

Kremlin Scrambles To Calm Angry Pensioners

by Rachel Douglas

As an avowed believer in market forces, Alexei Kudrin does not usually blame major events on shadowy provocateurs. On Jan. 19, however, Russian Finance Minister Kudrin lashed out against surging street protests by thousands of Russians, most of them elderly. "It's not pensioners who are organizing all this," he charged, but rather the Communist Party and nationalist extremists, who, he said, had posted on the Internet, maps of what highways to blockade—as if most Russian 70-year-olds go online to get their marching orders!

What had hit, was the so-called "cash-for-benefits" laws, rushed through the Federal Assembly last summer, which eliminate many subsidies for social services, as international financial institutions have demanded of Russia for years. There were warnings at the time, that compensating in-kind benefits—free medical care and public transport for pensioners, and 50% subsidies of housing, utilities, and phone bills for retirees and the disabled—with cash payments equivalent to \$25 or \$40 per month, would come as a shock to millions of people who received them. *EIR* reported that this entitlements conversion, and related social-sector reforms in Russia, originated with the same clique of economic hit men, like José Piñera of the U.S.-based Cato Institute and Chile's Pinochet regime, who have targetted pension payments for looting, all over the world (*EIR*, May 14, 2004, July 30, 2004).

The shock hit on Jan. 10, after the holidays, when public transportation fare-collectors began to demand money from pensioners, military personnel, police, and other former entitlement recipients. Thousands of older citizens took to the streets in protest. By Jan. 16, cumulatively 10,000 people had blocked highways or protested on the streets in the Moscow Region, surrounding the capital. Ten to fifteen thousand people jammed central St. Petersburg on Jan. 15. Hundreds or thousands turned out in 80 of Russia's 89 regions. The Patriarch of the Russian Orthodox Church appealed to prevent the reforms from hurting the people. Two leading generals warned that military men are also unhappy about the vanished benefits.

On Jan. 17, President Vladimir Putin publicly criticized how the new policy had been implemented, but did not back off from the policy as such. When Putin spoke to the Cabinet on the 17th, he blamed the government and the heads of regions, for failing to prepare for implementation of the measures. He called for regions to sell a monthly transit pass, costing no more than the amount of cash compensation people

are getting. In addition, he said that a general old-age pension increase of 100 rubles/month, scheduled for April 1, should be moved up to March 1, and doubled (to about \$8).

Leaders of several regions also acted to cool the protests. Governor Boris Gromov of the Moscow Region negotiated with Moscow City to restore free commuter-train travel for previous entitlement-recipients. Tatarstan President Mintimer Shaimiyev promised on Jan. 13, to double the promised cash compensation. In Kemerovo Region, central Siberia, Gov. Aman Tuleyev reinstated free public transportation for pensioners.

More To Come

There will be a second wave of protest in February, predicted *Nezavisimaya Gazeta* on Jan. 17, because pensioners and others will start to receive utilities and rent bills that reflect the elimination of subsidies. *NG* projected that these rates will increase 35-40% in most regions. Owned by exiled tycoon Boris Berezovsky, *Nezavisimaya* often depicts worst-case scenarios for President Putin, including play-up earlier in January of a Morgan Stanley-published prediction of Putin's ouster this year. But in this case, the government daily *Rossiyskaya Gazeta* concurred with *NG*, printing an estimate on Jan. 16, that the housing and utilities increase will be between 15-35%, leading to protests.

Also warning that harder blows will fall, was State Duma member and economist Sergei Glazyev. In a Jan. 19 speech, he called the entitlement cuts "only the first buds of spring." Glazyev warned, "Greater unpleasantness lies ahead. The reform of health care will lead to a sharp increase in the cost of medical care. Millions of chronically ill people will be unable to obtain life-sustaining medication. Housing code reform lies ahead; it will legalize evictions. . . . A real-estate tax lies ahead, which, coming on top of the utilities rate increases, will strike an even bigger blow against our citizens' pocketbooks. The commercialization of education and health care lie ahead."

Glazyev has called for a national referendum on these policies. He told the meeting that "free competition" is inappropriate for the social sector, "because the goods and services, provided by the social sector, are not for the sake of current profit, but for the development of the nation, the development of society, and the people's welfare." He warned that some people want to exploit the current crisis, "to bring to power a new Russian Pinochet, instead of the current Russian President."

Some Russian commentators accused President Putin of preparing to scapegoat Prime Minister Fradkov and/or Minister of Health and Social Welfare Zurabov for the protests, while retaining neo-liberal cabinet members like Kudrin. Kudrin, however, is on the hot seat, assigned by Putin to come up with financial help for the regions, to cool out the protests. At a Jan. 24 cabinet meeting, Kudrin reported on the many hours he spent convincing regional governors to agree to pro-

vide equal conditions for “Federal” and “local” benefit-users (last summer’s Law No. 122 created a “Federal” category of World War II invalids, victims of political oppression, etc., while leaving the cash disbursements for all others up to the regions). Kudrin did not reveal how much Federal funding he had had to pledge, to get representatives of 72 regions to sign the agreement, but an official in his ministry told the press that the additional compensation could cost 8.5 billion rubles (\$283 million), of which 5 billion rubles would come from Russia’s so-called Stabilization Fund. Hitherto, Kudrin was on record as holding that this multi-billion-dollar fund, comprised of revenues from taxation of oil exports, should be spent to pay the foreign debt, and for no other purpose.

Profile: José Piñera

Architect of Bush’s ‘Ownership’ Society

by Cynthia R. Rush

The following is taken from “Bush’s Social Security Privatization: Foot in the Door for Fascism,” issued by LaRouche PAC in December 2004.

José Piñera, the architect of Chile’s 1981 social security privatization, likes to brag that he is a “freedom fighter” whose only goal is to help the poor improve themselves, teaching them self-reliance and pride of “ownership.” In the hundreds of self-promoting articles plastered all over his website, he quotes from the Declaration of Independence and asserts that privatization of the pension system is “truly consistent with the ideas of America’s Founding Fathers.” In an October, 1998 editorial in his online publication *Economía y Sociedad*, he even had the gall to use Benjamin Franklin’s quote that “rebellion against a tyrant is obedience to God,” to justify the bloody U.S.-backed 1973 military coup against the government of President Salvador Allende.

“Consistent with the ideas of America’s Founding Fathers”? Let’s get this straight. Piñera is a fascist whose privatization of social security and several other free-market reforms were imposed by force, when he served first as Labor Minister and then as Mining Minister under the brutal 1973-90 Pinochet dictatorship and its Operation Condor death-squad apparatus. Try as he might to portray himself as merely an economist and academic who opposed torture and what he calls the “excesses” of the Pinochet regime, the truth is that he justified and supported the 1973 coup, and the subsequent

imposition of Schachtian austerity which became the hallmark of the Chilean “economic miracle.”

It is this *anti-American* model that Bush’s backers want to impose in the United States today. What the braggart Piñera calls “freedom” is really the bestial notion of “property rights” and individual greed espoused by John Locke, whom Piñera fawns over as that “great British political thinker.” There is nothing that Piñera has done or proposes to do, that remotely reflects the Leibnizian principles of “pursuit of happiness” and defense of the General Welfare embedded in the Declaration of Independence and the Preamble to the U.S. Constitution.

Everywhere the Chile model has been applied—eight countries in Ibero-America and several in Eastern Europe—it has failed miserably, resulting in great poverty for the workers who are its victims. As one Bolivian trade unionist told LaRouche PAC, “Al Capone couldn’t have done a better job” in stealing workers’ retirement funds.

Rip the Mask Off Fascism

That’s why Piñera has become such a good friend and financial partner of John Train, the political and economic hitman who has for decades worked on behalf of Wall Street and Anglo-American financial interests against the American political system. Backed by such organizations as the Cato Institute and Hoover Institution, Piñera travels around the world to peddle the economic filth endorsed by Train and his partner in crime, George Shultz. That backing is what has given Piñera such international visibility.

Train’s personal friendship with Piñera—both are “Harvard men”—is immediate grounds for investigating and exposing the former’s role not only in Pinochet’s fascist dictatorship and death-squad operation, but in Bush II’s plan to impose the Chilean “model” in the U.S. as well.

Piñera has buttered up George Bush both privately and publicly by telling him that privatization of the U.S. Social Security system appeals to the “American experience” and “common sense and values of the people.” Lying that the U.S. Social Security system is bankrupt, and sinking like the Titanic, he wrote Bush in a July 4, 2002 “Open Letter to the President of the United States,” that privatization of Social Security “would demonstrate true leadership and become your legacy for all time.” Piñera had met with Bush as early as August of 1997, when Bush was still Governor of Texas, to lobby for his plan.

But the Chilean is very explicit that pension privatization is part of a package deal. In a 2001 address at Boston University, he underscored that it “was introduced as part of a coherent set of radical free-market reforms, which were applied simultaneously. . . . In Chile, the same rationale that applies to the private pension system has already been extended, although imperfectly, to the areas of health and unemployment. . . .”

And what were the results? “A radical redistribution of