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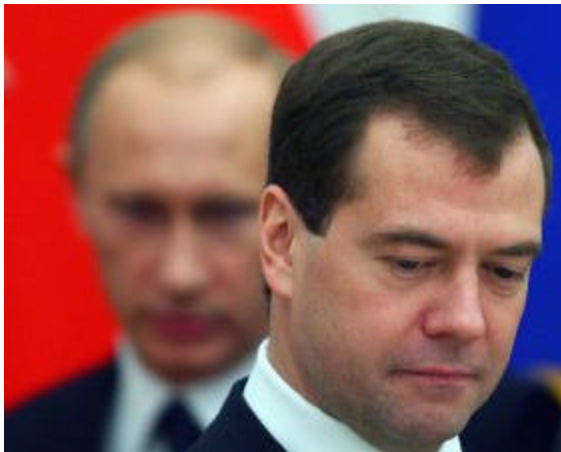
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Medvedev Makes His Move

By Ethan Burger and Mary Holland

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Dmitry Medvedev has been president of Russia for almost a year. Is he now planning to take power?



ALEXANDER NEMENOV/AFP/Getty Images

Moving to the forefront: In recent weeks, Dmitry Medvedev has taken steps to distance himself from his mentor, Vladimir Putin.

When Vladimir Putin stepped down as president of Russia last May, he left little to chance. Just as his predecessor Boris Yeltsin had anointed him, Putin made sure that his loyal protégé of 20 years, Dmitry Medvedev, would take his place. Putin took the helm of the country's dominant political party, United Russia, and then, as prime minister, expanded that position far beyond what the Constitution envisions. Although Putin rearranged the musical chairs, he continued to call the tune. Until now.

So long as Russia's oil-fueled prosperity soared, people accepted Putin's implicit bargain: government corruption and constricted civil rights in exchange for rising living standards. But today, with Russia's economy in shambles, this social contract is fraying. Ordinary Russians are already taking to the streets demanding the type of change Putin is unlikely to deliver. He epitomizes the KGB old guard who got Russia into this mess. Sooner or later, he will become the Russian financial crash's most prominent victim.

Medvedev, a lawyer by training and instinct, offers perhaps the only realistic hope of turning Russia around, but he can't operate freely while Putin is still effectively in charge. Seemingly aware of this, Medvedev has, in recent weeks, taken steps to distance himself from his mentor and might be setting the stage to force him out of government.

When Medvedev became president in May 2008, the world economic situation seemed stable. Oil was more than \$140 a barrel and Russian political leaders were riding high. With living standards rising for most Russians, political elites enjoyed the luxury of not having to make hard choices.

By late 2008, though, the global financial crisis was in full swing. The Russian leadership was slow to grasp it, blaming the West for its profligacy and suggesting that Russia would be immune. Soon, however, the country experienced a triple shock: oil dipped below \$40 a barrel, demand for Russian exports sank precipitously, and Western financial institutions began calling in their loans.

By February 2009, the ruble had depreciated to 36 rubles to the dollar, illustrating the ongoing loss of faith in the Russian economy. As a result, the cost of dollar-denominated imports increased substantially. The official unemployment rate hit 8.1 percent, and most observers project further increases in the near term. Not surprisingly, public approval of the country's political leadership fell. Although public opinion polls do not yet show massive discontent or unrest, they do show a pronounced downward shift.

Medvedev has always styled himself as something of a reformer. As the crisis has worsened, the president has been especially careful to distance himself from Putin. Policy differences between the two men -- on the response to the financial crisis, the locus of prosecutorial power, the use of force against protesters, the tenure of judges in the courts, and the definition of treason, among others -- are serious and growing.

The stylistic gap is also expanding. Medvedev has made official statements on the assassinations of human rights advocates Anna Politkovskaya, Stanislav Markelov, and Anastasia Baburova that differ markedly in tone and substance from Putin's responses. Medvedev strikes a different, less nationalistic, and more tolerant tone than Putin on questions of Islam and national security.

These differences are fundamental to each man's character. Putin, after all, is the product of the KGB, the government-sanctioned plutocracy, and the Cold War. Medvedev is the son of the Russian intelligentsia, the legal academy, and the post-Soviet world of global integration and opportunity. Although they have worked closely together for 20 years, they are quite different, and in the context of a political rivalry, have different constituencies.

Russians have noticed the widening split. In February, the weekly business publication *Kommersant-Vlast* printed a collection of opinions titled "Will Medvedev Sack Putin? Is It Time for Prime Minister Putin to Answer for Results of Anti-Crisis Efforts?" Although the discussion does not provide a definitive answer, simply posing the question is provocative in a country where the government has muzzled the press for years. Meanwhile, Medvedev's popularity is growing. According to a February 2009 national survey, 73 percent of those polled said they trust him, compared with 56 percent in 2006. Although it is impossible to predict what will happen, one thing is certain: The current power dynamic is shifting, and shifting fast. If the trend continues, Medvedev will undoubtedly begin asking himself why he is still playing second fiddle.

Of course, it's one thing to make soothing reformist noises; capitalizing on the resulting public accolades is quite another. The prime minister is undoubtedly a cunning adversary, but he does have vulnerabilities. For instance, Medvedev could be laying the groundwork for a move against Putin by making his war on "legal nihilism" and corruption the centerpiece of his domestic policy. In May 2008, he started a campaign to create new laws and structures against corruption. This is nothing new, every Russian leader publicly reviles corruption while doing little or nothing to check it, if not in fact reveling in it.

In the Putin era, though, the scale of corruption has mushroomed without any real oversight from law enforcement, the legislature, the media, or civil society. What's more, the prime minister and his closest allies are implicated. Stanislav Belkovsky, the Russian political analyst and insider, gave sensational interviews in November 2007 to *Die Welt* and *The Guardian*, stating that Putin was worth approximately \$40 billion. He said Putin was the beneficial owner of 37 percent of Surgutneftegaz (\$18 billion), 4.5 percent of Gazprom (\$13 billion), and half of a Swiss-based oil-trading company Gunvor (\$10 billion), run by a former St. Petersburg KGB agent. If true, this fortune would make Putin one of the richest people in Europe and probably the world. It would also make him one of the most corrupt. While in good economic times most Russians were content to look the other way, in these bad times, they may demand more accountability.

So for Medvedev, the new anticorruption law, which he shepherded through the Duma in December 2008, presents a potential opportunity to intimidate Putin and his supporters. The legislation prohibits conflicts of interest, requires government workers to report income and property, and mandates them to report on coworker noncompliance. It is tailor-made for a behind-the-scenes assault on Putin's power and legitimacy. Most of Putin's friends and allies throughout government and major corporations would no doubt find it challenging to provide full asset disclosure and transparency about conflicts of interest. With a new anticorruption law in his arsenal, Medvedev has a weapon of choice.

Although legislators attempted to water down certain provisions and postpone the law's taking force, Medvedev prevented substantive changes to the legislation. Medvedev's visible, personal involvement in this anticorruption effort suggests that it may be different from past shams.

On the personnel front, Medvedev is also distinguishing himself from Putin, appointing 1,000 new top managers to fill key government positions. This recruitment drive, announced last summer, is a response to the difficulties the state is facing in identifying and recruiting

competent personnel for public service. It also highlights the lack of a proper recruitment system for government posts and the need for a new generation of managers to replace the Soviet era *nomenklatura*.

Notably, Medvedev has reached out to communists, nationalists, and liberals alike to create the pool of potential applicants rather than giving preference to United Russia. Although some of the "Golden 1,000" were prominent during Putin's presidency, the list does not appear to contain close Putin advisors. With these appointments, Medvedev is placing himself at the vanguard of a generational shift in Russia's political leadership.

Interestingly, Putin may have sealed his own fate years ago by establishing a legal precedent for his own ouster. Shortly after Yeltsin transferred temporary presidential responsibilities to Putin on December 31, 1999, Putin issued Presidential Decree 1763, granting Yeltsin and his family lifelong immunity from criminal prosecution, administrative sanction, arrest, detention, and interrogation. If push comes to shove, it's not far-fetched to imagine Medvedev offering the very same arrangement to Putin.

If the two leaders cannot work out a quiet deal, then Medvedev might decide to use the new anticorruption law against a proxy. He would likely choose someone reasonably close to Putin with a similar KGB or law enforcement background: in Russian parlance, a *silovik*. The government would prosecute a current or former official for failure to disclose accurate income and asset statements, report subordinate noncompliance, or identify conflicts of interest. Once the government started such a prosecution for corruption, the message to Putin supporters would be clear: Watch out or you could be next.

Why would Medvedev turn on his political godfather? For political survival for the government, himself, and even Putin. Unless there is some fall guy for Russia's economic fiasco, the whole regime could topple. Counting on Russians' weariness with tumult and revolution, Medvedev may hope that dumping Putin will be enough to keep the system intact.

The time is close when Medvedev is likely to offer Putin a deal he can't refuse. This true power shift, unlike the symbolic one last May, might be Russia's best hope to navigate peacefully its deepening economic and political crisis.

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