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Russian government resigns after Putin's state of the nation address

On Wednesday, a few hours after the conclusion of Putin's annual state of the nation address to the Federal Assembly, Prime Minister Dmitry Medvedev announced that his government would resign, effective immediately. Putin has nominated Mikhail Mishustin, an almost unknown figure, to be Medvedev's successor and has asked the current cabinet to remain active until he has picked their successors within the next week. Mishustin's nomination is set to be confirmed by the Duma (parliament) on Thursday.

The unexpected resignation of the entire Russian government comes amid staggering social tensions and escalating war tensions between the US and Iran which threaten to draw in the entire South Caucasus region and Russia itself. The global resurgence of the class struggle, in particular, is sending shock waves through the oligarchy which has engaged in massive assaults on the working class in recent years, while vastly enriching itself.

Putin's state of the nation address which preceded the announcement of the government's resignation was dominated by desperate attempts to promise remedies to a social crisis for which the Kremlin and the oligarchy bear direct responsibility.

Putin described the raising of incomes as the top priority of the government, promised a series of measures aimed at providing more state support to poor families, in particular, in order to facilitate a reversal of the long-standing decline of the Russian population. Thus, he proposed a monthly payment of 5,500 rubles (\$89,50) per child between 3 and 7 to

families with multiple children. He also demanded that, starting 1 September 2020, schools offer free food to children from first through fourth grade.

He furthermore declared that salaries for doctors, teachers and state employees had to be paid based on his 2012 May decrees. Recent years have seen a number of protests by teachers, doctors and paramedics, in particular, many of whom receive wages that place them below the official poverty level of just \$150 per month. Putin also addressed the acute medicine shortages for life-threatening diseases like cancer and other illnesses like schizophrenia which have affected untold thousands last year and angered millions. He promised that the state would take over payments for several drugs and asked the government to organize the import of critical medicines that are not registered in Russia.

Putin also proposed a number of changes to the Constitution. These include a formal, slight increase the powers of parliament, allowing it to approve the nomination of the Prime minister by the president, and an increased role of the State Council which Putin currently heads. The proposed changes are believed to be designed to ensure that Putin, who played a leading role in Russian politics for two decades, can continue to play a leading role beyond the end of his last term in 2024.

Putin stressed that Russia had to remain a “presidential republic” with the main military and political powers effectively lying with the president. He proposed changing the requirements for presidential candidates from a minimum of 10 years of permanent residency in Russia to 25 years. This move was clearly intended to undermine the legal basis for members of the liberal opposition, many of which have lived for a longer period in the West or are still residing there. Putin also advocated banning any kind of foreign citizenship not just for presidential candidates but for all running for or holding official government office on a federal or regional level. Putin, who is now serving his fourth term as president, also suggested to limit the terms a president can serve to two.

He announced a national referendum on these proposed constitutional changes with media reports suggesting a bill might be proposed before the summer of 2020.

Underlying the sharp political crisis within the Russian oligarchy are growing class tensions and the escalating war crisis in the Middle East.

The reshuffling of the government is not least of all aimed at deflecting mass social anger about far-reaching austerity measures all the while ensuring that the basic course will continue.

In 2018-2019, Medvedev government, with the **full support of Putin**, rammed through a reform raising the retirement age, against the opposition to this measure by 90 percent of the population. In what has been the most dramatic assault on living standards of the working class since the 1990s, the age of retirement for men was raised from 60 to 65 and for women from 55 to 60, effective since 2019 (see: **“Russian Duma rams through pension reform amid mass opposition”**).

The pension reform has been overwhelmingly perceived as a blatant act of plunder by the state and has been a critical factor causing a dramatic decline in the popularity of the government and Putin himself. According to the polling agency VTsIOM, 30.9 percent of Russians trusted Putin in November 2019 down from 70 percent in 2014. The same poll indicated that only 22.5 percent trusted Medvedev. Other leading politicians, including defense minister Sergei Shoigu and foreign minister Sergei Lavrov, enjoyed the trust of only 13.1 and 11.2 percent of the population respectively.

The assault on pensions has come on top of a decline in real incomes, growing poverty and further austerity measures. Real incomes for the vast majority of Russians have plummeted five years in a row and are, according to a report in the *Nezavisimaya Gazeta*, 6.4 percent below their level in 2013. Prices for most food items have risen on average by 50-80 percent in 2015-2019. One in eight Russians now officially live on less than \$150 a month. The actual number is likely to be much higher. According to the newspaper *Vedomosti*, 27 percent of those aged 18 to 30, 34 percent of those aged 31 to 40 and 38 percent of people aged above 60 perceive themselves to be “extremely poor.”

The Russian government has engaged in far-reaching austerity over the past years, forcing the working class and lower middle class to shoulder the burden of the economic crisis in the country that has been dramatically exacerbated by the US and EU’s economic sanctions in the wake of the Ukraine crisis in early 2014. Since 2012, spending in health care has been slashed by 16 percent and in education by 14 percent. An estimated 80 percent of Russian schools are now housed in unsafe or poorly maintained buildings and hundreds of hospitals have been shut down in recent years, leaving entire sections of the population, especially in the countryside, without immediate access to medical care.

Meanwhile, Russia’s leading oligarchs, all of which have close ties to the government and Putin, in particular, have been massively expanding their wealth. According to *Bloomberg*, Russia’s richest men Vladimir Potanin alone increased his personal fortune by \$8.5 billion within one year. Vagit Alekperov, the head of Russia’s largest independent oil producer

Lukoil, added \$6.2 billion, and now owns \$22.3 billion. In all, Russia's richest collectively increased their personal wealth by 21 percent up to \$51 billion.

Even though Russian economists see the economy plunging into a recession, with almost zero growth in the manufacturing sector in the last quarter of 2019 and a decline in oil production, Russia was the best performing equity market in the world last year. Companies registered with the Moscow stock exchange increased their payout of dividends from 1.8 trillion rubles in 2018 to 2.7 trillion rubles in 2019.

Putin's nomination of Mikhail Mishustin as prime minister, who has overseen the Federal Tax Agency since 2010, and has ties to representatives of international finance capital through his previous position as the head of the investment management company UGF Capital, makes clear that the new government will continue and escalate the social attacks on the working class.

In addition to these growing class tensions and prospects of a further deepening of the economic crisis, the oligarchy is feeling besieged by the escalation of the drive to war by US imperialism. The killing of Iranian general Qassem Suleimani at the beginning of the year was met with a remarkably **muted response** by the Kremlin who had had close ties to Suleimani. It further fueled ongoing heated debates about the foreign policy orientation of the country under conditions where an open war by the US with Iran threatens to draw in Russia directly and spill over to its borders in the South Caucasus.

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