

CHAPTER 12

DESPITE YEARS OF POLICY FAILURE, A BRIGHT RUSSIAN FUTURE IS STILL POSSIBLE



AP Photo

A SPIRITUAL GATHERING: Russian Orthodox Patriarch Alexei II took part in a service marking the 10th anniversary of his installation inside Christ the Savior Cathedral, in Moscow, June 10, 2000. The giant cathedral, which Josef Stalin had torn down and turned into a swimming pool, was restored in 1997. Seventy bishops, 400 priests and deacons, and thousands of believers sang at the anniversary ceremony, which was covered by all of Russia's major television channels and newspapers and marked with an official statement by President Putin highlighting the importance of the Orthodox Church to Russian society. "The Russian Orthodox Church," Putin said, "plays a colossal role in the spiritual gathering of Russian lands after years of unbelief, moral downfall and theomachy." Today, after the battle against the false gods of Communism was won, a bright future is finally possible for Russia.



It is my fervent hope that the two of us can begin a process which our successors and our people can continue—facing our differences frankly and openly and beginning to narrow and resolve them; communicating effectively so that our actions and intentions are not misunderstood; and eliminating the barriers between us and cooperating wherever possible for the greater good of all.

President Ronald Reagan, November 14, 1985, on the eve of his first meeting with Mikhail Gorbachev in Geneva

Seeds of Hope

Nearly a decade after the fall of the Soviet Union it is easily forgotten that for most of the 20th century, America stood toe-to-toe with a Communist enemy armed with tens of thousands of nuclear weapons, which had killed at least 20 million of its own citizens and sought to spread its anti-democratic system of state control of the individual across the planet.

The end of the Soviet Union on Christmas Day 1991 was as profound a victory as the West had achieved against Imperial Japan and Nazi Germany in World War II. Just as Germany and Japan were guided through skillful execution of U.S. policy to their current status as free enterprise democracies and strong U.S. allies, so too did our victory in the Cold War offer the prospect that the Russian Federation would achieve its people's new dream of freedom, democracy, demilitarization of the economy, and alliance with the United States.

The 1990s did not witness such a transformation of Russia. Instead of capitalizing on America's most significant foreign policy opportunity since World War II, the policies of the Clinton administration—focused on strengthening the Russian central government rather than deconstructing the state and building from scratch a free enterprise system—contributed to the profound injury of Russia and her people.

During the last decade, Russia endured the rise of organized crime, oligarchy, and corruption. By 1998, Russia's economy had collapsed—the culmination of years of deterioration as Soviet central planning was replaced with neither market competition nor even government-enforced civil order. The consequent

pathologies—from domestic social ills, to increasing weapons proliferation for hard currency, to a foreign policy marked by a deepening estrangement from the pro-American outlook of the early Yeltsin period—are the legacy of the post-Cold War era thus far.

The task ahead for Russia in 2000 is essentially the same as it was in 1992. Indeed, as Michael Dobbs reported in the *Washington Post* in August 2000, “most people are worse off than they were in 1991.”¹ Since so little progress has been made toward putting in place the building blocks of a democratic free enterprise system, one that serves the people and not the corrupt few, that work must now begin in earnest. But whereas conditions in Russia in 1992 were eminently hospitable to such an undertaking, the ensuing years of policy failure have squandered that advantage. Now, with so many Russians having soured on “reform,” the necessary work will be much more difficult.

Despite the dimensions of the task ahead, the outlook for Russia is not entirely bleak. The economic collapse of 1998, while devastating, has given way to a determined effort to dig out from beneath the rubble and start afresh. The hostility engendered by the statist, incoherent, and clumsily-administered Clinton administration foreign policy need not create an enduring cold peace.

The seeds of hope sown in the Russian soil in 1991 have not yet blossomed into a vibrant, prosperous, free society, but they have withstood the crony capitalism and outright corruption of Chernomyrdin and Chubais and the deluge of Clinton administration-orchestrated debt that was wasted by the Russian government. Hope that was not crushed by Stalin's purges, the KGB, and the epic human misery of the longest failed social experiment in human history is not easily extinguished.



If nurtured, the still-living seeds of hope can and will produce a bright Russian future.

Russia's Slow Economic Recovery Since the Crash of 1998

Russia's total economic collapse in 1998 inflicted pain, suffering, and disruption on millions of Russians. It is a testament to the storied Russian character that Russia has survived, and is fighting back. If given a chance, freedom can yet succeed in making Russia prosperous.

The collapse of 1998 gave evidence that reliance on the state had been broken. For the most part, Russians were forced to survive on their own; few looked to the state for help. "No one I know expects anything from the government or any other authorities," writer Tatyana Tolstaya matter-of-factly stated. "People try to survive without the government as much as possible."²

This view was confirmed by a survey of Russians carried out at the end of September 1998, in the depths of the economic crisis. Of those polled, 61% said that they were relying on themselves to get through the crisis, while 14% were depending on families, neighbors, and friends. Only 12% said they had turned to the state for aid. Asked what will enable them to live through Russia's economic collapse, none mentioned the state.³

"The August crisis was a great economic shock, but the psychological shock was even stronger," pollster Yuri Levada noted. "But after several months, the country began to calm down."⁴ The rise in world energy prices provided a needed respite for Russia to begin its gradual economic reconstruction in 1999.

Virtually all of Russia's major economic indices improved modestly in 1999. This is not surprising, of course, given the exceptionally low 1998 base from which percentage "improvements" were measured. Nevertheless, according to official Russian government statistics, the economy grew 3.2% in 1999; industrial production rose 8.1%; and inflation was lower than expected at 36.5%.⁵

The slow economic progress that began in 1999 has gained some momentum in 2000. The Russian government reported in July 2000 that the economy was growing at an annual rate of 7.3% during the first six months,⁶ while industrial output from January to June rose 8.6%.⁷ Unemployment, which had been as

high as 13% of the workforce after the 1998 economic collapse, fell slightly to 11.7% by the end of 1999.⁸ By June 2000, it remained at 11.5% of the 73.6 million citizens of working age.⁹

Inflation after the first six months of 2000 had further improved and was expected to fall to 20% for the year.

The surge in oil prices has meant a major windfall in export earnings for Russian energy companies. Russian oil and gas exports now account for more than half of all federal tax receipts.¹⁰ Fueled by strong energy exports, Russia's trade surplus reached \$27 billion for the first five months of this year.¹¹

The resuscitation of Russia's economy and the rising export earnings have increased the government's tax revenue and boosted the Russian Central Bank's reserves to a post-crash high of \$23.2 billion in August 2000.¹²

Promising Tax Reform

The Russian government is using the breathing room created by high oil prices and import substitution to implement much-needed tax simplification and government spending reductions.

After President Boris Yeltsin's December 1999 resignation, Russia's Center for Strategic Research was tasked with drafting an economic reform program for the incoming Putin government. Headed by German Gref, whom Putin subsequently appointed Russia's Minister for Economic Development and Trade, the Center released its report in June 2000. It emphasized:

- Reducing government spending
- Balancing the state's budget
- Eliminating many state subsidies
- Implementing a 13% flat income tax
- Reducing turnover taxes on business

The 13% flat income tax, in particular, has gained popular support in part because it is seen as a way to eliminate tax evasion by wealthier Russians. The flat tax passed the State Duma overwhelmingly on July 19, 2000, and it passed the Federation Council with an unexpectedly strong vote of 115 to 23 seven days later.¹³ Vladimir Putin signed the flat tax into law on August 7, 2000, calling it, "the most important event in the country's life."¹⁴





Friday, July 28, 2000

Russians cautiously optimistic about their future—poll

MOSCOW—Russians are displaying cautious optimism about their country's future. Thirty-seven percent believe Russia could successfully compete against the world's leading countries in ten years time, and only 24% do not believe in such a prospect.

The hope that Russia could become competitive in ten years time is expressed most often by those citizens of Russia who voted for Vladimir Putin in the presidential polls (48%), people with higher education (42%), and residents of big cities (52%).

Released by the Public Opinion sociologic fund on Friday, the figures were obtained through a poll of 1,500 urban and rural residents across Russia on July 22.

The turnover tax, which is a major source of revenue for, as well as abuse by, the regional governors, was reduced from 4% to 1%. The Russian central government had hoped to abolish this tax on business revenues; but facing strong opposition from the governors, the Putin government settled for a 75% reduction in rates.

Both the flat tax and the deep cut in the turnover tax are designed to simplify the tax code, spur foreign and domestic investment, reduce capital flight, and encourage higher tax compliance. "I believe that these measures will encourage the return of some money that left the country as capital flight, not criminal money, but money that went because of high taxes," Russian Prime Minister Kasyanov said.¹⁵

Capital flight, the estimates for which range from \$150 billion to \$500 billion over the past decade, has also recently dropped to \$300 million per month.¹⁶

Growing repatriation of Russian capital, the signs of which have been evident for several months, is essential if Russian investment is to improve over the long term. Relief from an onerous tax system, greater transparency, and legal guarantees against expropriation will remove much of the incentive for Russians to send their cash abroad to safer havens.

To encourage the growth of the entrepreneurial sector, Putin has established an Entrepreneurial Council to coordinate ties between Russia's executive agencies and businesses. The Council, which is chaired by Prime Minister Kasyanov, will work with its counterpart in the Duma to improve the laws affecting small businesses.¹⁷

Small and medium business in Russia produce just 12% of Russia's gross domestic product, compared to 70% in European economies. Entrepreneurs remain bogged down in taxes and red tape and are starved for cash due to the unwillingness of local banks to provide inexpensive loans for longer than two years. The Putin government views small business as key to raising living standards, creating wealth, and increasing employment in a short period of time.¹⁸

A Wired Russia

Like all other countries, Russia must utilize information technology if it is to succeed in the 21st century. In his State of the State address, President Putin noted: "Countries like Russia have to think hard about how they're going to get the investment to allow people to become part of the global, information economy."

While estimates put the number of Russian Internet connections at 1.9 million, many of those are multi-user sites hosted by universities and civic organizations. According to a U.S. market research firm, the number of Russians going online has increased 32% in the first quarter of 2000 alone. This same firm predicted in June 2000 that Internet users in Russia will reach 6.6 million by the end of the year, while another study estimated that 11 million Russians would have access by then.¹⁹

Russia's nascent use of credit cards and its limited banking system make business-to-customer e-commerce a difficult proposition in the near term. And Russia's ability to enjoy the benefits of information technology will be severely compromised if Russians lack confidence in its security and privacy—issues



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AP Photo/Mikhail Mezel



WIRED RUSSIA: Moscow student Maksim Gusev uses the Internet in Moscow's Internet Chevignon cafe to ask then-Russian President Boris Yeltsin questions on May 12, 1998. MSNBC organized Yeltsin's Internet debut. The Internet and Internet access are growing in Russia, facilitating international trade and promising economic growth.

directly implicated by reports that the Russian government plans to closely monitor electronic communications.²⁰ But Russians' growing enthusiasm for the Internet may help overcome these obstacles.

Foreign Investors Tentatively Consider a Return to Russia

In a sign that foreign investors are starting to return to Russia, foreign investment is slowly returning to pre-August 1998 levels.²¹ More than \$10 billion in foreign capital has gone into Russia during the first five months of 2000—twice as much as during all of 1999.²² According to official figures, foreign direct investment in 1999 totaled only \$4.26 billion,²³ although that was 250% higher than the extraordinarily depressed 1998 figure.

In 1999, foreign direct investment in Russia amounted to \$61 per capita; by comparison, the per capita figures for Poland and the Czech Republic were \$389 and \$967, respectively.²⁴ But foreign direct investment in Russia for the first quarter of 2000 rose to \$2.4 billion, 57% higher than for the same period the year before. The trend, at least, is favorable.

Portfolio investment, more so than foreign direct investment, has remained extremely low—\$31 million in 1999 compared to \$3.3 billion in 1997.²⁵ This is reflected in the continued depression of the Russian stock market, compared to its levels before the 1998 economic collapse.

According to a May 2000 report by the Bank for International Settlements, international banks continued to lower their exposure to Russia in the second half of 1999 to their lowest point since the end of 1994—unsurprising, given Russia's extremely poor record of servicing debt owed to the London Club of commercial debtors. American banks, according to the report, reduced their exposure from \$7.78 billion in mid-1998 to \$1.68 billion by the end of last year.²⁶ But others are making up at least a small part of this loss:

- A Western syndicate of banks in August 2000 announced a \$50 million loan to oil conglomerate Yukos, the first such private loan since the August 1998 collapse.
- The European Bank for Reconstruction and Development in May announced a \$150 million three-year loan for oil giant Lukoil.
- The U.S.-Russia Investment Fund in June announced plans for at least \$150 million in investments in Russia over the next 18 months, with the option of investing more if the Russian economy improves.
- Ford Motor Company recently started construction of a \$150 million plant near St. Petersburg.
- In early June, Royal Dutch/Shell bought from Marathon Oil a 37.5% stake in a Far East oil and gas exploration project, Sakhalin 2, in a deal worth an estimated \$350 million.

Meanwhile, Russia continues to maintain a positive balance of trade, helping to replenish its weakened foreign currency reserves. The European Union is now Russia's largest trading partner.

The United States continues to be the largest foreign direct investor in Russia.²⁷

A New Generation

The younger generation in Russia—less influenced by the legacy of Soviet Communism than its parents—has a positive attitude about what Russia could become, as well as the desire and initiative to obtain the skills required for the 21st century economy.

Perhaps most important for Russia's future is that young Russians are significantly more supportive of





democracy than their older countrymen. In a recent public opinion poll, fully two-thirds of young respondents favored “West-European-style democracy” for Russia.²⁸ While support for democracy among some Russians has eroded somewhat over the last few years, the strongest support for basic democratic rights is among youth.

While older Russians debate whether Russia’s future is in the West or East, the younger generation more clearly sees Russia’s future with a Western orientation. Importantly, they are “less inclined to pine for the Soviet Union” than their older counterparts,²⁹ and those young people who do view the disintegration of the U.S.S.R. negatively are focused on narrow, practical issues such as the difficulties involved in traveling between the new independent states of the former Soviet Union.³⁰

Young Russians also display an entrepreneurial spirit unknown to previous generations. Remarkably, three-quarters of 18-29 year-olds believe that it is important, “to achieve success with a business of their own.”³¹ This energy and vigor can transform Russian society and Russia’s economic future, if it is not indefinitely stifled by current government impediments to the market.

Three-fifths of Russians under the age of 30, according to a 1996 study, favored allowing foreign businesses to operate in Russia.³² More generally, younger Russians are also more likely to endorse Russia’s integration into the international community.³³

Younger Russians overwhelmingly are more interested in seeing their country become economically prosperous than in seeing it become militarily strong. A 1998 survey by the U.S. Information Agency found that young people favored Russia becoming, “a prosperous country in which people live well,” over “a great military power respected by other nations,” by a margin of 80% to 15%.³⁴ Even among young people in the military, 65% chose prosperity over great power status.³⁵

These encouraging signs suggest that Russia’s rising generation is unlikely to support a return to the Soviet Union’s state-controlled and excessively militarized economy—or the repressive domestic policies and threatening foreign policy behavior that accompanied it.

A Rebirth of Faith

While public confidence in many institutions is low, the Russian Orthodox Church enjoys greater support than any other institution. Sixty-three percent of

Russians expressed confidence in the Orthodox Church.³⁶ As a result, the Russian Patriarch, Alexei II, has become one of the country’s most influential public figures.

Religious faith has sharply increased since the collapse of the Soviet Union. As one sociologist noted, “in a remarkably brief period of time, Russia has become one of the most God-believing countries in Europe.”³⁷

Between 1991 and 1998, those willing to tell pollsters they held a belief in the existence of God increased by one-third, from 45% to 60%.³⁸ One-quarter of Russians surveyed responded that they had not believed in God previously, but had changed their minds since the fall of Communism. (The respondents who had changed their views were concentrated among the young and the educated.)³⁹ At the same time, the number of Russians identifying themselves as Orthodox believers nearly doubled, from 30% to 58%.⁴⁰

Religious belief now plays an increasingly prominent role in Russian public life. In fact, in the campaign preceding Russia’s 1999 Duma election, even Communist leader Gennady Zyuganov appealed for the support of Orthodox voters.⁴¹ That the leader of the successor to the militantly atheist Communist Party of the Soviet Union would make such an appeal demonstrates how profoundly Russian society has in fact been transformed.

Russian President Vladimir Putin has professed his own Orthodox faith and has strongly endorsed the role of the Orthodox Church in Russian life. For



AP Photo/Mikhail Mezel

REBIRTH OF FAITH: The Kursk tragedy tested Russian believers and left the nation grief-stricken. Here, sailors Denis Kopylov, Maxim Yegorov, Alexander Avronyonok (left to right), light candles in a Moscow church for the fallen sailors, Aug. 23, 2000.



example, Putin attended an Orthodox service conducted by the Patriarch in the Kremlin's Annunciation Cathedral immediately following his inauguration.⁴² And on the tenth anniversary of the election of Alexei II as Russia's Patriarch, Putin sent the following message: "The Russian Orthodox Church plays a colossal role in the spiritual gathering of Russian lands after years of unbelief, moral downfall and theomachy."⁴³

Churches long in disrepair or completely demolished by the Soviet state have been restored, and in many instances reconstructed from the ground up. The most celebrated restoration is the rebuilding of the Cathedral of Christ the Savior, destroyed under Stalin, on the banks of the Moscow River. There are many examples of individuals privately raising the funds needed to rebuild or restore churches damaged under Communist rule. In Red Square, a church that had been destroyed to make room for public toilets and kiosks has been reconstructed to its former glory with private funds raised from Muscovites. Some of the original bricks, faithfully kept by believers for years, were used in the reconstruction.

Charitable giving is rising in Russia, to the benefit of both organized religion and private civic and social organizations. The extremely limited resources of most Russians, coupled with the past expectations that the government would provide, make even such modest growth in charitable giving as Russia has witnessed impressive. Charitable giving is continuing even though corrupt officials and organized crime groups have embezzled donated funds and sought to abuse the special tax treatment and duty-free status enjoyed by many Russian charities in order to import duty-free cigarettes and alcohol. In the aftermath of the *Kursk* disaster, Russians ranging from oligarchs and oil companies to ordinary citizens have donated funds for the crewmembers' families, despite fears that the funds might be misused.⁴⁴ The goodwill of ordinary citizens seems inexhaustible.

Russia's Growing Habit of Civic Involvement

During the 74-year existence of the Soviet Union, social organizations existed only with the approval and funding of the Communist Party. Even where such organizations professed goals of promoting human rights, press freedom, or social justice, they

were mere fronts for a party unalterably opposed to such aspirations.

Despite this legacy of exclusion from civic life, a number of genuinely private groups have been founded in recent years. The number of human rights organizations has grown from fifty in 1996 to over 1,200 in 1999.⁴⁵ According to the U.S. Agency for International Development (USAID), there are approximately 65,000 active civic and social groups of all kinds in Russia.

Many of these new Russian civic groups have received modest funding support from the United States, which has contributed to more than 13,500 civic activists. The Eurasia Foundation, the International Republican Institute, and the National Democratic Institute for International Affairs, working through USAID and the National Endowment for Democracy, have contributed in this area.

There are signs that privately-organized civic activism is taking root in the new Russia. For example, more than 60 Russian environmental organizations sent a letter to World Bank President James Wolfensohn calling on the World Bank to cease lending to Russia. The cutoff was urged in protest of President Putin's May 19 decree abolishing the State Committees on Environment and Forestry and transferring the two committees' responsibilities to the Ministry for Natural Resources—which is also responsible for mining and exploiting Russia's oil, gas, and mineral wealth. Among those signing were environmentalist Alexei Yablokov and Aleksander Nikitin, the former navy officer who had been imprisoned after revealing the extent of the Russian navy's harmful nuclear pollution.⁴⁶

Russians are now accustomed to such elements of civic life as participating in talk radio and debating domestic and foreign policy openly in the public square. There is a new sense of individual responsibility for civic life. The habits of participatory democracy and community-based social action are increasingly well learned.

A Well-Trained Workforce

The Soviet Union's education system was notoriously ideological. It indoctrinated students in Communist ideology and used the classroom as a tool of state control over the population. Yet precisely





because so much was banned from Soviet classrooms, Russians received a healthy dose of such politically “safe” subjects as mathematics, physics, chemistry, and engineering. Likewise, training in classics, ancient history, languages, and geography was politically acceptable under Communism.

A silver lining to the Soviet state’s lack of academic freedom was thus its success in training scientists and specialists. The high level of education and skills in these areas among much of the Russian workforce is an asset that Russia still possesses intact.

But while Russia still excels at teaching applied sciences, the complete collapse of the Russian economy in 1998, and the rocky years of the 1990s that preceded it, took a drastic toll on the Russian education system. There has been an overall decline in quality due to cutoffs of state funding. Russian schools—virtually all state-run—in recent years have been incapable of supporting their own operation. Some 500 Russian schools closed in 1999 alone.⁴⁷ “Some teachers complain of not being paid for months at a time,”⁴⁸ and often many teachers work while still owed back salary from the previous academic year.

Russia’s technically educated workforce is thus not being replenished. Improving Russian education to train a 21st century workforce will require not only building on the strength of its technical and scientific education in the past, but also unlocking the potential of a new academic freedom that was born with the end of Communism. To the extent that the economy recovers, the government will also be able to provide greater funding to the education system.

Just as importantly, Russia has the potential to develop its fledgling private education system—only 0.5% of Russia’s 70,000 schools were private in 1992—into an alternative means of training its workforce, particularly in the areas of trade schools, technical institutes, and higher education.

Despite her government’s desperate fiscal straits, Russia remains a technologically advanced nation with many leading scientists and engineers, a superb educational ethic, and a broadly talented workforce. Whether these assets can be deployed productively in the private sector, for the benefit of all of Russia’s 146 million people, is a challenge that still lies ahead for Russia’s leaders.

Culture

Russia has a rich culture which ties its people together and is universally admired. Russian masters such as Pushkin, Gogol, Dostoevsky, Chekhov, Turgenev, Goncharov, and Tolstoy have provided a “common language” of reference for Russians and a fascinating insight into Russia for the world. While the long period of Soviet censorship stifled Russia’s creativity (so that the emergence of long-suppressed works by such writers as Bulgakov, Pasternak, and Solzhenitsyn was the exception), the nation’s extraordinarily rich pre-Communist literary tradition is an asset that has only appreciated with each passing year.

Russian ballet, music, and opera are world-renowned. Great Russian composers such as Shostakovich, Tchaikovsky, Moussorgsky and Glinka have combined folk music with the European classical



AP Photo/ Alexander Zemlianichenko

A BOWL OF CHERRIES: People put flowers at a newly opened monument to Anton Chekhov outside Moscow’s Art Theater on the theater’s 100th anniversary. The theater, which catapulted Chekhov and Konstantin Stanislavsky onto the world stage, turns 102 years old on Oct. 26, 2000. It gained widespread acclaim after the success of one of its first plays, Chekhov’s “The Seagull,” in 1898, and went on to become one of the century’s most influential theaters.



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tradition for uniquely Russian operas that not only survived Communism but are currently providing an ageless foundation for 21st century artists to build upon. Russian music and theater are today valued and enjoyed as much as they have ever been in Russian history. Regional theaters in cities such as Perm and Novosibirsk are training grounds for the dancers who go on to the Bolshoi.

Russian art is likewise a great source of pride, from Rublev in the 15th century and Ushakovin in the 17th to the more contemporary works of such artists as Kandinsky and Korovin and the work of jeweler Faberge. This heritage, too, is one of the new Russia's appreciated assets.

Despite a Decade of Frustration, Russians Still Support Democracy

The election of Vladimir Putin to the Russian presidency is widely attributed to the public longing for order after a decade of chaos. A widely-quoted public opinion survey taken prior to the March 2000 presidential election showed that approximately one-third of Russians were willing to sacrifice some freedom to gain order.⁴⁹ But despite the unmistakable public clamor for a crackdown on crime and corruption, a majority of Russians are not prepared to give up their most cherished and hard-won liberties.

Russians are indeed strongly committed to their new civil and political liberties. An August 1999 U.S. government survey found that 73% of respondents opposed loosening restrictions on police and security forces, 66% opposed banning meetings and demonstrations, 62% opposed canceling elections, and 53% opposed media censorship. Significantly, these views were expressed when Russians were asked if the above steps were permissible “to establish strict order in Russia.”⁵⁰

Three-fifths of those polled in a recent survey expressed the view that the state “should not interfere in their private life.”⁵¹

Support for Communism and for Russia's Communist Party continues to decline. Thus, for example, Communist Party leader Gennady Zyuganov received two million fewer votes in Russia's 2000 presidential election than he received in the first round of the 1996 election.⁵² Russia's Communist Party does not have a bright future, with the most support for Soviet-style socialism evidenced among those over 55.⁵³



AP Photo/J. Scott Applewhite

A BRIGHT DAY: A troupe of young dancers from Siberia visit St. Basil's, on a warm Saturday, June 4, 2000—the day President Clinton met nearby in the Kremlin with Russia's newly-elected President. The girls are part of an ensemble called “Mechta” (“dream”), from the city of Omsk, and had been performing in Moscow. The younger generation in Russia—less influenced by the legacy of Soviet Communism than its parents—has a positive attitude about what Russia could become and are “less inclined to pine for the Soviet Union” than older generations.

Evolving Political System

Seeds of hope exist within Russia's evolving political system as well. A majority of Russians have come to see elections as an essential component of political life. Moreover, as Russians have become more experienced voters, they have been increasingly unwilling to “waste” their votes on small parties that do not achieve significant representation in the parliament.⁵⁴ Extremist parties have either adjusted their platforms or suffered marginalization and in some cases extinction.⁵⁵





Russia's political system has also stabilized in the wake of Russia's recent parliamentary and presidential elections. Relations between the executive and legislative branches, always strained under Yeltsin, have improved to some degree. President Yeltsin appeared before the Duma rarely—usually to urge the Duma to approve his choice of Prime Minister or approve the budget—and was often critical, accusing the Duma of “political anarchy” when it challenged his authority.⁵⁶ President Putin has had significantly greater success to date in working with the legislature to achieve key goals.

The government's new support in the parliament—and a more general political realignment in the Duma—have also significantly improved the prospects for the passage of long-needed legislation to repeal Soviet-era controls and subsidies and establish more sturdy protections for private property rights. Thus far, Putin and his government have been able to muster what Russian observers call a “dynamic majority” in the Duma to pass government-sponsored bills, notably including a 13% flat income tax in July 2000.

Deep concerns remain over Russia's future direction. The U.S. Congress has already expressed strong opposition to Russian government attacks on press freedoms, and there are serious questions about the government's commitment to civil and political liberties—particularly in light of the extraordinary brutality of the war it has pursued in Chechnya. But whatever the government's policies may become, there can be little doubt that Russia's people have not given up their support for democracy and individual liberty. If Russia eventually succeeds in becoming a free enterprise democracy, this, too, will be one of the important reasons.

Conclusion

In the most narrow sense, Secretary of State Madeleine Albright is correct in stating that Russia is not America's to win or lose. Russia is a great nation, and must determine her own course. If it is to make a successful transition from nearly a century of Communism to a free enterprise democracy built upon individual decision making and individual rights, it will be because of Russians' initiative and determination to do so.

Yet Albright's comment seems to imply that America should wash its hands of responsibility for Russia's course. In that, she is profoundly wrong. Why should Russia not be able to look to the United

States for advice and assistance in constructing a free enterprise economy? The complete domination of every sphere of economic life by the Soviet state and the Communist Party had a profound impact on the Russian experience. No living Russian who did not escape the Soviet police state had any experience with an economic life based on the sanctity of private property, private contract, and private initiative.

As the world's only remaining superpower at the conclusion of the Cold War, and the leading free enterprise democracy on earth, the United States offered the quintessential model for Russia's future, if Russia chose freedom. It was then, and is now, America's opportunity—if not our duty—to respond.

Never have so many millions of people had so much to gain so quickly as did the citizens of the Russian Federation in December 1991. Russia's obvious and plentiful national assets—from its people, to its rich culture, to its expansive territory, to its natural resources—had been forcibly rendered unproductive by Soviet Communism. The sudden destruction of that perverse system, as if by a lightning bolt, had literally set Russia free.

Despite the fact that neither the Russian government nor the United States has responded adequately to this historic opportunity, the new freedom that individual Russians enjoy has been increasingly consequential throughout this decade. Whereas individual initiative was stifled in the Soviet Union, it is alive and growing in today's Russia. Spirituality was stamped out by the Communist Party, but is thriving today. And while the most basic tools for the individual creation of small businesses are not yet at hand, millions of young people have made it clear that starting one's own business is the new “Russian dream.”

America and Russia have lost a decade. The growing estrangement of Russia from the United States, the incipient hostility to American interests reflected in Russia's foreign policy, and the telltale signs of authoritarianism in the post-Yeltsin era provide ample evidence that the world is a more dangerous place because U.S. foreign policy was weak, and did not lead. But it is not too late for the United States to stop impeding and start assisting the transition from Communism to free markets, from authoritarianism to democracy, and from disorder to order. It simply requires that we begin anew—but this time with a clear purpose.



