

A B R O O K I N G S F O C U S B O O K



# **OPERATIVE IN THE KREMLIN**

**Fiona Hill**  
**Clifford G. Gaddy**

**W**ho is Vladimir Putin? Observers have described him as a “man from nowhere”—someone without a face, substance, or soul. Russia experts Fiona Hill and Clifford Gaddy argue that Putin is in fact a man of many and complex identities. Drawing on a range of sources, including their own personal encounters, they describe six that are most essential: the Statist, the History Man, the Survivalist, the Outsider, the Free Marketeer, and the Case Officer. Understanding Putin’s multiple dimensions is crucial for policymakers trying to decide how best to deal with Russia.

Hill and Gaddy trace the identities back to formative experiences in Putin’s past, including his early life in Soviet Leningrad, his KGB training and responsibilities, his years as deputy mayor in the crime and corruption-ridden city of St. Petersburg, his first role in Moscow as the “operative” brought in from the outside by liberal reformers in the Kremlin to help control Russia’s oligarchs, and his time at the helm of a resurgent Russian state. The authors then examine the nature of the political system Putin has built, explaining it as a logical result of these six identities.

Vladimir Putin has his own idealized view of himself as CEO of “Russia, Inc.” But rather than leading a transparent public corporation, he runs a closed boardroom, not answerable to its stakeholders. Now that his corporation seems to be in crisis, with political protests marking Mr. Putin’s return to the presidency in 2012, will the CEO be held accountable for its failings?

**MR. PUTIN**

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A BROOKINGS FOCUS BOOK

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**Fiona Hill**  
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## ABOUT BROOKINGS

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## FOREWORD

FOR MORE THAN a dozen years—the equivalent of three American presidential terms—Vladimir Putin has presided over the largest nation on the planet, the second most powerful nuclear arsenal, and massive natural resources. Yet there is still debate about who he really is. Fiona Hill and Clifford Gaddy have gone a long way in answering that question, starting with the title, which makes a crucial point: even though “Mr. Putin” was, in his upbringing and early career, a prototype of the Soviet man, he’s no longer “Comrade Putin.” His aim is not the restoration of communism. He has made a deal with the capitalists who have thrived in Russia over the past two decades: they support him in the exercise of his political power, and he supports them in amassing their fortunes. The result, as Fiona and Clifford put it, is a two-way “protection racket” between the “CEO of Russia Inc.” and his “crony oligarchs.” Putin has also facilitated the accumulation of private wealth by public officials, especially those connected with the power ministries, including his own alma mater, the intelligence service. The USSR was also a kleptocracy, but like virtually all other enterprises, it was monopolized by the state, whereas today a perverse sort of public-private partnership exists in Russia.

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Another contrast between the country in which Putin was born and the one he now leads is in their belief systems. Communism scorns “bourgeois nationalism,” rejects religion as “the opiate of the people,” and empowers its adherents as the vanguard of a global movement (“workers of the world unite!”). In each of those respects, Putin is an apostate: he extols Mother Russia, professes his devotion to the Orthodox Church, and bases his hopes for his country’s future on nostalgia for its pre-Soviet past.

Fiona and Clifford make a convincing case that Putin has adopted—and adapted to his ambitions and agenda—what might be called Russian exceptionalism. It’s an atavistic ideology in that it reaches back to Slavophiles of the nineteenth century and their faith in the mystique of the Russian soul and Russia’s manifest destiny in Eurasia. Putin’s famous but usually misconstrued statement lamenting “the greatest geopolitical catastrophe of the [twentieth] century” referred not to the demise of the USSR but to the weakening of the Russian state in the early 1990s. This and other views reflect the influence of various nationalistic historians as well as the filmmaker Nikita Mikhalkov, best known in the West for his powerful, Oscar-winning indictment of Stalinism, *Burnt by the Sun*. Mikhalkov has, for years, been on a crusade to rehabilitate as true Russian heroes the Whites who were defeated by the Reds in the five-year Civil War that followed the Revolution of 1917.

So in a sense, “Mr. Putin” is, in his quest for a Russian “national idea,” not just post-communist—he’s also pre-communist and, in a sense, even anti-communist.

That said, what Putin emphatically shares with both tsars and commissars alike is a belief in the need for a supreme leader. Concepts like separation of powers and checks and balances have long been anathema to the Kremlin. Stalin was called *vozhd’* (the closest Russian comes to *Der Führer* and *Il Duce*). Even Boris Yeltsin—a liberal leader in many ways, certainly in comparison to his protégé-turned-successor—had a habit of using the verb *tsarstvovat’* (“rule like a tsar”) in the first-person singular.

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For his part, “Mr. Putin” is, as Fiona and Clifford note, careful to avoid such language. That’s partly, they suggest, because of his experience as a foot soldier and middle-rank officer in the KGB, a profession that required him to work quietly, deceptively, often under cover. Besides, if you’re a former intelligence agent who’s now the country’s “first person” (the title Putin selected for his own quasi-autobiography), you don’t need to be addressed in aggrandizing terms; your power is *ex officio*. Therefore, among colleagues (none of whom he regards as peers), Putin answers to “Vladimir Vladimirovich,” or, in more formal settings, “Mr. President.”

Even during the four years he served as prime minister “under” Dmitry Medvedev, he was indisputably at the top of “the vertical of power.” Putin has translated that telling phrase, along with “sovereign democracy,” into his determination and, by and large, his success in manipulating a supine parliament, cowing or co-opting political rivals, intimidating and sometimes jailing enemies, and controlling much of the media.

However, Putin’s mastery of the system he has built is neither absolute nor guaranteed to last. Fiona and Clifford are penetrating and persuasive in identifying his Achilles’ heel: a growing inability to respond adequately to the needs of the Russian people.

The problem is largely structural—a perverse, zero-sum dynamic built into the vertical of power itself. When authority is excessively concentrated at the pinnacle, it’s diluted at ground-level, where citizens depend on effective governance.

The most vivid example that Fiona and Clifford cite occurred in September 2004, when Chechen terrorists took hostage more than a thousand people, most of them school children, in the northern Caucasus. Local officials and the SWAT team on the scene felt they had to wait for presidential instructions, which were slow in coming. The resulting standoff exploded into mayhem, in which more than 300 hostages died, including nearly 200 children.

There’s also a personal, self-inflicted dimension to Putin’s weaknesses as a leader who prides himself on his strength. He demands

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accountability from everyone who reports to him, which essentially means every servant of the Russian state. Yet he has, on several occasions, demonstrated a combination of a tin ear and an avoidance approach when it comes to his own accountability to the citizenry. One such instance was in August 2000, when he was incommunicado during the protracted, widely covered, and ultimately failed attempt to rescue the crew trapped in a Russian submarine, the *Kursk*, that had sunk in the Barents Sea.

On that occasion, Putin was widely criticized for being aloof and uncaring. More than a decade later, he aroused opposition in an entirely different way—by taking his public support for granted and being *too much* in charge. On September 24, 2011, he issued a pro forma announcement of his intention to reclaim the presidency from Medvedev, as though filling that post was a matter that he alone could decide. As Fiona and Clifford put it, Putin’s “brand of personalized politics [had grown] stale.” Protests grew over the following months, leading to a massive demonstration featuring the slogan “Russia without Putin” with reverberations well into 2012.

I’ll close with two personal comments about this remarkable book.

First, while Fiona and Clifford make clear that Putin is in some crucial ways *sui generis*, their analysis of the Russian leader’s pronouncements and policies constitutes a guide for understanding “Putinism,” a term now commonly used to describe what Fareed Zakaria has dubbed “illiberal democracy,” especially when the regime in question puts the accent on the adjective while making a mockery out of the noun. The crudest, most extreme and entrenched case is President Alexander Lukashenko’s eighteen-year iron grip on Belarus. Other examples, less flagrant but heading in ominous directions, are several heads-of-state in former republics of the USSR, such as Presidents Viktor Yanukovych of Ukraine and Ilham Aliyev of Azerbaijan.

Commentators have recently begun to apply the label “Putinism” to a political leader west of the old Soviet borders: Hungary’s prime minister, Viktor Orbán, a legitimately elected one-time

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reformer who is turning authoritarian and getting away with it. Since he's doing so in a new member-state of NATO and the European Union at a time when those bulwarks of the transatlantic community of democracies face severe challenges, I believe it's fair to say that the specter of Putinism is now haunting Europe—a trend that makes Fiona and Clifford's book on the namesake of the phenomenon all the more timely and valuable.

My second personal comment is that Fiona and Clifford's book is full of revelations, insights, and analysis that augment—and often alter or correct—my understanding of what I experienced during the eight years in the 1990s when I worked at the State Department on relations between the United States and Yeltsin's Russia. My view was then, and remains today, that future historians, notably including Russian ones, will be far more charitable to Yeltsin's leadership and legacy than his contemporaries have been. He had his failures, excesses, and shortcomings, personal as well as political. The shakiness and capriciousness of his rule were exacerbated by his alcoholism and chronic heart problems. But he will, I believe, eventually get the credit he deserves for his determination to take a wrecking ball to the Communist Party, his commitment to opening society and the media, his pursuit of genuine partnership with the West, and his critical role in ensuring a peaceful dissolution of the USSR. The world must never forget that the largest country on earth could have gone the way of Yugoslavia, with thousands of nuclear weapons in the mix.

Still, the homegrown *Russian* version of Putinism is part of the Yeltsin legacy. That's not just because Yeltsin promoted Putin and installed him as his successor; it's also because—as Fiona and Clifford make clear—Putinism is a reaction to the privations that the Russian people suffered during Yeltsin's reign, as well as the shock many felt in the loss of a quarter of their territory when the fourteen other constituent republics of the USSR headed for the exit.

I dealt with Putin in the four capacities that vaulted him from obscurity to ultimate power: As Yeltsin's national security adviser

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and prime minister, then as acting president, and, finally, as elected president. Fiona and Clifford's description of him rings true, especially in the extent to which he's continued to apply the tradecraft of a spy—and a recruiter of spies—to his mode of operation as a political leader. For instance, I recall how, in our first meeting, he let me know, not so subtly, that he'd studied my dossier, mentioning in passing the early twentieth-century poet about whom I'd written a dissertation in graduate school. I found it more of a warning than a compliment ("We know *all* about you").

When Bill Clinton visited Russia for the last time as president in June of 2000 for his only bilateral summit with Putin, he found the encounter to be personally frustrating and foreboding in its implications for the future of Russia. The newly ensconced Kremlin leader was cool, cocky, and borderline patronizing toward an American counterpart who was in his final months in office. Putin politely but firmly rebuffed Clinton's efforts to make progress on several diplomatic and security issues. He used the meeting to signal that he was tougher, more vigorous, and more assertive than his predecessors—and that the same would be true of Russia itself under his command.

Putin also fended off Clinton's efforts to engage him on the course of Russia's internal evolution. It was that last issue that preyed on Clinton's mind when, on his way to the airport, he paid a visit to Yeltsin, who was living in retirement at a dacha outside Moscow. "Boris," said Clinton, "you've got democracy in your heart. You've got the trust of the people in your bones. You've got the fire in your belly of a real democrat and a real reformer. I'm not sure Putin has that. Maybe he does. I don't know. You'll have to keep an eye on him and use your influence to make sure that he stays on the right path. Putin needs you. Whether he knows it or not, he really needs you, Boris. Russia needs you. You really changed this country, Boris. Not every leader can say that about the country he's led. You changed Russia. Russia was lucky to have you. The world was lucky you were where you were. *I was*

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lucky to have you. We did a lot of stuff together, you and I. We got through some tough times. We never let it all come apart. We did some good things. They'll last. It took guts on your part. A lot of that stuff was harder for you than it was for me. I know that."

"Thank you, Bill," Yeltsin replied. "I understand. . . . I really do understand what you said. I'll think about it."

"I know you will, Boris," said Clinton, "because I know what you have in here." Clinton tapped Yeltsin on his chest, right above his ailing heart.

Afterward, ruminating on his friend "Ol' Boris," Clinton remarked, "I think we're going to miss him." A majority of the Russian people still don't miss the upheavals and hardships of the Yeltsin era, but a growing number of them are impatient to move beyond the Putin one.

STROBE TALBOTT  
President  
The Brookings Institution

*Washington, D.C.*  
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**MR. PUTIN**



## CHAPTER ONE

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# WHO IS MR. PUTIN?

**WHO IS MR. PUTIN?** This question has never been fully answered. Vladimir Putin has been Russia's dominant political figure for more than a dozen years since he first became prime minister and then president in 1999–2000. But in the years Putin has been in power we have seen almost no additional information provided about his background beyond what is available in early biographies. These relate that Vladimir Putin was born in the Soviet city of Leningrad in October 1952 and was his parents' only surviving child. Putin's childhood was spent in Leningrad, where his youthful pursuits included training first in sambo (a martial art combining judo and wrestling that was first developed by the Soviet Red Army) and then in judo. After school, Putin studied law at Leningrad State University, graduated in 1975, and immediately joined the Soviet intelligence service, the KGB. He was posted to Dresden in East Germany in 1985, after completing a year of study at the KGB's academy in Moscow. He was recalled from Dresden to Leningrad in 1990, just as the USSR was on the verge of collapse.

During his time in the KGB, Putin worked as a case officer and attained the rank of lieutenant colonel. In 1990–91, he moved into the intelligence service's "active reserve" and returned to Leningrad University as a deputy to the vice rector. He became an adviser to

one of his former law professors, Anatoly Sobchak, who left the university to become chairman of Leningrad's city soviet, or council. Putin worked with Sobchak during Sobchak's successful electoral campaign to become the first democratically elected mayor of what was now St. Petersburg. In June 1991, Putin became a deputy mayor of St. Petersburg and was put in charge of the city's Committee for External Relations. He officially resigned from the KGB in August 1991.

In 1996, after Mayor Sobchak lost his bid for reelection, Vladimir Putin moved to Moscow to work in the Kremlin, in the department that managed presidential property. In March 1997, Putin was elevated to deputy chief of the presidential staff. He assumed a number of other responsibilities within the Kremlin before being appointed head of the Russian Federal Security Service (the FSB, the successor to the KGB) in July 1998. A year later, in August 1999, Vladimir Putin was named, in rapid succession, one of Russia's first deputy prime ministers and then acting prime minister by Russian President Boris Yeltsin, who also indicated that Putin was his preferred successor as president. Finally, on December 31, 1999, Putin became acting president of Russia after Yeltsin resigned. He was officially elected to the position of president in March 2000. Putin served two terms as Russia's president from 2000 to 2004 and from 2004 to 2008, before stepping aside—in line with Russia's constitutional prohibition against three consecutive presidential terms—to assume the position of prime minister. In March 2012, Putin was reelected as Russian president until 2018, thanks to a law pushed through by then President Dmitry Medvedev in December 2008 extending the presidential term from four to six years.

These basic facts have been covered in books and newspaper articles. There is some uncertainty in the sources about specific dates and the sequencing of Vladimir Putin's professional trajectory. This is especially the case for his KGB service, but also for some of the period he was in the St. Petersburg mayor's office, including how long he was technically part of the KGB's "active reserve." Personal

information, including on key childhood events, his 1983 marriage to his wife Lyudmila, the birth of two daughters in 1985 and 1986 (Maria and Yekaterina), and his friendships with politicians and businessmen from Leningrad/St. Petersburg, is remarkably scant for such a prominent public figure. His wife, daughters, and other family members, for example, are conspicuously absent from the public domain. Information about him that was available at the beginning of his presidency has also been suppressed, distorted, or lost in a morass of competing and often contradictory versions swirling with rumor and innuendo. Some materials, related to a notorious 1990s food scandal in St. Petersburg, which almost upended Putin's early political career, have been expunged, along with those with access to them. When it comes to Mr. Putin, very little information is definitive, confirmable, or reliable.

As a result, some observers say that Vladimir Putin has no face, no substance, no soul. He is a "man from nowhere," who can appear to be anybody to anyone. Indeed, as president and prime minister, Mr. Putin has turned himself into the ultimate political performance artist. Over the last several years, his public relations team has pushed his image in multiple directions, pitching him as everything from big game hunter and conservationist to scuba diver to biker—even nightclub crooner. Leaders of other countries have gained notoriety for their flamboyant or patriotic style of dressing to appeal to and rally the masses—like Fidel Castro's and Hugo Chavez's military fatigues, Yasser Arafat's ubiquitous keffiyeh scarf, Muammar Qaddafi's robes (and tent), Hamid Karzai's carefully calculated blend of traditional Afghan tribal dress, and Yulia Tymoshenko's ultra-chic Ukrainian-peasant blonde braids—but Vladimir Putin has out-dressed them all. He has appeared in an endless number of guises for encounters with the press or Russian special interest groups, or at times of crisis, as during raging peat bog fires around Moscow in 2010, when he was transformed into a fire-fighting airplane pilot. All this with the assistance, it would seem, of the Kremlin's inexhaustible wardrobe and special props department.

THE KREMLIN SPECIAL PROPS DEPARTMENT

Mr. Putin's antics are reminiscent of a much-beloved children's book and animated cartoon series in the United Kingdom, *Mr. Benn*. Each morning, Mr. Benn, a non-descript British man in a standard issue bowler hat and business suit, strolls down his street and is beckoned into a mysterious costume shop by a mustachioed, fez-wearing shopkeeper. The shopkeeper whisks Mr. Benn into a changing room. Mr. Benn puts on a costume that has already been laid out by the shopkeeper, walks out a secret door, and assumes a new costume-appropriate identity, as if by magic. In every episode, Mr. Benn solves a problem for the people he encounters during his adventure, until summoned back to reality by the shopkeeper. At the start of every episode a spinning wheel stops at the costume and adventure of the day.<sup>1</sup> The Mr. Putin(s) pinwheel we use for the book cover is a tribute to the opening sequence of *Mr. Benn*. Like his cartoon analogue, Mr. Putin, with the assistance of his press secretary, Dmitry Peskov (mustachioed but without the fez), and a coterie of press people, as if by magic embarks on a series of adventures (some of which oddly enough overlap with Mr. Benn's). In the course of his adventures, Mr. Putin pulls off every costume and performance with aplomb, a straight face, and a demonstration of skill.

Vladimir Putin and his PR team—which closely monitor the public reactions to the Mr. Putin episodes—are aware that these performances lack universal appeal and have sparked amusement at home and abroad at their elaborate and very obvious staging.<sup>2</sup> But Russian intellectual elites, the Russian political opposition to Mr. Putin, and overseas commentators are not the target audience. Each episode of Mr. Putin has a specific purpose. They are all based on feedback from opinion polls suggesting the Kremlin needs to reach out and create a direct connection to a particular group among the Russian population. Press Secretary Peskov admitted this in a meeting with the press in August 2011 after Mr. Putin

dove to the bottom of the Black Sea to retrieve some suspiciously immaculate amphorae.<sup>3</sup> Putin himself has asserted in biographical interviews that one of his main skills is to get people—in this case the Russian people, his audience(s)—to see him as what *they* want him to be, not what he really is. These performances portray Putin as the ultimate Russian action man, capable of dealing with every eventuality. Collectively, they have been one of the reasons why Vladimir Putin has consistently polled as Russia's most popular politician for the best part of a decade.

### PERSONALIZED POLITICS

As the PR performances underscore, the political system Putin has built around himself as Russian president and prime minister is highly personalized. Its legitimacy and stability are heavily dependent on Putin's personal popularity. The Russian economic and political systems are private and informal. A small number of trusted figures around Mr. Putin, perhaps twenty to thirty people, make the key decisions. At the very top is an even tighter inner circle of about half a dozen individuals, all with close ties to Putin, who have worked together for twenty years, beginning in St. Petersburg and continuing in Moscow. Real decisionmaking power resides inside the inner circle, while Russia's formal political institutions have to varying degrees been emasculated.

Within the system, Mr. Putin has developed his own idealized view of himself as CEO of "Russia, Inc." In reality, his leadership style is more like that of a mafia family Don. Everyone is interdependent, as well as dependent on the informal system, which provides access to prestigious positions and a whole array of perks and privileges, including the possibility of self-enrichment. The enforcement of rules and norms is based on powerful reciprocal ties and threats, not on positive incentives. Core individuals collect and amass detailed compromising material (*kompromat* in Russian) that can be used as leverage on every key figure inside and outside government. Mr. Putin the CEO has not been the

executive of a transparent public corporation. He has operated in the closed boardroom of a privately held corporation, with no genuine accountability to anyone outside the inner circle. The corporation's operating style is now in question, however. Since the Russian parliamentary (Duma) elections in December 2011, members of the public have taken to the streets of Moscow, St. Petersburg, and other cities to assert their rights as stakeholders and demand that Putin the CEO be held accountable for the failings of Russia, Inc.

After Putin first became president in 2000, the tight inner circle around him created an array of mechanisms—like Putin's PR stunts—to construct a feedback loop with Russia's diverse societal and political constituencies and keep a close eye on public opinion. Putin and his political system derived legitimacy from periodic parliamentary and presidential elections, but otherwise the Kremlin closed off political competition. The Kremlin did this by aggressively championing a dominant political party, *Yedinaya Rossiya*, or United Russia, by controlling opposition parties and by marginalizing especially charismatic independent politicians or other public figures. Mr. Putin also deliberately usurped the agendas of nationalist and religiously motivated political groups that could provide alternative means for public mobilization.

### PUTIN'S PERMANENT CAMPAIGN

In many respects, Putin and the Kremlin were in permanent campaign mode for more than a decade leading up to the December 2011 elections. To maintain Putin's personal popularity, they constantly adjusted their approach at the first signs of trouble. The permanent campaign was given an extra imperative and dimension in the early 2000s, when so-called color revolutions unseated unpopular leaders in Georgia, Ukraine, and other former Soviet states. The "Arab Spring" of 2011, which overturned authoritarian regimes in North Africa and the Middle East, including some with close ties to Moscow, provided another political jolt. Through



constant polling and surveys—including an annual televised mass call-in session—Putin and the Kremlin tried to gauge the Russian public mood. They moved quickly to defuse sensitive issues that could become destabilizing focal points for anger and bring people out into the streets to protest.

Over the course of the 2000s, heavy manipulation of the media, from television and newspapers to the Internet, became an increasing feature of the Russian political system. Unlike China, the Kremlin did not immediately move to censor the Internet. Instead, it sought to fill the available political and public information space with its own content and to co-opt or in some cases create new media outlets. Businessmen (the so-called oligarchs) close to the Kremlin capitalized on this tactic to become some of the richest men in the world, penetrating global social media markets. The circle around Putin kept close tabs on critical commentators and prominent bloggers. Putin's team convened Kremlin focus groups specifically intended to counter dissenters and critics (from abroad as well as at home). They set up training sessions for loyal bloggers. The Kremlin also hired leading Russian and international public relations firms to help improve its media strategy. For most of 2011, the Kremlin seemed relatively confident that it could avoid Russia's own version of Egypt's Tahrir Square and the Arab Spring.

By fall 2011, Vladimir Putin's brand of personalized politics seemed to grow stale. A September 24, 2011, almost pro forma, off-hand, announcement that he would return to the presidency was not universally well received. In 2007–08, Putin initiated a tandem power-sharing arrangement with longtime colleague Dmitry Medvedev. Medvedev was put forward as the new Russian president, while Putin stepped into the role of prime minister. Medvedev's tenure as president was viewed with a degree of skepticism by the Russian public. Mr. Putin was still seen as firmly in charge. Nonetheless, Medvedev and his political advisers championed a wide-ranging debate about Russia's future. This created an atmosphere of change as well as anticipation of significant reforms that

might open up the political and economic system. Russian professional and elite circles saw Putin's abrupt demotion of Medvedev in 2011 as a retrograde step. The December 4, 2011, Duma elections underscored a growing sense of dissatisfaction among segments of the Russian population with the system and its mechanisms, especially with United Russia as the nominal ruling party. United Russia kept its majority in parliament but got far less than its anticipated 50 percent of the popular vote. United Russia's poor electoral performance significantly undercut the ruling party's legitimacy and tarnished Putin's political brand in the period leading up to the March 2012 presidential election.

## TIME TO RECALIBRATE?

Events after December 2011 suggested the Putin team would have to recalculate and recalibrate. During the last decade, the Russian public has become more politically sophisticated and has developed different expectations. Russians now rank among the world's heaviest social networkers. They have multiple sources of information beyond the state-controlled media. In December 2011, the Internet, cell phones, video cameras, and Twitter played instrumental roles in publicizing parliamentary election violations. Tens of thousands of people—especially young urban professionals—moved their protests from the Internet to the streets of Moscow and St. Petersburg, changing the way of doing politics in Russia.

The Kremlin was hard-pressed to figure out how to tackle this discontent in advance of the March 4, 2012, presidential election. Putin and his team had to pull out all the stops to boost his ratings and get the electorate to the voting booths to ensure a decisive majority in the first phase of the election and avoid the specter of a second round. Russia has clearly evolved and changed since Putin first vaulted to the top of the political system in 1999–2000. The most pertinent questions raised by this situation are: Is Mr. Putin still the person best suited for the task of governing Russia over

the next decade? Has he evolved and changed along with the rest of the country?

## THE REAL MR. PUTINS

In this book, we pick up the idea of multiple Mr. Putins from his PR stunts to create a portrait that attempts to provide some answers to these questions. We argue that uncovering the multiple “real Putins” requires looking beyond the staged performances and the deliberately assumed phony guises that constitute the Putin political brand. For most of the first decade of the 2000s, Putin displayed remarkable strength as a political actor in the Russian context. This strength was derived from the combination of the six individual identities we discuss and highlight in the book, not from his staged performances. We term these identities the Statist, the History Man, the Survivalist, the Outsider, the Free Marketeer, and the Case Officer. We discuss each in detail, looking at their central elements and evolution, and their roots in Russian history, culture, and politics. Our goal is not to endorse any of these identities as being exclusively accurate, but to use them to help understand who—and what—Vladimir Putin is as a composite of them.

We begin with an initial set of three identities—the Statist, the History Man, and the Survivalist. These are the most generic. They can be applied to a larger group of Russians than just Mr. Putin, especially Russian politicians in Putin’s general age cohort who began their careers during the Soviet period and launched themselves onto the national political stage in the 1990s. These first three identities provide the foundation for Mr. Putin’s views about the Russian state, his political philosophy, and his conception of his first presidential terms in the 2000s. The 1990s, the Russian Federation’s first decade as a stand-alone, independent country after the dissolution of the USSR—when Russia fell into economic and political crisis and Moscow lost its authority over the rest of the former Soviet republics, including lands that had previously

been part of the Russian Empire—is a central element in the Statist, History Man, and Survivalist identities. It provides the overarching context for the identities as well as for Vladimir Putin’s personal political narrative. Putin began his tenure as acting Russian president with a December 1999 treatise on the lessons from Russia’s experience in the 1990s and how he would address them. During his 2012 presidential election campaign, Putin returned to the themes of this earlier treatise. He made frequent explicit reference to what he described as the chaos of Russia in the 1990s under President Boris Yeltsin. He sharply contrasted this to the decade of political and economic stability he believes that he, personally, brought to the country after taking office in 1999. Putin essentially ran his 2012 campaign against the past, specifically the 1990s, rather than against another candidate. Mr. Putin clearly sees his presidency as the product of, as well as the answer to, Russia of the 1990s. Before we move to the details of the first three identities, we offer a brief review of some of the events and developments of this decade that are most pertinent to the Putin presidency.

The second part of the book is devoted to the last three identities: the Outsider, the Free Marketeer, and the Case Officer. These are much more specific to Mr. Putin. They offer the most illustrative and parsimonious way of narrowing down his unique combination of skills and experiences. As we will explain, these are the identities that helped propel Vladimir Putin into the Kremlin in 1999–2000. Over time, however, they have begun to show signs of age. All three identities are deeply rooted in Mr. Putin’s life and career before he came to the Kremlin. They have not been refreshed and have not kept pace with the changes in Russia over the decade since he rose to the top of the state. They are also not the identities of a national political leader. They are identities that made Vladimir Putin an effective behind-the-scenes operator and are identities rooted in Russia’s Soviet past. The fact that Mr. Putin’s core identities are so closely associated with his own and Russia’s past is becoming more apparent to a growing and important segment

of Russia's population. This is a source of weakness for Mr. Putin personally and a fundamental vulnerability for the system of governance he has created around himself. Key elements of these three identities have prevented Mr. Putin from relating and connecting to the Russian citizens who took to the streets in protest after the 2011 parliamentary and 2012 presidential elections.

### A CONTEXTUAL PORTRAIT OF VLADIMIR PUTIN

This book is not intended to be a definitive biography or a comprehensive study of everything about Vladimir Putin. Although personal and even intimate life experiences shape the way an individual thinks and views the world, we do not delve into Vladimir Putin's family life or close friendships. We also do not critique all the different stories about him, and we try to avoid retreading ground that has been covered in other biographies and analyses. As a result, there are many important and enduring mysteries about Vladimir Putin that we will not address in detail in this book, including the specific circumstances of his first rise to power as Russian president. In three short years from 1997 to 1999, Vladimir Putin was promoted to increasingly lofty positions, from deputy chief of the presidential staff, to head of the FSB, to prime minister, then to acting president. There are multiple competing versions of how Mr. Putin was selected to be Boris Yeltsin's successor in 1999. The different stories of "who chose Putin?" are among the reasons we decided to write this book and to adopt the specific approach we have. All the versions of who decided that Vladimir Putin should be Yeltsin's successor are based on retrospective accounts, including from Boris Yeltsin himself in his memoir *Midnight Diaries*. Almost nothing comes from real-time statements or actions. Even then—if this kind of information were available—we would not know what really happened behind the scenes. It is clear that many of the after-the-fact statements are self-serving. None of them seem completely credible. They are from people trying to claim credit, or avoid blame, for a set of decisions that proved monumental for Russia.

Rather than spending time parsing the course of events in this period and analyzing the various people who may or may not have influenced the decision to install Vladimir Putin as Boris Yeltsin's successor, we parse and analyze Putin himself. We focus on a series of vignettes from his basic biography that form part of a more coherent, larger story. We also emphasize Putin's own role in getting where he did. We stress the one thing we are certain about: Putin shaped his own fate, in large part because of the nature of his six core identities. We do not deny there was an element of accident or chance in his ultimate rise to power. Nor do we deny there were real people who acted on his behalf—people who thought at a particular time that he was “their man” who would promote their interests. But what Mr. Putin did is the most critical element in his biography, not what other people did.

Like a good KGB case officer, Vladimir Putin kept his own ambitions tightly under wraps. Like most ambitious people, he took advantage of the opportunities that presented themselves. Mr. Putin paid close attention to individuals who might further his career. He studied them, strengthened his personal and professional ties to them, did favors for them, and manipulated them. He allowed—even actively encouraged—people to underestimate him as he maneuvered himself into influential positions and quietly accumulated real power. Instead of providing a “Who's Who” of Vladimir Putin's political circle, we highlight some of the people who played important roles for Putin at different junctures. These include Russian historical figures whose biographies and ideas Putin appropriated and tailored to suit his own personal narrative. They also include a few people from the inner circle whose relationships and roles illuminate the connections Putin developed to put himself in a position to become Russian president and, more important, to become a president with the power to implement his goals. None of Vladimir Putin's personal ties, however, made his rise to power inevitable.

In a similar vein, for many people the most important stories about Mr. Putin are those devoted to his reported accumulation of vast personal wealth and the scale of corruption within the inner circle of Russia, Inc. These stories date back to Putin's time in the St. Petersburg mayor's office, they implicate his family, and they have been frequently featured in Russian as well as Western media. There is, however, little hard documentary evidence to back up even the most credible reporting. Some of the world's top financial institutions have conducted serious research on how the corrupt hide their stolen assets.<sup>4</sup> We did not have the means to undertake the kind of technical work necessary to pursue Mr. Putin's purported ill-gotten gains, nor did we want to engage in further speculation on this subject. As we indicate in the book, there is notable circumstantial evidence—including expensive watches and suits—of Mr. Putin's luxury lifestyle beyond the official trappings of the Russian presidency. People with close and long-standing personal ties to Vladimir Putin now occupy positions of great responsibility within the Russian economy and are some of Russia's (and the world's) richest men. In interviews, they are remarkably frank in discussing the links between their connections, their economic roles, and their money. There might also be political reasons for Putin to accumulate and flaunt personal wealth. Indeed, some of the stories in the Russian press, and some related to us by Russian colleagues, suggest that Mr. Putin might even encourage rumors that he is the richest of the rich to curb political ambitions among Russia's billionaire businessmen.

Even if Vladimir Putin has enriched himself and those around him, we do not believe a quest for personal wealth is primarily what drives him, and we need to understand what else motivates his actions as head of the Russian state. The ultimate purpose of our analysis is thus to provide a portrait of Mr. Putin's mental outlook, his worldview, and the individual aspects or identities that comprise this worldview. Like everyone else, Putin is an amalgam,

a composite, of his life experiences. Putin's identities are parallel, not sequential. They blend into each other and are not mutually exclusive. In many respects they could be packaged differently from the way we present them in the book. The most generic identities—the Statist, the History Man, and the Survivalist—could be merged together. They overlap in some obvious ways and have some themes in common. Nonetheless, there are key distinctions in each of them that we seek to tease out. Putin's outlook has been shaped by many influences: a combination of the Soviet and Russian contexts in which he grew up, lived, and worked; a personal interest in Russian history and literature; his legal studies at Leningrad State University (LGU); his KGB training; his KGB service in Dresden in East Germany; his experiences in 1990s St. Petersburg; his early days in Moscow in 1996–99; and his time at the helm of the Russian state since 2000. Instead of trying to track down all the Putin stories to fit with these experiences, we have built a contextual narrative based on the known parts of Putin's biography, a close examination of his public pronouncements over more than a decade, and, not least, our own personal encounters with Mr. Putin through the annual Valdai Discussion Club.<sup>5</sup>

Just as we do not know who exactly selected Mr. Putin to be Boris Yeltsin's successor in 1999, we do not know specifically what Putin did during his 16 years in the KGB. We do, however, know the context of the KGB during the period when Vladimir Putin operated in it. So, for example, we have examined the careers, published writings, and memoirs of leading KGB officials such as Yury Andropov and Filipp Bobkov—the people who shaped the institution and thus Putin. Similarly, Putin constantly refers to Russia's "time of troubles" in the 1990s as the negative reference point for his presidency and premiership. Although we do not know what Putin was thinking about in the 1990s, we know a great deal about the events and debates of this decade in which people around him were closely involved. We also have ample evidence, in Mr. Putin's own writings and speeches from 1999 to 2012, of his



appropriation of the core concepts and language of an identifiable body of political and legal thought from the 1990s. In short, we know what others around Mr. Putin said or did in a certain time-frame, even if we cannot always prove what Putin himself was up to. We focus on what seems the most credible in a particular context to draw out information relevant to Putin's specific identities.

In the final chapter, we explain why the current Russian political system can best be understood as a logical result of the combination of Putin's six identities, along with the set of personal and professional relationships he formed over several decades in St. Petersburg and Moscow. Putin did not appear out of the blue or from "nowhere" when he arrived in Moscow in 1996 to take up a position in the Russian presidential administration. He most demonstrably came from St. Petersburg. He also came from a group around Mayor Anatoly Sobchak to which he had first gravitated in the 1970s when he was a student in LGU's law faculty and Sobchak was a lecturer there. Vladimir Putin's KGB superiors later assigned him to work at LGU in 1990, bringing him back into Anatoly Sobchak's orbit. Features of Mr. Putin's personality then drew him into the center of Sobchak's team as the former law professor campaigned to become mayor of St. Petersburg. Because of his real identities—and particular (often unsavory) skills associated with his role as a former KGB case officer—Vladimir Putin was subsequently determined by the St. Petersburg mayor and his close circle of associates to be uniquely well-suited for the task of enforcing informal rules and making corrupt businesses deliver in the freewheeling days of the 1990s. Putin became widely known as "Sobchak's fixer," and some of the activities he engaged in, while in St. Petersburg, helped pave his way to power in Moscow.

## CHAPTER TWO

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# BORIS YELTSIN AND THE TIME OF TROUBLES

SOME COMMENTATORS HAVE depicted the story of how Mr. Putin came to be prime minister and then president of Russia as something akin to a tragedy that ruptured what appeared to be a generally positive trajectory of post-Soviet Russia in the 1990s toward the development of a more pluralistic democratic state and market economy. Vladimir Putin views the trajectory of 1990s in a very different way. For him, the Russian state was in a downward spiral. His elevation to the presidency at the end of 1999 was the logical culmination of, as well as the response to, a series of sometimes fatal (not just fateful) mistakes made by Russian political figures over the course of this tumultuous decade. The agenda of his presidency was an explicit response to the 1990s. His goal, as he himself often states, was to address the mistakes that were made and put Russia back on track.

The early part of the 1990s was framed by the great upheaval of the Soviet collapse, attempts at radical economic reform, and a declaration of hostilities between an ambitious Russian parliament and a weak presidency. In the years before Mr. Putin came to Moscow, factional squabbling within the Russian leadership, and endless changes in top personnel and the composition of the Russian government, created a strong sense that President

Boris Yeltsin had allowed events to spin out of control. In 1993, President Yeltsin laid siege to the Russian parliamentary building to force a recalcitrant legislature to its knees and back into line with the executive branch, thus inaugurating a period of rule by presidential decree that would last for several years. In 1994, Yeltsin launched a brutal and unsuccessful domestic war to suppress an independence drive in the republic of Chechnya, sparking two decades of brutal conflict and ongoing insurgency in Russia's North Caucasus region. In 1996, Yeltsin's team ran a dirty election campaign to keep their, by now, ailing and unpopular leader in the Kremlin. They made a deal for political support with the oligarchs—the leading figures in Russia's new private business sectors—that resulted in the supposed pioneers of Russia's market economy manipulating politics and fighting among themselves over the purchase of former state assets. In the same timeframe, repeated setbacks to Russia's foreign policy goals in the Balkans and elsewhere in the former Soviet space compounded a public perception of disorder verging on chaos.

One narrative among the Russian political and intellectual elite in this period—both inside and outside government—was that the Russian state had fallen into another time of troubles (*smutnoye vremya*). This is the narrative that Putin adopted when he embarked on his presidency in 1999–2000. Russia's infamous *smutnoye vremya* was the historical period that marked the end of the sixteenth and beginning of the seventeenth century. The death of the last tsar of the Rurikid dynasty was followed by uprisings, invasions, and widespread famine before the establishment and consolidation of the new Romanov dynasty. Boris Yeltsin's critics compared him unfavorably with Boris Godunov, the notorious *de facto* Russian regent during the time of troubles. Similar evocations were made to other historical periods of insurgency and uncertainty in the eighteenth century under Peter the Great and Catherine the Great, to the aftermath of the Decembrist revolt in the 1820s–30s, and to the long span of episodic revolutionary

turmoil from the 1860s up to World War I that culminated in the Revolution of 1917.<sup>1</sup>

On January 1, 1992, President Yeltsin launched an ambitious economic reform program intended to transform Russia's inherited Soviet economy into a modern market economy. The approach, labeled "shock therapy," was modeled on the recent experience of transition in Poland and other former communist countries. The key steps included the abolition of central planning for manufacturing and other production, the privatization of government enterprises, rapid liberalization of prices, and stark budget cuts aimed at restoring fiscal balance. For a Russian population that for decades had known only fixed prices, lifetime employment guarantees, and a cradle-to-grave welfare system, there was no doubt about the shock. Since virtually all prices were deregulated at the same time, they predictably jumped to unprecedented levels in one single leap. Accumulated household savings were rendered worthless. There were no provisions for compensation by the government. Enterprises were left without government orders. Their directors had neither the time nor the skills to find alternative customers before they had to simply shut down production.<sup>2</sup> Unemployment soared.

The austerity measures did not lead to any immediate improvement in government finances. Deficits ballooned while government services collapsed. Yeltsin's team of academic policymakers, headed by Yegor Gaidar, reassured the president and the public that all this had been expected but that the painful period would be brief. Recovery was around the corner. The result would be much greater prosperity than ever before under the Soviet system. The recovery—the therapy part of shock therapy—did not come. Inflation raged: prices rose on average by 20 percent a month throughout 1993.<sup>3</sup> Unemployment continued to grow. The economy as a whole shifted from a growth and development orientation to pure survival. On a private level, Russian households did the same. But publicly there was outrage.

From the outset, Gaidar and his group of young economists bore the brunt of the criticism for the economic and political consequences of the program. They became the target of conservative factions in the Russian parliament and industrial circles who had vested interests in Soviet-style business as usual. By the end of 1992, they were out of the cabinet and Boris Yeltsin had appointed Viktor Chernomyrdin, former head of the Russian gas industry and a member of the industrial lobby, as prime minister. Although parliament viewed Chernomyrdin as a proponent of a slower pace of reform, the conservative factions maintained their pressure on President Yeltsin. With Gaidar no longer overseeing economic policy, the Russian parliament moved to challenge Yeltsin on other political issues, including the process for passing a new Russian constitution. Both the parliament and the presidential administration set about creating their own competing drafts to replace the defunct Soviet-era constitution.

#### PRESIDENT VERSUS PARLIAMENT

The political standoff between the Russian legislative and executive branches degenerated to the point where effective governance was virtually impossible. In September 1993, Yeltsin abolished the existing parliament and announced that there would be elections for a new lower house in December 1993. He declared that the new lower house would now be called the State Duma, the name of the late imperial Russian legislature. The Russian parliament countered by naming its own acting president—Vice President Alexander Rutskoi, who had moved into open political opposition to Yeltsin. Rutskoi set up an alternative cabinet in the “White House,” the Russian parliamentary building. The confrontation came to a bloody end on October 3–4, 1993. Supporters of the parliament marched on *Ostankino*, the Moscow television tower, and a number of protesters were killed in a skirmish with interior ministry forces. On the morning of October 4, Yeltsin ordered

Russian military tanks to fire on the White House to force his erstwhile vice president and the deputies to surrender. One hundred forty-five people were killed and 800 wounded in the assault and associated street fighting, according to official statements.

The events of October 1993 were (at that point) the most violent political confrontation in the Russian capital since the Revolution of 1917.<sup>4</sup> They left their mark on many Russian political figures of the period, including Mr. Putin. After the fighting was over and new elections were held, President Yeltsin stripped the new State Duma of many legislative oversight functions. He relocated parliament from the charred remnants of the White House to an old Soviet building symbolically in the shadow of the Kremlin walls. The scorch marks on the White House were washed off, the building was cleaned up and renovated, and it was handed off to become the seat of the Russian government. In a January 2012 interview with the British newspaper *The Guardian*, Gleb Pavlovsky—a former Kremlin adviser and political strategist who worked closely with Putin during his tenure as president and prime minister before being fired in 2011—observed that the 1993 standoff between Yeltsin and the parliament had a profound effect on Vladimir Putin. The assault on the White House shaped Putin’s views about what tended to happen when the balance of power shifted in Russia. The losers in a political confrontation would be put against the wall and shot. “Putin always said, we know ourselves . . . we know that as soon as we move aside, you will destroy us. He said that directly, you’ll put us to the wall and execute us. And we don’t want to go to the wall . . . that was a very deep belief and was based on [the] very tough confrontations of 1993 when Yeltsin fired on the Supreme Soviet [parliament] and killed a lot more people—Putin knows—than was officially announced. . . .”<sup>5</sup>

### A NEW PRESIDENTIAL CONSTITUTION

Fortunately for Putin, he was nowhere near either the Kremlin or the White House walls in 1993. He was a bystander to Yeltsin’s

showdown with the parliament, sitting on the sidelines in the mayor's office in St. Petersburg. Putin's then boss, Anatoly Sobchak, however, was one of the key drafters of the new Russian constitution.<sup>6</sup> This would prove to be one of the most consequential documents for defining Putin's future presidency. Having shelled the parliament into submission, Yeltsin pushed through a draft of the constitution that granted the Russian president and the executive branch extensive powers over domestic and foreign policy. In effect, Yeltsin's new constitution retroactively legitimized many of the steps he had taken (excluding the military action) to curb the powers of parliament. It was a potentially powerful tool for any president, like Mr. Putin, trying to secure the preeminent position in Russian political life.

The 1993 Russian constitutional process was deeply rooted in earlier historical attempts to create a constitution. Although there was a good deal of discussion of other international conceptual sources and constitutional models, the document that emerged drew heavily from ideas put forward in Russia's late tsarist era. One of the creators of the 1993 Russian constitution, Sergei Shakhrai, would later claim that it was a "myth" that the Russian constitution had drawn any inspiration whatsoever from any Western constitutional models—except, perhaps, for the fact that the Russian president was conceived as the "Russian equivalent of the British Queen."<sup>7</sup> (Great Britain, of course, does not have a constitution in the modern sense of a single written document, nor does the British monarch have real political power.) The Russian presidency enshrined in the constitution far exceeded even the U.S. and French equivalents in its sweep of authority.

### DEBACLE IN THE DUMA

In spite of the bloodletting and his new quasi-monarchical powers, President Yeltsin found the Russian State Duma no easier to work with than the old parliament. The 1993 December elections produced a parliament split between generally anti-reform parties,

including the nationalist Liberal Democratic Party (LDPR) and the Communist Party of the Russian Federation (CPRF), and pro-reform parties such as Russia's Choice and the Russian United Democratic Party, *Yabloko* ("apple"). Among the parties, the nationalist LDPR secured almost a quarter (22.9 percent) of the popular vote, outstripping the second place Russia's Choice with 15 percent.<sup>8</sup> The Duma subsequently fell upon itself in a series of factional and personal squabbles. Parties and blocs formed and reformed with dizzying frequency, and some parliamentary sessions were disrupted by fistfights.<sup>9</sup> Similar scenes played out in regional legislatures, including in St. Petersburg. A decade later, Putin would refer to the legislative rough and tumble with considerable distaste, noting that the repeated brawls had given him a very low opinion of politics.<sup>10</sup>

In spring 1995, after much debate, a new election law was passed setting parliamentary elections for December 1995 and presidential elections for June 1996. As would happen again in 2011, the Kremlin had an unpleasant "December surprise" in the 1995 parliamentary election. The opposition Communist Party trounced the ruling party of the period, *Nash dom Rossiya* (NDR), or Our Home Is Russia, which had been formed under the leadership of Prime Minister Viktor Chernomyrdin to try to unify the range of pro-reform or "democratic" parties.<sup>11</sup> As we will discuss later, Putin had his own role to play in this debacle, leading NDR's local campaign in St. Petersburg, an experience that put him off electoral politics even further.

### YELTSIN, THE OLIGARCHS, AND THE JUNE 1996 ELECTION

The subsequent 1996 presidential election—which like other Russian presidential elections consisted of two rounds to reduce the pool of candidates to two if no one got a clear majority of the vote—was transformed into an apparent head-to-head contest between Yeltsin and Gennady Zyuganov, the Communist Party leader. Zyuganov made it clear that he would end Yeltsin's economic reforms and return to a modified Soviet-style system if he won the presidency. At



this fateful juncture, Yeltsin was undergoing his own personal time of troubles. The Russian president was in poor health. He would in fact have a serious heart attack between the electoral rounds and disappear from public view for a substantial period of time. These troubles compounded his government's political difficulties. They also set the scene for Putin's subsequent move to Moscow. Just before the presidential election, Yeltsin's approval ratings fell to an all-time low of 3 percent. Yeltsin risked forfeiting the election to Zyuganov unless the team around him could pull off a political miracle, but the team lacked the resources for a full-scale national electoral campaign. The Kremlin's coffers were empty, and new independent media outlets had eclipsed the stale programming and content of the old state television, newspapers, and radio.<sup>12</sup>

Yeltsin's team reached out to a set of business people who had benefitted directly from the government's reform program. They had amassed fortunes in new financial institutions and acquired stakes in the new media. Among them were Boris Berezovsky, head of Logovaz, one of Russia's largest holding companies, which had controlling shares or interests in media outlets, including the Russian television station ORT, the newspaper *Nezavisimaya gazeta*, and the weekly magazine *Ogonyok*; Vladimir Potanin, the president of Uneximbank, Russia's third-largest bank in terms of assets; Mikhail Khodorkovsky, head of the Menatep-Rosprom financial industrial group; Vladimir Gusinsky, the founder of the Most Bank and media group; Pyotr Aven, a former Russian minister turned banker; Mikhail Fridman, the president of Alfa Bank; and Alexander Smolensky, the head of Stolichny Savings Bank.<sup>13</sup> In return for campaign contributions on a massive scale and preferential media access, Yeltsin promised this group of seven oligarchs privileged bidding positions for controlling shares in some of Russia's most important state companies in the oil and gas, metallurgy, and other industrial sectors when they were privatized. This notorious "loans-for-shares" agreement has been thoroughly parsed and widely documented.<sup>14</sup> It brought the titans of Russian business,

the oligarchs, who bankrolled the campaign into the business of deciding who would run Russia. It also laid the ground for clashes between the Yeltsin “Family” (Boris Yeltsin’s family members and his closest associates) and some of the businessmen—with serious political consequences for Russia in the period leading up to 1999—as their respective sets of interests inevitably diverged.<sup>15</sup>

The 1996 Russian presidential campaign prefigured the political tools, components, and principal actors of the Putin era in the 2000s. The heavy use of Western-style PR, the negative campaigning, discrediting of opponents, the rise of both independent reformed communist and Russian nationalist political movements, and massive infusions of campaign capital from vested private business interests paved the way for the politics of the subsequent decade. Gennady Zyuganov became the main political pretender to the Russian presidency. He was also Putin’s primary putative opponent in the March 2012 presidential election, reprising his 1996 role. Russian general and Afghan war hero Alexander Lebed, a strong nationalist candidate who came in third place in the first round of the 1996 election, died in a helicopter crash in April 2002. He was succeeded on the national stage at various points by his colleague and co-founder of the Congress of Russian Communities (KRO) nationalist movement, Dmitry Rogozin.<sup>16</sup> Other political figures—like nationalist politician Vladimir Zhirinovskiy, head of the LDPR, which Yeltsin’s team in 1996 portrayed in the domestic and international media as the stalking horse for fascism—also became permanent fixtures of the Russian political scene. After that election, some of the “magnificent seven” oligarchs were given positions in the Russian government, including Boris Berezovsky as deputy secretary of the Russian Security Council and Vladimir Potanin as first deputy prime minister. Berezovsky, along with Vladimir Gusinsky and Mikhail Khodorkovsky, would later become the *dramatis personae* of Putin’s clashes with the oligarchs in the early 2000s. Berezovsky and Gusinsky ended up in exile and Khodorkovsky was dispatched to a Siberian jail.<sup>17</sup>

## WAR IN CHECHNYA: DOUBLE-DEALING WITH RUSSIA'S REGIONS

In the midst of the political machinations around the parliament and the presidency, Yeltsin was embroiled in another struggle to forge a new political relationship between Moscow and the individual regions of the Russian Federation. This struggle unleashed a war in the Russian North Caucasus that would also prove instrumental in Putin's rise to the presidency in 1999. Like its dealings with parliament, the Yeltsin government's engagement with the regions was ad hoc and contradictory. It vacillated among legislative measures, police action, military intervention, repression, and conciliatory bilateral treaties that granted different regions varying concessions. The policies Yeltsin initiated provided the frame for contentious center-periphery relations that have dogged Vladimir Putin's time in office.

Protests against central government policies—including changes in internal administrative borders and Moscow's high-level political appointments at the regional and local level—had been an enduring feature of politics in the Soviet periphery since the late 1950s.<sup>18</sup> After the dissolution of the Soviet Union and the establishment of the Russian Federation, Russia's own regions continued to demand territorial and political changes. The Russian North Caucasus republic of Chechnya declared its independence and seceded, even before the end of the USSR, in November 1991. In February 1992, Yeltsin tried to push through a new Federal Treaty to resolve all the contested issues. Chechnya and the republic of Tatarstan in the Russian Volga region rejected it—raising fears that Russia would unravel like the USSR. Tatarstan and a number of other Russian regions then rejected the provisions in the new 1993 Russian constitution that delineated regional powers. As a stop-gap effort, the Yeltsin government concluded a bilateral treaty with Tatarstan in February 1994. As far as Chechnya was concerned, Yeltsin made a half-hearted effort to negotiate the republic's return to the Federation. He then threw Moscow's support behind forces opposed to

the independent Chechen government. A botched effort in summer 1994 to overthrow the Chechen government ended with Chechen government forces capturing Russian operatives, who were paraded in front of the media to humiliate Moscow and Yeltsin.

In December 1994, the Russian government launched a full-scale military assault on Chechnya. The assault became the largest military campaign on Russian soil since World War II, with mass civilian and military casualties and the almost complete destruction of Chechnya's principal city, Grozny. In August 1996, just after the presidential election and simultaneous with Putin's arrival in Moscow, the over-extended Russian military essentially collapsed as an effective fighting force. The military's morale was sapped by high casualties, as well as by shortages of critical armaments that forced commanders to dip into stocks of vintage World War II ordnance. Even some of the most basic supplies for the predominantly conscript soldiers ran out—with appeals sent out during one part of the winter campaign for the Russian population to knit thick socks for Russian forces fighting in the cold and unforgiving mountainous regions of Chechnya. The war in Chechnya resulted in Russia's most significant military defeat since Afghanistan the previous decade, but this time on its own territory.<sup>19</sup> Partly at the instigation of General Lebed—who was now a power to be reckoned with in Russian politics after his strong showing in the June presidential election—the Yeltsin government was forced to conclude a truce with the Chechen government. In a subsequent peace agreement, Moscow agreed to end the military intervention and then conclude a bilateral treaty on future relations with Chechnya. Many prominent figures in the Russian political and military elite bristled at this humiliation and stressed that the arrangements hammered out with Chechnya in 1996–97 would be temporary.<sup>20</sup>

The war between Moscow and Chechnya emboldened other regions to demand bilateral treaties. Instead of a stopgap measure, the treaties became the primary mechanism for regulating Moscow's relations with its entire periphery.<sup>21</sup> Over a two-year period,

the Yeltsin government was forced to negotiate agreements with Bashkortostan, a major oil-producing region next to Tatarstan; republics neighboring Chechnya in the North Caucasus; Nizhny Novgorod, Yekaterinburg, Perm, and Irkutsk, all predominantly ethnic Russian regions stretching from Russia's heartland into the Urals and the Lake Baikal region of Siberia; the Siberian republic of Sakha-Yakutiya, which is the heart of Russia's diamond industry; the exclave of Kaliningrad on the Baltic Sea; and even St. Petersburg and the surrounding Leningrad oblast.<sup>22</sup> The treaties proved a useful tool for avoiding further ruinous conflict. They also resulted in the piecemeal, asymmetric decentralization of the Russian state and a confounding set of overlapping responsibilities.

The bilateral treaties were extremely unpopular in central government and parliamentary circles. By the end of the 1990s, as Putin rose to the top of the Russian government, they had become one of the most enduring symbols of the administrative chaos and weakness of the Russian state. Politicians in Moscow demanded they be overturned. With the treaties in place, leaders of republics vaulted from the status of regional functionaries to presidents and national-level political figures. Regional politicians reinterpreted Moscow's decrees to suit local concerns. They refused to implement Russian federal legislation. They created their own economic associations. They withheld tax revenues from the federal government. They openly criticized central government policy.<sup>23</sup> Beyond Chechnya, this weakness found perhaps its best expression in the Russian far east, in Primorsky Krai. There, at the furthest edge of the Russian Federation, Moscow engaged in what seemed like a never-ending political battle with the region's obstinate governor, Yevgeny Nazdratenko. From his political perch in Vladivostok, the governor assailed the Yeltsin government's attempts to reach a border agreement with China. He accused Moscow of cutting off Primorsky Krai's access to the Pacific Ocean. He stationed his own paramilitary Cossack forces on the border, diverted federal funds for his personal pet projects, and generally harangued Yeltsin for

creating the region's chronic economic problems.<sup>24</sup> Putin would later find a creative way of dealing with Governor Nazdratenko that would become a hallmark of his efforts to deal with other difficult personalities in the 2000s.

### THWARTED ABROAD

In the meantime, as the Yeltsin government waged war with Chechnya and engaged in a tug-of-war with Primorsky Krai, Moscow's foreign policy faltered. Russia's internecine conflicts and economic weakness constrained its ability to exert influence on consequential developments abroad. In the late 1980s USSR, Soviet leader Mikhail Gorbachev and Foreign Minister Eduard Shevardnadze had drawn a direct link between domestic and foreign policy. To secure international financial support for restructuring and revitalizing the Soviet economy, they abandoned the USSR's traditional confrontational posture toward the West and focused instead on reducing international tensions.<sup>25</sup> Boris Yeltsin initially continued the same foreign policy line with Foreign Minister Andrei Kozyrev. During the early stages of shock therapy, relations with international financial and political institutions and the United States were prioritized. On February 1, 1992, President Yeltsin and U.S. President George Herbert Walker Bush issued a joint declaration that Russia and the United States were no longer adversaries. They proclaimed a new era of strategic partnership.

Optimism for this partnership rapidly faded as Russia's relations with the West became mired in a series of international crises. After the break-up of Yugoslavia, full-scale fighting erupted in Sarajevo, the capital of the new state of Bosnia-Herzegovina. United Nations (UN) sanctions were slapped against Serbia—Yugoslavia's primary successor state and one of imperial Russia's traditional regional allies—which openly supported ethnic Serbian forces in what soon became a civil war. In July 1992, UN and other international peace-keeping forces intervened, provoking a backlash from Moscow. Conservative and nationalist factions in the Russian parliament

protested that Russia had not been suitably consulted in spite of its historic interests in the Balkans. Russia's relations with its neighborhood immediately took on a harsher tone.

The term "near abroad" was introduced by Foreign Minister Kozyrev and other Russian officials to describe the former Soviet states on Russia's borders. Government reports were produced on ways of safeguarding Russian interests in these states.<sup>26</sup> At an Organization for Security and Cooperation in Europe (OSCE) meeting in Stockholm in December 1992, Kozyrev offered a version of a speech to his counterparts that clearly captured a new mood in Moscow. He outlined an assertive Russian foreign policy, reaffirming Russia's traditional support for Serbia, laying claim to the entire former Soviet space, and reserving Russia's right to exert influence through military as well as economic means.<sup>27</sup> By this time, the Russian parliament's backlash to shock therapy was in full swing. There was a general perception, in both the Yeltsin government and parliament, that Russia was being treated as a developing or second-tier country by the West. Despite repeated promises of substantial financial aid, the United States and international financial institutions had been unable to provide sufficient assistance to alleviate the most severe effects of Russia's economic reforms.<sup>28</sup> The disillusioned Yeltsin government increasingly turned its foreign policy attention away from the West and toward the new states of the former Soviet Union—trying to salvage what was left of Moscow's previous regional authority.

### REBUFFED IN THE NEAR ABROAD

Yeltsin's overtures for closer relations were soon rebuffed in the near abroad. After the collapse of the USSR, the Yeltsin team thought it had created a mechanism for some form of post-Soviet regional reintegration under Russian leadership through the creation of the Commonwealth of Independent States (CIS). Nothing went quite according to plan. Most CIS member states saw the organization either as a means for heading off nasty Yugoslav-style conflicts, or

as the beginning of a mutual civilized divorce. The Baltic states of Estonia, Latvia, and Lithuania—which the USSR had annexed during World War II in an act that the UN declared illegal—refused to join the CIS. They set their sights instead on membership in the European Union (EU) and North Atlantic Treaty Organization (NATO). Georgia also initially refused. Moldova and Azerbaijan agreed only to associate membership. Ukraine, the most important of the other former Soviet republics, joined the CIS but clashed with Russia over dividing the former Soviet Black Sea Fleet—based in Sevastopol on Ukraine’s Crimea Peninsula.<sup>29</sup>

Then fighting broke out between several new states and various separatist territorial entities, pulling Moscow into the fray. Armed clashes flared between Azerbaijan and the ethnic Armenian population in Nagorno-Karabakh. Across the border from Azerbaijan, Georgia fought with two of its autonomous regions, South Ossetia and Abkhazia. In Moldova, violence erupted between forces loyal to the new government and the secessionist Transnistria region. Troops from the Soviet 14th Army stationed in Transnistria intervened. General Alexander Lebed, commander of the 14th Army, burst into the national spotlight with his efforts to separate the sides and secure Russian military installations and weapons stockpiles. Further afield, in Central Asia, Tajikistan fell into civil war.<sup>30</sup>

The ethno-political violence in the Soviet successor states was exacerbated by Moscow’s confrontation with Estonia and Latvia over the status of post-war Russian-speaking immigrants. Both states introduced legislation demanding that those immigrants fulfill residence and language requirements before they could apply for citizenship. In November 1992, the UN adopted a resolution calling for Moscow to withdraw all former Soviet troops from the Baltic states, given their illegal annexation. The Yeltsin government tried to link the troop withdrawal demanded by the UN to its dispute with the Baltic states. If the immigrants were given citizenship, the troops would be withdrawn; otherwise they would stay until the issue was resolved. In September 1993 at the United Nations



General Assembly, Foreign Minister Kozyrev dug in Moscow's heels even further. He declared Russia's "special responsibility" for protecting Russian language speakers (including in Transnistria and the Baltic states) and demanded the UN grant Russia primacy in future peacekeeping missions sent into former Soviet republics.<sup>31</sup> These efforts were to no avail. Sustained Western pressure, including specific threats to withhold loans vital for Russia's economic reform program, ultimately forced Moscow's hand. The last former Soviet soldier was out of the Baltic states by August 31, 1994.<sup>32</sup>

Elsewhere in the former Soviet Union, Moscow did its best to retain whatever leverage it could. In the Caucasus, Russian operatives and weaponry were used in conflicts and coups against perceived anti-Russian leaders. Economic pressure was deployed against Ukraine and the Central Asian states in a variety of disputes. A Moscow-encouraged Crimean independence movement impinged on Ukraine's claims to the Black Sea Fleet. By September 1995, the CIS and the near abroad had become the priority area for Russian foreign policy and the focal point of its principal vital interests. President Yeltsin signed a decree on the integration of the CIS, which set ambitious goals for enhancing economic, political, and military ties.<sup>33</sup> When he came into office in 1999–2000, Putin would continue to emphasize the importance of Russia's relations with the former Soviet republics and of maintaining Moscow's grip on the various levers of influence over them. He also took away some critical lessons from Russia's experience of being ousted (in his view) ignominiously from the Baltic states in August 1994.

### VEERING FROM WEST TO EAST

At the time, none of the Yeltsin government's actions were seen by the political and military elite in Moscow to have appreciably improved Russia's international standing. The conflicts dominated Russia's domestic and foreign policy agenda. Relations with the United States and the West degenerated. In 1994, the civil war in Bosnia-Herzegovina escalated, culminating in punitive actions

against Serbia by the EU and the United States, and then NATO air strikes. The Russian Ministry of Foreign Affairs and President Yeltsin were informed of the air attacks after the NATO allies had already made the decision. Although NATO later worked out an arrangement for Russian troops to serve in a NATO peacekeeping contingent in Bosnia under their own command, Russia's parliament was, once again, infuriated. Concurrent with the action in the Balkans, NATO's 1994 decision to expand the alliance to the new democracies of Eastern Europe, and by extension to former Soviet republics such as the Baltic states, was protested by all Russian political factions. Between 1994 and 1997, the expansion of NATO dominated Russia's interactions with the West.

In an interview in the *Moscow News* in September 1995, former Soviet President Mikhail Gorbachev summed up the general elite consensus in Moscow.<sup>34</sup> The West had taken advantage of Russia's weakness. The West's policy in Europe, the Balkans, and within the former Soviet Union, he asserted, ". . . Is marked by a clear disrespect for Russia, as is shown by its failure to consult Russia on the issue of NATO bombings [in Yugoslavia]. . . . All this proves that some Western politicians would have liked to see Russia play second fiddle in world politics. . . . Whatever Russia's domestic problems, it will never reconcile itself to such a humiliating position."<sup>35</sup>

Gorbachev insisted that Russia "badly need[ed] a meaningful policy on the international scene, a policy aimed at restoring the security system in Europe and Russia's role as a top player in world politics." He also urged a change in Western policies in Russia's former spheres of influence, warning that "an arrogant attitude towards Russia and her interests is deeply insulting to the Russian people, and that is fraught with grave consequences."<sup>36</sup>

Not long after Gorbachev's interview, President Yeltsin replaced Foreign Minister Kozyrev in January 1996 with the former head of Russian foreign intelligence and Middle East specialist Yevgeny Primakov. Humiliated and insulted in the West, Moscow made foreign policy overtures toward former Soviet allies in Asia and the Middle

East—again with the urging of factions within the parliament and government. Primakov's appointment marked the beginning of initiatives aimed at rebuilding Russia's relations with China, India, Iraq, Iran, and other powers the USSR had previously courted. There was little further talk of partnership with the United States.

**MOUNTING DEMANDS FOR THE RESTORATION OF THE STATE:  
PUTIN COMES TO MOSCOW**

This is when Putin came to Moscow to join the Russian presidential administration. Between 1991 and 1996, Russian domestic and foreign policy had endured a long series of humiliating setbacks. Russian politicians were at each other's throats. Yeltsin had shelled the Russian parliament but had not forced it into complete submission. New political opposition forces and the oligarchs had been emboldened by their roles in the June 1996 presidential election campaign. The government's progressive economic reform program was in tatters and its team of economic reformers was in disarray. The economy was in full-blown recession. Tens of thousands had taken to the streets to demand unpaid wages and pensions and to protest rising prices. War had ravaged Chechnya and pulled it even further away from Moscow's orbit. Regional leaders were picking apart the Russian Federation, treaty by treaty. NATO had denied Russia its traditional role in the Balkan conflicts. The West had pushed Russia out of the Baltic states. Ukraine and other putative allies in the near abroad were fighting over the Soviet spoils—with Moscow and among themselves. Relations with the United States were on a downward trajectory.

## CHAPTER THREE

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# THE STATIST

WHEN PUTIN ARRIVED in Moscow in August 1996, few in Russian elite circles had any illusions about the depth of the state's domestic crisis and the loss of its previous great power status internationally. Many internal observers feared Russia was in danger of total collapse. They bristled at Western commentators constantly regurgitating a description of the country during the late Soviet period as "Upper Volta with missiles."<sup>1</sup> Russian politics was focused on preserving what was left and avoiding further humiliations. Practically every political group and party across the Russian political spectrum, from right to left, felt that the post-Soviet dismantling of the state had gone too far and advocated the restoration of Russian "state power." Even some of the liberal economists around Yegor Gaidar who were at the forefront of pulling apart the old Soviet economy in 1992–93 had moved in this direction.<sup>2</sup>

Everything Putin has said on the subject of saving Russia from chaos since he came to power is consistent with the general elite consensus in the late 1990s on the importance of restoring order. Most of the Russian domestic and foreign policy priorities that Putin would adopt when he became president were already identified by the Russian political elite in the same period. All Vladimir Putin had to do in the 2000s was to channel and synthesize the

various ideas percolating through newspaper columns and political manifestos about how to address Russia's crisis of statehood to produce what has loosely been referred to as "Putinism." This included the re-creation of a more authoritative centralized state apparatus—the so-called *vertikal vlasti* or "vertical of power"—and greater assertiveness in foreign policy, especially in the near abroad and other areas where Russia had experienced its greatest setbacks under Boris Yeltsin.<sup>3</sup> Although Putin was short on the specifics of what he would actually do at the outset of his presidency, he would ultimately derive most of his ideas for action from some of the more conservative factions in the 1990s political debates.

### THE "MILLENNIUM MESSAGE"

The first key to Vladimir Putin's personality is his view of himself as a man of the state, his identity as a statist (*gosudarstvennik* in Russian). Putin sees himself as someone who belongs to a large cohort of people demanding the restoration of the state. Vladimir Putin publicly presented himself as a statist and offered his vision for the restoration of the Russian state in one of his first major political statements and presentations just before he became acting Russian president. This statement sets the scene for Putin's time as both president and prime minister. As a result, we need to examine the specific connotations of being a statist in the Russian context of the 1990s.

On December 29, 1999, the website of the Russian government posted a 5,000-word treatise under the signature of then Prime Minister Vladimir Putin. Its title was "Russia on the Threshold of the New Millennium." Two days later, the president of Russia, Boris Yeltsin, appeared on national television to declare that he was resigning and handing over power to Putin. The Internet treatise became known as the "Millennium Message." It was Vladimir Putin's political mission statement or manifesto for the beginning of his presidency, and it provides the overall framework for understanding the system of governance he has created around him.

One of Putin's main points in his manifesto was that throughout history, the Russian state lost its status when its people were divided, when Russians lost sight of the common values that united them and distinguished them from all others. Since the fall of communism, Putin asserted, Russians had embraced personal rights and freedoms, freedom of personal expression, freedom to travel abroad. These universal values were fine, but they were not "Russian." Nor would they be enough to ensure Russia's survival. There were other, distinctly Russian values that were at the core of what Putin called the "Russian Idea." Those values were patriotism, collectivism, solidarity, *derzhavnost'*—the belief that Russia is destined always to be a great power (*derzhava*) exerting its influence abroad—and the untranslatable *gosudarstvennichestvo*.

Russia is not America or Britain with their historical liberal traditions, Putin went on:

For us, the state and its institutions and structures have always played an exceptionally important role in the life of the country and the people. For Russians, a strong state is not an anomaly to fight against. Quite the contrary, it is the source and guarantor of order, the initiator and the main driving force of any change. . . . Society desires the restoration of the guiding and regulating role of the state.<sup>4</sup>

Putin promised to restore that role. He declared himself to be a *gosudarstvennik*, a builder of the state, a servant of the state. A *gosudarstvennik*, a person who believes that Russia must be and must have a strong state, has a particular resonance in Russia. It does not imply someone who engages in politics. A *gosudarstvennik* is not a politician driven by a set of distinct beliefs who represents a certain group or constituency and jumps into the fray to run for political office. Instead, the term refers to someone who is selected or self-selects to serve the country on a permanent basis and who believes only in the state itself.

Similarly, the state, or *gosudarstvo*, has a very specific meaning. In Russia, the relationship between the state—Mother Russia, the motherland, *Mat' Rossiya* or *Rodina*—and the individual is different from that in most Western countries. In the United States, the state exists to protect the rights of the individual. The twist in Russia is that while Mother Russia must be protected, she does not necessarily protect her own citizens. In Russia, the state is primary. The state is a stand-alone entity—sometimes rendered in a capitalized form as the “State.” The individual and society are, and must be, subordinate to the state and its interests. This is the essence of *gosudarstvennchestvo* as Putin conceived of it in the Millennium Message.

#### “STATE PEOPLE” AND THE KGB

Given his KGB background, Putin’s designation of himself as a *gosudarstvennik* seems rather obvious. The KGB and other agencies focused on the security of the Russian state and the projection of the state’s power abroad, including the interior and defense ministries, are viewed as the central elements in the Russian state apparatus or bureaucracy. In Russia they are collectively known as the *silovyye struktury*, the “force” or the “power structures”—which could be rendered in English as the “power ministries.” Russians, like Vladimir Putin, whose careers originated in these ministries, are commonly known as the *siloviki*. In the KGB, many individuals have cultivated a myth about themselves and their institution as being the ultimate Russian patriots and proponents of a strong state. They even claim a role that stretches back over several centuries of Russian history and tradition.<sup>5</sup>

This myth is perfectly encapsulated in a May 2001 interview in *Spetsnaz Rossii*, a journal closely linked with the intelligence services. The interview features retired KGB General Nikolai Leonov, who was a top figure in the KGB’s First Main Directorate in the 1970s–80s, heading up operations in North and South America.<sup>6</sup>

Leonov was asked about the sudden appearance at the top of government of a number of the “younger generation that entered the KGB in the 1970s.” These included, in addition to Vladimir Putin, Sergei Ivanov (secretary of the Russian Security Council in 2001, and later defense minister and a deputy prime minister, and now chief of staff of the presidential administration); Viktor Cherkesov (a former head of the KGB directorate in St. Petersburg, before becoming first deputy director of the FSB, and then in 2001 the presidential envoy to the Russian Northwest Federal District covering St. Petersburg); and Nikolai Patrushev (director of the FSB from 1999 to 2008, and then secretary of the Russian Security Council). Leonov responded that

the demand today is precisely for such tough, pragmatically thinking politicians. They are in command of operative information. . . . But at the same time, they are patriots and proponents of a strong state grounded in centuries-old tradition. History recruited them to carry out a special operation for the resurrection of our great power [*derzhava*], because there has to be balance in the world, and without a strong Russia the geopolitical turbulence will begin . . . what is a KGB officer? He is, above all, a servant of the state. . . . Experience, loyalty to the state . . . an iron will—where else are you going to find cadres? . . . The only people that can bring order to the State are state people [*gosudarstvennyye lyudi*].<sup>7</sup>

#### “SOCIETY” AND THE RUSSIAN ELITE

Vladimir Putin is thus hardly unique among his KGB cohort in presenting himself as a servant of the state. The ideas he expresses about the state, as well as the society subordinated to it, belong to a clearly identifiable and long-established body of Russian conservative political thought. These ideas were prevalent among those who considered themselves to be part of the Russian elite in the 1990s when the concept of restoring the state became an obsession. Putin



speaks directly to them, from the very beginning of his tenure, in the Millennium Message.

When Putin says in the Millennium Message, “*Society* desires the restoration of the guiding and regulating role of the State,” he does not mean the whole of Russian society, the Russian population. Putin means the politically and socially active segment of society—the people with a vested interest in how the state is structured and functions. In other words, these are the elite groups in Russian society that he, Vladimir Putin, has been associated with during his career, including groups who previously worked directly for the Soviet state in the power ministries. Gleb Pavlovsky, the former Kremlin adviser and political strategist, summed up this idea in his interview with *The Guardian* in January 2012:

Putin belongs to a very extensive but completely politically untransparent [sic], unseen, unrepresented layer of people who after the end of the 1980s were looking for [a] *revanche* in connection with the fall of the Soviet Union. I was also one of them. . . . My people and my friends were people who couldn’t accept what had happened. . . . There were hundreds, thousands of people like that in the elite, who were not [all] communists—I was never a member of the Communist Party. They were people who just didn’t like how things had been done in 1991. It was very different people with different ideas of freedom. Putin was one of the people who until the end of the 1990s was passively waiting for the moment for *revanche*. . . . By *revanche* I mean the resurrection of the great state, in which we lived, which we became used to. Not a totalitarian one, of course, but a state that could be respected. And the state of the 1990s was impossible to respect.<sup>8</sup>

Just like the state, “the elite” has a set of connotations for Russians that often differs from views of the elite in the United States or Europe. The idea of a Russian elite with a specific role or function in Russian politics has been around since the nineteenth century.

Over time it became synonymous with the Russian concept of the intelligentsia—a term that educated Russians in the nascent revolutionary movements of the 1890s used to describe themselves.<sup>9</sup> Nineteenth-century Russian “intelligents” saw themselves as the only group truly committed to the improvement of public welfare. In their opinion, they were the representatives of Russian society in opposition to the tsarist economic and political system.<sup>10</sup> In some respects, they also considered themselves to be statist, but they were pushing to reform the state and its institutions from below, not from the top.<sup>11</sup>

In the Soviet period, the intelligentsia was officially used as a collective term for professional or white collar groups that defied Marxian social classification: doctors, engineers, teachers, scientists, researchers, writers, and artists.<sup>12</sup> In the 1960s and 1970s, the term assumed more anti-establishment connotations with the emergence of the dissident human rights movement among disaffected Soviet intellectuals (often engaged in white collar professions). In the 1990s, the concept persisted as a reference point for an educated group of Russians acting—more at their own behest than anyone else’s—in the name of society and channeling public opinion. The intelligentsia, and thus the elite, adopted a permanently critical posture toward the prevailing economic and political system.

### ACCORD IN THE NAME OF RUSSIA

One of the most pertinent expressions of the elite sentiment Putin would pick up on in his Millennium Message came in early 1994. Shortly after the new Russian constitution had been passed in the wake of the shelling of parliament, a number of conservative Russian politicians formed a political organization—*Soglasiye vo imya Rossii* (Accord in the Name of Russia) or *Soglasiye*. In an “Address to the citizens of Russia,” the organizers of the Soglasiye movement promised “to restore the capacity of Russian statehood (*gosudarstvennost’*), protect the national market and national

wealth, provide conditions for Russia to make a breakthrough into a post-industrial future, combat crime, overcome unemployment and hunger, and give every citizen a decent standard of living.”<sup>13</sup>

The politicians who created Soglasiye all remained active well into Putin’s presidency. The leading members were Sergei Glaziev, a former minister for external economic relations, who became a member of the Russian parliament in 1993 and would in 2003 become one of the founders of the nationalist *Rodina* (“motherland”) party; Communist Party leader Gennady Zyuganov; and Valery Zorkin, the former head of the Russian Constitutional Court who had resigned from his position as chairman after openly and vocally opposing Yeltsin’s assault on the Russian parliament.<sup>14</sup> Other high-profile members of the Russian elite endorsed the movement. These included Russian film director Nikita Mikhalkov (who would later become a strong supporter of President Putin), former Vice President Alexander Rutskoi (who survived the bombardment of parliament), Alexander Tsipko (a Soviet political philosopher and adviser to Mikhail Gorbachev, who became director of programs at the Gorbachev Foundation), and former Soviet film director Stanislav Govorukhin (who became a prominent conservative member of the Russian Duma).<sup>15</sup> As the movement consisted of disparate political groups and individuals with a range of policy perspectives, it soon lost cohesion and momentum. The themes of reviving a strong Russian state nonetheless continued to reverberate, along with Soglasiye’s core idea of creating some kind of all-encompassing movement to rally the elite behind the cause of restoration.<sup>16</sup> In many respects, Putin’s December 29, 1999, Millennium Message could be viewed as an echo of this movement’s principal ideas.

Over the next several years, the elite debate about pulling Russia out of its crisis settled on the concept of finding a national idea to bring the country’s political factions together. The concept of a Russian Idea had many prominent proponents before Putin featured it in the Millennium Message. One of the first was Andrei

Kokoshin, a leading academic arms control specialist who served as first deputy defense minister from 1992 to 1997. Kokoshin circulated a treatise on Russia's national security and "military might" in 1995 that argued that Russia could not revive unless it came up with a new national idea.<sup>17</sup> Kokoshin asserted in this treatise and in subsequent publications that the importance of creating this idea had "already been acknowledged by the most active part of our *society*—politicians, scholars, journalists, public servants, party leaders, union activists, entrepreneurs, and of particular importance by leaders of industry and regular workers."<sup>18</sup> This was exactly the same reference Vladimir Putin would make in December 1999 in the Millennium Message, when he asserted that "*Society* desires the restoration of the guiding and regulating role of the State."

General Alexander Lebed chose the same theme as a focal point for his political program during and after the 1996 Russian presidential election. In a series of speeches, interviews, and articles, Lebed stressed the importance of establishing "powerful authority" in Russia by formulating a unifying national idea.<sup>19</sup> The Russian Communist Party presented itself as the "party of the restoration of Russia's great power status" in the 1995 parliamentary elections and then continued to emphasize restoration as a key political goal.<sup>20</sup> Gennady Zyuganov's 1997 report to the annual Congress of the Communist Party of the Russian Federation, for example, declared that "the restoration of the people's power and the rebirth of the ruined state . . . is the basis for a true national consensus. . . ." Zyuganov also argued that "during its thousand-year existence [the Russian] people have discovered the ideals of Spirituality and State Strength, Justice and Collectivism. The history of Russia testifies that none of these qualities can be neglected without the risk of causing the greatest upheavals. . . . We are confident—Russia will be Great and Socialist."<sup>21</sup> With the exception of the reference to a "Socialist" Russia, Zyuganov's 1997 report could have been given by Vladimir Putin at any point on or after December 29, 1999.

## YELTSIN'S SEARCH FOR A NEW RUSSIAN IDEA

In July 1996, Boris Yeltsin's weak, crisis-ridden government concluded that with so many of its supporters and opponents obsessing about a national idea, it would have to jump into the fray. Yeltsin designated a presidential aide and prominent political thinker, Georgy Satarov, to chair a group of scholars and analysts that would sift through all the material on the issue. Yeltsin directed the group to roll out prescriptions for creating a new Russian Idea before 2000 and the new millennium.<sup>22</sup> In a speech justifying his decision, Yeltsin noted, "In Russian history during the 20th century, there have been various periods—monarchism, totalitarianism, perestroika and finally a democratic path of development. Each stage has its own ideology . . . [but now] . . . we have none."<sup>23</sup>

Unfortunately, the group did not make much progress in coming up with a Russian Idea. At the end of 1996, Georgy Satarov came out with a few vague parameters and some strong cautions for the new national idea. He recommended that it should be neither "intellectually abstract" nor politically, ethnically, and religiously exclusive.<sup>24</sup> Given the multiethnic and diverse nature of the Russian Federation, he also advocated something for everyone—communists and liberals, ethnic Russians and non-ethnic Russians, Orthodox believers, Muslims, Jews, and others. Satarov's group then disappeared from view. In August 1997, it announced that it was essentially admitting defeat. Instead of offering prescriptions for a new Russian Idea, the group would produce a compendium of articles on the general subject.<sup>25</sup>

## IGOR CHUBAIS AND THE IDEA OF A NEW RUSSIA

Although the Satarov group did not succeed in synthesizing the national idea in 1996–97, one book in the same timeframe had a notable impact on the debate. This was the book of Russian philosopher Igor Chubais, *Ot russkoy idei k ideye novoy Rossii*

(From the Russian idea to the idea of a new Russia).<sup>26</sup> Igor Chubais was the elder brother of liberal economic reformer Anatoly Chubais, who was then serving as chief of the Russian presidential administration. This relationship partly explained the considerable attention the book received in the Russian media. Igor Chubais reread and synthesized the classics of Russian history and Russian philosophical thought as well as all the other publications that had been produced on the theme of a national idea between 1992 and 1996. He then wrote a “one stop shop” for the Russian Idea, which he asserted would have to pull together “the vectors of the past, present and future.”<sup>27</sup> Igor Chubais proposed that a new Russian Idea must be a system of values rooted in Russia’s culture and past. Chubais put a great deal of emphasis on historical continuity, pointing out that post-Soviet Russia was in fact the third version of a Russian state created on the same territory. The other two were pre-revolutionary Russia and the USSR. The new Russian state could not be a repetition or duplication of imperial or Soviet Russia, but it would need to incorporate elements of both.<sup>28</sup> Chubais also rejected the notion of creating a new Soviet-style state ideology. He argued instead for a *commonly* held Russian Idea that could draw together and unify “all healthy-thinking forces of society.”<sup>29</sup>

Even though there is no direct evidence that this book is the progenitor of some of the core ideas about the state and the Russian Idea in Putin’s Millennium Message, the conceptual and substantive overlap is striking. Like the Satarov report, Chubais’s book was published during Putin’s first year in the Russian capital in 1996. Three issues that Igor Chubais identified as critical to the creation of a Russian Idea as well as a new Russian state—Russian history, the Russian language, and religion—are also themes that Putin repeatedly embraced in the 2000s. History, language and religion are the core elements in Russian conservative political thought in both the 1990s and the 2000s.

## EXTOLLING RUSSIAN VIRTUES

In October 1996, not long after Chubais's book was published, the Russian Duma's Committee on Geopolitics initiated hearings on enshrining the Russian Idea (*Russkaya ideya*) in state law.<sup>30</sup> The Duma committee's use of the term *Russkaya ideya* had a very specific resonance in the debate about a national idea. It underscored the ethnic Russian elements of the concept, not its more neutral attributes, which would have come under the rubric of a *Rossiyskaya ideya*. *Russkiy* is the adjective associated with ethnic Russian-ness, while *rossiyskiy* is derived from *Rossiya*, or Russia, the name of the state. While most Americans and Europeans might find these distinctions somewhat too fine and even ponderous, they are important in the Russian context. They are also distinctions that Vladimir Putin has been carefully attuned to since he came into office in 1999–2000. They featured prominently in his 2012 presidential campaign.

At the 1996 Duma hearings, Russian nationalists, such as Vladimir Zhirinovskiy and Dmitry Rogozin—then leader of the Congress of Russian Communities (KRO)—gave testimony calling for the protection and promotion of “ethnic Russian-ness” (*russkost'*) through Russian law. In the years following these hearings, Zhirinovskiy and Rogozin continued to advocate an exclusive embrace of the ethnic Russian elements in the Russian Idea, demanding the institution of laws on the Russian language, Russian culture, Russian education, Russian schools, and Russian spiritual values. In January 1997, a similar meeting on the Russian Idea between representatives of the Russian Orthodox Church and the interior ministry produced one of the first (of many) public appeals for the reestablishment of Orthodoxy as an official ideology and instrument of state policy. Church representatives spoke of Orthodoxy as the essential core of the Russian Idea and of the religion's ability to fill the spiritual and ideological vacuum in Russian society. Interior

ministry officials discussed Orthodoxy's potential to combat alcoholism and crime. Only film director Nikita Mikhalkov, who was present at this meeting (as he notably was at many other similar gatherings in the 1990s and 2000s), pointed out that if the Orthodox religion was turned into a state doctrine or policy it would quickly be rendered spiritually meaningless.<sup>31</sup>

Not surprisingly, the KGB, not just the interior ministry, was heavily involved in the debates and interpretations of the Russian Idea in this period. Embracing the Orthodox Church became very popular in KGB circles in the 1990s. In 1995, several years after his retirement from the KGB, General Nikolai Leonov, for example, became a political commentator for a popular Russian TV program, *Russian House* (*Russkiy dom*).<sup>32</sup> The TV program also published a magazine of the same name. It was widely seen as "an Orthodox, nationalist program," and Leonov was viewed as a strong advocate of the more exclusive, ethnic Russian version of the Russian Idea championed by Zhirinovskiy and Rogozin. Leonov even sought election to the Russian parliament in 1999 as part of the Russian Popular Union (*Rossiyskiy obshchenarodnyy soyuz* or ROS), a nationalist party then headed by Sergei Baburin, vice speaker of the Russian Duma. In his May 2001 interview with *Spetsnaz Rossii*, Leonov claimed that Vladimir Putin was in fact "a pupil of . . . I'd say, *Russkiy dom*, in the broad sense of that word." He described Putin as "the president of our hopes," for Russian "professional" patriots like himself.<sup>33</sup>

Putin, however, has consistently proved more circumspect on the issue of *russkost'* and *russkiy* than General Leonov and the other professional patriots in Russian nationalist circles. While their hopes may have offered a broader frame of reference for the Millennium Message, Vladimir Putin explicitly talked about a *Rossiyskaya ideya*, not a *Russkaya ideya* in his manifesto. Putin's concern as Russian president, as we will discuss later in more detail, has been to create a sense of unity in his Russian Idea—something inclusive for everyone, as Georgy Satarov recommended—not to be exclusive



and sow disunity. In the Millennium Message, Putin explicitly warned against the danger of creating another schism (*raskol*) in society with the creation of a new state ideology. He also took direct issue with politicians, publicists, and scholars who demanded it: "I am against the creation in Russia of a state, official ideology in any form."<sup>34</sup> He went on to note that societal consolidation could only be accomplished on a voluntary basis with the majority of Russian citizens (*rossiyane*)—not just ethnic Russians—firmly on board with the general ideas underpinning the state. In many respects, this section of the Millennium Message was the rollout of the prescriptions for a national idea that President Yeltsin had called for in July 1996. The prescriptions had been produced in advance of the 2000 presidential election as Yeltsin had requested, but it was the soon-to-be new president of Russia, Vladimir Putin, who produced them, not the Satarov group, nor the Yeltsin government.

#### YELTSIN'S *POSLANIYE* AND RESTORING STATE AUTHORITY (*VLAST'*)

Although the Yeltsin government failed to come up with a new Russian Idea, it did produce a major pronouncement on the issue of state power or authority that would also shape Putin's thinking in the 2000s. This was the so-called *poslaniye*, or annual presidential message to parliament in March 1997. Yeltsin's *poslaniye* outlined the importance and means of restoring order to the Russian state and strengthening state capacity. This document, like Igor Chubais's 1996 book, is an important precursor to Putin's later policy statements—although Putin gives a much more conservative spin to the concepts in the *poslaniye* on the role of law and order in contributing to the development of a strong state. The *poslaniye* and a series of other official documents associated with it also played a significant role in putting Putin on his path to power in the period between 1997 and 1999.

The *poslaniye* was written by the second Chubais—Igor's brother Anatoly, who at the time was essentially standing at and steadying the helm of the Russian state, although not always officially.<sup>35</sup> After

his heart attack between the two rounds of the presidential election, Boris Yeltsin was in precarious health. In fall 1996 he underwent heart bypass surgery and was then incapacitated for several months as he recuperated.<sup>36</sup> In March 1997, when he reemerged from his convalescence, the first thing Boris Yeltsin did was deliver the *poslaniye*. It was a very unusual address to the nation. It contained nothing about the government's accomplishments. Nor did it offer a broader vision for the state in spite of all the machinations on this topic and the official creation of the Satarov group. It did not say much about foreign and defense policy, apart from a few short final paragraphs mostly condemning the expansion of NATO. The *poslaniye* was a nuts-and-bolts speech that honed in on the importance of restoring government control over the country's political disarray. Its main message was that the greatest danger facing Russia in 1997 was the excessive weakness of state authority (*vlast'*). "One lesson is already clear," the address asserted, "Russia needs order. But it is necessary to answer two not-so-simple questions: what kind of order and how to introduce it?" Yeltsin went on: "One reason for the current situation is that we had such political disagreements that we needed to compromise to avoid clashes. Now the situation has changed, and we can return to complete the reforms. . . . The most effective way to establish order on the construction site is to complete the construction."

The president's address concluded:

The main obstacle to establishing a new economic order and a new political system is the low effectiveness of the government authorities [*vlasti*] . . . order in the country begins only by establishing order in the state organism itself. . . . Only a strong government authority [*vlast'*] which makes reasonable decisions and is capable of ensuring their effective implementation is in a condition for fulfilling its obligations: to give guarantees for the activity of the strong and of supporting the weak with dignity. . . .<sup>37</sup>

The reference to *vlast'* (government authority) instead of *gosudarstvo* (the state) was particularly significant. Anatoly Chubais, Yegor Gaidar, and the other liberal economic reformers had focused in the early 1990s on dismantling and deregulating the defunct Soviet state so they could unleash the forces of the free market. They were not adherents to the *gosudarstvennik* myth of the enduring stand-alone power and permanence of the "State." Faced with institutional chaos and attempts on every front by individual interests, like the oligarchs and regional leaders, to capture bits of the Russian state, they could not press ahead with their reforms. The liberal reformers recognized the state was now too weak. They needed to restore some capacity to the apparatus of the state, to the *vlast'*, even if they intended only for the state to play a more instrumental or caretaker role until the reforms could take hold. The primary key to restoring this version of a strong state was to ensure, first, that the team administering the state apparatus—the Russian leadership and the Russian government—was strengthened. This is what the *poslaniye* laid out.

The *poslaniye* also claimed (as Putin would later in his Millennium Message) that Russian society was crying out for order. The best way to achieve order was to complete the reforms that the government had begun. Order in the government and the implementation of reforms would lead to order in the country. The *poslaniye* went on to discuss the role of the state in the economy in some detail: "An effective market economy is not merely freedom of private initiative but also strict legal order, uniform, stable and universally obeyed by all rules of economic activity. The state's task is to establish those rules and ensure that they are followed." Finally, the *poslaniye* criticized the state's supervisory agencies in charge of making sure rules were obeyed. They were essentially toothless: "Authority [*vlast'*] not constrained by law [*pravo*] is dangerous. Law not backed up by authority is powerless. The former truth has been confirmed many times in our history. The latter truth is becoming obvious today."<sup>38</sup>

## ANATOLY SOBCHAK AND THE LAW-GOVERNED STATE

The reference to the law (*pravo*) in the *poslaniye* is another important element. Anatoly Chubais and his team wanted the law to set the new rules of the market economy and provide the means to enforce them. They wanted to get everything back on the right track of reform again (their track). Putin, after becoming acting president in 2000, would also emphasize the importance of the law. He would emphasize it as an instrument—as a means of controlling, proscribing, and constraining economic, as well as political, reform. Putin’s concept of the law as a means of control draws upon ideas he became well-versed in during his long association with Anatoly Sobchak, first as his student and then as his aide and deputy. Although Sobchak was seen as a leading Russian democrat in the 1990s, his legal views were much less liberal than his political reputation might have suggested.<sup>39</sup> In his legal writings in the Soviet period and the 1990s, Sobchak presented the establishment of a “law-based state” (*pravovoye gosudarstvo*) as a form of conservative rebellion against the Communist Party, which he described as “substitut[ing] itself for all government institutions.”<sup>40</sup> The concept of a *pravovoye gosudarstvo*, standing above any party or other institutional entity, with rights guaranteed by the state itself, was an idea to which Putin would frequently return during his presidency.

On January 13, 2000, for example, Putin received an honorary degree from St. Petersburg State University, where he had studied law with Sobchak when it was Leningrad State University. In his speech, Putin underscored the influence of his legal training at the university, noting, “For people like me who are now engaged in the construction of a new Russian state, we know that this project must be founded on the principles that have for decades developed within the walls of the Faculty of Law of the University of St. Petersburg.”<sup>41</sup> Later in January 2000—his very first month in power—Putin emphasized the importance of implementing the tenets of the 1993 constitution, which Sobchak played a key role

in drafting. In a series of speeches, which took place against the backdrop of a spate of terrorist attacks and a renewed war with Chechnya, Putin placed the Russian constitution right at the center of Russia's war on terror. He also presented the constitution as the core instrument for recentralizing state power as well as for developing the Russian economy. In one speech, to the Russian justice ministry, Putin stated that there was only one way to create a *pravovoye gosudarstvo*—by “making Russia strong.”<sup>42</sup>

On February 20, 2000, Anatoly Sobchak died suddenly of a massive heart attack while on a campaign trip to Kaliningrad in support of Putin's official candidacy in the 2000 Russian presidential election.<sup>43</sup> Putin was shaken by Sobchak's death. It was a personal blow. Putin had initially been assigned to work with Sobchak by the KGB, but his relationship with the mayor long preceded this arrangement. Sobchak had been an important figure in Putin's life, a close confidant and mentor as well as his professor and boss.<sup>44</sup> A few days after Sobchak's death, Putin turned to elaborate again on Sobchak's, and his, core idea of the importance of a law-based state in an open letter to Russian voters. The letter laid out Putin's view of the law and democracy, and the idea of the Russian people being governed by and abiding by the laws of the state: “but democracy—this is a dictatorship of the law (*diktatura zakona*), not a dictatorship of those whose jobs oblige them to uphold the law. . . . The police and the prosecutors should serve the law, and not try to ‘privatize’ the powers given to them and use them for their own benefit.”<sup>45</sup> This letter marked the beginning of Putin's efforts to deploy the law as an instrument to strengthen the state. In doing so, Putin would enlist the assistance of Russia's leading legal *gosudarstvenniki*, who, like Anatoly Sobchak, saw a powerful law-governed state as critical to Russia's future development. The key person in this cohort was Valery Zorkin, the chairman of the Russian Constitutional Court, and the central figure—along with Sergei Glaziev and Gennady Zyuganov—in the 1994 Soglasie movement for the restoration of the Russian state.

## PUTINISM AND THE CONSTITUTION

Valery Zorkin belongs to a group of Russian legal scholars who have been heavily influenced by the “statist school” of the tsarist-era “liberal conservative” movement.<sup>46</sup> The intellectual father of this movement is Boris Chicherin, a nineteenth-century Russian lawyer and political philosopher who argued that the law-based state (*pravovoye gosudarstvo*) should be the anchor for the gradual reform of the tsarist political system. Chicherin famously advised Tsar Alexander II to follow a policy of “liberal measures and a strong state” when Alexander abolished serfdom during the era of Russia’s Great Reforms in the 1860s–70s.<sup>47</sup> Members of this movement in the tsarist era promoted the creation of a constitutional monarchy as defensive liberalism against the revolutionary ideas of the Russian socialist movement. Constitutionalism was a classic third way.<sup>48</sup> Its proponents hoped it would gradually constrain the authority of the autocrat, the tsar, which was deemed lawless and arbitrary in its absolutism. The movement did not succeed. No fully law-based constitutional monarchy was introduced in Russia. The project was ultimately swept away by the Revolution in 1917, along with the last tsar, Nicholas II. Its proponents were forced into exile.

Zorkin resurrected the idea of liberal conservatism in the late Soviet period. Publishing extensively in Soviet legal journals, Zorkin landed a prestigious job teaching constitutional law at the Academy of the Russian Ministry of Internal Affairs, where he quickly rose to prominence.<sup>49</sup> In 1991, Zorkin received by far the most votes to become chairman of the newly created Constitutional Court. Initially a proponent of a strong presidential republic, Zorkin clashed with Yeltsin after opposing the president’s bloody move against the parliament in 1993. He was forced to step down from the chairmanship. Despite this personal opposition to Yeltsin, and his flirtation with politics as part of *Soglasiye*, Zorkin remained on the Constitutional Court through the 1990s and was reelected chairman in 2003.<sup>50</sup> Since then, Zorkin has adapted the

ideas of the late tsarist liberal conservatives to fit the present day. In many respects, he has continued to refine the nineteenth-century idea of introducing a constitutional monarchy for Russia, but with the president effectively replacing the tsar as the monarch at the heart of the Russian constitution.<sup>51</sup>

Like Zorkin, Putin has underscored the intimate connection between the Russian presidency and the Russian constitution. The constitution is the embodiment of the concept of *gosudarstvennichestvo* that Putin first rolled out in the Millennium Message. It strengthens and unifies the Russian state. It is the primary building block of the *pravovoye gosudarstvo*. The constitution enshrines the president as the guarantor of the constitution. The president is elected by the entire Russian people and stands above the system of separated executive, legislative, and judicial powers. As a result, the Russian presidency is the only office that represents the unity of the state. The Russian president also guarantees the constitution's grant of individual rights to the Russian population.<sup>52</sup>

In the words of the Millennium Message, the Russian president is required to ensure the "constitutional security of the *gosudarstvo*." Thus, in keeping with the constitution's prohibition against three *consecutive* presidential terms, Putin stepped away from the presidency in 2008 and into the role of Russian prime minister. Putin was explicit in his assertion that he did this to ensure the constitutional security of the *gosudarstvo*. "I will not change the constitution and in line with the constitution, you cannot run for president three times in a row," Putin said repeatedly in the years leading up to the end of his second term.<sup>53</sup> Similarly, in April 2012, just before leaving the premiership to re-assume the presidency on May 7, 2012, Putin resigned from his leadership of the United Russia party, putting Dmitry Medvedev in charge. Mr. Putin stated that "the president should be a non-party figure . . . a consolidating figure for all the political forces in the country, for all its citizens."<sup>54</sup>

These ideas about the Russian constitution and the presidency, and many other concepts espoused by Valery Zorkin since the

1990s, infuse Putin's official publications. In a January 16, 2012, presidential campaign article in *Izvestiya*, for example, reviewing the challenges Russia faced, Putin proclaimed that the Russian state would not allow itself to be swept up by the growing forces of instability. Instead it would seek to control these forces by actively "setting the rules of the game." Putin continued with an analysis that echoed the language of the tsarist statist school, noting that Russia will "muscle up" by "being open to change" through state-sanctioned procedures and rules.<sup>55</sup> In a subsequent article in *Kommersant*, on February 6, 2012, entitled "Democracy and the quality of the state," Putin directly cited one of the tsarist-era liberal conservatives embraced by Valery Zorkin, Pavel Novgordtsev, who was a law professor at Moscow State University. The quote reflected Novgordtsev's (and Putin's) antirevolutionary, statist beliefs: "People often think proclaiming various freedoms and universal suffrage will in and of itself have some miraculous strength to direct life onto a new course. In actual fact, in such instances in life, what happens usually turns out not to be democracy, but depending on the turn events take, either oligarchy or anarchy."<sup>56</sup>

### THE COLLAPSE OF THE USSR: CREATING THE STATE AGAIN

In sum, by the end of the 1990s, the Russian elite had drawn a range of conclusions about the Russian state and the need to restore the rule of law as well as order to the Russian government. They had also identified the need to create some kind of Russian Idea to mobilize the population and to give some coherence to the imperative for economic and political reforms. Vladimir Putin's 1999 Millennium Message, his political mission statement, was a product of this very specific Russian context. It neither marked a break with the past nor broke any new conceptual ground. It was entirely derivative of a particular set of philosophical and legal ideas about the state emanating from conservative circles within the Russian elite.



What the Millennium Message did was to lay out how Vladimir Putin himself viewed and approached issues of order and the state. Putin emphasized what he believed were distinctly Russian values and his concept of what a strong state (*sil'noye gosudarstvo*) should be. Putin's Millennium Message was also an emotional appeal. In addition to evoking the almost mystical, historically rooted conception of Russian *gosudarstvennichestvo*, it was loaded with references to the Russian state (*gosudarstvo*) and the idea of Russia as a great power (*derzhava*). Putin's manifesto called for Russia to overcome its crisis and recreate the state—by rediscovering and taking back its fundamental values, reenergizing its historical traditions, and abandoning the desire to blindly copy abstract Western models. Following on from the Millennium Message, Putin's subsequent elaborations on issues like stability, unity, and the importance of gradual, evolutionary reform or change also take a long look back on Russian history. They are shaped by his interpretations, and those of others in the conservative elite, of the danger of repeated times of troubles to the survival of the Russian state. Because of these times of troubles, these great social and political upheavals, Russia was a state that had collapsed and been created and recreated three times over the centuries.

Vladimir Putin felt the collapse of the second iteration of the Russian state, the USSR, very keenly. He made this clear in an often misquoted line in his annual address to the nation in April 2005. In the address, Putin declared the demise of the Soviet Union to be "the greatest geopolitical catastrophe of the [twentieth] century."<sup>57</sup> Most references to this line have suggested that Putin was bemoaning the loss of the communist economic and political system, but Putin has since frequently underscored that he was talking about the collapse of the Russian state itself. Indeed, in October 2011, in a prime-time Russian TV interview shortly after he announced his intention to return to the presidency, Putin revisited the issue during a discussion about the series of crises Russia experienced in the 1990s:

We went essentially through the breakup of a state: the Soviet Union broke up. And what is the Soviet Union? It is Russia, only it had a different name. We went through a very difficult period in the 1990s and only started getting on our feet in the 2000s, established peace inside the country, stabilized the situation. And, of course, we need this period of stable development.<sup>58</sup>

Fears of the collapse, *rashpad*, and disintegration or break-up, *razval*, of the Russian state dominated debates among the Russian elite during the 1990s. The terms *rashpad* and *razval*—along with *raskol* (schism)—are staples of Putin’s speeches. They even feature prominently in the works of Russian political figures and experts more closely associated with the liberal reformers’ efforts to open up Russia’s politics and economy than with Putin’s restoration of the vertical of power (*vertikal vlasti*). For example, Yegor Gaidar, the father of shock therapy, in his last book—*Collapse of an Empire: Lessons for Modern Russia*, which was published in Russian in 2006 and in English in 2007—focused in on the issue of state collapse.<sup>59</sup> Gaidar looked closely at the economic roots of the collapse of the Soviet Union, couching his explanations and conclusions in a sweeping historical context. While Gaidar certainly did not see himself as a *gosudarstvennik*, he was a Russian patriot and his family had a long history of state service.<sup>60</sup> Gaidar had a different view from Putin of what needed to be done to reform the Russian economy and polity. This included dismantling the old Soviet state structures. At the same time, Gaidar’s ultimate goal was to revive Russia after the collapse of the USSR. He sought to build a new prosperous Russian state that would regain its old place as a leading international actor.

### SEEKING REVANCHE

Gaidar firmly believed that, in spite of all the criticisms about the ruinous effects of shock therapy on individual Russians’ savings

and of a privatization program that essentially handed state assets to a new class of corrupt oligarchs, he had saved the country from bankruptcy and starvation. He had done what was absolutely necessary to turn things around in an impossibly difficult situation. As Gaidar noted during presentations and private discussions of his book (including with the authors), many of the mistakes and miscalculations of over-centralized Soviet political and economic policy were being repeated in Russia in the 2000s.<sup>61</sup> Gaidar wanted to ensure that Putin and those around him would pay attention to his conclusions and recommendations. Essentially, Gaidar wrote *Collapse of an Empire* for President Putin and his team. He wanted to pass on the lessons that he had internalized from his own personal experience in state service in the 1990s and his analysis of Russian and Soviet history. For Gaidar, like Putin, the Soviet Union was simply another historical and political manifestation of the Russian state. It was not a separate entity.

In the early 1990s, Gaidar saw his mission as trying to “shock” the state into reviving, thus reversing the domestic catastrophe created by the demise of the Soviet Union. In 1999, Putin set out to restore the state’s guiding and regulating role in society by bringing an end to shocks and creating stability. Former presidential adviser Gleb Pavlovsky in his January 2012 interview with *The Guardian* gave Putin credit for doing this over the course of the 2000s:

Putin in fact achieved the task of *revanche*. The risk of collapse of the country was averted. Despite all the corruption there, the [North] Caucasus no longer has a threat of separatism and a consensus appeared around a united state which didn’t exist before in the 1990s. No one in the regions wanted to break away and create a separate state. That disappeared. Putin created a legitimate presidency, there was stabilization. . . . People no longer had the desire to rebuild the Soviet Union. Although, of course, I think Putin wanted to create a great state, and he continues to want that.<sup>62</sup>

The idea of a united state that Pavlovsky cites is a key one for Putin. It runs as both a thread and a theme through several of Putin's identities. In his writings and speeches, Vladimir Putin is obsessed with the general idea of unity and unifying, or rallying forces and closing ranks (*splotit'*)—the very opposite of and antidote to collapse and disintegration. In a February 2001 interview with a Vietnamese newspaper on the eve of a trip to Asia, for example, Putin asserted that his major accomplishment at the very beginning of his presidency was to get everyone to unite around the idea of a strong state: "In the political sphere we managed to get all the main political forces in society to unite (*ob'yedinilis'*) around the idea of restoring a normal and viable state. I think that has been the basis of our success. It was precisely lack of unity (fragmentation, *razobshchennost'*) that hindered us throughout the 1990s."<sup>63</sup>

#### THE UNIFIED (*YEDINOYE*) STATE

Overcoming fragmentation by diluting and reversing the pernicious political effects of the bilateral treaties Moscow had been forced to conclude with Russia's regions since 1994, for example, became one of the top priorities for Putin once he became president. Having amassed sufficient authority to override regional leaders, Putin appropriated another set of ideas from the 1990s to address the issue. Many prominent Russians—including Defense Minister Pavel Grachev, former Vice President Alexander Rutskoi, and nationalist leader Vladimir Zhirinovskiy, as well as the heads of ministries and members of President Yeltsin's administration—had advocated the abolition of both the bilateral treaties and Russia's autonomous republics. They proposed a return to the traditional Russian provinces of the tsarist era (*guberniya* in the Russian singular form).<sup>64</sup>

Instead of abolishing the republics, Mr. Putin modified a concept that had been floated by Yegor Gaidar, constitutional drafter Sergei Shakhrai, and Yabloko party leader Grigory Yavlinsky, among others. This concept opted for the creation of new Russian

administrative units on the basis of territorial size and economic principles, not simply historical origin, with the units having similar sets of privileges.<sup>65</sup> Beginning with a presidential *ukaz* or decree in May 2000, Putin set out to subsume all of Russia's existing republics and regions under seven large federal districts.<sup>66</sup> A presidential *polpred* or plenipotentiary envoy (essentially a viceroy) was put in charge to reassert Moscow's and the Kremlin's authority. This became another cornerstone of Putinism—the return to the semblance of a *yedinoe*, or unified, *gosudarstvo* rather than a federal, divided, state.<sup>67</sup>

In September 2007, on the eve of Putin's fifty-fifth birthday, film director Nikita Mikhalkov went to extraordinary lengths to highlight and credit Putin's efforts to unify Russia by producing a documentary film tribute to the Russian president: 55.<sup>68</sup> Mikhalkov, like many other *gosudarstvenniki*, has a long family history of cultural achievement and service to the Russian state. His father, Sergei Mikhalkov, was a children's writer as well as the author of lyrics to the Soviet and Russian national anthems. His great grandfather was the tsarist-era governor of Russia's Yaroslavl province. Other ancestors were poets and artists—including Vasily Surikov, one of Russia's most famous painters of historical subjects—and aristocrats close to the Romanov dynasty. The tone and content of Mikhalkov's 55 film tribute suggested that as Russian president, Putin had been nothing less than a savior. Putin had fulfilled a mission to reunify and restore the state—the very mission laid out in the original Soglasiye manifesto that Mikhalkov had signed onto in 1994.<sup>69</sup>

Mikhalkov's emphasis on the mission to unify Russia also echoed a much earlier treatise by one of the top figures from the KGB, General Filipp Bobkov, founder of the KGB 5th Directorate. Next to KGB leader Yury Andropov, Bobkov was the key official in the creation of the "New KGB" that recruited Putin's cohort of young officers into the institution. In 1995, Bobkov produced a memoir that was intended to draw "from the KGB's past those lessons that

are important for the modern day.”<sup>70</sup> The bulk of Bobkov’s memoir was clearly completed well before the 1995 publication date, perhaps as early as 1991, when he retired from the KGB. The brief final chapter, however, was probably added closer to 1995, when the Russian elite debates about the state were reaching their peak and just before Putin arrived in Moscow.

Bobkov’s book presented an extremely idealized view of the future of the Russian state, including his personal musings on the necessity of finding new ways to unify (*splotit’*) Russian society. He offered his own thesis for the conceptualization of some kind of new national idea. In the last chapter, “Looking to the Future,” Bobkov noted that there was no longer “a unified idea of what Russia we’re talking about,” which was natural, “since ‘Russia’ is associated with two time periods: the Russian Empire, and the USSR. Thus the ideas about regenerating Russia will naturally follow two distinct paths, not likely to converge.” Bobkov went on to assert that the crisis Russia was experiencing in the 1990s was the “crisis of a destroyed state,” which had lost not only its political and economic order but also its territory:

For Russia . . . the highest priority task is not rebirth but the construction of a new state. The idea of creating a new state and its economic foundations would perhaps help us to find a way out of the dead-end and to unify the disparate forces of society. Unify [*splotit’*] in order to build; unify in order not to destroy what is left. . . . It will not be possible to elaborate the conceptual foundations and programs of construction of the new state without drawing in all healthy-thinking forces of society and unifying them on a new basis. On the basis of the slogan: “We are for a new Russia!”<sup>71</sup>

The ideas in the final pages of Bobkov’s memoir, including drawing on Russia’s own internal resources to rebuild the state; trying to find common elements in various programs to achieve unity; looking for compromises wherever possible on economic

and political issues to solve the tasks of constructing the new state; and responding to the desire of the Russian population to be the citizens of a great power (*velikaya derzhava*) again, are all elements of Putin's and many others' expositions on the state after 1999.<sup>72</sup> In his Millennium Message, when addressing his conception of the *Rossiyskaya ideya*, Putin talks of the need for a new Russian Idea to emerge like an "amalgam" or *splav* (from the same root as to unify or *splotit'*), to bring everything together again. Putin calls for an "organic binding element" that can combine "the universal values, common to all mankind, with the primordial Russian values that have survived the test of time."<sup>73</sup> Putin concluded his 1999 address with a final observation that the state must mobilize all Russia's resources to avoid becoming a third-rate power:

Russia has [just] experienced one of the most difficult periods in its many centuries of history. Perhaps for the first time in 200–300 years, she faces the real danger of becoming not just a second but even a third tier country. To prevent this from happening, we need an immense effort from all the nation's intellectual, physical, and moral forces. We need well-coordinated, constructive work. No-one will do this for us. Everything now depends entirely on our own ability to recognize the level of danger, to unify and rally ourselves [*splotit'sya*] and get ourselves ready for prolonged and difficult labor.<sup>74</sup>

After December 1999, with the assistance of his deputy chief of staff, Vladislav Surkov, and others in the Kremlin, Vladimir Putin set out to create a slogan for a new Russia, a *splav* to unify the disparate forces of society.<sup>75</sup> He and Surkov dealt with all the inherent contradictions that bedeviled Georgy Satarov's group in its search for a new Russian Idea by simply papering over them. In essence, Putin created a pastiche Russian Idea in the 2000s. He ripped some ideas from the headlines of the debates during his first year in Moscow in 1996–97. He lifted other ideas on how to achieve national or societal unity—as we will discuss in the next chapter—directly

from Russian history, including from an earlier time of troubles in the 1830s and from the decades of the 1890s and 1900s. He appropriated yet more ideas from the period after the 1917 Russian Revolution and collapse of the Russian empire—from the so-called émigré writings of White Russians. Putin's efforts have often had a documentary, if not exactly cinematic, quality reminiscent of a production by the most prominent film director of his presidency, Nikita Mikhalkov. They have not, however, done a great deal to create a Russian Idea that has unified and strengthened the Russian state.



## CHAPTER FOUR

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# THE HISTORY MAN

PUTIN'S FORAYS INTO the debates over the Russian Idea underscore the second set of central elements to Putin's persona—his firm conviction that his personal destiny is intertwined with that of the Russian state and its past.<sup>1</sup> Vladimir Putin is a self-designated student of history. He claims it was his favorite subject in school, and he remains an avid reader today. He also presents himself as man of history with a special relationship to the subject. Throughout his time in office, Putin has actively deployed his own and his team's interpretations of Russian history to reinforce policy positions and frame key events. Putin recognizes the power of history both to accomplish his and the state's goals and to cloak himself and the Russian state with an additional mantle of legitimacy.<sup>2</sup>

At the outset of Putin's presidency, his personal attachment to history was featured prominently in biographical materials, clearly with his encouragement. In chapter 8 of volume 1 of his 2002 book, *Vladimir Putin: istoriya zhizni* (Vladimir Putin: history of a life), for example, Oleg Blotsky relates a set of personal (and glowing) accounts by a certain Viktor Borisenko, who attended the same schools in Leningrad as Putin from first grade through ninth, and apparently also knew Putin at university. Borisenko tells Blotsky:

My comrade really impressed me one time. It must have been in the seventh or eighth grade. We were in history class. The teacher asked a question and all of a sudden Volodya, who before that had taken pains to remain completely unnoticed, suddenly stood up and gave an answer. And his answer was logical: these are all secondary causes, here is the real explanation of this historical event. I could see how the history teacher's jaw dropped. She had suddenly discovered who this young man was, and at that moment I too discovered who my friend was. I saw a completely different side of him.<sup>3</sup>

Decades later, in October 2011, Putin's press secretary, Dmitry Peskov, stressed that "Putin [still] reads all the time, mostly about the history of Russia. He reads memoirs, the memoirs of Russian historical state figures."<sup>4</sup> Putin, like many other Russian and Soviet leaders, appreciates the role of "useful history" in policy—the manipulation of the past and its application as a policy tool. History is a social and political organizing force that can help shape group identities and foster coalitions.<sup>5</sup> For Putin, history and the lessons it teaches reinforce the importance of serving the state. History underscores the eternal nature of the Russian state versus the ephemeral nature of the individual *gosudarstvennik*. However, individual *gosudarstvenniki* plucked from the pages of Russian history have proven very important to Putin in his pursuit of restoring the state in the 2000s.<sup>6</sup>

In the January 1997 meeting in Moscow between representatives of the Russian Orthodox Church and the interior ministry, explicit reference was made by the participants to the so-called Uvarov doctrine of the Russian imperial idea—or "Official Nationality." This doctrine, which was based on the trinity of "Orthodoxy, Autocracy, Nationality" (*Pravoslaviye, Samoderzhaviye, Narodnost'*), was first propounded by Nicholas I's minister of education, Sergei Uvarov, in 1833. It was supposed to be a simple formula, or appeal, to rally teachers throughout the Russian Empire to the

imperial cause.<sup>7</sup> It was in essence an early version of a slogan—à la Filipp Bobkov—to unify society, but behind old, traditional Russia rather than a new Russia. With his appeal, Uvarov offered the first explicit definition of what many have since viewed as the three pillars of the Russian state: the Orthodox Christian religion and the institution of the Russian Orthodox Church; the tsarist regime in the person of the tsar, the autocrat; and the Russian nation loyal to the tsar. At the January 1997 session, participants referred to the Uvarov doctrine as a possible justification for reestablishing Orthodoxy as both an official Russian state ideology and an instrument of government policy.

Uvarov's last formulation in the trinity, nationality, is an awkward translation from the Russian word *narodnost'*, which is rooted in *narod* or "the people"—the collective Russian people. There is no real counterpart in English, although *narod* is somewhat similar to the idea of "das Volk" in German. In this period, in the 1830s, the word *narod* denoted the peasantry. Uvarov meant *narodnost'* to convey everything from the spirit and essence of the Russian people to the collective rural life of the peasant. The term was also supposed to provide a link to Russia's native Slavic traditions and to evoke the perceived historic bonds between the people and the tsar as well as between the "land" and the state. *Narodnost'* was a heavily-loaded, and uniquely Russian, idea.

The period of the Uvarov doctrine was another time of troubles in Russian history, when the Russian Empire faced social and national unrest at home and abroad. In 1825, St. Petersburg had been roiled by the Decembrist revolt, in which tsarist officers—many of whom had pursued the remnants of Napoleon's invading armies back into Europe and Paris a decade before—staged a rebellion to demand the creation of a Russian constitutional monarchy. The officers' mutiny was followed in 1830–31 by an uprising among the Polish population in the empire's western provinces. Abroad, other European monarchies had taken a beating, with the 1830 July Days revolution in Paris, the Belgian insurrection

against the Netherlands, and a spate of rebellions against Ottoman rule in the Near East. Autocratic rule was growing increasingly unpopular. The tsarist government was under considerable pressure to consolidate support. Uvarov rose to the occasion with his slogan. He emphasized the importance of the autocratic system and appealed to the system's core constituencies—Orthodox Russians and the rural peasant population—to rally around the tsar.

The Uvarov doctrine was frequently revisited in the nineteenth century and again in the early 1900s to mobilize support for the last tsar of the Romanov dynasty, Nicholas II. It was not so surprising that Russian nationalists would try to reprise it in the 1990s for the same purpose. There were striking historical parallels between the 1990s and the decade just prior to the First World War—both in terms of political and economic developments and the issues that gripped the political debates in Russia's capital city (St. Petersburg in the early 1900s and Moscow in the 1990s). For many in the Russian elite, the debate in 1990s Moscow about Russia's present and future was even the continuation of the same debate in St. Petersburg that had been interrupted by war and revolution in 1914–17. As Russian literary historian Konstantin Azadovsky pointed out in a 1995 anthology of Russian cultural and political thought:

Today at the end of the [twentieth] century, just as at its very beginning, Russia's "eternal" questions are once again being discussed on the pages of our journals: the country's true path, its identity, the people [*narod*], the intelligentsia, the Slavophiles and the Westernizers. The arguments broken off during the fateful years of the Revolution and the "triumphant procession of Soviet power" have been resumed. Who is to blame? Why did Russia allow itself to be drawn into the abyss? Can Russia be "renewed"?<sup>8</sup>

For Russia, the early 1900s and the 1990s represent more than just the century's bookends. They also are twin periods of transition in Russian history. Both decades were marked by defeat in

war, imperial and economic collapse, and attempts at dramatic reform. Both were infused with nostalgia for a past. In the 1900s and the 1990s, the state and the Russian government revisited history, looking for what might be a “golden” or at least a “silver age” that could be referred to, to give some substance and legitimacy to the present. Again, a quote from Konstantin Azadovsky: “We are infected with nostalgia for pre-revolutionary Russia. We want to immerse ourselves in the age of 1910 . . . to transport it to our troubled days. It is precisely there, in the past, that we stubbornly seek the answers to the burning questions of the day. We are restoring the pillars of that life—the nobility, the Cossacks, Orthodoxy, Autocracy.”<sup>9</sup>

### THE SEARCH FOR USEFUL HISTORY

In the 2000s, Putin took a number of steps to establish physical links to Russia’s past—its imperial and, to a far lesser extent, Soviet pasts. Putin’s antechamber in the Kremlin was adorned with busts and portraits of the most celebrated Russian tsars, including the famous reformers Peter the Great, Catherine the Great, and Alexander II.<sup>10</sup> Sergei Mironov, then the chairman of the upper house of the Russian parliament, the Federation Council, called for the creation of a portrait gallery of all the chairmen of the Federation Council extending back to the imperial State Council to emphasize the historical continuity of both the upper house and Russia’s parliamentary traditions.<sup>11</sup> Statues of military heroes from famous battles across the centuries were returned to the pedestals from which they had been removed during the Soviet era. Churches destroyed by the Bolsheviks in Moscow, such as the massive Cathedral of Christ the Savior, were rebuilt from scratch. Soviet luminaries toppled in the heady early days of the 1990s were quietly put back on their plinths, sometimes with Putin in ceremonial attendance.<sup>12</sup> Lenin was left in his mausoleum on Red Square.

Key individuals from Putin’s inner circle played an important role in these cultural restoration projects. Vladimir Yakunin, for

example—a former Soviet official, neighbor of Putin’s in a dacha (country home) community in Leningrad oblast, and since 2005 the CEO of Russian Railways (one of the most important Russian state monopolies)—became the head of a number of organizations devoted to the restoration and celebration of Russia’s Orthodox heritage.<sup>13</sup> In this capacity, Yakunin personally oversaw the refurbishment of historic monasteries and churches. He also traveled (mostly by rail) to the furthest reaches of the far-flung Russian countryside to display long-lost Orthodox icons newly returned from abroad. Similarly, oligarchs like Viktor Vekselberg, who built up a fabulous collection of imperial Fabergé eggs, now housed again in Russia, brought back other Russian artifacts for the state. In 2008, for example, Vekselberg secured from Harvard University a complete set of pre-revolutionary bells that had originally hung in Moscow’s Danilov Monastery, the seat of the Russian Orthodox Patriarch. He had them shipped from the United States and restored to their original location.<sup>14</sup>

### PUTIN’S REFORMULATION OF OFFICIAL NATIONALITY

In a sense that is more metaphysical than physical, Putin also returned to historical precedent and the Uvarov formulation of “Orthodoxy, Autocracy, Nationality.” Given his rejection of an official ideology of any kind in the Millennium Message, he did so in a less explicit, but still obvious, way. Putin personally and openly reembraced Russian Orthodoxy and the Orthodox Church in the 2000s. He continually stressed the importance of rediscovering his Orthodox faith, pointedly discussing his beliefs with prominent international interlocutors like President George W. Bush—to whom he told a story about finding a cross his mother had given him intact after a devastating fire at a family dacha.<sup>15</sup> He also made sure that his appearances at church services (often with Yakunin in the background) were well publicized. He allowed information to circulate about his personal connections with Orthodox clergy.<sup>16</sup>

Instead of autocracy, Putin's reformulation of the Uvarov doctrine settled upon "sovereign democracy," a term first championed by Deputy Chief of Staff Vladislav Surkov. Sovereign democracy captures the singular importance and independence of the Russian state and its unique culture and history. Russia is accountable and answerable to no one (certainly no outside power) apart from the opinion of the majority of its population.<sup>17</sup> Sovereign democracy à la Surkov is the epitome of a strong and powerful state, just as autocracy was in the tsarist era. Sovereign democracy also picks up on the historical reasoning of Putin's Millennium Message, which posits that universal norms of democracy are not Russian and have in fact damaged Russia's political development. Russia must, therefore, return to a political system that is uniquely its own, that is sovereign and historically rooted.<sup>18</sup>

In terms of nationality or *narodnost'*, Putin has made frequent reference to the *narod*, the collective people of Russia, in speeches and presentations, including emphasizing his own efforts to commune with and reach out to the *narod*.<sup>19</sup> At one of the Valdai Discussion Club meetings in September 2010, where the group met with Putin for dinner in Sochi, Putin had just returned from a road trip to Siberia and the Russian Far East to inaugurate the opening of the final section of a new cross-country highway.<sup>20</sup> He spent considerable time extolling the virtues of the Russian *narod* (a term he used repeatedly), as personified by the people he encountered along the way. Putin picked up further on this concept in sponsoring the creation of the *Obshcherossiyskiy narodnyy front*, or the All-Russia People's Front, in May 2011. The *Narodnyy front* was intended as an umbrella entity to pull together and mobilize a range of Russian civil society organizations to provide fresh ideas for the United Russia party in advance of the December 2011 parliamentary elections.<sup>21</sup>

Putin has been very careful, however, to avoid the conservative and exclusionary elements of the original Uvarov formulation, to distinguish himself from Russian nationalists like Zhirinovskiy and

Rogozin, and in keeping with his own admonitions in the Millennium Message. He has set out to create something for the diverse population of modern Russia—not the old Russia of the 1830s or early 1900s. In this regard, Putin seems to have picked up again on the ideas of the KGB’s Filipp Bobkov who, in his 1995 book, cautioned against championing the cause of ethnic Russians or of Russian-speakers in building a new Russian state and urged a more inclusive approach.<sup>22</sup> In the Millennium Message, in his section entitled “Lessons for Russia” (*Uroki dlya Rossii*), Putin noted that

Russia has reached its limits of political, and socio-economic earthquakes, cataclysms, radical transformations. Only fanatics or those political forces who are deeply disinterested in the fate of Russia or the people [*narod*] are calling for another revolution. The state and the people will not support the idea of returning to yet another cycle of completely breaking with everything, no matter what slogan this comes under—communist, national-patriotic, or radical-liberal. . . . Responsible societal-political forces must offer the people a strategy for Russia’s revival and renaissance, which will be based on all the positive things that were created during the economic and democratic reforms [of the 1990s], and which will be achieved exclusively through evolutionary, gradual, well-considered methods. This will be achieved in conditions of political stability and without worsening the Russian people’s living standards, no matter what strata or group [they belong to].<sup>23</sup>

Putin’s conception of the *narod* is not confined to the ethnic Russian population of the Russian Federation or any particular political or social group, as shown in this formulation in the Millennium Message. Putin’s later emphasis on the “*All-Russia* people’s front” also makes this clear. Putin’s *narod* is all-encompassing and inclusive in a way that Uvarov’s was not. In one of his speeches to the conference of the United Russia party on November 27,



2011, just before the 2011 Russian parliamentary elections, for example, Putin proclaimed:

We will do everything to uphold civil peace and harmony. At stake is the future of our statehood, the well-being of our citizens, the things that we will cherish and uphold. Let those who proclaim the slogans of social and ethnic intolerance, and are smuggling in all kinds of populist and provocative ideas that actually lead to national betrayal and ultimately to the breakup of our country, know that: we are a multinational society but we are a single Russian nation, a united and indivisible Russia.<sup>24</sup>

### RECONCILING WITH RUSSIAN HISTORY

In addition to stressing Putin's communion with the united and indivisible Russian *narod*, the 2010 Valdai Discussion Club conference took up the theme of "Russia's History and Future Development." It featured a group trip around the so-called Gulag Archipelago in the Lake Ladoga and Karelian regions near St. Petersburg before the meeting with Putin in Sochi. Some of the top contemporary international historians of Russia, including Richard Pipes and Dominic Lieven, were invited to attend along with prominent Russian counterparts. The purpose of the discussions was to examine the historical tendency of strong central power in Russia, the conception of the state both before and after the 1917 Revolution, and Russia's long experience of attempts at reform and modernization.<sup>25</sup>

The setting of the 2010 Valdai Discussion Club meeting, and its focus on the tragic history of the tsarist and Soviet penal systems and the tradition of internal exile for political dissenters, led to a number of pointed and revealing exchanges with Putin on September 6 in Sochi. At one point, Putin was asked by a British journalist in the group if he ever planned on removing Vladimir Lenin from the mausoleum on Red Square as a signal to the broader Russian population that the Soviet era of political purges was

finally over. Putin retorted that there was still a statue of England's seventeenth-century revolutionary leader Oliver Cromwell outside the Houses of Parliament in London. The questions of history had to be addressed, but in their own time, Putin asserted. Who killed more people, he asked, Cromwell or Lenin? Was Stalin worse than Lenin? They all did dreadful things, but they also helped build a great country.

Putin's overarching message was that just as Cromwell was part of British heritage, warts and all, Lenin and Stalin were part of Russia's and Russians' common history. All should reconcile themselves with their histories. There was nothing to be ashamed of. Lenin could be kept in his mausoleum. The tsars and Soviet leaders could all return to their pedestals and stay there, just like Cromwell still stood outside Parliament in London.<sup>26</sup> Film director Nikita Mikhalkov, who published his own "Manifesto of enlightened conservatism" around the same time as the 2010 Valdai meeting, makes almost exactly the same point: "In each period of Russian history there are white and black pages. We cannot and we do not want to divide them up and associate with some while we repudiate others [*delit' ikh na svoi i chuzhiye*]. This is our history! Its victories—are our victories, its defeats are our defeats."<sup>27</sup>

During other Valdai Club meetings, and in public speeches, Putin has made reference to his personal history and the deep roots of his family, stretching back to the early seventeenth century, in Russia's Ryazan province southeast of Moscow.<sup>28</sup> Given the destruction of records during Russia's revolutionary and Soviet upheavals, it is unusual for Russians to know their family history in detail, and it is difficult to verify Putin's assertions. Nonetheless, Putin clearly believes that these claims of long, almost uninterrupted, historical family roots in the Russian heartland give him a unique personal connection to the Russian state and to the Russian *narod*. They are frequently referred to and used to further legitimate his position as Russia's preeminent leader.

## MANIPULATING HISTORY: PUTIN AND STOLYPIN

In his pronouncements about Russian history over the course of his tenure as president and prime minister, Vladimir Putin has made it clear that he is obsessed with averting social upheaval and revolution, and thus with maintaining the unity of the Russian state. One of Putin's favorite quotes in 2011 was: "We do not need great upheavals. We need a great Russia."<sup>29</sup> This is a paraphrase of Pyotr Stolypin—prime minister under Nicholas II—in his famous rebuke to his fellow Duma deputies in 1907: "You, gentlemen, are in need of great upheaval; we are in need of Great Russia." In 2011, Stolypin became Putin's "go to" *gosudarstvennik*, facilitated by the neat historic parallelism of the centenary of Stolypin's death by assassination in September 1911. Pyotr Stolypin's latter-day rise to public prominence was blatantly manipulated by Putin and the Kremlin.

In 2008, the Kremlin and Russian government conducted a national contest in which Russian citizens chose "the most important persons in Russian history." The contest unfolded according to an elimination-round format in which each round's highest vote-getters would be pitted against one another in subsequent rounds. The top designee turned out to be Alexander Nevsky, thirteenth-century Grand Prince of Vladimir and one of the most significant early Russian rulers, who was declared a saint by the Russian Orthodox Church. Number 2 was Stolypin. As a number of prominent Russian commentators pointed out at the time of this contest, it had all been fixed. Independent polls showed that few Russians would have actually placed these two figures even in the top 25. The regime manufactured their popularity for its own purposes.<sup>30</sup> Stolypin, a central protagonist in a complicated period in Russian history from 1904 to 1914, had been denigrated in the Soviet era. He was depicted as a failed reformer who was also a brutal repressor of the people. Putin, however, embraced Stolypin as the model for his premiership and future presidency because Stolypin tried to accomplish

a great transformation of Russia through non-revolutionary means. Stolypin was also the ultimate *gosudarstvennik*. He sacrificed himself, or was sacrificed, in the service of the state.

### A MAN FOR ALL OCCASIONS

Pyotr Stolypin is a *gosudarstvennik* whose biography, along with the developments and events that defined him, can be tailored to suit all occasions. Putin has highlighted a number of elements of historical resonance, while glossing over others that point in more complicated directions. Stolypin emerged on Russia's central stage after the country's 1905 defeat in a war with Japan led to economic collapse and provoked social unrest. The winter of 1905–06 was marked by widespread peasant rioting and arson in Russia's rural areas. Swift action was required to prevent the unraveling of the tsarist regime and the Russian Empire. In 1906, a series of laws were passed creating a qualified constitutional monarchy with Pyotr Stolypin as its premier and a new legislative institution, the State Duma. Stolypin saw that Russia's revolutionary upheavals had far deeper causes than reaction to the Russo-Japanese war. Repression to stem violence would have to go hand in hand with addressing its roots through a comprehensive program of reform.<sup>31</sup> Once the situation in the countryside was brought under control, between 1906 and 1910, Stolypin pushed through a series of agrarian reform measures aimed at creating a prosperous and independent peasant farming class, which would then become the backbone of a new rural economy.<sup>32</sup>

Stolypin governed in his premiership as Boris Chicherin had advised Alexander II in the 1860s—by pursuing liberal reforms and a strong state simultaneously.<sup>33</sup> Stolypin was a firm believer in the Russian monarchy and in the capacity of the tsarist system to adapt. While he saw the new Duma as an important innovation in state governance, “he would not accept the Duma as a loyal opposition: he expected it to cooperate with the government.”<sup>34</sup> This is almost exactly the same view that Vladimir Putin expressed

about the role of the modern Russian State Duma in the 2000s. On numerous occasions, including before his assumption of the role of prime minister in 2008, Putin referred to the Duma as assisting the presidency in the governing of the Russian state. He saw the Duma embarking on its legislative functions within the context of a “division of labor” with the executive branch.<sup>35</sup>

Stolypin’s reforms were cut short by his assassination in 1911. By this juncture, however, as in the case of shock therapy in the 1990s, the success of Stolypin’s reforms was in dispute. There was no significant improvement in the efficiency of Russian agriculture. Russian yields were still the lowest in Europe.<sup>36</sup> Across the economy as a whole—in spite of a seeming boom in 1913, which indicated dramatic strides in industrialization—an expanding proletariat was living in appalling conditions in equally expanding cities. Russia’s per capita income in 1913 was the lowest among the contemporary great powers and made it one of the poorest countries in Europe.<sup>37</sup> With the constancy of economic and social crisis in the background, the relationship between Tsar Nicholas II and the Duma was as difficult a relationship as that between President Yeltsin and his parliament.

Putin does not delve into these difficulties when he resurrects Stolypin in speeches. Instead, he emphasizes that although Stolypin presided over a time of troubles, he had a far-reaching plan to restore and reform the Russian state. He was also the first Russian prime minister rooted in a Russian parliament that drew upon the popular support of a swathe of the Russian population—even if he still served at the pleasure of the tsar. In April 2012, as Putin wrapped up his tenure as prime minister and prepared to return to the presidency, he made an explicit reference to the link to the first Russian Duma. In the opening section of his last presentation to parliament as prime minister, Putin exclaimed: “Dear Colleagues! In December of next year we will commemorate the twentieth anniversary of the [Russian] constitution and the modern parliament of [our] country. However, we must not forget about the fact that

today's State Duma is already the tenth in our national history, if we take as our starting point the first Russian Duma of 1906."<sup>38</sup>

For Mr. Putin the History Man, the past, and the length of that past, confers legitimacy on the much shorter, and perhaps not so glorious, present. In the 1900s, Pyotr Stolypin never got the chance to finish what he set out to do as Russia's prime minister. He was cut down in 1911, at the beginning of his second decade in office. His endeavors were swept away by the Revolution of 1917. In contrast, in the 2000s, Mr. Putin has specifically said that he wants to finish what he set out to do—as both prime minister and president of Russia. He and his team are sticking to the plan that he put together at the beginning of his first presidential term to set the state on a multi-decade course of recovery.

In 2010–12, Putin openly stated that he saw his work as incomplete. He also asserted that he, Vladimir Putin, was the only person who could really guarantee that the reforms he set in motion would be fulfilled. During his time as prime minister, Putin created a series of task forces to draw up "Russia 2020," a strategy for promoting economic growth, improving living standards, bringing in new technology, and reindustrializing the Russian economy. Russia 2020 set out a series of prescriptive goals for the Russian government to achieve—all by 2018, which would mark the end of Putin's new, third term back in the presidency.<sup>39</sup> In several meetings, in which he referred to this strategy and his general plans for the future, Putin used the term *dostroika* (finishing up the construction or completing the project).<sup>40</sup> Here, however, there was a sharp difference with the *gosudarstvennik* of the early 1900s. In 1909, in an interview with a foreign journalist, Pyotr Stolypin said: "Give *the state* twenty years of internal and external peace and you will not recognize Russia."<sup>41</sup> In 2011–12, Putin instead seemed to be demanding in his speeches and interviews: "Give *me* 20 years and you will not recognize Russia."

Ultimately, Putin's uses of history and his synthesis of ideas are part of a carefully calculated policy. Drawing on his personal

interest in Russian history, Putin has weighed up the political debates of the 1990s about Russia's future and the restoration of the state. He has then carefully mined Russia's past for what he deems to be appropriate parallels and concepts. Since his 1999 Millennium Message, Vladimir Putin has channeled, manipulated, and ultimately used these parallels and concepts to his own ends in forging and legitimizing his system of governance, "Putinism," in the 2000s. Putin has also, as a result of intertwining himself with *gosudarstvenniki* across the centuries like Pyotr Stolypin, transformed himself into a protagonist in Russian history.

As he moved into his third presidential term in May 2012, Vladimir Putin presented himself as the modern standard bearer of a program of all-encompassing reforms for the Russian state that stretched far back into imperial history. During the presidential campaign, Putin frequently asserted that he was *the* leader who personally saved the state from the disastrous condition of contradiction and conflict in the 1990s. In his final address as prime minister to the Russian parliament in April 2012, Putin congratulated himself for having "restored the country after all the upheavals, which have been the lot of our people [*narod*] on the threshold of centuries. . . . We," he went on—clearly meaning I, Vladimir Putin personally—"have, in fact, completed the post-Soviet period. A new stage in the development of Russia stands before us—the stage of creating a state, economic, and social order and a viable societal structure that is capable of guaranteeing the prosperity of the citizens of our country for the decades ahead."<sup>42</sup> Mr. Putin, Statist, History Man, savior, restorer, and reformer stands in very sharp contrast to the behind-the-scenes operative he was when he first came to Moscow from St. Petersburg in August 1996.

## CHAPTER FIVE

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# THE SURVIVALIST

HISTORY FOR PUTIN is very personal and immediate as well as a source of material for his own political use. More significant than the Putin family's deep roots in Ryazan province is the fact that Vladimir Putin is the child of survivors of one of the blackest periods in Russian history during the Second World War. This personal history of survival is the third element in providing the context for Putin's worldview. It has multiple dimensions and has produced a series of clearly identifiable personal and policy responses.

In World War II, Putin's father, also called Vladimir, served in a so-called destruction battalion set up by the NKVD (*Narodnyy komissariat vnutrennikh del*)—the People's Commissariat for Internal Affairs, a forerunner of the KGB. The battalion was sent behind enemy lines, into Nazi-occupied territory, to carry out a scorched earth policy and destroy critical infrastructure. In this case, Vladimir Putin senior was deployed to territory that is now part of modern Estonia. He was among only 4 of 28 commandos who returned alive from one operation outside Leningrad.<sup>1</sup> Severe wounds suffered early in 1942 disqualified him from further active duty. Out of the hospital, Putin senior remained in Leningrad with his wife and son. At least 670,000 of the Putins' fellow Leningraders died during the subsequent Nazi blockade of the city from September



1941 to January 1944, from artillery barrages, bombings, starvation, or disease (some estimates put the number of casualties at 1.5 million).<sup>2</sup> The Putin family's five-year-old son, Vladimir's older brother, was among them.

This personal story of death and survival during the siege of Leningrad fits neatly into the general context of Russia's national historical narrative. In this narrative, Russia constantly battles for survival against a hostile outside world. Through times of troubles, frequent invasions, and wars, Russia is always put to the test by God, fate, or history. The one critical lesson from history is that Russia, the state, always survives in one form or another. Every survived calamity reaffirms the special status of Russia in history. Vladimir Putin, and almost every other Russian politician, refers to this in public presentations. Just as Russia is put to the test, so are the Russian people, individually and collectively. Some individuals and their families perish, while others survive against the odds—without much protection from the state, but for the sake of the state. Those individuals who make it through are survivors. Their collective experience has turned the Russian population into survivalists, people who constantly think of and prepare for the worst.

The Survivalist as a mentality, or mindset, may be the one that is the most widespread among Russians of nearly all backgrounds and ages, given their shared experiences of war and privation. It is reflected even today, in possibly the most prosperous period in Russian history, in the overwhelming prevalence of the potato and other staple crops grown on private dacha plots. Leningraders or St. Petersburgers like Putin demonstrate this trait more than most. Every Leningrad family was deeply scarred by that terrible time. Vladimir Putin, born soon after the war, knew everything about the sufferings of his family and their fellow citizens, including his older brother who did not survive the blockade. Putin understood that had there been enough food in the city, his brother and others might have survived in spite of the Nazi onslaught. As a child and young man, Putin was aware of the dangers that food shortages

can pose and of the ultimate vulnerability of cities. Thus, for Putin, his family, and for all Leningraders, the notion of food security became an essential element in the functioning of their native city. Indeed, in a June 2003 Kremlin press conference, Putin even made reference to the fact that he had his own personal experience of growing his family's food to ensure their basic security. Putin noted, "My own parents in their time worked hard keeping up their garden, labored away from morning till night and made me do the same. So I know very well what it's all about."<sup>3</sup>

For Putin, history is focused on individuals and their actions more than on political, social, and economic forces. It is a source of lessons to apply to contemporary circumstances. Vladimir Putin derives lessons not just from big history or national history, but also from small history, from his own personal history. In this case, Mr. Putin has a number of instances of personal survival in a variety of forms—including surviving by his wits during childhood and political survival in St. Petersburg in the 1990s. His career as a deputy mayor was almost derailed by a major scandal in the midst of another period of privation and food shortages in his home city. His experiences of state-level survival through the crises of the 1990s, and again in the economic crisis of 2008–10, provide additional lessons.

#### A TALE OF POLITICAL SURVIVAL: PUTIN AND THE ST. PETERSBURG FOOD CRISIS

Putin's lessons of survival from his family's history of the Leningrad blockade were compounded by his personal experiences in post-Soviet St. Petersburg. The test of how well Putin had learned the importance of basic food security came unexpectedly with the breakup of the Soviet Union, itself an unexpected event. The winter of 1991–92 was Russia's first under the free market. It marked the end of the Soviet-era practice of requisitioning food from the countryside to supply Russian cities. Links between the countryside and cities that had been maintained in the Soviet command economy

failed. Collective farms kept food for themselves. They deprived the industrial and administrative centers of the supplies they had grown accustomed to in the post-war decades. Russia's large cities, especially Moscow and St. Petersburg, found themselves on the brink of hunger that winter.

The weakened Russian state was of no help. In the three previous years, as Yegor Gaidar described in considerable detail in *Collapse of an Empire*, the Soviet government had run out of hard currency. It was torn between using its limited remaining funds to import grain or to stabilize the supply of consumer goods. Even before the Soviet Union finally disintegrated, there were chronic shortages of everything from meat, baked goods, sugar and tea, flour, grain, vegetables, fruit, and fish, to fabric, shoes, children's clothes, construction materials, and matches.<sup>4</sup> By the fall of 1990, the supply of food and consumer goods across the entire country was in a precarious position. Regional leaders, observing "lines of a hundred, a thousand people" outside stores, feared imminent revolution and that they would not "be able to save the country."<sup>5</sup>

In May 1991, Anatoly Sobchak, who was then chairman of the Leningrad Soviet, or city council, wrote a desperate letter to Soviet Prime Minister Valentin Pavlov pointing out that "the supply of basic foodstuffs is continuing to worsen in Leningrad" and bemoaning the fact that his "numerous appeals to the central government organs of the RSFSR [Russian Federation] and the USSR and direct contacts with the leadership of the Union republics [were] not producing the necessary results."<sup>6</sup> By November 1991, Sobchak, who was now mayor of newly renamed St. Petersburg, was writing more letters calling the food shortages for the general population of St. Petersburg "critical" and stressing that "the remaining meat supply in refrigeration is [only] enough for three or four days for the city . . . [and] [s]teady supplies for December and early 1992 are not expected." Sobchak predicted, "This could lead to a dangerous social and political situation in St. Petersburg."<sup>7</sup> An article in *Izvestiya* recorded the fact that over the course of 1991 the Russian

people had returned en masse to growing their own food: "People realize that they have to rely on themselves. So after work and on weekends they work their allotments with shovels and rakes. Of course, this is not a complete solution to the food problem, but rather an aid in the event of disruption in the food supply."<sup>8</sup>

Indeed, the internal food supply was soon completely disrupted. Once the USSR finally collapsed, inflation then destroyed the purchasing power of the Soviet ruble even further. The only option left for cities like St. Petersburg and Moscow was to obtain food from outside Russia through barter schemes—using the only product of real value the country had to offer: natural resources. In Leningrad in early 1991, the person designated by the mayor's office to negotiate agreements to barter resources for food was Vladimir Putin, who became chairman of the city's Committee for External Relations. The city lacked its own independent mechanisms to execute the barter schemes, so Putin designated several private trading companies to serve as middlemen in facilitating the deals. Putin's scheme became a spectacular failure, and a political scandal. The companies delivered only a fraction of the initially agreed quantities of food, and in some cases vital food products from abroad were delivered to Moscow instead.

In her book *The Man without a Face*, Russian American journalist and writer Masha Gessen relates in detail the story of Marina Salye, the chairwoman of the Leningrad City Council's Committee on Food Supplies, who traveled to Berlin in May 1991 to negotiate a contract for importing meat and potatoes to Leningrad. Salye discovered upon her arrival that the negotiations had already been completed by Vladimir Putin on behalf of the city administration (rather than the council) and a Leningrad trading company, Kontinent. It was Salye who later determined that the deliveries from Germany had been sent to Moscow rather than Leningrad.<sup>9</sup> Leningrad ultimately survived the crisis, but only because the winter turned out not to be as severe as feared. In addition, and perhaps most important, the population's food stocks from their

allotments—the traditional, almost instinctive, survival mechanism that Putin’s parents had instilled in him and that people had turned to in the 1991 growing season—helped relieve the very worst of the shortages. Putin was also personally bailed out of his predicament by an old veteran of the Soviet agricultural elite—Viktor Zubkov. The man with the necessary set of relationships with the Leningrad regional food producers (rather than with private companies), Zubkov was brought into Putin’s team in January 1992. As we will discuss later, Viktor Zubkov has since proven to be one of the most important figures in Mr. Putin’s inner circle.

In retrospect, this early failure in his public career seems to have taught Vladimir Putin two lessons that would influence his model for approaching economic management, a model he would eventually apply to the entire country as Russian president. First, during cataclysmic events, Russia’s ultimate guarantee of survival—and of the country’s wealth and development—is its natural resources. They should, therefore, always be kept in strategic reserve. The second lesson Putin drew from his mismanagement of the resources-for-food schemes was that private companies cannot be trusted, even if (and especially if) there is a lot of money to be made. In an unstable and unpredictable environment, private companies will disregard their obligations to society and act exclusively for their own narrow interest. Consequently, the state—and the person at the top in charge of the state—must always reserve the power to exercise some degree of control. These are both “lessons learned” for survival to which we will return later.

World War II and the Leningrad blockade were the primary existential threat for a generation of Russians. They put an emphasis on survival and created the tendency to think in terms of worst-case scenarios and insurance. The lesson of the Leningrad blockade was repeated in the early 1990s in the St. Petersburg city government. Again, insurance was needed in case something went wrong due to internal miscalculations or a dramatic change in external circumstances. In a meeting with the heads of Russia’s media

outlets in January 2012, during the presidential election campaign, Putin picked up this theme as he turned to the issue of governing and developing the Russian state. He asserted,

I think our task is to create a viable organism—a state organism in Russia that would be vital and adapted to a changing world. And in the world in which this organism is developing today the threats are many—so that it is prepared for these external shocks, so that it can completely guarantee our sovereignty, it must be stable as well as developing and capable of ensuring the growth of the citizens of Russia’s wellbeing for the decades ahead.<sup>10</sup>

Surviving in a hostile and competitive world means thinking about the worst thing or things that could happen, and having something to rely upon to ensure yourself, and the state, when the external shocks come along. These ideas have governed Putin’s policies as Russia’s preeminent leader since 2000. Putin applies his worst-case scenario thinking to the state level. Do not make any irreversible commitments that will trap you when things go wrong. Always have a Plan B. The key for a Plan B is to emphasize reserves, like the private dacha food stores—potatoes in the family plot—but on a massive scale. As president and prime minister, Putin has engaged in a concerted policy to create and protect Russia’s reserves, including by prioritizing the Russian government’s budget stabilization fund and building up foreign exchange reserves.

### STRATEGIC PLANNING: BUILDING UP RESERVES

The idea of building up Russia’s reserves may also have been reinforced for Putin by an American textbook on strategic planning that he most likely read in the KGB academy (the Red Banner Institute) in 1984–85—and which he used extensively when writing his dissertation in the mid-1990s.<sup>11</sup> The main theme of the textbook, by University of Pittsburgh professors William King and David Cleland, was “how to plan in an uncertain environment.” King was

in business administration and Cleland in engineering (“systems management engineering”). Their work, *Strategic Planning and Policy*, was first published in 1978 as a business school textbook.<sup>12</sup> We cannot be certain that Putin actually read King and Cleland in the 1980s and, if so, when exactly, but the Russian-language edition of the book was published in 1982 in a very limited edition by the USA-Canada Institute in Moscow. It was almost certainly published on behalf of the intelligence services, and it may well have been used, or at least available, at the Red Banner Institute.

The key point King and Cleland made was that the essence of true *strategic* planning is not long-range planning but “planning for contingencies,” for the unexpected. The question is how best to be prepared, and if not, how to adapt to the worst-case scenario when there are uncontrollable, unpredictable changes in the environment. The authors focused on the role of strategic planning in the management of a corporation. They went into great detail on the concept of strategic intelligence, with chapters on strategic corporate intelligence, including financial intelligence. King and Cleland also concluded that the key to strategic planning was to set up a hierarchy of goals and objectives. Anyone doing the strategic planning for a corporation would have to identify, define, and explain what is a constant objective and what can be adapted or even sacrificed. A planner would have to distinguish the overarching from the temporal; and then, from that, see what needs to be made precise and what not. The goal was to separate the truly important, the strategic, from the lower-level, shorter-term concerns.<sup>13</sup>

As Russian president, Vladimir Putin certainly seems to have applied King and Cleland’s conclusions in his planning and management of the Russian state—as we will discuss further in chapter 9. Immediately on entering office, Putin began setting goals along the lines that King and Cleland prefigured, including creating strategic state reserves to deal with a range of contingencies. Indeed, Putin’s first goal was to address the issue of the strategic material reserves that had been depleted in the final years of the USSR as

the Soviet state grappled with chronic shortages and its food crisis. In July 2001, Putin assigned a close KGB colleague from St. Petersburg, Alexander Grigoriev, to take charge of this project. Grigoriev was named the head of *Gosrezerv*, the Agency for State Reserves tasked with maintaining the reserves. One Russian biographical work on Putin provides details on Grigoriev and his career in the KGB—as well as his relationship with Putin, complete with a photograph of the two as young men at a dacha. It notes that “under B. N. Yel’tsin the strategic reserves were almost completely stolen.”<sup>14</sup>

These state reserves were built up and consolidated in secrecy during both the Soviet and the post-Soviet periods. They were intended to tide the country over a period of war, catastrophic emergencies, and exceptionally harsh winters. The general idea of state reserves was a very old one, dating back to a decree by Tsar Peter the Great in 1700. As he set about expanding and transforming the Russian Empire, Peter wanted to ensure that he could adequately supply his forces as he sent them into battle.<sup>15</sup> The system of reserves that Putin inherited, however, was primarily put in place by Josef Stalin in the 1930s. It was intended, on the basis of a 1931 decree, to become a “state within a state.”<sup>16</sup> Autarky—ensuring the USSR could survive almost entirely on its own material and industrial resources—was at that time a critical concern of the Soviet leadership, given the hostility of neighboring countries to the communist regime. Since the 1930s, the structure of the reserves has been “carried forward to the present day practically unchanged.”<sup>17</sup>

*Gosrezerv*’s activities and scale are difficult to penetrate and conceptualize, as the authors of an August 2000 article in *Izvestiya* noted. The agency was deliberately mysterious, with “no sign at the entrance, no press office and no internet site.” The agency, however, had hundreds of well-protected and guarded installations across the whole of Russia. These included giant warehouses, one of which the *Izvestiya* authors visited, and “in the event of a global catastrophe only on the basis of [these reserves] could



we [Russians] expect to survive for any length of time.”<sup>18</sup> The exact contents of the warehouses and the volumes of commodities and products they contained were a state secret, as was the budget of the agency. The reserves covered, along with foodstuffs for the entire population, many of the products that Yegor Gaidar discusses in *Collapse of an Empire* as being in chronic short supply in the late 1980s–90s. They included livestock feed, uniforms and clothing for the military, tents, basic medicines, body bags, construction equipment, heavy machinery, generators, water and air filters, firefighting equipment, and grain, uranium, oil and gas, refined petroleum products, and other primary commodities.<sup>19</sup> It was these commodity reserves that were dipped into by Leningrad/St. Petersburg, Moscow, and other Russian cities in their barter schemes in the fateful period of 1991–92.

In addition to tiding Russia, or any part of Russia, through a repetition of the kind of experience of the Leningrad blockade, Putin’s strategic reserves were intended to help stabilize Russia’s domestic markets. Part of their purpose was to help revive the price of a critical commodity in the event of a crisis (in a manner similar to the United States’ strategic petroleum reserve). In March 2004, *Gosrezerv* was renamed *Rosrezerv*—to emphasize the all-Russian nature of the vast state reserves. As one journalist investigating the work of the agency in 2006—which marked the peak of Putin’s efforts to restore the Russian state’s strategic reserves—put it: “In essence, *Rosrezerv* is a guarantee of the stability of the country. And as long as this is the case, no-one will be capable of bringing us to our knees.”<sup>20</sup> In 2006, Putin’s colleague and agency head Alexander Grigoriev gave a series of interviews outlining his work on consolidating the state reserves. Grigoriev asserted that *Rosrezerv* had amassed enough food to supply the entire country for up to three months, as well as sufficient fuel, clothing, medications, and other products and equipment for a similarly lengthy period. Based on the prices for these commodities in 2006, this would have amounted to around \$100 billion worth of strategic reserves.<sup>21</sup>

Grigoriev boasted that no other country in the world had created such massive or wide-ranging strategic reserves. He stressed that *Rosrezerv* was as important to ensuring the security of the Russian state as the Ministry of Defense, Ministry of Internal Affairs, FSB (KGB), and the Agency for Emergency Situations. It was a vital part of this network of security agencies (the so-called power ministries) even if it was not as well known to the public as the others. This assertion was underscored by the location of Grigoriev's office close to the Kremlin, within immediate hailing distance of Vladimir Putin.<sup>22</sup> Indeed, Grigoriev summed up the entire ethos behind the creation of this vast, costly system of material reserves in these interviews in a manner entirely in keeping with President Putin's pronouncements on the issue:

The situation in the world is developing so dynamically that it is not possible to make some unambiguous forecasts of a cloudless future either for mankind as a whole or for the Russian Federation. . . . The state materials reserve is a universal instrument in the hands of the leaders of the country for the purpose of overcoming resource constraints in various circumstances. But the stocks of the state reserve are not only an important element of the system of ensuring national security. They are also a stabilizing factor for the development of the economy. Underappreciating the state reserve has always led to serious consequences. In 1917 one of the reasons for the collapse of the Russian Empire was the exhaustion of the state reserves. In contrast, the state material reserves that were created [by Stalin] before the Great Patriotic War allowed us to withstand and win, and then to rebuild the economy.<sup>23</sup>

### DEPLOYING RUSSIA'S FINANCIAL RESERVES

This link between the state reserves and the economy is a critical one for Putin. In the same period of 2000–06, he extended the concept of amassing reserves from the material to the finan-

cial arena. Putin assigned another close St. Petersburg colleague to spearhead this task: Alexei Kudrin, an economist who had previously been deputy mayor in charge of finances in Sobchak's administration. Kudrin moved to Moscow as deputy chief of the presidential administration in 1996 and then became Russia's first deputy finance minister in March 1997. He helped to bring Putin to Moscow in 1996 by recommending him for a position in the presidential administration. In May 2000, Putin appointed him finance minister, and Kudrin went on to play the same role for President Putin and Russia as he had played for Mayor Sobchak in St. Petersburg, managing the finances at the macrolevel. Kudrin's and Putin's shared goals were to reduce the state's debt burden, reduce Russia's exposure to the volatility of the global economy, and to build financial reserves sufficient to weather a major economic downturn. This would ensure not just the physical survival of the state but Russia's survival as an independent state. One of the lessons Putin, Kudrin, and others around them had learned from the Soviet experience was the connection between a country's financial and fiscal health and its sovereignty.

The fall of the USSR, as Yegor Gaidar clearly spelled out in his book *Collapse of an Empire*, showed that military power alone could not guarantee sovereignty if the state then lost its financial independence.<sup>24</sup> Surviving without being sovereign, without being able to autonomously shape your own destiny free from outside pressure or control, was essentially meaningless. The late Soviet regime had enjoyed a period of high resource rents—that is, the value of its oil, gas, and other natural resources—and national wealth followed by a period of very low rents. But it had managed the rents poorly. It had become so deeply indebted to Western governments that it sacrificed its financial—and ultimately its political—sovereignty, its independence. Putin, Kudrin, and their colleagues were very aware of how the United States and the West had been able to leverage post-Soviet Russia's indebtedness and dependence on International Monetary Fund (IMF) bailouts and

World Bank loans in the early 1990s. The withdrawal of former Soviet troops from the Baltic States in 1994 was one glaring instance where Moscow had been forced to acquiesce on foreign policy issues.<sup>25</sup>

Between 1999 and 2008, the first decade of Vladimir Putin's tenure as president, Russia had one of the fastest growing economies in the world. This was in stark contrast to the late Soviet period. As we will discuss again later (when we consider Putin's perspectives on capitalism) this was largely thanks to rising prices for Russia's oil and gas. The rents generated by oil and gas were leveraged to other Russian economic sectors. Demand by oil and gas producers for inputs such as steel and machinery bolstered the manufacturing industry. Strong growth in personal incomes boosted the retail, construction, and real estate sectors. Putin, along with Kudrin, made it a priority to use the unexpected period of high rents from the oil price windfall to pay off the country's foreign debt and to build up Russia's foreign exchange reserves for the future. When Putin first assumed the post of prime minister in August 1999, Russian foreign-currency reserves were close to rock bottom and still falling. By January 2000, as Putin moved into the position of acting president, the reserves were down to \$8.5 billion and the government's external debt was \$133 billion. The debt to the IMF alone was \$16.6 billion. By the end of 2007, with government foreign debt down to \$37 billion, Russia had one of the lowest debt-to-GDP ratios in the world. Its foreign exchange reserves had grown to over \$600 billion by mid-2008—the third largest in the world.<sup>26</sup>

The decade spent building up reserves helped Russia, and Putin, weather the global financial crisis of 2008–10. This stood in stark contrast to Russia's performance in 1998 when, in the aftermath of the Asian financial crisis of 1997, Russia defaulted on its debt and devalued the ruble. The 2008 global crisis, and especially the accompanying oil price collapse, did hit Russia hard. From June 2008 to January 2009, the stock market lost nearly 80 percent of its value. In 2009, GDP dropped by 7.9 percent and industrial

output by 10.8 percent from the previous year. Yet, thanks to a substantial package of bailouts and stimulus measures, households were largely protected. Real incomes continued to grow, albeit modestly, and job losses were less than nearly anywhere else in Europe. Russia's ability to ride out the crisis reasonably well was due to Putin and Kudrin's prudent fiscal and financial management during the oil boom period as well as a rebound in oil prices after early 2009. In contrast with the 1990s, Russia's reserves played the critical role in protecting Russia's financial sovereignty and the welfare of its citizens.<sup>27</sup>

In Putin's view, the 2008–10 crisis vindicated and reinforced his and Kudrin's policy of fiscal conservatism and extreme self-insurance to enhance Russia's resiliency to short-term shocks. Putin referred to this directly and very clearly in his last annual address to parliament as prime minister in April 2012. The speech also underscored his plans to continue on the same course once he was again inaugurated as Russian president the following month. Putin asserted in the address, "In assessing the results of the last four years, we can state—with full justification—that Russia has not only overcome the [economic] crisis, but we have made a serious, significant, notable step forward, we have become stronger than we were before." The reserves were central to this achievement: "Where can we turn to [if there is a crisis]? Well Greece can go to Brussels for money, and will get it. But who will give us money? Someone could also give it to us, but with what conditions attached? I remember this situation very well after 2000, when we were overburdened with debts and when people forced conditions on us. . . . In Russia we have a very specific set of circumstances—being without reserves is very dangerous." The contrast with the 1990s could not be greater, he argued: "If at the beginning of the 1990s and in 1998 the economic blows turned into such a shock for millions of our people, then during the crisis period from 2008 to 2010, the government [*vlast'*] demonstrated its solvency [*sostoyatel'nost'*] when put to the test."<sup>28</sup>

In the 1990s, the insolvent Russian state failed the test. In the 2000s, the very much solvent Russian state passed with flying colors. In an April 2012 address to the staff of the finance ministry, in another of his final presentations as prime minister, Putin was clear in his praise for the ministry and for Alexei Kudrin's role as finance minister in this critical period (by this point Kudrin had resigned from his ministerial position). Putin noted that thanks to the far-sighted work of the ministry, the country had been well prepared to deal with the 2008 economic crisis. Russia and the finance ministry had built up a solid financial capacity through the creation of two sovereign wealth funds, the Reserve Fund (*Rezervnyy fond*) and the National Welfare Fund (*Fond natsional'nogo blagosostoyaniya*). He directly thanked the staff of the ministry and "its former, long-serving, director—Alexei Leonidovich Kudrin—for [their] professionalism, firmness, sense of responsibility, and sticking to [their] principles in carrying out the country's chosen financial strategy and tactics."<sup>29</sup>

In all of these instances of building up reserves, both material and financial, there is a notable difference between being a survivor and having the outlook of a survivalist. The former is passive; the latter is active. The survivor makes it through the catastrophe largely thanks to good fortune. The survivalist takes measures to increase the chances of survival. In Putin's case, his family experiences, his first-hand observations and knowledge of the basic survival responses and mechanisms of the population at the grass-roots level, his close reading of the lessons of Russian history from early imperial times through to the 1990s, and his studies of Western and other textbooks on the importance and essence of strategic planning further developed and deepened this outlook. Putin clearly believes that allowing Russia to be materially, financially, or politically vulnerable is dangerous. So even at a cost—a high cost in many cases—it is better for Russia to rely on itself. For Putin this national-level concept translates to the personal level.

## PREVAILING IN "THE 'SANDPIT' STREETS" AND CHECHNYA

Putin frequently tells personal stories of learning how to survive by relying on his own resources when growing up in Leningrad—stories that he presents as shaping his general approach to his role as Russian prime minister or president. For example, in Oleg Blotsky's interview-based biography of Putin, there is a sharply rendered episode where Putin talks about his early childhood in the back streets and courtyards of Leningrad. A chapter entitled "The 'Sandpit' Streets" relates the story of a fight Putin had when he was little—possibly around seven years old.<sup>30</sup> Putin explains in the interview that he was a rebellious kid in school because he came from a tough neighborhood. He claims he was rejected by the Young Pioneers—the Soviet organization for children—because of this background. He "hooked up" with the neighborhood boys, who ran around in packs, or gangs, and got into fights. Putin goes on to enumerate all the lessons he learned from the experience of his first fight.

The first time I got beat up, it was a disgrace. . . . That incident was my first serious street "university." . . . I drew four conclusions. Number one. I was wrong. I don't remember the exact details of the conflict, but . . . [b]asically I insulted him for no good reason. So he immediately beat me up, and I deserved it. . . . Conclusion number two . . . I understood that you shouldn't act like that to anybody, that you need to respect everybody. That was a nice "hands-on" lesson! Number three. I realized that in every situation—whether I was right or wrong—I had to be strong. I had to be able to answer back. . . . And number four. I learned that I always had to be ready to instantly respond to an offense or insult. Instantly! . . . I just understood that if you want to win, then you have to fight to the finish in every fight, as if it was the last and decisive battle . . . you need to assume that there is no retreat

and that you'll have to fight to the end. In principle, that's a well-known rule that they later taught me in the KGB, but I learned it much earlier—in those fights as a kid.<sup>31</sup>

Over time, Putin's childhood fights morphed into something more formal, which took him off the streets when he was around 10 or 11. First he took up boxing, then sambo, a combination of judo and wrestling; then he moved to judo itself. The discipline of the sport provided him with more serious lessons about respecting his opponent, building inner strength, and preparing himself for competition.<sup>32</sup> Putin seems to have applied all these lessons to another political challenge, the second war in Chechnya that marked his entry into office in 1999–2000. In the wake of the 1996–97 cease-fire and peace accords in Chechnya, the republic descended into political chaos. There was a continual cycle of internecine violence, high-profile abductions, killings, and terrorist attacks. In 1998–99, when Putin was head of the FSB, the situation careened out of control. Then Chechen separatist leader Aslan Maskhadov survived a number of assassination attempts. He declared a state of emergency in Grozny, prompting calls in Russian security circles for Moscow to intervene again.

In March 1999, Russia's envoy to Chechnya, interior ministry General Gennady Shpigun, was kidnapped (and later killed). In August 1999—just around the time Vladimir Putin was first appointed prime minister—violence spilled over Chechnya's borders into the rest of Russia. A group of Chechen insurgents led by notorious warlord Shamil Basaev, who had carried out a series of brazen hostage-taking assaults outside of Chechnya in the first war, now raided neighboring Dagestan in alleged support of a group of Islamist militants. The insurgents engaged in an intense standoff with local authorities. Basaev's incursion into Dagestan was immediately followed by a series of bombings of soldiers' residences and civilian apartment buildings, including in Moscow, which were



blamed on the Chechens. Several hundred people were killed and injured. In late August–September 1999, President Boris Yeltsin launched a massive air offensive against Chechnya, subsequently followed by a ground assault. By the time Putin took over as acting president in December 1999, Russian forces had blockaded Grozny and were in the process of reducing it to rubble for a second time. They were also engaged in open warfare in Chechnya’s mountainous south.<sup>33</sup>

Putin’s association with the renewal of the brutal, destructive war in Chechnya is close and personal. For many analysts and commentators it is viewed as “Putin’s War”—“the sole undertaking associated with Putin’s name and begun in his initiative.”<sup>34</sup> Some observers also contended that the inner circles around Vladimir Putin and Boris Yeltsin were the actual instigators of the conflict. According to this argument, top Kremlin officials wanted to use the war as a justification for moving Putin—a former head of one of the key security services—into the presidency.<sup>35</sup> Whether or not this was the case, as Russian president, Putin certainly made it clear that (in the words of his interview with Blotsky) he would conduct this round of the conflict as a no-holds-barred “fight to the end.” There would be “no retreat” like in 1996–97, when Moscow essentially sued Chechnya for peace. Putin would make sure things were done differently, whatever the cost and however long it took.

Putin famously claimed, in an early speech as prime minister in September 1999, his willingness to pursue Chechen rebels and terrorists into their outhouses (he used a much cruder term in Russian) if necessary to “answer back”—again as he put it in the biographical interview—to the Chechens’ “offense.”<sup>36</sup> In other interviews for his mass-edition “campaign biography,” *Ot pervogo litsa* (First person), from the year 2000, Putin even went so far as to state that he had decided that “my mission, my historical mission—it sounds bombastic, but this is true—would be to resolve this situation in the North Caucasus. At that time, it was completely uncertain how

everything would turn out, but it was clear to me, and no doubt not only to me, that in the North Caucasus ‘this kid was going to get his head kicked in.’ That is how I approached this. I told myself: to heck with it! I have a certain amount of time—two, three, four months—to bang these bandits about.”<sup>37</sup>

### RESERVES AND SACRIFICES

In keeping with Putin’s survivalist approach, he drew on the state’s strategic material reserves. He used them to supply the military—to ensure that the deprivations the Russian armed forces faced in the first war, including shortages of warm clothing in the winter, would not undermine their fighting capacity. Putin also used them to guarantee that the government had the wherewithal to deal with the aftermath of terrorist attacks.<sup>38</sup> There were many sacrifices and not just on the part of the Russian military or Chechen forces. As in the Leningrad blockade, individuals, civilians, perished on a massive scale—in Chechnya itself and in the spillover of the conflict into the rest of the North Caucasus and other parts of Russia, including Moscow. Before President Putin could complete his self-declared mission, there were multiple, devastating, and high-profile terrorist attacks on the capital and other vulnerable targets. Often masterminded by Shamil Basaev (who was killed in July 2006), these included the taking of around 850 hostages in a Moscow theater in 2002; several bombings of passenger trains and the Moscow metro, as well as the downing of commercial Russian airplanes in 2003–04; and the seizure of more than a thousand children in a school in Beslan in North Ossetia in 2004. Russian analyst Lilia Shevtsova, in her book on *Putin’s Russia*, notes that Chechnya became a “round-the-clock slaughterhouse.”<sup>39</sup>

Given the fact that the interviews with Blotsky took place against the backdrop of the war, the parallels between Chechnya and Putin’s tale of his boyhood fight in “The ‘Sandpit’ Streets” were inescapable for Russians reading the book in this period. Putin’s reference in *Ot pervogo litsa* to himself as the “kid” about

to “get his head kicked in” in the North Caucasus echoes the core theme of his Blotsky interview. With these pointed, personalized references, Putin was clearly signaling to the Chechens, as well as to the rest of Russia, that he was not to be underestimated. He would not back down. He had the personal reserves and resources to fight this fight. He was the tough, self-reliant survivor. He was a survivalist who knew how to make the right preparations for a long conflict. He would prevail. Over the course of the 2000s, Putin doggedly pursued the war to an uneasy, and incomplete, conclusion. In April 2002, Putin and the Russian government made a controversial decision to declare military victory in Chechnya. They transformed the war into a peacekeeping and counterinsurgency operation—an operation that was declared officially at an end seven years later in April 2009.<sup>40</sup>

In 2012, as Putin entered the presidency once more, and in spite of all the declarations of victory, Moscow was still struggling on a daily basis with Islamic militant groups, insurgents, and terrorist attacks in the Russian North Caucasus. From Putin’s point of view there had been some successes. The Russian state was bloodied by the two cycles of war in Chechnya, but ultimately it survived. By the end of the 2000s, almost all of the Chechen secessionists who led the region in the 1990s had, literally, been physically wiped out. Chechnya’s secession of 1991 had been reversed, and the republic was back as part of the Russian Federation. Nonetheless, Vladimir Putin was very conscious of the fact that Chechnya almost tore Russia apart and that war in the North Caucasus could do this again. Early in the second war, in his interviews for *Ot pervogo litsa*—in the same discussion of the need to “bang [the Chechen] bandits about”—Putin noted that if the war in Chechnya was not brought to an end, the Russian state could collapse:

Believe me, even back in 1990–91 I knew very clearly . . . that the country would very quickly find itself on the edge of collapse. Now, about the Caucasus. What is the essence of the

current situation in the North Caucasus and in Chechnya? It is the continuation of the collapse [*raspad*] of the USSR. It is clear this has to stop at some point. Yes, at one time I hoped that with economic growth and the development of democratic institutions this process would begin to slow down. But life and experience showed that this was not happening. . . . If we did not quickly do something to stop it, Russia as a state in its current form would cease to exist. At that juncture the discussion was about how to stop the disintegration [*razval*] of the state. I realized that I might have to do this at the cost of my political career. It was a minimal cost that I was ready to pay. . . . I reckoned I had a few months to consolidate the armed forces, the MVD [Ministry of Internal Affairs] and the FSB, and to find public support. . . . I was convinced that if we did not immediately stop the extremists, then in no time at all we would be facing a second Yugoslavia across the entire territory of the Russian Federation—the Yugoslavization of Russia.<sup>41</sup>

This response is replete with a number of classic Putin references and themes that infuse all three of his broader Statist, History Man, and Survivalist identities. The danger of state collapse, the importance of paying whatever cost is necessary to prevent this, and the imperative of ensuring unity are core, overlapping elements in these identities and bind them together. In the context of his Survivalist identity, Putin's reference to "the extremists" is significant. Extremists are a threat to the state's survival. Here, he does not simply have in mind the Chechen Islamists or separatists. Putin is acutely aware that the rise of competing nationalist and separatist movements—including Russian extremism—was instrumental in the break-up of both the Russian Empire and the Soviet Union. These movements severely weakened the integrity of the Russian Federation, including helping to provoke the war in Chechnya.<sup>42</sup> Having fought the fight with the Chechens to the bitter end, Putin

would need a different strategy for moving beyond the battlefield. This is where another lesson from “The ‘Sandpit’ Streets”—that you need to respect everyone—comes in.

### SURVIVING THROUGH UNITY: RECONCILING WITH CHECHNYA

Chechnya’s drive for independence, and Moscow’s particularly vicious retaliation, created a crisis that has, since the 1990s, symbolically pitted Russia’s indigenous Muslim groups, and other non-ethnic Russian citizens, against its Orthodox Slavs. This imperils Putin’s concept of a united and indivisible Russian *narod*, which he sees as essential to Russia’s survival as a unified multiethnic state.<sup>43</sup> The war in Chechnya and the counterinsurgency operations across the region left the ruined economies of Chechnya and its neighboring North Caucasus republics almost completely dependent on direct transfers and subsidies from Moscow. Against the backdrop of the 2008 economic crisis, this sparked a backlash from Russian nationalist groups.

In the late 2000s, clashes between ethnic Russians and representatives of North Caucasus ethnic groups who lived in Moscow and other cities outside the North Caucasus became a frequent and often fatal occurrence. In one prominent incident in December 2010, on Moscow’s central Manezh Square just beyond the Kremlin walls, a memorial rally for an ethnic Russian soccer fan killed in an altercation with a youth from one of the North Caucasus republics turned into a violent brawl. A crowd of several thousand clashed with police. The incident was widely portrayed in the media as a sign that inter-ethnic violence in Russia was increasing and that European or U.S.-style race riots would soon become a fact of Russian political life.<sup>44</sup> One of the Russian nationalist slogans—“stop feeding the Caucasus”—also featured in the December 2011 protests after the Russian parliamentary elections. Inflammatory appeals for policies favoring ethnic Russians and ridiculing the Russian heartland of Chechens and others were revived as

staple elements in the stump speeches of Vladimir Zhirinovsky and other nationalist politicians.<sup>45</sup>

In his own speeches, like his November 2011 address to the United Russia party conference, Putin made a public virtue of countering separatism and extremism of all kinds.<sup>46</sup> At the same time, Putin championed the ideas of Russian nationalists about the importance of a strong state and flirted with national-patriotic groups, including the government's own youth movement, *Nashi* (Ours).<sup>47</sup> Nashi is less known by its longer official name—the Youth Democratic Anti-Fascist Movement. This was clearly intended to give it an all-encompassing, anti-extremist profile even though the movement's primary focus was on stirring up a sense of Russian patriotism among students and young professionals, and thus mobilizing them to support Kremlin policies.

In addition to countering extremism with rhetoric, Putin began in the late 2000s to reference the importance of reconciling with the Chechens and reintegrating Chechnya into the body politic of the Russian Federation. At the Valdai Discussion Club meeting in Moscow in November 2011, just before the parliamentary elections, for example, Putin pointedly stressed the need to show appropriate respect to the Chechens in response to a question from one of the participants about the persistence of violence in the North Caucasus.<sup>48</sup> The idea of reconciliation with individual Chechens and Chechnya itself was also the central theme in *gosudarstvennik* film director Nikita Mikhalkov's 2007 movie, *12*, a remake of American director Sidney Lumet's courtroom drama *Twelve Angry Men*. In the film, Mikhalkov (who is also a renowned actor) plays the role of the jury chairman. In an evident nod to Mr. Putin, the chairman was rescripted from the original as a tough yet compassionate former KGB officer. Mikhalkov, playing the simultaneous jury chairman and Mr. Putin, persuades the rest of his fellow jurors to acquit the defendant. The defendant is a Chechen youth accused of murdering his stepfather, a Russian military officer. The youth has clearly suffered a great deal and was likely framed for the murder by a group

of criminals. In a “Putinesque” moment at the end of the film, the chairman vows to track down the real perpetrators himself.<sup>49</sup>

In the same timeframe as Mikhalkov’s film, Putin was conspicuously befriending Ramzan Kadyrov, the controversial young leader of Chechnya, who eventually succeeded his father, Akhmad Kadyrov, as president of the republic. Kadyrov senior had been the Mufti or religious leader of Chechnya in the 1990s. After the first Chechen war, Kadyrov fell out with other separatist leaders and switched his allegiance to Moscow. He brought with him a large swathe of the armed groups who had fought the Russian military. The *Kadyrovtsy*, the former fighters who agreed to stay loyal to Moscow, were granted a blanket amnesty for their actions in the first war. They were then essentially given a mandate to go after the remaining militant groups that refused to surrender and reconcile with Moscow, as well as their domestic political opponents. The older Kadyrov was assassinated in May 2004 only a year into his presidency. Ramzan Kadyrov, a teenage militia leader during the first Chechen war, was still in his twenties and too young to succeed his father when Akhmad Kadyrov was killed. The junior Kadyrov held a series of deputy and acting prime minister positions in the Chechen government until becoming president when he turned thirty in 2007. After assuming the position he garnered equal measure of praise from Putin for rebuilding Grozny (with ample funds from Moscow) and condemnation from Russian and international human rights organizations for his violent power struggles and brutal suppression of dissent.<sup>50</sup> This tactic of the top Russian leader personally engaging and joining forces with a local warlord in the Caucasus to pacify the region dates back to the tsarist-era Circassian Wars of the 1800s—another example of Putin mining the past for applicable lessons and useful history.<sup>51</sup>

### THE MOST REASONABLE MAN

In all of these forays into the territory of Chechnya and the North Caucasus, ethnicity, religion, and Russian nationalism, Putin and

the team around him painted a portrait of Mr. Putin as the most reasonable statesman in Russia—the only person capable of ensuring Russia’s survival. Putin’s PR team depicted him as standing above the fray and holding back reactionary forces, like Zhirinovsky, who would otherwise upend or rip apart the Russian state. A frequent refrain of Russian officials and Kremlin-connected commentators was that “Vladimir Putin is more reasonable than 99 percent of Russians,” with the clear inference that, as one independent Russian journalist remarked, “The Russian *narod* [people] would elect a ‘new Hitler’ if Vladimir Putin did not exist.”<sup>52</sup> This is one of many tools in Putin’s political arsenal. It is also another tactic tried and tested in the 1990s and with the same stock cast of characters. Boris Yeltsin and his political team often conjured the idea of *après moi le déluge* with explicit reference to Vladimir Zhirinovsky and other nationalist politicians—suggesting that if Yeltsin were swept from office, a fascist regime in Russia would be only a step away.<sup>53</sup>

In his December 15, 2011, televised call-in show, in which he directly responded to questions from a select audience as well as from carefully screened callers from around the country, Putin took issue with the idea that Chechnya and the North Caucasus were the major source of strife for Russia. Responding to a question from a woman whose son had been beaten up by someone from the North Caucasus, Putin noted: “I want to say that, believe me, guys [*rebyata*] from the Caucasus may show the very best human qualities. As for hooligans, they can be from the Caucasus, from Moscow, and, unfortunately, from my hometown of Leningrad, St. Petersburg, from anywhere at all.”<sup>54</sup> In a January 2012 article in *Nezavisimaya gazeta* on ethnicity issues, “Russia: the national question,” Putin also directly criticized the calls to “stop feeding the Caucasus”:

I am convinced that the attempts to preach the idea of a “national” or mono-ethnic Russian state contradict our thousand-year history. Moreover, this is a shortcut to destroying the Russian people and Russian statehood, and for that



matter any viable, sovereign statehood on the planet. When they start shouting, “Stop feeding the Caucasus,” tomorrow their rallying cry will be: “Stop feeding Siberia, the Far East, the Urals, the Volga region or the Moscow Region.” This was the formula used by those who paved the way to the collapse of the Soviet Union. As for the notorious concept of self-determination, a slogan used by all kinds of politicians who have fought for power and geopolitical dividends, from Vladimir Lenin to Woodrow Wilson, the Russian people made their choice long ago. The self-determination of the Russian people is to be a multi-ethnic civilization with Russian culture at its core. The Russian people have confirmed their choice time and again during their thousand-year history—with their blood, not through plebiscites or referendums.<sup>55</sup>

This Putin article is particularly significant in that it stresses the importance of ensuring the survival of the Russian state and tying that survival (which millions have died for) to protecting Russia’s multiethnicity. As is the case with so many of Vladimir Putin’s writings and pronouncements on the Russian state, the article reflects the ideas of other Russian thinkers, primarily from the 1990s. In this instance, some of the key ideas are those of Valery Tishkov, the director of the Institute of Ethnology and Anthropology at the Russian Academy of Sciences. In 1992, Tishkov set up Russia’s first ministry of nationalities for Boris Yeltsin to address and avert the threat of the Russian Federation’s disintegration. He served in the position of minister for only a year before returning to the Academy of Sciences.<sup>56</sup> The ministry was most active during the period when Moscow was forced to conclude bilateral treaties with Tatarstan and other regions. It then expanded its mission to deal with migration issues. It was dismantled by Putin in 2001 when he began to stress the importance of a unified Russian state.<sup>57</sup>

Tishkov, in his many scholarly writings on the issues of nationality and ethnicity in Russia, continually criticized the brutality of

Moscow's treatment of Chechnya and the Chechens. He stressed the importance of re-engaging with Chechnya to bring it back into the Russian body politic and of effecting a reconciliation between Moscow and the Chechen people.<sup>58</sup> Tishkov was also a major proponent of the idea of inculcating a civic, or "post-nationalist," idea of being a Russian—a *rossiyanin* rather than a *russskiy* citizen. In all of his books and articles, he insisted on the use of the neutral word *rossiyskiy* whenever there was an official reference to anything "Russian" to overcome any ethnic Russian particularism that might be rooted in the idea of the Russian state or the concept of the *narod*.<sup>59</sup> Yeltsin carefully adhered to all of this in his public pronouncements in the 1990s, just as Putin embraced the same idea in his references to a *Rossiyskaya ideya* and *rossiyane* in the Millennium Message.

In Putin's view, disunity, like revolutionary change or not having sufficient reserves or resources, is a prime threat to the survival of the Russian state. Preserving unity and stability at almost any cost—even by reducing Grozny to the ground and killing thousands of Russian citizens—is necessary to ensure the survival of the state. In the siege of Leningrad, with its personal ramifications for the Putin family through the death of a son, a million perished so the city would not fall. Many more millions perished in World War II so the state would survive the Nazi invasion and prevail. Indeed, in this particularly dark period, Josef Stalin, the wartime Soviet leader, broke with his own practice of denigrating the tsarist past to reach back into history to find potent symbols of unity for the Soviet population to rally around in its struggle to survive.

Mother Russia superseded the USSR. The image of a woman in a kerchief urged people to fight for the survival of the country in propaganda posters of the era—"Mother needs you" as the equivalent to "Uncle Sam needs you" in the United States.<sup>60</sup> Ancient Russian heroes such as Alexander Nevsky (resurrected again by Putin and his team in 2008) featured in similar posters exhorting the Russian people, for example, to battle against Nazi Germany

in 1942, just as Nevsky had battled the invading Teutonic Knights across some of the same territory 700 years before, in 1242.<sup>61</sup> Stalin also looked for national heroes from other ethnic groups across the Soviet Union, including from the peoples of Central Asia and the Caucasus, to pull the multiethnic Soviet population together. World War II became the Great Patriotic War and provided the ultimate narrative of survival for Vladimir Putin and the many others born during and shortly after WWII.

### UNITY, RECONCILIATION, AND THE LEGACY OF WHITE RUSSIAN SURVIVORS

Stalin mined Russia's pre-Soviet history for heroes who could create unity in the 1940s and help the state survive the Second World War. Putin continued to do the same in the 2000s. Another group that Putin turned to in framing his quest for unity was the so-called White Russian émigrés. Many of these were *gosudarstvenniki*, former servitors of the tsar, or intellectual supporters of the tsarist order, who fled the country when the Russian Empire collapsed and thus survived the 1917 Revolution. In Europe, and occasionally in the United States, they kept the idea of the Russian state alive even as they rejected the ideology of the USSR. Among this group were a large number of writers who spent their time in exile trying to figure out a new ideological basis for reviving Russia should the Soviet Union ever collapse—as it did in 1991. In the 1930s, 1940s, and even into the 1980s, these writers engaged in the traditional debate “What is Russia?” untainted by the Soviet experience. In essence, they formed a strategic reserve and repository of Russian thought. Their ideas came back into modern Russia in the 1990s and provided a bridge from the late imperial period across the seventy years of communism to post-Soviet Russia.<sup>62</sup> Among the émigré writers two in particular stand out: the religious philosopher Ivan Ilyin (1883–1954) and linguist Nikolai Trubetskoi (1890–1938). Along with Soviet historian, ethnographer, and geographer Lev Gumilev (1912–92), they made considerable

contributions to shaping the ideas of Russia's revival with which Mr. Putin associated himself in the 2000s.

Ivan Ilyin joined Pyotr Stolypin as a favored reference point for Vladimir Putin during his presidency and premiership. Like Stolypin, Ilyin had a great deal to say about the restoration of the state and patriotism. In his writings, Ivan Ilyin stressed the importance of forging a new Russian national identity to respond to times of crisis and to guide the governance of the state. Ilyin wrote that the search for this identity would be led by a politically, culturally, and spiritually renewed elite. He suggested that Russia's identity should be based primarily on its religious faith and "the love of one's country." Ilyin charged the Russian elite both with the "Christianization" of the Russian government and with aiding the "free creativity" of the Russian people. He cautioned the elite not to overestimate the power of government and advocated the creation of a strong Russian middle class, a free and prosperous peasantry, and a "fraternal" working class to support the operations of government. Ilyin was opposed to government activity in the spheres of private and corporate life. Although he was in favor of the progressive Christianization of Russia, Ilyin specifically urged the separation of church and state and broad religious tolerance.<sup>63</sup> Finally, Ilyin was a firm believer in the importance of a strong law-based state.<sup>64</sup> Putin has paid lip service to all these concepts.

A number of analysts have pointed to Putin's (or his Kremlin team's) apparent interest in Ilyin and his writings—especially Putin's references to Ilyin in his national addresses in 2005, 2006, and 2007.<sup>65</sup> In 2005, partly at the instigation of film director Nikita Mikhalkov (again playing a central role on these issues), Ilyin's remains were repatriated from Switzerland. They were reinterred in Moscow along with a number of other leading White Russian émigré figures.<sup>66</sup> The public rationale for the reinterment—which came against the backdrop of the restoration of toppled statues, churches, and icons in the 2000s—was explicit. Ilyin's return was the ultimate expression of reconciliation and of healing the

riffs between imperial and Soviet Russia. Just as Ilyin's body was reunited with Russian soil, two eras of Russian history were symbolically brought together again. In May 2009, Putin made a well-publicized pilgrimage to Ilyin's new gravesite at Moscow's Donskoi Monastery to underscore and reinforce the point.<sup>67</sup>

For their part, the other two writers, Trubetskoi and Gumilev, have not enjoyed quite so much prominence in Putin's speeches as Ilyin. However, their work emphasized Russia's dual heritage in Europe and in the fusion of Slavic and Turkic cultures in the Asian steppe. Technically the Eurasian steppe, or vast grasslands, stretch from the southern reaches of Ukraine in the west, through southern Russia, into Kazakhstan and Central Asia, and further east into southern Siberia. Based on the unique nature of Russia's heritage in the heart of the steppe lands, the two writers promoted the idea of a specifically Eurasian path of development for Russia, which would always distinguish it from the countries of Europe.<sup>68</sup> In the 1990s, Trubetskoi and Gumilev were credited with inspiring a revival of so-called Eurasianist thought in post-Soviet Russia.<sup>69</sup> Putin embraced these ideas, including in 2011–12, in his promotion of the idea of creating a new Eurasian Union. Putin's Eurasian Union was presented as a new economic and political association that would cover Ukraine and Kazakhstan, among other lands of the former Russian Empire and USSR. It was also intended to supersede the now largely defunct CIS.<sup>70</sup>

As a philosophy, Eurasianism bridges the gap between an exclusive ethnic Russian concept of Russia and the reality of the state's multiethnicity. It allows for the concept of a unique Slavic, Orthodox Russia to survive and coexist with an embrace of the non-Russian Asian peoples of the steppe—and by extension Chechnya and the North Caucasus. It restores the idea of a multiethnic, multiracial, multinational, and multireligious Russia.<sup>71</sup> Lev Gumilev, the son of two noted Russian poets, Nikolai Gumilev and Anna Akhmatova, who opposed the obscurantism of the Bolshevik regime, was persecuted for his family associations. He was also a survivor of the

darkest periods in Soviet history and spent long periods confined in the gulag. Gumilev lived until 1992 and remained a prolific writer throughout his life. Although banned for decades, his scholarly writings were revived at the end of the Gorbachev era and became bestsellers in the 1990s.<sup>72</sup>

### PUTINISM = "KOMAROVISM"

As his speeches and presentations make abundantly clear, splintering and fracturing in society and politics are anathema to Vladimir Putin, as well as threats to the Russian state. After the contradictions and chaos of the 1990s, the Putin of the 1999 Millennium Message, as well as the Putin of his 2012 presidential campaign essay on the national question, called on Russians to put aside their famous historical conflicts if they wanted to continue to survive and see the state survive. No more Slavophiles versus Westernizers, Whites versus Reds, Left versus Right, or liberals versus fascists. No KGB pitted against ordinary Russians, the perpetrators against the victims of the purges and the gulag. Certainly no ethnic Russians clashing with Russia's indigenous minorities. In this regard Putin resembles the Komarovs, the colorful and eccentric couple conjured by the celebrated Russian American émigré writer Vladimir Nabokov, in his novel *Pnin*.<sup>73</sup>

In his novel, Nabokov describes the Komarovs, who Pnin (aka Nabokov) meets when he first moves to the United States. Timofey Pnin is a professor of Russian at a small American college and encounters another Russian émigré, Oleg Komarov, at the college, in the Fine Arts Department. Nabokov writes of Komarov and his wife, Serafima: "Only another Russian could understand the reactionary and Sovietophile blend presented by the pseudo-colorful Komarovs, for whom an ideal Russia consisted of the Red Army, an anointed monarch, collective farms, anthroposophy, the Russian Church and the Hydro-Electric Dam."<sup>74</sup> The Komarovs' "reactionary and Sovietophile" blend would be completely understood by Vladimir Putin and all Russians who emerged from the confusion

of the 1990s. Like the Komarovs, Putin's view of an "ideal Russia" attempts to reconcile the entire span of the country's national history, with ideas plucked from the imperial and Soviet versions of the Russian state. Where Georgy Satarov's group in 1996–97 got bogged down in the inherent contradictions of the Russian Idea, Putin simply embraced them all.

In the 2000s, in addition to reinterring dead émigrés and restoring their reputations, Putin repeatedly reached out to the living: to the descendants and the survivors of the White Russian *gosudarstvenniki* across Europe and the United States. He also extended his embrace to other groups from disparate waves of emigration from the Russian Empire and Soviet Union. Sessions of the Valdai Discussion Club from 2004 to 2011, for example, frequently featured prominent scholars with Russian heritage. These included Alexander (Sasha) Rahr, one of Germany's top Russian experts, biographer of Putin, but also the son of exiled Russian journalist and church historian Gleb Rahr; Hélène Carrère d'Encausse (née Zourabichvili), France's leading Russian historian and secretary of the French Academy, whose parents fled the Russian Empire after the Revolution; Anatol Lieven, British journalist and academic, and the descendant of one of the most famous political families of the tsarist era; and Serge Schmemmann, American journalist and descendant of a Russian aristocratic family with long roots in the provinces around Moscow.<sup>75</sup> In one incident, during his December 15, 2011, call-in TV show to address questions from viewers across the country, Valdai Club participants Sasha Rahr and Nikolai (Kolya) Zlobin—a Russian academic who was based for extensive periods in the United States before returning to Russia to become a prominent foreign policy commentator—were placed in the front row of the audience. They were referenced directly by Putin for the important role they played in "representing" Russia abroad.<sup>76</sup>

At certain junctures, official representatives of overseas Slavic and émigré organizations were also invited to participate in the Valdai Club sessions—most notably in September 2010. At this

session, participants in the group met with Putin in Sochi just after he had concluded a high-level visit and discussion with Israeli Defense Minister Ehud Barak. In addition to stressing the importance of reaching out to Russian émigrés, Putin talked wistfully of bringing back “our Jews” (*nashi evrei*) who had emigrated to Israel, and he stressed the importance of the new Russia’s blossoming ties with Israel. He rejected the idea that former Jewish citizens of the Russian Empire and Soviet Union might not want to come back to Russia, given past experiences of pogroms in the imperial era and the purges and consistent discrimination in the Soviet period.<sup>77</sup> In line with these comments, Putin made considerable effort during the 2000s to reach out to the Russian Jewish communities in exile and in Moscow. He also encouraged Russian oligarchs—irrespective of their ethnic or religious origin—to fund the restoration of synagogues and mosques, not just churches and monasteries. For Putin, this was all part of Russia’s multi-ethnic, indigenous culture, which must be preserved and actively maintained for the state to survive. In Putin’s view, the Bolsheviks made a serious mistake in destroying these cultural artifacts. They got rid of what could otherwise be useful history for binding all the different groups together and creating a common heritage. In pulling down churches, synagogues, and mosques, the Bolsheviks destroyed some of the basic underpinnings of the Russian state. In doing so, they ultimately undercut the legitimacy of the communist regime. They pitted people and peoples against each other. Those internecine conflicts helped tear the USSR apart.

Putin’s final major address as prime minister to parliament in April 2012 hammered home this point—the dangers of dividing and thus destroying. It came in the form of an answer to a suggestion from a member of the Russian Duma that the preamble to the Russian constitution be changed from beginning with “We the multinational people [*narod*] of Russia,” to “We the [ethnic] Russian [*russskiy*] people and the people who have joined with it.” Putin retorted:



Do you understand what we would do [if we did that]? Part of our society would consist of first class people and part would be second class. We must not do that if you and I want to have a strong single [*yedinaya*] nation, a single people [*narod*], if we want each person who lives on the territory of the country to feel that this is their homeland, and that there is no other homeland, nor can there be one. And if we want each person to feel like that, then we have to be equal. This is the principal question. The fact that the [ethnic] Russian [*russkiy*] people are—without a doubt—the backbone, the fundament, the cement of the multinational Russian [*rossiyskiy*] people cannot be questioned. . . . But to divide everyone up into first, second, third categories, you know, this is a very dangerous path. You and I, all of us, must not do this.<sup>78</sup>

With this retort, Putin underscored his view that the issue of ethnicity in Russia is neither a moral nor an ideological one. On a purely practical level, dividing the country into groups or allowing people to divide the country into groups weakens it. This was a mistake made in both Russia's imperial and Soviet pasts. To keep Russia, the state, intact—as he is determined to do—this mistake should not be repeated. This is the hallmark of Mr. Putin, the Survivalist. The survivalist mentality is based on an exaggerated notion that if you don't learn from past mistakes—your own as well as larger, national-level mistakes—then you personally, and the country, will continue to suffer from them. To survive, you must also learn by observing the mistakes that others make. Ultimately, this mentality is also rooted in distrust and in the necessity of relying on one's own means. The person best suited to observe the mistakes and to build up the resources and capacity to take appropriate action avoiding similar mistakes in the future is an "outsider." As we will discuss in the next chapter, this is one of the identities very specific to Mr. Putin. He was an outsider to the national political

system when he came to Moscow, and he has cultivated an image of himself as the Outsider since his youth. The Outsider is not part of the existing system and is not burdened by vested interests in the status quo. He is detached and not responsible for any particular failure, so he has no reason to ignore the truth. He can defy conventional wisdom and learn how to do things better in similar circumstances. When you are the Outsider, watching people make decisions that may affect you but which you are not a part of, you can be much more critical. You can think outside the box.

Here again, tsarist Prime Minister Pyotr Stolypin in the early 1900s provides a historical path for Vladimir Putin as the Outsider moving to the center in the 1990s. Before he stepped into the inner circles of St. Petersburg, Stolypin was a provincial governor, first in Grodno in what is now Belarus, and then in Saratov in Russia's southern Volga region. Stolypin was even born outside Russia in the very place where Putin himself was sent in the 1980s: Dresden, in what during Stolypin's time was the German Kingdom of Saxony. He grew up in what is now Lithuania. In 1907, Stolypin argued that in spite of serving as a Russian governor, he was not a bureaucrat: "I am a stranger to the Petersburg official world; I have no past there, no career ties, no links with the court."<sup>79</sup> By the end of the twentieth century, the St. Petersburg that had been the center of the Russian government for Pyotr Stolypin was now the periphery, the second city, the provinces for Vladimir Putin. In the 1990s, Moscow was the focal point of power and political activity, and St. Petersburgers were on the outside, looking in.

## CHAPTER SIX

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# THE OUTSIDER

IN 1996, VLADIMIR PUTIN and a group of friends and acquaintances from St. Petersburg would gather in an idyllic lakeside setting—barely an hour and a half north of the metropolis of St. Petersburg. The location, on the Karelian Isthmus between the Gulf of Finland and Lake Ladoga, was only an hour and 20 minute car drive to the Finnish border, in an area that has variously been part of the Swedish Empire, the tsarist Russian empire, independent Finland, the Soviet Union, and now Russia. This was a wonderful place for Mr. Putin the History Man to reflect on the twists and turns of fate and Russia's evolving borders over the centuries. It also put Mr. Putin the Outsider far away from the center, Moscow. Putin had built a dacha, a weekend house, in this locale not long after his return to Leningrad from Dresden, but it had burned down in 1996.<sup>1</sup> He had a new one built identical to the original and was joined by a group of seven friends who built dachas beside his. Later in the fall of 1996, the group formally registered their fraternity, calling it *Ozero* (Lake) and turning it into a gated community of houses. Reportedly, the group members were so close that they often carpooled out from St. Petersburg to the dachas.<sup>2</sup>

As close as they seem to have been in 1996, Putin was also an outsider to this group. Of the eight founders of *Ozero*, seven were

businessmen and one was a civil servant. Seven had degrees in physics or engineering, and one had a law degree. The odd man out was Vladimir Putin. What they had in common was the archetypical Petersburg mentality that they were outsiders to the Russian capital. They were the outsiders looking from afar, seeing all the mistakes made by Russian politicians in Moscow in the 1990s, yet generally powerless to change things. It is not hard to imagine that at least some of their vodka-infused conversations on the porches or in the saunas at Ozero that summer ran something like: “Think how much better off this country would be if people like us were running it! Don’t ‘they’ see how they’re taking us to the brink of ruin and collapse?”

All St. Petersburgers are by definition outsiders to the established center of power in Moscow. Many in this particular group had, like Putin, spent periods of time outside Russia and the USSR, where they were able to detach themselves from the ongoing events and form a more dispassionate analysis of the state of affairs. In contrast to the usual men from “the provinces” (*glubinka* in Russian), St. Petersburgers do not really accept the role of being second-class citizens. The city’s downgrade in the Soviet period, and the Bolshevik decision to rename it Leningrad, created a sense of resentment, a grudge against Moscow. St. Petersburg was supposed to be important. It was built as the political capital and the center of high culture for Peter the Great’s new Russian Empire, but its citizens were abruptly designated second rank.

Putin, with his humble family origins, was a double or even triple outsider in the St. Petersburg Ozero group and the Soviet *nomenklatura* (those who occupied state administrative positions). His family was never part of the intelligentsia. Putin was not part of the traditional structures of the Communist Party of the Soviet Union (CPSU). In many respects he was an outsider even within the KGB. He was not a KGB “golden boy” like his contemporary Sergei Ivanov—who later served as defense minister and deputy prime minister under Mr. Putin and was then appointed head of

the presidential administration. The latter enjoyed early postings to Helsinki and London and always seemed to be on a fast track to somewhere as he rose through the academies and ranks of the KGB. In contrast, Vladimir Putin did not reach the upper echelons of the institution until he suddenly secured a political appointment to head the Federal Security Service (FSB) in 1998. Putin was an outsider even to Mikhail Gorbachev's perestroika (restructuring or transformation). He was posted to Dresden in East Germany during the critical period when Gorbachev took the helm of the USSR. Gorbachev was elected head of the CPSU in May 1985. Putin received his orders to relocate to Dresden that August. He remained there until after the fall of the Berlin Wall in 1989 and his return to Soviet Leningrad early in 1990. After his tenure as a deputy mayor of St. Petersburg, Putin was specifically brought into Moscow in summer 1996 as an outsider. As we will discuss, he was an operative on a mission to collect information on, monitor, and ultimately help the Kremlin rein in Russia's unruly oligarchs.

Putin's perception of himself and his Leningrad/St. Petersburg cohort as outsiders narrows the circle of individuals who share similar life experiences with Mr. Putin. All Russians are survivors or even survivalists by virtue of the tumultuous history of the Russian state. Many Russians come from families with long historical roots in the Russian heartland and are steeped in Russian history—although they do not necessarily see themselves as protagonists in Russian history in the same way Mr. Putin does. Many Russian political figures strongly identify themselves as statists, those who seek the restoration of a strong and capable Russian state and apparatus, at least nominally. Fewer Russians, and even fewer Russian political figures, are outsiders to a system or an organization who then come in and take charge. Indeed, a nominal member of an organization who is really an outsider to that organization may have a more tense relationship with the organization's insiders than with people who have had no association with it at all.

In an interview she gave shortly after he was appointed prime minister in 1999, Russian analyst Lilia Shevtsova described Putin as “an outsider who previously served in St. Petersburg. . . . He has not had the time to develop the personal relationships and the network of allies within the bureaucracy of the security services that is necessary to establish firm control.” Shevtsova and many others cautioned in 1999 against seeing Putin “as some kind of superman” based on his previous, and brief, position as head of the FSB, the successor to the KGB. They concluded—as observers of Pyotr Stolypin’s appointment a century earlier had also concluded—that “he [Putin] will be greatly limited in what he is able to do.”<sup>3</sup>

### ANDROPOV’S KGB

The group of outsiders, who watched what the insiders did and critiqued it (and probably begrudged them for their arrogance and incompetence), defines the brotherhood Putin identifies with. Most of his inner circle falls one way or another into the outsider category. In particular, Putin has a very ambiguous relationship with the so-called *siloviki* that he is often associated with—the insiders from the KGB/FSB and other security or power ministries like the ministry of defense and the interior ministry, which includes the police and Russia’s paramilitary forces. This is not his fraternity. Apart from a very short period spent heading the FSB as a political appointee, Putin never served in the central apparatus of any of these entities and he never rose to the KGB’s highest ranks during his official service. His formal positions in the KGB were always on the periphery—in Leningrad and in Dresden.

Putin was one of a generation of young recruits, a cohort of outsiders, brought into the KGB by its chairman Yuri Andropov in the 1970s. Andropov himself had come into the KGB as an outsider. His career had been made in the CPSU, not the security services. He had spent a considerable period of time as first secretary of the Communist Party youth organization, the *Komsomol*, in Karelia. Andropov also served as Soviet ambassador to Budapest during

the fateful Hungarian uprising of 1956 (an experience that in some respects mirrors Vladimir Putin's own time in Dresden as the German Democratic Republic fell apart). On his return to Moscow, Andropov was put in charge of relations with other Communist Party representatives in socialist countries. He also became the head of the International Department of the Central Committee of the CPSU Secretariat. He was appointed to head the KGB in 1967 just before another uprising in the communist bloc, in Czechoslovakia—the Prague Spring of 1968. During his time at the head of the KGB, from 1967 to 1982, these firsthand observations of political unrest (which were followed by revolts in Afghanistan and Poland toward the end of his tenure in 1979–81) shaped Andropov's approach to running the institution. In the late 1960s, he was closely associated with spearheading the KGB's efforts to crush political dissent and with creating the notorious network of psychiatric hospitals that prominent dissidents were often dispatched to "for treatment."<sup>4</sup>

Andropov was also aware, however, that the entrenched and increasingly enfeebled Soviet system was in dire need of reform. In an effort to bring some new perspectives into the KGB and by extension to create an atmosphere conducive to finding new ideas for dealing with the state's myriad problems, Andropov implemented a policy to expand the institution's recruitment of young officers from different societal groups, including the *Komsomol*. The idea was to bring in a cohort of critical-minded recruits to change things. Andropov moved on from the KGB to become leader of the USSR in 1982. Tensions between this group of recruits, which was widely referred to as the Andropov levy (or Andropov draft), and older KGB insiders increased after Andropov's sudden death in February 1984. Vladimir Putin's recruitment to the KGB in 1975 as part of this general group compounded his sense of being an outsider.

Putin's assignment to Dresden, after he completed his training at the KGB academy in Moscow, the Red Banner Institute, put him

even further outside mainstream structures and the state. He was also now outside the USSR. During the crucial years of perestroika from 1985 to 1989, Putin could only look in from afar. Those who were back home, including people who would later end up in Putin's inner circle, like erstwhile President Dmitry Medvedev, were caught up in the heat of the dramatic political as well as social and cultural events of this period, especially in Moscow. While Putin today uses the 1990s as the touchstone for his presidency and spends an inordinate amount of time talking about Russia in the 1990s and channeling the debates and ideas of this decade, he has remarkably little to say about the 1980s. Putin probably also has a very different, much more uniformly negative, version of events of the late 1980s than his peers in St. Petersburg or Moscow.

### OUTSIDER IN DRESDEN

As a foreigner in Dresden from 1985 to 1989, Putin was also an outsider to the system and events in East Germany. This must have been a strange position for Mr. Putin because it undoubtedly reinforced his view of his identity and role as the critical outsider learning from the mistakes of others. When Putin was posted to Dresden, the GDR was supposedly a Soviet ally, but in fact it was also a country where the leadership of Eric Honecker sometimes acted as if its counterparts in Moscow were as much the enemy as the West.

Honecker's regime was ideologically hardline, inflexible, not in the least bit pragmatic, and very much out of touch with the grassroots politics of East Germany—as well as out of step with the political changes under way in the Soviet Union. In 1985–89, the GDR's economy was also dysfunctional. Putin's years in Dresden made him privy to the ultimate controlled experiment in competing economic systems, between East and West Germany—an experience that he directly referred to, much later on, in his final address to parliament as prime minister in April 2012. Honecker was adamant that the GDR would pursue its own economic and political policies. He



avoided public references to Gorbachev's policies of perestroika and glasnost (openness) as well as "new thinking" (*novoye myshleniye*) in foreign policy.<sup>5</sup> The feeling in the USSR leadership was mutual. There was no love lost between the East German leader and Mikhail Gorbachev. The Soviet leader used every occasion, including a public toast to Honecker marking the opening of an East German exhibition in Moscow in September 1988, to remind his German counterpart of the need for political change.<sup>6</sup>

The accepted story about Putin's KGB service is that Dresden—which was the third-largest city in the GDR with a population of about 500,000—was an unimportant backwater. Putin's work there has also routinely been described as unimportant and even unsuccessful.<sup>7</sup> There is no official version of what Putin was doing in Dresden, and he has not offered much personal detail. Nor is there any concrete information about which directorate of the KGB Putin worked for. One suggestion is that he was in an operation, "Operation *Luch*" ("beam" or "ray"), to steal technological secrets. Another says that while he was indeed part of Operation Luch, the mission was not to steal secrets at all. It was an undercover operation to recruit top officials in the East German Communist Party and secret police (*Stasi*). The goal was to secure their support for the reformist, perestroika, line of the Soviet leadership in Moscow against opposition from Honecker and his hardline East German leadership.<sup>8</sup> A third says simply that the goal of the KGB in Dresden was to contact, entrap, compromise, and generally recruit Westerners who happened to be in Dresden studying and doing business. Other versions suggest that the KGB was focused on recruiting East Germans who had relatives in the West. Some versions of the story have said Putin traveled undercover himself to West Germany on occasion.<sup>9</sup>

The most likely answer to which of these was Putin's actual mission in Dresden is: "all of the above." Not only is it likely that Putin engaged in some or all of these activities, it is virtually inconceivable that he did not. The KGB was stealing technological

secrets everywhere it could. If there were some to be stolen in Dresden, rest assured Putin and his colleagues would be on the case. As for entrapping, compromising, and recruiting Westerners, or people with connections to the West, that, too, was a permanent assignment for anyone in the KGB. Regardless of what exactly Putin did in Dresden, which we will revisit in subsequent chapters, one thing is certain—Dresden was not a political backwater in East Germany. While Putin was far outside political events in the Soviet Union in the second half of the 1980s, he was not outside politics or world events in Dresden. The GDR was imploding. Dresden was one of the centers of opposition within the German Communist Party to the retrograde Honecker regime—an intra-party opposition in which Hans Modrow, the party's Dresden leader, was an active participant.

Given the ferment at home, Putin's KGB counterparts back in the USSR were unlikely to be paying a great deal of attention to what was happening in East Germany. But if Putin had even the slightest interest in political developments in the GDR, there could hardly have been a much better place to be than Dresden in those years of 1985–89. In Dresden, Putin was close enough to the ground that he could observe the activities of the East German opposition at first hand, just as Andropov observed the Hungarian opposition in the mid-1950s—albeit from a loftier vantage point in the Soviet Embassy—during his posting to Budapest. Putin was also low enough on the KGB totem pole in Dresden that part of his job would have been to monitor and to try to understand the opposition, their motivations, their strengths, and weaknesses.<sup>10</sup>

### LESSONS FROM DRESDEN

Based on the proposition that Putin learns lessons from history in general and from his own personal history, Dresden would have become his first laboratory for political lessons, after his life lessons from his “university of the Sandpit Streets.” St. Petersburg and the mayor's office in the 1990s would be the second. Indeed,

in the book *Ot pervogo litsa* (First person), when talking about the general impact and effect of his Dresden experience on his thinking, Putin noted:

When you come [home] with nine months between two trips you don't have time to get back into our life. And when you have returned from [serving] abroad it's hard at the beginning to get used to reality, seeing what's been done at home. . . . And we, the younger guys, would talk to our older colleagues. I am not talking here about the elderly who had gone through the Stalin period, but about the people with experience on the job let's say. They were already a completely different generation, with different views, assessment, and attitudes. . . . After conversations like that, you start to think and rethink things. . . . In intelligence at that time, we permitted ourselves to think differently and to say things that few others could permit themselves.<sup>11</sup>

In the GDR, Putin was given the chance to witness the classic tension inherent in attempts to reform a complex system without losing control. This was also the dominant theme at home. Putin was, however, much closer to the action than he ever would have been in the USSR in this period. In *Ot pervogo litsa*, Putin concedes that Dresden, as well as Leningrad/St. Petersburg, was "a province," but he also boasts that "in these provinces everything was always successful for me."<sup>12</sup> In Dresden, Putin was in some ways a big(ish) fish in a small pond—at least a lot bigger fish than he would have been in Berlin, the East German capital, or at home at KGB headquarters. Arguably, in thinking about what was happening around him, and in talking to other, more seasoned observers, Vladimir Putin may have gained more insights about the fall of a totalitarian system than did many others in Moscow. He certainly gained very different insights. In *Ot pervogo litsa*, Mr. Putin muses on this point, admitting that "the GDR in many respects was an eye-opener for me. I thought that I was going to an East European

country, to the center of Europe. Outside it was already the end of the 1980s . . . [but] in dealing with the people who worked for the MGB [Ministry of State Security, or *Stasi*], I realized that they themselves and the GDR were in a situation which we had gone through many years ago already in the Soviet Union. It was a harsh totalitarian country, similar to our model, but 30 years earlier. And the tragedy is that many people sincerely believed in all those communist ideals. I thought at the time: if we begin some changes at home, how will it affect the fates of these people?"<sup>13</sup>

Meanwhile, at a distance, Putin also learned that the changes afoot in the USSR, under Mikhail Gorbachev, were not working, either. In principle, Putin was for perestroika. Andropov, the long-serving head of the KGB before he became Soviet leader, had helped sponsor Gorbachev's rise within the Soviet politburo. Gorbachev's perestroika was intended to carry forward reform ideas that Andropov himself had advocated. But things were not playing out the way Andropov and others had wanted or planned. Gorbachev was unable to control the forces that he had unleashed at home and that he ultimately unleashed abroad in the GDR and elsewhere in the countries of the Soviet bloc. If you could remove ideological blinders, it was all perfectly clear. The Soviet system in general did not work. As Putin ruefully concluded after crowds descended on his workplace during the eventual political upheavals in Dresden and East Germany, and there was no immediate response from Moscow: "It was clear the Union was ailing. And it had a terminal, incurable illness under the title of paralysis. A paralysis of power."<sup>14</sup>

Probably no personal experience other than his time in Dresden could have done more to convince Vladimir Putin that his future activity, in the KGB or otherwise, could not be guided by blind loyalty to an ideology or to specific political leaders. His loyalty had to be to the state itself rather than to a specific system of governance. The ambiguities of the GDR in the second half of the 1980s were perfect training for Putin's move to the center of government in

Moscow a decade later in 1996. The GDR experience forced him to confront some important issues. Whose side was he really on? What were the sides? Whose interests were being served? How could you be sure that your efforts were not undertaken in vain, or were not carried out in the interest of people whose values you did not share or who you might even regard as enemies? How could you ensure that you were not just being used as a tool of a narrow group? For Putin, the answer seems to have been that you need to decide for yourself what the “truth” is and what the highest value is, and serve those above all else. Never trust any individual institution or any specific idea, and certainly not any person or narrow group completely, even if you were closely associated with them. Watch and wait to see how things will turn out. Try not to preclude future paths of action for the sake of expediency today, but try to remain on the outside for as long as possible. Putin saw that the collapse of the GDR “was inevitable.” What he “really regretted,” when the Berlin Wall and everything else came crashing down, he said, was “that the Soviet Union had lost its position in Europe, although intellectually I understood that a position based on walls and water barriers cannot exist forever. But I wanted something different to rise in its place. And nothing different was proposed. That’s what hurt.” Putin was shocked that, as the Soviet bloc crumbled away in Eastern Europe, “they [the group around Gorbachev in Moscow] just threw everything away and left.”<sup>15</sup> A decade after this experience, Putin would set about trying to put something different, more durable in place in Moscow, something that would reassert Russia’s lost position.

#### MR. PUTIN IN “THE VALLEY OF THE CLUELESS”

Disenchanted with his final set of experiences in Dresden, Putin returned to the USSR in early 1990, initially to work at Leningrad State University (LGU) and also to pursue his doctoral dissertation.<sup>16</sup> A lot had happened in Leningrad while Putin was in Dresden. In fact, unbeknownst to Putin, while he had learned a

great deal in the GDR, he had also missed out on a whole set of life lessons that those who had remained in the Soviet Union had absorbed. As Putin's wife, Lyudmila, put it in interviews conducted as part of the *Ot pervogo litsa* project, which intersperses Vladimir Putin's own observations in the book: "Perestroika, and everything that happened between 1986 and 1988, we, in Germany, saw only on the television. Because of that, I know only of the enthusiasm and the lifting of spirits that people had during those years through the stories others told me."<sup>17</sup>

The late 1980s were a time of intellectual and cultural ferment and creativity in the USSR, as well as political upheaval. When the Putins came home, instead of appreciating the spirit of the period, they only noticed that they were returning to a country in its death throes, where "everything, including the law-enforcement agencies, were in a state of decay."<sup>18</sup> Lyudmila Putina pointed out that "the long lines, ration cards, coupons and empty shelves were still [t]here." In contrast with the availability of goods in the GDR, Lyudmila "found it quite horrifying [*strashno*] to even walk through stores. Unlike many, I could not run around searching for the cheapest goods and wait in the lines. I would just go straight to the nearest shop, purchase only the most necessary things and return home. The impression I got was terrible."<sup>19</sup>

If Putin had not been posted to Dresden in 1985, but had joined the KGB at a lower level in Moscow, stayed in Leningrad, or been posted to another Russian province, he would most certainly have had a very different set of experiences and impressions, as well as real-time discussions with colleagues and friends about the unfolding events. Putin's service in the GDR had a very specific, and quite negative, impact on his world view. Service in the Soviet Union might well have changed his outlook in other appreciable ways. It might conceivably have given him a somewhat more positive perspective on the Russia of the 1990s, which came out of the ferment of the 1980s, not simply out of the decay of the USSR. Russian American scholar Leon Aron—in *Roads to the Temple*,

his in-depth intellectual and political history of this critical period in the USSR—describes how much the country changed in the late 1980s under Mikhail Gorbachev.<sup>20</sup> Gorbachev's championing of the policy of glasnost or political openness turned Soviet political thought and high culture on their heads. Formerly taboo issues, including the myriad state crimes and abuses of individual and human rights in the Soviet period, were given a thorough airing at the urging of the Kremlin and the Soviet leadership. This was an elite project at the very highest levels that took the rest of the population into uncharted territory. Soviet ideological touchstones and myths were widely debunked. Newspapers, magazines, TV screens, and cinemas were filled with often shocking revelations. New publications proliferated.<sup>21</sup>

As Leon Aron writes: "Millions of people read about subjects that as recently as three years before," when Putin would still have been in the country, "would have qualified as a crime. . . . Lines to newspaper kiosks—sometimes "huge crowds" around the block—formed at six in the morning and the daily allotments were often sold out in two hours."<sup>22</sup> Aron goes on to recount how Soviet publications, like the newspaper *Argumenti i fakty*, became sources of critical commentary and saw their subscriptions increase exponentially in a three-year period. While Vladimir Putin was pouring over German newspapers and sources in Dresden, scouring them for nuggets of intelligence and insight into the inner workings of the GDR, more than 20 million people in the USSR were reading *Argumenti i fakty*. Even literary journals, illustrated weekly magazines, and old stalwarts like *Izvestiya* and *Komsomolskaya pravda* attracted millions of new readers.<sup>23</sup> Famous books and articles that had been suppressed by Soviet censors were published and widely read, like Mikhail Bulgakov's *Master and Margarita* and Boris Pasternak's *Doctor Zhivago*. Films like Georgian director Tengiz Abuladze's *Pokoyaniye* (Repentance), with its thinly veiled criticism of the Stalinist era, were shown in Soviet cinemas. They were critically acclaimed in the West as well as in the USSR.<sup>24</sup>

In the GDR, however, it is unlikely that Putin, even if he had any burning desire to, was able to keep up with the pace of information and the surge of political, literary, and cultural output at home. Indeed, while Putin was in Dresden, the GDR banned the Soviet magazine *Ogonyok*, one of the pioneers of glasnost, for being subversive, putting it and other publications out of general reach.<sup>25</sup> In Dresden, Putin was also subject to very different fare than his friends and colleagues at home on East German TV and radio, which were still under the strictures of Eric Honecker's censorship and propaganda. Furthermore, although most East Germans could watch West German TV given the proximity, this was not actually the case in Dresden. In the area around Dresden there was no reception for any of the West German television stations and only limited reception of Western radio broadcasts. For that reason Dresden was satirically referred to inside the GDR as *Tal der Ahnungslosen* (Valley of the clueless).<sup>26</sup>

In *Ot pervogo litsa*, Vladimir Putin had stated that those in the intelligence services permitted themselves to think differently and say things that few normal citizens could. But while Putin was in Dresden, glasnost suddenly allowed *everyone* in the Soviet Union to think differently. Saying things that were not previously permitted became normal. Aron describes how debating clubs sprang up in schools and factories, not just in colleges and scientific institutes, and how factory workers were bowled over by the unexpected freedom of debate. One metalworker talked about how "I was simply unused to a free exchange of opinions. Now I see freedom of thought as something natural."<sup>27</sup> Other observers commented that even people sitting passively in front of their TV screens were witness to programs "utterly unimaginable in [their] openness, frankness, and the heat of political passions."<sup>28</sup>

Putin is not a protagonist in Leon Aron's detailed history of this period. He hardly features in the book at all. Putin appears only fleetingly at the very end, in the epilogue, when Aron discusses the imperial nostalgia and themes of restoration in the 1990s that



overturned the spirit of glasnost. Putin is referenced as the president who puts back the plaques and statues to Andropov and other KGB luminaries.<sup>29</sup> Vladimir Putin is not in Leon Aron's book in part because he simply was not there on the "road to the temple." Putin was an outsider to perestroika. He played no role in glasnost. He did not participate in the debates. He may not even have read all that much about them. While he was a witness to revolution in the GDR, Vladimir Putin was barely even a bystander to what many referred to as a "spiritual revolution" at home in Russia and the Soviet Union.<sup>30</sup>

### OUTSIDE THE LENINGRAD *TUSOVKI*

Out in Dresden, Putin was clearly aware of the changes and developments at home, but he did not live through and absorb them like other ordinary Russians. For ordinary Russians and especially for younger Russians, like Dmitry Medvedev for example, who was in his early twenties in this period, there was also a lot happening in "low brow" or popular culture. Medvedev has famously spoken of his love of Western rock groups such as the British band Deep Purple, which were widely listened to by Soviet youth in the late 1980s as cultural barriers to the outside world fell away. But Russia and the USSR were also producing their own rock bands and icons, as well as youth movies, all with an entirely new popular lexicon. One film, *Assa*, a break-out sensation in 1987, brought some of the USSR's most famous new bands and actors together with Soviet stalwarts like Stanislav Govorukhin—the actor and director who would go on to join the Soglasiye movement in his political incarceration in the 1990s—in startling scenes of generational dissonance.

New cult figures like Viktor Tsoi, the charismatic front man of the rock band Kino (Cinema), featured prominently in *Assa* with his rock anthem *Khochu peremen!* (I want change!)—an anthem that significantly was reprised during the 2011–12 protests against Putin's political system. Tsoi went on to star in a number of gritty independent films and seemed set to topple Soviet-era music and

screen heroes. His untimely death in a car accident in 1990 caused an unprecedented outpouring of grief among Soviet youth. It was seen by contemporary commentators as an event similar to the death of Hollywood movie icon James Dean in 1955. Dean's role in *Rebel without a Cause* also marked the emergence of a new era of youth culture in the United States. Leningrad, Tsoi's birthplace, was in the thick of this pioneering phase in popular culture in the late 1980s. It was the center of a counter-cultural scene that openly criticized and mocked old Soviet mores. Young people, fans of the new Soviet rock groups, in striking Western-style clothing with their own twists, turned heads as they strutted along the main streets. They collected to hang out in mass *tusovki* (gatherings) in city squares.<sup>31</sup>

Because Vladimir Putin did not evolve through all the stages of late Soviet and Russian development from the 1980s through 2000s that would have otherwise linked him to his peers, part of his "Russian DNA" was, and still is, missing. He could not have recaptured this lost time in Dresden's "valley of the clueless." This is notable in Putin's cultural and political references. The 1970s and early 1980s feature heavily in his allusions to Soviet movies and humor—especially the period when he was in his twenties and still a civilian, going to the cinema, watching TV, and sharing and telling jokes. Lyudmila Putina notes in *Ot pervogo litsa*, when talking about their time socializing in Dresden, that "Volodya" (Vladimir) always liked and knew how to tell a good joke.<sup>32</sup> The 1990s are the constant touchstone for Putin's political discussions, although much less a source of jokes than the 1970s. The pluralistic, creative part of the late 1980s, the Gorbachev era of optimism, is the missing link.

Vladimir Putin generally has a black view of the late USSR, of Gorbachev's Soviet Union. When he returned to Leningrad, the state and the Soviet system immediately plunged off the precipice into the abyss. As he noted at the time, this meant that "all the ideals, all the goals that I had had when I went to work for the KGB,

collapsed.” The situation “tore my life apart.”<sup>33</sup> This great personal rupture with the collapse of the Soviet Union was followed by what was, in Putin’s view, the unseemly chaos of Yeltsin’s Russia and the 1990s. Mr. Putin’s outlook is not tempered in any way by the more positive developments, the signs of a new and different Russia that could have emerged in the late 1980s—the Russia that Leon Aron recounts in his book. Others in Putin’s inner circle, including most obviously Dmitry Medvedev, would have experienced and seen this period differently. This experience may have colored their own outlook on the future restoration of the state. Medvedev, during his presidency from 2008 to 2012, certainly appeared open to promoting a more pluralistic public debate about Russia’s future and hinted at the possibility that the government would embark upon a new period of *perestroika*.<sup>34</sup> Putin, the outsider to the late 1980s, is much more concerned with personally setting the agenda for debate, and with *dostroika*—finishing what he, Mr. Putin, set out to do when he came into office in 2000.<sup>35</sup>

#### CULTIVATING THE OUTSIDER PERSONA: “THE THUG”

Since he first became Russian prime minister and president, Vladimir Putin has spent a great deal of time stressing his origins as an outsider. He has also actively cultivated key aspects of that personality. His public image is that of “the first person” who always stands outside politics, and above the fray, observing the action to determine if and when he might have to intervene to put things right. Documentary films in the period around the 2012 election stressed Putin’s position as the lone, if not lonely, figure at the top of the Russian power structure. They showed him entirely focused on his work wherever it might take him across the vastness of the Russian Federation, practically single-handedly managing all issues of state, and concentrated on the welfare of the Russian people.<sup>36</sup>

It is clear from all of these depictions that while Vladimir Putin does not want to appear to be directly involved in politics, he actually controls the situation—or he wants the Russian elite and

public to understand and think that he controls it. The Russian word *kontrol'* is like the German and French equivalents. It means to "monitor," or to "check"—as opposed to the primary English language definition of actively being in charge and making things happen. This idea of standing to one side and monitoring everything that is going on crops up repeatedly in Putin's childhood stories of himself as the scrappy little street fighter—"the kid" and "the outside contender." The quotes in Oleg Blotsky's book from Putin's putative schoolmate Viktor Borisenko, for example, stress the fact that, even as a boy, Vladimir Putin would strive not to be noticed until he decided to reveal himself to make a point—as he did during a memorable history class.<sup>37</sup>

Borisenko notes that both in school and at university, Putin "somehow seemed to be part of the group, yet always a little off to the side [*no chut'-chut' v storone*]. He would take part in whatever was going on, but he would still look at it as if from the outside [*no tem ne meneye smotrit na nego kak by so storony*]." <sup>38</sup> Other commentators who have encountered Putin in action at different points in his life and career have noted the same tendency. Putin was there but not there. This tendency was reinforced by the fact that Putin's passion for judo, both as a teenager and a student, consumed a lot of his time. He was often outside the crowd at school and university, working out at his judo club with his fellow teammates. Instead of partying with other students, he was focused on his training. His judo teammates were an alternative, tight-knit peer group in which he could anchor himself. Indeed, Putin noted in his biographical interviews at the beginning of his presidency, "I am still friends with those same people whom I trained with back then."<sup>39</sup> At Leningrad State University, Vladimir Putin was described as always having one foot in and one outside the various groups that congregated in the university's inner courtyard or *dvor* for a smoke during recess. He didn't smoke like the others because of his training.<sup>40</sup> Instead, he always seemed to be watching and thinking. Those around Vladimir Putin noted that

he appeared quietly on top of everything—the ubiquitous, mysterious “Volodya.”<sup>41</sup> Until he shot to the top of the Russian political system, Vladimir Putin was “the man who could vanish in a crowd of two.”<sup>42</sup>

In her book *The Man without a Face*, journalist Masha Gessen devotes an entire chapter (“Autobiography of a Thug”) to Putin’s fixation with the “courtyard culture” of his youth as well as his “outcast status.” She notes Putin’s efforts to contrive the image of himself as a “little thug” from the streets precisely for public consumption.<sup>43</sup> Since he first threatened to wipe out Chechen terrorists in their “outhouses” in 1999, the image of the “thug,” or the tough guy, has been central to Putin’s public persona, drawing a line between him and the Moscow elite. Throughout his time as president and prime minister, whenever he engaged with the Russian *narod*, Putin built up the idea that he was a man of the people, a real *muzhik* in Russian. The message running through many of his televised publicity stunts and public encounters across the country was: “I’m like you. I’m not like those privileged types in Moscow.” Indeed, following on from the protests in Moscow and other cities in the wake of the December 2011 parliamentary elections and then during the subsequent 2012 presidential campaign, Putin stressed this explicitly. He rhetorically put himself outside of Moscow elites at meetings and rallies, including during the question and answer session of his December 15, 2011, call-in TV show.<sup>44</sup>

During the call-in show, Mr. Putin engaged in an exchange with Igor Kholmanskikh, a foreman at the Uralvagonzavod (Urals Railcar Factory) in Nizhny Tagil. Kholmanskikh offered to come to help Putin restabilize the situation in Moscow given all the street protests in this period, and to “sort things out”—clearly with a show of manly or workerly muscle. The foreman indicated it was the least he and his colleagues could do given all Mr. Putin’s help dealing with the problems of the regular guy. Mr. Putin, although appreciative, demurred—only to, a few months later, confound

most internal and external observers by elevating this same Igor Kholmanskikh to the appointed position of regional *polpred*, the president's authorized representative to the Urals Federal District. Kholmanskikh was instructed by the president to "defend people's interests." A representative of the loyal *narod* from the Urals was thus put into the national spotlight to provide a stark contrast with the disloyal elite in Moscow.<sup>45</sup>

### THE *NACHAL'NIK* (THE BOSS) AND THE GOOD TSAR

The idea that Putin—after twelve years at the very center of Russian power—could still portray himself as an outsider and not as part of the privileged elite in Moscow seems absurd. Yet Vladimir Putin did begin his career as an outsider in several dimensions. That status as outsider is part of the explanation for his ability to rise to power by casting off his ideological baggage, thinking differently, and watching and waiting to seize his moment. The cultivated image of Mr. Putin the tough man—the scrappy survivor who lives by his knuckles, his wits, and his carefully marshaled reserves and who comes in from the outside to get things done—was part of the strength of his political brand in the 2000s. It was one of the reasons Putin was known as the *nachal'nik* (the boss, the man in charge) in Russian government circles for most of the period up until 2011, even during the years when he was prime minister and not sitting as president in the Kremlin.

As the *nachal'nik*, among Mr. Putin's most celebrated performances were the regular public dressing downs of his subordinates, various bureaucratic miscreants, or greedy oligarchs—on TV and at public meetings. These staged exercises in ritual humiliation occur at especially critical moments of public discontent on specific issues. They give Mr. Putin the boss the chance to show he is personally in charge (although not to blame) and that he can and will get things done, no matter how large or small the issue. In each of these instances, Mr. Putin makes it clear that he has personally monitored the situation and has then stepped in, just when he is needed, at the

twelfth hour. As Russian analyst Maria Lipman has pointed out, the fact that Putin “is the boss” legitimates and enhances his role as Russia’s top leader in the eyes of the broader public.<sup>46</sup>

There are multiple examples of Mr. Putin playing the boss. One of the best-documented is an incident in 2009, in a so-called factory monotown, Pikalyovo, near St. Petersburg on Putin’s home turf. In the midst of the period when Russia was reeling from the effects of the global economic crisis, hundreds of Pikalyovo’s residents were laid off from the town’s cement works, which was part of the massive Russian conglomerate Basic Element. The town was completely paralyzed when protesters, demanding restitution, blocked a major road and created traffic jams that extended for hundreds of kilometers. After local authorities proved incapable of resolving the situation, Vladimir Putin and an entourage from Moscow swept into town to dress down the nominal factory owner: high-profile oligarch and Basic Element chairman Oleg Deripaska. Putin’s antics, which included calling Deripaska and factory managers “cockroaches” and ordering the cement factory to start production again, brought an end to a set of events that had dominated TV and newspapers and gripped Russia’s attention.<sup>47</sup>

Putin’s PR handlers have determined that the public loves to see him admonishing figures they do not like in the same language that they would use if they had the opportunity. In keeping with Mr. Putin’s mining of historical parallels, these performances as the tough boss, the *nachal’nik*, pick up on the traditional Russian idea of the good tsar.<sup>48</sup> In the imperial era, there was a general popular belief that the tsar was always ready and willing to fix any range of large or small things for the *narod*. He was stopped from doing so by the bad boyars around him. These were the aristocrats (historical versions of Russia’s modern oligarchs), advisers, and functionaries who refused to bring burning issues to his attention. As Russian commentators frequently note, “the idea that only the head of state can solve your personal problems is genetically ingrained.”<sup>49</sup> In his PR performances, Mr. Putin pushes the bad boyars aside so

he can get to the crux of every issue. An April 2012 editorial in the Russian newspaper *Vedomosti* suggested, however, that Mr. Putin had begun to take his outside interventions too far.<sup>50</sup> The editorial relayed a complaint from a prominent Russian actress, Chulpan Khamatova, who had set up a charity to help Russian children. During an interview with the BBC, Khamatova asserted that all her efforts had repeatedly run into stumbling blocks. In each case it seemed that the only person who could remove a specific bureaucratic or legal obstacle was Vladimir Putin himself.

The *Vedomosti* editors noted that for every organization in Russia—from charities, to the police, the courts, or electoral commissions—there had to be some kind of stimulus or pressure from the very top of the political system for them to do their work. With Russia's judicial and legislative branches tightly linked to the executive, even straightforward questions had to be channeled up to Vladimir Putin. They also referred to Mr. Putin's PR stunts. The editors reviewed his 2009 appearance at Pikalyovo to force Deripaska to sort things out, his response to August 2010 Moscow forest fires to spur the emergency services into action, and his frequent visits to far-flung Russian regions in 2011–12 to dole out funds from the federal budget to relieve local economic pressures. The editors concluded that only one Russian politician, only one person—"the first person" (*pervoye litso*)—could make the final decision on any important issue in Russia in 2012. Vladimir Putin was Russia's only Mr. Fix-It.<sup>51</sup>

The public humiliations of subordinates and the tough boss or action performances are, in fact, an innovation for Putin since he became Russia's predominant leader. Although Putin was always renowned as the fixer (dating back to his days in St. Petersburg with Sobchak and his team in the mayor's office), many of the stories from his earlier periods show that he often deployed a softer, quieter, more subtle behind-the-scenes approach to get results. Before he became prime minister and president—even when he was engaging in outright coercion—Putin was known for doing



small, and sometimes larger, favors for people with whom he came into contact, including strangers. He related his rationale directly to one prominent Russian opposition figure, who once had been astounded to learn that Putin—who was then head of the FSB and had no personal connection to him whatsoever—had bailed him out of a potential corruption scandal by quietly defying a direct order from a higher official to gather compromising material. When this political figure later had a chance to thank Putin, he also asked him why he took the risk of doing such a thing. Putin merely shrugged and replied: “You never know who people might turn out to be.”<sup>52</sup> Putin wants to have various means of making people feel beholden to him.

### PUTIN'S POPULIST LANGUAGE

One personal story from Vladimir Putin's days in the LGU *dvor*, or courtyard, during recess links both to the idea of Putin being in control by standing to one side and to his propensity for doing favors. The manner in which the favor was extended also ties to another feature of Mr. Putin's thuggish image—his constant use of populist language and crude popular culture references to convey a message or win people over. Language and jokes are deployed by Putin as a point of connection with his contemporaries and the average Russian. They consistently distinguish him as an outsider from the so-called intelligentsia and other more privileged elites in both Soviet times and in contemporary Russia.

One of Putin's contemporaries at LGU, who was studying in another faculty but frequented the same *dvor* to smoke a cigarette, recounted a story about a personal encounter with Vladimir Putin in the early 1970s. The contemporary, who hailed from one of Russia's North Caucasus republics, talked about this ubiquitous “Volodya”—who always hung around the edges of the *dvor* and knew everyone, even if he was not part of the in group of every *tusovka* or clique. One day, the weather was particularly windy and the LGU courtyard especially crowded. The student from the

North Caucasus could not find a good place to light his cigarette without the wind blowing out his match or someone knocking into him. Suddenly he heard a voice, “Volodya’s”: “Hey guys! The *dzhigit* here needs some space to smoke.” The next thing he knew, everyone had moved out of the way to open up some space for him. He was surprised and grateful, but at the same time he felt offended. *Dzhigit* is an ethnic reference. He wondered how he should react. Then he noticed that “Volodya” was smiling warmly. “Volodya” had done him a favor. So he accepted it. “I’ve never forgotten it,” he told us several decades later.<sup>53</sup>

Why *dzhigit*? Putin never uses words casually. There is always a calculation. Many of the words Putin uses, the jokes or the specific references he makes, link back to something quintessentially Soviet, as well as to the classics of Russian literature that were part of the Soviet curriculum Putin and his cohort were steeped in at school. *Dzhigit* is the native horseman from the Caucasus Mountains who fought against the expansion of the Russian empire into the region. The word crops up in the works of famous Russian authors like Leo Tolstoy and Mikhail Lermontov, who wrote stories of the Circassian Wars of the nineteenth century. It also features in a classic Soviet comedy film, whose title is partly inspired by one of Tolstoy’s stories: *Prisoner of the Caucasus*, or *Shurik’s New Adventures*.<sup>54</sup> The film was first released in 1967, when Putin would have been 14 years old, but it was endlessly replayed on Soviet and Russian TV in the 1970s. For someone of Putin’s and his university colleagues’ age at LGU in this period, the common frame for the *dzhigit* reference would have been the Shurik film. It was one of two in which Shurik, a hapless and naive student, has a series of farcical misadventures. A famous segment from the film features Shurik’s first encounter with a trio of Three Stooges-like characters from the Caucasus in a restaurant.

In 2008, this famous segment was brilliantly dubbed by a group of young satirical filmmakers from the Russian city of Perm to create a YouTube masterpiece, “How Medvedev Happened.”<sup>55</sup>

In the satirical film, Shurik was artfully transformed into Dmitry Medvedev with a dubbed dialogue that mocked Medvedev's selection as Putin's successor and the orchestration of the 2008 Russian presidential election with its cast of stock opposition characters. The Three Stooges became Gennady Zyuganov and Vladimir Zhirinovskiy, along with an out-of-left-field presidential candidate, Andrei Bogdanov, who 'Medvedev's' restaurant interlocutor cannot remember when he tries to introduce them. In 2008, Bogdanov, the leader of the Democratic Party of Russia, won just over one percent of the popular vote.

For Putin's fellow student from the Caucasus in the LGU *dvor*, and for the other students around him, *dzhigit* was clearly a slur. It was not especially egregious and was amusing in the context of the Shurik film. It was even slightly complementary or respectful. In Tolstoy and Lermontov there is a degree of admiration expressed for the fighting prowess and horsemanship of the Caucasus *dzhigit*. The slur also was conspicuously neutral in its ethnicity. The Caucasus is a complicated place, as Putin would find out when dealing with Chechnya after 1999. "Volodya" could not have been entirely sure which bit of the vast mountainous region his interlocutor came from, and if it was definitely from the North or perhaps even from the South Caucasus (from the then Soviet republics of Armenia, Azerbaijan, or Georgia). Putin's reference was the American cultural equivalent of saying "Hey guys, 'Tonto' here [from the extremely popular 1950s TV series *The Lone Ranger*] needs some space to have a smoke." He was doing a favor, but at the same time he was making an inside, Soviet-era joke—so as not to, or at least too closely, associate himself with the student from the Caucasus.

### THE ART OF THE SOVIET JOKE

As Russian leader, Putin has carefully deployed populist language and jokes like this to embellish his thuggish image and his position as an outsider to the Moscow elite. The use has often been offensive, in multiple senses—especially when he resorted to his crudest

references like wiping out Chechen terrorists in the “outhouse,” or suggesting, in an exchange with French President Nicolas Sarkozy during the 2008 war with Georgia, that he would hang Georgian President Mikhail Saakashvili “by the balls.”<sup>56</sup> The vulgar language underscores that Putin will be ruthless in pursuing someone else’s “offense” or “insult.” The references and the jokes are directed at those around him. They are, in many respects, a recruitment tool to forge a personal link, emphasize and illustrate a point, and bring people around to his way of thinking. This is a tactic Mr. Putin learned as a case officer in the KGB, an issue we will return to later in the book. However, it is clear from many of the jokes, which are steeped in Soviet popular culture, that they resonate most forcefully with Putin’s immediate gender and age cohort—his generation of men now in their 50s and 60s.

In one memorable moment during the November 2011 Valdai Club dinner, Putin laughingly caught himself using the punch line of a dirty Russian joke in response to a question as to whether he would become a “new Putin,” or “Putin 2.0,” after the 2012 presidential election. He wanted to emphasize that he was just “one, single, person” like everyone else in the room. “Vladimir Putin,” he said, referring to himself in the third person, “cannot be divided into two pieces.” The Russian word he used for split into two was *razdvoyayetsya*, a perfectly acceptable word—were it not for its connection to a crude ethnic joke, again with Caucasus connotations. If slightly mispronounced in a manner attributed by Russian joke culture to a Georgian, say, or another native of the Caucasus, it becomes “raz-dva-yaytsa.” That literally means “one-two-eggs,” but in the Russian vernacular it actually means two balls (testicles again).

The original anecdote belongs to a well-known Soviet genre of irreverent and crude jokes—*Chapaev-Petka*—replete with colorful and unprintable (in this book at least) Russian words for the male and female genitals. Chapaev (Vasily Chapaev) was a Red Army commander during the Russian Civil War of 1917–22, who was

portrayed as a great hero in Soviet literature and films. For that reason, he was frequently lampooned in Soviet joke culture. In one version of the joke, Chapaev learns of a village somewhere that has problems with its traffic. He sends his sidekick Petka to take action. After a while, Chapaev comes to inspect the progress. Petka takes him out in a car. As they drive down the road, Petka points out all the new signs he has put in place to warn of various traffic hazards. The signs have a series of increasingly vulgar symbols on them, all of which, Petka explains, indicate that the roads are really bad up ahead. Finally, they come to a sign that looks innocent enough—but still puzzling. It has nothing but two large circles on it. “How about that one?” Chapaev asks. “Why, it means the road splits into two—“raz-dva-yaytsa,” Petka replies.<sup>57</sup>

At the dinner with Putin, the reference was lost to everyone but the older Russian participants at the table and those in his entourage standing around (and even they might not have caught it had it not been for Putin’s own chuckle). They snickered and looked at each other. In the official transcript of the Valdai dinner exchange, Putin’s answer is included, and the word *razdvoyayetsya* is put in quotes. It makes the association with the joke clear for anyone who is familiar with it.<sup>58</sup> For the younger Russians in the PR team, this was a joke from another era. Like the non-native Russian speakers they didn’t get it, as they readily admitted after the dinner.

Just as he missed personal experiences back home in the late 1980s, Putin seems to have missed out on a more contemporary set of Russian jokes while he has been at the very center of Russian power structures. These jokes are more likely to be circulating on the Internet than in printed anthologies of Soviet jokes.<sup>59</sup> As we will discuss more in the final section of the book, this may be one of the reasons why Putin found it so hard to connect with the younger generation of protesters who took to city streets in 2011–12. Instead of winning them over, Putin ended up insulting them with jocular references to them as the “Bandar-logi” or “Monkey People,” the anarchic band of primates from Rudyard

Kipling's *The Jungle Book* who famously have no king. Kipling's book was another stalwart of the Soviet school literature curriculum, and Putin noted in interviews that he had loved the book since childhood. He also referred to the protest ribbons as "condoms," alienating his intended interlocutors even further.<sup>60</sup>

In his final speech to the Russian parliament as prime minister in April 2012, Putin told another old Soviet joke at a critical point in the question and answer period, creating a stir in the auditorium. The joke was also probably entirely lost on younger people listening, but it resonated with the older cohort of parliamentarians he was addressing. In response to a Communist Party deputy's contention that the agricultural sector had performed better in the Soviet period than under the current regime, Putin retorted: "Long, green, smells of meat. What is it? A Moscow *elektrichka* [commuter train]." This joke harks back to the late Soviet period and its chronic meat shortages, when *kolbasa* or sausage, a staple of Soviet diets, was especially hard to come by. Because Moscow as the capital had privileged access to the limited supplies, people from other regions would head in on the train to stand in line, often for hours, to purchase sausage and other products that were unavailable in their towns and cities. They would stagger home on the train again, laden down with as much as they could carry. As Putin noted in his speech, there was always a shortage of meat in the Soviet period, because the Soviet economy and the meat production sector simply did not function effectively.<sup>61</sup> He then went on to debunk the central idea of the Communist Party deputy and the Communist Party ideology that central planning is superior to the market economy.

Moving on from the initial joke, having illustrated his point, Putin referred the parliamentary audience to the more distant past. He took them to the era of Lenin and the early Bolsheviks' rule in the 1920s, when the Bolsheviks' proposed planned economy could not quite get itself off the ground. Putin noted that "Vladimir Ilyich [Lenin] introduced elements of a market economy. He himself [the

father of communism] did this. So then . . . to say that: ‘everything is bad in a market economy’—is simply not true. Even the Communist Party introduced elements of market regulation, when other elements did not function. It was only later that Josef Vissaronovich [Stalin] liquidated all these market instruments.” Putin conceded that a planned economy ultimately enabled Russia, over time, to “concentrate state resources for the purposes of accomplishing the most important, critical elements of the national agenda, like defense and security.” But “overall,” he argued, the planned economy was “much less effective than the market economy.”<sup>62</sup>

In this final presentation to parliament, with his joke and these comments, Putin offered the classic view of the Outsider. The Outsider is pragmatic. He has no vested interest in policies or in ideologies. In a system so burdened by ideology, only an outsider could clearly see the flaws of the system. This is what allowed Putin, himself, in looking at the functioning, or the non-functioning, of the Soviet system, to abandon the strongest element of Communist Party ideology, the myth of state ownership and central planning. He could admit that private property, free enterprise, and the market were superior on the basis of hard facts and empirical evidence. In his response to the Communist Party questioner, Putin pointed out that he had no intention of making a political statement nor engaging in ideological debates. His comments were based on practical considerations, first-hand observations, and the lessons of history. He referred his audience to this, using the example he knew best of all from his KGB service outside the USSR in Dresden and another contemporary example that everyone else would be familiar with:

There are two absolutely very well-known historical experiments in the world—East Germany and West Germany, and North Korea and South Korea. Now these are cases that everyone can see! But this does not mean that everything is all right in a market economy. If we would introduce so-called

wild capitalism, it would not lead to anything good, it would never produce anything beneficial. So what are we aiming for? A market economy, but a socially oriented market economy. Together we have to look for these golden means in our practical work.<sup>63</sup>

Putin's polemics against the Russian communists' nostalgia for a centrally planned economy underscore another key feature of his personal worldview. He appears—on the surface at least—to believe in the free market. In his rejoinder in the Russian parliament, and on many other occasions, Putin has made a point of praising private ownership and criticizing too much government interference in the economy. Furthermore, during his tenures as both Russian president and prime minister from 2000 to 2012, he pursued some undeniably sensible economic policies in close coordination with Finance Minister Alexei Kudrin. This raises the questions of what views Putin really holds about the market economy and where he derived his knowledge of basic economics. In the next chapter we will consider some of the likely sources of Putin's thinking about the Russian economy and his model of economic management.



## CHAPTER SEVEN

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# THE FREE MARKETEEER

PUTIN SEEMS TO have gained some grounding in general economic issues during the 1970s and 1980s. As a student at Leningrad State University (LGU) in the 1970s, studying under Anatoly Sobchak, Putin wrote an undergraduate thesis on international trade law. In the 1980s, at the KGB's Red Banner Institute, American business school textbooks were likely on the curriculum, and Yury Andropov had put reforming the Soviet economic system as one of the top items on the KGB's agenda. In the German Democratic Republic (GDR), as he made clear in his April 2012 remarks to the Russian Duma, Putin had been exposed to the controlled experiment that the economic development of the two Germanys presented during the Cold War—one that produced a clearly superior result for the Western, capitalist, version. In 1996, Putin wrote a graduate thesis in “economics,” which was one of his goals when he returned to Leningrad from Dresden in 1990. Most of this was, however, in a Soviet context. Vladimir Putin's only real understanding of market economics would have come later, from his practical activity as deputy mayor of St. Petersburg, working with actual businesses, both Russian and foreign, in the 1990s.

In 1990s St. Petersburg, the capitalism and business practices Putin was exposed to did not have an emphasis on entrepreneurship,

nor were they in the critical areas of production, management, and marketing. St. Petersburg capitalism was all about making deals. Personal connections with the St. Petersburg city government were more important for doing business than were relations between workers and customers. The focus was on finding and using leverage.<sup>1</sup> Putin seems to have emerged from his St. Petersburg experience with, first, the conviction that the only way Russia could survive in the modern world was with a market economic system. Second, he had the view that the winners in the market system were not necessarily those who were most skilled at providing goods and services at the best prices. Instead, the winners were those best at exploiting others' vulnerabilities. Those vulnerabilities were greed and an often flagrant disregard for legal niceties. Ultimately, as we will discuss in the closing chapter, the wheeling and dealing Free Marketeer perspective would prove a very dangerous outlook on which to base the policies of a great power in a globalized world economy.

### RUSSIA'S ECONOMIC PERFORMANCE UNDER PUTIN

By most objective measures, the performance of the Russian economy during Vladimir Putin's tenures as president and prime minister was outstanding—something Putin has frequently pointed out himself. In his report to the Russian parliament in April 2012, shortly before assuming the Russian presidency for the third time, Putin boasted about Russia's economic condition almost four years after the outset of the global financial crisis. While the crisis "was a trial for us," he noted, "we recovered much faster than many other countries. Today we have the highest economic growth rates in the G8 (Group of Eight) and one of the highest among the world's major economies. For comparison's sake, the growth rate in the United States is 1.7 percent, in the Eurozone 1.5 percent, in India 7.4 percent, in China 9.2 percent and in Russia 4.3 percent. We are third among major economies."<sup>2</sup> Putin's entire speech was replete with similar claims of success. Like any politician, Putin was, of

course, selective in choosing which statistics to highlight. But his case was still a strong one.

Russia's story over the decade since Putin's Millennium Message in December 1999 is one of the most dramatic reversals of fate in recent economic history. Russia was essentially bankrupt and practically in receivership when Putin first stepped into his top leadership roles. Yet, within five years after Putin took power, practically all of Russia's foreign debt had been repaid and its foreign exchange reserves had been built back up. Putin made Russia's debt to the International Monetary Fund a particular priority. It was paid off three-and-a-half years ahead of schedule.<sup>3</sup> Equally important for Putin, Russia's share of the world economy grew rapidly in his first two presidential terms. Measured in dollars at the market exchange rate, Russia grew between 1999 and 2008 from the 23rd-largest economy to the ninth largest. Its growth rate over this period was twice that of China.<sup>4</sup>

If performance alone were sufficient to gauge Putin's understanding of economics and his skill in management, he would deserve high marks. However, in the case of Russia it is very difficult to distinguish the results of Putin's policies from the effects of another variable—the increase in oil prices that coincided with his term in office. As noted earlier, thanks to higher oil prices, the country's wealth—the natural resource rent represented by Russia's oil and gas—soared.<sup>5</sup> Virtually all measures of Russia's economic performance also moved in lockstep with oil prices during the Putin era, climbing steadily from 1999 to 2008, dropping sharply in mid-2008 with the global economic crisis, and then rebounding in 2010–11 as oil prices recovered.<sup>6</sup> This does not mean, however, that government economic policy in this period was inconsequential. It would have been extremely easy to squander this wealth and to forfeit the opportunity to make the most of the oil price windfall. To what extent, then, did Putin's policies contribute to economic success from 1999 to 2008? And if they did contribute, what were the important elements of those policies and where did

they originate? Was it Putin's Survivalist identity that made the critical difference, including the lessons he learned over his career about basic self-reliance and the importance of ensuring that the Russian state had sufficient reserves to withstand any eventuality? Or did Putin draw upon some other deeper understanding of the fundamentals of a market economy in shaping government policy?

### THE PUTIN ECONOMIC PUZZLE

Vladimir Putin's attitude toward the market economy has often surprised and sometimes confounded Western observers. Putin's fierce defense of the market economy in his debate with the Communist Party members of the Russian Duma in April 2012—declaring a planned economy to be “less efficient than a market economy” and asserting that “nothing good” would come of a reversion to state property—attracted considerable attention in the international media.<sup>7</sup> In the early days of Putin's first presidency, the Russian government also adopted a number of reforms that were widely described as progressive. Russia's flat tax reform in 2001, for example, was even lauded as a model for the world by U.S. free market champions at the Heritage Foundation.<sup>8</sup> These reforms created a narrative of an early, “liberal” Putin, who was then somehow replaced by a crypto-communist Putin when further reforms did not materialize.<sup>9</sup> This image shifted again after the global financial crisis. Observers could not help but notice that Putin took the tone of the lecturer, with a provocative “I-told-you-so” attitude, when making public pronouncements on the crisis. In writing of Putin's appearance in early 2009 at the Davos conference of world economic leaders, *Washington Post* columnist David Ignatius described a Putin who “talked like a born-again capitalist, saying that Russia had seen the damage caused by too much government control of the economy and that it would never go back to the policies of the Soviet Union.” “The former communist,” Ignatius said, was “now a true believer in free market discipline.”<sup>10</sup>

In contrast, however, to the perception of Mr. Putin as having flip-flopped from communist to capitalist, and then back again to advocate of state control, there has been a good deal of consistency in Putin's general views on economics—at least during his tenure as head of state and leader of the Russian government. Putin has always preached an orthodox version of fiscal policies. For twelve years, he both empowered and protected one of the most fiscally conservative finance ministers in the world, his close colleague Alexei Kudrin. More important, in spite of having every opportunity to renationalize critical assets, Putin did not reverse the course of Russia's 1990s privatization process. The most controversial and largest set of deals that transferred Russian state property into private hands—the so-called loans-for-shares agreements already mentioned—was overwhelmingly regarded by the Russian population as illegitimate. This arrangement, which effectively created the much-hated oligarchs, was concluded by the Yeltsin administration. Putin could have reaped huge political dividends by reversing this scheme.<sup>11</sup>

By Putin's account he made a similarly critical choice in favor of private business in 2008–09, in the wake of the global financial crisis. He claims that some of the oligarchs came to him and begged him to take over their private property. He refused. In light of the widespread notion that Putin is a forceful advocate of state ownership, it is worth quoting his remarks on this subject at length. Speaking to a meeting of leading oligarchs in April 2011, he said:

During the acute phase of the crisis, some colleagues, including some who are in this room right now, asked whether they shouldn't fully transfer their business to the state. They were ready to do that and themselves even proposed it.

Let me point out, dear colleagues: we did not go down that road. We chose a different path. We supported the private entrepreneur, we backed you up, gave you loans, helped you refinance from Western banks, put up collateral. . . . But we

did not proceed towards nationalization of our economy. This is a fundamental choice of the Government: we don't want to create a system of state capitalism—we want to create a system of socially oriented market economy and, of course, we strive towards this, including using the tools of privatization. Here we must act carefully, but this is the way we will go.

. . . *It would have been easy back then to take over, to seize, private business (and we could have done it on the cheap). It was more difficult to preserve private business* [emphasis added]. . . .<sup>12</sup>

The fact that Vladimir Putin did not reverse the fundamental pro-market reforms of the 1990s is, for many people, a genuine puzzle. There are several explanations for why he did not, each of which derives from the Putin identities we have discussed so far in the book. First, as a student of Russian and Soviet history, Putin saw that the Soviet system of economic management had failed. During his time in the KGB in the 1980s, even before the collapse of the USSR, Putin understood that this put the Soviet Union at a huge disadvantage. At various points, including during his exchange with the Communist Party deputies in the Russian Duma in April 2012, Putin has acknowledged that there may have been a historical rationale for the Stalin-era system of industrialization, which began in the late 1920s and laid the foundation for the modern Soviet Union. But he has also underscored—including in the same exchange—that history showed the reform of that system to be long overdue.

The second explanation is that, as a dedicated *gosudarstvennik* (statist) with a pronounced survivalist perspective, Mr. Putin has been focused on protecting the Russian state. As an outsider to the prevailing system, he was able to slough off the burden of ideology and assess what worked and did not work. Vladimir Putin's most successful economic policies have thus been based on what one might call intelligent pragmatism. Instead of adhering (or not

adhering) to liberal or free-market economic principles, Putin has approached macroeconomic and fiscal discipline as the means to ensure state survival. The goals of building the state (with efficient tax collection) and protecting it (by reducing debt and building reserves) are not signs of economic liberalism. Perhaps the best support for this thesis is the fact that the most forceful advocate of similar macroeconomic policies in Russian history before Vladimir Putin was none other than Josef Stalin. In his report to the 14th Congress of the Bolshevik Party in December 1925, Stalin argued for the need to balance the budget, maintain a stable currency, keep inflation low, avoid dependence on Western loans, and build up financial reserves.<sup>13</sup> In addition, the actual introduction of the flat rate tax that was part of Putin's early tax reform package was far less important than the fact that Putin, and only Putin, proved capable of actually *collecting* taxes. Putin's 2001 innovation came after years of widespread tax evasion at all levels of the Russian economy and population. Putin also collected taxes using intimidation and force, including sending masked operatives armed with Kalashnikovs storming into the head offices of major corporations to seize their financial records.<sup>14</sup>

#### SOURCES OF PUTIN'S ECONOMIC THINKING: FROM THE USSR TO THE KGB

Lessons from history helped Putin understand that the market economy and capitalism worked. His Outsider pragmatism allowed him to accept history's verdict without the constraint of ideology. The problem, however, is that history did not necessarily impart information on *how* capitalism worked. What remains unclear, including from his many pronouncements on the issue, is the extent of Putin's real understanding of the market economy. As already stated, on three occasions in his past, Vladimir Putin was exposed to topics nominally described as economics in a more or less academic setting. These could, at the very least, have planted some theoretical seeds. During his law studies at Leningrad State

University from 1970 to 1975, Putin took at least one course in international trade law. He then wrote a senior thesis on law relating to the most favored nation regime in international trade.

In the mid-1980s, when he returned to the classroom, this time under the auspices of the KGB as a student at the Red Banner Institute, Putin had courses in economics and management. Finally, in 1996, he wrote a dissertation for a graduate degree in economics at the St. Petersburg Mining Institute. In addition, he had his personal experience, the day-to-day activity in his two careers before coming to Moscow to work in the Russian presidential administration in 1996. These experiences cover his career activities as a KGB officer in Leningrad, Moscow, and Dresden, and his tenure as deputy mayor of St. Petersburg in the 1990s. These lessons from his personal history and his daily reality of dealing with real-life businessmen likely complemented the big lessons of history he absorbed—all before he rose to his positions of power.

It is not likely that Putin developed any notion of capitalism in his childhood. For someone outside the USSR, it is hard to appreciate how little anyone growing up in the Soviet Union of the 1960s or 1970s would know about business or businesspeople. Parents, relatives, or neighbors provided no role models or even examples. Putin's father was a factory worker and his mother worked in various low-level positions as a janitor, a cleaner, and an assistant in a Soviet bakery. There was no corner grocer, no local butcher, no neighborhood bookseller that operated on a private, commercial basis. Soviet children and young adults generally did not deliver newspapers, shine shoes, mow lawns, walk dogs, babysit, or wait tables to generate their own income, although they could engage in summer jobs as they got older. The only place someone in this era would come in contact with entrepreneurial activity was in the so-called second economy. Actors in the second economy *were* entrepreneurial. They were innovative. They were also risk-takers, because their activity was either directly illegal or at best only quasi-legal (hence the alternative name of the "shadow economy"). Virtually



every form of such activity involved using government property for private gain. Consequently, even though almost every Soviet citizen availed him—or her—self of the goods and services that were available in the shadow economy, few would have openly defended it.<sup>15</sup>

The second economy was a necessary evil in the USSR Vladimir Putin grew up in. The people from whom a Soviet citizen obtained the unofficial goods or services were deemed unpalatable. Especially for a family of industrial wage workers like Putin's, the image was unlikely to be one to emulate. However, there was one aspect of the shadow economy that came to affect nearly everyone, including, apparently, Putin. It taught citizens that money did matter, and prices mattered. This was not true in the official economy, where the goods simply were not available. Time—specifically the time to stand in line for hours for some small everyday items or to wait for months or years on an official list for a big-ticket item like a TV or a refrigerator or a car—was far more important than money. In the parallel shadow economy, all of the goods otherwise in short supply might be available, for enough money. Because money mattered in the shadow economy, most citizens were eager to get it. There is evidence that the young Vladimir Putin was among them.<sup>16</sup>

In this sense, at the micro level, Putin's direct personal relationship to the economy probably did not differ from that of most Soviet citizens of his age. At the macro level, during Putin's youth, the Soviet national economy actually looked fairly good. Beyond the difficulties experienced by the average Soviet citizen in trying to cope with procuring life's necessities and its luxuries on a day-to-day basis, the USSR was a superpower in the 1960s and 1970s. It was on a par with the United States in terms of military strength. The Soviet Union was also the second-largest economy in the world, although its economy was still far smaller than that of the United States.<sup>17</sup> The USSR emerged from World War II with an economy that was only about one-third the size of America's, but it had been narrowing the gap ever since—a fact that was much touted in Soviet propaganda of the era.<sup>18</sup>

In short, as Putin began his university studies at LGU in the fall of 1970, he was preparing himself to enter the service of a super-power that appeared to be gaining on its arch rival. During Putin's years at Leningrad State University, this general trend would continue. The Middle East oil crisis of 1973 led to a seven-fold increase in the world price of oil. The oil crisis, in turn, led to a recession in the West. The USSR, in contrast, benefited. The Soviet Union's big oilfields in western Siberia were brought on line at this very juncture. In 1974, the USSR even surpassed the United States as an oil producer for the first time.<sup>19</sup> All of this would have reinforced the impression for Putin and his contemporaries that the USSR was a rising power and the United States a declining one.

We cannot be certain that the young Vladimir Putin of the 1970s regarded the Soviet economy in these specific terms. We do not know what he thought about the national economy and how the Soviet economic system worked. Putin's only concerns could well have been about his own personal circumstances, his future career, his family's prospects, and all the other issues that tend to preoccupy most citizens of any country when they think about economics.<sup>20</sup> However, if there was any organization that would have given Putin the opportunity, or might even have forced him, to think about these big issues, it was the KGB. The KGB and its predecessor organizations had a long, but uneven, history of involvement with the economy. The secret police in Russia always had the task of monitoring economic activity and the economy's main actors. They were assigned to uncover economic crimes, whether they be misdeeds and abuse within the official Soviet economy or activity outside it, in the second economy. There were also periods when the security services were directly involved in economic policymaking and management.<sup>21</sup>

### THE KGB AND THE ECONOMY

In the 1920s, the first head of the Bolsheviks' secret police, Felix Dzerzhinsky, was in charge of major economic decisions.<sup>22</sup> Later,

under Stalin, the KGB's forerunners were direct and critical economic actors by virtue of their role as managers of the gigantic forced labor system known as the gulag.<sup>23</sup> At its peak, the gulag accounted for as much as 15 to 18 percent of total industrial output and employment in Russia.<sup>24</sup> But since the early 1950s, no KGB leader had been given direct responsibility for economic policy. The last leader with this assignment was Lavrenty Beria, head of the security police from 1938 to 1953. Whatever his other characteristics, Beria was, in the Soviet context, an economic liberal. Beria started the first de-Stalinization effort. He proposed the de-collectivization of agriculture. He disbanded the gulag because it was "inefficient." He proposed rapprochement with the West. But Beria lost the factional struggle after Stalin's death. He was executed, and his name and his liberal policies became anathema in KGB lore.<sup>25</sup>

The KGB to which Putin was recruited was not particularly oriented toward economics. There were, however, two things about the Western economy that preoccupied the KGB. The first concern was that the West was capitalist, and therefore axiomatically and ideologically opposed to the Soviet economic system. It was the antithesis of all the USSR and the Communist Party represented. As the "Sword and Shield" of the Party, the KGB's main task was "revolutionary vigilance."<sup>26</sup> Its role was to combat subversive activities and ideas from the West. High on the list of such dangerous ideas was anything that could be construed as favoring capitalist economic principles and methods. The second fixation was with the scientific and technological achievements of the Western market economy—particularly anything with a military application. The KGB had a special section designed only to steal the advanced products of the Western system that Communist Party ideologists insisted was doomed to destruction.

In the years after Putin joined the KGB, serious new challenges to the Soviet economy caused the intelligence service to change the focus of its interest in Western economies. Although the USSR

benefited from the oil price shock of the 1970s, this benefit proved short-lived. It masked an array of fundamental problems in the economic system. While revenues and rents went up, the physical performance of the rest of Soviet industry was dropping rapidly. Between 1977 and 1981, the increase in Soviet oil production suddenly slowed, after growing at an average annual rate of about 7.6 percent through 1976.<sup>27</sup> By 1981, Soviet oil production became flat, just as global oil prices collapsed. All Soviet economic plans and projections were upset. Behind the image of abundance and wealth, a crisis was looming. The title of the book by renowned American energy expert Thane Gustafson about the Soviet oil industry of this period aptly sums up the situation—*Crisis amid Plenty*.<sup>28</sup>

There is an irony here that becomes an important element in the future story of the USSR and Russia. While the 1973 oil price shock gave Russia added wealth and initially dealt a huge blow to the capitalist economies, it turned out to have a longer-term salutary effect for the West. After 1979, for example, the United States cut its crude oil imports by half in just four to five years.<sup>29</sup> Western economies eventually became more efficient by moving to new technologies, computerization, microelectronics, new materials, and new industrial processes. The Soviet Union went in the opposite direction. Much of its oil windfall was spent to support the satellite countries of Eastern Europe and to expand production in defense industries and other manufacturing sectors inside the USSR. These industrial plants became even more energy inefficient than they had been in the past. So while the United States and most of the other Western economies came out of the 1970s crisis leaner and tougher, the Soviet Union emerged bigger but flabbier.

### STEALING AND SQUANDERING TECHNOLOGICAL SECRETS

On the part of the Soviet leaders, the predominant response to this reality of falling behind in the technological race was a combination of denying the weaknesses of their own system and trying to stay in the game by simply stealing more of the technology the

rival capitalist system had invented and produced. There were, however, more enlightened parts of the Soviet leadership, most notably in the military, that came to realize that the problem could not be solved by theft. The Soviet system itself had to change, but its denizens were trapped by an inherent dilemma. An innovative economy required more freedom for individuals. Such freedom was incompatible with the Soviet system of political control. This was the general message the Soviet Union's leading military innovator, Chief of the Soviet General Staff Marshal Nikolai Ogarkov, imparted to U.S. journalist Leslie Gelb in private remarks as early as 1983. Years later, Gelb recounted the conversation in an article in the *New York Times*:

I began that afternoon by attacking Moscow for amassing forces that far exceeded defensive needs. [Ogarkov] waved me off with a tolerant smile. Then he proceeded to make the most astonishing argument I had ever heard from a Soviet official. . . . "We will never be able to catch up with you in modern arms until we have an economic revolution. And the question is whether we can have an economic revolution without a political revolution."<sup>30</sup>

Marshal Ogarkov, wrote Gelb, was admitting to him that "the communist system was not working and could not work. . . . [T]he Soviet Union without radical change was incapable of competing with the U.S." But since a political revolution was clearly impermissible, Gelb concluded, what Ogarkov was really saying was that "the cold war was already essentially over, if not finally won by the West."

To what extent that kind of fatalism, defeatism, and frustration permeated broader layers of the elites in the early 1980s is not clear. If it had percolated through the system, someone in Putin's position was bound to have sensed it sooner or later, even if the sentiments were not made explicit.<sup>31</sup> Meanwhile, for those in the KGB who were responsible for technology theft, to be pressured

to do even more in the support of a losing cause could only produce resentment. This was something Putin himself expressed in public, albeit after a decade at the center of power. In May 2010, at a meeting with the Russian Academy of Sciences, Putin suggested how frustrated he and his KGB colleagues were—later in the 1980s—that the Soviet economic system was incapable of using the technology stolen from the West:

You know, when I served in a different agency, when I was still in my previous life, we encountered a moment, and I remember it very well, it was sometime at the end of the 1980s, I think—and I am sure that many of you here in the audience will back me up on this, as you doubtlessly also experienced this—when the results of our own research, and the results of your foreign colleagues' research that were obtained by 'special means,' were not actually introduced into the Soviet Union's economy. We did not even have the equipment to introduce them. And so there we [in the KGB] were, working away, gathering away, essentially for nothing. We would ask, so where [are the results]? Where [are they] in the economy? There weren't any, because it was impossible to utilize them.<sup>32</sup>

In conjunction with the KGB's preoccupation with stealing technological secrets from the West, foreign trade fell also within the special purview of the Soviet KGB. All foreign businesses operating in the USSR were carefully monitored (and infiltrated) by the secret police. Every Soviet foreign trade official was working directly or indirectly for the foreign department of the KGB. This fact is worthy of special note as it relates to Putin, who may have been thinking ahead when he took a course in international trade law with his future boss, Anatoly Sobchak, at Leningrad State University.<sup>33</sup> Whether Putin had a genuine interest in international trade, or whether taking the Sobchak course was a calculated step for career enhancement after he graduated, this item on his resume

did prove a particularly useful asset after he left the KGB. When Mr. Putin returned to Leningrad from East Germany in 1990, he was employed as an expert in international economic relations, first at LGU and then in the mayor's office. We will return to this issue later.

#### PUTIN AT THE RED BANNER INSTITUTE, FALL 1984–JULY 1985

Shortly after Marshal Ogarkov made his startling admission to Leslie Gelb, in the fall of 1984, Vladimir Putin moved from Leningrad to Moscow to train at the KGB's Red Banner Institute. In the ensuing academic year, he would be a first-hand witness to critical changes in the Soviet Union that foreshadowed its history for decades to come. Putin arrived in the midst of a period not only of rapid transition from one Soviet leader to another—four within the span of less than thirty months—but also one in which the weight of the KGB in domestic politics was being greatly increased given the personal histories and connections of key people in the institution with the Communist Party's ruling body, the politburo. In November 1982, Yury Andropov, who until shortly before had been head of the KGB (the longest-serving head of the secret police ever in the USSR), had been chosen general secretary of the Communist Party of the Soviet Union to replace Leonid Brezhnev. In December 1982, the new head of the KGB—and thus Putin's titular boss—Viktor Chebrikov, was named a candidate member of the politburo.<sup>34</sup>

By the time Putin arrived at the Red Banner Institute, Andropov had died suddenly in office (in February 1984) and had, in turn, been succeeded by Konstantin Chernenko. Andropov's hand-picked successor, politburo member Mikhail Gorbachev, however, was already on the doorstep to the Kremlin. Putin would have read about—possibly even heard or watched—Gorbachev's speech in December 1984 at a scientific conference. In his speech, Gorbachev introduced his soon-to-be-famous catchwords—*perestroika* and *glasnost*. Gorbachev also declared that the primary focus for Soviet

analysts and experts should be to study economics and economic theory, including management theory.<sup>35</sup> Presumably those being exhorted to study included KGB analysts like Vladimir Putin.

### THE GDR AS A LABORATORY OF REFORM

After his courses at the Red Banner Institute, Putin was immediately posted to the GDR. We have referred to the paucity of information about his actual mission in East Germany and some of his formative experiences there. He was undoubtedly involved in the enduring tasks of any Soviet agent stationed abroad: espionage and recruitment of agents directed against the West, and technology theft. In the GDR he was also likely tasked with monitoring East German political and security officials and identifying where they stood in the East bloc-wide factional struggles for and against perestroika. It is in the performance of this last task that it is at least possible that Putin may have posed questions about the prospects for the future of communist economies and the Soviet system as a whole.

Stationed in Dresden, Putin was one of few Soviets, inside or outside the KGB, who had the advantage of seeing what he later described as a unique historical experiment at close range. The GDR economic system was an extreme example of failure. East Germany had many advantages that the USSR lacked. Its human capital was more advanced. It had a recent and relatively long memory of capitalism and entrepreneurship prior to the great rupture of World War II. It enjoyed considerable benefits from its location in the heartland of Europe, with access to Baltic Sea ports and other transportation nodes connecting it to European and global markets. It still had the basic infrastructure of an advanced manufacturing sector. Yet, it failed. Putin took note of some of the discrepancies. As he himself indicated, he seems to have learned from this close observation of the GDR case that reform in a communist system is both difficult and fraught with danger.

The Soviet Union and its satellites had been through cycles of reform efforts and regression almost ever since Stalin's death in



1953. But more often than not, East Germany had been out of sync with the cycles of other countries, including the dominant USSR. For example, after an initial Eastern bloc-wide reform effort in the mid-1960s, the Soviet leadership turned hyper-conservative again after the shock of the Prague Spring in 1968. The GDR, however, stuck to its reform program and even had to defend its reforms against Soviet opposition. Moscow's attempt to force the East German leadership to toe the new line by squeezing the GDR economically backfired. East Berlin defiantly turned to West Germany for loans. In 1971, Moscow engineered the removal of East German Communist Party boss Walter Ulbricht and replaced him with Erich Honecker. For a while, Honecker dutifully followed the Soviet line of focusing on welfare and consumption in the short term instead of on potentially disruptive economic reforms. This was the era of so-called Gulasch Communism in the GDR, but it could only be sustained with subsidies from the Soviet Union, especially oil.<sup>36</sup>

Throughout the 1970s, the USSR exported crude oil to the Eastern bloc at a nominal price. The Soviet Union's satellite countries then reexported this oil to international markets at the higher world price. The practice created conditions of significant dependency on the part of the East Germans. The GDR's leadership committed itself to providing a level of welfare for its citizens that it could not finance on its own. When global oil prices dropped in the early 1980s, removing the preferential differential between the subsidized and world price, the GDR had no ability to adjust.<sup>37</sup> It faced *de facto* bankruptcy as early as 1982, three years before Putin was posted to Dresden. In dire need of hard currency, East Germany was forced to choose "liquidity before profitability."<sup>38</sup> Cannibalizing its entire economy, East Berlin exported whatever it could to the rest of Europe and further afield, even at a loss. By the time Gorbachev proclaimed *perestroika* as the new party line for the Soviet camp in the mid-1980s, the last thing the GDR wanted were destabilizing and costly reforms. This was the GDR that Putin

entered. It was a nest of hardliners opposed to any liberalizing reforms, fearful of contagion from the radical ideas of Gorbachev's Soviet Union, and completely focused on regime survival. It was almost like being posted into enemy territory.

If Vladimir Putin was indeed a serious enough student of history to see the pattern of development in the GDR, he would have been able to make a number of observations about how relations had developed between society and the rulers within East Germany, as well as between the GDR and the USSR. In both of these cases, clear cycles were evident. A crisis emerged. This led to experiments in reform. The reform experiments tended to fail, provoking protests and dissatisfaction. The leadership reacted to the protests by backing away from reform. Leaders then tried to quell the protests by buying off the population—emphasizing consumer goods, stability, and jobs. This, in turn, led to stagnation, a new crisis, a new push for reform, and so on.<sup>39</sup> This is the classic reform dilemma. It is especially piquant in the Soviet context where elites undertake reforms to preserve their control. But because control, rather than reform, is their actual top priority, they cannot free the economy to unleash its potential. The reforms, as a result, are half-measures at best, and usually end up being worse than no reform at all. Disappointment at both the elite and popular levels turns to frustration and then cynicism. In a system in which the only successes traditionally come from mobilization and moral exhortation, this period of cynicism is a particularly dangerous phase.

Putin would have had to have been extraordinarily perceptive to see all of this in real time in Dresden. He probably was not. But perhaps later, in standing back and mulling over the experience, he could have reflected on this and drawn some conclusions. Even if he was somewhat less perceptive, Putin would have been able to see in the GDR that an obsession with stability can lead to collapse. There was no flexibility at all in the Honecker regime—as Putin's own comments in the various interviews with his biographers in the early days of his presidency underscore. Later, however, back

at home in the 1990s, under both Gorbachev and Yeltsin, Putin would see the opposite danger. Too much laxity also can lead to collapse. To succeed both in reforming a system like the Soviet Union's or post-Soviet Russia's and retaining control of the process, a balance somehow had to be struck between stability and flexibility. It is not an easy task by any means.

#### FROM DRESDEN TO BUSINESS DEVELOPER IN ST. PETERSBURG

In early 1990, Vladimir Putin—still on active duty with the KGB—returned to his hometown of Leningrad. Now, KGB leaders were no longer interested in tweaking the Soviet system. It was too late for that. They wanted to save themselves, individually as much as institutionally. Here, Putin's bosses had clear tasks in mind for him. In the final months of the USSR, KGB chairman Vladimir Kryuchkov had persuaded Mikhail Gorbachev to give the KGB far-reaching authority to run various economic and foreign trade operations. In May 1990, Kryuchkov summoned the Soviet Union's cohort of ambassadors to Moscow. He informed the assembled foreign envoys that the KGB "had at its disposal highly qualified economic experts who were particularly well-suited to represent the interests of major Western corporations on the Soviet market." He asked the ambassadors to understand that the KGB would also be giving support and advice to new and inexperienced Soviet firms as they made tentative forays into European and other markets.<sup>40</sup>

At the same time, Kryuchkov had a less public agenda for his agency. He issued orders for the KGB to infiltrate and co-opt Russia's democratic movements, to "create an artificially manipulated opposition."<sup>41</sup> One of the up-and-coming politicians the KGB was interested in was Anatoly Sobchak, Vladimir Putin's former academic supervisor and still a professor of law at Leningrad State University. The KGB arranged a job for Putin at LGU, as deputy to the university's vice rector for international relations, where he would be able to monitor Sobchak.<sup>42</sup> In May 1990, around the same time that Kryuchkov was giving his instructions to the Soviet

ambassadors, Sobchak became head of the Leningrad City Council. He appointed Putin as his adviser for international affairs.

Nominally, within a few weeks or months of his return to Leningrad, Putin underwent a complete change—from spy to quasi public official. Yet he was still technically a KGB officer.<sup>43</sup> His formal assignment from the KGB was to liaise with foreign businesses wishing to enter the Russian market and with Russians looking to do business abroad. Given the prevailing circumstances in 1990, Anatoly Sobchak could not have been naïve enough to think that either Putin's work at the university or his advisory role could be divorced from his KGB service.<sup>44</sup> However, Putin's German language skills, experience living abroad, and personal contacts in Germany would have been considered genuine qualifications that few other Russians could claim. Furthermore, he had written his thesis on international trade with Sobchak at LGU. Putin was a *de facto* deputy to Mayor Sobchak from the beginning of Sobchak's time at the helm of the city. He was soon given the formal title. Under Sobchak, the St. Petersburg economy was run by a triumvirate of deputy mayors—Vladimir Putin, Alexei Kudrin, and Vladimir Yakovlev. Mayor Sobchak himself had virtually nothing to do with the economy. Alexei Kudrin was in charge of the fiscal side of the economy—the city budget and taxes. That is, Kudrin oversaw the local macro economy as he would later oversee Russia's macro economy. Yakovlev concentrated on St. Petersburg's old Soviet economy. That meant, above all, the defense enterprises. The city's military industrial sector was huge. More than 300,000 Leningraders worked in defense plants, more than in any other city in the USSR.<sup>45</sup> Putin, meanwhile, was chairman of the Committee for External Relations, a position that has been described as "foreign trade minister" at the city level. He was the person who promoted economic relations. His functions were thoroughly in line with the program outlined in Kryuchkov's speech to the ambassadors. Putin was to serve as the go-to person for every foreign company that wished to set up business in St. Petersburg or any local Russian

business that wanted to export. More realistically, Putin was a broker, or fixer, which was the moniker given to him by those who interacted with him in this timeframe.<sup>46</sup>

Putin himself described his role in similar terms: "Under then-mayor of St. Petersburg Anatoly Alexandrovich Sobchak, I held what rather quickly became, if not the key position, then at least a position that made it possible to solve a fairly large number of problems and tasks of interest to various business structures."<sup>47</sup> There is no doubt that he did indeed help solve some of these "problems of interest to various business structures." But Putin was not a passive broker matching Russian and foreign businessmen. Nor was he merely a fixer who could help companies navigate the Russian bureaucracy. As deputy mayor, Mr. Putin was the main enabler. He was the individual who decided whether or not businesses could legally operate in the city. He issued licenses to tens of thousands of businesses. He may have helped create hundreds, if not thousands, of businesses himself, because the city of St. Petersburg would also usually function as a co-founder—with the city's contribution to the particular business coming in the form of real estate, an office, or warehousing space.

### THE COMING OF CAPITALISM: WHEELING AND DEALING

One of Putin's most important licensing deals in this early period was in fact the food scandal that developed in late 1991. As mentioned in chapter 5, Putin selected a number of private firms, gave them access to minerals and commodities of various kinds, and licensed them to barter these goods abroad for food for the city. This episode nearly resulted in Putin's dismissal from office as the result of an inquiry launched by a group of politicians led by Marina Salje on the city council. Whatever impact the experience may have had on Putin's attitude toward politicians in general and elected legislators in particular, it shaped his view of capitalism. Capitalism, in Putin's understanding, is not production, management, and marketing. It is wheeling and dealing. It is not about

workers and customers. It is about personal connections with regulators. It is finding and using loopholes in the law, or creating loopholes. That view, of course, is not entirely wrong. It is simply very one-sided and limited.

Putin's view of capitalism in this vein was quite widely shared in the emerging Russian business circles of the 1990s. In 1992, for example, Mikhail Khodorkovsky and Leonid Nevzlin, the oligarchs who would go on to found the ill-fated Russian oil company YUKOS, wrote a book entitled *Chelovek s rublyom* (Man with a ruble). The book explained the purpose of their original financial holding company, MENATEP, and their own personal philosophy. It was simple: "MENATEP is the realization of the right to riches. MENATEP is the path to riches." As for their personal philosophy: "Our compass is Profit. . . . Our idol is His Financial Highness, Capital."<sup>48</sup> In his January 2012 interview with *The Guardian*, former Kremlin adviser Gleb Pavlovsky offered similar corroborating insight into Putin's and other contemporaries' views on capitalism and capitalists:

Putin is a Soviet person who understood the coming [*prishestviye*] of capitalism in a Soviet way. That is, we were all taught [that capitalism is]: a kingdom of demagogues, behind whom stands big money . . . capitalism is a game with money, behind which stands that military machine which aspires to control the whole world. It's a very clear, simple picture and I think that Putin had [this] in his head—not as an official ideology, but as a form of common sense: that is, of course, we were idiots; we [in the USSR] tried to build a fair society when we should have been making money. And if we had made more money than the Western capitalists then we could have just bought them up. Or we could have created a weapon which they didn't have yet. And that's it. It's a game and we lost, but we lost because we didn't do several simple things: we didn't create our [own] class of capitalists,

we didn't give the capitalist predators which were described to us a chance to appear and eat up their capitalist predators. These were Putin's thoughts and I don't think they've changed significantly since [the 1990s]. . . . So Putin's model is that you need to be bigger and better [*umeliye*] capitalists than the capitalists.<sup>49</sup>

### THE ST. PETERSBURG BALANCE SHEET

For some six years (1990–96), Vladimir Putin played a key role in the economy of Russia's second-largest city. But in stark contrast with the performance of the Russian economy that he later oversaw, St. Petersburg's performance was very poor in this period. Every city and town in Russia suffered in the 1990s, but few places had lost as much in relative status as St. Petersburg. When the Soviet Union collapsed, St. Petersburg was nearly on a par with Moscow in terms of per capita measures of economic performance. Six years later, it was far behind in incomes, households, corporate sector, profits, and investment. St. Petersburg's per capita gross regional product (GRP) was only 60 percent of Moscow's, while its per capita income was only 35 percent of the capital city's. St. Petersburg outpaced Moscow primarily on negative indices. Its unemployment rate was 23 percent higher; the outmigration rate was 86 percent higher; and suicides among working-age males were 70 percent higher.<sup>50</sup>

The area of the economy that was Vladimir Putin's specific responsibility—trade and investment—was one where it had been expected that the transition to a market economy would benefit St. Petersburg because of its proximity to Western Europe. But, again, by the end of Putin's tenure, this was also a terrible failure. On a per capita basis, foreign trade was 26 percent of Moscow's, foreign investment was 55 percent, the number of small businesses set up with foreign participation was 38 percent, and the number of people employed by foreign-owned small businesses was 30 percent of the capital's.<sup>51</sup>

In short, judging by the abysmal economic record of St. Petersburg, Putin's credentials as an economic policymaker were not good. His credentials as a political manager, especially in light of the food scandal, were equally poor. Yet, in August 1996, Putin was given a job in the office of the president of the Russian Federation, by people who had worked closely with him and knew how questionable his performance had been. On what basis did they appoint him if it was not on the balance of his record as deputy mayor in St. Petersburg? Why was Putin brought into Moscow in 1996?

The people who brought Vladimir Putin from St. Petersburg to Moscow never cared about his credentials as a specialist in *developing* business. For them he was an expert in *controlling* business. All the time Putin worked in St. Petersburg, he played an official role as deputy mayor and chairman of the Committee for External Relations, but behind the scenes, Mr. Putin operated in his most important identity—the Case Officer. In St. Petersburg, Vladimir Putin was an “operative.” Businessmen were not partners but targets. He was also brought to Moscow to target businessmen, the Russian oligarchs. His goal was to make sure that Russia's own new class of capitalists did not predate on each other and on the Russian state. He was to try to harness them to be “bigger and better” and make more money in the service of Russia—not just for themselves.



## CHAPTER EIGHT

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# THE CASE OFFICER

VLADIMIR PUTIN MANAGED to keep a remarkably low public profile during his time as deputy mayor of St. Petersburg. But this was nothing compared to his obscurity during his first few years in Moscow. Mr. Putin was, as the clichés have it, a nobody when he arrived in Moscow in August 1996. Other than the man who seemed directly responsible for recommending him for a job in the capital, his St. Petersburg colleague Alexei Kudrin, Putin apparently had no solid contacts there. Only three years later, he was tapped to be Boris Yeltsin's successor as president of the Russian Federation. His rise to power in this relatively short timeframe thus seems remarkable. Some commentators accept this stage of Putin's career as a mystery and play it down. Masha Gessen, for instance, writes that Putin came to Moscow "as though airlifted by an invisible hand." His posting may have been due to "secret-police design [or] providence," but in any event the background is "probably unimportant."<sup>1</sup>

Providence may have played something of a role in Mr. Putin's meteoric rise, but the forces that brought him to Moscow were neither invisible nor unknown. Vladimir Putin was not sent into Moscow by the so-called *siloviki* of the KGB secret police or the other power ministries. Nor was he dispatched by his friends and

neighbors from the Ozero group—the men with their dachas on a lake. The KGB may have instructed Putin to work for Anatoly Sobchak in St. Petersburg in the early 1990s, but it was a different group from St. Petersburg, from within the circles of the Yeltsin-era liberal economic reformers, who then summoned Mr. Putin to Moscow. They knew who he was, even if few others did. They had a mission for Putin, a very specific task. Putin was not brought in because he somehow had proved himself to be a good organizer of the local economy in St. Petersburg. Rather, he was expected to use on their behalf the skills he had acquired as an active officer of the KGB in Leningrad and Dresden and which he then personally adapted to the peculiar new market economy in *Banditskiy Piterburg*.<sup>2</sup>

Putin's earliest days of dealing with businesses in St. Petersburg of the 1990s, the fallout from the food scandal, and Putin's reaction to it were particularly pertinent elements. The 1992 food scandal was a major blemish on Putin's political record. More important, however, this event arguably marked the beginning of Putin's efforts to develop an approach to dealing with private businesses that would distinguish him enough to bring him to Moscow in 1996. It would also help propel him to the post of Russian president in 2000. In the wake of the food scandal, Mr. Putin drew directly on the lessons he learned from his training and work as a KGB case officer to ensure he would never find himself in a similar situation again. The food scandal fuses together the identities of Free Marketeer and Case Officer.

### THE FOOD SCANDAL REVISITED

In 1992, Marina Salye, the former chairwoman of the city council committee who had been in charge of securing food supplies during the critical period of the St. Petersburg food crisis, launched an official investigation into the deals Vladimir Putin had concluded on behalf of the mayor's office. She found major discrepancies in every contract. Salye determined that even though St. Petersburg had not received its promised foodstuffs, the exchanged commodities had

in fact been exported. The intermediary companies had secured significant commissions. On the basis of Salye's report, the city council recommended that the city prosecutor's office press a case against Putin. The city council called for Mayor Sobchak to dismiss him. Salye also wrote a letter to President Yeltsin and conferred directly with Yuri Boldyrev, the Yeltsin government's deputy chief auditor at the Russian Account Chamber, who was originally from St. Petersburg. Boldyrev—who would later in the 1990s become a founding member of the Yabloko opposition party—pressed forward with investigating the case. He even summoned Sobchak to Moscow to discuss the findings. The case was subsequently dropped. According to Marina Salye, this was at Anatoly Sobchak's direct behest.<sup>3</sup>

This whole episode remains as murky now as it was over two decades ago. The original versions of the documents that Marina Salye gathered on the case have vanished.<sup>4</sup> Salye herself is now deceased. This means that much of the story of the food scandal, like so many other crucial events and facets of Putin's life, is history told not on the basis of concrete evidence but from facsimile copies, second-hand accounts, and rumor.

According to Salye, the total value of the various commodities for which Putin's office issued export licenses was at least \$92 million.<sup>5</sup> These metals, petroleum products, and other resources came from inside Russia and were to have been shipped abroad in barter deals with foreign food suppliers. At first glance, this aspect of the deals was not especially strange. Barter was widespread in transactions of all kinds inside Russia in the 1990s, motivated by a wide variety of reasons.<sup>6</sup> Barter in foreign trade was less common, however. Generally, sellers of the relatively narrow range of Russian goods that were marketable outside the country wanted to receive cash—dollars or some other hard currency. In a normal market economy, that is what would have happened. The owner of these valuable commodities, whether the government or a private company, would have exported them for dollars, or deutschmarks,

or pounds sterling, and then used that currency to import the particular products it wanted from any supplier it chose.

As Putin describes it, and as the facsimile copies of the actual contracts show, what happened here was different. The commodities-for-food deals seem to have been something designed at the local level, but not by officials in either the city's legislature or executive branch. They came strictly at the initiative of private businessmen. In a letter that Putin, as chairman of the Committee for External Relations, wrote to his federal counterpart, Pyotr Aven, on December 4, 1991, Putin does not request any allocation of money, food, or natural resources to St. Petersburg from the federal government. He claims that since the city is not receiving the food shipments from inside Russia that it is due, "the only possible source of food to the region in January-February 1992" is imports. He lists what foods the city needs. He then says that some "enterprises and organizations" in the city have exportable commodities and asks for authorization to export them in the types and quantities he proceeds to list in the letter.<sup>7</sup> In other words, Putin is asking that the federal body merely rubber-stamp deals that had already been arranged. Private businessmen had come to Putin with proposals of what they had already lined up: this amount of these specific metals in exchange for these foods. The letter to Aven does not indicate where the commodities came from, where the foodstuffs will come from, or, most important, who the people are who devised this scheme.

Although the provenance of the commodities was not specified, judging by the fact that they included things like aluminum, copper, and rare earth metals—Putin listed "tantalum, niobium, gadolinium, cerium, zirconium, yttrium, scandium, and ytterbium"—they in all likelihood came from old Soviet defense sector enterprises that were desperate for cash. The traders who approached Putin were involved in what would become a classic survival mechanism in the post-Soviet Russian economy.

Typically, a state enterprise, often a defense enterprise, would find itself sitting on large stockpiles of valuable metals and other material inputs. (Some of these stockpiles would be part of the mobilization reserves or strategic materials the enterprise was supposed to use in an emergency or during wartime.) At the same time, the enterprise would have no commercial orders for its finished products in the new Russian market economy and thus no cash to cover its payroll and other ongoing expenses. So the enterprise director would try to sell off the stockpiles to generate some revenue. There were limited prospects of making a lucrative sale on the thoroughly depressed domestic market. The key to making the scheme work was to find a way to export the goods for hard currency. This required someone with a network of foreign contacts as well as the means and access to the infrastructure to ship the commodity abroad. In addition, of course, the enterprise or the middleman needed to have the legal right (in the form of an export license) to carry out the required transaction. The sellers at the enterprise typically sold the stockpiled commodities at a fraction of the international market value. But given the chronic cash shortages they were usually satisfied with the price.

Thus, what Putin was offering was an opportunity to profit from the discrepancy between Russia's asset-rich but market infrastructure-poor economy. Physically, the country was flush with valuable assets controlled by sellers who were desperate but had only very limited possibilities to realize the market value of what they owned. The sellers were happy to sell off their commodities at a mere fraction of their true market value because they had no other option. For someone who had the know-how and contacts and who could arrange the transportation infrastructure to ship those commodities abroad, the profit potential was enormous. For such a person, receiving a contract to carry out the deal—and obtaining a legal license to export the commodities—would be valuable indeed. If everything had gone according to what Putin

alleged the plan to be, it would have been “win-win-win.” The middlemen profit, Putin gets more food for the city, and the defense or other enterprises that controlled the commodities also ended up with cash to help them survive for another day.

The problem, of course, was that somewhere along the line, things did not work as they should have. Again, as the Salye commission’s investigation found, it is hard to find anything that *did* work. The contracts were poorly drawn up. Whether that was intentional or not was unclear. Who ended up with the oil and other commodities was also not clear. In any event, the ultimate goal of all the complex transactions—food—did not wind up in St. Petersburg. (At least some of it appears to have been shipped to Moscow.) And then there was the critical issue of the export licenses. They had been issued illegally—before Putin had actually received authorization from Moscow to issue them.

Almost a decade later, in his own interviews on the subject of the food scandal and Salye’s investigation, Vladimir Putin denied there had been a “criminal offense.” He stated only that “some of the firms did not uphold the main condition of the contract—they didn’t deliver food from abroad, or at least they didn’t import the full amounts. They reneged on their commitments to the city.” Putin brushed off the charges of personal corruption that had been thrown at him by Salye but conceded that “the city didn’t do everything it could have done.” He continued:

We needed to work more closely with law enforcement and use a stick to beat those firms until they delivered what had been promised. But it was pointless to take them to court. They just vanished into thin air. . . . You remember those days. Phony offices were popping up everywhere, financial pyramid schemes. . . . We just didn’t expect that. . . . But you have to understand, we [in the mayor’s office] weren’t involved in trade. The Committee for External Relations didn’t do any trading itself. It didn’t buy anything. It didn’t

sell anything. It wasn't a foreign trade organization. . . . We didn't have the right to grant licenses.<sup>8</sup>

This is a set of truly remarkable statements. To take the last point first: The fact that Putin's committee did not have the authority to issue licenses but did so nevertheless was one of the principal charges brought against him by Marina Salye and the city council. More important is his overall reaction to the episode. Putin claims that private businessmen cheated him and the citizens of the city and that the city was powerless to do anything about it. Many in Russia at that time who were warning of the dire consequences for Russia of a market economy used such incidents as grist for their mill. Putin, however, did not react by rejecting private enterprise. But he also did not draw the conclusion that this episode showed how important it was to strengthen the formal legal system so that it might not be "pointless to take them to court." Instead, his words about "working more closely with law enforcement"—who could use the "stick"—without going to court suggest he saw the answer in *informal* methods, the kind of methods his KGB case officer training had schooled him in. Indeed, his subsequent actions confirm that that was exactly the direction he would take.

The food scandal was perhaps the most profound experience of Putin's career, even if it has never been fully explored. People had made money, this was evident. Putin and his schemes also had not delivered on an important matter for his city, St. Petersburg, at a time of crisis. This was also evident. Even in the most charitable of scenarios, Mr. Putin, the future Russian president, had been duped. In the most uncharitable assessment of Marina Salye and her colleagues, Mr. Putin was nothing but a crook who had used his official position to benefit a set of private interests including (in their view) his own. The food scandal affected Putin in multiple dimensions in a remarkably short period of time. It resulted in a huge political crisis for the mayor's office—underscored by Anatoly Sobchak being summoned to Moscow to explain the situation. Mr.

Putin escaped being fired and disgraced only by the intervention and direct assistance of people to whom he would be indebted, and closely tied, for the rest of his political career. It also reinforced core elements of some of his identities.

Mayor Sobchak stopped the federal auditor Yury Boldyrev from pursuing the matter further in Moscow. Dmitry Medvedev, the future Russian president and then a young St. Petersburg lawyer, helped to create a legal defense for Putin to refute the accusations of corruption by the city council.<sup>9</sup> Pyotr Aven, another native of St. Petersburg, wrote a letter from the Russian federal government stating, after the fact, that Putin had the authority to issue the necessary foreign trade licenses to cover the transactions.<sup>10</sup> Aven subsequently left the Russian government to embark on a high-profile career in banking. He would quickly become one of Russia's richest, as well as best-connected, men.<sup>11</sup> In addition, Putin reportedly received assistance from three other well-connected St. Petersburg officials. These officials asserted that they had reviewed the Salys report, as well as the documentation prepared and provided by the St. Petersburg mayor's office, and could find no sign of impropriety in Putin's activities. They were Sergei Stepashin, who was then in charge of the St. Petersburg city and Leningrad oblast branch of the Russian Ministry of Security and Internal Affairs; Stepashin's deputy Viktor Cherkosov; and Nikolai Patrushev, who was then an official in the St. Petersburg security ministry. Stepashin would go on to serve as both the Russian justice and interior minister, as well as prime minister in the brief interlude in 1999 between Yevgeny Primakov and Vladimir Putin. Sergei Stepashin is now the chairman of the Russian Account Chamber, the same federal audit agency where Yury Boldyrev worked in the early 1990s and which first investigated the food scandal case.<sup>12</sup> Cherkosov would later work directly for Putin when Putin headed the FSB in 1998. He then became President Putin's plenipotentiary to the Northwest Federal District, the larger regional administrative entity that includes St. Petersburg. Cherkosov has since headed the Russian



counter-narcotics agency. Patrushev became head of the FSB after Putin and then the secretary of the Russian Security Council.

At this point in his career, dealing with St. Petersburg's food crisis was by far the most significant personal responsibility Mr. Putin had held. Only facing down a mob that was trying to storm the building where he worked, during his KGB service in Dresden in 1989, comes close to this experience. Given the very personal as well as the broader historical memory of mass starvation in Leningrad during the war, securing food supplies for St. Petersburg was a significant responsibility, which he should have felt particularly keenly. Mr. Putin the Survivalist knew the importance of Russia's natural resources. The country had no money in the early 1990s. Its strategic stockpiles and financial reserves had been depleted. But Russia always had commodities; the real challenge was to figure out how to realize their value. The food scandal taught Putin a very important lesson in this regard. Putin learned from his dealings with the feckless middlemen that the mere physical presence of resources or access to resources was not enough. If they were no longer owned by the state, or if the state was not strong enough to commandeer them, then the revenues they generated could easily be diverted. To turn commodities into real value for a specifically defined purpose, you had to have direct control over them in some meaningful way. The key to handling resources was not control of their physical existence, but control over their purchase, transportation and sale, and the routing of the resulting revenue streams.

Ultimately, the commodities-for-food deal that lay behind the food scandal was Putin's first real encounter with private business. It inevitably shaped his attitude toward the business sector and business people. In spite of his KGB background, Putin was still a virtual novice in his position of broker and fixer for businesses in the city. He clearly thought he could make things happen quickly and get results through direct deals. He had the money. He had some educational and theoretical background in foreign trade from Leningrad State University and his time in the KGB. He

obviously knew men who claimed to have access to the resources as well as the knowledge of international markets to conduct barter deals, again possibly through his KGB foreign trade connections. Making these kinds of deals would have been extremely difficult, even impossible, if he had operated only through the city government's channels. But the entire endeavor failed. Putin had made a serious mistake. Putin's German biographer Alexander Rahr notes that after the failure of the food deals, Putin realized he had been "overly trustful" of private businessmen.<sup>13</sup> To this day, Putin seems to think that he suffers from a tendency to trust other people "too easily." As recently as 2009, when asked by a Bloomberg journalist what he considered his main character flaw, Putin immediately replied with a single word—*doverchivost'*, "a tendency to be overly trustful."<sup>14</sup>

### POLITICS AND BUSINESS IN ST. PETERSBURG

The food deal was not the only incident in which Putin felt betrayed by private business. At the same time that Putin acted as an operative on behalf of the KGB inside the Sobchak camp, Sobchak himself was deploying Putin on various missions—including political tasks. As early as 1993, Sobchak began assigning Putin to manage various political campaigns. Most of these were unsuccessful, and to such an extent that some of the failures seem to have been intentional; or the intent did not seem entirely in synch with their outcomes. For example, Sobchak instructed Putin to join Yegor Gaidar's party, *Vybor Rossii* (Russia's Choice), and to manage its campaign in the city for the December 1993 Russian Duma elections. Meanwhile, Sobchak had his own political party, resulting in the somewhat absurd situation where Putin and Sobchak, who were ostensibly part of the same team, simultaneously led two different liberal-democratic electoral campaigns. It is not clear what Sobchak really intended Putin to do with *Vybor Rossii*. Whatever the intended purpose, Gaidar's party got around 27 percent of the

vote, but Sobchak's own party did not make the five-percent cutoff in the election.<sup>15</sup>

Putin's string of failures and dubious successes as a political manager in St. Petersburg continued in the next round of Russian Duma elections. In December 1995, Sobchak instructed Putin to join the party *Nash dom Rossiya* (NDR), which was led by incumbent Russian Prime Minister Viktor Chernomyrdin and was deemed Russia's "party of power." Putin became its regional head for St. Petersburg, and Chernomyrdin subsequently appointed Putin to NDR's politburo—or national political council. In St. Petersburg, however, NDR came in a disappointing third in the parliamentary elections, behind the Yabloko party and Vybor Ros-sii.<sup>16</sup> Putin's lack of success in his initial forays into Russian politics did not stop Sobchak from turning to him again. The 1995 Duma elections were barely over when the next political contest came along—the St. Petersburg mayoral elections, which were scheduled for June 1996, the same time as the Russian presidential election.

By all accounts, including his own, Sobchak seemed set on retaining the mayor's office.<sup>17</sup> He appointed Vladimir Putin head of his reelection committee. According to Alexander Rahr, it was Putin who came up with the idea of holding the election four weeks earlier than originally scheduled, on the basis that this would reduce the time for opponents to organize. Putin got Moscow's approval to shift the election date and, with much greater effort, persuaded local St. Petersburg politicians to agree. In the end, however, Putin bungled the campaign. He thought the main threat to Sobchak would come from "radical" democrats like Yury Boldyrev—the former Russian deputy auditor who had investigated the St. Petersburg food scandal before helping to create the Yabloko party. Boldyrev was presenting himself as an anticorruption candidate in the St. Petersburg election. It would clearly have been particularly damaging for Putin personally if Boldyrev, who had inside knowledge of the food scandal, succeeded Anatoly Sobchak and decided to clean house. Whatever the primary motivation was,

Putin focused the Sobchak campaign's efforts against Boldyrev. He ignored the candidate who eventually won: former first deputy mayor of St. Petersburg Vladimir Yakovlev.<sup>18</sup>

In retrospect, it is hard to imagine how Putin could have ignored Yakovlev even if he were fixated on the potential threat from Boldyrev. Yakovlev was a former close associate of Putin's and co-member of Sobchak's team. He had shared responsibility for the economy with Putin and Alexei Kudrin. He also had the backing of a group of influential Russian political figures in the mayoral race. Although Prime Minister Chernomyrdin officially backed Sobchak, as a favor in return for Sobchak's help with the December 1995 Duma election, other Moscow power elites opposed his reelection. A trio of Kremlin insiders—Alexander Korzhakov, a former KGB general and head of Boris Yeltsin's Presidential Security Service, along with former First Deputy Prime Minister Oleg Soskovets, who was heading up Yeltsin's 1996 reelection campaign, and then FSB head Mikhail Barsukov—were conspiring to find an eventual successor to the ailing Yeltsin. They would need support in Russia's regions for their anointed candidate when the time came. St. Petersburg, the second city, was crucial. The trio knew they would never win Sobchak over to their side. Indeed, Sobchak was likely to be a strong presidential candidate himself if he won reelection in St. Petersburg. So these three backed Yakovlev. In addition to the Korzhakov-Soskovets-Barsukov clique, Sobchak was opposed by another man with his own presidential ambitions, Yury Luzhkov, Moscow's powerful mayor. Luzhkov, too, saw Yakovlev as a man who might support rather than challenge him when the time came.<sup>19</sup>

Yakovlev secured money as well as political support from Moscow. Sobchak's campaign ran out of money two months before the election. The Sobchak camp was desperate. Alexander Rahr writes that "Putin became noticeably more nervous" as the campaign progressed. "In an agitated discussion with Sobchak, he promised his mentor: 'I will force all the key businessmen in the city, who have profited from our support in the privatization of city property, to

publicly declare their loyalty to us!’”<sup>20</sup> Putin then summoned those businessmen to the city government’s official dacha, where he made his pitch for them to donate to Sobchak’s campaign. They declined. Having failed to bring in support from the St. Petersburg business elite, Putin turned to smaller fry. He scheduled a fundraiser with owners of small- and medium-size businesses. Again, this ended in a fiasco when Sobchak forgot the time of the meeting and did not make it to the event at all.

Putin went on to suffer the humiliation of watching a well-known St. Petersburg Mafioso succeed in fundraising for the mayor where he had failed. The mobster invited all the small businessmen to donate \$2,000 each to his “Foundation for the Support of the Mayor.” They did not refuse the gangster’s offer.<sup>21</sup> The real *Banditskiy Piterburg* prevailed over the KGB campaign chief and the mayor’s fixer. Perhaps Putin was so embarrassed by the Sobchak no-show that he did not dare to make any further pitches on the mayor’s behalf. Whatever the case may be, Putin ignored all of these dimensions to the story of the 1996 St. Petersburg election in his autobiographical interviews. The lesson from all of this, however, must have sunk in deeply. The next time that Putin sat down with a group of big businessmen, he would not simply depend on their good will for past favors. He would have leverage, significant, real leverage. He would be like that Mafioso. They would not be able to refuse, and if they tried, there would be consequences.

### THE “ZUBKOV SCHEME”

What is puzzling about this episode is that Putin actually did have leverage against the leading St. Petersburg businessmen. After the food scandal, Putin had set up a system that would give him the means to enforce future deals with private businessmen and even to exert control over them. This method was to gather information about firms’ and individual businessmen’s financial and tax transactions and to guard that information very closely. In his capacity as deputy mayor, Putin ordered all enterprises in the city

to register directly with the Committee for External Relations, and “with the assistance of the local tax inspectorate, headed by his former deputy [Viktor] Zubkov,” Putin then officially checked out the companies’ finances.<sup>22</sup> To what extent Putin and Zubkov tried to conceal their scheme is not clear, but it did not go unnoticed. St. Petersburg City Council member Alexander Belyaev is on the record as accusing Putin of using “secret service methods” to control the city’s businesses.<sup>23</sup>

The key question is, what exactly was the mechanism Putin and Zubkov used to exert leverage? The various accounts suggest that it involved a degree of blackmail. To the extent that Putin and Zubkov collected financial data that clearly indicated non-payment of taxes and other misdeeds, they had an ideal weapon with which to enforce business deals between private companies and the city as defined by the mayor’s office. They had only to let the companies know that they were in possession of the incriminating information but that they had not turned it over to the law enforcement agencies and would not turn it over as long as the businessmen behaved properly. This was the type of classic “secret service method” that council member Belyaev was referring to. It was precisely the approach Putin would have been taught, and would have practiced, in the KGB.

There is undoubtedly much more behind Vladimir Putin’s dealings with the St. Petersburg business circles in the 1990s than we will ever know. As obscure as these facts and events may be, they nonetheless foreshadow what Putin would be doing a few years later when he came to Moscow. The scheme Putin and Zubkov devised would have gone into operation by late 1993 or early 1994, although the plan itself was likely hatched earlier. The key element was Viktor Zubkov’s appointment to head the local St. Petersburg tax administration. This is a remarkable story that has never been fully explained in any of the Putin biographies, in spite of Zubkov’s very close and continued association with Putin over two decades in both St. Petersburg and Moscow.

In September 2007, Putin took the first public steps to orchestrate what came to be known as the tandem—that is, moving himself to the post of prime minister while allowing Dmitry Medvedev to serve as president. Putin needed an absolutely trustworthy individual to occupy the prime minister's office during the sensitive period when he transferred key powers from the presidency to the prime minister's office in anticipation of his assumption of that post. The one man Putin knew he could trust as caretaker of such extraordinary powers was Viktor Zubkov. During the September 2007 Valdai Discussion Club dinner session, Putin was effusive in his praise for Viktor Zubkov and eager to explain—at length—why he had chosen him to step in as interim prime minister. Zubkov, Putin explained, running through his entire biography, was “a man with great professional and life experience. Essentially, he's a true professional, an effective administrator with good character, but at the same time someone with a great deal of experience in production.” Viktor Zubkov, he said, is an “exceptionally honest man.” In all the positions he served, Putin stressed, Viktor Zubkov was chosen “for his personal qualities—he is an exceptionally decent man. . . . Not once, I would like to emphasize, did Viktor Zubkov abuse this trust.”<sup>24</sup>

Zubkov—a generation older than Putin—was initially trained as a farm manager in the Soviet agricultural sector. He rose to a high level in the technocracy of the centrally planned economy in the Leningrad region. He appears to have been originally brought on to the St. Petersburg mayor's team in 1992 as a deputy to Putin in connection with the food crisis. Zubkov was able to use his contacts in the regional farming sector to get food to the city after the private businessmen reneged on their deals. (Another version of Zubkov's usefulness for the mayor's office was that he was in charge of arranging farmsteads for Soviet Red Army officers returning from East Germany.) Then, in November 1993, Viktor Zubkov, a man who had spent his entire career in the Soviet bureaucracy as a manager and administrator in the farm sector, suddenly vaulted from

being “the deputy of a deputy” (Putin) to become head of the St. Petersburg department of the Federal Tax Inspectorate and deputy head of the State Tax Service for St. Petersburg. In other words, a third-rank local official with no background whatsoever in taxes or finance became the top tax official in St. Petersburg. Perhaps equally remarkable, despite the curious background to his appointment, Zubkov quickly established a reputation in St. Petersburg for efficiency and incorruptibility in tax collection. He was famous for his no-nonsense approach. His nickname was “Hand-Over-a-Million-Vic.” According to one journalist, Zubkov was known for his motto: “It’s really very simple. Just pay your taxes and sleep well at night.”<sup>25</sup>

With Viktor Zubkov’s help, Putin collected damning information on companies and individuals and kept it safe. As a result, Vladimir Putin now had the possibility of offering businessmen protection against the tax authorities, who were . . . Zubkov himself. This paradigmatic protection scheme would become a hallmark of Putin’s approach when he moved to Moscow to deal with another set of businessmen, the Russian oligarchs. The incorruptibility of the ultimate enforcer would be crucial to cutting and keeping any special deal with Putin. Only days before Vladimir Putin was named prime minister in August 1999, Zubkov was called to Moscow to serve as a deputy finance minister. When Putin moved up the leadership ladder from prime minister to president, Zubkov went on to help him establish the Russian Financial Monitoring Agency (*Rosfinmonitoring*, RFM), the monopoly national-level repository for the most sensitive financial information about Russia’s businesses.<sup>26</sup>

### RETURN TO THE ROOTS: “THE MOST COMPLICATED WORK”

The overarching context for all of these schemes in St. Petersburg is the set of skills Putin acquired in his first real job in the KGB. Although at various times throughout his fifteen-year KGB career



he may have engaged in espionage and conducted some analysis, Vladimir Putin's principal function was neither spy nor analyst. Until the early 1990s when he began government administrative service in the mayor's office of St. Petersburg (at the behest of the KGB), Putin primarily served as a case officer. The practical skills he possessed all derived from that basic occupation. Those skills were best described by Putin himself in a revealing interview early in his presidency. In June 2001, President Putin held a special press conference for the heads of U.S. news bureaus in Moscow. The head of *Newsweek's* Moscow bureau at the time, Christian Caryl, asked the final question in the session. Noting that Putin had himself talked about his pride in working for the KGB, Caryl asked what it was about his professional training in the KGB that had proved most useful for him as the leader of Russia. Putin replied and highlighted two critical skills:

[The] main thing is the experience of working with people. . . . To be able to work with people effectively, you have to be able to establish a dialogue, contact; you have to activate everything that is the best in your partner. If you want to achieve results, you have to respect your partner. You need to make that person an ally; you have to make that person feel that you and he have something that unites you, that you have common goals. That is the skill, if you will, which is the most important—and, of course, one that is not so removed from the first order of business in international affairs, [as well as] one that is first of all a skill for working inside the country. . . . [The second skill is] the ability to work with a large amount of information. That's a skill that is cultivated in the analytical services and special services, the skill of selecting what is most important from a huge flood of information, of processing information and being able to use it.<sup>27</sup>

The ability to "work with people" and "work with information" was and would remain key to Putin's career. This was also

not Putin's first reference to the skills in which he took such pride. In *Ot pervogo litsa*, in 2000, Putin encouraged the authors to include some comments from his close personal friend from his early Leningrad days, Sergei Roldugin. The interviewers asked Roldugin whether he knew his friend Vladimir's true occupation. Not exactly, Roldugin replied:

Vovka told me right away that he worked for the KGB. Practically from the beginning. Maybe he shouldn't have done that. He used to tell some people that he worked for the police. . . . I never asked Volodya anything about his work. Of course I was interested: what was it like? But I do remember very clearly: there was one time when I, in spite of myself, decided to find out what was going on with some special operation. I couldn't get a word out. . . . So then I asked him: 'I am a cellist. I play the cello. I could never be a surgeon. But I'm a good cellist. So what's your occupation? I know you're an intelligence officer. I don't know what that means. Who are you? What do you know how to do? . . . And he replied: 'I'm a specialist in communicating with people [*Ya—spetsialist po obshcheniyu s lyud'mi*].' And that was the end of our conversation.<sup>28</sup>

"Communicating with people," or also "working with people," has a dual meaning in KGB jargon. On the one hand, it covers the effort to monitor the sentiments of the population at large, in order to preempt and accommodate discontent. This is the "focus-group" approach, first famously suggested to Tsar Nicholas I in the 1820s by the founder and most famous head of the tsarist secret police, General Count Alexander Khristoforovich von Benckendorff, who was trying to head off a repetition of the 1825 Decembrist revolt.<sup>29</sup> Von Benckendorff told the tsar that he and his colleagues would find out what was on people's minds—*izuchat' sostoyaniye umov lyudey*—and thus they would determine what they might have to do to keep the people content.

For the intelligence officer the most important function of “working with people” is to study the psychology of one’s counterparts. For the case officer, this is also a necessary step in recruiting and running an individual agent. It means studying the minds of the targets, finding their vulnerabilities, and figuring out how to use them. For Putin and his KGB mentors, and his entire cohort in the KGB in the 1970s and 1980s, the dual meaning of *rabota s lyud’mi* (working with people) was not a problem. Everyone, from the concrete individual to the masses, was a target of the operative.

### ANDROPOV’S NEW KGB: WORKING WITH THE CONCRETE INDIVIDUAL

“Working with people” was the hallmark of the KGB under Yuri Andropov. The key question for Andropov’s KGB was: Would their targets simply be repressed, imprisoned, or destroyed; or would they be cultivated and recruited? The former approach was fairly straightforward and required no special skill, just brutality. It was also, according to Andropov and others, short-sighted. The latter approach offered much greater potential rewards—but it was a difficult task requiring skill, delicacy, patience, and, importantly, leverage. “Working with people is the most complicated work on the face of the earth,” Putin once said in a meeting with young Russian law enforcement officials in 2003.<sup>30</sup>

Soon after taking over the KGB, Andropov announced plans to create an entirely new department, to be designated the “Directorate for the Struggle against Subversive Ideological Activity”—the 5th Directorate. The 5th Directorate set the tone for the KGB that Putin joined as part of the Andropov levy of the 1970s.<sup>31</sup> Putin also may have worked in the 5th Directorate for at least part of his career. The head of the new department, Filipp Bobkov, described the background to the new approach in his 1995 memoir, *KGB I vlast’* (The KGB and the regime).<sup>32</sup> According to Bobkov, the liberalization of the Soviet system that had followed Stalin’s death in

1953, and especially the revelations of Stalin-era crimes that came in Nikita Khrushchev's famous "secret speech" of 1956, created a different context for the KGB's work. Pure repression was now seen as counterproductive. By the time Andropov took over the KGB, spontaneous protests had erupted throughout the Soviet Union in response to repression as well other failings of the system. Andropov himself, who had been the Soviet ambassador to Hungary during the revolt of 1956, knew all too well how far things could go and how difficult they were to stop once protests picked up momentum.

Andropov's more proactive approach to working with people was frequently put to the test. Bobkov relates one incident that took place in the city of Rubtsovsk in Siberia's Altai Krai in 1969. A truck driver who had been jailed, apparently for drunken driving, died in custody. Practically the entire town turned out to protest his death. A colonel, I. T. Tsupak, from the KGB 5th Directorate was immediately dispatched to Rubtsovsk to address the situation. By the time Tsupak arrived more than 10,000 people had assembled in the main square, with agitators whipping them up into an increasingly emotional state. Colonel Tsupak went straight to the middle of the crowd. He announced that he had been sent by Andropov to hear their complaints and communicate them to Moscow. He succeeded in calming the mob. Bobkov wrote: "You might ask, was this [that is, going out and responding to complaints] really a job for the KGB? No, not really. But no one else was doing it." He continued: "[Whenever these protests erupted] Andropov recommended that we pursue a very cautious and flexible policy. Meanwhile, there were many people who were calling for harsh repressive measures. . . . But Andropov . . . tried to restrain his people from taking risky steps and to refrain from the use of extreme measures."<sup>33</sup> The Rubtsovsk incident and the intervention of Colonel Tsupak are reminiscent of Putin's 2009 personal intervention in the factory monotown of Pikalyovo near St. Petersburg to address the local complaints and calm things down.

More fundamentally, Andropov advocated preemptive action directed at prominent individuals, not just the masses. The so-called intelligentsia—artists, writers, engineers and white collar professionals—were also key. What was needed in the USSR in this critical post-Stalinist period, wrote Bobkov, was “broad-ranging communication with people [*obshcheniye s lyud'mi*].”<sup>34</sup> Here, Andropov’s “new” KGB and the 5th Directorate were at odds not only with the hardliners elsewhere in the agency but also with the Communist Party leadership. Bobkov describes the clash between this self-described enlightened wing of the KGB and the party leadership over the issue of banning certain writers, including famous émigrés like Vladimir Nabokov. Andropov tried to bring up this subject in a report to the Soviet politburo but was told that this was not in the purview of the KGB. Bobkov writes:

But we understood perfectly well: sooner or later we’d have to deal with this all the same, since the more prohibitions you introduce, the sharper would be the reaction of the intelligentsia. And in the end, there was no doubt that there would be people who would be prepared to break the law. So it was inevitable that we would have to get involved.<sup>35</sup>

In his book, Bobkov provided what he considered to be a particularly successful example of the preemptive approach in which he got personally involved. This was the case of dissident historian Roy Medvedev. Medvedev’s articles were being published in the West by anticommunist publishers. Medvedev had already been kicked out of the Communist Party. KGB officers had talked to him and warned him of the consequences of going too far in his criticisms of the system and his foreign publications—but to no avail. When Medvedev began to slander Soviet leader and Communist Party General Secretary Leonid Brezhnev personally, the party pushed the KGB to act. The party started a whispering campaign that Andropov was actually protecting Roy Medvedev personally

and using him against Brezhnev in the pursuit of some internal power struggle. So Bobkov (by his account) had no choice but to take matters into his own hands. He invited himself to Medvedev's apartment and, over tea, had a long talk with the dissident.

[During the course of that conversation] I saw both the weaknesses and the strengths of my interlocutor's logic. I understood where he was right and where he was mistaken. For me it was very useful to know that. I was happy with the result of the meeting: Medvedev stopped his collaboration with publishers who were not linked to [Western] Communist parties. He stopped publishing his journal, *Political Diary*, altogether. Henceforth, Medvedev dealt only with the Communist Party press and began to lean noticeably towards 'pluralism within the framework of socialism.' . . . For me the most important thing of all was that Medvedev began working with Western Communists. Now we had other channels through which we could influence his undesirable attacks.<sup>36</sup>

The Medvedev affair, wrote Bobkov, was a prime example of how critical it was to be able "to work with people [*rabotat' s lyud'mi*] and use their potential in ideological work."<sup>37</sup> Bobkov's description of his intervention with Roy Medvedev is a classic illustration of the work of an "enlightened" secret service like the Andropov-era KGB. In theory, the goal was to persuade the target, in one-on-one exchanges, to give loyalty to your cause. In practice, the persuasion could almost never work without the threat of coercion or some other unpleasant consequences. The actual realization of the coercive threat was generally not desired—just as in the case of Putin and Zubkov's repository of St. Petersburg financial information and the Russian Financial Monitoring Agency, the preference was to keep damaging information closely held in reserve.

The ideal recruitment outcome for the KGB recruiter or case officer was essentially the conclusion of a mutually advantageous

deal. The deal was enforced by the threat—a threat that, if carried out, would completely destroy the recruit. The case officer had to have a monopoly on this threat. The deal could not work if the target could turn to someone else for protection. It is possible that during at least part of his KGB career, Vladimir Putin may also have been involved in the recruitment of double agents, which added an extra dimension of complexity. For the most part, people who became double agents were not inclined to support the recruiter's cause or were even indifferent or opposed to it. If Putin was engaged in any of this activity, the most likely venue would have been in East Germany from 1985 to 1990, in Operation Luch if that was indeed one of its primary purposes.<sup>38</sup> Recruiting and running double agents is a much more difficult task than that faced by the ordinary case officer. It requires even more patience and subtlety, but also stronger threats and more ruthlessness.<sup>39</sup>

#### THE KGB—"A PLUS FOR A POLITICIAN"

There are other references to the work of Andropov's KGB that relate more directly to Putin's activities during his period of service, as well as to his time in the "active reserve" when he was assigned by the KGB to work with and infiltrate the Sobchak camp in St. Petersburg in the 1990s. In a 2000 interview, the deputy governor of Perm oblast in the Russian Urals, Valery Alexandrovich Shchukin, talked of his own career in the KGB.<sup>40</sup> He also stressed (as the title of the article suggested) that KGB service was "a plus for a politician."

Shchukin, a couple of years older than Putin, was a career KGB agent who then served as an "officer in the active reserve" as deputy governor of Perm, just as Putin served as deputy mayor under Anatoly Sobchak. Like Putin, Shchukin was brought into the KGB as part of the Andropov levy. He also attended the KGB academy at about the same time as Mr. Putin. In the local Perm newspaper, *Zvezda*, Shchukin explained what the Andropov levy was.

[M]y initial profession and education are not typical [for being recruited by the KGB]. But my brother had been serving in the agency for a long time by then, and thus my application was examined from cover to cover. Besides, not only metallurgists and miners encourage family dynasties. The fact that it all was happening in the Andropov period, when we had another one of the Party-*Komsomol* ‘levies’ into the KGB, was also important. The priority task of this levy was not to allow the secret services to gain supremacy over the Party. That is why another dozen or so other high-ranking *Komsomol* activists studied with me at the Higher School of the KGB.<sup>41</sup>

Shchukin said that he had been offered his position as Perm’s deputy governor in 1996 while he was still active in the KGB. This was at the initiative of the governor himself, not the KGB. His superiors at the agency had then moved him into the “active reserve,” although he had resigned from the reserve after a year. The newspaper asked Shchukin what it meant to be an “officer of the active reserve”—noting that “Putin also had that status for one year, when he was working for the St. Petersburg mayor’s office. . . .” Shchukin responded: “It means that a person, while not on the KGB payroll nevertheless remains on the staff list, has access to operative information, is eligible for promotion, and is obligated to carry out assignments and orders from headquarters, including secret, confidential orders, but does not have the right to inform his superiors at his civilian workplace about such orders.”<sup>42</sup>

The interviewer suggested that this arrangement seemed to put the reserve officer into the position of “infiltrator.” That, said Shchukin, was “a bit too crude,” but he allowed “that there are a lot of legal and ethical problems involved.” Putin, on the other hand, does not seem to have expressed any particular discomfort with these aspects of his work as both an operative and a deputy mayor in St. Petersburg in the same period.<sup>43</sup> Indeed, Mr. Putin



has repeatedly stressed—like Shchukin—the very positive role his intelligence career played in his life and the way it prepared him for his political positions. In one early interview on the topic in December 2000, for example, just a few months after Shchukin's own interview with the Perm newspaper, Putin was asked by journalists from the Canadian CBC and CTV channels, the Canadian *Globe and Mail* newspaper, and Russia's RTR TV channel if he was "annoyed" by being asked about his previous work in the KGB as a case officer. Putin responded by referring to former U.S. Secretary of State Henry Kissinger:

Why do you think I am annoyed? I have never said I was annoyed. I don't know if it is appropriate to recall my first meeting with Mr. Kissinger for whom I have great respect. When I told him that I started my career as an intelligence officer, he paused and then said: "All decent people started their careers with the intelligence. Me too." I am ashamed to say that was something I hadn't known before. . . . So what? There is nothing you can do about it. I know that some leaders in other countries, even U.S. presidents, once worked with the intelligence. I served my country and I did it honestly and I have nothing to repent about. And I must say that, strange though it may sound, I have never broken the laws of other countries. It was an interesting and a highly professional job. It played a positive role in my life. It was interesting work.<sup>44</sup>

Identifying, recruiting, and running agents is done on a very intimate, one-to-one basis. But as Russian president, Vladimir Putin has had to apply his case officer tradecraft and skill set to an entire country, to secure loyalty to the cause and to enlist every Russian in the service of the state. How can that possibly work? Mr. Putin cannot hope to co-opt every single Russian individually. As the recruiter and Case Officer for an entire nation, Mr. Putin has had to have different tools at his disposal. As we have already discussed, defining history has been one powerful instrument in

Vladimir Putin's toolbox along with the adoption of his various fake guises in his PR stunts as president and prime minister.

Using history and public relations, Putin has scaled his role as Case Officer for the individual up to the national level to recruit specific groups to his cause. In speeches and writings, beginning with the December 1999 Millennium Message, Putin has set out to determine which groups' history will be part of the inclusive Russian myth and which groups risk finding themselves outside the collective history if they do not conform or withdraw their support for his ideas or policies. The ultimate implicit threat is the risk of groups (like the opposition protesters during the 2012 presidential election campaign) finding themselves designated as "them"—*chuzhiye* (aliens)—rather than "us," *nashi* (ours). Putin's various performance pieces as a biker, an outdoorsman, a fireman, and his meetings with workers on factory floors or in factory monotowns simultaneously embrace different Russian groups and social classes as *nashi* and appeal directly to them for political support.

#### PUTIN AS PRESIDENT: WORKING THE MASSES THROUGH THE "HOT LINE"

One of the most specific features of Mr. Putin's mass Case Officer approach has been his propensity for engaging one-on-one with the Russian people in televised or recorded public settings. These include lengthy press conferences and the so-called "Hot Line," the annual TV call-in show where the Russian masses can listen to President or Prime Minister Putin respond and tailor his answers to the questions of a specific individual.<sup>45</sup> The initial question and answer portions of the annual Valdai Discussion Club meeting between foreign experts and Putin have also been televised since 2004, with the resulting Russian and English transcripts made available on the official Kremlin or RIA Novosti websites.

These sessions give a whole new definition and dimension to von Benckendorff's early concept of focus groups. Instead of Fidel Castro-style speeches and monologues before a mass audience,

Putin takes the Case Officer approach. He interacts directly and engages in a dialogue with individuals for hours on end. Putin approaches each of these interactions as a hands-on recruiter. He views other individuals as sources of raw intelligence—information. The questions they ask are the information. They provide insight into their state of mind and their concerns. His answers are intended to address the issues people raise and win them over to his point of view. As Putin told *Newsweek*'s Christian Caryl in June 2001, he takes great pride in selecting the key elements from a huge flood of information, then processing them and using them.<sup>46</sup>

Putin has, in fact, been explicit about the purpose of these sessions right from the outset of his presidency. During his first official Hot Line in December 2001 he personally identified this format of interacting with the Russian population as the prime example of “communicating with people” and soliciting information. In the course of the December 2001 session one of the callers praised the format of the Hot Line and asked him to comment on it. Putin said:

Indeed, this form of dialogue between the head of state and the population is unprecedented. . . . But, knowing the demand for dialogue, I believe this form of communication is an acceptable form of communication with the people, and the head of state is duty-bound to communicate with his people, to listen to them and hear them, and there should be feedback. I often go to the regions and I see that people have such a need. . . . I must tell you that this is just as important to me as to those who ask these questions, because I can get a feel for what's happening, get a feel for what is on people's minds. And I should tell you that our analysis of the incoming information shows that priorities are changing: yesterday or the day before there were one set of priorities, and today they are changing. Of course, I won't be able to answer all the questions: there are more than half a million of them. When the meeting was announced, 300,000 telephone calls were coming in every

day. So it's hard to answer all the questions. But I would like to thank all those who are taking part because it provides a good sociological base which will be processed 100 percent and will be taken into account in our work.<sup>47</sup>

Putin assured the caller that he would “try to see to it that this is not the last such event,” and he has since continued with the Hot Line format every year. In each case, as Putin underscored, the telephone lines have been flooded with calls in advance of the event. The Kremlin has deployed veritable armies of receptionists and analysts to take the calls, record the questions, and distill and categorize them to determine what people are thinking. In engaging with a select, representative number of the questions in the live format, Putin assures people that he and the state can solve their problems at the individual as well as the larger group level. The implicit message is that Putin and his team are on top of all the issues. There is no need for people to self-organize to solve their own problems, or to take to the streets to protest. Just call Putin and he will fix it.

The Hot Line format encapsulates the dual aspect of *rabota s lyud'mi* that Filipp Bobkov explains in his book. *Rabota s lyud'mi* is about engaging with the masses, like Colonel Tsupak in Rubtsovsk, and engaging one-on-one with individuals, like Bobkov inviting himself for tea with Medvedev. With the Hot Line, Putin engages with the mass audiences in the television studio who have been brought there to witness and participate in the session, and with the even larger mass audience of the Russian population watching from home or the workplace. He also engages one-on-one with the individual callers and their questions, and with the individual sitting in his or her living room, perhaps with a cup of tea, in front of the television set.

It is important to note that Filipp Bobkov's stories—just like many of Putin's autobiographical statements—are mainly after-the-fact

anecdotes, and possibly even myths. We cannot know for sure if any of the events Bobkov relates actually happened, or happened the way Bobkov says they did. But these are the kinds of stories that Bobkov, as the head of the 5th Directorate, would have passed on to his young KGB recruits in the 1970s and that a young officer like Vladimir Putin would have internalized. There are traces of these same kinds of stories throughout Putin's own remarks and references. Another key aspect of the Bobkov stories and of Putin's own stories is that they are very much one-sided. The stories stress the skills of the KGB recruiter, the Case Officer, as a communicator and persuader. They deliberately and most obviously omit the fact that none of these alleged skills would be effective without the person on the other side of the dialogue—the target of the recruiter—knowing that the alternative to an amicable arrangement with the recruiter could be an extended period in the cellar of KGB headquarters, the Lubyanka, or in one of the KGB prison camps like Perm-36, or in the psychiatric hospital, a favorite KGB destination under Andropov.<sup>48</sup>

Bobkov's and Putin's self-appraisals of success in any individual case would likely be in large part based on the extent to which they could achieve their goals with the target without having to resort overtly to the ultimate threat. A successful recruitment was all about how well the threat was conveyed in disguised form. The target would get the message perfectly clearly, but the KGB case officer could pretend he did a masterful job of persuasion. This is part of the essence of "working with people." One of the advantages of the one-on-one approach is that it works with targets of any category and at any stage of the recruitment process. It can be applied to those who might be friendly to begin with, to neutrals who offer something of value, to those like Roy Medvedev who might potentially do damage, and to outright foes who could be recruited as double agents. Depending on the category, the process may be longer or shorter, and the kind of leverage becomes critical.

## DEALING WITH THE MADDENED CROWD

The major disadvantage of scaling up to the mass level and dealing with large numbers of people is that it is very difficult to apply the one-on-one approach to an overtly hostile crowd. In this regard, the Tsupak story seems an extraordinary one—and, frankly, hard to believe. Masses or mobs are not easily calmed by quiet, extortionary techniques. Indeed, in the case of Pikalyovo, Putin did not wade into the midst of the crowd to calm the situation. He went to Pikalyovo, but headed to a conference room to berate oligarch Oleg Deripaska and other factory officials. It was a public dressing down, on TV, that addressed the grievances of the Pikalyovo protesters, but it was conducted well away from the maddened crowd. It was also a heavily controlled and staged intervention. Presumably, Putin could have “worked with people” on a mass basis if he had chosen to do so at Pikalyovo. He could have gone out to the streets to meet with the protesters. Instead he focused on a small group. According to Russian media and PR specialists, some of whom had first-hand knowledge of the event, the dressing down was even prearranged by Putin and his PR team with Deripaska, the Pikalyovo plant director, and a representative of the workers’ union.<sup>49</sup> Prime Minister Putin was filmed landing in a helicopter in the town, striding out, and marching into the meeting room, looking tough and businesslike. He presented Deripaska with an agreement that the oligarch had already seen, along with a pen to sign it, in what played out as a dramatic TV scene.<sup>50</sup>

As a result of one-to-one approaches behind the scenes, “working” successfully with Deripaska and the other key protagonists, Putin and his PR staff were then able to portray Mr. Putin, the prime minister, flying into Pikalyovo as the pro-worker man of the people. Putin’s solution to the difficulty of applying “working with people” to masses is thus first to work with key people individually to arrange things and then to let the PR team portray the meeting, or on-the-spot appearance, as a spontaneous working

with the masses. Another episode in this vein occurred when Putin traveled to the Siberian city of Novosibirsk in October 2008 for a meeting with oligarch Pyotr Aven at a branch of Aven's Alfa Bank. The next morning, Putin met with activists from the United Russia party. At this meeting a local party member, who also was a small businessman and construction contractor, Sergei Alexandrovich Shchapov, approached Putin to complain that he was having difficulty securing loans for his company. Putin essentially responds, "Really? Well, I was actually just in a bank. Let me see if I can get the head of the bank to come here so we can talk to him." He then tells an aide to find Pyotr Aven, who after a few minutes materializes at the meeting. Putin says: "Come and sit down. I guess I'm just bumping in to you everywhere. . . . You and I were just talking about bank operations . . . and this is Sergei Alexandrovich. . . . He is a concrete example [of exactly what we were talking about]." From there Putin, Aven, and Shchapov engage in an exchange on the assistance banks can provide to small businesses—another seemingly successful intervention by Putin.<sup>51</sup>

There is, however, another more telling and more troubling episode that illustrates how interventions can go wrong for Putin when they are not pre-arranged. This incident was captured by smartphone video and played out in a short clip on You Tube, not on official Russian television channels.<sup>52</sup> During the height of the summer peat bog and forest fires across the Russian heartland in July 2010, Prime Minister Putin went out to meet with people in one of the most affected regions near the city of Nizhny Novgorod. In the preamble to the You Tube clip, the individual who posted it notes that about 22,000 individual fires were raging across Russia at this particular juncture. On July 29, in one of the worst incidents, every house—340 in total—was destroyed in the village of Verkhnyaya Vereya, with tens of people killed and hundreds made homeless. According to the preamble, the fire had burned for almost two weeks in the surrounding countryside, gradually encroaching on the village. The villagers had repeatedly appealed

for outside assistance in extinguishing the blaze, including the dispatch of a firefighting plane. Nizhny Novgorod Governor Valery Shantsev had rebuffed their pleas and, reportedly, informed “Moscow” that everything was under control in the region.

Putin was dispatched to the scene immediately after the catastrophe, just like Colonel Tsupak to Rubtsovsk. He was surrounded by a group of angry men and women from Verkhnyaya Vereya—mostly women—furious at the lack of action by the local and central government authorities to tackle the fire as their houses burned to the ground and family members and neighbors perished. Putin’s attempts to calm the crowd down and to respond to their issues, by saying that he and the government would take action to restore their property, were rebuffed. In the video, people in the crowd appear more, rather than less, enraged by the direct engagement with the prime minister, who personifies the authorities in this context. A visibly uncomfortable Putin moves off with several women still shouting after him about the poor performance of the authorities. The author of the video clip, or at least the narrator who posted it, observes that on this occasion Putin’s “PR action clearly did not work: people reacted in disbelief at the premier’s promises. Moreover, some even screamed: ‘You wanted us to burn alive! Our administration functions very badly! They should be put on trial and hung up by the balls.’” (The favorite phrase of Mr. Putin, the boss, thrown right back at him.) Others shouted that there was not much point appearing now the damage was done: “This should have been thought of before! If you’d thought about this [the fire risk], then this wouldn’t have happened.”<sup>53</sup>

In her book, Masha Gessen describes a very similar interaction with a hostile crowd during what was essentially Putin’s first experience of dealing with a crisis and major public relations disaster as president—the so-called *Kursk* incident.<sup>54</sup> In August 2000, one of Russia’s nuclear submarines, the *Kursk*, caught fire after an explosion and sank with all hands on board in the northern Barents Sea. Survivors of the blast were trapped underwater for several days as



Russia rebuffed international offers of assistance in attempting a rescue. By the time rescuers reached and penetrated the submarine, the group of survivors were long dead. Throughout what became a very public Russian and international vigil for the *Kursk* sailors, Putin was conspicuously absent. Initially he was on vacation, then he resisted entreaties to go to the site of the disaster. Gessen recounts the story, as told by Russian journalist Andrei Kolesnikov in his book on Putin, *Ya Putina videl!* (I saw Putin!).<sup>55</sup> Quoting from Kolesnikov, Gessen notes that Putin's then presidential chief of staff, Alexander Voloshin, and others had to work extremely hard to persuade Putin to travel to the Barents region to meet with the *Kursk* wives, mothers, and families. He finally traveled there ten days after the accident and also arrived four hours late to the designated meeting.<sup>56</sup> Using Kolesnikov's first-hand account, Gessen relates—just as the narrator posting the July 2010 YouTube video did—that people were screaming at Putin, telling him to “Shut up!” and asking why he took so long to ask for help.<sup>57</sup> Gessen writes: “Putin emerged from the meeting battered and bitter, and unwilling ever again to expose himself to such an audience. After no other disaster—and there would be many in his tenure as president—would Putin allow himself to be pitted publicly against the suffering.”<sup>58</sup>

There may have been other incidents since the *Kursk* debacle where Putin found himself in the same situation, but they are hard to find in official records. Putin's foray into the Verkhnyaya Vereya crowd was a smaller-scale and much-less-public rerun of his bitter experience with a hostile and very emotional crowd, dominated by women, a decade before. It escaped the purview of Mr. Putin and his PR team because it was captured on a smartphone video and immediately uploaded to YouTube. It must also have been a very unwelcome reminder of the dangers of wading into unknown and uncharted waters. In stark contrast, Pikalyovo, like the Hot Line, is Putin's preferred method of engaging with larger audiences—in controlled, pre-arranged formats where his

Case Officer one-to-one methods can be more readily and easily applied. As is so often the case, Vladimir Putin's first lesson on this issue came from earlier events in his personal history, during his KGB service in Dresden in the 1990s. In Dresden, Mr. Putin the KGB case officer, who may have been trying to recruit agents or even double agents, had a very unfortunate encounter with an angry mob as East Germany fell apart.

### DRESDEN: FACING DOWN A HOSTILE MOB

As already underscored, there is virtually no concrete information about any of the real activity Vladimir Putin performed in the KGB, in Leningrad, Moscow, and then Dresden. He does not seem to have told anyone, including one of his closest friends, Sergei Roldugin, anything specific about those years. There are, however, a few snippets of information about Putin's time in Dresden, some of which have been related in earlier chapters. In both *Ot pervogo litsa* and the interviews for Blotsky's biography, Putin recalled a group of angry Germans massing around the Stasi's headquarters in Dresden about the time of the fall of the Berlin Wall.<sup>59</sup> Putin had been feeding valuable KGB records into the furnace in his building's basement, including lists of German contacts and agent networks at the time, and he was worried that the crowds were going to "come for us, too."<sup>60</sup> They did.

As an angry crowd began to form around his building, Putin came out, accompanied by bodyguards. The Germans surrounded him, barraging him with questions about what really went on in the building, which was identified as a Soviet cultural center. They asked Putin why his car had a German license plate and why his German was so fluent. He came out prepared to use violence in self-defense if the crowd tried to break in. He does not say precisely how he intended to do this. In the end, nothing more dramatic happened that day. But the hours when the building was surrounded—the crowd outside, the KGB officers inside—were a

trauma for Putin. He told his interviewers this directly. When he called a nearby Soviet military base for backup, he was told they could not help without orders from Moscow, and “Moscow is silent.”<sup>61</sup> He felt bitterly abandoned by Moscow—“nobody lifted a finger to protect us.”<sup>62</sup>

Putin clearly had no experience with, and no idea of how to deal with, large crowds. During the years of perestroika and glasnost in the USSR, protests were everywhere, from all sectors of society. If he had been living in Russia during the turbulent perestroika era, Putin would have been surrounded by crowds in this period—but he was in Dresden. Until 1989, there was no perestroika and glasnost in the GDR. The East German Communist Party was led by the last great holdout against reform in the communist world, Erich Honecker. In Dresden, Putin operated in the shadows. His encounter with the street protesters—the crowd, the mob, gathered around the Stasi building and Putin’s own liaison office—came at the very end of his service there.

In Oleg Blotsky’s biography, Putin gives a very emotional, blow-by-blow account of how he had to decide whether to follow the rules and defend the building, with all its secret files on informants, with the armed guard, or try to talk the crowd out of taking action. He was, he asserts, actually in charge because his superior was not in Dresden at the time. Talking to an aggressive crowd was against the rules of operation. If his initiative failed, he would have been tried and convicted by a military court. As Putin tells the story:

Therefore as I went out to the people on the street, I understood perfectly well that I was risking not only my career but my family’s future. But I calculated that saving the lives of the people whose files were lying on my desk, and the lives of those planning to storm the building, was worth more than my career. At that moment I firmly decided in my own mind that I had to sacrifice my career. No career is worth more than a single human life.<sup>63</sup>

Once he was out on the street, face-to-face with the Dresden crowd, Putin diverted them not with artful persuasion but by a blatant lie. The crowd was obviously looking for members of the *Stasi*, and Putin seemed to speak German very well, almost too well. When they aggressively asked who he really was, Putin responded that he was “a translator.”<sup>64</sup> Instead of playing Colonel Tsupak in Dresden, Putin lied his way out of trouble.

The fact that Vladimir Putin was not good with hostile crowds, which would prove difficult for him as a mass politician, was of no consequence at this juncture. His rise to the presidency was still in the future. The KGB may have assigned Putin to Sobchak’s office based on his one-to-one skills as a case officer, his general KGB background in foreign trade, his foreign service, and his linguistic skills (as well as his prior connections with Sobchak at Leningrad State University). The lessons Putin then learned during his time in St. Petersburg in dealing with businesses propelled him to Moscow in 1996. He came to Moscow on a mission that did not require the application of his limited economic or political skills. He was not supposed to provide input into policy or deal with mobs. He was called up almost as a “sleeper operative” to work for people in the Kremlin and deal with businesses and businessmen, as he had done in St. Petersburg. The methods for exerting leverage he had developed in St. Petersburg were his key strengths. The other tools at his disposal would become relevant later when he began to move rapidly up the leadership ladder in Moscow. Only when he got to the top, would some of his weaknesses—like dealing with hostile crowds—prove problematic.

### MR. PUTIN’S MISSION TO MOSCOW

One of the most immediate causes of the weakness of the Russian state in the 1990s was its inability to collect taxes. This created a vicious circle. In the Soviet years, when all factories were owned by the state, the director of a large enterprise was effectively the

mayor of a small town. After privatization in the early 1990s, the so-called nonproduction assets on the books of a factory that had been set up to cater to the social needs of the workers—the daycare centers, clinics, recreation facilities, summer camps, and so on—were supposed to be handed over to the local municipal governments. Instead of the enterprises paying directly for these services, their operations were supposed to be financed by local government budgets out of the tax revenues paid by the enterprises and local workers and residents. In theory, this would be both more efficient and more equitable than the old Soviet system. With economies of scale, the town or city could manage the facilities more cheaply, and all citizens, not just those who worked at a big plant, could use them.

The weak link was the assumption that tax revenues would pay for everything. There was no tradition of individuals or companies paying real taxes. There was also no administrative framework for assessing and collecting the taxes. The state, at both the local and national level, was broke and unable to perform the functions and services previously provided by the enterprises. As a result, a bottom-up system for survival developed—without government funding. Tax evasion became the norm. The team of liberal economic reformers around Anatoly Chubais in the Yeltsin government correctly concluded that the vicious circle of a weak state unable to collect taxes and no taxes leading to a weak state had to be broken. The critical step was to enforce tax compliance.

Chubais made repeated efforts to enforce tax discipline during his time in office. They all failed because the wealthiest new business owners used their money to suborn and collude with government officials to evade taxes. They purchased influence over tax legislation and enforcement at the very highest as well as lower levels of government. This problem was compounded when the Yeltsin team chose to make a Faustian bargain to secure enough money from top businessmen to win reelection in the 1996 presidential election. The critical step in this bargain was taken just

weeks before Vladimir Putin came to Moscow from St. Petersburg in August. The businessmen who gave Yeltsin their financial and media support expected that, in return, they would get full title to some of the most valuable companies in the Russian resource sector. In the immediate wake of the election, they also began to fight over the initial distribution of property.<sup>65</sup>

From 1996 to 1999, the alliance Chubais and the Yeltsin team had forged between the government and the oligarchs steadily unraveled. Chubais wanted to re-institute the rule of law, as indicated in the 1997 *poslaniye*, and level the playing field again in the Russian economy. With the emergency of the 1996 presidential election campaign in the past, the sweetheart deals with Russian business were over. Privatization would continue, but the process would now be open and transparent. Chubais hoped that a proliferation of new owners in the economy would prevent the kind of collusion among a handful of the wealthiest owners that had marred Russia's early privatization process, and would mark progress toward realizing his and others' goal of competitive capitalism. The oligarchs, however, were now at the peak of their power, and they had to be disciplined so rules could be enforced again.

Days after Yeltsin's election victory, Chubais penned a confidential memorandum outlining some proposed next steps. The Russian Communist Party, which had been defeated in the presidential race, would have to be eliminated as a political force. Chubais advised against direct repression, which was likely to be counterproductive, and recommended instead fomenting division within the Communist Party. Chubais also proposed creating a more streamlined and unified team around President Yeltsin by purging top presidential administration officials whose loyalty was questionable. However, if he was to deal with the oligarchs, Chubais would need muscle. His team was made up almost exclusively of academic economists. They were young and had no experience dealing with seasoned Soviet-era politicians and officials or with the ruthless businessmen who now owned most of Russia's wealth. Chubais realized that

something more was needed. He turned to his former St. Petersburg colleague, Alexei Kudrin.<sup>66</sup>

Chubais's memo specifically recommended bringing Kudrin in from St. Petersburg. It did not mention Vladimir Putin, but Putin nonetheless came along with Alexei Kudrin. Chubais assigned Kudrin to take charge of the GKU, the presidential administration's Main Control Directorate. The GKU was the government's financial inspectorate, and an agency Chubais had previously strengthened through an *ukaz* (presidential decree) on March 16, 1996. The decree gave the GKU new logistical support from the Presidential Property Management Department (PPMD). At the same time that Alexei Kudrin was appointed head of the GKU (in August 1996), Vladimir Putin was made deputy head of the PPMD. In November 1996, another decree gave the GKU even more power, enabling Kudrin to deploy inspectors all across Russia to probe the finances of government and federal agencies and uncover acts of corruption, embezzlement, and misuse of funds.<sup>67</sup>

In March 1997, only a short time after Boris Yeltsin delivered the *poslaniye* to the Russian parliament about the importance of cracking down and reestablishing order, Chubais appointed Kudrin deputy finance minister. He also, at Kudrin's recommendation, named Putin head of the GKU on March 26. When Kudrin handed over the reins to Putin in 1997, Russian journalist Andrei Kolesnikov described the GKU as a "menacing structure."<sup>68</sup> On April 3, 1997, another presidential decree gave the GKU primary responsibility for issuing edicts to implement the crackdown necessary to reestablish order, including oversight of Russian financial and business sectors and authority to collect financial and other company information.

Yeltsin's March 1997 *poslaniye* and the April *ukaz* set the GKU's operations and thus Putin in motion, along with some of his closest associates. Across the country, the GKU took the lead in organizing special meetings of top local officials in law enforcement, as well as in the tax and customs authorities, to urge action

in establishing the “order” called for in Yeltsin’s *poslaniye*. One meeting in St. Petersburg on May 20, 1997, brought together a particularly weighty group. Putin himself (and most likely his close associate at the GKU, Igor Sechin) had come in from Moscow. The locals included the city’s head tax man, Viktor Zubkov, and Vladimir Yakunin, Putin’s neighbor in the Ozero dacha cooperative, whom Putin had appointed regional head of the GKU and would later promote to be head of Russian Railways.<sup>69</sup>

Unfortunately for Chubais, just as Putin was positioned and poised to tackle Russia’s businessmen, Chubais’s plans were upended. In summer 1997, Chubais and his team prepared to put a major telecommunications company, Svyazinvest, up for bid and to enforce new rules with the oligarchs. He intended to use the telecommunications privatization to create an impartial system with transparency. Chubais, however, miscalculated. The Svyazinvest privatization led instead to a split within the group of oligarchs, resulting in the so-called bankers’ war—with Chubais and his team ending up as collateral damage. They were set up on charges in the media of corruption just before the bidding for the company could take place.<sup>70</sup> Cash advances for a book project, received by Alfred Kokh, a close associate of Chubais and the former head of the Russian privatization agency, were portrayed as bribes from Uneximbank, one of the banks in the running to acquire Svyazinvest.<sup>71</sup> Chubais leapt to Kokh’s defense, putting his credibility on the line. The *kompromat*, or smear attack, succeeded, however. Chubais was ousted from the government and the rest of his team was purged. Only Kudrin, Putin, and the GKU group were left in place. Putin still had a mission to accomplish. To his great fortune, his targets, the oligarchs, had also created a dilemma for themselves by launching a war. They would end up having to turn to him for the solution.<sup>72</sup>

#### THE OLIGARCHS’ DILEMMA: MR. PUTIN’S SOLUTION

Despite their vast wealth, Russia’s oligarchs in the 1990s were constantly at risk from the public, which almost universally regarded



their ownership of the country's largest corporations as illegitimate. At the same time, the oligarchs were individually at risk from one another. They were constantly preying on each other's businesses and could not trust each other. Thanks to their own efforts to reduce any power of the government to control them, they had also undermined the state as the one institution that could protect all their property rights. As a result, they were reduced to trying to protect themselves individually. The biggest vulnerability each of them had was the information about their financial status and their financial operations.<sup>73</sup> In such circumstances, the only protection the oligarchs had was to make everyone equally vulnerable. They focused on digging up potentially damaging information about each other. The threats and counter-threats deterred aggression. The result was a mutual and perpetual state of blackmail—what is known as a “mutual conflict equilibrium” in game theory. In other words, delicate balance is better than war, but only barely so.

To maintain the equilibrium, the oligarchs had to expend a huge amount of effort and resources that they could otherwise have used to manage their companies and generate more wealth. They also ran the constant risk that the balance would tip, that the infighting would get out of control, and the whole system would come crashing down around them. For their own sake, the oligarchs needed an outside arbiter. They needed a completely and clearly impartial agent who would be strong enough to enforce the peace in a credible and sustainable way—and who, most important for them, would never become a rival, another oligarch. This arbiter would, in effect, have to hold them all hostage so that each of them would have the opportunity to disarm and conclude a non-aggression pact. If the state could not do this, by enforcing the rule of law, then something or someone else would have to step in.<sup>74</sup>

The oligarchs could hardly appoint someone themselves, but someone was out there in the wings waiting for them. At the GKU, Putin was amassing inside information about the oligarchs' financial and business dealings. By May 1998, Putin had become deputy

head of the presidential administration for work with the regions as well as overseeing the GKU. Later in 1998, when Putin became the head of the FSB, he purged the leadership of the FSB's economic crimes department and appointed his close associate Nikolai Patrushev as head of a new Directorate of Economic Security. Putin went on to replace the head of the tax police with an associate of his from the GKU, Vyacheslav Soltaganov, who had previously made a career in the Ministry of Internal Affairs.

By April 1999, Putin had established a monopoly on financial information. When he became president, he established a new agency to oversee this in November 2001, the Russian Financial Monitoring Agency (RFM), and put Viktor Zubkov in charge. Zubkov remained head of the agency until September 2007 and even afterwards, as he served as interim prime minister between September 2007 and May 2008. As first deputy prime minister under Putin until 2012, Zubkov continued to have special responsibility for the RFM. Throughout that entire time, the RFM reported ultimately to Putin. In May 2012, when Putin moved from the prime minister's office back to the Kremlin, he brought the RFM with him.

When he was propelled into the highest Russian offices in 1999–2000, Putin first offered himself to the oligarchs as a protector. He reassured them that he would not dispossess them. He would recognize the basic parameters of their 1996 deal with Yeltsin in acquiring their business assets. He also reminded the oligarchs that few others in Russia saw their ownership as legitimate. He used this reminder, in February 2000, to announce that Russia's businesses would now be “equidistant from power.”<sup>75</sup> They could not use any of their old levers to buy influence and cultivate goodwill across the Russian Federation. They would have to start from scratch. Their only key relationship would be with Putin's Kremlin, and this would be for their protection, from disappropriation, not for their influence.<sup>76</sup>

In an televised meeting in July 2000, Putin laid down the ground rules with the oligarchs.<sup>77</sup> Putin sketched out a scheme that essentially

resembled a “protection racket.” It was the kind of deal he might have forged as a KGB case officer trying to recruit a double agent in Dresden. The oligarchs would be allowed to continue to pursue their businesses and increase their wealth, but they would have to agree to a new tax regime that would give the federal government more resources. They must not try to change this regime as they had in the past, or there would clearly be consequences. They must also actively consider Russian national interests, as defined by Putin and the state, when engaging in economic activities abroad. This was private enterprise with strings attached. Their property rights were ultimately dependent on the good will of the Kremlin. The logic of this approach—keeping the oligarchs in place, but pulling them close—was explained by presidential aide Vladislav Surkov to a Russian journalist. Surkov told Yelena Tregubova that Putin and his team understood that they could not just dispossess the oligarchs and find another group of businessmen to take over their companies. There were simply not enough capable entrepreneurs in Russia in 2000. The group of businessmen was “very thin and very precious . . . they are the bearers of capital, of intellect, of technologies.” In many respects Russia’s oligarchs, like their assets, had to be treated carefully. “The oil men,” Surkov opined, “are no less important than the oil; the state has to make the most of them both.”<sup>78</sup>

The new scheme for dealing with the oligarchs was complex, but it suited Putin’s training as a KGB case officer and also grew out of his Case Officer identity. In the KGB, Mr. Putin had learned how to identify, recruit, and run agents, and how to acquire the patience to cultivate sources. He had also learned how to collect, synthesize, and use information. He had come to Moscow in 1996 to apply those skills. As a result of monopolizing information at the GKU he had also acquired a great deal of power and leverage. He had maneuvered and moved his way up to the top of the Russian state. He would now try to apply his Case Officer skills on a larger, grander scale than he might possibly have imagined when he was first posted to Dresden.

## CHAPTER NINE

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# THE SYSTEM

PUTIN'S JULY 2000 televised meeting with the oligarchs, which laid out the terms of his deal with them, is emblematic of his style and system of governance. All the evidence from Putin's words and actions since 1999–2000, when he first moved from the shadows into the position of prime minister and then acting president, indicates that there is nothing contrived or secret about his goals and his policies. Putin's practice has been to state them directly. On the other hand, there has been a significant discrepancy between the transparency of Putin's goals and the nontransparency of the means by which he intends to achieve them. How he goes about implementing his policies has been mostly off-limits for general discussion. Politics and the political system—how Putin rules Russia in order to achieve the goals he has laid out—are supposed to be unquestioned by those outside (and perhaps even many inside) the inner circle.

Nonetheless, Putin does have a mode, a system of governance that he has developed over more than a decade. It is, in many respects, a tiered system—or perhaps better, a series of concentric circles. Putin's special arrangement with the oligarchs who own the key companies that produce and distribute the economy's natural resource wealth lies at the very core. This arrangement, as we have described, is based on a particular kind of protection. Putin

protects the oligarchs from having their assets appropriated by the state; he also protects them from one another. In creating the arrangement, Putin applied his skills in “working with people.” He developed leverage over the oligarchs by creating a monopoly on financial information, including incriminating information about corruption and malfeasance.

Beyond this protection scheme at the core of the system, Mr. Putin plays the role of the chief executive officer, the CEO, of the “corporation” that is Russia—the sum of all the assets managed either by the oligarchs or by the appointed stewards of state enterprises. In carrying out these functions, Putin is assisted by a very small group of trusted aides—in essence, the staff of the CEO’s office. Outside this small group lies the larger, vast sphere of the state apparatus of Russia, which includes officials of both the federal (central) and regional governments. In Putin’s idealized version, this is the sphere of governance that is supposed to function like a “Swiss watch.” It is not supposed to require his personal attention—although, to his evident frustration, it constantly does. Finally, beyond the circles of governance are the governed, the Russian populace. They have no voice in the operation of the corporation or the system.

The disconnect between the *what* of political goals and the *how* to achieve or implement them is evident in Putin’s Millennium Message, the programmatic statement he issued on December 29, 1999, to inaugurate his reign over Russia. To a remarkable degree, the goals he outlined in the Millennium Message remain the priority today, more than twelve years later. They were straightforward, although colored with emotion and fraught with historic and cultural symbolism. In December 1999, Putin pledged to rebuild the Russian state, protect Russia’s sovereignty, preserve domestic stability and unity, and ensure national security. He did not state in the Millennium Message *how* he would rebuild, protect, preserve, and ensure. In fact, this discrepancy became, over time, the key part of a deal he struck with the population to complement his

deal with the oligarchs. Putin laid out what he would deliver. He told the Russian public they could hold him to this deal—that this would be his part of the bargain in becoming president. Once they had confirmed him in the office of president, the Russian people's part of the bargain was then not to ask questions about his methods. Nor should they ask for a voice in deciding the nuts and bolts of policy or of governing.

### A PROHIBITORY SYSTEM

Former Kremlin adviser Gleb Pavlovsky, in his January 2012 interview with *The Guardian*, makes many of the same points about the deal Putin concluded with the Russian population in 2000:

We are talking about managed democracy, but I think that maybe you in the West have forgotten that this concept was widespread in the 1950s in Europe in countries where there had been totalitarianism. . . . In Germany, for example, there was the same idea: that German people have a tendency to totalitarianism and they must not be allowed near politics. So they must have the possibility to choose, (vote) freely, but the people who control real politics must be the same, they must not yield. So a prohibitory system [*zapretitel'naya sistema*] must be created. . . . Is it cynical from the point of view of the theory of democracy? Probably yes, but here it didn't look like cynicism. . . . What we need to note here is that a certain "Putin consensus" existed. . . . A consensus of the people and the elite. . . . No ideology is necessary. . . . It will be a state without ideas oriented on common sense and on the average man, the citizen. Nonetheless, the masses must not be given access to power.<sup>1</sup>

The fact that Putin did not describe any particular design for governance beyond a series of basic deals in the Millennium Message or elsewhere is not strange. When he began his presidency in 2000, he was not proposing to overthrow the institutional order

that he inherited. He was actually promising to fulfill it. Putin was and remains a restorationist, a conservative reformer. He was not, and is not, a revolutionary. Putin's mission, as he repeatedly stated in 1999 and throughout the 2000s, was to put an end to the process of undermining the existing state institutions—just as, he claimed in the Millennium Message, “society” (the Russian elite) had demanded. Putin wanted to make *vlast'*, the state institutions, work. This was part of his goal of strengthening the state and the authority of its governing structures.

As Gleb Pavlovsky's comments also underscore, Putin is a pragmatist, not an ideologue. In setting up his system of governance, he did not follow any specific model that can be captured by a description in the abstract. Although we use the term “system,” what Vladimir Putin and the inner circle around him have created is in fact not as simple as the term might suggest. It is not an intentionally designed, well-formulated system. Rather, it is piecemeal and ad hoc. It is shaped by Putin's own skills and experience. It has evolved to fit the circumstances. The system is both concrete and personalized. The ideas it draws upon are fluid and flexible, as we have described throughout this book. The fact that Putin has synthesized a whole range of concepts and not tried to twist some fixed orthodoxy of ideas or ideology to pursue his goals has proven to be an advantage of the system.

The synthetic nature of the system comes in part from the fact that Mr. Putin began operating in Moscow as the Outsider, the man without a vested interest in a particular ideology or structure. Whatever he needs to do in the service of the ends he has laid out, he does. He feels no need to justify the means. This is both good news and bad. It is bad because it leaves room for arbitrary decisions in response to what he decides is uniquely demanded by the particular circumstances. The political system can thus be turned on its head if need be, and seemingly on a whim. This happened in 2008 when Putin first announced the creation of the tandem arrangement with Dmitry Medvedev that would enable

him to move smoothly from the position of president to that of prime minister. It happened again in September 2011, when he announced he would be moving back to the presidency (whether people liked it or not).<sup>2</sup> As we will discuss, this arbitrary element reinforces Russian public cynicism about the political system and the concept of democracy.

On the other hand, the official Russian state institutions (the parliament, the courts, and others), which were created by more genuine democrats in the 1990s, still remain in place. The formal structure of the institutions and the separation of powers have been preserved even if their functioning has been altered over the past decade. In theory, this offers the possibility of restoring a more institutionalized form of governance in the future. Unfortunately, because the functioning of Russian state institutions is now so connected to Putin personally, the institutions, in and of themselves, cannot necessarily be used by another individual to put Russia on a different trajectory of political development. The tandem experiment with Dmitry Medvedev as the Russian president underscored this point. Many observers anticipated that the constitutional authority of the Russian presidency, the power of the institution itself, would convey directly to Medvedev and enable him to make his own mark on the governing of the state.<sup>3</sup> As Medvedev's presidential term progressed, there was even considerable speculation that he would use the institutional prerogatives of the presidency to keep himself in the position for a second term—even by possibly going so far as to “sack” Prime Minister Putin and his team.<sup>4</sup>

In fact, the institution of the Russian presidency under Dmitry Medvedev was not quite what it was under Vladimir Putin. There was a greater degree of openness. Medvedev brought some people into the Kremlin more closely associated with him personally than with Putin. A larger group beyond the inner circle became engaged in the discussion about Russia's future and was even allowed to challenge the how of governance as well as the what.<sup>5</sup> Medvedev also used the president's prerogative to sack or, at least, remove a



number of officials who tested the Kremlin's patience from powerful perches they had occupied since the more permissive 1990s. The most prominent of these was Moscow Mayor Yury Luzhkov, who enjoyed reminding the Kremlin that he, not they, ran the city of Moscow. Medvedev replaced Luzhkov in 2010 with Sergei Sobyenin, who had previously served as head of the presidential administration and, before that, governor of the oil-rich Tyumen region in Siberia.<sup>6</sup>

Medvedev, however, discovered that serving as president did not mean that he could claim all of the presidential powers that Putin had exercised. Medvedev had clearly been put in the position of president by Putin. He remained beholden to him and dependent on his good will. As Gleb Pavlovsky again notes in his revealing January 2012 interview, Putin had decided in 2007–08 to engage in an experiment to “expand the consensus” on the governance of the system he had developed and to “modernize” it. Putin had decided that his presidential “successor [in 2008] need[ed] to be someone who is not similar to me. Or there will be stagnation.”<sup>7</sup> Nonetheless, Putin still saw himself, and only himself, as the guarantor of the system.<sup>8</sup> When he moved to the prime minister's office, Vladimir Putin retained certain key powers for himself—especially control over the deal with the oligarchs and the monopoly of financial information.

As two former Kremlin insiders described to us in private interviews, Dmitry Medvedev was entrusted with the “keys” to the presidency and the Kremlin, but he was not allowed to “open all of the doors” nor to “go into all of the rooms.”<sup>9</sup> The “prohibitory system” described by Gleb Pavlovsky was applied to Dmitry Medvedev as well as to the Russian population at large. Medvedev was ultimately the caretaker president, not the owner of the house, the Russian *khozyayn*. The same is true of other formal institutions like the prime minister's office, which Putin claimed and adapted in his own inimitable way. It is not likely that any other successor, even one who does not have a Putin looking over his shoulder, will

be able to make of the presidency or premiership what Vladimir Putin did from 2000 until at least 2012.

### CEO . . . OR TSAR?

Even though Putin's system of governance is not formal, there is evidence, including from his own direct statements, that Putin does have an internalized version of what his system is. As idealized as it may be—like the KGB myths of “working with people”—this version is important for what it reflects about Vladimir Putin. The system begins with his own role in it. Mr. Putin envisions his task in ruling Russia as that of the CEO of a corporation. This concept of CEO allows him to resolve the apparent contradiction between “working with people” on a very small scale and ruling an entire state, a nation of people. In spite of his propensity for PR stunts and for playing the role of the boss in Pikalyovo and other settings, Putin is not interested in micromanaging the apparatus of the Russian state, nor the private business sector, and certainly not the lives of 140 million citizens. For Mr. Putin, the CEO is the strategic planner. His task is to issue general guidelines and then supervise and monitor the way the guidelines are followed. The key to making such a system work is to identify the smallest possible part of the entire governance mechanism that requires his personal attention and make sure that this is managed closely. As for the rest, as much as possible needs to work on its own, as long as it does not stray beyond the boundaries of the strategic course that CEO Putin has chosen.

Putin has repeatedly used metaphors that sum up how he thinks the system should operate. One is that the machinery of the state needs to “operate on automatic.” Another is that it needs to work like a Swiss watch. In other words, everyone in the Russian government should be working like the cogs in a precision clockwork, so Mr. Putin will not have to step in to sort things out. Or, as Putin puts it, there will be no need for him to have his hand constantly on the steering wheel of the machinery of state, no need for “manual

operation” (*ruchnoy kontrol’* or *ruchnoye upravleniye*).<sup>10</sup> In this case, the law and its use and application have an important role in the system. In Putin’s view, making law work is critical in creating a system in which the top executive does not have to intervene; this is the concept of the law-abiding state, the *pravovoye gosudarstvo* that we discussed earlier. The law lays down rules of the game. Abiding by the law means that things run according to plan. The first step is to ensure that the laws are consistent.

In the Millennium Message, Putin emphasized the importance of “constitutionalizing” the Russian state by bringing all of its laws into line. He asserted that this process would ensure the “constitutional safety of the state, enabling [or empowering] the federal center and [thus] preserving the integrity of the country.”<sup>11</sup> Since 2000, Putin has made it a priority to direct and control the passage of legislation in the Duma and in the higher parliamentary chamber, the Federation Council, so that it is coordinated with his broader long-term goals. Strong courts also play an important role. They help systematize the state by sorting out the mess left behind by the Yeltsin-era of endless decrees, proliferating bilateral treaties between Moscow and Russia’s regions, and regional legislative innovation. Under Putin, Russia’s courts have been instructed to strike down regional laws that contradict federal statutes as well as the Soviet laws that remain on the books. The courts also help keep the tiers of governance in order and act as a kind of release valve for pressures building up in the lower levels of the system. For example, Putin has repeatedly insisted that electoral complaints must be referred to the courts rather than taken to the streets.<sup>12</sup> The situation has been similar for business and other political disputes.<sup>13</sup>

The constitution remains the key document in this context. Officially, Putin subscribes and adheres to the 1993 Russian constitution. While people often say he has emasculated it, or turned it into a charade, in fact the constitution accords substantial and sweeping powers to the president, as we have already outlined.<sup>14</sup> Putin has simply taken complete advantage of the ample provisions for

presidential power that Boris Yeltsin pushed through in the 1990s. Constitutional drafter Sergei Shakhrai quipped then that the constitution turned the Russian president into the “British Queen.” Putin has made sure that the enshrined monarch is not the Queen but rather her distant and more autocratic old cousin—the Russian tsar.<sup>15</sup> The constitution and the law mean something to Putin—so do the courts, and even institutions such as elections and legislative assemblies. To the extent that they do mean something, they constrain him and they provide a tempo and a timetable for his rule. The constitution forbade three consecutive presidential terms. So Putin had to step aside in 2008 and create a new arrangement, the leadership tandem with Dmitry Medvedev, before he could return legally to the presidency in May 2012. The formal institutions cannot be ignored in analyzing how Russia is ruled. Nevertheless, there is no doubt that the important decisions, the real decisions, are made outside the formal institutions.

### BLUEPRINT FOR A SYSTEM

Over the course of the 2000s, it has become commonplace to speak of Russia as a corporation, as “Russia, Inc.,” or “Kremlin, Inc.” But, in fact, the meanings differ. Most typical is the idea that Russia, Inc. is a corporate empire in which the interests of the Russian state are intertwined with the private commercial interests of wealthy oligarchs linked personally to Putin, Putin’s own family and close associates, and, of course, Putin himself.<sup>16</sup> There are also some who use the notion to signify that Putin operates the economy of the entire country as a single, super-powerful business enterprise (not necessarily for his personal gain) that is designed to outcompete the biggest of the multinational corporations. “GE on steroids,” for example, is the way Putin’s Russia has actually been described by top managers of the multinational General Electric corporation, who have directly dealt with and operated inside Russia over the last decade.<sup>17</sup> Our usage of the idea of Russia, Inc. or Russia as a corporation is more limited. It is related to

what appears to be Putin's own understanding of organizational management and, specifically, the role of the CEO or the strategic planner of an organization—in this case the CEO/president of Russia. As in so many other instances, it is most likely that Vladimir Putin first encountered the idea of the CEO as the ultimate strategic planner during his KGB training.

The section on strategic planning in Putin's dissertation (see box) drew on one principal source: the Russian-language edition of the American business-school textbook by William King and David Cleland, *Strategic Planning and Policy*. As we have already noted, this book appears to have been instrumental in shaping Putin's views of the importance of planning for contingencies and thus building up Russia's strategic material and financial reserves during his presidency.<sup>18</sup> It is likely that the Russian edition of this book was produced as part of the KGB effort of the 1980s to develop expertise about Western economic management methods, when the KGB was looking for ways to reform the Soviet system, which it knew to be failing. The idea of strategic planning was also used at various points to tweak the KGB's and the Communist Party's staid notions of *central* planning. In the late 1980s, during the effort led by KGB head Vladimir Kryuchkov to run economic and foreign trade operations, the KGB may have used King and Cleland's text to develop the internal expertise to start up and/or infiltrate new business ventures in the USSR.<sup>19</sup> In Vladimir Putin's dissertation, some of the most relevant theses of the American text are summarized fairly well.

In addition to setting up a hierarchy of goals for strategic planning, the King and Cleland text provides a blueprint for the way an ideal corporation should operate, viewed through the prism of planning. Planning occurs at all levels, but the key point, the authors write, is to distinguish between strategic plans and operational plans.<sup>20</sup> King and Cleland also use a very specific set of terms. First comes the most fundamental concept of all: the basic purpose of the organization, the *mission*. The mission statement "tells what

the organization is, why it exists, and the unique contribution it can make.” The mission needs to be consciously chosen and continually reviewed. It is the common thread that binds everything together. Next come the *objectives*. These are “broad and timeless statements.” Only then come the concrete *goals*, which are quantitative and time-based. King and Cleland note that the goals should be implemented through *programs* and *projects*.

The hierarchy of priorities that the organization lays out determines what King and Cleland refer to as a natural dichotomy in the activity of members of the organization, between strategic considerations and activities, and operating ones. The “strategic-operating dichotomy” in turn defines two categories of managerial decisionmaking. Establishing the organization’s mission and its objectives is on the level of strategic planning. Strategic choices concern “the basic purpose of the organization, the objectives to be sought, as well as the general way in which they will be sought.”<sup>21</sup> Operational decisionmaking, by contrast, does not involve defining objectives. They have already been set. Operational activity is about implementation—getting things done. It is not hard to see how this model of corporate governance could be interpreted to suit Vladimir Putin’s needs when he became the Russian president. If one assumes that strategic planning is the purview of a single individual, the head of the organization, the CEO, then that one individual alone must make all the big decisions. He defines the goals and strategies and stakes out the general course. Other individuals implement decisions. They devise tactics. They have clearly delineated responsibilities. They report to the head of the organization and are monitored by him.

How Putin has applied this to Russia is obvious. Putin makes the strategic decisions for Russia, Inc. The juridical owners of Russia’s big resource companies (the oligarchs) at the core of the system are for him merely managers in the King and Cleland sense—operational managers or division managers. Their job is to figure out the best way to achieve specified goals.<sup>22</sup> Putin will decide which goals

are best suited to the overall mission and purposes of the organization. The same applies to the division of labor within the Russian executive branch. The people immediately around the president and at the top levels of the cabinet are not there to set the goals. Mr. Putin sets the goals. They execute them.

The problem is, Putin's interpretation of the book he so liberally cites in his dissertation is a distorted one. King and Cleland expressly point out that while it *might appear* that the strategic-operating dichotomy implies that "different kinds of people, possessing different mixes of skills, should be assigned to strategic and operating responsibilities," in fact, modern organizations do not work that way. Rather they operate on the principle that their "*managers should have both strategic and operating responsibilities* [emphasis in the original]." <sup>23</sup> Success does not come from having one individual arrogate all responsibility for strategic planning. Although there is a chief executive, *every* manager needs to be able to allocate time and effort to make both operational and strategic decisions. Vladimir Putin's interpretation was not King and Cleland's, but it came to shape the way he governed Russia. He made himself the all-powerful CEO of Russia, Inc. and took on all the responsibility for himself.

When he was prime minister from 2008 to 2012, Putin took the key strategic planning and goal-setting functions along with him. As president, Dmitry Medvedev executed and carried out some of the main goals. He did not get to set the national agenda on his own, although he was allowed to make a few tweaks here and there and exert some influence. <sup>24</sup> The basic mission statement for Russia, Inc. was already laid out in Mr. Putin's December 1999 Millennium Message. It was refined again in the set of goals encapsulated in the Russia 2020 strategy, which government task forces produced and Putin oversaw during his time as prime minister. Medvedev was at best a version of a COO, Chief Operating Officer, as president, not the CEO or strategic planner in Putin's conception of that role.

The key to applying the corporate management model as envisioned by Putin is to have a small number of key players. This is

## DR. PUTIN AND THE PH.D.

One of many manifestations of the Putin enigma is the graduate degree in economics that he earned in the 1990s. Putin was awarded the degree from an institution that he never attended, the St. Petersburg Mining Institute. He also wrote the dissertation for a degree on a topic—raw materials—in which he appears never to have been directly involved. Putin has, on a couple of occasions, mentioned the degree or the dissertation in passing, and it is listed as part of his official biography on the presidential website. However, he has not explained his motives for writing the dissertation on this particular topic, nor has he discussed how he managed to write it during the period when he was presumably deputy mayor of St. Petersburg and also moving to take up his new positions in Moscow. No biographer, neither Russian nor foreign, has adequately described the circumstances of the dissertation. Instead, in the 2000s, there were numerous accounts of the alleged inaccessibility of the text of the dissertation, which only added to the overall “mystery” of the topic. The mystery was compounded by some of the key figures involved in the dissertation’s production.

The head of the St. Petersburg Mining Institute, Vladimir Litvinenko, claims responsibility for supervising Putin’s degree work and has vigorously defended Putin against charges of plagiarism in the thesis.<sup>a</sup> Litvinenko subsequently saw his star rise under Putin’s presidency. He served as Putin’s St. Petersburg campaign chairman for both the 2000 and 2004 presidential elections and then again in 2012. In 2010, he was elected to the board of directors of PhosAgro, one of the world’s largest producers of phosphate fertilizers. His shareholdings in the company are worth more than half a billion dollars.<sup>b</sup>

a. For more details on the dissertation, its availability, and evidence of plagiarism in the work, see the presentations by Igor Danchenko and Clifford Gaddy at the Brookings Institution panel discussion “The Mystery of Vladimir Putin’s Dissertation,” March 30, 2006, Washington, D.C., at [www.brookings.edu/events/2006/03/30putin-dissertation](http://www.brookings.edu/events/2006/03/30putin-dissertation).

b. PhosAgro’s 2011 annual report (published on the company’s website, [www.phosagro.com](http://www.phosagro.com), on April 30, 2012) states that Litvinenko’s ownership share is 10 percent. PhosAgro’s total market capitalization as of September 14, 2012, was \$5.23 billion (source: [bloomberg.com](http://bloomberg.com)). For more background on Litvinenko and PhosAgro, see Andrew E. Kramer and David M. Herszenhorn, “Midas Touch in St. Petersburg: Friends of Putin Glow Brightly,” *New York Times*, March 1, 2012.



Putin's degree—*kandidat ekonomicheskikh nauk* (candidate of economic science)—is a postgraduate degree sometimes considered to be the equivalent of a Western Ph.D., although in Putin's case it would be much closer to an MBA. The candidate degree was awarded on the basis of a dissertation entitled "Strategic Planning of the Reproduction of the Mineral Resource Base of a Region under Conditions of the Formation of Market Relations (St. Petersburg and Leningrad oblast)," which is dated 1997. Its convoluted title poorly reflects the actual content. The issue of reproduction of the reserves of a resource is an important one, especially in the case of oil and gas. But neither of those commodities is found in the Leningrad region, so they are not addressed in the dissertation. Nor is the policy for replacing the reserves for *any* resource actually discussed. This part of the title seems to have been chosen independently of the content of the thesis. Putin does discuss the concept of "strategic planning" at great length, and has applied that concept throughout his presidency, as we point out in the book. It is the most important theme of the dissertation. The discussion is also taken, with little modification and without proper academic citation, from a single source, the Russian version of the King and Cleland textbook *Strategic Planning and Policy*.<sup>c</sup> Meanwhile, the second most important theme of Putin's dissertation is not mentioned in the title. This is the subject of chapter three of his dissertation, Russia's strategic need for expanded export-import infrastructure, specifically for what Putin refers to in his text as "integrated transportation and production port complexes."

c. King and Cleland (1978).

where the peculiarities of modern Russia proved to be a distinctive advantage for Putin. The first peculiarity is that a single sector, oil and gas, so thoroughly dominates the Russian economy and the politics of the country. Value creation in the economy is overwhelmingly concentrated in the energy sector. Most of the rest of the economy, including manufacturing, creates little added value. In some cases it is even net-value-subtracting—heavily dependent on direct government subsidies and other handouts, including under-priced energy and other material inputs. As a result, the two-fold challenge for Russia's economic management is to ensure that value continues to be created by the oil and gas sectors and that enough of this value is shared with the rest of Russian industry for other sectors to be able to survive.<sup>25</sup>

The second distinctive feature of the Russian economy is that there are so few companies in these critical value-creating oil and gas industries compared to other advanced industrial countries like the United States. Ten companies account for about 90 percent of Russia's oil output. Gazprom, Russia's massive natural gas company, produces nearly 80 percent of the country's natural gas.<sup>26</sup> Third, thanks to the 1996 "loans-for-shares" deal, several key oil companies, as well as other top commodity producers, were acquired by the group of oligarchs who became deeply beholden to Putin as a result of the protection deal he struck with them in 2000.<sup>27</sup> Such a high degree of concentration of ownership is a disadvantage from the perspective of pure economic performance. For Mr. Putin, the Case Officer who prefers "working with people" through informal arrangements in order to accomplish his goals as president, the degree of concentration is a clear advantage. There are only a small number of people to deal and make deals with.

### THE IMPORTANCE OF OIL . . . AND TRANSPORTATION

Vladimir Putin was aware of the importance of oil and gas for his mission and goals as early as he knew what the goals themselves should be. As discussed in chapter 5 on Mr. Putin the Survivalist,

and again in chapter 8 on the Case Officer, Putin knew that Russia's natural resources—its oil resources in particular—were a built-in reserve for surviving crises. Of all the resources in the food barter deals Putin oversaw in St. Petersburg in 1990–91, the most important one featured in the contracts was also oil.<sup>28</sup> One single contract, identified in Marina Salye's report on the St. Petersburg food scandal case, involved the export to the United Kingdom of over a million barrels of refined oil products—fuel oil, diesel, and gasoline. As we noted earlier, the debacle of the St. Petersburg commodities-for-food deals also taught Mr. Putin the importance of establishing control not just over the actual resources, but also over the business networks and physical infrastructure needed to purchase, transport, and sell them.<sup>29</sup>

This lesson learned in the early 1990s makes one specific topic in Putin's 1996 dissertation—a topic that is not reflected in the title, but is delved into in detail in the text—particularly relevant to his management of Russia, Inc. Putin devotes an entire chapter of his dissertation to what he terms “the need for Russia's transportation independence on the strategic level.” This is the idea that Russia must not allow itself to be dependent on any foreign country or countries for the infrastructure crucial to ensuring the export and import of key commodities and goods.<sup>30</sup> Putin describes, in great detail, a plan for the construction of a multifunctional oil refining and transportation complex. There is nothing especially original in Putin's thesis about the importance of transportation infrastructure, but it nonetheless underscores the significance of this issue for his presidency. Beyond the unfortunate experience of the food scandal, transportation was a general theme that Putin encountered on a regular basis during his time in St. Petersburg. As deputy mayor, his job was to deal with the domestic and foreign businesses moving oil and commodities, as well as other goods, in and out of Russia through St. Petersburg's vital Baltic Sea ports.

After the breakup of the Soviet Union, one of the earliest concerns of the Russian leadership at both the federal and regional

levels in the 1990s was how to build enough new port capacity on Russian shores to replace the former Soviet Baltic, Black Sea, and Caspian ports, lost to what now were foreign countries.<sup>31</sup> The St. Petersburg mayor's office was involved in these discussions about ports from the beginning. Putin used materials from the various government committees as sources and references in his dissertation. Similar concerns were expressed about how to contend with the loss of the Soviet rail and oil and gas pipeline networks, which had linked producers in the USSR, and thus Russia, to global commodities markets. These now extended out from Russia over the territories of foreign countries like Belarus, Ukraine, the Baltic states, or Kazakhstan and other Central Asian states. As president, Putin has prioritized upgrading Russia's rail network, as well as constructing new energy pipelines directly to key consumers in Europe, bypassing countries like Ukraine.<sup>32</sup>

In sum, the importance of oil and gas as the main sources of value for Russia, and the significance of transportation infrastructure as a means of ensuring control over the physical flows of oil and gas, have helped Putin to define which companies needed to be in the core of his Russia, Inc.<sup>33</sup> In this context, the juridical ownership of the core Russian companies has proven almost irrelevant. Some of the companies are owned by the Russian state. Many others are privately owned. In all cases, Mr. Putin, informed by his Survivalist and Free Marketeer identities, has seen to it that these companies are inside his system and have been subject to his oversight in both formal and informal ways. This is where the top operational managers of Putin's Russia, Inc. come into play. The near-monopoly producer of natural gas, Gazprom, and the largest producer of oil, Rosneft, are owned by the state. They are also overseen by two individuals who could be described as indispensable in Mr. Putin's Russian management and governance system.<sup>34</sup> In 2012, Viktor Zubkov was the chairman of Gazprom, and Igor Sechin was the president and CEO of Rosneft.<sup>35</sup> Putin's relationships with these two are among the oldest of all his close associates.

One or the other, or both, have featured in virtually every important episode in Putin's career over the past two or more decades. The linkages between them extend in multiple directions. For example, only one year after Putin produced his dissertation, Igor Sechin also wrote his dissertation under the auspices of Vladimir Litvinenko's St. Petersburg Mining Institute, on the same theme: transportation infrastructure for oil. The title of Sechin's thesis was the "Economic Evaluation of Investment Projects in Transportation of Oil and Oil Products." It was a cost-benefit analysis of a project to build a pipeline from Russia's largest oil refinery at Kirishi in Leningrad oblast to the loading terminal in Batareynaya (Battery) Bay on the Gulf of Finland.<sup>36</sup> In 2000, Viktor Zubkov, also received his degree from the very same Mining Institute. True to form, Zubkov's dissertation was on "Improving the Taxation Mechanism of the Mineral Resource Complex."<sup>37</sup>

Apart from Rosneft and Gazprom, most of the rest of the oil and gas industry was in private hands during Putin's presidency and premiership but with highly diverse structures and ties that extended back to Vladimir Putin himself. The number two oil producer, Lukoil, was a private company controlled by a former Soviet oil industry insider, Vagit Alekperov (an ethnic Azeri from Baku, but a Russian citizen). TNK-BP, a close number three in terms of oil production and number two in reserves, was half-owned by a group of Russian financial oligarchs (including Pyotr Aven and his Alfa Bank partner, Mikhail Fridman) and half by a foreign partner, BP, until 2012. The fourth-largest oil company, Surgutneftegaz, one of the most opaque companies in Russia, has never revealed its ownership.

The companies that transport oil and gas—given their importance in the equation and the prominence of this issue in both Putin's and Sechin's dissertations—were also under control of trusted Putin associates. All of Russia's natural gas pipelines were owned by Gazprom. The crude oil pipeline system was a state monopoly, Transneft, headed by Nikolai Tokarev, an associate of

Putin's from his arrival in Moscow in 1996, and possibly earlier.<sup>38</sup> All pipelines for refined oil products were owned by a Transneft subsidiary, Transnefteprodukt. Both crude and refined products can also be transported by rail.<sup>39</sup> The Russian rail system, another state monopoly, was led by Vladimir Yakunin, Putin's Ozero dacha neighbor as well as the head of organizations devoted to restoring Russia's Orthodox heritage.<sup>40</sup> Leningrad native Yakunin served in an official capacity as a member of the Soviet delegation to the United Nations in New York in the 1980s and was then involved in private business ventures in St. Petersburg in the 1990s. He re-entered the government apparatus in 1997, when Putin named him as regional head of the Main Control Directorate (GKU).<sup>41</sup> Putin appointed him to head the rail monopoly in 2005.<sup>42</sup> Likewise, Russia's key ports and terminals also seem to fall under the ownership of Putin associates or under the direct purview of the state, given the importance of sea transportation for Russian exports (and Putin's and Sechin's dissertations).<sup>43</sup> For example, in 2007, President Putin established Russia's United Shipbuilding Company to consolidate the bulk of Russia's shipbuilding capacity.<sup>44</sup> Igor Sechin was the company's first chairman.

The mixture of ownership structures across these key companies and sectors underscores the point that juridical ownership—whether the companies are private or not—is not the key issue for Putin. It is rather whether the structures give him the ability to interact with the individuals who head the companies—either as owners or as appointed managers. As the CEO/president, Mr. Putin needs to ensure that the activity of the business owners is not detrimental to national interests, as he has defined them. Otherwise, the owners and managers are expected to act independently on behalf of the general guidelines Putin has laid down in his strategic plans. They should maximize performance, pay their taxes, and support the economically backward but politically important sectors of the Russian economy by placing orders with Russia's heavy manufacturing plants where large numbers of jobs are concentrated.<sup>45</sup>

## THE SYSTEM

### THE APPARATUS

Outside Russia, Inc. is the next concentric circle of Mr. Putin's and Russia's system. This is the apparatus, the bureaucracy of the Russian state, where a whole range of officials serve at various levels. This, in many respects, is the Swiss watch level. Here, everyone is supposed to know his or her place and what to do. The apparatus has a hierarchy of its own. At its top are the ministers and other designated officials who run the government. They are disparagingly referred to as *apparatchiki* by most Russians, using the old Soviet term for the state bureaucracy or *apparat*. Mr. Putin, however, proudly calls them *chinovniki*—which has more historical resonance. This picks up on Peter the Great's creation of the Table of Ranks (*chin*) to formalize the positions in the Russian imperial bureaucracy in the 1700s. The system lasted until the Russian Revolution of 1917 and essentially created a professional class of state servitors.

Putin has also referred to himself, in this context, as a *chinovnik*—in interviews in November 1999, when he was successor-designate.<sup>46</sup> In fact, of course, at this juncture he most likely did not see himself quite on a par with the tens and hundreds of thousands of officials in the government apparatus in Moscow or the rest of Russia's regions. He was not a *chinovnik*. He was a *gosudarstvennik* as he declared himself only a month later in the Millennium Message. His identity was not defined by where he happened to work but by his vision for the state. Nonetheless, in keeping with his repeated attempts to create "in-groups" and co-opt key constituencies, especially through the deployment of historical references and analogies, Mr. Putin put himself in the guise of the *chinovnik*. His purpose was to make common cause with the huge numbers of people who would soon be working for and under him in Russia's vast state bureaucracy.

In Putin's system, tables of ranks, formal hierarchies, and organization charts are not particularly important. Positions in the inner

circle as well as in the outer concentric circles of the government are *made* important by the individuals who hold them, not the other way around. The most obvious example was the post of prime minister when Putin occupied it.<sup>47</sup> In sum, the people who Putin has chosen to run the system are important—often entirely by virtue of his connections with them, as he made clear from the outset of his presidency in early interviews. These people are not really *siloviki*, representatives or former officials of the KGB or other power ministries, although some have worked within these agencies as Putin himself did. In one of his early interviews as acting Russian president, with ABC News' Ted Koppel in 2000, Putin stressed that KGB connections were less important than people's "professional qualities and personal relationships."<sup>48</sup> Igor Sechin has links with the security services through prior work as a military translator.<sup>49</sup> Viktor Zubkov's ties are with the Soviet Communist Party apparatus and agricultural sector. Dmitry Medvedev was trained as a lawyer and taught law at his alma mater, Leningrad State University, before joining Anatoly Sobchak's 1990 mayoral campaign.

Once within the system, at the core of the inner circle, people's "professional qualities" on the job supersede the "personal relationships." If they are to stay at the very top of the hierarchy, they have to perform in their assigned roles as well as consistently prove their loyalty to Putin. The people Putin has chosen as his operational managers for Russia, Inc., as well as for running key parts of the state apparatus, are the people who can *deliver*.<sup>50</sup> They are charged with ensuring the smooth operation and a high level of performance for critical corporate elements or sectors. In the case of Sechin, it is the vital oil industry. In the case of Zubkov, the collection and protection of financial information, and, in the case of Medvedev from 2008 to 2012, the constitutionally crucial post of the presidency.

Others play somewhat different roles. They are the "ombudsmen" or intermediate representatives for the system.<sup>51</sup> As we shall discuss in more detail below, their job is to provide vital linkages



between the CEO/president, the inner circle, and other important groups. They channel information and create a feedback mechanism to ensure that everything functions as it should. Igor Shuvalov, one of Russia's deputy prime ministers, for example, played this role as the "sherpa" to the Group of Eight (G8) and the Group of Twenty (G20). He was Russia, Inc.'s, as well as the Russian state's, interface with international financial institutions and international business circles.<sup>52</sup> As president, Dmitry Medvedev played a similar role with world leaders, conducting all the requisite regular meetings with global counterparts, while Prime Minister Putin could strategically pick and choose which encounters he wanted, or had, to take as CEO and strategic planner.<sup>53</sup>

#### PRESENTING ALTERNATIVES TO THE PRESIDENT/CEO

Within the upper levels of the system, and especially in the inner circle of operative management, Putin avoids assigning overlapping spheres of authority. He does not want conflict among his operational managers and deputies. People can disagree with each other—perhaps even directly with Putin—in initial phases before decisions are made on certain policy issues. Once Putin has made a decision, especially one that relates to the fulfillment of an explicit strategic goal, others should not openly act against it. Since Putin makes all critical decisions related to the state's mission, the vital issue within the system is: Who has access to Putin? Who can transmit an idea, a proposal, or a message to Putin? Weight in the system is not just who executes, who carries things out, but who transmits—who can convey information that might change or affect a decision on an important question by Mr. Putin in his role as the CEO/president.

As a number of Russian analysts and Kremlin insiders have pointed out, where there are unavoidable divergent interests on critical issues, Putin expects his close associates to present their cases (or synthesize and present the positions of other larger groups and interests outside the inner circle) and let him decide on the

trade-offs. There is thus freedom of expression not only at the private level of close associates, but remarkably high up the system at a public level.<sup>54</sup> Individuals outside the inner circle as well as within can disagree openly with official proposals for policies. They can present alternatives and generally make contributions to policy as long as they work within the system, do not question its legitimacy, or question Putin and his team's competence, and then get on board with the leadership's policies once final decisions are made.

This explains why, over the past decade, there appeared to be considerable disagreement at the top of the Russian state apparatus on critical economic and other political issues, which was often aired in the press or in public statements. The differences became especially acute during the period of the tandem and the Medvedev presidency from 2008 to 2012. Two different teams—one around Medvedev and the other around Putin—aggressively competed to get their ideas and proposals into prime time consideration.<sup>55</sup> This period also overlapped with the most difficult phase of the economic crisis in Russia, when the Kremlin actively solicited outside ideas on how to tackle it. In many respects, this is a variation of what was called democratic centralism in the Soviet period—but in Putin's Russia it was played out in public instead of entirely behind the Kremlin walls.<sup>56</sup>

#### THE IRRESPONSIBLE OFFICIAL AND OTHER CAUTIONARY TALES FROM A VERTICAL SYSTEM

Everybody knowing what they have to do and when they have to do it—as well as knowing that they will be accountable to the man at the top—is the idealized essence of Putin's system. This is the key element of the *vertikal vlasti* (vertical of power), which Putin tried to create in centralizing the state apparatus in the 2000s. The man at the top lays out the mission and sets the goals. Everyone else from the top to the bottom of the federal state apparatus has a larger or smaller set of responsibilities for trying to achieve those goals. The same happens at the regional level.

The *polpred*, the presidential envoy for one of the large federal districts, is charged with ensuring that the state's goals are met outside of Moscow. The presidential envoys must monitor the performance and compliance of the group of regions within their larger district. Regional governors report back to the *polpred*, and thus back to the Russian president. They must likewise ensure that every level of the regional state apparatus is working away on its respective set of responsibilities.

Getting the state machinery in motion in this way was Vladimir Putin's policy innovation after the school siege by Chechen terrorists in Beslan in the Russian North Caucasus in September 2004. The ideas certainly preceded the Beslan tragedy—having originated in the 1997 *poslaniye* and in many other documents—but Putin was waiting for an excuse and a coherent rationale to introduce them. Beslan provided one.<sup>57</sup> During the siege, no one on the scene took decisive action to deal with the standoff with the terrorists. They waited for instructions from the top (or even outright refused to respond to the situation) as everything got progressively out of hand. In what seemed like another rerun of the August 2000 *Kursk* tragedy, the lack of action was captured by Russian as well as international media outlets and widely documented.<sup>58</sup> Putin had to step in to dispatch negotiators and counter-terrorism SWAT teams from Moscow to the North Caucasus to tackle the crisis. For several agonizing days, the world watched as hundreds of children, parents, and teachers suffered, and then ultimately perished in the eventual assault on the school. Putin had been forced to assume manual control.

In the *vertikal vlasti* that Putin rolled out after Beslan, he announced that he would force the Swiss watch mechanism into proper, orderly, automatic operation again. Everyone who was appointed to a position within the mechanism of the state apparatus, at the federal, regional or local level, would know what his or her job was and would have to answer for it. Putin declared that he would end elections for crucial positions in the regions and appoint

people directly so that they would be personally accountable to him for their performance and actions. The Russian word for responsibility or accountability, *otvetstvennost'*, has the same root as the word answer: *otvet*. In Russian this concept is thus quite powerful. In American parlance, having personal *otvetstvennost'* for something means that problems cannot be kicked upstairs. The “buck stops” with the particular individual. In creating the vertical of power, Putin wanted to make sure that the “buck” for most things would stop at a level much lower than him, than the presidency.

Since introducing the vertical of power, Putin and members of his inner circle have relished telling tales to illustrate why the system is in place. A particular favorite has been the “tale of the irresponsible elected official” in some remote (usually Siberian) locality. Putin has made this his stock anecdote for creating the vertical of power, including for ending the election of regional governors and other key officials after 2004. He has brought it up in press interviews and rolled it out twice at Valdai Discussion Club dinners. Both Valentina Matvienko, who was then governor of St. Petersburg, and Igor Shuvalov have repeated the same tale (with a few variations of their own) in meetings with the Valdai group. The tale usually begins as related to Putin or others directly by then Emergencies Minister Sergei Shoigu:<sup>59</sup>

A Siberian locality is plunged into an icy and potentially deadly blackout in the depths of winter. The local elected official has not realized he is responsible for dealing with potential winter fuel shortages in his region. He has failed to make the necessary advance provisions to stash away reserves. The population protests. Appeals are made to Moscow for assistance. Sergei Shoigu and a crisis response team are dispatched to take charge. Shoigu tries to persuade the hapless official to go out to address the crowds clamoring for action. The official demurs and excuses himself for a moment (ostensibly to go to the toilet in one of Putin’s versions—another of his favorite references to outhouses) “never to be seen again.” Putin concludes, after retelling this tale, that only

people who are appointed and told what to do, and then made fully accountable to him and to Moscow, will take charge. If they know they have to answer to the top, they take responsibility and do what is necessary. If they are elected, and have no boss but the people, they simply take off.<sup>60</sup>

In the years since Beslan, Putin has found the vertical of power wanting. In spite of relishing his role as the boss, and the PR benefits it accrues, Putin has had to take action himself over and over again. Either he has had to send someone from Moscow out to Russia's regions, or he has had to intervene in person, like in Pikalyovo or during the 2010 fires. Instead of standing on the sidelines and monitoring the mechanism of the state, or formulating and providing the strategic vision from the top like the CEO, Putin has been increasingly diverted from his task. He has plunged into ad hoc tactical improvisations to fix the mechanism. Appointed officials still seem to have the same affliction as the irresponsible elected official who vanished from the scene in Siberia. They have a propensity to look for guidance and instruction—if not an outright bailout—from the top. They do not seem to realize that they are part of the mechanism of a Swiss watch all working in synchrony. They do not know that the buck stops with them. This clearly frustrates Mr. Putin, based on his numerous public complaints in interviews and in discussions about officials' general and specific lack of responsibility.<sup>61</sup>

### A SYSTEM BASED ON DISTRUST

The failure of Putin's vertical of power shows that the corporate management model he envisages cannot work on the scale of the entire state apparatus. The apparatus is too large. The system he has created has too many peculiarities. There are no clear lines of responsibility within the system as a whole. Even if the formal institutions of the state are still in place, the entire system is in many respects completely unstructured. The corporate model appears to have worked in the 2000s for the purpose of controlling the oli-

garchs and monitoring their activity in service of the mission Putin has laid out. Beyond that, Putin's actual practice has not lived up to the blueprint. In a properly functioning corporation, there is delegation of responsibility and accountability up and down the entire chain of command. There is also reward and merit at every level. In Putin's virtual corporation there are no clear chains of authority because there can be no authority that does not come from Putin personally. Personal relationships trump professional resumes, apart from in a handful of cases, and rewards are concentrated at the very top of the system.<sup>62</sup>

There are three main reasons why Putin's system cannot match up to the corporate governance ideal. The first and most obvious reason is that Russia is a state not a corporation. At the top of Putin's system, the CEO is accountable to no one. Putin has claimed on occasion that he is just a "hired manager," but the reality is much different. He is officially Russia's president, not its CEO. Since he was formally elected president in 2000, no one has hired him, and in reality no one can fire him. There is no overriding institution that can oust Putin from his constitutionally guaranteed terms as Russian president. As a result, Putin's system operates in two parallel universes. There is the political, legal, constitutional environment of the state, which ordinary people as well as those working in the state apparatus have to live under. Beside it, and intertwined with it, is the informal, unofficial system Vladimir Putin has created.<sup>63</sup> This is the "special world" of the original oligarchs who Putin brought into his July 2000 deal. It also includes what one might call a set of crony oligarchs who have risen to prominence since 2000, all of whom have ties one way or another to Putin; and it includes the network of close associates who work with him in the inner circle.<sup>64</sup> In the special world, the oligarchs can make strategic decisions related to their business holdings. In this regard, their formal ownership of economic assets delineates a sphere of authority. This is not true in the government apparatus.

The so-called crony oligarchs have some important distinctions from the original oligarchs who emerged from the “loans-for-shares” deal of the Yeltsin era. These distinctions underscore some of the finer points of the system and Putin’s efforts to create a sense of accountability. Putin did not inherit the cronies. They have become extremely wealthy under his presidency. Even if their personal associations with Putin are more tenuous than some of the reporting on their connections might suggest, they play an important role in the system he has created, and they occupy extremely responsible positions in the Russian economy. They are all predominantly involved in oil and gas transportation and trading and are thus key to Putin retaining ultimate control over Russia’s economically and politically vital oil and gas sector. They are the active, mobile, adaptive intermediaries between massive and clumsy behemoths like Gazprom, Rosneft, and Transneft and the global markets. Their existence is the difference between a bureaucracy that does not, and cannot, get things done (like the Soviet, and now the Russian, state apparatus) and a group of individuals who can get things done and profit in doing so.

In Putin’s conceptualization of the system, the crony oligarchs are accountable to him personally. The state-owned firms are not really accountable, because accountability to the public is no accountability at all (as the tale of the irresponsible Siberian official makes clear). The crony oligarchs, like the original oligarchs, are a small, limited group. This makes it easier to deal with them directly. The personal enrichment of the group is related to Putin’s goal of ensuring control, accountability, predictability, security, and stability in all transactions involving oil and gas. Group members become wealthy because they deliver results, not simply because they are friends with Mr. Putin. They are rewarded and protected by Putin and his system on the basis of their performance.<sup>65</sup>

The second and third reasons why Putin’s system does not match up to its ideals are interrelated: the massive distrust that

permeates the relationships among the key players in the special world and the extreme, even hyper-personalization of the system. Putin personally distrusts most people. This fact comes out repeatedly in his interviews and in the various biographical works. Only a few people, including Viktor Zubkov, Dmitry Medvedev, Alexei Kudrin, and Igor Sechin, have ever been publicly singled out as deserving of Putin's trust.<sup>66</sup> They have clearly worked hard to earn it over their long associations with him. If you do not know people personally, how can you know whether they can be trusted to do something? If you do not trust people, you do not give them real responsibility. If people cannot be trusted, they also cannot be held accountable, in the Russian sense of *otvetstvennost'*. Those who knew Putin back in his St. Petersburg days underscore in interviews that loyalty and trust are always closely interlinked for him. Putin's former judo trainer, Anatoly Rakhlin in a 2007 interview with the Russian newspaper *Izvestiya* stressed that Putin "doesn't take the St. Petersburg boys to work with him because of their pretty eyes, but because he trusts people who are tried and true."<sup>67</sup> There is ample evidence to suggest that while incompetence may be forgiven, breaking deals and personal disloyalty will merit the most extreme punishment.<sup>68</sup>

Distrust also means that the special world, the closed informal system around Putin and Russia, Inc., requires hands-on direction at all times. There must be some kind of hook to guarantee loyalty, even with the crony oligarchs and others who seem to be the most closely linked to him. Here again, Putin has applied his KGB case officer training and experience to create the same kind of arrangement with the inner circle that he made with the original oligarchs in July 2000. As he can fully trust only himself, Putin applies extortionary methods to everyone else—basically mutually assured incrimination to ensure loyalty.

A great deal has been written about corruption at the top levels of the informal Russian system, with much speculation about the inner circle's personal wealth, including Putin's.<sup>69</sup> The role of



money in this system is important but commonly misunderstood. Money is ever-present in the system, but it is not money that guarantees loyalty or holds the top level together. Instead, it is the fact that the money derives from activity that is or could be found to be illegal. Participants in the system are not bought off in the classic sense of that term. They are compromised; they are made vulnerable to threats. Enforcement of group cohesion in the special world is achieved not by positive incentives but by implicit threats. Putin used threats as a case officer in the KGB. This was the essence of the system Putin put in place with Viktor Zubkov's assistance during his time as deputy mayor in St. Petersburg. Loyalty is ensured through blackmail. Corrupt, even illegal, activity will be kept secret as long as the individual continues to play the game.

People are rewarded with money and other perks for working for and within the system and for performing well in the tasks that Mr. Putin has set out for them.<sup>70</sup> But, as Putin learned in the KGB, there is always the risk that someone else will bid higher, or that one of the inner group might some day decide that honor or conscience are worth forgoing the monetary rewards. Therefore, as an enforcement mechanism, the risk of *loss* is more important than any reward. And, as in the most effective blackmail schemes, it is not the threat of loss of money or property that frightens most people. It is loss of reputation, loss of one's standing in the eyes of family, friends, and peers—loss of one's identity. (When confronted with a blackmail threat, the instinctive reaction of every victim is the proverbial plea to “take everything I have, just don't tell X.”) Often the threat is made officially and publicly to underscore the risks. For example, in 2002, Viktor Zubkov, as head of *Rosfinmonitoring*, asked Russian journalists to “pass on” this message to tax evaders: “Anyone still involved in criminal business should cease immediately. We're going to find them and make them answer for their crimes. They'll end up as paupers and bring shame to their families.”<sup>71</sup> Key oligarchs and others who have made a deal with the Kremlin and have responsibilities within the informal

system are not allowed the option of cashing out. If all they stand to lose is the cash flow, then they *are* like hired managers. But they cannot have that independence. A very few have been allowed to leave, but they are still expected to adhere to the rules of the game and refrain from meddling in Kremlin business.<sup>72</sup>

In short, corruption (as viewed from a Western perspective) is the glue that helps keep Putin's informal system together. In the special world, everyone's wealth is deliberately tainted. Rumors or stories in the press about corruption can be used to bring people to heel, to curb their political or personal ambitions, and to remind everyone else of how much they have to lose. Everyone in the system is depicted as dirty. There are rumors of corruption about everyone, rumors that may or may not be true. No one passes unscathed. Everyone must be vulnerable. This binds the inner circle even more tightly together and makes it impossible for anyone to leave or betray the system. Criminal charges and the effects on families are the more powerful threats, as Zubkov outlined in 2002, than simply losing money. It is no surprise that many people within the inner circle of Putin's system, from oligarchs to government officials, have property, capital, and close family members living abroad. This is also a hedge against the risk of losing everything in Russia when the next person comes along and decides to disappropriate and reallocate.<sup>73</sup>

#### PERSONALIZATION: THE "ONE BOY NETWORK"

Threats and extortion may address one set of systemic issues, but they will not solve everything. Since 2004, Putin has had to face the dilemma that distrust and the personalized nature of the system he has created also undermine his general concept of the vertical of power. The fact that the particular person in a specific position, or carrying out a discrete function, is crucially important has weakened the vertical of power from the top to the bottom. Some people are more powerful than others by virtue of who they are and their connections rather than their positions—especially if

they have close personal ties to Putin. Most Russians working in the state apparatus are well aware of the existence of the parallel universe of the informal, unofficial, special world of privilege and access to Putin.

Putin himself underscored the personalization by taking back the presidency from Dmitry Medvedev in 2011–12. The so-called *rokirovka* (castling) or Medvedev-Putin job swap, was seen by many Russian analysts as undermining the institution and position of the Russian presidency.<sup>74</sup> When he left the presidency in 2008, Vladimir Putin reportedly commended the staff of the presidential administration for their efforts in rebuilding the institution since the 1990s. He often, in the same period, made public reference to his pride in strengthening the “one institution that works” in the Russian state. Putin instructed his staff to continue to serve the presidency and keep it strong. He noted that he was taking it upon himself to similarly strengthen the position of prime minister and thus the role of the government and cabinet of ministers to complement the institutional work he had done in the Kremlin.<sup>75</sup> Four years later, Vladimir Putin reclaimed the presidency as a personal sinecure. The *rokirovka* restored Putin the person but damaged a decade of efforts to restore the integrity of the Russian presidency as the position at the top of the vertical of power.

Furthermore, throughout his tenures as president and prime minister, Putin has undermined the value of other key institutional positions, either by moving the same set of close associates from job to job at the very top of the system, or conversely by keeping others further down firmly and unassailably in place. Again, the people count, rather than the positions they hold. Unlike Dmitry Medvedev during his presidency, Putin does not generally sack people within the system, even for clear incompetence—he gives them another chance to do better (or do something else). While some of the highest profile people move around in search of the ideal opportunity, or because Putin has reassigned them to undertake a particularly crucial task, people at other levels stay in their offices.

Putin explained his motivations for keeping long-serving ministers and others in place in his December 15, 2011, call-in show:

These are qualified people. . . . We can dispute with them or reproach them for something, but the worst thing we can do is to start shuffling them from position to position. . . . I have some experience with this work, and I know what constant reshuffling means and what it leads to. . . . If people are making the wrong decisions, our task is to organize the work in a way that will avoid these mistakes.<sup>76</sup>

From his time as a KGB case officer, Putin knows it is very costly to build up the levers to “identify, recruit, and run” an agent. When he contemplated dealing with the oligarchs in 2000, he also knew that Russia had a very limited number of its own capitalists who could run huge corporations and make them competitive internationally.<sup>77</sup> Likewise, when you fire a minister, you lose all that investment. Even a dull, incompetent team member who is loyal and fully under control is better than a new and competent one who might not understand the rules of the game and the workings of the special world, the parallel universe. This is why you keep people in place rather than fire them. If they are a real problem, you try to find something creative for them to do hidden in the depths of the system where they can do no harm.

The classic example of the latter is Yevgeny Nazdratenko, the former governor of Primorsky Krai and the bane of President Yeltsin’s regional policies in the 1990s. Early in his term, Putin took action against Nazdratenko as one of the first moves in his policy to rein in Russia’s regions. Rather than repress Nazdratenko, Putin carefully moved him away from the regional capital, Vladivostok, and gave him a lucrative chairmanship in Moscow in the Russian State Commission for Fisheries. One journalist, puzzled why Putin did not deal with such an obvious opponent more harshly, posed that question to Anatoly Chubais. Chubais replied:

This [the treatment of Nazdratenko] is the way that our president was demonstratively explaining the new rules of the game to the elite. . . . Putin was showing that those who play by the rules [and Nazdratenko did play by the rules, because in the end he agreed to voluntarily retire from Primorsky Krai] will be treated as one of ours, and we will not touch them. But those who do not agree to play by the rules will be dealt with, with the full severity of the law.<sup>78</sup>

In short, as a consequence of his Case Officer identity, Mr. Putin cannot simply abandon an “asset.” Looking at all in the inner circle as assets is another reason the team around Putin always remains small. The fact that Putin sees himself as the person who has identified and recruited people to the team, the inner circle, and is responsible for running them, dictates a limit. His corporate model reinforces this. As a result, however, Russia, Inc. has no strategic reserve in terms of personnel, even if it has an enormous amount of material and financial reserves. It has very weak capacity for renewal by bringing in new faces and no mechanism for mobility at the top unless it comes through Putin. Everything is limited by relations with Vladimir Putin.<sup>79</sup> With the Communist Party of the Soviet Union long gone, and United Russia never having graduated to the position of fully institutionalized ruling party, Putin has no mechanism except personal connections to select people for key positions and responsibilities. The old Soviet and Russian establishment has been replaced by the ultimate old boy network—a *one* boy network—where Vladimir Putin functions as the primary recruiter.<sup>80</sup>

Everyone’s relationship at the top of Russia, Inc. is with Putin. The terminology of the inner circle reflects this. During the 2010 Valdai Discussion Club meetings, for example, top officials in the government and the region repeatedly referred to him and to doing things in tandem with him—*My s Putinom* (Putin and I) was a

constant refrain.<sup>81</sup> There are only vertical links up to Putin, even within the informal system, and no real horizontal ties. Everyone, no matter who, needs to check back with Putin or refer back to Putin to legitimate his own position, ideas, or general standing. The most exaggerated example of the one-way relationship with Putin is Chechen President Ramzan Kadyrov. The Kadyrov-Putin relationship is an extreme case of personal fealty in both the informal and the formal state systems. Ramzan Kadyrov makes it clear that he considers he has a personal bond with Vladimir Putin and owes allegiance only to Putin, not to the Russian state.<sup>82</sup>

### “WHO CAN TRANSMIT TO VLADIMIR?”

Putin is aware of the difficulties posed both by the hyper-personalization of the system and the coexistence of the informal and formal state systems. In fact, he has tried to create a solution. Bridging the gap between the two parallel universes is a set of intermediaries, the ombudsmen. As we noted earlier, the role of the ombudsmen is to reach out to interest groups beyond the informal system who have stakes in specific decisions the system makes. They channel information and afford outside stakeholders a limited degree of access to Russia, Inc. and to the personage of Mr. Putin. The nominal power and position of these ombudsmen is based solely on their access to Putin. Can they transmit?

Gleb Pavlovsky in his interview with *The Guardian* in January 2012 described the ruling party, United Russia (UR), as performing an ombudsman function. He noted that the party had been designed solely as a transmitter for the more formal state structures, so they could reach the top and the informal echelons around Putin, and the top could reach them:

United Russia is a telephone system from the Kremlin to the bottom through the regional apparatus. *A transmission of the signal*. It has absolutely no independence and cannot act on its own, in contrast to the KPSS [Soviet Communist Party].

It cannot fulfill political directives. It needs full instructions, 1, 2, 3, 4 and 5. If 3 and 4 are missing it stops and waits for instructions. UR has nothing in common with the KPSS. It has just been useful as an important element.<sup>83</sup>

In his book covering Putin's presidency and premiership from 2000 to 2011, British journalist Angus Roxburgh describes a similar role for Putin's press secretary, Dmitry Peskov. Roxburgh spent three years as a consultant for the Moscow office of the Ketchum public relations company working as a media and communications adviser for Peskov and his team. Peskov was the interface between the Kremlin and international press, passing requests for interviews up to Putin and other key figures and transmitting information back again. As Putin's spokesman, he also played a key role in conveying Putin's views across the political system and to key international interlocutors as Roxburgh and other Ketchum colleagues described—including making phone calls to congratulate influential people on their birthdays.<sup>84</sup> Getting Putin and the Kremlin to open up and broaden access for the media was, however, a very hard slog for the Ketchum group—one they never pulled off. The system relied far too heavily on controlled transmissions and limited access to the top.<sup>85</sup>

Perhaps the best illustration of this point was still President Medvedev's statement "I will transmit this information to Vladimir," captured by a live microphone during his meeting with U.S. President Barack Obama in Seoul, South Korea, in March 2012.<sup>86</sup> President Obama was caught explaining to Medvedev that he could not make much progress on critical issues during the U.S. presidential election season but hoped to have more flexibility in a second presidential term. Medvedev nodded in sympathy and patted Obama's arm, reassuring him that he would tell this to "Vladimir."<sup>87</sup> Over the four years of his premiership, Vladimir Putin studiously avoided meetings with world leaders, including Barack Obama who met with him only once, on July 7, 2009.<sup>88</sup> German

Chancellor Angela Merkel, French President Nicholas Sarkozy, and British Prime Ministers Gordon Brown and David Cameron all had the same limited interactions—one meeting (none in Brown’s case) and some occasional phone calls.<sup>89</sup> From time to time, Putin would deign to meet with U.S. Secretary of State Hillary Clinton and other envoys when a critical issue needed his attention, but mostly the relationships at the state level were focused on Dmitry Medvedev. The assumption was that if Putin needed or wanted to know something, Medvedev would let him know. Otherwise there was no really good, or reliable, way of speaking directly to the man who still dominated Russian politics in 2008–12.

In this way, by limiting access to himself, Mr. Putin managed to transform himself back into the Outsider after 12 years at the very center of power in Russia. He played this to great advantage. Access to Putin remains one of the most valuable currencies in Russia. For the four years of his premiership, Putin kept everyone guessing about his intentions, inside and outside Russia. Just as he had back in the days of the Leningrad State University *dvor*, he stood to one side, monitoring the situation, saying little. Using the tandem structure with Medvedev, as in the words of Russia analyst Pavel Baev, Putin really did “vanish in a crowd of two.”<sup>90</sup> As a result of Putin’s aloofness, at all levels of interaction with the Russian state over the period from 2008 to 2012 (including in international government circles) there was a veritable obsession with the need to identify a reliable mode of transmission to Vladimir. If would-be interlocutors could not get the ear of President Medvedev, the ultimate “transmitter” to Vladimir, then they would latch onto others in the Kremlin orbit in the hope they could transmit up the vertical of power.<sup>91</sup>

At the same time that Prime Minister Putin was avoiding meetings with his state counterparts, he did continue to meet with international CEOs, as the head of Russia, Inc. This was especially the case in the vital oil industry, where Putin’s meetings with global oil titans were publicly and frequently recorded as well as noted in private.<sup>92</sup> Similarly, Putin’s meetings with former U.S. Secretary



of State Henry Kissinger, who is now a trusted adviser to U.S. and other international strategic businesses, were publicized. In this way, Putin emphasized where his priorities lay as the CEO and strategic planner. He was making sure that Russia's economic assets were secure and international investment would continue to flow into the most critical sectors. While Dmitry Medvedev became the reliable ombudsman for statesmen, Putin created several ombudsmen for the world's top businessmen, to supplement the one-on-one meetings with him, with Vladimir himself.

In a June 2012 article during the St. Petersburg Economic Forum, for example, the Russian newspaper *Vedomosti* related how major international companies represented at the forum had stressed the importance of Igor Shuvalov's role as the ombudsman for business and investment in resolving a number of critical issues behind the scenes. International CEOs commended Vladimir Putin for creating the position.<sup>93</sup> *Vedomosti*, however, also highlighted the general mystery of the "investment ombudsman" position for most people operating outside the informal system in Russia, remarking that there was not much information on what exactly Shuvalov was doing in this role.<sup>94</sup> Beyond Shuvalov, another key figure who has played the ombudsman function is Matthias Warnig, a German businessman. Warnig's connections to Putin extend back at least to St. Petersburg and the 1990s, when Warnig opened up the St. Petersburg branch of Dresdner Bank.<sup>95</sup> In the 2000s, Putin appointed Warnig to a number of management and oversight positions in the Russian energy transportation sector. These included a leading role in the company constructing and operating the Nordstream gas export pipeline under the Baltic Sea from Russia to Germany, and senior board positions with Gazprom, Rosneft, Transneft, and other companies. Warnig is seen by international energy company executives as a crucial intermediary between them and these companies, as well as a direct interlocutor with Putin.<sup>96</sup>

The most important ombudsman of all for international and domestic interlocutors with interests in the Russian oil sector,

however, is Igor Sechin, one of the closest of Mr. Putin's associates.<sup>97</sup> Putin reaffirmed Sechin's official ombudsman role in 2012 by creating a new presidential commission on the fuel and energy complex (the TEK Commission, to use the Russian acronym) with Sechin, the CEO of Rosneft, in charge.<sup>98</sup> Putin is technically the chairman of the commission as CEO of Russia, Inc., but Igor Sechin is the executive secretary. As the newspaper *Vedomosti* related, the commission was first set up when Putin was prime minister. There was a great deal of satisfaction with this arrangement among Russian oil executives, who as a result were able to meet regularly and secure access to Putin, as well as to Sechin. In 2012, Russia's oil executives assumed the commission would automatically migrate to the presidency along with Putin, given the importance of the oil sector and his traditional hands-on oversight. They waited patiently for an official announcement. In the interim, Sechin created an "oil club" with the same executives. It met totally off-the-record, informally and privately in Sechin's Rosneft office, once a week. To the executives' surprise, instead of an announcement from the Kremlin, Dmitry Medvedev's aide, Arkady Dvorkovich, suddenly revived the prime minister's TEK Commission, naming himself the head, and designating members. The oil executives apparently revolted. They wanted to retain their access to Putin through Igor Sechin. They appealed to Putin to set up a presidential TEK Commission and signed a formal letter with the request. This was transmitted to Putin via Sechin. Putin made no move to abolish the prime minister's TEK Commission, but he duly established a new presidential commission. The Kremlin commission appropriated all the language of the old commission Putin had overseen in the prime minister's office, along with some new key provisions. The oil executives were delighted. Their ombudsman facility to transmit directly to Vladimir had been restored.

A final example of this function is Alexei Kudrin, who left his position as Russian finance minister after the announcement that Putin and Medvedev would switch positions in the *rokirovka*.<sup>99</sup>

There are other stakeholders in the system who would also like to transmit to Vladimir—mostly their displeasure. In 2011–12, Russia, Inc., the privately held company that sits astride the top of the Russian state found itself in trouble. Representatives of the population in whose name President Putin purports to rule demanded a say in how Russia, the state, is governed. They broke the deal Putin laid out in the Millennium Message in December 1999 of not questioning his methods. Since the first demonstrations after the December 2011 Russian parliamentary elections, Alexei Kudrin has in effect appointed himself as the ombudsman to the protesters—at least to the urban professional elites who constitute many of the protesters in Moscow. Kudrin may even have been encouraged to play that role by Putin.<sup>100</sup>

Alexei Kudrin is extremely well-regarded in Western economic circles, especially in Washington D.C., and is closely connected with everyone else in the Russian political spectrum given his long years of service as Russia's finance minister and as one of Russia's preeminent economic reformers. Like many others in the Russian system—and more so than most of them—Alexei Kudrin's primary claim to legitimacy, as he admits himself, is his relationship with Putin. Kudrin is one of the few in the inner circle who can genuinely claim that "Putin respects me," as Vladimir Putin has actually said he does. He has occupied positions both within the informal network and the official state apparatus. By virtue of their decades of working together, dating back to the St. Petersburg mayor's office, the two are closely linked. They know each other extremely well. As noted earlier, Alexei Kudrin brought Putin to Moscow in 1996 and recommended him for key positions, including heading the GKU. In 2012, Alexei Kudrin may have recommended himself for a mission, outside government, to figure out how to deal with a "stakeholders" revolt against Mr. Putin's system.<sup>101</sup>

## CHAPTER TEN

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# CONCLUSION: THE STAKEHOLDERS' REVOLT

"DON'T GO PLANNING my funeral quite yet!" Mr. Putin interjected when one of us asked how he wanted his legacy to be viewed once he was no longer leader of Russia. On that occasion—at the Valdai Discussion Club dinner outside Moscow in November 2011—his response was meant to be a joke. But more than one guest around the table thought it interesting that Putin so instinctively seemed to assume that only his own personal demise could bring an end to his rule.

Within just a few weeks of the dinner, discussion of the possible end of Putin's rule would become public. In a string of protest events beginning in December 2011 and extending into 2012, Russian citizens came out onto the streets in numbers not seen since the 1990s. The protests caught Putin, his associates, and outside observers by surprise. The reaction from much of the Western media was gleeful. "The beginning of the end of Putin," proclaimed the headline on the cover of *The Economist* on March 3, 2012.<sup>1</sup> But those who hoped that the end would come soon were disappointed. Mr. Putin the Survivalist weathered the protests and reemerged as Russian president in the March 2012 election.

The street protests of the winter of 2011–12 were not the end of Putin, nor of "Putinism," but they did mark a turning point for him

and his system. The question is whether the protest movement will gather greater force over time—and, if so, whether Putin can maintain control. As we have outlined in the preceding chapters, more than a decade ago, in 1999–2000, the original Mr. Putin drew on strengths from six identities as he transformed himself from the operative in the Kremlin to the master of the Kremlin. Can Vladimir Putin draw on those same strengths to meet the new challenges he faces as he embarks on a third presidential term that is set to extend to 2018? There are a number of reasons—embedded in the political and economic system he has created, in his personality, and in certain dimensions of these identities—to raise doubts.

As the previous chapter showed, even before the winter of 2011–12, Putin's virtual corporation was running out of steam. His frustration with the internal workings of Russia, Inc. was unmistakable. The system was not running smoothly on automatic as he intended. Even his own repeated attempts to assume manual control were not producing the desired results. But as the December 2011 events were to show, the internal problems of Russia, Inc., as serious as they were, paled in comparison with the crisis emerging outside. Russia on a broader, societal, level now demanded Putin's attention.

There is, in the real corporate world, the concept of non-market or secondary "stakeholders." These are the people and groups who are not themselves owners or shareholders in a company but who are nevertheless affected by the actions of the corporation. So while they have no formal legal rights as owners, they feel they do have rights because the business affects their lives. They are the general public and the communities in which the corporations operate. Because they often have little or no formal voice, they may resort to informal, even extra-legal means of making their views heard. Putin's Russia, Inc. has not yet faced a revolt from the small set of shareholders clustered around Mr. Putin and the Kremlin—but it is facing a stakeholders' revolt.

Nominally, the protests that began on December 10, 2011, were a reaction to the previous week's parliamentary election. In the

election itself, Russian voters delivered what was broadly interpreted as a defeat for the ruling party, United Russia. The 49 percent of the vote the party received was less than the figure planned and predicted by the Kremlin spin doctors, as voters turned instead to the Communists and the other “official” opposition parties. What triggered the protests was the belief of many ordinary Russians that the United Russia tally should have been even lower, as well as their outrage over evidence of extensive fraud in voting procedures and vote counting, especially in Moscow. More important still was the steadfast refusal of the electoral authorities to admit even the most egregious violations. Using all the available range of Russia’s social media, individuals posted on the Internet blatant examples of vote tampering at the precinct level well ahead of official election reports. Then, every bumbling attempt by electoral officials to deny the problems was also spread through the same media.

The role of the Internet was key. In the 2000s, Russians became some of the world’s heaviest social networkers, with their own version of Facebook—*vKontakte* (also known as VK.com)—and a profusion of blogs and YouTube postings. One of the many dimensions of Russia’s flurry of social media activity was implicitly political. Blogs, for instance, became a popular way for ordinary Russians to mobilize community action. During the summer of 2010, when forest and peat bog fires spread around Moscow and throughout central Russia—taxing local authorities’ fire fighting abilities—many Russians used the Internet to organize emergency assistance and even to fight the fires themselves. Parallel with this grassroots mobilization, the Kremlin’s response to public anger about the lack of government action to tackle the crisis was to stage Putin in the role of firefighter. The contrast could not have been greater—community organizers, using the Internet to accomplish something real, versus the performance artist, “Mr. Putin: Firefighter.” As we noted earlier, YouTube video clips of Mr. Putin’s visits to afflicted villages showed he was not as well-received as the

official images suggested. His staged antics were regarded not just as a charade but as an insult to those suffering from the fires. It was not surprising, then, that entering the winter of 2012's election season, social media offered Russian voters an opportunity to create an information space beyond the state's control. Voters would have multiple sources to turn to for updates about the political campaign and then the vote itself. Even more dangerous for the Kremlin, social media would offer a way for citizens to voice their sentiments about Putin and the system.

Although the Duma election was the immediate catalyst for the protests, public resentment at being taken for granted had already become palpable with Putin's September 24, 2011, announcement that he would return as president.<sup>2</sup> The future suddenly looked a lot gloomier for many Russians. Immediately after the September announcement, a picture of an aged Putin morphed into the image of Leonid Brezhnev, the elderly Soviet leader associated with the USSR's period of semi-comfortable political and social stagnation in the 1970s, circulated on the Internet. It captured a growing popular mood.

In January 2012, journalist Michael Idov wrote an article in *The New Yorker* called "The New Decembrists."<sup>3</sup> Idov has roots in Russia and close ties to many young professional Russians who turned against Putin in the December 2011 street protests in Moscow. He related how his twenty- and thirty-something friends had sat around after September 24, calculating how old they might be when Putin finally decided to leave the political scene. They did not like the answer. They did not like what it said about them and their own prospects. They did not want to spend another six or twelve years of the most productive and creative period of their lives under the political shadow of one man—with all the implications of personal, not just national, stagnation.<sup>4</sup> Idov's friends wanted something else. Although they were not exactly sure what, they at least wanted a choice, a say in what would happen next in Russia. They wanted real, not fake, political alternatives. They certainly did not

want a system hinged on one man, no matter how many guises or brands in which he might appear.

The Kremlin spin doctors missed this growing mood. Or at least they misjudged it. They had to some extent sensed dissatisfaction with the regime as they prepared for the election season of the winter and early spring. Their analysis, though, was that Putin could easily survive the elections if they made United Russia the scapegoat. For that reason they tried to separate Putin from the party ahead of the parliamentary election. In fact, Putin was never a formal member of the party even though he was its *de facto* leader and enjoyed its support. Dmitry Medvedev was put in charge of the United Russia election campaign. The Kremlin also promoted the *Narodnyy front*, or Peoples' Front, as a putative citizens' initiative to channel new political ideas from coalitions of nongovernmental organizations.<sup>5</sup> The *Narodnyy front* was targeted as an alternative base of support for Putin to stress his direct connections with the *narod*, the Russian people, beyond the confines of the party. Those maneuvers proved fruitless. Voters rejected the artificial distinction between Putin and the ruling party. The blame was falling right where it had to in Putin's personalized system: on Mr. Putin. Everything that had happened—the disappointing vote totals for United Russia, the vote fraud, the leadership's failure to take responsibility for the fraud (much less to apologize for it), and then the public displays of discontent, including unprecedented disrespect for Putin himself—all served to tarnish Putin's political brand in the run-up to the March 2012 presidential election.<sup>6</sup>

The Kremlin was hard pressed to find the right next move. Putin and his team sought first of all to distance him even further from the discredited United Russia. They ran Putin as an independent candidate. However, this also meant they could not rely on the party's machinery, such as it was, to manage the presidential campaign and mobilize the voter base at the grass roots. Operating mainly on the media level, Putin's team had to pull out all the stops



to boost his ratings, discredit his opponents, and get the electorate to the voting booths to avoid the specter of a second round of voting in the event that he did not receive the minimum 50 percent of the vote in the first round.<sup>7</sup> In spite of the money spent—not to mention the fact that he faced no real competition—Putin's eventual result was just under 64 percent of the vote.<sup>8</sup> While this would be an enviable result in other electoral settings, it was not what the Kremlin hoped for. Dmitry Medvedev's total in 2008 had been 71 percent. Putin himself received 72 percent in 2004.

Not only was the overall decline in Putin's support troubling. There were also disturbing trends in the geographical and socioeconomic breakdown of the vote. On the one hand, some of the regions where Putin purportedly had strong support showed results so outrageous as to make any objective observer wonder whether the point was to underscore that the entire election was a sham. Five regions reported vote totals of over 90 percent for Putin. Those were regions run by clan structures tied to the Kremlin by personal fealty, money, and force—structures clearly able to deliver any number of votes asked of them. Chechnya, for example, produced a claimed tally of 99.76 percent for Putin. Meanwhile, in a series of Russia's largest cities stretching from European Russia in the west to Siberia in the east, Putin polled under 50 percent, or dangerously close to that margin. Moscow, Russia's richest and most powerful city, gave him the lowest percentage of votes in the country, under 47 percent.<sup>9</sup> In short, Putin regained his status as master of the Kremlin in March 2012, but his position in significant parts of the rest of the country, including right outside the Kremlin gates, in the capital, was more tenuous.

### THE NEW URBAN MIDDLE CLASS

The relative concentration of anti-Putin sentiment in Russia's bigger cities suggests a theme and an important contrast between the nature of protests in Russia and those in, say, Western Europe

during a similar timeframe. The Russian election protests were not a reaction to unpopular economic policy or hardships wrought by the 2008 global financial crisis. If anything, they were the result of Putin's economic policy success. In an online interview a few days before the March 2012 presidential vote, Russian opposition leader Vladimir Ryzhkov described the kinds of people he saw on the streets in Moscow. They were not the modern-day counterparts of the starving peasants and disgruntled soldiers and sailors that had brought down the tsarist regime a century before. They were "programmers, managers, lawyers, engineers, journalists, and bankers."<sup>10</sup>

In other words, the demonstrators were the relatively privileged in economic and social status, not the economically disaffected and disadvantaged. They were people who consumed at the world level, people who thought like Europeans and expected to be treated like them in all respects, including in politics. It was a social stratum that had emerged thanks to the prosperity and stability of the 2000–12 period—the Putin period. The protesters on Russian city streets were objecting to the incongruity of their improved economic status, on the one hand, and the way they were being treated politically by Putin and his system, on the other. Ryzhkov in his interview made exactly this point. Russians in 2012, he said, were no longer the same naïve Soviet people they used to be—people who did not know what they wanted. Russian society is now very mature. It is European. "But," he added, "the regime is still *Chekist*-Soviet. And that's the main contradiction."

Ryzhkov spoke of a "mass middle class" that has developed in Russia in the past twenty years. From somewhere inside that social grouping the protesters have emerged.<sup>11</sup> Exactly who they are is elusive, but the one attribute that is often used is "new." They are the new intelligentsia, Michael Idov's "*New* Decembrists," the *new* urban middle class. It is this newness that separates them, indeed alienates them, from Putin. In his January 2012 interview with *The Guardian*, Gleb Pavlovsky talked about the elite cohort that

Putin seemed to belong to in the 1990s. The elite today are not the same people. The 1990s is no longer a major reference point for this cohort. Many of the protesters were only teenagers in the 1990s and do not have the same dark memories of the period as does Putin. Putin has no connections to them, and he is out of his depth in dealing with them. As we noted in discussing The Outsider identity, this is evident in Putin's language and references. He makes crude jokes that hark back to Soviet times. His generation may snicker, but the references fly over the heads of the new urban elite, who don't get them or are offended if they do.

Consequently, when Putin is forced to attempt to engage in a dialogue with the protesting elements of society, he simply cannot. He is not a sufficiently skilled contemporary politician. Mr. Putin is the Statist, the *gosudarstvennik* who was selected for his political positions. He has never engaged directly with a grassroots base or individual constituencies to win public office except within the context of staged encounters. In all of his time at Russia's helm, Putin has also been very consistent in professing the same goals he outlined in the December 1999 Millennium Message to restore the Russian state. He has not developed a new political program for a changing Russia. During the 2011–12 parliamentary and presidential election campaigns, Putin stuck to his old script. He put heavy emphasis on his previous accomplishments. He drew a strong distinction between the period of stability and prosperity he had presided over since 2000 and the chaos of the 1990s.<sup>12</sup> He compared himself to long-serving world leaders and statesmen like U.S. President Franklin Delano Roosevelt who was elected to an unprecedented—and unrepeated—four terms that took the United States from the Great Depression through most of World War II.<sup>13</sup> In the Russian context, Mr. Putin repeatedly presented himself as the “hero-reformer,” who had set out to bring to completion centuries of abortive or thwarted efforts at various state-level reforms.

For many, that message fell on deaf ears. Instead of praising Vladimir Putin for his past efforts and achievements, the protesters,

the new urban middle class, questioned what he was actually doing today and what he planned to do tomorrow. They rejected Putin's History Man references to Russia's glorious past and traditions as a valid basis for a political program.<sup>14</sup> Vladimir Putin may have restored Russia's reputation abroad and Russians' sense of pride in the Russian state's ability to project its influence—*derzhavnost'*—but at home, there was less sense that the state was functioning on behalf of the population. Putin did not offer any new answers for how he intended to address this issue apart from his promise to finish what he had begun—his *dostroika*.

For Russia's growing urban professional classes, especially in Moscow, Mr. Putin was denying them individual dignity with his insistence that he should return to the presidency. The manipulation of politics and the media, his staged performance pieces, the falsification of the parliamentary elections in December 2011, were an affront to their desire to be treated like full-fledged citizens of a modern European country. Putin studiously rejected their demands. He portrayed their concerns as illegitimate. He claimed the protesters were driven either by fringe minorities and professional oppositionists or by foreign funding and intervention.<sup>15</sup> Even when he was not insulting them—as he did, for example, in his nationally televised remark that he mistook the protesters' white lapel ribbons for condoms—he could only say to them what he told those who work in the government circles, his *chinovniki*.<sup>16</sup> That is, in effect: You can have your say in the election campaign (this is the approved forum for dissent)—either by voting, supporting the campaigns of opposition candidates, or even by protesting publicly. But once the election is over and the final results are in, that's it. Rally behind the majority decision, get with the program. Dissent and disunity are not permissible once the course is set.

Putin spelled this out in a speech on April 11, 2012, marking his election and discussing his program following his May 7 inauguration as president:

## CONCLUSION: THE STAKEHOLDERS' REVOLT

The country has gone through a tense period of elections to the parliament and for the head of state, and, today, of course, we still feel the echoes from the aggravated emotions, the political battles; but the logic of a mature democracy resides in the fact that elections come to an end, and after them another much more important period of joint work always begins. We have one Russia, and its current advanced development must stand as the goal uniting all the political forces in the country that want to work constructively.<sup>17</sup>

The admonition to “forget about politics and get back to work” is not what the protesters wanted to hear. It was in fact the very reason they were protesting.

Coming out of the 2012 presidential election, it might have seemed easy for Putin to think the new urban middle classes were inconsequential in the big picture of Russia. To the Kremlin, they were a minority, and a fairly small minority at that.<sup>18</sup> In Putin’s view, he received a 64 percent national approval rating from the presidential election. Putin thus chose to build his political support on Russia’s “silent majority.” These are the industrial workers, public sector employees, pensioners, and rural residents—bolstered by residents of monotowns like Pikalyovo, the North Caucasus, and other regions heavily dependent on subsidies from the state and thus on their leadership’s strong personal ties with Putin. While the protesters saw their glasses increasingly as half empty, Putin and his silent majority saw theirs as half full or even a lot better than half full.

Try as he would like to ignore the protesters, however, Putin is trapped by a dilemma that will persist throughout his 2012–18 presidential term. His strategic long-term plan to rebuild and restore Russia is based on human capital. The bearers of Russia’s future will be precisely this new urban middle class, what some have called the “creative class.”<sup>19</sup> Putin has no real grasp of who

they are or how to connect with them. The fact that the majority of these people are also currently more concentrated in Moscow than anywhere else is another major problem for Putin. Ironically, the one place where he is still an outsider is the city of Moscow. He came into Moscow in 1996 from the outside, from (as he put it) the provinces—from St. Petersburg, the second city, with all its resentments at being downgraded from imperial Russia's capital in the Soviet period. Putin came on a mission, essentially “to enemy territory,” to rein in the oligarchs and restore the state. He remains in enemy territory. His Kremlin was at odds with Moscow, the city, throughout Mayor Luzhkov's tenure. Moscow's urban population voted against Putin in large numbers in March 2012. In his disdainful references to the protesters and to Moscow's privileges and sense of entitlement, Putin's bitterness is palpable. In the case of Moscow, he is not detached; he is emotional. Moscow is not a source of strength for Putin's presidency. Moscow does not like Putin's personalized system. The more progress he makes in modernizing Russia, the larger the stratum of people who also reject his system will grow beyond Moscow.

Underscoring the broader nature of the problem for Putin, many of the people who took to the streets in Moscow in December 2011 could easily be described as his *chinovniki*. Many of them were public sector workers, including professionals in government agencies, think tanks, Kremlin-sponsored task forces and committees, and in some of the companies owned by oligarchs close to the Kremlin. As even Dmitry Medvedev noted, some of the people on the streets were people who worked for him, or for the groups that had clustered around him during the period of his presidency.<sup>20</sup> Putin's former finance minister, Alexei Kudrin, and many others connected to Kremlin circles who also worked within the state apparatus observed that people they knew personally were out on the streets.<sup>21</sup> The protesters on the streets of other regional cities had similar profiles. This set of protesters were public servants who believed in 2008–11 that with the creation of the tandem

arrangement between Vladimir Putin and Dmitry Medvedev, a more pluralistic system was in the offing. They hoped that the state apparatus at all levels might have more capacity for strategic, not just operational, planning; that their ideas for effecting political change or promoting economic reforms might be taken seriously. In their view, although the tandem was still theoretically in place after the *rokirovka*, power was evidently concentrated back in President Putin's hands. Though still in a high position as prime minister, Dmitry Medvedev had clearly been downgraded. The system now seemed impervious to change from within.<sup>22</sup>

### RUSSIA AND MR. PUTIN AT A CROSSROADS

In 2012, Russia found itself at the same kind of crossroads it encountered in the late 1970s and early 1980s, and again in the mid-1990s, where demands to reform the prevailing political system were mounting.<sup>23</sup> In the late 1970s, when the Soviet Union found itself over-stretched and social discontent began to increase, the demands for change first came from deep within the system itself, including from within Yury Andropov's KGB. The eventual response in the 1980s was perestroika and glasnost, which set the system on its head. Contrary to plan, the response led to the destruction of the state, the USSR, not its reform and restoration. In the 1990s, demands to restore the capacity of the apparatus of the state and its authority, *vlast'*—the re-creation of a strong state—facilitated Putin's ascent to the Kremlin. In the 2010s, many of those who have benefitted from the restoration of the state, including some who have worked within it, now want to democratize it. In many respects they want the same thing that people within the sclerotic Soviet system wanted in the 1980s—to pluralize and open up, to facilitate more public participation in politics and governance.

In the 1980s, prominent people in the KGB, the quintessential power institution, objected to the interests of the Soviet state being sacrificed to the ideological whims of the Communist Party. Legal

scholars like Anatoly Sobchak and Valery Zorkin—mentors and supporters of Putin—wanted to curb and constrain the party's powers. Soviet intellectuals and Soviet youth demanded that society, not just the Communist Party, should have a say in determining their country's future. Mr. Putin has, ironically, become the contemporary personification of the old Soviet Communist Party. In the 2010s, the demands are focused on putting the state and society back above Mr. Putin by de-personalizing the presidency. The protesters want the top positions at the head of the state to mean more than the people who occupy them. Some of the same people who embraced perestroika in the 1980s, including former youth icons of Soviet popular culture, could be found among the protesters in 2011–12.

As Alexei Kudrin and many other prominent Russians have pointed out, Putin risks repeating the mistakes of Russia's past by clinging to an inflexible system that cannot find ways to engage and accommodate critical societal groups.<sup>24</sup> In his 1995 memoir, Filipp Bobkov, the former head of the KGB's 5th Directorate, takes issue with the top leadership of the Communist Party and the USSR under Leonid Brezhnev for their similar inability to see the pressing need for change and democratization. With the wisdom that only comes from hindsight, Bobkov lambasted the party for ignoring all of the accumulating information and analyses on the Soviet Union's social, political, and economic crisis: "Their incompetence did not allow them to forecast events by drawing on data provided by serious scholars—sociologists, philosophers, political, scientists, and historians."<sup>25</sup> Although it is not clear that he had actually realized everything in real time, Bobkov ran through the litany of mistakes the party made in the waning days of the Soviet Union. The Communist Party and leadership failed to address the grievances of the country's constituent ethnic groups in a forthright and timely manner.<sup>26</sup> They hounded the Soviet intelligentsia instead of trying to embrace, channel, and co-opt their ideas.<sup>27</sup> They rejected religion and the Russian Orthodox Church outright,



even though Orthodoxy continued to be one of the mainstays of the Russian population as well as a major factor in generating support for the state.<sup>28</sup> Bobkov concluded that dissidence was normal and inevitable, and engaging in “broad-ranging communication with people [*obshcheniye s lyud'mi*],” including meeting with political opponents and engaging with different world views, was crucial.<sup>29</sup>

Putin joined the KGB as part of the Andropov levy, when Bobkov was still there heading the 5th Directorate, and is on the record as saying that he also considers opposition as normal and welcomes it.<sup>30</sup> At the same time, in the wake of the 2011–12 protests, Putin seems to have decided that this particular manifestation of dissidence was unnatural, and so he has shunned his political opponents. Another of Vladimir Putin's favored historical personages, General Count Alexander Khristoforovich von Benckendorff, responded to the first Decembrist revolt in 1825 by setting up the Higher Police—effectively, the 5th Directorate's predecessor—to study popular sentiment (*sostoyaniye umov lyudey*). Von Benckendorff took society's demands seriously to figure out how to address grievances and pre-empt people from becoming revolutionaries.<sup>31</sup> Similarly, Putin's conservative legal heroes, like Boris Chicherin, advocated liberal measures while still maintaining a firm hand at the helm of the state. All of these figures did this to preserve the state. Their goal was to embrace change and thus stave off revolution. This also appears to be the goal of Alexei Kudrin's *Komitet grazhdanskikh initsiativ* (Committee for Citizens' Initiatives—or KGI), which the erstwhile finance minister and Kremlin insider set up in April 2012 as a means of channeling new ideas for resolving societal problems to the government and the Kremlin.<sup>32</sup> Kudrin made it clear in numerous speeches and presentations that, after the protests of 2012, he had set himself the task of finding a way of engaging with Russia's new professional groups: to harness their “great constructive potential” and to head off the further radicalization of the Russian opposition.<sup>33</sup>

Behind the scenes, it may well be that Alexei Kudrin, the Putin system “insider’s insider,” has deliberately removed himself from inside the system—or even been asked to remove himself—to step outside and do what Putin inside the Kremlin cannot do. With the Committee for Citizens’ Initiatives, Alexei Kudrin seemed to establish himself as another kind of ombudsman for the Putin system, playing the role of the outside adviser to Putin, as well as a mediator between Putin and the stakeholders revolt in the outside world.<sup>34</sup> Even before he set up the committee, members of the Russian protest and opposition movement noted Kudrin’s overtures toward them. They did not doubt Kudrin’s access to Putin, nor his sincerity in seeking their views, but they wondered at both his motivations and his ultimate goals.<sup>35</sup>

On the surface, however, there is no evidence to suggest that Kudrin’s ombudsman role is anything other than self-appointed. This being the case, how could Mr. Putin, the Case Officer who prides himself on his ability to “work with people,” be so unaware of what his own people were thinking? How could he be susceptible to not seeing the changes in Russian society and Russians’ professional and political expectations given everything we have said before in the book? One explanation may lie in the fact that he simply has no direct personal experience of the kind of societal change now emerging in the country. During the similar crossroads in the 1980s, Putin was not around. He was outside the USSR in Dresden. He cannot judge the current national mood and the nature of the protests against the Soviet Union of the 1980s, which is a reference point for other Russians.

Putin’s reference points for protests are more likely the mob outside the *Stasi* headquarters in Dresden, or the bloody confrontations of 1993 between Boris Yeltsin and parliament. In Dresden, in the GDR, Putin saw the difficulties of trying to reform a rigid authoritarian system without unleashing and empowering previously unseen forces from below and losing political control. When he got back to the USSR in the waning days of Gorbachev’s

perestroika, he found his own state overwhelmed by those same forces, teetering on the brink of collapse and disintegration. In his personal experience, there is nothing positive for Mr. Putin, no potential to harness, in protesters demanding political change. As Gleb Pavlovsky observed during his interview with *The Guardian*, Putin fears that political change in Russia will always lead to a situation where the losers of the political confrontation will literally be put against the wall and shot—or in the best case scenario sent off to rot in a Siberian jail.<sup>36</sup>

### TRAPPED IN THE BUBBLE?

Another explanation for Putin's apparent blindness to the changes happening around him is that, in 2011–12, he seemed to live in a bubble of his own propaganda. He saw himself moving on a straight line trajectory—on course to accomplish the strategic plan he set out years ago and has kept on refining. He saw change as evolution—a progression with him at its head. And he genuinely seemed to think that he had broad support among the population. As Gleb Pavlovsky further noted in *The Guardian* interview: In September 2011, when Putin publicly announced his intention to return to the presidency, he thought “he didn’t need anything to run the country, he would do it himself—it was the idea of a personalized system. And that was a mistake because the system had already not been personalized for a long time. And it wasn’t ready to love Putin. The tandem was at least a kind of pluralism. And people didn’t want to return to a stereotypical single leader. And Putin thought that they did want that. I was surprised. He’s normally cautious and has good instincts.”<sup>37</sup> How did Putin miscalculate so badly? Partly it is the result of being in power for more than a decade and having had some significant political success in the 2000s. Partly it is from having bought into some of his own phony public relations guises, rather than drawing on the strengths of his six identities, after playing the role of political performance artist for so long.

Losing touch with the real world can affect anyone in positions of power. Yegor Gaidar frequently told the story of how, in December 1992, having been forced to step down as acting prime minister, he walked out of his office as a private citizen, down the hall and through the open doors of the elevator, where he stood waiting for it to take him down to the ground floor. The elevator didn't move. "I must have stood there for a full minute," Gaidar said, "trying to figure out what was wrong. Until it dawned on me that I hadn't pushed the button. Before, my security man had always pushed it." He then smiled and added: "It was that trivial incident that made me realize how the position influences the person."<sup>38</sup>

Gaidar held his position for only six months. Vladimir Putin has been the supreme leader of Russia for more than twelve years. It is not certain whether Putin, even privately, has come to the self-awareness of Gaidar. As all the shameless displays of his "Mr. Benn-like" guises indicate, it does not seem that he has. Even our own, very limited and infrequent contact with Mr. Putin through the Valdai Discussion Club meetings has convinced us that over time he has increasingly shown signs of a different persona, one of privilege and entitlement. In Sochi in 2007 we first noticed a "new" Putin, tanned and bulked up. This was after a summer of excursions in Siberia with his friend, Prince Albert of Monaco, when photos of the bare-chested, horseback-riding Mr. Putin first appeared. Again, when we saw him in Sochi in September 2010 he had stepped up the level of elegance: "Putin appeared in the most beautiful linen suit, incredibly tailored, looking like he just came from a massage or a sauna or something because he looked so fresh and relaxed."<sup>39</sup>

A year later, at the November 2011 Valdai Club meeting, Putin entered the restaurant where the dinner was held in what Ellen Barry of the *New York Times* described as "a ritual worthy of a czar." "Prime Minister Vladimir V. Putin stopped in his tracks, eyes ahead, arms hovering at his sides. An aide materialized, silently whisked away Mr. Putin's parka, and vanished. A second

aide appeared with a sport jacket and slipped it over his shoulders. Then Mr. Putin resumed walking without a word or a look, almost as if he had never stopped.”<sup>40</sup>

### END OF BRAND PUTIN?

One does not have to meet Mr. Putin up close and in person to realize that he has long since lost the advantage he once had in his identity of the Outsider, the pragmatic man who could stand on the periphery and judge events in Russia with a critical eye. Mr. Putin is now the ultimate insider, sitting inside the Kremlin, in a system of his own creation. His interests are very much vested. Although he seems not to recognize it, Vladimir Putin is now the defender of an old order that many see as rotten at the core. The order, Mr. Putin's system, needs to change and open up, become more flexible—just as the old Soviet order needed to do in the 1980s and at other junctures in Russia's long and complex history—if the Russian state is to survive in anything close to its current form. Now, however, Putin is Brezhnev, not Bobkov. He is the tsar, not von Benckendorff or Chicherin.

The six identities we have discussed in this book, which were at one time sources of Putin's political strength, had become vulnerabilities by 2012. Vladimir Putin's main weakness stems from the fact that he cannot simultaneously be, on the one hand, the Outsider and the Case Officer, as well as the CEO of Russia, Inc. and, on the other, the true Statist—the leader of a modern nation. Perhaps this is no surprise. When Putin first became Russian president he had no prior experience of being in a public role with such enormous, direct responsibility. He was always a Number 2 man in St. Petersburg. He was never Number 1. In 2000, when Putin was selected as acting president and anointed as Boris Yeltsin's successor, the resources of the Kremlin were deployed in full force to secure his formal election. He did not campaign for the position himself. Although his identities combined to put him in a position to be selected by Yeltsin's team, nothing in Putin's history and

identities especially suited him for his new role. As the Outsider in St. Petersburg and in Moscow, he stood apart, observed and commented. At best, he offered advice. As the Case Officer, during his KGB career he was the “quiet *Chekist*” in the background who manipulated people. He came initially to Moscow to do the same—to work as a Number 2 behind the scenes, and to manipulate the oligarchs. As the CEO of Russia, Inc., the system he has created since 2000, Mr. Putin has operated in the closed boardroom of a privately held corporation. He has neither been the executive of a transparent public corporation nor even fully the head of the Russian state. He has felt no need to disclose anything to the shareholders and broader stakeholders. He has seen no need to explain himself or his actions to the Russian population.

The approaches dictated by each of Mr. Putin’s real identities have failed and are at odds with each other in critical ways. Putin the Statist, for example, has not built a truly strong state. His “vertical of power” is weak. In large part this is precisely because the version of the corporation he runs parallel to the state, as the CEO of Russia, Inc., is too personalized and constantly intrudes on and interferes with the work of the state. In a seeming rupture with his own statist convictions, Mr. Putin undermined the constitutionally vital institution of the presidency that he built up in the 2000s by abruptly claiming the position back from Dmitry Medvedev on September 24, 2011. People with personal connections to Mr. Putin and his inner circle, and others who have been given positions of power in the system or in the state apparatus, often do not use their positions in the service of the state or society. They abuse their authority in ways that have been well documented inside and outside Russia. These abuses erode the identity of the Statist, the *gosudarstvennik*. As a result, Mr. Putin’s constant references to history, and his attempts to invoke the ideas and legacies of earlier *gosudarstvenniki*, like Pyotr Stolypin, ring hollow. They are increasingly viewed by the Russian public in the same light as his

other PR performance pieces. The History Man identity becomes another fake guise, not a real conviction.

Putin the Survivalist is in conflict with Putin the Free Marketeer. Policies oriented toward Russia's survival and security—constantly building up reserves and preparing for worst-case scenarios—are costly for the Russian state. They divert resources and reduce economic efficiency. Putin the Case Officer is also in conflict with Putin the Free Marketeer. The Case Officer controls Russia's top businessmen, the oligarchs, through a protection racket. He manipulates, blackmails, and constrains them. Because of the constraints they cannot be truly free entrepreneurs. Putin's faith in free markets came only from his reading of history, not from personal experience. He knows that the free market economy is superior to a centrally planned economy. But he does not really know or fully understand why and how it is superior. Mr. Putin does not understand how to move beyond deals and deal-making to really liberalize the economy. Back in St. Petersburg in the 1990s, he had limited experience of operating in a market economy. He has taken the wheeling and dealing methods and practices he learned and developed in *Banditskiy Piterburg* to even greater levels of refinement during his time in Moscow.

Mr. Putin's insistence that he be allowed to run Russia solely the way he needs and wants precludes meeting the population's demands for an end to abuse and privilege. His system does not merely permit those ills; it depends on them. It depends on cronyism, corruption, and abuse of privilege. Putin's system truly is a "gang of swindlers and thieves"—a widely used moniker, first given to the United Russia party by a prominent Russian opposition figure.<sup>41</sup> That is not a side effect of the system Mr. Putin has created. As we have described, it is essential to the system's operation. This is how Putin controls the people who help him run the system. People at the center are swindlers and thieves because Putin's protection mechanism requires that they be swindlers and

thieves to keep them in check and remind them of the ruin they face if they try to cash out.

For all these reasons, in 2012 the deficiencies in Mr. Putin's six identities began to erode one of his most important public images—the image of the good tsar. The good tsar was the one who could correct the abuses that might have occurred without his knowledge—once they were brought to his attention. “If only the tsar knew what was happening to us, he would put an end to it” was the traditional Russian peasants' self-delusion.<sup>42</sup> In 2011–12, Russian professionals out on the streets of Moscow asked Mr. Putin to be the national leader of a modern country. They demanded that he behave like a real politician who would be accountable and publicly responsible, and who would leave office when his term was up, not decide for himself that he should stay indefinitely.<sup>43</sup>

Vladimir Putin's dilemma is that his real identities have not prepared him to be that kind of leader. He is the Outsider and Case Officer thrust into the leading role, the public role. He is the operative in the Kremlin who was suddenly asked to be its master. Mr. Putin is also a man who has gone to extraordinary lengths to erase and rewrite his own personal history. To expose himself to criticism and to demands for accountability is unthinkable. He cannot conceive of apologizing, or explaining himself. Mr. Putin cannot appeal to the masses for support. They must (in his view) beg him to lead the country. Groups of people protesting or issuing demands is a completely alien and disturbing phenomenon for Mr. Putin. When the mob stormed the *Stasi* headquarters in Dresden, Vladimir Putin was on the other side of the crowd. When they came to his building, he told them he was a translator and deflected them away.

Some elements of Mr. Putin's six identities may still enable him to fulfill his original mission of restoring the Russian state and keeping it strong. Elements of the pragmatic Outsider, even the skilled Case Officer, as well as the enlightened Statist could yet assist Mr. Putin in figuring out his next steps. Alexei Kudrin's ideas



for broad-ranging communication, focus groups, and analysis to address the stakeholders' revolt are also deeply rooted in these three identities. But unless he can find a new accommodation with the growing disaffected segment of Russia's population, Putin's current system will always be on the defensive in the years ahead. Unless he can find ways to give others within the state apparatus strategic as well as operational responsibility, the system will lack the capacity to adapt and continue to be vulnerable to natural disasters and other crises. Eventually Mr. Putin himself—not irresponsible local and other officials—will be held accountable personally for all the failings. In retaking the presidency in 2012, Mr. Putin claimed he was in charge of everything. His PR and performance pieces dashing from fires to floods across the country underscore that, ultimately, he is the only man who counts.<sup>44</sup> The indispensable man will eventually become the only responsible man for the bulk of the population, not just for Moscow's urban professionals.

### ANOTHER TIME OF TROUBLES?

The deal Putin offered Russia in 1999 was one that the overwhelming majority of the Russian population willingly accepted. Even pro-market actors wanted Putin; at least, they needed a strong hand at the helm to realize their own agenda of economic reform. For several years in the 2000s, the Putin methods and his system seemed to deliver results. But neither the reformers nor ordinary Russians then viewed the deal with Putin as the personal deal it ultimately became. They did not think they had agreed to have Vladimir Putin as president for life—or at least for a good portion of it. They thought they had agreed to a temporary expedient en route to the creation of a modern state, which after twelve years seemed to be in sight. On September 24, 2011, they finally saw the price. The *rokirovka* revealed the deal. It made Russians hostage to the person of Vladimir Putin.

In the 2012 presidential campaign, Vladimir Putin argued that a Russia without him at the helm would be unstable and

unpredictable. He is right in the sense that only he can maintain the balance in contemporary Russian politics because he, personally, created the hooks and levers that compromise the central players and keep them in place. Vladimir Putin has ruled in the name of unity, of a united Russia. But the unity he has created is superficial and fragile. Putin did not solve the unresolved issues of the Russian and Soviet past that surfaced in the 1980s and 1990s. He merely suppressed them and papered them over with a pastiche of recycled Russian ideas. Politically, the responsibility for the Soviet Union's past crimes was ignored. Economically, the structural legacy of the Soviet system—with its factory monotowns in far-flung places—was left unchallenged. By building up reserves during a time of unprecedented oil prices, and making deals with oligarchs and foreign investors, Mr. Putin squeezed more out of everything he inherited.

If Mr. Putin does not find a way to open up his system, Russia cannot make the transition to a modern, economically competitive, democratic society without large disruptions. He will have to figure out how to remove the hooks and levers he created to bring the special world of the closed system, Russia, Inc., into the real world of the Russian state. To do this Putin will have to discover how to create new forms of protection for those who have operated in the closed system, to entice them out. He will need to be less the CEO and Mafia Don and more the Statist to hand Russia back to its societal and state-based stakeholders.

At the end of each *Mr. Benn* episode, the mysterious shopkeeper would appear and tell him "it's time to go sir." Mr. Benn would leave his adventure and shed the guise he had assumed. He would return to reality, although always with the promise of a different adventure on another day. In 2011–12, Russia's urban middle class emerged to tell Mr. Putin that it might be time for him to find another guise for his own next episode and give others (not just another Mr. Putin) a genuine chance to exercise leadership.

Russia's new urban middle classes and other protesters called for evolutionary change on Moscow's streets. But by so thoroughly refusing to engage the protesters as he did, Mr. Putin in effect announced: I will not permit the evolutionary change of this regime. Putin's approach after December 2011 was to defend a system that is rotting through over-personalization by making it even more personalized. "It's me or the abyss. There is no one else"—the classic argument of would-be autocrats everywhere and throughout all periods of history as they seek to head off their inevitable demise.

Putin is playing chicken with Russia. He is daring the population to call his bluff. The tougher things get, the more he insists that he personally is the only answer. He leaves no choice to the protesters but to capitulate to his blackmail or to plunge forward with revolutionary regime change. The stakes are the nation's future. If the protesters do not back down after having delivered their message, there is great risk of chaos, fragmentation, and collapse—everything Vladimir Putin declared he would avoid in 1999. The 2011–12 stakeholders' revolt points in two different directions for Russia at this juncture: either to a renewed period of reform and political change, or to another even more uncertain time of troubles.



## CHRONOLOGY

October 7, 1952	Vladimir Vladimirovich Putin is born in Leningrad, USSR
March 5, 1953	Soviet leader Josef Stalin dies
February 1956	Nikita Khrushchev delivers “secret speech” at the Twentieth Party Congress
October 1956	Hungarian uprising
May 1967	Yury Andropov is appointed head of the KGB
October 1964	Khrushchev deposed; Leonid Brezhnev becomes general secretary of the Communist Party
October 1973	Arab oil embargo
1975	Putin graduates from Leningrad State University with a law degree and begins his KGB career
November 1982	Brezhnev dies; succeeded by Yury Andropov

## CHRONOLOGY

July 28, 1983	Putin marries Lyudmila Shkrebnova
February 1984	Andropov dies; succeeded by Konstantin Chernenko
Fall 1984	Putin begins one-year course at KGB Red Banner Institute in Moscow
March 1985	Chernenko dies; succeeded by Mikhail Gorbachev
August 1985	Vladimir Putin posted to Dresden, East Germany
January 1987	Gorbachev declares glasnost, perestroika, and democratization
November 9, 1989	Berlin Wall falls
January 1990	Putin returns from Dresden to Leningrad; serves as assistant to the vice rector of Leningrad State University (LGU)  Gorbachev announces Soviet republics have right to secede from USSR
May 1990	Anatoly Sobchak becomes chairman of Leningrad City Council; asks Putin to become his adviser for international affairs  Boris Yeltsin elected chairman (speaker) of Russian Supreme Soviet (upper house of parliament)
June 1990	Russian Congress of People's Deputies (lower house of parliament) adopts "Declaration on the Sovereignty of Russia"
June 12, 1991	Boris Yeltsin elected president of Russia

## CHRONOLOGY

June 1991	Sobchak becomes mayor of St. Petersburg
August 1991	Putin appointed head of St. Petersburg's Committee for External Relations
August 19–21, 1991	“August Putsch”—failed attempted coup against Gorbachev
August 24, 1991	Ukraine declares independence
November 1991	Yeltsin appoints Yegor Gaidar as deputy prime minister
	Chechnya secedes from the Soviet Union
	Valery Zorkin becomes chairman of Russian Constitutional Court
December 1991	Yeltsin and leaders of Ukraine and Belarus sign Belovezhsky Accord, effectively dissolving USSR and creating Commonwealth of Independent States (CIS)
Winter 1991–92	St. Petersburg food scandal exposed, as is Putin's involvement in scheme
January 1992	Yeltsin launches Yegor Gaidar's “shock therapy” program
February 1992	President Yeltsin and U.S. President George H. W. Bush issue joint declaration that Russia and United States are no longer enemies
June 1992	Gaidar named acting prime minister of Russia
July 1992	UN and international peacekeeping forces intervene in Bosnia-Herzegovina

## CHRONOLOGY

November 1992	UN resolution calls for Russia to remove Soviet troops from Baltic states
December 1992	Viktor Chernomyrdin replaces Gaidar as Russian prime minister
March 1993	Russian Congress of People's Deputies motion to impeach Yeltsin narrowly fails
September 21, 1993	Yeltsin dissolves Congress of People's Deputies and Supreme Soviet
October 4, 1993	Yeltsin orders shelling of "White House" (parliament building)  Valery Zorkin forced to resign chairmanship of Constitutional Court
December 1993	Parliamentary elections held; new Russian constitution approved by national referendum and goes into effect, giving increased powers to president
February 1994	Moscow concludes bilateral treaty with Russian republic of Tatarstan
August 1994	Final withdrawal of Soviet/Russian troops from Baltic states
December 1994	First Chechen war begins
March 1995	"Loans for shares" idea first floated by Vladimir Potanin at Russian cabinet meeting
August 1995	Yeltsin signs decree authorizing "loans for shares" program



## CHRONOLOGY

December 1995	Russian Communist Party dominates elections to new lower house of parliament, the Russian State Duma
May 1996	Moscow concludes cease-fire with Chechnya
June 16, 1996	Yeltsin fails to secure majority in first round of presidential election
July 1996	Sobchak loses St. Petersburg mayoral election
	Yeltsin defeats Gennady Zyuganov in second round of presidential election and is reelected president
	Yeltsin appoints Anatoly Chubais as chief of staff
	Yeltsin instructs Satarov group to come up with new "Russian Idea"
August 1996	Putin moves to Moscow; named deputy in Kremlin property department; St. Petersburg associate Alexei Kudrin named head of GKU
	Vladimir Potanin appointed deputy prime minister
	First Chechen war ends with peace accords signed by Alexander Lebed on behalf of Moscow
October 1996	Boris Berezovsky appointed deputy head of Russian Security Council

## CHRONOLOGY

November 1996	Putin's Ozero dacha collective is formally registered
March 1997	After recuperating from a heart attack, Yeltsin returns and delivers his <i>poslaniye</i> (annual message to parliament) on restoring order to the state  Kudrin named first deputy finance minister; Putin succeeds him as head of GKU
May 1997	Yeltsin signs final version of peace treaty and related bilateral agreements with Chechen president in Moscow
June 1997	Putin defends dissertation for graduate degree in economics at St. Petersburg Mining Institute
July 1997	Russian government sells Svyazinvest shares to Vladimir Potanin
August 1997	Alfred Kokh resigns from leading State Privatization Committee after scandal over his relationship with Potanin
November 1997	Kokh and other members of Chubais team accused of taking bribes as "book fees"; Chubais allies fired from government positions
March 1998	Chernomyrdin dismissed as prime minister, replaced by Sergei Kirienko
May 1998	Putin appointed first deputy director of presidential administration in charge of work with Russia's regions
July 1998	Putin named head of FSB

## CHRONOLOGY

August 17, 1998	Russia defaults on sovereign debt; devalues ruble
August 23, 1998	Kirienko sacked as prime minister
September 1998	Yevgeny Primakov confirmed as prime minister
May 1999	Primakov resigns and is replaced by Sergei Stepashin
August 2, 1999	Chechen separatists invade Dagestan
August 9, 1999	Putin becomes prime minister, replacing Stepashin
August–September	Series of bombs explode in Moscow and elsewhere in Russia
September 30, 1999	Russian federal soldiers enter Chechnya, launching second round of war
December 19, 1999	In Duma election, parties nominally aligned with Putin do well
December 29, 1999	Putin issues Millennium Message
December 31, 1999	Boris Yeltsin resigns as president; names Putin acting president
January 1, 2000	Putin issues executive order giving Yeltsin immunity from prosecution
February 1, 2000	Anatoly Sobchak dies of heart attack
March 26, 2000	Putin elected president of Russia in first round of voting
May 2000	Putin appoints Kudrin as finance minister
May 7, 2000	Putin inaugurated as Russian president

## CHRONOLOGY

May 13, 2000	Putin issues decree creating seven new overarching federal regions
July 2000	Televised meeting between Putin and Russian oligarchs
August 2000	Russian submarine <i>Kursk</i> sinks in Barents Sea
April 3, 2001	Gazprom takes control of independent Russian TV station NTV
October 2001	Putin dismantles Ministry of Nationalities
November 2001	Putin establishes Russian Financial Monitoring Service
December 2001	Putin participates in first official televised call-in show, “Hot Line”
April 2002	Putin declares “military victory in Chechnya” and moves to counter-insurgency and peacekeeping operation
	Nationalist leader Lebed dies in helicopter crash
October 23, 2002	Chechen terrorists storm Moscow theater
February 24, 2003	Valery Zorkin reelected chairman of Constitutional Court
October 25, 2003	YUKOS head Mikhail Khodorkovsky arrested in Novosibirsk
November 2003	Rose Revolution in Georgia
March 14, 2004	Putin reelected president for second term

## CHRONOLOGY

May–September 2004	Chechen President Akhmad Kadyrov assassinated; Chechen terrorists attack Russian commercial airplanes and elementary school in Beslan, North Ossetia
Winter 2003–04	Orange Revolution in Ukraine
April 2005	Tulip Revolution in Kyrgyzstan  Founding conference of Kremlin-sponsored youth group <i>Nashi</i>
May 2005	Khodorkovsky sentenced to nine years in prison
September 2006	Russian social networking site “VKontakte” launched
February 2007	Ramzan Kadyrov becomes president of Chechnya
December 10, 2007	Putin names Dmitry Medvedev as his preferred successor; lays out plan to serve as prime minister
March 2, 2008	Dmitry Medvedev elected president in first round of elections
May 2008	Medvedev inaugurated as Russian president; Putin confirmed as prime minister by Duma
August 7–16, 2008	Russo-Georgia War
April 2009	Counterinsurgency and peacekeeping operations in Chechnya declared at an end
August 2010	Wildfires scorch much of Russia

## CHRONOLOGY

December 2010	Arab Spring begins
September 24, 2011	Medvedev and Putin announce that Putin will return to presidency in 2012  Alexei Kudrin subsequently resigns from post of finance minister
May 2011	Creation of <i>Obshcherossiyskiy narodnyy front</i>
December 4, 2011	Russian parliamentary elections
December 5, 2011	First of protest rallies held in Moscow in response to reports of widespread electoral fraud
December 10–24, 2011	Rallies “For Free Elections” held in Moscow and other Russian cities; largest Moscow rally draws nearly 120,000 protesters
March 4, 2012	Vladimir Putin wins Russian presidential elections in first round
April 2012	Vladimir Putin resigns leadership of United Russia party  Alexei Kudrin establishes KGI
May 7, 2012	Putin inaugurated as Russian president for third term

## NOTES ON TRANSLATION, TRANSLITERATION, NOMENCLATURE, STYLE, AND SOURCES

### TRANSLATION

All the translations in the text from Russian and other foreign language sources are the authors' unless otherwise noted in the endnotes for each chapter. We frequently cite official Russian government websites, notably those for the offices of the president and prime minister. These websites have English translations for most, but not all, of Vladimir Putin's speeches and interviews. They are useful for the non-Russian reader. We, however, found them lacking when it comes to conveying certain nuances of Putin's language, which is an important element of discussion in the book. As a result, we used our own translations from the original Russian.

Likewise, throughout the book, we cite what is often described as Putin's autobiography or semi-autobiography. The Russian version of this book, published by Vagrius in Moscow in 2000, is *Ot pervogo litsa: razgovory s Vladimirom Putinom*. Its authors are three Russian journalists who based the book on interviews with Putin in connection with the Russian presidential election of that year: Nataliya Gevorkyan, Natalya Timakova, and Andrei Kolesnikov. Public Affairs in New York published an English-language version of the book, also in 2000: *First Person: An Astonishingly*

*Frank Self-Portrait by Russia's President Vladimir Putin*. Its authors were listed as Vladimir Putin “with” the three Russian journalists. We prefer the Russian version and have used it in all of the citations in this book, using our own translations.

The term *Pervoye litso*, or “the first person,” is also sometimes used to refer to Putin in spoken references and in newspaper articles by Russian analysts, journalists, and sometimes politicians.

## TRANSLITERATION

Transliterating names and words from the Cyrillic alphabet (used in Russian) into the Latin alphabet (used in English) is unfortunately complicated by the existence of a number of different systems. No transliteration system is ideal from both the point of view of the non-Russian-speaking reader, who simply wants to see familiar words and names rendered in that familiar way, and the point of view of the scholar, who needs to be able to convert Russian names and words in the Latin alphabet back into Cyrillic in order to track sources. So we use two different systems for the main text and the source citations. In the main text and the expository part of the endnotes, we use a simplified system that presents names in the form used in most U.S. newspapers. This means that in the text we use Alexander, Alexei, Arkady, Basaev, Chubais, Dmitry, Gaidar, Valery, Yeltsin, Yuri, Zorkin, for instance, instead of Aleksandr, Aleksey, Arkadiy, Basayev, Chubays, Dmitriy, Gaydar, Valeriy, Yel'tsin, Yuriy, Zor'kin.

In the source citations, we use the United States Board on Geographic Names standard (<http://earth-info.nga.mil/gns/html/index.html>) when we are referencing a Russian source. When citing English-language materials, we have preserved the transliteration from the original source. The United States Board on Geographic Names transliterates, for example, the Cyrillic letter *e* as *ye* initially after vowels and after the soft sign (ь) (which is ' in Latin script). Otherwise it is transliterated as *e*. The letter *ë* can either be



rendered in the same manner as *e* or transliterated as *yo*. The letters ы and й are both transliterated as *y*. X is *kh*, and ц is *ts*, and ю is *yu*. The hard sign (ъ) is usually omitted.

Russian words that have entered into standard English usage in literature—like Duma, glasnost, intelligentsia, perestroika, tsar—are not italicized in the text and are treated as English words. So are other foreign language terms and phrases such as *ad hoc* and *pro forma*.

We apologize for errors and inconsistencies that we have overlooked.

## PLACES AND NAMES

The fall of the Soviet Union brought about a rash of changes in place names. For example, Leningrad, Vladimir Putin's place of birth, voted in 1991 to return the name of the city to its pre-Bolshevik Revolution name, St. Petersburg. Thus, we have chosen to use the dividing line of 1991 when referring to the city. When we refer to Putin's childhood and early years as an adult, we mention that it took place in Leningrad. When Putin returned to Russia from his KGB service in Dresden, he initially returned to Leningrad, soon to be renamed St. Petersburg. Occasionally we will use Leningrad/St. Petersburg in the text when the discussion spans periods before and after 1991.

Similarly, the fall of the Soviet Union saw a change in the name of the Soviet Committee for State Security (*Komitet gosudarstvennoy bezopasnosti*), the KGB. The KGB was formally dissolved in December of 1991, but most of its functions and operations reemerged under the name Russian Federal Security Service (*Federal'naya sluzhba bezopasnosti*), FSB. It is that dividing line that has determined our use. Thus, the organization that Putin joined in the 1970s is referred to as the KGB, but the one that he led briefly in 1998–99 though extremely similar to its predecessor—is called the FSB. Again, we sometimes refer to the KGB/FSB in a broader discussion.

## STYLE

Russian titles of books, articles, institutions, newspaper names, and most everything else follow the simple rule of capitalizing only the first letter of the first word (plus other proper names). Russians do not capitalize every noun. So the Russian newspaper is *Komsomol'skaya pravda*—not *Komsomol'skaya Pravda*, and so on. Even institutions like government ministries and political parties follow this rule: *Ministerstvo transporta RF* (Ministry of Transport of the Russian Federation), *Obshcherossiyskiy narodnyy front* (All-Russian People's Front), and so on. We follow the lowercase style, unless there is a somewhat generally used English-language term, title, or proper name for the institution or entity like the Ministry of Foreign Affairs. We do not use capitalization when we refer to institutions in “shorthand,” such as foreign ministry or interior ministry. The correct English-language title for the latter would be the Ministry of Internal Affairs as the Russian is the *Ministerstvo vnutrennykh del*. So we capitalize where we render the correct institutional name in English, and not where we do it in a more shorthand fashion (the same with the foreign ministry or Ministry of Foreign Affairs and so forth).

## SOURCES

The material in this book comes from existing biographies of Vladimir Putin; Russian and international press accounts; a close examination of Putin's public pronouncements over more than a decade; off-the-record interviews with U.S. government and European officials; private discussions with Russian and international business leaders; private interviews with Russian analysts and a few Kremlin insiders with whom we have long-established contacts; interviews with U.S., European, and Russian journalists who have either worked for many years in Moscow or covered Putin directly; and our own personal encounters with Mr. Putin through

the Valdai Discussion Club. For our interviews, we have only cited by name in the endnotes those respondents who agreed to waive anonymity and the off-the-record rule for their specific comments.

All of the sources specifically referred to in the main text are cited in the endnotes and/or the bibliography. In the case of newspaper articles, we poured through a huge number of Russian and international publications. We used subscription-based resources, including Nexis.com, Eastview, and ProQuest, extensively in tracking down some specific articles, and were also assisted by the daily issues and archives of Johnson's Russia List (JRL) at [www.russialist.org](http://www.russialist.org) in identifying pertinent material. As a result of the sheer volume of material we looked at, we have only referenced the individual items we cited from in full in the endnotes. We have not included all of the newspaper sources in the bibliography. Whenever the URL information was available, we have provided this for the reader. Otherwise we have indicated the resource used to access the article. In some cases, newspapers now require a fee to access articles from their archives.

Newspaper and web articles are listed with full information in the endnotes the first time they are cited, chapter by chapter. So chapter 1 will include a full cite, as will chapter 2, for instance. After the first full cite in a chapter the article will be abbreviated for the remainder of that chapter. Books and journal articles are referred to in the endnotes by the "last-name-of-author (year)" format. The full information is provided in the bibliography.

We also did not include in the bibliography all the films, TV shows, Internet videos, websites, speeches, presentations, interviews, and public appearances that we looked at during our research. Those we cited from are referenced in full in the endnotes. The majority of Vladimir Putin's speeches, presentations, interviews, and public appearances can be found on Kremlin websites, although these sites were revamped in 2012 when Putin transitioned from the prime minister's office back to the presidency.

The website [archive.kremlin.ru/](http://archive.kremlin.ru/) carries some of the older material for Putin's 2000–08 presidencies, as well as for the 2008–12 presidency of Dmitry Medvedev. Likewise, [www.government.ru/](http://www.government.ru/) carries the material for Putin's time as prime minister, 2008–12. The website [www.kremlin.ru/](http://www.kremlin.ru/) is the portal for Putin's post-May 2012 presidency.

## ABBREVIATIONS AND ACRONYMS

BBC	British Broadcasting Company
<i>Cheka</i>	Extraordinary Commission ( <i>Chrezvychaynaya komissiya</i> )
CIS	Commonwealth of Independent States
CPSU (or KPSS)	Communist Party of the Soviet Union
CPRF	Communist Party of the Russian Federation
EU	European Union
FSB	Russian Federal Security Service ( <i>Federal'naya sluzhba bezopasnosti</i> )
G8	Group of Eight
G20	Group of Twenty
GDP	Gross Domestic Product
GDR	German Democratic Republic (East Germany)
GKU	Main Control Directorate ( <i>Glavnoye kontrol'noye upravleniye</i> )

## ABBREVIATIONS AND ACRONYMS

GRU	Main Intelligence Directorate of the General Staff of the Armed Forces of the Russian Federation ( <i>Glavnoye razvedyvatel'noye upravleniye</i> )
Gulag	Chief Administration of Corrective Labor Camps and Colonies ( <i>Glavnoye upravleniye ispravityel'no-trudovikh lagerey i koloniy</i> )
<i>Gosrezerv</i>	Federal Agency for State Reserves ( <i>Federal'noye agenstvo po gosudarstvennym rezervam</i> )
IMF	International Monetary Fund
INSOR	Institute for Contemporary Development (Institut sovremennogo razvitiya)
KGB	Committee for State Security ( <i>Komitet gosudarstvennoy bezopasnosti</i> )
KGI	Committee for Citizens' Initiatives ( <i>Komitet grazhdanskikh initsiativ</i> )
KRO	Congress of Russian Communities ( <i>Kongress russkikh obshchestv</i> )
LDPR	Liberal Democratic Party of Russia ( <i>Liberal'no-demokraticheskaya partiya Rossii</i> )
LGU	Leningrad State University ( <i>Leningradskiy gosudarstvennyy universitet</i> ), later to become St. Petersburg State University
MGB	Ministry for State Security, East Germany (Russian variant – <i>Ministerstvo gosudarstvennoy bezopasnosti</i> )
MVD	Ministry of Internal Affairs ( <i>Ministerstvo vnutrennikh del</i> )

## ABBREVIATIONS AND ACRONYMS

<i>Nashi</i>	Youth Democratic Anti-Fascist Movement “Ours!” ( <i>Molodezhnoye demokraticeskoye antifashistskoye dvizheniye “Nashi”</i> )
NATO	North Atlantic Treaty Organization
NDR	Our Home Is Russia ( <i>Nash dom Rossiya</i> )
NKVD	People’s Commissariat for Internal Affairs ( <i>Narodnyy komissariat vnutrennikh del</i> )
OSCE	Organization for Security and Cooperation in Europe
PPMD	Presidential Property Management Department
ROS	Russian Popular Union ( <i>Rossiyskiy obshchenarodnyy soyuz</i> )
<i>Rosrezerv</i>	Russian Federal Agency for State Reserves (see <i>Gosrezerv</i> )
RFM	Russian Financial Monitoring Agency ( <i>Rosfinmonitoring</i> )
RSFSR	Russian Soviet Federative Socialist Republic
SED	Socialist Unity Party ( <i>Sozialistische Einheitspartei Deutschlands</i> ), the Communist Party of East Germany
<i>Stasi</i>	Ministry for State Security (Ministerium für Staatssicherheit, East Germany)
TEK Commission	Presidential Commission on the Fuel and Energy Complex ( <i>Toplivo-energeticheskogo kompleksa</i> )
UN	United Nations
USSR	Union of Soviet Socialist Republics

## ACKNOWLEDGMENTS

THIS BOOK IS the product of a collaboration between the two authors, not just in the months that were devoted to its immediate research and writing, but also in several years of our discussions and joint work as colleagues at the Brookings Institution dating to the beginning of Mr. Putin's presidency in 2000. It is also the result of work that we've done independently in years before. As a student in Moscow from 1987 to 1988, Fiona Hill kept detailed notes on the changes in the USSR under Mikhail Gorbachev and his policies of perestroika and glasnost. Later, working at Harvard in the 1990s, she explored the historical antecedents of the contemporary Russian debates about the Russian Idea and the restoration of the state after the collapse of the Soviet Union. Her Ph.D. dissertation research, along with her work as the associate director of the Strengthening Democratic Institutions Project at Harvard's John F. Kennedy School of Government, involved extensive interviews in Moscow with Russian analysts, policymakers, and government officials on these issues, as well as on their responses to key political developments between 1991 to 1999. One particular area of focus in this period was the war in Chechnya, other ethno-political conflicts in the Russian Federation, and Moscow's various policy responses. Much of this material, along with follow-up conversations with



## ACKNOWLEDGMENTS

some of the original interviewees from the 1990s, fundamentally informed the narrative we tell in this book about the intellectual, political, and social climate that helped shape Vladimir Putin in the decade after the fall of communism.

Meanwhile, Clifford Gaddy devoted much of his attention in the 1990s to research and writing about the crisis of the Russian state from another dimension, that of the economy. His *Foreign Affairs* article “Russia’s Virtual Economy” and later book with the same title, both co-authored with Barry Ickes, described the Russia in which Putin operated during his years in the St. Petersburg city government and that he had to change when he came to Moscow.

In addition to our own research, we have received inspiration for our ideas about Mr. Putin’s different identities from many other individuals. Three in particular stand out for helping spur us to the notion of Vladimir Putin the operative, the man who came to Moscow as a response to the situation of the 1990s that we both studied so closely. The late Laurent Murawiec made us realize that we needed to properly understand the real nature of the intelligence services from which Putin came. While most observers seemed to accept that Putin’s KGB background stamped him automatically as a Soviet relic and little more than a thug, Laurent argued that we should consider Putin as a representative of a more enlightened strain within the intelligence services. This was a sub-group of the services that dated back to Tsar Nicholas I’s Third Section (the “Higher Police”) and was evident in the later tsarist *Okhrana* as well as the Bolshevik *Cheka*. These people, said Laurent, saw themselves as historically destined to be the standard-bearers of the Russian Idea. This was a neo-KGB whose members considered themselves the saviors of the Russia State.

Barry Ickes helped us understand not only the way in which Putin views his tasks as manager of Russia’s economy but also the mechanisms by which he rose to power. The insight that Putin was brought to Moscow by the reformers to control the oligarchs and that he accomplished his mission by establishing a special kind of

## ACKNOWLEDGMENTS

“protection racket” was critical to our portrayal of Mr. Putin’s identities as the “Free Marketeer” and the “Case Officer.”

Igor Danchenko, as research assistant and later senior analyst at Brookings, provided us with a wealth of insights into and information about Vladimir Putin’s life, career, and connections in St. Petersburg. These insights helped shape our notion of Putin as the “Survivalist.” Igor also stressed the importance of Putin’s early interventions in the Russian energy and transportation sectors in the 1990s. In addition to his intellectual contributions, we are especially grateful to Igor’s remarkable ability to locate sources and material that other researchers considered totally inaccessible. He gained notoriety as the person (the only person) to obtain, in 2005, a copy of Putin’s dissertation. This was critical material that enabled us to better understand the sources of Putin’s thinking as the strategic planner, the CEO of a corporation.

In writing the final manuscript, the authors benefitted from the assistance and support of many colleagues at the Brookings Institution, in the United States, Europe, Russia, and elsewhere, who generously took the time to brainstorm on core concepts, shared sources, and critiqued draft materials. Just as we began the writing phase of our project, we had the great fortune to have William Partlett join us at Brookings as a visiting fellow for the 2011–12 academic year. William’s background as both a scholar of Russian history and a lawyer proved immensely valuable. He shared his research on Russian constitutional law and Valery Zorkin, the head of the Russian Constitutional Court. He also undertook joint work with us on the historical and contemporary sources of Putin’s legal thinking and Putin’s approach to the idea of a law-based state.

The book was written between October 2011 and September 2012 with the help and hard work of research assistant Hannah Thoburn. Hannah was a genuine collaborator in this critical year, making a heroic effort to monitor and keep on top of the demonstrations that unfolded in Moscow and other Russian cities after the December 2011 Russian Duma elections. She delved into Russian

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websites, blogposts, tweets, and videos, and compiled extensive Russian and international press updates. Hannah also carried out painstaking work on Russian source material and played a critical role in all aspects of the manuscript preparation.

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Some of the broader conclusions of this book have already been presented in written or in oral form, including in an article in the January–February 2012 issue of *The National Interest* and in various seminars at the Brookings Institution and other venues. After the publication in *The National Interest*, Angela Stent organized a major roll-out of the book thesis before members of the Carnegie Corporation–sponsored Working Group on Russia, at the Cosmos Club in Washington, D.C. A number of the working group participants, including Harley Balzer, Marjorie Mandelstam Balzer, Samuel Charap, Jon Chicky, John Evans, William Hill, Manfred Huterer, Thane Gustafson, Richard Herold, Steedman Hinckley, Heidi Kronvall, Wayne Limberg, Jeffrey Mankoff, Kathleen McKeown, Christopher Mizelle, Blair Ruble, and John Williams, then followed up with detailed critiques as well as extremely helpful suggestions for additional sources to look at. William Hill, Richard Herold, and Blair Ruble also read and commented on the review draft, as did Ellen Barry, Alan Batkin, Christopher Bort,

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Many of the discussions of *Mr. Putin* and developments in Russia, as well as interviews with Russian journalists, analysts, and officials, took place in the context of the annual Valdai Discussion Club meetings in Moscow and across Russia. Our participation in these meetings provided crucial insights and source material for the book, not least through the encounters with Mr. Putin himself.

Although we did not hesitate to impose on friends and acquaintances to review the manuscript and give their reaction, we were never so thoughtless to any of them as to expect that they would correct all of our errors or misinterpretations. The two of us alone bear responsibility for those. The generosity of those mentioned in assisting us should in no way be interpreted as their personal endorsement of our ideas and interpretations or the accuracy of the information presented.

# NOTES

## CHAPTER 1

1. *Mr. Benn* episodes are available at [www.clivebanks.co.uk/](http://www.clivebanks.co.uk/).

2. Over the years, the multiple Mr. Putins have spawned a veritable cottage industry of Russian and international spin-offs and spoofs, including laudatory music videos, calendars, video games, a comic strip with Putin as “Super Putin,” and a children’s coloring book, where two young boys, Vova (Vladimir Putin) and Dima (2008–12 president, Dmitry Medvedev), work “in tandem” in big buildings on important issues. The book was published on the occasion of Putin’s October 2011 birthday. See <http://like-putin.ru/>; <http://superputin.ru/> and <http://seansrussia.blog.org/2011/10/10/vova-and-dima-coloring-book/>.

3. See Ellen Barry, “A Changed Russia Arches an Eyebrow at Putin’s Staged Antics,” *New York Times*, October 5, 2011.

4. See van der Does de Willebois and others (2011).

5. Between 2004 and 2011, one or both of the authors met with Mr. Putin as part of the so-called Valdai Discussion Club. The Valdai Club is a Russian government-sponsored exercise to bring foreign experts and journalists to Russia to engage with Russian policymakers and think-tankers in a “focus-group” format. For the official description of the club and its activities, see <http://valdaiclub.com/>.

## CHAPTER 2

1. For a concise discussion of the Russian and international debate about Russia under Yeltsin in the 1990s, see “The End of the Yeltsin Era,” in Shevtsova (2005), pp. 44–68. This chapter on the key developments in Russian domestic and foreign policy during the period from 1991 to 1996 is also adapted from material presented in Fiona Hill’s Harvard history Ph.D. dissertation (1998).

2. Defense enterprises, the backbone of the huge manufacturing sector in Russia, saw the government procurement order for military hardware in 1992 cut by two-thirds. Gaddy (1996), p. 72.

3. Official annual consumer inflation was 2,500 percent in 1992, 840 percent in 1993, 215 percent in 1994, and 131 percent in 1995. These data and others in the text relating to the economic situation of the 1990s have been compiled by the authors from various official Russian government sources from this period.

4. The official casualty figures can be found in *Izvestiya*, December 25, 1993.

5. See Gleb Pavlovsky, political strategist and former Kremlin adviser, interview with David Hearst and Tom Parfitt, *The Guardian*, January 24, 2012. The authors are extremely grateful to *The Guardian* columnist David Hearst for providing them with the full, unedited English language transcript of this interview. The original interview was conducted by Hearst and *The Guardian* Moscow correspondent Tom Parfitt. Parfitt translated Pavlovsky's Russian language responses. Extracts from this interview are featured in David Hearst, "Will Putinism See the End of Putin?" *The Guardian*, February 27, 2012, at [www.guardian.co.uk/world/2012/feb/27/vladimir-putin-profile-putinism](http://www.guardian.co.uk/world/2012/feb/27/vladimir-putin-profile-putinism); and David Hearst and Miriam Elder, "How Dmitry Medvedev's Mentor Turned Him into a Lame Duck," *The Guardian*, March 2, 2012, at [www.guardian.co.uk/world/2012/mar/02/dmitry-medvedev-rivalry](http://www.guardian.co.uk/world/2012/mar/02/dmitry-medvedev-rivalry).

6. Celestine Bohlen, "A. A. Sobchak Dead at 62; Mentor to Putin," *New York Times*, February 21, 2000.

7. See Leonova (2012). The authors thank Brookings Visiting Fellow William Partlett for giving us access to his research on the 1993 Russian constitution and the set of Russian legal scholars who deliberated on and drafted the document. For a fuller description of how the 1993 Russian constitution rejected Western constitutional models, see Partlett (2012).

8. See McFaul (2001), pp. 273-78.

9. In September 1995, for example, Nikolai Lysenko, leader of the right-wing National Republican Party, engaged in a physical confrontation with Gleb Yakunin of the Democratic Party. Several other deputies intervened, and in the ensuing fray LDPR leader Vladimir Zhirinovskiy hit a female deputy.

10. See, for example, Alexandra Odynova, "Putin Says He's Prepared for Run-off," *Moscow Times*, February 2, 2012 (EastView at <http://dlib.eastview.com/browse/doc/26540808>).

11. See McFaul (2001), pp. 279-82. Boris Yeltsin offered a jaundiced view of this effort in his memoir, *Midnight Diaries*, with obvious implications for similar exercises under President Putin: "In 1995, Viktor Chernomyrdin headed up a new 'party of power' called Our Home Is Russia. It bet on centrism with a moderate-liberal ideology emphasizing the priorities of the state. Of course it relied on state people. . . . It was a complete failure. A political party that is called upon to reflect the interests of large social groups cannot be built so obviously on a government-style vertical chain of command. . . . The result was very bad for the authority of the government, the economy, and the entire system of civil society." Yeltsin (2000), p. 352.

12. Timothy Colton's biography of Boris Yeltsin has the best account of the 1996 presidential election season, including a discussion of Yeltsin's low ratings, the heart attack, and the difficulties of the campaign, in chapters 14 and 15 (pp. 345-406). See Colton (2008).



13. See David Filipov, "Russian Mogul Makes Politics His Latest Venture," *Boston Globe*, March 5, 1997.

14. See Freeland (2000); Hoffman (2003); and Treisman (March 2010).

15. See Bill Nichols, "Yeltsin's Latest Firing Is Seen as Self-Preservation, Experts: He Wants Someone Who Will Protect Him, Cronies," *USA Today*, August 10, 1999; David Filipov and Brian Whitmore, "Yeltsin's 'Family' Is Seen behind Latest Move," *Boston Globe*, August 10, 1999; Dmitri Simes, "Yeltsin's Goal is to Protect Inner Circle," *Newsday*, August 11, 1999; and Jonathan Steele, "Keeping It in the Family: In Today's Russia, Politicians and Businessmen Are Carving up Power between Them—And That's How to See Yeltsin's Latest Manoeuvres," *The Guardian*, August 13, 1999. Tatiana Yumasheva, Yeltsin's daughter, is the central figure in the so-called Family. She was first married to Russian businessman Alexei Dyachenko, and later married her father's former adviser Valentin Yumashev, another key figure, in 2001. Yumashev's daughter is married to Russian oligarch Oleg Deripaska. Others associated with the Family include Alexander Voloshin, who served as chief of staff to both Yeltsin and Putin, and oligarchs Boris Berezovsky and Roman Abramovich, former owner of the Russian oil company Sibneft along with Berezovsky. In his memoir, *Midnight Diaries*, Yeltsin describes Tatiana (Tanya), Yumashev, and Voloshin as his "inner circle." Yeltsin (2000), p. 332.

16. Dmitry Rogozin—Russia's ambassador to NATO before becoming deputy prime minister in charge of the defense industry—has had a colorful political career of increasingly deeper nationalist hues since the 1990s. He began his political life as one of the founders in 1990–91 of the new Constitutional Democratic Party (*Kadet* party), a revival of the tsarist-era party of Pavel Milyukov, a Russian historian and leading "liberal conservative" promoting the development of a constitutional monarchy, who served in the Russian Duma of the early 1900s. See Vladimir Gromov, "Dmitry Rogozin: The Man behind Major Political Figures in Congress of Russian Communities," *Moskovskiy komsomolets*, November 14, 1995 (accessed in English through the Foreign Broadcast Information Service, FBIS, in 1995). In 1993, Rogozin cofounded the Congress of Russian Communities with General Alexander Lebed and became a member of parliament and subsequently chairman of the Duma's foreign relations committee. In 2003, he helped found the "national-patriotic" *Rodina* party before being side-lined by the Kremlin in 2006. He was pushed onto the political fringes until named ambassador to NATO in 2008. Rogozin revived the Congress of Russian Communities again in 2006 as a "civil society" organization rather than as a political party and became part of Putin's *Narodnyy front* (People's Front) in 2011. Putin appointed Rogozin deputy prime minister in charge of the defense sector in December 2011 and again in May 2012. For a discussion of some of Putin's attempts to co-opt Dmitry Rogozin and his nationalist supporters, see Michael Bohm, "Putin Playing with Fire by Courting Rogozin," *Moscow Times*, September 23, 2011 ([www.themoscowtimes.com/opinion/article/putin-playing-with-fire-by-courting-rogozin/444203.html#ixzz1lG7UuSja](http://www.themoscowtimes.com/opinion/article/putin-playing-with-fire-by-courting-rogozin/444203.html#ixzz1lG7UuSja)).

17. See Baker and Glasser (2005). Chapter 4, "The Takeover Will Be Televised," deals in part with Putin's wrangling with both Berezovsky and Gusinsky and Putin's efforts to bring NTV and Gusinsky's other media holdings firmly under the influence of the Kremlin (pp. 78–98). Chapter 14, "Twilight of the Oligarchs," covers

Putin's showdown with Mikhail Khodorkovsky (pp. 272-92). Another detailed discussion of Khodorkovsky's clash with Putin and the circumstances surrounding the seizure and dismantling of the oil company YUKOS that Khodorkovsky set up in the 1990s is in Coll (2012). Coll, in chapter 12, describes the creation of YUKOS and Khodorkovsky's outreach to ExxonMobil to form a business venture with the American oil giant in 2002. See Coll (2012), pp. 250-79.

18. Under Mikhail Gorbachev, nationalist groups in the Caucasus and the Baltic States demanded the revision of Soviet internal borders, increased autonomy from the center, and eventually outright independence. Gorbachev's failed attempts to broker a new Union Treaty to keep the USSR's constituent pieces together was one of the precipitating factors for the August 1991 coup, or putsch, by conservative figures in the Soviet government and military, which hastened the demise of the Union in December 1991. See Dunlop (1993) and Hajda and Beissinger (1990).

19. See, for example, Lieven (1998).

20. In a seminar at Harvard University's Kennedy School of Government in 1997, not long after the Russian government concluded its series of peace agreements with Chechnya, Alexei Arbatov—who was from 1994 to 2003 deputy chairman of the Russian Duma defense committee and a leading figure in the Yabloko party—stressed that no one in Russian official or military circles considered the war with Chechnya settled. He noted that “Moscow” would eventually subjugate Chechnya again. Similar comments were made by other officials in summer 1997 during meetings Fiona Hill conducted in Moscow in preparation for her 1998 Harvard Ph.D. dissertation.

21. Sergei Shakhrai, Yeltsin's key adviser on these issues and one of the drafters of the 1993 constitution, made it very clear after 1994 that the Tatarstan treaty and the other bilateral treaties that followed it were conceived as a stopgap measure rather than as building blocks for a new Russian federal structure. They were intended to placate the most troublesome of Russia's republics to prevent them from following Chechnya down the path to secession. See Sergei Shakhrai, “Official Memorandum to President Boris N. Yeltsin,” No. 1576, March 1995, cited in Rafael Khakimov, “Federalization and Stability: A Path Forward for the Russian Federation,” *CMG Bulletin*, June 1995, pp. 10-14 (citation on p. 11).

22. See James Hughes, “Moscow's Bilateral Treaties Add to Confusion,” *Transition*, September 20, 1996, pp. 39-43.

23. See Jean-Robert Raviot, “Fédéralisme et Gouvernement Régional en Russie” [Federalism and regional government in Russia], *Politique Étrangère* (Paris), December 1996, pp. 803-12; and “Russia's Regions: Fiefs and Chiefs,” *The Economist*, January 25, 1997.

24. Mark Whitehouse, “Nazdratenko Rules a Far East Fiefdom,” *Moscow Times*, July 26, 1997.

25. See Brown (1996), pp. 212-51.

26. See Lough (March 12, 1993), pp. 21-29; and Lough (March 14, 1993), pp. 53-59. See also William Safire, “On Language: The Near Abroad,” *New York Times Magazine*, May 22, 1994.

27. See “Foreign Minister Returns to Anti-West Ways—Not!” *New York Times*, December 15, 1992; and Hill and Jewett (1994). As one of the U.S. officials who attended the ministerial later recounted: “The meeting where Kozyrev gave his faux

speech was the OSCE Ministerial Council [annual meeting of foreign ministers] at Stockholm in December 1992. The speech was entirely unexpected; [Secretary of State] Larry Eagleburger listened and exploded, wanting to know what was going on. In an anteroom, before he gave his second, real speech, Kozyrev explained that his first speech reflected the approach of a substantial portion of Moscow's political society and was intended to show us what we would get if we didn't support Yeltsin and him." Ambassador William Hill, who was then the OSCE coordinator for the U.S. Department of State, in written exchange with the authors, July 30, 2012.

28. In 1992, a total of \$24 billion in Western assistance had been promised to Russia, but only a fraction had been delivered. See Jeffrey Sachs, "Toward *Glasnost* in the IMF: Russia's Democratization Policy and the International Monetary Fund," *Challenge*, May 1994; see also Sachs's testimony to the United States Senate Committee on Banking, Housing and Urban Affairs, February 5, 1994.

29. Roman Glebov, "Russia and Ukraine—Controversy over the Black Sea Fleet," *Kommersant Daily*, January 13, 1992 (accessed in English through FBIS in 1995).

30. For a discussion of the developments of this period, see Hill and Jewett (1994).

31. Andrei Kozyrev, *Moscow News*, October 22, 1993, cited in Hill and Jewett (1994), p. 6. Immediately after Kozyrev's speech, in November 1993, a new Russian Military Doctrine identified conflicts in the neighborhood as Russia's main security threat.

32. See Hill and Jewett (1994).

33. "RF-SNG: Strategicheskii kurs. Ukaz Prezidenta Rossiyskoy Federatsii ob utverzhdenii strategicheskogo kursa Rossiyskoy Federatsii s gosudarstvami-uchastnikami Sodruzhestva nezavisimyykh gosudarstv" [RF-CIS: Strategic course. Decree of the President of the Russian Federation on establishing the strategic course of the Russian Federation with the state-participants in the commonwealth of independent states], No. 940, September 14, 1995, in *Dipkur'er*, No. 16/18, 1995.

34. Mikhail Gorbachev, "Russia Will Not Play Second Fiddle," *Moscow News*, No.37, September 22–28, 1995.

35. *Ibid.*

36. *Ibid.*

## CHAPTER 3

1. See, for example, Gerschaft (October 1995), p. 2; and Kokoshin (1997), p. 41. Material in this chapter, on the debates over the "Russian Idea" and how to restore the Russian state in the 1990s, is adapted from Fiona Hill's Harvard history Ph.D. dissertation (1998) and the accompanying sources and research notes. The dissertation involved interviews with a large number of prominent Russian political figures and analysts in Moscow between 1994 and 1997, including with some of the individuals featured in this chapter.

2. Yavlinsky (1994). In an article in *Nezavisimaya gazeta* in December 1996, commentator Rustam Narzikulov noted that the entire Yeltsin administration and a broad swath of the Russian elite had become consumed with the idea of a strong Russian state. Narzikulov provided a list of the political elite who now supported a strong state approach to reform, including members of the so-called financial

bloc such as oligarch and Deputy Prime Minister Vladimir Potanin, and academic and Economics Minister Yevgeny Yasin, as well as Moscow Mayor Yury Luzhkov, one of the most influential post-Soviet political figures, and Prime Minister Viktor Chernomyrdin. "It is surprising," Narzikulov declared, "that the idea of a strong state policy has now been embraced even by those people who, a few years ago, saw the institutions of power as the ultimate evil. It would have been difficult to predict, say, that Anatoly Chubais would become an apologist for the 'supporters of extraordinary measures' and for the strict and rigorous observance of the rules of the game in the economy." See Rustam Narzikulov, "Ot resul'tata bor'by storonnikov i protivnikov sil'nogo gosudarstva" [From the results of the struggle between supporters and opponents of a strong state], *Nezavisimaya gazeta*, December 31, 1996. Anatoly Chubais was, along with Yegor Gaidar, one of Russia's leading economic and liberal reformers. When Gaidar was ousted from the Russian government in 1993, Chubais became the key figure in promoting Russia's transformation into a liberal democratic market economy. However, it should perhaps not have been so difficult to predict that Chubais might advocate "extraordinary measures." He had done so in the past stressing the need, if necessary, to impose capitalism in Russia against the will of the people. See Reddaway and Glinski (2001). Chubais, who was a native of St. Petersburg, was also a protagonist in the events surrounding Vladimir Putin's move to Moscow in 1996 as we will discuss later in the book.

3. See Shevtsova (2005).

4. Putin, Millennium Message, December 29, 1999, available in Russian on the *Nezavisimaya gazeta* website at [www.ng.ru/politics/1999-12-30/4\\_millennium.html](http://www.ng.ru/politics/1999-12-30/4_millennium.html).

5. For a detailed discussion of the distinct identity and sense of higher mission within the Russian intelligence services, including the KGB, the FSB, the Bolsheviks' *Cheka* (*Chrezvychaynaya komissiya*, or Extraordinary commission) set up by Felix Dzerzhinsky, and the earlier pre-revolutionary predecessor organizations that defined themselves as a "Higher Police," see Murawiec and Gaddy, *The National Interest* (Spring 2002). The founder and most famous head of the tsarist-era Higher Police was General Count Alexander Khristoforovich von Benckendorff (1783–1844), who Vladimir Putin referred to in his 2012 presidential election campaign article in the Russian newspaper *Kommersant*, on February 6, 2012, when discussing democracy and the quality of governance in Russia. See [www.kommersant.ru/daily/67135](http://www.kommersant.ru/daily/67135).

6. Pavel Yevdokimov, "Russkaya pravda Generala Leonova" [The Russian truth of General Leonov], *Spetsnaz Rossii* (May 2001), at [www.specnaz.ru:8101/gazeta/05\\_2001/6.html](http://www.specnaz.ru:8101/gazeta/05_2001/6.html).

7. Ibid. In a famous early address to a group of Russian intelligence officers on the anniversary of the founding of the original secret police, Vladimir Putin quipped that "as you can see the intelligence operatives planted inside the Russian government have successfully completed the first stage of the operation." Although he would later stress that this was simply a joke, Putin's reference to this specific audience underscored the idea and the KGB myth of the importance of the "real" servants of the state, taking over and restoring order to the state. See Vladimir Putin interview with Ted Koppel: "Vladimir Putin Arises from Murky Background of KGB to Become Acting President of Russia," *Nightline* (Friday Night Special), ABC

News, March 24, 2000 (transcript, with Mr. Putin speaking through a translator) (accessed through Nexis.com.).

8. See Gleb Pavlovsky, political strategist and former Kremlin adviser, interview with *The Guardian* on January 24, 2012.

9. The term intelligentsia as a description of the politically and socially active Russian elite has its roots in Western Europe in the first half of the nineteenth century. A combination of the French *intelligence* and the German *Intelligenz*, it came into usage in Russia in the 1860s and 1870s with general reference to “that portion of the educated class which enjoys public prominence.” For some political commentators of the era, the intelligentsia assumed the role in Russian society that the middle class or bourgeoisie played in other European states of the period. See Pipes (1974), p. 251.

10. In the early twentieth century, Vladimir Lenin’s Bolsheviks appropriated this general idea of the intelligentsia as the elite representatives of society for themselves. They turned the Bolsheviks into “the vanguard of the proletariat.”

11. See Milyukov (1906), pp. 560–61.

12. Pipes (1974), p. 252. Soviet estimates of the intelligentsia in the early 1980s often included all the population that was engaged in non-manual labor as well as all university students. See White, Rose, and McAllister (1997), p. 12; and Petro (1995), p. 99.

13. “Valeriy Zor’kin,” *Lentapedia*, February 24, 2012 (<http://lenta.ru/lib/14164180/full.htm#65>).

14. Yan Ulanskiy, “Otstavka Valeriy Zor’kina” [The resignation of Valery Zorkin], *Kommersant*, October 7, 1993 (<http://kommersant.ru/doc/61475>). After his resignation, although he still remained a member of the Court, Zorkin joined other opposition politicians and parties, including Zyuganov and Oleg Rummyantsev, another parliamentary deputy and the head of the parliament’s working group for preparing the draft 1993 Russian constitution, in publicly opposing the passing of the constitution just eight days before the official referendum on the issue. See “Blokhi obsuzhdayut konstitutsiyu” [Blocs discuss the constitution], *Kommersant*, December 4, 1993 (<http://kommersant.ru/doc/66482>).

15. Maksim Sokolov, “Politicheskii vektor: Yedinstvo i soglasiye: ot slova mezhdometiya k slovo-parazitu” [Political vector: unity and accord: from the word of an interjection to the word of a parasite], *Kommersant vlast’*, March 22, 1993 ([www.kommersant.ru/doc/9692](http://www.kommersant.ru/doc/9692)).

16. Shortly after Putin arrived in Moscow in 1996, for example, Vladimir Medvedev, a member of the Duma’s Russian Regions group, made another appeal in the Russian press for all political factions and the rest of the elite to join together—as those who had earlier joined the Soglasie movement had done—to pull Russia out of its crisis. See Vladimir Medvedev, “V chem prichina ‘nesostoyavshikhnya pobed’?” [What is the reason for the ‘incomplete victory?’], *Nezavisimaya gazeta*, November 16, 1996.

17. Andrey Kokoshin, *Natsional’naya bezopasnost’ i voyennaya moshch’ Rossii* [National security and Russia’s military might]. Draft obtained directly from the author by Fiona Hill in 1995. A version of this treatise formed the final chapter of Kokoshin’s book *Armiya i politika* [The army and politics] (Moscow:

Mezhdunarodnye otnosheniya, 1995), which was later edited and published in English as *Soviet Strategic Thought 1917-1991* (Cambridge, Mass.: Belfer Center for Science and International Affairs, John F. Kennedy School of Government, Harvard University, 1998). The English version of the treatise is chapter 4, "In Lieu of a Conclusion: Russia's National Security and Military Power," pp. 193-209.

18. Ibid., p. 255.

19. See, for example, Lebed (1995); "Lebed Sets Forth Russia's National Security Concept," *Interfax*, June 26, 1996; online interview with Alexander Lebed at [www.IntellectualCapital.com](http://www.IntellectualCapital.com), November 14, 1996; and Alexander Lebed presentation on "International Aspects of Russia's Development," at the German Society of Foreign Policy, Bonn, January 1997 (transcript obtained from the German Society of Foreign Policy). The title of Lebed's best-known (1995) publication on this issue, *Za derzhavu obidno* (It makes you ashamed of your homeland), is a famous line from an extremely popular 1970 Soviet film, *Beloye solntse pustyni* (White sun of the desert), relating the travails of a soldier in the Bolshevik Red Army fighting in Central Asia during the Russian Civil War in the 1920s. For a discussion of the specific Russian connotations of this line see Michele Berdy, "Eastern Tricks for Western Predicaments," *Moscow Times*, July 11, 2003 (accessed through Nexis.com).

20. Gerschaf (1995), p. 5. See also, for example, RAU Corporation (1995); Aleksey Podberezkin, "Reserv ustupok so storony Rossii ischerpan" [Russia has exhausted its reserves for concessions], *Nezavisimaya gazeta*, June 4, 1996; Aleksey Podberezkin, "Russkiy put'" [The Russian path], *Avtograf*, May 22-June 6, 1997; and Zyuganov (1994); Gennady Zyuganov, "Junior Partner? No Way," *New York Times*, op-ed, February 1, 1996; Gennadiy Zyuganov, "Smuta" [Troubles], *Nezavisimaya gazeta*, October 17, 1996; David Hoffman, "Zyuganov's Goal is Russia's Glory," *Washington Post*, May 13, 1996; and John Thornhill, "Fears of National Socialism," *Financial Times*, April 11, 1996.

21. Gennady Zyuganov, Report to Congress of the Communist Party of the Russian Federation (CPRF), April 22, 1997.

22. Chinyaeva (1997), pp. 40-46.

23. Cited in James Rupert, "In Search of the Russian Meaning of Life: Yeltsin Asks a Bear of a Question of His Post-Soviet Nation, Wants Answer within a Year," *Washington Post*, August 4, 1996.

24. Cited in Chinyaeva (1997), p. 46.

25. Maria Balynina and Lyudmila Vanina, "Satarov Presents Book on Russia in Search of an Idea," RIA Novosti, August 8, 1997; Bronwyn McLaren, "Big Brains Bog down in Hunt for the Russian Idea," *St. Petersburg Times*, August 18-24, 1997.

26. Chubays (1996).

27. Fiona Hill, personal interview with Igor Chubais at the Journalists' Club in Moscow, May 28, 1997. The phrase in quotation marks is a reference to Russian philosopher Pyotr Chaadayev's famous *Philosophical Letters*, which were widely circulated in manuscript form among the nineteenth-century Russian elite and first published in the journal *Teleskope* in 1836. Chubais's text is full of these kinds of historical references and deliberate echoes.

28. Chubays (1996), p. 9.

29. Ibid., p. 10.

30. Yekaterina Sytaya, "Ocherednoy proyekt geopolitikov" [The next geopolitical project], *Nezavisimaya gazeta*, October 18, 1996. The hearings were entitled "Russkaya ideya na yazyke narodov Rossii (Kontseptsiya geopoliticheskoy i natsional'noy bezopasnosti)" [The Russian idea in the language of the peoples of Russia (a concept for geopolitical and national security)].

31. Cited in Paul Goble, "Orthodoxies Old and New," *RFE/RL Analysis from Washington*, January 23, 1997.

32. Yevdokimov, "Russkaya pravda Generala Leonova."

33. Ibid. "Professional" patriots is actually Yevdokimov's own term to refer to himself and General Leonov in the interview.

34. Putin, Millennium Message, December 29, 1999.

35. Chubais was the head of the presidential administration from July 1996 through March 1997 when he was appointed first deputy prime minister.

36. See Colton (2008).

37. "Poslaniye Prezidenta Rossiyskoy Federatsii Federal'nomu Sobraniyu. Poryadok vo vlasti—Poryadok v strane (O polzhenii v strane i osnovnykh napravleniyakh politiki Rossiyskoy Federatsii)" [Message of the President of the Russian Federation to the Federal Assembly. Order in the state authority—Order in the country (on the situation in the country and on the fundamental directions of politics in the Russian Federation)], March 6, 1997. See <http://lawru.info/legal2/se14/pravo14013/index.htm> LawRU.info.

38. The concept of the state in the *poslaniye* is highly instrumental. The text is also written in a very dispassionate and terse manner—reflecting the group of technocrats and economists who had drafted it.

39. See *The Economist* obituary of Anatoly Sobchak: "Anatoly Sobchak, a Flawed Reformer, Died on February 20th, Aged 62," *The Economist*, February 24, 2000.

40. See Anatoly A. Sobchak, *Stetson Law Review*, vol. XX (1990), pp. 211–16.

41. Vladimir Putin, "Vstupleniye na tseremonii vrucheniya Vladimiru Putinu mantii pochetnogo doktora yuridicheskogo fakul'teta Sankt-Peterburgskogo gosudarstvennogo universiteta" [Speech at the ceremony granting Vladimir Putin an honorary doctorate from the law faculty of St. Petersburg State University], January 13, 2000, at <http://archive.kremlin.ru/text/appears/2000/01/121198.shtml>.

42. Vladimir Putin, "Vstupleniye na rasshirennom zasedanii kollegii Ministerstvo yustitsii" [Speech to the full meeting of the Ministry of Justice], January 31, 2000, at <http://archive.kremlin.ru/text/appears/2000/01/28883.shtml>. Putin's opening words to this assembly sum up the centrality of law to his statist beliefs: "In this hall are gathered people whose work encompasses two key words: statism [*gosudarstvennost'*] and legality [*zakonnost'*]."

43. For a detailed review of Sobchak's biography and complex legacy, see *World Socialist* website, March 10, 2000 ([www.wsws.org/articles/2000/mar2000/sobcm10.shtml](http://www.wsws.org/articles/2000/mar2000/sobcm10.shtml)).

44. In one of his semi-autobiographical works, Putin has a section discussing how important a figure Anatoly Sobchak was to him: "He is a decent man with a flawless reputation. Moreover, he is very bright, open, and talented. I really like Anatoly Alexandrovich, even though we are entirely different. I sincerely like people like him. He's real. . . . Few people knew that Anatoly Alexandrovich and I had

close, comradely, trustful relations. Very often we would talk on our trips abroad, when in fact the two of us were left together for several days. I think I can call him my mentor.” See Gevorkyan, Timakova, and Kolesnikov, *Ot pervogo litsa* (2000), pp. 112–13. Sobchak also had high words of praise for Putin and their relationship. See, for example, Sobchak’s comment in his book about the travails of his failed 1996 reelection campaign, that “. . . V. Putin during this entire saga conducted himself as someone with the highest standards. Not only did he not betray me, as many others did, but he even sprang to my defense, writing a letter [of support] to the very highest authorities.” Sobchak (1999).

45. Vladimir Putin, “Otkritoye pis’mo izbiratelam” [Open letter to voters], February 25, 2000. Originally published in *Izvestiya, Kommersant and Komsomol’skaya pravda*, available on the Kremlin’s website archive (in Russian) at [http://archive.kremlin.ru/appears/2000/02/25/0000\\_type63374type63382\\_122118.shtml](http://archive.kremlin.ru/appears/2000/02/25/0000_type63374type63382_122118.shtml). An English translation is available at [http://archive.kremlin.ru/eng/speeches/2000/02/25/0000\\_type82912type104017\\_124556.shtml](http://archive.kremlin.ru/eng/speeches/2000/02/25/0000_type82912type104017_124556.shtml).

46. The authors are grateful to Brookings Nonresident Fellow William Partlett for his assistance with this section of the book. See Partlett (2013). Zorkin also used the term *diktatura zakona* in a 1996 interview fiercely criticizing Yeltsin for his policy of signing bilateral treaties with Russia’s regions. See Trochev (2008), p. 142. For another detailed discussion of Putin’s attraction to liberal conservatism, see Prozorov (2004).

47. In the late nineteenth and early twentieth centuries, Boris Chicherin’s work attracted a large group of self-declared liberal followers among the Russian intelligentsia. Members of this elite group helped to create the Constitutional Democrats, or the *Kadets*, which promoted the development of a law-based constitutional monarchy under the last tsar, Nicholas II (1894–1917). This was the same party that Dmitry Rogozin revived in the early 1990s as he began his career as one of Russia’s leading contemporary nationalist politicians.

48. The most in-depth discussion of Russian conservative political thought in the imperial era is in Pipes (2005).

49. Like Sobchak, Zorkin saw the Soviet Communist Party lurching into the territory of arbitrary application of power. He sought a means to counteract this, without upending the basic state structures of the Soviet Union. Between 1960 and 1991, Valery Zorkin steeped himself in the work of the statist school. He wrote biographies on Boris Chicherin as well as Sergei Muromtsev, another prominent representative. Zorkin originally intended to teach constitutional law at Moscow State University but was unable to defend his thesis outlining the efforts of the late tsarist statist in developing a less ideological, sociological theory of law. The Academy of the Ministry of Internal Affairs—which was looking for more “liberals” under the leadership of Major General Sergei Krylov—recruited Zorkin to continue his work. For more detail on Zorkin’s Soviet-era academic life, see Boris Vishnevskiy, “Eks-predsedatel’ konstitutstionnogo suda” [Ex-chairman of the constitutional court], *Nezavisimaya gazeta*, March 28, 1998. See also Zor’kin (1984).

50. Zorkin had many supporters in official Russian circles and in the 2000s became a central figure in the efforts to restore Russian state power under Putin. In March 2000, Mr. Putin awarded Zorkin a medal for his long service to the Russian state.



51. Valery Zorkin's articles in *Rossiyskaya gazeta* in December 2011 and January 2012 exemplify this application of late tsarist statism to the present day. "Dukh zakona" [Spirit of the law], *Rossiyskaya gazeta*, December 12, 2011 ([www.rg.ru/2011/12/11/zorkin-site.html](http://www.rg.ru/2011/12/11/zorkin-site.html)); "Rossiya: dvizheniye k pravu ili khaosu?" [Russia: moving toward law or chaos?], *Rossiyskaya gazeta*, January 26, 2012 ([www.rg.ru/2012/01/26/zorkin.html](http://www.rg.ru/2012/01/26/zorkin.html)).

52. In his comments to David Hearst and Tom Parfitt in the January 2012 interview with *The Guardian*, Gleb Pavlovsky stresses the unique position of the Russian president standing above absolutely everything in the Russian constitution: "The idea of presidential power that stands higher than all three powers, that is in our constitution. The president has a special kind of power which does not relate [even] to executive power . . . executive power ends with the prime minister. . . . The president is above them all, like a tsar. And for Putin that is a dogma. . . ."

53. See, for example, "Russia's Putin Won't Run for Re-Election in 2008," Reuters, April 13, 2005.

54. Marc Bennetts, "Putin Quits United Russia Party," RIA Novosti, April 24, 2012 (<http://en.rian.ru/russia/20120424/173011431.html>).

55. Putin, "Rossiya sosredotochivayetsya: vyzovy, na kotoryye my dolzhny otvetit'" [Russia muscles up: the challenges we must respond to], January 16, 2012. Originally printed in *Izvestiya*, at <http://izvestia.ru/news/511884>. See also William Partlett, "Vladimir Putin and the Law," Brookings Institution, February 28, 2012 ([www.brookings.edu/opinions/2012/0228\\_putin\\_law\\_partlett.aspx](http://www.brookings.edu/opinions/2012/0228_putin_law_partlett.aspx)). Mr. Putin also seems to have borrowed from Valery Zorkin in formulating some of his ideas on the "national question" seven days later. Compare Vladimir Putin, "Rossiya: natsional'nyy vopros" [Russia: the national question], January 23, 2012, originally printed in *Nezavisimaya gazeta*, ([www.ng.ru/politics/2012-01-23/1\\_national.html](http://www.ng.ru/politics/2012-01-23/1_national.html)), with Valery Zorkin, "Sovremennoye gosudarstvo v epokhu etnosotsial'nogo mnogoobraziya" [The modern state in an era of ethno-social diversity], *Rossiyskaya gazeta*, September 7, 2011, available on *Rossiyskaya gazeta's* website at [www.rg.ru/2011/09/07/zorkin-site.html](http://www.rg.ru/2011/09/07/zorkin-site.html).

56. See Putin, "Demokratiya i kachestvo gosudarstva" [Democracy and the quality of the state], *Kommersant*, February 6, 2012 ([www.kommersant.ru/doc/1866753](http://www.kommersant.ru/doc/1866753)).

57. Vladimir Putin, Annual Address to the Federal Assembly of the Russian Federation, April 25, 2005. For an example of the misquotation see Mike Eckel, "Putin Calls Soviet Collapse a 'Geopolitical Catastrophe,'" Associated Press, April 26, 2005.

58. Quoted in "Putin Warns 'Mistakes' Could Bring Back '90s Woes," RFE/RL, October 17, 2011, at [www.rferl.org/content/putin\\_mistakes\\_could\\_bring\\_back\\_1990s\\_woes/24362626.html](http://www.rferl.org/content/putin_mistakes_could_bring_back_1990s_woes/24362626.html).

59. Gaidar (2007).

60. Gaidar came from a prominent intellectual family with a long record of service to the state. His father, Timur Gaidar, was a Soviet naval officer and later a military correspondent for the Soviet flagship newspaper, *Pravda*; his grandfather, Arkady Gaidar, was a celebrated journalist and writer of popular Soviet-era children's stories; and his maternal grandfather, Pavel Bazhov, was the author of a famous collection of fairy and folk tales from Russia's Urals region.

61. Authors' personal notes from Yegor Gaidar presentations at the Brookings Institution's Hewett Forum on December 3, 2007, and April 14, 2009; and from research meetings with Yegor Gaidar at the Gaidar Institute in Moscow on September 6, 2005, and at the Brookings Institution in Washington on November 3, 2009.

62. Gleb Pavlovsky interview with *The Guardian*, January 24, 2012. A decade earlier, retired KGB General Nikolai Leonov, in his interview with *Spetsnaz Rossii* in 2001, described "the pile of rubble to which the [Russian] great power [*velikaya derzhava*] has been reduced" by Yeltsin, who "was broken down by the events in Chechnya . . . by the entire situation . . . and left the country in a state of de facto disintegration." Leonov also described Chechnya as part of a "terrible legacy" that Vladimir Putin inherited from Boris Yeltsin: "A cancerous tumor in the North Caucasus that was metastasizing throughout the country." See Yevdokimov, "Russkaya pravda Generala Leonova."

63. See "Pis'mennoye interv'yu v'etnamskoy gazeta 'Nyan zan'" [Written interview with Vietnamese newspaper "Nyan zan"], February 27, 2001, <http://archive.kremlin.ru/text/appears/2001/02/28489.shtml>.

64. See Dunlop (1993), p. 13. Even Ramazan Abdulatipov, an ethnic Avar from the Russian North Caucasus and the deputy chairman of the Russian Council of the Federation, the upper house of the Russian parliament where the republics were represented, was sympathetic to this view—although he acknowledged that getting rid of the existing administrative structures would simply "provoke additional conflict." Ramazan Abdulatipov, "O federativnoy i natsional'noy politike Rossiyskogo gosudarstva" [On the federal and national policies of the Russian state], published in full in *CMG Bulletin*, June 1995, p. 8.

65. Sergei Shakhrai, Yegor Gaidar, Grigory Yavlinsky, and former Russian Nationalities Minister Valery Tishkov all favored the creation of new administrative units whose privileges would be similar to those given to the constituent states in Germany's *Länder* system. Gleb Pavlovsky, in his January 24, 2012, interview with *The Guardian*, notes that Putin simply appropriated all these ideas as soon as he got into office: "Yeltsin also dreamed about such an arrangement but he just had no chance to achieve it. It's a very popular idea in Russia."

66. An eighth district was introduced in 2010.

67. See Hill (2005).

68. For a discussion of Mikhalkov's career and controversial relationship with Vladimir Putin, see "Cannes Russia Director: Genius or Pro-Kremlin Opportunist," *Sydney Morning Herald*, May 19, 2010 ([www.smh.com.au/entertainment/movies/cannes-russia-director-genius-or-prokremlin-opportunist-20100519-vdak.html](http://www.smh.com.au/entertainment/movies/cannes-russia-director-genius-or-prokremlin-opportunist-20100519-vdak.html)).

69. In the wake of the film, Mikhalkov was outspoken in his support for Putin staying on in 2008 for what would have been a third consecutive, but unconstitutional, presidential term. See Georgy Bovt, "Putin's Plan for Higher Turnout," *Moscow Times*, November 1, 2007. Later, in October 2010, Mikhalkov put out his own manifesto on the Russian state entitled *Pravo i pravda: Manifest prosveshchennogo konservatizma* [Law and truth: a manifesto of enlightened conservatism]. He addressed his 2008 transgression by putting the Russian Constitution back in its rightful place as the fundamental law of the state and the guarantor of Russian statehood. Mikhalkov declared himself to be like Putin, the representative of a larger group of *gosudarstvenniki*. He also laid out once more the core ideas of Putin's 1999 Millennium Message. Mikhalkov talked about restoring traditional

Russian values, focusing on Russian history and culture. He extolled the importance of unity and revisited many of the concepts also propounded by Valery Zorkin in his discussions of a *pravovoye gosudarstvo*—including society's subordination to the state. See Mikhalkov (2010).

70. Bobkov (1995).

71. Ibid., pp. 376–77.

72. Ibid., pp. 378–79.

73. Putin, Millennium Message, December 29, 1999.

74. Ibid.

75. Vladislav Surkov, who served as the first deputy chief of the presidential administration from 1999 to 2001, is widely viewed as the Kremlin's leading ideologue, or "gray cardinal," who has played a key role in formulating many of Putin's core ideas about the Russian state. See "Bespartiynny ideolog Vladislav Surkov" [The partyless ideologue Vladislav Surkov], *Gazeta.ru*, May 16, 2007, at [www.gazeta.ru/politics/elections2007/parts/1477554.shtml](http://www.gazeta.ru/politics/elections2007/parts/1477554.shtml); Peter Pomerantsev, "Putin's Rasputin," *London Review of Books*, Vol. 33, No. 20, October 20, 2011, pp. 3–6; and Vladimir Stepanov, "The Gray Cardinal Leaves the Kremlin," *Russia Beyond the Headlines*, December 28, 2011.

## CHAPTER 4

1. The ideas elaborated on here were first published in Hill and Gaddy, *The National Interest* (January–February 2012).

2. This is essentially in keeping with George Orwell's observation: "Who controls the past, controls the future: who controls the present controls the past." Orwell (1949), p. 37. Indeed, in May 2012, Putin appointed as the new Russian minister of culture Vladimir Medinsky, a best-selling Russian author of a series of books on Russian history, "Myths about Russia," that take issue with negative depictions of Russia's past. In 2009, Medinsky had been appointed to a Russian presidential commission focused on combating the "falsification" of history in Russian publications and pronouncements. See Amy Knight, "Russia's Propaganda Man," *NYR* (blog), *New York Review of Books*, May 31, 2012, at [www.nybooks.com/blogs/nyrblog/2012/may/31/putins-propaganda-man/](http://www.nybooks.com/blogs/nyrblog/2012/may/31/putins-propaganda-man/).

3. Blotskiy (2002), p. 76. In two volumes, Blotsky weaves together biographical information and extracts from interviews with Putin and people who knew him at various stages in his career. Blotsky, interestingly and fittingly, does not actually call his book chapters "chapters" but "istorii" or "histories": "Istoriya pervaya" (First history), "Istoriya vtoraya" (Second history), and so on.

4. Cited in Guy Falconbridge and Gleb Bryanski, "Putin Invokes History's Lions for Return to Kremlin," *Reuters*, November 1, 2011.

5. For a detailed discussion of the references to and the uses of history by Putin and Boris Yeltsin in their speeches, see Malinova, *Pro et Contra* (May–August 2011), pp. 106–22. In his article on the Russian national question in *Nezavisimaya gazeta* in January 2012, for example, Putin makes a series of selective historical references that leap from eleventh-century Russian texts to the nineteenth century and then post-communist Russia but blatantly skips the Soviet period, in an effort to create a harmonious picture of inter-ethnic relations in Russia.

6. See Clifford Gaddy and Fiona Hill, "Vladimir Putin's League of Extraordinary Gentlemen," Valdai Discussion Club, January 30, 2012, at [www.brookings.edu/opinions/2012/0130\\_putin\\_gaddy\\_hill.aspx](http://www.brookings.edu/opinions/2012/0130_putin_gaddy_hill.aspx).

7. Riasanovsky (1959), p. 74.

8. Konstantin Azadovsky, "Russia's Silver Age," in Isham (1995), pp. 79-90, p. 84.

9. Ibid., p. 89. The governments of both periods adopted strikingly similar strategies to create links with an earlier, purportedly glorious, Russian past. In 1913, for example, the Romanov dynasty celebrated 300 years of rule in Russia. The occasion itself, and the years immediately preceding it, was marked by the glorification of Russia's medieval roots in the Muscovite state. There were building projects, and Court balls and pageants with seventeenth-century themes. Although St. Petersburg was not founded until the eighteenth century, an old Muscovite-style church was built in the heart of the imperial capital. Some of the city's buildings were reconstructed in a neo-Byzantine manner, evocative of old Muscovy. For a comprehensive discussion of the importance of imperial myth, symbolism, and evocations of the past in tsarist Russia, see Wortman (2006). The parallels between the 1900s and the 1990s in terms of events, ideas and debates—the century's bookends—are also one of the key themes of Fiona Hill's 1998 Harvard history Ph.D. dissertation.

10. The authors personally observed these during a visit to the Kremlin for the September 2005 Valdai Discussion Club meeting with Vladimir Putin.

11. See "Vystupleniye Predsedatelya Soveta Federatsii S. M. Mironova na konferentsii 'Rol' Gosudarstvennogo soveta i Soveta Federatsii Federal'nogo Sobraniya Rossiyskoy Federatsii v istorii rossiyskogo parlamentarizma'" [Speech by Chairman of the Federation Council S.M. Mironov at the conference on "The Role of the State Council and the Federation Council of the Federal Assembly of the Russian Federation in the history of Russian parliamentarianism"], December 18, 2006, at [http://council.gov.ru/inf\\_ps/chronicle/2006/12/item5465.html](http://council.gov.ru/inf_ps/chronicle/2006/12/item5465.html).

12. Andrei Soldatov and Irina Borogan, in their book *The New Nobility*, about the rise of Russian officials with backgrounds in the KGB and FSB in the 2000s, recount in detail the efforts to reinstate and reinvigorate the reputation of former intelligence head and Soviet leader Yury Andropov after 1999. These included Putin's attendance at a December 20, 1999, ceremony for the reinstallation of a plaque at FSB headquarters honoring Andropov; the naming of a school and the erection of a 10-foot-tall statue to celebrate the ninetieth anniversary of Andropov's birth; and the publication of several books on Andropov's life and work. In 2005, a bust of Felix Dzerzhinsky, the founder of the first Soviet intelligence agency, the Bolshevik's secret police, or *Cheka*, which had been removed from the inner courtyard of the Moscow police headquarters, was put back in its original place. However, the more famous statue of Dzerzhinsky that stood a few streets away in Lubyanka (formerly Dzerzhinsky) Square outside FSB headquarters before being toppled in 1991, was not similarly resurrected, in spite of a proposal by then Moscow Mayor Yury Luzhkov to put it back on the square in 2002. See Soldatov and Borogan (2010), pp. 91-97; Brian Whitmore, "Andropov's Ghost," *The Power Vertical* (blog), RFE/RL, February 9, 2009, at [www.rferl.org/content/Andropovs\\_Ghost/1467159.html](http://www.rferl.org/content/Andropovs_Ghost/1467159.html); and Douglas Birch, "Russian Nostalgia Feeds Struggle Over Monument to KGB Founder," *Baltimore Sun*, November 30, 2002, at [http://articles.baltimore.com/2002-11-30/news/0211300276\\_1\\_statue-secret-police-monument](http://articles.baltimore.com/2002-11-30/news/0211300276_1_statue-secret-police-monument). Similarly, Donald Rayfield in his work on Stalin notes that in 2002 the Russian post

office issued a set of stamps, "The 80th Anniversary of Soviet Counterintelligence," depicting some of the most "dreaded" leaders of the secret services in the 1920s who had organized the killing of hundreds of thousands of Soviet citizens. See Rayfield (2004), pp. xii–xiii.

13. See Max Delany, "An Inside Track to President Putin's Kremlin. Profile: Vladimir Yakunin," *St. Petersburg Times*, October 2, 2007, at [http://sptimes.ru/index.php?action\\_id=2&story\\_id=23175](http://sptimes.ru/index.php?action_id=2&story_id=23175). See also the website for the Fond Andriya Pervozvannogo (St. Andrew's Fund), which Yakunin heads, at [www.fap.ru/](http://www.fap.ru/).

14. See Elif Batuman, "The Bells: How Harvard Helped Preserve a Russian Legacy," *The New Yorker*, April 27, 2009. Abstract at [www.newyorker.com/reporting/2009/04/27/090427fa\\_fact\\_batuman](http://www.newyorker.com/reporting/2009/04/27/090427fa_fact_batuman).

15. See Bush (2010), p. 196; and Rice (2011), p. 63.

16. See, for example, Yakov Krotov, "Oni v svoikh korridorakh: Svyataya pustota—Vliyaniye dukhovnika prezidenta na sud'bu strani sil'no preuvelicheno" [In their corridors: A sacred nonentity—The influence of the president's confessor on the country's destiny is greatly exaggerated], *Obshchaya gazeta*, December 20, 2001. Translation by *Johnson's Russia List*, under the heading "Views of Putin's Priest Described," January 8, 2002, at [www.cdi.org/russia/johnson/6009-10.cfm](http://www.cdi.org/russia/johnson/6009-10.cfm).

17. See Gvosdev, *Orbis* (Spring 2009), pp. 347–59. Gvosdev reviews Vladislav Surkov's writings on Russian political culture between 1997–2007. The discussion of sovereign democracy is on p. 349.

18. This kind of reasoning also comes out in the work of Valery Zorkin and in a 2012 proposal by Putin associate Vladimir Yakunin and Moscow State University scholar Stepan Sulashkin to rewrite the Russian constitution in line with Russia's historical values of *obshchinnost'* (community), *kollektivizm* (collectivism), and *paternalizm* (paternalism). This would involve purging the current 1993 Russian constitution of the universal democratic values enshrined within it and returning to the basic concepts outlined by Putin in the 1999 Millennium Message. See <http://kommersant.ru/doc/1939276>.

19. Ellen Barry, the *New York Times*'s Moscow bureau chief, relates, for example, in an e-mail exchange with the authors in early February 2012 that during an interview she conducted with Putin's press secretary, Dmitry Peskov, during Putin's campaign for the March 4 presidential election, she asked Peskov how Putin keeps up with all of the changes in Russian society. Peskov responded that Putin does this by "speaking with ordinary Russians [the *narod*]." Putin believes that he understands the Russians more than anyone, by virtue of the communion achieved during his interactions with the *narod*. See also Ellen Barry, "Putin Aide Says Foreign Hands Are Behind Protests," *New York Times*, February 3, 2012.

20. See Fiona Hill, "Dinner with Putin: Musings on the Politics of Modernization in Russia," Brookings Foreign Policy Trip Reports, No. 18, October 2010, at [www.brookings.edu/reports/2010/10\\_russia\\_putin\\_hill.aspx](http://www.brookings.edu/reports/2010/10_russia_putin_hill.aspx).

21. See the official website of the *Narodnyy front* at <http://narodfront.ru/organization/20110606/379742791.html>.

22. Bobkov (1995), p. 381.

23. Putin, Millennium Message, December 29, 1999, available in Russian on the *Nezavisimaya gazeta* website at [www.ng.ru/politics/1999-12-30/4\\_millennium.html](http://www.ng.ru/politics/1999-12-30/4_millennium.html).

24. "Predsedatel' Pravitel'stva Rossiyskoy Federatsii V.V. Putin prinyal uchastie v rabote syezda Vserossiyskoy politicheskoy partii 'Yedinaya Rossiya'" [Prime

Minister Vladimir Putin takes part in the conference of the “United Russia” Party], November 27, 2011, available at <http://government.ru/docs/17248/>. The English version is at <http://government.ru/eng/docs/17248/>.

25. An overview of the August 31–September 7, 2010, Valdai Discussion Club meeting is available on the Valdai website at <http://valdaiclub.com/event/22152.html>.

26. Authors’ personal notes from Valdai Discussion Club meeting with Vladimir Putin in the Rus’ Sanatorium in Sochi, September 6, 2010.

27. Mikhalkov, *Pravo i pravda: Manifest prosveshchennogo konservatizma*. In the penultimate sentence of the citation, the Russian word *svoi* is roughly equivalent to *nashi* or “ours,” while *chuzhiye* is “alien” or “other.” So Mikhalkov, here, is echoing Putin’s frequent admonition against dividing everything up into “ours” and “not ours” or “us versus them.”

28. In his last address to parliament as prime minister, on April 11, 2012, for example, Putin remarked, in response to a question from a Duma member, about the importance of having an all-encompassing idea of the Russian people: “You know, it’s very easy for me to say this, I’ve already talked about this publicly, I was handed some church documents showing that from some year after 1600, extending right up to me here, all my relatives lived in one single village about 120 or 180 kilometers from Moscow, and for 300 and some years they went to one and the same church.” See “Predsdatel’ Pravitel’sstva Rossiyskoy Federatsii V.V. vystupil v Gosudarstvennoy Dume s otchyotom o deat’nosti Pravitel’sstva Rossiiskoy Federatsii za 2011 god” [Chairman of the Government of the Russian Federation V.V. Putin appeared before the State Duma with the report on the activity of the Government of the Russian Federation for 2011], April 11, 2012, at <http://government.ru/docs/18671/>. The English version is at <http://government.ru/eng/docs/18671/>.

29. See, for example, “United Russia—Racing to the 2012 Elections,” *Nezavisimaya gazeta*, in RIA Novosti: Russian Press—Behind the Headlines, October 7, 2011, at <http://en.ria.ru/papers/20111007/167471677.html>.

30. The authors are grateful to Maria Lipman of the Carnegie Endowment’s Moscow Center, and editor of *Pro et Contra*, for reminding them of this contest, along with its circumstances and peculiarities, when we were writing *The National Interest* article. See also Tom Parfitt, “Medieval warrior overcomes Stalin in poll to name greatest Russian,” *The Guardian*, December 28, 2008, at [www.guardian.co.uk/world/2008/dec/29/stalin-name-of-russia](http://www.guardian.co.uk/world/2008/dec/29/stalin-name-of-russia).

31. As part of his initial efforts to restore order, in August 1906, Stolypin decreed the establishment of military-run civilian field courts, which summarily convicted those who had already been deemed guilty. The nooses on the gallows that were used for executions—during what the Soviets’ later portrayed as Stolypin’s nine-month reign of terror—were known as “Stolypin’s neckties.” See Pipes (1990), pp. 170–71. For a discussion of Stolypin’s views on the balance between repression and reform, see Pipes (2005), p. 175.

32. This was Stolypin’s “wager on the strong,” an attempt to create a natural conservative force in the countryside in support of the Russian monarchy. As a number of scholars have pointed out, this is one area where Putin has not taken the lessons of history to heart in his reading of Stolypin: “The lack of such a deliberate policy of creating a supporting base for Putinism is . . . one of its key failings—as the [2011–12] protests show, the ‘new class’ is . . . urban and frankly unsupportive. . . . [Vladimir Putin only] looks at elites and an unvariagated mass

population [when he looks at Russian society].” Mark Galeotti, in written exchange with authors, July 24, 2012. See also Mark Galeotti, “Putin, Kudrin and the Real Stolypin,” *In Moscow’s Shadows* (blog), January 6, 2012, at <http://inmoscowsadows.wordpress.com/2012/01/06/putin-kudrin-and-the-real-stolypin/>. Galeotti’s point was reinforced at the November 2011 Valdai Discussion Club meetings in Kaluga, when Kremlin sociologists and advisers repeatedly talked about the elite and the *narod*. In spite of being pressed by other participants on the issue, they failed to differentiate the emergence of new social and interest groups within these two sweeping categories and their roles in shaping public opinion. Authors’ personal notes from meetings on “2011–12 Elections and the Future of Russia. Development Scenarios for the Next 5–8 Years,” Kaluga, November 7–9, 2011.

33. See Pipes (1990), pp. 169–70 and pp. 177–78.

34. Pipes (2005), p. 177.

35. Authors’ personal notes from Valdai Discussion Club meeting with Vladimir Putin at Bocharov Ruchey, the presidential dacha in Sochi, September 14, 2007.

36. See Pipes (1990), pp. 175–77.

37. Falkus (1972), pp. 83–84.

38. Putin address to State Duma, April 11, 2012.

39. One link to the Russia 2020 strategy report by the Russian Ministry of Economic Development, “Innovatsionnaya Rossiya–2020 (Strategiya innovatsionnogo razvitiya Rossiyskoy Federatsii na period do 2020 goda)” [Innovative Russia–2020 (a strategy for the innovative development of the Russian Federation in the period until 2020)], is at [www.economy.gov.ru/minec/activity/sections/innovations/doc20101231\\_016?presentationtemplate=docHTMLTemplate1&presentationtemplateid=2dd7bc8044687de796f0f7af753c8a7e](http://www.economy.gov.ru/minec/activity/sections/innovations/doc20101231_016?presentationtemplate=docHTMLTemplate1&presentationtemplateid=2dd7bc8044687de796f0f7af753c8a7e).

40. This is also essentially the same idea that the Yeltsin team expressed in the 1997 *poslaniye*, that if his administration’s reform program was left incomplete, order would never be fully restored to the Russian state. See Hill, “Dinner with Putin: Musings on the Politics of Modernization in Russia”; and Fiona Hill and Clifford Gaddy, “Putin’s Next Move in Russia: Observations from the 8th Annual Valdai International Discussion Club,” December 12, 2011, at [www.brookings.edu/interviews/2011/1212\\_putin\\_gaddy\\_hill.aspx](http://www.brookings.edu/interviews/2011/1212_putin_gaddy_hill.aspx). See also Putin’s meeting with a group of Russian political scientists on February 6, 2012, in Moscow as reported by Fedor Lukyanov at [http://ria.ru/vybor2012\\_analysis/20120207/559346082.html](http://ria.ru/vybor2012_analysis/20120207/559346082.html).

41. Cited in Orlando Figes, “In Search of Russia,” *New York Review of Books*, October 23, 2003.

42. Putin address to State Duma, April 11, 2012.

## CHAPTER 5

1. This story is recounted in Gevorkyan, Timakova, and Kolesnikov, *Ot pervogo litsa* (2000), pp. 9–10.

2. See Moskovskoff (2002), p. 196.

3. Putin press conference with Russian and foreign media, June 20, 2003. Putin continued: “90 percent of the potatoes grown in the country are grown in these little private gardens. 90 percent! And these gardens produce 80 percent of the vegetables and 60 percent of the fruit.” These percentages were only slightly less

as late as 2011. That year Russian families privately grew one-third more potatoes than the entire U.S. farm sector. The Russian total of “personal” potatoes amounted to over 1,200 pounds per household. Authors’ calculations from data from the Russian Federal State Statistics Service, *Statistical Yearbook for 2011*. Putin’s comment about working on the family plot is cited in Ries, *Cultural Anthropology* (May 2009), p. 202. In her article, Ries talks about the potato’s centrality to mechanisms of everyday survival and basic subsistence in Russia and how the humble vegetable also functions as a “complex system of knowledge embedded in historical memory.” The full source for the press conference document is “Stenograficheskiy otchet o press-konferentsii dlya rossiyskikh i inostrannykh zhurnalistov” [Press conference with Russian and foreign media], June 20, 2003, at [http://archive.kremlin.ru/appears/2003/06/20/1237\\_type63380type63381type82634\\_47449.shtml](http://archive.kremlin.ru/appears/2003/06/20/1237_type63380type63381type82634_47449.shtml). The English version is at [http://archive.kremlin.ru/eng/text/speeches/2003/06/20/1712\\_type82915\\_47467.shtml](http://archive.kremlin.ru/eng/text/speeches/2003/06/20/1712_type82915_47467.shtml).

4. Gaidar (2007), p. 145 (cited from a document produced by the Presidium of the Soviet Council of Ministers).

5. Ibid., p. 187 (the quotes are from Boris Gidasov, first secretary of the Leningrad oblast Committee of the Soviet Communist Party at a Soviet politburo meeting on November 16, 1990).

6. Cited in *ibid.*, p. 198.

7. Cited in *ibid.*, p. 239.

8. Cited in *ibid.*, pp. 198–99.

9. See Gessen (2012), pp. 104–05 and pp. 118–19.

10. Putin, meeting with heads and editors-in-chief of domestic television and radio broadcasting companies and print media, January 18, 2012.

11. See box in chapter 9 for a more detailed discussion of Putin’s dissertation.

12. King and Cleland (1978).

13. Ibid., *passim*.

14. Zen’kovich (2006), p. 130. In March 2004, *Gosrezerv* was renamed the Russian Federal Agency for State Reserves, *Rosrezerv*.

15. Grigory Puganov and Yuri Shtukin, “Zakroma Rodiny: Ne vse v Rossii plokho lezhit” [The granary of the Motherland: not everything is in a bad condition in Russia], *Izvestiya*, August 9, 2000, at <http://dlib.eastview.com/browse/doc/3049287>.

16. Andrey Sergeyev, “Vserossiyskaya zanchka” [The all-Russian stash], *Russkiy kur’er*, No. 11, March 20, 2006.

17. Ibid.

18. Puganov and Shtukin, *Izvestiya*, August 9, 2000.

19. Ibid.

20. Sergeyev, *Russkiy kur’er* (March 20, 2006).

21. Authors’ calculations, based on information about the amount and types of commodities in the reserves described in Mikhail Falaleyev, “Veto na neprikosnovennyy zapas” [A veto on emergency stores], *Rossiyskaya gazeta*, May 19, 2006.

22. Yevgeniy Verlin, “Gosregulirovaniye. Aleksandr Grigor’ev: ‘Polnykh analogov sistemy Rosrezerva v mire ne sushchestvuyet’” [Regulating the state. Alexander Grigoriev: “A complete analogue to the Rosrezerv system does not exist elsewhere in the world”], *Profil*, July 17, 2006.



23. Cited in Verlin, *Profil*.
24. Gaidar (2007), pp. 110–14.
25. See Gaddy and Ickes, *Eurasian Geography and Economics* (2010), pp. 281–311, note 9.
26. See Gaddy and Ickes, *The National Interest* (January/February 2009).
27. See Gaddy and Ickes, *Eurasian Geography and Economics* (2010).
28. Putin, address to State Duma, April 11, 2012. The Russian word *sostoyatel'nost'* has multiple meanings, which also encompass the idea of strength, fortitude, wealth, and wherewithal. See “Predsdatel' Pravitel'stva Rossiyskoy Federatsii V.V. vystupil v Gosudarstvennoy Dume s otchyotom o deatel'nosti Pravitel'stva Rossiyskoy Federatsii za 2011 god” [Chairman of the Government of the Russian Federation V.V. Putin appeared before the State Duma with the report on the activity of the Government of the Russian Federation for 2011], April 11, 2012, at <http://government.ru/docs/18671/>. The English version is at <http://government.ru/eng/docs/18671/>.
29. Putin, address to the staff of the finance ministry, April 17, 2012, at [www.newsru.com/russia/17apr2012/kudrin.html](http://www.newsru.com/russia/17apr2012/kudrin.html)
30. Blotskiy (2002), pp. 59–62. The title of the chapter is an allusion to the Russian title of a 1971 American film that Putin cites in the book. In Russian it is *General'y peschanykh kar'yerov*. The American original was *The Sandpit Generals*. The movie features the daily struggles of a street gang of homeless youths in Brazil. It became an iconic movie in the USSR. The newspaper *Komsomolskaya pravda* declared it its “best foreign film” in 1974, when Mr. Putin was in his early twenties. Soviet popular culture references are very typical of Putin—especially when trying to cast a spotlight on a particularly pertinent personal experience or in making an emphatic point.
31. Blotskiy, pp. 60–61.
32. See Gevorkyan, Timakova, and Kolesnikov (2000), pp. 20–22; also Blotskiy (2002), pp. 125–36. Putin became particularly accomplished at judo, rising to the Leningrad City championship level and traveling frequently to out-of-town matches with his Leningrad City team.
33. See Evangelista (2002), pp. 46–86.
34. See, for example, Evangelista (2002), pp. 63–86; and Shevtsova, in *Putin's Russia* (2005), pp. 134–62; citation is from p. 134.
35. See Gessen (2012). Her chapter “Rule of Terror,” pp. 199–226, recounts the accusations of Putin's and the security service's alleged role in staging some of the terrorist attacks that led to war in 1999.
36. See, for example, “Chechnya and the North Caucasus. And They Call It Peace: Vladimir Putin's Presidency Began in Chechnya; the Region Is Restive as It Ends,” *The Economist*, February 28, 2008.
37. Cited in Gevorkyan, Timakova, and Kolesnikov (2000), p. 133.
38. See references to Alexander Grigoriev's role in the North Caucasus and his award of a state medal for his services, in Zen'kovich (2006), p. 130; and references to the use of the state reserves to set up a medical response for the aftermath of the devastating school siege by Chechen terrorists in Beslan in North Ossetia, in Sergeyev, *Russkiy kur'er* (March 20, 2006).
39. Shevtsova (2005), p. 137.

40. Adrian Blomfield, “Russia Ends 10 Year War in Chechnya,” *The Telegraph*, April 16, 2009, at [www.telegraph.co.uk/news/worldnews/europe/russia/5165328/Russia-ends-10-year-war-in-Chechnya.html](http://www.telegraph.co.uk/news/worldnews/europe/russia/5165328/Russia-ends-10-year-war-in-Chechnya.html).

41. Cited in Gevorkyan, Timakova, and Kolesnikov (2000), pp. 133–35.

42. For a detailed discussion of the pernicious political and social impact of ethnic Russian nationalism and extremism see Lacquer (1993).

43. The number of Russian citizens associated with “culturally” or traditionally Muslim ethnic groups is often cited as between 15 and 20 million. Scholars of Islam in Russia, such as Mikhail Alekseev at the University of San Diego, argue, however, that the number of practicing Muslims in the Russian Federation is far lower, more in the range of 11 million and mostly concentrated in Russia’s Volga region and the North Caucasus. See Alekseev, “Overcounting Russia’s Muslims: Implications for Security and Society,” PONARS Eurasia Policy Memo No. 27, August 2008, at [www.gwu.edu/~ieresgwu/assets/docs/pepm\\_027.pdf](http://www.gwu.edu/~ieresgwu/assets/docs/pepm_027.pdf).

44. See Anna Arutunyan and Lidia Okorokova, “Race Riot on Manezhnaya,” *Moscow News*, December 13, 2010, at <http://themoscownews.com/politics/20101213/188276816.html>. Some Russian political commentators also saw it as a deliberate provocation to raise the specter of race riots and the risk of things spiraling out of control absent a strong, guiding hand from Vladimir Putin and the Russian government. Authors’ personal notes from discussion with Russian journalist Oleg Kashin and analyst Pavel Baev, Brookings Institution, March 29, 2012.

45. Vladimir Zhirinovskiy offered an anti-immigrant and anti-Chechen tirade to members of the Valdai Discussion Club at a meeting at the RIA Novosti headquarters in Moscow on November 10, 2011. Zhirinovskiy’s campaign posters for the 2011–12 electoral season touted a Russia for (ethnic) Russians.

46. Vladimir Putin, “Predsedatel’ Pravitel’sтва Rossiyskoy Federatsii V.V. Putin prinyal uchastie v rabote syezda Vserossiyskoy politicheskoy partii ‘Yedinaya Rossiya’” [Speech to the conference of the United Russia party], November 27, 2011. The link in Russian is at <http://government.ru/docs/17248/>. The English is at <http://government.ru/eng/docs/17248/>.

47. Nashi is the largest of a set of pro-Kremlin youth groups created in the 2000s. It was founded in 2005, shortly after the Ukrainian Orange Revolution in which student activism and student groups played an important role. One Ukrainian student organization, PORA, followed consciously in the footsteps of youth groups that helped bring down Slobodan Milosevic in Serbia in the 1990s. It created hundreds of branches and outposts around Ukraine, which were instrumental in uncovering and reporting the electoral fraud that sparked Ukraine’s mass demonstrations from November 2004 to January 2005 and overturned the results of the presidential election. Putin and the Kremlin expropriated the Ukrainian PORA model and, in addition to Nashi, created groups like *Molodaya gvardiya* (Young guard) and *Stal* (Steel). Nashi established a substantial Internet presence for organizational and promotional purposes and created an annual camp at Lake Seliger in Russia’s Tver region, where Putin and other key Kremlin officials have come to engage with the campers. For a further discussion of Nashi activities see Lucas (2008), pp. 78–91. Nashi rallies and demonstrations in support of Putin were organized in December 2011 to counter the street protests in Moscow; see Miriam Elder, “Russian Election: Police, Troops and Youth Groups Stifle Anti-Putin Protests,” *The Guardian*, December 6, 2011, at [www.guardian.co.uk/world/2011/dec/06/](http://www.guardian.co.uk/world/2011/dec/06/)

russian-election-anti-putin-protests, and Simon Shuster, "The Empire Strikes Back: Putin Sends in the Storm Troopers," *Time*, December 7, 2011, at [www.time.com/time/world/article/0,8599,2101741,00.html](http://www.time.com/time/world/article/0,8599,2101741,00.html).

48. This discussion came right after the anti-Chechen diatribe by Vladimir Zhirinovsky to the group at the RIA Novosti headquarters, which was clearly intended to cast a contrasting spotlight on Putin's measured and "enlightened" position.

49. The official (Russian language) website for Milkhalkov's film, which won an award at the 2007 Venice Film Festival and was nominated for an Academy Award for "Best Foreign Language Film," is at [www.trite.ru/projects\\_in.mhtml?PubID=124/](http://www.trite.ru/projects_in.mhtml?PubID=124/).

50. See, for example, Gregory Fieber, "The Price of Progress—Life in Kadyrov's Grozny Permeated by Fear," RFE/RL, August 11, 2009, at [www.rferl.org/content/The\\_Price\\_Of\\_Progress\\_Life\\_In\\_Kadyrovs\\_Grozny\\_Permeated\\_By\\_Fear/1797452.html](http://www.rferl.org/content/The_Price_Of_Progress_Life_In_Kadyrovs_Grozny_Permeated_By_Fear/1797452.html); and the detailed profile of Ramzan Kadyrov in the *New York Times*, updated on October 6, 2011, at [http://topics.nytimes.com/top/reference/timestopics/people/k/ramzan\\_a\\_kadyrov/index.html](http://topics.nytimes.com/top/reference/timestopics/people/k/ramzan_a_kadyrov/index.html).

51. For a discussion of the evolution of this general policy in the tsarist era, see Paul Henze, "Circassian Resistance to Russia," in Marie Bennigsen Broxup (1992). A PDF version of Henze's article is online at [www.circassianworld.com/Circassian\\_Resistance.pdf](http://www.circassianworld.com/Circassian_Resistance.pdf).

52. Authors' personal notes from meeting with journalist Oleg Kashin at the Brookings Institution, March 29, 2012.

53. See, for example, "Press conference by Russia's Choice Leaders Yegor Gaidar and Sergei Kovalev," *Official Kremlin International News Broadcasts*, December 13, 1993—just after the 1993 Russian parliamentary elections—in which Gaidar notes that "the threat of fascism [in Russia] has risen tall and high. Zhirinovsky means war, blood, poverty and final death for Russia. . . . The people have been deceived, deceived by populist slogans, unrealizable promises, and cheap acting." President Yeltsin made similar references to extremism, fascism, and aggressive nationalism in a post-parliamentary elections public appearance on December 22, 1993. See "Yeltsin Vows to Push Ahead with Reforms as he Keeps an Eye on Right-Wing Leader," *Vancouver Sun*, December 23, 1993. Parallels between Yeltsin's and Putin's tactics in instilling fear about what might succeed them are also noted in Payne, *World Politics Review*, February 19, 2007.

54. See the transcript for the show at <http://government.ru/docs/17409/>.

55. See Vladimir Putin, "Rossiya: Natsional'nyy vopros" [Russia: the national question], *Nezavisimaya gazeta*, January 23, 2012 ([www.ng.ru/politics/2012-01-23/1\\_national.html](http://www.ng.ru/politics/2012-01-23/1_national.html)). An English translation is available at <http://rt.com/politics/official-word/migration-national-question-putin-439/>.

56. The article also draws heavily from Valery Zorkin. In his own article "Sovremennoye gosudarstvo v epokhu etnosotsial'nogo mnogoobraziya" [The modern state in an era of ethno-social diversity], Zorkin lays out some of the same key ideas, including the failure of multiculturalism and the need to use law to increase people's identification with the government. See *Rossiyskaya gazeta*, September 7, 2011, at [www.rg.ru/2011/09/07/zorkin-site.html](http://www.rg.ru/2011/09/07/zorkin-site.html).

57. See, for example, Sergei Markov, "The Enlargement of Agencies is Politics: A Fundamental Administrative Reform Will Be Its Logical Continuation," *Strana.ru*, October 17, 2001, translated in *Johnson's Russia List*, October 18, 2001, at [www.russialist.org/5496-13.php](http://www.russialist.org/5496-13.php).

58. See, for example, Valery Tishkov, "Understanding Violence for Post-Conflict Reconstruction in Chechnya," Centre for Applied Studies in International Negotiations (CASIN); Tishkov, "The Rehabilitation of War-Torn Societies Project" (Geneva, January 2001) at [www.chechnyaadvocacy.org/conflict/Tishkov.pdf](http://www.chechnyaadvocacy.org/conflict/Tishkov.pdf); and Tishkov (2004).

59. This is all very clearly laid out in Tishkov (1997). Several Russian bloggers immediately noticed Putin's reliance on Tishkov's work in this article. They also highlighted some direct appropriations from a 2009 monograph Tishkov wrote with two colleagues on the importance of stressing Russia's multiethnicity in its education system. See, for example, Alexander Morozov's blog at <http://amoro1959.livejournal.com/1687369.html>.

60. See "Rodina Mat' Zovet!" in White (1988), p. 123, plate 6.7.

61. Zegers and Druick (2011) have several examples of Soviet posters referencing historical figures and their role in saving the Russian state. One poster from July 1942, for example, shows the images of, among others, Alexander Nevsky, Dmitry Donskoi, and Mikhail Kutuzov with the slogan "Let the valiant image of our great ancestors inspire us in this war." Zegers and Druick (2011), p. 84. A similarly themed poster evokes the number of wars fought against the Germanic peoples (Teutonic Knights, Prussians, Germans) across Russian history: "Always, in all times and ages, Russian soldiers have beaten/clobbered the Prussians. At the Neva—defeated. Under Ivan the terrible—defeated. Under Suvorov—defeated. Under Brusilov—defeated. They were defeated in the Ukrainian Civil War. We will finish the German vermin off once and for all." Zegers and Druick (2011), p. 243.

62. For a more detailed discussion, see Gvosdev, *Orbis* (Spring 2009). Gvosdev looks at Vladislav Surkov's, and thus Putin's, appropriation of the ideas and themes of a range of key Russian thinkers and émigré writers from the early twentieth century. The revival of the works of Ilyin, Trubetskoi, Gumilev, and others in the 1990s is also discussed in Fiona Hill's 1998 Harvard history Ph.D. dissertation.

63. Petro (1995), pp. 93–95.

64. Paul Robinson of the University of Ottawa writes: "Like Stolypin . . . Ilyin believed that the source of Russia's problems was an insufficiently developed 'legal consciousness' (*pravosoznaniye*). Given this, democracy was not a suitable form of government. He wrote that 'at the head of the state there must be a *single will*.' Russia needed a 'united and strong state power, *dictatorial* in the scope of its powers.' At the same time, there must be clear limits to these powers. The ruler must have popular support; organs of the state must be responsible and accountable; the principle of legality must be preserved and all persons must be equal under the law. Freedom of conscience, speech, and assembly must be guaranteed. Private property should be sacrosanct. Ilyin believed that the state should be supreme in those areas in which it had competence, but should stay entirely out of those areas in which it did not, such as private life and religion. Totalitarianism, he said, was 'god-less.'" Paul Robinson, "Putin's Philosophy," *The American Conservative*, March 28, 2012, at [www.theamericanconservative.com/articles/putins-philosophy/](http://www.theamericanconservative.com/articles/putins-philosophy/).

65. See, for example, Andrei Soldatov and Irina Borogan, "The Mindset of Russia's Security Services: A Mix of Orthodox Christianity, Trails of Slavic Paganism and a Pride in Being Successors to the Soviet and Byzantine Empires, Both Destroyed by the Western Crusaders," *Agentura.ru*, December 29, 2010, at [www.agentura.ru/english/dossier/mindset/](http://www.agentura.ru/english/dossier/mindset/). In this article, Soldatov and Borogan discuss Putin's focus

on Ilyin, and Ilyin's own writings on how to combine Christian values, Russian patriotism, and the duty of a military officer. The authors also point out the links between Ilyin's ideas and Vladislav Surkov's conception of Sovereign Democracy, as well as discussing how the FSB, the successor to the KGB, strengthened its ties to the Russian Orthodox Church in the 2000s—including restoring the Cathedral of St. Sophia of God's Wisdom next to the FSB headquarters on Moscow's Lubyanka Square. See also Vladimir Putin, Annual Address to the Federal Assembly of the Russian Federation, April 25, 2005; Vladimir Putin, Annual Address to the Federal Assembly of the Russian Federation, May 10, 2006; and "Stenograficheskii otchet o zasedanii Gosudarstvennogo Soveta. 'O pervoocherednykh merakh po realizatsii gosudarstvennoy sistemy profilaktiki pravonarushenii i obespecheniyu obshchestvennoy bezopasnosti'" [Stenographers report on the session of the State Council. "On the primary measures for implementing the state system protecting against violations of the law and ensuring public security"], June 29, 2007, at [http://archive.kremlin.ru/appears/2007/06/29/1953\\_type63378\\_136505.shtml](http://archive.kremlin.ru/appears/2007/06/29/1953_type63378_136505.shtml).

66. Steven Lee Myers, "For a New Russia, New Relics," *New York Times*, October 9, 2005. Ilyin, along with Stolypin, Chicherin, and a panoply of Russian reformist tsars and literary figures, features in Mikhalkov's October 2010 manifesto, Mikhalkov, *Pravo i pravda: Manifest prosveshchennogo konservatizma*.

67. See Yuri Zakharovich, *Eurasia Daily Monitor*, Vol. 6, No. 106 (June 3, 2009).

68. Vyacheslav Ivanov, "Russian Social Life and Thought," in Isham (1995), pp. 23–37, specifically pp. 27–28; and Rafael Khakimov (1997). More than three-quarters of Russian territory lies in Asia, although most of its population is concentrated in Europe. See also Orlando Figes's reference to the Eurasianist movement in exile and its founding manifesto "Exodus to the East," which was published in 1921. Figes (2002), pp. 423–24. The revival of Eurasianist thought in the 1990s was also discussed in Fiona Hill's 1998 Harvard history Ph.D. dissertation.

69. See, for example, the collection of the essays of some of the Eurasianists and a critique of their philosophy in Novikova, and Sizemskaya (1993). See also Laruelle (2008); Igor Torbakov, *Slavic and East European Information Resources* (2003); and Torbakov (2008).

70. See Gleb Bryanski, "Russia's Putin wants to Build 'Eurasian Union,'" Reuters, October 3, 2011. This is also an old idea dating back to the 1990s. In his 1995 memoirs, the KGB's Filipp Bobkov, for example, references the idea of a Eurasian Union, linking it conceptually to the CIS (Bobkov, 1995, p. 379).

71. Keenan, Szporluk, and Rumer (1997).

72. Lev Gumilev's ethnographic works, such as *Etnogenez i biosfera Zemli* [Ethnogenesis and the Earth's biosphere] (1989), were the most popular. Russia's preeminent scholar of ethnicity Valery Tishkov—who Putin drew heavily on in his campaign article on the Russian national question—offers a critique of Gumilev's theories, and an assessment of the impact of his work, in his groundbreaking 1997 book on ethnicity and nationalism in Russia. See Tishkov (1997).

73. For a detailed discussion of the work of Vladimir Nabokov and its resonance in Putin's Russia of the 2000s, see Khrushcheva (2008).

74. Nabokov (2004), p. 51. *Pnin* was first published in the United States by Doubleday in 1957.

75. For participants in the Valdai Discussion Club see <http://valdaiclub.com/authors/>.

76. See <http://government.ru/docs/17409/> and [www.moskva-putinu.ru/](http://www.moskva-putinu.ru/).
77. Authors' personal notes from Valdai Discussion Club meeting with Vladimir Putin in the Rus Sanatorium in Sochi, September 6, 2010.
78. Putin, address to the State Duma, April 11, 2012.
79. Cited in Waldron (1998), pp. 47–48.

## CHAPTER 6

1. Putin, his wife Lyudmila, and Putin's secretary at the time, Marina Yental'tseva, relate the story in some detail in Gevorkyan, Timakova, and Kolesnikov (2000), pp. 113–18.

2. A link to a facsimile of the original founding document for the Ozero cooperative listing all of the members is provided on *Antikomproamat*, a website maintained by Russian researcher Vladimir Pribylovsky, in the section detailing elements of Putin's biography at [www.antikomproamat.org/putin/putinbio.html](http://www.antikomproamat.org/putin/putinbio.html). The specific link to the document is at [www.antikomproamat.org/putin/ozero.html](http://www.antikomproamat.org/putin/ozero.html). The document lists Vladimir Putin, Vladimir Yakunin, Vladimir Smirnov, Andrei Fursenko, Sergei Fursenko, Yury Kovalchuk, Nikolai Shamalov, and Viktor Myachin as the founding members of the Ozero dacha cooperative. Another article, Viktor Yushkin, "Lyudi kak teni" [People Like Shadows], *Postimees* (Estonia), September 20, 2007, at <http://rus.postimees.ee/200907/glavnaja/mnenie/22618.php>, lists the group members and discusses the evolution of their various careers and fortunes since 2006. According to one account, Vladimir Yakunin claims that the idea to found the dacha community was his. It came "after a visit by Yakunin and his business partners to a dacha owned by Putin in the area." Max Delany, "An Inside Track to President Putin's Kremlin," *St. Petersburg Times*, October 2, 2007, at [www.sptimes.ru/index.php?action\\_id=2&story\\_id=23175](http://www.sptimes.ru/index.php?action_id=2&story_id=23175). The region where the dacha community was established, the Priozersk district, was also the same area where Putin's close associate Viktor Zubkov spent his career as a farm director and Communist Party official in the Soviet period.

3. Lilia Shevtsova, cited in Martin Sieff, "Scandal Reveals Russia's Power Struggle," United Press International, August 31, 1999 (accessed through Nexis.com). In his book on Stolypin, Peter Waldron argues that Stolypin's outsider status, his comparative lack of bureaucratic experience, and his seeming reluctance to accept his first post in the Russian government in the Ministry of Internal Affairs was likely one of the selling points to those who appointed him. "His ministerial colleagues no doubt felt that Stolypin could be outmaneuvered in the St. Petersburg bureaucratic environment" (Waldron, 1998), p. 48. Similar miscalculations were made repeatedly about Vladimir Putin in the 1990s.

4. For a discussion of the KGB under Yury Andropov see Fedor (2011). Chapter two of Galeotti (1997) offers an analysis of Andropov and his political impact in the USSR. Many of the people who worked for Andropov in the CPSU Secretariat in the 1960s would go on to become prominent colleagues and proponents of Mikhail Gorbachev's reforms in the 1980s.

5. For a thorough discussion of this period and the schism between Honecker's GDR and Gorbachev's USSR see Glaeser (2011); see also Doder and Branson (1990), p. 230.

6. Doder and Branson (1990), pp. 344–45.
7. See, for example, Gessen (2012), pp. 62–64.
8. Reuth and Bönthe's 1993 German language book, which discusses Operation Luch, describes how the center of covert opposition to German leader Eric Hon-ecker was in Dresden, and the Dresden communist party head, Hans Modrow, was the key figure. According to the authors, Operation Luch lasted from September 1985 to November 1989—almost exactly the time of Putin's posting in Dresden. They relate that Operation Luch was directed from the top of the KGB in Moscow, notably by the then head of the First Directorate, Vladimir Kryuchkov. Kryuchkov later became head of the KGB and was a member of the group that staged the 1991 coup against Gorbachev. In the second half of the 1980s, however, Kryuchkov was a critical ally of Mikhail Gorbachev (although clearly trying to manipulate him). If indeed Operation Luch actually existed and Dresden was the focus, it is hard to imagine that Putin was posted there for five years without taking some part. The KGB group posted in Dresden numbered only a half dozen men. If Putin was part of Operation Luch, that means he would have been involved in recruiting and running East Germans in and outside the government, using the standard methods of black-mail and persuasion. For his part, in *Ot pervogo litsa*, Putin denies being involved in Operation Luch. He does admit its existence in a general sense and says that "it involved working with the political leadership of the GDR." Gevorkyan, Timakova, and Kolesnikov (2000), pp. 65–66.
9. See, for example, Yevgenia Albats, "Who is Vladimir Putin? Why Was He Chosen as Yeltsin's Heir?" in "Who is Putin? Excerpts from *Frontline's* Interviews," *Frontline: Return of the Czar*, PBS, at [www.pbs.org/wgbh/pages/frontline/shows/yeltsin/putin/putin.html](http://www.pbs.org/wgbh/pages/frontline/shows/yeltsin/putin/putin.html). Albats asserts that "he frequently traveled to West Germany." Putin, however, denies he ever traveled to West Germany during his time in Dresden, in Gevorkyan, Timakova, and Kolesnikov (2000), p. 62.
10. In *Ot pervogo litsa*, Putin states that his work in Dresden "was political intel-ligence—obtaining information about political figures and the plans of the potential opponent . . . we considered the main opponent to be NATO." Gevorkyan, Tima-kova, and Kolesnikov (2000), p. 62. He also says that he did look "for information about political parties, the tendencies inside these parties, their leaders. . . . So work went on in parallel on the recruitment of sources and procurement of information, and also on assessing information and analysis. Entirely routine work." Ibid., pp. 62–63. (As we will stress in the "Case Officer" chapter, in Putin-speak, references to a job being "routine" or "boring" are often a signal that it was in fact extremely important.)
11. Gevorkyan, Timakova, and Kolesnikov (2000), p. 61.
12. Ibid., p. 60.
13. Ibid., p. 70.
14. Ibid., pp. 71–72.
15. Ibid., pp. 72–73. Putin's reference to water barriers or *vodorazdely* is a very specific one. It likely refers to the use of waterways in Berlin, along with the Berlin Wall, as means of dividing the city, and the designation of the river Elbe as part of the border between West and East Germany.
16. Ibid., p. 77.
17. Ibid., p. 77.
18. Ibid., p. 80.
19. Ibid., p. 77.

20. See Aron (2012).
21. See also Josephine Woll, “Glasnost: A Cultural Kaleidoscope,” in Balzer (1991), pp. 105–17.
22. Aron (2012), pp. 38–39.
23. Ibid., pp. 39–40.
24. Aron discusses these and other examples in detail in pp. 53–57.
25. See Serge Schmemmann, “2 Germanys’ Political Divide Is Being Blurred by Glasnost,” *New York Times*, December 18, 1988 (accessed through Nexis.com).
26. See Stiehler (2001).
27. Cited in Aron (2012), p. 43.
28. Glasnost essayist Igor Klyamkin, cited in Aron (2012), p. 43.
29. See Aron (2012), pp. 299–302.
30. See Aron’s discussion of this in pp. 49–50.
31. Russian music critic Artem Troitsky covers this flourishing of pop culture in his books from the period: *Back in the USSR: The True Story of Rock in Russia* (1988) and *Tusovka: Who’s Who in the New Soviet Rock Culture* (1990). Troitsky became an ardent critic of Vladimir Putin in the 2000s and was an active participant in the opposition protests in 2011–12, along with a number of rock stars from the 1980s. See Owen Matthews, “Dumbing Russia Down,” *The Daily Beast*, March 22, 2008, at [www.thedailybeast.com/newsweek/2008/03/22/dumbing-russia-down.html](http://www.thedailybeast.com/newsweek/2008/03/22/dumbing-russia-down.html); and Jeffrey Tayler, “Could This Be the End for Putin’s Russia,” Bloomberg, December 7, 2011, at [www.bloomberg.com/news/2011-12-07/could-this-be-the-end-for-putin-s-russia-jeffrey-tayler.html](http://www.bloomberg.com/news/2011-12-07/could-this-be-the-end-for-putin-s-russia-jeffrey-tayler.html).
32. Gevorkyan, Timakova, and Kolesnikov (2000), p. 64, “Volodya khorosho rasskazivayet anekdoty” [Volodya knows how to tell a joke well].
33. Ibid., p. 85.
34. Russian journalist Oleg Kashin emphasized this point in a presentation at the Brookings Institution on March 29, 2012, as did analyst Maria Lipman of the Carnegie Endowment for International Peace Moscow Center at a meeting at the Brookings Institution on April 25, 2012.
35. Putin’s idea of *dostroiika*, finishing up the construction or completion of a specific project that is already under way, contrasts sharply with the Gorbachev era conception of *perestroika*, or reconstructing and restructuring, with its implications of transformation into something new. Putin’s use of *dostroiika* at a time of mounting calls for political change in Russia in 2011–12 was clearly intended as a rejection of and an alternative to the ideas of a new *perestroika* that circulated after 2008 while Dmitry Medvedev was Russian president.
36. See, for example, the German language documentary and portrait of Vladimir Putin, *Ich, Putin* (I, Putin), of February 2012 at [www.ardmediathek.de/ard/servlet/content/3517136?documentId=9651826](http://www.ardmediathek.de/ard/servlet/content/3517136?documentId=9651826). The authors are grateful to Manfred Huterer for alerting them to this documentary, which was broadcast on German TV. It was also shown on Russia’s NTV channel in May 2012.
37. See the earlier reference to this episode, pp. 63–64.
38. Viktor Borisenko quote, as cited in Blotskiy (2002), p. 76.
39. Gevorkyan, Timakova, and Kolesnikov (2000), p. 21. Some of Putin’s fellow judo teammates, like Arkady Rotenberg, head of the St. Petersburg based energy service company Stroygazmontazh, have emerged as among Russia’s richest new businessmen in the 2000s. See, for example, Gleb Bryanski, “Putin’s Judo Partner



Jumps in Russia's Rich List," Reuters, February 13, 2011, at [www.reuters.com/article/2011/02/14/russia-rich-idUSLDE71C02X20110214](http://www.reuters.com/article/2011/02/14/russia-rich-idUSLDE71C02X20110214); and Simon Shuster, "Vladimir Putin's Billionaire Boys Judo Club," *Time*, March 1, 2011, at [www.time.com/time/world/article/0,8599,2055962,00.html](http://www.time.com/time/world/article/0,8599,2055962,00.html). Like Vladimir Putin, Arkady Rotenberg and his brother, Boris, who is also a successful businessman, credit the discipline and competitive edge their judo training gave them as one of the main drivers of their success in politics and business.

40. See Putin's references to training rather than smoking in *Ot pervogo litsa*, p. 21.

41. Authors' interviews with Vladimir Putin's contemporaries at LGU in the 1970s. Some of these contemporaries noted that the LGU Law Faculty was undergoing a period of dramatic transformation in the 1970s. Prominent professors—mostly liberal Jews—were being pushed out on the direct instructions of the Leningrad Communist Party leadership in favor of more conservative faculty members. As one contemporary emphasized: "To the extent that the tenor of the place was changing, [Putin] was an outsider to the people who dominated in the past and those who were more like him had not come to dominate the place yet." Authors' written exchange with former LGU student, July 3, 2012.

42. Russian analyst Pavel Baev, presentation at the Brookings Institution, February 16, 2010.

43. Gessen (2012), pp. 43–70. Gessen talks about how Putin, in some interviews, deliberately calls himself a "little thug."

44. The full transcript of the call-in show is at <http://government.ru/docs/17409/>.

45. See Owen Matthew's discussion of Putin's indulgence in "class warfare," in [www.thedailybeast.com/newsweek/2012/05/27/meet-igor-the-tank-engineer.html](http://www.thedailybeast.com/newsweek/2012/05/27/meet-igor-the-tank-engineer.html). See also Alexander Bratersky and Natalya Krainova, "Putin Offers Senior Post to Tank Worker Who Scorned Protesters," *Moscow Times*, May 21, 2012, at [www.themoscowtimes.com/news/article/putin-offers-senior-post-to-tank-worker-who-scorned-protesters/458826.html#ixzz1yZOGLbi9](http://www.themoscowtimes.com/news/article/putin-offers-senior-post-to-tank-worker-who-scorned-protesters/458826.html#ixzz1yZOGLbi9).

46. Maria Lipman presentation at the Brookings Institution, April 25, 2012. Another observer noted that "the domineering, aggressive, often crude boss is . . . a classic Soviet or Russian type. . . . Many people who I would call 'average Russians' often seemed to admire such assertive types, and approve of behavior that [people] in the West would often consider rude . . . such behavior by Putin is populist in origin, more than anything else." Authors' written exchange with senior U.S. diplomat who served in both the USSR and Russia for extended periods, July 2012.

47. See, for example, Miriam Elder, "Vladimir Putin Takes Oleg Deripaska to Task," *The Telegraph*, June 4, 2009, at [www.telegraph.co.uk/news/worldnews/europe/russia/5446293/Vladimir-Putin-takes-Oleg-Deripaska-to-task.html](http://www.telegraph.co.uk/news/worldnews/europe/russia/5446293/Vladimir-Putin-takes-Oleg-Deripaska-to-task.html); Yuri Zakharovich, *Eurasia Daily Monitor*, Vol. 6, No. 110 (June 9, 2009).

48. See, for example, "Putin Plays the Role of the Good Tsar," *Moscow Times*, editorial, April 28, 2004, at [www.themoscowtimes.com/opinion/article/putin-plays-the-role-of-good-tsar/231296.html](http://www.themoscowtimes.com/opinion/article/putin-plays-the-role-of-good-tsar/231296.html); Miriam Elder, "Putin Relying on Support outside Moscow to Win Back Presidency," *The Guardian*, March 2, 2012, at [www.guardian.co.uk/world/2012/mar/02/putin-support-outside-moscow-for-presidency](http://www.guardian.co.uk/world/2012/mar/02/putin-support-outside-moscow-for-presidency).

49. Dmitry Babich, cited in Anna Arutunyan, "The Romanov Legacy in Russia," in the *Rossiyskaya gazeta* and *Telegraph* online English-language supplement, *Russia Now*, July 6, 2010, at [www.telegraph.co.uk/sponsored/russianow/features/7875545/The-Romanovs-and-Russia.html](http://www.telegraph.co.uk/sponsored/russianow/features/7875545/The-Romanovs-and-Russia.html).

50. “Blagotvoritel’ Vladimir Putin” [The philanthropist Vladimir Putin], *Vedomosti*, editorial, April 11, 2012, at [www.vedomosti.ru/opinion/news/1626178/gerojblagotvoritel](http://www.vedomosti.ru/opinion/news/1626178/gerojblagotvoritel).

51. Ibid.

52. This story was related to the authors by a Russian colleague who in turn heard it directly from the politician in question (whom he named to us). We have not attempted to verify this episode independently, but we consider our source trustworthy, and the politician’s particular predicament is documented.

53. Authors’ interview with Putin LGU contemporary. Related in Washington, D.C., in May 2011.

54. The English-language title of the film is *Kidnapping Caucasian Style*. See a brief description of the film on the IMDb website at [www.imdb.com/title/tt0060584/](http://www.imdb.com/title/tt0060584/).

55. The Perm group’s film disappeared from YouTube, but can be found at [http://trinity.ru/2008/03/03/dmitriij\\_medvedev\\_kak\\_vse\\_nachinalos\\_138\\_mb.html](http://trinity.ru/2008/03/03/dmitriij_medvedev_kak_vse_nachinalos_138_mb.html).

56. See “Vladimir Putin Threatened to Hang Georgia Leader ‘by the Balls,’” *The Telegraph*, November 3, 2008, at [www.telegraph.co.uk/news/worldnews/europe/russia/3454154/Vladimir-Putin-threatened-to-hang-Georgia-leader-by-the-balls.html](http://www.telegraph.co.uk/news/worldnews/europe/russia/3454154/Vladimir-Putin-threatened-to-hang-Georgia-leader-by-the-balls.html).

57. The Petka of the original joke was not from the Caucasus, he was merely uneducated. However, later versions of the joke were usually told about a Georgian. A large part of Chapaev’s appeal as a hero figure for the Soviets was his background as an uneducated and illiterate peasant, who was nonetheless a worldly and gifted tactician. Petka, Chapaev’s aide-de-camp—also a character from real life—was even simpler. The 1934 film *Chapaev*, which was based on a book of the same name by Dmitry Furmanov, was a Soviet blockbuster. In 1941, Chapaev was resurrected in a short “agitational” (propaganda) film produced and aired within weeks after the Nazi invasion, in which the hero calls on the Soviets to defeat the Germans. “Chapaev is with you always,” he reassures the moviegoers. See *Chapayev* and “*Chapayev s nami*” (the agitprop sequel) at [www.imdb.com](http://www.imdb.com). An illustrative selection of Chapaev jokes in English can be found at [www.anecdotoff.com/category/funniest-jokes/funniest-chapayev-jokes](http://www.anecdotoff.com/category/funniest-jokes/funniest-chapayev-jokes) and also in a review of the basic genres of Russian jokes at [www.lonweb.org/links/russian/lang/036.htm](http://www.lonweb.org/links/russian/lang/036.htm). As Russian colleagues underscore, Chapaev-Petka jokes were “rampant” in the USSR by the early 1980s and people would know “dozens of them.”

58. The authors, who were not among those getting the joke, thank Nikolai Zlobin for letting them in on it immediately after the dinner.

59. Putin’s political rival Gennady Zyuganov is a renowned aficionado of Soviet-era jokes with several anthologies to his name, including *100 anekdotov ot Zyuganova* [100 anecdotes from Zyuganov] (2007).

60. See Gleb Bryanski, “Putin: on the Pulse or out of Touch with Russia,” Reuters, December 15, 2011, at [www.reuters.com/article/2011/12/15/us-russia-putin-showman-idUSTRE7BE1PG20111215](http://www.reuters.com/article/2011/12/15/us-russia-putin-showman-idUSTRE7BE1PG20111215).

61. Putin, address to the State Duma, April 11, 2012. See “Predsdatel’ Pravitel’sva Rossiyskoy Federatsii V.V. vystupil v Gosudarstvennoy Dume s otchyotom o deat’nost’i Pravitel’sva Rossiiskoy Federatsii za 2011 god” [Chairman of the Government of the Russian Federation V.V. Putin appeared before the State

Duma with the report on the activity of the Government of the Russian Federation for 2011], April 11, 2012, at <http://government.ru/docs/18671/>. The English version is at <http://government.ru/eng/docs/18671/>. It is worth noting that Putin, the Lenin-grad native, tells this Soviet-era joke that lampoons not only Soviet agriculture but also the privileged status of Moscow. A former senior U.S. diplomat, who served in the USSR during the period this particular joke dates from, notes, “By the early to mid-1980s just about everyone there knew the Soviet system wasn’t working. One of my friends from the Russian Ministry of Foreign Affairs told me a popular private toast at the time, even in the Central Committee of the CPSU, was “*K uspekhu nashego beznadezhnogo dela!*” [to the success of our hopeless endeavor]. These guys weren’t all outsiders, but they had become cynics.” Authors’ written exchange with senior U.S. diplomat, July 30, 2012.

62. Putin, address to the State Duma, April 11, 2012.

63. Ibid.

## CHAPTER 7

1. An excellent review and analysis of the specifics of this period in St. Petersburg is Volkov (2002). Economic interactions in the St. Petersburg and Russian systems of the 1990s were marked by a complete absence of trust between and among the respective actors. The official institutions that created trust at an impersonal level were missing with the collapse of the Soviet system. There was no new legislative framework in place, so there was no rule of law, and no code of business ethics. In many respects this is still the situation in Russia today. In this entirely lawless system, where no one could be assumed to be honest, no transactions could be guaranteed to deliver a set of goods or services without some kind of personal connection or means of enforcement to make informal contracts work.

2. Putin address to State Duma, April 11, 2012. See “Predsdatel’ Pravitel’sstva Rossiyskoy Federatsii V.V. vystupil v Gosudarstvennoy Dume s otchyotom o deat’e-nosti Pravitel’sstva Rossiiskoy Federatsii za 2011 god” [Chairman of the Government of the Russian Federation V.V. Putin appeared before the State Duma with the report on the activity of the Government of the Russian Federation for 2011], April 11, 2012, at <http://government.ru/docs/18671/>. The English version is at <http://government.ru/eng/docs/18671/>.

3. International Monetary Fund, “Russian Federation Completes Early Repayment of Entire Outstanding Obligations to the IMF,” Press Release No. 05/19, January 31, 2005, at [www.imf.org/external/np/sec/pr/2005/pr0519.htm](http://www.imf.org/external/np/sec/pr/2005/pr0519.htm).

4. Authors’ calculations from data from International Monetary Fund, *World Economic Outlook Database*, April 2012.

5. See p. 90.

6. For details on the dependence of Russia’s economic performance on oil prices, see various articles by Clifford Gaddy and Barry Ickes.

7. Putin address to State Duma, April 11, 2012.

8. See Daniel Mitchell, “Russia’s Flat Tax Miracle,” March 24, 2003, [www.heritage.org/research/commentary/2003/03/russias-flat-tax-miracle](http://www.heritage.org/research/commentary/2003/03/russias-flat-tax-miracle); and Daniel

Mitchell, "Flat Tax Is the Way of the Future," March 20, 2006 ([www.heritage.org/research/commentary/2006/03/flat-tax-is-the-way-of-the-future](http://www.heritage.org/research/commentary/2006/03/flat-tax-is-the-way-of-the-future)).

9. See Anders Aslund, "The President's Turn Away from the Market," *Moscow Times*, November 8, 2006 ([www.iie.com/publications/opeds/oped.cfm?ResearchID=684](http://www.iie.com/publications/opeds/oped.cfm?ResearchID=684)).

10. David Ignatius, "Humbled Masters at Davos," *Washington Post*, February 1, 2009 ([www.washingtonpost.com/wp-dyn/content/article/2009/01/30/AR2009013002726.html](http://www.washingtonpost.com/wp-dyn/content/article/2009/01/30/AR2009013002726.html)).

11. The generally underappreciated fact that Putin chose not to reverse the "loans for shares" agreements is central to the arguments by Clifford Gaddy and Barry Ickes in their work on "Putin's Protection Racket."

12. Vladimir Putin, "Predsedatel' Pravitel'stva Rossiyskoy Federatsii V.V. Putin vstretil'sya s chlenami byuro pravleniya Rossiyskogo soyuza promyshlennikov i predprinimateley" [Chairman of the Government of the Russian Federation V.V. Putin met with members of the executive committee of the Russian Union of Industrialists and Entrepreneurs], April 21, 2011, at <http://government.ru/docs/14934/>. The English version of the text is at <http://government.ru/eng/docs/14934/>.

13. See Stalin, "Political Report of the Central Committee," December 18, 1925. (This document is widely available on the Internet in English.)

14. See Clifford Gaddy and William Gale, "Demythologizing the Russian Flat Tax," *Tax Notes International* 43 (March 2005), pp. 983-88, available at [www.brookings.edu/~media/research/files/articles/2005/3/14russia%20gaddy/20050314gaddygale.pdf](http://www.brookings.edu/~media/research/files/articles/2005/3/14russia%20gaddy/20050314gaddygale.pdf).

15. One American student who was in Leningrad during the 1970s noted that "the illegal economy was particularly well-developed in Leningrad in the 1970s. Sailors and foreign tourists brought in lots of stuff. The KGB (the *Bol'shoy dom*) was pretty strict, but they could not shut down all of the informal market-places that sprang up all over the city. Everybody got what stuff they could, and barter was the primary form of commerce. The KGB watched the university [LGU] particularly closely, although the Africans were more of a target than we westerners, because they engaged in more trading and speculation. We had one Brit in our dorm who was doing a brisk business all year in western records (Beatles, Stones, and so on). The KGB let him get close to the end of his year, and then denounced him in the local press and had him expelled. We theorized they waited so long because they were also benefitting from the flow of western music coming into the city. I have no indication how this all may have affected Putin, but it is an environment which he certainly knew intimately." Authors' written communication with a U.S. 1970s exchange student at LGU, July 30, 2012.

16. Masha Gessen, for example, discusses the fact that in the early 1970s Putin's parents had an exceedingly rare stroke of luck and won a car, which they gave to their son, Vladimir. This was a remarkably lavish gift. As Gessen points out, "the number of cars per thousand people in the USSR barely reached sixty (compared with 781 in the United States). A car cost roughly as much as a dacha." Gessen suggests that this gift fell into a pattern of Putin pursuing "luxury items" in his university student days, often by spending "his summers working on far-slung construction sites, where the pay was very good." She notes that after his first summer at university, for example, the young Vladimir Putin "joined classmates in traveling straight from the Far North to the Soviet south, the town of Gagra [Gagra] on the

Black Sea in Georgia, where he managed to spend all his money in a few days. The following year, he returned to Leningrad after working on a construction site, and spent the money he had made on an overcoat for himself—and a frosted cake for his mother.” See Gessen (2012), pp. 55–56.

17. See Angus Maddison, “Historical Statistics of the World Economy: 1–2008 AD” (available at [www.ggdc.net/maddison/Historical\\_Statistics/horizontal\\_file\\_02-2010.xls](http://www.ggdc.net/maddison/Historical_Statistics/horizontal_file_02-2010.xls)).

18. Angus Maddison, “Statistics on World Population, GDP and Per Capita GDP, 1–2008 AD,” available at [www.ggdc.net/MADDISON/oriindex.htm](http://www.ggdc.net/MADDISON/oriindex.htm).

19. Authors’ calculations from data on U.S. oil production from U.S. Energy Information Administration (EIA) and on Soviet oil production from Goskomstat SSSR, *Narodnoye khozaystvo SSSR*, various years.

20. Notwithstanding the macro perspective on the Russian economy, although Leningrad was in a better position than other Soviet cities, at the micro level the situation was somewhat mixed, as one of Vladimir Putin’s fellow students described: “While at LGU in the ’70s, Leningrad was generally better supplied than any other city except Moscow. Nonetheless, by mid-April 1972, cabbage and carrots had disappeared from even the peasant markets. We ate sorrel grass for salad, and counted ourselves lucky that potatoes, bread, and groats were in reliable supply. In 1971 the siege was still alive in the popular memory of *Leningradtsi*. People talked freely in private about what their family had done, where they had been, how they had survived, not just in public propaganda events or media. We lived OK in Leningrad in the 70s . . . [but] [e]verybody carried an *ovoska*, the just-in-case bag to tote spur of the moment purchases when you were lucky enough to find something. Leningrad was also better supplied than much of the USSR with some foreign goods, due to the large numbers of Scandinavians that came in on short boat or bus tours to buy cheap booze, and stuff smuggled in by sailors in the merchant fleet. This was Putin’s youthful environment: not necessarily one of privation, but also far from secure. One looked for food every day, and one could have really bad days, especially when your [student] stipend was low.” Authors’ written communication with former 1970s U.S. exchange student at LGU, July 30, 2012.

21. Before beginning a discussion of the role the KGB likely played in shaping Vladimir Putin’s understanding of the market economy, it is worth stating that we do not subscribe to one particular version or myth of the KGB and the market. This is the myth that as KGB officers had unique access to classified material, and were in an equally unique position to observe Western societies, they were able to see for themselves the “superiority” of the free market economy. According to this narrative, as a result of their firsthand exposure, many KGB officers became strong adherents of the market long before other Russians. Russian oligarch Alexander Lebedev underscored this myth in a December 2007 interview. Lebedev is a former KGB officer, who was a contemporary of Vladimir Putin in the institution but posted to London in the late 1980s while Putin was in Dresden. In the 1990s and 2000s, Lebedev transformed himself into a banker and businessman with a broad range of investments in Russia and abroad, and a seeming penchant for supporting progressive and charitable causes—including acquiring Russia’s *Novaya gazeta* and two ailing British newspapers, London’s *Evening Standard* and *The Independent*. In an interview with the *New York Times*, Lebedev asserted that some of “his generation of Soviet spies” had become ardent “free-market enthusiasts” and “reformers”

having been able to see at first hand “the great gap in economic development between the West and the Soviet Union in the 1980s.” Andrew Kramer, “Former Russian Spies Are Now Prominent in Business,” *New York Times*, December 18, 2007, at [www.nytimes.com/2007/12/18/business/worldbusiness/18kgb.html?\\_r=1](http://www.nytimes.com/2007/12/18/business/worldbusiness/18kgb.html?_r=1). If Lebedev’s assertion is true, then every KGB agent who was stationed in a Western country would be inclined to be pro-Western, engaged in business, a supporter of liberal economic measures, and potentially also a proponent of political reform. For generations, however, KGB officers observing the West at close quarters showed no great propensity for advocating free market or other reforms. Lebedev’s comments were clearly meant to burnish his past as a former KGB agent and to provide a rationale for his new incarnation. We argue in the book that most people like Alexander Lebedev and Vladimir Putin who grew up in the Soviet Union got their understanding of the market economy in a piecemeal fashion. In Putin’s case, he did not acquire it wholesale from his training and service in the KGB. Putin himself frequently refers to different experiences that shaped his view, in his early life, in East Germany, in St. Petersburg, and in Moscow in the late 1990s.

22. Donald Rayfield, in *Stalin and His Hangmen*, describes Dzerzhinsky as the “economic overlord.” His formal economic position was chairman of the USSR Supreme Economic Council. Dzerzhinsky was simultaneously head of the *Cheka* and then its successor, the OGPU. Rayfield (2004), pp. 97–103.

23. Russian economist Valery Lazarev has described the gulag (*Glavnoye upravleniye ispravitel’no-trudovykh lagerey i koloniy*, or Chief administration of corrective labor camps and colonies) as “a system of coerced labor disguised as a penitentiary institution.” It was “a huge ‘corporation’ with hundreds of establishments” and a “millions-strong labor force.” Valery Lazarev, “Conclusions,” in Gregory and Lazarev (2003), p. 190.

24. See Hill and Gaddy (2003), p. 86. The original information is from Ivanova (1997), p. 136, cited in Smirnov, Sigachev, and Shkapov (1998), p. 72, note 212.

25. See, for example, discussion of Beria in Rayfield (2004), pp. 455–69.

26. This is the symbol of the KGB, see Rayfield (2004), p. 23—“The KGB also adopted the *Cheka* symbols of the sword and the shield: the shield to defend the revolution, the sword to smite its foes.”

27. Note: Soviet oil production *levels* did not decline; the *growth rate* declined. Oil production grew, but more slowly than before.

28. Gustafson (1991).

29. U.S. Energy Information Agency, *Annual Energy Review 2010*, Table 5.1b, “Petroleum Overview, 1949–2010,” at [www.eia.gov](http://www.eia.gov).

30. Leslie H. Gelb, “Who Won the Cold War?” *New York Times*, August 20, 1992 (accessed through Nexis.com).

31. One American who first went to Leningrad as a student in the early 1970s and then returned a decade later observed the shift in perceptions over this time period in his personal encounters: “When I was at LGU in the early ’70s I could still find Soviets who genuinely believed that the system might work. At that time the experience after World War II had been one of relatively steady, although not always uninterrupted, improvement in social and economic conditions. By the time I returned in the early 1980s, this was clearly no longer the case.” Authors’ written exchange with former 1970s U.S. exchange student at LGU, July 30, 2012.

32. Putin, speech at the Assembly of the Russian Academy of Sciences, May 18, 2010. See “Predsedatel’ Pravitel’sstva Rossiyskoy Federatsii V.V. Putin vystupil na Obshchem sobranii Rossiyskoy akademii nauk” [Chairman of the Government of the Russian Federation V.V. Putin gave a speech at the Assembly of the Russian Academy of Sciences], May 18, 2010, at <http://government.ru/docs/10609/>. The English version is at <http://government.ru/eng/docs/10609/>. These remarks may have been Putin’s first public reference to the fact that he himself may have been one of those stealing technological secrets during his time in Dresden. The closing comments were not included in the English version of the speech on the prime minister’s website, which only provides the opening remarks. The full text is available in the Russian version. The authors have noted in the course of their research that it is often the case that when Putin makes a controversial comment or “off-color” remark the English version is “cleaned up,” but the Russian version retains the original. The authors are grateful to Richard Burger and Veronika Kupriyanova-Ashina for alerting them to this speech and to the discrepancy between the two versions in this particular case.

33. Putin often talks about seeking to join the KGB from his childhood, and has related a story about going to the KGB headquarters in Leningrad while he was still in high school to ask to sign up. The KGB representative who received him advised him to first go to university and get a law degree. See Gevorkyan, Timakova, and Kolesnikov (2000), p. 25.

34. In April 1985, as the Gorbachev era began, Chebrikov was promoted to full member of the Politburo. (The USSR’s Defense Minister Sokolov, by contrast, remained only a candidate member, underscoring the relative greater weight of the KGB at this juncture in the Soviet system.)

35. “Zhivoye tvorchestvo naroda. Doklad M.S. Gorbacheva. Vsesoyuznaya nauchno-prakticheskaya konferentsiya” [The living accomplishment of the people. Report by M.S. Gorbachev. All-Soviet scientific-practical conference], *Izvestiya*, December 11, 1984.

36. The best economic history of the GDR is Steiner (2007).

37. World oil prices peaked in January–February 1981, dropped continuously for over five years (well into 1986), stayed low for the next thirteen years, and did not start to recover until 1999.

38. Steiner (2007), p. 227.

39. This is all very relevant to the situation Putin witnessed happening in the 1990s under Yeltsin and which he appeared to face himself in 2012, as we will discuss in the last chapter.

40. Rahr (2008), pp. 75–79.

41. *Ibid.*, pp. 73–74.

42. *Ibid.* Putin’s formal position was deputy to the vice rector for international affairs, Yuri Molchanov.

43. At some point in this period, Putin is reported to have shifted from being a full-time KGB officer to the institution’s “active reserve.” He presumably remained in this capacity until he officially resigned from the KGB in August 1991. The sequencing and dates in the various biographical materials are unclear.

44. In early interviews in 2000 with Russian analysts about Mr. Putin’s work in St. Petersburg in the 1990s, it was clear that Putin’s links to the KGB were common

knowledge and also that Sobchak was well aware of Putin's continued connections. Russian journalist Yevgenia Albats, for example, notes that "if you talk to those who worked in the mayor's, Sobchak's, office of the time they will tell you that all of them were perfectly aware that Putin was assigned to this new democratically elected Mayor to watch after him, to advise him. . . ." See Yevgenia Albats, "Who is Vladimir Putin? Why Was He Chosen as Yeltsin's Heir?" in "Who is Putin? Excerpts from *Frontline's* Interviews," *Frontline*, "Return of the Czar," PBS, at [www.pbs.org/wgbh/pages/frontline/shows/yeltsin/putin/putin.html](http://www.pbs.org/wgbh/pages/frontline/shows/yeltsin/putin/putin.html).

45. Gaddy (1996), pp. 27 and 155.

46. See Charap, *Problems of Post-Communism* (January–February 2004); and Sakwa (2009), p. 140. Samuel Charap writes that "Putin's daily work as chair of the Petersburg Committee on Foreign Relations [Committee for External Relations] and vice-mayor encompassed a wide array of responsibilities, including attracting foreign investment, fostering economic development, arranging visits by foreign dignitaries, and coordinating with the federal bureaucracies in St. Petersburg." Charap also relates an interview with one of Putin's associates in this period who asserted that "St. Petersburg is practically a mini-model of Russia. . . . [Putin's] work here was a good school of management. Here, the quantity and variety of contacts, the need to take different kinds of decisions, and take them fast, are extreme." Richard Sakwa notes that companies operating in St. Petersburg in this period had to establish "close links with the St. Petersburg mayor's office, and in particular with Putin (at the head of the foreign economic relations office in the city from June 1991) and [Igor] Sechin."

47. Putin cited in Blotskiy (2002), p. 327.

48. Khodorkovskiy and Nevzlin (1992). The authors thank Thane Gustafson for this reference.

49. Pavlovsky interview with *The Guardian*, January 24, 2012.

50. Authors' computations from data from the Russian State Statistics Service.

51. Ibid.

## CHAPTER 8

1. Gessen (2012), p. 140.

2. *Banditskiy Piterburg* (Bandit St. Petersburg) is an iconic and extremely popular Russian TV series that premiered on NTV in May 2000 and was considered to sum up the entire decade of the 1990s. Basic information about the series is available on [www.imdb.com](http://www.imdb.com). The information for the first episode, "Baron," including a series of informal reviews, is at [www.imdb.com/title/tt0245602/](http://www.imdb.com/title/tt0245602/).

3. Gessen (2012), pp. 122–25. In 2000, when Vladimir Putin was elected president for the first time, Marina Salve publicly released her report and supporting documentation from her investigation, before retreating from public life to live in a remote village in Russia's Pskov region. (Gessen references both the original 1992 report and Salve's 2000 facsimile documentation in the notes for p. 122 of her book, which are on p. 298 of *The Man without a Face*.) Salve emerged again as a vocal member of the St. Petersburg opposition during the 2011–12 parliamentary and presidential election protests, but died suddenly of a heart attack at



age seventy-seven in March 2012. See “Prominent Putin Critic Dies at 77,” RFE/RL Russian Service, March 21, 2012, at [www.rferl.org/content/salye\\_putin\\_critic\\_dies/24523142.html](http://www.rferl.org/content/salye_putin_critic_dies/24523142.html).

4. An unsubstantiated 2010 report claims the original documents “disappeared” in the period between 1997 and 1999. This was when Putin held the post of head of the Main Control Directorate (GKU) of the Russian presidential administration and then became director of the FSB. It was also when the St. Petersburg legislature (to which the archives of the St. Petersburg City Council had been transferred in 1994) was headed by people close to Putin. See Yuriy Kravtsov, Viktor Novoselov, and Sergey Mironov, “Dos’ye na Putina v Sankt-Peterburge. Narkotiki, bandity, vorovstvo i KGB” [Dossier on Putin in St. Petersburg. Narcotics, bandits, theft, and the KGB], January 15, 2010, at <http://rospress.com/hearsay/5833/>.

5. Salye as cited in Gessen (2012), p. 121.

6. Clifford Gaddy and Barry Ickes describe the barter phenomenon and its motivations in the 1990s in *Russia’s Virtual Economy* (2002).

7. Putin’s letter is appendix 3 in the Salye report. Aven replied to Putin on February 1, 1992, and the Russian ministry of economics authorized Putin’s committee to issue licenses on March 25, 1992. By this time Putin and his associates had already issued a number of licenses. Sal’ye (2000).

8. Gevorkyan, Timakova, and Kolesnikov (2000), pp. 90–91. Also Gessen (2012), p. 122.

9. See Rahr (2008), pp. 88–89.

10. See Matt Bivens, “Waiting for Vladimir Putin,” *Moscow Times*, March 4, 2000 (accessed through Nexis.com). Bivens offers a detailed discussion of the St. Petersburg food scandal and of other events involving Putin in the city in the 1990s in his lengthy article. See also Oleg Lurie, “Food for St. Petersburg,” *Novaya gazeta*, No. 10, March 2000, p. 5 (accessed through Nexis.com in English); and David Filipov, “Putin’s Record Suggests Alliance with Insiders Deals as City Officials Raise Reformer Doubts,” *Boston Globe*, March 24, 2000 (accessed through Nexis.com).

11. In March 2012, Aven ranked number 284 on the *Forbes* magazine’s world’s leading businessmen and billionaires list. He ranked number 27 among Russia’s billionaire oligarchs. See [www.forbes.com/profile/pyotr-aven/](http://www.forbes.com/profile/pyotr-aven/).

12. See Viktor Yushkin, *Lyudi kak teni* [People like shadows], *Postimees* (Estonia), September 20, 2007, at <http://rus.postimees.ee/200907/glavnaja/mnenie/22618.php>.

13. Rahr (2000), pp. 94–95.

14. In the interview transcript published on the Russian prime minister’s website, this is translated into English as “credulity.” See <http://government.ru/eng/docs/3192/>. The Russian version is at <http://government.ru/docs/3192/>. *Doverchivost’* shares the same root as the word *doveray*, in the famous Russian phrase *Doveray, no proveryay!*—“Trust, but verify!”—which U.S. President Ronald Reagan was fond of quoting in his meetings with Soviet leaders and which he had been told was a well-known Russian proverb. Newspaper and other accounts that refer to the phrase almost invariably claim that it was one of Lenin’s favorite sayings. This seems to be a myth, since the phrase never occurs in any of Lenin’s published speeches or writings.

15. Rahr (2000), p. 99.

16. Ibid., p. 102. See earlier discussion of the 1995–96 Russian Duma and presidential election campaigns, pp. 21–24.

17. See Sobchak (1999).

18. Rahr (2000), p. 104.

19. Ibid., pp. 105–06. Yakovlev was reelected as mayor in 2000 and was then replaced by Valentina Matvienko before being briefly dispatched as the presidential envoy to the Southern Federal District from 2003 until the terrorist attack on Beslan. Yakovlev was then shifted to the position of deputy prime minister and Russian minister for regional development from 2004 to 2007. The various online biographical sketches of Yakovlev report that he retired from his official positions in 2007.

20. Rahr (2000), p. 106.

21. Ibid., pp. 106–07.

22. Rahr (2008), p. 89.

23. Rahr (2000), p. 95.

24. See “Meeting with Members of the Valdai International Discussion Club,” Sochi, Russia, September 14, 2007, at [http://archive.kremlin.ru/eng/speeches/2007/09/14/1801\\_type82917type84779\\_144106.shtml](http://archive.kremlin.ru/eng/speeches/2007/09/14/1801_type82917type84779_144106.shtml). The Russian version is at [http://archive.kremlin.ru/appears/2007/09/14/2105\\_type63376type63381type82634\\_144011.shtml](http://archive.kremlin.ru/appears/2007/09/14/2105_type63376type63381type82634_144011.shtml).

25. See Viktoriya Voloshina, “Piterskaya shkola razvedki” [The St. Petersburg school of intelligence], *Izvestiya*, November 2, 2001, at <http://izvestia.ru/news/254165>. One of Zubkov’s most important protégés is his son-in-law, Anatoly Serdyukov, the Russian defense minister. Serdyukov had no security or military background when he was appointed to this position in 2007. He was the director of a large furniture company, who then went on to succeed his father-in-law at the St. Petersburg tax directorate, before coming to Moscow in his own turn to head the Russian Federal Tax Service. Given his financial and management skills, Serdyukov was assigned the primary task of curbing graft. He was to get the military budget in order, as well as bypass recalcitrant generals in pushing forward with military reform. See Mark Galeotti, “Reform of the Russian Military and Security Apparatus: An Investigator’s Perspective,” in Blank (2012).

26. In his response to the Valdai Discussion Club session in Sochi on September 14, 2007, Putin was quite explicit about the work of *Rosfinmonitoring*: “This is, after all, an analytical service that collects information about financial institutions and government organizations, a massive amount of information. . . . Business circles in Russia repeatedly talked about the risks when we decided to create this organization. People were afraid that, in contemporary Russia, the concentration of confidential information in one agency would adversely affect business. This did not happen. . . . At the same time, the service has worked effectively. The information it has collected has led to criminal proceedings against thousands of people, 521 of whom have been found guilty by the courts. That number over that period of time is comparable to the number of persons involved with the justice system and convicted by courts in the major European countries. In the United States during the same time period twice as many people were convicted, in European countries, an average of 500-plus people.” See [http://archive.kremlin.ru/eng/speeches/2007/09/14/1801\\_type82917type84779\\_144106.shtml](http://archive.kremlin.ru/eng/speeches/2007/09/14/1801_type82917type84779_144106.shtml).

27. Putin, "Conversation with Heads of Local Bureaus of Leading U.S. Media Outlets," June 18, 2001, in English at [http://archive.kremlin.ru/eng/speeches/2001/06/18/0000\\_type82915type84779\\_143577.shtml](http://archive.kremlin.ru/eng/speeches/2001/06/18/0000_type82915type84779_143577.shtml) and in Russian at [http://archive.kremlin.ru/appears/2001/06/18/0002\\_type63376type63380\\_28569.shtml](http://archive.kremlin.ru/appears/2001/06/18/0002_type63376type63380_28569.shtml).

28. Gevorkyan, Timakova, and Kolesnikov (2000), pp. 40-41. "Vovka" and "Volodya" are both diminutives of Vladimir, along with "Vova."

29. Murawiec and Gaddy (2002)

30. Putin, meeting with young officials from the law-enforcement organs, November 10, 2003. See "Stenograficheskiy otchet o vstreche s molodymi sotrudnikami pravookhranitel'nykh organov" [Stenographers report on meeting with young officials from the law-enforcement organs], November 10, 2003, at <http://archive.kremlin.ru/text/appears/2003/11/55331.shtml>. It is interesting to note that this idea has also been expressed by Putin's aide, Vladislav Surkov. As so often is the case, Surkov echoes a "Putinesque" idea in much more flowery language than his boss. In a conversation with Russian investigative journalist Yelena Tregubova, Surkov boasted that he "categorically rejected all forms of tyranny and violence—from the esthetic point of view, of course." So you do not advocate repressive measures? Tregubova asked. Of course not, replied Surkov: "That's so primitive! That's for the dull and lazy. Just arrest someone and force them to do something? Any qualitative process by definition has to be complicated. A process of long and agonizing agreement is much more complicated than a dictatorship, but it is also much more beautiful!" See Tregubova (2003), p. 342.

31. See earlier discussion of the "Andropov levy" in the text, pp. 116-17.

32. Bobkov (1995)

33. Ibid., pp. 204-07.

34. Ibid., p. 257.

35. Ibid., pp. 259-60.

36. Ibid., pp. 267-68. Medvedev corroborates this story in one of his own books; see Medvedev (2006), pp. 221-22.

37. Bobkov (1995), p. 268.

38. See earlier references to Operation Luch, including note 8 on p. 325.

39. The best source for understanding the specific skills and methods of the case officer working with double agents is the book by British World War II era spy John Masterman, *The Double Cross System*. Masterman ran the system of double agents for Britain's MI5 during the war to deceive German intelligence and the high command about Allied war plans. Masterman's basic concept was: How can you control and manipulate people who are your enemies? Your choice is to destroy them or to use them, and in wartime the latter proved particularly effective. Masterman's book was first written as a private record and report on how the system worked in 1945. It was then published by Yale University Press in 1972 as *The Double Cross System in the War of 1939 to 1945*.

40. Grigoriy Volchek, "Sluzhba v KGB – plyus dlya politika" [KGB Service—A plus for a politician], *Zvezda* (Perm'), June 15, 2000, [www.nevod.ru/local/zvezda/archive.html](http://www.nevod.ru/local/zvezda/archive.html).

41. Ibid.

42. Ibid.

43. As we have noted elsewhere, there is some uncertainty in the various sources, and in Mr. Putin's official biographies, about when exactly he shifted from being a "regular" KGB agent to the institution's "active reserve," and what his exact status was within the KGB (and for how long) after he joined the Sobchak administration and became deputy mayor.

44. Vladimir Putin, "From an Interview with the Canadian CBC and CTV Channels, the Globe and Mail Newspaper and the Russian RTR Television," December 14, 2000 ([http://archive.kremlin.ru/eng/speeches/2000/12/14/0001\\_type82916\\_135565.shtml](http://archive.kremlin.ru/eng/speeches/2000/12/14/0001_type82916_135565.shtml)). Putin has frequently sought out former U.S. Secretary of State Henry Kissinger as an interlocutor during his tenure at the top of the Russian state and just as frequently has repeated this specific quote about all decent people starting their careers in intelligence. It also features as an anecdote in *Ot pervogo litsa*, pp. 80–81. Henry Kissinger's career in intelligence was, however, very different from Putin's. Kissinger was a private in U.S. Army Intelligence in World War II and was assigned there as a native German speaker. As is the case with Putin's personalized references to Russian historical figures and other world leaders, the comparison is made to bolster and legitimize his own biography, career, and position. During Kissinger's visit to Russia in June 2012 to participate in the St. Petersburg Economic Forum, he had another separate meeting with President Putin, who made a point, again, of stressing how long their acquaintance extended. In an excerpt of their discussion, available on the president's website, Putin reminded Kissinger that "our personal relations, they began while I was working as deputy mayor of St Petersburg, back in the mid-1990s. You came here as the head of the Russian-American commission." Putin told Kissinger: "I am very glad that we have maintained these relations to this day." See "Vladimir Putin met with former US Secretary of State Henry Kissinger," June 21, 2012, at <http://eng.special.kremlin.ru/news/4060>. Mr. Putin is referring in this interview to a commission set up in 1992–93 under the auspices of the Center for Strategic and International Studies in Washington, D.C., and co-chaired by Anatoly Sobchak and Henry Kissinger. The goal of the commission was to assist the city of St. Petersburg in identifying foreign investors to help convert its defunct defense plants into commercial factories and turn around other manufacturing operations. See Scott Shane, "Cold Warrior Kissinger Sells Old Nemesis Russia," *Baltimore Sun*, June 24, 1993, at [http://articles.baltimoresun.com/1993-06-24/news/1993175015\\_1\\_petersburg-cold-warrior-russian](http://articles.baltimoresun.com/1993-06-24/news/1993175015_1_petersburg-cold-warrior-russian). It is not clear, however, how much actual direct contact Putin and Kissinger had in the context of this commission.

45. Strictly speaking, the Russian term for the call-in show is *pyamaya liniya* or direct line, but it is referred to by Putin's PR team in English as the Hot Line.

46. RIA Novosti staff would explicitly reinforce this point to participants before the Valdai Discussion Club meetings with Mr. Putin—noting that the meetings were "all about the questions" and challenging Putin. Angus Roxburgh makes the same point about Putin relishing the questions in his description of the Valdai Club in Roxburgh (2012), p. 195.

47. Vladimir Putin, "Hot Line," December 24, 2001. "Stenogramma 'Pyamoy linii' Prezidenta Rossiyskoy Federatsii V.V. Putina" [Transcript from "Direct line" with the President of the Russian Federation V.V. Putin], December 24, 2001,

at [http://archive.kremlin.ru/appears/2001/12/24/0001\\_type82634type146434\\_28759.shtml](http://archive.kremlin.ru/appears/2001/12/24/0001_type82634type146434_28759.shtml).

48. See Medvedev (2006), p. 135.

49. Authors' interviews with Russian press and PR representatives at the November 7–11, 2011, Valdai Discussion Club meetings in Moscow.

50. A series of articles and video clips depicting Mr. Putin's arrival in Pikalyovo and his meeting with Deripaska are at [www.cbsnews.com/8301-503543\\_162-5071988-503543.html](http://www.cbsnews.com/8301-503543_162-5071988-503543.html); [www.reuters.com/article/2009/06/04/russia-putin-idUSL445098320090604](http://www.reuters.com/article/2009/06/04/russia-putin-idUSL445098320090604); and [www.youtube.com/watch?v=0MntxIPL8xo&feature=related](http://www.youtube.com/watch?v=0MntxIPL8xo&feature=related).

51. The meeting at the Alfa Bank branch with Alfa President Pyotr Aven in Novosibirsk was on October 22, 2008, and is available on the Russian prime minister's website at [www.government.ru/docs/2210/](http://www.government.ru/docs/2210/). The United Russia activists meeting was on October 23, 2008; see [www.government.ru/docs/2211/](http://www.government.ru/docs/2211/).

52. The clip was uploaded on July 30, 2010, and is available at [www.youtube.com/watch?v=8f5wXsB-Yp8](http://www.youtube.com/watch?v=8f5wXsB-Yp8) under the title of "Kak narod poslal Putin na \*\*\*" [How the people told Putin to go to \*\*\*].

53. Ibid.

54. Gessen (2012), pp. 164–75.

55. Kolesnikov (2005).

56. Kolesnikov's story as related in Gessen (2012), p. 170.

57. Kolesnikov (2005), pp. 38–39; also cited in Gessen (2012), p. 170.

58. Gessen (2012), p. 171.

59. Gevorkyan, Timakova, and Kolesnikov (2000), pp. 69–72. Also see Blotskiy (2002), pp. 259–66.

60. Gevorkyan, Timakova, and Kolesnikov (2000), p. 69.

61. Ibid., p. 71.

62. Ibid.

63. Blotskiy (2002), p. 263.

64. Ibid., p. 264. This seems to have been intended by Putin as a self-serving element in the narrative to underscore his superior German language skills. The Russian-language exchange in Blotskiy (2002) is as follows: [someone from the crowd] "And who are you?" [Mr. Putin] "A translator"; [someone from the crowd] "Translators don't speak German that well." Putin told his interlocutors that the building they had massed before was an extra-territorial Soviet military building covered by an inter-state agreement with the GDR (which was why all the cars outside had East German registration plates) and it had nothing to do either with the *Stasi* or the East German armed forces.

65. See Gaddy and Ickes (2009).

66. See Gaddy and Ickes, "Putin's Protection Racket," in Korhonen and Solanko (2011).

67. Ibid.

68. Andrey Kolesnikov, "Aleksey Kudrin zaveshchal svoje kreslo Vladimiru Putinu" [Alexei Kudrin bequeaths his chair to Vladimir Putin], *Segodnya*, March 28, 1997. The Russian word translated here as "menacing" is *groznaya*, which is often rendered in English as "fear" or "awe-inspiring," "threatening," or "terrible"

(as in Ivan Grozny, the infamous Russian Tsar, “Ivan the Terrible”) (accessed through Eastview).

69. “Soveshchaniya: Za poryadok vzyalis’ vseryez” [Meetings: taking order seriously], *Rossiyskiye vesti*, May 21, 1997 (accessed through Eastview).

70. Gaddy and Ickes, “Putin’s Protection Racket,” in Korhonen and Solanko (2011).

71. See Michael Gordon, “Russia’s Former Head of Privatization Faces Bribery Charge,” *New York Times*, October 2, 1997 (accessed on ProQuest). Uneximbank was headed by Vladimir Potanin, the oligarch who had served in the Yeltsin government as first deputy prime minister from August 1996 until March 1997 and was known to be close to Chubais.

72. After being ousted from the government, Anatoly Chubais was assigned to head RAO UES, Russia’s massive power utility, and maintained his close ties to President Yeltsin and the Kremlin. In this capacity, he is on record as having no principled objection to Putin being made Yeltsin’s successor-designate in 1999, although he was skeptical about whether the choice would work. He expressed reservations that there was insufficient time in 1999–2000 to transform a publicly unknown, behind-the-scenes figure like Putin into a national politician. He clearly also had some unease with the prospect of Vladimir Putin becoming president. See, for example, the extracts from Boris Yeltsin’s memoirs: “*Prezidentskiy marafon*” [The presidential marathon], *Ogonyok*, September 29, 2000; and “Chubays Denies Intrigue, Expresses Support for the President,” *Komsomolskaya pravda*, October 20, 2000 (Internet versions from FBIS, the Foreign Broadcast Information Service, in English). Nonetheless, Chubais continued to play key roles in critical state-led entities throughout Putin’s presidency and premiership. In 2012, Anatoly Chubais was the head of the Russian Nanotechnology Corporation, having served for a decade at RAO UES.

73. The oligarchs were in a vulnerable situation because of the questionable legality of their wealth before the 1996 “loans for shares” deal with the Yeltsin government as well as during that contentious process (they often used particularly nasty means to force “insiders” to sell their shares). Putting this issue aside, even the disclosure of legal financial information can be fatally dangerous to a corporation. See Gaddy and Ickes, “Putin’s Protection Racket,” in Korhonen and Solanko (2011).

74. Ibid.

75. Vladimir Putin, “Vstupitel’noye slovo na vstreche s doverennymi litsami” [Opening remarks at a meeting of high-level campaign workers], February 28, 2000, at [http://archive.kremlin.ru/appears/2000/02/28/0000\\_type63374type63376\\_122120.shtml](http://archive.kremlin.ru/appears/2000/02/28/0000_type63374type63376_122120.shtml). The English version is at [http://archive.kremlin.ru/eng/text/speeches/2000/02/28/0000\\_type82912type84779\\_123954.shtml](http://archive.kremlin.ru/eng/text/speeches/2000/02/28/0000_type82912type84779_123954.shtml). The actual quote in Russian is “the equidistant position of all subjects of the market from power” (*ravnoudalennoye polozheniye vsekh sub’yektov rynka ot vlasti*). One of the implications was that business people, oligarchs, would not be given formal government positions in the future, as Vladimir Potanin and Boris Berezovsky had been after 1996. This did not necessarily mean, however, that government officials would be precluded from positions on the boards of companies where the state had a significant interest, which was a notable factor in Russia in the 2000s.

76. The use of disappropriation is very specific here—it means to remove something that has been allocated to someone, often to reassign it to someone else. What has been given can also be taken away. The idea of disappropriation underscores a core concept within the Putin system that the assets the oligarchs own are not exactly their private property. They acquired the assets in deals with the Kremlin and thus became the stewards of this property on behalf of the Kremlin (or the state). This was also the essence of the arrangement between the tsar and the aristocrats in imperial Russia, who received large grants of land and also bonded serfs in return for service and loyalty to the autocrat. This arrangement retarded the development of private property rights in Russia even before the 1917 Revolution and the imposition of the communist system with its emphasis on communal property. For a detailed discussion see Pipes (1999).

77. The meeting is covered in detail in a four-part BBC documentary charting the rise of Putin to the Russian presidency and his time in office. See *Putin, Russia and the West* (Norma Percy, director), first aired on BBC2 in January 2012. In the documentary, there is a scene immediately after the meeting where oligarch Mikhail Khodorkovsky notes that “now we know what *vlast*’ wants from us.” The Khodorkovsky quote comes in Part 1, Minute 12:20.

78. Gaddy and Ickes (2009). The Surkov quotes come from Tregubova (2003), pp. 349–50.

## CHAPTER 9

1. Gleb Pavlovsky interview with *The Guardian*, January 24, 2012. Although Pavlovsky does not make this reference in the interview, it is worth noting that the term “prohibitory system” comes from English political, legal, and moral philosopher Jeremy Bentham (1748–1832), who outlined a set of principles for states to adopt in creating penal, commercial, and other legal codes. In 1814–15, Bentham offered his assistance to Tsar Alexander I of Russia in reforming and codifying the complete laws of the Russian Empire. The tsar did not accept his offer. For a good general reference, see Rosen (2004).

2. Gleb Pavlovsky in *The Guardian* interview, for example, underscores the arbitrary nature of this decision, refuting Putin’s own claim in September 2011 that he and Dmitry Medvedev had firmly decided from the outset that they would switch positions in 2012: “It’s a complete myth that Putin and Medvedev agreed years ago that Putin would return. They may have talked about that 100 times. This is politics. It remained an open question. . . . of course they probably had a discussion about what would happen [if something didn’t go right] . . . there could not have been a formal agreement.” Pavlovsky notes that he thought the so-called *rokirovka*, the Medvedev-Putin swap, was a mistake and had spoken out against even the possibility of it in April 2011—which was when he was sacked as an adviser to the Kremlin, “on the direct order of the White House, i.e. on the personal order of Putin.”

3. This was the view of senior European and U.S. officials the authors privately interviewed for this book.

4. Gleb Pavlovsky addresses this speculation directly in his interview with *The Guardian*: “. . . There was a great deal of tension in the tandem. . . . In the White House [prime minister’s office], there was a constant fear that Medvedev would sack the government suddenly. And that would create a completely different situation. And this fear reached its maximum in spring 2011.” See also Ellen Barry, “Key Question Is Left Open as Medvedev Faces Media,” *New York Times*, May 18, 2011 ([www.nytimes.com/2011/05/19/world/europe/19russia.html?partner=rss&emc=rss](http://www.nytimes.com/2011/05/19/world/europe/19russia.html?partner=rss&emc=rss)); and Nikolai Zlobin, “Russia’s leaders Dmitry Medvedev and Vladimir Putin should back each other,” originally published in *Vedomosti*, reproduced and translated in *The Telegraph*, November 2, 2010 ([www.telegraph.co.uk/sponsored/russianow/opinion/8105352/Russias-leaders-Dmitry-Medvedev-and-Vladimir-Putin-should-back-each-other.html](http://www.telegraph.co.uk/sponsored/russianow/opinion/8105352/Russias-leaders-Dmitry-Medvedev-and-Vladimir-Putin-should-back-each-other.html)).

5. The Institut sovremennogo razvitiya (INSOR) (Institute for Contemporary Development) and other similar think tanks were established in Russia under the tutelage of President Medvedev and the Kremlin to generate new ideas about reforming the state and its institutions and how to tackle the economic crisis and other critical political issues. The head of INSOR, Igor Yurgens, was a well-respected Russian businessman with extensive international contacts and considerable experience of establishing analytical centers. Deputies at the institute also included individuals who had served directly on the staff of the presidential administration. INSOR’s official website is at [www.insor-russia.ru/en](http://www.insor-russia.ru/en). Igor Yurgens was routinely outspoken on the need for political change in Russia. See, for example, Igor Yurgens online interview on September 21, 2011, with the newspaper *Kommersant*, at [www.kommersant.ru/doc/1778346](http://www.kommersant.ru/doc/1778346); and Sergei Loiko, “In Russia, Medvedev’s Key Advisor to Leave Post: Russian Activist Igor Yurgens Talks about the Future of the Council on Human Rights and the Return to Office of President Vladimir Putin,” *Los Angeles Times*, June 28, 2012, at [www.latimes.com/news/nationworld/world/la-fg-russia-qa-20120629,0,3197541.story](http://www.latimes.com/news/nationworld/world/la-fg-russia-qa-20120629,0,3197541.story).

6. See Luke Harding, “Russian President Sacks Moscow Mayor: Dmitry Medvedev Orders Out Veteran Yuri Luzhkov Citing ‘Loss of Confidence,’ Bringing 18-Year Domination to an End,” *The Guardian*, September 28, 2010 ([www.guardian.co.uk/world/2010/sep/28/russian-president-sacks-moscow-mayor](http://www.guardian.co.uk/world/2010/sep/28/russian-president-sacks-moscow-mayor)). Gleb Pavlovsky comments on this episode in the following way: “Medvedev insisted that Luzhkov must go, and achieved that—Putin didn’t like that because it was a very powerful gesture.” Gleb Pavlovsky interview with *The Guardian*, January 24, 2012.

7. Gleb Pavlovsky interview with *The Guardian*, January 24, 2012. Putin also made the same comments in his presentations at the Valdai Discussion Club meeting on September 14, 2007, at the presidential dacha in Sochi, as well as in other interviews and exchanges in the period from 2007 to 2008. He stressed that it was important to ensure that everything was not “always in the hands of one man” given all the issues on the national agenda that needed to be addressed. He was, again, quite transparent in setting out his goals for the tandem.

8. Gleb Pavlovsky interview with *The Guardian*, January 24, 2012.

9. Authors’ private meetings with former presidential aides in preparation for this book.

10. Putin used the metaphor of the Russian system operating like a “Swiss watch” (which could also be a Swiss clock, as the Russian word *chasy* is used for both watch



and clock) at the Valdai Discussion Club dinner meeting in Sochi on September 14, 2007. He then used it repeatedly in subsequent sessions in the same context. Authors' personal notes from 2007–11 Valdai Discussion Club meetings. See also, for example, "Personifitsirovat' 'Plan Putin' nepravil'no, no pri vykhode iz krizisa mnogoye delayetsya v ruchnom upravleniy—Putin" [Personifying "Putin's Plan" is not correct, but before exiting from the crisis much will have to be done in manual control—Putin], ITAR-TASS, October 18, 2007; and "We have taken positive steps in construction over the past few years. For example, housing construction has reached 60 million square meters per year. This is a good figure. However, it is mainly the effect of day-to-day 'manual control.' Unfortunately, no effective model has been created yet to regulate the construction industry automatically." Vladimir Putin, at a meeting on improving oversight, regulatory, and licensing policies and government services in construction, March 15, 2010 ([www.government.ru/eng/docs/9744/](http://www.government.ru/eng/docs/9744/)).

11. This concept was also outlined in the 1997 *poslaniye*, which focused on coordinating legislation and reducing contradictions and redundancies in legislative acts at all levels across the Russian Federation. The 1993 Russian constitution is at the center of Putin's vision for the *pravovoye gosudarstvo*, or law-governed state, as we have already discussed.

12. See Burnham and Trochev (Summer 2007).

13. In June 2012, as we discuss later in the chapter, Putin appointed a Russian official specifically to help guide businesses through court cases. Alexander Brater-sky, "Newsmaker: Small Business Lobbyist Titov Named Business Ombudsman," *Moscow Times*, June 21, 2012 ([www.themoscowtimes.com/mobile/article/460818.html](http://www.themoscowtimes.com/mobile/article/460818.html)). The Russian government has also allowed its citizens to take political abuse cases to the European Court of Human Rights, with mixed results. See William Pomeranz, "Russia and the European Court of Human Rights: Implications for U.S. Policy," Kennan Institute seminar summary, May 3, 2011, at [www.wilsoncenter.org/publication/russia-and-the-european-court-human-rights-implications-for-us-policy](http://www.wilsoncenter.org/publication/russia-and-the-european-court-human-rights-implications-for-us-policy).

14. See the conference proceedings from "The Russian Constitution at Fifteen: Assessments and Current Challenges to Russia's Legal Development," Kennan Institute, March 19, 2009, at [www.wilsoncenter.org/sites/default/files/KI\\_090623\\_Occ%20Paper%20304.pdf](http://www.wilsoncenter.org/sites/default/files/KI_090623_Occ%20Paper%20304.pdf).

15. See, for example, Dmitri Trenin, "Putin's Russia Is Embracing Czarism: Trud Interviews Dmitri Trenin," *Trud*, November 14, 2006, at [www.carnegieendowment.org/2006/11/16/putin-s-russia-is-embracing-czarism-trud-interviews-dmitri-trenin/9pg](http://www.carnegieendowment.org/2006/11/16/putin-s-russia-is-embracing-czarism-trud-interviews-dmitri-trenin/9pg).

16. A good example is the article by Yevgeniya Albats and Anatoliy Yermolin, "Korporatsiya 'Rossiya': Putin s druz'yami podelili stranu" ["Russia," Inc.: Putin and his friends have divided up the country], *Novoe vremya/The New Times*, No. 36, October 31, 2011. The centerpiece of the article was a large fold-out display of a tower of corporate interests linked to Putin, all color-coded by their backgrounds as *siloviki*, non-*silovik* St. Petersburgers, members of the Ozero dacha collective, and "children, relatives, friends and close associates." In their article, Albats and Yermolin erroneously attribute the origin of the term, Russia, Inc., to one of us. In fact, the term itself is an old and common one. What is important is to distinguish the actual meaning of the Russia, Inc. concept.

17. Private author interviews with GE executives in the United States in 2010–12.

18. See “Strategic Planning: Building up Reserves,” pp. 84–88.
19. See “From Dresden to Business Developer in St. Petersburg,” pp. 161–63.
20. See “Strategic Planning: Building up Reserves,” pp. 84–88.
21. King and Cleland (1978), p. 11.
22. In private conversation with the authors, a pair of Russian oligarchs described their role in similar terms: “Our job is to stick to and optimize our business and not dabble in politics [the strategic agenda].” Washington, D.C., spring 2008.
23. King and Cleland (1978), p. 11.
24. At the November 2011 Valdai Discussion Club meeting, Putin continuously pointed out in response to questions that most, if not all, of Dmitry Medvedev’s policies were his, Vladimir Putin’s, or set in close consultation with him. From authors’ personal notes.
25. Gaddy and Ickes describe Russia as an “inverted funnel” economy: Value is created in the narrow neck of the oil and gas sector and then flows to a broad base of the rest of industry. See Gaddy and Ickes (2011).
26. The Russian leadership has shown little inclination to encourage entry into this sector by smaller firms. The number of companies operating in Russia’s oil and gas sectors is around 160, for example, while the United States has over 22,000.
27. See “The Oligarchs’ Dilemma: Mr. Putin’s Solution,” pp. 206–09.
28. See “The Food Scandal Revisited,” pp. 168–76.
29. See p. 175.
30. The title of chapter 3 of Putin’s dissertation is “A concept for formation of transportation-technological port complexes in the northwest Russian Federation.” Finnish economist Pekka Sutela describes this issue as Putin’s concern with “logistics sovereignty.” See Sutela (2012), p. 35.
31. A decree issued by President Boris Yeltsin, “O merakh po vozrozhedeniyu torgogo flota Rossii” [ On measures to resurrect Russia’s commercial fleet], Decree No. 1513, December 3, 1992, called on the government to adopt a program to restore the physical and institutional infrastructure of Russian commercial shipping, including seaports and rail access to them. In the follow-up to Yeltsin’s decree, a number of committees were established that included members from the St. Petersburg mayor’s office. Vladimir Putin, the deputy mayor in charge of international business development, was likely one of those taking part.
32. The two most prominent pipeline projects of Putin’s tenure have been Nordstream, which transports natural gas from Russia’s Baltic coast to Germany and came into operation in 2011–12; and Southstream, a similar pipeline project to transport natural gas from Russia’s Black Sea coast to southeastern Europe, which has yet to reach the construction phase. See the Nordstream pipeline consortium official website for detailed information at [www.nord-stream.com/press-info/library/](http://www.nord-stream.com/press-info/library/). Southstream’s official website is at <http://south-stream.info/index.php?id=2&L=1>. Further details and analysis of Putin’s pipeline and other energy sector priorities are available on journalist Steve LeVine’s *Foreign Policy* magazine online blog, *The Oil and the Glory*, at <http://oilandglory.foreignpolicy.com/>.
33. A detailed account of how Putin established control over the strategic companies that make up Russia, Inc. is beyond the scope of this book. The account on the following pages and in the accompanying notes only scratches the surface. Suffice it to say that in many cases it took a great deal of effort and time on Mr.

Putin's part to acquire real control. Each of the target companies had its own peculiarities and required a special operation. Of all the takeover operations, the one aimed at Gazprom was the most important but also the most difficult and delicate. Gazprom's role in Putin's system is unique owing to its dual status as both the single largest rent producer and the most important rent distributor in the country. It, of course, had to be brought under Putin's personal control. At the same time, a simple frontal assault to seize control and install reliable subordinates inside Gazprom was unthinkable because of the risk that a power struggle might disrupt its vital role in distributing resource rent and supporting huge sections of the population and industry. It took Putin over two years after he became president to orchestrate the complete ousting of Gazprom's incumbent director, Rem Vyakhirev, and install his own man, Alexei Miller. Some particularly enlightening episodes of that takeover operation may be found in Panyushkin, Zygar, and Reznik (2008).

34. This does not imply, however, that there are not other trusted lieutenants who play critical roles in other state sectors for CEO/President Putin. These two stand out in terms of the length of time they have spent working close to Vladimir Putin throughout his career and in the specific roles they have played at important junctures.

35. See the detailed profile of Igor Sechin by Irina Reznik and Irina Mokrousova, "Igor' Sechin, pervyy vozhde Vladimira Putina" [Igor Sechin, first alongside Vladimir Putin], *Vedomosti*, March 19, 2012, at [www.vedomosti.ru/library/news/1541119/pervyj\\_vozhe\\_putina](http://www.vedomosti.ru/library/news/1541119/pervyj_vozhe_putina). The introduction to the profile asserts that "acquaintances of Sechin give him a variety of titles: Putin's secretary, aide, adjutant, soldier, sometimes more insulting ones, but all of them agree that the main concept of his function is not self-enrichment and not even the creation of a regime of personal power in and of itself, but implementing the will and desires of his patron, which for him coincide with societal welfare." In another article in *Vedomosti*, by Oksana Gavshina, Maksim Tovkaylo, and Yekaterina Derbilova, "Chto ozhidayet 'Rosneft' pod rukovodstvom Sechina?" [What awaits "Rosneft" under Sechin's leadership?], *Vedomosti*, May 23, 2012, at [www.vedomosti.ru/companies/print/2012/05/23/1174296](http://www.vedomosti.ru/companies/print/2012/05/23/1174296), one source for the article notes that even as CEO of Rosneft, Sechin "will go to Putin directly. Sechin isn't a person but a function: When he's told to do something, he does it." Like many other figures in Putin's inner circle, Igor Sechin has close links to a number of key figures. Sechin's daughter is married to the son of Vladimir Ustinov. The elder Ustinov, who has served as both Russian justice minister and Russia's prosecutor general, led the first legal cases against Mikhail Khodorkovsky and the YUKOS energy company in the 2000s. YUKOS assets acquired by Rosneft after the company's dissolution now form a substantial part of Rosneft's core operating units. See *Moscow Times* profile of Igor Sechin at [www.themoscowtimes.com/mt\\_profile/igor\\_sechin/433774.html](http://www.themoscowtimes.com/mt_profile/igor_sechin/433774.html). See also Coll (2012).

36. *Vedomosti* claimed that this particular project was drawn up by the export arm of the Kirishi oil refinery—the company Kirishineftekhimexport, or Kineks. See Reznik and Mokrousova, March 19, 2012. It should also be noted here that the Kirishi oil refinery was the source of the oil that Putin licensed to be exported in the 1991–92 oil-for-food deal. Presumably its export division, Kineks, played a role in the transactions. One of the early executives of Kineks in the 1990s was Gennady Timchenko, who is also the co-owner of Gunvor, one of the largest

global oil trading companies. Although Gunvor is primarily based in Switzerland it has substantial Russian interests, including in selling and exporting a portion of Rosneft's oil production. See Timchenko's profile in *Forbes's* Billionaires List for March 2012 at [www.forbes.com/profile/gennady-timchenko/](http://www.forbes.com/profile/gennady-timchenko/). Timchenko, a dual Finnish and Russian citizen, is purportedly connected to Putin from the time they overlapped in St. Petersburg in the early 1990s. Timchenko has other business interests in Russia, including in Novatek, one of Russia's largest independent gas producers. He is also a sponsor of the contemporary St. Petersburg judo club where Putin trained as a young man. See Andrew Kramer and David Herszenhorn, "Midas Touch in St. Petersburg: Friends of Putin Glow Brightly," *New York Times*, March 1, 2012, at [www.nytimes.com/2012/03/02/world/europe/ties-to-vladimir-putin-generate-fabulous-wealth-for-a-select-few-in-russia.html](http://www.nytimes.com/2012/03/02/world/europe/ties-to-vladimir-putin-generate-fabulous-wealth-for-a-select-few-in-russia.html). In 2008-09, Timchenko sued *The Economist* for suggesting even closer links between himself, Gunvor, and Putin. See "Grease My Palm," *The Economist*, November 29, 2008, and the publication's subsequent clarification of the relationship between Timchenko, Gunvor, and Putin, "Gennady Timchenko and Gunvor International BV," *The Economist*, July 30, 2009, at [www.economist.com/node/14140737](http://www.economist.com/node/14140737). In May 2012, coinciding with Putin's inauguration as president for the third time, *The Economist* produced another lengthy article on Gunvor and its oil trading practices: "Gunvor: Riddles, Mysteries and Enigmas," *The Economist*, May 5, 2012, at [www.economist.com/node/21554185](http://www.economist.com/node/21554185). In July 2012, Timchenko reportedly decided to move the headquarters of his Volga Resources investment company, which holds and manages his various assets, to Moscow from Switzerland. See "Timchenko Moves Headquarters to Moscow," *Moscow Times*, July 20, 2012, at [www.themoscowtimes.com/business/article/timchenko-moves-headquarters-to-moscow/462357.html](http://www.themoscowtimes.com/business/article/timchenko-moves-headquarters-to-moscow/462357.html).

37. Zubkov (2000).

38. Nikolai Tokarev was educated and worked in mining and geology. Many sources claim that he was in the KGB and that he served with Putin in the GDR in the 1980s. Tokarev's current official biography (from the Transneft website) makes no reference to a career in the KGB. It states that he worked in the presidential property office 1996-99, which is where Vladimir Putin served when he first came to Moscow in 1996-97. In August 1999, Tokarev was appointed vice president for international affairs and projects of Transneft. In September 2000, he left Transneft to head the Russian oil company Zarubezhneft, and on September 11, 2007, he was named president of Transneft. Given that his first position at Transneft in 1999 was as head of security, one can assume that he does have a background in the KGB.

39. Some 70 percent of all Russian refined oil products (domestic and exported) are transported by rail. Troika, *Russia Oil and Gas Atlas*, January 2012, p. 39.

40. See previous references to Yakunin on pp. 67-68, p. 206, and p. 228. See also Douglas Busvine and Stephen Grey, "Special Report: Russian Railways' family connections," Reuters, July 25, 2012, at [http://articles.chicagotribune.com/2012-07-25/news/sns-rt-us-russia-railwaysbre86o06u-20120724\\_1\\_russian-railways-russian-economy-business-ties](http://articles.chicagotribune.com/2012-07-25/news/sns-rt-us-russia-railwaysbre86o06u-20120724_1_russian-railways-russian-economy-business-ties).

41. Yakunin is another Putin associate who is thought to have a KGB background, a supposition based on strong circumstantial evidence about his background (including education as an expert on ballistic missiles, two years' service as head of the international department of the Yoffe Institute of Physics in Leningrad,

and a five-year posting with the Soviet delegation to the United Nations in the 1980s). Like many other individuals around Putin, he does not appear ever to have publicly confirmed or denied his alleged ties to the KGB. See Max Delany, "An Inside Track to President Putin's Kremlin," *St. Petersburg Times*, October 2, 2007, at [www.sptimes.ru/index.php?action\\_id=2&story\\_id=23175](http://www.sptimes.ru/index.php?action_id=2&story_id=23175).

42. It is interesting to note the similarity between Yakunin's path to the head of Russian Railways and that of Tokarev in Transneft. Both were initially appointed to be deputies under an older head and served in that position for a while. Such a procedure makes sense. The position as deputy gave them time to learn the ropes, since neither had any previous expertise in the industries they were later to command. However, in view of the previous expertise each is said to have—as KGB specialists in "working with people"—the position as deputy also provided the classic opportunity to observe, monitor, and gather information about *people* in the organization.

43. Vladimir Yakunin, like others in Putin's circle, also has a connection to the shipping business in St. Petersburg. His first position in Moscow was in 2000 as deputy minister for transportation in charge of seaports. See Delany, "An Inside Track to President Putin's Kremlin," *St. Petersburg Times*, October 2, 2007.

44. The company's website is at [www.oaoosk.ru/](http://www.oaoosk.ru/).

45. For details on the methods of rent sharing, see Gaddy and Ickes (2011). It is worth noting that Russian oligarchs have also been encouraged by the Kremlin to branch out from the commodities and manufacturing sectors into hi-tech and emerging retail sectors, including the new media, resulting in the emergence of a whole new group of Russian billionaires (or even richer billionaires) in the last decade. See the *Forbes* Billionaires List for March 2012 at [www.forbes.com/billionaires/list/](http://www.forbes.com/billionaires/list/). For example, Alisher Usmanov, who manages the investment arm of Gazprom, has also owned stakes in Facebook as well as the online retailers Groupon and Zynga, in addition to the Russian newspaper *Kommersant*, and massive holdings in steel and telecommunications. He comes in on the *Forbes* list at number 28 with \$18.1 billion. Vladimir Potanin, who first built up huge holdings in Russian metallurgy through the "loans-for-shares" deal in the 1990s, is also the owner of one of Russia's largest media groups, ProfMedia. He comes in at number 46 with \$14.5 billion. Yuri Milner, Alisher Usmanov's business partner, now specializes primarily in social networking and tech investments that have included Facebook, Groupon, Zynga, and Russia's mail.ru, among many others (including Chinese online retailers). He comes in on the March 2012 *Forbes* list at number 1,153 with \$1 billion.

46. Vladimir Putin: "I've been a military functionary [*chinovnik*], a civilian functionary, all my life. . . . Do I feel like I am a functionary? Of course, I do. Because even if it's on a high level, it is still in the service of the state, and service presupposes certain obligations, and they have to be met. . . . In that sense, we're all functionaries." Vladimir Putin, television interview on the program "Geroy dnya so Svetlanoy Sorokinoy na NTV" [Hero of the day with Svetlana Sorokina on NTV], November 24, 1999 (<http://tvoygolos.narod.ru/elita/elitatext/1999.11.24.htm>).

47. Putin put explicit emphasis on his decision to bolster the importance of the position of prime minister, both in the September 14, 2007, Valdai Discussion Club meeting in Sochi—when he first signaled that he intended to step into the

position—and again in statements in 2008–09 when he became prime minister. Authors’ personal notes from Valdai Discussion Club sessions.

48. In this interview, Putin was frank about bringing people into the Kremlin primarily on the basis of their personal connections to him—including some who had previously worked with him in the KGB. “I have brought some of them to the Kremlin. These people work on my staff. I have known them for many years and I trust them. This is the main reason why I have brought them along. . . . It has nothing to do with ideology. It’s only a matter of their professional qualities and personal relationships.” See “Vladimir Putin Arises from Murky Background of KGB to Become Acting President of Russia,” *Nightline* (Friday Night Special), ABC News, March 24, 2000 (transcript, with Mr. Putin speaking through a translator) (accessed through Nexis.com).

49. Igor Sechin did two stints as a military interpreter with Soviet forces in Africa, which presumably put him under the supervision of the GRU, military intelligence. He was called out of his undergraduate studies in romance languages in 1982 to work in Mozambique for two years. After graduating with degrees in teaching French and Portuguese from Leningrad State University in 1985, he served two years in the Red Army, again as an interpreter, including service in Angola. Sechin was never in the KGB, but he is said to nurture fantasies of being a spy—which may explain why he seems to have allowed, and even encouraged, the mythmaking about his being a *silovik*, which seems to be used as a synonym for the KGB in some commentaries. See Reznik and Mokrousova, March 19, 2012. Private conversations with former Russian presidential administration aides tend to confirm this version of Sechin’s background. The former aides asserted that Sechin had been made an “honorary colonel” by Putin at some point during his Kremlin service and mostly as an “inside joke.” The GRU connection and the related idea of Sechin as a spy feature prominently in press articles on Sechin. See, for example, Andrew Kramer, “In Bid for BP’s Stake of Venture, a Former Spy Becomes the Focus,” *New York Times*, July 25, 2012, at [www.nytimes.com/2012/07/25/business/global/rosneft-opens-talks-on-buying-bps-stake-in-oil-joint-venture.html](http://www.nytimes.com/2012/07/25/business/global/rosneft-opens-talks-on-buying-bps-stake-in-oil-joint-venture.html).

50. Putin has been quoted as saying of Sechin: “I value him for his professionalism, his grasp. He is able to see something through to the end. If he takes on a job, you can be sure that it will be done.” See Gavshina, Tovkaylo, and Derbilova, May 23, 2012.

51. We use the term ombudsman here in its original Scandinavian sense of a “representative” or trusted intermediary between the state and other external groups and interests, not in the more modern form of an independent arbiter or watchdog who acts in the public interest on a particular issue.

52. Igor Shuvalov was also the point person for Russia’s World Trade Organization bid and membership, which was eventually pushed through in 2012.

53. In a private conversation with the authors, one former presidential administration aide observed of Dmitry Medvedev’s role as president that “someone has to have tea with dignitaries.” In private meetings in Berlin in May 2012, a number of senior political advisers to European leaders noted that as prime minister, Vladimir Putin had, in their view, deliberately avoided anticipated meetings with their heads of state in the period from 2008 to 2012. Dmitry Medvedev had invariably been substituted or the meeting had sometimes not taken place at all.

54. This issue was a common theme in author interviews with Russian analysts and officials in preparation for this book. Gleb Pavlovsky also makes this point in his extensive interview with *The Guardian*, including in reference to his own role as a Kremlin adviser.

55. See, for example, the discussion in Brian Whitmore, “The Unraveling: The Tandem’s Slow Death,” *The Power Vertical* (blog), RFE/RL, April 2, 2012, at [www.rferl.org/content/how\\_the\\_tandem\\_disintegrated/24535389.html](http://www.rferl.org/content/how_the_tandem_disintegrated/24535389.html); and Charles Clover and Catherine Belton, “Inside the Kremlin,” *Financial Times Weekend Magazine*, May 5/6, 2012, pp. 26–31.

56. In the Soviet period, the Communist Party at various times actively encouraged debate on some policy issues among party members at all levels of the hierarchy, but expected full compliance with decisions once they were made by the top leadership.

57. Former *Washington Post* Moscow bureau chiefs Peter Baker and Susan Glasser discuss this directly in “After Beslan,” the epilogue to their 2005 book, *Kremlin Rising*, on pp. 371–82.

58. PBS’s *Wide Angle* produced an excellent documentary with a range of supporting analytical material on the September 2004 school siege in 2005. This is available at [www.pbs.org/wnet/wideangle/episodes/beslan-seige-of-school-1/introduction/246/](http://www.pbs.org/wnet/wideangle/episodes/beslan-seige-of-school-1/introduction/246/). The siege occurred simultaneously with the first Valdai Discussion Club meeting, which resulted in a back and forth between Putin and the invited guests on the crisis and its aftermath in the presidential dacha on the outskirts of Moscow for more than four hours. There were also real-time meetings with other Russian government officials who were trying to contend with the flow of events.

59. Sergei Shoigu, another of Mr. Putin’s key operational managers, was moved from the position of emergencies minister to governor of the critical Moscow region in May 2012.

60. Ironically, Putin rolled out this stock anecdote in late 2011 and 2012 to justify the very opposite policy response to 2004—adjusting the vertical of power through the return to elected regional officials to inculcate a renewed sense of responsibility. Seemingly forgetting that he had used the tale of the irresponsible official before in an earlier meeting with the Valdai Discussion Club group, he returned to it at the November 11, 2011, meeting in reference to a question about his plans to restore direct elections at the regional level. Authors’ personal notes.

61. The main theme of Putin’s speech at the June 2012 St. Petersburg Economic Forum was the importance of government effectiveness. The full speech is available in English at <http://eng.kremlin.ru/news/4056> and in Russian at <http://kremlin.ru/transcripts/15709>. Video footage is at <http://2012.forumspb.com/#>.

62. Alexei Kudrin’s sustained and highly praised performance as finance minister is perhaps the clearest example of the confluence of personal relationships and professional qualifications at the very top of Mr. Putin’s Russian system. Elsewhere in the government, and also in the presidential administration, there has been some effort to bring in young reform-minded technocrats and appoint them to key operational (but not decisionmaking) positions across the apparatus. In February 2009, President Medvedev initiated the government’s technocratic drive, when the Kremlin announced that it had drawn up a list of 100 members of a “high-potential” managerial pool, the so-called *zlotaya sotnya* (golden hundred). This list included

36 people from federal agencies, 23 from regional administrations, 31 from business, and 10 from science, education, and nonprofit organizations. The Kremlin declared that it would draw on the list in making future government appointments. Examples of technocratic appointments and the *zlotaya sotnya* include Putin's economics adviser, Elvira Naibullina, who has an economics degree from Moscow State University and also served as Russian minister of economic development and trade; Dmitry Medvedev's economics adviser, Arkady Dvorkovich, who did part of his economics training at Duke University in the United States, in addition to Moscow State University and Moscow's New Economic School; and Ksenia Yudaeva, the chief economist at Russia's Sberbank, who became head of a major government economics task force and was then appointed director of the presidential administration's "expert department," as well as "sherpa" to the G20. Yudaeva earned a Ph.D. in economics from the Massachusetts Institute of Technology and worked for a period as a senior analyst for the Carnegie Institute for International Peace's Moscow Center. See the official link to the Kremlin announcement of this list at "Kadrovyy rezerv" (Cadres reserve) at <http://archive.kremlin.ru/articles/kadry.shtml>. The contrast between the accomplished technocrats who have been brought into the government in the 2000s and those in the inner circle, whose positions derive primarily from their proximity to Putin, is an issue that crops up repeatedly in discussions of Russian governance and economic development as, for example, in author interviews with senior international financial institution officials in Washington, D.C., in July 2012.

63. In a May 2012 editorial, the Russian newspaper *Vedomosti* discusses the complexities of operating in these parallel worlds and talks about the phantom-people (*lyudi-prizraki*) in the Russian apparatus—the people who are not household names, who work hard and work honestly in the ordinary world, putting forward ideas and writing reports, but who know all the time that someone else makes the real decisions. See "Tsar'-klyuchnik" [Tsar-steward], *Vedomosti*, May 21, 2012.

64. For examples of the many recent journalistic accounts of Putin's new crony oligarchs, see Andrew E. Kramer and David M. Herszenhorn, "Midas Touch in St. Petersburg: Friends of Putin Glow Brightly," *New York Times*, March 1, 2012, at [www.nytimes.com/2012/03/02/world/europe/ties-to-vladimir-putin-generate-fabulous-wealth-for-a-select-few-in-russia.html](http://www.nytimes.com/2012/03/02/world/europe/ties-to-vladimir-putin-generate-fabulous-wealth-for-a-select-few-in-russia.html); and Catherine Belton and Charles Clover, "Putin's People," *Financial Times*, May 30, 2012, at [www.ft.com/cms/s/0/8d0ed5ce-aa64-11e1-899d-00144feabdc0.html#axzz26w16zruc](http://www.ft.com/cms/s/0/8d0ed5ce-aa64-11e1-899d-00144feabdc0.html#axzz26w16zruc).

65. Arkady Rotenberg, who was part of Putin's Leningrad judo team in his youth, underscored this in an extremely frank interview with the Russian edition of *Forbes* magazine in July 2012. Since the 1990s, Rotenberg has transformed himself into a billionaire businessman (94th in the *Forbes* international rankings) specializing in banking and construction, as well as in Putin's priority energy pipeline and transportation sectors. In the interview, Rotenberg refuted the *Forbes* journalist's accusations that he enjoys a privileged position and secures lucrative projects and contracts only because of his relationship with Putin. Rotenberg pointed out that he has to perform and perform well in these sectors: "These were big, difficult, and responsible projects that had to be completed within tight deadlines. There are few people in our country who can do that kind of thing. . . . Unlike my friends, I am not entitled to make a mistake, because it is not only a question of my reputation.



. . . Vladimir Vladimirovich does not protect me. If I was to involve myself not in business but in some other practices, he would not say: ‘He must not be touched; he is a good guy!’ If some people can make a living out of doing bad things, that is unacceptable to me.” In other words, in Rotenberg’s and Putin’s views of how the crony oligarch system works, it is not “corruption” when your friends get lucrative contacts *if* they get the job done. Corruption is when people abuse their position, privilege or connections for personal gain at the expense of getting the job done (the specific job that Putin wants done). From Vladimir Putin’s perspective, the reason you give the contacts to your friends, the crony oligarchs, is because you can make them understand that very crucial point. Rotenberg states explicitly that Putin would not protect him if he were to abuse the responsibility he has been given. See Aleksandr Levinskiy, “Yesli by menya ne piarili kak druga Putina, tak i biznes byl by pokhuzhe” [If I had not been hyped as a friend of Putin’s, my business would have fared a bit worse], *ForbesRussia*, July 23, 2012, at [www.forbes.ru/sobytiya/lyudi/84415-esli-menya-ne-piarili-kak-druga-putina-tak-i-biznes-by-l-pohuzhe](http://www.forbes.ru/sobytiya/lyudi/84415-esli-menya-ne-piarili-kak-druga-putina-tak-i-biznes-by-l-pohuzhe). The article’s subtitle is, in English, “How Arkadiy Rotenberg changed from being a sportsman and cooperative member into the biggest contractor for the state and state monopolies.”

66. In *Ot pervogo litsa*, pp. 181–83, in addition to mentioning Dmitry Medvedev, Alexei Kudrin, and Igor Sechin as close and trusted associates at the outset of his presidency, Putin singles out two others. They are Sergei Ivanov, then secretary of the Russian Security Council, who served in the Leningrad branch of the KGB, along with Nikolai Patrushev, who replaced Putin as the head of the KGB/FSB in 1999. Every single one is connected to Leningrad/St. Petersburg. See Gevorkyan, Timakova, and Kolesnikov (2000).

67. Cited in Simon Shuster, “Vladimir Putin’s Billionaire Boys Judo Club,” *Time*, March 1, 2011.

68. Putin frequently refers to Mikhail Khodorkovsky breaking the terms of the original deal he made with the oligarchs in 2000 to stay out of politics. This was seen by some in Khodorkovsky’s own inner circle as one of the factors in his arrest on charges of tax evasion in 2003. See Gessen (2012), pp. 242–43; and Coll (2012), pp. 264–66, p. 271, and p. 275. In June 2012, Anatoly Sobchak’s daughter, Ksenia Sobchak, a prominent Russian media figure and supporter of the Russian opposition movement, was the target of a raid by the Russian interior ministry police, who seized an estimated 1 million euros and \$500,000 in cash from her home safe and threatened her with prosecution for tax evasion. Most commentators assumed that she was being punished for having “betrayed” Vladimir Putin. See, for example, Brian Whitmore, “Ksenia and Vladimir,” *The Power Vertical* (blog), RFE/RL, June 18, 2012, at [www.rferl.org/content/ksenia-anatolevna-and-vladimir-vladimirovich/24618330.html](http://www.rferl.org/content/ksenia-anatolevna-and-vladimir-vladimirovich/24618330.html).

69. See, for example, Catherine Belton, “Analysis: A Realm Fit for a Tsar,” *Financial Times*, November 30, 2011, at [www.ft.com/intl/cms/s/0/69d1db86-1aa6-11e1-ae14-00144feabdc0.html#axzz26w16zruc](http://www.ft.com/intl/cms/s/0/69d1db86-1aa6-11e1-ae14-00144feabdc0.html#axzz26w16zruc); and “Putin’s Watch Collection Dwarfs His Declared Income,” *Moscow Times*, June 8, 2012. The article and a related video are at [www.themoscowtimes.com/news/article/putins-watch-collection-dwarfs-his-declared-income/460061.html](http://www.themoscowtimes.com/news/article/putins-watch-collection-dwarfs-his-declared-income/460061.html). This is also a major point of discussion in Masha Gessen’s chapter “Insatiable Greed,” pp. 227–60; and has been the subject

of reports by members of the Russian opposition. See, for example, Boris Nemtsov and Leonid Martiniuk, “Zhizn’ raba na galerakh: dvortsy, yakhty, avtomobili, samolyoty i drugiye akssessuary” [Life of a galley slave: palaces, yachts, automobiles, airplanes and other accessories], August 2012, on Boris Nemtsov’s website at [www.nemtsov.ru/?id=718577](http://www.nemtsov.ru/?id=718577).

70. When Putin first came to Moscow in 1996, he began work in the Kremlin presidential property agency, which is the central repository of privileges and perks for those inside the government system. The Kremlin agency oversees the allocation of dachas and official cars to government officials, airplane leases for private and government jets, and preferential access to presidential medical facilities among many other things. This initial Kremlin position would have given Putin a firsthand view of who exactly had access to what.

71. Viktor Zubkov as cited in Yelena Vladimirova, “Gryaznyye den’gi” [Dirty money], *Trud*, September 14, 2002, at [www.trud.ru/issue/article.php?id=200209141640203](http://www.trud.ru/issue/article.php?id=200209141640203).

72. In their 2008 book about Gazprom, Valeriy Panyushkin, Mikhail Zygar’, and Irina Reznik relate the case of Yakub Goldovsky, one of the original owners of the energy company SIBUR, in which Goldovsky first acquired a stake during the “loans-for-shares” period of the 1990s. In 2001, Gazprom acquired SIBUR. Golodovsky was arrested. According to the book’s authors, he had been offered a deal to cash out but he refused. Golodovsky was later asked why he did not leave on good terms (*uyti po-khoroshemu*), and he replied that he was an independent businessman, had created the company for himself and his children, and did not want to leave it nor sell it to Gazprom. In December 2011, Goldovsky had reemerged—presumably rehabilitated on the basis of a new deal—as one of the key players in a new entity, the United Petrochemical Company, owned by the massive Moscow-based conglomerate AFK Sistema. The head of Sistema, Yevgeny Yevtushenkov, another of Russia’s top oligarchs and billionaires, was one of the closest associates of Yury Luzhkov and his businesswoman wife, Yelena Baturina, during Luzhkov’s long tenure as Moscow’s mayor. In April 2012, Yevtushenkov offered the former mayor a seat on the board of United Petrochemical Company, apparently stressing to Luzhkov that “the leadership [of Russia] did not object.” All of these complexities are related in “Luzhkov voshel v sovet direktorov Obedinennoy neftekhimicheskoy kompanii” [Luzhkov enters the board of directors of the United petrochemical company], *Vedomosti*, June 26, 2012, at [www.vedomosti.ru/companies/news/2179270/luzhkov\\_vojdet\\_v\\_sovet\\_direktorov\\_obedinennoj](http://www.vedomosti.ru/companies/news/2179270/luzhkov_vojdet_v_sovet_direktorov_obedinennoj). Linking back to others in the circles around Putin, the SIBUR company’s website now indicates that it is partially owned by Gunvor’s Gennady Timchenko and his business partner Leonid Mikhelson (who also co-owns Novatek with Mr. Timchenko). See <http://sibur.com/about/controls/directors/>.

73. The contours and mechanics of this system are also discussed in Ledeneva (2006); Lucas (2008); and Monaghan (2012), pp. 1–16. Mark Galeotti provides an analysis of the enduring tradition of corruption as a tool of statecraft in Russia in “Who’s the Boss: Us or the Law? The Corrupt Art of Governing Russia,” in Lovell, Ledeneva, and Rogatchev (2000).

74. “Castling” is the only move in chess that allows two pieces to be moved at the same time. It involves switching positions between the king and a rook.

75. This story was related to the authors in private discussions with former presidential administration aides who were present for some of these announcements. Putin made similar references at the Valdai Discussion Club meetings in 2007 and 2008.

76. The full transcript of the call-in show is at <http://government.ru/docs/17409/>.

77. This point was made by Vladislav Surkov in his 2000 interview with journalist Yelena Tregubova (see p. 209).

78. Tregubova (2003), p. 147. This analysis of Putin's treatment of Nazdratenko is from Gaddy and Ickes, "Putin's Protection Racket," in Korhonen and Solanko (2011).

79. See Albats and Yermolin, *Novoe Vremya/The New Times* (October 31, 2011). Albats and Yermolin note that many of the new faces in Russian political and business circles are in fact the children or in-laws of those already well ensconced in the inner circle and thus already known or connected to Putin.

80. In May 2012, Putin purportedly cancelled a planned visit to the United States for the G8 meeting because he had to attend to all the decisions related to the selection of a new Russian cabinet personally. See Josh Rogin, "Putin Not Coming to the U.S. for G-8," *Foreign Policy*, May 9, 2012 ([http://thecable.foreignpolicy.com/posts/2012/05/09/putin\\_not\\_coming\\_to\\_us\\_for\\_g\\_8](http://thecable.foreignpolicy.com/posts/2012/05/09/putin_not_coming_to_us_for_g_8)).

81. See Fiona Hill, "Dinner with Putin: Musings on the Politics of Modernization in Russia," Brookings Foreign Policy Trip Reports, No. 18, October 2010, at [www.brookings.edu/research/2010/10\\_russia-putin-hill.aspx](http://www.brookings.edu/research/2010/10_russia-putin-hill.aspx).

82. In 2009, Ramzan Kadyrov reportedly told a Russian newspaper: "I am wholly Vladimir Putin's man. I shall never betray Putin; I shall never let him down. I swear by the Almighty: I would rather die 20 times." Cited in Joshua Yaffa, *Foreign Affairs* (July/August 2012).

83. Gleb Pavlovsky interview with *The Guardian*, January 24, 2012.

84. Roxburgh (2012). The description of Roxburgh's role in Moscow is at pp. xi–xiii. Also, author interviews with Roxburgh and other Ketchum colleagues working with the Peskov team during the research for this book.

85. Roxburgh (2012), pp. 183–91. Roxburgh also describes, on pp. 193–95, how the Valdai Discussion Club, which fell under the oversight of Dmitry Peskov, was first conceived and launched in 2004. The intent was to provide a group opportunity for some foreign journalists and experts to have much-coveted access to Putin himself and other top officials. The Kremlin would give individuals in the group the chance to ask a question directly and receive a transmission, an answer, back from Vladimir Putin. Peskov's team then intended that the foreign journalists and experts would "transmit" this response, as well as a favorable impression from the overall experience, to a larger audience in their subsequent articles and presentations. Putin himself stated this openly in 2007: "We'd be glad if you would transmit something of what you learn to your readers and viewers, to combat the strong stereotypes that exist in the West." The Putin citation is on p. 195 of Roxburgh's book.

86. See "Obama Tells Russia's Medvedev More Flexibility after Election," Reuters, March 26, 2012 ([www.reuters.com/article/2012/03/26/us-nuclear-summit-obama-medvedev-idUSBRE82P0JI20120326](http://www.reuters.com/article/2012/03/26/us-nuclear-summit-obama-medvedev-idUSBRE82P0JI20120326)).

87. The ironic and humorous aspects of this incident, with much emphasis on the "transmission" of information "to Vladimir," were heavily featured in the Western media. See, for example, Jon Stewart, "The Borscht Whisperer" episode on

*The Daily Show* on Comedy Central, March 28, 2012, at [www.thedailyshow.com/watch/wed-march-28-2012/march-28--2012---pt--3](http://www.thedailyshow.com/watch/wed-march-28-2012/march-28--2012---pt--3).

88. Josh Gerstein, “Barack Obama meets with Vladimir Putin,” *Politico*, July 7, 2009 ([www.politico.com/news/stories/0709/24621.html](http://www.politico.com/news/stories/0709/24621.html)). Putin and Obama only met for a second time in June 2012 during the G20 meeting in Los Cabos, Mexico, after Putin had pulled out of an earlier planned meeting in the United States in May for the G8 summit.

89. Author interviews with senior advisers to top European leaders in Berlin in May 2012 and other similar discussions with European and U.S. officials in 2009–12. World leaders felt they had to start again in building relations with Putin when he moved back into the presidency in May 2012. Many considered they had less insight into and less feel for the man than they did in 2000. Joshua Yaffa, in a *Foreign Affairs* review of Masha Gessen’s and Angus Roxburgh’s 2012 books on Putin, noted that he remained “a mysterious figure” and “ultimately, an unknowable subject.” See Yaffa, *Foreign Affairs*, July/August 2012.

90. See note 42, p. 327, for previous citation.

91. Author interviews with U.S. and European officials, who variously identified Russian Security Council Secretary Nikolai Patrushev, presidential foreign policy adviser Sergei Prikhodko, Deputy Prime Minister and now presidential Chief of Staff Sergei Ivanov, and presidential adviser Vladislav Surkov as their “transmitters.”

92. At the June 2012 St. Petersburg Economic Forum, for example, Putin held a well-publicized private meeting with Russian and international oil company executives. See the account of this meeting on the Russian presidential website at <http://news.kremlin.ru/news/15716>. Christopher Helman in *Forbes* magazine notes that “when sorting through the rankings of the world’s 25 biggest oil companies and looking at who controls and influences the biggest of big oil: one thing becomes clear: no industry leader has more sway, has twisted more arms or made more deals than Russian President Vladimir Putin.” See “The World’s 25 Biggest Oil Companies,” *Forbes* [online], July 16, 2012, at [www.forbes.com/sites/christopherhelman/2012/07/16/the-worlds-25-biggest-oil-companies/](http://www.forbes.com/sites/christopherhelman/2012/07/16/the-worlds-25-biggest-oil-companies/).

93. See “Alcoa Inc: obrashcheniya k investitsionnomu ombudsmenu Shuvalovu pomogli reshit’ problemy kompanii” [Alcoa Inc: turning to the investment ombudsman Shuvalov helped to resolve problems for the company], *Vedomosti*, June 23, 2012, at [www.vedomosti.ru/politics/news/2091862/alcoa\\_inc\\_obrashchalsya\\_s\\_prosbami\\_k\\_investicionnomu#ixzz1yzw5GMM8](http://www.vedomosti.ru/politics/news/2091862/alcoa_inc_obrashchalsya_s_prosbami_k_investicionnomu#ixzz1yzw5GMM8).

94. Ibid. In the same timeframe, also at the St. Petersburg Economic Forum in June 2012, President Putin officially created another business ombudsman, naming Boris Titov, the former head of a Russian business group, *Delovaya Rossiya*, to the position. Titov’s role was to assist company and business owners in navigating court battles during legal disputes, which Putin acknowledged were a growing problem in Russia at this juncture. Putin’s announcement of this appointment is available on the Kremlin website at <http://news.kremlin.ru/news/15709>.

95. Some sources claim that Matthias Warnig is a former East German secret police agent whom Putin first got to know during his posting to Dresden in the 1980s. Warnig personally denies this but does not deny the close and very friendly ties he forged with Putin in St. Petersburg in the 1990s when he was working at Dresdner Bank and Putin was head of the Committee for External Relations. Author interviews with Matthias Warnig in Washington, D.C., in June 2009.

96. Author interviews with energy executives from several U.S. and European companies in 2012. In August 2012, the Russian version of *Forbes* magazine published a lengthy analysis of Warnig's relationship with Putin and role in the Russian energy sector: Aleksandr Levinskiy, Irina Malkova, and Valeriy Igumenov, "Kak Matthias Warnig stal samym nadezhnym 'ekonomistom' Putina" [How Matthias Warnig became the most reliable 'economist' for Putin], *Forbes.ru*, August 28, 2012, at [www.forbes.ru/sobytiya/vlast/103069-kak-chekist-iz-gdr-stal-samym-nadezhnym-ekonomistom-putina-rassledovanie-forbe](http://www.forbes.ru/sobytiya/vlast/103069-kak-chekist-iz-gdr-stal-samym-nadezhnym-ekonomistom-putina-rassledovanie-forbe).

97. Igor Sechin's status in the transmission system far surpasses that of Igor Shuvalov, as an often repeated, possibly apocryphal, anecdote from inside the Kremlin corridors underscores. Sechin and Shuvalov share a first name and patronymic—Igor Ivanovich—which would be used both to address and refer to them in a work setting. The anecdote, which has been told to us by a variety of interlocutors, is as follows: Putin tells one of his aides to summon Igor Ivanovich for a meeting. The aide asks, "*Kakoy Igor' Ivanovich?*" [Which Igor Ivanovich?], to which Putin replies, "*Nastoyashchiy!*" [The real one]. The aide and everyone else immediately knows this is Igor Ivanovich Sechin, not Shuvalov.

98. Kirill Mel'nikov, "Igor' Sechin nashel al'ternativu pravitel'stvu. On sozdayet sobstvennyy Neftyanoy klub" [Igor Sechin has found an alternative to the government. He's creating his own "oil club"], *Vedomosti*, June 8, 2012 ([www.vedomosti.ru/companies/news/1833019/sechin\\_na\\_prieme](http://www.vedomosti.ru/companies/news/1833019/sechin_na_prieme) and [www.vedomosti.ru/newspaper/article/282241/sechin\\_na\\_prieme](http://www.vedomosti.ru/newspaper/article/282241/sechin_na_prieme)).

99. See Clifford Gaddy, "Pudrin Lives," Brookings Institution, September 11, 2011 ([www.brookings.edu/research/opinions/2011/09/30-russia-gaddy](http://www.brookings.edu/research/opinions/2011/09/30-russia-gaddy)).

100. Kudrin made allusions to this possibility in a series of interviews and more private discussions in the period between December 2011 and April 2012. See interview with Alexei Kudrin, *Ekho Moskvy*, December 13, 2011, at [www.echo.msk.ru/programs/dozor/838597-echo/](http://www.echo.msk.ru/programs/dozor/838597-echo/); also authors' notes from Alexei Kudrin presentation in Washington, D.C., April 19, 2012.

101. Douglas Busvine, "Russia's Kudrin Stays in Mix with New Task Force," Reuters, April 5, 2012 ([www.reuters.com/article/2012/04/05/russia-kudrin-idUSL6E8F515C20120405](http://www.reuters.com/article/2012/04/05/russia-kudrin-idUSL6E8F515C20120405)). Masha Gessen, Maria Lipman, and Oleg Kashin all noted Alexei Kudrin's active outreach to the Russian protest and opposition movements during presentations at the Brookings Institution in March–April 2012.

## CHAPTER 10

1. See also the lead article "Briefing: Putin's Russia. Call Back Yesterday," *The Economist*, March 3–9, 2012. The opening line of the article states "Twelve years after his first election, Vladimir Putin is becoming president of Russia again. The country is a lot harder to control now."

2. Although Russian public opinion surveys in September–October 2011 showed what appeared at first to be an indifferent response among the population to the announcement, Putin's poll ratings slipped relative to the past. See the opinion poll by Russia's leading polling agency Levada, taken just after Putin's September 2011 announcement at [www.levada.ru/07-10-2011/vladimir-putin-i-ego-tretii-srok](http://www.levada.ru/07-10-2011/vladimir-putin-i-ego-tretii-srok). The Levada agency also maintains an approval index for Vladimir Putin

and Dmitry Medvedev at [www.levada.ru/indeksy](http://www.levada.ru/indeksy). The index shows a dip in their approval after the announcement.

3. Michael Idov, “The New Decembrists,” *The New Yorker*, January 22, 2012. The title references the Russian Decembrist Revolt of 1825.

4. Russian journalist Oleg Kashin made similar comments in a meeting at Brookings on March 29, 2012. He noted that, as president, Dmitry Medvedev had sent out signals that there would be change, and a lot of people believed in this. Even though they were well aware that Medvedev was a close associate and personal friend of Vladimir Putin, Medvedev was still seen as the representative of a new generation of Russian politicians—especially as he had no affiliation with the KGB or other security services. Kashin observed ruefully that when Putin announced in September 2011 that he would return: “It was clear that we were now stuck with Putin. There would be no change. . . . I will have spent my whole adult life with Putin in power. I was 19 when he came in. I am 32 now. I could be 44 when he leaves.” From authors’ personal notes.

5. See p. 69 for an earlier discussion of the establishment of this entity in May 2011.

6. Will Englund, “Putin Booed by Russian Fight Fans, in Rare Public Show of Disapproval,” *Washington Post*, November 21, 2011, at [www.washingtonpost.com/world/putin-booed-by-russian-fight-fans-in-rare-public-show-of-disapproval/2011/11/21/gIQAxUOrhN\\_story.html](http://www.washingtonpost.com/world/putin-booed-by-russian-fight-fans-in-rare-public-show-of-disapproval/2011/11/21/gIQAxUOrhN_story.html); Ellen Barry, “In Russia, Evidence of Misstep by Putin,” *New York Times*, November 27, 2011, at [www.nytimes.com/2011/11/28/world/europe/vladimir-putin-of-russia-begins-presidential-bid.html](http://www.nytimes.com/2011/11/28/world/europe/vladimir-putin-of-russia-begins-presidential-bid.html). In authors’ personal interviews with representatives of the Ketchum public relations agency who were working with the Kremlin in this period, they noted the overall difficulties of the presidential election campaign, commenting in general terms that it was always difficult, in any political context, to get a candidate re-elected for a third term.

7. In the 2012 presidential election, Putin’s campaign had to spend approximately ten times the amount per vote that Dmitry Medvedev’s campaign had spent in 2008, with most of the expenditures going to ensuring media coverage, campaign posters, and other promotional materials. See Yevgeniya Korytina and Tat’yana Kosobokova, “Putinu golosa rossiiyan oboshlis’ v 10 raz dorozhe, chem Medvedevu” [Russians’ votes cost Vladimir Putin ten times more than Medvedev], *RBK Daily*, No. 43, March 12, 2012, at [www.rbcdaily.ru/2012/03/12/focus/562949983220042](http://www.rbcdaily.ru/2012/03/12/focus/562949983220042).

8. Three of the four candidates opposing Putin—Communist Party leader Genady Zyuganov, Liberal Democratic Party of Russia head Vladimir Zhirinovskiy, and the Just Russia party’s Sergei Mironov—were all well-trod fixtures of the Russian political scene with long-established records of losing presidential elections. The newcomer was oligarch Mikhail Prokhorov. The official results in descending order were: Putin 63.60 percent; Zyuganov 17.18 percent; Prokhorov 7.98 percent; Zhirinovskiy 6.22 percent; and Mironov 3.85 percent. Tsentral’naya izbiratel’naya komissiya Rossiyskoy Federatsii [Central election commission of the Russian Federation], “Dannye o predvaritel’nikh itogakh golosovaniya vybory Prezidenta Rossiyskoy Federatsii” [Information on the reported voting results from the election for the President of the Russian Federation], at [www.vybory.izbirkom.ru](http://www.vybory.izbirkom.ru).

9. Vote results by city calculated by the authors from district-level results reported by the Central Election Commission at [www.vybory.izbirkom.ru](http://www.vybory.izbirkom.ru). Nine of Russia's 25 largest cities gave Putin less than 53 percent of the vote: Moscow, Vladimir, Omsk, Irkutsk, Voronezh, Novosibirsk, Yaroslavl, Ulyanovsk, and Barnaul.

10. Vladimir Ryzhkov, February 29, 2012, at [www.mk.ru/politics/interview/2012/02/29/676987-vladimir-ryzhkov-posle-vyiborov-budet-massovoe-begstvo-lyudey-saharova-i-bolotnaya-uedut.html](http://www.mk.ru/politics/interview/2012/02/29/676987-vladimir-ryzhkov-posle-vyiborov-budet-massovoe-begstvo-lyudey-saharova-i-bolotnaya-uedut.html).

11. Russia's Levada polling agency provides an overview analysis of the age, educational and professional backgrounds, and political views of the protesters at [www.levada.ru/13-02-2012/opros-na-mitinge-4-fevralya](http://www.levada.ru/13-02-2012/opros-na-mitinge-4-fevralya). A further analysis of the composition of people participating in protests in both December 2011 and February 2012 is at Boris Dubin, "Yakimanka i Bolotnaya 2.0: Teper' my znayem kto vse eti lyudi!" [Yakimanka and Bolotnaya 2.0: Now we know who all these people are!], *Novaya gazeta*, February 10, 2012, at [www.novayagazeta.ru/society/50949.html](http://www.novayagazeta.ru/society/50949.html). Yakimanka and Bolotnaya refer to the locations of two of the biggest street protests in Moscow.

12. See "Putin Warns 'Mistakes' Could Bring Back '90s Woes," RFE/RL, October 17, 2011, at [www.rferl.org/content/putin\\_mistakes\\_could\\_bring\\_back\\_1990s\\_woes/24362626.html](http://www.rferl.org/content/putin_mistakes_could_bring_back_1990s_woes/24362626.html). There are 52 separate references to the 1990s, the beginning of the 2000s, the fall of the USSR, or the late Soviet period in Vladimir Putin's seven 2012 presidential campaign articles. Only Putin's final article on foreign policy has no reference at all, while his first introductory article hammers home the point 14 times.

13. See Guy Faulconbridge and Gleb Bryanski, "Putin Invokes History's Lions for Return to the Kremlin," Reuters, November 1, 2011, at [www.reuters.com/article/2011/11/01/us-russia-putin-heroes-idUSTRE7A024W20111101](http://www.reuters.com/article/2011/11/01/us-russia-putin-heroes-idUSTRE7A024W20111101).

14. See, for example, Russian journalist Mikhail Fishman's article, "Prokishaya" [Turning sour], in *Vedomosti*, June 29, 2012. Fishman rebuffed Putin's constant references to Stolypin by retorting: "Stolypin is not a hero-reformer, he is simply a familiar name, a mustached man from the schoolbook of history." He also noted that "traditions . . . are good for advertising beer, but they don't convert into political capital. The best Russian monarchist is still Nikita Mikhalkov . . . because everyone understands that this is the movies, it's not a political program. . . . The Russian tsars . . . have a rich past but have nothing for the future" (accessed through Eastview).

15. Andrew Osborne, "Vladimir Putin Accuses Hillary Clinton of Inciting Protests," *Daily Telegraph*, December 8, 2011 ([www.telegraph.co.uk/news/worldnews/europe/russia/8942456/Vladimir-Putin-accuses-Hillary-Clinton-of-inciting-protests.html](http://www.telegraph.co.uk/news/worldnews/europe/russia/8942456/Vladimir-Putin-accuses-Hillary-Clinton-of-inciting-protests.html)). Mr. Putin's claims that the December 2011 protests had either been incited or financed by the United States and Secretary of State Clinton resulted in some ironic responses from those on the streets, including protesters mocking Putin with handheld pieces of paper bearing the words in English: "Hillary, I'm still waiting for my money." A selection of photos from the protests are available on the Russian blogging site livejournal.ru at <http://toma-gramma.livejournal.com/783603.html>.

16. "Frankly speaking, when I saw on TV what some of them were wearing on their chests, I'll tell you, though it might be somewhat inappropriate, I thought they were some weird symbols for the fight against AIDS—condoms, if you'll excuse me.



It struck me as odd that they would unpack them first, but upon a closer look, I saw that they weren't condoms after all." See "A Conversation with Vladimir Putin," December 15, 2012, at <http://government.ru/eng/docs/17409>. The Russian is at <http://government.ru/docs/17409/>.

17. See "Predsedatel' Pravitel'stva Rossiyskoy Federatsii V.V. Putin vystupil v Gosudarstvennoy Dume s otchyotem o deyatelnosti Pravitel'stva Rossiyskoy Federatsii za 2011 god" [Chairman of the Government of the Russian Federation V.V. Putin presented a report to the State Duma on the activity of the Government of the Russian Federation for the year 2011], April 11, 2012, at [www.government.ru/docs/18671/](http://www.government.ru/docs/18671/).

18. Kremlin adviser Vladislav Surkov was much more circumspect about this designation of the protesters as a minority and spoke out about it publicly in an interview with the Russian newspaper *Izvestiya* in December 2011. In the interview, Surkov, who was then first deputy head of the Russian presidential administration, underscored that Russia had changed and the way of doing politics had changed. "We are already in the future," he asserted, "and the future is not peaceful." He identified the protesters as "the best part of our society, or, more correctly, the most productive part, which is demanding respect." "Of course," Surkov argued, "you can underscore that those who have taken to the streets are a minority. This is the case, but, on the other hand, what a minority!" He noted that "tomorrow's leaders" would emerge from this minority. See Yelena Shishkunova, "Vladislav Surkov: Sistema uzhe izmenilas'" [Vladislav Surkov: the system has already changed], *Izvestiya*, December 22, 2011, at <http://izvestia.ru/news/510564>. It was for expressing sentiments like this, according to Gleb Pavlovsky in his various interviews, that Vladislav Surkov was removed from his position in the presidential administration before Mr. Putin returned to the Kremlin in 2012.

19. The theory of the "creative class" was first developed by Richard Florida in his book *The Rise of the Creative Class* (Basic Books, 2002), to describe broad groups within the work forces of advanced economies whose professions require creativity, innovation, and problem solving. The creative class spans business, science, engineering, hi-tech industry and information technology, healthcare, the commercial and service sectors, education, media, the arts, and a range of other occupations. Although Florida's book was published in Russia as early as 2005, the concept received relatively little attention until 2011, when it began to be used in discussions of the social groups protesting Putin's system. Vladimir Putin's own uses of the "creative class" (*kreativnyy klass*) in speeches suggests that he has his own specific idea of what this class is or should be. In an article on social policy, for example, on February 13, 2012, Putin noted: "In every country, teachers and doctors, scientists and cultural workers [*rabotniki kul'tury*] are not only the backbone of the "creative class." They are the people who make the development of society sustainable and who serve as the pillar of public morals." See Vladimir Putin, "Stroitel'stvo spravedlivosti. Sotsial'naya politika dlya Rossii" [The construction of justice. Social policy for Russia], *Komsomolskaya pravda*, February 13, 2012, at <http://kp.ru/daily/3759/2807793/>. Putin's understanding and conceptualization of the creative class is very different from Richard Florida's. In what he terms the "basic argument" of his creative capital theory, Florida asserts, "Economic growth is powered by creative people, who prefer places that are diverse, tolerant and open to new ideas." Technology, talent, and tolerance, Florida writes, are "the three T's



of economic development.” See Florida (2002), p. 249. Vladimir Putin’s system would not likely score high marks on the “diversity-tolerance-openness” index that Florida develops in his book.

20. Dmitry Medvedev expressed some sympathy with the protesters in what was essentially his farewell address as president on April 26, 2012, when he also noted that “it’s good when the destiny of the country and its political processes depend on more than the will of one person, who does whatever pops into his head.” See Marc Bennetts, “One Man Rule Bad for Russia—Medvedev (Wrap),” RIA Novosti, April 26, 2012, at <http://en.rian.ru/russia/20120426/173070543.html>.

21. Alexei Kudrin presentation in Washington, D.C., April 2012. Authors’ discussions with members of Kremlin economic task force and leading Kremlin-associated think tank director in London, May 2012.

22. See Christian Neef and Matthias Schepp, “The Puppet President: Medvedev’s Betrayal of Russian Democracy,” *Der Spiegel*, October 4, 2011, at [www.spiegel.de/international/world/the-puppet-president-medvedev-s-betrayal-of-russian-democracy-a-789767.html](http://www.spiegel.de/international/world/the-puppet-president-medvedev-s-betrayal-of-russian-democracy-a-789767.html).

23. In July 2012, a disastrous flood in Russia’s Black Sea region again brought anger to the fore with the failure of local authorities either to provide adequate warning of the impending catastrophe or to deal with the ensuing relief effort. Putin flew quickly to Krymsk, the most severely affected of the local towns, and several local officials were sacked. His team’s PR efforts were as poorly received as his earlier interventions during the raging summer fires of 2010. Repeated natural disasters and crises, since the sinking of the *Kursk* and the terrorist siege of the school in Beslan, have underscored the weak capacity of the Russian state to provide services for the population. They have highlighted the inability of Putin’s vertical of power to respond at anything other than the highest level in a timely and decisive fashion. If something needs to be done, then it will only be done if Putin goes there to do it. See Ellen Barry, “After Russian Floods, Grief, Rage and Deep Mistrust,” *New York Times*, July 10, 2012, at [www.nytimes.com/2012/07/11/world/europe/after-russian-floods-grief-rage-and-deep-mistrust.html](http://www.nytimes.com/2012/07/11/world/europe/after-russian-floods-grief-rage-and-deep-mistrust.html).

24. See, for example, John Lloyd, “Master of Nostalgia: Vladimir Putin Has Played Expertly to Russia’s Emotions during His Years at the Centre of Power—but at What Cost?” *Financial Times*, January 28/29, 2012, at [www.ft.com/intl/cms/s/2/7f623772-467d-11e1-85e2-00144feabdc0.html#axzz26w16zruc](http://www.ft.com/intl/cms/s/2/7f623772-467d-11e1-85e2-00144feabdc0.html#axzz26w16zruc). Lloyd relates the criticism from the hierarchy of the Russian Orthodox Church through an essay by Archpriest Vsevolod Chaplin that “the government must respond to popular concerns or be ‘slowly eaten alive.’” Russian Orthodox Patriarch Kirill made similar comments in his Christmas interview on January 12, 2012, available in Russian on the patriarch’s website at [www.patriarchia.ru/db/text/1932241.html](http://www.patriarchia.ru/db/text/1932241.html). The patriarch pointed out that the protests after the December Duma elections were a legitimate form of expression and should lead to a correction in the political course. “If the authorities [*vlast*] remain insensitive to the views of the protesters, then this is a very bad sign,” the patriarch asserted, “it is a sign of the inability of the authorities to recalibrate themselves. The authorities should recalibrate, including by grasping the signals from below.” Prominent Russian sociologist Olga Kryshchanovskaya and pollster Mikhail Dmitriyev, whose work in 2010–12 focused on the changes within Russian elites and the emergence of the new professional classes, both spoke out increasingly forcefully in this period on the need to address the emerging

splits in Russian society. See the interview with Olga Kryshnanovskaya, "Russia's 'Revolutionary' Situation," RFE/RL, June 12, 2012, at [www.rferl.org/articleprintview/24612283.html](http://www.rferl.org/articleprintview/24612283.html); and David Hearst, "Will Putinism See the End of Putin?" *The Guardian*, February 27, 2012, at [www.guardian.co.uk/world/2012/feb/27/vladimir-putin-profile-putinism/print](http://www.guardian.co.uk/world/2012/feb/27/vladimir-putin-profile-putinism/print). Dmitriyev noted in his interview for *The Guardian*'s profile of Putin that he had detected a steady deterioration of Putin's political brand since 2006 in the focus groups he conducted. In another interview with David Hearst, Russian investigative journalist Andrei Soldatov recounted his own meetings within the ranks of the younger generation of security service colonels, who also felt cut off from advancement and thus resentful of the older cohort of FSB generals who were "all men Putin personally knew and appointed." This resentment left the younger colonels unwilling to share information on the critical shifts in Russian public opinion with their older superiors.

25. Bobkov (1995), p. 40.

26. *Ibid.*, p. 284.

27. Bobkov notes that it was evident that "the more bans you set up, the sharper would be the reaction of the intelligentsia. And in the end, there was no doubt that there would be some who would be prepared to break the law." *Ibid.*, pp. 259-60.

28. *Ibid.*, pp. 355-61.

29. *Ibid.*, p. 213 and p. 257.

30. "Putin Welcomes the Young to Speak out Their Position," ITAR-TASS, December 15, 2011 (accessed through Nexis.com in English); "Spokesman Says Putin Is True Liberal, Welcomes 'Healthy' Opposition Pressure," BBC Monitoring Former Soviet Union—Political, March 26, 2012 (accessed through Nexis.com in English); and "Putin's Chief of Staff Denies That New Law on Demos Restrictive," Russia and CIS General Newswire, June 22, 2012 (accessed through Nexis.com in English).

31. See p. 184 and note 5 on p. 306 for previous references to von Benckendorff.

32. See Douglas Busvine, "Russia's Kudrin Stays in the Mix with New Task Force," Reuters, April 5, 2012. See also Alexei Kudrin's official website at <http://akudrin.ru/news/>.

33. See, for example, the May 5, 2012, open letter signed by Kudrin and others associated with the Committee for Citizens' Initiatives, "Shansy na dialog mezhdu obshchestvom i vlast'yu snizilis'" [The chances of dialogue between society and the authorities have been reduced], on Kudrin's official website at <http://akudrin.ru/news/shansy-na-dialog-mezhdu-obshchestvom-i-vlastyu-snizilis.html>.

34. In private interviews with these authors in June and July 2012, members of the U.S. administration and European officials also noted that Alexei Kudrin had presented himself and the Committee for Citizens' Initiatives to them in this fashion.

35. In a presentation at the Brookings Institution on March 5, 2012, journalist and author Masha Gessen, who had become a leading member of the Russian opposition protests, noted of Alexei Kudrin's new role that the former finance minister had "a stellar reputation on all fronts. I have no idea how someone can have that reputation after staying with Vladimir Putin for 20 years and even as the extent of corruption in his patron's government has become clear to everyone. He still needs to prove that he can be an effective communicator and negotiator . . . but the reputation of Kudrin is important, especially his international reputation.

Russians like this.” Oleg Kashin—who was also playing a role in the protests at this juncture—remarked in his presentation at the Brookings Institution on March 29, 2012, that Kudrin seemed ill-prepared for such a public political role after his years in “dark rooms, counting money for the Kremlin.” Russian analyst Maria Lipman, in her presentation at the Brookings Institution on April 25, 2012, based on meetings with Russian officials, underscored Kudrin’s desire to save the system, not overturn it, by reaching out to the opposition and stressing the need for reform. In this context, Alexei Kudrin is, again, less an independent watchdog and more the intermediary, the representative of the state in the original Scandinavian sense of an ombudsman. Within the Putin system, people become ombudsmen by virtue of their personal relationships, not their independence. Their role is to fix a problem or deal with a crisis, and to transmit related information to Putin.

36. At one point toward the end of his January 2012 interview with David Hearst and Tom Parfitt, Pavlovsky returned to the events of 1993 and the “shooting of the [Russian] White House.” Pavlovsky underscored that “in the Kremlin establishment . . . there has been an absolute conviction that as soon as the Kremlin is shifted, or if there is some mass popular pressure, the appearance of a popular leader, then everybody will be annihilated. . . . A feeling of vulnerability. As soon as someone is given the chance—not necessarily the people, maybe the governors, maybe some other faction—they will physically destroy the establishment, or we’ll have to fight and destroy them instead.”

37. Gleb Pavlovsky interview with *The Guardian*, January 24, 2012.

38. Yegor Gaidar told this story many times in private and public. One version is related by Valeriy Zavarotnyy in “Kamikadze,” *Ezhednevnyy zhurnal*, June 12, 2012, at [www.ej.ru/?a=note&id=11847](http://www.ej.ru/?a=note&id=11847).

39. Clifford G. Gaddy and Fiona Hill, “Putin’s Next Move in Russia: Observations from the 8th Annual Valdai International Discussion Club,” December 12, 2011 ([www.brookings.edu/research/interviews/2011/12/12-putin-gaddy-hill](http://www.brookings.edu/research/interviews/2011/12/12-putin-gaddy-hill)).

40. Ellen Barry, “Resolute Putin Faces a Russia That’s Changed,” *New York Times*, February 23, 2012, at [www.nytimes.com/2012/02/24/world/europe/a-resolute-putin-faces-a-changing-russia.html](http://www.nytimes.com/2012/02/24/world/europe/a-resolute-putin-faces-a-changing-russia.html). In another element worthy of a tsar, on this same occasion (as he had on many others) Putin kept the Valdai Discussion Club participants waiting for several hours before arriving for the dinner. In author interviews with journalists, oil company executives, senior European and U.S. officials, and others between 2010 and 2012, waiting for an audience with Putin was a common theme. In July 2012, after President Putin kept his Ukrainian counterpart Viktor Yanukovich waiting for a scheduled meeting in the Crimean city of Yalta, the issue became the subject of press scrutiny. Russian journalist Andrei Kolesnikov noted: “This habitual lateness of Putin’s can be read in different ways, as a character trait or his way of demonstrating his attitude toward others. . . . But only God is above him now. He’s person No. 1, and he can afford to be late whenever he wants.” See Fred Weir, “Got an Appointment with Vladimir Putin? Better Bring a Book,” *Global News* (blog), *Christian Science Monitor*, July 18, 2012, at [www.csmonitor.com/World/Global-News/2012/0718/Got-an-appointment-with-Vladimir-Putin-Better-bring-a-book](http://www.csmonitor.com/World/Global-News/2012/0718/Got-an-appointment-with-Vladimir-Putin-Better-bring-a-book).

41. Russian lawyer, anti-corruption activist, and blogger Alexei Navalny first came up with this “moniker” for United Russia as a party of *zhuliki i vory* in

Russian. Alexei Navalny's blog can be found at <http://navalny.livejournal.com/>. See also Diana Khachatryan, "'Zhuliki i vory' poshli po rukam" ["Swindlers and thieves" passed around from hand to hand], *Novaya gazeta*, October 12, 2011 ([www.novayagazeta.ru/politics/48920.html](http://www.novayagazeta.ru/politics/48920.html)).

42. See earlier discussion in pp. 132–35. In May 2012, not long after Putin's inauguration for a third term as president, Russia's Levada polling agency issued the results of a survey that echoed Gleb Pavlovsky's contention in January 2012 that the system and the population were no longer "ready to love Putin" in the way they had in the past. In the official press roll-out of the agency's report, Levada's director noted a marked downturn in the public's assessment of Putin's personal qualities between the end of his second presidential term in 2008 and May 15 when the poll was conducted. Russian PR experts recommended that the president undergo an "image reset" based on these findings. See "Pollster: Putin's Attractiveness Sagging 'Irreversibly,'" *Moscow Times*, May 18, 2012, at [www.themoscowtimes.com/news/article/pollster-putins-attractiveness-sagging-irreversibly/458718.html#ixzz1v86k3Q5R](http://www.themoscowtimes.com/news/article/pollster-putins-attractiveness-sagging-irreversibly/458718.html#ixzz1v86k3Q5R).

43. Ironically, in 1996, as he was just about to make his entry into Moscow and the center of power for the first time, Putin reflected on this whole set of issues and the dangers of slipping away from democratic principles in a video interview that is still available online. "As sad as it is, and as terrible as it might sound," Putin (then the St. Petersburg deputy mayor) opined, "I believe that a return to totalitarianism in our country for some time is a possibility. But we shouldn't look for the danger in the law enforcement or security agencies or the police, or even the army. The danger lies in our own mentality, in the mentality of our people. We all seem to think (and I'll confess: I myself think like this sometimes) that if we introduce law and order with a strong hand, then we'll all live better, more comfortably and safer. In fact, that sense of comfort will pass very quickly, because that hard hand will very quickly begin to stifle us. And we will instantly feel it on ourselves and on the members of our families. Only in a democratic system, when law enforcement officers—no matter what we call them: the KGB, MVD, NKVD, or whatever—when they know that tomorrow or next year there can be a change of the political leadership of the country or the region or the city, will they be asked: 'And how did you carry out the laws of the country you live in? How did you treat the citizens for whom you have authority?'" See "Vitse-mayor Putin za bor'bu s monstroom KGB. Zapis' 1996 goda" [Vice-Mayor Putin in favor of struggling with the KGB monster. Recording from 1996], *Ruspres*, at [www.rospress.com/government/2766/](http://www.rospress.com/government/2766/).

44. In an impromptu meeting on September 16, 2012, with journalist and author Masha Gessen, Putin even claimed that most of the stunts were his own idea and not his staff's. The president personally summoned Gessen to the Kremlin after she had been sacked as editor of one of Russia's leading popular science magazines for refusing to send a reporter to cover a Mr. Putin PR stunt piloting a microlight aircraft and leading a migrating flock of endangered cranes. See Masha Gessen, "A Call from the Kremlin," September 16, 2012, at <http://latitude.blogs.nytimes.com/2012/09/16/a-call-from-the-kremlin/>.

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