Russia’s presidential election campaign unfolds amid rising social discontent

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While the Western press is buzzing with stories about the right-wing Russian politician and blogger Alexei Navalny, who has just been barred from participating in the presidential elections in March 2018, there are increasing signs of growing social unrest in the Russian working class, as poverty and social inequality continue to rise. A recent commentary in the *Gazeta.Ru* warned that the kind of working class unrest that shook Iran might also easily occur in Russia. This concern is no doubt shared by Russia’s oligarchs, including both those grouped around the current president Vladimir Putin, and those financing and supporting the so-called liberal opposition.

Alexei Navalny, a right-wing proponent of the free market and friend of far-right forces, has included several phony populist social demands in his election program. Vladimir Putin, who has long postured as an enemy of the oligarchs, kicked off his election campaign on January 10 by going to the Carriage Works in Tver, which employ some 35,000 workers.

Although Russian GDP has grown a little in 2017 (by 1.7%), after a depression in 2014-2016, which was provoked by the Western economic sanctions and a drop in oil prices, poverty has been on the rise and wages have remained flat. One worker from the Carriage Works told the *Washington Post*, “Incomes aren’t going up. … After two years of crisis and another year of who-knows-what, people want to buy clothing, automobiles, apartments. A new consumer boom. You need money for that. And there’s no money.”

In many other regions in Russia, inflation has continued to go up significantly in 2017. According to the Center for Economic and Political Reform, between November and December 2017 alone, the prices for basic food staples and services in 12 regions rose by an average of 9.5 percent, three times more than indicated by the official inflation rate. A report by *Gazeta.Ru* calculated that prices for medication, public transportation and basic food staples will continue to rise significantly in 2018.

The financial crisis is also far from over. Just in December, the Kremlin announced the largest bank bailout since 1998: the Kremlin will spend $3.4 billion on bailing out Promsviazbank. Other bank bailouts since the onset of the 2014 financial crisis in Russia have cost at least another $14 billion, according to the Russian Central Bank.

Also in December, the Russian Finance Ministry announced that the Reserve Fund, which had been instituted in the wake of the 2008 crisis both to bail out financial institutions and offset, if only to a limited extent, the social crisis, had been completely drained. In 2015, it had comprised some $76 billion. The Russian government will now rely on the National Wealth Fund to compensate for ongoing budget deficits.

Given these worsening social conditions for broad layers of the working class and intelligentsia, there has been a notable increase in strikes and social protests during the past year. According to the Center for Economic and Political Reform, the number of political, socio-economic and labor protests rose by two thirds in the third quarter of 2017. From 284 protests in the first quarter, it rose to 378 in the second, and eventually 445 in the third. This is somewhat lower than in the same quarter in 2016.

The majority of protests (312) were related to socio-economic conditions. The region with the greatest numbers of protests was Rostov in the south, bordering Ukraine. Here, one of the most widely covered labor protests has occurred between 2015 and 2017 as miners from the monotown Gukovo have protested on a

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regular basis against their former employer, the company KingCoal, which withheld salaries for years before declaring bankruptcy and still owes the workers millions of rubles.

This situation—that workers are not being paid wages for months, sometimes even years—is a major issue throughout the country. As was the case in the 1990s, when the country's economy collapsed because of capitalist restoration, Russian companies resort to withholding wages, rather than mass layoffs.

According to official statistics, which are notorious for providing an inadequate picture of the extent of the social crisis, no less than 447 companies withheld their workers' salaries in the third quarter of 2017. This was up from 147 in the first, and 196 companies in the second quarter. In total, the Russian government estimates that companies owe their employees some 3.38 billion rubles, the equivalent of almost $60 million.

For tens of thousands of workers and their families, this means that for months and sometimes years, they lack access to medication, culture, basic utilities and are often faced with hunger.

Wealth inequality in Russia has reached record heights among the advanced industrial countries. In 2016, the top 1 percent owned a stunning 89 percent of Russia's total wealth. Meanwhile, only 4 percent of Russia's population of 140 million people own at least $18,000 and count as "middle class." The number of people qualified as "extremely poor", meaning that they have to live on 9,828 Rubles (less than $174) a month or less, has increased between 2014 and 2016 from 15,4 million to 19,6 million (13.4 percent of the population).

While figures for 2017 are not yet available, it is almost certain that this number has risen further over the past year. A series of interviews with people classified as "extremely poor" by the government which appeared on *Gazeta.Ru* earlier this year provides a telling insight into the conditions facing the poorest layers of the working class.

Sergei Kozyrev, 31, from Vorgashor, a village in the Republic of Komi in the northwest of Russia explained: "The main place of employment for most people in the village are the coal mines. The average salary in Vorgashor is 12,800 Rubles ($226), but many complain that this isn't enough for anything. Last year, there was a demonstration by inhabitants of the village in Vorkuta who demanded a pay raise."

"Just so you understand, a package of milk in our settlements costs at least 70 rubles ($1.25), and the most inexpensive bread is 48 rubles (85 cents) per loaf. …People drink, and that a lot. Among the youth, there are a lot of drug addicts, and recently there was a wave of suicides. … As for myself, I have to count my pennies for literally everything. At times I have to renounce medication, even though I have problems with my legs and gastritis. I often go into debt, and sometimes I cannot repay it. I always buy the cheapest food, and I don't buy clothes at all. Sometimes people help with that. I have long forgotten what public transportation is, I walk everywhere. Nevertheless, I'm not prepared to give up, and my primary goal is to somehow get a place to stay."

The 19-year old Alena Yakovleva from Kanevskaia in the region Krasnodar Krai in the southwest of Russia told the online newspaper: "I am studying to become a lawyer and am now sitting with a small child in a one-room apartment with my mother. She is working two jobs in order to pay for the apartment. Alas, we have no money to pay for heating and water, so the landlady is threatening to throw us out. And this is despite the fact that we found the cheapest apartment … My mother is now working as a cook from 9 AM to midnight, and her salary is 10,000 rubles ($177). A loaf of bread costs 18 rubles (32 cents), and a package of milk at least 45 rubles (79 cents). Kanevskaia is hardly a depressed settlement: we have two major agricultural companies here, a bread factory, a meat factory, a sugar factory and a factory for the production of gas facilities. Many people have pretty good salaries, and they don't drink a lot.…However, you can basically only get a job at these factories if you have higher education….I hope that my child can go to the kindergarten within a year so that I can work and at the same time finish my education."

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