

# The cracks in the house that Chernomyrdin built

by Roman Bessonov

"We are going to build our movement, 'Our Home Russia' (NDR), not for half a year but for ever," Russian Prime Minister Viktor Chernomyrdin, who is at the same time a leader of that party, announced at the NDR's Second Congress. The Communist Party of the Soviet Union was also planning to rule for a very long time. The only difference is that it imagined some end-point for that time: The CPSU was going to rule only until the victory of Communism on the whole planet, and no longer.

In Autumn 1991, the initiators of the glorious court trial against the CPSU, some of its former high and lower functionaries like Aleksandr Yakovlev and Sergei Shakhrai, did their best to prove that the CPSU was not really a party, but a part of the State apparatus. This question became central in the trial, as it was easy to prove that it was so.

If you see the electoral list of "Our Home Russia," including governors and mayors from the majority of Russian regions, you will even more easily conclude that nothing has changed, that Chernomyrdin's movement is just another name for the State executive power, as the CPSU was before. Especially regarding the method of "party building" (a term from the Leonid Brezhnev era): Some governors were going to join other election blocs, for example Aleksandr Belyakov, governor of the Leningrad Province, but they were (unofficially) ordered to become members of Chernomyrdin's party.

Still, there is a small difference: At CPSU congresses you could meet not only professional "apparatchiks," but also famous scientists, teachers, physicians, and workers, as well as a small number of actors and singers. Well. In "Our Home Russia," ironically dubbed "Uncle Vitya's Cabin" [Vitya is short for Viktor—ed.] or "Our Home Gazprom," after the giant natural gas company where Chernomyrdin's influence is legendary, the crowd of officials is not accompanied by solemnly smiling representatives of the working class, collective farm peasantry, and socialist intelligentsia, but only a small sprinkling of well-known singers and actors like Lyudmila Zykina and Vyacheslav Tikhonov (he played Soviet spy Isayev-Stirlitz in Julian Semyonov's film, "Seventeen Moments in Spring," the biggest hit of the Brezhnev period).

In the late 1970s, when the elderly Brezhnev issued his books about his heroic deeds during the war (the most heroic of them being a splash into the water and nearly drowning), U.S.S.R. People's Artist Lyudmila Zykina, the most well-feted representative of official Soviet art, sang the "Malaya Zemlya" (Little Land) song, dedicated to the place where Colonel Brezhnev had served as a "political instructor." The honorary title of the U.S.S.R. People's Artist is not so much respected any more, since the U.S.S.R. does not exist, but Lyudmila Zykina is still there at the congress podium. The slight difference is that now she sings the "Our Home Russia" song, written by poet Mikhail Tanich (who also previously served Brezhnev).

In Brezhnev's U.S.S.R., election campaigns were a holiday with cheerful music, folk dances on TV, cafes that worked right at the voting booths, and a 100% predictable result. The governor's elections in Yekaterinburg, which took place on Aug. 19 this year, had much in common with the standard holiday of that time, back when this biggest town in the Urals was called Sverdlovsk. Two festivals were organized and visited by Gov. Aleksei Strakhov, who is also chairman of the regional section of "Our Home." The monument commemorating the victims of the Afghanistan War, under construction for years, was quickly finished, and also visited by the governor.

But there was also a real difference. The result of the elections were not 100 or 95% in the governor's favor, but only . . . 32%. Strakhov failed. The winner was Edward Rossel, speaker of the local Duma (parliament) and former chairman of the local Provincial Soviet. This happened not more than a week after the pompous performance starring Zykina and Tikhonov.

Strakhov's defeat made clear another slight difference between the Communist and Reformist systems. Though they seem to be very much alike, especially to an ordinary person, they resemble two stages of the same rotting process in the Russian elite, and two levels of efficiency in management. The Brezhnev-era Soviet system was a clumsy, overloaded, ugly, and unpopular machine, but still it somehow worked. Chernomyrdin's machine wastes a lot of fuel, and money from Central Bank reserves, and paper for numerous

statements, and desperately tries to win popularity. But it does not work.

### **The corridor to disintegration**

Since July 1, the Russian ruble has been maintained in a band, called a "corridor" in Russian, between 4,300 and 4,900 rubles to the dollar. The corridor is going to exist till Oct. 1. But what happens then, if, as the President has announced, wages of all State budget sector employees will rise 1.5 times as of Sept. 1?

Of course, the average salary of a school teacher today is very low (less than 280,000 rubles per month). But besides teachers, doctors, and scientists, the budget sector also includes numerous officials of all levels, and the State apparatus hasn't become smaller, as the reformers promised in 1990. On the contrary, a lot of new State institutions, duplicating, rivaling, and blocking each other, have been created since that time. The costs for free apartments, dachas, personal cars, and equipment for the new officials in both the Executive and the Legislative branch, including many hired specialists in sociology, speechwriting, image-making, and so forth, is immense.

The small wooden house where former Leningrad Province CPSU First Secretary Grigori Romanov used to spend his weekends, looks like a dwarf next to the giants of brick, granite, and marble for the new elite, surrounded with fences of concrete and crowded with security officers. The income of all these "specialists in management," in a great number of cases quite unnecessary, totals dozens of times the minimum wage (the minimum wage has become a unit of account for all kinds of budget payments). Thus, as of Sept. 1, this giant will absorb a still more immense sum of money. Moreover, a special decree has been issued that raises the salaries of State administrative officials—the personnel of ministries, President's staff, security services, etc.

Not a single sociologist from the great but impotent analytical crowd has calculated, how much the State budget is supposed to spend for securing Moscow and its officials from possible terrorist attack, encouraged by Chernomyrdin's partner in negotiation, the mysteriously elusive Chechen militant Shamil Basayev. The hostage-taking by Basayev's forces in the southern city of Budyonnovsk, which led to tragic deaths early this summer, became a pretext not only for numerous control operations, but to restructure the security services, also involving a reinforcement of the so-called operational workers.

And who is going to count the total cost, not including thousands of human lives, of the clash of the Russian oil-exporting and arms-trading elites, which led to the incessant war in the Caucasus? Who can calculate, more or less exactly, how much more Russia, primarily the ordinary taxpayer, is supposed to lose due to the prolongation of this conflict?

Nobody answers these questions. The pre-election period is not the best time for this. It is the best time for talking

about "economic stabilization," proving it with the stable ruble/dollar rate. But at whose expense and by what means is this stabilization conducted?

During the period of the International Monetary Fund-endorsed "corridor," fuel prices have skyrocketed; according to official data, gasoline costs 1.5 times more than the world price. And this is in Russia, one of the biggest oil exporters!

The cost of living has also increased, accelerating the process of property redistribution as more and more people are forced to sell their apartments. Simultaneously, the fares for transport have risen, making it impossible for millions of people to travel not only to a nearby region, but to their own country houses. On Aug. 10, for example, the fare for the suburban train on the October Railroad (Moscow-Petersburg and the Northwest) became 2.5 times more expensive. In order to travel from Moscow to Petersburg and back, an average Russian has to spend about two-thirds of his monthly wage. So, when Chernomyrdin talks about a united and strong Russia, it is pure hypocrisy. A country where millions of people are actually isolated from each other, is doomed to disintegration.

Of course, under these conditions, common people grow more and more dependent on the local authorities. The provinces, which are, as usual, poorer than Moscow, harbor more and more opposition to the "center," which raises prices and fares but does not pay salaries and pensions on time. "Moscow is to blame," people say. "Yes, Moscow is to blame, it takes all our money!" say the local officials, sensing this tendency and trying to exploit it for their own purposes.

Edward Rossel, head of the Yekaterinburg Province Duma, is famous for his "regionalist" rhetoric and activity. In September 1993, he supported the idea of a "Ural Republic," previously put forward by some local "informal" pro-confederalist groups. This idea was buried after the adoption of the December 1993 Constitution, but Rossel did not give up. In the regional Duma, he kept insisting that the property rights of local authorities should be expanded, exposing Moscow attempts to take the region under total control.

At these latest elections, Rossel won almost twice as many votes as Chernomyrdin's asset, Strakhov, despite the fact that Rossel had evidently been using the formerly broader region's property rights for his private gain; his personal dacha looks like a palace. Hate toward Moscow appeared to be stronger in the local population than the hatred of officials' privileges, or social envy, as sociologists call it. And this result is not only a warning for Chernomyrdin's party. It is a significant indicator of the disintegration process, continuing not only in political and economic institutions, but also in the citizens' minds.

### **The center and the regions**

In every case, where Russian mass media reports witness power plays by local authorities in various parts of the

country, the question of property control is the most important. This does not mean, however, that in every case the selfish greed of the regional barons is a worse threat to the country than the property manipulations of the central authorities.

On Aug. 17, Yuri Spiridonov, chief executive of the Komi Republic, used the popular TV program "Business Russia" to protest against the policy in oil extraction, especially in the northwest zone of the Timan-Pechora oil deposits. He noted that the Pechora oil basin had been divided between the Komi Republic and Arkhangelsk Province in 1975. Saying many bad words about the former neighboring leadership and the present Arkhangelskgeologiya Company, Spiridonov highlighted an interregional conflict that may become a zone of political tension or even more, in the event central State power loses control over the whole country, and every region has to "save itself," according to the liberal principles followed in criminal practice. At the same time, there were important and sound aspects in his criticism.

Spiridonov reported that the level of oil extraction in Komi has decreased twice during the period of reforms under Yegor Gaidar and Chernomyrdin, the 1994 output being 34% less than 1993's. He explained this primarily as due to the lack of State investments, also emphasizing the bad condition of the oil pipelines, which led to a catastrophic oil spill last autumn. But, as "Business Russia" elaborated, the conflict between the central authorities and the Komi leadership has some factors beyond an ordinary clash of central and regional interests.

Actually, the head of the Komi Republic was defending not only regional interests. He was supporting the project put forward by the Ministry of Fuel and Energy, headed by Yuri Shafranik, against the plans of both the Rosneft state oil company and Gazprom Stock Co. According to the daily *Izvestia*, Rosneft was founded in autumn 1994, with participation of Gen. Mikhail Barsukov, former head of the President's Chief Guard Department and recently appointed chairman of the Federal Security Service. Gazprom, headed by Rem Vyakhirev, had previously been headed and is now most actively promoted by Prime Minister Chernomyrdin.

Shafranik's project was to construct a system of new oil pipelines, linking the oil field with the two largest oil-refining plants and the port in Primorsk, Leningrad Province. As Spiridonov stressed, it is more profitable for the State to export oil products, not crude oil.

According to the program, the project supported by Chernomyrdin suggested building a huge oil terminal in the Barents Sea, called the Northern Gates. Unlike Shafranik's project, this version would transport crude oil by sea, straight from the oil field. Another difference was a dominating share of foreign companies, primarily BHP, in the stock of the Northern Gates terminal. The Komi leadership claimed that this variant of exploiting the oil field and trading oil would bring income for the partners, rather than for the

Russian government budget.

Thus, "Business Russia" revealed that the Black Sea is not the only site where Shafranik's ministry is confronting the interests of Gazprom, and the Odessa oil terminal is not the only Gazprom-BHP joint venture. Raising this fact just now, on TV Channel 1, could mean that Chernomyrdin's clan and the founders of Rosneft were both interested in a quick cash project, or maybe in the initial investments, which could be used also for immediate political purposes, including the 1995-96 elections.

### 'Our Home Sverdlovsk'

The confrontation of Aleksei Strakhov and Edward Rossel also has some aspects beyond, or probably above, the center-region "rope pulling."

In September 1993, a senior specialist of the Humanitarian and Political Research Institute had a private talk with officials from the Presidential Representative's Bureau in Yekaterinburg. He was very much surprised, when told that the idea of the Ural Republic did not originate with Edward Rossel, but was imposed by Sergei Filatov, President Boris Yeltsin's chief of staff.

At the time, the regional elites were expressing more and more appetite for property and power, trying to play on the confrontation between Yeltsin and the leadership of the Supreme Soviet. Actually, their growing regionalist activity was perhaps the most important reason for dissolving the Supreme Soviet, using cruel methods in order to threaten the regional "barons," and forcing adoption of a centralist Constitution.

But Yekaterinburg was evidently an exception. This region had already gained some privileges, which was quite natural: Sverdlovsk was the region that Yeltsin himself came from, and where he could still control the situation better than anywhere else. Regarding it as his base, he was able to derive some special profit from it that could make him financially stronger than his opponents in the Supreme Soviet, Most Bank, and elsewhere.

For the last two years, Edward Rossel never openly featured himself as the President's man. If he had, he would almost certainly have lost his competition with Alexei Strakhov, Chernomyrdin's asset. Still, the Most Bank analysts seem to understand the essence of the game. Commenting on the results of the Yekaterinburg elections, the Most-financed "Segodnya" TV program claimed that "now the President is stronger than the prime minister, at least in this region."

So, there is separatism of diverse origin and centralism of diverse origin—the unitarism of Shakhray's, Rutskoj's, Zhirinovskj's, and other models. But the small differences in the models and conceptions do not play a significant role. The clan interests are the highest stake, and neither the fate of Russian statehood, nor the lives of its citizens, are very significant for the present Russian elite, which is just a product of degeneration of Brezhnev's *nomenklatura*.