

One hundred years after the Russian Revolution

# Report documents record levels of social inequality in Russia

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The global wealth report for 2016 published last November by the bank Credit Suisse revealed that among all major economies, Russia had by far the highest concentration of wealth in the hands of an oligarchy. The report found that the top decile owns a stunning 89 percent of all household wealth in Russia, up by 2 percent from 2015. This compares to 78 percent in the United States and 73 percent in China.

The report further stated that no less than 122,000 individuals from Russia belong to the world's wealthiest 1 percent. There are some 79,000 US-dollar millionaires living in Russia. The country also has the world's third largest number of billionaires, 96, topped only by the 244 living in China (which has almost 10 times the population of Russia) and the 544 billionaires in the US.

The number of those counted among the middle class by Credit Suisse in 2015 (with wealth totaling at least \$18,000) marked a 10.3 percent decline in the period 2000-2015, from 5.6 million to 5 million. The report from 2015 classified just 4.1 percent of the population as "middle class." This is less than one-tenth of the German population deemed in the report to be middle class, and significantly less than in most Latin American countries, not to mention the world average of 13.9 percent.

This is not surprising, given that the average monthly wage in Russia, according to official statistics, is just 36,000 rubles, the equivalent to \$616.

The majority of employed workers actually make much less than this, according to a report by the *Nezavisimaya Gazeta* from April 2017. That report noted that some 56 percent of Russian workers make less than 31,000 rubles (\$531) a month. The official subsistence level was recently lowered by the government to less than 9,691 rubles (\$166), a wage that is impossible to live on.

By these standards, 13 percent of the Russian population lives below the poverty line. If one takes the threshold of 15,000 rubles (\$256), which a majority of respondents in a poll by VTsIOM indicated as a poverty level, 29.4 percent of the population—some 43 million people—are living in extreme poverty.

This means that a very substantial portion of the Russian working class, the rural population and the intelligentsia cannot afford to consume products like cheese, meat or even milk on a regular basis. Many families have to resort to growing food in their gardens, collecting mushrooms and berries in the forest and the like just to put food on the table.

The assurances given in the 1990s by politicians and the media—that after a certain period of harsh reforms and poverty, Russia would come out of the economic slump and living standards would rise—have proven to be lies. With the exception of a small and stunningly wealthy layer of oligarchs and a narrow upper-middle class, the restoration of capitalism has produced a disaster for the population.

Due to unusually high oil prices from 2000 to 2008, there was a certain period of economic growth in Russia, based largely on the selling of raw materials—gas, oil, timber and precious metals—on the world market. This superficial boom, which was never accompanied by a growth in manufacturing, quickly collapsed with the financial crisis of 2008-2009. However, the biggest blow to the Russian economy since the 1990s came with the Ukraine crisis.

The far-right coup in Kiev in February 2014, backed by the US and the European Union, was soon followed by drastic economic sanctions against Russia and a collapse of oil prices. This has led, among other things, to a massive devaluation of the ruble and a substantial increase in the prices of basic necessities.

According to Credit Suisse, the loss in net wealth in both Russia and Ukraine in 2014-2015 was 40 percent, more than any other country in the world, largely due changes in exchange rates.

Under these conditions, the Russian working class has shown signs of increasing combativeness. Between 2008 and 2016, the number of officially registered strikes increased 4.5 times, according to the newspaper *Gazeta.Ru*. A particularly marked spike occurred in 2015, when 40 percent more strikes took place than in 2014.

In 2016, strikes and protest actions occurred across Russia (in 72 regions, or 85 percent of the country). While in 2009, 56 percent of all protests occurred among manufacturing workers, in 2016 this percentage dropped to only 25 percent. In 2016, more protest actions took place among transport and construction workers as well as state employees.

A substantial percentage of the strikes are taking place outside the control of the trade unions. In 2008, this was true for 62 percent of the strikes. The unions, particularly the so-called "independent" ones, succeeded in regaining control over strikes, and the percentage of walkouts not called by unions declined to 35 percent in 2013. However, the level of strike activity independent

of the unions has recently been on the rise again, reaching 53 percent of the total number of strike actions in 2016.

What these workers need above all is a clear understanding of the historical origins of the situation in which they find themselves and a perspective for fighting against capitalism and the threat of war. Both the threat of imperialist aggression and the desperate social situation facing the vast majority of the Russian population are the result of the decades of rule by the Stalinist bureaucracy, which usurped political power from the working class in the decade following the Russian Revolution. The Stalinist betrayal of the revolution culminated in the bureaucracy's dissolution of the Soviet Union in 1991.

As the Trotskyist movement had warned early on, the Stalinist bureaucracy's nationalist program of "socialism in one country" was not only a repudiation of the international revolutionary and socialist program of the October Revolution, it was also unviable under conditions of an increasingly integrated world economy. The mounting crisis of the isolated workers state could be solved only in two ways: either by overthrowing the bureaucracy in a political revolution and extending the socialist revolution internationally, or by the bureaucracy transforming itself onto a new ruling class by reintegrating the Soviet economy into the world capitalist economy.

After decades of Stalinist betrayals and massacres of entire generations of revolutionaries, the latter alternative was realized, starting with the policies of the "perestroika" period under the secretary of the Communist Party of the Soviet Union, Mikhail Gorbachev. Under the guise of introducing "socialism with a human face," the Stalinist bureaucracy set about smashing the foundations of the Soviet economy.

In 1987, the "law on cooperatives" effectively legalized private companies, resulting in the rapid emergence of a new layer of entrepreneurs. Simultaneously, state-owned banks were broken up and the formation of private banks was allowed. Land-leasing was also introduced, leading to the abolition of whatever nationalized land had remained. In 1989, the state monopoly of foreign trade was abolished, allowing the new private companies and the state companies to directly negotiate deals with foreign governments and companies.

There was no party outside of the International Committee of the Fourth International (ICFI) that warned of the dangers awaiting the Soviet working class. At a time when all political parties, including the supposed "left," hailed Gorbachev's "perestroika," the ICFI warned of the impending restoration of capitalism.

In 1991, David North, now the chairman of the international editorial board of the *World Socialist Web Site*, said in a speech in Kiev:

In this country [the Soviet Union], capitalist restoration can only take place on the basis of the widespread destruction of the already existing productive forces and the social-cultural institutions that depended upon them. *In other words, the integration of the USSR into the structure of the world capitalist economy on a capitalist basis means not the slow development of a backward national economy,*

*but the rapid destruction of one which has sustained living conditions which are, at least for the working class, far closer to those that exist in the advanced countries than in the third world.* (David North: *Soviet Union at the Crossroads*, in *Fourth International*, Vol. 19, No. 1, p. 109, emphasis in the original.)

In December 1991, Boris Yeltsin and the heads of the Ukrainian and Belarusian Communist Parties, Leonid Kravchuk and Stanislav Shushkevich, met to sign a decree dissolving the Soviet Union. What followed was an orgy of self-enrichment by layers of the Stalinist bureaucracy, including the trade union apparatus. These were criminal elements that had emerged from the Soviet shadow economy and were nurtured under "perestroika." They were joined by a small, corrupt layer of the upper intelligentsia.

Soviet industry was ruthlessly destroyed, with industrial production collapsing—falling by as much as 55 percent between 1991 and 1995. Cultural institutions were dismantled; the sciences in Russia, once among the most advanced in the world, suffered a disastrous decline. Diseases such as tuberculosis became widespread. Under capitalist restoration, HIV and heroin addiction have reached epidemic proportions.

The destruction of productive forces, the stealing and selling off of state property and raw materials, the dismantling of whatever social services remained from the Soviet period—this is the economic and social basis that enabled 122,000 Russians to make it into the global top 1 percent of wealth owners. Anders Aslund, a Swedish economist who participated in the process of capitalist restoration, was once told by one of the new oligarchs: "There are three kinds of businessmen in Russia. One group is murderers. Another group steals from other private individuals. And then you have honest businessmen like us who only steal from the state."

While there has been some change in personnel in the oligarchy, due to vicious factional infighting, nothing has changed in the essential physiognomy of the Russian capitalist class, in whose interests the Kremlin and Vladimir Putin—himself by all accounts a billionaire—rule. It is a ruling class if anything even more parasitic than the one overthrown by the working class in October 1917.



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