

Shakeup in Russian Duma Intersects National Economic Policy Crisis

by Rachel Douglas

Less than two weeks before he is to address key questions of economic strategy in his annual State of the Federation message, Russian President Vladimir Putin took his government to task for failing to fashion a growth policy. The government had submitted a so-called medium-term national development program, containing an “optimistic” and a “pessimistic” scenario, but, Putin complained at an April 8 cabinet meeting, neither one of them was close to adequate. “It is my conviction,” he said, “that the government ought to set more ambitious plans.”

A few blocks away and a few days earlier, the State Duma (lower house of Parliament) by a 251-136 vote ousted from leadership positions, two economists known for their creation and advocacy of ambitious plans for Russia’s revival through a “mobilization model” of national economic policy. Sergei Glazyev, chairman of the Committee on Economic Policy, and Yuri Maslyukov, chairman of the Committee on Industry, Construction, and Science-Intensive Technologies, had been Putin’s guests at the Kremlin to discuss these matters on March 15, but on April 3 they lost their committee chairmanships.

The motivation and ultimate perpetrators of the April 3 leadership coup in the Duma have yet to be fully revealed, as does the paradox of the nearly simultaneous President’s demand for a genuine economic growth policy and the ouster from the Duma of economists whose counsel he had sought. These questions of economic policy go to the heart of national security for Russia, as for any nation.

In an April 8 interview with OPEC.ru, Sergei Glazyev posed the stark choices facing Putin. The President, he said, “has to choose between preserving [Boris] Yeltsin’s heritage of looting the country, and a policy for the development of Russia in the interests of society as a whole. In the first case, the President will have to agree to the role of protector of the interests of the Family clan and the ruling oligarchy. . . . If, however, the choice is made in favor of developing the country, the President will have to completely replace the government, which today services the interests of the oligarchy.”

Glazyev enumerated the foreign debt, labor, land, taxation, foreign exchange, and savings policies, which illustrate this allegiance. “The continuation of these policies,” he

warned, “will mean low national economic growth rates of 1-2% per annum, enormous unemployment, still greater impoverishment of the population, degradation of the scientific and productive capabilities of the country and, ultimately, the end of Russia’s existence as a sovereign nation.”

Glazyev concluded: “I hope that the President will make the right choice and support the proposals for a national economic development strategy, made by the national-patriotic forces and scientists from the Russian Academy of Sciences, and supported by our domestic manufacturers, and will come to the defense of national interests. There can be no compromises here, however much someone would like to find them, since ten years of ‘reforms’ have shown that the interests of the oligarchs are diametrically opposed to those of Russia and its people.”

The Duma Overhaul

The leadership shakeup in the Duma developed rapidly between March 29 and April 3, when debates about the future of Duma Speaker Gennadi Seleznyov and a possible change in the body’s committee structure gave way to an overhaul of the power arrangements in effect during recent years. Breaking the so-called “package agreement” on the allocation of committee chairmanships, the Duma relieved its largest official faction, the Communist Party of the Russian Federation grouping, of seven committee chairmanships; the remaining CPRF committee chairmen then quit. The ousted chairmen included Glazyev (though he is not a Communist Party member) and Yuri Maslyukov, key figures in the fight to defend Russia’s physical economy and reverse the ravages of economic liberalism and globalization worldwide. It was Glazyev, who last year convened Duma hearings on the survival of nations in the global financial crash, and hosted Lyndon LaRouche to keynote that event.

Named to succeed Glazyev at the Committee on Economic Policy is Grigori Tomchin of the Union of Right Forces, known as “a specialist in privatization” and an associate of Yegor Gaidar, author of the first phase of neo-liberal “shock therapy” in Russia. Tomchin promptly unleashed vicious attacks on Glazyev, and announced that his top priority is to get Russia admitted to the World Trade Organization.

Politics and Policy

The changes were pushed through by a bloc of four parliamentary groupings, key members of which have close ties to the Kremlin: Unity, Fatherland-All Russia, People's Deputy, and Russia's Regions. But nothing in Russia is a matter of party politics, as such. "This initiative has nothing to do with the legislative process," Glazyev said on April 2, in anticipation of the vote. "The people who have raised this question take no active part in law-making. . . . The main motive of those who initiated the revision of the pact is lobbying interests, insofar as they view committee chairmanships chiefly from the standpoint of possibilities for lobbying. . . . Adoption of this decision will destabilize the situation in the State Duma and the political situation in the country, foster an array of conflicts, impede the legislative process, and discredit the Duma in the eyes of the public."

After the vote, Glazyev warned in a web-posted statement that "today's decision will not improve the legislative climate in the chamber. On the contrary, the quality of laws being adopted will deteriorate, insofar as the legislative process itself will become mere rubber-stamping of documents sent to the Duma. Personally, I came to the State Duma to work, and I am extremely sorry that the lower house of Parliament reminds me more with each passing day, of a puppet, controlled by specially trained puppet-masters." He rejected Tomchin's posturing as "incompetent and groundless."

The fluid political situation in Russia was also expressed by Glazyev's having to deny rumors that Putin had offered him a top economic portfolio in the government. "There have been no such proposals," he said at an April 10 press conference, adding that unless a political choice were made for an economic policy in the interests of society, rather than financial oligarchs, "if everything remains as it is, there is nothing for me to do in the government."

CPRF leader Gennadi Zyuganov, meanwhile, proclaimed on behalf of the Russian People's Patriotic Alliance, the CPRF-led leftist electoral bloc: "We are shifting into stiff opposition to the policy of the aggressively subservient State Duma majority, and will direct all our efforts toward exposing its criminal-oligarchical policy to the people." Polls publicized in the Russian media at the end of March, showed the CPRF with a voter support level of 34% nationwide, eclipsing Unity and other potential party slates by a wider margin than before. A motion by a member of the Duma, to ban the CPRF outright, was opposed by President Putin, who said in an April 4 interview that "any bans in the political domain will lead to radicalization. To drive a real political force in our country into the underground, would be a mistake."

At his April 10 news conference, Glazyev analyzed the growing economic crisis, which could heat up the political situation in Russia in the near future. He warned that the current government's economic policies were unable to guarantee even their own "pessimistic" prognosis of 3.2% growth;



Dr. Sergei Glazyev, who was head of the Russian State Duma's Economics Committee until party blocs removed him along with other important committee leaders, has blunt words for Russia's President about the choice of paths facing the country, and about who runs Russia—elected representatives, or "oligarchs."

under current policy, Russia's economic growth will stagnate to 1.5% per annum, or even less. "The decline and even cessation of growth since the last quarter of 2001," charged Glazyev, "are the direct results of the government's passivity." Moreover, the policy of raising rates on goods and services provided by the so-called natural monopolies—utilities, railroads, and so forth—"has tripled inflation, reducing the profitability of the manufacturing industries and shutting down investments."

Glazyev insisted that 8% per annum growth could be achieved, but that this would require "the implementation of a set of measures, which have been presented to the President by Russian scientists, to mobilize savings for investment, increase the effectiveness of currency controls, utilize the rent component [the proceeds from the exploitation of Russia's natural resources—RD], and implement an interventionist monetary and budget policy. Unfortunately, the current Russian government is incapable of implementing such a policy." He supported President Putin's "correct" criticism of the government's medium-term program.