

Behind the government change in Russia: coming elections heighten power struggle of post-Soviet oligarchs

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On August 9 Russian President Boris Yeltsin sacked his prime minister, Sergei Stepashin, after just three months in office. The fifth change in the head of government in the space of eighteen months, the move provides further evidence of the dead end in which the Kremlin leadership finds itself. The Yeltsin regime has outlived itself, but under conditions in which President Yeltsin remains the key figure in the maintenance of the political system.

Vladimir Putin, who until now has led the Russian secret service, FSB, and was head of security for the Russian federation, has been named the new prime minister. He is the third Prime minister to come from the secret service or other internal security agencies.

Yevgeni Primakov, prime minister from September 1998 to May 1999, made his career as an elite diplomat under Brezhnev long before Perestroika. His successor, Stepachin, had spent years working for the ministry of the interior and had also led the FSB for some time under Yeltsin.

The new premier is just as colourless and nondescript as his predecessor. None of the problems confronting the government will be resolved by his nomination. The cards in the deck have been reshuffled and problems put onto the back burner, until they explode with greater intensity in the near future.

From an objective standpoint there is no basis for the change of prime ministers. At the present time the Russian economy is experiencing a temporary stabilisation following last year's financial crisis, and is even showing signs of a modest recovery.

Higher oil prices on the world market in recent months have ensured a relatively high and stable income for the country. In July relations with the international credit agencies regarding Russian debt repayments were stabilised, and an IMF credit of US\$ 4.5 billion was agreed. Against expectations, the existing exchange rate for the rouble has been maintained. In general, the international press credited the Stepashin government with "flawless work".

The nomination of Putin as prime minister reflects the growing anxiety of Yeltsin regarding his own fate and that of his "family", i.e., his immediate entourage. The decision is not the product of a clearly worked out plan, but rather an empirical reaction to the bitter struggle which has intensified in recent months between various power groups.

Politically there is nothing to separate Putin from Stepashin, i.e., no change should be expected in Kremlin policy. Largely for this reason, the shift in personnel was generally greeted in the West with equanimity. The message from Washington, London and Berlin was that Yeltsin's action was just a political step, and it was necessary to bear in mind that the pre-election phase had begun in Russia. As a government spokesman in Washington put it, the US bases itself on long-term programs, and not simply on individuals.

Unlike former crises of the Russian government, this change provoked almost no reaction on international stock markets. In Moscow the share index and exchange rate for the rouble initially weakened, but then recovered in the course of the day.

In light of forthcoming government elections in December and presidential elections next year, Yeltsin is desperately seeking to transfer power to someone who will grant him sufficient influence to ensure his own fate and that of his "family".

Yeltsin would like to follow the example of Milosevic, who, following his period in office as president of Serbia, was voted president of the Federal Republic of Yugoslavia, thereby retaining power. At first Yeltsin tried to secure his future with the help of a union with White Russia. However growing resistance in ruling circles prevented him from taking this path.

Now he has less and less time to close the circle. His enemies are gathering and he has no way out. He is seeking to simplify the situation in order to win time and achieve at least a temporary solution.

In the spring of this year Yeltsin reacted to the uncovering of various corruption scandals involving General State Attorney Yuri Skuratov in his usual manner: he sacked him. Following Skuratov's dismissal, however, Yeltsin encountered resistance from the majority of the federal councils which, according to the constitution, control the office of general state attorney. As a result the Kremlin seriously considered dissolving parliament and even calling a state of emergency. As the former interior minister, Stepashin would have played an important role in such a situation.

In the Duma the Communist Party opposition began a large scale campaign for Yeltsin's removal from office. At the same time the onset of NATO bombing of Yugoslavia lent an added impulse to Yeltsin's nationalist opponents. At this point former Premier Primakov played the part of a compromise figure who could partially gather round himself the various groups opposed to Yeltsin. Under these conditions Primakov was removed and Stepashin nominated as the new prime minister.

However the dangers for Yeltsin rapidly subsided. The Communists were unable to achieve a necessary majority in the Duma for even one of the five charges lodged against the president. The mass opposition against the NATO war did not lead to a strengthening of the Russian nationalists, who were seeking to impel Russia into a war against the West. The end of the NATO bombing and the urgency of obtaining promised IMF credits forced the establishment to make concessions.

In light of other more urgent problems, Stepashin's role as referee between the various factions in the Duma faded into the background. The most pressing of these problems was the preparation for the coming elections and the struggle against the most important rival of the President Yeltsin, the mayor of Moscow—Yuri Luzhkov.

That meant the end for Stepashin: the Moor had done his duty, now he could go.

For his part, Stepashin accepted his dismissal with astounding equanimity, if not servility. “That is his right. He is the president, the highest commanding officer,” he said, and then added: “I was, and will remain, with him to the end. I am grateful to this man for bringing me into big politics as a young boy.” He showed no less consideration for his successor: “Putin is an honest and honourable man. I wish him all success. He already possesses everything else.”

The Stepashin government was an unstable coalition of two large groups led by finance magnate Boris Berezovski and the chairman of the Russian energy giant YES—Anatoli Chubais. Well aware of the instability of the government, both groups had begun a struggle for control over finance and the country's raw materials. Despite his loyalty, Stepashin was unable to convince Yeltsin that he had these problems under control.

Yeltsin sacked Stepashin without criticising his period in office, thereby allowing the latter to continue to enjoy considerable authority. Stepashin immediately received offers from quite divergent parties to stand as their candidate in the forthcoming Duma elections. Amongst the parties which made offers were the “The Right Cause” of Nemtsov, Chernomyrdin's “Our House Russia” and Luzhkov's “Fatherland—All of Russia”.

An important reason for the latest change in government is the intensified struggle between the two most powerful Russian oligarchs, Boris Berezovski and Vladimir Gussinsky, together with the respective groups backing them.

Following the financial crisis of last August Berezovski found himself in the middle of a corruption scandal. In the course of investigations into the cause of the crisis it was established, for example, that Berezovski had relieved the largest Russian air concern, Aeroflot, of large sums of money through companies he controls in Switzerland. In addition it was revealed that Berezovski's security firm Atol had been tapping Kremlin telephone discussions since at least last summer. As a result the general attorney's office began an investigation into Berezovski, which the latter was able to survive after individuals very close to Yeltsin became implicated in the corrupt activities.

Together with his ally Roman Abramovitch, who is known as the treasurer of the Yeltsin family, Berezovski was able to fill the most important government posts with his own people. They continue to serve in Putin's new government. According to newspaper reports, this group includes: the first vice-prime minister Nikolai Aksenenko, energy minister Victor Kalyushny and interior minister Vladamir Ryschailo.

Based on his influence in government, Berezovski began an aggressive struggle for the re-division of the commodity and financial markets. In particular, this struggle concentrated on the mass media, which are set to play an enormous role in the upcoming election campaign.

For some considerable time Berezovski has controlled the biggest newspapers, *Nezavisimaya Gazeta* and *Novye Ivestia*, as well as retaining influence over the television channel *ORT* in which the Russian state has a 51 percent share. In recent months he has been able to win control over an additional TV channel, the Moscow-based *TV6*, as well as the important business newspaper *Kommersant*, through a foreign puppet company.

In addition, he actively took part in the struggle against the Kremlin's greatest rival—Moscow mayor Yuri Luzhkov. In this respect his weightiest opponent is Vladamir Gussinsky, a supporter of Luzhkov and Russia's most important media magnate.

The Kremlin unleashed a powerful attack against the media empire of Gussinsky, Media-Most, which includes the TV company *NTW*, the daily paper *Sevodnya*, the journal *Itogi* and the radio channel *Echo Moskvy*. It was said that the largest part of Media-Most's debts of roughly one billion dollars was owed to the state. A tax investigation of the company nearly drove Media-Most into bankruptcy. At the last moment, however, Yeltsin drew back from such a step and, as a result, Stepashin's star began to

wane, as well as the reputation of the head of the presidential administration, Alexander Voloschin.

The final reason for the sacking of Stepashin was the successful unification of Luzhkov's “Fatherland” with the governors of all of Russia's regions in an election alliance. Despite their economic weakness, the regions will play a considerable role in the coming elections because that is where the majority of the Russian people live.

“All of Russia” is the most influential group of governors. Members of the group include Petersburg Governor Vladamir Yakolev, Mentimir Schaimiyev from the oil-rich and predominantly Muslim province of Tararstan, and Ruslan Aushev from Inguchecheh. The latter region plays a key role for Moscow in maintaining the status quo in the North Caucasus.

For some months the Kremlin had attempted to prevent such a union taking place. In April Yeltsin met with Schaimiyev in order to try and win him to his side.

The attempt was also made to ban “Fatherland” from taking part in the elections. The chairman of the state election commission Veschnayov appealed to the Justice Minister to recheck the list of permitted parties. According to Russian law organisations can only take part in elections which have “applied not less than a year before the date of an election”.

“Fatherland” was registered on the December 19, 1998. The parliamentary elections take place on the December 19, 1999. In a letter to the Justice Ministry Veschnayov asked if the date for applications had not run out on December 18, 1998.

Despite all this, the block of governors has decided to support Luzhkov. Shortly after the alliance was established, Berezovski's *Kommersant* commented: “Stepashin's removal is now almost inevitable”.

In his TV speech to the nation on the change of government Yeltsin explained that Putin “is in a position to consolidate society, because he controls great political power which makes possible the continuation of reforms in Russia. He will gather round him all those who seek to establish a great Russia in the 21st century”.

Yeltsin's words are nothing other than an elegant exercise in demagoguery. In fact Putin is least able to consolidate the various rival political forces, let alone attract mass support.

Firstly, he has never appeared in public as a politician and, secondly, he is too tightly bound to the immediate circle around the president as well as the Petersburg clan of Chubais. Finally he is a man who has spent the largest part of his life abroad as an undercover agent for the KGB, and who is therefore, as a politician, an easy target.

However these weaknesses are his biggest advantages from the standpoint of Yeltsin. Precisely because Putin lacks any influence of his own, his fate is tied directly to that of Yeltsin and Yeltsin's “family”.

The biography of the new prime minister is very characteristic of a whole layer of the middle generation of Soviet officials and intellegensia who began to make a successful career in the Soviet Union and subsequently became the most important social foundation for a new capitalist Russia.

Putin was born in 1952 in Leningrad, graduated from the legal faculty of Leningrad University in 1975 and worked up until 1990 in the First Department of the KGB, which is responsible for espionage abroad. Between 1984 and 1990 he was posted to work in the former German Democratic Republic (East Germany).

Following his return to Leningrad he actively supported Anatoli Sobchak in the election for mayor. Following Sobchak's failed re-election bid in 1995, Putin went to Moscow, where he took up influential positions in the presidential administration.

The reason for Putin's new promotion by Yeltsin rests with Putin's lack of political influence combined, however, with his considerable weight within the state apparatus. In his person he concentrates the experience of a former KGB agent with important connections to the secret service, as

well as links with the radical liberal reformers around Chubais, who have always supported Yeltsin against the nationalist opposition and played a decisive role in Yeltsin's re-election in 1996.

Yeltsin immediately declared that he would like to see Putin become the next president of Russia. Putin himself confirmed that he will stand as a candidate in the coming election. Like all others around Yeltsin, he has no other choice. A refusal on his part would have meant his immediate removal from the highest ranks of Russian politics.

Yeltsin may have a further aim in mind. The opinion of many observers is that anybody named by Yeltsin as successor is doomed to failure. To the extent that Yeltsin concedes power to Putin, he removes all possibility of the latter playing an independent role and so binds him ever more closely to the fate of Yeltsin himself.

The new premier declared that there would be no change in the personnel or policies of the government. It can be assumed, however, that Yeltsin will make concessions to Luzhkov's camp and sacrifice some of the hirelings of Berezovski.

Without doubt these new moves represent an increased willingness on the part of the Kremlin to resort to violent methods of repression. This is shown by Russian actions in Dagestan. Already on August 12 military units were posted throughout Moscow to "prevent Chechen acts of terrorism".

On the eve of the 21st century Russia is in a state of social disintegration and is experiencing the self-destruction of the political system established since the collapse of the Soviet Union. Margaret Thatcher once described Russia as "Upper Volta with nuclear missiles". Sergei Stepashin has enriched the lexicon with a new definition: "Russia is the biggest banana republic without bananas."

There is no better description of a country where the political elite is so totally corrupt, alienated from the people and in the process of tearing itself apart in gang wars bound up with the enrichment of a handful of parvenus.

The new prime minister will not be able to solve the problems thrown up by the present crisis. In particular, he is not in a position to reconcile Yeltsin with his political opponents. As the editor of the *Nezavisimy Gazety*, W. Tretakov, wrote: "Putin can neither compete against the powerful pink-red troika (Primakov-Luzhkov-Zuganov) nor establish any alternative to the reformers". He continued: "Stepashin is not as tough as Putin". This may be the only difference between the former and the new prime minister. In every other respect the two men resemble peas in a pod.



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