

Putin's state of the nation speech highlights crisis of Russian oligarchy

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On March 1, Vladimir Putin delivered a state of the nation speech that highlighted the crisis of the Russian oligarchy which finds itself beleaguered by US imperialism while Russia is in the midst of prolonged economic and social decline.

The annual speech to members of the Federal Assembly (i.e. both the upper and lower houses of the Russian parliament) is usually given in December, but was delayed multiple times before the Kremlin announced just a few weeks ago that it would be held just 17 days before the presidential election. Unlike in the past, Putin gave his speech not in the Kremlin's St. George Hall but at the much larger Manege, an old Tsarist riding school outside the Kremlin.

Putin's two-hour speech was riddled with contradictions, combining extreme nationalism with social demagoguery, concessions to the liberal opposition and the announcement of Russia entering a nuclear arms race with the United States (see also: "Responding to US threats, Russian President Putin proclaims nuclear arms race").

Before he proceeded to Russia's military rearmament, on which all Western press reports have focused, Putin devoted some two parts of his speech to social and economic questions. It was the first time that Putin, who is widely expected to win the presidential elections on March 18, has revealed something akin to an election program.

Putin deliberately refused to acknowledge the massive impact of the sanctions of the EU and US on the Russian economy. He did not once mention gas exports and oil prices, on which the Russian economy and budget heavily rely. Even though the sanctions and the drop in international oil prices have led to a recession in Russia from 2014-2016 from which the economy has still not fully recovered, Putin mentioned

the crisis and the sanctions only once in passing, arguing instead that "a new macroeconomic reality has been created in Russia today with a low inflation and a generally stable economy."

In delivering a speech that, in its final parts, was aimed at preparing the population for the possibility of a nuclear war with the United States, Putin thus tried to belittle both the extent of Russia's social and economic crisis and its extreme dependence on the world market.

In addressing the social situation, Putin offered a bizarre mixture of grandiose social promises with statements that everything was going great already followed by grudging, vague admissions of an acute social and economic crisis in Russia.

Many of these promises were reminiscent of what Putin had promised before time and again. If anything, the demagoguery was even starker. Putin proposed an increase in pensions; massive government investments into the development of cities and small towns, the infrastructure of streets and railways, which are in a desperately poor state; the development of the housing stock; as well as a substantial increase in spending on education and the health care system. This is after almost two decades in which Putin has been president or prime minister while drastic cuts to almost all of these sectors were undertaken.

Virtually every task that Putin set for the new government was followed by a variation of the phrase: "This will be a very difficult task. But I'm confident that we can solve it." He briefly mentioned his May decrees from 2016 in which he had already set forth a series of social demands, including a livable income for everyone, basically acknowledging that they had not been realized.

With this lengthy but remarkably vague and demagogic part of his speech, Putin was no doubt

responding to growing unrest in the working class. Just a few weeks ago, a series of teachers in Tagaranrog had protested against the poverty wages they received, referring to Putin's May decrees. One of the teachers involved was promptly fired (see also: "Russian teacher fired after criticizing low salaries").

Shortly thereafter, a young nurse from the southern Urals posted a video of herself on vkontakte (a Russian version of Facebook), reciting a poem in which she severely criticized the decrepit state of Russia's social and health care system and explained why she was becoming ever more nostalgic about the Soviet Union: "I'm teaching my children to love their motherland, but I cannot explain them for what. My father did not make it until retirement age, he could not bear the burden, he always paid into the pension fund but where is his money now?" The video has been viewed by over 200,000 people.

After describing at length all social issues that his new government would allegedly address, Putin announced an economic program that de facto caters to the demands of the liberal opposition and figures such as Ksenia Sobchak, and would inevitably be accompanied by further social austerity.

He added: "In order for the economy to work at its maximum strength we need to fundamentally improve the business climate, and guarantee the highest level of entrepreneurial freedoms and competition. ...The participation of the state in the economy must be gradually lowered". He also promised to ruthlessly fight all tendencies by the state and law enforcement to intervene in private business activities.

In the final part of the speech, Putin emphasized repeatedly and at length that the Russian government had undertaken every possible effort to negotiate with the United States about issues such as the Missile Defense System. "There was a time when I thought that a compromise could be found. But all our proposals, literally all our proposals, were rejected."

The massive nuclear rearmament that the Russian government was now undertaking was, Putin stressed, a defensive measure.

In an unprecedented military show of strength, Putin detailed Russia's new weapons systems and showed a video simulation of a nuclear attack on Florida. Finally, he warned that Russia would consider any attack with nuclear weapons, of whatever size, on its territory or

that of an ally, an assault on Russia which would be "answered accordingly".

He concluded his speech with appeals to nationalism, implying that "the Russia we all dream of" would and could now be created in the 21st century and that "our bright victories" still lie ahead.

The speech by Putin highlights the profound crisis of the Russian oligarchy. If in the 1990s, the generally held motto of the ascending oligarchs who were plundering and destroying the economy was "après moi le déluge" (after me the deluge), they now find themselves in the midst of the deluge and do not know how to get out of it. From its very inception, the Russian oligarchy has been based on the destruction of the Soviet economy, the brutal exploitation of the working class, the frenzied selling off of raw material resources and an economic and political dependence on imperialism. Yet their economic basis is now becoming ever more flimsy, there is growing unrest in the working class and US imperialism, on which the oligarchs had always counted as a possible ally, and is now openly preparing for war against Russia.

The oligarchy's only way out of this crisis lies in a desperate combination of the whipping-up of nationalism and massive rearmament on the one hand, and attempts to find a last-minute negotiated settlement with US imperialism on the other. For the working class in Russia and internationally, either would result in a disaster.



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