

Medvedev's presidential campaign and the growing social crisis in Russia

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With the end of the New Year holidays, the presidential campaign leading to Russia's March 2 elections began in earnest.

The regime's main candidate and the designated "successor" to President Vladimir Putin is Vice-Premier Dmitry Medvedev, who is simultaneously one of the heads of Gazprom and overseer of the so-called "national projects." A budget of 400 billion rubles (more than US\$16 billion) is slated to fund these projects this year alone.

According to the plans of the Kremlin strategists and political experts, on the day of the elections Dmitry Medvedev should convincingly surpass all the other registered candidates and achieve a decisive victory in the first round.

After the elections, attention will be turned to settling the way in which the unlimited authoritarian powers of Putin will be transformed into a somewhat new arrangement of the governing structures of Russia's ruling elite. The objective is to allow Putin to preserve substantial, if not decisive, control over major decision-making—for the foreseeable future, in any case.

The leading mass media, which are controlled by the Kremlin, are directed to serving Medvedev's presidential campaign and are pursuing a twofold agenda. On the one hand, they try to present in the most favorable light the macroeconomic situation, which is almost exclusively the result of the high prices for oil, natural gas and other natural resources. These high prices have led to a powerful influx of money into Russia over the last few years.

On the other hand, they are trying to create the impression that a shift has occurred in the social situation. They presume that the country's macroeconomic successes and the unbelievable enrichment of the ruling elite are accompanied by a comparable improvement in the living standards of the majority of Russia's citizens.

A report by the Ministry of Economic Development, based on results from last year, declares that over the last eight years income in Russia has more than doubled, pensions have grown 2.6 times and the country's GDP has increased by 70 percent.

However, even the most loyal publications and experts feel obliged to qualify statements about such statistics. In reporting the official figures, the newspaper *Izvestia* asks the question: "But is everything actually all that cheerful?" In turn, Ruslan Grinberg, head of the Institute of Economics at the Russian Academy of Sciences, emphasizes his "concern" that "the fruits of economic growth are being distributed extremely unevenly, and this cannot continue much longer."

In actual fact, even the country's macroeconomic situation is not without problems. According to data from the Central Bank, Russia's foreign debt for January-September of 2007 increased by 38.7 percent, reaching \$430.9 billion. While the state debt fell to \$39.6 billion, the indebtedness of banks and corporations grew substantially. In the banking sector debts increased by 45.9 percent and reached \$147.7 billion, while in non-financial enterprises indebtedness grew by 43.4 percent and reached a level of \$230.4 billion.

In August 2007, in the context of a sharpening worldwide credit crunch, Russia experienced a major bank liquidity crisis. Only enormous infusions by the Central Bank, reaching double-digit billions of dollar, managed to localize this crisis and overcome it without any obvious foreign shocks.

As for the majority of the country's citizens, the growth of their income has been devoured almost entirely by high inflation. Price increases, according to deliberately lowered government statistics, reached about 12 percent last year in the wake of a 9 percent increase in 2006. During last autumn alone, prices for the most important foodstuffs rose by 25 to 30 percent. In the new year, a substantial increase in prices is expected on almost all kinds of consumer goods and services: for meat, cheese and butter, 10-15 percent; for clothing and footwear, 8-9 percent, for building materials, 15-20 percent; for public services, 20 percent; for electricity, 14 percent; and for gas, 25 percent.

All this is taking place against the background of a continuing destruction of all the social structures remaining from the Soviet period.

A number of examples from recent articles in the Russian press lead to a stark and unequivocal conclusion: despite some microscopic improvements, the general picture of social conditions in which tens of millions of Russia's inhabitants live are not improving, but getting ever worse.

Each year, alcohol is the cause of death for 550,000 to 700,000 people. Two million alcoholics are officially registered in Russia. Between 25,000 and 30,000 die each year from poisoning after drinking alcohol surrogates.

More than 80 percent of children under the age of 14 have tried alcohol at least once; and 65,000 of them are already under treatment for uncontrollable addiction to the bottle. Three of every four murders registered in 2006 were committed by someone who was inebriated.

According to official figures, per capita consumption of alcohol in Russia is now approximately 16 liters. However, if you remove infants, non-drinkers, and the elderly, then the figure reaches 30 liters per capita (almost eight times more than in the US).

Such figures were cited at a special roundtable conducted in the State Duma on November 12, 2007.

"The nation is ruining itself with drink, and this fact is a threat to Russia's national security," wrote the *Gazette* on November 13, 2007 in summing up the general conclusions of the meeting's participants.

Vladimir Slepak, deputy head of the Moscow Department of the Consumer Market and Services, compared the production of poor quality alcohol surrogates to a new form of terrorism. He said that, in 2006 alone, the lives of around 10,000 people were seriously threatened by alcohol poisoning in Russia's capital.

According to Gennady Gudkov, a member of the State Duma's security committee who initiated the roundtable, the amount of alcoholic drinks sold in the country is 80 percent higher than those produced. And, if in Moscow the volume of contraband and surrogate production stands at around 25 percent, in the provinces this figure grows to 40-50 percent.

Andrei Gorsky, a government health official, announced that the

producers of weak alcoholic drinks (with a strength of 3-4 percent or less) intend to sharply increase their output. It is legal to sell them in schools. Moreover, drinks are distributed which “masquerade as non-alcoholic children’s drinks,” but which contain a small dose of alcohol. The market is also witnessing a growth in the number of energy drinks with a high content of caffeine, which is also habit-forming and detrimental to the health of adolescents.

Alcoholism is embracing ever younger people in Russia. According to Sergei Poliatykin, head of medical programs for the “No to Alcoholism and Drug Addiction” foundation, “Because of the aggressive and unbalanced bacchanalia of advertising for a lifestyle linked to drinking beer, the average Russian is now beginning to consume alcohol earlier. Now you can go onto the street and see a picture which would have been unimaginable 10 years ago: an adolescent is walking along and drinking beer straight from the bottle.”

“Alcoholics who drink beer are now found among 13-14-year-olds, which earlier was not the case,” said Poliatykin.

It must also be added that official statistics take into account only every tenth instance of alcoholism. Oleg Zykov, a member of the Russian Federation’s social chamber, believes that “now there is no government policy of fighting alcohol, there is only a desire to make money.”

In Russia, there are no official statistics about the number of people living without a roof over their heads. One can judge their number from the fact that in Petersburg alone the authorities admit to the presence of about 60,000 homeless people.

As for adolescents, according to the most modest estimates, there are more than 700,000 homeless children in Russia, and 95 percent of them have living parents.

According to Yuri Kalinin, the director of the Federal Prison Service, “Crime in Russia is getting younger.” In a November 8, 2007 interview with the *Russian Gazette*, he declared: “Previously the average age of those detained in strict regime penal colonies was close to 40. Now those on strict regime are, as a rule, 27 to 28 years old. And in the standard colonies the majority are youths of 22 to 23 years.”

“The aggression of prisoners has grown, and this is against a background of their illiteracy,” continued Kalinin. “Out of 12,000 convicted minors who are serving terms in reeducation colonies, almost 60 percent are convicted for severe and particularly severe crimes—murder, robbery, theft, rape. Ten years ago, only 30 percent of minors in prison were serving sentences for severe and particularly severe crimes.”

The increased severity of conditions in the prisons led in 2007 to a series of rebellions in a number of penal colonies, including those incarcerating youth. All these disturbances were brutally suppressed by the authorities.

The AIDS epidemic continues to worsen in Russia. During the first eight months of 2007, the number of new cases of HIV-infection was 28,974—12 percent more than the same period a year earlier.

Around 400,000 people infected with HIV are officially registered in the country. These are predominantly young people. Their real number, according to UNAIDS, is somewhere between 800,000 and 1.3 million people.

Despite the fact that the national project “Health” is in its second year, only 30,000 HIV-infected patients are receiving the necessary treatment. If one considers that the majority of HIV-infected are poor, then they are essentially being condemned by the government to a swift and tortuous death.

According to Vadim Pokrovsky, a government health official in charge of fighting AIDS, the Irkutsk is the hardest hit from the epidemic in Russia, with almost 1 percent of the population HIV-infected. Moreover, the expert believes, among younger inhabitants of the region, those between 20 and 30, every tenth person might be infected.

“If the degree of infection reaches 2 percent of the population, then the

situation is considered beyond control,” noted Vadim Pokrovsky, underscoring the threat that AIDS presents in Russia.

Thirty-four percent of Russians think that their income levels are “below the average,” while 80 percent have incomes excessively low in comparison with what would be required for a living wage.

According to research published in November of last year by the Institute of the Socio-Economic Problems of the Population (ISEPP) at the Russian Academy of Sciences, the current taxation and social system in Russia benefits 20 percent of the wealthiest and disfavors the poor. Over the last six years, that is, under Putin, the incomes of 10 percent of the wealthiest citizens grew at a rate that significantly outstripped the growth rate of the GDP, while they shouldered a tax burden that was much lower in comparison with the impoverished layers of society.

This indicates “not a shortage of resources, but an institutional defect of the system,” noted the web site *Lenta.ru* in a commentary posted on November 12 of last year.

According to the establishment scholars, “The human and labor potential of this portion of the population [the poor] is ineffectively used.” They add, “People do not have the opportunity to fully realize their human, economic, and social functions, the realization of which they are, in principle, capable.”

If one translates this careful academic language into plain speaking, it becomes clear that at least half of the residents of the country, of all ages, are effectively excluded from social life. Their existence is reduced to the cruellest economic conditions and attempts to survive under conditions in which they cannot improve their education, sustain their health with the aid of modern medicine, travel to other cities, or relax at resorts or sanatoriums—possibilities that were entirely ordinary for the majority of citizens of the Soviet Union during the 1970s and 1980s.

The majority of Russians regard an adequate income for a family to be higher than 20,000 rubles (approximately \$800) a month. VTsIOM (the Russian Public Opinion Studies Center) reports that in Moscow and Saint-Petersburg, 67 percent of respondents hold this view.

Only 4 percent of respondents ranked themselves among those with higher than average incomes. Seventeen percent consider themselves poor or destitute.

Less than one percent of those surveyed by VTsIOM consider themselves rich, based on research carried out by the center in October 2007.

It is the interests of precisely this last group—which consists of the most successful entrepreneurs, as well as those within the upper echelons of the bureaucracy and security services—that are expressed in the Kremlin’s policies.

The aim of the transfer of power in the Kremlin from the hands of Putin to those of Medvedev is to ensure that conditions for these people are in no way upset and that their universal, collective control on the economy and the natural resources of the country is not disturbed.

Irrespective of the immense social demagoguery in the mass media, the authorities in control of Russia understand very well which social layers, in the end, determine their actions. Speaking in December in regards to the nomination of Medvedev as a candidate for president, Putin, in essence, outlined the “successor’s” program. Above all, it consists of all-round support for private business.

“We are not intending to create state capitalism. This is not our choice, not our path,” said Putin.

Stressing the fact that he sees no sense in increasing social expenditures, the current president thereby unambiguously assigned a genuine, and not propagandistic, goal to the economic and social policy that will be decisive in the plans of the Kremlin for the foreseeable future.



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