

# Putin's innovative cabinet lineup

By John Helmer

In Russian terms, this is revolutionary

The announcement of the new Russian cabinet of ministers has produced something comparable by way of shock, if not of amusement. If you realize that under former president Boris Yeltsin, these posts were auctioned off, obliging their incumbents to spend their terms paying off their creditors, and hiding what they could for themselves, the second-term cabinet appointed by President Vladimir Putin is a first in Russian political history.

The deftness with which Putin and his advisors have managed the appointment process has been as great as the silence in which they were able to work. But they have also taken no chances.

Mikhail Fradkov is the weakest prime minister since Yeltsin picked Sergei Kirienko to lead the country over the financial precipice of 1998 without quailing. But Fradkov is not weak in that fashion. As a man and a policymaker, he learned to keep his head down at the

Trade Ministry, and avoid challenging those of his superiors, like Anatoly Chubais, who were determined to wreak havoc with the national trading interest for the benefit of his Russian and American cohorts. When Putin appointed Fradkov to head the economic security section of the Kremlin Security Council in 2000, he became more assertive. As tax minister, he accumulated all the methods and evidence that, one day perhaps, might be mobilized to break up the concentration of wealth that is now known as the oligarchic system. It remains to be seen whether Fradkov will apply the same methods and evidence that have so far been mobilized against Yukos' shareholders to the other oligarchs whose tax avoidance and offshore trading schemes are just as familiar, and just as vulnerable as Mikhail Khodorkovsky's — those of Roman Abramovich, Oleg Deripaska, Mikhail Fridman, and Vladimir Potanin, for starters.

The transfer of Dmitri Kozak from Putin's personal office to head the staff of the prime ministry is one of the ways the president will ensure that Fradkov is not

intimidated in pursuit of the state's new purpose; nor that ministers will be able to slip into legislative effect the cash out favors the oligarchs are desperate to have approved in a hurry. When he was deputy prime minister in the autumn of last year, Alexei Kudrin was able to promote an amendment to the state secrets law that would allow Norilsk Nickel to divulge its secret production numbers, as well as its unmined reserves and stockpiles. The measure was enacted in record time, and Putin signed it into law so quickly, it appeared that there had not been time for the Kremlin or the prime ministry to think twice about Kudrin's rationale, or review exactly what benefits it conveyed. Three weeks ago, the Kremlin woke up, and blocked the disclosures from occurring until Putin would get around to signing a decree that no one had thought necessary, or legally required, until then. The hidden benefit of the measure for both Potanin and Mikhail Prokhorov, co-owners of Norilsk Nickel, is that it enables them to meet the London or New York stock exchange disclosure rules that apply, if Norilsk Nickel shares are to be floated on a foreign stock exchange, or if Potanin and Prokhorov have in mind to cash out in favor of a foreign investor, much as Mikhail Khodorkovsky was planning a year ago.

Kudrin has been demoted twice in the new lineup. He has lost his deputy prime minister's rank, and although his Finance Ministry has been enlarged to include the old Tax Ministry, both have been placed under direct Kremlin supervision.

This is another of the innovations Putin has introduced — the rearrangement of the bureaucratic reporting lines so that not only the security ministers, but also the heads of finance, economic development and trade, agriculture, natural resources, and energy and industry, report directly to the president.

For this supervision to be a powerful engine of policy initiative and oligarch control, Putin must expand his Security Council, especially on the economic front which Fradkov once directed. The removal as Secretary of the Security Council of Vladimir Rushailo, a Yeltsin leftover and reputed conduit of oligarch lobbying, was a precondition; it has now been done. Igor Ivanov moves over from the Foreign Ministry to chair the new council.

The single-interest ministries, which catered to the special-interest lobbies, have been stripped of their independence. The oil lobby has lost its minister, Igor Yusufov, whose appointment in 2000 was intended to



Prime Minister  
Mikhail Fradkov