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Putin's Political Strategy &
the Rise of Sergei Naryshkin

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Occasional Paper

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Not long ago the governor of St. Petersburg, Mrs. Valentina Matvienko, was asked if she knew who will become the next president of Russia in 2008. She answered, “I Think, yes” and added, “the true decisions about such matters ... are being made in silence, without outside witnesses” [1]. Mrs. Matvienko is a Kremlin insider, and as with other Kremlin insiders, she knows who will be the new Russian president in 2008. She can anticipate the scenario of political events being shaped in the Kremlin for Russia’s immediate future. I worked for 20 years among those who belong today to the Kremlin inner circle and today follow events in Russian political life using my former experience. I believe that I have an understanding of this unfolding scenario. I want to share my knowledge with Western politicians to help them foresee coming events in Russia so that they may deal with Russian reality. It is also better that they avoid efforts to change this reality by ineffectively attacking President Putin or the new Russian political system that he helped to create.

The New Strategy: A Scenario

Mr. Putin will continue to be the top leader of Russia, but not as the Russian President. He will be elected as the General Secretary of the United Russia Party, and like the CPSU General Secretary in Soviet times, he will effectively out-rank the Russian President, Prime Minister, Chief Justice or Attorney General in the emerging Russian political system. This system will be apparent in

its final shape by the 2008 presidential elections. Putin’s ideas will have become an ideology or the agenda of the United Russia Party, and he may occupy this post as long as the Kremlin’s inner circle is happy with his performance.

“Putin’s role as leader will still be the greatest. It is obvious. I do not think that Putin will decide to remain for the third term, but it is assured, that he will remain at the top of the political sky” [4].

The next president of Russia could be Mr. Sergey Evgenevich Naryshkin. He is presently the newly appointed vice-premier under President Putin. He is also an indirect descendant of the first wife of Tsar Alexei Mikhajlovich (Alexander II), Natalia Naryshkin.

He is a former Soviet Officer for External Intelligence, a KGB officer with blue blood. But as the new Russian president, Sergey Naryshkin will not have as much power as President Putin has today. Many of Vladimir Putin’s responsibilities may be delegated to him and he will share the General Secretary’s burden of management and control over Russian governing bureaucracies, but he will not rule Russia.

The United Russia Party will likely inherit Putin’s model of “vertical power.” However, United Russia already is a ruling party. Today it controls Russian legislative bodies, the federal and regional Dumas, and its future plans include control of nominations for all decision-making positions in federal and local governments as well as nominating personnel to all judicial positions. The present Office of the President will be transformed into a Central Committee of the United Russia Party. The same transformation may also happen with the Governors of the Russian regions. The regional bosses of the United Russia

Party may become the real masters of their regions, and the new party elite apparatus of the United Russia Party, like the Communist Party of the Soviet Union (CPSU) *partokrats* may rule today's Russia.

The History of Perestroika

The scenario for a return to "Party rule" finalizes the process of transformation of the Soviet political system, which started in 1985, with Gorbachev's *perestroika*. The political class that ruled the Soviet Union was represented by the CPSU apparatus or party elite, which used the KGB and Communist Party structures to control the *nomenklatura* or representatives of legislative, executive and judicial bodies, as well as the "brass" of the Soviet armed forces. Anyone who wanted to find a room at the top in Soviet society had to become a CPSU member and be blessed by the Party apparatus for nomination to a desired position in any Soviet public or military institution. The CPSU's Marxist-Leninist ideology became the basis of the Soviet legislation, which outlawed private property and banned free markets and investment into private business.

However, illegal private business or "the grey economy" flourished in the Soviet Union. One out of every three rubles in the national currency turnover was used to buy private services and privately produced goods during the 1980s. In order to prosper and even survive under Soviet anti-business laws, private entrepreneurs had to pay huge bribes to representatives of, or members of, the party elite, since only party apparatchiks were above the Soviet law and could protect private entrepreneurs against Soviet law enforcement agencies. A party boss interested in the protection of an individual entrepreneur could always order all state agencies for enforcement of laws to "Leave this person alone!" No one would have dared to ask for the reason for such an order from a Party boss. The alliance of the Communist Party elite and the grey economy was reliable and profitable for both sides. Due to these arrangements, the grey economy flourished and the Party elite accumulated considerable wealth, which they were obliged to keep figuratively under mattresses. The Party apparatchiks could not use these funds for legal investments due to Communist ideology and Soviet laws created by themselves and their predecessors. Ironically, the Party Elite themselves became trapped by CPSU Marxist-Leninist ideology and by Soviet legislation. The only exit for the Party Elite from this deadlock was to break its "chains" and to abandon both the CPSU structure and Marxist-Leninist ideology.

Perestroika, or the reconstruction of the Soviet system, was designed by the ruling political class as a program to get rid of the Communist ideology and the Soviet political and economic system. This system had become an obstacle preventing the Party elite from converting their political power into material wealth. The Soviet *nomenklatura* was also unhappy with the existing Soviet laws that limited their ability to use state property for their private purposes. The Soviet military elites were more than willing to have direct control over arms sales and to profit from this trade.

By mid 1980's it became clear to the upper echelon of the Soviet Party elite that the existing system was ineffective. It was not providing the common people with basic living conditions. The armed forces were not receiving modern weapons. Above all, the political class realized that they could not achieve wealth equal to that of Western capitalists from within the Soviet system.

There were conservatives among the party bosses, *nomenklatura* and military brass, who were happy with the status quo and did not want any changes. These conservatives believed that any attempt to improve the system might destroy it, and would threaten their privileges. The history of the *perestroika* and post-*perestroika* period exposes occasional dramatic struggles inside the Soviet political class, between the conservatives and the champions of radical change of the Soviet system.

The Party Elite's agenda of *perestroika* went through the three stages:

1. The elimination of the Communist Party and Marxist-Leninist ideology. It split the Soviet Union into independent states to be headed by members of the political class. This task was entrusted to Mr. Gorbachev.
2. It ordered and benefited from confusion in the post-Soviet society that would enable the political class to privatize Soviet state property. This goal was achieved under the leadership of Boris Yeltsin.
3. The restoration of a strong state apparatus that could protect the property of the reconstituted political class. Vladimir Putin fulfilled this task, and thus the time for a new scenario had arrived.

First Stage: 1985-1991

The Party elites from the Russian, Ukrainian, Byelorussian, Kazakh, and other “union republics” that constituted the Soviet Union, initiated the idea of *perestroika*. The regional Party elites were the inner core of the Soviet political class. They were the real decision makers within the Party. They had voting rights during the meetings of the Central Committee of CPSU major decision-making body in the USSR. As First Secretary of the Stavropol “obkom” (regional party committee), Gorbachev was a member of this regional party elite. It should be mentioned that Gorbachev became a person whom every member of the regional party elite knew in person. Mr. Gorbachev achieved such popularity among his party comrades because the Party's special spas were located in the Stavropol region, which was headed by him. All regional party bosses would come on leave to the Stavropol region's spas, and in accordance with the Party's internal protocol, Mr. Gorbachev had to meet them and offer them service and assistance as their host in his region. As a result, all of the Party's regional bosses knew Mr. Gorbachev and recognized him as a bright young Party executive. They identified him as the man who would promote their desire for *perestroika* if they elected him to the party's top position: Secretary General of the Soviet Communist Party.

Mr. Gorbachev fulfilled his designated role by depriving conservative Politburo *partocrats* of their power within the party. He encouraged criticism of official Marxist-Leninist ideology. He facilitated the smuggling of Party assets abroad, and brought the CPSU to a pre-calculated collapse. Gorbachev's mission was accomplished by end of 1991. The regional *partocrats*, like snakes that change their skins, abandoned their Communist Party positions and resurfaced as the presidents of independent republics, speakers of the dumas, provincial governors, mayors of cities and towns, ministers and judges of the new republics and most important –as owners of the larger private companies, most of which had monopoly status in their fields of endeavor.

The time had come for this renewed political class to institutionally establish its private ownership over former Soviet state property. In the Russian Federal Republic, the political class had chosen Mr. Boris Yeltsin to create the conditions for accomplishing this goal.

The Second Stage: 1991 - 2000

During the first decade of post-Soviet times, the political class replaced the Soviet State as the owners of the “peoples’ properties.” The renewed Russian political class and its servants invented many different methods of “privatization,” and Boris Yeltsin’s government authorized these methods. The process was managed and supervised by the former Party bosses.

The former Party elite first appropriated all CPSU property (buildings, publishing houses, newspapers, spas, hotels, transportation, etc.). They seized everything that they could obtain and manage from the property of the Soviet state. FSB officers (formerly KGB) continued to protect the interests of the renewed political elite. Under the same conditions as before, these elite permitted the *nomenklatura* and gray economy entrepreneurs to enter into possession of certain state properties that the *partokrats* could not swallow at that time. They authorized certain trusted leaders of the Young Communist League – “Komsomol” —to establish private banks (like “Menatep”), oil companies (like YUKOS), broadcasting companies, steel companies and other entities, under conditions that the lion’s share of these companies’ profits would go to the former *partokrats*.

The former Soviet *nomenklatura* and grey economy entrepreneurs also became more closely connected with an expanding criminal sector. Many criminals from Soviet times used the time of Yeltsin to legalize their criminal activities and become “respectable” businessmen. It was also a chance for top officers and chiefs of law enforcement agencies to use their resources to seize properties, by force or by assassination, from new owners, and to create profitable businesses of “protection services.”

Not all of the new owners who emerged from the ranks of former Komsomol leaders, the *nomenklatura*, gray economy entrepreneurs or criminal businessmen, were ready to obey the former *partokrats* and to pay tribute and homage to them. Faced with such disobedience, *partokrats* had to use FSB resources to chastise or assassinate those new businessmen, who had the temerity to imagine that they were independent owners of their businesses. During this period, thousands of such assassinations were ordered. As a rule, the killers, or those who hired them, were never found or brought to “justice,” since the killers and those who investigated the killings came from the same agencies. This made it impossible to bring these killers of the new Russian businessmen to the courts.

In those disturbing, and uncertain times, the renewed Russian political class was interested in a weak central government, vague laws and compliant law enforcement agencies. Such a state of affairs made it easier for them to fish in troubled waters and to redistribute the state properties among themselves and their trusted associates.

On the other hand, such a weak state along with feeble law enforcement instigated an explosion of corruption in governmental agencies at all levels. There were wild outbursts of criminal

activities, waves of attacks not only on small and medium entrepreneurs, but also on the property of the new political class itself. The redistribution of most productive Soviet state property was accomplished by the end of this period. The renewed political class, which had become the owners of these properties, felt the need for a strong state with a powerful law enforcement establishment. The revival of State police and security agencies was intended to protect the owners of these re-allocated properties. It was also intended to encourage the obedience of new private owners from the former ranks of the *nomenklatura* and military elite to the leaders of the renewed political class. The task of creating such a state apparatus was entrusted to Lieutenant Colonel Vladimir Putin.

The Third Stage: 2000 - 2008

The choice of Mr. Putin as protector of interests of the Russian renewed political class was perceived to have been successful, albeit unexpected by Boris Yeltsin. From the very beginning of his rule, Vladimir Putin stated that he was going to wage war on oligarchs, and this agenda won mass support from the Russian people who had never in the nation's history had a chance to respect private property or experience private ownership. The "oligarchs" abused the Russian common people. A number of these new owners had also become very wealthy and unresponsive to those who had empowered them. Putin began to show his "strong hand" with the prosecution of such independent oligarchs as Mr. Brerezovskij and Mr. Gusinsky. He forced them to leave Russia and to seek asylum abroad. When Mr. Putin put the richest Russian oligarch, Mr. Khodorkovskij, in jail he enjoyed public support and was even praised for it. When Mr. Putin limited freedom of press, he simultaneously increased the salaries of teachers and doctors and he doubled pensions. For this too he received popular support from the Russian people.

The Secretary of the Presidium of the General Council of the United Russia Party, Mr. Vyacheslav Volodin, praises Mr. Putin's actions. He tells us that, "the prices for oil were high even at the end of the 90's, but only under President Vladimir Putin has the state decided to take super incomes from oligarchs and monopolists... Those who today criticize us most were against withdrawal of out of control oil money from oligarchs to fill up the budget and to enable us to start national projects" [2].

Russian Journal *TOP MANAGEMENT* wrote recently that, "during Putin's rule in Russia ... oligarchic capitalism has been crushed by official capitalism" [3].

All of Mr. Putin's policies demonstrate that he is acting as the representative of the renewed Russian political class that today owns almost all of Russia's national wealth. The interests of this class are mainly material, rather than ideological or imperial. One should evaluate Russian internal and external policies primarily by taking into consideration the characteristics of these "new" Russian rulers. Money from the sales of Russian oil, gas, and arms mainly go into the pockets of this class.

It is not a Soviet-style imperialistic agenda that determines Russian energy policy toward Europe and former Soviet Republics. It is the natural desire of Putin's inner circle, owners of Russian oil and gas companies, to increase their incomes as much as possible. They did not hesitate to betray an old political friend, such as President Lukashenka of Byelorussia and force him to pay a doubled price for gas and oil. They seem uninterested in the political prospects of reunification with Belarus.

Due to Mr. Putin's efforts, the Russian political class today has a reliable state apparatus with all of its branches and powers serving their interests. Members of this class have enriched themselves from the increased prices of oil and gas, while rank and file bureaucrats especially from lower ranks of policemen feed themselves from racketeering at the expense of small and medium size businesses. However, recent legislative moves in the economic field imply that top bosses are going to make profitable investments in those economic niches that have been barely filled by independent small and medium businessmen. Thus they seek to assure their continued profits, even when the prices of oil and gas decline.

Today's Russian leaders claim that they want to "diversify" the Russian economy and "to take it off oil and gas needle." They would use state money accumulated in the Stabilization Fund for this goal. Such statements mean that Russia's top bosses are going to use budget money to cosponsor their new investment projects. These will be in the production of electricity, petroleum refineries, automobiles, computers, houses, furniture, drugs and alcohols, as well as services, including as sea and land transportation, tourism, and insurance. The Secretary of the Presidium of the General Council of the United Russia Party, Mr. Volodin, outlines this goal: "If we wish to be someone who plays a greater role than filling and servicing oil and gas pipe lines for the sake of exclusively external consumers, we should also be able to compete with developed countries in a wide spectrum of subjects, including education, modern technologies, labor productivity, standard of living of the population and a consumption level."

The Logic Behind the New Russian Strategy

Russia's ruling political class consists of members of the presidential administration and its regional branches, legislators from United Russia Party, high FSB and police officers, members of judicial bodies, top governmental officials, high-ranking military officers, former Soviet party elite owners of private businesses and "independent" businessmen who pay tribute and homage to the ruling political class. It should be noted that all top bureaucrats control or have their own private businesses and perceive real independent businessmen as their rivals. That is why it is impossible for anyone in Russia to set up his or her business without the direct or indirect blessing of a member of the political class.

Among the numerous representatives of today's ruling political class, members of the former Soviet Party elite play the strongest role. It is only natural for them to feel a sort of nostalgia for the Soviet system of political control, which they enjoyed through their Communist Party's structure to control representatives of legislative, executive, and judicial bodies as well as control of the brass of the Soviet armed forces. To restore that system, they need a ruling party with an ideology that represents their agenda as a national goal. A General Secretary, recognized as a national spiritual and top political leader should head the Party, and its central and regional apparatus must control nomination of executives in all branches of power.

This strategy was worked out during Putin's rule and it is close to completion as we approach the 2008 presidential elections. It is not a secret plan that is concealed from the mass media. On the contrary, today's Russian media, controlled by the Russian bureaucratic apparatus, publishes authorized "leaks" about coming events, so that new Russian leaders may always have a chance to say in the future that: "everything was known to the public in advance, but they did not pay attention to it."

The following are revealing glimpses offered in the Russian mass media on this topic.

Putin as General Secretary of the United Russia party

- “Putin’s role as leader will be still the greatest. It is obvious. I do not think that Putin will decide to remain for the third term, but it is assured, that he will remain at top of a political sky” [4].
- “It is logical, if Putin will head a party” [5].

Mr. Sergey Evgenevich Naryshkin as new President of Russia

Members of the inner circle will keep the name of the real presidential candidate secret as long as possible, in order to minimize chances of any opposition to prevent their chosen candidate from winning the elections. However, some of the following “leaks” point to Mr. Sergey Evgenevich Naryshkin as the possible future president of Russia:

- “From the strategic point of view nomination of Mr. Sergey Naryshkin for a post of vice-premier is favorably Putin” [6].

- “Mr. Sergey Naryshkin comes from the 1st Major Department of the KGB (external intelligence). His colleagues from this first job are Vladimir Putin and Sergey Ivanov. Mr. Sergey Naryshkin has many qualities that make him very suitable for the role of a future President who will obey orders from General Secretary Vladimir Putin. He is an effective apparatchik with enormous experience. Moreover, he is also a native of St. Petersburg and a former compatriot of Mr. Putin. Before his last nomination (to vice-premier), Mr. Sergey Naryshkin was in a government



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position of leadership as a federal minister. It is important to note that traditionally the head of a government ministry is a key figure in the government and in many respects the efficiency and function of all of the systems of executive authority depended on him. Before Mr. Sergey Naryshkin became the head the government apparatus (Management and Budget) internal organization, affecting document circulation and the logistics of

the preparation, acceptance and tracking of executive decisions, was completely disorganized. Under Michael Fradkov, the government (system of controls) could adjust and quickly establish control over these invisible, but very important, state machinery processes. A deciding merit belongs to Mr. Sergey Naryshkin [7].”

- “Being a rigid manager and the exacting head, Mr. Naryshkin has a reputation as an intellectual person, who knows several foreign languages and is able to

precisely and distinctly formulate his ideas” [8]. (Naryshkin) has the image of a person who will be welcomed by local and foreign politicians. While working in government, Mr. Sergey Naryshkin has proved to a very polite person who never raises his voice. “He resembled the rector of a university who has casually got into the official environment. He is not (prone to) hysterics, but he is also not walled off from new from ideas, he is able to listen. At the same time he is very strong-willed and consistent. Naryshkin is a person of wide interests. For example, he is an inveterate theatre-goer, loves jazz, takes a great interest in swimming and is a chairman of the Swimming Federation of Russia” [9].

Before the nomination of Mr. Putin as a new Russian president, Mr. Putin was tested in a key governmental post as an official in charge of the Chechen War. Mr. Naryshkin appears to be undergoing the same important test. He is entrusted to control foreign trade activities and interaction with the CIS countries. If we recollect the events of last two years for this position, it included the “gas wars” with Belarus and Ukraine, the banning of Georgian and Moldavian wines, and the economic blockade of Georgia, it becomes clear, that the new vice-premier will hold a very difficult job.

- “People knowing Mr. Naryshkin name him as a team player who does not wish to (or who is unable) to conduct an independent game. And besides, he is absolutely loyal. From the point of view of today’s President, who is going to leave in order to remain, this is the most valuable set of qualities” [10].

United Russia: as a Ruling Party with “Putin’s Plan” as its Ideology

The United Russia Party leader and Speaker of the State Duma, Mr. Boris Gryzlov, had declared that “Putin’s Plan” would be the foundation of an electoral program of United Russia, which will be accepted at the party congress in October 2007. A member of the Presidium of the General Council of the United Russia Party, Mr. Jury Shuvalov, has declared that “realization of “Putin’s Plan” does not mean the usurpation of power by United Russia, as it is claimed by some opponents of the Party, such as Fair Russia. ... The United Russia Party perceives “Putin’s Plan” to be a concrete program (for) the basic development (vector) of Russia, as an ideology of social conservatism and a doctrine of sovereign democracy. ... The Head of the State is the national leader, and he possesses a high degree of trust from our society and, certainly, this support for him will remain after 2008” [11].

According to the auditor the of Audit chamber of the Russian Federation, Mr. Valery Goreglyad, “all constructively thinking political forces should not reject “Putin’s Plan” if they really wish for positive changes in Russia. After 2008 not only in Russia, but also in the whole world, a new political era will come with its new realities and challenges. In this situation, it is important (to follow a) program of concrete actions and only “Putin’s Plan” allows us to comprehend the path, follow it, and to make necessary decisions” [12].

The Secretary of the Presidium of the General Council of the United Russia Party, Mr. Vyacheslav Volodin tells us that “United Russia is named “united” because after the disorder of the 1990s, the country should be united all over again. We had to unite territories, elites, and all

of society. The President has created us. Vladimir Vladimirovich Putin is the moral leader of our party and we are united around him. After 2008, nothing will change for us. Putin is our leader, and he will remain the Leader. The basis of our ideology is the policy of the President (Putin)” [13].

The Author's Final Note

I do not want to pass judgment as to whether such future political developments will be good or bad for Russia. I do want to encourage as many readers as possible to take note of the fact that a traditional authoritarian model of political rule, which is an organic part of the Russian nation's political culture, is being restored in Russia, and the Russian people (masses) are happy with it.

Notes

1. *Itogi*, http://www.itogi.ru/Paper2007.nsf/Inside/Itogi_2007_21.html, No. 21, May 24, 2007.
2. *Izvestia*, <http://www.izvestia.ru/politclub/article3101444/index.html>, February 22, 2007.
3. Vladimir Solovjev, “Battle-field with oligarchs was regained by officials-marauders,” *Top Management*, December 2006.
4. *Ibid.*
5. *Komsomolskaya Pravda*, May 11, 2007.
6. National Projects “MN” – New President [Natsionalnie Proekti “MN” – Novi Prezident], “Personnel rearrangements in the government as a prelude to presidential campaign of 2008”, *The Moscow News* No.7, 2007, (23.02.2007).
7. *The Moscow News* No., 2007 (23.02.2007) <http://www.mn.ru/issue.php>, July 17, 2007.
8. *Ibid.*
9. <http://profile.ru/items/?item=22080>, No7 (516), February 2007.
10. *Ibid.*
11. RIA “Novosti,” <http://news.mail.ru/politics/1348036/>, June 2, 2007.
12. *Ibid.*
13. *Izvestia*, <http://www.izvestia.ru/politclub/article3101444/index.html>, February 22, 2007.

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