

Developments in Russia

Research Paper 94/72

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This paper follows on from Research Paper 93/92 (*The Crisis of Democracy in Russia and some International Implications*) and looks at developments in Russia since the December elections and the adoption of the new constitution. Some implications for British foreign policy are discussed in Research Paper 94/26 (*Redefining British Foreign and Defence Policy*) and the Russian approach to the conflict in Bosnia is examined in Research Paper 94/62 (*Bosnia: the 'Sarajevo Formula' Extended*).

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Introduction

President Yeltsin announced on 21 September 1993 that he was suspending the Russian Supreme Soviet (parliament) and planned to hold new parliamentary elections in December. This action precipitated a two-week confrontation between president and parliament which ended only with the bombardment of the parliament building. These events and the immediate implications were described in Research Paper 93/92.

The elections held in December 1993 dealt President Yeltsin a severe political setback when the electorate failed to support the parties most closely associated with his reform policies and instead voted mainly for parties which were explicitly and consistently critical of him. While his own position was not formally at issue, the voting suggested that the President no longer enjoyed widespread popular sympathy. Despite the fact that only 46 deputies of the old parliament were elected to the new one, there was a good deal of political continuity. The balance of opinion in the newly elected State Duma became clear on 14 January 1994 when it elected Ivan Rybkin, previously a leader of the communist faction in the Supreme Soviet, as its new chairman and on 23 February when it voted by 252 votes to 67 to grant an amnesty to the ringleaders of the October 1993 parliamentary resistance to the president.

The President was forced to adapt to the new political situation by accepting the resignation of several reformist ministers in January and by leaving the formation of a new government to the Prime Minister, Viktor Chernomyrdin, who seems to command a significantly greater degree of confidence from the new parliamentary majority than does the President. Chernomyrdin has also been left with the task of reconciling conflicting aspects of domestic economic and social policy. Indeed, on 14 April *Izvestiya* announced that "for the first time since the era of monolithic party rule we have a government which is virtually entirely subject to the will of one man" - the man being Chernomyrdin, not Yeltsin .

The new constitution, similar in some respects to that of France, gives the president more power over foreign and defence policy than over domestic policy, but in this area too President Yeltsin seems to be under pressure from those who advocate a new assertiveness with regard to the West and to the former republics of the USSR. Economic policy appears to be almost completely out of the President's hands. As with the French system there can be "cohabitation" between a president and government with different political agendas, but the president's position is weak when he lacks a majority in parliament and has not recently enjoyed strong personal support from the electorate.

President Yeltsin has avoided entering into conflict with the new parliamentary majority, but despite his efforts at reconciliation, there is a steadily growing perception inside Russia that political life is entering a further phase of instability which could involve more actual or

attempted coups d'état, civil strife and the growth of extremist movements. The uncertainty is fuelled by the continuing decline in economic performance and the looming threat of large-scale unemployment. Boris Yeltsin hopes to complete his term of office in 1996, but is under great pressure to step down earlier. Even if he does serve out his term, the next two years could be overshadowed by political preparations for the next round of parliamentary elections at the end of 1995 and presidential elections the following year.

I The Political Scene

A. Towards a new consensus?

The first few months of 1994 were dominated by talk of the need for a new civic accord or consensus (*soglasie*), in order to contain political conflict within acceptable limits, at least until the next parliamentary elections in late 1995. President Yeltsin was clearly anxious to be part of any such consensus, which could otherwise have turned rapidly into a focus of opposition to his presidency. His key objective was to fend off demands for early presidential elections.

The President put forward his own ideas for a new initiative at a meeting with political and religious leaders on 11 March. In early April he published a long draft text of a politically, but not legally binding document and after some negotiation and amendment a similar text was finally signed on 28 April by Yeltsin himself, the Prime Minister, the speakers of both chambers of parliament, the representatives of various regions and some party leaders. Others, including the leaders of the Communists, the Agrarians, the Yabloko group and the Russian Movement for Democratic Reform, declined to sign and continued their efforts to construct different agendas, some more overtly nationalist or neo-communist in tone, others more committed to market reforms, or sectional interests.

The text of the so-called "Treaty on Public Accord" refers to democracy, law, the renunciation of violence and "the grandeur of Russian history". A section on "surmounting the socio-economic crisis" sets as priorities the reduction of inflation, the boosting of investment and structural re-organisation "with a minimum of losses and expenses". There is a commitment "not to initiate political campaigns in favour of holding early elections, not envisaged by the constitution, to the federal bodies of power". The parties also pledge "to do their utmost to promote the strengthening of Russia's international authority and defence capability, and the conducting of a unified foreign policy for the country" (full text in *BBC Summary of World Broadcasts*, SU/1985 S2/3).

When President Yeltsin first came to power as president of the Russian Federation in 1990, and then led Russia out of the Soviet Union to full separate sovereignty in 1991, he carried

the support of a broad swath of Russian opinion which rejected the failed communist system, supported democratic and economic reforms and preferred the idea of Russian nationhood within the Russian Federation to the discredited (and largely sham) internationalism of the collapsed USSR.

Since then the terms of political debate in Russia have changed enormously. One of the long-term effects of the prolonged conflict between the president and the previous parliament (the Supreme Soviet) was that the leaders of the latter, together with the former vice-president, Aleksander Rutskoi, managed to appropriate the mantle of Russian patriotism and assemble a new loose oppositionist alliance which brought together both nationalists and communists. President Yeltsin was forced in turn to shift the balance of his government away from the pro-western reformists and towards a supposedly "pragmatic" centrism with a nationalist tinge. The December 1993 elections pushed him still further in this direction and there was a further exodus of reformers from the government.

The result has been that the reform movement, describing itself since the beginning of the election campaign as "Russia's Choice" (though this turned out to be an error, since it was supported by only 15% of the voters on a low turn-out in the party-list election), has now moved mainly into opposition (at least on economic policy). Some ex-ministers have established a separate opposition faction initially known as the "Union of 12 December", after the election date, but now rechristened the "Liberal Democratic Union" in an attempt to rescue these words from the clutch of Vladimir Zhirinovskiy. Only a few prominent reformers, notably the foreign minister Andrey Kozyrev and the "state property" (formerly "privatisation") minister Anatoly Chubais remain in office, but their continuing presence cuts across the idea of government and opposition parties as understood elsewhere.

However, as of May 1994 there is still no political movement officially linking the president and government to the Duma majority, despite the fact that the government now largely reflects the views of this majority. The reason for this is partly that President Yeltsin is still regarded as standing personally for reform, although he is increasingly isolated within his own administration.

It is arguable that, for a shift towards a statist nationalism to be fully consummated, Yeltsin would have to depart and give way to a figure more acceptable to the Duma majority. Some factions, such as Sergey Baburin's "Russian Way" have refused to sign any new civic accord as long as President Yeltsin remains in office, while others, including the LDP and the communists, have insisted on the departure of the remaining liberal reformers from the government as their price for signing an accord (*BBC Summary of World Broadcasts*, SU/1975 B/1). There have also been many rumours about possible coups and conspiracies, but prominent figures may be reluctant to make the first move, given the fate of previous coup attempts in 1991 and 1993.

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The other obstacle is the quasi-fascist movement of Vladimir Zhirinovskiy. Zhirinovskiy did well enough in the December elections to be able to command a significant minority in the Duma and to gain guaranteed access to the national and international media. Internationally, he is often regarded as the possible face of an authoritarian fascist-style Russian regime of the future. However, within Russia and within the Duma he is still seen by many as something of an embarrassment, potentially discrediting the "patriotic" movement and disrupting the potential alliance of the centre with the patriotic communists and the nationalist right. The continuing rumours about his part-Jewish origins and KGB links also tend to discredit him with some of the nationalists, including the militant extremists now gathered in the "Russian National Union" of Aleksandr Barkashov.

There is also disagreement about the terms of any new consensus. President Yeltsin's text represents an attempt to encompass "patriotic" Russian ideas within a charter which is fully compatible with the constitution and international law and, in particular, is suitably respectful of the status of the other former Soviet states. Indeed he continues to argue that the break-up of the Soviet Union was a necessary and positive development, because the Union had come to rest on the economic support given by Russia to the other republics. The "patriotic" note in the Accord text was actually watered down in the course of negotiation.

Others hint at different priorities. The leader of the communists in the Duma, Zyuganov, told *Izvestiya* (25 February 1994): "Following the amnesty, the next step should be an agreement with Belarus. We must stretch out a hand to Ukraine and restore all links with Kazakhstan... Our approach is a rapid change of economic course, the formation of a government of national trust with the condition that Chubais and Kozyrev [the two prominent reformers still in the government] depart". This programme could refer merely to economic cooperation with Belarus, Ukraine and Kazakhstan, but it could also be interpreted as supporting the reimposition of Russian domination. In other contexts Zyuganov has advocated a return to the socialist path of development and restoration of Union government in the former USSR.

Another version of the proposal for a national reconciliation following the declaration of the amnesty focused on a vaguer concept of "Consensus in the name of Russia", which has now been launched as the label of a new movement led by Aleksandr Rutskoi which could form the basis of a presidential campaign. *Izvestiya* of 19 March 1994 reported that during President Yeltsin's absence on holiday in Sochi a plan had been floated for a movement under this name which would unite a range of "patriotic forces which reject violence, racism and nationalism". Names mentioned as supporting the new "consensus" included a mixture of communists (Zyuganov, Lukyanov) and nationalists (Prokhanov, Baburin), as well as the former chairman of the constitutional court, Valery Zorkin. By 6 April Rutskoi's spokesman was claiming 1 million supporters and a wide measure of sympathy in the State Duma. Rutskoi has recently begun to refer to his nascent party as one of "social patriotism".

B. How much depends personally on Yeltsin?

As long as he remains president, Boris Yeltsin does have the power to veto unwelcome initiatives from the State Duma. While the Duma has demonstrated already that it can muster a simple majority of votes for a proposition opposed by the president, like the amnesty for the October rebels, according to *RFE/RL Research Report*, 4 Feb94: "It seems most improbable that the Duma would ever be able to collect the two-thirds majority vote required to overrule vetoes by the president and the upper chamber on its legislation". On the other hand Sergey Chugaev of *Izvestiya* noted on 15 March that the "patriotic-centrist" majority is only 20-25 votes short of the two-thirds majority which would be required for constitutional amendments.

Quite apart from the constitutional powers of the president to veto legislation and exercise executive power over foreign policy and the armed forces, the Russian political system continues to display a tendency to concentrate power in the hands of a single leader which was very pronounced during the communist period and, indeed, in earlier phases of Russian history. *Izvestiya* commented on 22 March that Russia was still midway between dictatorship and democracy and that "the state of all its democratic institutions depends on the action (or inaction) and the state of health of a single person - the president".

Because of this tendency rumours abound about Boris Yeltsin's health and about plots to remove him from office, especially during his absences from Moscow. In both 1991 and 1993 conspiracies culminated in attempts to supplant the president by the vice-president. The abolition of the post of vice-president under the new constitution has made little difference. The "version no 1" document which surfaced in the Russian press in mid-March seemed to expose another incipient conspiracy to remove Yeltsin. *Moscow News*, 25-31 March, concluded that it was a fraud, but commented that the way it was taken so seriously and the reluctance of some of those named in it as conspirators to deny it outright suggested that there may have been a real conspiracy along similar lines designed to oust Yeltsin on grounds of ill-health and make the prime minister Chernomyrdin into the interim president. Under the new constitution Chernomyrdin would automatically become president for three months pending new elections in the event of the death, incapacity or resignation of Yeltsin.

C. Presidential prospects

President Yeltsin, who was elected in 1991 for a five-year term, has recently confirmed that he hopes to stand for re-election in 1996. During the upheavals of 1993 there were frequent calls for the next presidential elections to be brought forward, and President Yeltsin set the date by a decree of October 1993, which was not formally rescinded, as 12 June 1994. However, one of the points on which he has tried to establish common ground with the main

political parties as part of his "political accord" initiative is that the election should be firmly scheduled for 1996. One of his supporters has even suggested that it should not be held before 1998 (*Izvestiya*, 22 March 1994). In these confused circumstances there has been much speculation about an early poll and discussion of prospective candidates (eg *Izvestiya*, 15, 29 March).

Apart from Vladimir Zhirinovskiy, all of the likely candidates would offer gradual recovery programmes with greater or lesser emphasis on "Russian" issues, such as the rights of Russians in the "near abroad" (ie the former USSR) and the privileges of great power status. Rutskoi might stand most strongly for restored Russian cultural and military values, whereas former ministers like Gaidar, Fedorov and Yavlinsky might be expected to emphasize structural reform. One of the tasks of a new consensual movement of the kind being discussed in the Duma and the media would be to rally support for a single presidential candidate capable of winning against both Zhirinovskiy and a liberal reformist candidate such as Gaidar or Yavlinsky. Plausible nominees for this role might include Speaker Rybkin, Prime Minister Chernomyrdin, former vice-president Rutskoi or former deputy prime minister Shakhrai (resigned May 1994).

Irina Savvateeva, writing in *Izvestiya* on 14 April 1994, believes that Chernomyrdin, by virtue of his control of the state apparatus and budget, is the prime candidate for the presidency and that the whole purpose of the government has now become to assist him in his presidential ambitions. If this is so, then it provides another similarity to the French constitutional system in which the premiership is also widely regarded as the fast track to the presidency, though many candidates have failed to last the course.

II The Economic Situation ¹

A. Recent indicators and trends

Discussion of the state of the Russian economy is still dogged by the unreliability of some of the statistical information available, but the broad trends of such key indicators as output, price inflation, the dollar exchange rate and unemployment are clear. Figures for the various categories of internal debt, subsidies and the state budget deficit may be less reliable.

Output has fallen sharply for several consecutive years. Figures for the first quarter of 1994 indicate a further drop in industrial production of 25% against the same period in 1993 (when production was already 19% below the first quarter of 1992 - *Izvestiya*, 16 April 1994, *Financial Times*, 9 May 1994). As Otto Latsis of *Izvestiya* pointed out in his commentary

¹ The author acknowledges the assistance of Mick Hillyard of the Economic Policy and Statistics Section.

on the latest figures, the fall is continuing despite the fact that the economy should by now have stabilised following the effects of the dissolution of the Council for Mutual Economic Assistance (CMEA - the communist trading bloc) and of the Soviet Union. These events had devastating effects on some large Russian manufacturers which had previously exported mainly to Eastern Europe.

The main reason for declining production in 1994 was declining domestic demand which might be attributed to consumers reacting against relatively high prices, low quality, or to a combination of the two. Latsis explained this as the arrival of the market economics: consumers now had some choice. He also noted that, despite lower levels of production, imports and consumption, there was no longer a shortage of food in the shops. This is evidence that the distribution of produce - at least at the retail end - was increasingly being made on the basis of price and not queuing. Produce was now widely available for those willing and able to pay the higher prices. Prices were simply too high for many consumers and there is a risk that they would go higher still should the agricultural lobby succeed in obstructing cheaper imported food.

Another of the reasons for declining output is that many enterprises, including some very big ones like the Moscow Zil car works, have run out of cash, not only to pay their workers, but also to buy in raw materials, and have consequently had to suspend production. Complex arrangements to refinance the factory by mortgaging some of its land holdings to foreign banks are being negotiated, but some of those involved now feel that there is no alternative to declaring the enterprise bankrupt (*Izvestiya*, 27 April 1994, p.1). The huge Uralmash complex in Ekaterinburg also ceased production and laid off its work-force for the whole of May because of a cash crisis.

Inflation was running at a monthly rate of over 15% for most of 1993. When he returned to the government in September 1993 after an absence of almost a year caused by opposition to his policies in the Supreme Soviet, Yegor Gaidar insisted on giving priority to the reduction of inflation and abolished the automatic indexation of the minimum wage. The result was a sharp decline in real earnings for most workers by the end of the year, although the extent of the decline is disputed and some sources suggest that real average income has not fallen, thanks to second jobs in the black, untaxed economy. According to official figures, inflation in the first quarter of 1994 was down to a monthly rate of 8-9% (*Izvestiya*, 16 April, *Financial Times*, 9 May 1994). Those with access to the dollar economy kept pace with inflation and may have seen an increase in their standard of living. In addition to the economy dividing into "rouble" and "dollar" zones, certain industrial sectors have enjoyed a privileged status. For example, workers in export-earning industries such as oil and gas, which also happen to be the sectors for which Prime Minister Chernomyrdin was previously responsible and from which he draws political support, seem to have been shielded from some of the effects of the anti-inflationary policy.

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Gaidar, supported by the IMF and a good deal of foreign advice, believed that reducing inflation to manageable levels was a pre-requisite for longer term stability and economic growth, and therefore placed a high priority on reducing government expenditure, particularly on defence and subsidies for inefficient industry or agriculture, because these had regularly led the central bank to print money as the only way of financing the budget deficit. His opponents, including western critics who feared the social and political consequences of tight monetary policy in Russia, pointed to the fact that the bankruptcy of inefficient state enterprises would bring massive unemployment and that subsidised enterprises provided the greater part of the Russian social infrastructure: creches, parks, clinics, cultural facilities and hostels. It has also been alleged that the reduction in the budget deficit, and in inflation, towards the end of 1993 was partly achieved by the government withholding salaries due to some state employees, a policy which could not be sustained in the longer term (Light). Figures released by the Economics Ministry on 6 May 1994 revealed very high levels of debt, including defaulted debt at all stages in the economic process: enterprises taken as a whole were owed 31,300bn roubles in defaulted debt by their customers, while they were in default to the tune of 20,400bn roubles to their suppliers and 14,000bn roubles to banks and other credit institutions (*BBC Summary of World Broadcasts*, SUW/0332 WA/4).

When the 1994 state budget was first released the government deficit was put at 58,400bn roubles which approximated to around 10% of GDP (Hanson, 16), but the deficit now seems set to be significantly higher and GDP has fallen - indicating that, as a proportion of GDP the deficit will now be well above 10%.

One factor contributing to higher inflation is the continuously declining exchange rate of the rouble against the dollar and other currencies. Sharp falls in the value of the rouble result in higher rouble prices for imports, which eventually feed through to higher consumer prices generally. On 12 May the rate stood at 1,865 roubles to the dollar and was expected to sink to around 3,000 roubles to the dollar by the end of the year.

While inflation and the squeeze on living standards were described as the "first shock" of Russian market reform, the "second shock" of bankruptcies and unemployment is only just beginning and much of the current debate is concerned with its nature and timing. According to Jean-Marie Chauvier in *Le Monde Diplomatique*, February 1994 (pp.4-5) the officially quoted figure of only 1% unemployment is unreal. The government already admits to 5%, or 10.4% if short-time workers are included, making for a total of around 7.8m people. By all accounts many workers are being retained by enterprises on a fraction of normal wages (eg Tatyana Khudyakova in *Izvestiya*, 6 March 1994, p.4). By May 1994 there were warnings that Russia was heading for 10-15% unemployment unless enterprises were cushioned by continuing access to government credits.

There is strong institutionalised resistance to the idea that insolvent enterprises should be

allowed to go bankrupt and "surplus" workers made redundant, even when the workers are already barely employed and often unpaid. The reasons for this resistance are mainly social and political. Russian urban and rural life has long revolved around the work "collective". Even when it fails to provide adequate material benefits, the enterprise provides a social organisation and a sense of belonging. Many elected political leaders at the local level are enterprise managers who rely on the pay-roll vote and even in bad times the workers often expect that, if elected to political office, their managers will be in a stronger position to lobby for subsidies etc. Once the enterprise goes bankrupt and the workforce is made redundant, all these links are broken, the social base dissolves and there is nothing to deter the unemployed from voting for extremists and demagogues. International financial institutions have urged the Russian government to set up a western-style social security safety net, but, paradoxically, former communists have resisted the notion, preferring to retain the tradition whereby the work collective survives and looks after its own.

Prime Minister Chernomyrdin recently published an article in which he pointed out that bankruptcy does not necessarily lead to closure and unemployment (*RFE/RL Newsbriefs*, 6 May 1994) and it has been suggested that bankruptcy sales of enterprises as going concerns could constitute a new wave of privatisation, but it is likely to be some time before this idea wins general acceptance. Moreover, it begs the question as to what would happen to the debts of the bankrupt enterprise.

B. Did reform fail in 1992-3?

It was during the term of office of Yury Andropov as Soviet president and communist party leader in 1982-4 that the full seriousness of the economic situation facing Russia was first officially recognised. Reform was delayed by the Chernenko succession and then by Gorbachev's struggle to reform Soviet political institutions, including the communist party itself. Gorbachev prepared the ground for radical change to the whole system by first democratising the party, with mixed results, and then democratising the parliamentary system with very far-reaching results which culminated in 1991 in the break-up of the Soviet Union and the collapse of the whole communist system. In the mean time the economy lumbered on almost unchanged with fixed prices, massive subsidies, top-down planning and state or other "collective" ownership of all the major components of the production system.

This system, which seemed firmly fixed into a downward spiral suffered a further devastating blow when the fragmentation of the Soviet Union fractured production and trade networks. Finally, from the latter part of 1991 President Yeltsin had the opportunity to embark on a programme of economic recovery with a new team of mostly young reform-minded ministers and advisers. By this time the former communist states of Eastern Europe had already amassed some experience of how to reform a moribund centralised economy. The priorities were to be price reform and privatisation. It was the rapid introduction of realistic pricing

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and currency convertibility, the approach pioneered by Leszek Balcerowicz and Professor Jeffrey Sachs in Poland, which would provide the more immediate "shock".

In Russia "shock therapy" was to be associated above all with Yegor Gaidar, also advised by Sachs, among others, but the changes were introduced in a haphazard fashion in the face of deeply-rooted opposition in the Supreme Soviet. While prices and currency were freed, structural changes to public ownership and state subsidies were much slower to follow and by the end of 1993, when elections for the new Duma were held, a significant reaction had set in. Even the US assistant secretary of state Strobe Talbott called for "less shock and more therapy" (*Le Monde Diplomatique*, February 1994, pp.4-5). Professor Sachs became a controversial and maligned figure in Russia, blamed for not understanding the implications of his advice (eg the US/Russian magazine *We/My* in its February 1994 edition).

Gaidar and his finance minister Fedorov left the government in January 1994, arguing that the foundations had been laid for a market economy, with privatisation gradually advancing and inflation down to manageable levels. Their main continuing criticism of the Chernomyrdin government (with which both had worked uneasily in the final months of 1993) was of its failure to control public expenditure and the budget deficit. It is too soon to say whether the partial reforms of 1992-3 have succeeded or failed. At present, with output still falling and widespread reports that privatisation has merely transferred ownership of enterprises to new irresponsible and non-accountable managers it is difficult to be optimistic.

C. Progress of privatisation

In the course of joint committee hearings in the Duma on 12 April 1994 the minister responsible for privatisation, Anatoly Chubais, told deputies that voucher privatisation had created a new 40-million strong community of share-holders, a market in shares and around 650 investment funds (*Izvestiya*, 14 April 1994). The first phase of voucher privatisation, during which members of the public have been allocated free vouchers and have been able to exchange them for shares in privatised enterprises, is due to end on 1 July 1994. Until now private interests have not been able to buy shares directly, but they have been able to buy them indirectly from the public. After 1 July the next phase of privatisation will involve the flotation of enterprises with shares exchanged for money, rather than vouchers. This may prove difficult since it is estimated that only 5-7% of the population have any spare cash to invest and foreign interest is limited by fears of political instability and uncertain economic prospects. There are also unresolved questions about what should happen to the proceeds from sales of shares (*Izvestiya*, 4 May 1994, p.4).

There have been many sceptical reports in the Russian and foreign press, suggesting that in some instances the effective ownership and control of enterprises has already passed via the

secondary market in shares to corrupt members of the *nomenklatura* (often the same people who enjoyed power and wealth under the old system as officials of the communist party or security apparatus), sometimes in conjunction with criminal mafia-style organisations.

It is difficult to assess the general significance of the more lurid stories, but there is much evidence that the enterprises now emerging tentatively from state ownership face daunting problems in adapting their management and labour forces to new circumstances, particularly when many of them are in urgent need of new equipment. The authors of a series of case studies of enterprises privatised in 1991-92 came to the following conclusion:

... enormous barriers confront any attempt to transform the internal production and management relations of the Soviet enterprise. A superficial reform of management structures and managerial ideology is relatively easy to achieve, but any attempt to transform working and production practices unleashes potentially serious conflicts within the labour force, within the structure of management, and between managers and workers. Only the most prosperous of enterprises is in a position to face the challenge of transforming these practices and relationships in order to develop a modern productive base, but even here opposition soon leads to the abandonment of reform. The general pattern is for management to seek other means of securing the future of the enterprise as a social and/or an economic unit: looking for state support, consolidating a monopoly position, leasing or selling off assets, engaging in parallel commercial and financial activities, or looking for outside finance.

(S. Clarke, P. Fairbrother, V. Borisov & P. Bizyukov, "The privatisation of industrial enterprises in Russia: four case-studies", *Europe-Asia Studies*, Volume 46, Number 2, 1994, 211)

D. The IMF

One of the key international players in the reform of the Russian economy has been the IMF which, from the political and diplomatic point of view, is somewhat better placed to insist on the conditionality of its assistance than individual governments. Because of this, other potential sources of finance tend to wait for IMF approval. At the same time, the IMF has to devise realistic conditions for loans and avoid moves which appear to interfere with Russian sovereignty. The IMF is sometimes criticised for acting too cautiously in respect of Russia and sometimes for being too trusting of undertakings given by the Russian government.

In February 1994 the IMF Managing Director Michel Camdessus responded to the criticism by Professor Jeffrey Sachs that the IMF had been politically insensitive in handling Russia.

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He denied that the IMF has been too harsh in its conditionality, but there had been difficulties over obtaining information from the Russian authorities, eg on balance of payments figures. He felt that the IMF has been made a scapegoat.

Russia only joined the IMF in June 1992. A first credit tranche was agreed in July 1992 and disbursed in August 1992; a systemic transformation facility (STF) was adopted in April 1993, immediately after Yeltsin won the referendum. According to Camdessus, further cooperation in 1993 foundered on the resistance of the Supreme Soviet to IMF plans for a social security net, because this implied the acceptance of mass redundancy (*IMF Survey*, 7 February 94). Camdessus found the attitude of the new government generally encouraging and outlined what he saw as the way forward:

"I think if we had to put in a nutshell what I now view as the key requirements for success, I would say strong anti-inflationary policies. Second, a consistent pace of structural reform. We are happy to see that several major reforms have been taken already in Russia. Third, appropriate resources for the social safety net, which implies a shift of resources from the unproductive effort to keep alive inefficient enterprises to the support for unemployment, retraining schemes and so on. Fourth, national consensus. If we have learned something about the failure of the reform effort so far in Russia, we see the fact that basic minimal consensus was never achieved within the Government from time to time and between the Government and the Parliament. Then, fifth, appropriate international support. We believe that, if policies are there, the appropriate financial support will be too.

(*ibid*)

Further talks in March/April led to a new agreement with the IMF for a second tranche of STF loan worth \$1.5bn to be used for general financing and international debt payments. This was associated with the publication of a state budget for 1994 which limited the deficit to 62.4 trillion roubles and projected a monthly rate of inflation down to 7% by the end of 1994. The Russian government also pledged not to write off the debts of state enterprises (*RFE/RL News Briefs*, 12 April 1994), but all of these undertakings were subject to the acceptance of the budget by the State Duma. In fact, before the budget received the endorsement "in principle" of the Duma on 25 April, the deficit was revised upwards to 68.8 trillion roubles because of extra expenditure allocated to agriculture and social security (*RFE/RL Newsbriefs*, 26 April 1994). In May there were reports that an increase in the allocation to defence would raise the planned deficit still further. Camdessus accepted that an important element of risk was involved, but claimed, "we were running the risk of irrelevancy if we had waited for the moment when the situation in Russia became risk free". If the programme for 1994 is fulfilled then the IMF will consider a larger stand-by loan arrangement for Russia in late 1994 or 1995.

The new IMF facility was not universally welcomed inside Russia. The former finance minister Boris Fedorov felt that there had been nothing in terms of economic reform or policy in the first quarter of 1994 (ie since he left office) to justify the loan and that the IMF had been called upon to give respectability to the abandonment of western-style economic policies (*Financial Times*, 28 March 1994).

The loans so far agreed by the IMF represent only a small fraction of Russia's current need for external finance, which the IMF unofficially estimate at \$34bn in 1994 (*Financial Times*, 25 April 1994). Much of this sum consists of debt repayments falling due this year which the Russian government will seek to reschedule.

The IMF Managing Director Michel Camdessus said at a press conference on 1 February 1994:

On external financial assistance, we believe that such assistance can play an important role in improving living standards in Russia, especially if it speeds up reform and stabilisation. The IMF can play a key role to this end; but only, of course, in accordance with its Articles of Agreement - I mean that we can only extend financing conditional on appropriate economic policies. When, for other reasons, there is a desire to provide assistance unconditionally, this should come from other sources, essentially bilateral. For us here, the amount of assistance will depend on progress with economic reforms. (*IMF Survey*, 7 February 94, p.42)

III The New Constitution

A. The new constitution adopted

The new constitution was submitted to a referendum on the same day as the parliamentary elections. President Yeltsin had decreed that the constitution would be validated by the referendum if more than 50% of the votes cast were in favour. In the event, the Central Electoral Commission announced that 54.8% of the electorate had voted and of those 58.4% had approved the constitution (*Izvestiya*, 22 December 1993, p.1). Although this was a less than resounding endorsement following the long wrangling between the president and the previous parliament, it was accepted by all of the principal political parties which are now working under the new constitution. Subsequent reports have indicated that the turnout figure was exaggerated and that only 46% voted, but since most of those who opposed the constitution in December now seem to have dropped their opposition, the practical consequences may be slight. However, in the event of a further upheaval these discrepancies could possibly be used to justify the annulment of the constitution.

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The new constitution replaces that of 1978 which had been heavily amended in the interim. In introducing the draft, President Yeltsin emphasised that the old constitution had led to damaging conflict between the executive, legislative and judicial branches. At the press conference he said, "We need order, but not the horrible repressive order of the Stalinist camps" (*BBC Summary of World Broadcasts*, SU/1843 C/1-2, which is followed by the full text of the draft constitution).

B. General principles

The new draft refers to the separation of powers, but is also clearly designed to minimise constitutional wrangling, chiefly by strengthening the powers of the presidency. Should the parliament repeatedly reject the President's choice of Prime Minister or repeatedly express no confidence in the government then the President is empowered to resolve the conflict by dissolving the parliament and calling new elections. The President's inability to do this under the previous constitution was a source of continual frustration to him and led to his decision in September to suspend the legislature by frankly unconstitutional means.

There is no provision for a vice-president, but in the event of the president being unable to perform his duties, they are temporarily exercised by the chairman of the government, ie the prime minister (article 92).

The new constitution also seeks to clarify other areas which have been causing problems since the Russian Federation became an independent state at the end of 1991. It contains no right of secession for constituent parts of the Federation and ensures that any future changes to borders are for the Federal institutions and not the components to decide (Articles 5 and 71). One constituent republic, Chechnya in the North Caucasus, has already declared unilateral independence and did not carry out the election, but the new constitution gives no encouragement to this and may eventually lead to the reimposition of Russian control. Other components of the federation which have asserted varying degrees of sovereignty and autonomy (eg Tatarstan) are also placed firmly within limits.

C. Presidential powers

The new constitution establishes more clearly than its predecessor that executive power lies with the presidency and government and that the role of the parliament is to create the framework of laws. Thus, under article 80, the president "determines the basic guidelines of the state's domestic and foreign policy", but does so within a legal framework which is governed by the constitution and by federal laws, which are those adopted by the legislature.

Under the same article the president "represents the Russian Federation within the country and in international relations".

Under article 83 the president also "forms and heads the Security Council of the RF, whose status is defined by federal law", "approves the military doctrine of the RF", "appoints and removes the high command of the Armed Forces" and "appoints and recalls" diplomats "following consultations with the relevant committees or commissions of the chambers of the Federal Assembly". The Security Council was created by Yeltsin in early 1992 and in many ways imitated the old Defence Council which had acquired considerable institutional significance under Leonid Brezhnev. Appointments to the body are by the president and the co-ordinating role which was once the function of a powerful Politburo secretary has been given to a senior presidential appointee, the Secretary of the Security Council. Like the old Politburo the Security Council has both voting and non-voting (candidate) members. In April 1994 it had ten voting members. Judging by his practice since 1992, President Yeltsin is likely to retain a considerable corps of presidential advisors who will provide him with advice independently of the foreign and defence ministries.

Article 86 states that the president "exercises leadership of the foreign policy of the RF", a formulation which suggests a greater active involvement than in domestic policy, for which the president merely "determines the basic guidelines". Article 86 goes on to set out some presidential powers which are mainly ceremonial (accepting credentials of foreign diplomats, signing treaties and instruments of ratification), except that in respect of treaties the president also conducts the negotiations. These provisions seem to be directed at the division of responsibility, not between president and legislature, but between president and prime minister, and in that respect recall the French constitution which also gives the president pre-eminence in matters of foreign policy. Under article 114 the RF Government merely "implements measures to ensure the defence of the country, state security and the realization of the foreign policy of the RF".

D. States of emergency

The president is also supreme commander-in-chief of the armed forces and may introduce martial law in response to acts or direct threats of aggression against the RF without the authority of the Federal Assembly, though the latter must be notified (article 87). Similarly he may declare a state of emergency (article 88). The details of martial law and the state of emergency regime can be changed only by means of a federal constitutional law under article 108, ie a law adopted by at least three-quarters majority in the Federation Council and two-thirds majority in the State Duma. Consequently the new parliament would have great difficulty in diluting the president's existing emergency powers. The State Duma may not be dissolved during martial law or a state of emergency (article 109.5).

E. Constitutional Court

Under the previous constitutional order the constitutional court was supposed to play an important role, but in practice became bogged down in unsuccessful attempts to mediate between the presidency and the Supreme Soviet. The chairman, Valery Zorkin, became a controversial political figure in his own right and was eventually forced to resign by President Yeltsin, giving way to Nikolai Vitruk as acting chairman. Following the October events President Yeltsin insisted on the suspension of the Court's activities pending the adoption of the new constitution.

While the role of the Court is redefined in the new constitution it cannot resume work until the new parliament (both houses) has approved a law on the Court and the Federation Council has approved the appointment of six new judges (*SWB*, SU/1964 B/1). As a constitutional measure the new law on the Court needs a two-thirds majority in the Duma, which it failed to achieve at first because of opposition from the communists and Zhirinovsky's Liberal Democratic Party. A revised version was adopted on 11 May and now goes to the Federation Council (upper chamber).

IV The New Parliament

A. The old parliament

The Supreme Soviet of the Russian Federation, now forcibly dissolved, was one of those elected in the spring of 1990 at which time the Communist Party, KGB and Soviet economic apparatus still exercised considerable influence. Only a minority of the deputies elected were convinced reformers. Boris Yeltsin, himself a former member of the party-industrial bureaucracy, but a thorn in the flesh of the Gorbachev politburo, was elected to the chairmanship of the new parliament by a very narrow majority. Although the Russian parliament supported him in 1991 and helped him to establish the presidency, it never contained a majority for his sweeping reforms and by the beginning of 1993 it had become a focus of opposition to the whole tenor of the Yeltsin presidency.

B. Structure of the new parliament

The new parliament consists of two chambers which together constitute the Federal Assembly. The lower chamber - the "State Duma" - has 450 seats and the upper chamber - the "Federation Council" has 178, made up of 2 for each of the 89 components of the federation ("republics" and provinces). Since no candidate was elected in Chechnya or in the five electoral districts of Tatarstan on 12 December there are currently 6 vacant seats in the

State Duma.

Whereas in future both chambers of the parliament will have a four-year term, it was laid down as a transitional measure appended to the draft constitution that, unless a dissolution is called under articles 111 and 117, the Federal Assembly elected on 12 December 1993 will have a life of only two years.

Speaker Rybkin proposed immediately after his visit to the US Congress that almost all of the work of the Duma should be done in committees acting as mini-parliaments, with plenary sessions only once a week for voting without debate. Unlike the Duma, the Federation Council consists of part-time legislators, most of whom have other jobs, many of them in the far-flung regions and this has already made it difficult for the chamber to assemble a quorum (*BBC Summary of World Broadcasts*, SU/1969 B/3). In its first few months the Duma has begun to settle into a regular pattern of work in new accommodation, but the early determination to forge an efficient "working" parliament has not entirely succeeded.

C. The electoral system

Half of the 450 seats in the State Duma were to be filled by proportional representation from national lists for which blocs and parties had to register with at least 100,000 signatures from a spread of several different regions (SU/1814 B/4). In order to receive any seats, blocs and parties had to surmount a 5% threshold nationally.

The other half of the seats were to be filled by first-past-the-post elections. Candidates had to collect signatures from 1% of the local electorate, a condition which tended to impede genuine independents. Many of those elected as independents were enterprise managers or local office-holders and many have subsequently declared their allegiance to one or other of the political factions in the Duma. There were around seven nominations on average for each first-past-the-post seat.

D. Deputies elected by proportional representation

Eight of the thirteen registered electoral blocs received more than 5%. The final allocation was as follows:

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Bloc	% popular vote	number of seats
Liberal Democratic Party	22.79	59
Russia's Choice	15.38	40
Communist Party	12.35	32
Women of Russia	8.1	21
Agrarians	7.9	21
Yavlinsky-Boldyrev-Lukin	7.83	20
Party of Russian Unity and Consent	6.76	18
Democratic Party of Russia	5.5	14

(source: *BBC Summary of World Broadcasts, Part 1*, SU/1881 B/10)

There were considerable regional variations, but the LDP, the extreme nationalist party led by Vladimir Zhirinovskiy, topped the poll by a significant margin almost everywhere. The LDP scored many of its best votes to the east of the Urals, in Siberia and the Far East. The LDP was also strong in regions bordering on Ukraine and the Baltic republics.

Russia's Choice, the main pro-reform coalition, polled particularly weakly across the south of Russia and Siberia, sometimes being beaten into fourth position. In Ulyanovsk (Lenin's birthplace) Russia's Choice received only 1.6% of the vote. In these regions the communists and agrarians vied for second position after the LDP.

One of the strongest communist votes was in Ulyanovsk (16.6%). Other communist strongholds were the Kuban (agricultural region in the far south) and Bryansk (18.4%). The Agrarian Party, which has inherited much of the organisation and the personnel of the communist party in rural areas, had a particularly strong vote in the remote Altai region, but enjoyed considerable support throughout the central "black-earth" belt.

Russian residents in the former Soviet republics had the opportunity to vote for the constitution and the party lists at their embassies and consulates. In the three Baltic republics those who voted seem to have rejected the Yeltsin constitution and supported either the LDP or the communists. 48% of Russian residents who voted in Estonia supported the LDP. There was a similar pattern in Central Asia, but Russia's Choice came top among Russian residents in all three Transcaucasian republics (based on information in the *BBC Summary of World Broadcasts, Part 1* for 14 and 15 December 1993)

The blocs which did not succeed in winning more than 5% were the following:

Russian Movement for Democratic Reform
(the liberal reformist party of Sobchak, Popov etc)

Civic Union for Stabilisation, Justice and Progress
(the group representing state industrialists)

Future of Russia - new Names
(a youth party with links to the old Komsomol)

Constructive Ecological Movement ("Cedar")

Dignity and Charity Alliance
(supporting the rights of war veterans and invalids).

E. First Past the Post election

219 members of the State Duma were elected by this method. Of these, 130 were officially unaffiliated to any political party, but this number includes some who subsequently aligned themselves with a party or faction. Of those elected to single-member seats, only 1 in 5 gained more than 50% of the vote and almost half received less than 30%; 17% of those voting struck out the names of all of the candidates offered.

Where candidates did stand for a particular bloc or party, the result was often quite different to that in the party list voting: the discrepancy seems to be explained by voters supporting the best known local candidate, often the local head of administration, perhaps hoping that this would further local interests.

On the whole Russia's Choice fared much better in the first-past-the-post election and the LDP much worse, but an LDP candidate (deputy editor of the newspaper *Zhirinovsky's Truth*) nevertheless won Pskov comfortably with 31% of the vote.

Among the controversial figures individually elected were Aleksandr Nevzorov, the controversial presenter of the "600 seconds" TV programme, representing the Russian National Assembly and the former speaker of the USSR Supreme Soviet, Anatoly Lukyanov, who was elected on the communist platform in Smolensk.

F. Composition of the State Duma

Taking party-list and single-seat deputies together the composition of the new State Duma is as follows:

Liberal Democratic Party	64	}	
Russia's Choice	63	}	the "big four"
Communist Party	48	}	
Agrarians	33	}	
Yavlinsky-Boldyrev-Lukin	26		
Women of Russia	23		
Party of Russian Unity and Consent	19		
Democratic Party of Russia	15		
Russian Movement for Democratic Reform	4		
Minor Parties	19		
"Independents"	130		

The Russia's Choice faction numbered 78 once sympathetic "independents" had registered as members (*Moscow News*, 1-7 April).

On 14 January the State Duma elected Ivan Rybkin to be its Chairman or Speaker. Rybkin belonged to the Communists of Russia faction in the previous parliament and opposed Yeltsin's radical economic reforms, but did not support the October armed rebellion. There are five deputy chairmen (one currently vacant).

G. The Federation Council

The overwhelming majority of members of the Federation Council were elected as candidates without party affiliation. Only 26 had declared party affiliations as follows:

Communist Party	11
Russia's Choice	8

- plus one each for the Agrarians, Union for Renewal, Russian Party of Unity and Accord, Constitutional Democrats, Labour Party, Russian Movement for Democratic Reforms, Socialist Party of Workers, Peasants Party, and Collective Creativity.

Of the other 143 members elected on 12 December, 121 held elite positions in the locality where they were elected, many of them being either the head of government, the chairman of the local council, the presidential representative or the chief executive of a large local enterprise. Of the remaining independents, 4 were officials or ministers of the central government (including the deputy prime minister Vladimir Shumeiko who was elected chairman of the Federation Council on 13 December) and only 18 were professionally independent or else held lower level public posts, for example as doctors or teachers.

At least two had served before 1991 as the Communist Party secretary for their region (at that time wielding huge influence over all aspects of local life). These were Aleksey Ponomarev of Belgorod and Yegor Stroev of Orel. Vasily Starodubtsov, who participated in the 1991 coup attempt and is still awaiting trial for his part in the failed hardliners' coup of 1991 was elected at Tula.

However, the dominant influence in the Federation Council is likely to be that of the regions. Most of the regional office-holders who form the majority were either appointed originally by President Yeltsin or else have come to prominence as strong-minded pragmatic reformers with local roots. Many were senior factory managers in the communist period. Most are likely to lobby hard for local interests, including a degree of local fiscal autonomy and control over resources and this may bring them into conflict with the central government.

As with the State Duma, many of those elected to the Council of the Federation as independents have subsequently gravitated towards one or other of the political factions. Research by the Panorama information group published in *Russkaya Mysl* for 6-12 January 1994 suggested that the largest number, around 40, were sympathisers or members of Russia's Choice, but that there were also significant numbers of moderate reformers associated with Viktor Chernomyrdin or the Civic Union.

H. The Zhirinovsky factor

Vladimir Zhirinovsky's so-called Liberal Democratic Party won just under 23% of the popular vote by party list on a low turnout, amounting to around 15 million votes compared to the 6 million which Zhirinovsky secured as an unsuccessful presidential candidate in 1991. This apparent growth in support, together with the fact that the LDP came top of the list, caused consternation in Russia and abroad.

The success of Zhirinovsky can be explained in several ways. The most obvious explanation is that many Russians wanted to register a protest vote against President Yeltsin and the fallout from economic reform and dislocation. According to *Moskovsky komsomolets*: "It is

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doubtful that people who voted for Zhirinovskiy understood that his programme, with its promise of making the life of every Russian "dignified and prosperous", in fact means a war with Russia's neighbours, mass terror in the country, and a return to the distributive economic system" (18/12/93).

Unlike their counterparts in Poland in the election of September 1993 many Russian voters preferred to protest either by not voting at all or by voting for an extreme alternative to market reform, rather than a moderate "reformed communist" or agrarian alternative. Significant numbers did vote for relatively moderate communists and agrarians, but the LDP monopolised the nationalist end of the political spectrum, partly because the more moderate nationalist camp was in disarray and its leaders (principally Rutskoii and Khasbulatov) were still in prison following the events of October 1993.

Because of the dual electoral system, the LDP holds only 64 out of 450 seats in the State Duma and none in the Federation Council, enough to make its voice heard, but not to dominate the proceedings. The LDP eventually combined with other factions to secure the election of Ivan Rybkin as Speaker and to vote through the amnesty for the October rebels, but there are indications that the communist, agrarian and assorted centrist and nationalist elements in the Duma can assemble a majority on some issues without relying on the LDP for support and will make every effort to contain and marginalise Zhirinovskiy. Zhirinovskiy hoped to be elected to one of the five deputy chairmanships of the Duma, but has so far failed in this attempt (one deputy chairmanship remains vacant).

I. Powers to legislate

The Duma was intended to be primarily a legislative body and there was much talk before it met about the need to concentrate on the nuts and bolts of new laws. In the event the new parliament reached the end of April without having passed a single law (*Izvestiya*, 26 April 1994, p.2) and as of mid-May had only completed consideration of a handful of constitutional laws (eg on the status of deputies, but even this was held up by presidential amendments). There were many reasons for this slow start: the Duma had to organise its own methods of work and committee structure; its deputies were generally more interested in debating matters of high political interest - the amnesty, the budget, NATO, Bosnia etc; and the government was slow to produce bills for consideration. President Yeltsin issued a list of proposed bills for 1994 in March - including legislation on the civil and criminal codes, land, banking, regional and local administration and numerous other matters.

Since the present Duma has only 18 more months to run and there is bound to be some necessary, but contentious legislation on constitutional matters, including a new electoral law, to be completed in that time, as well as time-consuming debates on the budget, there is some

doubt as to whether it will in fact settle into a routine of passing legislation on other matters, despite the urgent need to revise and re-codify the laws on a wide variety of subjects.

J. Powers - Economic policy

The Duma does have power over the state budget and decided to subject the government's proposed budget to intense scrutiny for a period of 45 days beginning on 19 March (*Moscow News*, 1-7 April). During this period a number of extra allocations were added to the budget and the project deficit grew from 52,000bn to 70,000bn roubles, but proposals to increase defence expenditure, which would have raised the deficit still further were rejected when the Duma finally approved the draft budget on 11 May (see p.28). The budget proposals raised many awkward questions about the funding of state organisations, including the presidency itself, and also the continuation of state subsidies for enterprises and social security programmes.

The deputy economics minister Yakov Urinson had told the Duma on 5 April that the government was treading a very narrow corridor between a "lobbyists' budget" which would be disastrous for inflation and eventually for output and an austerity budget which would threaten social explosion. According to the *Izvestiya* correspondent this was understood by most deputies who therefore concentrated their arguments on how a tight budget should be allocated, rather than on increasing it.

The final version of the 1994 state budget was approved by most factions in the Duma, but criticised by reformists such as Gaidar, Yavlinsky and Fedorov. Zhirinovskiy and his LDP deputies spoke against the budget, but voted in favour of it rather than vote with the reformist critics (*SWB*, SU/1998 B/4).

K. Parliamentary powers over foreign policy

The jurisdiction of the Federation Council includes "deciding the question of the possibility of the utilization of RF armed forces outside the borders of the territory of the RF" and also "confirming a decree of the president of the RF on the introduction of martial law".

Otherwise the foreign policy powers of the Federal Assembly are limited to the general influence which it can exert by voting no confidence in the government or withholding its consent to the appointment of the Prime Minister and to its role in framing legislation.

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The constitution is not very clear about which aspects of foreign and security policy might be the subject of federal legislation, but if attempts were made to adopt laws which limited the executive powers and presidential "leadership" of foreign policy, the president might well argue that these were potentially unconstitutional. In any case, under article 107(3) the president may reject ("veto") a federal law, in which case his decision can be overturned only by two-thirds majorities in both chambers. Attempts by the lower chamber (the state duma) alone to expand its influence might also fall foul of the upper chamber, which can also block legislation unless the lower chamber can muster a two-thirds majority.

An example of the Duma testing the limits of its foreign policy powers came on 13 May 1994 when a bill to end Russian participation in international sanctions against former Yugoslavia was given a first reading. It has still to be considered in committee and given a final (second) reading and would then be subject to a vote in the Federation Council and possible presidential veto. The initiator of the bill, Vladimir Isakov, recognised that it constituted a display of independence on the part of the Duma. The chairman of the Foreign Affairs Committee of the Duma, Vladimir Lukin, opposed it on the grounds that, by lifting the arms embargo on Bosnia, it would actually damage Serbia's interests. A foreign ministry spokesman also pointed out that unilateral action would put Russia in breach of a UN Security Council resolution and hence of the UN Charter (*SWB*, SU/1998 B/11).

Subjects on which the State Duma is specifically entitled to pass legislation, and on which the Federation Council must also pronounce, include "the ratification and denunciation of treaties" and "war and peace".

The first of these is a standard constitutional provision which could occasionally be used to exert pressure on the presidency. The RF has not yet ratified the START II treaty and it is possible that the new Federal Assembly might withhold its approval, but this would not stop the president, through the security council, implementing and observing the treaty in due course. The new constitution does not particularly encourage members of the Federal Assembly to debate non-legislative foreign affairs matters or to engage in "parliamentary diplomacy", but it is unlikely that the new parliament will entirely forego initiatives in this area.

V Foreign Policy

A. General direction

Foreign Policy was one of the major bones of contention between President Yeltsin and the old Supreme Soviet because at the time of the dissolution of the Soviet Union in 1991-2 the President had initiated a new policy for the Russian Federation which stressed the need for

close cooperation with the United States and Western Europe, further disarmament and arms control agreements and for treating the other republics of the former Union as sovereign equals. The leading lights of the Supreme Soviet wanted a much greater emphasis on Russia's interests as a great power and on its continuing responsibilities towards the 25m Russians living beyond its borders. They were also much more suspicious of the good intentions of the USA and other NATO members towards Russia.

In the event, official policy has moved steadily in the direction urged by Yeltsin's critics, partly because of pressure from the Supreme Soviet and, more recently the State Duma which has replaced it, partly because of the increased influence of the armed forces over the president and partly because a greater degree of continuity with past Russian foreign policy preoccupations is being discovered at all levels, within the presidency, security council and foreign ministry, as well as the armed forces and parliament.

The process has not gone as far as many of the critics would like, and is unlikely to do so as long as Boris Yeltsin is president and retains Andrei Kozyrev as foreign minister. There is still great anxiety to cooperate with other permanent members of the Security Council and to avoid any return to cold war with the USA and NATO. This anxiety is driven by knowledge that the Russian Federation is in no condition to return to military competition with the USA, that it has a strong economic interest in integrating with the world economy in order to receive loans and investment and that Russia needs international sympathy for (and UN toleration of) its efforts to strengthen its southern borders against anti-Russian nationalist and Islamic insurgencies. These factors are likely to prevent the more extreme nationalist positions from becoming official policy, at least for the present, but already it is possible to detect a greater measure of stability and consensus concerning Russia's external interests than currently exists in any area of domestic policy. Foreign Minister Kozyrev recently commented that "a firm and sometimes aggressive policy of defending one's national interests is not incompatible with partnership [with the West]" (*RFE/RL Newsbriefs*, 3 May 1994).

The consensus would be broken if the new assertiveness of Russian foreign policy were to be translated into one of assuming heavy "peace-keeping" or economic assistance burdens in the former Soviet republics of the "near abroad" because there is a widespread perception that Russian resources were fatally overstretched by the economic and military support given to client regimes in the Soviet period. Moreover, the loss of young Russian conscript soldiers in Afghanistan produced a popular resistance to the idea of foreign military adventures akin to that experienced by the United States after the Vietnam War.

The new assertiveness has been evident in the negotiations with the Baltic republics over the withdrawal of Russian forces, with Ukraine over nuclear weapons and the Black Sea Fleet, in dealings with Georgia and the Central Asian Republics, and in respect of former Yugoslavia. Russian policy in the Balkans is outlined in Research Paper 94/62.

Russia is seeking full membership of the Council of Europe and hopes to be admitted early in 1995. There has been some anxiety in the Council of Europe about Russian policy towards the Baltic republics and also about the trend of internal Russian politics.

A partnership and cooperation agreement between Russia and the European Union is under discussion. The main points of the agreement would be progress towards the eventual goal of a free trade area, technical assistance funded by the EU and regular political dialogue (HC Debates 19 April 1994, c446W).

VI Defence

A. The new military doctrine

The new military doctrine of the Russian Federation was adopted in November 1993 and has not been fully published, but key elements were unveiled at a press conference and further details have been published in the Russian press (eg *Izvestiya* on 18 November 1993). The document is explicitly transitional and fills the vacuum left by the disappearance of the former Soviet armed forces and their Soviet-era doctrine. As the *Izvestiya* commentator on military matters Stanislas Kondrashov commented on 24 November, the new document should be seen as redressing the balance in favour of giving a dignified and worthy role to a much reduced and humiliated army. The new doctrine does not, at least in its published extracts, give clear answers to the vexed questions about the role of Russian armed force in conflicts beyond the borders of the RF.

The most publicised aspect of the new doctrine, the rejection of the "no first use" doctrine in cases where the RF is threatened by a nuclear state, or a state allied with a nuclear state, is not in itself any indication of future belligerence. It brings RF doctrine more or less in line with that of the United States and NATO and replaces a stance which was almost certainly more propagandistic than anything else. Christoph Bluth comments:

The new doctrine is more in line with the notion of a deterrent as a last resort in the kinds of conflicts Russia is preparing for now. It could also be interpreted as a warning to Turkey against any involvement in the conflict between Armenia and Azerbaijan, or to Ukraine as it is considering the fate of nuclear weapons on its territory.

(*The World Today*, April 1994, 76)

B. Re-organisation

The Russian armed forces have been adapting simultaneously to a series of changes in their organisation, deployment and threat assessment. The substitution of Russian for Soviet structures at the top was relatively easy. More difficult has been the relocation of forces from Eastern Europe and the former Soviet republics. This has given rise to great logistical problems and difficulty in accommodating units within the new Russian frontiers. The third element has been the change in the strategic environment. Christoph Bluth describes this in the April 1994 issue of *The World Today* in the following terms:

...there is widespread acceptance among the military leadership and the political elite that there is no threat to Russia from the United States and that the principal military threats are coming from the southern periphery of the Russian Federation and third-world countries that are acquiring weapons of mass destruction and ballistic missiles. In line with a general restructuring of the Russian armed forces to rapid reaction and crisis-intervention roles, there is a fundamental change in the thinking about the role of nuclear weapons to meet the new range of threats. The utility of nuclear weapons in this environment is perceived to have declined fundamentally. Russian military research and development efforts are now almost exclusively focused on high-technology conventional weapons and no new strategic nuclear system is in development.

C. Defence expenditure, equipment etc

The State Duma devoted considerable attention to the allocation to defence in the 1994 state budget. At hearings on 19 April it was told by one witness that the current level of defence funding was so low in real terms that Russia would be without operational nuclear weapons by the end of the century (*RFE/RL Newsbriefs*, 20 April 1994). Another official told the newspaper *Komsomolskays pravda* on 27 April that the sum of 37,100bn roubles allocated to defence in 1994 would involve the redundancy of 3m workers in the sector (*ibid*, 28 April 1994).

By contrast with much of the post-war period the military-industrial sector now seems to be rather poorly represented in the struggle for budget allocations within the government and parliament. There has been considerable comment on the way in which the various production lobbies now dominate both institutions (eg Irina Savvateeva in *Izvestiya*, 14 April 1994). The energy and agrarian sectors currently seem to have the greatest muscle, the former because it (almost uniquely among the various branches of the Russian economy) earns foreign currency and the latter because it still employs a great many voters and can cost a great deal in foreign currency when harvests fail. By comparison the size of the defence industrial sector is seen as being one of the causes of the prolonged Russian economic crisis.

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In early May there was a determined effort in the State Duma to increase the allocation to defence from 37,000bn roubles to 55,000bn. This was approved by the Defence Committee of the Duma and apparently received the endorsement of President Yeltsin following representations by the Defence Minister, but was defeated when it returned to the full Duma on 11 May (*Izvestiya*, 12 May, p.2, *SWB*, SU/1995 S1/1 and SU/1996 C/1). According to the daily newspaper *Kommersant* on 14 May this was a crushing defeat for Defence Minister Grachev which left his ministry in a state of shock. It was blamed on a failure to lobby the Duma in advance and realise the extent to which it now operates independently of the president and government.

D. Political role and morale of the armed forces

During the tumultuous events of October 1993 there was some hesitation before the defence minister and armed forces consented to use force against the parliamentary rebels, but in the end their willingness to carry out the orders of the elected president had a decisive effect on the outcome.

In the following months it appeared that defence minister Grachev, and the military lobby in general, had acquired greater influence with President Yeltsin as a result. The new military doctrine may have reflected this (see above), but the most immediate impact was on two related areas of external policy: a distinct hardening of the Russian line against allowing NATO to admit former members of the Warsaw Pact such as Poland, Hungary and the Czech Republic and a similarly heightened resistance to the use of NATO military power against the Serbs in Bosnia. Parallel developments included the adoption of a more aggressive tone in negotiations over the withdrawal of military forces from the Baltic and a new push to gain international recognition for deployments of Russian forces along the southern border of the CIS, particularly in Georgia and Tajikistan. All of these measures seemed designed to lessen the humiliation and disruption suffered by the Russian armed forces on the dissolution of the Soviet Union and the Warsaw Pact and to emphasise that the Russian Federation is still a "great power" wielding military influence beyond its immediate state borders.

In the Soviet period there was a firmly-established tradition of military non-involvement in high-level politics. The Defence Minister was almost invariably a career officer and the defence lobby was well represented in the higher echelons of government and the communist party, but the occasional attempts of senior soldiers, like Zhukov in the late 1950s, to establish a wider political role were slapped down as "bonapartist" tendencies. The prevailing orthodoxy was one of military professionalism which strictly excluded political activity and regarded the obligatory training in basic Marxism-Leninism as far less significant than the more accessible ideology of patriotism.

The final years of the Gorbachev era saw some erosion of these traditions as younger officers were drawn into the turbulent political scene and issues of military morale and living conditions were regularly debated in the Supreme Soviet and its committees. There also emerged at this time an extreme nationalist tendency, consisting mainly of junior officers who could not come to terms with the dissolution of the Union and were prepared to join forces with Russian nationalist and neo-stalinist civilian politicians. Some of these officers were involved in the "parliamentary" rebellion of October 1993, though the great majority of units obeyed the orders of the defence minister when he finally sided with the president.

This is not to say that the majority accepted the outcome of those events with equanimity. As Brian D Taylor concludes, many regarded this episode as a professional tragedy ("Russian Civil-Military Relations after the October Uprising", *Survival*, Spring 1994, p.20). The spectacle of Russian soldiers firing on fellow citizens and being involved in what could have been the beginnings of civil war, went against all the instincts and traditions of the Russian military. Moreover, many were inclined to view the conflict and the general state of Russia as the result of some international conspiracy. Paul-Marie de la Gorce writes:

"There also exists among the public a justified suspicion that the principal western powers really willed this dislocation to happen in order to destroy their rival once and for all. It is not only the majority of ordinary Russians who regard themselves as the prime victims, or the former communists who see in this, after all, a justification for the regime to which they were so attached; this is clearly the conviction of the entire military corpus which has witnessed the gradual disintegration of the power which it once possessed and its own humiliation in society and the state"

(*Le Monde Diplomatique*, Feb 94, pp.4-5)

It does not necessarily follow that the military will now be galvanised into political action. As Taylor remarks, "this does not mean that the military will pressure the government, let alone send in tanks, if its demands are not met. The Russian armed forces would rather do almost anything, including pick potatoes, than try to rule their turbulent country" (ibid). The refusal of the State Duma to allocate extra funds to defence in May 1994 will not have endeared it to the military, but it is unlikely that any freely elected parliament or president would be as favourable to the special interests of the military sector as was the old unelected Soviet politburo. In the long term the Russian defence establishment may be forced either to accept a much narrower resource base or else to learn from the public relations and lobbying prowess of its US counterpart.

As to poor morale and indiscipline, there was evidence of this long before the collapse of the Soviet Union. Conscription, combined with endemic bullying, poor living conditions, a dismal record of suicides and accidental deaths and a long war of attrition in Afghanistan,

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were the main causes. To these can now be added the exchange of a relatively comfortable life, at least for the professional officer element, in Germany or Poland, for overcrowded accommodation and much more difficult physical conditions for men and their families returned to Russia; the loss of career opportunities (because of the reduction in the overall size of the army); shortages of equipment and fuel; and the general sense of political and cultural disorientation.

E. NATO-PFP

Since the inauguration of the NATO Partnership for Peace programme in January 1994 there has been uncertainty about whether, when and on what terms Russia might agree to take part. Contradictory statements were made by ministers and the matter was complicated by disagreements with NATO over policy in former Yugoslavia.

On one hand there is a school of thought that says that Russia will be humiliated by being forced to base its relations with NATO on the same basis of individual partnership as all the other new NATO "partners" (which now include most of Russia's western neighbours and Georgia to the south) when a new overarching European security arrangement recognising Russia's great power status and interests would have been preferable. On the other hand it is argued that Russia needs a partnership with NATO if it is not to be excluded from decision-making in sensitive areas and that if Russia refuses to take part the result will be that NATO and other partners will be transformed into an anti-Russian alliance. The more positive version of this argument is that partnership with NATO would give Russia "an energetic and bold role... in European affairs" (Vitaly Churkin, quoted in *RFE/RL News Briefs*, 28 March 1994).

Arguments such as these have pulled opinion in the State Duma in both directions. In April the Duma was told by General Tymko of the Border Troops that partnership with NATO would strengthen Estonia's territorial claims against Russia, stimulate the activity of Baltic extremist and intelligence organisations against Russia and cut across the collective security agreements of the CIS. Another official warned that NATO would try to exclude Russian firms from lucrative export orders to modernise Eastern European military equipment (*Izvestiya*, 16 April 1994).

Despite these misgivings, the general view in the Duma appeared to be that some kind of special relationship between Russia and NATO should be negotiated, but that the details should be subject to parliamentary ratification.

On 7 May Defence Minister Grachev announced:

A decision has been made to elaborate our own alternative for partnership. Its name cannot contain the words "for Peace" because there cannot be any partnership for war. The Russian programme will be examined by the Security Council and will then be endorsed by the Russian Federation president.. The Russian minister will present our programme on 24th May, when all NATO countries' defence ministers will assemble in Brussels.

(SU/1993 S1/2)

F. Russian troops abroad

The number of Russian soldiers based in the former GDR is now around 30,000 and all are due to go by 31 August 1994 (*Atlantic News*, 16 March 1994). All Russian troops have now left Poland, Lithuania, Hungary, the Czech Republic and Slovakia. Russian forces in Latvia number 6,000-13,000 (conflicting Latvian and Russian sources quoted in *Baltic Independent*, 12 December 1993) and an agreement on their final removal was reached in April 1994. There are still approximately 2,500 Russian servicemen in Estonia and as yet no agreed date for their removal (*Baltic Independent*, 13/5/94).

There is a major concentration of Russian military force in Kaliningrad (once Konigsberg) which is an outlying region of the Russian Federation sandwiched between Polish and Lithuanian territory.

There are also Russian forces in several former Soviet republics where their presence is now regulated by bilateral defence agreements. These include Moldova (3,300); Georgia and Armenia (approx 5,000 each) and Tajikistan (8,500).

G. Russian nuclear weapons

There are no longer any Russian tactical nuclear weapons anywhere outside the Russian Federation and Russian strategic weapons are now being removed from all three former Soviet republics where they had been based:

Ukraine had 176 SS-19 and SS-24 missiles with a total of 1,300 warheads, and 30-40 strategic bombers with around 400 warheads. Russia and Ukraine have agreed a programme of phased withdrawal of all of these warheads to Russia. 60 were transferred in March and a total of 200 are due to have gone by May 1994. In addition some of the remaining SS-24s have already been "deactivated".

Belarus had 80 SS-25s and Kazakhstan had 104 SS-18s and some 40 bombers. Both states are fully committed to denuclearisation. Withdrawals began in 1993 and are due to be complete by 1999 at the latest. Recent figures suggest 27 missiles have gone so far from Belarus and 10 from Kazakhstan. Belarus has said that it hopes to complete the process by 1996, but statements from Kazakhstan have tended to stress the technical difficulties.

The total number of operational strategic Russian warheads is between 9,000 and 10,000, reducing to a limit of 6,000 under START I and eventually to 3,500 under START II, but the distribution within the Russian Federation is not known. The total number of operational tactical warheads is around 5,000.

(the sources for this information are *The Military Balance 1993-1994*, the *SIPRI Yearbook 1993*, *Bulletin of Atomic Scientists* and *The Arms Control Reporter*)

VII Conclusions

After several years of acute instability and rapid change in Russia it is still difficult to predict the future course of events. In some areas of public life there is now the potential for greater stability - for example the new constitution and electoral system seem to have earned general acceptance, despite the great difficulties which were experienced in the course of imposing them, the process of privatisation is well under way, and the disputes with the Soviet successor states about nuclear weapon possession have been more or less resolved.

On other issues, including some very significant ones, matters are less settled. The timing of the next presidential election, for example, is still subject to some uncertainty. President Yeltsin's mandate to remain in office until 1996 is not universally accepted, and even if it were, the doubts about his state of health leave open the possibility of an earlier contest. The next contest is likely to be divisive whenever it occurs.

Economic performance continues to be generally poor, as the income gap widens and large numbers of workers are threatened with unemployment. Inflation is down on last year, but will be difficult to control, particularly since high inflation favours enterprises saddled with rouble debt while sparing those with foreign currency savings or income. In the medium term it is very difficult to see how the economic interests of all the major sectors can be reconciled with those of taxpayers, consumers and bankers (including foreign bankers), when so many enterprises are already insolvent on paper, many have actually reduced production drastically and almost all are in urgent need of new investment in equipment. At the same time there is a desperate public need for new or refurbished health and social facilities, for a massive

environmental clean-up, housing and education.

The general unravelling of social and economic life could very easily feed back into political instability since the new institutions are still fragile and the rate of public participation in them, judging by election turnouts, is low. It is against this background that Zhirinovsky has sparked a general expectation of further confrontations to come, while his opponents raise the spectre of a new totalitarianism. Some blame Boris Yeltsin and his associates for promoting chauvinistic attitudes (eg towards Caucasians in Moscow), promoting a cult of presidential personality, and using tanks against the old parliament, thereby discrediting the democratic movement. There is also a sense in which the rampant westernisation of culture has provoked a new Russian chauvinism. In its extreme form this leads to the idealisation of old Russia and the rejection of everything associated with the communist period. In these circles anti-semitism is almost taken for granted, the tsars, the white generals of 1917-21, and even the Russians like General Vlasov who fought on the German side in the second world war are idolised. As a French observer has commented, the backlash against communism and the west threatens to combine "the most obscurantist Russian traditions with the most brutal form of capitalism".

Two broad coalitions stand in the way of this trend. One, now on the defensive, is the democratic movement which enjoyed a share of state power under President Yeltsin in 1991-3, but is now reduced to a couple of ministers and a divided set of opposition groupings in the Duma. The other, in the ascendant, represents the pragmatic, managerial survivors of the communist system, often described as the economic *nomenklatura*. There is a strong element of continuity between this group and the old communist party, but it lacks the more fanatical, nationalistic and militaristic elements from the old party who are now intent on a "patriotic" or (in Ruskoi's version) "social patriotic" project in which the recovery of control over lost Russian lands by one means or another is a prime objective. For the pragmatists, whose current leader is the Prime Minister Chernomyrdin, this is a romantic and destructive goal which would only exacerbate the already parlous state of the economy and alienate those foreign countries and international institutions which Russia needs as trading and banking partners.

Any responsible Russian president and government would be bound to concentrate on economic reform and reconstruction for the foreseeable future. Gorbachev's dictum (delivered to the Central Committee in May 1986) that the Soviet Union "is surrounded not by invincible armies but by superior economies" is even more true of the Russian Federation today. However, reform seems likely to exclude or alienate a large part of the population, providing an electoral base for the politically irresponsible.

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Debates

DATE 18-19:10:93
REFERENCE 230 c27-120,c162-251
DESCRIPTION Debate (2 day) on a motion to approve the Statement on the Defence Estimates (Cm 2270). (Includes ref to HC 637 & 69 1992/93).

DATE 19:11:93
REFERENCE 233 c114-81
DESCRIPTION Queens speech debate (second day) on foreign affairs and defence.

DATE 18:03:94
REFERENCE 239 c1230-86
DESCRIPTION Private Members motion on the Council of Europe & the Western European Union.

DATE 21:03:94
REFERENCE 553 c557-78
DESCRIPTION Lords debate on unstarred question on Govts policy towards Russia and its relationship with its former subject and allied states.

DATE 13:04:94
REFERENCE 241 c396-400
DESCRIPTION Adjournment Debate on Russia and Neighbouring States.

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