Capitalist restoration in Russia: A balance sheet

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The March 25 Kemerovo fire, which took the lives of at least 60 people, 41 of them children, has shocked and angered people in Russia and throughout the world. It was not an accident, but a social crime, committed by the oligarchy that has ruled Russia since the destruction of the USSR in 1991.

The tragedy has, in many ways, brought to the fore the social relations shaping Russian society amid an ongoing war campaign by the imperialist powers against Russia that threatens humanity with nuclear annihilation. The growing international and economic instability, which has already led to an upsurge in working class struggles in the US, Northern Africa, Iran and Europe, will also bring the Russian working class back onto the scene.

However, there is no way forward for the working class without a conscious assimilation of the lessons of betrayals of Stalinism and the criminal character of capitalist restoration, which have created the conditions for both the Kemerovo Tragedy and the imperialist encirclement of Russia. This series will review the lessons of the miners' strike of the late 1980s, which was centered on the Kuzbass region, the results of capitalist restoration and the alternative put forward by the Trotskyist movement, the International Committee of the Fourth International.

What happened to the miners' strike?

The Kuzbass, where the fire occurred, has historically been one of the politically and economically most important working class regions in Russia. It was here that, almost 30 years ago, in 1989, a massive, union-wide strike of coal miners was launched.

The strike came at the height of the "perestroika" policy that had been announced four years earlier by Mikhail Gorbachev, the secretary of the Communist Party of the Soviet Union (CPSU). Hailed by Western governments and petty-bourgeois "left" forces alike, it signified an open embrace of capitalist restorationist policies by the Soviet bureaucracy.

The International Committee of the Fourth International (ICFI) was the only political force at that time warning the working class of where the Soviet bureaucracy was headed. In one of the many statements that the ICFI published at that time, David North, the current chairman of the international editorial board of the WSWS, stated:

> "Gorbachev's policy consists essentially of two interrelated components. Within the USSR, the bureaucracy has sought to expand its social base by encouraging the growth of a new bourgeois strata within the cities and countryside based on the restoration of private property. Internationally, Gorbachev has moved to integrate the Soviet economy into the capitalist world market. The bureaucracy is seeking to undermine the socialist tendencies within the Soviet economy, while politically weakening the position of the proletariat. Taken as a whole, the program of Gorbachev is directed toward the political, economic and social liquidation of all that remains of the conquests of the October Revolution." [1]

This prognosis was based on the analysis of Stalinism and the USSR by Leon Trotsky, who had led the October Revolution together with Lenin in 1917 and, after the Lenin's death, became the main opponent of the Stalinist bureaucracy in the 1920s and 1930s, and the founder of the Fourth International in 1938.

From 1924 onward, under conditions of a protracted international isolation of the Russian Revolution, the Stalinist faction of the Communist Party advanced the nationalist program of "socialism in one country," which attacked the very programmatic foundations of the October Revolution—that of international socialism and permanent revolution. The nationalist reaction to the revolution by the Stalinist bureaucracy culminated in the 1930s in the genocidal murder of the leadership of the October Revolution, the Trotskyist Left Opposition and tens of thousands of Communists and Marxist intellectuals.

Explaining the transitional and contradictory character of the USSR, the *Transitional Program* of the Fourth International, authored by Trotsky, stated:

> "The Soviet Union emerged from the October Revolution as a workers' state. State ownership of the means of production, a necessary prerequisite to socialist development, opened up the possibility of rapid growth of the productive forces. But the apparatus of the workers' state underwent a complete degeneration at the same time: it was transformed from a weapon of the working class into a weapon of bureaucratic violence against the working class and more and more a weapon for the sabotage of the country's economy. The bureaucratization of a backward and isolated workers' state and the transformation of the bureaucracy into an all-powerful privileged caste constitute the most convincing refutation—not only theoretically but this time practically—of the theory of socialism in one country. The USSR embodies terrific contradictions. But it still remains a degenerated workers' state. Such is the social diagnosis. The political prognosis has an alternative character: either the bureaucracy, becoming ever more the organ of the world bourgeoisie in the workers' state, will overthrow the new forms of property and plunge the country back to capitalism; or the working class will crush the bureaucracy and open the way to socialism." [2]

These contradictions were massively intensified by the globalization of production, particularly from 1980 onward, which threw into crisis all nationally based bureaucracies, be it the Stalinist bureaucracies in the USSR and Eastern Europe, or the trade unions in Western Europe and the US. In one way or another, the Soviet Union, and the Stalinist-ruled countries in Eastern Europe, had to be integrated into the world economy: either through the destruction of the USSR and the restoration of capitalism by the bureaucracy, which would transform itself into a new ruling class, or by the working class overthrowing the bureaucracy in a political revolution and extending the October Revolution of 1917 to the countries of Western Europe and the United States.

The Soviet bureaucracy, facing growing pressure from both the working class and imperialism, concocted a major conspiracy to reintroduce capitalism and resolve this crisis in its own interests. This drive to restoration was dramatically accelerated through the eruption of major working class struggles in Poland in the early 1980s under the leadership of the trade union Solidarity.

Starting in 1982 under the leadership of Yuri Andropov, the hangman-in-chief of the 1956 Hungarian Revolution, the Politburo (PB) took concrete steps toward preparing the all-out restoration of capitalism. Economic institutes, "specialists" and sociologists were asked by the PB to prepare reports on possible ways to restore capitalism. "Economic experiments" were conducted with increasing frequency.

In a secret session in April 1984, all members of the PB, which was then headed by Konstantin Chernenko, agreed on the "Concept," which outlined the basics of the program of "perestroika" and included policies—including the gradual lifting of the state monopoly of foreign trade and the permission of cooperatives and individual economic activity—that were not introduced until 1986-1988. The text of this "Concept" was distributed only to members and candidates of the PB, the secretaries of the Central Committee and first secretaries of the Party, and chairmen of the Councils of Ministers of the Union Republics, as well as three to five other people. In other words, capitalist restoration, later clothed in vague terms like "perestroika" (rebuilding in Russian) and "glasnost'" (transparency or openness), was a criminal conspiracy by the Stalinist bureaucracy. [3]

However, while the bureaucracy was pushing rapidly to advance its solution to the crisis, the working class started rebelling against it. The outbreak of the miners' strike in 1989 was a confirmation of the Trotskyist movement's analysis of the irreconcilable conflict between the interests of the working class and those of the bureaucracy.

It was not a coincidence that this massive strike movement was launched by and centered among the coal miners. The coal mining industry had been critical to Soviet industrialization. The Kuznetsk Basin (short: Kuzbass) in southwest Siberia had been a central energy source for the Soviet economy since the mid-1920s. Under Stalin's first five-year plan in the 1930s, the region was heavily industrialized, with mining towns and cities being constructed at a breathtaking pace and at a large human cost.

Virtually all the region's major cities and mining centers were built as part of Soviet industrialization: the local capital Kemerovo emerged from the autonomous industrial colony of the Kuzbass, which was formed in 1921 with the aim of developing the local coal industry, resorting, in particular, to the help of highly skilled American workers who, for this purpose and at Lenin's invitation, emigrated to the USSR. Novokuznetsk and many other formerly small towns or assemblies of villages became full-blown industrial cities in the 1930s.

Wartime production and the evacuation of entire factories and significant sections of workers from European Russia to Siberia during the Nazi war onslaught against the Soviet Union further accelerated the industrialization of the region. The Kuzbass remained, after the Donbass in what is now Ukraine, the most important coal region of the USSR. It was also the only mining region where high-quality coal was produced that could be sold on the world market, upon which the Soviet economy became increasingly dependent.

Miners remained one of the most critical sections of the working class throughout the post-war decades and formed the backbone of the Soviet economy. Yet while relatively highly paid, the miners suffered dire working and living conditions. In addition to the generally widespread food and soap shortages, they were exposed to catastrophic hygiene and unsafe conditions at their workplaces. According to official data, 365,000 miners were waiting for flats in 1989 and 67,000 children from miners' families had no nursery school places. The average life expectancy was far below the national average due to the dangerous working conditions and heavy environmental pollution.

During "perestroika," bonuses for workers were cut back and the deliveries of food and essential supplies fell. Workplace accidents, many of them deadly, were a constant occurrence and the mines were known as "the second front."

In January 1989, the Kremlin ordered that mines should switch to "self-financing" (khozrashchet). As a result, the price received by a mine for one ton of extracted coal was roughly half of the extraction costs. The majority of mines were quickly running at a loss, and many were threatened with closures. Coal miners responded with several wildcat strikes in the winter and spring of 1989.

In July, the scattered strikes reached a new dimension, spreading from the mono-town Mezhdurechensk (July 10) to the entire Kuzbass, the Donbass in Ukraine—then the Soviet Union's most important coal mining region—and Karaganda in Kazakhstan. The immediate trigger for the walk-out in Mezhdurechensk was the lack of soap available to the miners. It was the largest working class struggle the Soviet Union had seen in decades, and it shook the Soviet bureaucracy to the core.

A resolution by the regional committee (obkom) in April 1989 warned against "those who would like to turn democratization into indiscipline, lawlessness and general license. In particular, this is shown by the refusal of workers to work, taking place in enterprises in Kemerovo, Novokuznetsk, Mezhdurechensk, Osinniki, Kiselevsk.'"

Party members were banned from participation in strikes under the threat of immediate expulsion. [4] A few weeks later, the secretary of the regional party committee, Aleksandr Mel'nikov, warned the Central Committee of the seriousness of the situation. The political crisis was also underscored by the shattering defeat most party nominees suffered in the vote for people's deputies of the USSR in March 1989.

The Kuzbass strike was the first Soviet strike in decades to take place above ground—a particularly courageous and militant step, given that one of the last major demonstrations against the Stalinist regime in Novocherkassk in 1962 had been put down by the military in a horrific bloodbath that Soviet workers remembered all too well. (The deployment of the military against the striking miners was, in fact, also briefly discussed in Moscow in 1989, but dismissed quickly by Gorbachev as a viable option for resolving the crisis.)

Yet despite the militancy and courage of the miners, the strike not only ended in defeat but was subordinated to the bureaucracy and its accelerating drive toward capitalist restoration. How could this happen?

Reflecting both the economic grievances of workers and the widespread hatred of the bureaucracy, the demands of the strikers included the establishment of a general holiday and pay and pension increases, as well as the "abolition of privileges of the administration and party apparatus on all levels of our state." The demands also included "economic independence" for the individual mines. However, this demand had initially not been put forward by the workers. It was pushed by the city and regional committees—that is, the local bureaucracy—which, in correspondence with the prevailing ideology of "perestroika," told the workers that "independence" of the mines and more concessions to the

market economy would provide the solution to their social and economic grievances. Simon Clarke, who wrote a detailed account of the strike, explained:

> "As soon as the strikes moved outside the individual mines, the local authorities very quickly hitched their interests to the strike movement, cautiously aiding, if not supporting, the miners and adding their own demands to those of the miners for presentation to Moscow. The result was that the diverse grievances of the miners were swiftly swept aside, to be subsumed under the one central demand that the mines should be switched to full financial independence, on the basis of an increase in the price of coal, although this had not figured in the original demands of the workers." [5]

The committees worked closely with the local administration and quickly took over many of the functions of the local soviets, including the distribution of goods. For the leaders of the strike, the committees (not only in Kuzbass) became "the stepping stone to a lucrative political or commercial career." [6] The strike was called off after a few weeks. The Kremlin agreed to grant the mines independence and made limited concessions to the economic demands of the miners—most of which were never met.

The argument that the miners protested "for capitalist restoration," thus, is a vicious slander. It covers up for what was a criminal conspiracy of sections of the Stalinist bureaucracy, the Pabloites and the trade unions, which were working hand in glove with US imperialism, acting through the AFL-CIO, to gain control over the strike, disorient the workers and channel their movement behind support for the Yeltsin faction of the Kremlin, which was then pushing for a more aggressive pursuit of restoration.

This cannot be understood without taking into account the lasting and profound impact of decades of Stalinism, which had disoriented the workers and destroyed the leadership of the October Revolution and the Soviet Left Opposition. Moreover, the Soviet working class remained isolated from the program of Trotskyism, through the combined impact of Stalinism and revisionist tendencies within the Fourth International, especially Pabloism. As a result, the political confusion among the Soviet workers was so deep that the bureaucracy and layers of the petty bourgeoisie were able to push through their agenda on the backs and at the expense of the working class.

The AFL-CIO intervenes

US imperialism welcomed the restorationist efforts of the Stalinist bureaucracy and rushed to intervene in the evolving process in order to secure the interests of the US bourgeoisie. The main "front organization" for the State Department and CIA was the AFL-CIO. Starting in 1988, the AFL-CIO provided a substantial amount of funding for the NPG (Independent Miners' Union), as well as other so-called "independent" trade unions that supported the Yeltsin faction in the power struggle in Moscow against the faction around Gorbachev.

The NPG was formed in the wake of the defeated miners' strike of 1989. From the very beginning, the US, through the AFL-CIO, as well as layers of the bureaucracy, sought to subordinate its leadership to their interests.

Even before the formation of the NPG, several trade unionists from the workers' councils active in the miners' strike had been invited to the United States, where they met with representatives from the State Department and the AFL-CIO. The first congress of the union was financed by the Soviet coal ministry. Richard Wilson, the director of programs for the Free Trade Union Institute, was present from the AFL-CIO.

A visit by Richard Wilson and the secretary-treasurer of the United Mine Workers, John Banovic, to the Soviet Union in 1990 helped prepare not only the founding conference of the NPG but also the setting up of the Partners in Economic Reform (PIER) project. The PIER brought together the US coal industry association, the UMWA, the US government's Mine Safety Administration, the Russian coal ministry, and the independent coal miners' union, and the NPG in a joint effort to restructure the Soviet coal industry. The FTUI described the goals of the PIER as "providing technical assistance and promoting US investment in order to revitalize these coal regions, and to provide a model for other sectors of the Soviet economy in terms of adapting to a market economic system." [7]

Support for Yeltsin's radical reform program, later known as the "shock therapy," stood at the center of the NPG's agenda. The NPG itself worked as a combination of business entity and police force among the miners. It threw its support behind Yeltsin, as well as the World Bank and the US-funded Coal Project, and their "restructuring program" for the coal industry, which resulted in mass closures of mines and lay-offs. Anatoly Malykhin, one of the leaders of the NPG, who started demanding the resignation of Gorbachev in 1990 on behalf of the miners who had initially put forward only economic demands, became the representative of President Yeltsin in the Kemerova oblast, while his ally from the NPG, Mikhail Kisliuk, was made governor of the oblast until he was succeeded in 1997 by Aman Tuleeev.

The role of the Pabloites

Neither the AFL-CIO nor the Stalinist bureaucracy could have played the role that they did had it not been for the avid and conscious support provided by the Pabloite revisionists. This tendency had emerged within the Fourth International after the end of World War II, and advocated the liquidation of the Trotskyist movement into the existing bureaucracies that dominated the workers' movement.

With regard to the Soviet Union, the Pabloites argued that, instead of preparing the working class for a political revolution to overthrow the bureaucracy, the Fourth International had to work to "pressure" presumably "reformist" sections of the Stalinist bureaucracy to "reform" socialism in the USSR. In essence, they were counterrevolutionary enemies of the Trotskyist program, opposed to the toppling of the bureaucracy in the USSR and of the bourgeoisie in the US and Western Europe.

From the very beginning, the orthodox Trotskyists described and fought the Pabloites, who destroyed entire sections of the Fourth International, as petty-bourgeois agents of imperialism within the revolutionary movement. This description was fully born out in their role as a handmaiden for imperialism and the Stalinist bureaucracy in their destruction of the Soviet Union.

Under the guise of "pressuring" the "reformist" faction of the bureaucracy, the Pabloites in the West, and their agents in the Soviet Union, supported first Gorbachev's "perestroika" and then the Yeltsin faction of the bureaucracy and its "shock therapy".

This was the official line of the Pabloite International Secretariat, which advanced this counterrevolutionary line while posturing as "Trotskyist". In the GDR (German Democratic Republic), the head of the International

Secretariat, Ernest Mandel, sided fully with the Stalinist bureaucracy, which was heading toward all-out capitalist restoration. Mandel went so far as to denounce the struggle undertaken by the German section of the ICFI, then called the Bund Sozialistischer Arbeiter (BSA), to orient workers in the GDR toward a political revolution against the bureaucracy as an illegitimate intervention of "outside provocateurs".

The Pabloites also intervened directly in favor of the process of capitalist restoration in the USSR. In the Soviet Union, they established ties to the so called "informal movement". The "informals" which spread throughout Soviet cities during "perestroika" included representatives of various petty-bourgeois left tendencies (above all the "left socialists", anarchists, and environmental activists), liberals as well as far-right nationalists and monarchists.

The anarchist author Alexander Shubin, who was an active participant in the "informal" movement, indicated in his book about it that various "Trotskyists", meaning Pabloites, played a central role in establishing contacts between these "left socialists" like Kagarlitsky, Grigory Pel'man and liberal dissidents like Gleb Pavlovsky (who later became an advisor to Putin and is now working for the US imperialist think tank Carnegie Foundation), people they oftentimes had already known for years.

They were involved in the establishment of the Club of Social Initiatives (CSI), which was formed in 1986, and essentially functioned as a think tank for capitalist restoration. The CSI emerged out of a group of "informals" that gathered at the apartment of the influential dissident Mikhail Gefter, where they had discussions with Andrei Sakharov, Len Karpinsky as well as Yuri Afanasiev, who was a consultant to Alexander Yakovlev, a member of the Politburo who pushed for the most radical "reforms" to reintroduce capitalism. Sections of this circle aligned with a circle headed by Boris Kagarlitsky, which included Mikhail Maliutin, a candidate for the Central Committee of the CPSU. Together, they formed the CSI, an organization they consciously modeled after the Polish Workers' Defence Committee (Komitet Obrony Robotników, KOR).

Formed by left wing radical intellectuals amid an upsurge of working class struggles in the 1970s, the KOR played a central role in politically disorienting the mass working class movement of the Solidarity union in the 1980s, channeling it, with the full support of the Pabloites, into a pro-capitalist direction. Precisely this function of the KOR was what the perestroika "lefts" sought to emulate, in a perhaps more open and crasser form.

The CSI organized "public discussions" with the sociologist Tatiana Zaslavskaya, who had co-written the "reform" program for Gorbachev. The CSI also closely collaborated with the club "Perestroika", where many of the leading "shock therapy" economists of the early 1990s (Yegor Gaidar, Anatoly Chubais, and others) gathered. It supported the cooperative-movement, the first privately owned enterprises allowed under Gorbachev, and organized its first events with sociologists Zaslavskaya and L. Gordon about cooperatives and the future of the USSR in 1987. Many "informals" became businessmen; the CSI itself began to receive financing from a cooperative that was co-run by Grigory Pel'man. After that, the Club continued to collaborate closely with the Soviet Association of Sociologists. Pel'man, who had studied under Zaslavskaya, recalled in an interview:

> "We behaved very unceremoniously, using our contact with the Soviet Association of Sociologists; we often went to various Raikoms [regional committees] of the Komsomol and the party and said: 'We are for perestroika, we are for glasnost', we want to work, give us a place to stay.'" [8]

They were granted the best locations in Leningrad and Moscow for their public events and round tables.

These "lefts" had begun to orient themselves toward Yeltsin as early as 1987. Toward late 1987, they distributed material propagating "reform" measures, "proving", in the words of Alexander Shubin, "that the 'informals' could better formulate the positions of Yeltsin than he himself. Thus, the radicals began to aspire to the role of 'think tanks' of the oppositional oriented nomenklatura." [9]

In an interview with Rick Simon from April 4, 1989, Kagarlitsky described Yeltsin as a "kind of real popular hero". His differences with Yeltsin, he indicated, were not over "his programme or slogans but how those slogans will be interpreted, and although there is a real Yeltsin movement growing and sometimes becoming organized, Yeltsin's movement lacks a detailed and well-developed political and economic programme and also lacks real political organization—with its structures, rank-and-file, experts—in comparison with a real political movement. In that sense Yeltsin's movement is sometimes really weak and that is why it sometimes depends very much on the support of the Moscow Popular Front which has less people but is a permanently functioning political machine."

In his *Dialectic of Change*, published by the leading Pabloite publishing house Verso in 1990, Kagarlitsky openly called for the final destruction of the workers' state, insisting that "radical reforms [must] affect not only the sphere of distribution but also the sphere of production, management and ownership. They must be directed at securing an *irreversible* shift in the social structure." [10]

The encouragement of the NPG ((Independent Miners' Union) in the miners' regions was part of that line. While the Pabloites supported these supposedly "independent" organizations, the ICFI correctly warned that: "They serve as agencies of international capital, which, in the final analysis, is the function of the Stalinist bureaucracy itself. … Such 'unions' are necessary to undermine the resistance of the working class [against capitalist restoration] from within. Therefore, the bourgeoisie supports them financially and organizationally to the best of its abilities." [11]

The argument employed by the Pabloites and the "informals" to support the call for independence by the mines was that of economic "self-management". While presented by them as a left-wing demand, and one that corresponded to the anti-bureaucratic sentiments within the working class, to the extent that it was entirely divorced from a political revolution by the working class and the principles of a planned economy, the demand was bound to be exploited in the interests of the bureaucracy as it was pushing for the reintroduction of private property relations. As the IC explained in 1989 with regard to the demand in Poland, where it had also been advanced by the Pabloites:

> "Restricting self-management to the individual factory precinct undermines the foundations of the workers' state and, with its attack on planned economy and on the monopoly of foreign trade, opens the gates wide to the profit interests of capitalism. Far from aiding the emancipation of the working class from the bureaucratic regimentation, this route could, contrary to the intentions of its advocates, be taken by the bureaucracy itself to solve the economic crisis at the expense of workers and secure its privileged position and system of rule." [12]

This is precisely what happened, both in Poland and in the USSR.

In the wake of the miners' strike, the drive toward all-out restoration at a quicker pace than that proposed by Gorbachev, who was wavering mostly out of fear of a social explosion, gained a new momentum among layers of the intelligentsia and the "radical reform" wing of the

bureaucracy. They supported the so called Popular Fronts, which had emerged in 1987-1988 throughout the Soviet Union and were essentially mobilizing support for the respective local and national radical reform-candidates and nationalist movements.

Thus, the Popular Front in Leningrad supported Anatoly Sobchak, who later became the mentor of Vladimir Putin and Dmitri Medvedev; in Moscow it supported Yeltsin and in the Baltics the respective nationalist and pro-capitalist nationalist movement. They were marked by an increasingly systematized collaboration between the "left", the liberals and the far-right, and signified a further shift to the right among broad layers of the intelligentsia, who felt that Gorbachev's course of reforms was too slow and threatened upheaval by the working class—like the coal miners' strike. The Popular Fronts were to form the nuclei for the new ruling elites in the respective cities, many of whom have remained in power ever since the early 1990s.

Having paved the way for the shock therapy during perestroika, the "left" was taken into the government in 1990-1993 to manage its first stages. The government in Moscow was until 1993 dominated by self-branded "social democrats" like Pavel Kudyukin or Boris Kagarlitsky and relied to a significant extent on the "independent" unions, which continued to disorient workers' struggles and channel them into support for Yeltsin. The high-point of the "independent" unions influence was reached in the wake of the failed August putsch against Yeltsin when they helped mobilize support for his "radical reforms". During 1993, the "social democrats" lost most of their portfolios. At this point, they were already thoroughly discredited in the working class. By 1994, capitalism had been introduced, the bulk of the Soviet economy and welfare state was destroyed, and the new bourgeois order was "legally" legitimized by the Russian Constitution.

The trade unions and capitalist restoration

In 1991, the Tripartite Commission was established at the direct suggestion of the AFL-CIO and modeled on existing labor relations in the United States: Labor agreements were to be elaborated jointly by union representatives, management and the local government. It was a mechanism not to provide the working class with any political representation, but, on the contrary, to implement restoration and stifle any working class struggles against it in a coordinated way. In the first years of the Commission, the Federation of Independent Trade Unions (FNPR), which emerged directly out of the official Soviet trade unions, dominated with nine seats, while the "independent" unions Sotsprof and the NPG had three and one seats, respectively.

While usually lining up behind different rival factions of the emerging oligarchy, both factions of the trade union bureaucracy supported shock therapy. In early 1992, on the eve of the freeing of prices, which plunged tens of millions into poverty, the FNPR imposed upon itself a four-month strike ban, on the grounds that strikes were pointless and would paralyze economic activity. The president of the NPG, Victor Utkin, stated just before the price explosion that "the priority now was not increasing pay, but radical economic reform …". [13] Khramov, the head of the "independent" union Sotsprof stated an interview back in December 1991: "We believe it is possible and necessary for the trade union to provide a cover for enterprises which will give part of their profits to the trade union for the needs of its members".

The unions and the pseudo-left also backed the voucher-privatizations, in which the Soviet economy, which had been built with tremendous sacrifices by the working class over decades, was sold for peanuts to former "red directors", rising stars of the gangster-elite and Western hedge funds. Judging by the sale of equity in privatized Russian companies, the total value of Russian industry amounted to $5 billion in June 1993 and rose to $12 billion in 1994, which was less than the worth of companies like Kellogg or Anheuser-Busch. [14] The privatization of Gazprom was led by the gas minister Chernomydrin, the ex-head of the former Soviet ministry of gas (which was transformed into Gazprom under perestroika). The company was sold for some $100 million in 1993-1994. Its net worth in 2006 was $100 billion. [15]

While the "red directors" managed for the most part to maintain their positions and expand their property, a few individuals and Western hedge funds gobbled up a substantial share of the privatized assets. The most famous case was that of Boris Jordan, also called the "Russian Czar". Jordan, a young hedge fund manager from Boston with Russian ancestors, acquired 17 million of the 144 million vouchers distributed to Russians for use in bidding for shares in the privatized companies and, on this basis, bought stakes in many of Russia's most important companies. Boris Jordan today co-heads and is one of the main sponsors of the Jordan Center for Advanced Russian Studies at New York University, which was named after him, and a member of NYU's Board of Trustees.

The union bureaucracies themselves assisted and participated in the privatizations. Unions like "Unity" at AvtoVAZ, the largest auto-company in Eastern Europe, were complicit in the privatization of the respective companies. The NPG played a crucial role in the privatization of the Russian coal industry. Throughout the 1990s, the AFL-CIO, at the invitation of the Russian government, was advising the misnamed "independent" unions, which continued to provide critical support for the "shock therapy".

One of the biggest acts of looting of state property was undertaken by the so-called independent union federation, the FNPR. After long negotiations and despite protests from "independent" unions, which demanded a larger share for themselves, in September 1992 a contract between the FNPR and the government formally established the transfer of the whole property of the Soviet unions to the FNPR.

According to a 2009 article by the the *Nezavisimaya Gazeta*, the property transferred included 100,000 pioneer camps, over 25,000 sports facilities, around 1000 sanatorium complexes and 23,000 clubs and culture palaces. According to the newspaper, "the most modest estimates put the total worth of real estate, controlled by the FNPR in 1992, at $6-7 billion. However, this figure does not include the worth of the land on which the real estate is built." Some estimates put the total worth of the property transferred at up to $100 billion.

In the following months and years, the FNPR founded the Sanatorium association, now the Closed Joint-Stock Company SKO FNPR "Profkurort", the joint-stock company "TsSTE-INTUR" (in control of the health and tourist complexes) and the Closed Joint-Stock Company "Profstroi". The Russian state was a major shareholder in these companies. The union also sold part of the property, often to the state and local governments.

Another huge source of profit for the FNPR became the lending of its real estate to companies and banks. The most famous example is the Moscow restaurant complex "Izmailovo" which yields the FNPR-leadership an estimated $15 million annually (NG, 2009). Meanwhile, membership dues contribute only around 15 percent of the total income of the FNPR, according to the *Nezavisimaya Gazeta*. Mikhail Shmakov, the head of the FNPR since 1993 and a close ally of Vladimir Putin, is considered to be one of the richest men in Russia, with a private fortune that is comparable to that of oligarchs like Roman Abramovich ($11.5 billion) or Oleg Deripaska ($5.3 billion).

This property transfer was co-directed by Kagarlitsky, Alexander Buzgalin (a member of the Central Committee of the CPSU in 1991) and other academics and intellectuals posturing as "lefts". In December 1992, Kagarlitsky, Buzgalin, Andrei Isayev's Confederation of Anarchist-

Syndicalists as well as numerous “Greens” formed the “Labor Party”. The party had been built on the initiative of former CPSU-bureaucrats and FNPR president Shmakov. It was entirely financed by the FNPR and virtually ceased to exist in 1994. During its brief life span, it functioned simultaneously both as a “left” propaganda department of the FNPR and its economic advisory board.

Isayev continued his career in the FNPR, and became the general secretary of the ideology department. Today he is a state-duma deputy, leading member of the ruling “United Russia” party and vice-president of the FNPR. Kagarlitsky and Buzgalin headed for a career in academia and journalism and still pose as leading “lefts” in Russia. They are regularly invited to congresses of the pseudo-left in Western Europe.

The involvement of the trade unions in capitalist restoration in Russia was a concentrated expression of the role that the trade unions had assumed internationally: they were functioning, ever more openly, not as organizations fighting for limited economic gains for the working class, but as corporatist entities and instruments of the state and business to control the working class.

The role of the AFL-CIO in the restoration of capitalism in Russia, and the formation of the Russian “independent” unions speaks volumes about the pro-capitalist character of these organizations and their hostility to the interests of the working class, both “at home” and on an international scale. For the layers of ex-lefts that worked within the trade unions, the role of the unions in the destruction of the social gains of the working class became a career path that furthered their own personal enrichment. They defended and continue to defend them not as “workers’” organizations but as organizations that represent their class interests against the working class.

The Trotskyist warning that the Stalinist bureaucracy, unless stopped by the working class, would eventually move to destroy the degenerated workers’ state and become a new property-owning class was fully confirmed by what happened in the 1990s.

One Russian sociologist described the process quite pointedly:

> “A minister became the holder of controlling shares in a concern; an administrative head in the Ministry of Finance became the president of a commercial bank; a senior manager in Gossnam [the former Soviet agency responsible for distributing the ‘means of production’] became the chief executive of the stock exchange.” [16]

The open criminality of the new bourgeoisie was stunning. According to a survey among Cheliabinsk entrepreneurs in the early 1990s, 30 out of 40 possessors of large holdings considered it impossible to do business without breaking the law; 90 percent were convinced that they couldn’t engage in business without giving bribes to various state agencies; 65 percent had bribed workers in financial auditing bodies and 55 percent had bribed deputies at various levels.

In a private conversation with the economist Anders Aslund, who helped elaborate and implement “shock therapy”, one of the oligarchs who came to wealth and power during the loans-for-shares privatization of the mid-1990s explained,

> “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.” [17]

This perverse and criminal orgy of self-enrichment by former bureaucracy was based on the destruction of the productive forces that had been created by the Soviet working class, and the reckless and short-sighted selling-off of raw materials. The Kuzbass and the Russian coal industry are a particularly stark example for the social criminality and ruthlessness of this process.

After the United States, Russia has the world’s largest coal reserves. The remnants of the Soviet coal industry were thus among the most tempting parts of the booty that both Russian and Western businessmen hoped to secure during the capitalist restoration. The US had already laid the basis for a massive intervention with the above documented PIER project launched in 1990, well before the final destruction of the USSR in late 1991. Throughout restoration and much of the 1990s, the US remained heavily involved in the so-called “restructuring” of the Russian coal industry.

In the first years of capitalist restoration, the government, while privatizing the coal industry, backed away from cutting all of its subsidies, largely out of fear of a renewed explosion of the struggles of the coal miners, who continued to go on strikes throughout the 1990s. The coal industry also remained under the administration of the former Soviet ministry Rosugol, whose president, Yuri Malyshin, numbered among the most powerful figures at that time. While already completely privatized, the fact that the coal industry was under the de facto control of one large Russian state-business entity could not but be a thorn in the side of international, and especially American, finance capital.

The main lever through which the complete subordination of the coal industry to the profit interests of large American, Australian, Austrian and Russian companies was guaranteed, was the World Bank. Determined to send the Russian coal industry along the “Thatcher route”, the World Bank outlined a program of massive cuts and mine closures as a condition for a $500 million loan. The Russian government for whom the coal industry was, according to one author, a “political noose around its neck”, accepted the “proposals” of the World Bank in 1995, which included the “zeroing out” of all coal subsidies, and a plan to cut employment in the coal industry in half within three to five years.

The World Bank’s program was closely tied to the US-funded Coal Project, and both were fully supported by the independent miners union, the NPG, which by then had lost much of its membership and influence.

The impact of the “restructuring program” on the coal industry was devastating. Coal mining employment in Russia plunged from 900,000 to roughly half that by 2000. Production, which had peaked in 1988 with 400 million tons, dropped to just 225 million in 1997. Rosugol became an open-type joint-stock company in 1996, with Malyshev as its president. In 1998, after the closure of at least 58 mines, the government announced plans to shut down another 86 out of the remaining 200 coal mines in Russia.

Workers were going without wages for months and even years. While this was a general phenomenon in the Russia of the 1990s, the situation was particularly dire in the coal industry. In one particularly infamous case, the Kuznetskaya mine in the Kuzbass, one of the largest iron mines that had been privatized in 1991 as a joint-stock company with an Austrian firm, did not pay its workers for two years. Driven by despair, miners and their wives eventually resorted to locking the mine’s top management in their office and holding them hostage until their wages were paid.

Coal workers, once the most highly paid group within the Soviet working class, dropped to seventh place by the late 1990s. [18]

Like aluminum, steel and other raw material and energy industries, the coal industry was the subject of violent battles within the state, and among the rising oligarchs and organized crime, with the lines between these three sectors being all but non-existent. Dozens of Kuzbass mine managers were assassinated as part of the mafia wars in the 1990s. The

Kuzbass had the third-highest murder rate in the nation. One mine director who was asked by the Moscow Times about the influence of organized crime on the coal business, answered briskly: “They don’t influence it. They run it.”

The social disaster resulting from the mine closures and elimination of hundreds of thousands of jobs was aggravated by the fact that, due to a serious housing shortage in Russia (which is still ongoing), it proved all but impossible for laid-off miners to move with their families to different regions to find other employment. One local government official from the Kuzbass who had formerly worked for the KGB laconically told the New York Times: “These days they [the coal miners] don’t care about soap. They want food.”

Strikes by the miners in the Kuzbass and beyond occurred throughout the 1990s, drawing in between 400,000 and 600,000 miners. Overall, millions of workers continued to go on repeated strikes throughout this period, protesting against the extreme social crisis. However, under conditions of extreme political confusion, these strikes could be manipulated and exploited by rival factions within the unions and among government officials and businessmen, who were trying to use the striking workers in order to push for their own interests in Moscow or the region.

While very stark, the situation in the Kuzbass is broadly representative of the political and economic chaos, the criminality and the social despair that have come to mark the 1990s more generally, a period which many Russians, for good reason, still remember as traumatic.

According to the Russian journal Expert, total industrial production in Russia collapsed by as much as 55 percent in the 1990s. By comparison, during the Great Depression in the US, production declined by 30 percent. In Russian history, only the combined effect of WWI and the Civil War after the October Revolution had been worse. Between the first half of 1993 and the first half of 1994, industrial production in sectors like armaments, electronics and construction – key industries of the Soviet Union – declined by 40 to 50 percent. Industrial production as a whole in 1994 was 47 percent of its 1990 levels. Domestic investment was 35 percent of its 1990 level by 1995, and in 1996, 75 percent of all companies didn’t make any capital investment at all. Foreign capital would flow to the stock markets and financial institutions, but not into industry.

Privatization and the dismantling of substantial sections of industry also meant the destruction of a social welfare state that was in large measures tied to the Soviet industrial infrastructure.

Moreover, the past few decades have seen relentless cuts to the health care system, in particular. The social crisis and lack of any political perspective have driven millions into suicide, and into drug and alcohol abuse.

Social infrastructure has been neglected to an extent that is patently criminal. In Russia, by territory the largest country in the world and with a population of 140 million, there are only some 5,000 fire stations. The much smaller – and socially also devastated Poland – has over 15,000 for a population of 40 million. In 2014, 9,405 people died in fires in Russia. The number of dead per 1,000 fires was 64.5, a rate surpassed only by Belarus which had 78.8 dead per 1,000 fires. By comparison, in the US, which has a population of 320 million, 3,280 people died in fires with a death rate of 1.7 per 1,000 fires.

The March 25, 2018 Kemerovo fire was one of the worst, but hardly the only major fire that was caused by the criminal disregard of basic fire safety regulations. In 2003, a fire in a student dorm of Moscow University took the lives of 44 people, injuring 156; a fire in a nursing home in Krasnodar in 2007 killed 60 people; a fire in a nightclub in Perm in 2009 killed 154; and, in 2015, a fire at a mall in Kazan killed 19 people, and injured 61.

Every year, an estimated 15,000 workers die in workplace accidents, according to numbers of the International Labor Organization. A horrifying 190,000 workers die annually as a result of exposure to dangerous conditions at work.

In short, contrary to the claims of capitalist triumphalists and most bourgeois academics, the restoration of capitalism was anything but “peaceful.” It was a one-sided class war in which the working class, disarmed and beheaded by decades of Stalinism and the intervention of Pabloism, was bitterly attacked by both the rising oligarchy and imperialism.

The death toll of this counterrevolution has never been drawn up. But any serious estimate would have to take into account not only the tens of thousands who died in the civil wars which erupted in the Caucasus and Central Asia; but also the over one million suicides in Russia alone since 1991; the horrific spike in deaths from previously eradicated diseases like tuberculosis; the millions of victims of the ongoing heroin and HIV epidemic; the tens of thousands of workers who have died in workplace accidents; and the many millions of victims of the decrepit state of the social infrastructure and the health care system. The Kemerovo fire adds another 60 people to this account, but it is in many ways only the tip of the iceberg.

Only a tiny oligarchy and a very small upper middle class have benefited from this criminal process. The Credit Suisse global wealth report for 2016 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, compared to 78 percent in the United States and 73 percent in China. 122,000 individuals from Russia belong to the world’s wealthiest 1 percent, and the country has no less than 79,000 US-dollar millionaires. Russia 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. Only about 4 percent of the population qualified as “middle class.”

By contrast, according to an article in the Nezavisimaya Gazeta from April 2017, 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. Official statistics indicated that the number of extremely poor people, living beneath this low threshold, stands at around 19 million.

The Kuzbass today

Coal production in Russia has seen a resurgence in recent years with Russia ranking as the world’s sixth largest producer. The coal industry employs around 151,000 people, with another 500,000 working in related industries. Coal is the fifth most important export product for Russia.

In 2016, Russia produced 385.7 million tons of coal, of which 171.4 million tons were exported. The Kuzbass has produced between 54 and 60 percent of all coal that is mined in Russia, and up to 76 percent of Russia’s coal exports. Coal companies account for well over half of the region’s budget.

With a record low of only 70 mines as of 2016, this increase in output has been achieved above all by a massive increase in productivity—that is, a ruthless intensification of the exploitation of the working class.

The profits of the coal companies have risen even more significantly than the output. In 2017, when output rose by 13 million tons to 270 million tons a year, the profits of coal companies rose by 2.8 times, according to official statistics.

Coal extraction in Russia, like all extraction of raw materials, has proceeded in the most reckless and environmentally destructive manner.

While this was always an issue in the Soviet period, and the subject of one of the demands raised by striking miners in late 1980s, it has gone from bad to worse since 1991 as the ruling oligarchy has been pursuing the exploitation of the working class and the raw material resources in total disregard of the consequences for the lives of ordinary people.

According to a report by the NGO Ecodefense, the average life expectancy of the Kuzbass population is three to four years shorter than the average in Russia. No less than 93.8 percent of the drinking water sources in the region are polluted. The region is experiencing black snowfall, with snow containing sulphur compounds, nitrites, chlorides, potassium and manganese.

Many diseases are more widespread here than in the rest of the country. The rate of tuberculosis, which made a "comeback" in the 1990s after having been virtually eliminated in the Soviet Union, is 1.7 times higher here than on average in the country. The Kuzbass had the highest rate of child cerebral palsy in Russia in 2011 and the second highest in 2012. Fifteen types of cancer are more common in the region than in the rest of the country.

Infant circulatory system anomalies are 1.6 times higher, and female reproductive system anomalies are 3.3 times higher. Infectious and parasitic diseases among children are two to three times higher than the national average of 988 per 100,000 children.

The poor state of health is a result of a combination of serious environmental pollution, poor infrastructure and extreme poverty. In a poll from 2015, several of the major mining centers in the Kuzbass were counted among the poorest cities in Siberia with a population of more than half a million. Kemerovo was the worst off, with 56 percent of the population describing themselves as "low-income," meaning that they had enough money "only for groceries and items of first necessity." Barnaul and Novokuznetsk, both also major centers of the mining industry, each had 55 percent.

Miners' salaries depend to what extent the "plan is fulfilled." The average salary for a "fulfilled plan" (i.e., meeting a set quota for the extraction of coal), is usually around 25,000 rubles ($437) a month. Since this is a salary impossible to live on—and many workers have to feed families of three to five on their wages—miners are forced to take significant security risks to overfulfill the plan. Even then, however, miners receive an average salary of 35,000 rubles ($603). In other words, while performing highly difficult and dangerous work, the miners and their families live in severe poverty.

Deadly accidents at Russian mines are extremely common. Between 2004 and 2012, there were 10 major mine explosions, which took the lives of 391 miners. Among the biggest were the explosion at the Ulyanovskaya mine in 2007, which killed 110 miners, the Raspadskaya mine disaster of 2010, which killed 91 men, and the Severnaya disaster that same year, which killed another 36.

According to a 2016 report by the business daily *Vedomosti*, only 8 out of the 70 mines in Russia were considered "not dangerous." Thirty-eight of them, which produce a total of 18 million tons of coal a year, were deemed "highly dangerous" by the heads of Russia's largest coal companies, and 12 were deemed "critically dangerous."

In one of the all-too-rare social reports about the situation of the Russian working class, a reporter for the journal *Takie dela* visited Mezhdurechensk in 2017 and spoke to a family of miners. One young miner, Vova, told her it was a regular occurrence for their employers to withhold substantial parts of their salary: "They might cheat you a little. Say you go 200 meters down, they are supposed to pay you 100,000 [rubles, or $1,748], but they pay you 80,000 [rubles, or $1,398]. But you will not get this money back, because you're a simple worker and no one will listen to you."

Virtually the entire town of 50,000 people depends on the mines, which are run by the Raspadskaya Coal Company. Its headquarters are in the same building that used to house the regional committee of the Communist Party of the Soviet Union. The workers told her: "Just like you previously couldn't write anything bad about the party, now you cannot write anything bad about the mining companies!"

The Raspadskaya Coal Company is one of Russia's leading coal producers and runs the Raspadskaya mine, the largest coal and largest underground mine in the country. It is notorious for disregarding basic safety measures, with dozens of accidents over the past decades. The worst, in 2010, killed 91 miners.

In 2013, large shares in the company were sold to the owners of EVRAZ, a major international coal and steel company: Roman Abramovich (net worth $11.5 billion), Alexander Frolov ($2.4 billion) and Alexander Abramov ($5.8 billion). Abramovich in particular counts among the oligarchs closest to Putin. EVRAZ also owns Yuzhkuzbassugol, another major coal-producing company in the Kuzbass, and six other mining facilities in the Kemerovo oblast. Overall, EVRAZ controls some of the most important mines in Russia and East Ukraine.

The family that the reporter of *Takie Dela* spoke to was so desperately poor that they couldn't even offer anything to eat while housing her—something that is standard in Russian culture, even in the poorest families. The reporter noted at the end of her piece:

"A few days later, I talk to Yekaterina, the wife of the miner Yura. She is very emotional and loudly screams into the receiver: 'You know, I've been thinking a lot. A working person should live with dignity [dostoino]! Precisely this word—with dignity!' Then she sharply lowers her voice and adds, quiet and tired: 'Because the workers hold the earth on their shoulders [zemlya derzhitsia na rabochikh]. We go to work, we pay taxes. But when you came I didn't even have anything to put on the table.'"

Covering about a fifth of the earth's landmass, Russia contains some of the world's largest raw material resources, including about 22 percent of the forests, 20 percent of fresh water and 16 percent of the mineral reserves. These include about 6 percent of the world's oil deposits, a third of the world's natural gas deposits, the second largest coal reserves, between 25 and 40 percent of the world's unmined gold reserves and 10 percent of the world's uranium reserves.

At this point, almost all of these resources are controlled by a handful of oligarchs—much to the chagrin of Western companies and especially US imperialism, which have been virtually barred from owning and extracting raw material resources. Almost all of Russia's 30 richest businessmen, who have combined wealth of over $200 billion, are involved, to a greater or lesser extent, in oil, gas, aluminum, steel and coal, and it is no coincidence that several of them are now the target of US sanctions.

Their control over significant sections of the world's resources and the exploitation of the Russian working class—resources that imperialism thought it could begin exploiting without impediment after the dissolution of the USSR—is a major economic motive for the relentless campaign by the Western media and especially the US government against Putin and the oligarchs closest to him.

To the extent that imperialism fails to achieve its aims by means of economic warfare and "regime change operations" in countries allied to Russia, it will resort to—and is already actively preparing to resort to—direct military aggression, which would have the most catastrophic consequences for the working class in the former Soviet Union and internationally.

Fundamentally, the tragedy in Kemerovo and the danger of imperialist world war have the same historical and economic roots: the betrayal of the October Revolution by Stalinism, which culminated in the massacre of generations of Marxists and Trotskyists in the 1930s, and the dissolution of the USSR and restoration of capitalism a half-century later.

A way out of this social devastation and the threat of imperialist war can be found only through an assimilation of the lessons of the crimes of Stalinism, and on the basis of a program that seeks to unify the working

class internationally on a socialist basis. This requires a break from the trade unions and all existing bourgeois forces in Russia, all of which were implicated in the counterrevolution of 1985-1991 and horrendous crimes against the working class, and a building of a section of the International Committee of the Fourth International, the world Trotskyist movement, in Russia and throughout the former USSR.

Notes:

[1] David North, /Perestroika vs. Socialism. Stalinism and the Restoration of Capitalism in the USSR/, Detroit: Labor Publications 1989, p. 13.

[2] Leon Trotsky, */The Transitional Program/*. https://www.marxists.org/archive/trotsky/1938/tp/tia38.htm

[3]Michael Ellman and Vladimir Kontorovich (ed.), /The Destruction of the Soviet Economic System: An Insiders' History/, New York: Routledge 1998, pp. 16, 104.

[4] Quoted in Simon Clarke, Peter Fairbother, Vadim Borisov, /The Workers' Movement in Russia/, Aldershot/Bloomfield: Edward Elgar Publishing House 1995,p. 22.

[5]Ibid., p. 40.

[6] Ibid., p. 82.

[7] David Bacon, "The AFL-CIO In Moscow: The Cold War That Never Ends".

[8] Quoted in Aleksandr Shubin, *Predannaya demokratiya. SSSR i neformaly, 1986-1989* [Democracy Betrayed. The USSR and the "Informals", 1986-1989], Moscow: Evropa 2006.

[9] Ibid., p. 134.

[10] Boris Kagarlitsky, *The Dialectic of Change*, London/New York: Verso, p. 331. Emphasis in the original.

[11] Statement by the International Committee of the Fourth International, "Cliff Slaughter Renounces Marxism (April 19, 1991)", in: *Fourth International*, Vol. 18 No. 1 (Summer-Fall 1991), p. 53.

[12] Wolfgang Weber, *Solidarity in Poland 1980-1981 and the Perspective of Political Revolution*, Detroit: Labor Publications 1989, p. 102.

[13] Clarke 1995, p. 149.

[14] Neil Robinson, "The global economy, reform and crisis in Russia", in: *Review of International Political Economy*, Vol. 6, No. 4 (Winter 1999), p. 559.

[15] Anders Aslund, *Russia's Capitalist Revolution. Why Market Reform Succeeded and Democracy Failed*, Washington 2007, p. 141.

[16] Olga Kryshtanovskaia, "Transformation of the Old Nomenklatura into the New Russian Elite", in: /Obshchestvennye nauki i sovremennost'/, 1995, no. 1, pp. 58-59.

[17] Aslund 2007, p. 160.

[18] Numbers from: Stephen Crowley, "Between a Rock and a Hard Place: Russia's Troubled Coal Industry", in: Peter Rutland (ed.), Business and State in Contemporary Russia, Boulder: Westview Press 2001, pp. 129-149.