

The *Eighteenth Brumaire* of Boris Yeltsin*

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1. INTRODUCTION

ONE OF Karl Marx's enduring lessons concerns the tension between nascent democratic and capitalist interests. His *Eighteenth Brumaire*¹ speaks to the folly of expecting that the interests of capital and those of a vocal public should coincide during chaotic periods of social transformation. Today's Western/industrialized world, euphorically celebrating its Pyrrhic victory over the Red Menace, might be excused for underestimating that tension. It is more curious that Eastern Europeans, long steeped in Marxist rhetoric, have apparently forgotten the problems of bourgeois revolution.

Among Western commentators, there is a general consensus that democracy and capitalist development go hand in hand, that Boris Yeltsin is the champion of Russia's democratic and capitalist future, and that his storming of the Russian Parliament was necessary to secure that future. It is the argument of this article that democratic and capitalist development do not necessarily go hand in hand, that the conflict between Yeltsin and the Russian White House can be understood as a conflict between the interests of international capital and the Russian people, and that Yeltsin's September coup d'état represents a victory of the interests of international capital over those of Russia's nascent democratic movement.

What follows is a very cursory analysis of the current crisis of Russian democracy, juxtaposed against Marx's analysis of the 1852 coup d'état by Louis Bonaparte.² The basis for comparison is two-fold. First, it is too tempting to resist commentary on the irony of a once self-proclaimed socialist state undergoing what is – to all intents and purposes – a bourgeois revolution. More significantly, however, the academic and lay literature on the current transformation has been pathetically ideological, naively cooed by Yeltsin's sweet songs and his supporting chorus of international capital.

The first part of this article very briefly introduces the argument of Marx's *Eighteenth Brumaire* as a model for understanding the events which led to

Yeltsin's September 1993 coup d'état. Part two provides a more detailed analysis of what I refer to as the eighteenth Brumaire of Boris Yeltsin. Here I seek to find a better explanation than those on the market for: 1) the chorus of support from Western leaders and their media for Yeltsin's clearly unconstitutional seizure of power; and 2) the reason for, and timing of, his coup. The third section analyzes the post-election period in the same analytical light: the December 1993 election results, and the reaction to them by markets and their champions, highlight the tension-filled relationship between democratic and capitalist developments.

To better understand the contemporary Russian revolution we need an analysis which is both historically inspired and more sympathetic to contemporary economic relationships.

2. MODEL

Marx's diagnoses of the French counter-revolution are read today for their analyses of the tenuous relationship between capitalism and democracy. In the *Eighteenth Brumaire*, Marx writes that the bourgeoisie relied on universal suffrage to overthrow the *ancien régime*, but it found the every-day business of democracy both time-consuming and unprofitable. In the final analysis, it is market stability – not democratic ideals – with which financial capital is most concerned; its support for Bonaparte's coup d'état is a vote for order above democracy.

To explain these events, Marx divides France's second (farcical) revolutionary era into three phases. In the first phase (February 1848), a broad alliance of sundry classes unites to overthrow the old monarchy and establish a provisional government of reform. In the second phase, that coalition collapses under the burden of establishing a new government. The *Party of Order* (representing the established interests of property, family, religion and order) defeats the *Party of Anarchy* (workers and socialists), leading to the December election of Louis Bonaparte as President of the Republic. The revolution's third phase represents a period of constitutional rule under the Legislative National Assembly until Bonaparte's coup d'état. During this period, the *Party of Order* finds itself divided (in a way similar to the previous coalition) and Bonaparte's deeds reflect the power of finance: the victory of 'order' over democracy's 'disturbance of order'. Eventually, republican institutions get scrapped by capital, in the name of order.

In a similar fashion, Russia's second revolution might be divided into distinct phases: the prologue to the revolution, underwritten by Mikhail Gorbachev; and the brief and less-than-inspiring constitutional interregnum which led to Yeltsin's own coup (June 1991–September 1993).

As in France, a broad alliance formed under the leadership of Mikhail Gorbachev against the Old Soviet Regime. But that alliance was reformist, not regime-threatening. Despite much rhetoric, few actual reforms were forthcoming under Gorbachev's rule; the basic central paradigm of the Soviet economic

system was maintained. Indeed, Gorbachev's reforms were not aimed at the overthrow of the old order, only at the overthrow of its most inefficient party bosses. By the summer of 1991 those reforms had encouraged an economic logic that was snowballing out of control – building up a revolutionary potential of its own. At this point, Gorbachev found himself without a constituency, defending an outdated social order from economic forces too strong to repel.³

Whereas Gorbachev could frequently rally democratic support for any one cause, much of his support lay with defenders of the Old Soviet Regime. When that regime became threatened by the new, more productive, forces of society, it tried unsuccessfully to re-establish its authority. The revolution's next stage, the constitutional interregnum, was baptized by an attempted coup of conservative hardliners in August of 1991. A new alliance – representing the new Russian Order, clad in the shiny armor of electoral legitimacy – formed to repel Gorbachev and the defenders of the Old Regime.

Like the forces supporting Gorbachev, this new party of Order contained two groups – sometimes adversarial, sometimes amicable. Together they shared an antagonism to the Old Regime which bound them together and defined their initial platform. Separately, one group was defined by the influence exerted on it by international capital, whereas the other represented domestic interests which supported privatization.

The influence of international capital is perhaps best captured by Russia's growing debt to foreign capital.⁴ While most of Russia's current commercial debt, or about 24 billion dollars' worth (of the total USD 27.5 billion), was owed before 1991,⁵ much of the official debt (totalling USD 32.8 billion) has been accumulated in the period since (USD 18.8 billion). By the end of 1992, interest arrears owed to official creditors totaled more than 2 billion dollars.⁶ In a short period of time, Russia has become increasingly dependent on foreign sources of capital to support its transition to a free market economy.

The domestic interests are represented by a party-boss/domestic capital alliance, rallying behind a strong monopolization process within the new Russian economy. This tendency is opposed to the interests of international capital, and is now proving too antagonistic to contain.⁷ With the increasing distance between these two opposing economic forces – one heading toward greater domestic monopolization, the other encouraging domestic competition and firm atomization – the link which bound international capital and its domestic counterpart eventually proved too weak to hold.

The first two stages of the contemporary Russian revolution remind the careful reader that the political battle that unfolded in the fall of 1993 was not the simple product of a spat among old drinking buddies.⁸ Real interests lie behind the conflict; revolutions have both histories and sponsors.

3. RUSSIAN BONAPARTISM

When the smoke lifted after the failed counter-revolutionary (read Communist) coup of August 1991, Boris Yeltsin was the only unblemished political

figure standing. The previous June's elections had granted him a five-year term as President. As the first (and only) directly elected President of Russia, Mr. Yeltsin swore to defend a constitution which he was later to find too constraining. On Monday, 21 September 1993, Yeltsin announced to the Russian people his intent to dissolve their legislature.

The welcoming call of the new regime, a decree by Yeltsin, bore the paradoxical title: 'On step-by-step Constitutional reform in the Russian Federation'. The Parliament, it claimed, 'endangered the state and security of the country'. The new Russia needed a new state, a new Constitution, a new Parliament and new deputies; curiously, there was no mention of the need for a new President.

As we know, the decree abolished the Parliament, the Supreme Soviet and the Congress of People's Deputies. Significantly, it brought the office of the Procurator General and the Central Bank – both formerly under the Parliament – under government control. In addition, the Constitutional Court was suspended until the new Parliament was elected. This was convenient, as the Court had pronounced Yeltsin's decree unconstitutional.

Yeltsin scheduled new elections for mid-December; he found them 'really inconvenient... nevertheless essential'.⁹ In the meantime, Yeltsin had proposed that a draft constitution be approved by a Constitutional Commission and a Constituent Assembly. A Federation Council, composed of council leaders from the regions and republic, was proposed as a Parliamentary upper chamber; a state Duma with 400 members was to form the lower chamber; both were elected in December.

Western governments and journalists – with very few exceptions – extended their support to Boris Yeltsin. The struggle between the members of Parliament and the President was depicted in terms of the ungodly ex-Communists pitted against the defender of democracy, free markets, and liberty. Defenders of the Constitution were portrayed as social misfits:

The parliament's supporters gathered outside the White House are elderly, or young-thuggish, or drunk, or a little daft: there are few respectable citizens and almost no enthusiastic youth.¹⁰

Serge Schmemmann tried to capture what he saw as the confused response of deputies within Russia's White House to Western support for the coup:

Wasn't the legislature 'democratically elected'? Wasn't it 'constitutional'? Were deputies not the guarantors of a balance of power, like legislators in any Western democracy?¹¹

Good questions, these. In all likelihood, the coup cannot be explained or defended by the drinking behavior of any one of the main actors. Nor can it be explained or defended on democratic grounds, with reference to some higher moral or political principle.¹² Neither can Yeltsin's strong-armed activities be justified with polling data,¹³ or references to recent referenda,¹⁴ or the lack of people taking to the street.¹⁵

What other explanation could there be for Yeltsin's abrupt seizure of power? What can explain the timing of the coup? Why not wait out the constitutionally

defined electoral period? As yet, newspaper accounts have been entirely insufficient in pursuing these fundamental questions. The remainder of this section will suggest that international capital was not only a great beneficiary of Yeltsin's coup, but that the timing of, and justification for, the coup can also be explained in terms of the constraints placed on Yeltsin by groups representing the interests of international capital.

3.1 Motives of the Coup

The eighteenth Brumaire of Boris Yeltsin was sponsored by international capital. The growing antagonism between the protagonists in the new Russian Party of Order, between the interests of domestic and international capital, was played out before a world audience in the theatrical exchanges of President and Parliament. A false sense of calm was maintained until the first half of 1992, then the split became more animated, more vocal. The harbinger of the closing curtain to this play was the approaching budget deadline.

In the chambers of Parliament, national interests were able to challenge the interests of international capital. In order for international capital to secure its rule, it found it necessary to call for the dissolution of Parliament; Yeltsin was only too willing.

International capital had been on edge since early July. The chaos surrounding the country's then abortive currency reforms led to an increasingly cautious relationship with Western governments and the International Monetary Fund (IMF). In the beginning of September, the IMF's chief negotiator, John Odling-Smee, met with the Russian government to inform them that no IMF funds would be forthcoming until a budget plan had been decided.¹⁶

At about the same time, Yeltsin stopped a bill in Parliament that would have limited foreign bank activity in Russia on behalf of their foreign principals. The Parliament was unable to muster the two-thirds majority necessary to override Yeltsin's veto. By depositing an early investment with the interests of international capital, Yeltsin was clearly expecting a healthy return (with interest) further down the line. As we shall see, he was not forgotten by his champions.

Yeltsin had twice previously vetoed the Parliament's draft budget. First tabled in July, the Parliament's draft proposed a 23,000 billion rouble (approximately USD 23 billion) deficit for subsidizing faltering industries. This would have increased Russia's public-sector deficit to around 25% of GDP: anathema for balanced-budget forces the world round.

The Parliament's budget was exactly everything that the IMF, Yeltsin, and his international economic advisors (Anders Åslund, Jeffrey Sachs, and John Lockyard) feared most. Officially, the fear was that these subsidies would lead to hyper-inflation, but with inflation already at 30% a month (before the subsidies), it was sheer hypocrisy to blame the Parliament alone for Russia's economic straits.

In addition, an IMF decision was expected to almost certainly affect the USD 44 billion worth of support promised by the G-7 nations during their concur-

rent summit in Tokyo. This seems to be borne out by a suggestion attributed to Michael Camdessus, managing director of the IMF (on 23 September) that the industrialized nations should give bilateral financial support to Russia in anticipation of the IMF resuming its lending.¹⁷

There can be no question that the interests of international capital stood behind Boris Yeltsin as he prepared for the upcoming showdown with the Parliamentary powers. International capital had for some time considered the Parliament an important obstacle to economic reform. Yeltsin's early investment in their cause was guaranteed to yield manifold returns, should he walk away from the exchange unharmed.

3.2 Timing of the Coup

While the above section has suggested how the interests of international capital might provide a justification for Yeltsin's coup, the following section suggests how those very interests might also explain the coup's timing. Yeltsin's hand was forced by two related deadlines which were rapidly approaching on the calendar of Russia.

On Tuesday 22 September, under normal constitutional rules, the Parliament was scheduled to vote on (read override) Yeltsin's second veto of the Parliament's proposed budget. This was the budget that the IMF had found completely unacceptable. At the same time (during the week of 20-24 September) Parliament was due to debate a series of bills from its Committee for Constitutional Legislation that would have removed the President's right to veto legislation. In addition, it would have made any failure to obey Parliament a criminal act. Clearly, then, Yeltsin needed to remove the Parliament before it could sabotage the IMF's budget, and his political legitimacy.

The second critical factor behind the timing of Yeltsin's coup is that Russia had promised to sign a standby agreement with the IMF by 1 October, as part of a debt rescheduling plan agreed to with Western creditors. Russia's commercial bank creditors were said to be owed more than USD 27.5 billion, including arrears in interest payments of more than USD 3 billion.¹⁸ In 1993 alone, the arrears in interest payments were said to have reached USD 1.5 billion.

Russia's outstanding debt to government creditors, including guaranteed export credits, had climbed to USD 37 billion. Supplier credits and bonds were estimated at nearly USD 12 billion. Thus, the grand total of Russia's debt, including new credits and recent arrears was estimated at around USD 80 billion at the time of the coup.

Coincidentally, the IMF and World Bank's annual meeting between creditors (the so-called London Club) and the Russian government was to be held during this very week, in Washington, DC. After Yeltsin's coup, both sides discussed the possibility of arranging at least a five (possibly ten) year period of grace for repayments.¹⁹ Before the coup, repayment agreements were handled on a 90 day roll-over period. It was this roll-over deadline that was approaching on the first of October.

As the tension between the Parliament and the President continued unabated, capital was streaming out of Russia. According to the Berlin research institute, Institut für Wirtschaftsforschung, some twelve billion dollars had illegally left Russia during the previous year.²⁰ Drastic measures were necessary to assure capital that sympathetic reforms were underway.

3.3 Bonapartist Policies

The motive and timing for Yeltsin's seizure of power can be explained by his nation's growing dependence on international capital, and international capital's growing impatience with his nation. If international capital is really calling the shots (either explicitly or implicitly) we need only to look at the policies pursued under the new dictatorial regime, i.e., from the period between October and December 1993. No longer constrained by constitutional fetters, did Yeltsin pursue policies orchestrated by the IMF and Western creditors? Did international capital change its tune in the aftermath of the coup?

Two days after the coup, Yegor Gajdar – in charge of the new Bonapartist economic agenda – appeared before the press to announce that the new economic policies would have three main tasks: to deal with inflation, to avoid populist policies, and to further liberalize the economy.²¹ Boris Fyodorov, the deputy prime minister for finance, was asked what kind of budget he would author now that the democratic constraint had been removed. He reportedly smiled, and said: 'We can now bring in any budget that we like.'²² His post-coup policies abolished subsidized credits and raised the refinance rate to 17.5% a month, or 592% a year! His proposed budget deficit represented just 9% of GDP.²³

Significantly, the post-coup reforms greatly enhanced the conditions for foreign investors. Confused by the contradictions between national and local laws and regulations, foreign investors pushed for a streamlining of investment regulations. After the coup, Yeltsin decreed that federal orders alone would govern foreign investment decisions; local authorities would lose their autonomy in steering investments for their own districts.

Foreign capital also changed its policy in the wake of the coup. Immediately following the coup, senior officials of the Group of Seven and the IMF declared that Yeltsin had appreciably improved his chances of receiving the assistance which had been delayed as the reform process stalled.²⁴ More concretely, on the day following the coup, Germany (Russia's largest single creditor) said that it would sign a debt-rescheduling deal with Russia to delay payments of capital and interest on DM 8 billion of outstanding credits, due since the end of 1991. In return, Russia agreed to pay DM 500 million in outstanding debt service payments by the end of the month.

As with Bonaparte's brittle alliance between opponents of France's *ancien régime*, Yeltsin's alliance of Russian and international capital – assembled under the Russian Party of Order – snapped under the pressure of international

capital's demands. Democratic institutions were scrapped by the champion of international capital – in the name of order.

4. POST-ELECTION ADDENDUM

Obviously, Louis Bonaparte did not call an election two months after his coup d'état. How, then, can Russia's December 1993 election results be read, given our current analytical perspective?

The recent election decided two important issues: confirmation of a new Russian Constitution, and the election of new members to both houses of the Russian Parliament. The outcomes are well known, and the general interpretation of them is consistent with the theme of this article: the vote for the Constitution was a vote for electoral reform; the vote for Zhirinovskiy and company was a vote against more free-market reforms.

More interesting is the reaction by both markets and their spokesmen to these election results.²⁵ Fearing that Yeltsin might actually listen to the electorate's message, market reformists in the Russian Cabinet defected *en masse*. Yegor Gajdar, Russia's most prominent reformer, was the first to leave, claiming:

I cannot work without having the necessary levers at my command...where decisions I have taken are not approved and at the same time decisions I regard as dangerous are embraced by the government.²⁶

Ella Pamfilova, Minister for Social Security, followed at his heels. When Finance Minister Boris Fyodorov departed too, the 23-member Cabinet was left with only four market reformists among them.²⁷

Still, the new government has imposed an im(op?)-pressive economic policy package. In order to get IMF approval, the government has promised to try to hold inflation down to 7% a month. In 1993, inflation had averaged 20% a month; since the election, the inflation rate has been dropping like a stone: 22% in January 1994, 9.9% in February and 8.7% in March. Post-election inflation is now at its lowest levels since the economic reforms began in January 1992.²⁸

Whereas some of the credit for Russia's lower inflation level lies with the post-coup/pre-election policies pursued by Fyodorov and other unhindered reformists, the record is being maintained by an astoundingly tight post-election credit policy. In March 1994, for example, Russia had a positive real interest rate of 9% a month, or 180% a year: by far the world's highest.²⁹ So far this year, credit expansion is running at only 40% of the level permitted by the government's Credit Committee.³⁰

The government's budget deficit proposal is designed to meet the IMF's requirement of 6.5% of GDP, but few seriously expect it to do so, especially after it has been dealt with in the Parliament in June. As it stands now, the government expects expenditures of about RBL 183,000 billion, and revenues of RBL 120,000 billion (i.e., a deficit of about 9% GDP). Some of the creative accounting which lies in this budget can be understood by the fact that the revenue side of the budget was built on a forecast of an 8% decline in industrial

production. But industrial production is the biggest cloud in the reformist sky. Compared with February 1992, production across all sectors had dropped by record amounts in each consecutive month since the election: in February 1994 by 10%; in March, 28%; and in April, 29%.³¹ Thousands of enterprises have stopped work, and thousands more are producing at only half-output.

In an effort to encourage foreign investment to help fill the vacuum created by collapsing Russian industries, Yeltsin issued six decrees in the end of May 1994 aimed at scrapping quotas and licenses for oil and gas exports, offering a three-year tax holiday for foreign investors in the manufacturing sectors, and easing the overall tax burden by 10 to 20%.³²

Thus, the post-election government has maintained Yeltsin's commitment to the conditions laid down by international lenders. The new government budget is specifically aimed at meeting the demands of the IMF, and apparently intends to ignore the electoral pleas for fettering free market reforms. But how has international capital reacted to Yeltsin's democratic exercise?

Market reactions are quite telling. In the months following the election, capital flight out of Russia was clocked at more than USD 1 billion a month; some estimates have been as high as USD 2 billion a month. It is estimated that USD 30 billion has left Russia since 1990. Over that period, capital flight was highest in 1992 (USD 13 billion), fell off during the year of the coup – 1993 (USD 8 billion), and exploded again after the election.³³

The effect of this on the rouble exchange rate has been shocking. In the first *three weeks* of January 1994, the Russian central bank used USD 1.5 billion dollars to stabilize the rouble; contrast this against the 4 billion used throughout *all of 1993*. In the last four months of 1993, and while Yeltsin's troops were storming the Russian Parliament house, the rouble/dollar exchange rate remained steady at about 1200. From the election to 20 January, the rate fell dramatically to 1,607.³⁴

The debt situation, both private and official, has hardly improved. In 1994, Russia will need about USD 34 billion in external financing (in addition to the 1.5 billion loan approved by the IMF in April). Of that, USD 25 billion is owed to Western commercial banks, where separate talks on rescheduling have failed to produce any long-term solutions. Agreements between Russia and these creditors amount to a series of 90-day rollover plans, the latest of which expired on 31 March this year.

The Paris Club is due about USD 16 billion, in addition to the arrears on payments which should have been made last year, after the rescheduling deal. So far, there has been no agreement about how to settle these debts, but the Paris Club has offered to continue its 1993 debt-rescheduling agreement until a new deal has been reached.

Most public attention has focused on the IMF's Russian policy, where the most conspicuous advances have occurred. On 29 April 1994, the IMF agreed to lend Russia an additional USD 1.5 billion. Although the loan does send important psychological signals, it is – nonetheless – a pittance. USD 1.5 billion

ollars covers less than *two weeks* of Russia's budget deficit, and totals 0.8% of Russia's 1993 GDP. Nor is it certain that the loan will be delivered; in 1993 the West had promised a USD 28 billion package, of which about one billion was actually delivered. The IMF promised 13 billion, but delivered 1.5; and the World Bank promised 3 billion, but delivered 600 million. Most of what did arrive was in the form of export credits.³⁵

Since the December elections, the new government has maintained policies consistent with the proposals of international lenders in the wake of Yeltsin's coup. Inflation and the proposed budget deficit are both within the margins dictated by the IMF. Yeltsin and Chernomyrdin have largely opted to ignore the electoral message and continue to woo the favor of international capital. International lenders, however, are showing Russia the cold shoulder. Their post-coup enthusiasm has been tempered by the re-introduction of democratic influences. Despite economic objectives which are consistent with their demands, markets remain leery of the democratic/nationalist specter and long for the return of a more stable, less democratic, regime.

5. CONCLUSION

My intent in this article is not to defend the honor of those who defended the Russian White House. I rather suspect that Mr. Khasbulatov and General Yavlinskoi are as slippery and shifty creatures as is Mr. Yeltsin. Neither do I mean to suggest that Vladimir Zhirinovskiy is Russia's democratic savior. This is not a renaissance period for political elites in Russia, or elsewhere.

Nor is it my intent to suggest that key figures in the IMF and world banking capitals are directly pulling the strings on the puppet Yeltsin. The relationship between international capital and the modern state is a complex one, and the conclusion to a brief article is not the place to begin a definition.

Yeltsin's coup cannot be sufficiently justified by arguing that Yeltsin was the last hope for democracy; his track record in this regard is appalling. Nor will it do to make him out as the darling of market reform. The popular argument that Mr. Yeltsin had the moral and political obligation, perhaps even some legal justification to rid the country of a Congress of People's Deputies riddled with corrupt reactionaries and second-rate politicians who for years had actively undermined any changes',³⁶ if really believed, could easily be used to justify the planned overthrow of the US Senate, along with many other Western Parliaments. Arguments like these are nonsense.

Russia's post-election struggle is obscured by references to the pseudo-fascist nature of the opposition in Parliament. Both the Duma and the Council of Federation, like the White House before them, represent democratic hopes and fears grounded in deeper, economic interests. The struggle between these institutions and the government is not simply a struggle between the forces of good and evil, as it is often portrayed, but a struggle between the fears of a people undergoing severe economic transformations to a production system unsympathetic to the interests of its 'productive inputs'

Most importantly, my intent has been to revive the useful tradition of Marxist analysis, but not blindly. The capitalist economy has changed immensely since the mid-19th century. In particular, the influence of international investment capital has, after a long post-war hiatus, again begun to make its mark on national affairs. In 1852, French capital influenced domestic and political constellations: Marx made that clear. In 1994, capital has lost its passport, but hardly its influence. Obviously, production and distribution techniques have changed radically.

On the other hand, certain truths have survived the turn of the century: in particular, the nature of the tenuous relationship between capitalism and democracy during the transition from absolutism and other retrograde economic relations. Commodifying labor, land, and capital – these are unnatural, painful processes. Despite the glamour of Western capitalism, that pain – once inflicted – is not the most attractive choice to a voting public. As in 19th-century France, electoral support and legitimacy was essential for overthrowing the Old Soviet Regime. But the role of democracy in the actual establishment of markets is much smaller. It is this critical lesson that Western commentary has so painstakingly obscured.

NOTES AND REFERENCES

* For their useful input, I would like to thank Torbjørn Knutsen, Magne Barth, Pavel K. Baev and an anonymous reviewer. Obviously, responsibility for the material herein lies with me alone.

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1 Karl Marx, *The 18th Brumaire of Louis Bonaparte*, 11th Printing (New York: International Publishers, 1987 [1852]).

2 By juxtaposing these two historical figures I do not mean to suggest that Yeltsin's social position and legacy can be equated with those of Louis Bonaparte's. Neither do I mean to suggest that the economic lessons from 19th century France can be directly applied to the current revolution in Russia. The point of comparison is confined to the lessons of the relationship between nascent capitalist and democratic developments.

3 Herein lies the materialist thread: Russia's new material productive forces came into conflict with the existing Soviet relations of production.

4 Debt is not the only indicator of international influence. Foreign direct investment is also a force: several heavy industry, chemical and metallurgical firms have been purchased directly bought up by foreign capital.

5 In January 1991, Russia (in effect) began to default on repayments, so this is the usual cut-off period for dividing Russia's current and old debts.

6 Figures in this paragraph are from Quentin Peel & Tracy Corrigan, 'Bankers to Discuss Debt Rescheduling', *Financial Times*, 24 September 1993.

7 This battle for the soul of the new Russian marketplace is probably the most important, yet least understood, struggle in Russia today. Nor are the interests between international and domestic capital necessarily conflictual, as I have suggested. If we assume the interests of domestic capital overlap with those of the Russian mafia, and if a single mob organization can come to dominate over large segments of Russian territory, it could easily be more efficient than any Russian state at securing stability

and lowering transaction costs. The interest of international capital could multiply and prosper in such a market. It is only when national/mafia interests are themselves divided (along territorial and sectoral lines), often breaking out in open conflict, that international capital becomes squeamish.

8 See John Lloyd & Leyla Boulton, 'Iron Fist and an Iron Glove', *Financial Times*, 15 September 1993. There they suggested that Ruslan Khasbulatov's insult concerning the drinking habits of the President was 'crucial' to Yeltsin's storming of the Parliament.

9 See John Lloyd, 'President Ready to Fight Election Next June', *Financial Times*, 24 September 1993.

0 See John Lloyd, 'Days of Whine and Poses', *Financial Times*, 23 September 1993.

1 See Serge Schmemmann, 'Confusing Times for Russian Legislators', *International Herald Tribune*, 27 September 1993.

2 See, for example, Edward Mortimer, 'West's Best Bet', *Financial Times*, 29 September 1993.

3 The problems of polling in Western countries are well documented. Polling figures cannot be substituted for electoral counts with any degree of certainty. The problems associated with polling in a revolutionary situation must be astronomical. For example, a recent (post-coup) poll by the Public Opinion Foundation in Moscow found nearly 20% of its 1600 sample-set unwilling to answer whether or not they supported the President. See 'The Battle for Russia', *The Economist*, 9 October 1993, p. 27.

4 Generally, journalistic impressions refer back to the referendum in April, where 67% of those who voted answered Yes to the question, 'Do you think it necessary to have early parliamentary elections?' See 'All or Nothing', *The Economist*, 25 September 1993.

However, none of the April questions asked whether voters preferred a dictatorial coup and the unilateral dissolution of Parliament. In the light of this fairly significant event, I would think that most observers would be somewhat wary of reading in too much democratic support for presidential powers.

5 This argument is probably the most common. It is also the most baffling. Mass support has never been a key ingredient in previous Russian political struggles. The Bolsheviks seized power in 1917 by mobilizing a few thousand soldiers and armed workers. Contrary to many recent recollections of the event, most Muscovites did *not* participate in the abortive coup attempt of August 1991. Estimates put the figure at 30,000 people — less than half of one percent of Moscow's population. For that matter, 15,000 people took to the streets in Moscow to support Ruskoi on 3 October 1993. Estimates of support for the recent dispute had supporters of Alexander Ruskoi representing 0.5% of Moscow's population; supporters of Yeltsin representing 1.5%. Considering the fear-factor associated with supporting the former, and the Russian media bias in support of the latter, surely this difference must be insignificant. Figures from Michael Dobbs, 'Yeltsin: A Democrat Like His Society, With a Long Way to Go', *International Herald Tribune*, 27 September 1993.

6 See Peter M. Johansen, 'På diktat fra pengefondet' [Dictated by the IMF], *Klassekampen*, (Oslo) 24 September 1993.

7 See Peter Norman, 'IMF Chief Urges West to Give Financial Support', *Financial Times*, 24 September 1993.

8 The following debt figures are from Quentin Peel & Tracy Corrigan, 'Bankers to Discuss...'

9 Ibid.

0 See Peter M. Johansen, 'På diktat...'

1 See John Lloyd & Leyla Boulton, 'Yeltsin Wins Support for Abolition of Parliament', *Financial Times*, 23 September 1993.

2 Ibid.

- 23 See Anders Åslund, 'Gradualism Has Proven Ineffective in Russia', *Financial Times*, 12 April 1994.
- 24 See John Lloyd & Leyla Boulton, 'Yeltsin Wins Support...'.
25 The tension between representative democracy and market reform was even reflected in the campaigning style of the market-based reformist party, Russia's Choice. Anders Åslund explained the dilemma in the following paradoxical terms: 'No democratic party identified the people as its target group. They lectured people like old-style communists' (Quoted in 'The road to ruin', *The Economist*, 29 January 1994, p. 27). Only Vladimir Zhirinovskiy seemed to have campaigned with an eye (and an ear) to the interests of the public.
- 26 See John Lloyd, 'Gaidar Quits Russian Government', *Financial Times*, 17 January 1994.
- 27 They are: Anatoly Chubais (privatization), Alexander Shokhin (economy), Sergei Shakhrai (regional and national issues) and Andrei Kozyrev (foreign affairs). In May, 1994, Shakhrai was dismissed from his post as nationalities minister.
- 28 Figures from 'Inflation in Russia Slows to 15-month low of 8.7%', *International Herald Tribune*, 5 April 1994.
- 29 See Anders Åslund, 'Gradualism Has Proved Ineffective in Russia'.
- 30 See John Lloyd, 'The Conversion of Mr. Chernomyrdin', *Financial Times*, 18 March 1994.
- 31 See John Lloyd, 'Yeltsin aide Wants Pledge to the IMF Relaxed', *Financial Times*, 4 May 1994.
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