Russian workers crushed by rising prices as GDP falls

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As the United States and its allies continue to announce new economic sanctions against Russia on a near daily basis, the country's working class is being hammered by rising prices and increasing wage arrears, as well as the pullout of ever-growing numbers of foreign corporations from the Russian market. While decrying Moscow's assault on Ukraine's innocent civilians—a population about whose well-being the US and EU have never had the slightest concern in the past 30 years—the West is working to drive ordinary Russians into destitution as part of the process of bringing down the Putin government.

According to the federal statistical agency Rosstat, annual inflation is now running at 16.9 percent, up from 9.15 percent a month prior. Alexei Kudrin, head of Russia's Accounts Chamber, said yesterday that this number could easily reach 20 percent by the end of the year. He also predicted a fall of 10 percent in the country's annual GDP, two points higher than experts anticipated just a month ago and the worst in nearly three decades. Speaking the same day, Russian Vice Premier Andrei Belusov reported that industrial production and trade has fallen by 11 percent since the Ukraine invasion.

The cost of basic foodstuffs and household items has risen dramatically since the start of 2022—cabbage (85 percent), onions (68 percent), sugar (53 percent), carrots (53 percent), laundry detergent (20 percent), diapers (20 percent), feminine products (24 percent). While the price of some of these products has stabilized or fallen slightly over the last week, the cost of other goods—such as margarine and rice—is now taking off.

? recent survey by polling agency VTsIOM found that 85 percent of Russians are stockpiling food driven by fears of further price hikes and empty store shelves. According to the Bank of Russia, real wages will fall 4 percent this year and real disposable income 7.2 percent.

While the federal government claims that the crisis surrounding another major consumer product—medicines—is not severe because costs have only increased by 4 to 12 percent depending on the category of the drug, doctors around the country are reporting widespread shortages. A study conducted by Vrachi.RF found that more than 80 types of medicines, including insulin, are no longer available in pharmacies.

In addition to treatments for diabetes, epilepsy and seizures, thyroid problems, depression, and psychosis, oral contraceptives, menopausal hormonal therapies, and children's ibuprofen are broadly unavailable. According to a representative of the advocacy group Patient Control, it is also difficult to find drugs for COVID-19, which is infecting upwards of 10,000 people a day in Russia and has killed as many as 778,000 directly or indirectly.

State and local governments, anticipating further deficits, have gone on a drug-buying spree, spending 45 billion rubles in the last month alone to purchase medicines, in particular antibiotics, cancer treatments, and those that target respiratory illnesses. Drug prices are expected to increase during May-June, when cost agreements between the government and pharmaceutical companies come up for review.

Among the more than 800 hundred corporations that have halted all or some aspect of their activity in Russia are major food and drug companies, such as Danone, Nestle, Fazer, Bayer, Eli Lilly, Merck, Novartis, and Pfizer. Russia's trade balance has actually now swung ever-more in its direction, because of the extraordinary pace at which foreign imports have fallen off.

Officially, unemployment numbers remain low in Russia, with the government claiming in March that so far just 59,000 workers have lost their jobs since the onset of the latest sanctions. This number has been kept artificially low, however, by multi-billion-ruble government bailouts that have enabled employers to keep workers on the books with reduced hours and wages or allowed localities to create low-paying public works positions for laid-off

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workers.

Furthermore, according to one estimate, about 30 percent of the labor force is employed in the black market. There is little data on what is happening in that sector.

Experts predict that even the official unemployment rate will rise substantially by the end of the year. The chief of the online job-seeking service HeadHunter, Mikhail Zhukov, said Thursday he expects joblessness to reach around 7.5 percent this year, a level last seen in 2009 after the world economic crisis.

The toll being taken on Russia's working class expresses itself in a dramatic growth in wage arrears—that is, employers are not firing but are not paying their employees. As of February 1, according to state-run news agency *TASS*, workers in Russia were owed a total of 915 million rubles in unpaid wages, a 16.4 percent increase over the previous month. Of the 915 million rubles, 59.9 million were accumulated in January 2021 and the rest was left over from previous years.

However, in all of last year, there were just 272 million rubles added to the total sum of Russia's wage arrears. In other words, if wage arrears in 2022 continue at the same rate as they are presently—that is, around 59.9 million rubles a month—by the end of 2022 they will have ballooned by more than 2.5 times what they were in 2021.

The Kremlin is undertaking extraordinary efforts to buoy the Russian economy. According to Vice Premier Belusov, expenditures from the federal budget in the first quarter of 2022 exceeded last year's by 20 percent and the state has already made 1.3 trillion rubles of cheap credit available. It is preparing to inject nearly a trillion more into the economy.

The Kremlin has continued to announce a series of bailout measures—including as of yet unspecified increases in payments to pensioners and families with young children, as well as a credit holiday for people whose income has fallen by 30 percent or more and a moratorium on bankruptcies. Just a few days ago, Putin promised, rather improbably, that the government would lower the country's levels of poverty and inequality. Despite the fact that the president's popularity appears to have increased over the last month, there are deep fears within the ruling elite that a fall in Russians' living standards will provoke an uncontrollable social and political crisis in the country.

According to a recent poll by the Levada Center, an independent public opinion agency in Russia, Putin's approval rating has risen since the invasion to about 83 percent. While there is little love among the population for the destruction of Ukraine, the ferociousness of the US and NATO towards Russia, which has been long in the making, may have resulted in, at least for a time, a growth in support for Putin's government.

The unavoidable fact that Washington and its allies are funneling massive amounts of arms to far-right psychopaths in the Ukrainian military who inscribe on their banner their desire to kill Russians is not lost on the Russian public, nor is the collective punishment being enacted against them. Russian workers in foreign firms are seeing their livelihoods disappear overnight and world-renowned Russian musicians are being canned simply because of where they happened to be born and the language they speak.

The demonization of whole peoples has always been a necessary preparation for war against them. The increase in support for the head of the Kremlin has been widely noted in the Western press. It is being highlighted in order to justify the US and NATO's brutalization of the Russian people as whole. If, as has been repeatedly stated, Putin is a war criminal, then ordinary Russians are supporters of war crimes and deserve what they get.

The working masses of the world cannot allow the criminal actions of the Kremlin in Ukraine to blind them to the criminal actions of Washington and the EU in Russia. The United States and NATO have long-been seeking and preparing the groundwork for the present conflict with Russia, whose domination of a large portion of the Eurasian landmass they view as an intolerable impediment on their right to make a profit off of everything and everyone. The Russian bourgeoisie, as is demonstrated by their disastrous invasion of Ukraine, has no solution to this apart from, in the end, threatening to unleash its nuclear arsenal.

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