
Guest Commentary from Russia

Molchalin for President?

by Stanislav M. Menshikov

Professor Menshikov's article appeared in the Russian weekly Slovo of Jan. 18, 2008. Regarding the headline: "Molchalin" is an obsequious secretary in the famous Russian play Gore ot uma (Woe From Wit) by Alexander Griboyedov (1795-1829). The surname invokes the verb that means "remain silent." The article was translated for EIR by Rachel Douglas and is published by permission of the author. Footnotes have been added by EIR.

The outcome of our Presidential election would seem to be predetermined. Dmitri Medvedev, bolstered by Vladimir Putin as his future prime minister, can hardly miss becoming Russia's next President in the March election. The probability is 90%. The story is boring, in comparison to the American duel of Clinton and Obama. It's like the good old days of the "All People's Bloc of Communists and Non-Party Members." To rephrase a catechism from that distant past, ever so slightly, the task is to prepare the elections well and carry them out in a highly organized fashion.¹

As always, there are die-hard skeptics. In an interactive poll on Yevgeni Kiselyov's *Vlast* program in December, only 6.5% of the respondents said they would vote for Medvedev. Even the worldly Kiselyov was uneasy. But that was a very particular sort of audience, one that goes out and looks for "opposition" voices to listen to. Those are people you can't drive into the strictures of the catechism.

Personally, I am one of those citizens who would like to know a bit more about the chief candidate and his economic, social, political, and other programs. I have already committed to memory the sparse chronology of his official biography, but there are some questions, even there. Putin, who personally vouches for him just about unconditionally, says that he and Medvedev have worked together for the past 17 years. That is largely true. But there is a nearly four-year slice of time, from 1996 to 1999, when Putin was already working in Moscow, while Medvedev was in private business back in St. Petersburg. Considering what a tumultuous period that was, one would like to know more details about what sort of business this was, who his partners were, and what business ties Medvedev still has from that time. There is nothing to be ashamed of in having been in business, as such. But you must agree that if Russia is going to choose a President with a back-

ground in business for the first time, we have every right to be cautious. Trust, but verify.

Actually, we don't really know very much about the candidate's service in Moscow, either, except for the most recent two years, when, as head of the national projects in the social sector, he began to speak in public, traveled around the country, and became a familiar figure on the TV screen. People may say that this is simply not the tradition in our country, and they will be right. Who knew Putin, before he was named prime minister in August 1999? Still, at some point, we ought finally to start learning democracy, if not with respect to open political competition, then at least as far as openness regarding newly promoted political figures in the upper echelons of power.

It would be useful, during the election campaign, for Dmitri Medvedev minimally to present his programmatic positions on all the main areas of his future activity as President, if not to engage in direct public debates with his opponents.

What Is the Putin Plan?

It may be objected that to do this would be superfluous, insofar as both Medvedev himself and the leadership of the United Russia party have promised to follow the "Putin Plan" in every area. Seek a definition of what this is, however, and you will receive a whole array of diverse formulations. Some people think that it is the sequence of principles, laid out by the incumbent President in his annual messages to the Federal Assembly. Others believe it means everything that has been done during the past eight years, while still others think it is what Putin has only just outlined to be done in the near future.

This last notion would seem to be the most logical, but even if we accept it, it remains fairly difficult to identify a unified position within our ruling elite. And that is due to Putin's own paradoxical policy, which reflects different, sometimes contradictory and incompatible approaches within his government and his staff.

Putin is a *gosudarstvennik*² and a liberal at the same time. He is impressed by free market ideas, but he sees them as limited, and therefore advocates state intervention when it is necessary and in the national interest. We have written about

1. These slogans and exhortations date from Soviet electoral propaganda.

2. *Gosudarstvennik* means "man of the state."



Presidential Press and Information Office

President Putin with Dmitri Medvedev in 2006. Medvedev is expected to become the next President—but who is he really? “Voting for a candidate who lacks an elaborated program,” writes Professor Menshikov, “or hides the one he does have, is like buying a pig in a poke.”

that more than once, but now the question has been posed acutely in a new dimension: is this same duality also characteristic of the future President Medvedev, and how do the two elements interact within him? How the new President will act, and how his relations with the new Prime Minister Putin will develop, depends to no small extent on the answer to that question.

We cannot sneak into Dmitri Anatolyevich Medvedev’s soul, but the virtually unanimous domestic and Western media characterization of him as a liberal and as pro-Western is striking. Medvedev wins praise almost exclusively from the right. Anatoli Chubais³ called him the best candidate Putin could have chosen. There is no need to remind my readers who Chubais is, to understand what political profile of Medvedev would impress him.

It may be objected that Putin himself vouches for Medvedev as a decent person, one with whom he is prepared to work as a team, under the latter’s formal supervision. How may we reconcile Putin’s centrism with the dubious recommendation from Chubais? I think the answer must be that Medvedev is not a simple person. Within the Putin team he belongs to the liberal wing, but he has never been distinguished by extreme, aggressive liberalism.

A low-key liberal. Neither fish nor fowl? Griboyedov’s Molchalín, a person whom—so the incumbent President hopes—it will be easy to control from the Russian govern-

ment building? Preliminarily, this is it. But might he not cast off the subservient persona, once he arrives in the Kremlin this Summer, and acquires the enormous powers of the Presidency?

A few years ago, when he was head of the Presidential Administration, the current heir published a rare article, for him, in which he called for consolidation of the Russian political elite, saying that this was the main precondition for stability. At the time, Putin’s team was only just beginning to fragment into different groupings. The contradictions among them, including those having to do with control over economic assets and financial flows, had not surfaced as starkly as they have today. Already then, however, Medvedev saw where things were headed. Sincerely or not, he was warning against the dangers of internecine strife at the top. So far, Putin has succeeded in restraining those passions with his personal authority, but the volcano has been threatening to ex-

plode after his departure. It is entirely possible that Putin’s nomination of Medvedev was calculated to preserve peace in his camp, at least for a while.

The reality of political life, however, is rather more complicated. Already now, the forces of aggressive liberalism have openly laid claim to the future Russian President, not hesitating to lay out the plans and hopes they associate with him and his liberalism. When the new President enters the Kremlin, pressure on him from the liberals, and from the West, will become so great that it will be nigh on impossible for anybody to restrain him from making undesirable shifts in policy.

Liberal Revanchism

What do these forces want from him? In short, a rollback. A return to the early period of Putin’s role, when the President was still bound by his agreement with Yeltsin, who had passed power to him, and Putin’s entourage was dominated by Mikhail Kasyanov and Alexander Voloshin, while economic policy was under the neo-liberals German Gref and Alexei Kudrin in the government. Gref tried to reduce the role of the state in economic policy to a minimum, limiting it to the creation of favorable conditions for private business. First and foremost, this meant tax cuts for big oligarchical capital, and the introduction of a flat income tax, which favored the wealthy layer of the population. Minister of Finance Kudrin insisted on a monetarist policy, forbidding almost any of the country’s foreign-currency revenue from oil and gas exports to be spent on domestic needs.

The result of this policy was a tilt in the economy, where-by manufacturing and agriculture lagged behind, while exces-

3. Currently CEO of the national electric power company UES, Anatoli Chubais, as a “young reformer,” oversaw the privatization of ex-Soviet industry from his Russian government posts during the 1990s.

sive dependency on energy exports developed, as well as dependency on imports for almost all sorts of equipment, consumer goods, and food. Realizing that these were ruinous consequences, Putin made a sharp turn in his economic policy during the past two or three years, proclaiming a transition to a proactive industrial policy. He unfroze the Stabilization Fund⁴, releasing a portion of the money accumulated there for investment in innovative projects and infrastructure, and he launched state-owned corporations in several important sectors of industry. Earlier, the majority of the oligarch Mikhail Khodorkovsky's oil empire was transferred to the state, which also purchased the oil company of another oligarch, Roman Abramovich.

As these steps were taken, the controlling positions of the *siloviki*⁵ in the economy became stronger. As First Deputy Prime Minister Sergei Ivanov was given control over the defense industry in its entirety, as well as a good part of civilian industry. He became chairman of the board of the new United Aircraft Corporation. Deputy head of the Presidential Administration, Igor Sechin, chaired Rosneft, which absorbed Khodorkovsky's former empire. Sergei Chemezov, a close associate of the President who had chaired the arms export agency Rosoboronexport, took over at the new state corporation, Rostekhnologiya, which includes several machine-building plants, in addition to the AvtoVAZ automobile company and the titanium company Avisma. Finally, in September 2007, Victor Zubkov was named prime minister; he formerly headed the main financial crimes investigation unit. Soon afterward came the arrest of a deputy minister of finance who is close to Kudrin.

In light of those developments, the promotion of Medvedev would seem to be a unique chance for the liberals to take back what they have lost. They anticipate that he will slow down the movement towards state capitalism, or even bring it to a halt, and will reject the creation of any more state corporations, restrictions on oligarchical groupings, and government regulation of the economy.

4. Russia's Stabilization Fund was created in 2004 to accumulate revenues from taxes on oil exports above a certain cut-off oil price level. Under monetarist doctrine, these funds were held apart, or "sterilized," so that they would not infect the economy with inflation. The Stabilization Fund, now in the range of \$150 billion, has been held mostly in U.S. Treasuries and other foreign government bonds. As of Jan. 1, 2008, it was divided into two parts: a Reserve Fund, and a smaller (around \$11 billion) National Welfare Fund, which may be spent on raising pensions and state-sector wages. During the past two years, smaller sums were withdrawn to capitalize the State Investment Fund, the new Development Bank, and the state-owned Nanotechnology Corporation.

5. The *siloviki*, or "men of force" are representatives of government law enforcement, intelligence and military agencies.



Anatoli Chubais, known as a liberal free-market reformer, praised Putin's choice of Medvedev as his heir apparent. How is this to be reconciled with Putin's centrism?

Perhaps, our liberal analysts reason, it will be impossible to carry out this rollback immediately; at first, they will have to be content with market reforms in the social services sector. They point out that Medvedev was the one in the outgoing Putin Administration who played a behind-the-scenes, but key role in reforming the social security system (meaning, in particular, the notorious replacement of cash payments by in-kind benefits, and other ingenious innovations by Health Minister Mikhail Zurabov). They figure that the accumulated problems in the national projects will force Medvedev to impose unpopular measures in these areas, as well, although that will mean clashing with the current political elite and appearing to betray Putin's policies. Medvedev is known to have initiated the liberalization of trade in Gazprom shares. Therefore it is anticipated that he will take further steps towards the reprivatization of state property, including Putin's newly created state-owned corporations. To do all of this, of course, would require significant personnel changes, including the promotion of new, Medvedev loyalists.

From Ljubljana to Munich

Political elites in the West, for their part, have *revanchist* dreams about Russia's foreign policy. Remember that, back when only the first hints about Putin's succeeding Yeltsin as President had appeared, Washington and other Western capitals viewed him with suspicion. They didn't expect anything good from an ex-KGB colonel.

"Who are you, Mr. Putin?" Western journalists kept asking him for a long time, but they received no answer.

Russia's success in the Second Chechen War, beginning in 1999, amplified their dislike for Putin. But then something unexpected happened. Putin, on his own initiative, suddenly

decided to shut down Russia's military bases in Vietnam and Cuba. George Bush understood this as a conciliatory gesture. At Bush's first meeting with Putin, in Ljubljana, Slovenia in the Summer of 2001, the American President uttered the now-famous words: "I looked the man in the eye. I found him to be very straightforward and trustworthy.... I was able to get a sense of his soul; a man deeply committed to his country and the best interests of his country."

On Sept. 11 of that same year, immediately after the terrorist attack on the Twin Towers in New York, Putin phoned Bush on Air Force One to assure him he had nothing to fear from Russia. The trusting personal relationship established between the two Presidents after that point promoted a warming of the overall atmosphere between the West and Russia—the U.S. exit from the ABM Treaty and refusal to prolong the START treaty notwithstanding.

There followed a strange period, which some people called "strategic partnership." It was distinguished, however, by a number of unilateral concessions on our part, while the U.S.A. continued to pursue a NATO *Drang nach Osten* [drive to the East] virtually unhindered, pushing ahead into the Commonwealth of Independent States (CIS) zone, and carrying out aggression in the Near and Middle East. Russia acquiesced to U.S. Air Force use of bases in Uzbekistan and Kyrgyzstan. It made almost no effort to block the Baltic countries from joining NATO. Its opposition to the U.S. invasion of Iraq was weak, practically a formality. Only in Iran did Russia continue to help build their nuclear power plant, despite loud objections from the United States. And there were no concessions in return, not even on trade issues. Instead came endless attacks on Putin's domestic policies, outside support for the "colored" revolutions in CIS countries, and financial and other sorts of aid to the pro-Western opposition inside Russia itself.

Finally, what had to happen did happen: Putin's Munich speech in February 2007, in which he unambiguously stated what he thought about Western policies, especially American. This was followed by some specific diplomatic moves on our part. The Western media started talking about a return to the Cold War. Relations with the West steadily deteriorated.

In this context, the promotion of Medvedev looks like a possible departure from Putin's tough policy, and a shift by Moscow to postures the West would find more acceptable.

Who Will Edge Out Whom?

In some Western publications, this prospect is laid out quite directly and undiplomatically. Take, for example, what the *Times* of London says:⁶

"Dmitri Medvedev is no stooge, as everyone seems to think. In fact the world will see a new Russian when he becomes President.... On March 2 he will inherit Mr Putin's



Antje Widgrube

President Putin addresses the Munich Conference on Security Policy, Feb. 10, 2007. He let the West know what he thinks about the expansion of NATO and other issues vital to Russia's national security.

phenomenal popularity and win the presidency by a landslide. He will also inherit Mr Putin's human ring of steel—his powerful Kremlin placemen drawn from the security forces—and Mr Putin himself as Prime Minister.

"The consensus inside and outside Moscow is that this will make Mr Medvedev a stooge, but it won't. Not necessarily. Mr Putin's legacy, much clearer than Yeltsin's, is to have created from the chaos of the 1990s a Soviet-style power structure in which the Duma is a rubber stamp and the "ruling" party is a massed cheerleading squad. The Cabinet exists to execute policy, not form it.... At the centre of this is the presidency, and Mr Medvedev, not Mr Putin, will be President.

"This matters hugely. It is true that Mr Putin will lead the United Russia party, formed to promote his increasingly paranoid nationalism, but United Russia has nothing on the Soviet Communist Party as a potential locus of power separate from the Kremlin. It's also true that Mr Putin has made clear his intention to "continue our common efforts in the capacity of prime minister" (translation: "cling to as much power as I can").... How much flows to Mr Medvedev remains to be seen, but this, at least, is clear: a real job is his for the taking. Contrary to the view that his anointing can only mean Putinism under new livery, real change in Russia's international role is entirely possible within the next

6. Giles Whittell, "The Man to Push Putin Aside," Jan. 2, 2008.

two years. . . .

“But even if Mr Medvedev is the cipher that Mr Putin once seemed to be himself, the fact of swapping jobs will create tensions on at least three fronts. Mr Putin hopes to keep control of most areas of domestic economic management but, as an ex-chairman of Gazprom, Mr Medvedev will at least feel qualified to interfere. Foreign policy Mr Putin has indicated he will leave largely to Mr Medvedev—but as the architect of maverick positions on Iranian nuclear enrichment and Kosovan independence, Mr Putin is unlikely to stand by should his protégé try to steer back towards the land of reason.

“Thirdly, Mr Medvedev will acquire instant and far-reaching powers of patronage. . . . The dance of the nervous appointees has started. . . .

“Beneath the mask of obedience, which is all any outsider has seen of Mr Medvedev so far, [is something else]. He was never a Chekist—never trained explicitly to lie—and may actually be embarrassed by the phony elections and Soviet nostalgia of the Putin years, the ridiculous jailing of Garry Kasparov and other opposition figures, the mawkish Putin personality cult and the latter-day Khrushchev that has become Putin’s persona abroad. If he isn’t embarrassed, he should be.

“But if he is, you read it here: in Mr Medvedev’s first term Mr Putin and his retro nationalism will be edged out of mainstream politics to the world of sport, where they belong . . . the Sochi Winter Olympics.”

Thus, the *Times* hopes that the successor will use his Presidential prerogative to depart from the main lines of Putin’s policies, as those have taken shape during his second term.

One can read something similar in our oligarchs’ press, and publications that are under their influence. For weeks, these outlets have been publishing political scenarios, guessing at who will be the first to edge the other out—the new President, the prime minister, or vice versa. This is no surprise, since Putin enjoys scant popularity in these publications. What’s striking is something else: that neither Medvedev, as the leading candidate in the upcoming election, nor Medvedev jointly with Putin, as the future ruling duo, nor United Russia, as the main political party, which nominated Medvedev and proclaimed Putin national leader, has come out with a clear electoral program, which would say plainly, in fundamental terms and in detail—in black and white, rather than vague phrases and jingles—exactly what the President and the prime minister are going to be doing during the next four years.

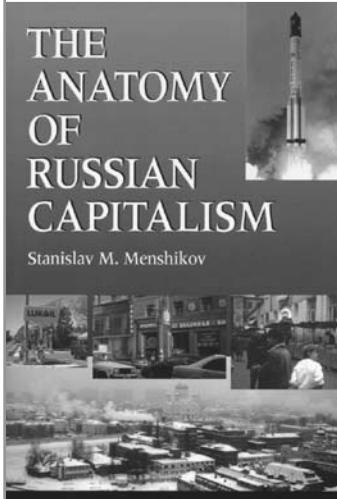
It is necessary for them to do this, not only to put an end to the power struggle scenarios and speculation over whether Medvedev might be a liberal or a *gosudarstvennik*, a pro-Western politician or a patriot. And, more concretely, whether or not he is going to deep-six the industrial policy and give up on plans for economic modernization, accelerated growth of

real incomes and pensions, stronger defense, and the policy of seeking a multi-polar world.

In the most recent period, state television, as if on command, has stopped talking about the industrial policy, plans to develop sluggish sectors of the economy, or investment projects financed out of the Stabilization Fund. What does this mean? Is it a routine attempt to downgrade the publicity profile of Medvedev’s erstwhile rival, Sergei Ivanov, or is it a harbinger of a coming retreat? The silence is ominous.

One gets the impression that Medvedev does not want to reveal his program before the election, because it contains too many unpopular measures, which will drive voters away. It became known, for example, that a pension reform is in preparation in strictest secrecy, and that the notorious Zurabov, now an adviser to the President, is involved. A rise in the pension age is anticipated. That would be a clear departure from Putin’s firm promise not to allow such a change. And it’s all being kept secret from the population. As one liberal expert said, “The population doesn’t need to know everything.”

But the voters should not have to go to vote with their eyes tightly bound, believing empty promises to follow “Putin’s plan.” Voting for a candidate who lacks an elaborated program, or hides the one he does have, is like buying a pig in a poke. It’s not what thinking Russian citizens should be doing.



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