

# Russian referendum gives Boris Yeltsin one last chance

by Konstantin George

Contrary to publicity myths, the April 25 Russian referendum did nothing to settle any of the problems confronting Russia. The referendum was really nothing more than a glorified public opinion poll. Of the four questions on the ballot, only those concerning early presidential elections and early parliamentary elections could have had a binding effect. But the rule made by the Congress of People's Deputies requiring approval by 50% of all registered voters for these measures to pass, guaranteed their defeat.

Russia's economic crisis, meanwhile, is deepening by the day. Inflation averaged at least 25% per month in January-March, and was running at 20% for April. The most optimistic Russian government projection for May, given by the head of the Government Center for Economic Reform on April 27, foresees a rate of 25-30%, and, after that, a sharp rise by the autumn. Deputy Prime Minister Sergei Shakhrai warned that "the ruble will disappear by the autumn" unless "decisive action" is taken now.

## The numbers game

The publicized results of the referendum are as meaningless as the referendum itself. The tallies announced to the world in the immediate aftermath of the vote, interpreting the outcome as an unqualified victory for President Yeltsin, were lies, vote projections based on "representative samples" of those who voted.

On the morning of April 26, it was announced that on question one, confidence in the President, Yeltsin had scored a 65% yes vote. Twenty-four hours later, as the samples were being replaced with actual vote counts, this had fallen to 58%. The same pattern was repeated regarding question two, support for Yeltsin's economic and social policies. On April 26 this stood at a 58% yes vote, and 24 hours later, 52%. The real yes vote on question two was below 50%, but that fact will not become official, as the "final outcome" will be manipulated to ensure that it stays above 50%. An identical pattern of an initial huge majority based on "exit polls," then a leveling-off, also emerged concerning questions three and four, on early elections for President and Parliament.

The most significant fact concerning the referendum was

that about 40% of Russia's registered voters did not vote at all, a real barometer of the depth of popular rage at the collapse of living standards over the past 18 months. This fact was seized on by Vice President Aleksandr Rutskoy, who has been profiling himself as a future presidential candidate to oppose Yeltsin, when he noted on April 27 that only 32 million of Russia's 105 million registered voters had expressed their confidence in the President.

Rutskoy called for early presidential elections, which sources interpret as putting out a feeler for an agreement between Yeltsin and the Parliament to hold simultaneous early elections for both President and Parliament. Rutskoy's proposals often reflect the deliberations of the two most powerful institutions in Russian society, the Russian Security Council, which plays the guiding role concerning military, security, and foreign policy, and the Civic Union, representing the directors of industry. The Security Council has insisted that simultaneous early elections are the only way to end the absurd, destructive power struggle that is now going on between Yeltsin and the Parliament.

The Rutskoy broadside occurred in an interview with the daily *Komsomolskaya Pravda*. He cited the high voter abstention and high no vote against Yeltsin's economic and social policies, to prove that the one clear message from the referendum was that "the reform course must be changed" in the direction of more state direction for the economy. Rutskoy also said that the methods employed by Yeltsin to procure his "victory" were certain to backfire. For example, before the referendum, Yeltsin promised "everything to everyone," knowing very well that delivery on these promises was impossible. "The population will realize very soon that once again they have been betrayed," Rutskoy said.

Pre-referendum manipulations by Yeltsin were not confined to promises. Votes were not so indirectly, and in some cases quite directly, bought through various measures and tricks. Examples during April included the raising of minimum wages and pensions to 8,000 rubles per month, to bring them, on paper, somewhat near par with the minimum required for existence, at a poor level of diet. Army salaries, especially for officers, were raised yet again, in the third major pay raise this year. Popular rage over the early-April

doubling of the gasoline price from 40 rubles to 80 rubles per liter, was curbed through a decree restoring the 40-ruble price. Gimmicks occurred at the polls themselves. One notorious case was seen in the city of Ryazan on the Volga, where butter was being offered for sale at the polling places, for half the normal price. This provided the margin for securing enough pro-Yeltsin votes to give him a doctored figure of 50% support in Ryazan region.

### **The economic policy debate**

In an article in the daily *Rossiyskaya Gazeta* on April 23, Rutskoy elaborated on the economic crisis, replying to charges that he wanted to return Russia to a command economy as well as to Stalinist political practices.

He stated that Russia did not have to choose between shock therapy and a return to the Soviet command-and-administrative system. Noting that "the country cannot stand continued production decline and unemployment higher than 4-5%, and on the other hand inflation of 30-40% a month," Rutskoy proposed "priority 'influence zones' which must become locomotives pulling the economy out of the crisis." "If the state doesn't assume command on a national level, other forces usurp the control, including shadow and simply mafioso structures which are interested in making money, not in development," he said.

Available funds must be channeled into food production and processing, as well as defense conversion, Rutskoy said, "providing for the export of machinery and equipment and revival of our crude materials' producers." He also called for support to small and middle-sized producers.

Rutskoy pointed to a "core" of the national economy, where economic "decline must be halted through vigorous economic and administrative measures to be taken by the state. . . . To preserve and build up the nation's scientific and technological potential and high-tech output, it might be wise to focus on the establishment of large industrial concerns capable of becoming 'development laboratories.' Scraping together whatever limited investments are available and uniting the enterprises linked by their end products may be helpful in trying to thwart the decline, ensure real conversion-related and structural change and gain access to the world market. . . . This . . . may help Russia win a decent place on the markets of high technology (aerospace equipment, telecommunications, shipbuilding, electronics, etc.). By pulling at this rope one may get the machine started."

Rutskoy proposed replacing raw materials exports with "a system of easy-term credit for the manufacturers of finished products, in the first place machines," and proposed special benefits to those who import "certain goods, components, and raw materials that meet the critical needs of the national economy and its technical retooling."

Discussing the difficult question of land reform in Russia, he pointed to "two examples from my foreign experiences. In America in the 19th century, every citizen had a right to

get a large plot of land free of charge and become a farmer in the Far West. In China 20 years ago, every peasant family got a right to lease land and form a cooperative and dispose freely of the harvest." Rutskoy contrasted this with the shock therapy "reforms" of Yegor Gaidar, in which a small group of people "got a unique opportunity to get rich quick, often through criminal trading operations."

### **Yeltsin must change course**

To the extent Yeltsin "won" anything, it was a last chance to take decisive measures to turn around the economic crisis. This will be his last chance to survive politically. He "won" this last chance on the basis of two facts that will not benefit him much longer. First, the same population which is rightly enraged over Yeltsin's disastrous policies, also sees, so far, no figure of national stature who could replace him. The perception is widespread that Yeltsin is the one figure of national stature who is indispensable for preventing the breakup of the Russian Federation. The second factor is the enormous popular hatred against the Parliament, seen as a remnant of the despised communist system. It is noteworthy that the highest majority of votes that Yeltsin was able to procure, roughly two-thirds, was in regard to question four on the referendum ballot, the demand for new parliamentary elections.

Yeltsin's last chance will not exist very long. If he fails to begin successfully addressing the economic crisis, then his popular support, much of which is, as we have seen, based on the fact that no credible presidential alternative is seen, will evaporate rapidly in the next months. Popular patience is very close to the breaking point, and social protests and disorders can be expected, if hyperinflation persists.

A wage of 8,000 rubles per month for the average Russian buys practically nothing, as the following price examples, posted in Moscow shops the week of April 19-23, show:

Meat: nothing lower than 2,000 rubles per kilo, and generally 2,500-3,000 rubles per kilo;

Tomatoes: 1,500 rubles per kilo;

Oranges: 1,500 rubles per kilo;

Eggs: sold individually for 300-400 rubles;

Butter: 1,100 rubles per kilo.

Leaving all other expense items aside, try to manage a family food budget on 8,000 rubles per month. That is the daily existence of the mainstream Russian citizen nowadays.

As the crisis escalates through the summer and autumn, this could push the Army, bitter and enraged over the degrading conditions of life imposed on it, to end its political neutrality and enter the fray.

Yeltsin's last chance is the last chance for Russia to end "shock therapy" and expel its practitioners from government, before Russia plunges into mass civil strife, with unpredictable strategic consequences.