

# Putin's ten years in power

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The tenth anniversary of Vladimir Putin's accession to the summit of political power in Russia—first as prime minister, then president, then again as prime minister—is an occasion for an overall evaluation of the past decade and its place in modern Russian history.

Even before he was named prime minister at the beginning of August 1999 by President Boris Yeltsin, Putin was already playing a significant role in the power structure, but was almost unknown to the public. Having accepted the risky role of Yeltsin's designated successor and having come to power during the renewed war in Chechnya, Putin brought with him a clearly defined program of action. In essence, it consisted of strengthening the state's "vertical power" as the fundamental means of stabilizing the socio-economic and political situation in the country and increasing its geopolitical weight.

This change of course was seen at the time by key elements within the ruling elite as a necessary move. It was fully supported by the leading political forces—liberals, nationalists, and the Communist Party of Gennady Zyuganov, which was the direct descendant of the Stalinist Communist Party of the Soviet Union (CPSU).

The realization of "Putin's Program" led to substantial changes in the political regime and the structure of the ruling elite: the narrowing of civil liberties, the advancement of a layer of the "siloviki" (those linked to security forces), the strengthening of the bureaucracy, and restraints on the power wielded by the financial oligarchs. The program did not in the least call into question the basic nature of the post-Soviet regime. Instead, it sought to create the conditions for the regime's continued survival within the context of growing social inequality within the country and an intensified struggle for control over spheres of influence and sources of raw materials between the leading global powers.

The new Russian administration was helped by a macroeconomic boom, based exclusively on a fortuitous rise in world prices for natural resources. The consequences of the 1998 default also provided a boost, since it caused a four-fold fall in the ruble and consequently a cheapening of Russian exports and upsurge in manufacturing output.

Until the eruption of the global financial crisis last year, Russia's gross domestic product under Putin grew two-fold and stock market capitalization rose ten-fold. Russia enjoyed an influx of no less than a trillion dollars from oil and gas exports, while the number of billionaires in Moscow began to rival the number in New York.

But it was precisely this economic boom which, while enhancing Russia's global position, exposed in full relief the class character of the Russian government. The regime revealed itself openly to be an instrument of private profit.

At a time when the income of big business and the bureaucracy grew at a stunning pace, social welfare programs were targeted for systematic attack. A small growth in pay and pensions over these years could not compensate for the objective worsening of the economic position of the working class and a majority of the population. This decline has become all the more clear against the background of the current economic crisis.

What follows is a brief overview of the landmarks of domestic and foreign policy in the course of the past ten years.

## The economy

The main thrust of the Kremlin's economic policy under Putin has been to guarantee the absolute freedom of big business. A flat tax of 13 percent was introduced, whereby a billionaire oligarch was legally required to pay the same percentage of his income as a cleaning woman or inhabitant of an impoverished village. (In practice, of course, the financial elite pays a mere fraction of the taxes which it owes). The central bank carried out regular and substantial interventions in the currency markets in order to hold down the value of the ruble. As a result, the exchange rate of the ruble rose only minimally during the boom years.

All the leading oligarchical groups were granted the opportunity to legally function as offshore companies, thereby permitting them to freely transfer resources out of the country and "optimize" their taxation. On this basis, businesses such as Oleg Deripaska's Base Element, Roman Abramovich's Evraz Group, Alisher Usmanov's Metalloinvest, Alexei Mordashov's Severstal, Igor Zyuzin's Mechel, and Viktor Rashnikov's metallurgical enterprises in Magnitogorsk have been built up.

After 2003, a number of so-called "state corporations" were created, uniting considerable sections of leading enterprises in various parts of the economy. Although nominally run by government-appointed directors, the state corporations function as purely commercial organizations, protected, however, by special laws that place them outside the control of tax or regulatory bodies.

## State policy

After the presidential election in the spring of 2000, Putin launched a struggle against the Federation Council, the upper chamber of parliament, which in the 1990s had become a base of influence exercised by governors and regional elites. The seizure of hostages at a school in Beslan in the fall of 2004 was used by the Kremlin to end the popular election of governors, depriving voters of any means of influencing the activities of regional authorities.

Elections to single-seat electoral districts were also eliminated, and the right to hold a referendum was sharply restricted. The adoption of a new law on "extremism" and the toughening of legislation on public meetings and gatherings created the conditions for criminalizing oppositional activities.

Raising the threshold for membership in the Duma (the lower house of the national parliament) to 7 percent and a series of other measures created the political mechanisms, on both the federal and regional level, to guarantee an absolute majority in legislative bodies to representatives of "One Russia," the bureaucratic "party of power" created in 1999.

The degeneration of Russian parliamentarianism found expression in the words of the speaker of the state Duma, Boris Gryzlov, who declared that "parliament is no place for discussion."

In actual fact, Russian voters are currently denied any means of expressing their desires, and the outcome of elections is determined by the will of those who control “the administrative resources.”

## Social relations

Under Putin, there has been an uninterrupted and systematic attack on the rights and living standards of the citizenry. A new Labor Code was introduced, by which legally organized strikes became practically impossible. Pension anti-reforms were initiated, and the principle of state guarantees for the social security of the elderly was liquidated. The monetization of social benefits, introduced at the beginning of 2005, sharply decreased the financial obligations of the state to the most defenseless layers of the population, leading to massive protests by pensioners across the country.

The remains of the Soviet system of health care and education drag out a miserable existence. New mechanisms, constructed purely on the basis of the market, serve only a narrow stratum of the rich. The cost imposed on ordinary people for educational and medical services gravitates toward the level of the developed countries in Europe and the US, at a time when pay, pensions and social allowances in Russia are lower than in the poorest European countries.

## Ideology

Official Kremlin propaganda has openly rehabilitated the worst features of Stalinism and tsarism, with their cult of the all-powerful state, nationalism, repression, and other antidemocratic traditions. Particularly symbolic and ominous is the fact that the bloody despot Stalin is officially acknowledged as an “outstanding statesman.”

The Russian Orthodox Church enjoys unlimited state support, acting ever more overtly as an adjunct of the state apparatus. Both members of the “duumvirate,” President Dmitri Medvedev and Prime Minister Putin, openly display their Orthodox faith. In addition, the Kremlin wholeheartedly supports Islamic mufti and representatives of other religious groups which demonstrate loyalty to the Russian authorities. Putin and Medvedev proceed from the notion that every nation is obliged to have its own “faith.”

## Geopolitics

On strategic questions of international relations, Putin has, on the whole, pursued a course of concessions and cooperation with Western imperialism, a course which had been established by Mikhail Gorbachev and continued by Yeltsin. In the first term of his presidency, Putin publicly announced the desire of Russia to join NATO.

Among the military and political concessions made to the West over the last ten years, one could cite the closing of former Soviet military bases in Cuba and in Viet Nam, the active support by the Kremlin for the “global war on terrorism,” and Russia’s tacit agreement to the eastward expansion of NATO and the European Union.

Russia initially recognized the results of the Georgian “Rose Revolution” in 2003, when Mikheil Saakashvili came to power in

Tbilisi. In the fall of 2004, the Kremlin yielded to pressure from Washington over the outcome of the presidential election in Ukraine, in which Viktor Yushchenko became the head of the Ukrainian state rather than Viktor Yanukovich, who had been supported by Moscow.

In the words of the main editor of the journal *Russia in Global Politics*, Fyodor Lukyanov, reported in the August 7 edition of *Vedomosti*, “...for the better part of a decade, Putin has continued the line of integration, turning Russia into a full-fledged participant of a Western-centered system. Many emblematic declarations and steps made between 2000 and 2006 testify to this.”

The reason for the Kremlin’s turn toward more active opposition to the aggressive aspirations of the US and the leading states of Western Europe is the growing pretensions of the West regarding access to the natural resources of Eurasia. At a certain stage, this became incompatible with the core interests of the Russian ruling elite, which had grown more confident due to huge export earnings and the growing contradictions between the leading centers of world imperialism.

The shift toward resisting the expansionist aims of the West in Eastern Europe and the former Soviet republics and spheres of influence in the Caucasus and Central Asia—including last year’s five-day war with Georgia over South Ossetia—coexists with Moscow’s aspirations to cooperate wherever possible. An example of this is the Kremlin’s support for the occupation of Afghanistan by US and NATO troops.

The increase in Russia’s geopolitical activity has strengthened the fear and dissatisfaction among the ruling elites of the former Soviet republics. Even those who are oriented towards Russia, such as Armenia, Kyrgyzstan and Belarus, look with fear upon the efforts of the Kremlin to contain them within its sphere of influence. In spite of a number of attempts to regulate cooperation in economic affairs and establish military partnerships among the countries of the former Soviet Union, as a whole relations among the former Soviet republics are now considerably weaker, more strained, and in a few cases openly hostile, compared to ten years ago.

Relations with Georgia remain hostile, as are relations with Ukraine, threatening a military clash with unpredictable consequences.

## The dead end of capitalist restoration

Russia under Putin, in all fundamental characteristics and tendencies, has developed in line with the state of affairs established in the Yeltsin epoch. This fact is now acknowledged by many leading political scientists. Thus, Mikhail Remizov, in the article “Putin Fine-Tunes Yeltsin’s Russia,” published August 14 on the web site of the Political News Agency (APN), writes: “Putin has never encroached upon the foundations of the political-economic framework of Russia created during the Yeltsin era. But the problem of managing this state has bothered him from the very beginning, the problem of managing the system which he has been entrusted with leading... Putin has fine-tuned and optimized the political, administrative and economic system which had been developed under Yeltsin.”

Remizov adds that the “fine-tuning” has not fundamentally stabilized post-Soviet Russia: “... We generally cannot be confident that the Russian republic has been established. It is as if the republic has already existed for eighteen years—the age of legal adulthood—but a shadow of failure, a troublesome question mark, continues to hang over it.”

This is an important observation. Post-Soviet capitalist Russia, even after passing through an extremely favorable economic period, having concentrated the power of the repressive state apparatus and dismantled the limited democratic mechanisms which were a by-product of the

collapse of Stalinism, has been unable to create anything resembling a durable foundation for its historic existence.

Present-day Russia is permeated by the characteristic features of unbridled social reaction, which sanctions the theft of natural, human and cultural resources of the country and gives its blessing to a system of social inequality and political lawlessness.

This situation is the final product of a protracted historical process, the sources of which can be traced to the political events of the 1920s and 1930s, when the isolation of the Russian revolution and the economic backwardness of the country led to the degeneration of the regime which had grown out of the October 1917 revolution. The Stalinist policy of building “socialism in a single country,” expressing the material interests of a new layer of privileged bureaucrats, represented a nationalist repudiation of the perspective of international socialist revolution that had inspired the Bolsheviks headed by Lenin and Trotsky.

The consolidation of the regime of Stalinist bureaucratic dictatorship, although not leading at once to the restoration of bourgeois property forms, politically dispossessed the working class. Before long, it required the physical destruction of almost the entire layer of old Bolsheviks in the USSR who were connected with the revolution and its experience.

This created an intermediate position, the resolution of which could only be in one of two directions: either by way of a new political revolution against the bureaucracy, a renaissance of Soviet working class sovereignty, and a return to an international revolutionary strategy in relation both to the development of the USSR and international politics; or by way of “privatization” and capitalist restoration.

The Left Opposition and the Fourth International, which grew out of the struggles of the 1920s, from the very beginning underscored the historic dead-end and destructive character of a restoration of the capitalist order in the USSR.

Leon Trotsky wrote, “The bourgeois counterrevolution could... attain its goal by no other means than a prolonged civil war and the new destruction of the country which Soviet power had raised from the ruins. Russian capitalism in its second edition would by no means simply be the continuation and development of pre-revolutionary, or, more exactly, pre-war capitalism: not only because of the protracted interval between them, filled with war and revolution, but because global capitalism, the master of Russian capitalism, has undergone throughout this period the most profound collapse and convulsions.

“Finance capital has become incomparably more powerful, while the world has become immeasurably more interlinked... The restoration of bourgeois Russia would signify for ‘the real,’ ‘serious’ restorationists nothing but the possibility of the colonial exploitation of Russia from without... The restoration of capitalism in Russia would create a chemically pure culture of Russian compradorism... All this would, of course, be accompanied with god and with ornate Slavic lettering, that is, with all those things that mass murderers need for their ‘souls.’” (*Bulletin of the Opposition*, No. 11, May 1930)

This analysis has been fully confirmed by historical experience, although in its negative variant. What once began as “not everything for world revolution, we must have something for ourselves,” ended during the 1990s as “I want to do business at any cost.”

In spite of the almost total destruction of the social conquests of the Soviet period, the bitter experience of almost twenty years of capitalist “reforms” must help the workers of Russia and the other former republics of the Soviet Union realize that there is no way out of this situation other than a return to the historical perspective embodied in the Russian Revolution of October 1917.



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