The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

The Putin Regime Cracks

Vladimir Putin has become increasingly disengaged from routine matters of governing and prefers to delegate most issues.

By Tatiana Stanovaya

May 07, 2020



Kremlin.ru

President Vladimir Putin's clever maneuver to dispense with the Russian constitution's provisions on presidential terms limits will, in theory, allow him to stay in office until 2036. Yet by rewriting the constitution and reshuffling the government, Putin did far more than throw most of the Russian elite off-balance. Putin's efforts signal that he is building a new political regime that will be more conservative, more ideological, and more anti-Western in its outlook.

Everything is not going to plan, however. The planned reconfiguration of Russia's political system has been complicated by the collapse of global oil prices and the unprecedented disruption caused by the coronavirus. The April 22 quasi-referendum to "approve" the constitutional amendments is now on hold while the Kremlin tries to deal with both the virus

and a new economic crisis. These twin challenges represent the biggest shock the Putin regime has ever faced and are likely to feed popular dissatisfaction.

Tackling this crisis successfully requires a well-planned collective effort by the Russian leadership. Unfortunately, the pandemic is casting a harsh spotlight on a long-running reality: Putin has become increasingly disengaged from routine matters of government and prefers to delegate most issues to others. During the initial phase of the crisis Putin has repeatedly called on his new government and regional governors to bear even heavier responsibilities.

But the president's team is far from unified. This article aims to explain how the Putin regime operates and its growing internal conflicts by classifying five different elite groups. For brevity's sake, it does not cover specific aspects of the Russia government's response to the pandemic (this will be the subject of future research). Nor does it examine the public dimensions of Russian politics (for example, parliamentary developments and media activity). The focus is on the inner workings of Russia's main decisionmakers.

Related article: Putin's Approval Rating Drops to Historic Low: Poll

Common Myths And Misconceptions About the Putin Elite

Putin's twenty years in power have spawned many popular explanations of the way Russia is governed. The first phase of his tenure in the early 2000s was famously dominated by a power struggle between the remnants of Boris Yeltsin's close circle, the Family, and Putin's St. Petersburg clan. That struggle exposed increasingly obvious rifts inside the new president's team. The first split was between groups of ex-KGB officials and more liberal figures who all hailed from Putin's hometown of St. Petersburg but moved quickly up the ranks in Moscow. Very soon the powerful figures who run Russia's security agencies and their most senior subordinates, the *siloviki*, began fighting turf wars, then repeated conflicts between Putin's friends and former colleagues in the security services (for example, the Rosneft vs. Transneft battle, the Rosneft vs. Gazprom battle, etc.)

More recently, there has been much speculation about tensions in the highest reaches of Putin's so-called vertical of power. Overused and imprecise labels are often applied to describe ongoing battles between so-called liberals within the system and technocrats, the *siloviki*, and Putin's longtime personal friends and associates. It is especially common to see the hand of the *siloviki* in almost all developments.

The reality is more complex. The ranks of the *siloviki*, including the FSB itself, are themselves divided. Moreover, some key security officials have learned the hard way that they are vulnerable and have ended up being prosecuted or embroiled as defendants in high-profile criminal cases. Putin is not averse to occasionally criticizing of the security services' draconian actions and the backlash that results from prosecuting prominent figures such as famed theater director Kirill Serebrennikov and Baring Vostok CEO Michael Calvey.

A new kind of elite has formed in recent years that is set to become broader and even more important than the *siloviki*—the protectors. They comprise an informal alliance between many of the regime's leading agents of repression and its conservative ideologists. They share

the belief that tackling Russia's challenges requires a harsher and more conservative approach.

Two further common misconceptions refuse to die. One is that Putin makes all high-profile decisions by himself and that nothing important gets resolved without him. Another is that Putin's omnipotent friends routinely put pressure on him and orchestrate many important decisions. Neither of these is close to the truth—but, given how opaque and unpredictable Russian elite politics is, it's easy to understand how these misconceptions take root. Informal power—for example, the influence that the head of a large state-owned corporation has over a government minister—plays a huge role in the system that is hard to quantify. This problem is especially acute in times of crisis, such as the present.

What follows is a description of the five most important kinds of elites surrounding Putin. They are classified in terms of their functions within the current political system. These relationships, clashes and power dynamics will shape Russia's trajectory over the next few years, until its next milestone, the end of Putin's fourth presidential term in 2024. Competition between the groups helps us to understand some decisions, which may initially look surprising. For example, Moscow Mayor Sergey Sobyanin is unexpectedly challenging Prime Minister Mikhail Mishustin over the government's response to the pandemic, while Putin is reluctant to vest the security services with the same level of responsibility for ensuring public compliance with self-isolation policies as his Chinese counterparts have done.

Related article: Russia's Economic Woes Continue to Mount During Coronavirus Outbreak

Putin's Retinue

The retinue is the nucleus of the team, which is in daily contact with the president himself. Longtime friends and associates who have served alongside Putin since the early 2000s have gradually been replaced by younger, more technocratic players. Many of them have spent their entire careers in the Kremlin, never having worked anywhere else.

The functions of the president's retinue are fairly narrow. They set the president's schedule and handle protocol functions. They prepare and arrange his meetings. They provide security. Some important figures are Dmitri Kochnev, director of the Federal Protective Service; Alexey Rubezhnoy, director of the Presidential Security Service; Anton Vaino, head of the Presidential Administration; and Dmitry Peskov, the Kremlin press secretary, among others. This group seeks to satisfy the president's work-related needs and—just as importantly—his psychological comfort. This creates incentives to provide Putin with information that conforms to his existing worldview and outlook and will not spoil his mood.

For example, in June 2019, independent journalist Ivan Golunov was arrested on trumped-up drug charges. This triggered public protests that overshadowed the St. Petersburg International Economic Forum, one of Putin's favorite annual events. In the end, top officials from the Presidential Administration pressured the Ministry of Interior Affairs to release Golunov. They were not concerned with freedom of speech, only with a desire to protect Putin from an intrusive and bothersome issue. More recently, Putin's detached initial response to the spread of the coronavirus outbreak was at least partly a result of his staff's tendency to

sanitize information and to portray events in the most optimistic light possible. Putin's staff reports about its achievements, not problems.

In recent years, Putin has grown more secretive and aloof from public politicians and drawn closer to his retinue. Few of its members are public figures, with the obvious exception of Peskov. Yet they are often better informed about impending political decisions than many of Putin's old friends. For example, Putin's chief speechwriter Dmitry Kalimulin was in the know about the rollout of the constitutional reform in mid-January while then prime minister Dmitry Medvedev was taken completely by surprise. Kalimulin, who is only forty-nine, has worked in the Kremlin apparatus since 1997, that is, nearly his entire professional career.

In another example, members of the retinue orchestrated a high-profile POW exchange with Ukraine in September 2019. Vaino oversaw the exchange in tandem with Deputy Prime Minister Dmitry Kozak. Both the Russian Foreign Affairs Ministry and longtime Ukraine special adviser Vladislav Surkov were sidelined. By playing the lead operational role, the retinue also took charge of the policy process.

Most members of the president's retinue know their place and tend to be quiet, obedient, and self-sacrificing. For this they are often richly rewarded. Two former bodyguards, Alexei Dyumin and Dmitry Mironov, are now the governors of Tyumen and Yaroslavl, respectively. A third, Yevgeny Zinichev, is now the minister of emergency situations. Yet the shift from working behind the scenes to public politics does not come easily. Most members of the retinue find the transition hard, especially as the Russian public now has a stronger desire for more dynamic and responsive politicians.

Related article: Putin's Coronavirus Expert Was His Daughter's Research Supervisor – Reports

Putin's Friends and Associates

Putin's longtime associates and personal friends from the years before his rise to power are often portrayed as the inner core of the regime. It is widely believed that these figures are actually running the country. That perception is misleading.

Members of this group include Putin's former comrades in arms from his days in the KGB, his judo sparring partners, the business partners who helped establish the Ozero dacha cooperative, and the people he worked with in the St. Petersburg's mayor's office. Today these friends and associates can be subdivided into three very different categories: state oligarchs, state managers, and private business figures.

State Oligarchs

These are individuals who assumed control over large state assets in the 2000s as Putin consolidated power. They helped him rebuild Russia's "power vertical" and fight Yeltsin-era oligarchs. In the end, they became oligarchs themselves, albeit ones operating in partnership with the Russian state. Their ranks include Igor Sechin (Rosneft), Sergey Chemezov (Rostec), Alexey Miller (Gazprom), German Gref (Sberbank), Nikolai Tokarev (Transneft), and Anatoly Chubais (Rusnano).

Although these men rely heavily on the state, they are not necessarily conservatives. More often, because of their sizable business interests, they have an international outlook and would like easier relations with the West and relief from sanctions. Paradoxical as it may sound, Putin's designated oligarchs increasingly play the role of "liberals within the system" who do not want to see Russia lurch in a conservative or isolationist direction.

Each state oligarch has been assigned a specific national goal. Chemezov's mission was to restore the fallen military-industrial complex. Miller was entrusted with controlling and developing Russia's strategically important gas reserves. Gref's job was to revitalize the country's largest state-owned bank and make it an engine of economic growth. Chubais was supposed to help create innovative technology and develop it commercially.

Many of Putin's old friends and associates now carry less political weight because the president finds it easier to work with "implementers" and factotums, who have fewer personal ambitions or corporate responsibilities. Generally, Putin prefers to see service and sacrifice, not hear requests for help. Moreover, he has come to believe that his historic and geopolitical mission takes precedence over personal relations.

Igor Sechin was always the most audacious member of this group. In the early 2000s he oversaw the destruction of what was then Russia's largest privately owned oil company, Mikhail Khodorkovsky's Yukos. Yet although Sechin has grown more ambitious, his star has gradually waned, and it appears that his relations with Putin have cooled. In early 2020, he reportedly irritated Putin for his disastrous advice to pull out of OPEC+, a deal that had seen Russia coordinate oil production with the Organization of Petroleum Exporting Countries.

The political influence of Chemezov has also ebbed. A contemporary of Putin's, Chemezov served with him in the KGB's small outpost in Dresden in the mid-1980s. Being the head of a sprawling industrial conglomerate with a massive workforce has given him important levers of influence, and he has benefited from having many of his allies in government jobs. However, when Chemezov stuck his neck out and criticized the government's restrictions in last summer's Moscow municipal elections, he was ignored by the Kremlin.

The coronavirus crisis cuts two ways for the state oligarchs. On the one hand, the pandemic is a threat to their livelihoods. On the other, it is potentially very lucrative, especially for Chemezov. He recently called on regional leaders to procure Rostec-produced facial recognition surveillance systems. Other Rostec subsidiaries are producers of ventilators, which are in short supply; the government has already ordered 5,700 new machines. Another Rostec company, Roskhimzashchita, is the country's only provider of masks, gloves, and other medical equipment for healthcare facilities.

State Managers

Another group of close friends of Putin have long served as senior officials, even if none of them remained in his cabinet following the reshuffle in January.

Four old-timers, all of whom worked with Putin before he became president, merit special attention: Dmitry Medvedev, Dmitry Kozak, former defense minister and PA chief Sergey Ivanov, and longtime Putin confidante Alexey Kudrin. They have all rotated through various senior jobs which gave the close access to the president.

Nearly all of the four have seen their relative influence decline in recent times, as Putin relies more heavily on younger, fresh faces for top jobs. Medvedev's demotion is a sign that his influence has waned. Kudrin is far too liberal to take on a senior government post in the current conservative atmosphere. Ivanov appears to have lost any interest in high-level government even though he retains his seat on the Security Council. Only Kozak, who worked with Putin in the St Petersburg mayor's office in the 1990s, has held on to a meaningful portfolio, being now in charge of relations with Ukraine and Belarus.

These four may be called on again, however. Above all else, Putin values loyalty and self-sacrifice. It mattered a great deal to him that Medvedev humbly endured personal humiliation when Putin chose to return to the presidency in 2012. With Putin potentially having an opportunity to stay in power for two more six-year terms, these steadfastly loyal figures could easily be summoned to serve another stint in senior positions. However, it becomes more and more difficult for Putin to promote them—having reached the ceiling, they become a burden to bear.

Related article: Leading Russian Paper's New Editor Deletes Column Criticizing Rosneft Head

Private Business Figures

This third subgroup of Putin's longtime friends and associates consists of people who have profited handsomely from their long-standing personal ties to the Russian leader. They mainly hail from St. Petersburg, some of them used to be Putin's judo sparring partners. This subgroup includes shareholders in the notorious Ozero dacha cooperative, founded in the mid-1990s, and the owners of Bank Rossiya, which the U.S Treasury described as the personal bank of Russia's senior leadership, including Putin himself.

Some of these figures rose to prominence in the 2010s. Many of them hold strongly conservative views and are closely tied to Russia's security and law enforcement agencies. Even if their names figure prominently on U.S. sanctions lists, they have no interest in pushing for a thaw with the West, as some state oligarchs do. For this group the sanctions regime opens an opportunity to work more closely with the state and strengthen their ties with the Kremlin.

The Rotenberg brothers, the Kovalchuk brothers, Gennadiy Timchenko, the Shamalov family, and Yevgeny Prigozhin have all secured state contracts and other largesse from the Russian state in recent years. They have also learned the benefits of doing favors for Putin. For example, Arkady Rotenberg won favors from Putin for financing a multi-billion-dollar bridge to Crimea. Prigozhin's fingerprints can be found on the internet trolls who harass members of the political opposition, in cyber operations aimed at the United States and other Western adversaries, and the mercenary forces deployed by the Wagner Group in hot spots like Ukraine, Syria, Libya, and other parts of Africa.

Yuri Kovalchuk, the main shareholder of Bank Rossiya, also controls Russia's largest media holding company, National Media Group. Kovalchuk's elder brother, Mikhail, is the director of the Kurchatov Institute and a close friend of Putin. He informally advises the president on issues that range from genetic engineering to biological weapons.

The secret of the Kovalchuk brothers' success lies partly in their readiness to offer solutions for difficult challenges like running elections or battling the nonparliamentary opposition. In contrast to the state oligarchs, they talk to Putin in a language he recognizes, which is heavy on patriotic, conservative, and anti-Western rhetoric. They do not ask for help, but provide services.

The current crisis is reducing the amount of budget resources available for the commercial projects of Putin's friends. The distribution of rents and privileges may become more selective. The state oligarchs are likely to fight for more privileges, to seek to shore up their monopolies, and to attempt to oust their remaining competitors. These business figures may have an advantage, however. As the regime grows weaker, it is more likely to turn to Putin's coterie of businessmen for assistance. This is also a form of political outsourcing—important state functions are being informally delegated to politically loyal private agents.

Political Technocrats

Russia's elite can be divided into two rough categories: politicians and technocrats. Putin's longtime friends and associates, as well as the protectors, mostly fall in the political category. The technocrats—both Putin's Kremlin retinue and government bureaucrats—have a much more circumscribed role, but they very much form the bureaucratic core of the Putin regime, which gives them a different kind of power.

It is to the technocrats' advantage that Putin is ever more impatient with figures who flaunt personal political ambitions. For example, Vyacheslav Volodin lost his role as Putin's chief domestic political adviser and banished to chair the State Duma when he became too creative in his political thinking. Volodin's replacement, Sergey Kiriyenko, the longtime head of Rosatom who served briefly as prime minister under Boris Yeltsin, has conspicuously shed personal ambitions and presents himself as a capable manager and administrator.

Kiriyenko is part of a special group of political technocrats who occupy senior positions and whose professional competence has earned them a certain degree of autonomy. Although not original members of Putin's original inner circle, they have won his personal trust.

Senior political technocrats now make policy in several key areas. Kiriyenko oversees domestic and regional policy. Alexey Gromov is in charge of the traditional media. Deputy prime minister Andrey Belousov leads the economic policymaking process. Finance Minister Anton Siluanov is responsible for fiscal policy and the budget. Foreign Minister Sergey Lavrov—and Defense Minister Sergey Shoigu—implement decisions on foreign and military policy. Central Bank Governor Elvira Nabiullina and Moscow Mayor Sergey Sobyanin are also part of this group. All of these are prominent figures whom Putin would find it hard to replace.

Prime Minister Mikhail Mishustin was tapped to be a leading member of this group, entrusted with boosting Russia's economic growth. But his career has stuttered thanks to his uncertain handling of the coronavirus outbreak. During the crisis, Mishustin has been much less visible than Sobyanin, a technocrat with high-level political experience who served previously as the Kremlin chief of staff, to step in and play a leading role. This shows why Sobyanin, formally just a regional leader, beats Mishustin, the second person in the state's hierarchy: a political technocrat will always outplay a common technocrat, whatever status the latter has.

Related article: Russian Billionaire Bosov Dies by Suicide

The Implementers

The biggest part of the elite—the implementers—is also the most expendable and weak politically. Its members can also be described as "executors" or "doers." Most deputy prime ministers in the former government and all four of Mishustin's deputies fall into this category. The same is true for nearly all cabinet ministers. Interior Minister Vladimir Kolokoltsev is a quintessential implementer despite his *silovik* status, as is the new Prosecutor General Igor Krasnov.

These ministers are generally subordinate to much more influential players, including figures outside government. Energy Minister Aleksandr Novak, for instance, is politically weaker than Rosneft CEO Sechin or Gazprom CEO Miller. The new minister of digital development, Maksut Shadayev, is weaker than any big player in the IT sphere, as well as the *siloviki* who remain influential in the communication sphere.

Nonetheless, many implementers have long careers ahead of them and can still evolve into political technocrats. But the trend is that they have been slowly pervading the official vertical while Putin's proxies have been escaping from political responsibility. Being the most technocratic and least ideological part of the elite, they are, for the most part, wary of the rise of a conservative ideology in Russia. As the system becomes more repressive, the rift between the technocratic bureaucracy and its more aggressive vanguard (described in the next section) will surely widen.

The Protectors

In recent years, as the Kremlin has become ever more conservative in its outlook, a key group in the elite, seeking to protect the system from both domestic and foreign foes, has grown stronger. These are the protectors. It's important to bear in mind that not all protectors are *siloviki* and not all *siloviki* are protectors. They share hardline ideological views and an instinct to use repression against the political opposition. The protectors' ideology, unashamedly drawing on conspiracy theories, seeks to mobilize society against foreign threats and advocates stricter control over Russians' private and political life.

Up until 2012, the Putin regime had little need for grandiose political ideology. Its main goal was for Russia to become as developed as the West, but in its own way. Those goals began changing in 2012, when Putin returned to the presidency. The *rokirovka* (as his role swap with Medvedev is known) sparked a backlash from the elite and parts of the public. To consolidate power anew, Putin repositioned himself as a dyed-in-the-wool conservative stressing the importance of "spiritual bonds" and traditional values that were lacking in the decadent West. In 2014, as Russia's leaders contended with growing international isolation in the wake of the war in Ukraine, they began selling this new ideological model across the world. Since the beginning of Putin's fourth term in 2018, the concept of "Putinism" has emerged, which many observers regard as synonymous with this ideology.

The *siloviki* are the most prominent protectors: Alexander Bastrykin, the head of the Investigative Committee and a former Putin classmate; Sergey Naryshkin, the head of Foreign Intelligence Service; and Nikolay Patrushev, secretary of the Security Council, which has

carved out an enhanced role for itself in formulating government strategy. In the summer of 2019, both Patrushev and FSB Director Alexander Bortnikov reportedly informed Putin that foreign actors had helped orchestrate the street protests in Moscow, persuading him to authorize a crackdown on the protesters.

Viktor Zolotov, a former Putin bodyguard who now leads his praetorian guard, the National Guard (Rosgvardiya), looks much weaker by comparison. He was unable to expand the National Guard's prerogatives and angered the Kremlin with a clumsy campaign against anticorruption activist Alexey Navalny. Today, Rosgvardiya remains locked in near-permanent competition with the police, which irritates Putin and other leaders as they are both charged with ensuring the population's compliance with self-isolation guidelines—they should be doing their jobs, not get into squabbles.

The protectors enjoy close ties with Russian Orthodox conservatives and support from Duma speaker Volodin, who has pushed through a series of legislative restrictions on civil liberties. They command the personal respect of Putin for repeatedly demonstrating that they are the most loyal and self-sacrificing members of his team. Yet the protectors also have a tendency to get out in front of the president and embarrass him. A case in point is the arrest of top U.S. private equity investor Michael Calvey, whom the security services reportedly detained without first getting Putin's approval.

The protectors have taken advantage of the coronavirus crisis with their initiative to prosecute people accused of spreading fake news about the pandemic—a move that is merely a new tool to limit freedom of speech. However, calls by the heads of the security services to Putin to declare a state of emergency to halt the spread of the virus have so far gone unheeded.

The Putin elite, which has always prided itself on pragmatism, is increasingly split between its professional technocrats and conservatives. The protectors are worried that Russia may seek one day to normalize relations with the West and presumably they are always on the lookout for ways to slow things down. They therefore propagate increasingly radical versions of "Putinism," which have begun to take on a life of their own and often bear little relation to what Putin himself actually wants.

These cleavages may well produce more open conflict within the elite. An effort to shift to a more progressive policy or a looser stance toward the West could radically deepen divisions or even lead to an attempted putsch.

Conclusion

From a distance, Russia's elite may appear to be fully consolidated under President Vladimir Putin. His decision to reset the clock on his presidential term limits reinforces that first impression. The real picture is very different. Russia's elite is extremely fragmented and riven by conflict. Competing groups fight not just over influence and property but also over ideology. This poses an ever more serious problem for Putin, as the loudest and most active segment of the elite holds views that are far more radical than his own. Elite division is such that there is almost no consensus on major issues. Every player acts according to his own corporate or political agenda and, with Putin increasingly absent from everyday decisionmaking, enjoys greater room for maneuver.

This article has divided the Russian elite into five broad groups, but one group—the protectors—are very much a law unto themselves. They take heart from Putin's pronouncement that the liberal idea has "outlived its purpose." Their influence has grown as the ideology they espouse has become dominant. This hardline stance puts them into direct conflict with other figures in the elite as diverse as longtime Putin associate Sergei Chemezov, former prime minister Dmitry Medvedev, and Central Bank Governor Elvira Nabiullina. This is setting up a profound longer-term clash with technocrats, who are forced to stay politically neutral but have been put in charge of modernizing the state. The coronavirus pandemic crisis has made this battle more visible. The technocrats, who are not used to taking the initiative in a crisis, have thus far failed to demonstrate that they can manage the situation. The protectors are making it clear that they would like to take more decisive action.

In the longer term, global developments will partially determine if one group or another comes out on top. The more Russia clashes with the West, the more the protectors will claim a moral right to fight adversaries both at home and abroad.

Russian society may also have its say, especially if the current crisis deepens. The public may protest against mistakes made by government leaders and their failure to understand the needs of society. In the long run, a lack of effective governance at a moment of national peril could hasten the gradual formation of an elite not beholden to Putin. The core of this alternative elite will ultimately be drawn from the class of technocrat-modernizers who are increasingly disillusioned with Putin's path.

The deep divisions within Putin's team are a feature, not a bug of the way Russia is ruled. For most of his presidency, Putin appeared to relish playing the role of arbiter among competing groups and asserting his centrality. That state of affairs conformed to centuries of Russian political culture dating back to the beginning of the Romanov dynasty, if not earlier. Now it has largely disappeared. Indeed, Putin has put significant distance between himself and his subordinates, a form of self-isolation that predates the coronavirus outbreak. As a result, he risks being more captive to their initiatives, their shortcomings, and their constant disputes and squabbles. In many respects, the Putin system's unity and cohesion have never been more important than now, when they are the least in evidence.

This article was first published *by the Carnegie Moscow Center.*

The views expressed in opinion pieces do not necessarily reflect the position of The Moscow Times.

Original url: https://www.themoscowtimes.com/2020/05/07/the-putin-regime-cracks-a70211