

PUTIN'S YEAR

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The fact of Vladimir Putin taking office in Russia was supposed to lead, as was widely expected, to profound changes in the political and economic spheres. Instead, during the first year of his presidency, most of the actions initiated were aimed at consolidating presidential power and developing means of control over the situation in the country. These actions have achieved modest success, as they have decreased the political role of the circles that until then had been keeping a check on the presidential power. However, there is still a series of factors that can limit the Kremlin's influence on the situation in Russia.

Out of the numerous ambitious reforms that were to have been effected in political, social and economic spheres, hardly any have been carried out – almost exclusively those that concerned administrative and fiscal issues. The second half of the year bore witness to a decrease in the dynamics of the reform process, and the authorities' lack of consistency in taking their actions became clearly apparent. This was due, among other reasons, to some objective difficulties and to the great complexity of the planned reforms. Another important factor was the diversity of the central power apparatus, which was divided into informal groups, each of which often had divergent interests and a different vision of the country's development. A further factor was the lack of political will on the part of the key decision-makers, with President Putin at their head.

On the increase, in return, was a menace to freedom of speech, the rule of law and building a civil society in Russia.

In order to achieve the objectives set by the Russian authorities – and particularly in order to modernise the country and reach the fast rate of economic growth that will allow the gap between Russia and the most developed countries of the world to be bridged, and secure Russia a respected place in the international arena – it would be necessary to take decisive actions. These would include, in particular, attracting foreign capital by accelerating the process of essential reforms and – first and foremost – initiating structural reforms that would lessen Russia's dependence on the international economic situation; deregulating the economy, and limiting the complex and ineffective functioning of the welfare state. As far as internal policy is concerned, the following would be conducive to development: maintaining civil liberties, mechanisms of democracy and gradual building of a civil society (the 'liberal' model). An alternative to this approach would be to make purely cosmetic changes that lead towards economic stagnation and further consolidation of the state's control over socio-political and economic life. If social tensions were exacerbated, the

authorities would attempt to consolidate society in the face of alleged external enemies, which would result in a significant enhancement of authoritarianism (the 'conservative' model). It seems that despite favourable political and economic conditions – prosperity and strong social support for the President – the authorities have not decided yet on consistent implementation of the 'liberal' model. The current Kremlin policy is based on steering the middle course between the two options: attempting to combine semi-authoritarianism (while maintaining formal democratic institutions) with semi-liberalism in the area of the economy. The continuation of such apolicy and inconsistent implementation of reforms can, with time, make Russia drift into the 'conservative' model through recession. The implementation of the 'liberal' model (at least in the economic sphere) is still possible, but it would require profound personnel changes in the state apparatus, and agreement upon its common ideology and programme. It would also require the Kremlin to give up the imperative of political consensus on implementing the reforms and approving the temporary social costs related to the reforms. In the spring of 2001 we have seen, as a matter of fact, some attempts to accelerate reform implementation and the presidential address to the Federal Assembly was delivered in a spirit of cautious liberalism. The question of the authorities' political will, however, still remains open.

A full year has passed since Vladimir Putin was sworn in as the President of the Russian Federation on 7 May 2000, five months after he had taken over the duties of the head of state from Boris Yeltsin. This fact may induce us to try and sum up the changes that have occurred in Russia under the rule of the new leader.

The following text is an overview of the reforms implemented by the Russian authorities over the course of the year. It also points to those reform-oriented actions declared earlier, which are either being implemented after some delay, or which have not yet started at all. The way the reforms have been implemented is also assessed.

This text gives us a better view on the main trends for changes that have recently come into being in Russia during the period discussed. The tendencies are a result of both the reforms declared, and other actions on the part of the authorities, as well as of the processes taking place in the country.

The text ends with some general conclusions and forecasts for future developments.

I. Russian reforms: plans and implementation

The necessity to carry out far-reaching reforms in both the political-administrative and socio-economic spheres was already heralded in consecutive policy speeches delivered by Vladimir Putin: the speech entitled **'Russia at the Turn of the Millenniums'**, delivered by Prime Minister Putin at the convention of the pro-Kremlin movement 'Unity' on 29 December 1999 [see Appendix I], and **'Vladimir Putin's Open Letter to the Russian Electorate'** published on 25 February 2000. These were full of slogans promising to rebuild Russia, to overcome crisis phenomena, to consolidate the state and to create an effective economy that would ensure proper economic growth. This was all supposed to take place in an evolutionary way, without shocks. The declared imperative was not to lower the citizens' standard of living.

Such vague slogans, however, could not substitute for a real programme of reforms. After six months of official work on the programme, it was drawn up in May 2000. Its authors are specialists from the Center for Strategic Studies, which was set up in autumn 1999 on the initiative of Prime Minister Putin. German Gref, who enjoyed the President's confidence, headed the Centre, and it was with his name that the prepared **'Development Strategy until 2010 for the Russian Federation'** was most often signed. This very extensive document (around 500 pages), which contained a detailed plan of reforms to be implemented in the political-administrative, social and economic spheres, has never been published in its full version. In May 2000 the 'Priority Action Plans' that had been attached to the document were leaked to the press. After Gref's programme had been amended, it was provisionally adopted by the government (the programme was simultaneously submitted for further discussion). At the end of July, on the basis of this programme, the cabinet adopted another document entitled **'Main Actions of the Government of the Russian Federation in the Field of Social Policy and in Modernising the Economy for 2000–2001'** (published). The government document specified – in comparison to Gref's version – certain plans for legislative actions, it changed certain dates and, principally, it completely excluded the political part of the programme (as being outside the government's competence) [see Appendix II]. An abridged 'Gref programme' became the programme of Mikhail Casianov's government. However, having confirmed his mandate in the March 2000 elections, President Putin presented an official interpretation of his policy in his **'Address to the Federal Assembly'**,

delivered on 8 July 2000. At the end of March, following further work on the 'Gref programme', the government provisionally adopted new versions of a medium-term programme and a short-term programme for 2001–2004 (which are still to be worked on). New declarations, concerning economic reforms in particular, were included by the president in another **'Address to the Federal Assembly'**, delivered on 3 April 2001. Eventually, at the end of April, a programme for economic policy in the near future, prepared jointly by the government and the central bank, was adopted and the President presented the budget policy guidelines for 2002.

1. Reforms that have been implemented or reforms that are still being implemented

In May 2000, after Vladimir Putin had been sworn in as president, the Russian authorities started to implement both the declared reforms and changes that had not been previously mentioned. These actions concerned mainly the sphere of power, including personnel policy, relationship with the regions, relations with media and big business circles. To the observers of the Russian political scene, it all appeared as if far-reaching changes to the country's political and economic systems were being made. With time, however, other tendencies became visible as well. In some cases, when it faced political resistance, the Kremlin started to compromise and the radical spirit of its actions – particularly in the socio-economic sphere – faded. Autumn witnessed a slowdown in the pace of certain reforms. Many of the actions which had been previously heralded – especially in the area of liberalising the economy, reshuffling the structures of power and reforming the police – were put on hold or did not start at all. Consequently, the total effect of the reforms implemented during the first year of Vladimir Putin's rule was not as impressive as had seemed at first. In 2000 and in the first quarter of 2001 the following reforms were implemented:

A. In the political-administrative sphere

■ Reform of administration and of federal relations

This reform involved several decisions. First of all, the creation – in May 2000 – of new units of federal administration (which do not, however, constitute a new level of administrative division, and do not change the status of the federal authorities) – 7 Federal

Districts (FD) and the appointment of presidential representatives in the FDs. At the same time the process of setting up branches of federal bodies in the FDs began, including, first and foremost, the police and secret service. The presidential representatives in the FDs gained – formally – supervisory powers (but not ruling powers) over regional administration.

The President also started work on certain legal acts targeted at changing the way the Federation Council (FC) – the upper chamber of the Russian parliament – is composed, and introducing the possibility of dismissing the heads of the executive and to dissolve regional legislative bodies if they infringe the law. In August 2000 the President introduced the bill's adoption by both chambers of parliament. In its final version the bill stipulated that the regional heads of the legislative and the executive would lose their seats in the FC (as well as their senatorial immunity), but they would gain the right to appoint FC members. These changes are being gradually implemented until the beginning of 2002. The President also gained the right to dismiss heads of the executive and to dissolve regional legislative bodies if the law is infringed, but this procedure was subject to judicial control. The heads of the regions gained the right to dismiss the heads of local governments of smaller cities and, by analogy, the President gained the same right towards the mayors of larger cities.

A process of screening regional legislation was also started, in order to harmonise it with the constitution and with the federal legislation (according to the President himself, 25% of regional legislation was at variance with the latter). At the end of 2000, according to the reports of the authorities' representatives, 70% of the legislation that had been at variance with the federal law had been successfully harmonised. The process has not been completed yet. For 2001, the authorities are planning to settle the issue of clear division of powers between federal and regional bodies.

B. In the social sphere

■ Social welfare reform

The process of abolishing most social allowances has started. Some of them are being substituted by salary raises and offers of individual help for those who need it most. This provokes objections from both left-wing and conservative forces. President Putin personally intervened in the issue of abolishing allowances for military men – by means of forcing the government to compensate for that through a salary rise. This reform has not been completed yet.

C. In the economic sphere

■ Tax reform

On the initiative of the government and in compliance with the Gref programme, the parliament has passed part of the Tax Code. It introduced fundamental changes to personal income tax (NIP). A low, 13% flat tax rate was fixed. The changes entered into force from the beginning of 2001. Despite controversies, a uniform social tax with a regressive rate was introduced (in place of write-offs for 3 different funds). It was, however, agreed that the process of standardising funds would progress gradually. Besides, the Code provides for rises in some VAT rates and excise duty (particularly for petrol and cigarettes). The part of the Code concerning corporate income tax is in the pipeline. It is expected to enter into force at the beginning of 2002.

■ Customs policy reform

The government reduced the number of tariff units, and reduced duties on certain groups of commodities. The changes came into force at the beginning of 2001. However, the scope of reductions was lower than originally planned, due to strong pressure exerted by lobbyists.

The Customs Code is currently being worked on. There are plans to change customs duty rates further, and to reform the customs administration system.

■ Reforms for removing bureaucratic barriers in the economy

The Ministry of Economic Development and Trade prepared a package of bills that included the elimination of licensing procedures for certain types of business activity, and introduced the 'one-counter' principle in administrative procedure concerning business activity, as well as a significant simplification of the procedure. The bills met with opposition in the government. The cabinet adopted some of them in February 2001 after the intervention of President Putin. The bill to limit the scope of licensed business activity was approved of by the government at the end of March 2001. The bills were then submitted to the State Duma. Despite heavy pressure from ministerial lobbies to keep licenses and even widen their scope, the list of types of business activity

licensed at federal level was successfully narrowed down in the project from about 500 to 100.

■ Reform of financial relations between the centre and the regions

The system of collecting taxes and redistribution of income from taxes is being gradually simplified. In the state budget for 2000 the percentage of income from taxes collected by the central budget increased in relation to the percentage collected by regional budgets from 52.8% : 47.2% (1999) to 56.5% : 43.5% (2000) respectively [data from *Russian Economic Trends*, Russian-European Center for Economic Policy, March 2000]. Despite attempts to put up opposition, the regions have since 2001 been losing their control over redistribution of part of their income from VAT tax, social insurance and highway funding (99% of personal income tax remains currently in the regions, and the entire income from VAT tax goes to the central budget). At the same time financial transfers to the regions, regulated in the budget, are on the increase.

Almost all of the aforementioned reforms faced opposition from some deputies in the State Duma (particularly the leftists), the heads of the regions and conservative pressure groups both outside the government and among its members. That is why the final version of the reforms was a kind of compromise, though still much closer to the original drafts made by the President and the government.

2. Reforms declared, but still not implemented

However, there is a much longer list of reform-oriented actions that have been subject to significant delay or whose implementation has not started at all, although they were heralded in speeches made by the President, in the 'Gref Strategy' and in the Priority Action Plan adopted by the government. These reform-oriented actions included measures of utmost importance for the future of Russian economy.

The following are worth highlighting:

A. In the political-administrative sphere

■ Reform of the judiciary and public prosecutor's office

This reform is intended to strengthen the role of the courts at the cost of some limitation of the public prosecutor's powers, to improve the functioning of the courts and to limit judicial immunity, and at the same time to introduce the idea of a term of office for judges. The reform provides, among other things, for the introduction of a term of office for those who perform executive functions in courts; setting a retirement age for judges; simplifying the procedure of summoning judges to penal responsibility; establishing a Judicial Chamber to settle disputes between courts as to their cognisance; increasing both the number of judges and expenditure on the judiciary, and limiting the prosecutor's role in the proceedings. Some of the reform's guidelines aroused controversy among judges and liberal groups in connection with their fears of real limitation to the independence of the judiciary. The only element of the reform that is still being implemented is the establishment of separate administrative courts (the legislative process is now taking place). It has been announced that a package of bills concerning the reform will soon be submitted to the State Duma. In 2001 the President submitted, but then withdrew, a draft on changes to the Code of Penal Procedure that would deprive the public prosecutor's office of the right to decide on detention, and would devolve this competence to the courts (in compliance with the constitutional norm). The parliament also failed to pass, upon a motion of the public prosecutor's office, other legal changes limiting the powers of the office. So the reform of public prosecutor's office has not actually started.

■ Reform of party system and election law

A bill on political parties is going through the legislative process. An amendment to the election law is in the pipeline. The amendment stipulates, among others things, that the requirement of membership in a party be increased to 10,000 members and that it should be necessary to have branches in at least half the regions of the RF. The parties would be obliged to stand in elections, and they would receive financing from the state budget. Only political parties would have the right to put up a candidate for parliamentary and presidential elections.

■ Reform of security structures

The Gref programme provided for establishing a National Guard subordinate to the President and also to municipal police outside the structures of the Ministry of Internal Affairs. However, nothing has been done in this matter and there is no information as to what the authorities intend to do further.

According to unofficial information, however, there are plans to combine most of the secret service into a single structure. There has also been a recent proposal to extend the competence of the Federal Tax Police Service, and the management of the Service has been pushing it through. However, the proposal has encountered opposition from the deputies to the State Duma and so the legislative body has not begun proceedings.

■ Reform of armed forces

The reform of armed forces is intended to achieve the rationalisation of their structures and of defence expenditure, and should create conditions that are conducive to army modernisation, increasing army mobility and creating a professional army. The plans for changing the armed forces' structure are the subject of a dispute in army command circles. The dispute especially concerns the role of the nuclear and conventional components of the armed forces, and also the organisational subordination of some army units (particularly strategic rocket artillery). At the Security Council forum, a decision has been taken about limited changes in this area only, and all major changes have been put on the back burner until 2006. A decision was taken to reduce the number of armed forces by 365,000 soldiers and to reduce, by analogy, the number of soldiers in other military groups (a 20% reduction in general until 2005). This reduction, however, is only of a formal nature because the starting data refer to the state of affairs in 1997, and in most types of armed forces the target ceilings have already been met. At the beginning of April 2001 the President made personnel changes in the structure of the forces, which he explained as necessary due to the need to accelerate reforms. Consequently, a direct result of those changes was that the secret service and the presidential circles enhanced their control over armed forces.

B. In the social sphere

■ Pension reform

This reform has not yet entered the implementation phase. Within the framework of the reform, there are plans to introduce changes to the principles of pension indexing and the principles according to which pensions are calculated, for instance by creating individual pension accounts and private pension funds. However, the authorities have not succeeded in agreeing upon a uniform concept of the reform. Instead, the authorities have increased pensions by symbolic amounts. But the average pension is still lower than a subsistence wage. The arrears in payment of pensions, however, have to a large extent been eliminated.

■ Reform of health care system

The implementation of the reform has not yet started. Within its framework there are plans to establish health insurance funds, increase the independence of health care institutions and to introduce the possibility of their partial privatisation. It seems, however, that there is strong resistance to this reform among left-wingers; and there is no knowing whether the reform is going to take place, or if it does what its final form will be.

C. In the economic sphere

■ Reform of banking system

According to the authorities' announcement, a review of the situation of the banks has been conducted. A bill on the role of the central bank in the system was adopted, and another one on financial guarantees for customers of banks that go bankrupt was also adopted. It is also planned, among other things, to conduct renewal or bankruptcy proceedings in some of the banks (these plans, which had already been announced during the 1998 crisis, were not actually carried out) and to increase the acceptable share of competition from foreign banks on the internal market (from the current 12%). The implementation of the core of this reform is planned for 2001.

■ Reform of property relations

In the face of strong resistance on the part of the kolkhoz lobby and some parliamentarians, the authorities have for the time being given up plans to pass the Land Code in the version which introduces private property and free trading in all types of land. In March 2001 the parliament voted on changes to the Civil Code that sanctioned private ownership of non-agricultural land. The authorities came up with compromise proposals concerning permission to trade land. In March 2001 – with mediation from President Putin – it was initially established that the issue of trading in agricultural land would lie in the hands of individual governors. This compromise does not fully satisfy either of the parties; it actually sanctions the status quo and it infringes on the principle of uniformity of legal space in Russia. This issue needs to be regulated by law, but until now there has been no such initiative. At the end of April the government adopted a draft of the Land Code; the issue of trading in agricultural land was excluded from it, and the draft was submitted to the State Duma. Besides, a bill was prepared which would introduce strict procedure for property nationalisation in special cases, intended to impede annulments of privatisation processes, but the legislative process has been delayed.

■ Reforms of natural monopolies

Reform of Gazprom, the gas monopolist, has not started and is still being put on the back burner. It is currently planned that the reform will start in 2001. (The Gref programme initially provided for the allocation of prices for extraction, transport and export of natural gas). It does not seem possible that the reform would start before a change in the post of Gazprom's managing director (as Rem Viakhiriev is supposed to step down), which is expected to take place in spring 2001.

In December 2000, after several months of discussion, the government adopted a draft plan for restructuring the electrical power engineering monopolist, the Joint Power Engineering systems company (RAO JES Rossii), which was presented to the government by the company's management. This plan was heavily criticised by the presidential aide for economy, the heads of the regions and some parliamentarians. In January 2001 President Putin decided that further consultations were necessary, and no decision was taken as to the schedule of restructuring.

For several months discussions have been going on about reforming the railway system. Draft plans for restructuring predict the breakup and partial commercialisation of the railway system, and the gradual admission of competition onto the transport market. The plans have not been adopted yet and the reform has not started. However, at the end of April 2001 the government decided to standardise transport fares in railway transport, as their diversification for domestic and international ones often led to economic abuse.

II. Assessing how the reforms have been implemented

The authorities have been trying to advertise the plans of reform-oriented actions and to present them – particularly abroad – as being very far-reaching and profound. This was most visible with the Gref programme, which has not actually been fully adopted yet. The programme was one of the arguments that the Russian authorities used in negotiations with the International Monetary Fund (without, however, successfully coming to an agreement). The changes that have in fact been implemented were quite limited.

President Putin first of all initiated those changes that could give him more power and more means to control the situation in the country. His position on those issues was quite clear and his attitude quite firm, although it did leave some room for compromise. A particularly good example of this attitude was the reform of administration. However, the implementation of certain reforms obviously lacked political will. This particularly applied to particular structural reforms in the economy and, social reforms that limited the role of the welfare state.

These reforms have not been implemented with equal intensity. After the period of spring-summer activity in 2000, autumn witnessed a slowdown in the reforming process. In winter and spring 2001, however, the Kremlin enhanced its activity once again, obviously trying to make up for some of the delays.

Undoubtedly one of the reasons for the delays and negligence that occurred on the way in the field of economic reforms was the objective difficulty in carrying them out. One example is once again the reform of the Joint Power Engineering systems (RAO JES Ros-sii), or the reform of Gazprom.

The complexity of property relations, the complicated and unhealthy way the power engineering market functions (including a spiral of mutual debt), and also its inevitable influence on the social situation (considerable price rises of energy carriers for individual customers) could not possibly be conducive to making radical decisions in this sphere.

Besides, other crucial factors have impeded reforms, particularly strong opposition to some reforms on the part of various lobbies, and also some parliamentarians and regional authorities. For instance, the oil and gas lobbies were against radical restructuring of RAO JES and liberalising the market in electrical power engineering – as that would mean, in the longer term, the increase of extraction costs; the lobby of governors also voiced its opposition, as it did not wish to lose control over the allocation of allowances in energy prices or of the revenue from shares of local agencies; conservative forces (communists, agrarians and regional representatives) in the State Duma did not want to let Gazprom undergo restructuring, nor did they want full legalisation of private property and free trading in land.

Opposition to some reforms was visible also within the government and in the structures of other federal administration bodies. Many of the changes planned were blocked at the stage of inter-ministerial consultations. Each Ministry was involved in trade lobbying; they defended their powers and sources of income. Such activities resulted, for instance, in reducing the scope of planned reductions in customs duty rates, and limiting the list of licenses and concessions to be abolished. One of the factors that impeded changes was also the involvement of some high state officials in unhealthy connections implying frauds and corruption. The most suspected Ministries were those of Transport and Nuclear Power Engineering, which were headed by people linked with the so-called the Kremlin 'family'.

Another factor which was not always conducive to radical actions was the attitude of the key decision-maker – President Putin. The President did not engage in any disputes about reforms, and he only intervened in exceptional cases. A good example was his detachment from the very bitter dispute over the pattern of RAO JES Ros-sii's reform (the dispute led to clashes between leading politicians from the government and the presidential administration). After a longer period of keeping a low profile, however, the president presented 'compromise' solutions to the heated debate on

private ownership of land, and also intervened in the issue of deregulation bills.

The majority of issues that have aroused controversy and entailed severe consequences for society have been kept in abeyance by the authorities, who have engaged in lengthy consultations. The President's method was to appoint one commission after another, and to let the different views confront each other. An example can be the Governor Ishayev's commission, which drew up a concept of reform that was to be compete with the Gref programme. After it had been presented, President Putin ordered both – almost completely contradictory – programmes to be combined!

It seems that the President's key motive was a wish to maintain high social support. The President did not want to be associated with any disputes, or with any decisions that have severe socio-economic consequences for society. Moreover, by making constant attempts to reach a compromise, Vladimir Putin wanted to maintain the impression of a consolidated society, which was a fundamental slogan of his actions.

In April 2001 certain symptoms seemed to herald a change in the President's attitude towards reforms and the will to accelerate the process. In his official speeches the President started to give unambiguous support to the liberal model of socio-economic reforms. The presidential address to the Federal Assembly delivered at the beginning of April 2001, which emphasised economic reforms, was a declaration of a policy of cautious economic liberalism. Other heralds of such policy were included in other documents on economic issues that were adopted by the President and the government (including the President's budget message for 2002). The pressure on the government and the parliament, which was coming from presidential circles, increased. It is too early, however, to assess whether it constitutes the beginning of a new Kremlin policy, and whether it means that the idea of political consensus and stability has been given up.

III. Principal changes in Russian political and social life under Vladimir Putin

Apart from the aforementioned reforms, the Russian government together with Putin have undertaken a number of other steps. This led to specific changes, in comparison with Boris Yeltsin's times, as far as domestic policy is concerned. It is worth characterising some major tendencies in this field, paying particular attention to political and social issues. Assessing the consequences of economic reforms requires the situation to be presented from a wider perspective.

Under Putin's rule, genuine political opposition has effectively disappeared from the State Duma, or lower house of Parliament.

The composition of the State Duma after the December 1999 election reveals the domination of groups obedient or loyal towards the Kremlin. The character of left-wing (communists and agrarians) and right-wing (liberals of the Yabloko and SPS) groups' opposition towards the President is symbolic or purely verbal in character. The State Duma has thus become nothing but a tool of legislative politics in the President's hands. Nevertheless, the State Duma is resisting some projects initiated by the Government, especially those concerning the most controversial issues, such as tax reform or the budget. The objection of the communists and agrarians in the State Duma has contributed to postponing the decision to pass the Land Code.

The political stance of some fractions and groups of the State Duma deputies is not infrequently inspired by informal rival groups in the central government apparatus (as was proved by an unsuccessful attempt to introduce the vote of no confidence in Kasyanov's government).

The influence of regional leaders on the President's authority was weakened in the course of last year, although their regional position remained quite strong.

The administrative reform now being carried out means that regional leaders are losing the importance of their role as significant political actors on the national stage, and that the position of the Federation Council has also dwindled. Regional leaders have their representatives in the Federation Council (every time a regional election takes place). The regions' control over the redistribution of budget income has also diminished. Furthermore, the central government has sup-

pressed all attempts made by some regions to operate their own independent foreign policy. On the other hand, the Kremlin's control over the regions is not total; the Kremlin has apparently not worked out a holistic strategy for its regional policy. Despite their efforts, the President's representatives have not succeeded in fulfilling their function of controlling the regional leaders. The relationships between some regional authorities and the President's representatives in certain federal districts have become more and more tense, as the latter aim to increase their real power. While forcing administrative reform, in some issues (such as hindering the procedure of dismissing regional leaders by the President, or extending the governors' power) the Kremlin has conducted a give-and-take-policy towards the local authorities, which lets them maintain a strong position in their regions. The President accepted a statutory amendment which allows regional leaders to stand for election to the third term of office. The Kremlin rarely took an active part in any regional election campaign, and the candidates it did support were often defeated. The Kremlin took advantage of administrative methods or pressure to get rid of inconvenient governors only in exceptional cases (such as in the Kursk district or the Chukotka area).

Instead of threatening (as was the case with the administrative reform), the President continued to multiply incentives for the regional leaders. A vital factor of this policy was the creation of the President's consultative body. The State Council, in September 2000, to which all the regional leaders were invited. The President has paid particular attention to the functioning of the new extra-constitutional body, and has sent it the more important projects for social and economic reforms, which in consequence led to their postponement.

Apart from a very few exceptions, there are no real opponents to the Kremlin among the regional leaders. However they still have some tools at their disposal which make them able to silently sabotage the Centre's policy. Their stance is of importance to the successful implementation of the Centre's reform plans, and to the enforcement of administrative decisions. Unfavourable social and economic conditions, and the limited extent of fulfilling the state's tutelary role, are also conducive to the situation.

The relationships between the representatives of big business – the so-called oligarchs (who constituted one of the pillars of the president's power in Yeltsin's system) – and the authorities has changed. These oligarchs have in general lost their political influence, but some of them are still taking

advantage of their strong links with the authorities to reap economic benefits. In the 'new reality', they have become petitioners striving for their personal and economic security. Political loyalty towards the authorities, and willingness to share income from running their businesses with the country, have become the main criteria for assessing their situation. Those who were less loyal could expect harassment on the part of the Prosecutor General's Office, the tax police and the Account Committee (the counterpart of the Polish Chief Board of Supervision). On the other hand, the Kremlin has not persisted in executing the principle of „debaring the oligarchs from power in equal measure.” Some of them, however, have remained in genuinely privileged relationships with the authorities. This particularly concerns Roman Abramovich (of the Sibneft company), Alexander Mamut (of MDM Bank) and Piotr Aven (of the „Alfa” group), who were connected with the so-called Kremlin Family and with high officials from the President's administration.

What the authorities need is constructive business cooperation, without which maintaining a balanced fiscal and budget policy will prove to be extremely difficult. Taxes from the oligarchs fill the Treasury. Moreover, the Kremlin expected them to provide financial support for some social initiatives and to invest in the Russian economy. Even the businessmen themselves have begun to get organised; in November 2000 twenty-seven Russian business leaders (apart from those closely related with the Kremlin) entered the Russian Union of Industrialists and Entrepreneurs, transforming the organisation into a strong pressure group.

The Kremlin's influence on the mass media, especially on electronic media with its wide range of possibilities for shaping public opinion, has also grown. Under the banner of liberating the media from the oligarchs' influence, the country has managed to expand its control over the media market. At first the Kremlin fully controlled the RTR television channel; then it took over the control of RTR's offices and finally, in February 2001, the financial and administrative control of the ORT television channel (hitherto controlled by the oligarch Boris Berezovsky). Since spring 2000 the opinionated media holding Media-Most (owned by Vladimir Gusinsky), which included the nationwide television NTV among other elements, has been subject to repression. At the beginning of 2001 the activities of the Prosecutor's General's Office, the tax police and other state services with the support of the holding's co-owner Gazprom, loyal towards the authorities, brought the threat of closure to Media-Most and of Gusin-

sky's imprisonment; Spain, however, has refused his extradition to Russia. Finally, in the first few days of April 2001, Gazprom – despite strong protests on the part of journalists and society – took full control of NTV television, as well as the majority of the holding's other media. The Kremlin thus acquired full political supervision over all national television channels.

Power structures have become valuable instruments of Putin's domestic policy, and have gradually turned into pillars of his authority.

The **Security Council** – formally considered as the President's consultative body regarding security issues – actually proved to be a forum for making fundamental political decisions. More new members have entered the Council, among whom was a group of representatives of the power structures; in May 2000 the President's representatives, and subsequently the chief of the General Staff, were co-opted into the Council. The range of this body's activities has also broadened. The Security Council apparatus indeed had certain sections that duplicated the Government's authority and played a significant role in formulating and reviewing the plans of the country's reforms.

In spite of what was expected, the Council's competence has not been formally expanded. It might have been connected with a general unwillingness to burden this body with formal responsibility for its resolutions. Putin's decision to dismiss Sergei Ivanov from his function as the Security Council's secretary at the beginning of April 2001 may initiate the diminution of this structure's importance which mainly resulted from Ivanov's position.

The role of the **special services**, and particularly of the Federal Security Service, in the country's structures has strengthened. These services constituted vital personnel resources and an analytical base for the structures of the country's authorities. Members of these authorities who fulfil important functions, and in whom the President places his confidence, come from the services.

The **army** has had more influence on formulating the principles of the country's foreign and security policy. The number of servicemen in the central administrative body has also increased. Putin has made an attempt to improve the armed forces' prestige. In spite of this, the army has not become an independent political power, and remains under the growing control of the special services (especially after the appointment of Sergei Ivanov as Minister of Defence, and after changes to the personnel of the armed forces' administration at the beginning of April 2001).

The Prosecutor General's Office, the fiscal inspectorate and other such institutions have in fact become tools of the Kremlin's struggle with its political opponents. Their role in the country has been augmented at the expense of the judiciary. The Kremlin intensified its pressure on the latter, mainly due to the intervention of the Prosecutor General and the special services.

The power of the prosecuting organs was spectacularly demonstrated in January 2001 when – under their influence – Putin made the unprecedented decision to repeal amendments to the Penal Proceedings Code which he had himself made before. They concerned depriving the Prosecutor General's Office of the right to sanction arrests as well as make searches; these rights were meant to be transferred to the courts.

Democratic freedoms in Russia, especially law and order as well as the freedom of speech, were threatened.

Despite the slogan of „the dictatorship of law” which Putin proclaimed, symptoms of **violation of the rule of law** have become more numerous. The law has been ever more frequently used in the service of extemporary political goals. The representatives of the home affairs department, the Prosecutor General's Office, the fiscal inspectorate etc. have resorted to encroaching on the procedures in force, as well as threatening or blackmailing the Kremlin's opponents. During the proceedings of an enquiry there were occurrences of the use of undue force. **Doubts whether judicial independence was respected** by the authorities and the special services arose during the espionage cases concerning Pope and Sutyagin, as well as the legal proceedings involving regional elections and the Media-Most holding. The planned introduction of tenure for judges may constitute yet another threat in that field.

All the activities Putin has initiated in the area of mass media have endangered the hitherto **unlimited freedom of speech** in Russia. Throwing the Media-Most holding into disarray may soon bring about the unification of all electronic broadcasting under the Kremlin's control. Journalistic circles are more prone to employ self-censorship. The Kremlin is given tools to limit criticism in the media, for instance under the pretext of protecting State secrets, by the changes envisaged in the press law, and by the „Doctrine of Information Security” passed by the Security Council and accepted by the President in September 2000.

The changes in legislature (concerning political parties and electoral laws to be introduced) which are now being realised may limit **the development of political pluralism** in Russia. In the 'new reality', only the most powerful among the already existing

political groups could expect to actively participate in the country's political life. All the changes that have been made give evidence of the Kremlin's drive towards forming the political stage in a shape desired by the presently governing party.

State propaganda in the media has been conducive to a xenophobic stance. The authorities strived to strengthen the state's role in social and political life, and created an atmosphere of menace connected with the alleged activity of foreign intelligence on the territory of the Russian Federation. The Kremlin took advantage of the national television channel which remained under its control to create a negative image of some western countries (the USA in particular) as well as some countries of the Commonwealth of Independent States (Georgia and Ukraine). This might testify to its wish to negatively mobilise the society on the basis of the image of an external enemy.

Despite the strengthening of the authority of the presidential institution, there are still a number of other factors that limit the President's authority.

The lack of homogeneity in the ruling group also limits the President's authority [see Appendix III]. People from three circles form a balance system of its own within the central government apparatus (i.e. in the Government, the presidential administration and the Security Council).

First of all there is the former '**Yeltsin group**', among them people connected with the so-called **Kremlin Family**, who loyally cooperate with the new President. The main interest of the 'Family' members focuses on counteracting attempts to explain and account for the economic abuses in which they had taken part. They are also concerned with supporting their business partners, and preventing any political and economic decisions that lead to clarifying the proceedings, increasing the state's control over money streams or putting an end to corruption. They have conservative groups which oppose the liberalisation of the economy on their side.

Secondly, there are the '**liberals**' – economists of liberal opinions supported by Putin – who do not form a close group. Among them there are those who at different periods of their career were connected with and promoted by the influential (until quite lately) Anatoly Chubais (the so-called **Chubais group**). These were the 'liberals' who created the ideas of current reforms ('Gref's programme') and in particular their economic aspects. What brings

them together are their concurrent views on the economy – they are convinced that there is a need to carry out definite reforms in the spirit of liberalism to limit the tutelary functions of the state and to fight with the 'grey area', diverse unhealthy practices and abuses in the economic field, mainly by deregulating the economy. The so-called **Petersburg group** is a heterogeneous group of the President's trustworthy co-operators who owe their careers to him. Most of them come from St. Petersburg, just like Putin himself. Some of them, the so-called '**Chekists**', used to work for the special services (the former KGB and the Federal Security Service), and can nowadays be characterised by deep personal loyalty towards Putin and a readiness to fight political opposition and the President's critics. They are convinced of a further need to strengthen presidential authority, to build a 'strong state' and to carry on the process of centralisation. They tend to support the process of augmenting state control of the economy, which they perceive as the main remedy for the multiplying abuses.

The partial divergence of the group's opinions and interests leads to conflicts in the government apparatus. Putin plays the role of arbiter in those conflicts.

The fundamental role of the widely-understood **power structures** in the President's circle also contributes to a narrowing of both Putin and the Government's room for political and economic manoeuvre, making the authorities reckon with their particular interests (as in the case of Chechnya policy or budget expenses on security and defence).

Another important factor which creates favourable conditions for the President's self-limitation in taking advantage of his strong authority is his **consideration for public opinion**. It can be inferred from the President's public speeches that he deems maintaining social and political stability, and mobilising common effort based on feelings of solidarity, an indispensable condition for the Russian reforms to succeed. Moreover, Putin cares about maintaining a high level of social support (about 70 per cent) which gives him a strong political argument against his opponents.

This all obliges the President to avoid taking radical decisions, defining his standpoint on controversial issues or to suggest a compromise between contradictory opinions and programmes, which creates a false impression of consensus. This also applies to the strategy of the President's activity of creating successive collective bodies (interdepartmental commissions) which are intended to diminish responsibility.

It should be also pointed out that there are other objective obstacles limiting the President's power. One such permanent factor is Russia's **extensive size**, which makes it difficult to introduce homogenous legislation and enforce administrative decisions. Some features of the Russian community's mentality are of similar, limiting character – informal rules and bonds prevail over legal regulations. The **low efficiency**, at different levels, **of the state machine**, resulting from their faulty organisation (also in the sense of an over-extended structure of the federal executive bodies and the Government's complicated decision-making process), the impotence of staff as well as various psychopathological bonds and phenomena, particularly corruption, contribute to all the difficulties in enforcing decisions.

General conclusions and forecast

1. The ruling group in Russia evidently does not have any homogenous and holistic strategy for the country's further development. Apart from its inner divisions, the group has diverse ideas of the country's politics. Putin's political stance is imprecise; he has tended to avoid assuming an unequivocal attitude towards controversial issues. The Russian leader has attempted to reconcile the task of modernising Russia with the task of social mobilisation. Ensuring economic growth and non-destabilisation of social situation have been his imperatives. Putin did not want to support any reformist activities that would entail – even temporarily – lowering the population's living standard and simultaneously putting his significant popularity in jeopardy.

2. The Kremlin's policy has been oriented at strengthening the President's authority and extending the instruments of control over the country's situation. The President has limited the influence on politics of some alternative centres which have impeded his authority: the parliamentary opposition, regional leaders, representatives of business and oppositionist media. Vladimir Putin has strengthened his real authority; however some limitations still remain. The Government has to make compromises with the Parliament; the Kremlin's control of regional situations is still incomplete; some oligarchs remain close to the authorities; the Kremlin has not yet acquired full political control over the media; informal groups of the central authority apparatus, which empower security structures and numerous lobbies, influence the Pre-

sident; Putin is preoccupied with maintaining a high level of public support.

3. The authorities have carried out some significant administrative and fiscal reforms. However neither fundamental economic and social reforms, nor any crucial changes in the area of security and administration of justice have yet been made. Besides some objective difficulties (such as the complex character of the process itself, and difficulties in changing the current state of affairs) and the lack of homogeneity in the government, such a situation is caused by the insufficient political will of the main political leaders together with Putin, as well as by the President's individual way of exerting his authority.

4. The democratic system in Russia is gradually becoming purely formal. The Kremlin has avoided changing the constitution, but is creating mechanisms and institutions which infringe its laws and simultaneously makes it difficult to introduce the rules of political pluralism, freedom of speech and law and order. What constitutes even a greater menace for Russia's democracy are traceable changes in the national mentality. State propaganda tries to hide all phenomena which distort the President's positive image and impair the promotion of consolidating the society around the authorities' policies. This is designed to evoke the feeling of menace from an external enemy, to fan a mania for espionage and intensify the feeling of distrust towards the western world. Instead of creating an open society, the authorities are trying to build rather a 'counter-espionage society'. In order to generate 'political and moral unity' in society, the authorities have taken over the control of nationwide electronic media and formed a party system which excludes any 'unconstructive opposition.'

5. While in authority Putin has so far avoided making radical decisions that would be controversial and evoke painful social effects. The President has tried to preserve his image of an arbiter who does not interfere with divisions but remains preoccupied with social affairs. Positive stimuli (persuasion, incentives, bribery, security guarantees) have predominated over negative ones (threats, blackmailing, administrative methods and the use of force) in the Kremlin's activity, although both have been used. All the changes taking place in Russia these days are of an evolutionary, not revolutionary character. Putin is very wary of introducing changes; he does so only when necessary and when the risk of defeat is quite low.

6. The President's staffing policy was based on the system of balancing the influence of various groups. However, the decisions he took in April 2001 (concerning personnel and the so-called force departments in particular), and the manifestos he delivered for the Federal Assembly are yet further steps on the way to enhance the influence of the 'Petersburg group' and the 'liberals' at the same time. Thus, in the near future (within the limits of the Government's restructuring, that is to take place in May 2001, and the expected changes in the presidential administration) a modification of the system of power in the ruling elite – by creating a united 'team' from the members of the Petersburg group (and by extension limiting the influence of the Family) – might be expected. The President's problem is an insufficient number of personnel. The direction and depth of the changes still remains an open issue. It seems quite reasonable to expect an acceleration in the tempo of the changes (which has so far been impeded by inner divisions in the government apparatus). Everything depends on whether the role of the 'liberals' is enhanced in the new system of power. If this happens, there will be a chance to boost reforms and maintain the balance of growth under the protection of a strong presidential power.

7. The Kremlin wants to have as much room for political and economic manoeuvre as possible. By exploiting the instruments of power, the Kremlin would like to accomplish deep liberal changes or preserve the social and economic system formally intact. These activities are accompanied by the state's attempts to augment its control over political and social life. Further postponement of radical steps in the economic and social fields, and failure to take advantage of the favourable conditions resulting from the good economic situation and the high level of social support for the President, may lead to the loss of any chance of modernisation and long-lasting growth. It could be even worse if the present favourable economic condition, caused by high prices of crude oil on the world markets, should deteriorate. This could make the authorities focus on protecting their security in the face of public tensions, and consequently evoke the intensification of authoritarianism.

8. Since April 2001 an intensification of the authorities' political activity can be observed, mainly in the area of social and economic reforms. However, there are still certain doubts as to whether the President and his inner circle have enough political will to break with the policy of compromises in favour of hastening libe-

ral reforms. Moreover, any further possibility of reconciling authoritarian tendencies in politics with liberal ones in the economy seems quite debatable.

Marek Menkiszak (Russian Department)

The text was written at the end of April 2001.

Appendix I

Programme elements in the presentation of (then) Prime Minister Vladimir Putin entitled 'Russia at turn of millennium', given at a meeting of the 'Unity' movement, 29 December 1999

(bold type: Marek Menkiszak)

I. Analysis of situation

1. Principal problems

- long-term fall in GNP
- production and export specialisation in raw materials
- low labour efficiency
- low technological level of production
- low level of internal and foreign investment
- low innovation and weak competitiveness of production
- fall in the real income of the population
- weak indicators of social development.

2. Causes

- inheritance from the Soviet system: poor structure of economy, disfavour of modernisation and competition, suffocation of initiative
- unavoidable errors and mistakes in reforms already conducted.

II. Bases of policy

1. Introductory theses

- there is no alternative to a universal path of reform
- questions concerning the effectiveness of market mechanisms, overcoming social division, goals to unify the people, Russia's place in the world, proposed level of development, existing supplies.

2. Conclusions from history, and the policy imperative

- The Communist period; achievements, but above all a dead end
- **Russia is exhausted with shocks and revolution; the pa-**

tiency of the nation has reached its limit; it is necessary to formulate a strategy for the renaissance and rebirth of Russia, and to realise this in an evolutionary manner in conditions of stabilisation and without worsening living conditions.

- **It is not possible to copy foreign experiences; Russia must find its own path of renewal which links the universal principles of market economy and democracy with Russian reality.**

3. General tasks

- indispensable, fast and stable economic and social development
- creation and initiation of political strategy
- creating and 'ideology of growth'.

4. Sphere of ideas

- **ideological internal disintegration is a hindrance for reforms**

- **an official state ideology is not essential, and social accord cannot be enforced**

- **social accord and consolidation are preconditions for the success of reforms**

- **the people desire stabilisation, security, the possibility to plan for the future; they desire peace, safety and the rule of law**

- **elements of this consolidation are internalised universal values and also Russian core values**

- **these Russian core values are: patriotism** (pride in the fatherland and pursuit of its rebirth); sense of great power status (modern, creative thinking, supported by geopolitical, economic and cultural conditioning); **statehood** (the strong state as initiator, source and guarantee of order); **social solidarity** (natural disposition to collectivism and paternalism)

- the results of parliamentary elections in 1999 are proof of the people's inclination to stability and accord

- faith in the responsibility of political forces, and their understanding of the necessity to consolidate all 'healthy powers'.

III. Main premises and goals of policy

1. The strong state

- **the need for strong government**, realised through rationalisation of government structures; raising the levels of professionalism, discipline and responsibility in the personnel cadres; the battle with corruption; selecting the best specialists; favouring the construction of a civil society; increasing the role and autho-

riety of legal bodies; redefining federal relations; battle with crime;

- there is no necessity for urgent changes to the constitution
- ensure the accordance of established law with the constitution
- strengthen executive authority, and society's control over it.

2. An effective economy

- a long-term, comprehensive strategy of development is necessary

- the necessity of forming a system for the state to regulate the economy and social policy (the state as regulator and co-ordinator); the maxim of 'as much government as necessary; as much freedom as possibly'

- a policy of stimulating growth

- a policy of investment with elements of state interventionism, which creates an appropriate climate for investment

- conducting an active industrial policy, with priority given to modern fields

- supporting innovative thinking, branches which avoid a raw-materials basis, export of fuel, energy and raw materials

- credits, loans, and state discounts

- structural policy based on equal rights for economic entities

- rational regulation of natural-resource monopolies

- financial policy: increase in the effectiveness of budget, tax reform, liquidation of cash-less transactions, support for low inflation and stabilisation of the exchange rate, creating financial and stock markets, restructuring the banking system

- liquidation of the 'grey area' and of organised crime in the economy, by improving the efficiency of investigative authorities and tightening controls

- integration with the world economy by supporting Russian companies and exporters, fighting trade discrimination, passing an anti-dumping law, gaining access to the WTO

- a modern agricultural policy, linking state assistance with market reforms in the countryside (including land ownership)

- **any transformations causing a worsening of people's living standards are ruled out**

- a constant increase in the population's real income

- supporting education, culture and the health service

IV. Conclusions

- concurrent, creative work is the only way to avoid the threat of Russia descending to the level of second-class state

- it is essential to unite and prepare the nation for hard work.

Appendix II

Important elements of the programme of top-priority actions for implementation the 'Strategy for the development of the RF to 2010' (the so-called Gref programme), and the actual implementation of these measures

Task to be implemented	Deadline for implementation, according to unofficial, complete version from May 2000	Deadline for implementation, according to official, limited version from 26 July 2000	State of actual implementation, as of 30 April 2001
forming territorial bodies of federal authority in the regions, and appointing presidential representatives in federal districts	second quarter of 2000	-	carried out on time
devising a plan for judiciary reform, including change in the status of judges, increase in the rights of individuals and institutions in the penal process, and an increase in the number of judges	third quarter of 2000	-	delay; in January 2001 consultations on an introductory plan began
creating a system for dismissing the heads of regional administrations who break the law	third quarter of 2000	-	carried out on time
demarcation of the rights of federal and regional bodies to executive authority	third quarter of 2000	-	not carried out, planned in 2001
creation of a National Guard of the RF, which would be directly answerable to the president	third quarter of 2000	-	not carried out
creation of a municipal militia outside the Internal Ministry's jurisdiction	fourth quarter of 2000	-	not carried out
suspending life tenure of judges	second quarter of 2001	-	delay; already discussed at introductory level in relation to court directors

changing the manner of forming the Federal Council by introducing direct senatorial elections	second quarter of 2001	-	passed in an altered version (designated by heads of executive authorities and regional legislatures) in September 2000; to be gradually implemented by 1 January 2002
introducing administrative judiciary	2- third quarter of 2001	-	legislative process begun at end of 2000
passing the second part of Tax Code to reform the tax system	second quarter of 2000 to 1 August 2000	-	implemented by December 2000; came into force 1 January 2001
reform of the banking system, including increasing competition, liquidation or reform of some banks, conformity with international accounting standards	second quarter of 2000	October 2000 to May 2001	delay; planned for 2001; in March 2001 a law was passed regulating the position of the central bank
acceptance of a non-deficit budget	third quarter of 2000	-	carried out in December 2000 (but without consideration of servicing foreign debt at an appropriate level); in March 2001 sequestration of the budget was carried out)
budgetary reform, including division of income between the centre and the regions, and consolidation of employment and highway funds	third quarter of 2000	December 2000	carried out on time in moderated form, within the framework of the budget and amendments to the Tax Code
legal regulation of property nationalisation	third quarter of 2000	October 2000	delay; in January 2001 legislative process of the law was begun
dividing the tariffs of transport and sale of natural gas	third quarter of 2000	November 2000	not carried out
simplification of the procedure for registering economic activity	fourth quarter of 2000	November 2000	delay; a plan for this law has been prepared, and accepted by the government in March 2001 at the president's request

abolition of barriers to movement of persons and goods between regions	fourth quarter of 2000	December 2000	in the process of being partially completed
limiting the range of licensing economic activity	fourth quarter of 2000	November 2000	delay; a plan for this law has been prepared and was accepted by government at the end of March 2001
introducing competition for gas transport	fourth quarter of 2000	December 2000	not carried out
completing the process of establishing the state treasury's control over financial resources which possess fiscal entities	first quarter of 2001	December 2000	delay; being carried out
separating costs for extraction and transport of gas	first quarter of 2001	-	not carried out
reform of rail transport, including its break-up	second quarter of 2001	2000 to July 2001	planned; preparation of the plan is under way; in April 2001 the government established the abolition of the division of freight tariffs into international and national rates on an introductory basis
creating a system of guarantees of bank deposits	third quarter of 2001	May 2001	in March 2001 a law was passed concerning guarantees for customers of insolvent banks
liquidation or change of most social discounts from 1 January 2001	third quarter of 2000	August to November 2000	partially carried out, process continues
reform to pensions (including methods of calculation and index-linking)	third quarter of 2000	March to April 2001	not carried out; planned (no central concept has been agreed)
granting independence to, and beginning privatisation of, some health service institutions	third quarter of 2000	March 2001	not carried out; planned

Appendix III

List of members of informal groups in the central government apparatus*

I. Old Yeltsin team

1. Linked with so-called Kremlin family

Aleksandr Voloshin; head of President's Administration

Vladislav Surkov; deputy head of President's Administration

Aleksandr Abramov; assistant to President of RF (deputy head of President's Administration until March 2001)

Jokhan Polliyeva; deputy head of President's Administration

Mikhail Kasyanov; prime minister

Nikolai Aksyonenko; minister of communication

Yevgeni Adamov; minister of nuclear energy until April 2001

Mikhail Lesin; minister for press and information

Viktor Kaluzhny; vice-minister for foreign affairs and presidential envoy to the Caspian region

Igor Shuvalov***; chief minister for government apparatus

Vladimir Ustinov; general procurator

Mikhail Zurabov; head of Pension Fund

2. Others

Sergei Prichodko; deputy head of President's Administration

Yevgeni Lisov; deputy head of President's Administration

Ilya Klebanov****; vice-premier for military-industrial complex

Viktor Khristyenko***; vice-premier for relations with the regions and the states of the CIS

Valentina Matveyenko; vice-premier for social affairs

Aleksei Gordiyev; vice-premier for agriculture and food, minister of agriculture

Igor Ivanov; minister of foreign affairs

Igor Sergiyev; until April 2001 minister of defence, currently adviser to President of RF

Vladimir Rushailo**; until April 2001 minister of internal affairs, currently secretary of Security Council of RF

Sergei Shoygu**; minister for emergency situations; leader of 'Unity' party

Farid Gazizullin***; minister of state treasury

Aleksandr Pochinok***; minister of labour and social affairs

Sergei Stepashin**; head of Chamber of Accounts

Viktor Gyerashchenko; head of Central Bank of Russia

II. Liberals

1. 'Chubais group'

Aleksei Kudrin; vice-premier for financial policy, minister of finances

Aleksandr Zhukov; head of committee for budgeting of State Duma

2. Others

German Gref***; minister for trade and economic development

Ilya Yuzhanov; minister for anti-monopoly policy

Aleksei Ulukayev; vice-minister of finances

III. Putin's 'Petersburg group'

1. 'Chekists'

Sergei Ivanov; until April 2001 secretary of Security Council of RF, currently minister of defence

Viktor Ivanov; deputy head of President's Administration

Nikolai Patrushev; head of Federal Security Service

Sergei Lebedyev; head of Foreign Intelligence Service

Viktor Cherkyesov; representative of president in North-West Federal District

2. Others

Dmitri Medvedev; first deputy head of President's Administration

Dmitri Kozak; deputy head of President's Administration

Igor Syechin; deputy head of President's Administration; head in office of President's Chancellery

Vladimir Kozhin; head of Administration of Presidential Affairs (Administrative-Economic Office)

Leonid Reyman***; minister of communication

Andrei Illarionov****; adviser to president on economic affairs

* information based on reports in Russian media

** member of the 'old team', still favoured by President Putin

*** previously linked with Anatoly Chubais

**** treated separately; occasionally linked with the 'liberals'