New Political Economy ›

Volume 13, 2008 - Issue 2

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Special Section: The Resurgence of Russia?

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Pages 185-191 | Published online: 12 May 2008

Cite this article https://doi.org/10.1080/13563460802018513

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New Political Economy, Vol. 13, No. 2, June 2008

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Putin and the Oligarchs

RICHARD SAKWA

During the election campaign and in his State of the Nation address of 8 July 2000, President Vladimir Putin talked of the need to break the cosy relationship between big business and government. In early 2000 Putin had talked, in language reminiscent of Joseph Stalin's plan in 1929 to 'liquidate the kulaks as a class', of his aspiration to 'liquidate the oligarchs as a class', stressing the need to create a level playing field.[1] His central idea was that special interests, above all the oligarchs, should be kept 'equidistant' from the government.[2] No longer were a select group of 'oligarchs' to have privileged access to the corridors of power or to hold the state hostage whenever the regime needed financial or other support. Putin's approach is neatly summed up in his interview with the Spanish media in early 2006:

> Back in the mid-1990s oligarchic groups substituted for government in Russia. They were elected to parliament and lobbied laws beneficial for specific financial and industrial groups instead of the society. They also ensured fulfilment of these laws through their representatives in high places. I do not think this meets the public interest.[3]

The empirical analysis is probably correct, yet the policy implications that emerge out of such a view had wide ramifications. In this essay we will focus on three. The first was a series of selective attacks against certain major business figures, notably Vladimir Gusinsky at the head of the Media-Most media concern and Mikhail Khodorkovsky at the head of the Yukos oil company. The manner of the attack undermined the independence of the media and the judiciary. The second is the development of a new model of political economy, in which the state reasserted not only its alleged prerogatives over economic policy, pipeline routes and the like, but challenged the inviolability of property rights as a whole to create a state corporatist system in certain sectors. Third, Putin's reassertion of state prerogatives raised fundamental questions about the sources of social power and nature of political power in Russia. While Putin repudiated the ability of certain oligarchs to exercise class power over the state, he also challenged the autonomy of the nascent bourgeoisie as a whole. In so doing, he reinforced those who sought

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ISSN 1356-3467 print; ISSN 1469-9923 online/08/020185-7 © 2008 Taylor & Francis
DOI: 10.1080/13563460802018513

Notes

1. Interview on Radio Mayak, 18 March 2000, reported by Peter Reddaway, 'Will Putin be Able to Consolidate Power?', Post-Soviet Affairs, Vol. 17, No. 1 (2001), p. 27, fn. 5.

2. See Andrei Kolesnikov, Vladimir Putin: Ravnoudalenie oligarkhov (Eksmo, 2005).

3. ‘Interv’yu ispanskim sredstram Massovoii, informatsii’, 7 February 2006, http://president.kremlin.ru/text/appears/2006/02/101129.shtml (accessed 7 April 2008).

4. Cited by Stephen Fortescue, Russia's Oil Barons and Metal Magnates: Oligarchs and State in Transition (Palgrave Macmillan, 2006), p. xii.

5. See Paul Klebnikov, Godfather of the Kremlin: Boris Berezovsky and the Looting of Russia (Harcourt, 2000).

6. Moscow Times, 18 July 2000.

7. William Tompson, ‘Putin and the “Oligarchs”: A Two-sided Commitment Problem’, in Alex Pravda (ed.), Leading Russia: Putin in Perspective (Oxford University Press, 2005), pp. 179–202.

8. For an analysis of this, see A.A. Mukhin, Novye pravila igry dlya bol'shogo biznesa, prodiktovannye logikoi pravleniya V.V. Putina (Tsentr politicheskoi informatsii, 2002).

9. Lilia Shevtsova, ‘Whither Putin after the Yukos affair?’, The Moscow Times, 27 August 2003, p. 7.

10. Svyazinvest is a telecom firm and its privatisation led to open conflict between oligarchs and mutual accusations of corruption in what was dubbed the ‘bankers'war’.

11. Arkady Ostrovsky, ‘Oligarchs to seek peace deal with Putin’, Financial Times, 24 July 2000.

12. Ibid.

13. ‘Steograficheskii otchet o press-konferentsii dlya rossiiskikh i inostrannykh zhurnalistov’, 20 June 2003, http://president.kremlin.ru/text/appears/2003/06/47449.shtml (last accessed 7 April 2008).

14. ‘Poslanie Federal’nomu Sobraniyu Rossiiskoi Federatsii’, http://president.kremlin.ru/text/appears/2006/05/105546.shtml (last accessed 7 April 2008).

15. See Andrei Yakovlev, ‘The Evolution of Business–State Interaction in Russia: From State Capture to Business Capture?’, Europe–Asia Studies, Vol. 58, No. 7 (2006), pp. 1033–56.

16. Reported in El Mundo and Russian agencies, in Jamestown Foundation, Monitor, 14 July 2000.

17. Vitaly Tretyakov, Editorial, Nezavisimaya gazeta, 22 June 2000.

18. Fortescue, Russia's Oil Barons and Metal Magnates.

19. Andrei Piontovski, ‘Russia's Misguided Democracy’, The Russian Journal, 8–14 July 2000.

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