" to open a criminal case into Calvey.

As for Putin, only one thing was clear from his first detailed public comments on the case: the president himself doesn't really know to what extent Baring Vostok is guilty of anything, and so prefers to leave it to the supposed professionals.

In this context, the Calvey case looks like a regrettable yet insignificant episode on the periphery of the global war for markets and spheres of influence, in which Putin, as head of a state under attack, is dealing with a completely different scale of tasks. Against the backdrop of these global challenges, the arrests of businessmen and representatives of independent

media get a little lost, along with despairing officials who barely believe in the possibility of economic growth in a country that is at war.

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