

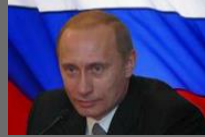
October 22, 2014

# “POLITBURO 2.0” AND POST-CRIMEAN RUSSIA

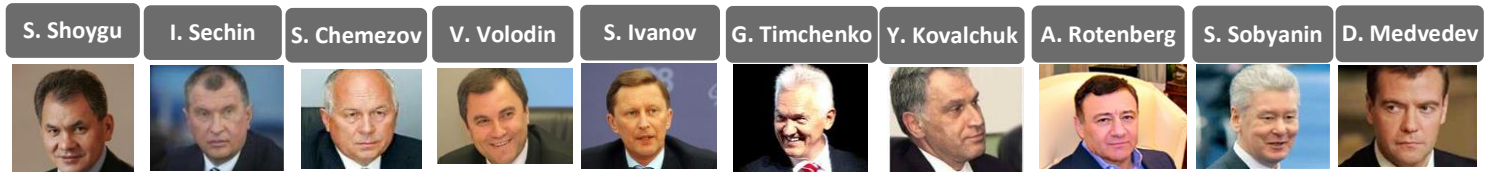
abridged version

The model of “Politburo 2.0” describing the informal management system of the Russian Federation, was first introduced by the experts at «Minchenko consulting» in August 2012 and, in our opinion, has proven its explanatory and predictable value<sup>1</sup>.

By “Politburo 2.0” we mean an informal network structure for interests reconciliation of elite clans, in which Vladimir Putin is the main arbitrator and the most influential figure.



V. Putin



Candidates for Politburo 2.0 members

The Power Block	The Political Block	Business	The Technical Block (Central Committee Secretary)
<ul style="list-style-type: none"> <li>A. Bortnikov</li> <li>V. Kolokolcev</li> <li>Y. Chaika</li> <li>E. Shkolov</li> <li>A. Bastrikin</li> <li>V. Ivanov</li> <li>E. Murov</li> <li>V. Zolotova</li> <li>N. Patrushev</li> <li>M. Fradkov</li> <li>V. Lebedev</li> </ul>	<ul style="list-style-type: none"> <li>A. Gromov</li> <li>D. Peskov</li> <li>Patriarch Kirill</li> <li>V. Surkov</li> <li>A. Kudrin</li> <li>A. Voloshin</li> <li>A. Chubais</li> </ul>	<ul style="list-style-type: none"> <li>G. Gref</li> <li>P. Abramovich</li> <li>V. Yakunin</li> <li>A. Miller</li> <li>V. Potanin</li> <li>O. Deripaska</li> <li>M. Fridman</li> <li>A. Usmanov</li> <li>V. Vekselberg</li> <li>V. Alekperov</li> <li>A. Mordashev</li> <li>A. Kostin</li> <li>O. Sienko</li> </ul>	<ul style="list-style-type: none"> <li>I. Shuvalov</li> <li>E. Nabiullina</li> <li>V. Kozhin</li> <li>D. Kozak</li> <li>S. Lavrov</li> <li>A. Vaino</li> <li>A. Belousov</li> <li>V. Khristenko</li> <li>S. Narishkin</li> <li>V. Matvienko</li> </ul>
	<p><b>System opposition</b></p> <ul style="list-style-type: none"> <li>V. Zhirinovskiy</li> <li>G. Zuganov</li> <li>M. Prokhorov</li> <li>S. Mironov</li> </ul>		

Regional Leaders



<sup>1</sup> Alternative models of the functioning of the Russian political system, which have been recently proposed poses a number of drawbacks. In particular, the model of the "individualist dictatorship of Putin," which has supposedly replaced the "Politburo 2.0" fails to explain the fact that the many figures, designated by us as full members of the "Politburo 2.0", continue to act as the main beneficiaries in redeployment of resources. Even when considering Putin's allegedly spontaneous decisions with respect to Ukraine (although, in fact, these decisions were reactive, and not spontaneous), the process of their implementation required prior preparation and elaboration. And thus, there is the question of who was responsible for preparing these actions, and coordinated their implementation.

Mediacratic model (former Kremlin top political advisor Gleb Pavlovsky), which confers the function of political demiurge discourse to heads of major TV channels, does not explain the dramatic changes in the TV-rhetoric with regards to the new Ukrainian authorities that have repeatedly occurred in the course of this year. Clearly, the television's control panel is not in the hands of their own leadership.

One can distinguish several specific features of the “Politburo 2.0”. First, it never holds general meetings. Second, the formal status of its members does not reflect the real influence on the decision-making process. And, third, several elite circles, which can be conventionally referred to as “security”, “political”, “technical” and “business”, have been formed around the “Politburo 2.0”. On the one hand, these circles support the “Politburo 2.0” in the process of dominating the political arena, but, on the other hand, they compete with one another for the influence on the “Politburo 2.0”, particularly, by nominating their candidates to it.

A number of predictions presented in our report<sup>2</sup> Vladimir Putin’s big government and the “Politburo 2.0” (August 2012), “Politburo 2.0 on the eve of rebooting of the elites” (January-February 2013), “The Year of Dmitry Medvedev’s government” (May 2013), were proven to be correct.

In particular, the following facts can be noted:

1. Since the publication of our first report two years ago, Vladimir Putin almost literally implemented what we have described as the concept of "big government":
  - The government has expanded;
  - Economic Council of advisors to the President has been created (among others it included former Finance Minister Alexei Kudrin). Along with the Presidential Commission, the Council competes with the formal Government in strategic planning;
  - Officials from the Administration of the President were delegated to the government: Yuri Trutnev became Deputy Prime Minister and Elvira Nabiullina became the Head of Central Bank;
  - The President started regular meetings with ministers to listen to their reports;
  - "Open Government" is being gradually pushed out by the Civic Chamber for the Russian Federation and the All-Russia Peoples Front, pro-Putin political movement;
2. The “tandem” system has been dismantled. Dmitry Medvedev became a technical prime minister, what increased chances of his survival in the position;
3. Vladimir Putin continued to use the tactic of creating sectorial systems of checks and balances (see page 5 of this report);
4. Russian foreign policy has encountered crisis in relations with the West, because, as we noted in February 2013, "the contradictions with the West in general have acquired a value-conscious character that cannot be overcome through economic bargaining".

**The preparation for a possible confrontation with the US and its allies (regardless of a possible cause for such confrontation), was conducted in advance by Vladimir Putin and his team.** The evidence of it can be seen in legal restrictions for state officials, minimizing the possibility of the West to exert pressure on them (in particular, the prohibition of having foreign bank accounts), and advanced reregistration and sale of foreign assets by members of the "Politburo 2.0" (in particular by G. Timchenko).

**The attempt to shape the relationship with the G7 on the basis of financial and technological sponsorship of Putin's regime in exchange for energy security has failed.** In addition to the already mentioned differences in values, Putin's diplomacy forte (personal, face to face communication with world leaders) proved to have a flip side – it underestimated the decision-making role of institutions in Western countries.

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<sup>2</sup> Report "Politburo 2.0 and the Ukrainian gambit" (January 2014) was not published. This paper uses data resource analysis of members' Politburo 2.0 " from that report.

Therefore, the model of active cooperation with the West (attempted during Medvedev's presidency) has been replaced by Putin's "Politburo 2.0" with creation of a loyalty zone in the countries of former Soviet Union. This trajectory has achieved major successes in the beginning of 2014:

1. The Eurasian project has actively been developing. Presidents of Belarus and Kazakhstan, Alexander Lukashenko and Nursultan Nazarbayev became "co-opted members of the Politburo 2.0";
2. The Governments of Armenia and Kyrgyzstan have expressed a desire to join the Customs Union project;
3. The political power in Georgia changed and became more loyal to the Russian leaders;
4. The Ukrainian leadership refused to sign an association agreement with the EU. Ukraine began an integration process with the Eurasian project based on President's Yanukovich formula "3 + 1".

The successful Sochi Winter Olympics in February of 2014 became the pinnacle of Putin's international successes.

**Against these successes a violent change of power in Ukraine in February 2014 brought a serious blow to Putin's strategy.** Putin's reaction was typical to the previously used framework of a "preemptive victory"<sup>3</sup>: the Crimean referendum and acceptance of two new subjects as part of the Russian Federation, according to the planners of this strategy, meant to prevent the transformation of Ukraine into an anti-Russian military outpost. Moreover, the pattern of "strong-arm response to external threats" allowed Putin to significantly increase his electoral rating.

To a large extent, Putin's domestic policy and, in particular, his policy towards the elites has been determined by the analysis of Yanukovich's mistakes that led to his ignominious flight. It must be added that Putin and his team analyzed the causes and the developments of other upheavals in the post-soviet space as well as the background and history of the "Arab Spring."

After this analysis, the priorities in domestic policy concentrated on:

- Preventing a division among the elites through providing the balance of interests, on one hand, and preventing excessive strengthening of individual groups, on the other. That is why in the post-Crimean Russia, the cumulative impact of "Politburo 2.0" has not decreased. The imposition of sanctions by the US and EU rallied members of the "Politburo 2.0" around their leader;
- Retaining a high electoral rating of Vladimir Putin – it was achieved through "patriotic" mobilization and social populism;
- Controlling the "*siloviki*" and increasing their loyalty. Even though the influence of coercive structures in the government has been amplified, Vladimir Putin did not allow them to consolidate. Therefore, it was impossible for the "strong Deputy Prime Minister" to emerge - Vladimir Putin personally supervised this sensitive for him matter. The competition between the security forces and their leaders (Investigation Committee - Attorney General, A. Bortnikov – N. Patrushev, E. Shkolov - A. Bortnikov), providing that it was kept within a framework of conventional warfare (as it was in 2014 in showdown of the FSB and Ministry of Internal Affairs), was informally encouraged. In addition, Putin personally fills the key positions with those loyal to

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<sup>3</sup> See description of five stable political patterns of Putin in an article of E. Minchenko in "Rossiyskaya Gazeta" - <http://www.rg.ru/2014/08/09/putin-site.html> and report "On the eve of the Politburo 2.0 reboot elites"

him (i.e., V. Zolotov headed the Internal Troops of the Ministry for Internal Affairs) or reassignment of people from the FSO to the Ministry of Internal Affairs);

- Minimizing foreign influence on the behavior of elites (legal ban on the possession of accounts abroad and unofficial ban on the ownership of the real estate);

- Controlling the mass media (through the members of the "Politburo 2.0" and by minimizing the participation of foreigners). However, with expanding control over media, the quality of content has become highly questionable;

- Closing the channels of external financing for the opposition. The implementation of this task, in particular, has become an indulgence for the serious redistribution of financial services market;

- Preventing the creation of footholds for the opposition on the basis of territorial or individual socio-demographic groups. This became the reason for implementing a policy of appeasement in the Caucasus (which, hypothetically, could become the "Russian Galicia") and preserving the effective taboo on nationalist and "separatist" rhetoric. From this perspective, the potential problem areas, oddly enough, could become the breakaway territory of the Donetsk People's Republic and Lugansk People's Republic.

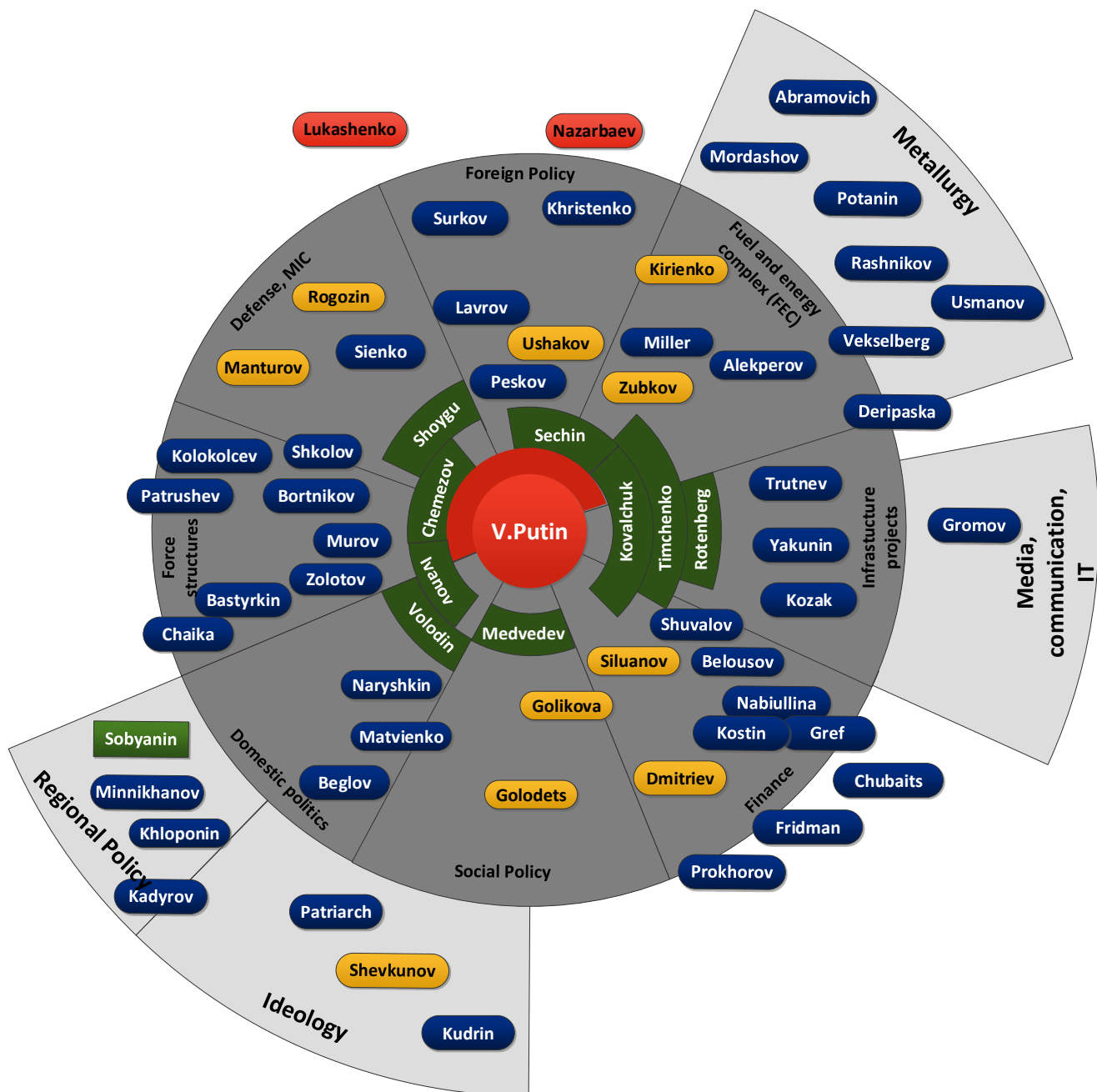
- Constraining the formation of non-state sources of violence. In this case the government faced the fact that it must utilize the energy of ideologically charged Russian volunteers, who fought in the territory of Ukraine, and their political supporters. The government will have to incorporate the slogans and supporters of so-called "Novorossiya" (New Russia) into the framework of a new political project, or it will face them as an opposition;

- Ensuring upward mobility. Incorporating into the regime potentially dangerous charismatic personalities. In the first place, the subject of this recruiting is the regional elite. Another source for government personnel - new projects managers. Potential victims of an intra-elite struggle – the management of existing development corporations. However, the implementation of this task will face resistance from the existing ruling class.

## Transformation of the Politburo 2.0

If previous reports from the series “Politburo 2.0” presented the orbit of Russian power as having a bipolar coordinate system, with two poles of attracting the elites (I. Sechin as the leader of the proposed “*siloviki*” and Dmitry Medvedev as a leader of “systemic liberals”), the current reality, with significantly weakened positions of players, can be described more adequately as sectorial (see below the pie chart “The orbits of the Russian authorities”). The President retains a personal control over the fuel and energy sector, foreign policy, defense and military-industrial complex and the law enforcement agencies. The responsibility for internal policy, social policy, the financial sector and infrastructure projects are distributed among members of the “Politburo 2.0”.

### The orbits of the Russian authorities



With that, in a typical for Putin management style, systemic risks start to arise. Moreover, with time, this style loses its efficiency.

First of all, a major point of tension remains visible - the uncertainty around large state infrastructure projects, which were the main drivers of activity for key elite groups. Lack of resources and the emergence of new costs (in particular, unforeseen expenditures on Crimea management), lead to the possible cancelation of certain projects, for example a high-speed train to Kazan.

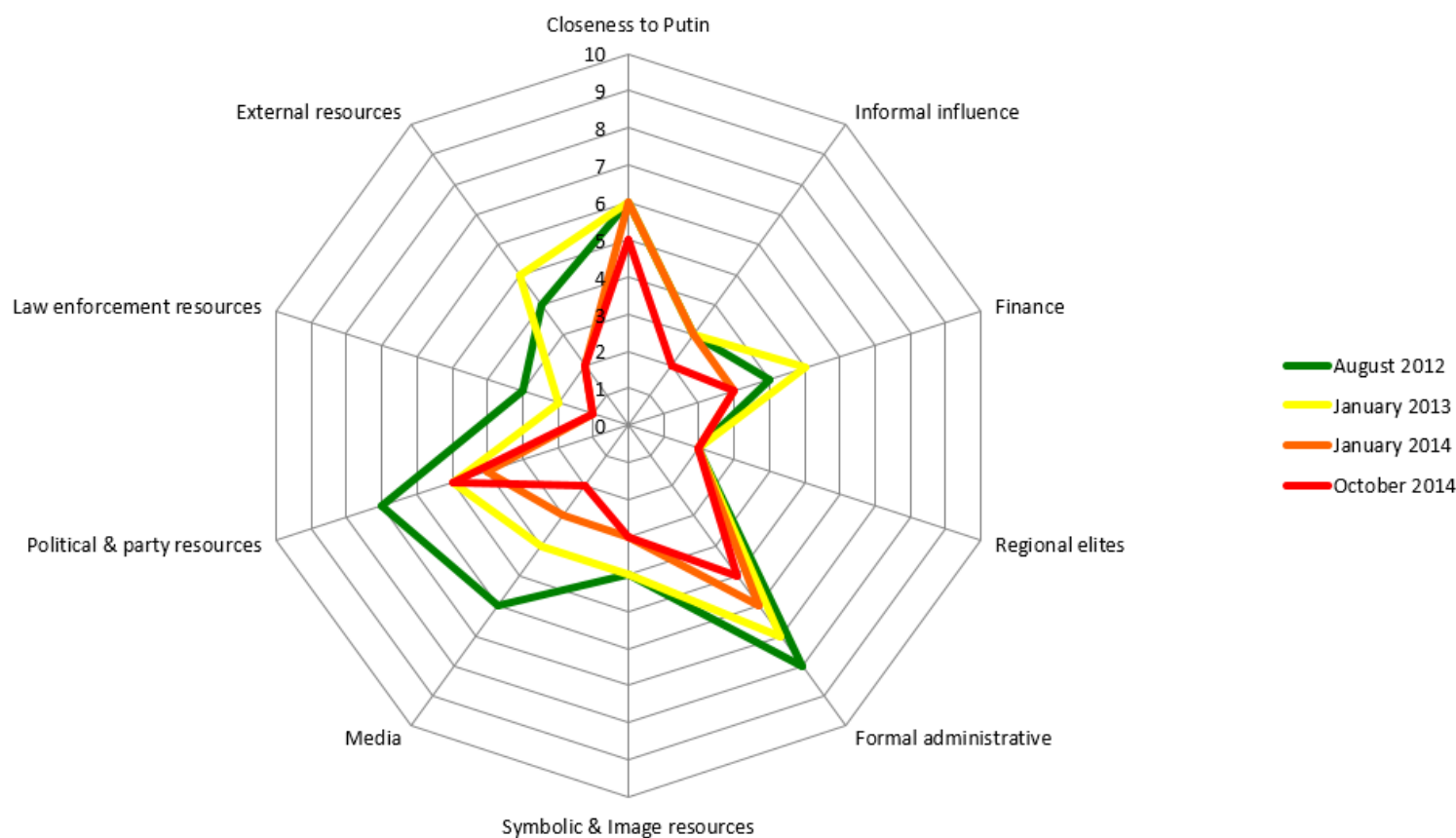
Secondly, a severe budget situation and a slowdown of economic growth called for a creation of a new management configuration in the form of a financial triumvirate Nabiullina – Gref - Kostin. The new configuration may put an end to the competition for control of financial cluster that started after the conflict between Kudrin and Medvedev and the displacement Serdyukov as minister of defense. However, no particular member of the "Politburo 2.0" emerges to take the full responsibility for public finances.

Thirdly, the relationship between the regions and Moscow became problematic. The regions do not have the resources to execute the “May decrees”: the governors who succeeded in taking over the political control increased foreign borrowing, others, appealed directly to the Center for help. Under new conditions the greatest chance for survival have governors with a well-developed relationship with members of the "Politburo 2.0". Political factions are fighting for the influence in the well-developed regions. In these conditions, members of the "Politburo 2.0" were not losing their positions, but rather strengthening them at the expense of candidates to the “Politburo 2.0” and the weaker elite groups (example - the affair of tycoon Yevtushenkov (owner of the holding company which controls Russian-based telecommunication giant MTS (NYSE: MBT), which were in the process of redistributing the spheres of influence in the energy sector, metallurgy, financial and communication sectors. We will review the dynamics within the “Politburo 2.0” in more detail.

## Members of the “Politburo 2.0” – Dynamics of the influence

**The successors’ race and its outcome.** At the end of 2013 - the first half of 2014 one could observe a remake of the successors’ race that took place at the end of Putin’s second term in 2006-2007. In that historical period, Dmitry Medvedev, who led all national projects, eventually, overpassed early front-runner, Sergei Ivanov. The situation had a U-turn and Ivanov took revenge. Resources were moved from the hands of the Prime Minister into the hands of the Head of the Presidential Administration (see diagrams below).

### Dmitry Medvedev



**Dmitry Medvedev** keeps his post as Prime Minister (and Acting President in case something were to happen with Putin). He remains a full member of the "Politburo 2.0", primarily because of the proximity to the supreme arbiter and the informal agreement, the term of which has not yet expired. However, he is seriously losing the political weight on other issues. His informal influence on power structures and his administrative leverage have decreased. One could observe that he has no cadres loyal to him, neither among acting governors, nor among the “*siloviki*.”

The only chance for Medvedev to retain his resources was to use the media and political party resources from his presidential term. But to keep them, he needed a financial capital, which was significantly hurt during the last year of his presidency (his team received a number of serious attacks on their own financial base and the financial base of his allies, the last of which was the “the Yevtushenkov affair”.) The control over media resources has been largely lost. Especially harmful for Dmitry Medvedev was the sudden reorganization of the "RIA Novosti" news agency.

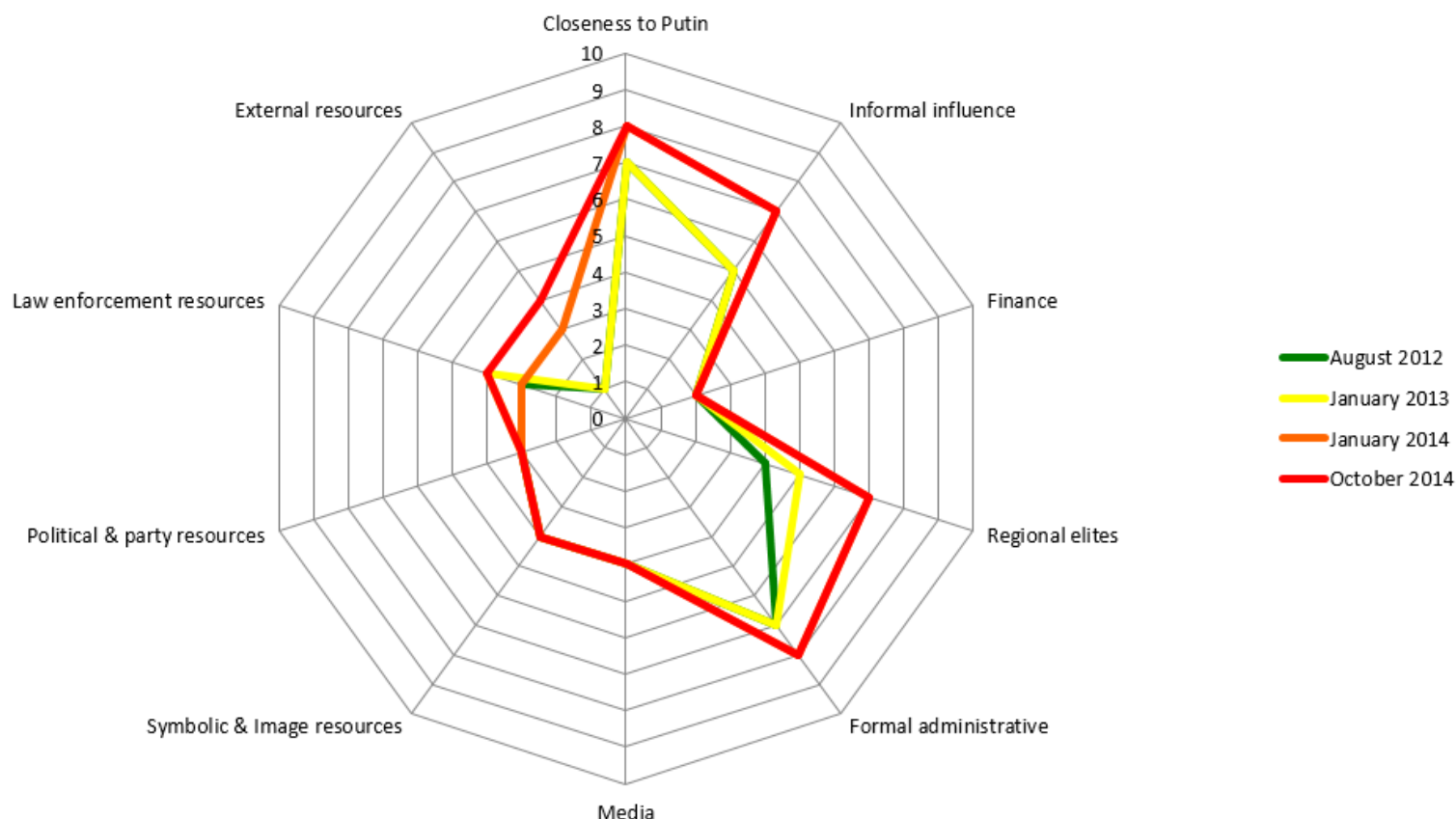


In the attempt to become the idol of liberal intellectuals, in 2013 the former President was faced with competition from radical opposition politician Alexey Navalny. In addition, other candidates presented their ambitions for this niche: the former Finance Minister, Alexei Kudrin, the Head of Sberbank, German Gref, and the Founder of the party “Civic Platform” Mikhail Prokhorov. Released in the late 2013 Mikhail Khodorkovsky weakened the already fading Western support of Medvedev, what has led to a critical reduction of his “foreign resource”. The niche of a Kremlin liberal, which was held by Medvedev before, was no more in demand.

Many decisions that have been made in the four-year term of Dmitry Medvedev are being revised. For example, established in 2011 rule allowing the Investigative Committee to start criminal proceedings for tax crimes only with the approval of the Federal Tax Service, will be reviewed in the near future, with the active lobbying by A. Bastrykin and V. Kolokoltsev (the relevant bill is in third reading). Medvedev's initiative to remove the state representatives from the boards of directors of state companies has completely failed. The revision touched even such mundane issues as wintertime adjustment introduced by Medvedev. All this happens in a constantly narrowing corridor of opportunities for the government. On one hand, the economic growth is slowing down, and the word “recession” can be heard from the experts. On the other, the commitments associated with the implementation of the Presidential Decrees from May 7, 2012 are accumulating.

Over the past year, the Head of the Presidential Administration, **Sergei Ivanov** has strengthened his position based on the returned unimpeded access to the President, and by increasing his informal influence. After Ivanov began to oversee critical Ukrainian portfolio<sup>4</sup>, his status among the members of the “Politburo 2.0” had increased. In addition, the new role allowed him to become the person to finalize many formal and informal chains of decision-making. Fortifying key positions allowed him to strengthen his brand and media profile, and made him the speaker of “*siloviki*” group.

### Sergei Ivanov



When **Sergei Sobyenin**, Mayor of Moscow and member of the “Politburo 2.0”, appeared in 2013 as a potential candidate for the post of prime minister a significant elite coalition has been created against him. Sobyenin temporarily dropped out of the race, mainly because of the weak election campaign for mayor’s post<sup>5</sup> and lack of a clear image positioning. His 51% (with the initial ranking of around 80%) looked unconvincing, especially against the close to 30% result of electioneering novice Alexey Navalny<sup>6</sup>. Vladimir Putin summed up the role of Sobyenin in this campaign as: "He is definitely not a Robespierre." Moreover, refusing to be nominated by the party

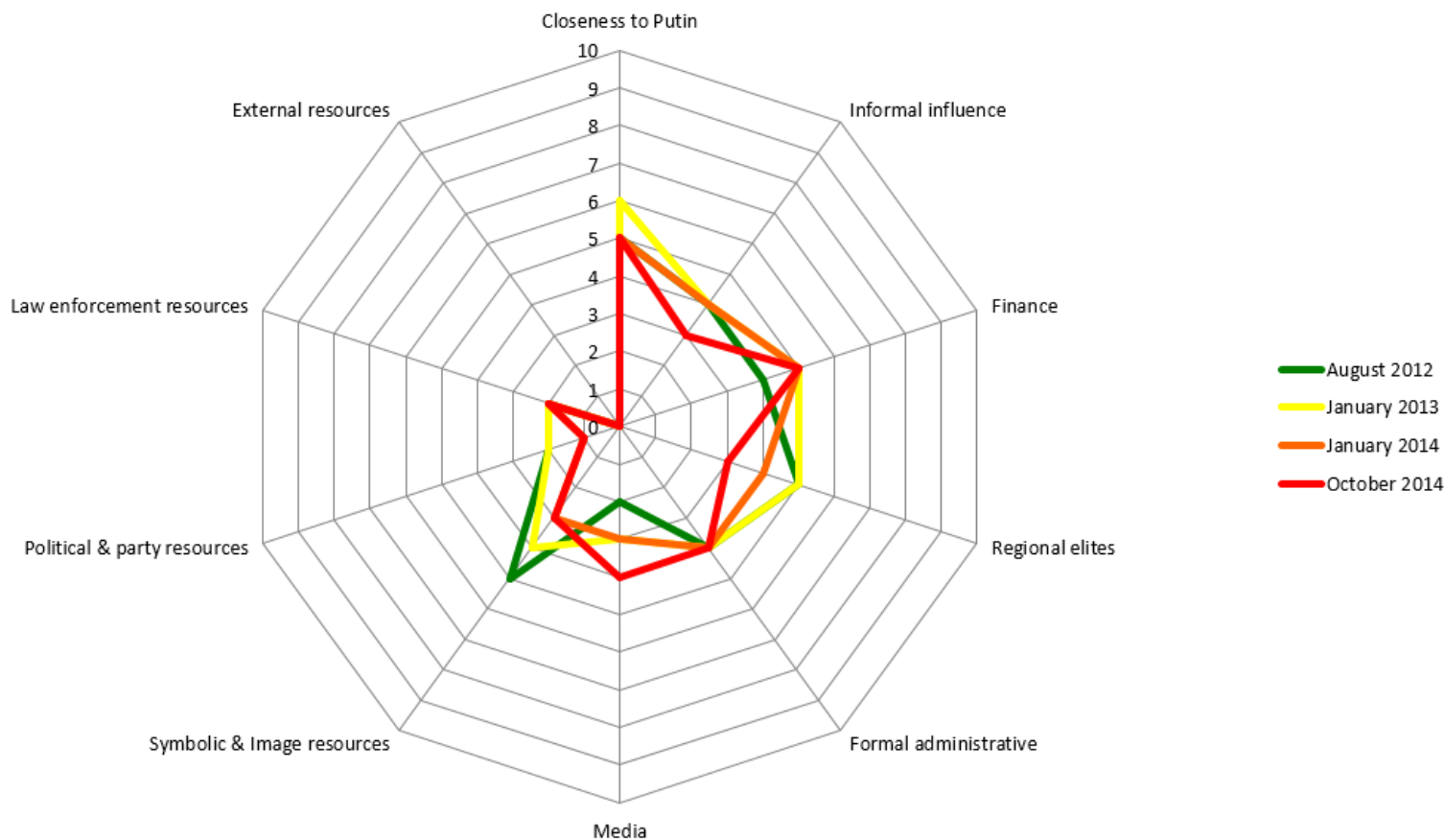
<sup>4</sup> Although it is worth noting that V. Surkov has retained his role in the Ukrainian track, and moved into the political block of "Politburo 2.0".

<sup>5</sup> In the report "Politburo 2.0 on the eve of reboot of the elite groups" we wrote about the high probability of Sobyenin's early elections.

<sup>6</sup> Unlike the sociologists, we predicted a similar result two weeks before the election in the report "The elections of the mayor of Moscow: scenario programming and image positioning of the candidates" - [http://www.minchenko.ru/netcat\\_files/File/Presentation%20of%20the%20election%20of](http://www.minchenko.ru/netcat_files/File/Presentation%20of%20the%20election%20of)

"United Russia", Sobyenin lost the ruling party resource, even though this party made recommendation for his candidacy as a mayor of Moscow. As a result, he lowered his position within the "party of power", and failed to acquire it with other parties.

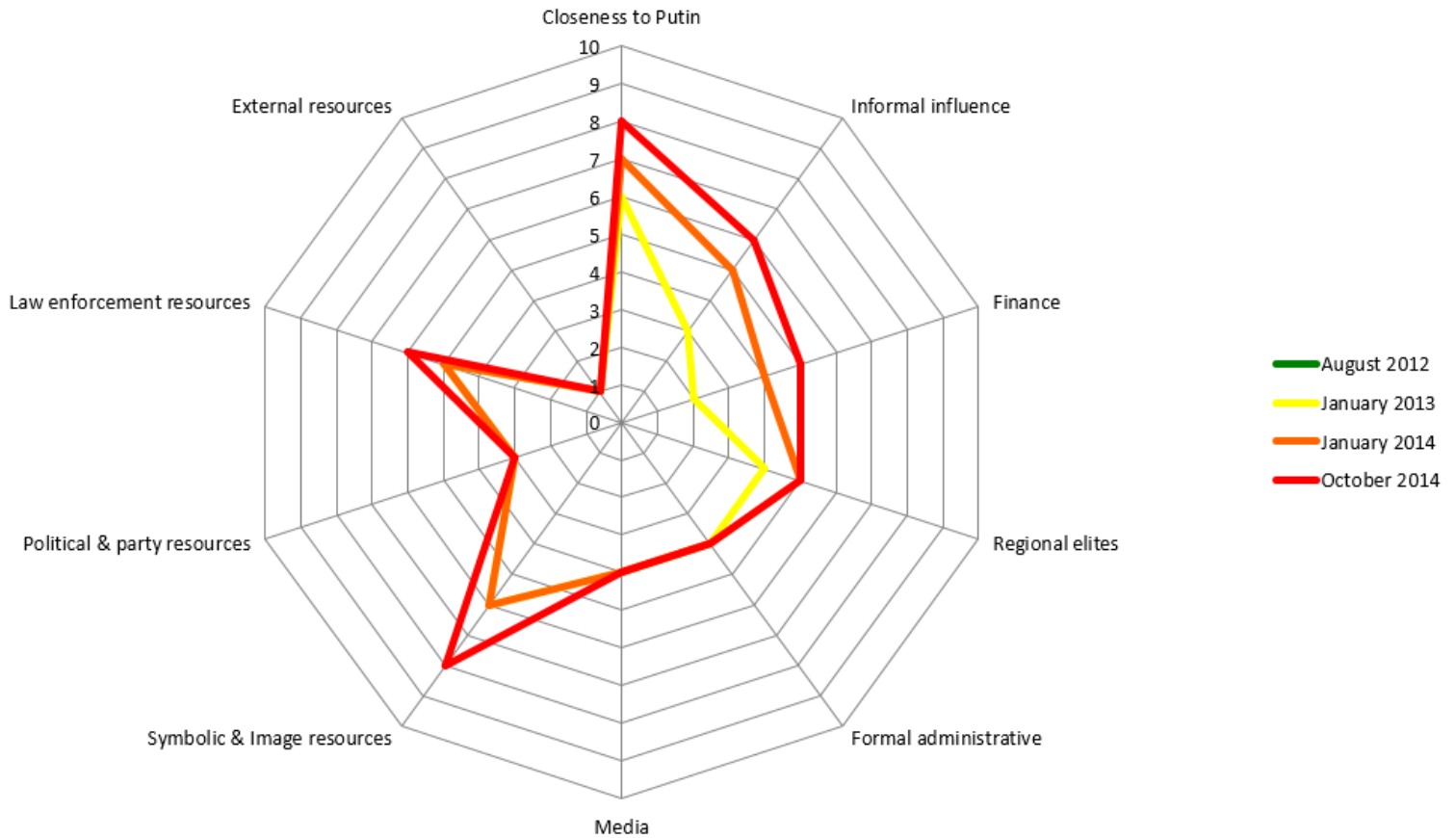
### Sergei Sobyenin



The metamorphosis from a bureaucrat-appointee and experienced apparatchik (bureaucrat) into the charismatic leader of the largest region of the country has not happened for Sobyenin. He has acted as a non-public head of the region but not as a contender for national leadership. Moreover, during 2014, he did not behave as a public politician, but as a prudent regional official, not brining himself to the task of increasing his own political capitalization. His provincial image was further enhanced by the results of election campaign to the Moscow City Duma (regional parliament of the Russian capital) in autumn, 2014. Sobyenin distanced himself again from the ruling party and secured special conditions for the election (and generally demonstrated that the only way he can rule is to constantly receive special conditions for his region). The elections were held in a very administrative manner, exclusively in single member electoral districts, which have been controversially skewed in favor of inside candidates. The course of electoral campaign was highly questioned, and the result of the election did not strengthened Sobyenin's position as a federal politician. Lack of effectiveness of regional leaders nominated by Sobyenin also caused him serious problems. The only exception in this case was his appointee for the Head of Tyumen Region - V. Yakushev, whose independence, after reelection in September of this year will inevitably increase. It is possible that Sobyenin will try to strengthen his regional influence by attempting to unite the Tyumen region and its constituent autonomous regions into one subject.

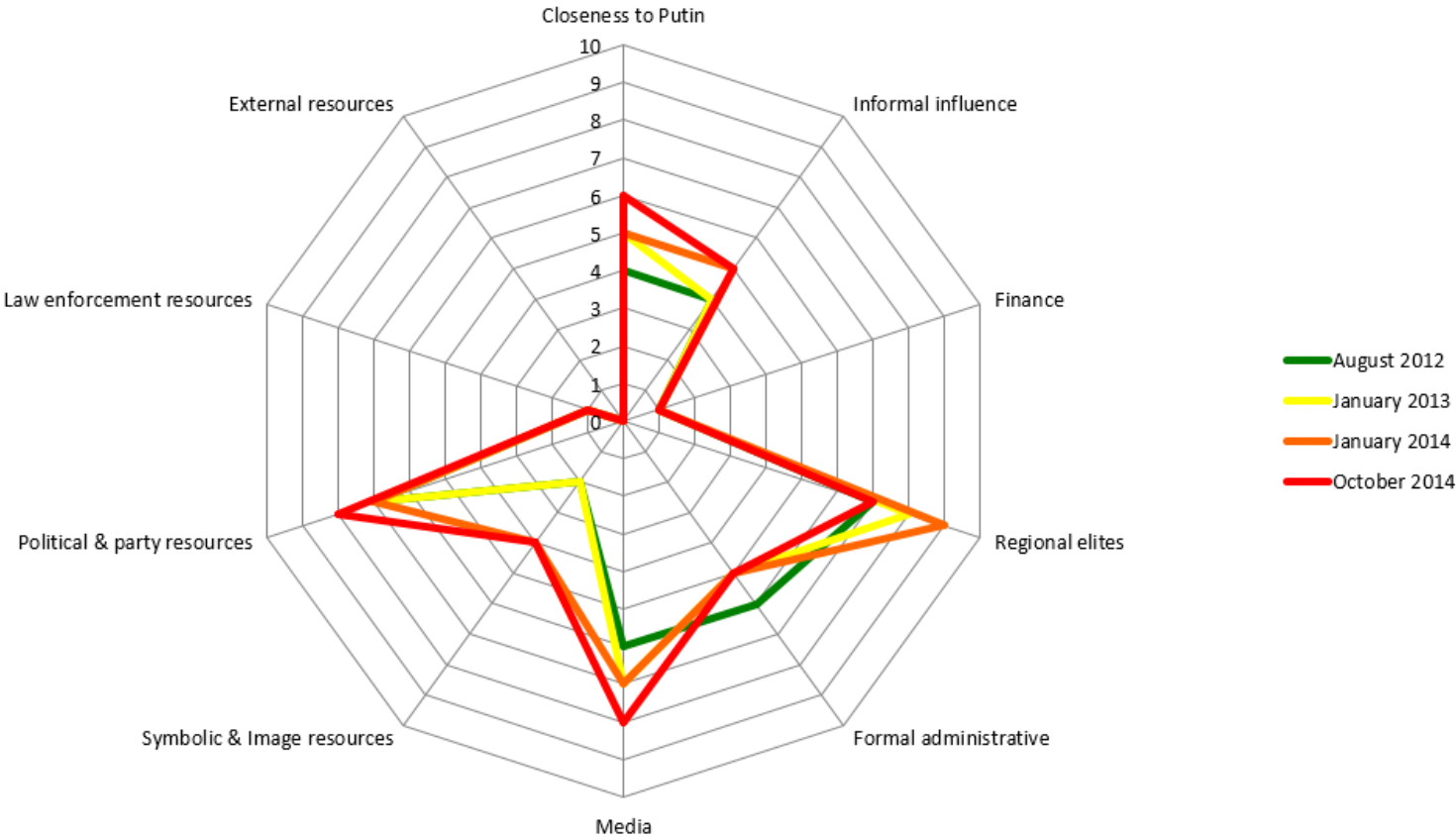
The Minister of Defense, **Sergei Shoigu** managed to keep himself away from being engaged in the race of successors, in which the main players were Dmitry Medvedev and Sergei Sobyenin. His colleagues could have also compromised **Shoigu**, but the rapid developments in Ukraine made him virtually untouchable. As a symbolic leader of Putin's Politburo, Shoigu has used the last year to increase his own informal influence, primarily due to the effective operation of including Crimea into the borders of Russian Federation. The campaign around the "polite people" positively affected the image of the army, and the image of the Defense Minister.

### Sergei Shoigu



Summarizing, the **sharp increase in the rating of Vladimir Putin after consolidation of Crimea caused the competition over successor to become temporarily irrelevant.** On the other hand, the post-Crimean situation poses a task for internal political management to convert President's high rating into specific results in the regional elections. Historically, not a part of the St. Petersburg team, the First Deputy Head of Presidential Administration, **V. Volodin** grows in trust with Putin as he leads a successful regional presidential campaign 2012 -2014. His influence on political parties and the political process over the past year has noticeably increased. Naturally, the person running the reformation process of political parties and regional elites (and influencing regional appointments) gains points and influence. Simultaneously, the regional campaign of autumn 2014 showed a slight weakening of his influence on the regional elites - part of governors refused to play by the new rules and as such, to ensure a highly competitive and transparent electoral procedure (V. Shantsev, N. Merkushin, G. Poltavchenko). In addition, the independence of elected governors has been on the growth even despite firing of the newly elected Head of the Bryansk region, N. Denin, due to "loss of confidence". Apparently, in the next year, Volodin will actively use the All-Russia People's Front as leverage to pressure governors (cost control and anti-corruption investigations) and as the source of political cadre.

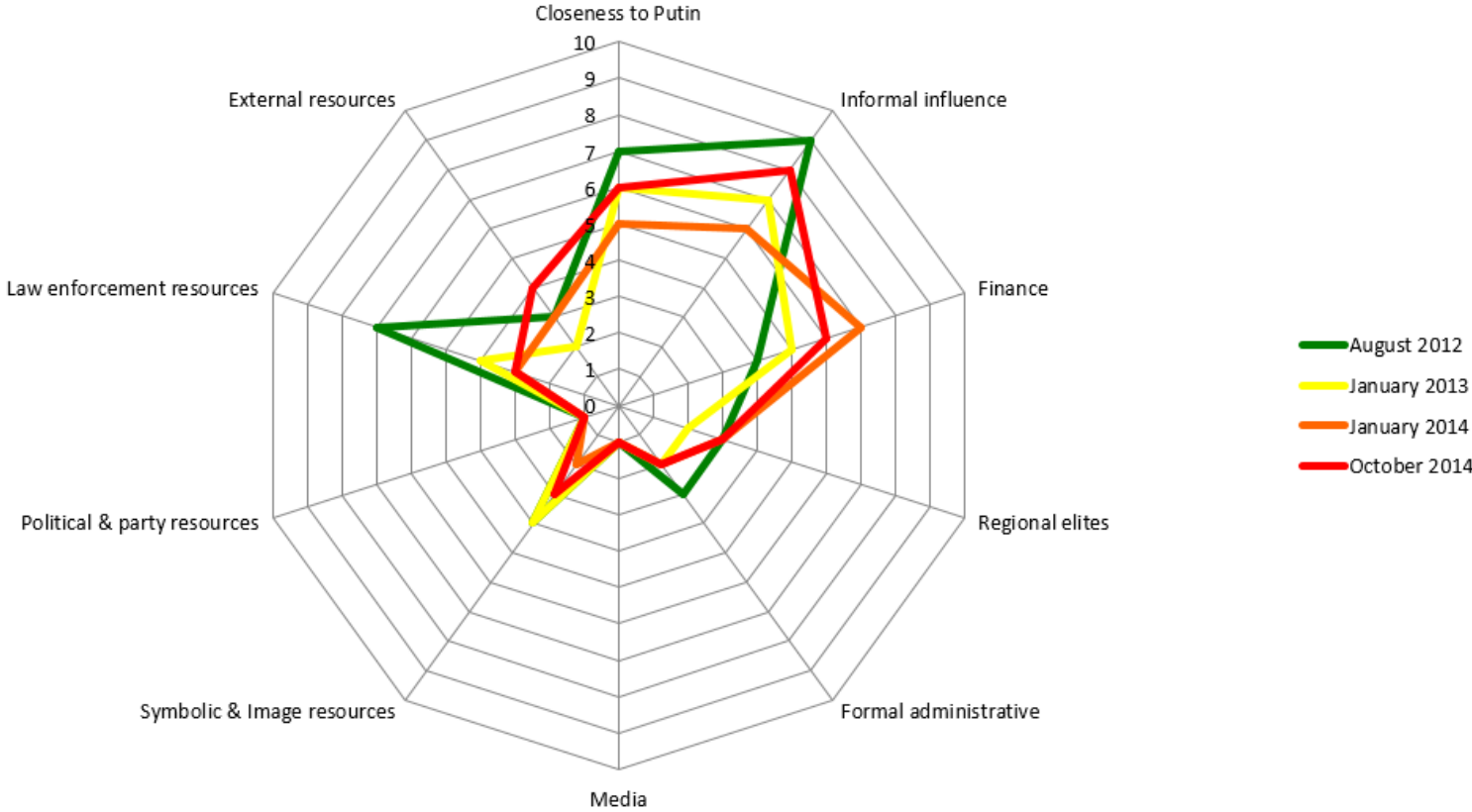
**Vyacheslav Volodin**



**The transition of Dmitry Medvedev from a leader of “liberals” to an operational prime minister made Igor Sechin, the leader of the conventional “siloviki” group, redundant.** As the tandem control of the system became dismantled, Sechin’s role within the “Politburo 2.0” as an alternative power center to Medvedev has been significantly reduced. Accordingly, it lowered his symbolic image and level of informal influence.

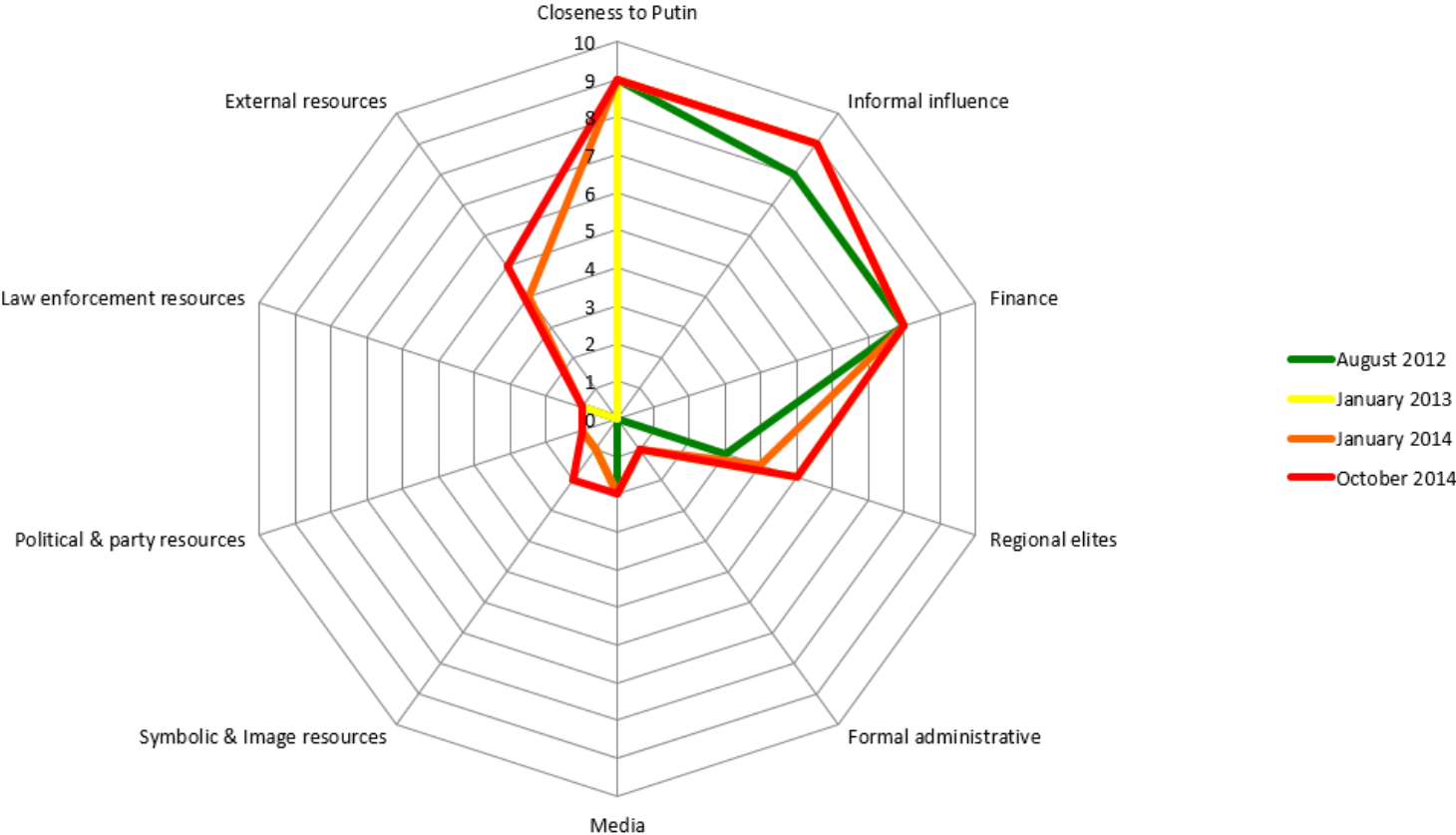
The final transition of Sechin, President of Rosneft, to the status of a business leader coupled with a number of mergers and acquisitions of new assets in 2013 allowed him to build up the financial resource. At the same time, his influence on Vladimir Putin (the factor of "closeness to Putin"), and, accordingly, on the power structures and the elites has significantly decreased. His potential impact has been retained only in the regions where "Rosneft" has sustained interest and leverage. The release of Khodorkovsky complicated Sechin’s communication with Western business structures. Losses in the international arena were offset by an alliance with Alexander Lukashenko and significance of this connection in the context of the growing importance of structures of the Customs Union and moving the Eurasian integration to the top of policy agenda. In addition, Igor Sechin has retained good contact with China and Latin American countries. At the moment, "Rosneft" is expanding its assets, but its debt load is also growing.

**Igor Sechin**



**Out of three business leaders in Putin’s circle (G. Timchenko, A. Rotenberg and Y. Kovalchuk), owner of the Volga Group Gennadiy Timchenko has proven to be the most successful.** All three of them, received a strong political legitimacy together with placement on the sanction list of Western countries. External losses for their companies were compensated by contracts within Russia. However, only G. Timchenko found a politically significant niche in the new environment. He got his bearings in time and received, though for now ephemeral, but certainly tactically and strategically challenging Chinese project. In 2014, Timchenko became Chairman of the Russian part of the Russian-Chinese Business Council. Special position of G. Timchenko in relations with Western elites made him important for Putin as a part of external resource. By refocusing on China, he believes, he will be able to maintain his informal influence among Russian elite, including placement of personnel in the federal structures of executive power and governorships (it is important to mention the appointment of V. Vladimirov as the Governor of Stavropol region).

**Gennadiy Timchenko**

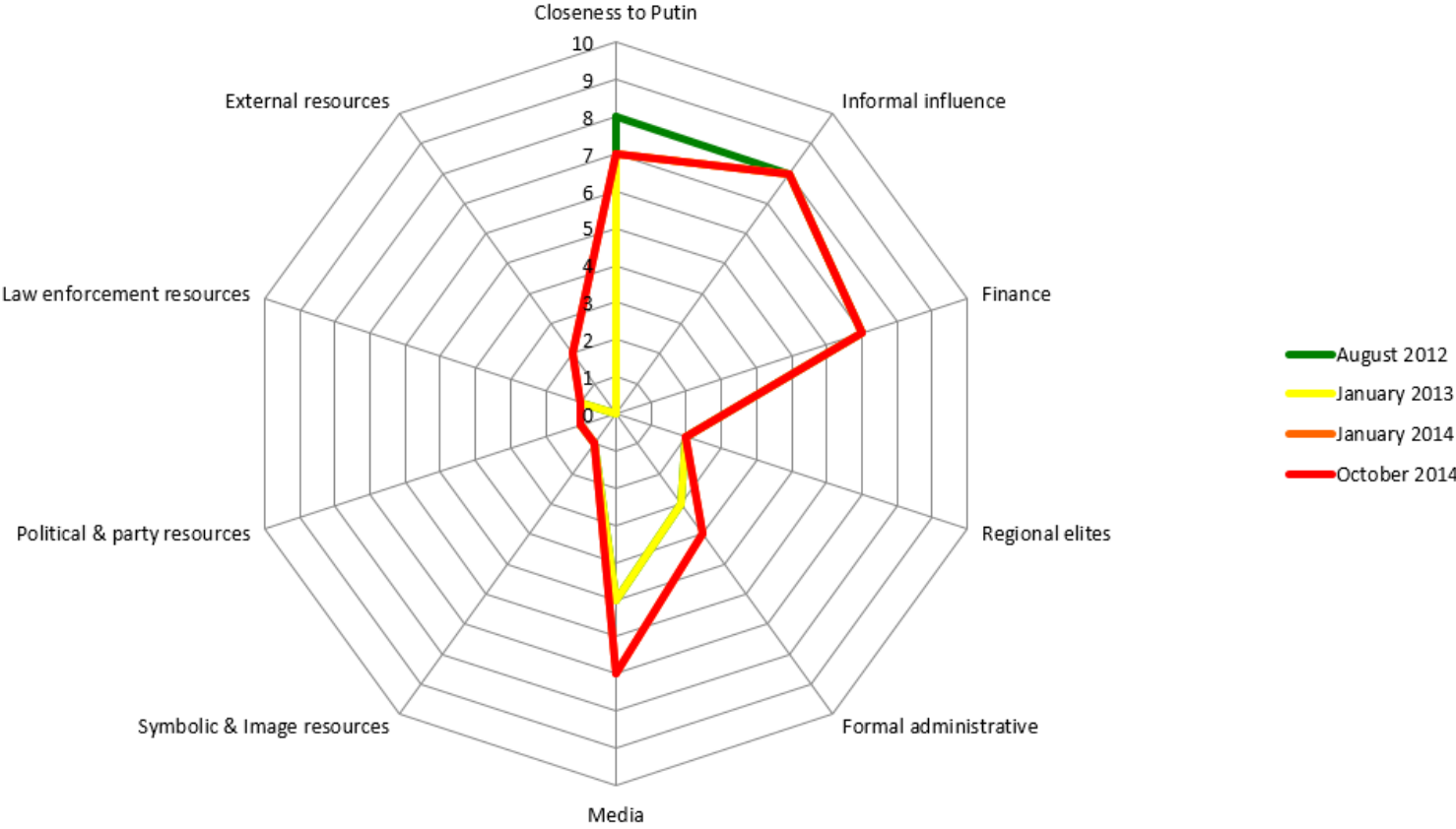


With sanctions in place, the influence of brothers Rotenberg and Kovalchuk will certainly decrease. As Timchenko, they were given compensation within the system, but they were not able to find a new role for themselves.

One of **Y. Kovalchuk's** major achievements for this period was an extensive expansion of media empire thanks to the deal with "Prof-Media". The growth of group's formal administrative influence occurred as a result of successful lobbying for reforming the Academy of Sciences, but the low efficiency of the implemented reform may have long-term negative consequences for group's image.

Kovalchuk has also actively and strategically expanded his business interests. The company SOGAZ received access to work with the space and aviation risks, making it the first Russian company able to insure and underwrite regular satellites and aircrafts from the United States, Asia and Europe. In 2013 preparations were completed for the creation of the fourth national mobile operator based on SP Rostelecom and Tele2, with the controlling packet owned by the tandem of Yuri Kovalchuk and VTB. Also, the bank "Russia" controlled by Y. Kovalchuk was chosen as the credit institution authorized to carry out payments between the subjects of the wholesale electricity market, and received custom's account.

**Yuriy Kovalchuk**





The key factor of membership in the “Politburo 2.0” for the tycoon **A. Rotenberg** and his group is closeness to Putin that provides him with informal influence and financial resources within the framework of implementing infrastructure projects. At the same time A. Rotenberg was useful to Putin because of his contacts in Europe. His position as a serious federal lobbyist allows him to influence a number of governors. The most important asset of the group is the Governor of St. Petersburg G. Poltavchenko, whose nomination was lobbied by the group despite the resistance of Kovalchuk’s group trying to push their own candidate – the Minister of Sports, Vitaly Mutko. At the same time, close to Rotenberg Governor of Chelyabinsk, Mikhail Yurevich resigned. Rotenberg’s formal administrative resource decreased because of the reduction of powers in the Ministry of Regional Development, and its consequent dissolution. However, he still maintains some influence through contacts with Deputy Prime Minister and the Presidential Envoy to the Far Eastern Federal District, Trutnev. Rotenberg’s image suffered a blow because of, approved in the first reading by State Duma, law on compensation for businesses affected by the sanctions that has been called by the media “the Rotenberg law”, and an ineffective anti-crisis media management of this issue.

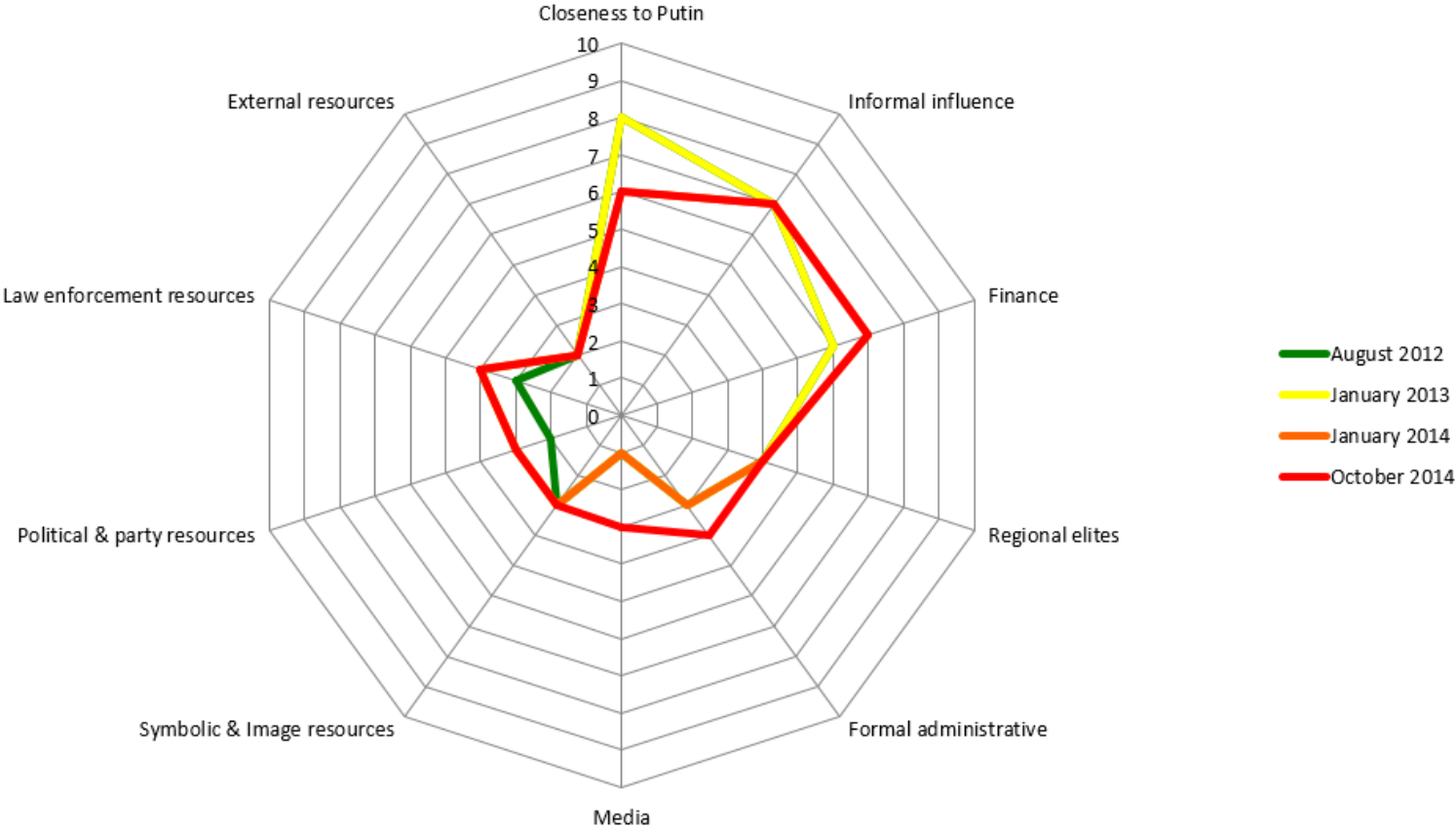
**Arkadiy Rotenberg**



**Representative of the state business, CEO of the corporation "Rostec", and the main operator on the military-industrial market, S. Chemezov increased his influence thanks to the growth in the national defense spending. At the same time he acted as a political operative: the situational control of Internet assets of the apolitical A. Usmanov was delegated to his team.**

Chemezov's access to Vladimir Putin has been diminished; however, he managed to boost his financial performance by increasing funds allocated by the state for the development of the defense industry. He also strengthened his potential by participating in a tandem with S. Ivanov, and by decrease of Sechin's power competencies. Chemezov's supervision over the Prokhorov's party project and his special relationship with the Communist Party led to a slight increase in his party-political capacities. His growth would be so much more impressive, if the "Civic Platform" showed the better results in the regional elections.

**Sergey Chemezov**



## Summary

1. “Politburo 2.0” remains the key institution representing the interest of the elite in the Russian Federation;

2. The preparation of the ruling elite for a possible conflict with the West started in 2013. A non-public decision to prepare for this confrontation was made in informal consultations among members of the “Politburo 2.0”;

3. “Politburo 2.0” increased its influence as an informal power structure and so was increased the influence of its formal and plebiscitary leader - Vladimir Putin. The reallocation of resources and leverages in favor of members of the “Politburo 2.0” took place, first, at the cost of candidate members to “Politburo 2.0” and other elite groups, as well as due to further weakening of the formal institutions of the government;

4. The bipolar model of the orientation of elite groups was replaced with a sectorial model. In sectors where there is no strong curator from the members' of the “Politburo 2.0”, a crucial role is played by a coalition of candidates to the “Politburo 2.0”. Putin distributed control among multiple players in the key sectors (fuel and energy complex, military-industrial complex, foreign policy, security agencies) but retained a significant amount of personal decision-making and power leverages;

5. Because of Putin’s high rating and a significant increase in the level of influence by full members of the “Politburo 2.0” the successors’ race has disappeared from the current agenda, and so did the competition among members of the “Politburo 2.0”;

6. In the last year, out of all members of the “Politburo2.0” the biggest increase in power has been demonstrated by the "three Sergeys" - S. Shoigu and tandem S. Ivanov- S.Chemezov. A stable position was retained by the tandem G. Timchenko – Y. Kovalchuk, V. Volodin, I. Sechin. There has been a reduction in importance of figures such as Dmitry Medvedev, A. Rotenberg and S. Sobyenin. There has been an obvious increase in power of security corporation as a whole (despite the the presence of a serious internal competition) and a fall of the, so-called "systemic liberals”;

7. In the context of declining resources there is an inevitable increase of competition among the elite groups to access these resources. One can expect creation of new coalitions that aid the survival of their participants. Candidates for members of the “Politburo 2.0” will be forced to enter into coalitions with members of the “Politburo 2.0” or risk being marginalized in the process of redistribution of resources;

8. To a considerable degree, Putin’s domestic policies, and in particular his policy towards elites has been determined by analysis of the mistakes made by Yanukovich during his presidency. While programming different scenarios, the Russian authorities will take into account the experience of Ukrainian counterparts;

9. The Ukrainian revolution is not over. Ukraine will be a source of instability for the Russian political landscape over the next few years. Therefore, within the technical and political bloc of Putin’s “Politburo 2.0” we will see the inevitable increase in competition for policy making with regards to Ukraine and internal political management;

10. One of the greatest challenges for the Russian leadership include issues of sustainability of the regimes and ensuring continuity of power in countries that are considered as close allies - Belarus and Kazakhstan;

11. Projects that reduce the external isolation of Russia will be in high demand. Countries that are not participating in the current sanctions have a serious chance to strengthen their position in the Russian market. The same chance have those members of the “Politburo 2.0”, who will be able to offer Putin new projects of international cooperation.

**Authors:**

Evgeny Minchenko, CEO

Kirill Petrov, Director of Research and Analysis