

Salesman for a failed system

Clinton preaches for capitalism in Moscow visit

3 September 1998

The message brought by President Bill Clinton in his two-day visit to Moscow was that nothing could or should be done to alleviate the unprecedented level of mass suffering which the restoration of capitalism has created in Russia. In his meetings with Yeltsin, at a joint press conference, and at a speech before university students he emphasized the same theme: Russia must be completely subordinated to the demands of the world capitalist market, regardless of the impact on living standards and social conditions.

In his speech at Moscow State University--which was poorly received by the students at the school of international relations--Clinton declared, 'I do not believe there are any painless solutions. And indeed, an attempt to avoid difficult solutions may only prolong and worsen the present challenges.'

'There is no way out of playing by the rules of the international economy if you wish to be a part of it,' he said. 'We cannot abandon the rules of the international economy.'

These 'rules,' as Clinton put it, amount to removing all obstacles to the operation of foreign capital and providing ironclad guarantees to capitalist investors of their right to exploit the natural resources of Russia and the cheap labor of its population.

Clinton hailed the 'extraordinary progress' made by the Russian economy since the dissolution of the Soviet Union in 1991. 'Not bureaucrats but consumers determine what goods get to stores and where people live,' he claimed.

This paean to the market comes in a country where tens of millions of workers have not received their regular pay in years, and therefore are deprived of any opportunity to become 'consumers' and purchase goods in the market. The distribution of goods is driven by black market hoarding, speculation and profit-gouging, while the vast majority of the population are engaged in an increasingly desperate struggle for bare survival.

A few current examples of the 'extraordinary progress' under capitalism in the former Soviet Union:

- Total back wages for Russian workers exceed 57 billion

rubles, more than the value of Russia's gold reserves at the predevaluation exchange rate. Wage arrears to coal miners alone equal 3.7 billion rubles. As part of the restructuring of the industry to insure profitability, 150,000 mining jobs are to be cut by the year 2000, and all underground mines will be closed.

- So sharply have conditions for children deteriorated in the past decade that physical underdevelopment is now a common problem. The average child is shorter than the average of 10 or 15 years ago and disease is widespread. In the USSR, three-quarters of children received free meals; only one-quarter of Russian children now do. An estimated 2 million children lack any schooling, and are therefore deprived not only of education but also of school meals and access to medical treatment.

- The number of drug users in Russia has risen 250 percent during the past five years and is expected to reach 3 million by next year. The number of drug-related deaths has increased 12-fold during the last 10 years. Among children it has increased 42-fold. Drug-related crimes have risen six-fold, while HIV infections have increased 700 percent.

- In Zhanatas, a city in Kazakhstan, another former Soviet republic, workers at a closed phosphorus factory carried out a hunger strike to protest not being paid regularly in more than two years. A total of 1,428 people joined the strike, and they warned that they were prepared to immolate themselves if their demands were not met. So impoverished is the population that there are no dogs in the city--they have all been eaten.

World capitalist crisis

What Clinton had to tell his Russian audience was, to any rational observer, bizarre: saluting progress in a country which is undergoing the greatest social retrogression in human history; hailing the triumph of democracy in a country whose president directed tanks against his own

parliament building and now rules by decree; enthusing over the prospects for Russia in the global economy, under conditions where stock markets and currencies are plummeting around the world.

The unreal and bankrupt character of Clinton's message is not merely the expression of his ignorance of social conditions in Russia or his demoralization by the political crisis wracking his administration. Similar statements are being issued with regularity by the leaders of all the major capitalist powers and in the most authoritative publications of the bourgeoisie internationally.

On the day Clinton addressed the Moscow students, the *Financial Times*, the leading British business newspaper, declared that conditions in the Russian capital, at least, were 'an infinite improvement on the Soviet era.' Although Moscow is now the scene of mass homelessness, child prostitution and other social evils not seen since the darkest days of tsarism, the newspaper declared, 'Muscovites are too comfortable to make good revolutionaries.'

Clinton's performance expresses the perplexity of the capitalist ruling class internationally in the face of an explosive and insoluble world economic crisis. The US-led IMF bailout of Thailand, Indonesia and South Korea has collapsed, and the Asian crisis has now developed into an economic meltdown throughout the region. Japan, the world's second-largest economy, is mired in a seemingly unstoppable deflationary spiral. The Russian collapse triggered a global financial panic that culminated in the 512-point drop Monday on the New York Stock Exchange.

Despite the stream of reports from major Wall Street banks of huge losses on their financial operations in Russia, Clinton came to Russia without any plan to restabilize the Russian economy. He declared repeatedly that Russia had to resolve its economic crisis without significant assistance from the United States, warning that any attempt to halt the process of capitalist restoration would mean 'even less money will come into Russia and even more economic hardship will result.'

When the Japanese government issued an appeal for an emergency summit of the Group of Seven powers to consider the Russian crisis, Germany, Russia's biggest creditor, flatly rejected the idea. Chancellor Helmut Kohl said that while developments in Russia could become dangerous, no new credits could be made available if there was any slowdown in the process of 'market reform.'

Nor is there any possibility of new loans from the International Monetary Fund. The IMF saw its \$22.8 billion 'bailout' of Russia disintegrate in less a month: the deal was signed July 23, and the Russian government devalued the ruble and closed currency markets August 17. Now the lending agency has less than \$10 billion in its reserves, while

Russia faces default on up to \$194 billion in foreign debt.

If Clinton had been capable of making a true balance sheet of the last decade, he would have told the students in Moscow that the policies of 'shock therapy,' imposed by Yeltsin on the advice of American economists like Jeffrey Sachs, had produced social and economic disaster.

He would have been compelled to admit that when the United States faced a crisis on the scale of that engulfing the former Soviet Union--in the Great Depression of the 1930s--the American capitalist class was compelled to reject the policies of *laissez-faire* capitalism, despite itself. Roosevelt's New Deal measures amounted to saving the capitalists from a social revolution from below, by enacting measures from above to mitigate the worst aspects of the crisis.

Today, however, so overwhelmingly powerful are the transnational corporations and billionaire speculators who dominate the world financial markets, that no capitalist government, even that of the United States, can retreat from market policies no matter how savage the consequences for their own populations, no matter what the risk of social and political upheaval.

If the Clinton-Yeltsin talks had any real substance, it came in closed-door discussions on how to deal with the rising protests already provoked by the social crisis. US envoys are engaged in similar consultations with beleaguered bourgeois regimes from Indonesia to Mexico, discussing police-military measures to defend the interests of capital.

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