

Capitalist restoration in Russia: A balance sheet

Part 2: What happened to the miners' strike

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This is the second article in a four-part series. The first part was published on April 30.

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 Kuduyukin 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 Chernomyrdin, 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 *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 “Profstroj”. 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.

To be continued

Notes:

[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.

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