



# Putin's Children: The Russian Elite Prepares for 2024

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For the Russian elites the year 2024, although a long way off, is already the main date in their calendar. The year when President Vladimir Putin finishes his constitutionally mandated fourth and last term in office is supposed to be the moment when Russia gets a new leader for the first time in more than two decades. Yet Russian history teaches that such handovers can be a cause of unexpected turbulence.

Putin and his inner circle are considering several different options as to handling the transition. They include scenarios in which Putin himself formally steps down but keeps a prominent status by being given a new role as “father of the nation,” rather as has happened with former president Nursultan Nazarbayev in neighboring Kazakhstan. (Some new evidence of this came during the latest government reshuffle in January 2020, when Putin announced a constitutional overhaul including, among other things, new powers for the State Council, which may become the new avenue by which he leads Russia.)

Those decisions will happen a bit later. But already a collective effort is underway to make the year of transition as painless as possible and ensure public support for a change in leadership.

To ensure a smooth transition in 2024, a key role in this process has been allocated to a group of people that has a low profile in society yet holds important managerial positions in the state apparatus. This group can be called the “technocratic elite,” a diverse collection of Russian officials who hold certain things in common: they are educated professionals, profess their loyalty to Putin, but, unlike the *siloviki* (senior officials in the security services and army), do not make key political decisions and are not deemed eligible for high political office. This “technocratization” of elites gave expression in the appointment of a pure technocrat in his fifties, the former head of the taxation ministry Mikhail Mishustin, to the position of prime minister. Many of these technocrats are the products of professional training schemes supported by the top Kremlin officials Anton Vaino and Sergei Kiriienko.



In the fall of 2018 and the spring and summer of 2019, the Levada Center, Russia's leading independent polling organization, and the Carnegie Moscow Center conducted two series of in-depth expert interviews with senior figures in or close to the Russian political elite. The respondents, all of whom remain anonymous, are well acquainted with the technocratic elite and are in one way or another involved in the country's transition in the year 2024.<sup>1</sup> They paint a picture of a wider Russian elite already bracing itself for upheaval.

Much is at stake for the country's ruling class. As political analyst and writer Ivan Krastev has observed, this process is about perpetuating "Putinism" in the absence of Putin himself. Krastev writes, "Putin's conviction [is] that Russia needs not a single successor—as it did under Boris Yeltsin—but a successor generation. He sees the coming transition as a transfer of power from his generation to the 'Putin generation,' comprising politicians who came of age during, and have been shaped by, Putin's rule."<sup>2</sup> The Kremlin is trying to engineer a collective succession mechanism.

In purely practical terms, the 2024 election will be one in which the generation of "Putin's children," those who have made their careers and profited from the twenty years of Putin's presidency, face a serious challenge to keep the assets they have acquired. Many are literally the children of the current elite and have now taken top jobs in government and business. For example, in the spring of 2018, Dmitry Patrushev, a son of Putin's close associate and former FSB chief Nikolai Patrushev, became the minister of agriculture. Other sons of Putin's cronies to have been appointed to high positions include Boris Kovalchuk, son of Yuri Kovalchuk, the largest shareholder of Bank Rossiya and a close Putin associate; Gleb Frank, son of former transport minister Sergei Frank and son-in-law of Timchenko, a billionaire and friend of Putin; Igor and Roman Rotenberg, sons of the billionaire Arkady Rotenberg, Putin's former judo partner; and Sergei S. Ivanov, son of old Putin ally Sergei B. Ivanov. The problem the elites face, as

one interviewee put it, is that "it's impossible to inherit property fused with the state." In other words, if the fathers are removed from power, then the sons will instantly cease to be successful business leaders.

## THE TRANSITION

The hope in the Kremlin is that when Putin's fourth presidential term ends, everything will stay basically the same, despite the impression of a changeover.

Putin was first elected president of Russia in 2000, when he was forty-seven. He served two constitutionally mandated four-year presidential terms before handing over the reins to his younger protégé, Dmitry Medvedev. Medvedev served one term as president while Putin worked as prime minister. Then the two changed roles in what Russian experts called a castling maneuver, as in chess. With new constitutional amendments in place extending the presidential term to six years rather than four, Putin returned to the presidency in 2012 and was reelected in 2018.

All of this promises to make 2024 a rather special year for the simple reason that, under the constitution as it stands, Putin will no longer will be the president. To maintain power, Putin and his inner circle have chosen the "Kazakh option," modeled on the decision made by the veteran leader of Kazakhstan, Nursultan Nazarbayev, who stepped down in March 2019 and handpicked a successor.

Levada Center surveys suggest that most Russians would not object to Putin staying on. A poll conducted in June 2018 found that 51 percent of Russians said they would like to see Putin remain as president once his current term expires, in spite of the constitutional limit. That is a drop from a high point a year before when 67 percent held that view, but it is much higher than in 2012 when more respondents opposed this proposal than supported the idea of him remaining president.<sup>3</sup>

If it comes to naming actual candidates for the succession, focus group participants most often mention former prime minister and former president Dmitry Medvedev.<sup>4</sup> They also name Defense Minister Sergei Shoigu and, somewhat less frequently, Foreign Affairs Minister Sergei Lavrov, Moscow Mayor Sergei Sobyenin, and Pavel Grudinin, the Communist Party candidate in the 2018 election.

Many however cite recent historical experience in Russia and suggest that Putin's most likely successor will be someone who is currently not so prominent in the public eye. That was the case with Putin himself, who was a virtual unknown in 1999, and with Medvedev, who was little known before he ran for president in 2008. Under this scenario the official candidate will be a lesser known person who the public hasn't "gotten tired of" and who appears a year before the election. Focus group participants said that this would be a "decent," "worthy" person. He might be someone from the security services or the military and may have administrative experience as a governor or regional leader.

The Kazakh model carries certain risks for Putin. Even if he retains an official role, the public may come to regard the new president as a more powerful figure than the previous one. Putin has personal experience of this. By 2012, when his close ally Medvedev was nearing the end of his four-year presidency, Medvedev's ratings had almost reached the same level as those of prime minister Putin. The institution of the president of Russia, regardless of who filled this position, proved to be as important as the personality and history of Putin himself. This necessitated Putin's return to the presidency in 2012.

Putin and his team face another, potentially less solvable problem in 2024: his poll numbers are good but no longer stellar. Ever since Putin returned to the presidency for the second consecutive time in 2018, the polls started showing that the public holds him responsible not only for all the good things in the country, as was the case before, but also for all the bad things. In October 2018,

61 percent of respondents said that Putin is "fully" responsible for the country's problems, while 22 percent said he bears "some" responsibility.<sup>5</sup> Putin's ratings dropped in 2018 thanks to declining living standards and the announcement of pension reform. The overall effect is that discontent with the situation in the country and with the president's performance is still a minority position, but it is no longer a marginal one.

The governing regime has already received a warning signal in the gradual fall in popularity of the United Russia party, founded in 2001 to support the president. United Russia doubled its approval ratings after the annexation of Crimea—from 25 percent to 50 percent of the total population. The party did badly in 2018 regional elections as a result of "protest voting" for any party except United Russia. (In the 2019 regional elections, despite the fact that it was often assessed as "toxic," its candidates were more successful.) The November 2019 United Russia party conference initiated a relaunch of the party: all the pro-Kremlin candidates for significant top positions in both the center and the regions must now be supported by this "party of power."

The upside for the Kremlin is that Putin has thus far been protected against a dramatic fall in his ratings, thanks to the government's control of the main television channels and the absence of political competition in Russia. The decline in the president's popularity has so far not benefited any other politician.

## THE TECHNOCRATS

Putin's governing regime does not operate in a vacuum. Though authoritarian in practice, it has always sought public legitimacy and must take public sentiments into account. In the last year this legitimacy has been strained because of stagnant real income and discontent over pension reforms.

Levada polls suggest that the Russian public currently has a strong if rather poorly articulated desire for change.<sup>6</sup> This has not escaped the notice of the Kremlin, say the interviewees. They say that the emerging strategy for a smooth 2024 transition is to impress the public by imitating change. That means implementing technocratic improvements without an accompanying political transformation.

This strategy—and the management of much of the economy more broadly—falls on the shoulders of a group that can be called the “technocratic elite.” The technocrats must ensure that the economy is doing as well as is possible, or to be more precise, is seen by the public to be performing decently.

The concept of a new technocratic elite is the brainchild of two backroom Kremlin strategists, the president’s chief of staff Anton Vaino and his first deputy (and former prime minister in 1998) Sergei Kiriyenko. As one interviewee put it, if it’s impossible to change the institutions, one can at least try to improve the quality of bureaucracy by changing their faces.

Often the technocrats are the agents of the executive in the regions. They answer to the federal authorities and have to act in spite of the interests of the regional elites. The Kremlin entrusted them with the implementation of twelve so-called national projects, state programs for social and infrastructural development introduced by Vladimir Putin on his inauguration in May 2018.<sup>7</sup> These, in form if not in substance, echo the ambitious five-year plans of the Soviet era. Among them are such programs on demography, healthcare, ecology, safe roads, and digital economy.

The digital economy program was instituted by presidential decree in March 2019 and promised 1.8 trillion rubles (\$26.2 billion) of investment by the government over five years. Digital economy as such is considered by the authorities the main driver of the possible development of the country and a substitute for

economic modernization and structural and political reforms. This program is the preserve of the Ministry of Digital Development, Communications, and Mass Media of the Russian Federation, a government agency that was relaunched in 2018 to include “digital” in its title.

Yet respondents indicate that the project is misconceived. They say that the ministry is managed through “a dirigiste authoritarian model” and are scathing about its level of competence. Initially, successfully developing the IT industry in Russia was reserved for the private sector. Later, the state took control, forcing IT companies to work within the confines of the government-controlled economy.

Generally, the main idea (and at the same time, consequence) behind the national projects is the increase in state interventionism. The state, not the market, is choosing priorities. But a low rate of budget implementation of the programs proves a serious problem for the national projects. In November 2019, only 20 percent of the annual budget of the digital economy project had been allocated. The Kremlin noted that many programs were slow to start planning, among other problems.

To find new, comparably young, and uncorrupt technocrats, Vaino and Kiriyenko have drawn on professional training schemes that are now turning out dozens of younger Russian officials. One of the best known programs, called Leaders of Russia, is described as an “open competition for the leaders of a new generation.”<sup>8</sup> Other programs include the Russian Presidential Academy of National Economy and Public Administration,<sup>9</sup> the Moscow School of Management at Skolkovo,<sup>10</sup> and the Agency for Strategic Initiatives.<sup>11</sup> The key performance indicators (KPIs) were developed to evaluate the efficiency of the new public servants.<sup>12</sup>

The training programs attracts high-quality graduates in economics and the social sciences. They adopt

teambuilding exercises from the West, which are much mocked, that put participants through endurance tests, such as leaping from cliffs or climbing under armored vehicles.<sup>13</sup>

The stereotype of those who attend these programs is a younger person in their thirties or forties (or more rarely, their fifties), full of energy, wearing a good suit and spectacles—a bit like former prime minister Sergei Kiriyenko in his younger days. While some of the graduates fit this stereotype, others do not. Our respondents identified a wider range of personalities: aggressive leaders who seek conflict with the established local elites; “optimizers,” meaning technocrats such as forty-year-old, former Perm governor and newly appointed Minister of Economic Development Maxim Reshetnikov seek to deliver better economic and social indicators including informal and formal ones like the KPIs; and resource allocators, whose business relies on connections with the state, such as former fishing executive and current governor of far eastern Primorye region Oleg Kozhemyako.

Some of these new officials are trying to destroy the system of regional clan networks through a tactic of “brute force modernization,” which seeks to replace every current official around them. Others simply carry out orders from above. In some regions, governors are merely front men for state-owned corporations that run the regions—as is the case for instance with Alexei Dyumin of Tula region, where industrial conglomerate Rostec is really in charge.

How important are these professional training programs? Putin is said to have nothing against them, and he even meets the graduates of different executive competitions from time to time.<sup>14</sup> But this is still not his favored method of selecting officials. Respondents believe that the Leaders of Russia competition is the pet project of Sergei Kiriyenko and presumably would not survive without him.

The official backers of these schemes hope that the new technocrats they appoint at the mid-level of the government pyramid will start rising up to the top and gradually impact higher-level government policy in a more rational and liberal way. Of course, this can only work up to a certain point before political limitations come into play. A winner of a Leaders of Russia competition simply can't hold a top job like defense minister or be a candidate for governor of St. Petersburg. This is the sphere of the exclusive influence of the security services officials, the *siloviki*.

The influence of the technocrats is limited by the continuing power of the *siloviki* political community. New appointments to government positions must still be cleared with the *siloviki*. This logic explains Putin's choice of a loyal colorless bureaucrat Alexander Beglov as his candidate for St. Petersburg governor.

The technocrats in government are primarily accountable to the Kremlin rather than the public they are supposed to serve. Their main obsession is not to serve the people, but to make a good report, sometimes with imitative results and corrected figures. “Reporting takes precedence over development,” as one of our interviewees put it.

Many high-ranking political and oligarchic positions in Russia are still filled by men with a past in the security services who are personally close to Putin. He has appointed officers from his security detail to several high-ranking positions. These security and law enforcement officials remain the people the president instinctively trusts.

## THE LIMITATIONS OF TECHNOCRACY

The Russian elite is gearing up for the year 2024 as a year of transition. They know that they will have to live with a decision that will be made by a very narrow circle

of people around Vladimir Putin. It is less important for them exactly what this decision is than to fashion a survival strategy.

This waiting game is already having a deleterious effect on the way that Russia is managed. Contrary to the belief of many outsiders, the country is not being micromanaged by the Kremlin and most edicts from the top have a didactic purpose, recommending how officials should behave. Bureaucrats and managers are given a great deal of latitude. An average member of today's elite can be described as a kind of "little Putin."<sup>15</sup> That person's administrative decisions and political behavior are guided by the question "What would Putin do in my place?"—a question that can be interpreted in different ways. So countless "little Putins" try to guess how the "big Putin" in the Kremlin would behave in their place and add their own personal agendas into the equation.

It is true that the technocrats now have a more solid organizational base, thanks to training programs that enjoy serious support from the Kremlin. But none of the interview respondents believe that the technocrats' projects are deeply embedded. Instead, they believe that the programs could easily be reversed or abolished. They note that in the current political system, the departure of one individual responsible for a particular project probably spells the end of this project. One example is the Open Government Project, a transparency initiative, which was the brainchild of minister Mikhail

Abyzov. His resignation from the government in 2018 ended the scheme. A year later he was arrested on fraud charges, further tainting the image of the project.

The reality is that, for all its rhetorical support for professional technocrats, the ruling regime defaults to relying on bureaucrats who are more loyal than they are competent, many of whom come from the security services. "The system discards active and experienced forty- and fifty-year-olds, forcing them to emigrate or go fishing," as one of the experts put it.

Russia's technocrats and entrepreneurs have no say in the coming political transition in the country. Civil society actors, drawing attention to local issues of concern to the public, are likely to be more influential, if only insignificantly so.<sup>16</sup>

A key question then remains: if the ruling regime decides that Russia's problems can only be fixed by a genuine modernization program, how will the elites be reconfigured? Russian elites would eagerly join in such a program, but it would completely open the political space to other actors whose voices are not currently heard. At that point, the main question is whether they retain their elite status or whether the counterelites take over.

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## NOTES

- 1 Over the course of the project, funded by Finnish MFA and East Office of Finnish Industries, the authors conducted thirteen in-depth interviews: six of them were with experts in administrative personnel, economy, economic geography, and information technology; the other seven interviews were with representatives of midsize and large Russian and foreign businesses who have some experience interacting with Russian government agencies in the construction, energy, and retail industries, among others. Some interviewees answered questions on the condition of strict confidentiality and anonymity, so the conversations were not recorded.
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