

Russia: Resolving the Crisis - Vladimir Putin and the opposition

Monday 26 March 2018, by [BUDRAITSKIS Ilya](#) (Date first published: 16 June 2016).

Vladimir Putin is presiding over Russia's economic crisis with an iron fist. Can the Left present a viable challenge?

Contents

- [The Official Opposition](#)
- [The Scale of the Crisis](#)
- [Have They Got a Plan?](#)
- [Prospects for the Opposition](#)

Vladimir Putin's March 2012 presidential victory [[1](#)] redefined what support for his presidency means. In his first two terms, he spoke in somewhat soft terms of "sovereign democracy." But at the start of his third term, he abandoned his persona of a reasonable technocrat promising economic growth and instead became a charismatic leader around whom the nation must rally in the face of foreign threats and conspiracies.

Putin's aggressiveness — exemplified by the government's reaction to the Kiev Maidan uprising, its annexation of Crimea that swiftly followed, and its "hybrid" intervention in eastern Ukraine — have fundamentally altered the relationship of Russians to their president. In this sense, 2014's events confirmed Clausewitz's old dictum that war is the continuation of politics by other means. From that moment on, support for the existing government was not a rational choice, but a civic obligation, identical to patriotic devotion to one's country and its national interests.

Kremlin chief of staff Vyacheslav Volodin put it most clearly: "Putin is Russia: No Putin, no Russia." In practical terms, this personification allows Putin to rise above everyday politics and become a symbolic father figure.

Russians can be liberal or nationalist, support economic interventionism or the free market, even dislike the government and its representatives. But to oppose Putin is to oppose Russia itself: the connection between Putin, Crimea, and Russia is beyond dispute. Those who disagree have simply vanished from the political spectrum, becoming, according to Putin, "national traitors [[2](#)]."

Following this logic, ministers, deputies, governors — everyone except the president — are to blame for the steep decline in living standards and austerity measures. Even now, with the propagandistic value of the "Crimean reunion" in apparent decline, the president's personal approval ratings remain high: 81 percent of the population trusts him. Meanwhile, only 59 percent trust Prime Minister Dmitrii Medvedev, and less than half (47 percent) trust the government on the whole.

The parliamentary elections scheduled for September are set to take place against this strange backdrop. They demonstrate the Putin government's new tactics for staying in power despite the public's growing discontent. At the same time, they reveal how much Russian workers need an

organized, radical left if they are to withstand the ongoing economic climate.

The Official Opposition

The fact that even high-powered Kremlin figures give the upcoming elections exceptional political importance may seem peculiar. Within the framework of Russia's rigid personalistic regime, which habitually nullifies all non-executive branches of government, the State Duma has no independent role to play.

Who is or is not elected will have no impact on the government's conduct. The ministries or the presidential administration develop almost every significant legislative initiative, which is then rubber-stamped by loyal deputies.

All the same, parliamentary elections do play an important role in the political system, legitimizing the government and its current course by plebiscite.

During Putin's first two terms, parliamentary and presidential elections were entwined in a unified cycle: his party's victory in parliament preceded and ensured his own even more thunderous presidential victory. But in December 2011 this mechanism collapsed — citizens expressed their dissatisfaction with Putin's government in mass demonstrations sparked by widespread election fraud.

The Kremlin has since developed a new strategy for containing and directing unrest: use the parliamentary elections, whose outcome will have little tangible effect, to channel citizens' anger away from Putin.

Last summer, the government decided to move the parliamentary elections forward from December 2017 to September 2016, while pushing back the presidential election to March 2018 to account for the presidential term's extension from five to six years. The thinking is clear: the parliamentary and presidential elections are no longer two parts of a single process, but two wholly discrete events stage-managed to produce unwavering support for Putin.

During the parliamentary elections, a limited range of "official opposition" parties, all of which support the Crimean Consensus, will criticize the administration and each other, competing for the sympathies of the disaffected masses. Then, with criticism out of voters' systems, the organic impulse of patriotism will leave no doubt as to the urgency of unconditional support for Putin. At the same time, because the Duma is powerless to change Russia's political direction, citizens will blame it, and not the executive branch, for continued austerity measures and falling living standards.

Already the official opposition — the Communist Party of the Russian Federation (CPRP) and A Just Russia — have harshly criticized the administration, even calling for its ouster. These two parties, operated with the Kremlin's approval, act as a barometer for how much critique the government can tolerate.

Despite their current rhetoric, CPRF leader Gennady Zyuganov and Just Russia leader Sergei Mironov have supported every serious initiative the Kremlin has put forth — from the adoption of a complete slate of repressive new laws targeting "foreign agents" to the approval of military aid to Bashar al-Assad's government in Syria. Faced with growing social discontent (for now primarily passive), Putin's United Russia — whose representatives have not only led the government but constituted the vast majority of governors — serves as a ritual scapegoat.

At the same time, the Kremlin has revised election procedures to allow opposition candidates to distance themselves from Putin's widely distrusted party without endangering its hegemony. Unlike the controversial 2011 elections, these elections will use a mixed system of proportional voting in which half of the deputies are elected by district majorities and the other half are drawn from party rosters. Pro-Kremlin candidates can separate themselves from United Russia to win in their own districts, positioning themselves as true and "independent" Putinists leading the struggle against a corrupt bureaucracy that is insensitive to mass impoverishment.

More likely than not, this new arsenal of political tricks will work, ensuring that the government once again has a completely docile parliament at its disposal. But the upcoming elections will nevertheless be the first public demonstration of mass discontent over the economic crisis.

The Scale of the Crisis

The social consequences of the economic downturn already affect a majority of the population, who no longer believe that Western machinations are to blame for the crisis. Since 2014, international sanctions combined with declining oil prices have decreased production rates, which the government fixed in 2012. Moreover, when the ruble collapsed on the international currency markets at the end of 2014, Medvedev openly admitted that Russia "has yet to emerge from the crisis of 2008 [3]."

The global crisis, then, hit Russians doubly hard. Not only did it weaken Russia's economy, it also provoked the real-time unraveling of the entire post-Soviet capitalist system, which depended on increased military activities and the consolidation of Putin's government. But in the past two years, sharp declines in oil revenues, together with Russian banks' inability to refinance loans in the West, have left the government with even less room to maneuver. Its old strategy — plugging holes in the economy with help from a colossal reserve fund — is nearly exhausted. Meanwhile, the current crisis's scale brings the possibility of social collapse nearer and nearer.

By the end of 2015, the Russian economy had shrunk 3.7 percent, with inflation topping off at 15.5 percent. Impoverishment rates in this short period are stunning: the number of people below the poverty line rose from 16.1 million to 19.2 million (13.4 percent of the population).

The number may be even higher. Last year the government set the monthly minimum sustainable income at 9,452 rubles — 149 US dollars — but there are certainly many Russians who earn incomes barely above this paltry figure. Were they included, the poverty statistics would likely balloon. Further, recent polls report that 73 percent of Russians have no savings and survive paycheck to paycheck.

The unemployment rate doesn't look too bad — state reporting puts [4] it at 5.8 percent, or 4.4 million people. This number counts those who are actively seeking employment but have not registered with a state labor exchange. Yet the government maintains this low rate through measures that preserve formal employment but cut wages and hours.

For instance, many major industrial firms rely on long-term involuntary leaves, which are most common in smaller cities — the old "company towns" of Soviet industry, once built around a flagship state enterprise. When the private firms now in place there face large-scale reductions, a significant part of the city's population would become chronically unemployed, leaving the town open to potential social unrest. Sustaining employment through wage and benefit reductions has so far allowed the government to stave off mass demonstrations.

This internal contradiction — between preserving employment (even at the expense of the population's income) and promoting austerity measures — has stood as the foundation of Russia's fiscal policy for the past two years. Even while adopting the 2016 budget, Medvedev commented [5], "We will not manage without a serious rationalization of costs, and this can't be achieved in the same simple way it so often has before, by increasing the tax burden on businesses and reducing ineffective spending."

This is beginning to play out in how the government handles retirement benefits. Medvedev proposed rolling back price indexation rates for working pensioners (14.9 million people) and reducing pension indexation for the rest to 4 percent, even though inflation is officially expected to remain above 10 percent. The government has also suggested raising the retirement age to sixty-five to grapple with the increasing budget deficit. But this measure's implementation must wait until after the parliamentary, and possibly presidential, elections because nearly a third of the population — 41.4 million people — are pensioners.

The labor law provisions that dictate wage indexation are poorly constructed and non-compulsory: indexation can only occur within a collective labor agreement of the kind limited to large companies. Public-sector workers have had no indexation for the past two years. Significantly, the government has planned a wage increase — which still would not make up for inflation — to coincide with the parliamentary elections in fall 2016.

But the 2016 budget, despite containing significant cuts in public health and education spending, was slashed 10 percent only a few months after its passage. The state revenue structure, where up to 70 percent of profits come from oil and gas exports, means recurring cuts are inevitable for the foreseeable future.

Have They Got a Plan?

Today, practically everyone in Russia distrusts the government's projections and assurances [6]. In March 2015, with inflation on the rise, Finance Minister Anton Siluanov stated that "the worst is past, and we are seeing moments of stability." By June, Putin himself assured the nation that "we have stabilized the situation." And in December, Central Bank chair Elvira Nabiullina asserted that "there is no crisis in the banking system."

The government's endless stream of comforting statements can only partially be explained as an attempt to suppress widespread panic. It also demonstrates that the Putinist elite does not have a long-term plan to rescue the economy. The anti-crisis measures put in place aim principally to preserve the status quo until external factors — like oil prices, for example — return to pre-crisis levels. Russian elites' utter cynicism mixes with an almost mystical faith in the invisible hand of the market, which they're certain will rescue them again, just as it did in the early 2000s when soaring oil prices proved a godsend.

Immediately after the ruble fell by fifteen points on December 16, 2014, Putin promised that "growth is inevitable, because — and to the extent — of changes in the foreign economic situation." [7] There is no reason to doubt his sincerity.

One of Putinism's distinguishing features has always been its commitment to "mega-projects" — concentrations of resource and bureaucratic effort into a single, prioritized goal, with personal responsibility and concrete deadlines for implementation. Many projects have filled this role, from the 2014 Olympics to the integration of a newly annexed Crimea. Today, the government's mega-project is Putin's reelection. All anti-crisis measures have in large part been determined by it. Few

today trouble themselves to ask what will come after that.

At the same time, another, purely neoliberal logic is clearly visible behind the unfolding events: economic decline and mass impoverishment can promote structural reforms, radically lowering social standards and labor costs within the country. The Russian Development Bank estimates that if incomes continue to fall and comprehensive indexation does not take place, the share of gross revenues through 2017-18 will exceed the cost of labor, making the country more attractive to investors [8].

Meanwhile, the government is considering privatizing state assets, such as the Russian Railways and the enormous Sberbank of Russia. It is not surprising that, even with international sanctions still in place, the International Monetary Fund and World Bank's joint mission in Moscow this March [9] praised the government's anti-crisis measures.

The search for new sources of state revenue under these conditions will also spur the economy's further militarization and, consequently, an increasingly aggressive foreign policy. Large-scale investment in arms manufacture remains one of the government's top priorities: the 2016 military budget [10] was 4 percent of GDP (a 0.8 percent increase over the previous year). Military operations in Syria both served Putin's foreign policy and advertised the latest in Russian military technology. Accordingly, India, Algeria, and other countries ordered \$7 billion in bombers and military helicopters.

Prospects for the Opposition

One of the key components of the "Crimean Consensus" has been the criminalization of any expression of political or social unrest. The anti-Ukrainian propaganda that has flooded pro-government media since 2014 continually emphasizes the connection between mass protest and chaos and impoverishment. Along the way, the government has advanced a classic conservative futility argument: the masses' desire to improve things, they say, will only make everything worse.

This goes hand-in-hand with an exteriorization of all social conflicts. According to the government, each demonstration's hidden desire is that a foreign power will "destabilize the situation" and ultimately bring about a regime change that would have disastrous consequences. Any strike or local social movement is immediately branded as an attempt to organize a new Maidan. Not until the end of 2015 did this claim begin to lose its power over the Russian people.

Protests against the crisis and the state's response to it are becoming more and more frequent. But these new movements are not ready to declare an alternative agenda or expand to coordinated, national action.

A truck drivers' protest that began in November 2015 has been the most significant recent demonstration. Truckers in forty administrative regions came out simultaneously against a new tax intended to fund roadway repair. The tax dealt a serious blow to the established transportation system and drove most trucking businesses to the brink of extinction. The fact that the funds were collected through a special office, created as a public-private partnership with the participation of Putin's most loyal cronies, drew particular ire.

From the outset, authorities stayed firm: there must be no concessions whatsoever, and the new tax would not be reconsidered under any circumstances. Exceptional political pressure, as well as the absence of a structure that could coordinate actions, gradually smothered the uprising. But despite all of this, a small encampment of protesting truckers remains on Moscow's outskirts.

Since 2014, the number of wage workers' protests — some spontaneous, others organized by independent trade unions — directed at workplace rollbacks as well as payroll cuts and postponements increased by 40 percent. Workers at large industrial firms, in the public sector (from hospitals and civil services), in service jobs, and even at defense plants have participated in these demonstrations [\[11\]](#), most of which have been single-day strikes or work-to-rule actions.

CPRF's and A Just Russia's role in these still scattered protests grows more prominent by the day. Without reliable organizations of their own and unwilling to engage in serious conflict with Putin's administrations, the protesters are looking for political intermediaries entrenched in the system and equipped with the resources to publicly voice their demands. Since the 1990s, Russia's Communists have functioned as a kind of release valve for working-class discontent. This role has been supported by the Kremlin — the party has no shot at state power and has proven itself to be a loyal opposition in a sham parliament.

The liberal opposition doesn't offer a better alternative. Parties like the People's Freedom Party are isolated from the new waves of growing social resentment.

Still, leaders like Mikhail Kasyanov and Alexei Navalny are hopeful that public discontent with some sectors of moderate- to large-scale business will eventually benefit them. Kasyanov, and even the exiled businessman Mikhail Khodorkovsky, have floated the possibility of cooperating with prominent members of the Putin establishment's liberal flank [\[12\]](#), like former Finance Minister Alexei Kudrin, Central Bank chair Nabiullina, and state Sberbank director German Gref, in a future Free Russia.

They marry a desire to rehabilitate corrupt officials and democratize the system to a recognition that structural reforms and an end to conflicts with the West are needed. The liberal opposition sees Putin's personalistic regime as downward trend enabled by the participation of current elites.

Radical leftists, excluded from both the official opposition parties and the liberals, need to connect with the ascendant — but for now still organizationally and politically unformed — social protest movement growing in Russia. This is challenging, however, because radical thought today is in decline. A few well-known leaders, like Sergei Udaltsov and Alexei Gaskarov, remain in prison on charges of organizing the "mass disorder" of May 6, 2012 preceding Putin's third inauguration.

The events in Ukraine, too, have divided the Left, with some actually supporting the Russian incursion. Existing organizations like the Left Front and the Russian Socialist Movement have grown substantially weaker and come under immense pressure from the state, hindering their ability to organize in public spaces.

Nevertheless, the growing crisis and the Crimean Consensus's diminishing magic have created new opportunities for a socialist political agenda to take center stage.

For today's Russian radical left, democratic change from below must be linked to a reconsideration of the mechanisms of private property and political power that have been in place since the 1990s. Such a debate would implicate the entire economic and political system, of which Putin's government is merely a natural symptom.

Ilya Budraitskis

P.S.

* Jacobin. 06.16.2016:

<https://www.jacobinmag.com/2016/06/russia-vladimir-putin-opposition>

* Ilya Budraitskis is Moscow-based political writer. He is a member of the editorial board of Openleft.ru.

Footnotes

[1] <https://www.nytimes.com/2012/03/05/world/europe/russia-votes-in-presidential-election.html>

[2] <http://kremlin.ru/events/president/news/20603>

[3] <https://vz.ru/news/2014/12/10/719639.html>

[4] <https://lenta.ru/news/2016/03/29/trud7/>.

[5] http://www.bbc.com/russian/business/2015/10/151007_russia_budget_2016

[6] http://www.bbc.com/russian/business/2016/01/160120_russian_officials_crisis

[7] <http://kremlin.ru/events/president/news/47250>

[8] <https://www.vedomosti.ru/economics/articles/2016/03/09/632900-spad-2016>

[9] <https://www.jacobinmag.com/2016/06/russia-vladimir-putin-opposition>

[10] <https://ria.ru/economy/20151024/1307503105.html>

[11] https://www.gazeta.ru/politics/2016/03/29_a_8149565.shtml

[12] <https://www.vedomosti.ru/politics/articles/2015/12/15/621011-hodorkovskii-rossiiskoi-eliti>