

Social and political tensions mount in Russia

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Tensions are deepening within Russian ruling circles. Disputes in the political elite are taking place against the backdrop of protests by increasingly angry workers and disaffected layers of the middle class, which President Vladimir Putin has attempted to co-opt by announcing a fraudulent “anti-corruption” campaign.

In recent months, several members of the Duma (parliament) belonging to the Kremlin-aligned United Russia party have resigned, provoking speculation over the possibility of early elections.

Vladimir Pekhtin, a member of the governing United Russia, felt compelled to resign in the middle of February, after free-market opposition blogger Alexey Navalny reported on his undeclared luxury holiday home in Miami. Many wealthy Russians own luxury homes abroad, primarily in the US, and they store their wealth in Western bank accounts.

Soon afterwards, two further members of United Russia resigned their seats: the billionaire businessmen Anatoly Lomakin and Vassily Tolstopyatov. Already at the end of last year, their party colleague Alexey Knyshov had resigned from parliament.

In the Russian media, speculation is raging over who could be next. Andrei Isayev, a leading trade union official and member of parliament for United Russia, is entangled in a corruption scandal provoked by revelations from members of the liberal opposition. Isayev has denied that he intends to resign but has not ruled out the possibility that other party colleagues could suffer the same fate as Pekhtin and Lomakin. Citing a source in parliament, the newspaper *Nezavisimaya Gazeta* claimed that the “flight of deputies out of the Duma” had only just begun.

United Russia is close to the Kremlin and relies on the state bureaucracy for support. It has never had a base of support among the population. Opposing factions are currently being established. A newly founded “liberal” wing has already published a

manifesto. “Left” and “conservative” wings are also being developed. President Putin—never himself a member of United Russia, though he relied on it during his first two terms as head of state—has consistently distanced himself from the party.

Nonetheless, the resignation of the Duma deputies undoubtedly took place with Putin’s consent. The president has been leading a cynical “anti-corruption” campaign for several months, seeking to reorganise the ruling elite. The “struggle against corruption” has been accompanied by a nationalist campaign, accusing targeted politicians of a lack of patriotism.

In September, well-known politician Gennady Gudkov of the opposition “Just Russia” party had his seat in parliament revoked in a corruption scandal, after he publicly supported the protest movement and criticised Putin (see “ Russian parliament expels Putin adversary “).

In November of last year, Putin fired Defence Minister Anatoly Serdyukov, ostensibly over accusations of corruption involving the embezzlement of up to €100 million. Serdyukov and his ministry were undoubtedly corrupt, but the real reason for his removal was the opposition of sections of the military and the armaments industry to his implementation of military reforms.

Putin is preparing the legal basis for the prosecution of more parliamentarians by implementing a new law that forbids members of the Duma from managing foreign bank accounts.

The anti-corruption campaign is utterly fraudulent, since corruption is the *modus operandi* of the Russian ruling elite and the Kremlin bureaucracy. Russian ruling circles, including Putin, have obtained their wealth through the destruction of the former Soviet economy, criminality on the stock market and in business dealings, and the sell-off of whole areas of industry.

Nor is the corruption of Duma members, many of whom are multimillionaires and billionaires, anything new. Anders Aslund, an economist who advised the Yeltsin government in the 1990s, estimated in 2007 that a seat in the Duma could be bought for US\$2 million. Apart from the fact that this price might have since increased, this practice has hardly changed.

Putin is using the anti-corruption campaign to clear out ruling circles and channel the anger of the middle class. After the rigged elections of December 2011, this layer took to the streets of Moscow, St. Petersburg and other cities. He is increasingly concentrating his focus on United Russia and the Duma, which in the eyes of the population are both deeply discredited. In the latest poll, more than half of respondents opposed the policies of the Duma.

Putin needs the support of the middle class against the working class, which kept its distance from protests over the rigged Duma elections. Faced with Kremlin austerity policies and the economic crisis, the working class is beginning to respond.

Last year, more strikes and protests took place in Russia than in 2009, which had previously been the worst year of the crisis. In 2009, industrial production contracted by 19 percent; in some factories, production halved. The Russian economy has hardly recovered from this economic breakdown. At the beginning of 2013, industrial production registered negative growth for the first time since 2009.

Working class living standards, already reduced to a basic minimum by the restoration of capitalism in the 1990s, have been undermined further by a second social counter-revolution since 2008. The Kremlin has adopted massive spending cuts for the period from 2013 to 2015, which will particularly affect education and health care. Many regions in recent months have seen the closure of medical facilities (see “Kremlin responds to slowdown in economic growth with deeper social cuts”).

The cost of living is also increasing steadily. Prices for electricity, water and gas have risen in various regions by between 10 and 225 percent in the last year alone. A poll in the Sverdlovsk region found that 90 percent of respondents felt that price rises were unjustified and excessive. Workers facing inflation, layoffs and the withholding of wages find the current price increases an unmanageable burden.

Most businesses have responded to the crisis with layoffs, forced holidays for workers, and the withholding of wages. According to official figures, 80,000 workers did not receive their wages in January. However, this figure is understated, since around 50 percent of Russia’s GDP comes from the black market economy—that is, many workers will not appear in the official statistics.

Conditions in so-called mono-cities—where around 35 million people live—are particularly explosive. In these towns, the entire economic and cultural life depends upon one or a few factories. Factory closures and wage cuts therefore force the city into financial ruin.

In 2009, mass protests broke out in Pikalyovo, a town near St. Petersburg, against the threatened closure of a factory owned by Putin ally Oleg Deripaska. Only Putin’s personal intervention and the extension of state subsidies prevented protests from spreading.

While in 2008-2009 the Kremlin saved some factories from bankruptcy with state subsidies, this time it is responding to the deepening crisis with cuts to state support. In many mono-cities, mass layoffs are taking place. Workers and their families are literally fighting for survival, not least because the state provides virtually no support for the unemployed.



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