

# Russia's Putin announces further attacks on living standards

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On May 26, in his annual address to the Federal Assembly, comprising both chambers of the Russian parliament, President Vladimir Putin announced a new round of shock therapy treatment for Russia—i.e., a new round in the social war conducted by the ruling elite against the majority of the population.

His speech was full of “free market” rhetoric and bombastic passages about the growth of the Russian economy. At the heart of the speech, however, were measures planned for immediate implementation or already in effect that will strip away the last vestiges of social protection and serve to further undermine the living standards of the broad masses.

Putin was speaking on behalf of the giant transnational companies that regard Russia as a source of raw materials and cheap labour and demand the removal of any restrictions that could hinder their opportunity for unlimited exploitation. He also spoke on behalf of those in Russia who lead a life of luxury in villas secluded by high walls, conduct their business in modern offices, and come into contact with the masses of the population only from their comfortable cars or via their television screens.

The picture of Russia presented by Putin stands in stark contrast to the lives of the ordinary citizen and gave a one-sided view of reality. The main aim of the speech was to justify the growing accumulation of private wealth and the growth of an authoritarian police state.

“For the first time in ages,” Putin stated, “Russia has become an economically and politically free country.” What does he mean by this? How can he speak of “economic and political freedom” when tens of millions subsist on minimal levels of wages while their interests are systematically treated with contempt and their political desires regularly perverted by huge campaigns of lies? Putin’s declaration is part of an unremitting propaganda campaign, supported by the media, that propagates a message belied by the bitter, everyday reality

for millions.

Even the most loyal supporters of the government acknowledge that the social measures announced by Putin following his reelection—measures that have already been put in place by Prime Minister Mikhail Fradkov—represent an unprecedented attack on the living standards of the broad masses. Just a few examples:

\*The government has decreased the standard rate of social tax deducted from every wage packet from 33 to 26 percent. The reduction in tax is to be used as an excuse for the freezing, or eliminating altogether, of social and welfare programmes.

\*Changes to housing law make it possible from April 1 to evict residents of communal housing unable to pay bills such as telephone, gas, or electricity. Many Russian apartments are formally registered as the property of the inhabitant, who is moreover required to pay for communal services. In addition to these measures, the government is planning extensive privatisation in the sphere of housing. These measures will inevitably lead to a considerable increase in the costs of living and impose nearly unbearable burdens, especially on families.

\*All current social assistance is to be turned into direct money payments. This will mean that a large majority of the 103 million people who presently rely on such payments will lose this source of income.

\*The new labour law that was passed last year removes de facto the right of workers to defend themselves against attacks by employers. The trade unions have been made entirely dependent on employers, and organising strikes has become practically impossible.

\*Some time ago, the government made an enormous gift to the rich Russian elite, already living in luxury, by reducing the basic tax rate to 13 percent.

As a consequence of such measures, Russia has one of the highest levels of social inequality in the world. The richest 10 percent of the population (14.4 million) control

35 percent of all income, while the poorest 10 percent must make do with just 2.5 percent. According to official statistics, 30 million Russians (20 percent of the population) live in poverty—i.e., they receive less than 2,143 roubles (about 62 euros or \$76) per month.

In his speech to the Federal Assembly, Putin maintained that the living standards of the people were rising, albeit slowly. He based his claim on the total growth of all incomes, 99 percent of which is accounted for by the increased wealth of a narrow layer of the rich and oligarchs.

The president announced new social projects in three areas: housing provision, the modernisation of the health system and the development of education.

He promised that by the year 2010, a third of the population would own their own homes. Currently, according to Putin, the figure stands at 10 percent. He plans to introduce a system of mortgages aimed at stimulating economic growth, but, in fact, based on low income levels, it is likely that only members of the small upper class will be able to take out mortgages.

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At the same time, Putin spoke of reestablishing order in the sphere of public housing. According to the newspaper *Izvestia*, the real meaning of this remark is that "only the very poor will have access to public housing."

Taken together, Putin's proposals relieve the state of a host of social responsibilities to the Russian citizen. There will no longer be any guarantee of the right of people to own their own home, receive medical treatment and get an education.

By "modernisation" of the health system, Putin understands the reduction of public spending designed to provide the population with free, or relatively cheap, medical treatment and necessary medicines.

In the future, education is to be financed by the students themselves. Currently, around 50 percent of university and further-education students receive free education. Additional problems arise because university graduates cannot find work in the professions for which they have been trained. The Russian labour market remains very restricted, and many professions, such as that of teacher or doctor, have lost their previous social status because of the low level of state reimbursement. Students therefore aim to become managers, lawyers or economists in the hope that such professions offer the chance of a future. Many, however, remain without a job after their studies have finished.

Putin proposed that students who currently receive free education sign an agreement requiring them either to work for a certain time in the field in which they have been educated or to otherwise repay the costs of their education. Under conditions where no means exists to supply the appropriate jobs, students will inevitably be forced to run up huge debts to the state.

Putin gave his speech to the assembled ruling elite of the country—ministers, governors, parliamentary deputies and chairmen of the political parties (including the Communists). No one raised any principled objections to the course proposed by the president, which will only serve to continue the process of social devastation in Russia. The only form of criticism raised was along the lines of urging that a certain area of policy should receive more attention, or that proposals should be explained in more detail. Not a single representative of the political elite was prepared to fundamentally question the measures proposed.

There is agreement throughout the ruling layers that capitalist "reforms" in Russia must be continued at the cost of living conditions and social and civil basic rights. This course, which will be accompanied by wide-ranging police-state repressive measures, has also won the full support of Western politicians and media. The latter came to the conclusion some time ago that the best way to impose their interests in Russia (and the other countries of the former Stalinist bloc) consists of giving their support to an authoritarian regime and "strong state." Accordingly, they mute any criticisms of Putin and continue to justify the basic course of his domestic policy.



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