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Why Russia's Crimean Consensus Is Over (Op-ed)

With support for the Kremlin waning, repression is all it has left.

By Konstantin Gaaze

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Sergey Bobylev / TASS

General elections this month have revealed that the Russian public is frustrated, uncertain about the future and electrified by protest sentiment. Kremlin candidates struggled to win their gubernatorial bids, while high school and college students—people who haven't even started working yet — took to the streets to protest plans to raise the pension age.

Political analysts chalk this situation up to Kremlin errors. They believe that domestic policy chief Sergei Kiriyenko has loosened the political rules too much and has invested too heavily in the spectacle of the election campaign. These tactics backfired, prompting protests and more votes for the pro-regime opposition — votes for any random candidate, rather than specifically against the Kremlin. It's a classic example, the logic goes, of "democracy by mistake," a term coined by political scientist Daniel Treisman.

But, in truth, this is bigger than a simple miscalculation or poor execution by the regime. This election represents an important moment for Russia: it's a day when the largest coalition of support for the regime in modern history ceased to exist. The notorious Crimean consensus is dead.

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The period after Russia's 2014 annexation of Crimea can be called the golden age of Russian authoritarianism. Never before had the president enjoyed such massive support. Never before had he been so able to mobilize necessary resources for army modernization, infrastructure building, and his hardline foreign policy agenda. The efforts and funds invested in creating a "war coalition" starting in 2008 have yielded enormous results.

Only in 2014 could Putin finally create his paradoxical Putinism, which combines both "nationalist" and "globalist," as well as "socialist" and "capitalist," components. And although micromanagement, informal deals between government and business entities, and public-private partnerships did not eliminate social inequality, they allowed it to be mitigated with targeted actions.

While the standard of living in 2014–2016 failed to grow in statistical terms, the government pushed the banks to issue mortgages and consumer loans at record levels amid a declining economy. Borrowing was intended to eliminate inequality.

The president's friends received new roles. They stopped being mid-level business executives managing their respective chunks of state property and became champions of national causes, people carrying out geopolitical tasks. Meanwhile, oligarchs were demoted—despite receiving state assistance during the economic crisis and after being hit with sanctions. They became run-of-the-mill deputy ministers, while deputy ministers became run-of-the-mill oligarchs.

Up through 2014, Putin's socioeconomic program could be summed up with the phrase "I'll make them pay." But what happens when there is no "them" anymore? What do you do if the entire business elite has become subordinate to Putin? This brings about political collapse that forces the redrawing of key power lines within society.

Nicos Poulantzas, a once prominent twentieth-century Marxist politician, believed the main conflict inside dictatorial regimes is between comprador (globally-oriented) and national (locally-oriented) bourgeoisie. This conflict, he posited, eventually destroys dictatorships, opening them up to the world. Some research—especially by Thomas Pepinsky—now provides empirical evidence for his claim.

During the Crimean consensus, society treated Putin as an outside force separate from the massive capital that propels the nation toward historic goals. But by around 2016, Russia no longer had the comprador class. Capitalists with business interests in the West either gave up these interests or left the country, moved their assets, and retired. And the national bourgeoisie is not really a bourgeoisie, nor is it outside the regime.

Thus, the ubiquitous Putin has become synonymous with capital. Here, capital doesn't mean

corruption and $40 billion in mysterious bank accounts. Rather, it refers to the complete execution of the political mandate. After eliminating all outside forces, the Kremlin itself has become them. It has become capital.

The controversial Platon toll collection system, pension reform, and digital procurements distributed among the president's friends are all signs of "revenue-leasing" capitalism in which the distance between the government and business has been reduced to mere technical details. In this revenue-leasing framework, any protest against inequality, poverty, or non-payment of salaries automatically becomes protest against the Kremlin. Any protest against a "liberal" initiative is protest against the regime.

How can a government paralyzed by disputes between the president's friends and his entourage guarantee greater social equality, higher incomes, and improved living standards? In a cash-strapped economy, economic growth in one sector—for example, through a large infrastructure project—always comes at the expense of another sector.

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Here's how it works. Financing the Crimean bridge necessitates a tax hike. But the government can't increase taxes on business because all businesses rely on tax breaks, which are part of credit agreements with state banks. So, the government needs to undertake a pension reform and come up with public-private partnership initiatives. To secure funds, the state must resort to neoliberal tactics like restricting self-employment and increasing the retirement age.

Neoliberal approaches are also necessary to continue enjoying the precious feeling of national triumph. One of them is spreading Moscow-style recreational urbanism to the Russian heartland, which VEB Bank will finance with frozen retirement savings funds. Modern Moscow is a sterilized copy of an unrecognizably average-looking metropolis, where social inequality is diluted with an illusion of classless public spaces. And it was income and consumption taxes—not the surplus of oil revenues—that paid for this state of affairs.

Russia has no one left to blame for mass poverty. And the fusion of the ruling elite and business is starting to resemble a serious political problem. But the government likely still has one trick up its sleeve. It has yet to crack down on Russia's enemies and stage show trials against the country's vigorous "fifth column." That showdown seems to be coming this fall.

Recent public opinion polls that ask about a conspiracy against Russia may be part of the preparations for this. The Kremlin's domestic policy team also routinely discusses campaigns against "enemies." All this is foreboding.

Who will become the new fifth column? The protests come from the left. And the Federal Security Service—just like Special Counsel Robert Mueller in the United States — clearly wants to break through with a grand political statement rather than a few spy cases. Thus, it's the left-leaning activists who will be singled out. It will be the new left headed by Alexei Navalny, even though he cannot truly be called a leftist activist in the word's modern meaning.

Young social activists from relatively affluent cities like Moscow and St. Petersburg have formed the core of the 2016 protests and the current anti-pension reform rallies. They are educated, read Western literature, and dislike Putin. They're an ideal scapegoat for a grand campaign against Russia's enemies. There are already signs that the security services have tested their operational capabilities. Further moves are certain to come.

Konstantin Gaaze is a political commentator and regular contributor to the Carnegie Moscow Center, where this article *was originally published. The views and opinions expressed in opinion pieces do not necessarily reflect the position of The Moscow Times.*

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