

# Dismissal of Moscow mayor reveals tensions in Russian ruling elite

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The dismissal of Moscow Mayor Yuri Luzhkov by Russian President Dmitri Medvedev on September 28 points to growing political tensions within the Russian ruling elite, which is facing many complex domestic and foreign challenges.

As the mayor of Russia's capital city and financial center, Luzhkov was widely viewed as one of the most powerful politicians in the country. He had occupied his post for 18 years, virtually the entire post-Soviet period, and was a founding member and co-chair of United Russia, the ruling party. Over the last several years, he has been closely tied to Prime Minister Vladimir Putin.

President Medvedev discharged Luzhkov from his post after a series of public confrontations with the mayor. Earlier this year the president intervened on behalf of local residents objecting to the city's plans to demolish homes in a community in Moscow's western region. Medvedev moved against the mayor again this summer, when popular protests erupted over the city's plans to level forestland not far from Moscow in order to construct a toll-road between the capital and St. Petersburg. Luzhkov's billionaire wife, Yelena Baturina, had significant business interests in the project.

Luzhkov was widely criticized in the government press for his gross indifference to the suffering of ordinary Muscovites during an outbreak of wildfires in August that left the city blanketed in toxic smog for weeks. The mayor could not be bothered to return from his vacation until well after news reports surfaced of the city's morgues overflowing with bodies—he promptly left again as soon as the air cleared.

Shortly after this episode, the mass media announced that Luzhkov might relinquish the mayoralty ahead of his scheduled departure in June 2011. Luzhkov promptly denied the rumors and went on to denounce the president's administration in public for using him as a punching bag in regard to the summer smog disaster.

In the most dramatic incident in the escalating confrontation with Medvedev, *Moskovskii komsomolets*, a newspaper financed out of the Moscow city budget,

published a front-page article September 1 that essentially accused the mayor's critics in the Kremlin of trying to launch an "Orange Revolution" in Russia. The Orange Revolution was a US-backed operation in Ukraine in 2004-05 that led to the ouster of pro-Russian president Viktor Yanukovich and his replacement with a figure closely allied with the White House. Since then, Ukraine has gone from one political and economic crisis to another, resulting, most recently, in Yanukovich's return to office.

The Moscow newspaper piece asserted there were many people in the country ready to use "any cataclysm" to further their own interests. These layers were "courting" Medvedev, the article claimed, while "stirring things up" against his "political father," Putin, and Putin's "main allies," such as Luzhkov. The article went on to warn that in the event of a "serious struggle for power," Medvedev and Putin must be aware that the beneficiary would be "a third person."

While using somewhat obscure language, the article contained a criticism of Medvedev's efforts to establish closer relations with Washington, as part of the much-publicized "reset" of Russian-US ties. At the same time, it was a warning that those layers in the Kremlin pursuing a rapprochement with the Americans ought to be mindful of the potential consequences for their own political fortunes, lest they be accused of attempting to subvert Russia in the interest of foreign powers.

Currently, the Russian government is pursuing a double-edged, and in many ways untenable, policy in relation to the US. While seeking to prop up Washington's war effort in Afghanistan out of fear of the consequences of an American defeat for Russian interests in the region, the Kremlin continues to compete with the US for domination of energy-rich Central Asia. Medvedev has been most associated with the efforts to improve ties with Washington, while Putin continues at times to revert to an openly anti-American line.

In making the "Orange Revolution" charge, Luzhkov likely thought he would receive the backing of Putin, his patron for many years. However, this turned out not to be the

case. For the prime minister to have backed Moscow's mayor in his conflict with the president would have had risked an open split in the Kremlin, with potentially far-reaching consequences. Russia is currently awash in speculation about the nature of the relationship between Putin and Medvedev, the depth of their differences, and the likely outcome of the 2012 presidential election.

As the liberal daily *Nezavisimaia Gazeta* noted on September 16, "the conflict with Luzhkov had in fact upset the equilibrium within the tandem [the Medvedev-Putin regime is known in Russia as "the tandemocracy"]. The elite had been confronted with a premature choice that should have been determined only in the autumn of next year in the prelude to the presidential campaign."

After the publication of the *Moskovskii Komsomolets* article, the Russian mass media initiated a campaign to discredit Luzhkov. Throughout September reports surfaced in the press detailing corruption in the Moscow administration and business dealings associated with the mayor's wife. After refusing September 27 to give up his post voluntarily, Luzhkov was dismissed by presidential edict one day later. Putin, after a brief silence, endorsed the action with moderate language, insisting that Medvedev "acted within his capacity and in strict accordance with the law."

Domestic politics and economic policy considerations also likely played a role in the growing tensions between Medvedev and Luzhkov. Approximately three-quarters of Russian finance is concentrated in Moscow. The corruption and secretiveness in the city administration, while typical of all regions in the country, had become a glaring challenge to Medvedev's declared aim of "modernizing" Russia and battling corruption to make the economy more transparent and attractive to foreign investors.

The wealth of Luzhkov's wife, Yelena Baturina—the third richest woman in the world—has become a symbol of Moscow's corrupt system. Baturina, whose net worth in 2010 stood at \$2.9 billion, created the Inteko business empire, which has an array of real estate, building, and financial holdings. Inteko's construction work in Moscow alone covers more than 6 million square meters, and the company owns 400 hectares of prime land in the capital.

It is widely expected that the Russian government will now move against Baturina's fortune, as part of the process of undercutting Luzhkov's influence and breaking up his stranglehold over Moscow. In a sign of things to come, the Vneshekonombank (VEB) has refused to do further business with Inteko. Putin is chairman of the bank's supervisory council. Using money from VEB, Inteko was preparing to form a homebuilding enterprise and undertake massive housing construction in 35 regions throughout Russia.

In addition, the Kremlin also now appears to be cleaning house in Moscow. Several Luzhkov allies in key administrative positions have been dismissed since the mayor's removal. The capital city is an important political resource in Russia. Luzhkov's influence and his willingness to openly challenge the presidential administration was and is a cause for concern in the Kremlin, particularly given that Russia is on the eve of the 2011-12 election cycle.

Luzhkov's ousting is in keeping with Medvedev's recent efforts to retire a number of other Yeltsin-era regional leaders. In recent months, the president has used his right to appoint and dismiss governors to remove a number of "heavyweights" from their posts, including Tatarstan President Mintimer Shaimiyev, Bashkortostan President Murtaza Rakhimov, Kaliningrad Governor Georgi Boos, and the head of the Republic of Kalmykia, Kirsan Ilyuzmhinov.

Since losing his post, Luzhkov has insisted that he has entered the opposition and is prepared to lead a political movement against the Kremlin's anti-democratic policies, championing, in particular, the election of governors. While the method of his removal certainly underscores the extremely anti-democratic character of the Russian political system, in which governorships and other key posts are filled through federal appointment, Luzhkov's effort to refashion himself as a defender of democracy is preposterous. However, despite lacking a mass base of support, evidenced by the fact that there was no popular uproar over his dismissal, it is unlikely that Luzhkov will simply disappear from the political scene.

The victory over Luzhkov strengthens Medvedev's hand. It remains to be seen what, if anything, it bodes in terms of the division of power between the president and the prime minister within the Kremlin. Both Putin and Medvedev are anxious about the potential consequences of an open split developing, having witnessed the struggles of the Kremlin clans in the 1990s.

Furthermore, with social discontent on the rise in Russia due to the worsening economic situation, the president and the prime minister are wary of letting the differences within the ruling elite over domestic and foreign policy spin out of control. However, their wishes notwithstanding, the geopolitical and economic difficulties facing Russia continue to fuel these tensions.



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