RUSSIA UNDER YELTSIN AND PUTIN

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Conclusion

What the Russian authorities are best able to manage is the catastrophes they themselves provoke. This is no longer crisis management, but disaster management, and on the whole, the Russian elites are neither able nor inclined to do anything else. The death agony of the restoration regime may prove to be drawn-out, not so much because the regime is strong as because society is weak. Sooner or later, however, the regime’s approach will result in collapse. A crisis cannot sustain itself indefinitely. Giving birth to catastrophes large and small, the regime is at risk sooner or later of itself becoming their victim. If, despite all the efforts of the authorities, society and the economy nevertheless become stabilized, this will lend a powerful impulse to the development of new forces and interests that will find no place for themselves in the framework of the Yeltsin or post-Yeltsin order.

Once again, as at the end of the last century, Russia will find itself at the parting of two unknown roads. We have not matured sufficiently for socialism, but we cannot live under capitalism. We are incapable of catching up with the West, but neither can we allow ourselves to remain in backwardness. We are not ready for democracy, but we do not want dictatorship. Foreign experience is quite inapplicable to us, but without it development is inconceivable.

Finally, our society is politicized through and through, but genuine political life is impossible due to the decay of society. This decay is aggravated in turn by the bankruptcy of politics.

The political life of modern-day Russia recalls a drama (a tragedy?) without a positive hero. It remains only to hope that this hero will appear in the course of the action.

The historic task, ultimately a question of survival, is becoming a search for new forms of social being, without which both politics and economics are quite impossible. This social being cannot be bourgeois, because of the lack of a bourgeoisie, and the perspectives for the development of the economy cannot be capitalist because of the ineffectiveness of the model that has come into being.

The ideology of the left can become an important factor in the organizing of society precisely because of its collectivism. In its time, the myth of the proletariat played a huge role in the formation of the working class. The task of the left in Russia is not only to express already existing interests, but also to help interests to come into being. And at the same time, to establish itself as a political force.

The restoration of social being is not the same thing as the triumph of democracy, but it represents the sole chance for democratic development. Collectivism does not always guarantee freedom, but without it there is no way our freedom can be defended. Left-wing radicalism, which ripens naturally in a country of failed capitalism, might not become the ideology of progress either, but without it progress is impossible. Lenin’s book *What Is to Be Done?* could have been written only by a socialist from Russia. It would never have entered the head of a European social democrat that it was necessary to establish a party of workers, in practice before the rise of a mass working class, and then to ‘import’ proletarian consciousness into the ranks of the proletariat. This ‘theoretical absurdity’, however, sprang from the absurdity of Russia’s actual history.

People need to organize themselves to carry out joint action, or else to reconcile themselves to their fate. But even passivity and submissiveness on the part of the masses will not lead to stability, because the source of the destabilization is the people at the top.

We can now see the historical drawbacks of this course. But we can also see the real contradictions of the new period, a striking repetition of the past, a repetition to which triumphant reaction has doomed us. This means that, as in the past, the ideological factor will play a huge role. We need to assimilate the lessons of the Russian Revolution, while trying to avoid repeating its errors and crimes.

The alternative takes the form of a mixed economy that includes elements of democratic capitalism, state management and democratic socialism. This model, however, can only arise out of political and social shocks. Furthermore, it is impossible without radical changes to the structures of the state and to the ideology prevailing in society.

Ultimately, what is involved is not a rejection of market mechanisms, but a radical rejection of market ideology in the economy; there is a need for quite different reference-points, criteria and tasks of development, for a change of elites and values. The restoration regime has led the country into a dead end from which we can extract ourselves only through a new revolution. Petr Akopov, writing in *Nezavisimaya Gazeta* in September 1999 said:

The crisis of the regime and of the state is nearing its logical culmination, and if Russia has a future, the restoring (and salvation) of the state itself is possible only through a change of elites. Is there any need to spell out what is involved in a decisive, virtually complete renewal of the ruling layer? Revolution, that was so little to our taste in the previous decade, is approaching imperceptibly but unavoidably. The efforts to stop it may be various, the possibilities including ‘black colonels’ from the security forces.
and the organizing of pseudo-popular movements in support of one or another of the people who hunger for power. But the absence of a leader cannot be solved by finding some imitation. Unless some state figure appears in the country with abilities that match the challenges, then instead of politicians answering the demands of the time, the people will do so. The spontaneous force of the population will thrust forward new leaders. Will these leaders be able to protect the country? Even if they cannot, this will scarcely be their fault.1

The spectre that is haunting Russia is not yet the spectre of communism, but that of a re-division of property. The liberal press frightens its readers with the rivers of blood that will supposedly flow if anyone encroaches on the wealth stolen by the oligarchs. Meanwhile, a re-division of property was already beginning in the years from 1998 to 2000, and blood has not ceased to run – on the streets of Moscow and Lvov, and in the mountains of Chechnya. Despite the lamentations of liberal ideologues, the population of Russia has called more and more decisively for a review of the outcome of the ‘liberal reforms’. ‘Privatization has not struck a chord in the hearts of Russians’, complained a journalist for the right-wing weekly Argumenty i Fakti. ‘According to the results of sociological surveys, 65 per cent of Russians consider that the results of privatization should be reviewed. Only 11 per cent do not want such a review.’2 The more time passes since the ‘liberal reforms’ began, the greater the dissatisfaction with their consequences. The main factor in this case is not the mood of the country’s inhabitants (no-one ever takes them into account anyway), but the objective situation in the economy, the dynamic of its development.

Russia’s economic prospects depend on whether revolutionary changes can be made to the existing structures. Of all the countries of Eastern Europe, it is Russia, Ukraine and Moldova that have finished up in the worst position since the ‘overthrow of communism’. Not even the more successfully developing societies, however, have managed to overcome their backwardness and solve the problems characteristic of peripheral capitalism. It was only in Poland that Gross Domestic Product in 1999 exceeded that of 1989, and it is worth remembering that in Poland the decline began long before 1989. Hungary in 1999 was approaching the level of output that existed under the Communist regime, but the number of poor had doubled, and unemployment and homelessness had appeared. In Russia the situation is far worse. Even according to the most optimistic scenario, notes Andrey Koiganov:

We are doomed to a dramatic worsening of our backwardness. Whether we have 1 per cent GDP growth per year or perhaps even 3 per cent for a time, this alters nothing in principle. After a certain time, development of this type will exhaust the possibility of exploiting our decrepit and idle productive plant, and our economy will be in a dead end. Will the country be able to accumulate the resources needed for modernization if GDP growth is in the range of 1–3 per cent? No, it will not. This is quite obvious. Such growth rates are altogether inadequate to change the financial position of our economy fundamentally. This aim cannot be achieved without a revolutionary change in the nature of our domestic economic policies.3

Even the influx of oil dollars which stimulated economic growth in 2000–1 did not solve the problem. In itself, the rapid rise in oil prices on the world market was no more than a pre-crisis convulsion. The world economy was clearly moving toward recession, and in such circumstances it is impossible to speak of the prospect of steady growth in one country taken in isolation. Russia’s industrial plant had been becoming increasingly worn out; not only did this process fail to come to a halt during the economic growth of 2000–1, it even accelerated, while the shortage of investment became more acute. As the economy grew, capital flight increased in proportion. The drain of funds out of Russia was no less in ‘successful’ 2000 than in ‘pre-crisis’ 1997. The problem of the foreign debt intensified as well; after Russia had recorded good economic results for two years, Western creditors categorically rejected all requests for payments to be postponed. Moreover, the growth recorded between 1999 and 2001 was almost entirely unaccompanied by technological renewal, especially renewal on the basis of achievements of Russian science, which continued to eke out a wretched existence. The combination of growing technological backwardness with the country’s dependency on investments by transnational corporations has brought about a situation in which, as the prominent journalist Anatoly Baranov has noted, the rise in industrial output ‘is being achieved through developing the mass production in our factories of Western goods for our domestic market, allowing the Western firms to lower their overheads’.4 Wide-ranging technological modernization does not occur in the course of this.

Economic growth has not solved a single structural problem. In the words of Yury Maslyukov, it has only created ‘an illusion of prosperity’. The massive writing-off of worn-out equipment means that a new fall in output, along with a sharpening of the systemic crisis, will be inevitable in the period 1999 to 2001. Russia, in short, is doomed to live according to the same logic as the other countries on the ‘periphery of world development’.5

Of course, even minor economic growth is bound to have a beneficial impact on society. Not because it will reconcile the population to oligarchic capitalism but, on the contrary, because it will create more favourable conditions for struggle. It is precisely under the conditions of economic growth that the labour movement gains strength, and that its demands, from being defensive in nature, move on to the offensive. People become more conscious of their interests, and start fighting for them. They do not forget their past sufferings and humiliations, but instead of thinking about how to survive, they start thinking about how to change their social position. In this
sense, economic growth is not only incapable of stabilizing the system but, on the contrary, exposes its structural contradictions and deepens its crisis, as had become fully evident by the summer of 1999.

The transition to the market, combined with annexation to the capitalist world system, was begun in the Soviet Union under the slogan of modernization. The result, however, turned out to be the very opposite of what had been promised. As in the nineteenth century, capitalism was being implanted in Russia by the authorities despite the opposition of society and even of a section of the elites. The paradox was that the policy of implanting capitalism ‘from above’ made it impossible, as a matter of principle, to create a democratic capitalism ‘from below’. These elements of democratic capitalism could coexist in certain forms with democratic socialism, but not with the oligarchic-corporatist structures and economic dictatorship of international finance capital. Under the banner of ‘eradicating communism’, Tamas Krausz wrote in the late 1990s, the Yeltsin regime ‘also wipes out the accumulated values of traditional humanistic culture and the green shoots of collectivist, socialist thought, while doing this in the name of an aggressive, antihuman individualism’. This is not quite correct. The characteristic feature of post-Soviet Russia has been its combining of irresponsible individualism with authoritarian bureaucratic collectivism. These two elements mutually reinforce one another, making the formation of civil society fundamentally impossible.

What the restoration in Russia destroyed was not only and not so much the bureaucratic structures that had characterized Stalinism, as the elements of socialism that had existed in Soviet society. Naturally enough, the restoration was accompanied by the de-modernization of the country. Yet another paradox that appeared in the course of Yeltsin’s rule was that Soviet ‘communism’, despite all its authoritarianism and hostility to Western values (and perhaps precisely because of this), represents the most effective ideology of modernization that Russian history has had to offer. We experienced neither feudalism, with its traditions of the ‘liberties’ of estates and of personal responsibility, nor the Reformation with its famous Protestant ethic. We have never had a Confucian tradition, as in the East. Communist ideology, with its cult of duty and discipline, and with its fatalistic belief in the ‘shining future’, became a sort of substitute for the Protestant ethic.

Protestantism implanted a faith in predestination, while Soviet ideology proclaimed the inevitability of the victory of communism. This similarity between Protestantism and orthodox Marxism was noted by G.V. Plekhanov, but it was the Stalinist system that transformed ‘Marxism-Leninism’ into a secular religion which reproduced in striking fashion the moral dogmas of sixteenth-century Calvinism. If the turn to capitalism in China rested on a combination of Confucian tradition with communist morality, in Russia the ‘victory over communism’ simultaneously undermined the minimal moral and psychological conditions without which a market economy is quite impossible. There are other, more fundamental reasons behind the failure of Russia and the success of China. A centrifugal and to some degree, left critique of the liberal reforms during the 1990s constantly urged a ‘Chinese model’ as an alternative to privatization and the ‘free market’. And indeed, while Russia spent the 1990s in uninterrupted decline, China prospered. Of all the countries that had ‘communist’ regimes in the late 1980s, it was ‘red’ China that succeeded not only on the level of economic growth and technological modernization, but also on that of implanting private entrepreneurship. Similar results were achieved in ‘communist’ Vietnam. The problem, however, was that the ‘Chinese model’ represented not only a set of decisions in the field of administration and property, decisions which in principle were quite applicable to Russia, but also a definite strategy for integration into the capitalist world economy. Here we come upon fundamental differences between the two countries. China in the early 1980s, when the reforms began there in earnest, had limited natural resources, an industrial plant with a modest technical level, and a huge population. It was this workforce that attracted foreign capital. Employing it effectively required that industry be developed. Although the technological level of Chinese industry has never become particularly high, it has risen compared to what it was in the late 1970s. The levels of education and general well-being have risen along with it.

Although China’s economic growth has created certain problems for the centres of world capitalism, at least during the 1980s and 1990s it did not pose a strategic challenge to them. With its industries at a middling technological level, China, despite all its successes, has been unable to change radically the relationship of forces in the world system. Meanwhile, despite all the problems, China’s integration into the world economy has been accompanied by an increase in industrial capacity, by real modernization and by improved living standards. In this case, the priorities of international capital have coincided to a significant degree with China’s national interests.

In Russia everything has been different. While possessing a vast territory and huge natural resources, Russia has quite a small population for its size. The workforce at the end of the Soviet epoch was highly educated but not very disciplined, and was ‘spoiled’ by social welfare. The country’s technological capacity was very high, though it was used in a thoroughly inefficient manner. Moreover, the sectors that were most developed technologically were linked to the military-industrial complex, and so ‘duplicated’ the same sectors (aircraft, machine-building, etc.) in the countries of the West. As a result, Russia was of real interest to the ‘centres’ of the capitalist world system only as a supplier of natural resources and as a market for ‘first world’ products. In any other capacity, Russia was not only unnecessary to the West, but even dangerous.

Russia’s ‘excess’ resources could either be swallowed by the countries of the ‘centre’, or else used for the economic, political and military expansion of Russia itself. In other words, within the framework of the capitalist ‘rules of the game’ our country could either be a superpower or a semi-colony;
there was no third option. Of course, the logic of capitalism is not the only logic possible, but so quickly did the Russian elites integrate themselves into the process of globalization and set about acting in line with its requirements, that they had no alternative.

A reform that increased the efficiency of Russian industry, and allowed the technological capacity accumulated in Soviet times to be used successfully for market ends, would have led to a conflict with the West no less acute than in the time of the Cold War. A permanent ‘trade war’ would have been completely inevitable and, in certain situations, local wars could have broken out as well. The people of Russia and the country’s elites were not prepared for such a conflict either politically or psychologically.

In the situation that had arisen, the course chosen by the Russian elites – a course that involved wiping out their own industry, impoverishing the population (lowering the price of labour power), destroying science and turning the national economy into a semi-colonial appendage – represented a quite logical and in its own way ‘correct’ answer to the challenge of globalization. In any case, the Russian elites simply had no other way of painlessly inserting themselves into the ‘open society’ and ‘world civilization’. It was another matter that the West, when it integrated Russia into the capitalist world system as a semi-colony, might have created the preconditions for new global shocks in the future.

The triumph over ‘Russian communism’ may well turn out to be a Pyrrhic victory for Western capitalism. As a result of what happened in the country during the 1990s, noted Tamás Krausz, Russia after ‘not lending itself to integration’ was liable once again to become a ‘weak link’, the ‘invalid’ of the world capitalist system at the end of the twentieth century just as it had been when the century began.8 Russia has to experiment or die. It not only has to defend its autonomy in relation to the capitalist world system but, having transformed itself, it needs also to change the world economic order.

The outstanding Soviet mathematician Academician Nikolai Moiseev stated near the end of his life that almost everything that had been achieved in the field of science during the years of Soviet power had been destroyed or undermined in the period of ‘liberal reforms’. The country’s modernization, paid for with the blood of millions of victims of the Stalinist terror, had in practice been turned back. The damage done to science by an incompetent leadership of Soviet party bureaucrats was not in the same league with that for which the people who for some strange reason are called democrats are responsible. The Bolsheviks managed to keep the scientific schools intact even in the most terrible years of the Patriotic War, and to train masses of young people to whom the baton of the knowledge and culture of scientific and engineering work was passed on. Thanks to this, by the early 1960s our country had come to occupy a solid second place in the field of science and education.8

By 1999–2000 the picture was the exact opposite.

The scientific schools are rapidly falling apart; the government is making no serious efforts to create a layer of young people able and anxious to take the baton in the relay-race of knowledge and culture. If this course of events continues, Russia will never be able to restore what has been lost, and will have to content itself with the role of a store-room of the mineral resources needed by the countries of the golden billion; that is, it will finish up at the gateway of our common planetary home. Only with an active, deliberate state policy of restoring the country’s intellectual capacity can Russia hope for a prosperous future.9

The difference with the early twentieth century is that Russia, for all its backwardness, was then a growing country with a young population. Russia reached the start of the twenty-first century with an ageing and demoralized population, and with an economy experiencing a profound and lasting decline. All this gives cause to doubt the prospects for a new revolutionary upturn. At the same time, the experience of the twentieth century could not fail to leave its trace on the country, whose past sacrifices and achievements could not be completely without meaning. As a society, we are no longer so young, but we are more experienced and better educated.

Anatoly Baranov complained in Pravda that despite their appalling privations, 'poor people in our country are not revolutionary'. In large cities, the ideas of the left are becoming increasingly popular, but the bulk of the population dream of improving their situation 'without any fundamental rupture, without risk'.10 From Baranov’s point of view, this situation is tragic. According to Roy Medvedev, on the other hand, such a state of affairs is 'not a cause for despair, but a basis for hope'.11 No-one disputes that with other factors equal, peaceful reforms (from the point of view of the interests of the ordinary citizen) are preferable to revolutionary upheavals, especially if these latter transformations are accompanied by violence. The trouble is that history is not made to order, and there is little about it that is comfortable, particularly in the case of the history of Russia. The tragedy of the situation noted by Baranov is that the majority of people are still counting on revolutionary changes or moderate reforms in a situation where there is absolutely no chance that any of this will occur. Baranov, however, wrote above all of the poorest layers of the population, and these strata have never been the main bearers of the revolutionary impulse. Since August 1998, there has been more reason to expect a serious radicalization from the deceived and plundered middle layers, from the technological elite, and from skilled workers in the most competitive enterprises, above all those in the export sector.

The well-known liberal sociologist Yury Levada reassures his readers by arguing that Russian society is too weakly organized to be capable of a revolution. The discontent is almost universal, and, as Levada observes, even
efforts to unite the people around the authorities during the second Chechnya war met with defeat. As before, however, the population is letting itself be manipulated.

Neither social upheavals, nor the passions and intrigues that have surrounded politics in the past few years have led to the formation of firm political demarcations, independent of the power hierarchy of the elite structures and reflecting the sovereignty of the individual in relation to the authorities.

In itself, this is hardly an achievement, but, to Levada, viewing the situation from a different angle, it is obvious that the passive tolerance of the masses is incomparably better than revolution, and that the demonstrations, strikes and even uprisings that occur from time to time merely serve to allow society to let off steam. ‘No social protest can be effective unless it is articulated, unless it rests on a particular structure of developed interests, groups and institutions. Until this situation undergoes a fundamental change, social protest will strengthen the resources of social patience.’

In this sense, the economic growth of 1999–2001, however feeble it might have been, played a definite positive role, accelerating the processes through which society was becoming structured. The strengthening of the trade union movement from below, as observed in Russia from the final years of the last century, showed that the masses were coming to understand their interests better, and were acquiring certain habits of self-organization. These processes affected only a minority of the population, but history shows that the revolutionary potential that arises on such a basis can be unexpectedly powerful, especially if the conscious protest of a minority comes to resonate with the elemental discontent of the majority.

Russia can tear itself loose from its condition of backwardness only if it breaks with the logic of peripheral capitalism — and in the present circumstances, there can be no other capitalism in the country. The investment crisis, together with the crisis of the state system and of culture, can only be overcome on the basis of a new mobilizational model. The danger is that, until now, the mobilizational model in Russia has been associated with the Stalinist experience, which to our enormous relief cannot be repeated under modern conditions. Nevertheless, a new variant of the mobilizational model has to be found, or else our country will vegetate for decades on the periphery of the world system.

The task, once we have rejected imitation models of ‘catch-up development’, will be to invest in precisely those technologies and structures that will come to occupy a leading position in the twenty-first century. The economist Aleksandr Buzagalin calls this ‘outstripping development’. The mobilization of financial resources has to set in operation the main potential — that is, the human one. Instead of economizing on science, it is essential to turn it into the leading sector of the economy. The new economic model requires the expropriation of the oligarchs combined with the reform of the state and a sharp increase in vertical mobility for the lower strata through access to education, health care and prestigious jobs. It is perfectly possible to combine the restoring of a powerful state sector, oriented toward advanced technologies, with the growth of free entrepreneurship ‘from below’. Finally, the orientation toward the West has to give way to a strengthening of economic, political and cultural links with the majority of humanity — the Third World.

The problem is that any model of economic development rests ultimately on the question of the social nature of the state. What class, and what social groups, will become the bulwarks of the regime? In whose interests will policies be implemented, and whose hands will guide the process? How will democracy — in the original sense of the word, the power of the people — be guaranteed?

The main lesson we need to draw from the events of the 1990s is quite simple: there is no capitalist solution to Russia’s problems. This does not yet mean, however, that any successful attempt at overcoming the crisis will lead unfailingly to socialism (especially since socialism in general is possible only as a new world system replacing the present one). This simply means that the economic and social policies required to lead the country out of crisis must be subject to different principles, different social interests and a different logic than under capitalism. Whatever might be said about a ‘mixed economy’, ‘regulation’ and the ‘priority of national interests’, none of this will yield anything until the core of the economy becomes the socialized sector, operating according to its own non-capitalist rules. In exactly the same way, an effective economic policy is impossible in Russia unless it is based on expropriation of the oligarchy and on the return to the people of the property stolen from them.

The tragedy of Russia is continuing, turning at times into vaudeville and at other times into bloody farce. Viktor Chernomyrdin was perhaps right when he said, ‘When it’s all over, the survivors will laugh.’ Nevertheless, the historical cycle of the Russian Revolution is not yet complete. The history of Western Europe teaches us that restorations were followed by ‘glorious revolutions’, and sometimes, by a whole series of revolutionary shocks. If the hopes that Russia will be able to break out of its catastrophic state in a single powerful burst seem naive, in the longer-term perspective there are still grounds for optimism. On this level, the restoration carried out by Yeltsin in Russia not only failed to end revolutions for good, but created the preconditions for a new revolutionary cycle.