

Putin Has Plethora of Business Ideas

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February 09, 2012

The  **Moscow Times**

President of state-controlled bank VTB Andrei Kostin on Thursday called for business to support the government ahead of next month's presidential election, hinting that entrepreneurs' participation in opposition protests could be hazardous to their health.

"We're obliged to show our attitude, to announce that we support the government," he told a business forum, RIA-Novosti reported. "I'd like to remind that Savva Morozov supported the Bolsheviks and contributed to the October Revolution of 1917, and then went insane and committed suicide," he said, RIA-Novosti reported.

Kostin was confused about the timing of Morozov's behavior. The pre-revolutionary Russian industrialist financed Bolshevik newspapers and supported the revolution of 1905, the same year he is believed to have shot himself in France.

The VTB chief hinted that it's not an option for business leaders to participate in protests. Instead they should remember the support they received from the government during the financial crisis.

“I don’t know which class walks along streets and squares, but it’s the creative class sitting here that started business and continues to develop it,” he told participants in the forum organized by the Russian Union of Industrialists and Entrepreneurs, or RSPP, a big-business lobby group.

The announcement came a day after Prime Minister Vladimir Putin’s meeting with a group of spiritual leaders who indicated their support for him as a candidate for the presidency.

In his speech in front of Thursday’s forum, Putin elaborated on efforts to improve the business environment.

One crucial measure that he proposed to boost business’s trust was to “draw the curtain” on the issue of the “unfair” privatization in the 1990s that was conducted through auctions. It is widely believed that state assets were sold to the oligarchs having close ties with the government.

One possible option to eliminate the problem, Putin said, would be charging the businessmen participating in the privatization a “one-time levy” to ensure “the legitimacy of private property.”

In an unexpected move, Putin referred to his would-be competitor in the elections, Yabloko party leader Grigory Yavlinsky, giving the opposition leader credit for the idea.

“I was discussing this with Grigory Alexeyevich Yavlinsky. ... I agree with him that we should end this period,” Putin said.

Speaking in a telephone interview on Thursday, Yabloko party head Sergei Mitrokhin characterized Putin’s words as an effort to attract Yavlinsky’s voters.

He said Yabloko proposed the move back in 2005, but it didn’t work out because it was “too complicated and too challenging” at the time.

Yavlinsky was denied registration as a candidate for presidency last month after the Central Elections Commission declared that a large portion of his signatures were invalid.

Meanwhile, Mikhail Prokhorov, who has been approved to participate in the presidential race, argued that the 1990s privatizations had been carried out in line with legislation and that the review of its results could be negative for the legitimacy of private property rights.

“Seventeen years have passed, and the many owners have sold their assets and paid taxes on the deals,” he told Interfax on Thursday. “Many assets privatized in the 1990s have been part of newly created companies for a long time,” he said.

In what Putin said should also boost trust in business, he proposed introducing a luxury tax that would be a “publicly recognized levy for the refusal to invest in development in favor of overconsumption and vanity.” He promised that the tax wouldn’t affect the middle class.

The prime minister also elaborated on his recent proposal to create an ombudsman to oversee the rights of local businessmen. Such an ombudsman should be granted the right to cancel the orders of some administrative institutions. He proposed that business leaders collectively

think about which functions the ombudsman should have.

Apart from representing the interests of businessmen, a business ombudsman should feel comfortable in the government, Putin said — prompting Alexander Shokhin, head of the Russian Union of Industrialists and Entrepreneurs, to propose the candidacy of Economic Development Minister Elvira Nabiullina.

First Deputy Prime Minister Igor Shuvalov is currently the ombudsman for foreign investors.

In another populist move, Putin proposed considering the possibility of cutting the long New Year's holiday and add more days' off to the May holiday. Putin said this is exactly "what people want."

Speaking at a Cabinet meeting later that day, Putin said officials should summarize the proposals from the RSPP conference and his meetings with business groups from December onward.

The ministries have until the end of April to complete a list of measures based on these proposals, he said.

If the election is decided in one round, that list would appear around the time of the inauguration of the next president, which usually falls on one of the first days in May.

Economic Development Minister Elvira Nabiullina recapped behind closed doors the efforts that the government made to improve conditions for business last year.

A statement later posted on the cabinet website listed achievements that included the following:

- The time required to approve or reject construction projects was reduced from 90 days to no more than 60 days by amending the Building Code.
- Regulations were streamlined for companies to connect to electricity, water and sewer systems.
- On President Dmitry Medvedev's order, major state companies began publishing their plans for acquisitions.
- Payroll taxes didn't rise from their 2010 level.
- Privatizations of large stakes of state companies were being prepared.
- The government began promoting the concept of independent directors for boards of state companies.
- Regional investment ombudsmen have been appointed. They received 181 complaints last year.
- As foreign investment ombudsman, First Deputy Prime Minister Igor Shuvalov received 83 complaints. Solutions were found for 62 of them.
- The Russian Direct Investment Fund was created, and the government contributed 62.6 billion rubles.
- The Agency of Strategic Initiatives was set up to help specific projects. In November, it developed a standard for regional authorities to support investment, and six regions including Tatarstan, Kaluga and Sverdlovsk plan to test it.
- Delovaya Rossia, a business lobby group, developed a model program to improve the

investment climate. It gained approval from the Economic Development Ministry, and 69 of Russia's 83 regions adopted similar programs. The rest are developing such programs.

- The Agency for Export Credit Insurance began work. A subsidiary of VEB, it seeks to support Russian exports and investment abroad.

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