Russia After Communism, by Anders Åslund and Martha Brill Olcott

Introduction

Over the past decade Moscow has gone from being one of the world's drabbest capital cities to among the world's most dynamic ones. Bare-shelved state-owned stores have been replaced by glittering malls and boutiques filled with merchandise from all over the world. Placards and political slogans have all come down from billboards and other public spaces, their places taken by brightly-colored advertisements. Flights in and out of Moscow now are filled with Russian tourists rather than Westerners. New buildings have gone up throughout the city, and trash dumps have been heaped with the discarded desiderata of Russia's Soviet past.

Many of these changes, though, have come at high human cost. The same economic changes that produced the new rich have created a vast new underclass. Beggars and homeless persons are frequent sights in the cities, and many come from the old Soviet white-collar class. Hundreds of thousands of refugees now live in Russia, some from Chechnya and others fleeing wars in neighboring states. Street crime, kidnapping, murder, and even terrorism - once virtually unheard of - are now features of Russian life. The nature of the "new" Russia is a subject of debate for all who lived in or near Russia, or are otherwise concerned with it. Even now, nearly eight years later, there is little agreement on what the breakup of the USSR means for the future of Russia or the West.

In retrospect, the collapse of the Soviet Union may be the most profound event of the last half of the twentieth century. A country occupying one-sixth of the earth's surface dissolved into fifteen new states virtually overnight. The demise of the USSR also brought with it the discrediting of the communist system - its political institutions, economic system, and social values. Few observers were prepared for the speed with which this occurred, or for the enormity of the changes that it would create.

This book looks at developments in Russia, the largest, most populated, and most strategically important of these countries. Russia is simultaneously a new and a very old state. Its current borders are new ones, but this country is also heir to both the USSR and the Russian empire. This has complicated the task of building a new state and creating a new national identity, as the Russians try to sustain old traditions and acquire new values.

Russia's leaders and citizens have found it difficult to gain their bearings in this rapidly changing new era. The country's political institutions have been transformed. Russia is a partly-formed democracy; its citizens go to the polls regularly to elect their president, national legislators, governors, and local legislators. Whether there is enough elite or mass support for these institutions to

sustain them over time is less certain: the first real test of their durability will only come when Boris Yeltsin passes from the political scene.

The old Soviet command economy has been shattered, but the transition to a market economy has been a rough and incomplete one. Privatization is seemingly irreversible, but as long as the rudimentary market economy that has been formed remains dysfunctional, the nature and timetable of Russia's economic recovery remain unclear.

The incomplete nature of Russia's political and economic transformation has complicated the problem of creating political loyalty, keeping alive a national political debate over just whom the Russian political state is intended to serve. The current climate works to the advantage of those who hold extreme political views, be they nationalists or communists. Some would like to see Russia break up or decentralize, while others are nostalgic for an imperial past. Yet increasingly people are beginning to realize that neither by consent nor by force can Russia absorb other Soviet successor states and recreate the Soviet Union. The Russian Empire cannot be resuscitated, but Russia will continue to pressure neighboring former Soviet republics more than they would like.

Our purpose in writing this book is to point out the factors that are shaping the political and economic systems that are emerging in Russia. We have tried to bring out key aspects of domestic politics, nation building, economics, and policy toward the neighborhood of the new Russia, to give the reader a sense of the possible shape of future developments.

Ours is a joint effort of Americans and Russians who have worked closely with each other for years. All of the authors have had lengthy associations with the Carnegie Moscow Center, which, since its opening in 1993, has provided a forum where scholars and experts on Russia and the other new countries of the post-Soviet space exchange views and shape their understandings of what has or should happen to these newly formed or re-formed nations. Each essay is written jointly by a Westerner and a Russian and reflects a set of recurrent themes from our seminars in Moscow. Russian and Western scholars now tend to work with the same intellectual paradigms, but their perspectives often vary. The authors of these essays have tried to find common ground - to explain what assumptions they shared and what questions were still controversial. All the authors of the volume have, to varying degrees, been participants in the creation of the new Russia - as ministers, senior government advisors, consultants to political parties and groups, scholarly observers, or commentators on the Russian post-Soviet scene.

What We Found

Lilia Shevtsova and Martha Brill Olcott focus on political institution building in their chapter, "Russia Transformed." They reach the somewhat gloomy

conclusion that, despite political and economic liberalization and privatization, Russia has experienced no significant growth in the sector outside of government control. In part, this has been the result of a deliberate attempt by those in power to maintain as much control of society as possible. Shevtsova and Olcott find this disturbing on two counts. First, the near symbiosis between government and business has led to the failure of most elite members to distinguish between the national interest and their own. Second, the more the government interferes, the weaker it grows - as demonstrated by its inability to control crime, collect revenues, maintain public order, mount an effective military, and ensure that its authority is respected in the periphery. Although they consider these tendencies a distinct threat to the future of democracy in Russia, the authors acknowledge that these developments have partly democratic roots, insofar as they are efforts by the elite to respond to the wishes of the electorate, which favors stability after a period of extreme volatility. To date both the elite and the population have been self-restraining. The people have been battered by economic losses, deteriorating public order, reduced international prestige of their state, and fear of interethnic conflict. Nonetheless, they appear to prefer the present system, whatever its faults, to uncertainty.

In their chapter, "The Changing Function of Elections in Russian Politics," Michael McFaul and Nikolai Petrov provide a systematic analysis of the six major national elections Russia held from 1989 to 1996. They compare the Russian path with a typical process of democratization, and they reject the nostrum that there is something unique, or uniquely self-destructive, about Russian behavior. Russia has become a state in which elections are common and in which voter participation is quite high. A disturbing anomaly, however, is that these elections have brought little replacement of the power elite from the Soviet era, neither at the federal nor at the regional levels. Frequent elections have not stimulated the growth of a multi-party system, as is typical in other states making the transition to democracy. Perhaps most serious is that the elections have not become more transparent over time. Indeed, elections in Russia were in some ways less free and fair in 1996 than they were in 1991. At the same time, McFaul and Petrov note a growing tendency among the communist-era elite to take elections seriously. There are many positive tendencies: the election laws have become firmer and better enforced; the nomination and ballot-counting procedures have become simpler; and the number of contestants per seat is rising. As a result, the authors cautiously conclude that a transformation of the political system has indeed taken place.

In "From Ethnos to Demos: The Quest for Russia's Identity," Valery Tishkov and Martha Brill Olcott discuss how the development of civic nationalism in Russia is complicated by lingering effects of the Soviet practice of basing political rights not on individuals but on ethnic groups. In the USSR, the salience of ethnic identity was reinforced by the allocation of certain territories to specific ethnic groups based on more or less accurate historical claims. During the Soviet collapse, ethnic identity served as a powerful rallying tool, giving local elites enormous

leverage in their battles with the center. Russia is the only post-Soviet state organized as a federation, but it still faces considerable challenges in defining the relationship among the various constituents of that federation. The war in Chechnya was a particularly brutal demonstration of these problems. At the same time, Tishkov and Olcott argue, Russia has made progress in enhancing the importance of citizenship over ethnicity, which creates some cause for optimism that interethnic antagonisms may diminish over time.

In their chapter, "Economic Reform Versus Rent Seeking," Anders Åslund and Mikhail Dmitriev investigate why the reform process has been so difficult in Russia. They refute the common view that the initial reforms were too radical, pointing out that Russia suffers not from unbridled capitalism but from excessive state intervention that impedes economic recovery. Although for many Russians the privatization of state assets has come to symbolize corruption, Åslund and Dmitriev point out that the big fortunes were not made on formal privatization but on government regulations and subsidies, as the early economic reformers lost out to those who wanted to make money on market distortions and government subsidies. Although the reformers made some headway, the structural adjustments they introduced were never sufficient - a shortcoming brought home forcefully by the financial crash of 1998. Åslund and Dmitriev see as major faults in the current economic system that the state tries to finance more than it can afford, that it is unable to carry out all social commitments, and that arbitrary and intrusive state regulation prevent the market from functioning as well as it could. All these features are reflections of a weak state. The question today is whether Russia will be able to introduce liberal capitalism or whether it will maintain the current crony capitalism.

Identity is also at the heart of what Sherman Garnett and Dmitri Trenin describe as Russia's difficulty in defining its foreign policy in "Russia and Its Nearest Neighbors." Russian military and political strategists have considerable trouble figuring out how to work with the new states that are their immediate neighbors. The authors offer a number of explanations for these problems, including the lingering paternalism of Soviet internal policy, the need for some forum in which Russia can demonstrate its claims to be a great power, and the uncertainty about Russia's goals in foreign policy. The most serious problem is the continuing conviction of Russia's leaders that their state is or should again become a great power - a conviction left unfulfilled by Russia's current weakness. A possibility of military adventurism arising from the desire for great-power recognition still exists, but the extent of the decline of Russia's military makes this unlikely. The bigger danger is Russia's continued preoccupation with its status and its attempts to use its relations with the Commonwealth of Independent States (CIS) to reinforce its own perceived image as a great power. While Russia hangs on to its old perceptions, its neighborhood is changing rapidly and decisively. Increasingly, weak CIS states - Tajikistan, Kyrgyzstan, Belarus, and Armenia - cling to Russia for support, but stronger neighbors, such as Uzbekistan and

Ukraine, are forging new regional identities and orientations that make their status as former Soviet states increasingly irrelevant.

What We Concluded

As this synopsis of the volume suggests, there is considerable variation in how the authors understand the common premises from which they began their work. Some of the difference can be explained by the diverse methodological approaches employed, the distinct intellectual perspectives of the authors, and the different disciplines that they represent.

As a result, there is significant divergence among the authors as to just how complete a transition Russia has undergone. All see the transformation as a fundamental one, but they differ over how much - or how little - has changed. Even Shevtsova and Olcott, who see Russia's failure to undergo a thorough elite transformation as detrimental to the development of democracy, admit that the same actors may be dominant in politics, but they are playing a new game, and with new (albeit not terribly) democratic rules. McFaul and Petrov look at the same political arena and offer a more optimistic set of conclusions - largely because they see the electoral process as likely to be sustained and intrinsically supportive of the development of democratic institutions.

The volume's authors express considerable concern as to whether the new Russian structures will endure. They voice several new worries. First, the Russian state is characterized by great weakness, which is reflected in all policy spheres. This emerges clearly in Åslund and Dmitriev's discussion of the economy. It is also a recurrent theme in Garnett and Trenin's discussion of Russia's foreign policy, especially as it relates to their nearest neighbors and former fellow countrymen. Second, several elements of a normal highly developed state are still strikingly absent, and in several cases, such as social services, it is not even clear that they are evolving. This is one of the themes that Åslund and Dmitriev stress as hindering reform in the economy. Finally, there is the question of the tenuousness of the psychological transition that has occurred since 1991. This point, too, comes up in a number of the essays. Tishkov and Olcott argue that until Russians start to think of themselves in civic and not solely ethnic terms, it will be difficult to resolve the contradictions implicit in Russian federalism. Moreover, as Garnett and Trenin make clear, this same ambiguity in worldview has clouded Russia's relations with the other newly independent states.

As a consequence, the chapters point to a large number of unresolved problems. Shevtsova and Olcott emphasize the rigidity of the elite structure; McFaul and Petrov describe Russia's failure to develop a democratic party system; Åslund and Dmitriev discuss the financial pitfalls faced by an only partly reformed economy; Tishkov and Olcott portray the continued division of society into

competing ethnic groups; and Garnett and Trenin portray a Russia whose foreign policy goals frequently outstrip its capacity.

These concerns are all serious ones, but they need to be placed in the context of some good news as well. Today's Russia has an elected president. Although a democratic political party system is developing slowly, nationalist and other fringe groups have found it difficult to manage successfully the transition to electoral politics, while the Communist Party has problems attracting support from a younger generation. Even in a period of economic decline, there is little talk of returning to the old command-style economy. Nearly three years after Russia's withdrawal from Chechnya, the center and periphery continue to contest each other's claims to power and authority, but the competition seems almost certain to remain a peaceful one. The power of the Russian military continues to wane, but NATO enlargement went from a threat to a reality without a fundamental redefinition of U.S.-Russian strategic relations. While these relations were further strained in 1999 by the NATO engagement with Yugoslavia, even an angry Russian leadership is reluctant to return to a cold-war style engagement with the Americans.

All this points to the conclusion that the fundamental construction of a new society is already well under way. The shortcomings are likely to cause problems, but these will be the kinds of problems that the new Russia may well be able to handle. The future that the authors portray is less dramatic than many contemporary perceptions of Russia. Neither catastrophe nor paradise is being predicted. Certainly, a great deal has been accomplished in Russia's transformation to an independent state, a democracy, and a market economy. At the same time, however, Russia's postcommunist transformation remains incomplete in virtually all respects. The Russia of the future is still to be defined. The outcome depends on whether Russia manages to complete the fundamental transitions it has begun, or whether some link will turn out to be too weak and will warp the shape of the emerging structure.

While each pair of authors has a slightly different view of how developments in Russia are proceeding, one conclusion that we have all reached from our various vantage points is that the Russia emerging from well over seven years of transition is its own unique creation. The Russian economy is now responsive to market forces, but those in charge have had a great deal of flexibility in managing or limiting the transparency of the process. Political power remains consolidated in rather few hands, but the degree of popular empowerment exceeds that of any time in modern Russian or Soviet history. While the masses may yet make what outsiders consider to be inappropriate choices at the ballot box, the fear of mob rule is fading. While rule of law is still a tenuous and ill-defined ideal, basic civil rights and liberties seem relatively secure, at least in the overwhelmingly Russian regions. Russia still is not sure if it is an imperial or postimperial power; it fought a bloody war to hold on to Chechnya and still often looks at its new neighbors

with paternal scorn, but it shows signs of growing less bellicose as its power recedes.

The Russia that has emerged is not the mirror-image of American or any other advanced Western form of democracy that some naive observers expected it to become almost instantly. Nor is it likely to turn into this any time soon. Yet, it is not the stripped-down and ideologically-sanitized version of the Soviet Union that many hostile observers predicted it would become either.

Russia is neither all black nor all white, and as a result it poses a challenge to Western policy makers who want both to stimulate the development of a democratic and market-oriented Russia and at the same time to encourage Russia's new neighbors to develop into all that they are capable of being. How to accomplish that remains a continuing challenge - one that many of the contributors to this volume deal with in their ongoing work.

For all of us involved with the Carnegie Moscow Center, it is enough to say that Russia has become a "normal" place. It is a place where we can all travel freely and do our research. It is a place where Russians and Americans can exchange ideas openly, and agree or disagree with one another with no dire consequence. It is a place to and from which we can send manuscripts back and forth across eight time zones by e-mail to put this book together - and one where we can sustain ourselves on the same bad fast food in Moscow as in Washington while we do it. It is a place that did not exist in anything like its current form when it was born out of the USSR's collapse in 1991, although it is obviously a place that draws deeply upon its Soviet and Russian pasts as well as on the experience of the West as it tries to reform its economy, restructure its political life, and revive its global stature.

In May 1999, as this book went to press, Boris Yeltsin dismissed Yevgeny Primakov as prime minister and nominated in his place Sergei Stepashin, the interior minister. The swift confirmation of Stepashin by the Duma, which followed the collapse of impeachment proceedings against the president in that body, seemed to be yet another in a series of improbable victories that Yeltsin has accumulated over the years. And yet, on the basis of the early evidence, the appointment of a new Russian government does not seem to change dramatically the possibility that Russia will soon resolve the serious political, economic, and foreign policy problems discussed in the chapters of this book. It does confirm, however, a point that is demonstrated in newspaper headlines virtually every day: that Russia is a country we need to understand better to make our own policies toward it more enlightened and productive.