

WebMemo



Published by The Heritage Foundation

No. 1825
February 25, 2008

Russia's Presidential Elections: Management Reshuffle for "Russia Inc."?

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Last December, Vladimir Putin chose Dmitry Medvedev, a first deputy prime minister, to succeed him as Russia's President. The March 2 presidential elections will be anti-climactic, as Medvedev is the only candidate who stands any chance of winning. The elections have a democratic façade, but voters do not have a real choice: As in 2004, one voter—Putin himself—will cast the crucial ballot.

The West must keep a close eye on the Putin-Medvedev tandem. Although Medvedev has voiced support for some liberal positions, Putin will continue to wield the real power as Prime Minister. The status quo in Russia, with authoritarianism at home and an assertively anti-Western foreign policy, is likely to continue.

A Figurehead Successor? Putin's trust in Medvedev, who, at 42, is 13 years younger than the Russian President, springs from a 17-year acquaintance and collegial relations between the two. Medvedev was the Russian President's legal counsel, his chief of staff, the Chairman of Gazprom (Russia's gas monopoly and largest company), and First Deputy Prime Minister. But he always was subordinate to his mentor and patron.

After getting the nod in December, Medvedev announced that he would invite Putin to become Prime Minister, the no. 2 position in the country. After one week, Putin accepted by saying that he "would be ready to continue our joint work as prime minister" if Medvedev was elected. Putin added that the "great support" enjoyed by Medvedev would help "an administration that will carry out the same

policies that have brought us results for the past eight years."

Putin's desire to remain in power has led the Kremlin to make sure that the democratic opposition would not pose a serious challenge to Medvedev. Liberal politicians Boris Nemtsov and Garry Kasparov were maneuvered out of running, and the Russian Central Election Commission disallowed former Prime Minister Mikhail Kasyanov from entering the race.

Three other candidates are running for the presidency. Two veteran post-Soviet politicians, Communist Party leader Gennady Zyuganov and Liberal Democratic Party leader Vladimir Zhirinovsky, are "niche" candidates and are unlikely to get more than 15 percent to 20 percent of the vote apiece. Andrei Bogdanov, a pro-Kremlin candidate representing the tiny Russian Democratic Party, is not a serious contender.

The state's control of the media will ensure that Medvedev receives lots of publicity. His 73 percent level of popular support, together with Putin's enduring popularity, shows that the majority of the Russian people are content with the status quo, in which the state is allowed to flex its muscle, often in

This paper, in its entirety, can be found at:
www.heritage.org/Research/RussiaandEurasia/wm1825.cfm

Produced by the Douglas and Sarah Allison
Center for Foreign Policy Studies

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 • heritage.org

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At a press conference on February 14, Putin gave further indications that he wants to remain at Russia's helm. He made clear that the Cabinet, led by the Prime Minister, will be dominant in implementing policy. He stated that "the highest executive power in the country is in the hands of the Cabinet. There are enough powers to go around and... [Medvedev] and I will divide them between ourselves."

According to Putin, the "Cabinet" is in charge of running the economy, dealing with social problems, and "ensuring our country's defence and security." In terms of how long he will stay in power, Putin said, "I formulated the objectives for the development of Russia from 2010 to 2020," and "if I see that I can realize these goals in this position [of Prime Minister], then I will work as long as this is possible."

When asked whether he would hang President Medvedev's portrait or his own in his office, Putin revealingly answered that, as Prime Minister, "I do not have to bow to [Medvedev's] portraits." He commented that his "relationship" with Medvedev in government would be characterized by the fact that he—Putin—has been "president for eight years." In other words, Putin might be the Prime Minister in a President Medvedev administration, but he will be the senior figure in terms of political capital and the execution of government policy.

Dmitry Medvedev: A Powerless Liberal?

Regarding his plans for Russia, in a speech at the Krasnoyarsk Economic Forum on February 15 that has been widely hailed as liberal, Medvedev declared that his government platform is founded on the belief that "freedom is better than no freedom." He stated that "ensuring that the judicial system is truly independent" is one of his policy objectives.

Medvedev outlined his reform priorities as the "four eyes": "Institutions, Infrastructure, Innovation, and Investment." Regarding institutions, Medvedev proposed to reduce the number of government employees, to transfer tasks from the state to the private sector, and to combat corruption. He

also stressed the need to lower the tax burden on businesses as part of his Innovation and Investment goals.

Nonetheless, many experts and foreign diplomats are unsure as to how liberal Medvedev really is. Inviting Deep Purple to the Kremlin for a concert may not be enough. As Chairman of Gazprom's board, he used a hard-line approach when dealing with countries opposing Moscow's policies and energy interests. Claiming "free market price formation," Gazprom cut gas supplies to Ukraine in early 2006, interrupting the flow of gas to a number of European Union countries in the middle of winter. Gazprom also cut the supply of gas to Georgia and threatened to do so against Russian ally Belarus due to lack of timely payments and because of Minsk's refusal to yield control of its national gas company.

Gazprom's appetite for expansion in different sectors of the Russian economy led German Gref, then Russian Economic Development Minister, to complain that "if all Gazprom's assets, which are already worth over \$300 billion... are used across all economic sectors, we will find ourselves with the 19th century-style monopolistic state capitalism." Medvedev seems to back Putin's support for the "national champions," giant state-controlled companies that have a decisive influence in the national economy.

Conclusion. The United States and its allies will need to watch the Putin–Medvedev alliance carefully. Putin believes that if Medvedev is viewed as a more liberal, independent force, the West will allow Russian companies to expand their investments in Europe and other Organization for Security and Cooperation in Europe (OSCE) countries.

However, unless there are clear signs that President Medvedev takes charge of Russia's defense and foreign policies, it would be safe to assume that Putin and the *siloviki* (the top power brokers from Russia's security services and the military) will continue business as usual. The Putin loyalists from the *siloviki* group also control the majority of Russia's gigantic state-owned companies

Future Russian policies are likely to include a confrontational approach on Kosovo, opposition to missile defense deployment in Poland, abrogation

of the Conventional Forces in Europe Treaty, a heavy-handed approach to Ukraine and Georgia, and an anti-Western propaganda campaign at home. Both the Bush Administration and its successor will have their hands full dealing with a Russia that will remain under Vladimir Putin's control for years to come.

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