The Tragedy of Russia's Reforms

Market Bolshevism Against Democracy

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WE BEGAN THIS BOOK by pondering the elusive meaning of reform in the Russian political tradition. On August 17, 1998, the collapse of the Russian Treasury bills market, the government’s default on its debt, and the devaluation of the ruble—all the work of the “young reformers” who had been enticed by Western leaders for seven years—marked the beginning of the end of a short but dramatic era in Russian history, an era in which the grass-roots movement for reform from 1987 to 1991 was largely negated by the top-down reforms we have called market bolshevism.

The collapse of the pyramid of government debt that had piled up over years of speculative operations at the expense of the state budget drastically reduced the political influence of the two elite groups that, despite their frequent quarreling with each other over slices of the budgetary pie, had jointly steered Russia through the period of so-called reforms: Gone were the enforcers of the radical marketization by authoritarian means that had been launched in the fall of 1991 under the name of “shock therapy,” and so was much of the backroom political influence of the self-described “oligarchs”—the infamous “Seven Bankers” plus chief executives of large semiprivate monopolies in the raw materials sector who had reaped tremendous benefits from the conduct of “reforms” under Prime Minister Viktor Chernomyrdin at the expense of productive, manufacturing industries and of the nation’s impoverished majority.

The subsequent appointment of Yevgeny Primakov as premier at the insistence of the parliament and over the heads of the corporate establishment probably will be seen by historians as Russia’s most substantive step toward representative democracy since 1991; it altered, if only temporarily, some basic traits of the Yeltsin regime, such as the ever-shifting balance between authoritarian “reformers” and oligarchs, groups that had portrayed themselves as each other’s opponents, even as they cooperated within the same governments and switched to and fro between positions in government and major corporations. However, Yeltsin remained president for sixteen more months, ousted Primakov in May 1999 in favor of a more congenial figure, and ultimately installed his chosen successor, Vladimir Putin.

Although some policies have changed under Putin, what is still fundamentally the Yeltsin system of market bolshevism in Russia has not acquired any qualitatively new features. Thus, whatever political jets Putin engineers, Russia’s regional governors and the oligarchs will probably be peripheral to what we expect to be the overarching theme of the coming years: Russians’ search for a qualitatively new strategy of national recovery and development that will enable them to transcend the Manichaean antagonism between “reformers” and “anti-reformers” and similar ideological divisions that have paralyzed Russian society over the last decade.

Russia’s elites across the board lack an inspiring vision of the nation’s identity and future, and have been unable to steer the country away from decline and bankruptcy. Externally, the image of “the West” as a selfish savior and

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sponsor has long since waned. The barrenness of these two traditional, fundamental sources of social change means that Russians will have to search for internal civic and cultural resources in the depths of society that will help to pull the nation out of its present troubles. This general understanding was reflected in the billboard posters that appeared all over Moscow in late 1998: “Nobody will help Russia but we ourselves.”

Such an internally driven recovery requires a comprehensive analysis of three things: the sociocultural, as well as the political legacy of “the era of reforms”; the transformation of Russia’s “social capital” from the state of considerable cohesion and expectation that defined the public mood in the late 1980s to its current state of pervasive mistrust and apathy, tinged only with a desperate popular hope that Putin might perform some miracles; and the series of more promising alternative courses that appeared during the last decade, the ignoring or rejection of which brought Russia to its present plight. In this epilogue, we pick up some of our theoretical points from chapter 2 and outline our understanding of the issues we think essential for an accurate historical interpretation of Russia’s experiment with radical marketization of its economy and society. Following that, we conclude with some thoughts about the implications of our interpretation for U.S. and Western policy.

COMPETING VISIONS OF CHANGE IN THE EARLY 1990S: DEMOCRATS VERSUS RADICAL FREEMARKETERS

Let us examine one of the most widespread and misleading clichés of the Russian and Western press: the assertion that in 1990-91, political power in Russia was seized by “democrats.” As we have seen, although this claim was at the least inaccurate, remarkably it was propagated by both wings of the Russian political elite—by the radical freelancers and by the Communist opposition. Moreover, support for both “democracy” and “free-market reforms” that were allegedly developing in Russia in frictionless tandem became the favorite mantra of the U.S. government. This position reflected an uncritical projection of the American system—which, as discussed in chapter 2, is based on “peaceful coexistence” between constitutional democracy and the market allocation of goods—onto a nation with a fundamentally different culture and history, notably regarding the history of the relationship between authority and wealth.

It is true that in contemporary Russia, democracy as a set of procedures and a culture has been closely linked in the public consciousness to the notion of the “democratic movement,” which between 1987 and 1991 united large numbers of unprivileged Russians from the most diverse social and educational backgrounds. However, the evidence of this book demonstrates that not only did this movement never achieve anything close to administrative power, but, in fact, the program of economic and political reforms that was shaped and carried out
by Yeltsin, Yegor Gaidar, Anatoly Chubais, and their Western advisers ran
counter to the most basic aspirations and tenets of the movement that had en-

This broad-based nationwide movement, which had its roots in the political
underground of the 1960s and 1970s, coalesced and appeared on the political stage
as a result of Gorbachev's reforms. As we explained in chapter 3, the movement
defined itself in opposition to the political power and economic privileges of
the Soviet oligarchy and its Mafiya allies, most often without the ideologically
radical anticommunism of the freemarketeers, many of whom belonged to the
Soviet establishment. The movement also aspired to broadly conceived demo-
cratic values of European as well as native Russian origin, rooted in the Russian
ideal of a "people's rule" in national and local government, and to a more just
and equitable society than the corrupt system of "developed socialism." 24

Besides these common values and the quintessentially Russian "populist" vision of a body
politic without rigid divisions between rulers and ruled, the movement had few
clearly defined programmatic goals. It was also organizationally fragmented,
encountering dozens of amorphous groups and protoparty without rigid ide-
ological affiliation, whose creeds ranged from communitarian traditionalism to
liberal Marxism. 25 In this regard, it was typologically similar to other protest
movements, such as the American civil rights movement in the 1960s or Poland's
Solidarity.

On a parallel track, meanwhile, large segments of the Soviet managerial
elite, as well as the entrepreneurially minded officials in institutions such as
the CPSU, Komsomol, and KGB, were busily engaged in a process of discrediting
their administrative power (which no one else picked up) and illegally or semi-
legally privatizing economic property, a process that inevitably weakened the
chain of command that had been holding society together, namely the CPSU
apparatus. The weakening of the state and the subversion of its revenue base
were unopposed and even facilitated by the Gorbachev government and by Yelt-
sin's a fortiori; this effectively prevented the democrats at the national and local
levels from consolidating enough political and administrative power to block
and overturn the abuses of the Soviet nomenklatura and the mostly illegal redis-
tribution of public property that was under way.

In addition, the interests of the capitalist-minded nomenklatura were furthered
by the historical imbalance between the development of civil society and that
of the Soviet ruling class's private economic activity. The era of Brezhnevite
"stagnation" had been characterized by many authorities' covert encouragement
of the monopolistic black markets created by elite groups in association with
the Mafiya, which used opportunities provided by détente to open clandestine
channels to Western economies. As for the activities of political opponents of the
nomenklatura and other dissenters, they were almost invariably suppressed. As
a result, by the time of perestroika, the civic development and self-organization
of society lagged far behind the capitalistic development of the nomenklatura.

The allies and admirers of Russia's "market reformers" in the West mostly
failed to grasp that by 1991, when the Soviet economy had already been in trouble
for more than a decade, the real debate was not between "reformers" and "anti-
reformers" but, rather, between the proponents of different methods and directions
of change. They were split along political and cultural lines between democrats
and radical freemarketeers, populists and elitists, idealists and pragmatic manip-
ulators. Even within the group of resolute Westernizers, some were inspired
primarily by Western protest movements of the 1960s and the Prague Spring
ideal of "socialism with a human face," while others saw the West through the
prism of Thatcher's and Reagan's deregulated capitalism. In any event, the cyclical
paradigm of Russian history—in which top-down reformers have clashed with
proponents of change from lower social strata—reproduced its zero-sum game:
the radical freemarketeers (with support from the IMF and Western govern-
ments) won and the democratic movement lost.

The widespread cliché that "Russia has already gone through all the revolu-
tions that history allows her" may be true for administrative revolutions from
above (such as Stalin's collectivization and Yeltsin's shock therapy), but hardly so
for revolutions from below. To be sure, one—the 1905-07 revolution—deserves
this name; and, in the final analysis, it was suppressed. February 1917 was only
a spontaneous uprising of soldiers and housewives in Petrograd, combined
with a plot involving members of the tsar's entourage and the embassies of the
Triple Entente powers. This uprising merely pulled the plug on the already in-
capacitated monarchy.

The events of October 1917 were a conspiratorial coup that certainly led to
a far-reaching revolution from above with broad masses of the populace drawn in,
but it can hardly be seen as a popular, nationwide rebellion against the old
regime, on a par with England's Puritan Revolution of the 1640s or the French
Revolution of 1789. Therefore, except for the case of February 1917 (when popu-
lar discontent was only one of the factors), no Russian government of modern
times has been brought down by protests from below. Likewise, in 1991, the
Russian democratic movement was able neither to unseat the rulers, nor to pro-
mote the kind of reforms that it desired. In fact, by 1990, it had virtually dele-
gated the representation of its interests to one of the warring factions within the
nomenklatura—namely, to Boris Yeltsin and his team.

Pragmatically minded and lacking scruples, this group benefited from the
electoral resources of the democrats and the appeal of their anti-establishment
rhetoric, and thus acquired a popular legitimacy that was unprecedented for
Soviet politicians since the end of World War II. In 1990, however, the Yeltsin
team was not particularly interested in using this legitimacy and the support of the
democrats for the purpose of social reform and economic development. Instead,
it used the democratic movement as a battering ram to destroy the USSR's
unionwide institutions, while Yeltsin built his own, previously only embryonic
state, the Russian Federation (centered around him personally), and in 1991
chopped off those union republics and institutions that the new state was unable to swallow.

Soon after their success in defeating the August 1991 coup by sections of the old elite, Yeltsin and his allies in the entrepreneurial part of the establishment took firm steps to pre-empt and block the further development of the movement. The new government was an ad-hoc coalition of fragments of the old elite, but it was able to rally around the flag of “real democracy” and to gain the support of a broad cross-section of the population. This movement was able to draw on the experience of the 1989-1991 period, when a broad cross-section of the population of the Soviet Union had taken to the streets to demand freedom and democracy. The movement was able to draw on the experience of the 1989-1991 period, when a broad cross-section of the population of the Soviet Union had taken to the streets to demand freedom and democracy.

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By mid-1992, these policies had secured unchallenged domination over the economic and political agenda for an array of oligarchic clans that came mostly from the former Soviet establishment. The new government was able to draw on the experience of the 1989-1991 period, when a broad cross-section of the population of the Soviet Union had taken to the streets to demand freedom and democracy.

Fretted as they were on the vicissitudes of power politics in Gorbachev’s Kremlin, Western observers failed to notice the decline of the anti-nomenklatura elite. The new government was able to draw on the experience of the 1989-1991 period, when a broad cross-section of the population of the Soviet Union had taken to the streets to demand freedom and democracy.

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In the view of their concept of market bolshevism and history’s cyclical development, yield a more profound understanding of Russia in the 1990s than the common cliché about “democrats and reformers” struggling against “dark forces.” It casts a light on why the intelligentsia and other privileged strata (especially in Russia’s provinces) that had been the driving force of Russia’s democratic movement have in recent years given their votes and intellectual support...
to all kinds of opposition to market bolshevism; their determination is evident in their support of even the most radical alternatives while they still hold on, as polls indicate, to many of the democratic values of the 1987–91 period.

Finally, the historical framework suggests that Putin’s successors, who, we can only hope, will search for indigenous resources for recovery, will eventually have to enter into a dialogue with those sociocultural groups that stood behind the abortive democratic revolution. This will mean reassembling piece by piece the social and human capital of grassroots reformism that has been neglected or destroyed by the market bolsheviks.

MARKET BOLSHEVISM’S BEQUEST TO RUSSIA

If Russia is to transcend the legacy of the market bolsheviks’ rule, it is important to identify the basic elements of this legacy that the leaders of post-Yeltsin Russia will have to confront sooner or later. What follows is a short list of the seven features that we see as fundamental to the political and social order that existed in Russia from October 1993 to September 1998. It should be noted that while some of them have become less visible since the end of this period, most have remained fully in force and may become even more deeply entrenched if not addressed, or if some segments of the post-Yeltsin elite find them suitable for their own purposes. For this reason, choosing between the present and the past tense in discussing the Yeltsin legacy is usually not an easy task.

A LEGITIMACY VACUUM

The failure to redistribute power and wealth in the period of “reforms” in a way that would be legitimate by the standards and norms of Russian culture is the most fundamental reason that the present system possesses little legitimacy. This lack of legitimacy corrupts the very foundations of the state and influences the norms of human conduct in society, especially the way the public relates to governmental authority. The basic reason for this pervasive illegitimacy, in our view, is that under Yeltsin the state abrogated its unspoken social contract with the population—a contract that was deeply rooted in the nation’s history and culture, at least as an ideal. In particular, government repudiated its responsibility to promote, or at any rate sustain, the welfare of society and to guarantee a subsistence income for its disadvantaged members. Thus it squandered the legitimacy that flowed from the initial democratic aspirations for a more just social order, and it failed to develop any substitute.

The Yeltsin team acknowledged this choice in the 1996 elections, when it declared its candidate to be the “lesser evil” compared to the Communist contender. As a result, to use Mancur Olson’s imagery, Russians saw the government as just another in a seemingly infinite series of “stationary bandits,” whose fiscal demands amounted not to the advancement of the public good but simply to an extortion of tribute to enrich the “party of power.” Hence the revenue crisis is a derivative problem, which can be resolved after the government’s social contract with the nation—and therefore its legitimacy as well—is restored. To Primakov’s credit, he acknowledged early on that mistrust of the authorities was the central problem his government had to address.

A PRIVATIZED STATE

It is no wonder that the alienated majority of Russians identifies the Yeltsin-era state with individuals and factions within the establishment, most of whom put their private interests above those of the nation, and some of whom became indistinguishable from organized crime. Since 1993, the shifting balance of forces within this “Mafia-establishment alliance” has determined most of the country’s political and economic fluctuations. In 1996, Giulietto Chiesa remarked with only slight exaggeration that “fighting corruption and crime in Russia would mean no less and no more than changing the political elite of the country.”

The Primakov government—whose key members, including Primakov himself, came from traditionally the least corrupt institutions of the establishment, such as the Academy of Sciences—also appeared to understand this axiom and was apparently willing to prosecute some members of the Yeltsin-era elite for economic crimes to the extent possible without disrupting the fragile social peace and the administrative capacity of those government institutions that were still more or less functioning. Meanwhile, the antigovernment campaign unleashed by the Russian media, controlled by such financiers as Boris Berezovsky (widely seen as connected to the criminal world), and the semivoluntary resignation of the country’s prosecutor general in February 1999, showed that this would be an arduous task for the Primakov government, and one fraught with serious political danger.

This assessment was borne out when Yeltsin and his associates saw that Berezovsky’s prosecution was likely to provoke credible threats to expose their own misdeeds. At the same time, Yeltsin realized that Primakov was well positioned to be elected president in his place; so Yeltsin removed him, and the privatizers of the state breathed easier. In 2000, President Putin reawakened the worries of at least some of them.

MARKET BOLSHEVISM AS AN IDEOLOGICAL DOCTRINE

The Yeltsin regime did not merely pursue a set of policies. Like its predecessors, it had a comprehensive ideology that was shared by most factions within the elite and was propagated by a range of pro-Kremlin media. This ideology consisted of a peculiar blend of three elements: Social Darwinism, which sees survival of the fittest and neglect of the weak as the iron law of social progress;
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and corporate interests, where shifting allegiances between patrons and clients prevailed over institutional loyalties.

A Partisan Constitution

Although the 1993 constitution has not been strictly observed, it still remains a major stumbling block to national reconciliation and democratic development. This is not so much because it is superpresidential (although Yeltsin's and Putin's presidential powers have exceeded those of the American and French presidencies combined, and approximate the powers of Tsar Nicholas II under the 1905 quasi-constitutional system) but, rather, because it has never been openly debated and accepted by most of society. As shown in chapter 7, it was drafted as a partisan document tailored to fit the regime and to perpetuate the new distribution of political forces. It was also promulgated under conditions of one-man rule that violated the previous constitution and laws. Moreover, evidence suggests that the referendum approving it was rigged.

With the executive branch subject to few restraints and very little legislative or judicial oversight, Yeltsin and his cabinet have ample room to interpret the constitution in their own favor and to violate it with impunity. But today, even the most moderate parties favor amending it, but because it was designed to be impossible to change without the president's consent, and Yeltsin predictably opposed any change, every move to adjust the constitutional order in his time contained destabilizing and revolutionary potential.

Consider Primakov's cautious attempt of January 1999 to negotiate a pact that would create stable relations among the branches of power. According to the plan, Yeltsin was supposed to renounce his right to dismiss the government and the Duma at his own discretion and to appoint acting cabinets without regard for the parliamentary majority. In exchange, he would receive extensive guarantees of political and legal immunity and material welfare after the completion of his term. Yeltsin's inner circle first turned down the plan and then considerably diluted it with support from opposition members who apparently hoped to gain his favor and join the government. However, nothing came of the plan until, as noted in chapter 9, he and Putin redrafted the provisions on the president's immunity and welfare, and Putin issued them as his first decree on the day Yeltsin resigned.

Dependency on the West

Dependency theory was originally developed in the Western school of political economy with regard to Latin American nations. Unlike some Western academics in the 1980s, Soviet scholars and analysts never spoke about Soviet economic dependency; nor is the notion popular in today's Russia, where liberal and nationalistic modes of wishful thinking hold sway. Indeed, Russia still possesses

Inpotent Authoritarianism

The Yeltsin regime's persistent attempts to strengthen its grip without addressing the legitimacy problem produced a vicious circle of escalating autocratic centralization of executive powers within a government whose administrative capacity was progressively declining. Thus the buildup of presidential authority from late 1991 on, and the bouts of bureaucratic authoritarianism staged by Yeltsin's string of "iron chancellors" (from Gennadi Burbulis to Chubais), were often counterproductive in terms of administrative efficacy. Fiscal anemia and the rising fetish of market speculation that devalued the work ethic created an environment in which the government's chain of command dissolved (not far below the autocrat himself) into a fluid agglomeration of bureaucratic, private,

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human and technological resources that, in the past, would have guaranteed it a considerable degree of economic self-sufficiency. Today, however, it presents plenty of evidence to support the view that it depends economically on the West.

In our view, dependency has had two distinct elements: first, Russia’s “pipeline economy” had an objective structural dependency on global markets; and, second, both the Soviet- and the Yeltsin-era elites have had a cultural and psychological dependency on the image of “the West,” a dependency nurtured by both sides and continuously reified to suit the interests and phobias of various groups within the post-Soviet establishment. These two elements have developed autonomously, but they are often difficult to separate from each other.

Culturally, dependency stems from the hierarchical vision of the world—characteristic of Russia’s bolshevists old and new—that divides humanity into “the West” and “the Rest.” This image of the omnipotent and single-minded West, as well as rumors about the “Western support” being given to this or that faction, have been used as powerful levers in Russian politics. This leverage was particularly visible during the two stormiest confrontations between Kremğian factions—in August 1991 and September—October 1993—when the image of a unified “West” standing behind one of the warring cliques was cleverly employed, with conscious support from powerful Westerners and passive acquiescence from others. The goal was to ensure a winner-take-all victory for one side in the conflict and to lay on “the West” the ultimate responsibility for the consequences of the winner’s actions.

As we showed, especially in chapter 5, one particular agent of this dependency, the IMF, has been at the center of debate about Russia since 1991, and we have argued extensively that the IMF’s lending to Russia has been harmful to its economy and national interests. By now, few would dispute that the loans, as well as the billions of dollars in Western aid given to the central government in Moscow, were pumped into sustaining the political fortunes of unpopular and inefficient administrators, whose only major success was to make the West co-responsible for the results of their policies in the eyes of the Russian people. For both Russians and Westerners, this was a waste of money and moral capital. However, the degree of the Russian establishment’s psychological dependency is clearly demonstrated in the fact that even Putin’s psychologically less dependent government has sought continued IMF lending, if only to stretch out debt repayment schedules.

The problem with this approach is that the IMF loans never come without “conditionalities,” and these have too often been harmful for the countries that accepted and applied them, as an increasing number of authoritative economists now admit.

Another aspect of the same psychological dependency is the talk since 1998 about the terrible consequences of default on sovereign debt that some view as leading inevitably to Russia’s eviction from the world financial system. It is worth remembering that in 1931, Britain and France defaulted on their sovereign debt to the United States, which was incurred during World War I. Of course, Russia’s initial position vis-à-vis world financial markets is quite different. Yet both Western lenders and Russian doomsayers should realize that Russia’s depression has been much more severe than that of the early 1930s in Europe, and that a significant share of these debts were incurred in pursuit of policies that the IMF and Western financial circles had advocated and that ultimately proved bankrupt. In these circumstances, given that Russia does not have enough revenue to pay its debts without risking social breakdown, the West may eventually find it realistic and sensible, however unprecedented, to write off much of Russia’s current debt to the IMF and other bodies rather than lend it more money.

Whether structural or psychological, dependency is part of the reality that Russians currently have to deal with. It carries both advantages and disadvantages for various strata and political interests in Russian society, including, paradoxically, for the less privileged ones and for those that no longer expect anything good from “the West.” True, during 1991–93, the dependency factor played a definitive role in the rise of an essentially antidemocratic regime. Yet it also inhibited the Kremlin from destroying some formal elements of democracy, such as comparatively free elections and a parliament, which it otherwise probably would have done away with after October 1993. In 1997–98, the elite’s psychological dependence on approval from “Influential Western circles” translated into a panicked reaction among Western scholars and mainstream media to revelations of abuses by “oligarchs” like Chubais, Berezovsky, and Alfred Koch. This reaction contributed ultimately to the eviction of the Chubais clan from the Russian Olympus of politics, if not from the business world. Also, it was the turmoil in global financial markets that in August 1998 triggered Russia’s financial crisis and then the anti-oligarchic “velvet revolution” by which the Duma brought Primakov to power. This reaction showed that upheavals in global finance can lead to upheavals in Russian politics more quickly and decisively than any isolated domestic event could do.

Conversely, it is possible that in the future, conservative elites in Russia’s financial and extractive sectors will try to rebuild their diminished power with support from the regional and corporate barons in the most turbulent areas of the country and also from the most forward-looking social groups. If this should happen, they are likely to counter proponents of social change by appealing to ethnic Russian nationalism and adopting a protectionist strategy that would help them insulate their power and wealth from the vicissitudes of the global economy.

**The Indispensability of an Autocrat**

While the structural factors defining the Yeltsin regime were essential, the personal role of an autocrat is pivotal in protecting the system of market bolshevism from factional fragmentation, administrative paralysis, and popular upheaval. In fact, such an autocrat seems to be an essential structural element in any bolshevik
type of modernization. The Yeltsin-era establishment was fully aware of this necessity; hence its desire to postpone Yeltsin’s departure and its tolerance over several years of his aberrant behavior and pronouncements that embarrassed and demeaned Russia (including its oligarchs) on the world stage.

Eventually, some of the financial and administrative elites realized they had to engineer a smooth transition of power to a new potential autocrat, and they sought to select one who would treat them well. In 1999, some former associates of Chernenko and Chubais saw Yury Luzhkov as their best bet under the circumstances and flocked to his newborn party in droves. This attraction was understandable; after all, in the early 1990s, Luzhkov was among the founders of the present system who played a pioneering role in privatizing the state and shutting down and revamping regional legislatures. All this helped him to install a heavily corporatist system of governance in Moscow, based on the diversion of financial flows from the rest of the country to the capital via Moscow banks. In the summer of 1999, however, he underestimated the ability of the Yeltsin clique to control events and failed to convince the crony capitalists that he wished enough authority nationwide to become the legitimate arbiter for the entire spectrum of their interests.

For a time, it seemed that Yeltsin’s political system might follow its founder off the stage, and some observers prepared for a process of “de-Yeltsinization” (somewhat akin to the de-Stalinization of Soviet society in the 1950s) that might alter significantly the distribution of forces in society. Such a development would have increased the political leverage of opposition parties, the legislature, and civil society in general vis-à-vis the oligarchs and any potential new autocrat. However, as we saw in chapter 9, from August 1999 onward, the Yeltsin camp performed prodigious feats of “political technology,” managing to install a new president who could be counted on to protect Yeltsin’s immediate family and did not seem too threatening to most of the oligarchs. This managed transfer of power did not necessarily mean, though, that Putin would succeed in assuming the role of autocrat and keeping the Yeltsin system going, if in modified form. That remains an open question.

**Missed Alternatives to Market Bolshevism**

In Russian perceptions of history, deterministic belief in the inevitable has more often than not prevailed over the idea of reasoned choice, whether individual or collective. In the past two decades, the Marxist-Leninist certainty about “scientific regularities of development” (sakonomennosti) and pseudo-Marxist economic determinism have been steadily replaced in public consciousness by much simpler notions containing elements of archaic fatalism and manifesting themselves in assertions that Russia’s decline and present sociopolitical order are inevitable products of either national culture or global developments beyond Russia’s reach, or both. As for us, we share the view of thinkers who believe that history does present alternative courses of action for both individuals and nations, and that denying their existence suggests a poverty of imagination—or lack of will—in those whose interests and beliefs would favor a different path of development.

Ample evidence indicates that a peaceful democratic alternative to market bolshevism was available to Russian political actors, if they had been willing to struggle for it—in 1989–91, in 1993, and even afterward. The most important chance was missed in the fall of 1990, when economists produced a compromise blueprint for democratic economic reforms that would have required the Soviet government gradually to dismantle central planning but retain a single nationwide economy. This plan fell victim to political feuds and the skepticism of the IMF, which then proceeded to endorse the monetarist, authoritarian approach to reform of Prime Minister Valentin Pavlov. The major responsibility for this failure inside the USSR lay with Boris Yeltsin and his team, who, as discussed in chapter 5, had abandoned the program of economic reforms endorsed by the Russian legislature and embarked on the path of large-scale speculations in foreign currency, as well as fiscal and financial warfare against the USSR government.

Another chance was missed in April 1991, when Yeltsin, troubled by the prospect that the grassroots anti-nomenklatura movement he had encouraged and used in his struggle for power might escape from his control, signed the Novo-Ogarov agreement with Gorbachev and the presidents of eight other union republics. This agreement effectively transferred power and the fate of the union to a Federation Council consisting of leaders of the nomenklatura in the union republics, most of whom possessed no democratic legitimacy at all. In return for this accretion of powers and the lure of a separate Russian presidency for himself, Yeltsin instructed the coal miners of the Kuzbas, who were among the most powerful forces to initiate a democratic transformation of the country, to stop their political strike; the miners obeyed.

Another chance for democratic reforms was missed in July 1991, at the Group of Seven summit in London, when the leaders of the major industrial countries did not provide the big, long-term aid package that was widely expected in the Soviet Union. This refusal accelerated the transformation of the political struggle among Soviet elites into a zero-sum game, leading to the August coup, as well as Yeltsin’s counter coup and his takeover of the institutions of the Soviet central government without regard to the concerns of other union republics. The final outcome was the abrupt dissolution of the USSR, accomplished in a conspiratorial style, without democratic deliberation in Russia and against the verdict of the March 1991 referendum on the preservation of the union.

Two more chances were missed in October–December 1991, when Yeltsin decided against calling new parliamentary elections that would have stimulated the incipient democratic revolution, and when the Russian parliament, dominated
by the nomenklatura and Yeltsin loyalists, added one more to Russian history's list of revolutions from above by approving the shock therapy that Yeltsin and the IMF prescribed. It did this without substantive debate. Then, with great fanfare, it handed over a range of its constitutional powers to Yeltsin for a period of one year—but, as events turned out, the transfer was effectively permanent.

Another opportunity for a democratic revolution slipped away in April 1992, when Communists and lobbyists for various industrial sectors in the Russian parliament blocked members of the democratic opposition and advocates of alternative strategies of economic reform in their attempts to force the new government of market bolsheviks to step down. Instead, the legislative majority voted for a "Declaration of Reforms" that enabled Yeltsin to keep his policies in place.

One more chance was missed in December 1992, when public opinion and political momentum were on the side of the democratic nationalists and supporters opposed to Yeltsin, but their internal divisions enabled the Russian president to replace the shock therapy government with a cabinet of lobbyists for the raw materials sector. This cabinet, led by Viktor Chernomyrdin, was inimical to the interests of Russia's manufacturing industries.

Yet another chance was passed up in September–October 1993, when Western leaders both first extended their unconditional support to Yeltsin's extra-constitutional acts, thus frustrating the attempts of influential moderates to hammer out a negotiated solution, and then approved the use of force to disperse the parliament that had brought Yeltsin to power.

Another opportunity was missed in the winter of 1993–94, when the opposition in the newly elected Duma rushed to fill the parliamentary seats vacated by their predecessors and accepted the new constitutional system, despite strong evidence of fraud and legal violations before and during the referendum on the constitution.

Still another opportunity was wasted during the presidential campaign of 1996, when the leading candidates who opposed the system of "nomenklatura capitalism" failed to develop their embryonic tactical alliance and were lured one by one into negotiations with the Kremlin, thus enabling Yeltsin to secure his second term in office.

A further opportunity was discarded in May 1999, when, having triumphantly seized the chance nine months earlier to force Primakov on Yeltsin as premier, the Duma succumbed to Kremlin blandishments and failed to keep Primakov in place. The choice of Primakov had been a clear triumph for the principles of democratic deliberation over those of Byzantine maneuver and intrigue. Only the radicals on the Duma's extreme flanks—the followers of Vladimir Zhirinovsky and those of Anatoly Chubais—voted against Primakov. Thus for the first time since 1993, Russia had acquired a leader who enjoyed broad legitimacy and could play a consolidating role in Russian society. His removal opened the door to renewed, intensely manipulative, and ultimately successful efforts by the Yeltsinites to propel their last-minute choice as Yeltsin's successor into the presidency.

Today, the United States has a new opportunity to rebuild trust among Russians by holding back and respecting their democratic choices, however imperfect or undesirable these may be from the standpoint of U.S. officials and elites in general. This is the course suggested to us by our critical analysis of transitology in chapter 2. That analysis showed that neither the G-7, nor the IMF, nor the Kremlin seriously considered in 1991 the sort of gradualist strategies for the USSR's economic development that we favored. These organizations were in thrall to the supposedly universal Washington Consensus, with its dangerous economic determinism and its complete unsuitability for countries in Russia's condition. We cannot know today how well or badly a gradualist strategy of that type can be applied to Russia today. Just as the Russia of 1991 was in a unique condition not previously studied by social scientists, so is it in a different unique condition today.

Again, therefore, existing theories of transitology are of little help. They may be suggestive, as when they identify crime and corruption of, say, a Mexican type to be serious threats to nascent democracies. But they may also be deceptive in the instant case if Russia's special features are not kept clearly in mind. These features are respected in the strategy for Russian development put forward by a group of Russian and American economists in June 2000 and summarized in chapter 9. This strategy, which we support, emphasizes the view that economic recovery depends on preserving democracy and civil liberties, and giving priority to production, social justice, institutional reform, and decriminalization.

By contrast, Russian analysts of the Migranyan school believe that Huntington's model of authoritarian modernization is applicable to Russia. They hold that while Yeltsin was a weak authoritarian who presided over an amorphous system of pluralist autocracy, today Putin has a chance to become what is evidently his dream: a successful Russian Pinocchio. This view will require him to put firmly in their place not only Russia's governors and oligarchs but also the country's formidable bureaucracy—a daunting agenda indeed. We would not be surprised if some Western theorists should soon begin to champion this authoritarian strategy.

However, in our opinion, which is based more on the cyclical theory of Russian history than on transitology, such a scenario is most unlikely to succeed. To ordinary Russians, it will look like a more aggressive continuation of the already delegitimized strategy of the Yeltsin regime. Thus it might fail because it would encounter too much opposition. Alternatively, if pursued with ruthless determination, such a course might "succeed" for a time, but would tend to stimulate the "anarchical absolutism" that we described in chapter 2 (for example, revolution and potentially terrible destruction). In other words, this course would probably bring to a definite end the shock therapy cycle of top-down
reform that was launched in 1991. At that point, a critical mass of thought on Russia’s future might develop around some new, probably universally oriented vision, out of which would eventually spring a new populist movement for change from below.

If all this were to happen, Russia would probably move for a time to the margins of the international system. Whether it does or not, though, the West should in our opinion discard its lectures about economic development, leave the Russians to debate their own future, take part only if invited, and quietly give aid to Russia’s battered civil society—again, if invited. In the long run, such an approach will serve America’s interests better than the futile and damaging attempts of recent years to remold Russia in its own image.

**RUSSIA’S LOST DECADE?**

It is a remarkable feature of the Russian philosophical and spiritual tradition always to seek a higher, ideally universal meaning that the often violent and self-destructive course taken by Russians at various points in their history may contain for the rest of humanity. We ourselves believe that Russia’s recent experience does contain, almost like texts of ancient history, some important lessons for other countries. While the twentieth century opened for Russia with Lenin’s rhetorical recycling of Nikolai Chernyshevsky’s question, “What Is To Be Done?” most people would probably agree that Russia in the course of this century has convincingly shown other nations what was not to be done.

The idea that Russia’s history provides graphic warnings about which roads not to take has been expressed by Russian thinkers in the past. In the 1830s, Pyotr Chaadayev, a founding father of Russia’s “Westernizing” thinkers, hypothesized that Russians were one of those nations that existed “in order to teach the world an important lesson.” A century later, in the middle of the Russian Civil War, the poet and historical thinker Maximilian Voloshin elaborated on Chaadayev’s hypothesis by inquiring:

\begin{quote}
Might it be our destiny to live out Europe’s latest dreams,
So that we can divert it From its perilous paths?\end{quote}

As if in accordance with these words, Russia in the twentieth century has demonstrated to the outside world the dehumanizing extremes of two different utopian visions based on economic determinism and designed for global use: first, bureaucratic state bolshevism with a command economy and one-party rule; and now, market bolshevism. The implementation of this new radical doctrine in the 1990s—aimed at a comprehensive “marketization” of the economy, society, and even parts of government—has led to the destruction of Russia’s industrial