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# A Tale of 2 Industrial Declines

By Alexei Bayer

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At the height of the Cold War in the 1960s, some political scientists predicted that the Soviet Union and the United States would eventually come to resemble each other. The role of the state in capitalism was expanding, while communism seemed to be mellowing and liberalizing. Strangely, Russia and the United States did become more similar, but only after the end of the Cold War — and in ways those pundits would have probably found disturbing.

Take, for example, Bethlehem, Pennsylvania, once home of one of the world's largest steel mills. In its heyday, Bethlehem Steel employed more than 300,000 people. It helped the United States win World War II, producing armor for some 400 Navy ships. It was what made the United States a leading global economic power and marvel of civil engineering. It made steel beams for the Empire State Building and the Golden Gate Bridge. But the company went bankrupt in the 1990s and closed in 2003. Its multistory blast furnaces loom like rusty dinosaurs over the city, and its grounds have been taken over by a new hotel and casino. In Bethlehem, as elsewhere in the U.S. heartland, once proud, productive and prosperous workers have sunk into poverty and irrelevance.

The decline of Russia's vast hinterland is also well documented. Since the collapse of the Soviet Union, Russia has effectively abandoned hope of becoming a leading industrial nation. Its factories are uncompetitive globally, and people who still work there are poor and have few prospects for the future.

The U.S. government actively promoted the hollowing out of its own industrial base. Corporations relocated production abroad and saw their profits soar. Tax policies favored the rich, while money for social programs designed to help the middle classes was cut. The cost of capital was kept artificially low, encouraging the growth of the financial services industry on the East Coast and technology startups on the West Coast. There has been a lot of technological and financial innovation, but the gap between the rich and the poor has widened dramatically.

In Russia, oil, gas and other natural resources once used by the Soviet industrial base were redirected to export markets. The petrodollars, which began to flow freely once oil prices rose in the late 1990s, lined the pockets of corrupt bureaucracy and subservient oligarchs.

The political process as it has emerged in the two countries is also quite similar. In the United States, liberal and conservative elites are locked in pointless ideological combat over the role of the state and its right to tax citizens, even as many regions of the country are still mired in persistent unemployment approaching, and often surpassing, 10 percent. Millions of Americans have been evicted from their homes, while others are fighting to avoid eviction. In Russia, the government controls the inane official media, which means that the three-way ideological battle featuring the government, the liberal opposition and right-wing nationalist extremists rages on the Internet. Just as in the United States, this battle goes over the heads of most ordinary Russians.

In both countries the state is becoming dysfunctional and decrepit, unable to serve its citizens. For now, the dispossessed and marginalized majorities seem to be resigned to their fate. The question is for how long, and how they will voice their discontent when they have truly had enough.

Alexei Bayer, a native Muscovite, is a New York-based economist.

*The views expressed in opinion pieces do not necessarily reflect the position of The Moscow Times.*

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