

# Russia's Power Ministries: Coercion and Commerce

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# RUSSIA'S POWER MINISTRIES: COERCION AND COMMERCE

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## EXECUTIVE SUMMARY

Russian President Vladimir Putin has increased the power and resources of Russia's power ministries – military, security, and law enforcement agencies. He also has empowered many political allies with backgrounds in these structures, placing them in important positions throughout the state, and in state-owned businesses. At the same time, there remain important divisions between these agencies and among these officials; they are not a unified group.

The prominent political role given to the power ministries has contributed to increasing authoritarianism under Putin. It has not, however, achieved Putin's stated goal of building a strong and effective Russian state. This is because these very same power ministries are themselves corrupt, and thus the personal enrichment of state officials often takes priority over accomplishing state goals.

Corrupt and inefficient Russian power ministries potentially threaten U.S. foreign and security interests, particularly in terms of nonproliferation and transnational crime and terrorism. The U.S. should continue to cooperate where possible with Russia on important security interests, but must be aware of how the "commercialization" of the power ministries affects their behavior and complicates joint projects. Although U.S. influence on Russian state agencies is minimal, engagement with Russian power ministries should emphasize more strongly the benefits to Russia of reforms that strengthen the rule of law and improve public administration.

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## ABBREVIATIONS

CFE – Conventional Forces in Europe  
GDP – Gross Domestic Product  
GRU – Main Intelligence Directorate (military intelligence)  
GUO – Main Guards Directorate  
GUSP – Main Directorate for Special Programs  
HEU – highly-enriched uranium  
KBR – Kabardino-Balkaria Republic  
KGB – Committee on State Security  
FAPSI – Federal Agency for Government Communication and Information  
FDSU - Federal Road Construction Administration  
FEMA – Federal Emergency Management Agency  
FPS – Federal Border Service  
FSB – Federal Security Service  
FSIN – Federal Service for the Administration of Sentences  
FSKN – Federal Service for the Control of the Narcotics Trade  
FSNP – Federal Tax Police Service  
FSO – Federal Guard Service  
FTS – Federal Customs Service  
MChS – Ministry of Civil Defense and Emergency Situations  
MO – Ministry of Defense  
MVD – Ministry of Internal Affairs  
NCO – Non-Commissioned Officer  
NGO – Non-Governmental Agency  
NKVD – People’s Commissariat of Internal Affairs  
OAK – United Aircraft Construction Corporation  
OECD – Organization for Economic Cooperation and Development  
OMON – Special (*Osobyy*) Designation Police Detachment  
OMSN – Special (*Spetsial’nyy*) Designation Police Detachment  
SBP –Presidential Security Service  
SSR – Security Sector Reform  
SVR – Foreign Intelligence Service  
VV – Internal Troops  
WMD – weapons of mass destruction





# INTRODUCTION

**W**hen Russian President Vladimir Putin took power in 2000, strengthening the state was his central policy goal. As his second term as president winds down, Putin has expressed satisfaction with his achievements in this area. A key component of Putin's state-building efforts has been the increased power and prominence of state coercive bodies, referred to in Russia as the power ministries (*silovye ministerstva*) or power structures (*silovye strukturi*). Simply put, power ministries are those state agencies in which the personnel generally wear uniforms and in which some people carry guns. More precisely, these bodies are military, security, or law enforcement bodies that possess armed units or formations. People with power ministry backgrounds are referred to as *siloviki*.

This monograph provides an overview of Russia's power ministries and their political and economic role. As "Operation Successor," the effort to elect a Putin loyalist as president, moves into its active phase for December 2007 parliamentary elections and March 2008 presidential elections, it is important to understand how the power and capabilities of these agencies have changed under Putin, and how they might influence Russian development under the next president.

The president and the central executive, or the Kremlin for short, has a much greater ability to use the coercive power of the state against its political and economic opponents now than it did under Boris Yeltsin. Putin has not been shy about using this weapon against actors that were seen as major constraints on the Kremlin when he took office, such as regional governors and big business tycoons, or oligarchs. This recentralization drive, in which the power ministries played a pivotal role, has moved Russia in a sharply authoritarian direction. However, increasing the power of the Kremlin has produced only very modest achievements in strengthening the state. If by state strength we mean the ability of a state to ensure the reliable implementation of its decisions by its own personnel, then the Russian state remains very weak compared to other middle-income states.

Although the power ministries can now be directed by the president to implement exceptional decisions much more readily than under Yeltsin, they still often fail at their routine tasks as established by law, such as fighting terrorism and crime. The major reason for continued deficiencies in the performance of the power ministries is their commercialization, which is the most fundamental change in these bodies since the Soviet collapse. Commercialization refers to the widespread practice of officials in these agencies making money by using state power not to uphold state or societal interests or the rule of law, but to advance the economic agenda of particular

actors. Commercialization is similar to corruption, the use of public office for private gain, but also is broader because of the multiple ways in which state power is deployed to advance the interests of inter-connected groups of state and private actors. Overall, the failure to make serious inroads into fighting corruption and promoting the rule of law is one of the greatest failures of Putin's presidency when comparing early rhetoric and end-of-tenure reality.

The continued ineffectiveness and corruption of Russia's power ministries presents problems not only for Russia, but also for the United States. An autocratic, ineffective, and corrupt Russian state is a less predictable and reliable partner for the United States. Russia's commercialized power ministries create a hospitable environment for terrorists, transnational organized crime, and potential proliferators. Despite the downturn in U.S.-Russian relations in recent years, the U.S. has an important stake in whether Russia's power ministries are eventually reformed in a way more consistent with upholding the law and serving the people. U.S. influence over this continued transformation is low, but a "Security Sector Reform" agenda stands the best chance of continued cooperation in areas of vital concern.

Chapter One provides an overview of the Russian power ministries, describing the organization and functions of eleven different military, security, and law enforcement agencies and their evolution since the Soviet collapse. It highlights how Putin reversed the fragmentation and upheaval these bodies faced in the 1990s, and how they have generally witnessed increasing budgets and greater stability in their leadership under his rule.

Chapter Two examines the "rise of the siloviki" under Putin, arguing that the conventional story about this phenomenon has three different aspects that should be differentiated. The first approach stresses the increased prominence of people with siloviki backgrounds throughout the state apparatus, the second focuses on Putin's closest siloviki allies and their relations both with competing factions in the Kremlin and each other, and the third highlights continued bureaucratic battles between the power ministries. Examining the siloviki and the power ministries through these three different lenses shows that the siloviki are not united, and that the Federal Security Service (FSB), the main KGB successor organization, has been the favored power ministry, not the military or the police. The "rise of the siloviki" story reflects an important truth, but a more complicated one than it appears at first glance.

Chapter Three discusses the prominent role of the power ministries and the siloviki in Russian politics. The power ministries were crucial to Putin's successful efforts to weaken the power of influential actors like the oligarchs and the regional governors, and they have obviously been at the center of the ongoing war in the North Caucasus. The power ministries and the siloviki were also alleged to be at the center of prominent crises and potential conspiracies, such as the 1999 apartment bombings and the 2006 murder of former FSB agent Aleksandr Litvinenko. An accounting of the strength of the Russian state shows real improvements in some respects under Putin, but also continued relative weakness and important problems with power ministry effectiveness.

Chapter Four explains Russian state weakness in terms of the commercialization of the power ministries and the corrupt behavior of officials from these agencies, which undermines the rule of law. Personal enrichment often takes priority over service to the state or the population, both for average officials and some of Russia's most powerful men. One consequence of these behaviors is continuing lack of trust in state institutions, especially law enforcement, by Russian citizens.

The Conclusion reviews the most important findings of the monograph and discusses possible changes under Russia's next president. Although the ability of the U.S. to influence power ministry development is limited, the behavior of these agencies can have an important impact on American interests, including in such spheres as proliferation and terrorism. "Security Sector Reform" should be the guiding framework for U.S. engagement with Russia's power ministries.



# CHAPTER ONE: OVERVIEW OF THE POWER MINISTRIES

**F**irm control over the organs of state coercion was a hallmark of Soviet rule. Three large, powerful agencies represented the core Soviet force-wielding institutions: the Committee on State Security (KGB), the Ministry of Defense (MO), and the Ministry of Internal Affairs (MVD). Under the control of the Communist Party, they were the ultimate physical embodiment of Soviet power.

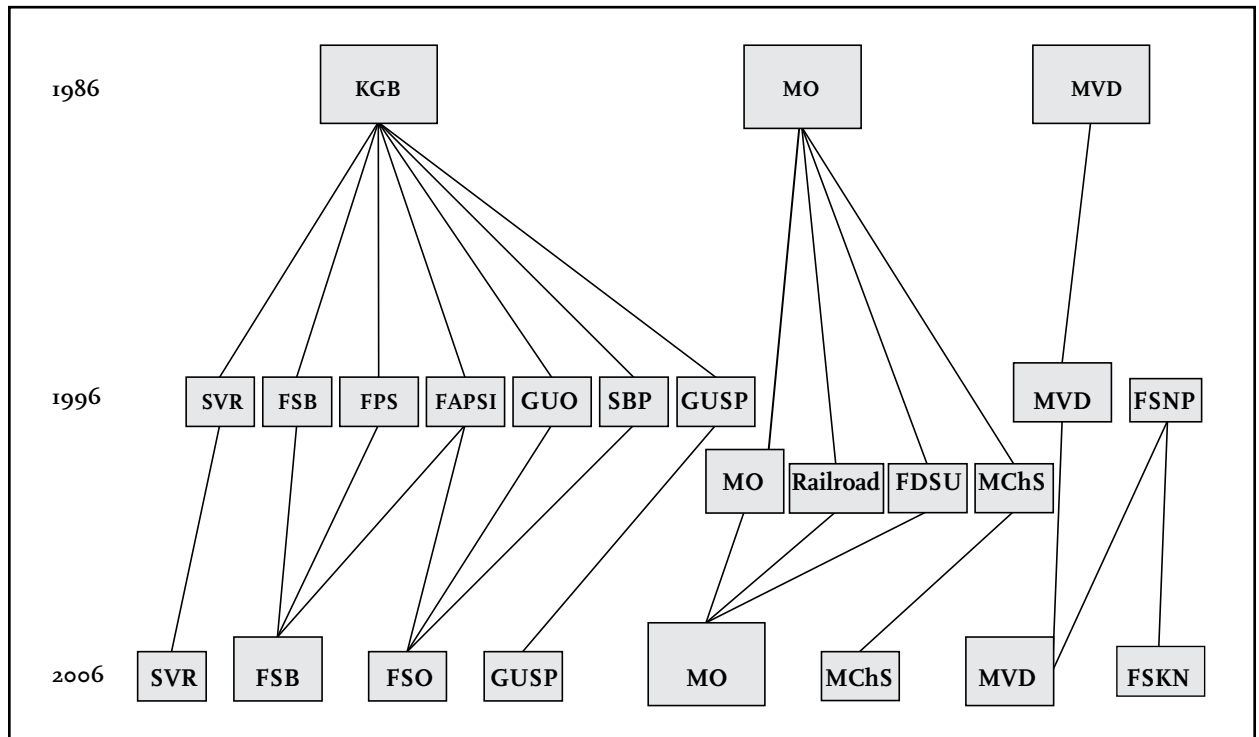
All three agencies were key actors in the last years of the Soviet Union. On multiple occasions personnel and troops from the power ministries were deployed against national and political protests and disturbances. The heads of the KGB, MVD, and military were three of the coup plotters who tried to overthrow Mikhail Gorbachev in August 1991, while the foot-dragging and resistance of some of their subordinates played a key role in the failure of the putsch. Similarly, the inactivity of these ministries in December 1991 permitted the collapse of a powerful military empire without a shot being fired.

The last years of the Soviet Union and much of the 1990s represented a period of decline and fragmentation for the power ministries.<sup>1</sup> In addition to the territorial disintegration of these structures brought about by the Soviet collapse and the establishment of new state coercive bodies in the Soviet successor states, within Russia these agencies were splintered into multiple parts. The change was most far-reaching for the KGB, the organization that represented the greatest potential threat to the new political system, but it affected the Ministry of Defense and MVD as well. The three core organizations were divided into more than a dozen different power ministries in the 1990s, but this fragmentation was somewhat reversed under Putin (See Figure 1). Overall about three million people serve in Russia's various power ministries and law enforcement structures (see Table 1).

## **The Ministry of Defense and its Successors**

The Soviet armed forces were the largest in the world, with approximately 5.3 million personnel in 1985. They received substantial material support from the state, with budgets around 15-25 percent

Figure 1: Fragmentation and Consolidation of the Power Ministries, 1986-2006



Key: SVR=Foreign Intelligence Service; FSB=Federal Security Service; FPS=Federal Border Service; GUO=Main Guards Directorate; SBP=Presidential Security Service; GUSP=Main Directorate for Special Programs; FDSU=Federal Road Construction Administration [became independent in 1997, not 1996, but included as illustrative]; MChS=Ministry of Civil Defense and Emergency Situations; FSNP=Federal Tax Police Service; FSO=Federal Guard Service; FSKN=Federal Service for Control of the Narcotics Trade. This figure is not comprehensive, but it does provide a relatively accurate depiction of the general trends. Further issues will be noted in the text.

Table 1: Main Power Ministries And Their Approximate Size

<b>Ministry of Defense (MO)</b>	1,027,000
<b>Ministry of Internal Affairs (MVD)</b>	821,268
Internal Troops (VV)	200,000
Special Forces (Spetsnaz – OMON & OMSN)	27,000
<b>Federal Security Service (FSB)</b>	350,000
Federal Border Service (FPS)	160,000
Special Forces units	4,000
<b>Ministry of Civil Defense and Emergency Situations (MChS)</b>	262,831
Civil Defense Troops	20,000
State Fire Service	220,000
<b>Federal Customs Service (FTS)</b>	61,352
<b>Procuracy</b>	53,837
<b>Federal Service for Control of the Narcotics Trade (FSKN)</b>	33,677
<b>Federal Guard Service (FSO)</b>	10,000-30,000

Data sources: *Military Balance 2007*; Russian Federal State Statistics Service 2007; Benz 2005; *Rossiyskaya Gazeta*, 10 November 2006; MChS website; *Lenta.ru*, 21 February 2006. Full cites in endnotes.

of GDP. Respected at home and feared abroad, the Soviet military was a key pillar of state power. At the same time, its fundamental function was external defense, and for most of the post-World War II period it played a minor and episodic role in domestic high politics. Unlike many militaries around the world, it generally did not participate in domestic security and law enforcement tasks, let alone engage in coups.

The collapse of the Soviet Union brought radical changes in the fortunes and capacities of the military. Most of the formations based outside Russia were maintained by the new states. The Russian military's size and budget were cut drastically, and throughout the 1990s there were frequent predictions of its imminent collapse. Although it briefly lost control over several armed structures, it kept its core components and still remains one of the world's largest militaries.

**The Ministry of Defense (MO).** The Russian Ministry of Defense is the main successor to the Soviet armed forces. It was formed in May 1992 and inherited about 2.8 million personnel. Throughout the 1990s this number was cut, leveling off at slightly more than 1 million troops in the late 1990s, the number it remains at today. A key achievement of the early Yeltsin years was bringing home more than one million military personnel, and their families, from Eastern Europe and the Baltic states. The military also went through multiple internal reorganizations. For example, the main services and branches were reconfigured several times. Currently, there are three main services – army, navy, and air force – and three separate branches – strategic rocket forces, space forces, and airborne forces.

A key issue for the Ministry of Defense in the post-Soviet period has been the issue of “military reform.” Despite the considerable down-sizing and multiple reorganizations, critics contend that the Russian military remains very Soviet in terms of personnel policies (especially conscription and the very weak NCO (Non-Commissioned Officers) system), doctrine, and overall culture. More sympathetic analysts argue that Putin has turned the military around after the virtual collapse of the 1990s with an influx of rubles and a series of careful reforms, and that recent efforts to create professional NCOs and increase the number of contract soldiers will ultimately bear fruit.<sup>2</sup> One of the most important changes was the 2004 downgrading of the status and powers of the General Staff.

In terms of civil-military relations, one notable continuity between Yeltsin and Putin is that, by Western democratic standards, civilian control is weak because of the small number of civilian personnel in the Ministry of Defense and the limited role that the parliament plays in defense oversight, including the budget. It remains to be seen whether the civilian Minister of Defense appointed in February 2007, Anatoliy Serdyukov, will change the pattern of a MO with a small number of civilians and a huge staff of military officers. The appointment of Serdyukov, the former head of the Federal Tax Service, was certainly a bold move, given his lack of any relevant experience for the job. Serdyukov owes his rapid political ascent to his Saint Petersburg background, where he met Putin in the 1990s when Serdyukov managed a furniture store.

For the most part the Russian army has maintained its orientation toward external defense.

However, the Chechen wars necessitated a larger role in internal fighting than the military had experienced in decades. The de facto defeat in the first Chechen War, 1994-1996, was a huge humiliation for many top officers. The resumption of the war in 1999, after Chechen militant incursions into neighboring Dagestan, was seen as an opportunity for vindication by the armed forces. In fact, the difference in performance between the two wars is often exaggerated, and the Russian army has, as Roy Allison points out, “failed overall to develop a more modern professional counterinsurgency operation.”<sup>3</sup> Still, from the military’s point of view the second war has been a relative success.

**The Railroad Troops and the Construction Troops.** The Soviet Ministry of Defense included several components that were ancillary to its core functions. These included railroad and construction troops. In the 1990s these forces were separated from the regular armed forces. Some of them were made independent entities, such as the Federal Road Construction Administration (later the Federal Service of Special Construction, or *Spetsstroy*), and others were absorbed by other agencies. For example, the Ministry of Atomic Energy, Ministry of Communications, and the State Construction Committee all received their own military construction units.<sup>4</sup> In 2004 the railroad troops and some construction units, notably *Spetsstroy*, were returned to the Ministry of Defense.

The motives for separating these troops from the Ministry of Defense, and then returning them later, cannot be found in any plan to divide the armed forces and thereby render them less of a threat to the state. Construction and railroad troops obviously are not potential praetorians. Rationalizing administration also seems an unlikely explanation for these multiple changes and reorganizations. Rather, the likely motive for these steps is economic. Control over construction troops consisting largely of draftees provides a ready source of “slave labor” for agencies that control it, and this labor can easily be converted into money. The commercial value of the power ministries is one of the key drivers of their “reform” and activity. In general, the old Watergate adage “follow the money” serves as an excellent guide to understanding the development of the power ministries (see Chapter 4).

**The Ministry of Civil Defense and Emergency Situations (MChS).** MChS, sometimes known in English as Emercom, is a great success story. Formed partially on the basis of Civil Defense troops of the Soviet military, its closest analogue in the US context would be FEMA, the Federal Emergency Management Agency. In reality it is quite a different animal. Formed in the late-Soviet period as a “rescue corps,” it became a State Committee for Emergency Situations and then a State Committee for Civil Defense and Emergency Situations after taking over the Civil Defense forces from the MO. It was elevated to a ministry, MChS, in 1994. One man, Sergey Shoigu, has headed the organization from the beginning, making him by far the longest serving minister in the Russian government.

The core personnel of MChS is given as 22,831 by the Federal State Statistics Service. This number obviously does not include the roughly 20,000 personnel in the Civil Defense Forces, as well as the 220,000 employees of the State Fire Service, which MChS succeeded in gaining control over in 2001 after years of efforts by Shoigu. Even so, the Ministry has apparently become



considerably smaller in recent years; previous estimates put the size of MChS at 70,000 personnel, including the Civil Defense Forces but not the State Fire Service. Further, the Civil Defense forces are to be removed from MChS by 2011 as part of the long-anticipated “demilitarization” of the agency.<sup>5</sup>

MChS is active both domestically and internationally. Domestically it is a highly visible presence at the scene of both natural and man-made disasters. This visibility, and Shoigu’s reputation as a competent official, have made MChS one of the most trusted government agencies. Shoigu’s popularity made him a logical choice to head the new “Unity” party in 1999, and he remains a prominent member of the successor ruling party, “United Russia.”

MChS also played an important role in the conflict in Chechnya and neighboring regions, dealing with refugees and humanitarian aid. Despite this humanitarian role, MChS personnel, many of whom previously served in the armed forces, wear uniforms, travel in military vehicles, and carry weapons. One Russian journalist wryly noted that, given its size and militarized nature, MChS was “capable not only of liquidating emergency situations, but also creating them.” Russian expert Ekaterina Stepanova refers to MChS as a “militarized humanitarian agency,” but gives it high marks for its competent work in the North Caucasus.<sup>6</sup>

Internationally it also participates in relief operations after natural disasters. Much of its international activity is done on a commercial basis. For example, MChS has partnered with the Ilyushin Aviation Company and the Fire Training Center of Peru to provide an Ilyushin-76 aircraft for emergency response missions, particularly firefighting, under the name Global Emergency Response. Its demining work in Kosovo was sponsored by the Swiss government at a cost of 1.8 million dollars. MChS (under the name Emercom) was also implicated in the Iraqi oil-for-food program scandal. According to the report of the Independent Inquiry Committee headed by Paul Volcker, Emercom received contracts from Iraq to trade nearly 900 million dollars worth of crude oil and paid surcharges of more than 9.5 million dollars; the surcharges were designed to raise money for the Iraqi government outside U.N. oversight.<sup>7</sup>

Although Shoigu is personally an important and influential figure, the MChS as an institution is not a prominent political actor, and it is known to most Russians only through their TV screens. Still, its relative competence as a disaster relief organization has arguably contributed to Russian state capacity throughout the post-Soviet period.

## **The KGB and its Successors**

Although smaller and receiving less money than the armed forces, pride of place among the power ministries as a political actor in the Soviet period goes to the KGB. Its broad domestic and international mandate made it a central figure in maintaining Soviet rule at home and expanding influence abroad. The KGB played a key role in the overthrow of one General Secretary (Nikita Khrushchev in 1964), the attempted overthrow of another (Mikhail Gorbachev in 1991), and one of its own became the top leader of the country (Yuriy Andropov, from 1982 to 1984).

Estimates put the size of the KGB at around 500,000-700,000 personnel in the late Soviet period. Given the main role the KGB played in the August 1991 coup, as well as its traditional major role in domestic politics, not to mention its past role in the bloodiest episodes of Soviet history, Gorbachev and Yeltsin decided to break the KGB up into multiple parts. As Figure 1 shows, of the three main Soviet power ministries, the KGB, at least organizationally, was the most affected by the Soviet collapse. Separate agencies were created for foreign intelligence, domestic intelligence and counter-intelligence, border protection, government communications, and leadership security.<sup>8</sup>

**The Foreign Intelligence Service (SVR).** SVR's functions are relatively standard foreign intelligence work. It is not a particularly influential actor in domestic politics, and except for its first director, Yevgeniy Primakov, the head of the SVR is a generally unknown figure inside Russia. Moreover, it is unclear if it controls any armed units – if it does, it is a relatively small number of special forces. Thus, the SVR, although an important foreign policy actor and typically counted among the power ministries, does not have a large influence in domestic politics.

**The Federal Security Service (FSB).** The FSB is the most direct descendent of the KGB and its domestic functions. It was formed on the basis of the KGB directorates for counterintelligence, military counterintelligence, transportation security, ideology and dissent, economic crime, and surveillance. In its first four years it was renamed three times (Ministry of Security, Federal Counter-Intelligence Service, Federal Security Service), and was declared “unreformable” by a Yeltsin decree in December 1993, likely stimulated by the agency's fence-sitting during the September-October 1993 violent showdown between Yeltsin and the parliament. Until the Putin era no individual served as director for more than two years. In contrast, the current director, Nikolay Patrushev, has been in this position since fall 1999. Patrushev is a close Putin ally who shares a KGB and St. Petersburg background with Putin.

Despite the turmoil of the Yeltsin years, the FSB expanded its responsibilities and legal mandate throughout the 1990s and has remained a key actor. Current estimates suggest about 350,000 personnel work for the FSB, including the large border guards service that was autonomous for most of the 1990s but reincorporated into the FSB in 2003. The elite Alpha and Vypel special forces units are part of the FSB. More important than the specific armed units it commands are the FSB's broad functions. It is simultaneously an intelligence, security, and law enforcement body. Its responsibilities include counter-intelligence, terrorism and extremism, border security, economic crime and corruption, and information security. In addition to absorbing the Federal Border Service (FPS), it also took over many of the personnel and functions of the Federal Agency for Government Communication and Information (FAPSI) in 2003. The 2003 changes led one knowledgeable Russian expert, Andrey Soldatov, to conclude that Putin had made himself dependent on the FSB by reducing institutional counterweights and alternative sources of information.<sup>9</sup> Although Soldatov's conclusion is overstated, the FSB was the big winner of the March 2003 reorganization of the power ministries, gaining back key powers and instruments it had lost in the early 1990s.

**The Federal Guard Service (FSO).** The FSO was formed based on the Ninth Directorate of the

KGB, which was responsible for leadership security. Splitting this function from the rest of the KGB became an obvious imperative after Gorbachev's security service participated in his isolation during the August 1991 coup attempt. The FSO protects the president and his family, other top officials, visiting dignitaries, and key government buildings and installations. The FSO is believed to possess two military regiments and one brigade, including the famous Presidential (formerly Kremlin) Regiment. Estimates of the FSO's size vary widely, between 10-30 thousand.

The FSO also includes the Presidential Security Service (SBP), which from 1993-1996 was a powerful independent service not subordinate to the FSO (then GUO – Main Guards Directorate). Yeltsin's chief bodyguard and head of the SBP during Yeltsin's first term, Aleksandr Korzhakov, was one of the dominant figures in Russian politics until his dismissal in 1996, and he now serves in the Duma.

The FSO, like the FSB, benefited from the consolidation of the power ministries carried out in 2003. One reason Soldatov's initial claim about Putin's dependence on the FSB is overstated is that the FSO acquired considerable resources from FAPSI, and now plays a key role in government communications and information security. It thus provides a crucial alternative source of information on domestic developments for the president. The current heads of the FSO and the SBP, Yevgeniy Murov and Viktor Zolotov, both have worked with Putin since his days in Saint Petersburg in the 1990s. Although not publicly visible, allegedly both Murov and Zolotov are influential figures behind the scenes, and have also resumed Korzhakov's inclinations to involve the FSO and the SBP in economic and business matters.

**The Main Directorate for State Programs (GUSP).** GUSP is a small and highly secret state agency formed on the basis of the KGB 15th Directorate. Its chief official function is the security of strategic installations, most specifically the bunkers built to shield the Soviet leadership in the event of nuclear war. It also has a coordination and mobilization function in the event of major war. Some reports also suggest it has "operational-analytical" functions.

## **The Ministry of Internal Affairs (MVD).**

The MVD was in some ways the neglected stepchild of the Soviet power ministries. In the early decades of Soviet power it was sometimes institutionally joined to the KGB's predecessors, such as the NKVD, but ultimately it developed as an autonomous institution in the post-Stalin era. The MVD suffered in comparison to the KGB and the military in terms of status, power, and resources. But the police were the face of Soviet power with which ordinary citizens were most likely to interact, and evidence of pervasive corruption in the MVD in the 1970s and 1980s was an important indicator that Soviet control over coercive force was weakening. Moreover, the MVD, despite its relatively marginal status, did control key bodies from the point of view of domestic security, including the Internal Troops.<sup>10</sup>

Compared to the KGB, the MVD has endured relatively little organizational change since the

Soviet collapse. Although internally it has experienced some reorganization, it was not split up into its constituent parts like the KGB. The one significant loss of coercive power and responsibility was the transfer in 1998 of the prison service from the MVD to the Ministry of Justice. The MVD controls not only the ordinary police (militia), but also many other sub-units with responsibility for various aspects of internal security and law enforcement. These include, for example, the Federal Migration Service, Road Police, Special Designation Police Detachments (OMON), and multiple directorates with specific designations, such as the Department for Combating Organized Crime and Terrorism. The MVD also, despite frequent suggestions to make the Internal Troops (VV) autonomous, maintained control of this 200,000 strong organization, which has played a major role in the war in Chechnya.<sup>11</sup> The current director of the MVD is Rashid Nurgaliyev, a KGB veteran who was moved to the MVD as First Deputy Director in 2002.

Overall the MVD employs 821,000 personnel, according to a 2005 presidential decree.<sup>12</sup> For comparison, the Soviet MVD employed approximately 3.5 million personnel in 1988. Of this number, 700,000 were militia, or about 1 police officer for every 400 citizens.<sup>13</sup> For a rough calculation, assuming that the number of militia in present-day Russia is 621,000 (total MVD minus VV), that ratio would now be one for every 228 citizens, or 437 for every 100,000 inhabitants.<sup>14</sup> This estimate most likely overstates the number of police in Russia, but the total is not exorbitantly high compared to other post-communist countries or some other developed countries: for example, the ratios per 100,000 inhabitants for Australia (516), the Czech Republic (445), Italy (559), Kazakhstan (464), and Latvia (436) are higher or virtually identical. Still, the number exceeds those of many other countries; any weaknesses in Russian state capacity in the law enforcement sphere are not due to a shortage of personnel.

One key difference between the MVD and other major power ministries, such as the MO and the FSB, is that there are elements of regional and local control over the police. According to Article 72 of the Constitution, “the guaranteeing of legality, law and order and public safety” and “personnel of judicial and law-enforcement bodies” are joint responsibilities of the center and subjects of the Federation. Although somewhat decentralized in the context of Russia’s power ministries, in comparative terms Russian policing has historically been quite centralized for a federation. The federal element of power ministry control will be explored further in Chapter Three.

## **Other Power Ministries and Law Enforcement Agencies**

The Military, the FSB, and the MVD, despite the greater fragmentation of the 1990s, remain the fundamental state coercive agencies in Russia. Other organizations, such as the SVR, the MChS and the FSO, have managed to carve out relatively stable and successful bureaucratic niches for themselves. In addition to these core agencies, there are several other organizations that play an important law enforcement role.

**The Federal Service for the Control of the Narcotics Trade (FSKN).** The FSKN is a relatively

new organization, formed in 2003 as part of a larger reorganization of the power ministries undertaken by Putin. Combating the drug trade was previously primarily a function of the MVD. Putin's decision to create a separate agency dedicated to this task was motivated both by concern about the escalating drug problem in Russia, and the previous inefficiency of the police in dealing with the issue.

The FSKN was created largely on the basis of the Federal Tax Police Service (FSNP), an organization created after the Soviet collapse to provide some muscle to the state in enforcing tax claims. The FSNP was staffed largely by personnel from the former KGB and became famous for its so-called "mask show" raids on businesses. The FSNP grew to about 53,000 personnel, and it did help the state raise revenue, but it was also widely seen as corrupt.<sup>15</sup> When the FSNP was disbanded its functions and some of its personnel were transferred to the MVD, while the bulk of the personnel (around 40,000) went to work for the FSKN.<sup>16</sup> Of course, there are doubts as to whether the same personnel who were accused of corruption in hunting down corporate tax evaders will be any cleaner in cracking down on the drug trade. The FSKN has been headed since its founding by Viktor Cherkesov, a close acquaintance of Putin who shares a background in the KGB and who also hails from St. Petersburg. Cherkesov has a reputation as a hardliner, based partially on his persecution of dissidents in Leningrad well into the Gorbachev era.

**The Ministry of Justice.** The Ministry of Justice is not a traditional power ministry. Most of its functions, such as providing legal expertise on laws and decrees and maintaining official registers of property, political parties, and non-governmental organizations, do not involve state coercion in any direct sense. However, as noted above, the ministry does control the prison system, which was transferred from the MVD in 1998 at the request of the Council of Europe, in order to make the Russian prison system more compatible with European standards. The Federal Service for the Administration of Sentences (FSIN) is responsible for the detention and prison system that holds more than 850,000 people. Its personnel wear uniforms and have ranks, and are subject to MVD personnel regulations. Although the incarceration of criminals is obviously an important state function, and the situation in Russian prisons leaves much to be desired, the FSIN is not a crucial domestic coercive agency. The Ministry of Justice also controls the Bailiffs Service, which is responsible for the enforcement of judicial decisions and orders, including civil judgments involving the payment or seizure of money. Bailiffs' activities often are guided more by enriching themselves or the state than the private parties who are seeking compensation.<sup>17</sup> The current head of the Ministry is Vladimir Ustinov, who from 2000-2006 was Procurator General.

**The Federal Customs Service (FTS).** Other reviews of the power ministries tend not to include the FTS, but it plays an important law enforcement role. It employs over 60,000 people and allegedly also controls small armed units of up to 10,000 personnel. As a customs agency it deals with smuggling of all kinds of illicit goods, including narcotics and weapons. The huge volumes of trade crossing the Russian border obviously provide multiple opportunities for corruption and material enrichment by FTS personnel. The current head of the FTS is Andrey Belyaninov, who

served with Putin in the KGB in East Germany. This long-standing link to Putin suggests the importance of controlling the customs service.

**The Procuracy.** The Procuracy is one of Russia's most important law enforcement structures, on par with the FSB and the MVD.<sup>18</sup> The Procuracy combines both executive and judicial branch functions but is formally considered part of neither branch. It employs approximately 54,000 people. Although not meeting the formal definition of a power ministry because of its independent status and lack of significant armed units, the Procuracy is closely connected to all of the other power ministries and its personnel are rightly considered part of the silovik cohort. Peter Maggs, an expert on Russian legal affairs, notes that in reality the Procuracy is closely tied to the executive branch and often fulfills political orders. "The Prosecutor-General isn't called a 'general' for nothing," states Maggs. "It's a service organized with a military hierarchy and uniforms and so forth."<sup>19</sup>

The law enforcement mandate of the Procuracy is extensive. It has two basic functions: criminal prosecution, and oversight over all government agencies to ensure that their activities are consistent with the law. Putin once described the Procurator-General as "the one who keeps an eye on whether all citizens comply with the law: the prime minister, the president, everyone."<sup>20</sup> The Procuracy, rather than the courts, is often the first venue citizens use to complain against abuses by government officials. It is also supposed to coordinate crime-fighting efforts, although its ability to do this is hampered by bureaucratic competition among the different bodies. The ability of the Procuracy to give directions to the FSB, for example, is questionable. Still, given the potential power it wields, it is not surprising that, despite its notional independence, the executive branch in Russia is eager to direct and control this weapon.

The Procuracy is also according to the Constitution "a single centralized system in which lower-level procurators are subordinate to higher-level procurators" (Article 129). This centralization, however, was undermined in the 1990s, with increasing regional control over procurators. The Procuracy, or Prosecutor's Office, is headed by the Procurator General (Prosecutor General) of Russia. The current General Procurator is Yuriy Chaika, the former Minister of Justice who switched jobs with Vladimir Ustinov in 2006.

## **Power Ministry Budgets: Reversal of Fortune**

The fragmentation of the power ministries in the 1990s was only one manifestation of the crisis suffered by these organizations during the Yeltsin era. Another symptom of their difficulties was the sharp drop in state financing compared to the Soviet past. The Soviet Union prioritized military and security spending above all other state functions, and certainly over consumer desires. Missiles were more plentiful than microwaves, tanks than toilet paper. Two key factors led to a sharp decline of spending on military and security forces in the 1990s. First, the government of Boris Yeltsin self-consciously decided to drastically reduce spending on guns in order to try to rebuild the economy to provide more butter. Second, the economic depression that lasted until 1999 gave the government

little choice but to cut back on spending in most areas.

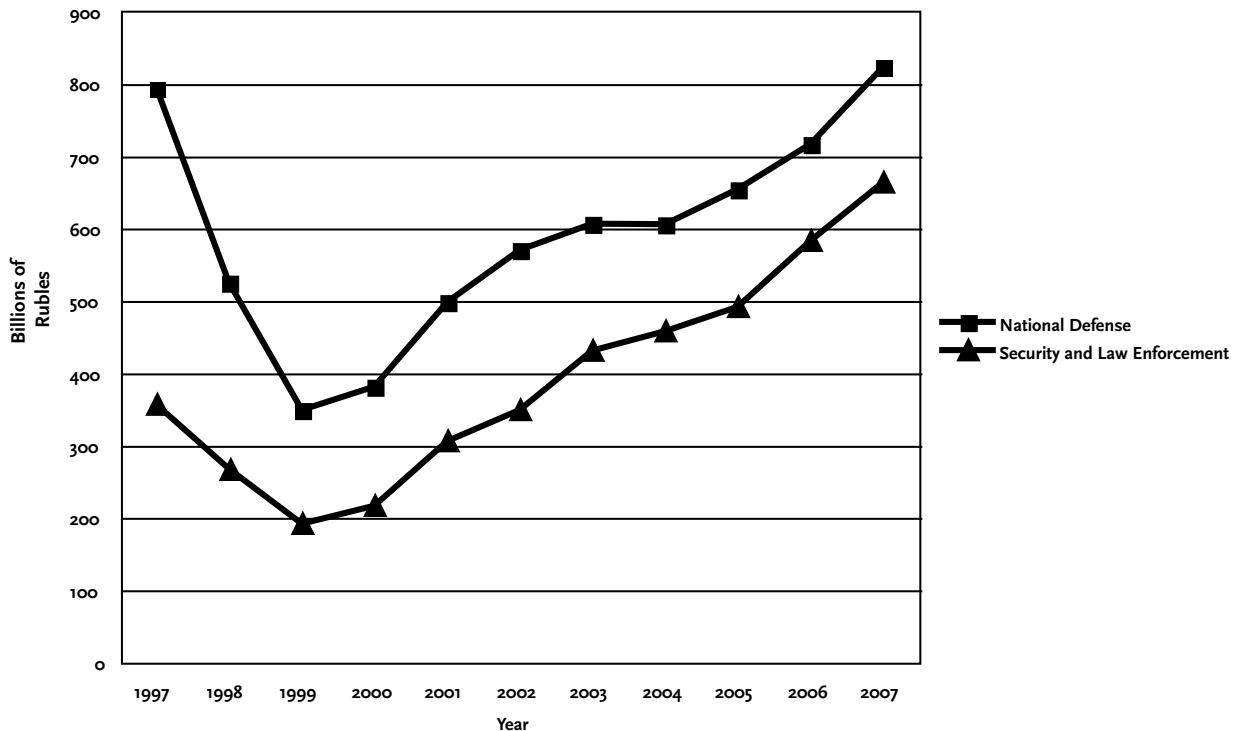
The drop in state spending was part of an overall crisis of the state. Prominent symptoms of the problem included the weakness of the state in fulfilling some of its core functions, including control over monetary emissions and currency (evidenced by the rise of barter and alternative payment instruments at the local and regional level), securing private property rights (evidenced by the rise of the mafia and other protection rackets), and tax collection. Challenges to central authority from multiple regions, most dramatically in the case of Chechnya, were further evidence of Russian state crisis.

The military, out of all of the power ministries, suffered the most from the economic depression, the weakness of the state, and the shift in government priorities. During Yeltsin's rule, from 1992 to 1999, the military budget was slashed by sixty-two percent. Moreover, the Finance Ministry frequently failed to pay out all of the military obligations in the budget. For example, in 1998 actual expenditures were only fifty-five percent of planned allocations.<sup>21</sup> With the bulk of a drastically reduced budget going to simply maintaining the armed forces (salary, food, etc.), very little was left over for ordering new weapons. For example, the Soviet Union in the 1970s and 1980s produced around 3,000 tanks, 500 military aircraft, and 10 military ships and submarines per year, but in 1998 it produced not a single one of any of those items. From 1992 to 1998 expenditures on weapons procurement declined 20 times, and the level of military production fell by 90 percent.<sup>22</sup>

The rapid growth of the Russian economy since the 1998 economic crisis, as well as a shift in state priorities toward the military and security sectors under Putin, has allowed a considerable increase in the power ministries' budgets in the last decade. Since 1998 the economy as a whole has grown about 60 percent, buoyed initially by devaluation and default during the crisis, and subsequently by high global energy prices. Defense and security spending has grown accordingly. Figure 2 shows spending on "National Defense" and "Security and Law Enforcement" for the Russian state budget for the period 1997-2007. National Defense includes the armed forces and scientific research in the defense sector. Security and Law Enforcement includes most of the other power ministries, including the FSB, the MVD, the Procuracy, MChS, and FSKN. Spending on defense has more than doubled since Putin took power, from 382 billion rubles in 2000 to 822 billion rubles in 2007 (all figures in 2007 constant rubles). Although Putin has increased defense spending substantially, he has only succeeded in restoring the budget to the level prior to the 1998 economic crisis. Moreover, the budget of the armed forces remains between two and three percent of GDP, well below the target figure of 3.5 percent set by Boris Yeltsin in the 1990s, and a significant cut compared to the Soviet military.<sup>23</sup>

Spending on the security and law enforcement sector has increased at an even greater rate in the Putin era. Since 2000 spending in the national security and law enforcement section of the budget has more than tripled. Moreover, this increase was not simply a return to the pre-1998 levels, as was the case with defense spending. In general, under both Yeltsin and Putin the government has favored internal security and law enforcement over external security. As a share of the power

Figure 2: National Defense and Security & Law Enforcement Spending (Constant Rubles)



ministries' budget, military spending has dropped from 80 percent in 1992 to 56 percent in 2006. The law enforcement organs – MVD, Procuracy, and the Ministry of Justice – have garnered the biggest increase. The Procuracy, for example, has increased its budget from 3 billion rubles in 2000 to 27 billion rubles in 2006.<sup>24</sup>

Overall, spending on the power ministries has increased substantially under Putin, helped by rapid economic growth and much larger state revenues. Internal security has been a greater priority than external security. Given the domestic situation – the war in Chechnya, terrorism, and high crime rates – this focus makes sense. It is notable, however, that despite Putin's efforts in his second term to reassert Russia's position as a great power, spending priorities still reflect concern about domestic political order.

## Power Ministry Leaders: Stability in Cadres

Soviet General Secretary Leonid Brezhnev famously pursued a policy of “stability in cadres,” providing greater job security for party officials after the murderous Josef Stalin and the mercurial Nikita Khrushchev. Putin by temperament seems somewhat similar to the arch-bureaucrat Brezhnev, while Yeltsin shared some of the impulsive characteristics of Khrushchev. Yeltsin's propensity for sudden firings of top officials was most notable with the multiple prime ministers of his second term, but he also frequently changed the heads of the power ministries. For the top four power ministry positions – head of the FSB, Procuracy, MVD, and MO – the average tenure of these officials is noticeably longer under Putin than under Yeltsin (see Table 2).



**Table 2: Average Tenure of Power Ministers, in Months, January 1992 – June 2007**

	FSB	PROCURACY	MVD	MO
Yeltsin	14	21	27	35
Putin	94	43	35	71

The difference is most striking in terms of the FSB: the average director of the FSB under Yeltsin served little more than a year and his longest-serving appointment served only two years, whereas Putin has had the same director (Patrushev) since he became Prime Minister in August 1999.<sup>25</sup> Similarly, Yeltsin had great difficulty finding a General Procurator with whom he felt comfortable, and was deadlocked with the Federation Council for more than a year in 1998-1999 over his attempt to fire Yuriy Skuratov, whereas Putin kept his first General Procurator, Vladimir Ustinov, for more than six years before transferring him to head the Ministry of Justice. Although there was more stability for defense ministers under Yeltsin, the contrast with Putin and his first defense Minister, Sergei Ivanov, who also served six years before being promoted, is still striking.<sup>26</sup> The average is somewhat closer for Ministers of Internal Affairs, but even here Yeltsin appointed four different people to this position in eight years, whereas Putin has only appointed two in almost the same period of time.

The reason for this difference is clear. Yeltsin lacked confidence in his appointments, having few close acquaintances from the power ministries. Putin, on the other hand, came from this milieu, and was able to appoint people he knew were “his.” He put the military and the FSB under the control of Ivanov and Patrushev, both Petersburgers from the KGB. The police under Putin have been headed either by a St. Petersburg politician (Boris Gryzlov), or a KGB veteran (Rashid Nurgaliyev). In the case of the Procuracy, Ustinov initially was seen as being backed by the pro-Yeltsin clan known as “the Family,” but Ustinov quickly demonstrated his loyalty to Putin and even managed to marry his son to the daughter of one of Putin’s top aides, Deputy Head of the Presidential Administration Igor Sechin.

## **Conclusion**

The 1990s was a time of great upheaval for the power ministries in almost all respects: organizationally, financially, and in terms of leadership. The Soviet “police state” gave way to a new order in which the military, security, and law enforcement structures were on the ropes. For the power ministries, Vladimir Putin arrived as a savior, promising to restore the power and status of Russia’s force structures. Putin has delivered: consolidating the fragmented agencies, increasing their budgets, and entrusting their management to loyal allies who were granted long tenures. The power ministries are back.



# CHAPTER TWO: THE SILOVIKI: COHORT, CLAN, AND CORPORATE ACTORS

There is no greater symbol of the increased standing of the power ministries than Vladimir Putin himself. As a teenager Putin was so taken with the KGB exploits he saw on Soviet television serials that he tried to volunteer for the agency. Advised to get an education first, Putin signed up for the KGB's favored course of study, law, and was recruited to the agency upon graduation. Putin most likely would have served out his career in the foreign intelligence service but for the collapse of the Soviet Union. The event that Putin dubbed the "greatest geopolitical catastrophe of the twentieth century," ironically, made possible his meteoric rise from mid-level official to Russian president in a single decade.

There is an expression among Russian intelligence personnel that there is no such thing as a "former agent." Putin himself glibly referred to this idea in late 1999 after becoming Prime Minister and heir apparent, telling an assembly on Chekist Day that "the group of FSB personnel assigned to work undercover in the government has successfully carried out the first step of their assignment."<sup>27</sup> Since that time the number of FSB and other former KGB personnel working in all aspects of government has indeed expanded tremendously. The increased prominence of personnel from these agencies throughout government led the Russian sociologist Olga Kryshchanovskaya to dub Putin's regime a "militocracy."<sup>28</sup> The term used to label people with power ministry backgrounds, *siloviki*, swept into general Western usage and became a staple of journalistic accounts.

A key ambiguity in the "rise of the siloviki" story is that it is often unclear who exactly is rising: is it the power ministries themselves, personnel from those structures, or is it merely a specific "clan" in Russian politics? It is important to distinguish between the use of the term *siloviki* to refer to a cohort of personnel, a clan in Kremlin politics, and a group of state ministries and organizations. These three usages I refer to as the cohort, clan, and corporate understandings of the term *siloviki*.

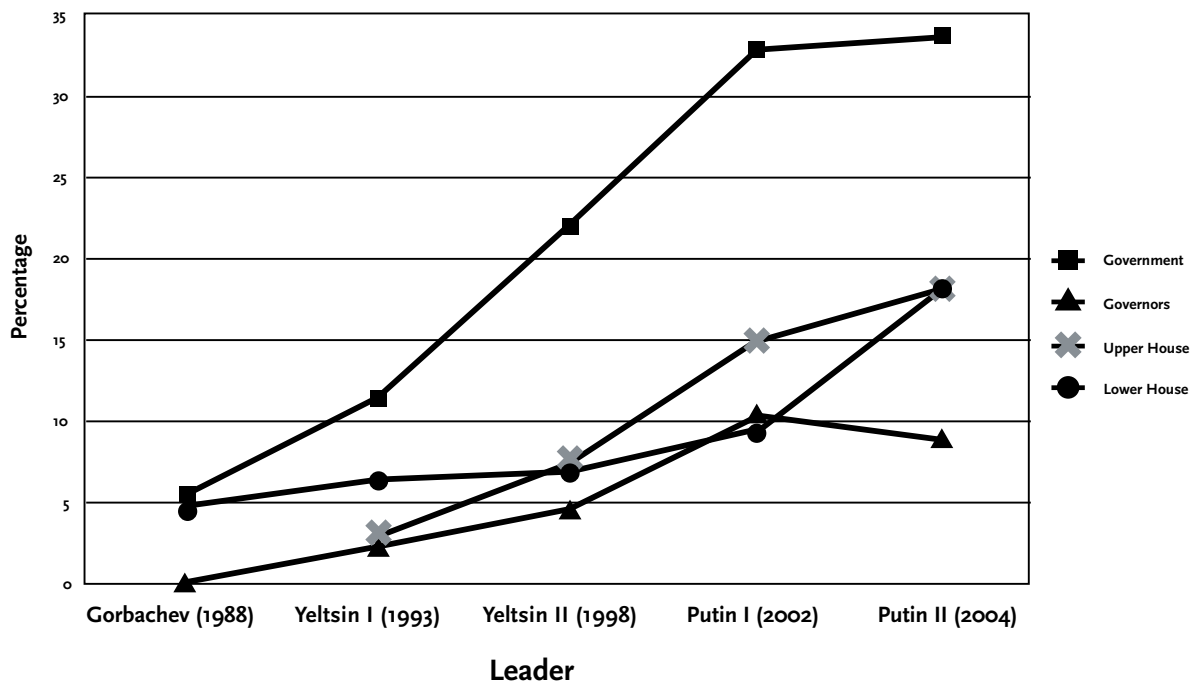
This distinction leads to several important conclusions. First, the expansion of the siloviki as a cohort in government at all levels is clear – the only debate is about its extent and significance. Second, the clan nature of Russian politics is clearly an important phenomena, but a closer look shows important divisions between the most prominent top officials from the secret services, who are often lumped together as a coherent siloviki clan. Third, in terms of the power ministries as corporate actors, the FSB is definitely the dominant one, followed by the Procuracy, whereas the military and police are relatively weak political forces under Putin.

## The Siloviki Cohort.

Kryshtanovskaya pioneered the scholarship that showed the increasing presence of representatives from the power ministries throughout the government. She observed that in the Soviet period it was unusual for power ministry officers to be appointed to civilian posts. Quite the reverse, it was not uncommon for KGB positions around the country to be filled by Communist Party and Komsomol (Communist Youth League) appointments.

The pattern in post-Soviet Russia has been much different. Starting in Yeltsin’s second term, and continuing with a much stronger emphasis under Putin, a variety of civilian positions throughout regional and federal government have been filled by security and military personnel. Kryshtanovskaya shows that this increasing “militarization” of the elite took place in the federal government, both houses of parliament (the Duma and the Federation Council), and among regional governors (see Figure 3). This militarization took place not only at the top level, but

Figure 3: Militarization of the Russian Elite



also at intermediate and lower levels. For example, many deputy ministers in multiple non-military agencies, such as the Ministry for Economic Development and the Ministry of Communications, also came from the power ministries.<sup>29</sup> More recently, a 2007 survey of the top 100 executive branch positions showed that about one-third of these slots were filled by those with power ministry backgrounds.<sup>30</sup>

The most noticeable expansion of the siloviki cohort into state administration was with one of Putin's key first-term reforms, the creation of seven Federal Districts (*Okrugs*) in May 2000. The Federal Districts were given the functions of coordinating the activity of federal executive branch organs in the regions, resolving disputes between federal and regional bodies, and monitoring the compliance of regional laws with federal laws and decrees. Each of the Districts was headed by a presidential representative, or *polpred*, and five of the seven initial *polpreds* had backgrounds in the KGB, the military, or the police. Each presidential representative had 5-8 deputies, as well as 6-18 Chief Federal Inspectors who represented them in the regions within the Federal District (Russia is designed as a federal political system, which had 89 different subunits when Putin came to power, and which will have 84 by January 2008 as a result of several mergers). Two years after the Districts were created, in mid-2002, more than 40 percent of these deputies and Chief Federal Inspectors were siloviki (see Table 3). The percentage of siloviki in these positions remained almost exactly the same in 2007. Most heavily represented among these personnel were the Armed Forces, the FSB, the MVD, and the FSNP. All of the FSNP officials started their careers in the KGB.<sup>31</sup>

**Table 3: Federal Districts and Power Ministry Personnel, Mid-2002**

Federal District	Deputies with Power Ministry Background	Main Federal Inspectors with Power Ministry Background	Totals
Central	3 of 8	10 of 18	13 of 26 (50%)
Northwest	4 of 6	7 of 10	11 of 16 (69%)
Volga	1 of 6	6 of 13	7 of 19 (37%)
Southern	2 of 7	5 of 9	7 of 16 (44%)
Urals	1 of 5	3 of 6	4 of 11 (36%)
Siberian	2 of 6	2 of 11	4 of 17 (24%)
Far Eastern	3 of 6	1 of 8	4 of 14 (29%)
Totals	16 of 44 (36%)	34 of 75 (45%)	50 of 119 (42%)

It is worth noting that the rise of the siloviki cohort started during Yeltsin's second term. Yeltsin's last three prime ministers – Yevgeniy Primakov, Sergey Stepashin, and Putin – had power ministry ties, and the Presidential Administration also became populated with higher numbers of siloviki. For example, the former KGB officer Nikolay Bordyuzha headed both the Security Council and the Presidential Administration in 1998-99. Yeltsin himself believed that society was yearning for a leader who was not only a “new-thinking democrat” but also a “strong, military man.”<sup>32</sup> Both Bordyuzha and Stepashin were in some sense auditioned for the role of future president, and found wanting by Yeltsin, who then elevated Putin. Arguably Stepashin was the one most qualified to be president, having served in the parliament and three top government positions in the 1990s – FSB Director, MVD Chief, and Minister of Justice. Although Stepashin had been very loyal to Yeltsin, Putin stood out even more in this respect, demonstrating fealty both to his old mentor, St. Petersburg Mayor Anatoliy Sobchak, and his new boss Yeltsin, particularly in the infamous “Skuratov affair,” when compromising material (kompromat) was enlisted to force Procurator General Skuratov from office. Putin became the heir apparent.

It was Putin's selection, and then election, as president that ensured the rise of the siloviki as a cohort throughout the Russian government. Two factors, one about the nature of Russian politics and one about Putin himself, combined to make such a development not only possible but likely. First, Russian politics tends to be dominated more by what the famous German sociologist Max Weber called patrimonial practices than rational-legal bureaucratic norms. Rational-legal bureaucracies are based on impersonal administration, in which personnel are recruited and promoted based on relatively objective criteria, such as education, examination, length of service, and performance. In contrast, in patrimonial bureaucracies personnel are recruited and promoted based on connections, family ties, ethnic background, and other characteristics not directly related to their ability to complete their assigned tasks in an effective and efficient manner. In short, in the former you enter and advance based on “what you know,” in the latter based on “who you know.” There is considerable agreement that the Russian government operates more on patronage than professionalism.<sup>33</sup> The forging of alliances through marriages between families is only the starkest example of the pre-modern nature of much Russian state administration.<sup>34</sup>

The second issue, specific to Putin, was his meteoric rise to the top. In 1996 he was a briefly unemployed Deputy Mayor of Saint Petersburg after his patron, Sobchak, lost his reelection bid. Brought to Moscow by a group of government officials who also came from St. Petersburg, Putin climbed rapidly, so that within two years, by the summer of 1998, he was the director of the FSB. Thirteen months later he was Prime Minister and on his way to the presidency. Given this ascent, and Putin's limited tenure in Moscow, he had a narrow circle of colleagues to draw on in creating his own patronage machine. Perfectly naturally given the nature of the political system, many of Putin's most important appointments had a KGB background, a St. Petersburg background, or both. Further, Putin's appointments from the secret services are likely to bring their own train of former colleagues with them, creating a ripple effect throughout the government.

Does it matter that so many top officials have backgrounds in the security service and other power ministries? After all, there are many differences among this large cohort of officials. The clan and corporate differences discussed below, for example, clearly show that this is not a unified team. This cohort of siloviki certainly is not politically monolithic. For example, in the 1990s every political party found army generals to put on their list of candidates, from the democratic-leaning Eduard Vorobev of the Union of Right Forces to the anti-Semitic hard-line nationalist Albert Makashov of the Communist Party.<sup>35</sup>

Still, there does seem to be some basis to think that such a large cohort of power ministry officials in government service might influence the nature of the Russian government. Kryshtanovskaya argues that several features of power ministry culture, such as hierarchy, strict discipline, and patriotism, have pushed out more democratic ideas and procedures with the rise of the siloviki cohort. As a general rule people who made their careers in the power ministries are more likely to be both adherents of a strong state internally (in Russian, *gosudarstvenniki*) and of a strong Russia internationally (*derzhavniki*). In this worldview the Gorbachev-Yeltsin era was another “time of troubles” in Russian history, when an attempt at liberalization led to state weakness and collapse, and the Putin period is a time of consolidation and state building. This view of recent history is hardly confined to siloviki – it is shared by many Russian citizens and elites – but it is likely to be particularly strong amongst this group. Liberal democracy is at best a lower priority, and more likely perceived as a threat to political order and stability. The desire for control predominates among former Chekists, the most important group within the siloviki cohort and the Putin team.<sup>36</sup>

## Siloviki Clans.

A second way of understanding the influence of the siloviki in Russian politics is based not on the group as a cohort of officials, but as a more narrow “clan” connecting top Kremlin officials with key power ministry leaders. Understanding the key groupings and alliances at the top of Soviet politics was a key feature of Kremlinology, and remained equally vital after the so-called “transition to democracy.” This point was made forcefully by the U.S. diplomat Thomas Graham in 1995, who, highlighting the patrimonial character of Russian politics, argued that under Yeltsin several political and economic groupings struggled for power. Graham highlighted four different clans, headed by powerful patrons such as Prime Minister Viktor Chernomyrdin, Moscow Mayor Yuri Luzhkov, State Property Committee Head Anatoliy Chubais, and Korzhakov, the head of the Presidential Security Service.<sup>37</sup>

Although the players have changed, the game under Putin remains the same. In his first term, analysts highlighted three or four key groupings. There were the leftover elements of the so-called Yeltsin “Family,” such as Prime Minister Mikhail Kasyanov and Chief of the Presidential Administration Aleksandr Voloshin, the siloviki, and the “Saint Petersburg liberals,” a group sometimes further subdivided into the “economists” (German Gref and Aleksei Kudrin, who head the

two most important economic ministries) and the “lawyers” (Dmitriy Medvedev and Dmitriy Kozak, who in the first term both worked for the Presidential Administration).

The siloviki clearly became the most powerful grouping. Traditionally, the center of the clan was said to be in the Presidential Administration, headed by the Deputy Head of the Presidential Administration Igor Sechin and Viktor Ivanov, a key assistant to Putin. Both Ivanov and Sechin are from St. Petersburg, with Ivanov having a definite KGB past and Sechin presumed to have at least some contacts with the KGB, given his work as a military translator in Mozambique and Angola in the 1980s.

The key to the power of the siloviki group in the Kremlin, other than their obvious closeness to Putin, was their alliance with Patrushev at the FSB. One symbol of this alliance is that Patrushev’s son Andrey is an advisor to Sechin in Sechin’s capacity as Chair of the Board of the state oil company Rosneft (the connection of the siloviki to big business will be discussed in Chapter Four). Further, as noted above, Procurator General Vladimir Ustinov, previously part of the Yeltsin “Family” grouping, joined the siloviki clan. The head of the MVD since 2004, Rashid Nurgaliyev, is also believed to be a Patrushev protégé. Thus, by the end of the first term this clan controlled the three key law enforcement structures: the FSB, the Procuracy, and the MVD. The power of this clan was evident in the taking down of Russia’s richest man, Mikhail Khodorkovsky, in the Yukos affair. The political views attributed to this clan are similar to those that Kryshtanovskaya ascribes to the siloviki cohort as a whole, statism and nationalism.<sup>38</sup>

One advantage of the siloviki as clan approach is that it allows for greater analysis of the divisions *within* the siloviki. For example, former Defense Minister and current First Deputy Prime Minister Sergey Ivanov, one of Putin’s potential successors, is often grouped with the siloviki because of his KGB and Petersburg background. But Ivanov and Sechin are believed to be bitter enemies. For example, the scandal in the press over the mutilation of army private Andrey Sychev by other soldiers on New Year’s Eve 2006 was said to be promoted by Sechin and Ustinov as an attack on Ivanov and his management of the army. Similarly, Cherkesov and Patrushev apparently are opponents. Indeed, Cherkesov was driven to publicly bemoan squabbles between Chekists, who in Cherkesov’s view must remain united or Russia itself is at risk, “awaiting the fate of many African nations – practically complete annihilation, plunging into chaos and multiracial genocide.”<sup>39</sup> Cherkesov is believed to be allied with the head of the Presidential Security Service Viktor Zolotov, also a longtime associate of Putin from St. Petersburg (Zolotov was Sobchak’s bodyguard).

Divisions within the siloviki have become more apparent in recent years for three reasons, all of them interrelated. First, the successful assault on “the Family” eliminated a key common enemy of the siloviki and allowed submerged divisions within this group to come to the forefront. Second, the 2008 succession motivates all major elite factions to seek to increase their power. Third, Putin himself has obvious incentives to not let one clan become predominant, because it would weaken his position as chief arbiter. Thus, he has made sure to maintain a balance among the different siloviki factions.



Multiple examples of the shifting alliances and pre-succession maneuvering are evident. Perhaps the most significant was removing Ustinov as head of the Procuracy in the summer of 2006, a step widely interpreted as a decision by Putin to weaken somewhat Sechin's position. Ustinov's replacement, former Minister of Justice Yuriy Chaika, is believed to be allied with the Chief of the Presidential Administration, Sergey Sobyenin. Reportedly Chaika has also found a "common language" with Cherkesov, one sign of which is the 2007 reorganization of the Investigative Committee within the Procuracy (discussed below), a step that Cherkesov has advocated as part of plan to unify all of the investigative services within the law enforcement organs into one powerful, independent investigative department.<sup>40</sup> Further, First Deputy Prime Minister Dmitriy Medvedev, one of the most widely touted successors to Putin, has been working to place his people within the FSB, MVD, and Procuracy. There are also signs that the Sechin-Viktor Ivanov relationship, the foundation of the siloviki clan, may be under stress. According to the well-informed analyst Vladimir Pribylovsky, the Petersburg siloviki clan has split into two main factions. Sechin remains linked to Ustinov as well as Prime Minister Mikhail Fradkov, whereas Viktor Ivanov is allied with Patrushev and Duma Speaker Boris Gryzlov. Gryzlov and Patrushev not only went to school together in St. Petersburg, but sat next to each other in class.<sup>41</sup>

The odd man out in all of these undercover squabbles is Sergey Ivanov, who is along with Medvedev one of the two most likely successors. Ivanov spent most of the Putin presidency at the Ministry of Defense. He brought some former KGB allies to the ministry with him, but never formed a strong alliance with the uniformed military, which remains a minor player in Kremlin intrigues anyway. Ivanov has extended his control over key economic sectors, such as military industry, aviation, and nuclear energy. His policy views, including economic statism and restoring Russia as a great power, are consistent with those of other top siloviki, even if they remain bureaucratic competitors. Further, although he seems to lack crucial allies in Moscow, the respected analytical magazine *Ekspert* suggests that he has good ties to power ministry officials at the regional level.<sup>42</sup> Finally, and most importantly, the key relationship for all clans and clan leaders is with Putin himself. In this respect Ivanov's position appears very strong.

## **Siloviki Corporate Actors.**

The third way of thinking about the influence of the siloviki is not as a cohort or a clan (or group of clans), but as the corporate bodies that make up the power ministries described in Chapter One. In contrast to the sociological approach of the cohort view, or the Kremlinological methods of the clan perspective, seeing the siloviki primarily as a group of corporate actors is consistent with a traditional bureaucratic politics approach. Policy is seen as the outcome of "pulling and hauling" between competing agencies.

Like the clan approach, one virtue of the corporate perspective is that it highlights potential divisions between the power ministries and within the broad cohort of siloviki. The power ministries

do not just represent a bloc of agencies united around their control over coercive force – they often have overlapping jurisdictions and are competitors for power and resources. These rivalries are long-standing. The MVD and the KGB/FSB have historically been mutually antagonistic; President Putin once remarked, “those of us in the Cheka never liked the police.”<sup>43</sup> Similarly, the Red Army resented KGB monitoring and oversight of their activities and loyalties. These institutional conflicts continued into the post-Soviet period. For example, the military greatly resented the influence and resources directed at other power ministries in the 1990s and the presence of multiple “parallel armies,” such as the Internal Troops of the MVD, the MChS, and the Federal Border Service (FPS).

These institutional conflicts also exist at the micro-level of everyday interactions between officials from different agencies. The military is largely aloof from these conflicts because it does not play an internal role, although the war in Chechnya created many clashes between the army, the MVD, and the FSB in the North Caucasus. All of them have troops in the area, and operational control has shifted between them several times, with the MVD now in charge. In the domestic law enforcement sphere there are both everyday tensions and important cultural differences between police, secret police, and prosecutors. KGB/FSB agents always have considered themselves the elite “blue bloods” among the law enforcement agencies (and among state officials in general), viewing the average cop as someone overburdened with unimportant grunt work and frequently corrupt. Police, in return, see themselves as the real fighters against crime, soldiers who shed blood while FSB agents and procurators just sit at their desks. Procuracy officials, for their part, see themselves as the linchpin of the system, with everything dependent on them. Although legally this is somewhat true given their key role in the criminal prosecution system and as the coordinators of law enforcement, in reality they often are dependent upon information provided by other agencies, the police in ordinary crimes and the FSB in high-profile cases. Moreover, given the elite status of the FSB, the ability of the Procuracy to exercise genuine oversight over its officials is limited. These cultural differences are long-standing, and remain with officials as they climb the ladder. Good personal relationships – i.e., do they drink vodka together? – can overcome these differences in some localities, but overall the law enforcement structures are hardly a unified team.

At the macro-level, the 1990s was a time of flux. Yeltsin clearly distrusted the secret police, which explains the decision to break the KGB into multiple parts, and the frequent leadership changes at the top of the FSB. Beyond the “big three” of the MO, MVD, and FSB, other agencies were able to assert themselves, particularly if their director enjoyed close ties to Yeltsin. The most obvious example here is the enormous power accumulated as head of the Presidential Security Service by Aleksandr Korzhakov in Yeltsin’s first term. After Korzhakov played a crucial role in defeating Yeltsin’s opponents in the violent October 1993 conflict, Yeltsin instructed Korzhakov to make his service into a “mini-KGB.” In 1995 Korzhakov made the top five of *Nezavisimaya Gazeta*’s well-known “100 Leading Politicians” index, which charts the shifting influence of Russia’s political and economic elite. MChS’s Shoigu and FPS head Andrey Nikolayev also were both closer to Yeltsin and arguably more powerful than some directors of the FSB, such as Nikolay Kovalev (1996-1998).

The FSB's power, although already wide-ranging on paper, really began to grow when Putin became its head and demonstrated his loyalty to Yeltsin. Once he became the head of state the FSB's rise to dominance over the other power ministries was assured. In 2003, as noted above, it regained control over border protection and some important government communication functions. More importantly, FSB personnel spread throughout the other power ministries, a form of bureaucratic colonization. The most obvious manifestation of this was the appointment of Ivanov to head the Ministry of Defense in March 2001 and Nurgaliyev to run the MVD in March 2004. Nurgaliyev, in fact, had been sent to the MVD from the FSB already in 2002, when he became the First Deputy Minister of Internal Affairs. This example can be multiplied many times over. For example, in 2004 five of the second-tier positions in the MVD, such as Deputy Minister or the heads of MVD directorates or services, were occupied by former KGB/FSB personnel. Similarly, in the MO the Deputy Minister in charge of cadres came from the secret police, as did the Director of the military-technical cooperation service. The current head of the Federal Customs Service (FTS), as well as several second-tier positions, are also occupied by Chekists. This is also true of the FSKN, Cherkesov's agency.<sup>44</sup>

Second in stature behind the FSB has been the Procuracy, primarily because of its wide-ranging powers and responsibilities. Although in principle the Procuracy is independent from the executive branch, it still largely takes its direction from the president, just as it did from the Party during the Soviet period. In the early 1990s legal reformers sought to limit the Procuracy's extensive mandate and strengthen the power and independence of the courts, but these efforts failed.<sup>45</sup>

In May 2007, however, a major change in the powers of the Procuracy was introduced.<sup>46</sup> The functions of criminal investigation and oversight of the legal process were separated, with the creation of an Investigative Committee located within the Procuracy but de facto independent. The head of this new committee is not appointed by the Procurator General, but by the Federation Council on the recommendation of the president. The first head, Aleksandr Bastrykin, went to law school with Putin and has worked in both the MVD and the Procuracy. At the same time, the other law enforcement structures, including the MVD, the FSB, and the FSKN will keep their own investigative units – the move toward a unified Federal Investigative Service was at least postponed, if not rejected altogether. Whether the change will make the criminal prosecution process more effective and less corrupt is hotly disputed, and will only become clear with time. But the reform represents a major weakening of the Procuracy, because, as later chapters will make clear, the prosecutorial weapon is of great political and economic importance in Russia. Sechin allegedly backed the change as a form of revenge after his ally Ustinov was removed as General Procurator, and had hoped, apparently in vain, to return Ustinov to the Procuracy as the head of the Investigative Committee. This reform also somewhat strengthens the FSB and the MVD, but it is unlikely to be the last word in the battle for influence between the main law enforcement structures.

## **Conclusion.**

Vladimir Putin's presidency has led to a significant increase in the number of current and former power ministry officials occupying key state positions. But the image of a monolithic "militocracy" dominating Russian politics fades away once we look inside the clan politics that determine the major directions of Russian policy, or the bureaucratic battles between the various power ministries. Former KGB officials have benefited the most from Putin's rule, and the FSB has established itself as the preeminent power agency in post-Soviet Russia, but relations between these actors remain very much in flux as the post-Putin succession looms. All actors in this struggle for power and resources recognize the importance of exercising control over the power ministries.

# CHAPTER THREE: POWER AS A WEAPON: THE RETURN OF AUTHORITARIANISM

**P**ower ministry reorganizations and battles, and siloviki alliances and intrigues, are important not just in themselves, but because control over state coercion has been at the heart of Russia's post-Soviet political development. Prominent examples include:

- The August 1991 coup;
- The Soviet collapse;
- The October 1993 confrontation;
- The First and Second Chechen Wars;
- The attack on Yukos;
- The 2004 Beslan school terrorist incident.

In all of these episodes, the role played by the power ministries has been crucial.

Besides their centrality to the major crises of the last two decades, the power ministries have also been key actors in the most fundamental ongoing political and economic changes. In the political realm, the most significant development has been the failure to establish democracy and the return of authoritarianism. In the economic sphere, the key issues have been the distribution and redistribution of property and the struggle over economic policy.

Vladimir Putin's central goal, and self-professed main achievement, has been rebuilding the power of the Russian state. In certain respects he is no doubt correct – the capacity of the state is in some ways higher under Putin than Yeltsin. But the extent of change should not be overstated. Although Putin has used the power ministries to weaken the power of the regions, the oligarchs, the press, and opposition political parties, he has not created state bureaucracies that can reliably and efficiently cope with some of their core tasks, such as fighting terrorism and crime.

## The Power Ministries and the Struggle for Power: Crises and Conspiracies.

*Siloviki* and power ministry influence at the very top of Russian politics is not just a Putin-era phenomenon. At several key junctures in Yeltsin's tenure they played a key role in resolving the ultimate issue of who runs the state. In October 1993 neither Yeltsin nor his key opponents – Vice President Aleksandr Rutskoy (a retired Air Force General) and Supreme Soviet speaker Ruslan Khasbulatov – commanded much loyalty among power ministry personnel. Rutskoy and Khasbulatov could muster only a handful of actual employees of state coercive agencies to take up arms on their behalf. Yeltsin had problems of his own, with the Ministry of Security largely sitting on the fence, MVD units unable to control the pro-Supreme Soviet demonstrators, and the army hoping to avoid any role in the conflict. In the end Presidential Security Service head Korzhakov played a decisive role in mobilizing troops for the storming of the Supreme Soviet building, the White House, and it took a written order from Yeltsin to bring in several units from the military.

In March 1996, Korzhakov and his close ally, FSB head Mikhail Barsukov, almost succeeded in persuading Yeltsin to close down the Duma, outlaw the Communist Party, and “postpone” presidential elections, scheduled for June of that year. Only the cooler heads of Yeltsin's political advisers, and rising *silovik* Anatoliy Kulikov (MVD chief), averted another potentially violent showdown for power in the streets of Moscow.

The struggle for power became equally vicious toward the end of Yeltsin's second term. Russia's top elite understood that much power and wealth was at stake in the coming succession in 2000, when a new president would be elected. The major conflict was between Yeltsin and “the Family” and the Yevgeniy Primakov-Yuriy Luzhkov alliance and their new political party, Fatherland-All Russia. Both sides deployed their media assets against each other in a no-holds-barred public relations war. But what does the 1999-2000 succession have to do with the power ministries? At a minimum the resumption of the war in Chechnya in the fall of 1999 played a crucial role in Putin's soaring popularity. But some observers have suggested a more direct role, arguing that there was a conspiracy to propel Putin to the presidency that involved killing hundreds of innocent citizens.

**The apartment bombings.** In early August 1999 a group of Chechen rebels attacked the neighboring republic of Dagestan, hoping to expand the area in the North Caucasus under Islamic rule and de facto independent from Russia.<sup>47</sup> Putin was appointed Prime Minister several days later, and made restoring order and Russian control in the region his top priority. In September the conflict escalated dramatically when apartment buildings were blown up in Dagestan, Moscow, and Volgodonsk in southern Russia. The destruction of two apartment complexes in Moscow on September 9 and 13 had a particularly dramatic effect. The government blamed the attack on Chechens, and used the reaction to the bombings to bolster support for a second war in Chechnya. Subsequently the government tried and convicted several alleged Islamic radicals from the North Caucasus, and blamed a group of rebel field commanders, some now dead and some still at large, for organizing the attacks.

Almost immediately after the bombings it was suggested that the government, or elements within the government, were behind the attacks. The supposed rationale was to whip up public support for a new war in Chechnya, and for the new Prime Minister and potential president Putin. The primary evidence for this conspiracy is actually a bombing that did not take place, in the city of Ryazan in central Russia on September 22. A vigilant citizen noticed a suspicious car and its occupants unloading sacks into the basement of an apartment building, and called the police. At first the authorities claimed they had averted a terrorist attack, but two days later FSB head Patrushev said it had been a training exercise. Other fishy details, such as whether the sacks involved contained explosives or sugar, further raised suspicions. And the peculiarities of the Ryazan incident led to the conclusion that, if the FSB was conducting an attack in Ryazan, it was behind the other bombings as well.<sup>48</sup>

If there really was a conspiracy to propel Putin to the presidency by blowing up multiple apartment buildings, with the active involvement of the FSB, the role of the power ministries in the post-Yeltsin succession would have to be evaluated as not only crucial, but also criminal. The currently available evidence on these bombings, however, is so ambiguous, fragmented, and contradictory that firm conclusions seem unwarranted.

There are several good reasons to doubt the conspiracy version, however. First, the cause and effect relationship posited by the theory – provoke another war in Chechnya (three years after the end of a very unpopular war) and blow up some apartment buildings in order to elect our preferred candidate as president – is dubious on its face. Second, the invasion of Dagestan, on top of the multiple kidnappings in the region in previous years, presented sufficient cause for war, even without the bombings. Third, a key problem with the conspiracy version is the number of actual bombings. Why blow up five different apartment buildings in four different cities to justify the war? One or two in Moscow would have been more than adequate, and each subsequent bombing is not only unnecessary, but potentially dangerous, because it creates the risk of the conspiracy coming to light. Fourth, it suggests considerable confidence in those behind the conspiracy that a plot involving multiple players in and out of government, and presumably a considerable number of FSB operatives, could be kept secret, a proposition that also seems dubious.

The most obvious explanation could well be the correct one – that Islamic radicals from the North Caucasus, who both before and after 1999 showed a willingness to carry out terrorist attacks, also were responsible for the apartment bombings. The major problem with this version is the Ryazan incident, but recognizing the peculiarities of this episode does not lead inevitably to the conspiracy theory. For example, it is plausible that the FSB really did simulate an attack in Ryazan, in order to subsequently “uncover” it and claim credit for doing so, but the vigilance of local citizens and law enforcement personnel in responding foiled these plans. The “training exercise” justification was improvised once the plan fell apart.<sup>49</sup>

In 2004, unlike in 1996 and 1999, there was no need to even contemplate any special measures around the presidential election, because Putin’s reelection was a foregone conclusion. But what about 2008? Putin has frequently stated his intention to leave office in 2008, consistent

with the constitutional restriction on more than two consecutive terms. He is likely to back one or two favored candidates as his successor – current speculation centers primarily around the two First Deputy Prime Ministers, Dmitriy Medvedev and Sergei Ivanov. But some members of Putin’s close circle may not be reconciled with his departure. Their power, and hence access to vast economic resources, is dependent on Putin, and if he departs their power and wealth may not be guaranteed, whatever promises are made. After all, oligarch Boris Berezovsky thought Putin was a firm member of “the Family” who was particularly indebted to him after his media outlets helped promote Putin in 1999-2000, but he was driven from power and the country. Several of Putin’s top siloviki friends, including rivals Sechin and Cherkesov, at various times have been rumored to be maneuvering to convince Putin to stay in office. Shorthand for this group in Russia is “the third term party.” It is in this context that the Litvinenko affair becomes relevant.

**The Litvinenko affair.** Former FSB agent Aleksandr Litvinenko was killed by polonium poisoning in London in the fall of 2006. Litvinenko was a harsh critic of Putin and closely connected with Berezovsky, whom he had met in Moscow in the 1990s; in 1998 he held a news conference in which he claimed that his superiors at the FSB had ordered him to kill Berezovsky. Litvinenko emigrated to Britain in 2000, where he wrote or co-wrote several sensational books about the FSB, including “The FSB Blows Up Russia,” about the 1999 apartment bombings. The British government has charged Andrey Lugovoy, a former KGB and Federal Guard Service (FSO) officer who ran his own private security company and who was acquainted with both Berezovsky and Litvinenko, with the murder.

The details of the murder, the evidence, and especially the interlocking background of the multiple players, are convoluted and cannot be covered here.<sup>50</sup> What seems undeniable is that the polonium came from Russia, which is where most of the world’s supply of polonium is produced in state-operated nuclear reactors, and that at least some state officials were involved – the amount used suggests both that it was not acquired on the black market, and that price was not a consideration (press estimates put the value of the amount used in the poisoning at \$10-40 million). The decision to use polonium, of all possible methods, to kill Litvinenko suggests one of two, completely contradictory, rationales. The first is that the killers believed that the polonium would not be detected, which would make it impossible to pin the murder on anyone or even prove that it was a murder. The second is that the use of polonium would ensure that the Russian government was at least indirectly implicated. Why? Either to send a signal about the fate of traitors (which is how Litvinenko was viewed by many in Russia, and certainly within the secret services), or to cause a rupture of relations between Russia and the West. Thus, some Russian commentators have argued that the Litvinenko affair was the work of the “third term party,” hoping to convince Putin to stay on as president by making Russia, and Putin himself, an international pariah. Under these circumstances, the somewhat complicated logic goes, Putin could no longer expect the respected “former head of state” role enjoyed by other ex-European leaders, and therefore breaking with the fiction of Russia being a democratic, constitutional state and remaining in office despite the constitutional limits



would be less psychologically difficult.<sup>51</sup>

It seems more likely that polonium was used for the first reason, to try to avoid discovery. Its properties make it very difficult to detect either chemically or because of its radioactivity, and Litvinenko's doctors would not have been looking for it. Indeed, at the time of Litvinenko's death it was believed that polonium had never been used as a murder weapon before. In hindsight, several suspicious deaths in Russia a few years ago may have been caused by polonium poisoning, although it is impossible to know for sure. The case that raises the most questions in this respect is that of Roman Tsepov, a former MVD officer and head of a St. Petersburg private security company, who died under mysterious circumstances in 2004. Descriptions of Tsepov's death are very close to those of Litvinenko's. Through his work he developed close contacts with the political and business elite of the city, including in the power ministries, and he was personally acquainted with Putin and other close Putin associates, including Viktor Zolotov.<sup>52</sup> If polonium had been used successfully in Russia in the past, it would have increased the confidence that it would go undetected again. The perpetrators may have simply underestimated the technical expertise of British medicine.

The whole affair certainly makes Russia, its security services, and Putin himself look bad. Coming immediately on the heels of the murder in Moscow of well-known independent journalist Anna Politkovskaya, the Litvinenko affair casts a very dark light on current Russian politics. If some government officials were involved in the Litvinenko murder, which seems likely, either Putin knew about the plot or, perhaps worse, has weak control over elements within his own security services, who can assassinate former Russian citizens living abroad with impunity. At a minimum, Russia does not seem to have made much effort to investigate the case seriously and figure out, for example, the origin and chain of custody for the polonium, which apparently was flown from Moscow to London on a commercial flight. To the contrary, as Russian journalist Yevgeniy Kiselyov points out, the conduct so far of the Russian law enforcement authorities "only strengthens the suspicion that Lugovoy is deeply entangled in the Litvinenko murder and that the Russian authorities are covering up for him."<sup>53</sup>

Putin's personal involvement is hard to credit, because Litvinenko, as the Russian authorities have pointed out, posed no serious threat to Putin. The only possible explanation for Putin's involvement is thus not rational but emotional. For example, in July 2006 Litvinenko published an article on a Chechen website accusing Putin of being a pedophile. In Putin's eyes, or those of a close associate, this might have been the last straw, a humiliation not to be borne. Equally plausible is that Putin associates took the initiative on their own, a la British King Henry II's knights who conspired to assassinate the "meddlesome priest" Thomas Becket.<sup>54</sup> These versions, however, are inconsistent with the unsubstantiated claims of former FSB agent Mikhail Trepashkin that the FSB had sought to recruit him to participate in an attack on Litvinenko as early as 2002-2003; Trepashkin's account is more consistent with the punishment of a traitor theory.

All of these observations about the parties involved and their motives remain rather speculative. The full truth about Litvinenko's death may never be known, and there are a host of

alternatives theories not discussed here, including ones that finger Berezovsky and organized crime elements. The British decision to charge Lugovoy and seek his extradition (a request that Russia has rejected) suggests they believe they have a strong case, although it remains unclear why they did not also charge his apparent accomplice, Dmitriy Kovtun. And it seems unlikely that, if Lugovoy was indeed one of the killers, that he did so on his own initiative – what was his motive, and where would he have obtained such a large and expensive amount of polonium? One consequence of the affair, however, is that a much wider audience has now seen a glimpse of the murky Russian world of the power ministries, and the way in which former and current security and law enforcement personnel are closely entwined with high politics and big business.

## **The Power Ministries and the Building of “Vertical Power.”**

Headline-grabbing crises and conspiracies are one aspect of the role of the power ministries in Russian politics, but their influence is more important in less dramatic ways. Putin’s tenure as president has been marked by his efforts to reduce the influence of alternative sources of power and build a hierarchical structure with the Kremlin at the top. Toward that end, the main law enforcement bodies – the Procuracy, the FSB, and the MVD – have been brought ever more closely under central control. These agencies, in turn, have been used against potential opponents of Putin’s power.

The 1993 Constitution gave enormous powers to the Russian president, creating a system sometimes referred to as “superpresidential.” But under Yeltsin the central executive faced important challenges from the legislature, the regions, and the oligarchs, and so the president’s enormous powers remained somewhat latent. As Eugene Huskey put it at the beginning of Putin’s tenure, “Putin did not inherit a superpresidential order, he sought to build one.”<sup>55</sup>

More fundamentally, the Constitution and the Constitutional Court were not powerful enough to resolve disputes between key actors, like the executive and the legislature or the center and the regions. Similarly, Russia also lacked a well-institutionalized party system, which often can help structure political conflicts in established democracies. The weakness of political institutions and the rule of law made it important to control the law enforcement system and the instruments of state coercion. As Thomas Hobbes remarked, “in matter of Government, when nothing else is turn’d up, Clubs are trumps.” Putin inadvertently invoked Hobbes when he stated in 2000, “The state holds a club....We have not used the club yet....If we get angry, however, we will use the club without hesitation.”<sup>56</sup>

Russia has a dual executive system, with both a president and a prime minister. According to Russian law, the power ministries, as well as the Ministry of Foreign Affairs, are under the president’s control, while economic, social, and cultural ministries and agencies are under the prime minister. Of the power ministries and agencies outlined above, only the Federal Customs Service, which is under the prime minister, and the Procuracy, which is by law independent, are not under

the president. This division of responsibility is further evidence of the centrality of controlling the power ministries for Russian politics. Putin effectively used his control over the law enforcement system and the power ministries to seriously weaken key challengers, such as the oligarchs and the regional governors.

**Putin vs. the Oligarchs.** Putin early on warned Russia's most powerful businessmen that they must stay out of politics if they wanted to hold on to the riches they had acquired in the 1990s. What exactly it meant to "stay out of politics" was somewhat unclear, given that the major oligarchs controlled large natural resource companies, media outlets, and banks, all of which were intertwined with politics. In reality, what Putin's position amounted to was that those who supported him, or at least did not openly oppose him, stood a much better chance of staying in business and out of jail than those who were more vocal.

Putin prioritized undermining the two powerful media oligarchs, Berezovsky and Vladimir Gusinsky, who each controlled a major national television channel and had used them aggressively, one on each side, in the 1999-2000 electoral and succession cycle.<sup>57</sup> For our purposes the key feature of the legal and political processes that eventually pushed both Berezovsky and Gusinsky into exile is the aggressive use of law enforcement structures by the Kremlin. In the case of Berezovsky, the Procuracy and the tax police (FSNP) went after two Berezovsky controlled companies, the carmaker Avtovaz and the state airline Aeroflot. Gusinsky's Media-MOST came under heavy pressure immediately after Putin became president, with a FSNP raid on its headquarters four days after his inauguration in May 2000. In June Gusinsky was summoned to the General Procuracy, where he was questioned and then arrested. He was released after a few days, and left the country shortly thereafter. Dozens of raids by the FSNP and the Procuracy would follow in the coming year before the final take-over of his media holdings by the state gas company, Gazprom. In the same period other large companies also found themselves receiving high-profile visits from the tax inspectors.

The 2003 attack on Mikhail Khodorkovsky and his oil company Yukos was equally momentous and used similar methods.<sup>58</sup> In July 2003 the General Procuracy opened a major investigation into oil-giant Yukos, which led to the October arrest of Khodorkovsky by FSB agents. There were several political and economic reasons for the clash, including a power struggle between "the Family" and the siloviki, retribution for Khodorkovsky's political activities and potential political ambitions, and the enormous and growing power of Yukos as an energy player on the domestic and international stage, including planned independent pipelines and a possible merger with a major international oil company.

Putin maintained throughout, as he had in the 2000 attacks on Berezovsky and Gusinsky, that these were simply legal matters being pursued by independent law-enforcement agencies. *The Economist* rightly calls this claim a "pretense"; whatever crimes and sins had been committed by Berezovsky, Gusinsky, and Khodorkovsky, it is clear that they were not alone in these failings and had been selectively targeted.<sup>59</sup> Perhaps the ultimate symbol of how the legal system is intertwined with politics and economics is that the key instrument in the attack on Yukos, the Procuracy, was

headed by Ustinov, who is closely allied with Sechin, who is both the deputy head of the Presidential Administration and the Chairman of the Board of Rosneft, the state oil company that acquired most of Yukos's assets after it was dismantled. Putin's philosophy toward the use of the law seems similar to that of former Brazilian President Getulio Vargas, who allegedly said, "for my friends, everything; for my enemies, the law."<sup>60</sup>

The Yukos affair and its resolution made clear, if there had been any previous doubt, the dominance of statist economic views among Putin and the other top siloviki. Putin believes that Russia should use its natural resource wealth to build up its economic power and its world influence.<sup>61</sup> Further, the siloviki seem to be not only statist in this respect but also ethnic Russian nationalists. If an anonymous FSB official interviewed by *Novaya Gazeta* is to be believed, nationality was a key criterion in deciding which oligarchs to target, with Jews falling under suspicion and ethnic Russians viewed more favorably. Indeed, an examination of the careers of 296 leading businesspeople (all but 7 of whom are men) from 1995-2005 by Sergey Braguinsky shows that although the risk of property expropriation was only slightly higher for Jews than non-Jews under Putin, "all of the 12 Jewish oligarchs expropriated under Mr. Putin were also ostracized [i.e., punitive actions such as investigations and detention were taken– B.T.]" Braguinsky concludes that, although he doesn't think Putin is an anti-Semite, members of the law enforcement organs appear to be.<sup>62</sup> One should not take this argument too far, however – prominent Jewish oligarchs such as Roman Abramovich and Mikhail Fridman remain in business (although Abramovich has divested of some key assets, including selling the oil giant Sibneft to Gazprom).

The new generation of oligarchs have a profile consistent with that of the other top Putin elite, with a pronounced dominance of those with backgrounds in the power ministries, Saint Petersburg, or both. Indeed, Daniel Treisman argues that Putin's oligarchs should be called silovarchs, a combination of siloviki and oligarchs. In terms of the relationship between big business and the state, Putin has reasserted the primacy of the state. But this reassertion of state power, as William Tompson emphasizes, is based on the state's power to arbitrarily coerce, and not on a stronger rule of law or greater regulative capacity.<sup>63</sup> All three ways of thinking about the siloviki – as a cohort, as a clan, and as a series of corporate actors – are relevant in understanding this use of coercion as a weapon against big business under Putin.

**Putin vs. the Governors.** Article I of the 1993 Constitution defines Russia as a "democratic federative rule-of-law state." Arguably it is none of these as of 2007. In terms of federalism, although Russia remains a de jure federation divided into 84 (as of January 2008) units, Putin's federal reforms have largely created a sham form of federalism in which the center is overwhelmingly dominant. The siloviki, both as a cohort and as corporate actors, played a large role in changing the federal bargain in Russia.<sup>64</sup>

When Putin came to power in 2000 he inherited a form of "asymmetric federalism" in which, a la Orwell's *Animal Farm*, all regions were equal, but some regions were more equal than others. Specifically, the ethnically based republics, such as Tatarstan, acquired greater power and

rights than the other regions. A series of bilateral treaties between Moscow and 46 of the regions concluded under Yeltsin helped define the relative powers of the center and the political subunits. Putin set out to change this system his very first week in office with the creation of the seven Federal Districts described above. He clearly believed that the governors had acquired too much power and must be brought back into line. His federal reform plan was worked out in the two key power structures that Putin had headed before becoming Prime Minister in 1999, the FSB and the Security Council, which in 1999 and 2000 were headed by key allies Patrushev and Sergei Ivanov.

Siloviki personnel were placed throughout the Federal District structures (see Table 3 above), and they proceeded to launch a campaign to bring the power ministries, especially law enforcement structures, back under federal control. Controlling regional procurators and police chiefs was an important goal for governors under Yeltsin because they were important weapons to deploy against local political and economic rivals, and to refrain from deploying against allies. The provision of direct and indirect (housing, cars, etc.) financial support, along with a say over appointments, were the main levers of gubernatorial influence. In the 1990s many regional chief executives were able to “capture” regional procurators and police chiefs. With the police, Procuracy, and sometimes the courts partially reliant on governors, it was difficult for the center to use law enforcement as a weapon against recalcitrant or oppositional governors.

The polpreds, or presidential representatives, heading the Federal Districts were in the words of one Russian official, “administrative spetsnaz [special forces – B.T.],” and they began pressuring the governors and rearranging federal structures. The MVD, the Procuracy, and the FSNP established federal district structures, creating an intermediate zone between the central ministry and the regional directorates. These new, district-level power ministry structures presided over a series of efforts to diminish the power of the regions, including the appointment of new regional police and procuracy officials. Putin and the federal police head called for the “rotation of cadres,” a policy used in the Soviet period, in order to bring in officials from outside the region who presumably would be less susceptible to capture, and Russian law enforcement agencies began to implement this policy. For example, more than two-thirds of regional police chiefs under Putin have been appointed from outside the region, whereas under Yeltsin this figure was closer to forty percent.<sup>65</sup> Putin also pushed through the parliament an important change in police legislation giving the Kremlin and the central MVD a decisive say in appointing and replacing regional police heads. Finally, the presidential representatives and district-level procurators waged a major campaign to bring regional laws into compliance with federal laws and the Constitution.

By the end of Putin’s first term it was clear that the rules of the game between center and the regions had fundamentally changed.<sup>66</sup> Now incompliant governors, in the words of Russian politician Sergey Glaziev, “can expect trouble from the law enforcement organs.”<sup>67</sup> Most governors chose to preserve their positions by joining Putin’s team. By late 2004 Putin had reasserted central authority to the extent that he abolished direct elections for governors, who are now nominated by the president and approved by regional legislatures. Russian federalism is now more akin to the

“sham federalism” of the Soviet Union, and the power ministries and a large cohort of siloviki played a key role in this change.

**The Power Ministries and War in the North Caucasus.** Putin stated upon becoming president that his “historic mission” was to “resolve the situation in the North Caucasus.”<sup>68</sup> Most centrally this refers to the war in Chechnya and its quest for independence, but also the political disorder and violence in the south of Russia in general. In this respect, Putin’s use of the coercive force of the power ministries has, at least in the short run, prevented Chechen independence and enhanced political order in the region.<sup>69</sup>

The perspective from 2007 must be considered a miracle turn-around, given where things were in 2004-2005. At that point violence, terrorism, and instability appeared to be spreading uncontrollably from Chechnya to the other republics of the North Caucasus. The horrific September 2004 Beslan school incident in North Ossetia, in which more than 300 people died, many of them children, was the most notorious event, but that year witnessed a whole host of violent episodes. For example, the pro-Russian Chechen President, Akhmad Kadyrov, was killed by a terrorist bombing at Dinamo stadium in Grozny on May 9 during Victory Day celebrations, and a group of insurgents launched a major assault on Nazran and Karabulak in Ingushetia in June 2004 during which scores of law enforcement and security personnel were killed. In 2002-2004 there were multiple terrorist attacks in Moscow, including the 2002 Nord-Ost theater attack and bombings of the subway and two airliners in August 2004. The October 2005 armed attacks on law enforcement structures in Nalchik, the capital of the republic of Kabardino-Balkaria (KBR), which left more than 100 people dead, was another indication of the further spread of unrest in the North Caucasus.<sup>70</sup>

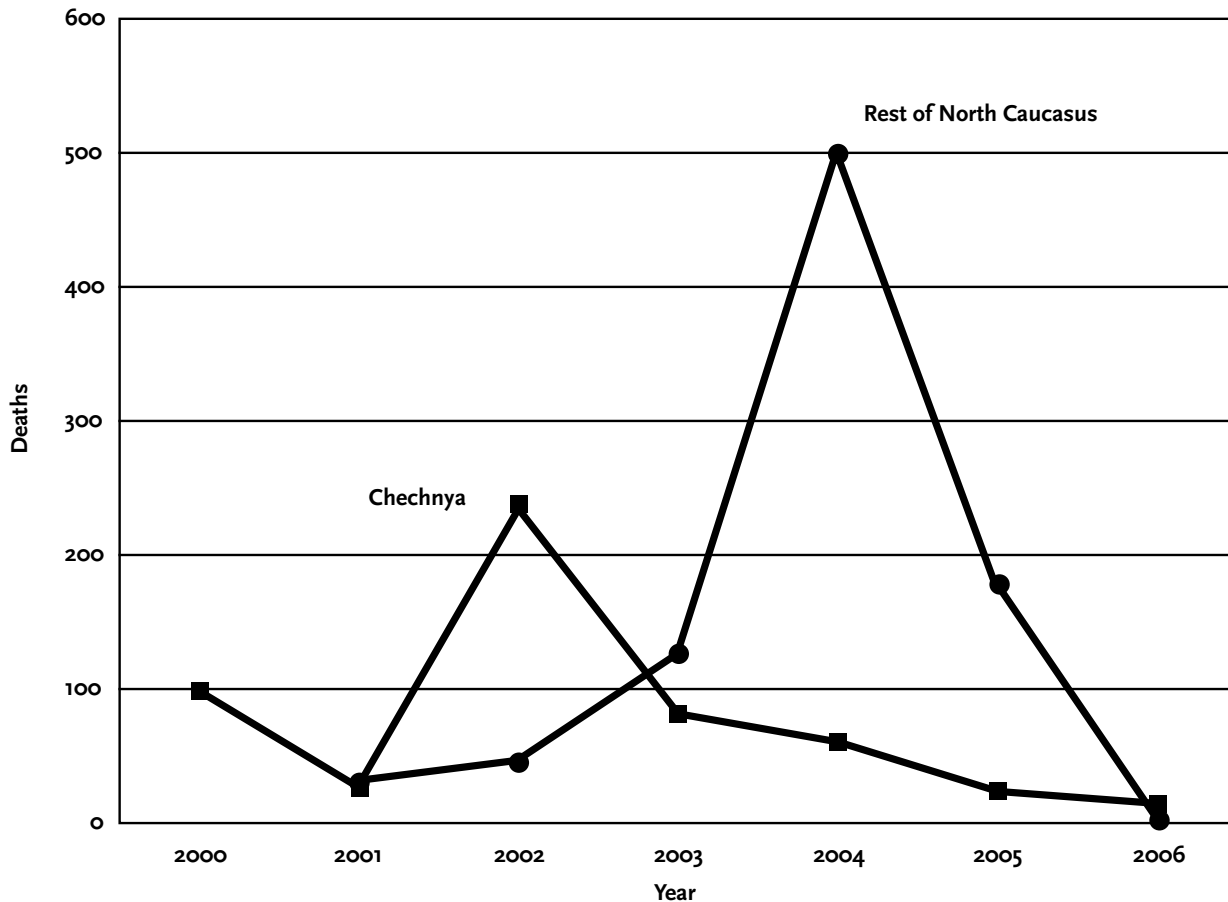
Western and Russian commentators interpreted events such as Beslan as a failure of both Putin’s rule and the power ministries. The British journalist John Kampfner asserted after Beslan that “four years into Putin’s rule, there may be less stability than there has ever been.... The state is flailing.” The Russian commentator Yulia Latynina argued that “the security services are failing miserably” in their key mission of protecting society against terrorist attacks and other threats to national security.<sup>71</sup>

The situation as of the summer of 2007, however, appears much different. In 2005-2006 the three most important figures in the Chechen insurgency – Russia’s leading terrorist Shamil Basaev, former Chechen President and head of the Chechen rebel government Aslan Maskhadov, and Maskhadov’s successor as head of the rebel government, Abdul-Khalim Sadullayev – were killed. Although violence continued throughout the region, not only in Chechnya but also in particular in Ingushetia and Dagestan, in general the North Caucasus seemed more stable by 2007. The number of major attacks in the region has decreased, with the last major incident with dozens of casualties taking place in Nalchik in October 2005.

The general trend in political violence in the region is indicated in Figure 4, which shows the contrasting patterns in major violent episodes over the past five years in both Chechnya and the rest of the North Caucasus.<sup>72</sup> The data include deaths from major terrorist incidents and

insurgent attacks. They do not include attacks by Russian federal forces on rebel fighters or civilian populations, or rebel ambushes of Russian military units in Chechnya, let alone “disappearances” and targeted killings.<sup>73</sup> In Chechnya, after a series of bombings of government buildings and missile attacks on Russian military helicopters in 2002, the ability of the rebels to carry out attacks with large numbers of deaths has steadily declined. In the rest of the region, in contrast, the picture of spreading violence in the 2003-2005 period is clearly evident, as Basaev in particular sought to widen the Chechen conflict to the entire region. By 2006, however, major attacks had virtually ceased.

Figure 4: Deaths From Terrorism/Insurgency, Major Attacks, North Caucasus, 2000-2006



Although the spectacular attacks of 2003-2005 in the North Caucasus have (at least for now) dropped off, the level of political violence in at least some republics remains significant. Indeed, the current situation in Dagestan, as well as in Ingushetia, is by some accounts as unstable as the one in Chechnya. Overall it is certainly too early to conclude that Russia has turned the corner in the North Caucasus, but the region is considerably more stable than it was several years ago.<sup>74</sup>

Russia’s power ministries certainly deserve some of the credit for this improvement. Acknowledging this is not, of course, an endorsement of the often brutal methods that have been employed in Chechnya and elsewhere. Over the course of the past fifteen years tens of thousands of people have been killed in the republic as a result of the wars, as well as in the lawless period

of 1996-1999 between the two wars. In addition, since the beginning of the second war in 1999, official Chechen government representatives put the number of “disappeared” at 2,000-2,500, with human rights groups such as Memorial suggesting the figure is 3,000-3,500. Torture and kidnapping has been practiced on a widespread scale by Russian, Chechen government, and Chechen rebel combatants.<sup>75</sup>

Over the last four years Putin has pursued a policy of “Chechenization,” which has granted greater control to Chechen officials, including security and law enforcement organs. Central to this policy has been the elevation of Ramzan Kadyrov from the role of thug and enforcer to president of the republic. In effect, Putin has granted control to a local warlord, who is provided resources in return for establishing order, by whatever means necessary. Under Kadyrov almost all of the top positions in Chechnya, particularly in the power ministries, are occupied by those, like himself, who fought against Russia either in the first war, or even in the second war. Kadyrov remains personally loyal to Putin, but it is not clear that he will follow a similar policy of obedience to Moscow under Putin’s successor. Many Russian power ministry personnel in the region greatly distrust Kadyrov and his security troops, with one soldier remarking that they are “a legalized bandit formation...no different from the rebels.”<sup>76</sup>

Russian military, security, and law enforcement structures in the North Caucasus also continue to exhibit a whole host of pathologies that weaken their effectiveness and raise doubts about the long-term viability of the recent stabilization. For example, rebels and smugglers can pass through military and police checkpoints by paying bribes, MVD personnel sell passports and other identity papers to insurgents, police officers are hired based on bribes or family connections, and prosecutors look the other way when the powerful and well-connected commit crimes. Thus, despite the more positive trend in recent years, the North Caucasus could continue to be a flashpoint under Putin’s successor.

## **Strengthening the State: Putin’s Mixed Record.**

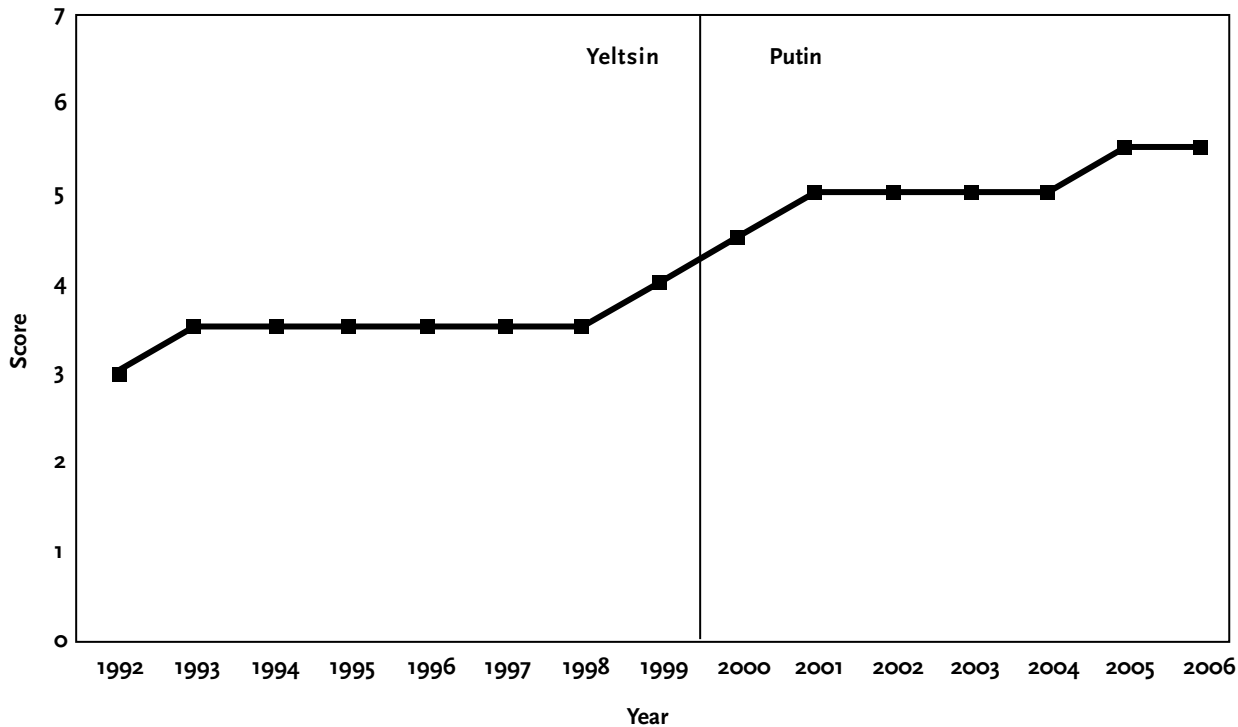
Vladimir Putin has successfully reasserted the power of the Kremlin vis-à-vis other major political actors in Russia. He has done so with considerable assistance from the main security and law enforcement organs, as well as personnel and close political allies from those agencies. Has he thus strengthened the state?

There is no doubt that Putin has undermined democracy in his time as president. Freedom House scores, the most widely used measures of the state of democracy worldwide, show a steady decline in the level of Russian democracy from 1992 to 2006. Freedom House rates “political rights” and “civil liberties” in every country on a 1-7 scale, with one the best and seven the worst. Under Yeltsin Russia was a “partially free” country, or a hybrid regime, with a political system having elements of both democracy and authoritarianism; in 1999 Russia’s combined average score was four. Under Putin Russia’s growing authoritarianism has pushed it into Freedom House’s “not



free” category, with a combined average score of 5.5 (see Figure 5). Although Russia’s comparative rating seems overly harsh – hereditary monarchies like Brunei and Oman, where the same leaders have been in place for 35-40 years, have the same score – the basic trend in Freedom House scores accurately reflects the declining political freedoms in Putin’s Russia.

Figure 5: Russia Freedom House Scores

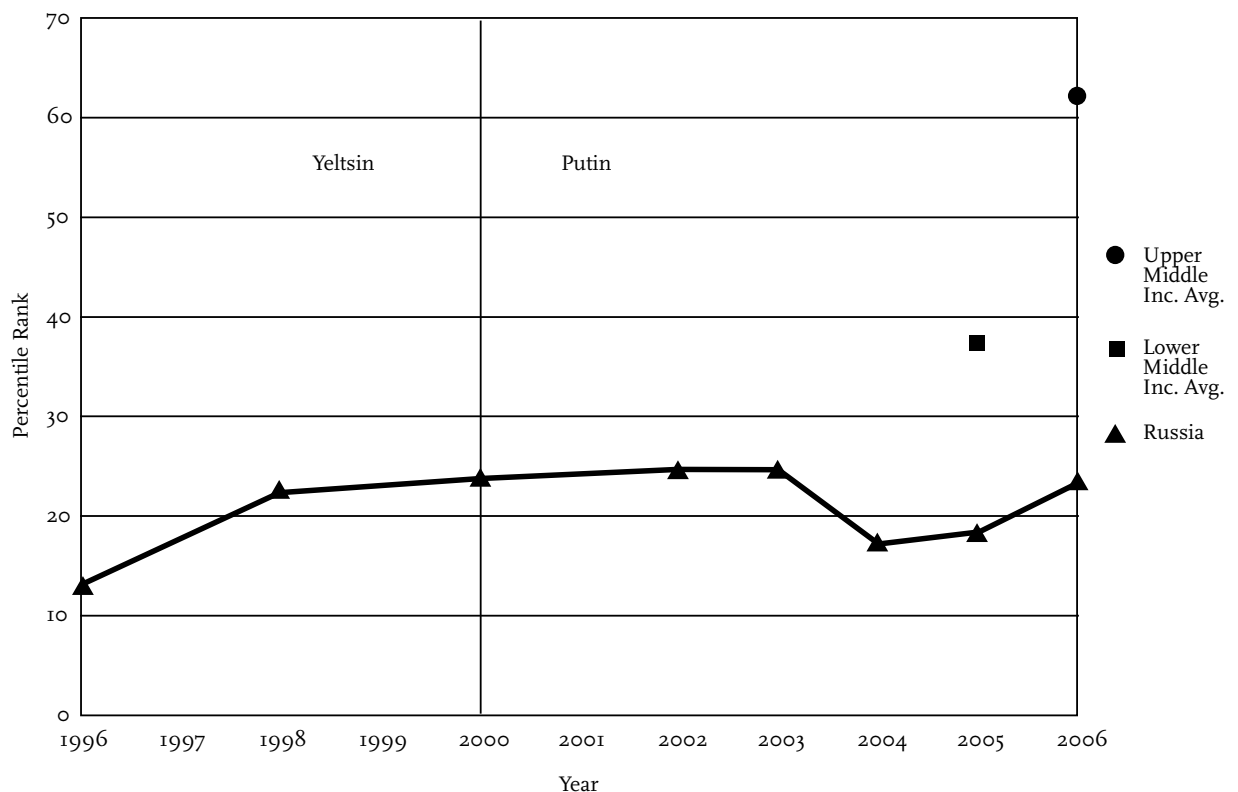


At times Putin and his allies have denied that his state-building project represents any threat to democracy. Clearly a strong state and democracy are not at odds, and the former even may be necessary for the full realization of the latter. But at other times Putin has appeared to suggest that the two goals are at odds, such as his 2003 statement that “if by democracy one means the dissolution of the state, then we do not need such democracy.”<sup>77</sup>

If providing political order has come at the cost of democratic freedoms, many Russians might well embrace this calculus. Measuring state strength and capacity is a notoriously difficult task, particularly creating measures that allow valid comparisons across time and across countries. Still, there is some evidence that the strength of the state has increased in key areas under Putin, while remaining weak in others, and well below world standards for countries possessing Russia’s wealth. In the economic sphere, the state’s ability to extract resources from society – to tax – and control the currency in circulation within its borders is undoubtedly higher under Putin than Yeltsin. Although much of the improvement in these areas is a consequence of the overall economic improvement, brought about mainly by a combination of the 1998 devaluation and high world energy prices, the current decade represents a striking change from the last one.<sup>78</sup>

Elementary political order also seems somewhat improved in the last few years, with the prospects for political violence having dropped. Russia has not seen a violent confrontation for power in Moscow like those of 1991 and 1993 for the last fourteen years. High casualty terrorist attacks in Moscow, like the 1999 apartment bombings, the 2002 Nord-Ost theater hostage incident, or the subway and airplane bombings of the summer of 2004, have also apparently ended, although this may be more due to a change in strategy by Islamic rebels after the counter-productive Beslan incident than an improvement in law enforcement and security work. Data from the World Bank Governance project, which ranks countries on six indicators of good governance, shows a slight improvement on the “political stability/no violence” indicator (“the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism”) from 1996 to 2006, but no real change during Putin’s tenure.<sup>79</sup> Moreover, Russia’s scores remain well below those of other states at the same level of income (see Figure 6).\*

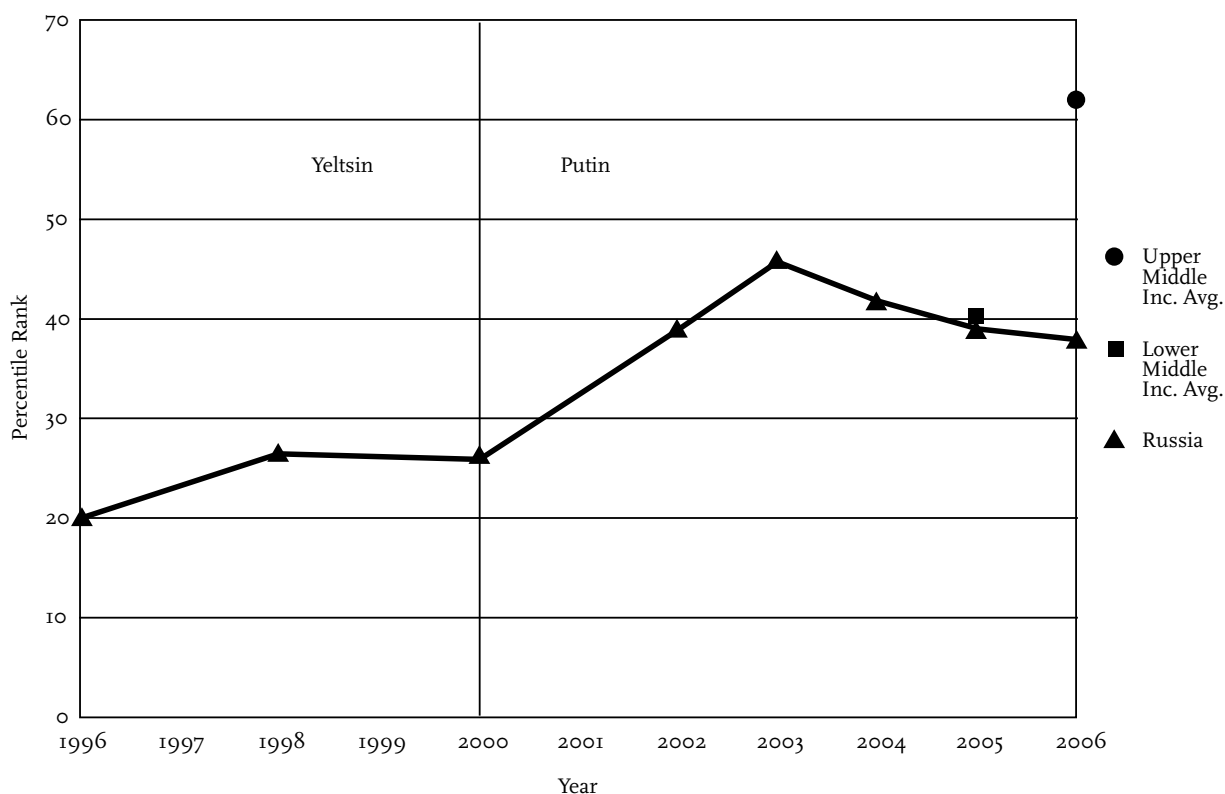
**Figure 6: Political Stability/No Violence (World Bank Governance)**



\* The World Bank Governance project does not provide income group average percentiles for the entire series from 1996-2006, but only for the most recent evaluation. I thus have the income group comparisons for Russia from only 2005 and 2006. In 2006 Russia moved from the Lower Middle Income Group to the Upper Middle Income group.

World Bank rankings also show considerable improvement over the last decade in “government effectiveness,” defined as “the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies.” Russia’s scores on this variable have moved it up from the bottom twentieth percentile in 1996 to around the fortieth percentile in 2004-2006. However, Russia’s score over the last four years has declined back to the level achieved in 2002 (see Figure 7). Moreover, Russia’s rating on this indicator was about average for its income group in 2005 (Lower Middle Income), but significantly lower than its group in 2006 (Higher Middle Income). To put it differently, Russia’s growing wealth has not been matched by a corresponding increase in government effectiveness.

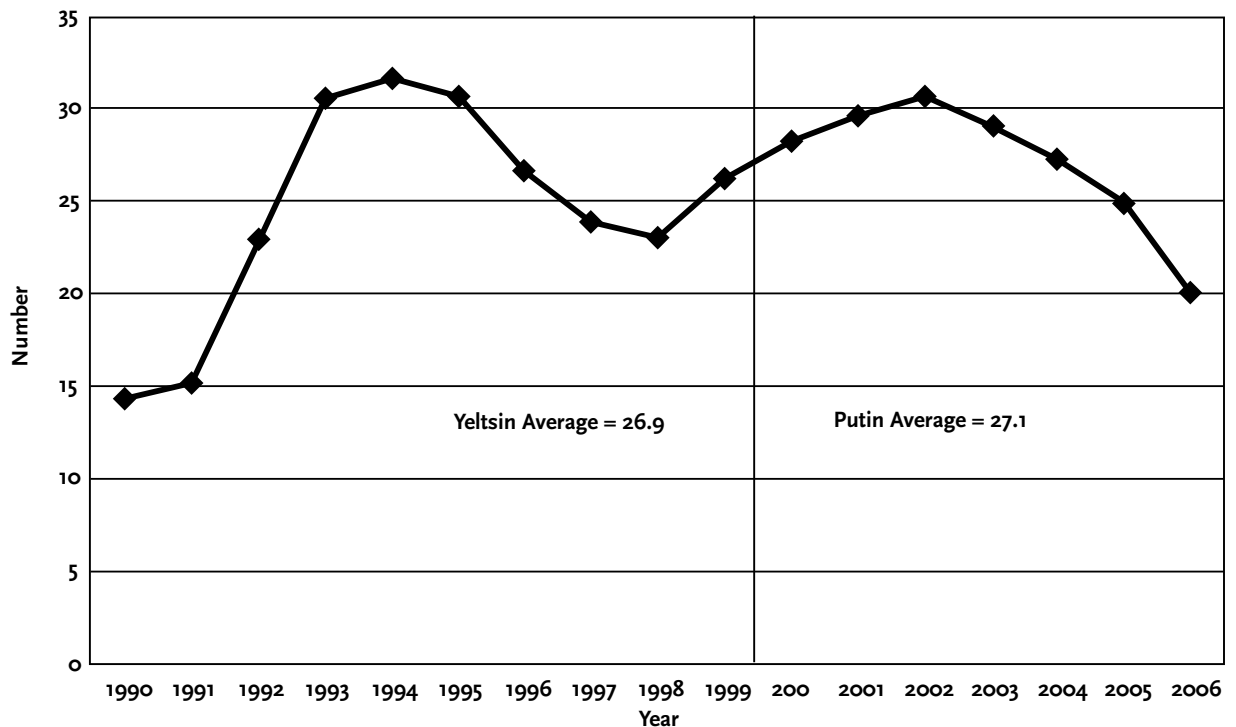
**Figure 7: Government Effectiveness (World Bank Governance)**



William Tompson of the Organization for Economic Cooperation and Development (OECD) argues persuasively that “the progress of Putin’s drive to rebuild the state has been decidedly uneven.” Tompson notes a rise in the state’s coercive and extractive capacities, but continuing weaknesses in service provision, administrative and regulative abilities, and “rule-enforcement powers.” He observes that “the mere fact that the state’s coercive capacities are far greater than its other capabilities creates incentives to rely heavily on coercion or the threat of coercion.”<sup>80</sup> As the saying goes, when your main tool is a hammer, everything looks like a nail, particularly if you and all of your close associates are carpenters by training.

It is also important to stress that, despite the considerable strengthening of the state's capacity to coerce, and a large increase in resources devoted to the power ministries under Putin, the law enforcement and security structures still have considerable difficulty coping with some of their core tasks. The murder rate is a common indicator of the quality of law enforcement work, and one that reliably shows changes over time (unlike statistics on the overall crime rate, for example). Homicide rates for Russia capture both the accomplishments and limitations of Putin's state-building project.<sup>81</sup> On the positive side, the murder rate has declined for the last four years and in 2006 was lower than at any point in the post-Soviet period (see Figure 8). On the negative side, the average for the Yeltsin and Putin years is virtually identical. Moreover, Russia's murder rate of 20 per 100,000 population is extremely high on a comparative basis. In Western Europe the average is 1-2 per 100,000 population, in the U.S. the rate is 5-7 per 100,000, and in middle-income, high crime countries like Mexico and Brazil the rate is approximately 15-20 per 100,000. Russia continues to have one of the highest murder rates in the world and the highest in Europe. Finally, the most likely explanation for the declining homicide rate in Russia is the enormous economic growth of the last seven years, rather than a recent improvement in police work. Overall Russia's continued, extremely high murder rate has to be a disappointment given the increased power and resources of Russia's law enforcement and security organs under Putin. If the murder rate continues to fall, however, Putin can claim some credit for this change.

**Figure 8: Murders per 100,000 Population**



The armed forces play little role domestically and thus do not directly affect the internal strength of the state or its ability to cope with challenges such as crime and terrorism. Their performance in the second Chechen war compared to the first war was somewhat improved, but was still marked by, in Mark Kramer's words, "corruption, cronyism, indifference, and administrative incompetence."<sup>82</sup> The additional resources the military has received under Putin has permitted greater training and rearmament, but the most important component of military reform, personnel reform, is only being introduced in 2008, at the end of Putin's tenure. Although Putin has made some strides compared to his predecessor, the state of the Russian armed forces remains precarious, with crime, corruption, officer retention, and low morale still important problems. Continued improvement after Putin, like in so many other areas, remains dependent upon high world energy prices and the ability of the state to use this windfall effectively.<sup>83</sup>

In general, the capacity of the power ministries from the point of view of Russia's leaders is higher when it comes to carrying out exceptional decisions rather than routine implementation of their core tasks. For example, although the performance of the police by most metrics is quite poor, they are fully capable of mobilizing enormous shows of force against opposition protests when required by the authorities. It is also not difficult to open criminal cases against political and economic enemies. At the same time, protecting ordinary citizens from crime, or cracking down on corruption, seems to be beyond the capability of Russian law enforcement and security bodies. The security of the regime takes precedence over the security of the population.

## **Conclusion.**

Russia's siloviki – as a cohort, a clan, and a group of corporate actors – have been at the center of politics under Vladimir Putin. They have played a key role in Putin's central project of strengthening the state, which has in reality been more about establishing the dominance of the Kremlin than creating the administrative capacity to run a well-functioning 21st century government. Putin, like Yeltsin before him, has privileged loyalty and control over effectiveness and accountability when it comes to the power ministries. These priorities have served Putin well in maintaining power for himself and his allies, and this is unlikely to change during his last months in office. His successor, assuming Putin surrenders power as expected in May 2008, will inherit a more controllable power ministry apparatus than the one Putin acquired in 2000. However, Russia's coercive agencies are less effective than one might expect, given the power and resources they have been granted by Putin. The major reason for these deficiencies is connected to the most fundamental change in the power ministries since the Soviet collapse: their commercialization, the central topic of the next chapter.

# CHAPTER FOUR: POWER AS A RESOURCE: GUNS AND MONEY

Russia's power ministries, and the siloviki clan, are not just key political actors in Putin's Russia, but economic ones as well. From the "commanding heights" of the Russian economy, the major oil and gas companies, down to small street and market traders, the siloviki have made their influence felt. The ability to coerce has made it possible to convert the power of the gun into money in Russia. Given the weakness of the rule of law, security and law enforcement personnel are able to use their power for material gain, either for themselves or for others.

The commercialization of the siloviki since the Soviet collapse is equal in significance to their increased political power under Putin, and may prove to be more enduring. It contributes to the weakness of the state and the ineffectiveness of government administration, and makes it more difficult for Russia to confront major problems such as terrorism, crime, and smuggling of illicit materials, from drugs to chemical, nuclear, and biological agents. Changing this aspect of power ministry conduct will be perhaps the biggest challenge of Putin's successor.

## **The Downside of Putin's Approach to State-Building: Corruption and the Weak Rule of Law.**

Putin promised at the beginning of his first term that the only dictatorship that would be established in Russia would be a "dictatorship of the law." The generous interpretation of this statement was that Putin was interested in the creation of a "rule of law" state. Whatever his intentions in 2000, by the end of his tenure Putin has created more dictatorship than rule of law as president.

Putin has made little progress in strengthening the rule of law, and moderate progress in combating corruption, according to the World Bank Governance project. Russia's percentile ranking for "Rule of Law" has been consistently around the twenty percent range since the project began in 1996 (see Figure 9). In contrast, the "Control of Corruption" rankings are noticeably higher than they were in 2000 when Putin took office (see Figure 10).<sup>84</sup> On the other hand, Russia's scores for

both indicators are virtually the same as they were in 1996, the mid-point of Yeltsin's presidency. Most importantly, Russia's scores in both of these categories remain considerably below the average for states in their income category, particularly now that it has moved into the Higher Middle Income group for the 2006 rankings. To use a different set of ratings, in the 2006 Transparency International rankings of corruption Russia is tied for 121st place out of 163 with countries such as Gambia, Honduras, the Philippines, and Rwanda. The second-lowest ranking G-8 member after Russia is Italy, in 45th place.

Vladimir Putin's state-building vision at times seems reminiscent of Louis XIV's famous (and perhaps apocryphal) quip, "L'État, c'est moi." The power of all competitors to the Kremlin has been reduced, creating a political system highly dependent on the president. If the post-Cold War US is not only a superpower but a hyperpower, Putin's political system is not just superpresidential but hyperpresidential. But as one Russian analyst sardonically observed early in Putin's first term, "it is hard to build a pyramid from the top."<sup>85</sup> By weakening the power of a free press, civil society organizations, the legislature, the judiciary, and regional and local government, it has made it much harder to monitor corrupt and illegal behavior by state officials. Punishment can still take place on a selective basis, but overall bureaucrats are relatively unconstrained by oversight either by other state officials or non-state actors. One brief example will suffice – in 2005 in all of Russia a total of 109 officers in the notoriously corrupt traffic police were sentenced for taking bribes, a rate of about 1.25 per region.<sup>86</sup> With such a small chance of being punished, it is not surprising that corruption remains rampant.

Figure 9: Rule of Law (World Bank Governance)

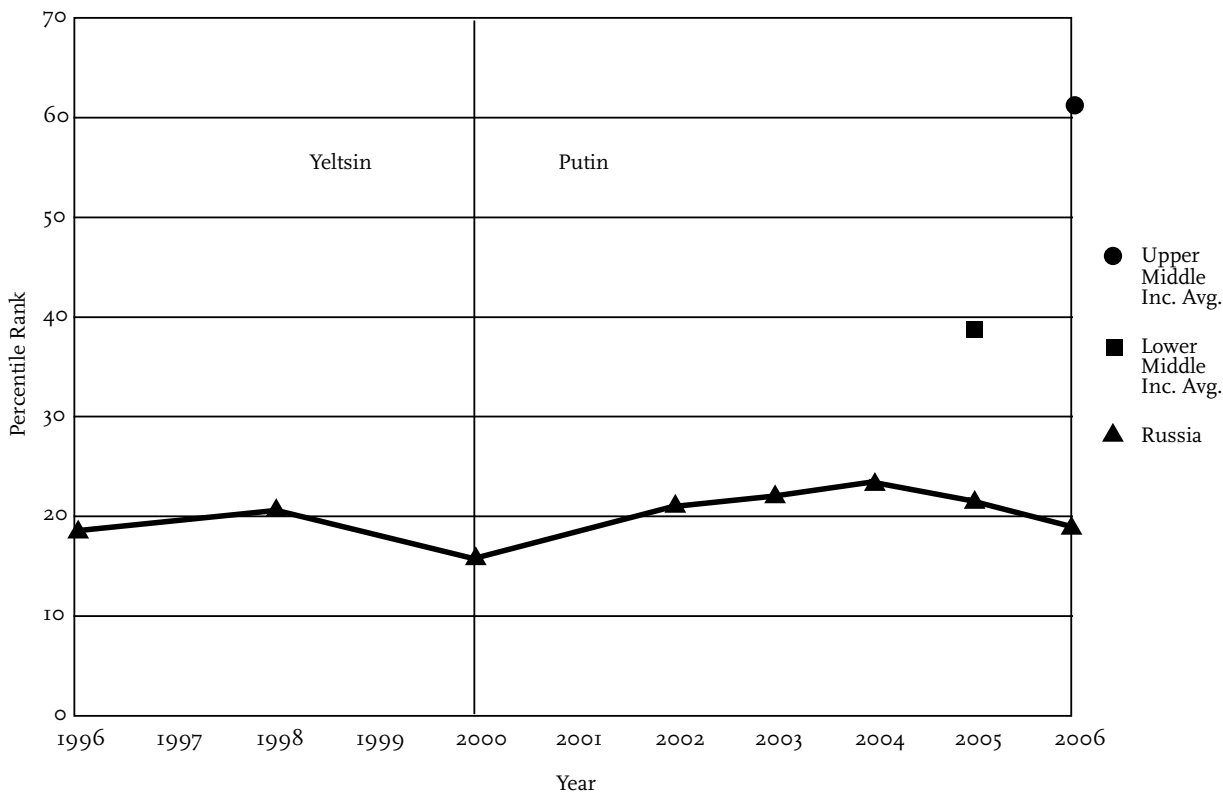
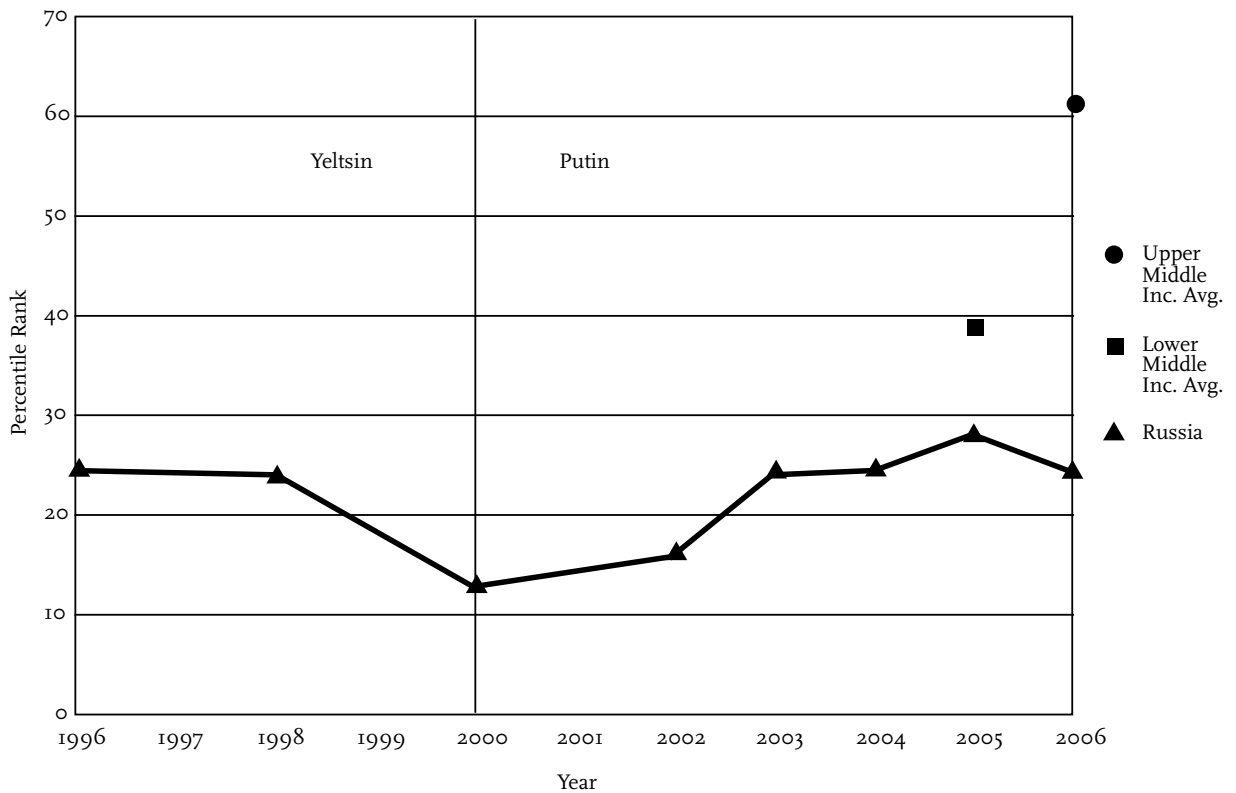


Figure 10: Control of Corruption (World Bank Governance)



## The Commercialization of the Power Ministries.

Corruption and weak adherence to the rule of law are a particular problem in the power ministries. Surveys of Russian citizens show that they believe corruption is particularly widespread among the police, the traffic police, customs officials, the Procuracy, and the courts.<sup>87</sup> In other words, Russians believe that the very structures that are supposed to uphold the law are the most consistent violators of it. In 2001 Putin noted that grounds exist “for thinking that a fusion has taken place between criminal entities and law enforcement agencies.”<sup>88</sup> With the exception of a few brief campaigns against so-called “werewolves in uniform,” such as the one which took place before the 2003 parliamentary elections, the available evidence suggests he has done little to counteract this situation.

The problem is not simply one of corruption, defined as the use of public office for private benefit. More fundamental is the systemic nature of the commercialization of the power ministries, in which not just a few bad apples take bribes, but illegal activity is viewed as normal by all parties, and business and the state are so intertwined that it is hard to know where one ends and the other one starts. What follows are some examples of some common forms of converting guns into money, or what Vadim Volkov memorably dubbed “violent entrepreneurship.”<sup>89</sup>

“**Roofing**” (*Kryshovaniye*). One of the most common forms of enrichment for power ministry personnel is the provision of protection (a “roof,” or krysha in Russian parlance) to businesses of all sizes.<sup>90</sup> In the immediate post-Soviet period state law-enforcement agencies proved unable to protect



the property rights of newly-legal stores and companies, so mafia groups filled this void by running protection rackets. Over time, however, much of this activity was taken over by state agencies – not as part of their legal responsibilities, but on a for-hire basis. One Russian crime journalist estimated that if in the early 1990s 70 percent of roofs were criminal, ten years later 70 percent were provided by the police, and another 10 percent by the FSB. Large enterprises were more likely to have a FSB roof.<sup>91</sup> Medium and large enterprises usually hire a former officer from the FSB or the MVD to serve as the “vice president” for security, who manages the firm’s relations with the law enforcement authorities.

**Forced Takeovers.** Law enforcement personnel are frequently involved in so-called “commissioned cases” (*zakaznye dela*), in which a company secures law enforcement support for an attack on a business rival. These takeovers can involve firms ranging in size from a corner store to Russia’s biggest companies, such as Oleg Deripaska’s Basic Element, which engineered several such high-profile takeovers in 2000-2002. Carrying out such commissioned cases involves not only the use of the courts to initiate lawsuits or bankruptcy cases, but also armed state units, such as MVD OMON troops, to physically seize the assets, and police or procuracy support to bring criminal cases against one’s rivals. FSB officers have also actively participated in the redistribution of property. The reorganization of the Procuracy Investigative Committee in 2007 was believed to be inspired in part by an attempt to cope with the “commissioned cases” problem, although experts remain sharply divided about whether the reforms will make the problem better or worse.<sup>92</sup>

**Selling Assets.** This category of commercialized siloviki behavior should be thought of broadly: assets to be exchanged for money include information, documents, positions, and even people. The type of assets sold depend on those possessed by the specific agency or officer, but the principle is the same – valuable resources that theoretically belong to the state can be sold (or rented) to willing buyers. Roofing and commissioned cases are in this sense just a subset of this more general category. A few examples from 2007 will illustrate the phenomenon:

- The subdivision of the Moscow police responsible for phone-tapping allegedly carried out illegal phone taps on business competitors for a variety of companies;

- A group of current and former siloviki, including personnel from the MVD and the FSO, reportedly sold access passes to government buildings, including the Kremlin, and special permission documents for automobiles, including government license plates complete with flashing blue lights (*migalki*);

- MVD officers sold positions and ranks within the militia. For example, the head of the criminal police in Tyumen Oblast allegedly paid a \$200,000 bribe to be promoted to general.<sup>93</sup>

Corrupt police officers attract the most press attention, but there are examples from all of the power ministries. In some ways the armed forces should be an exception to the commercialization of the power ministries, because army officers do not have law enforcement responsibilities and therefore cannot open and close criminal cases, carry out court orders to seize property, etc. But officers have also figured out how to sell or rent military assets for money. For example, conscripts and even contract soldiers are “rented” by their commanding officers to businessmen to perform

menial labor, such as construction, and military firing ranges admit paying customers to fire military weapons. In Chechnya, military personnel have sold weapons on the black market or to rebel forces, and engaged in oil smuggling.<sup>94</sup>

**Connections to Organized Crime.** Russian mafia groups link to and overlap with the power ministries in multiple ways. The explosive growth of the mafia upon the introduction of capitalism drew many former siloviki into organized crime, because they possessed the necessary skills and training to wield violence effectively (sportsmen represented another major segment of these new mafia groups). These criminal groups either maintained contacts with former colleagues in the security and law enforcement structures, or built new relationships with the underpaid people who stayed in these agencies. Mafia cooperation with state coercive structures is rife in traditional organized crime sectors, such as prostitution, gambling, and drugs.

Other forms of interaction include law enforcement officials sharing information about planned operations or arrests, favoring one gang over another in a dispute, selling weapons, and releasing gang members from prison or custody.<sup>95</sup>

**Corruption as a System.** The above examples represent the tip of the iceberg in terms of the illegal economic activities of power ministry officials. Perhaps the most damaging aspect of the widespread corruption in the power ministries is that the phenomenon is so systemic that there is no one in these structures who has an interest in combating it. One MVD official remarked that those in a position to push for “the systematic extermination of corruption” are unwilling to because it would “hurt their commercial interests.”<sup>96</sup> As the quote implies, the corruption goes up and down the administrative hierarchy. If a street-cop makes extra money from people with improper registration papers and small street-traders, then higher ranking officers can oversee more organized schemes involving payoffs from various businesses, such as markets, restaurants, and construction firms.<sup>97</sup>

The systemic nature of the problem was illustrated starkly by a December 2002 article in the paper *Komsomolskaya Pravda* that produced a “price list” for various services provided by the police, based on interviews with officers (See Table 4). These services included the closing of a criminal case, the release of a criminal, the sharing of documents with private individuals and companies, and providing a krysha or “roof” for a business. The “cost” of such services varies depending on the level within the police to which one needs to appeal. For example, according to *Komsomolskaya Pravda* the cost of closing a criminal case in 2003 could vary from \$10 to \$500,000, depending on the level within the MVD, the individual involved, and the nature of the crime.<sup>98</sup>

More scientifically, a group of researchers from the Academy of Sciences’ Institute for the Socio-Economic Problems of Society conducted a multiyear study on the economic activity of police officers. In a survey of more than 2,000 officers in eight regions of Russia between 2000-2002, these researchers arrived at a series of startling conclusions, including:

- The Russian police receive more from non-state actors than they do from the state budget;
- 41% of police officers think that illegal types of second job are more common among their fellow officers than legal ones;

**Table 4: Police Bribes “Price List,” 2002**

The price list of police services	Rural police department	City police department	Oblast' UVD	Krai UVD (autonomous oblast')	Republican UVD	St-Petersburg UVD	Moscow UVD	Central Command MVD
Close a criminal case	300 to 2,000 rubles	5 to 20,000 rubles	\$2,000 to \$100,000	\$5,000 to \$150,000	\$10,000 to \$200,000	\$5,000 to \$250,000	\$10,000 to \$300,000	\$10,000 to \$500,000
Free a criminal	1,000-2,000 rubles	2,000-3,000 rubles	\$3,000 to \$100,000	\$5,000 to \$100,000	\$3,000 to \$150,000	\$10,000 to \$200,000	From \$200,000	From \$500,000
Forge documents	50 to 300 rubles	100 to 2,000 rubles	\$50 to \$100	\$100 to \$1000	\$1,000 to \$2500	\$10 to \$4,000	\$10 to \$7,000	\$5,000 to \$10,000
Sell information to criminals	From 800 rubles	From 2,500 rubles	From \$200	From \$200	From \$200	\$3,000 to \$10,000	\$5,000 to \$10,000	\$100 to \$200 per day
Provide a “krysha” (protection) to business	From \$50	From \$1,000	From \$1,000	From \$2,000	From \$2,000	\$2,000 to \$5,000	\$3,000 entering a business	\$5,000
Give permission for petty trade	From 100 rubles	100 to 500 rubles	From 500 rubles	500 to 1,000 rubles	500 to 1,000 rubles	From 1,000 rubles	From 1,000 rubles	
Sell an office	From \$50	From \$1,000	\$1,000 to \$100,000	\$5,000 to \$200,000	From \$20,000	From \$50,000	\$250,000	From \$250,000
Free a hooligan	50 rubles	100 to 300 rubles	100 to 300 rubles	100 to 300 rubles	From 200 rubles	200 to 500 rubles	\$1,000 to \$3,000	
“Forgive” the absence of a registration	20 rubles	From 50 rubles	From 50 rubles	From 50 rubles	From 50 rubles	50 to 100 rubles	100 rubles	
Forcibly extracting debts	40-50 % of the debt sum							

• the ratio of legal to illegal second jobs is 3-1 during free time, but 2-3 during work time. It seems that “police employees engage in illegal activity to a greater extent during work time, that is, when they should be fighting crime.”

The authors of the report conclude that law enforcement has been “spontaneously privatized” and that the government is not “the only and often not the main sponsor” of law enforcement organs. One humorous example of external sponsorship, recounted by a crime journalist in Novosibirsk, is that a business that had provided support to a local police station in exchange for various favors and services came to reclaim a fax machine after “their” officer was reassigned to a different position.<sup>99</sup>

**Summary.** Several key points about the commercialization of the power ministries bear emphasizing. First, it is not confined to one agency – there are multiple examples of such behavior from the MVD, the FSB, the Procuracy, the armed forces, as well as from less prominent bodies such as the FTS (customs). The MChS, as noted in Chapter One, makes money by selling its services on

the international market. Second, it is not just lower level operatives, but officials at all levels who engage in such practices. Third, it is not an issue of the past, but a current phenomenon – many of the examples above are from 2007, and almost all are from Putin’s tenure as president. Sergey Stepashin, the head of the Audit Chamber, publicly railed against corruption and economic activity in the power ministries earlier this year in a speech to a procuracy conference:

Former employees of the FSB, MVD, Procuracy, GRU [military intelligence], militia, moving into commerce and working against us for big money, with other technical capabilities – this is an enormous problem for our state....Observing the inactivity and helplessness of the Procuracy, even law enforcement employees themselves are going down the criminal path and committing such serious crimes as kidnapping, drug trafficking, and “roofing” commercial structures. What do you expect, when corrupt officials have been uncovered in the Procuracy itself.<sup>100</sup>

Stepashin did not add, although he might have, that given the low risk of being caught or prosecuted, as well as the obvious personal enrichment going on at higher levels within the state machinery, that the temptations facing your average officer must be enormous.

## **Siloviki Clans and Big Business.**

The squeeze on oligarchs such as Gusinsky and Khodorkovsky was carried out with the active involvement of the major power ministries. But it was not just siloviki as corporate actors that participated in a massive redistribution of property, but as clans as well. As noted above, much of Yukos was taken over by the state oil company Rosneft, whose board is chaired by Sechin. Aeroflot, which was once dominated by Berezovsky, is now controlled by Putin’s top aide Viktor Ivanov; Ivanov also chairs the board of defense firm Almaz-Antei.

Another major state company, the arms export firm Rosoboronexport, now controls Berezovsky’s old car manufacturing company, Avtovaz. The head of Rosoboronexport is Sergey Chemezov, who served in KGB foreign intelligence in East Germany with Putin, along with the head of the FTS Andrey Belyaninov. Chemezov also engineered the takeover of the titanium firm VSMPO-Avisma. His goal apparently is the transformation of Rosoboronexport into a gigantic metallurgy and machine-building holding company named Russian Technology, presumably to make it easier for foreigners to pronounce than Rosoboronexport. While Russian Technology is to be a state company, it will have substantial autonomy from the government. Chemezov suggested in June 2007 that Sergei Ivanov be named the chair of the company’s board of supervisors.<sup>101</sup>

Within the last two years Sergei Ivanov has greatly expanded his influence in key sectors of the economy. In March 2006 he was put in charge of a new Military Industrial Commission to supervise defense procurement and arms sales. In December 2006 Ivanov became chairman of the board of the vast state-owned conglomerate United Aircraft Construction Corporation (OAK), which

unites under one roof the famous construction and design bureaus from the Soviet era – Sukhoi, Mikoyan, Tupolev, and Ilyushin. In addition, Ivanov will head the state council on nanotechnology and is likely to head the board of supervisors for the newly created Rosnanotech. This expansion of Ivanov’s influence over state-controlled military and high technology companies coincided with his promotion in 2007 from Defense Minister to First Deputy Prime Minister, and his presumed status as one of Putin’s most likely successors.<sup>102</sup>

This move of Putin-affiliated siloviki into big business is one of the most notable post- Yeltsin transformations of the economy (see Table 5). The four key players listed in the table – Sechin, Sergei Ivanov, Viktor Ivanov, and Sergei Chemezov – all share a KGB-background with Putin and have known him for a decade or more. In addition to this elite group, there are other prominent siloviki connected to major corporations. For example, Yuriy Zaostrovtssev, the former head of the Economic Security Department of the FSB, is now the first deputy chairman of the board of directors of Vneshekonombank, a state-controlled bank. Zaostrovtssev’s father Yevgeniy, a retired FSB general, was head of security for a Moscow furniture store, Three Whales, implicated in a major corruption scandal.<sup>103</sup> As mentioned above, Daniel Treisman has dubbed these hybrid siloviki and oligarchs as “silovarchs.” He remarks, “the security forces’ takeover of corporate boardrooms is coming to define Putin’s regime.”<sup>104</sup>

**Table 5: Key Siloviki In Big Business**

<b>Silovik</b>	<b>Business Interests</b>
Viktor Ivanov	Aeroflot, Almaz-Antei
Sergei Ivanov	OAK (Aircraft), Rosnanotech, Rosoboronexport/Russian Technology?
Igor Sechin	Rosneft
Sergei Chemezov	Rosoboronexport/Russian Technology

In the previous chapter the campaign against the oligarchs was explained as part of an effort to weaken alternative sources of political power and assert the dominance of the Kremlin. In light of the commercialization of the power ministries described in this chapter, an alternative explanation for episodes such as the Yukos affair comes to light – the effort of powerful, Kremlin-connected siloviki to enrich themselves. Of course, these possible explanations are not mutually exclusive. Indeed, ideology and self-interest may overlap here. Thus, members of the various siloviki clans are probably genuinely committed to statist economic views that favor government dominance of “strategic” sectors of the economy, such as energy, minerals, and armaments. To leave such assets in private hands would be dangerous. And who better to ensure proper management of these key state companies than top-ranking officials with demonstrated loyalty to the president and his vision of a Russian state strong at home and abroad? Any personal wealth accrued by these officials is their just desserts given this service to the state.

It is not merely personal enrichment that is at stake, however. Control over economic

assets is a key source of power for contending clans. Just as control over power ministry resources enables assaults on political and economic competitors, access to the enormous wealth generated by state companies such as Rosneft and Rosoboronexport is essential for building strong patronage networks. To the extent these clan battles are zero-sum, allowing another grouping to gain control over important assets necessarily weakens one's own group. Economics and politics are inextricably linked.

In Putin's first term the dominant clans were seen as "the Family," the Saint Petersburg liberals, the Saint Petersburg lawyers, and the siloviki. The attack on Yukos weakened "the Family" and strengthened the siloviki, greatly increasing the economic weight of Rosneft in the process. But the other clans still command vast resources, with the "lawyers" in control of the most important economic actor, Gazprom (First Deputy Prime Minister Dmitriy Medvedev is chairman of the board), and the liberals in charge of the electric company Unified Energy Systems, headed by one of the original so-called "liberal reformers," Anatoly Chubais. Putin has made sure that no single clan generated enough political and economic power to dominate the others, reserving for himself the central role in the system.

Over the last year the shifting fortunes of the clans seems more directly linked to the post-Putin succession. In this respect, the move of Sergei Ivanov out of the Defense Ministry and simultaneously into a top role not only in the government but also in big business apparently reflects a clear decision to enhance the political and economic resources at his disposal and make him more equal in power to Medvedev. The Sechin group, despite its power, lacks an obvious presidential candidate of its own. Moscow rumors claim that both Minister of Justice Ustinov and Moscow Mayor Yuriy Luzhkov were considered as possible candidates, but those efforts, if they existed, clearly went nowhere; speculation now centers on Federation Council Speaker Sergei Mironov as their preferred successor. The absence of an obvious candidate linked to this group is one reason they are sometimes believed to favor a third term for Putin.

It is hard to disentangle personal, clan, and national interests in these business consolidations and bureaucratic reshufflings. What is clear, however, is that the role of the state in the economy has continued to expand. Chemezov argues that "direct state support," both political and economic, is necessary to develop Russian industry, relying on "national resources and means." Critics suggest that these large state holding companies are poorly suited to compete effectively in international markets; the weekly *Ekspert* labeled the phenomenon "the return of the dinosaurs."<sup>105</sup>

Perhaps Russia's new state-led economic system will prove effective. The state in South Korea, for example, played an active role in stimulating development. Indeed, multiple commentators have compared Russia's new large holding companies to Korean chaebols, although the comparison is usually meant to suggest large, corrupt, politically-connected companies, rather than efficient motors of economic growth. So far the evidence from Russia is not encouraging, with greater attention being given to dividing the existing pie rather than making it larger. In the energy sector, for example, investment and new exploration have suffered as state control has expanded. Many of

OAK's and Rosoboronexport's proposed ventures seem more likely to generate state spending than revenue, and OAK will have great difficulty breaking into world markets and competing successfully against Boeing and Airbus. A Korean miracle in Russia seems highly unlikely; the Russian state lacks the cohesion to pursue a far-sighted and efficient industrial policy. More likely is the continuation of a patrimonial political and economic system in which state interests take a back seat to more narrow concerns. Further, both political and economic decision making are likely to remain opaque and not subject to formal rules, laws, and institutions. Russia will likely be neither a relative success story like Korea, or a disaster like Nigeria, but somewhere in between, like Mexico or Indonesia. Although growth rates have been impressive under Putin, on a per capita basis Russia still lags well behind the U.S. and most European Union member states, countries Russia considers its peers.<sup>106</sup>

Another potentially negative consequence of the move of siloviki into big business is the way in which it seemingly validates the micro-level commercialization of the power ministries discussed above. Putin's admonition to MVD employees to "stay far away from...corporate wars and economic disputes" rings hollow given the influx of his key siloviki allies into big business.<sup>107</sup> And the evident corruption of the police and other law enforcement officials has a direct impact on popular attitudes about the state.

### **Popular Perceptions of the State: Lack of Trust.**

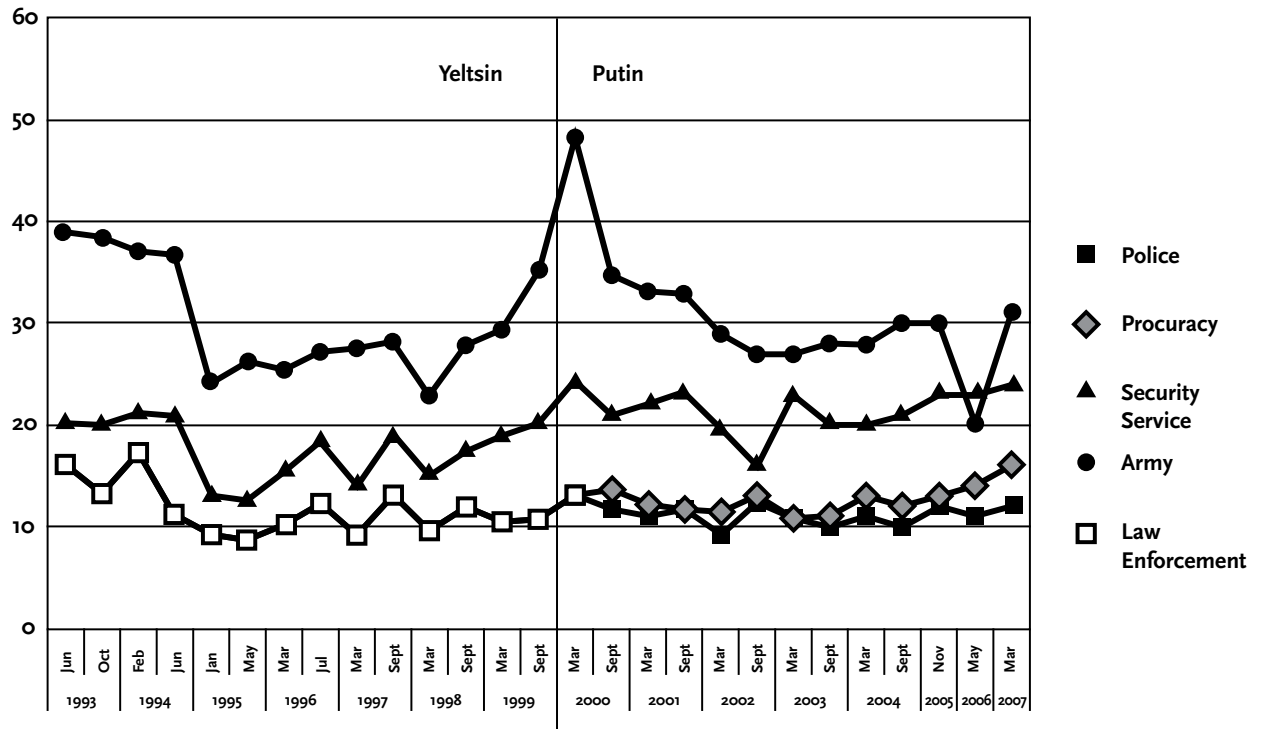
The conversion of guns into money by siloviki at all levels of the state undermines Putin's stated goal of strengthening the state. These corrupt and clan-based practices also push public service down the list of priorities for power ministry officials. Although there are certainly many committed and (relatively) honest officials dedicated to serving the state and the public rather than more narrow interests, the prevailing norms of bureaucratic behavior remain far from the ideals of good government that Putin claims to want and that Russia certainly could use.

Russian citizens in 2000 shared Putin's belief that the state had grown too weak under Yeltsin. With Putin's second term almost over, he commands approval ratings that would be the envy of any leader, whether democratic or authoritarian. But this popular support for Putin does not carry over to a broader belief in the quality of government. Russians remain cynical and disengaged from government, and the level of trust in state institutions remains virtually unchanged from the 1990s.

There is, of course, substantial variation in the degree to which Russians trust government bodies. Within the power ministries, there is a clear hierarchy, with the army commanding the most trust, followed by the security services, and the law enforcement organs (police and procuracy) at the bottom. Figure 11 shows the percentage of respondents who state the particular institution earns their complete trust. The figure shows two important tendencies besides the relative ranking. The first is that the public's evaluation of the power ministries is quite consistent throughout the post-Soviet period. The level of trust in the army shows the most volatility, with a big drop during the first Chechen war, a big jump at the beginning of the second Chechen war, and a sharp fall in spring

2006, presumably related to bad publicity surrounding the brutal hazing of private Andrey Sychev. But the army is usually somewhere between 25-30 percent over the last decade, quite a narrow range. The second important tendency is the lack of noticeable improvement under Putin. Only the Procuracy exhibits an increase in trust since 2000, and that increase is a very modest four percentage points (the margin of error is three percent). There also has been virtually no change over time in the percentage of respondents claiming a complete lack of trust, with the police again at the bottom with around 40 percent and the army and the secret services around 20 percent.<sup>108</sup>

Figure 11: Trust in the Power Ministries



At the level of state-building arguably most important to citizens, their trust in public institutions, Russia has witnessed little change under Putin. Further, on a comparative basis Russia lags well behind the developed world and also many developing countries; Vladimir Shlapentokh argues that the level of trust in state bodies in Russia is “the lowest in the world.”<sup>109</sup> Given the impressive economic growth of the last eight years, and the amount of support for Putin, this continuing distrust of the state is striking. It is also noteworthy that, among the power ministries, Russians trust the least the institutions with which they are most likely to interact. Most Russians have either had an encounter with a corrupt or abusive police officer, or know someone who has. In contrast, they are much less likely to interact with a FSB or military officer in their everyday life. And even though the army commands considerable respect, urban and middle-class Russians go to great lengths to keep their sons from serving in the military. In general, for many Russians the power ministries do not behave in a way that earns their trust.



## **Conclusion.**

The Russian state, despite its increased capacity in some respects under Putin, still performs relatively poorly in terms of both the level of corruption and upholding the rule of law. The deficiencies of the government in this respect are very evident among the power ministries, where personnel at all levels of these structures have used their positions to generate personal wealth rather than uphold the law or serve the people. And siloviki at the top of Russian politics engage in the same clan battles for power and money that have marked Russian politics throughout the post-Soviet period. The poor governing standards exhibited by Russian siloviki, in terms of rectitude and adherence to the rule of law, is evident in the general lack of trust toward these bodies by the Russian public.

# CONCLUSIONS: PROSPECTS AND IMPLICATIONS FOR U.S. POLICY

Russia's power ministries have historically been among the most important political actors in the country. The Soviet leadership relied on the KGB and the Armed Forces as key instruments of foreign and security policy, and domestically the KGB, the Procuracy, and the MVD helped uphold the dominance of the Communist Party. The Soviet collapse, and the attempt to build a capitalist, democratic state in an independent Russia after the collapse, profoundly weakened these traditional pillars of the state. Economic depression and a change in government priorities were responsible for severe budget cuts, especially for the military, and the splintering of the three major power ministries into more than a dozen organizations.

Vladimir Putin made strengthening the state policy priority number one when he became president in 2000, and to Putin an important component of this goal was revitalizing the power ministries. Some of his closest colleagues were put in charge of the military and the FSB, and all of the power ministries benefited materially from the oil and gas windfall of the Putin years. Organizationally, a partial consolidation of the power ministries was carried out, with the FSB being the primary beneficiary of these changes. Putin's rise also was responsible for a noticeable spread of officials with a siloviki background, especially in the KGB/FSB, throughout the state apparatus.

Overall, Putin's state-building project has been only moderately successful. Strong economic growth throughout his presidency has helped considerably in increasing the capacity of the state in some key areas. But given this growth, one might have expected more progress in such key areas as fighting crime, controlling corruption, and improving the rule of law. Russia now lags well behind countries at similar levels of wealth in many key indicators of good government. Part of the problem is that the major source of economic growth is the export of raw materials, and resource-rich countries often are corrupt because of the enormous temptation for state officials to try to skim some of this wealth for themselves. But another part of the problem is Putin's strategy for strengthening the state.

Putin has promoted the power of the central executive branch against all other sources of power, including other branches of government (the judiciary and the legislature), other levels of government (the regions), and societal actors (the media, political parties, civil society, business). Strengthening the executive branch has included greater power and resources for the power ministries, especially the FSB. But the use of some parts of the government, such as the FSB or the Procuracy, to monitor other bureaucracies and officials is a very limited strategy for producing good government. Relying on actors outside the central executive for information and monitoring is generally more effective. And counting on the executive to police itself is a particular problem when law enforcement and security agencies themselves are corrupt. With all external monitors weakened, it becomes too easy for state officials to exploit office for personal gain.

Of course, Russia is far from unique in having problems with government effectiveness, the weak rule of law, and corruption. Developing countries almost by definition do not have state bureaucracies like those in Scandinavia. Indeed, it would have been a miracle if the governments in the former Soviet space were rapidly transformed into liberal democracies with the strong rule of law. Andrei Shliefer and Daniel Treisman are partially correct, as they argued in a well-known 2004 article, that Russia is in some sense a “normal country,” exhibiting many of the same pathologies of other middle-income states.<sup>10</sup> But even by this standard, the Russian state is an underperformer when compared to its peers. For example, in terms of “Government Effectiveness” the World Bank ranks Russia considerably lower than Mexico, Brazil, China, and India, all of whom are at a similar or lower level of economic development. Russia is also considerably more authoritarian than other states in its income range.

Putin’s successor will come to power with a better situation than the one Putin inherited in 2000, for which he or she can partially thank Putin but primarily must thank the high world price of hydrocarbons. Of course, in Russia’s hyperpresidential system, who is in the Kremlin matters a great deal. It is fun to speculate on who will be the next president, and what his or her priorities will be, but at this point the only thing we can say with relative certainty is that it will be a Putin loyalist, although not necessarily a silovik. Sergey Stepashin suggested in July 2007 that, whoever becomes president, “everyone will work for the Putin team, including the new president.”<sup>11</sup> And Putin could stay in office, although he has ruled out this option on many occasions.

A new president could mean important changes for the siloviki – as a cohort, a clan, and as corporate actors. As a cohort, the rise of the siloviki will almost certainly plateau. Most of the likely successors discussed in the Russian press actually do not have a power ministry background. The one major exception, Sergey Ivanov, also would be less likely to rely so heavily on the FSB for cadres, simply because nine years working at the top of the Russian government has expanded his circle of contacts well beyond those that Putin possessed in 2000. At the same time, siloviki have moved into government at all levels over the last decade, and they will not disappear overnight.

The biggest change will probably come for siloviki clan actors. Top siloviki such as Igor Sechin, Viktor Ivanov, Viktor Cherkesov, Vladimir Ustinov, and Nikolay Patrushev could well be

removed from the inner circle under a new president. The group just mentioned, as argued above, should not be seen as a unified team, and some of them will be winners and some will be losers. If Putin attempts to maintain his influence after 2008, he will presumably try to ensure that his close colleagues have, at a minimum, comfortable “golden parachutes,” whether in the state, in business, or perhaps most likely, in a state-owned business. But, if the Yeltsin/Putin transition is any guide, some powerful people will lose their power, to be replaced by new players.

The power ministries as corporate bodies should also anticipate changes in their power, resources, and standing under a new president. Assuming the economy continues to grow each organization will probably get a good-sized piece of the pie, but the economy will not grow forever. A new president, for example, may be forced to decide whether Russia, given its level of development, can continue to support one of the world’s largest and most expensive militaries, complete with thousands of nuclear weapons, while also supporting a 200,000 strong separate army called the Internal Troops. The frequently discussed but never implemented plans for splitting up the MVD, with public order policing handed over to the regions and local governments and the Internal Troops becoming a separate agency, may reappear. And the 2007 reform of the Procuracy Investigative Committee could lead to a Federal Investigative Committee combining all investigators, including those of the MVD and the FSB, which would influence both the relative weight of the different agencies, and their prospects for self-enrichment.

The new president will inherit power ministries much more controllable by the center than under Yeltsin, but also still heavily commercialized. Indeed, the commercialization of the power structures is likely to be the most enduring feature of their development over the last fifteen years. Only if the next president considers accountability and effectiveness to be more important than loyalty and control – a shift in priorities unlikely given the current rules of the game – should one expect major efforts to radically change how the power ministries operate. And a new reform program for the power structures would surely encounter considerable opposition from those who, quite literally, profit from the current system. To put it differently, the relative political power of the different power ministries, and the *siloviki* clans, may change significantly after 2008, but the institutional capacity of these ministries will only change incrementally, if at all.

## **Implications for U.S. Policy**

Russian elites sometimes complain that U.S. and Western criticism of specific Russian government domestic and foreign policies is motivated by an unwillingness to accept a newly-strong Russia that defends its interests, now that Russia is not dependent on foreign assistance like it was in the 1990s. There may be some truth to this charge – it would not be the first case of hypocrisy in international relations – but for the most part it is not Russian strength per se that is problematic. Indeed, a strong and effective Russian state, if grounded in democracy and the rule of law, would be in the U.S. interest. Strong and effective states, like those in developed democracies, are able to provide

order, deliver services, and protect the rights of their citizens. Unfortunately, Putin's state-building strategy has not furthered the goal of a law-governed democratic system, and the prominent political role given to the power ministries and the siloviki has contributed to the weakening of Russian democracy.

Russia's growing economic power and assertiveness certainly creates new challenges for U.S. foreign policy. But it is crucial to bear in mind that the Russian military is still just a shadow of the Soviet army, and that relative to 20 years ago the armed forces command a significantly smaller share of the state's economy. The most important issue for the U.S. in terms of the power ministries is not the Cold War issue of military confrontation, despite renewed debates about missile defense and the Conventional Forces in Europe (CFE) Treaty. Rather, it is how the commercialization of these agencies influences Russian behavior in areas of direct concern to the U.S. Two key areas are "loose nukes" and transnational crime and terrorism.

**Loose Nukes.** A major priority of U.S. Russia policy since the Soviet collapse has been to reduce the danger that weapons of mass destruction (WMD) components, materials, and know-how would spread to U.S. enemies, including terrorist organizations. Of particular concern has been the security of nuclear materials, the so-called "loose nukes" problem. Considerable strides in this respect have been made since the early 1990s for several reasons, including greater Russian attention to the problem, U.S. assistance, and improved economic conditions in Russia. At the same time, the security of Russian materials still remains of great concern, as the world was reminded in early 2007 when reports surfaced of the 2006 arrest of a small-time Russian trader trying to sell a small amount of highly-enriched uranium (HEU) in Georgia.<sup>112</sup>

The U.S. and Russia continue to cooperate fruitfully in the loose nukes area. In 2005 Putin and U.S. President George Bush signed an agreement on nuclear security in Bratislava, and in 2006 they launched the Global Initiative to Combat Nuclear Terrorism, which as of 2007 includes more than 50 countries. Further, in 2007 the U.S. and Russia signed two important agreements, one to install radiation monitors at hundreds of customs points in Russia, and the second on the future sustainability of nuclear security measures, which lays out a specific plan to gradually move to full Russian financing of security measures at nuclear sites by 2013.<sup>113</sup>

At the same time, there remain important reasons for continuing concern. Most specific to the power ministries are two problems. First, some power ministry officials seem overly sanguine about the state of nuclear security, despite continued reports about shortcomings and lapses. One example is the continuing failure of the MVD Internal Troops to update their security procedures for the conscripts responsible for guarding key nuclear facilities. Even better, of course, would be ending the reliance on poorly paid and poorly motivated conscripts for such a crucial task. Second, the commercialization of the power ministries increases the risk that corrupt personnel – in the MVD, the FSB, or FTS – will enable, wittingly or not, the theft and transportation of nuclear materials. It was hardly a good sign, for example, that in 2006 a MVD general who was deputy head of the department responsible for law enforcement in closed nuclear cities was dismissed from his position

for corruption in a case involving the “sale of assets,” such as special license plates and permission passes. This general remained in the MVD and was even considered as the chief of police for one of Russia’s regions. Recent research suggests that problems of corruption and crime in closed nuclear cities remain grave.<sup>114</sup>

It is important that as presidential administrations in both Russia and the U.S. change over the next 18 months that the loose nukes problem continues to receive high-level attention. The U.S. should persist in stressing both the enormous risks and remaining shortfalls associated with poor WMD security in Russia. Part of this process must remain efforts not only to provide technical assistance, but also to address the organizational culture of the power ministries responsible for nuclear security.

**Crime and Terrorism.** The Russian government is well aware of the threat that crime and terrorism pose to the state, and one reason for the increased resources allocated to the power ministries under Putin is to try to cope with these challenges. In the last two years there have been notable successes in these areas, with the drop in the murder rate and the lack of major terrorist attacks either in Moscow or the North Caucasus. The death of “Terrorist No. 1” Shamil Basaev in July 2006 represented a major victory for the Russian government, even if, as rumored, his death was the result not of a FSB operation but an accident.

At the same time, the crime rate remains very high and the North Caucasus is still highly unstable. Ingushetia and Dagestan, which border Chechnya on the west and the east, are by some accounts now more volatile than Chechnya itself. It remains an open question whether the relative calm of 2006-2007 in the region will persist, or if a major explosion of fighting and terrorist incidents lies in the future.

Although criminals and terrorists have very different goals, they sometimes use the same means, such as trafficking in drugs or other illegal substances and goods. Corruption and commercialization within the power ministries makes it more difficult to tackle these twin threats. Indeed, as noted above, there are definite links between organized crime and state law enforcement structures, and in Chechnya not only the rebels but state officials have engaged in trafficking in drugs, arms, and oil. Further, the ability of rebels and terrorists to bribe their way through check points, or receive false passports and registration papers through corrupt law enforcement officials, have facilitated deadly attacks and undermined the Russian government’s ability to restore order in the region.

These deficiencies are of greatest concern to the Russian authorities themselves, but they also have implications for U.S. security. For example, Russian cooperation is essential to dealing with drug trafficking from Afghanistan, yet the capabilities of the Russian power ministries to attack this problem are weakened due to corruption. Both border guards, part of the FSB, and military units are reported to have engaged in drug trafficking in Central Asia.<sup>115</sup>

Perhaps the biggest concern for the U.S. is that either organized crime groups, or Islamic terrorists, will be party to nuclear smuggling operations from Russia.<sup>116</sup> To counter these threats

Russia needs power ministries that are not just better funded, as they have been under Putin, but also cleaner and more effective, which they have not become.

## **Policy Recommendations: A New Framework for Engaging the Power Ministries.**

The rise of the siloviki, and the increased prominence of the power ministries, creates difficult questions for U.S. policy toward Russia. Indeed, from the U.S. point of view we have the worst of both worlds – power ministries empowered enough to undermine democracy and human rights, but too corrupt and ineffective to combat common opponents, such as terrorists or proliferators. Power ministry corruption and commercialization has negative implications for U.S. and international security. The dilemma for the U.S. is how to cooperate with Russia on policy areas of joint interest without enriching or empowering officials whose interests are not in sync with those of the U.S. Is it possible to help make the FSB and MVD more effective at combating loose nukes without also strengthening them vis-à-vis societal actors promoting liberal values, or providing access to another revenue stream?

The problem is further complicated by the faltering of the democracy promotion agenda. Under both Presidents Bill Clinton and George W. Bush the promotion and spread of democracy in general, and in the former Soviet Union in particular, has been a high priority. The 2006 *National Security Strategy* states that the U.S. will “try to persuade the Russian Government to move forward, not backward, along freedom’s path,” arguing that stability in the former Soviet Union “will remain elusive as long as this region is not governed by effective democracies.”<sup>117</sup> Such efforts of persuasion have clearly failed, with Russian leaders continuing to assert publicly their commitment to democracy “with Russian characteristics” while further consolidating central control and undermining the opposition. Further, it must be acknowledged that U.S. policies, such as the Iraq War and certain features of the war on terror, such as Guantanamo and extraordinary rendition, have created widespread international cynicism about U.S. democratization efforts.<sup>118</sup> Russian military expert and Putin critic Aleksandr Golts argues that U.S. foreign policies have weakened the Russian leadership’s inhibitions “about unleashing their own security services.”<sup>119</sup>

U.S. options for engaging Russia’s power ministries are limited and modest. Although some efforts can be billed as part of the war on terror or counter-proliferation efforts, even here the perspectives of national security elites in the two countries are very different.<sup>120</sup> And using democratization as a framework simply encourages Russian views that U.S. policy is designed to weaken Russia. To the extent that an over-arching framework is possible, the U.S. should reconceptualize its interactions with the Russian power ministries as “Security Sector Reform” (SSR). Security sector reform as a concept grew out of the work of international development agencies and NGOs to transform the functioning of state coercive bodies, including the military, intelligence services, and the police. One analyst aptly describes SSR as “the bastard child of Civil-

Military Relations and Development Studies.” Chris Smith connects the rise of the security sector reform concept to “a reassessment of the role of the state” by development agencies, in particular the recognition that the problem with states in the developing world is not their size but their incapacity.<sup>121</sup>

SSR is a better framework for several reasons. First, as a concept it is more neutral-sounding than “democratic control” or “civilian oversight.” Second, the notion is well-understood both in Russian expert circles and in European governments and NGOs. Third, it is an issue that the U.S. itself continues to confront – what was the creation of the Department of Homeland Security but a case of security sector reform? Fourth, and most important, it changes the emphasis toward better public administration and good government practices, and is thus consistent with the “strengthening the state” rhetoric so popular in Putin’s Russia. In his 2005 State of the Union speech Putin described “raising the effectiveness of state service, strict observance of the law by bureaucrats, and the provision of quality public services to the population” as “task number one.”<sup>122</sup>

A SSR approach would emphasize public administration reform and increasing professionalism. The U.S. has considerable historical experience with civil service reform and higher professional standards – entry by examination, continuous training, protections against unlawful dismissal, etc. – as a means of dealing with problems such as police corruption. A corrupt police department incorporated into a political machine (or clan) was a common feature of many large American cities well into the post-war period, and good government reforms implemented over several generations were required to end machine dominance of policing. Of course, the analogies are not exact – democracy, federalism, and the rule of law were important features of the political system that American reformers used to advance their cause. But shifting the agenda to SSR may create openings to useful reforms that would be resisted under the guise of democratization. Russian claims about problems in the U.S. with corruption and the rule of law can be acknowledged as part of a conversation about the nature of these problems, how they have been reduced through various reform efforts, and what remains to be done in both the U.S. and Russia to lessen corruption and promote good public administration. Natural allies for such efforts, besides reformers in the power ministries themselves, include semi-autonomous state bodies such as the Accounting Chamber and the Human Rights Ombudsman, academic experts, and some NGOs.

Areas to engage Russia’s power ministries on SSR include several issues of concern to the U.S., including loose nukes and transnational crime and terrorism. For example, the problem of human trafficking, a recent priority for U.S. policy in the region, is abetted by corruption and commercialization in the power ministries. Both legal and administrative changes are required in Russia to improve the state’s capacity to confront this problem. U.S. support has already made a small difference in this area. Indeed, a series of legal reform efforts, such as the new Criminal Procedure Code that took effect in 2002, have been quietly assisted by U.S. government agencies and NGOs. Although it is clear that such efforts cannot overcome larger political trends that undermine the rule of law, they may make marginal differences that will lay the groundwork for future progress.<sup>123</sup>



In general, such big picture changes that go under headings such as “state capacity,” “the rule of law,” and “controlling corruption” take generations and are almost entirely dependent upon domestic social, economic, and political conditions. U.S. efforts to influence these processes will only have effects on the margins and are harder to monitor than, say, the installation of radiation detectors (although monitoring whether the culture of an organization is changed so the detectors are actually used effectively is more difficult – and more critical). Moreover, as noted above, trying to build a pyramid from the top is bound to fail. U.S. SSR efforts, then, must continue to include efforts at societal engagement, whether through NGO assistance or education and training programs for students and young officials. It is clear that at this level there is still some support for liberal and democratic values. Part of SSR should involve efforts to share knowledge about how state-society partnerships, such as civilian review boards in law enforcement, actually help the state perform its core tasks.<sup>124</sup>

A major problem for the SSR agenda sketched out in general terms here is that many power ministry officials are currently part of the problem, not the solution. Wide-ranging security sector reform ultimately will undermine the conversion of guns into wealth that is a prominent feature of power ministry behavior. Many in the FSB, the MVD, the Procuracy and the armed forces, particularly at the top, may well resist reforms that would involve greater oversight of their activities.<sup>125</sup> In the worst case, Russia’s power ministries could represent a continuing major barrier to future democratic development in Russia, given that the key institutions of liberal democracy – a free press, an active civil society, an independent judiciary, and strong legislative oversight of the executive branch – are generally enemies of corrupt officials.

At a minimum, U.S. policymakers and officials working with Russia need to be cognizant of how the commercialization of the power ministries influences their behavior, and design programs appropriately to minimize these problems. More discouragingly, it may become increasingly untenable for U.S. government agencies to partner with their Russian counterparts, depending on post-Putin political trends. But, as Celeste Wallander has convincingly argued, it would be premature to adopt a policy of neocontainment. At this stage it would only serve to justify a Russian policy of isolation and estrangement from the West and further entrench the semi-authoritarian political system.<sup>126</sup>

New possibilities for positive engagement may well appear under a post-Putin presidency, and with a new occupant in the White House. Even the choice of Sochi to host the 2014 Winter Olympics may have benign consequences. Putin’s current representative in southern Russia, where Sochi is located, is Dmitriy Kozak, a relatively liberal official associated with the “Saint Petersburg lawyers” clan. In 2005 Kozak warned about the dangers that corruption, patrimonialism, and clan-based politics presented for the North Caucasus.<sup>127</sup> Although Kozak is unlikely to retain this position after 2008, as Russia prepares to host the Olympics close to a volatile conflict zone the importance of more effective and less corrupt power ministry officials in the region may well acquire even greater resonance.

Most important, despite the authoritarian direction of Russian politics under Putin, the political system retains considerable dynamism. In 1999 few would have predicted that the siloviki as a cohort and a clan would rise to such prominence, or that the power ministries as corporate bodies, especially the FSB, would see their fortunes reversed so dramatically. Putin's successor, even one hand-picked, could over time introduce equally momentous changes.<sup>128</sup> Whoever Russia's next president is, state-building is likely to remain a priority, and the commercialization of the power ministries will remain a major obstacle to creating a modern, efficient, rule-of-law state.

## ENDNOTES

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