

W●ORLD POLICY INSTITUTE

LESSONS OF TRANSITION:

THE CULTURAL CONTRADICTIONS AND  
THE FUTURE OF RUSSIAN LIBERALIZATION

PROJECT REPORT

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PREPARED BY  
NINA L. KHRUSHCHEVA  
WITH  
AUDREY R. BENVENUTI

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(February 27, 2001)
- SEMINAR 2: Russia's Reality and Western Reforms: Is there a Cultural Policy?  
(May 22, 2001)
- SEMINAR 3: Attitudes and Values: Culture and Problems of Economic Adjustment  
(June 1, 2001)
- SEMINAR 4: Problems of Power and Democracy: Can Russia Turn Authoritarian?  
(October 18, 2001)  
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Commentator: Celestine Bohlen, *The New York Times*
- SEMINAR 5: Russia's Democratic Experiment: Armageddon Averted  
(December 7, 2001. First aired by C-SPAN, April 20, 2002)  
Speaker: Stephen Kotkin, Princeton University  
Commentator: Stephen T. Holmes, NYU School of Law
- SEMINAR 6: Identity and Social Capital: Constructing a Culture of Trust  
(February 1, 2002)  
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- SEMINAR 7: Culture and Elite Culture: Future of the Middle Class  
(April 25, 2002)  
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# LESSONS OF TRANSITION: THE CULTURAL CONTRADICTIONS AND THE FUTURE OF RUSSIAN LIBERALIZATION

## INTRODUCTION

In assessing the lessons of the Russian transition, it is necessary to examine the ways in which cultural factors guided the Russian response—both officially and publicly—to the economic, political, and social neo-liberal policy initiatives undertaken throughout Russia's ten years of transition. In its efforts to move away from communism to capitalism and democracy, Russia experienced unforeseen problems and obstacles with its various reforms. These problems, which occurred during Boris Yeltsin's leadership (1991–1999), resulted from a misunderstanding between “presentation” and “receptivity” of the reforms. The foreign experts who presented policy recommendations to the Russian government failed to take into account whether these recommendations were comprehensible and accessible to those responsible for implementing them in Moscow. Neglecting the cultural component in designing effective economic reforms contributed greatly to bringing Russia to the brink of a collapse in 1998. A mind trained in standard Western concepts of economics and politics cannot easily grasp the nature of the machinery that for seven decades propelled Russia in a direction opposite to that of liberal economics and politics. While aspiring to the highest form of rationality in creating a perfect welfare state, the centrally planned system actively promoted irrationality, fostering material and human waste on a massive scale.

The economic mechanism that Russia inherited in 1991 from the Soviet Union was based on a specific system of incentives. Labor incentives were maintained for decades in the Soviet economy, with complete and deliberate suppression of consumer incentives. This was normal for the economy of an isolated totalitarian and military state, whose economic system, for the most part, did not make provisions for either increased competitive ability or growth of consumer demand. More importantly, state control of consumption, which allowed the maximum amount of goods to be distributed through state systems, often in the form of benefits, was principle in maintaining ideological and political influence. By controlling consumer demand—and forcefully reducing it—the government was able to concentrate on and satisfy the needs of the military-industrial complex.

Unfortunately, former Soviet policies continued to negatively affect Russia's post-1991 transforming economy. In practice, the perverse Soviet economic system presented significant problems for Western economists who were convinced that they possessed the redeeming economic model for all: if followed correctly, their economic tools could lead every country to prosperity. According to Western perceptions, the introduction of private property and competitive market prices would work their magic in any society, at any time. But what was considered to be universal economic behavior was only “normal” within a specific legal and moral context. A set of values exceedingly different from those in the West (Russian trust vs. Western responsibility; nihilism and negation vs. competition; humanity vs. professionalism; truth vs. rules; faith vs. stimulus; “universalism” vs. individualism; spirituality vs. interests; charity vs. justice, and so on)<sup>1</sup> distort-

ed Western policy recommendations when applied to a foreign environment facing different cultural circumstances.

Within underdeveloped (or, in the case of the Soviet Union, mal-developed) societies, culture appears to be much more embedded in the political system than in developed countries. To the surprise of many outside economic analysts (if not to historians), Russia's patriarchal and authoritarian structures—which predate the socialist period which began in 1917—have proved to be remarkably durable in the new political and economic environment. Boris Yeltsin's patriarchal persona helped him get elected for a second time in 1996, despite the fact that he had serious health problems and was blindly steering the Russian economy to bankruptcy.<sup>2</sup> The age-old Russian notion of power as an indivisible force led to a monopolized form of capitalism during the country's democratization process.

In the beginning of the transition, Russian reformers and their Western advisors failed to acknowledge that forces of competition and individualism never really existed in Russia, and that what did exist before the revolution had been long destroyed. Westerners neglected to introduce these crucial cultural nuances into their policies: their original and guiding concept was simply to create wealth. Without the rule of law, the drive to create a class of wealthy private owners led to a situation in which all efforts were directed not toward producing wealth, but stealing it. The major flaw in the "imported" economic package was the question of distribution: of who gains and who loses. It was viewed as a secondary matter, to be solved later with winners compensating losers. Thus, the new Russian capitalists successfully manipulated the system to serve their own interests, typified by pyramid schemes and cronyism.

Given the usual Russian affinity for revolutions, a gradual approach seemed impossible at the onset of reforms in 1991. Russian leaders traditionally prefer dramatic change rather than slow, painstaking development. In his book *Privatization Russian-Style* (Moscow: Vagrius, 1999), Anatoly Chubais explained the need to rush ahead with democracy and liberalism regardless of opposition. He admitted that in order to destroy the old system a choice had to be made to accept Leninist methods of eliminating the old regime: "From the start of our active privatization efforts we immediately knew that we had to follow the opponent's rules of the game. Most of the bureaucrats that were forced to (and still have to) work had been trained in a [soviet, planned economy] tradition. If we failed to find common language with them, if we didn't use familiar levers of influence, we would not have succeeded."<sup>3</sup> And while a "common language" with the previous nomenclatura took hold among the elites, resentment among the ordinary population stalled the possibility of seeing a positive outcome emerge. The classic Russian disconnect between the state and its people had resurfaced yet again.

However, it was not just the élites but also ordinary Russian people who lacked the wherewithal and patience to endure reforms. Before he embarked on a program of reforms, Anatoly Chubais correctly predicted the attitude of the Russian *Ivan* who see concepts only as "everything or nothing," and understands change as a revolution, not an evolutionary "step by step" process. Most Russians were unwilling to accept the pains and sacrifices necessary for the slow birth of a new economic and political system. Thus, with all its ills—creation of the oligarchy, ruling by decree, dramatic decreases in living standards, etc.—"democratic dictatorship" under Yeltsin may have been, after all, the necessary strategy to overcome Russia's pre-

vailing static economic conditions because actual democratic methods would have only led to stalemate. The reformers under Yeltsin, whose actions belied the traditional autocratic nature of Russian leadership, were also responding to the overall Russian cultural paradigm. They were willing to employ the mechanisms of a state they loathed, thinking they may have had no other choice (in a broader cultural sense) in order to jumpstart the reform process.

Russia's default in 1998 can be seen as the kind of "dramatic event" needed to inspire the Russian people to accept evolutionary reforms. As displayed by the citizens' behavior, patience, and hard work over the past few years, an understanding of "step by step" may have been inadvertently forced upon them by the 1998 financial collapse. After 1998, Russians had to ask themselves whether they wanted to endure periodic dramatic episodes of short-lived political and economic victories or settle for a slow transformation. After experiencing a decade of a rocky transition, there is evidence that a slow transformation is now coming about: Russian's age-old values, perceptions, and expectations, which had always been deemed incompatible with Western advice, are breaking from their former molds. And there is increasing recognition that market-based reforms, even if they are not designed with a clear-eyed assessment of the prevailing cultural conditions and expectations, are the only way to change Russia's traditional attitudes and feudal, communal mentality into the mobility and individual responsibility that modern political economies require. To address this long, generational process, Russians have had to endure 10 years of tough, often cruel, behavior modification, mental model adjustment, and some basic lessons in democracy, liberalization, and individual responsibility.

In the eyes of many, both in Russia and abroad, President Vladimir Putin (2000–present) appears to be personifying the changes that have been transpiring throughout Russia and in its people. The past two years of Russia's transition have called for new approaches in describing how the country is transcending cultural norms and responding to this new century of prevailing international realities. The conclusions drawn from this project, as outlined below, are the beginnings of an answer to that call.

#### **RUSSIAN ECONOMICS: CHANGE FOR THE BETTER OR WORSE?**

When discussing a nation's economic conditions and potential, one must take into account the complexity and emotion of the issue. The Project's research has confirmed that despite the economic and political stabilization that occurred in Russia after the election of President Vladimir Putin in 2000 there are still both positive and negative attitudes about Russia's liberalizing economy. While some members of the Project believe that the economy is improving and thus aiding the nation's democratic transition, others argue that Russia's small economic successes over the past two years are actually *impeding* the initiatives toward democracy and capitalism due to the economy's "rulelessness." We discuss both arguments below to clarify this ongoing and controversial debate.

Many believe that the biggest change in Russia over the past ten years has occurred in its economic sphere. Indeed, the foundations of capitalism are forcing people and politics to change in accordance to its demands. Russian citizens can no longer rely on the state to arrange and provide for their income, material wellbeing,

and daily organization. They must now survive on their own and establish new methods of dealing with and assessing their environment. While the new economic demands (either domestically or internationally oriented) are advantageous for some segments of society and damaging for others, they are nonetheless shifting the mentality of all Russians and directing attention away from an authoritative political system. Adjusting old mentalities and behavior is crucial for Russia's transition—society needs to accept the new norms and conditions that come along with democratic liberal institutions.

It is true that Russia's economy is advancing rapidly (see Table in Appendix II), at a faster rate than at any time since 1917. But more importantly, Russians are actively participating in and caring about the nation's economy. They are beginning to understand the "rules" of capitalism and how capitalism—when abiding by the rules—can benefit them in the long run. They have grown extremely proud of national consumer products and prefer them to imported ones. International restaurants in Russia have started catering to local flavors, popular culture, and native intellectual history in order to attract clientele. After all of the hardship and devastation experienced throughout the Soviet period (including the difficult period after the collapse), it is remarkable that Russians still regard their country with reverence, respect, and admiration. In fact, the number of Russians abroad has decreased and more are returning to their native land despite the ongoing problems. Returning to Russia and rebuilding its institutions, culture, and economy has come to embody a noble impulse that, combined with pragmatism and practicality, is more than a romantic image.

If we define capitalism as economic relationships based on trust and backed by laws, then from this point of view Russia has both an advantage and disadvantage in developing its liberal market economy. An advantage may be found in the nation's strong tradition of community and personal relations. A Russian business "personality" already exists through its citizens' communal relationships and interpersonal skills; however, these characteristics have historically always worked against individual advancement and thus today need to be developed in line with capitalistic incentives, along with proper training, support systems, and government regulation.

Under the old Soviet constitution, according to some recent works on cultural aspects of post-communist Russia, the most valued right was the "right to work," which meant the right "not to lose one's job." The right to keep one's job, no matter how poorly one worked or how unnecessary the job itself, was fundamental, first to Russian communal security and then to Soviet social security. In Anton Chekhov's *Three Sisters* the old peasant nanny is too old to work as she once did. The sisters, however, insist that she stay in the house and help as much or as little as she can, pretending that everything remains the same.<sup>4</sup>

As Leon Sigal<sup>5</sup> confirms, "a certain amount of community is embedded in liberalism when it works or else people take advantage of one another." In part, the communal ethic is losing ground in Russia because its liberalism is not functioning properly, a problem attributable to the country's weak legal system. A liberal economy cannot effectively function in a society of pure, unchecked individualism, to which Russia has been heading since the collapse of communism. Liberalism needs to be supported and enforced by laws, regulations, and oversight.

During Russia's democratization process, its economy and political institutions consisted of oligarchic struc-

tures in which a few major players controlled much of Russia's monetary and political environment. However, one must not solely blame these oligarchs for Russia's problematic reform period. Instead, the oligarchs should be viewed as a symptom of systemic problems, rather than as a cause. The oligarchs exposed the larger problems within Russia's liberal democratic order: its weak legal system, mal-reformed institutions, strong Soviet legacy, a dysfunctional economy, and last but not least, a tradition of consolidation of power within a few hands.

If only a few individuals support and respect Russia's economic reforms, two competing markets are created: a regulated sector and unregulated sector (or the black market). Competition between these sectors (or markets) will lead to corruption and fewer gains for the nation and its workers. For example, if the business elite does not respect workers' rights, economic regulations, or national laws, Russia's economic activities will cater only to the prosperous and powerful. A "captured" economic system of this sort is not capable of producing stable jobs, competitive income, and positive economic development. The Russian government should therefore forever avoid implementing economic reforms that satisfy the interests of a few, a remark that is not revelatory but worth repeating. It should instead concentrate on building large and interdependent networks that use society's community values to its advantage.

It is also critical to note that market economics is not necessarily the driving force towards liberalism. Indeed, there are some capitalist systems that currently exist which do not uphold liberal principles in their political structures. To Ian Buruma, Singapore is a perfect example: "Singapore has successfully created a one-party state based on a perversion of Confucian ideas" whereby it promises its citizens "prosperity and wealth in exchange for paternalistic, authoritarian rule." China today is also trying to sell this bargain to its citizens. Hence, scholars and politicians cannot assuredly assume that Russia's economic gains will automatically move the nation toward liberal institutions. It is necessary for Russia's political structures and civil society to support and foster a liberal order in the nation's institutions, values, and interactions, both on a domestic and an international level.

On a controversial note, some members of the Project believe that Russian society needs to encourage greater respect for human life before economic reforms are permanent and successful. According to David Satter, Russian society lacks "a sense of [moral] transcendence.... [It] doesn't really respect the dignity of the individual...[and] doesn't attach much importance to human life." Until opposite values are inculcated into Russia's contemporary society, individuals will continue to lack the respect for humanity that prevents "civilized" people from selfishly taking advantage of others. According to Satter's school of thought, there cannot be serious economic progress in Russia as long as corruption is endemic and people are expendable. People's personal values and morals need to provide a line of defense against the temptations of a market economy before it can be successful. According to Satter, this argument helps to explain why reform failed in Czarist and Communist Russia: moral and institutional respect for individuals and human life was not practiced. Historians attempt to explain these trends by referring to the prevailing power of the Russian *Idea*, "the mixture of utopian faith and brutal disregard for civilized morality."<sup>6</sup>

Russia, long part of the European continent, received Western European culture centuries ago through royal marriages, regional wars, trade exchanges, and the reforms of Peter the Great. In developing its own

Byzantine Christianity of the spirit and the Holy Ghost, Russia considered the more tangible Western brand, with its worship of “God the Father and the Son,” a lowly, earthly solution for a “petite bourgeoisie, simply incompatible with the Russian character.”<sup>7</sup> Imperial Russia proudly saw itself in opposition to anything Western, putting values of egalitarianism and compassion before personal economic gain. This *Idea*, the concentration on the spirit and the soul, precluded any respect for the private, personal, rational, or material, including the simple value of individual human life.

Cultural anthropology labels societies as two distinct categories: “greed cultures” and “envy cultures.” Seen through Russian eyes, a greed culture (Western culture) is one that tends to respect the individual’s accumulation of money and goods, and rewards its citizens for this practice, both morally and materially. A greed culture views prosperity not only as a sign of providential favor but also as something that is deserved and morally justified. Conversely, Russians see envy cultures as communities marked by an egalitarian impulse deeply embedded in the national psyche. This powerful impulse overrides the sense that individual economic success is legitimate and ethical.

The consequence that results from this distinction contributes to many of Russia’s transitional obstacles. Instead of the greed culture motto of “keeping up with the Joneses,” envy communities are predisposed to find satisfaction in “keeping the Ivanovs down.” As a former envy culture, Russian society is unable to contain and control one distinct import from the West: greed. Due to incompetent laws, this capitalist vice has been gifted to the Russian economy in its most corrupting form. After the collapse of the Soviet Union, the commune was no longer present to control envy among its citizens and uphold the central tenet of financial and material equality. More dangerously, the absence of economic regulations and laws after the collapse led to a failure to contain the ensuing greed of the 1990s. While envy among individuals is restricted to personal turmoil, greed outwardly affects the lives of others.

This point of view holds that economic corrections do not represent the definitive answer to a successful transition; they do not shape everything else. Accordingly, although the Russian situation has improved since the late 1990s, it is often argued that recent short-term economic gains will actually hamper sustainable democratic development. From a Western frame of reference, money and economics control the operations and livelihood of government and society. However, this same logic cannot—and should not—be applied to Russia’s situation. The West should be careful when promoting economic reforms in the future to countries like Russia, or Argentina, as the importance of material goods, international prestige, and state survival are relative. Despite new reforms, nothing will be accomplished in Russia until the question of basic immorality is addressed. It is notable that several members of the Project disagreed with the cultural implications of the “immorality argument” posed by David Satter. Some argued that it is impossible to generalize that certain national traits are intrinsic to every Russian. By discussing predetermined or genetic behaviors and values, Russia’s observable problems are not realistically addressed. It also provides for a dangerous assumption: that change in Russia is not possible.

It is generally accepted that, in order to change cultural habits of lawlessness and advance liberal and democratic institutions, Russia should concentrate on improving its rule of law. While improving the rule of law is a worthwhile suggestion and a seemingly easy task, Russia contains unique obstacles that make this

initiative more challenging than initially assumed. Without political support from below, reform is difficult to maintain once implemented, especially if it is unfamiliar culturally, historically, or practically to its recipients. Consensus is a crucial issue and should not be overlooked by the Russian leadership. For example, Russia's intelligence agency's (FSB) "main strategy for ruling is to inject uncertainty into people's lives."<sup>8</sup> Although this powerful government apparatus may pretend to play along with reforms, its leaders will likely oppose President Putin in his efforts to strengthen the rule of law.

Stephen Holmes considers Russian capitalists to be another anti-law constituency—albeit, on an abstract level. Inevitably, legal reforms tilt the deck in favor of capitalists with the most experience of doing business within the constraints of law-abiding societies—namely, Westerners. As Moscow continues to push economic reforms and open its borders to international competitors, a *regulated* economic space logically will favor foreigners. Hence, it is likely that a majority of Russia's capitalists, themselves wary of competition, may reject the creation of foreign economic mechanisms (i.e. laws, regulations, taxes, and most importantly, enforcement of these rules).

Without the rule of law, conditions in Russia can only deteriorate, despite the good intentions and policies of the government. If, in fact, Russia wants to improve its liberal democratic order, legal precautions against corruption and mismanagement must be put into place, especially as institutions are privatized. Stephen Holmes argues that President Putin's latest plan to reintroduce the rule of law in Russia will remain powerless without a political constituency to support this reform. So far, liberal initiatives have proved to be counterproductive—even destructive—without proper legal protections. It is ironic, as Holmes describes, that in the name of "liberalism" everyone has been stealing—be it in the guise of property rights, land reform, or privatization—from everyone else. The requisition of land, buildings, and factories is largely unregulated and frequently manipulated by the political and economic elite. Without legal mandates and strict monitoring, liberal policies can be easily abused. But, since no direct *individual* rights are being violated in these dealings, it is hard for citizens to contest deceitful and fraudulent acts transpiring around them.

Unfortunately, this same situation applies when discussing foreign direct investment (FDI). If foreigners continue to be easily cheated in Russia, then only the cheaters benefit from FDI, while everyday citizens and economically deprived communities remain unaided. While some scholars argue that FDI is better than aid because the latter tends never to reach the people who need it, they ignore the importance of legal precedent. Without the rule of law, FDI hampers, instead of improves, Russia's economic condition: those who abuse the system gain money and power and ultimately combat the president's initiatives to create a more law-abiding society.

On a positive note, Robert Cottrell suggests that in fact there *is* a consensus forming on the actions of Russia's "big businesses." Cottrell explains that while big businesses want the rule of law, "they don't always demonstrate that in their behavior... As long as the rule of law is weak, they'll exploit it." However, large autocratic corporations are beginning to realize that in order to increase Russia's accountability and credibility in international markets, they must not only change their behavior and practices within their own companies but also advocate for reform in other sectors. He further explains that small businesses will ben-

efit from stronger laws and improved administration that would mitigate the negative effects of the inspections, taxes, and bribes that usually destroy them. To this end, the government is proposing simplified taxes and regulations for small businesses to take effect sometime before the end of 2002. Additionally, ever since Putin decided to let the oligarchs keep the property they usurped during privatization in the 1990s, their behavior and outlook have changed significantly. According to Cottrell, the oligarchs are starting to behave like real owners: they no longer steal from their companies, they reinvest, and they think about passing their enterprises on to their children. While some may continue to take advantage of Russia's weak legal system when tempting situations arise, most show greater concern for the long-term market value of Russian goods and services.

### CULTURE AND HISTORY: TO BE OR NOT TO BE, RUSSIAN

A nation's culture and history are vitally linked. Sometimes they complement one another, producing observable cases of cause and effect; other times they mysteriously contradict one another, creating unexplainable phenomena. Yet in Russia's case today, the two have become largely indistinguishable due to decades of political oppression, ideological rhetoric, and cultural assimilation. It is difficult to decipher where Russian culture and history meet and divide. For example, is Russia's currently oversized political system a result of Soviet governance or is it a cultural characteristic of a society that denies individual responsibility? Is Russia's pervasive shadow economy based on the history of peasant business skills from the Czarist empire or the non-state illicit markets that thrived under Soviet rule?

The difficulty here is that since a majority of Russia's historical materials and treasures were destroyed over the past 80 years, scholars can be greatly influenced by the fictitious records of the Soviet era. Many scholars still use this same model of basing predictions and decision-making on fabrications and rhetoric. Set in an environment of lies and propaganda, Russian leaders themselves sometimes use the Soviet public past to defend and justify the current problems in Russia's transition to democracy and market economics (such examples may be found in the conference, "Russia at the Threshold of Change," held at the Gorbachev Foundation on November 11–12, 2000).<sup>9</sup> Frederick Starr criticizes some of Russia's leaders for being ignorant of their own culture and for using manufactured history to defend their political arguments. Several members of the Project believe that until Russian leaders stop using the past as a crutch and honestly appraising their true history, progress will be slow and based upon a weak foundation.

On the other hand, by using a different methodology to debate reforms, some Russian politicians and scholars choose to ignore the past 80 years, glad to finally be free from Soviet rule. This outlook is equally strangling when exploring ways to proceed with the transition. The notion that Russian history—including the Soviet period—might contain organic and familiar solutions for change often eludes reformers and scholars alike. While Soviet rule was oppressive and unpleasant, human reality—families, social life, and private beliefs—still existed. It is worth remembering that for the people it was a difficult but regular life. As Stephen Schlesinger stated, "while ruination [of a nation] leads to great despair and depression, we must remember that individuals still exist and continue living."

One example is the Russian middle class of the 1930s. Composed of professionals and respected members of the public, their presence signified that society was actually quite “normal.” According to Frederick Starr, Russia, either Imperial or Soviet, should not be defined by ideological caricatures. Imperial Russia had a rich history of a working economy, peasant entrepreneurship, and a respected press. These institutions did not stop in 1917 after the Socialist Revolution, rather “it took a lot of hard work to really destroy [them].”

Soviet Russia should not be completely written off as a useless state. The Soviet Union continued to support a rich cultural and social life, a first class educational system, and diversity of opinion (though privately contained). Another example of the everyday human reality behind the Soviet Union can be illustrated in the thaw of the 1960s, during the Khrushchev leadership. When pressure let up from the central government, “normal” things started to come out of the woodwork: political discourse, art, literature, folksongs, and suppressed languages and traditions emerged.

These examples illustrate the need for scholars to ask how this oppressive and backward form of communist governance came about rather than simply accepting the superficial, ideological propaganda once spouted by the Soviet government, or surrendering to the equally simplistic assessments that we hear today. Some Project members insist that using Soviet testaments grossly ill-defines the Russian people, their culture, and their potential to live in a democratic and free-market nation; others argue that completely disregarding the general cultural trends—affinity with the commune, reluctance to take individual responsibility, and a tendency towards authoritative power—will only prevent an understanding of why the Soviet regime took hold in the first place. At the same time, both groups agree that while culture matters in shaping a nation’s policies and goals, other factors are also of considerable importance. Indeed, scholars must avoid cultural stereotyping when assessing a country’s readiness for democratic and economic development. Karl Meyer referred to Spain in the 1940s and 50s as an example of how a nation defied its cultural stereotypes and surprised the world by becoming democratic. A myriad of influences and cultural factors affected the outcome: Franco leaving a legitimate successor, the effects of the civil war and its subsequent cultural transformations, and European tourism.

In order for liberalism and capitalism to thrive, culture has to work for, not against, these trends. Yuri Plyushin, an author of an essay in *Russia’s Fate Through Russia’s Eyes*, edited by project participant Heyward Isham, attests that “a changing Russia still remains the same Russia.”<sup>10</sup> According to his argument, Russia may change on the outside, i.e. via its institutions, leadership, and market mechanisms, but its cultural base will remain intact and ultimately will have a lasting effect on the society’s behavior. However, culture is not immutable. To deal with Russia’s compelling—although evolving—cultural obstacles, the government must use Russia’s cultural characteristics so that they work with the nation’s new democratic and capitalistic lifestyle.

The Project’s experts believe that despite all the difficulties of change, a cultural policy to help Russia along during its transition to democracy and capitalism is unnecessary. A consensus was formed that Russia is undergoing fairly normal processes and that intrusion on these developments would only make the transition more complex and difficult.

## SOVIET LEGACY: THE CORDS THAT CANNOT BE SEVERED

The Soviet legacy played—and still plays—a large role in Russia’s transition process. Its dominating presence hindered the creation of democratic and liberal institutions in Russia throughout the 1990s. In fact, one might say that the Soviet Union did not end in 1991, but is still in the process of collapsing today. Celestine Bohlen put it well: “The Soviet Union was more than a regime, it was a state of mind. It takes time to change one’s mind. Changing the name from the Soviet to the Russian was not entirely enough.” The deep-rooted and systemic institutions of the Soviet era inevitably carried over into Russia’s democratic experiment. As Stephen Kotkin claims, Russia accepted democracy after 1991 but “inherited an anti-liberal, hyper-executive state.”

Unfortunately, the emphasis on democratization throughout the 1990s by Western governments led to the Russian people’s disillusionment. The emphasis placed on democracy and its importance was inflated beyond its actual capacity, resulting in undemocratic behaviors, methods, and conditions. According to Stephen Kotkin, one often forgets that simply having political parties, elections, and a parliament do not constitute a sound and viable democracy. He used Yugoslavia as an example to support his argument: Slobodan Milosevic was elected not once but *twice* to the nation’s presidency. All in all, Russia has democracy but not the institutions that allow it to work properly, effectively, and responsibly.

The Soviet legacy must be addressed, understood, and rooted out of the current system in order for reforms to take hold and produce serious change. However, one must also recognize that the changes needed to foster democracy and liberalism in Russia cannot occur overnight. A political constituency must exist and support the initiatives. Russia’s leaders simply cannot run the country in a democratic fashion without the support of the population. Lacking political consensus, the reforms are likely to fail—not by the fault of the government, but rather by those in the public and private spheres who rebel against the new changes (i.e. ex-Soviet elites and *apparatchiks*). To repair Russia’s current problems and democratic shortcomings, it is helpful to study the Soviet legacy, its history, and the cultural baggage it has left to society and government authorities.

At its peak, the Soviet Union was the world’s largest-ever military and police state. It possessed 40,000 operational nuclear warheads, at least 44,000 chemical weapons, and a biological weapons program that the CIA admits it did not know existed. There were over five million men registered in the Soviet army, not including the hundreds of thousands of KGB operatives and ministry troops. Though the military apparatus is currently outdated and largely dysfunctional, the military establishment is still as large as it was prior to 1991, with *all* its offices and buildings occupied and operating.<sup>11</sup>

In his book *Armageddon Averted*, Kotkin makes a profound argument that Russia’s endemic problem of elite aggrandizement directly contributed to the Soviet Union’s *peaceful* collapse. While the military’s main purpose was to keep the empire together, it passively conceded power while its leaders awaited the benefits they believed would ensue from the economic and democratic transformations to come. Furthermore, the government wanted to get rid of the past as quickly as possible and rejected the old regime. Indeed, Alexander Herzen’s prophetic statement, that “disorder always saves Russia,”<sup>12</sup> rings true as much today as in 1991.

The repercussions of the mismanagement of the Soviet economy were enormously problematic to reforms throughout the 1990s. In fact, the Soviet economy had *negative* value: final products were less valuable than the inputs and raw materials used to make them. One thread in this large web of economic backwardness was the logic of Soviet factories. Staying true to communism's "employment for everyone" motto, Soviet factories were viewed as communities rather than enterprises geared to make a profit; that is, they were makers of jobs, not capital. A factory was deemed a city's lifeline and as such was responsible for transit, housing, and the local school system. This negative-value, factory-dependent system of social organization and welfare made sense within the Soviet economy. The Soviet economic strategy to create "villages of the future," or factory towns, also contributed to the slow change in Russia's communal mentality.

Traditionally, in Russia the individual has always been inferior to the community—a communal reflection of the ideal of brotherly love, the essence of Christianity that embodies the higher mission of the people.<sup>13</sup> A commune was seen as "a union of the people, who have renounced their egoism, their individuality, and who express their common accord; this is an act of love, a noble Christian act.... A commune thus represents a moral choir, and just as in a choir a voice is not lost, but follows the general pattern and is heard in the harmony of all voices: so in the commune the individual is not lost, but renounces his exclusiveness in favor of general accord—and there arises the noble phenomenon of harmonious, joint existence of rational being (consciousness); there arises a brotherhood, a commune—a triumph of human spirit."<sup>14</sup>

As mentioned in the introduction, cultural attitudes in Russia have proved more durable and resilient than in other countries (it has been only ten years since centuries-closed Russian borders opened for free travel and exchange). Thus, communal values based on personal relationships were simply transferred to the whole society. Community was seen as an opposition to law, abstract associations, formal organizations and personal interests. Law especially was devalued in comparison to inner truth and internal ethics: "Law and custom rule the social life of people. Law, written and armed with compulsion, brings the differing private wills into conditional unity. Custom, unwritten and unarmed, is the expression of the most basic unity of society."<sup>15</sup> This kind of logic, which renders unnecessary any social contract between the state and the people, makes sense only when a ruler embodies the symbol and the essence of public life: faith, the highest law (religion), and the role of protector of the Russian way of being.

However, despite the original durability of such beliefs, the shortcomings of both villages and communes in general and Soviet factories and villages in particular were exposed during Russia's political changes in the 1980s and 1990s. When market reforms catalyzed the push for privatization and liberal institutions in the 1990s, Russia's weak legal system was not able to facilitate the necessary precautions and regulations for a successful economic transition. In short, havoc resulted. Rather than producing a state with "American affluence and Swedish welfare," as Kotkin put it, the reforms catapulted Russia into an abyss of corruption and mal-governance. Factory managers instead of economic ministries or experts from the West privatized Soviet factories. Sometimes these managers started "middleman" companies to sell the factories' goods and skim revenue for themselves. The cost of debt was borne by the factory (or the state in theory). Regrettably, once privatized, the employees of usurped factories were not paid and had nowhere to turn for help. Politicians, factory managers, judges, and local authorities were all entangled in this great scam of "take what you can" from the state.

State employees engaged in this corrupt behavior as well. Public servants attached—and still attach—illicit fees on state licenses, registration forms, and other free public services in order to make money for themselves. As a result, corruption in both the private *and* public sectors is ubiquitous and has become an unsavory method of survival in the new system. However, this behavior was present before 1991. In fact, it was Gorbachev's *perestroika*, which intended to initiate more openness and communication between the people and the government, that inadvertently set in motion these destructive schemes that spread during the years of transition. The economic hardships and miscalculations that continuously occurred throughout the 1990s attest to Stephen Holmes's truism: "no modern market system can flourish outside a coercively enforced legal system."<sup>16</sup> As Stephen Kotkin claims, the 1990s should be labeled as "the cannibalization of an era" to demonstrate how Soviet vestiges influenced democratic and economic processes after the collapse.

#### SOCIETY: COLLECTIVELY AND INDIVIDUALLY

On a social level, Russia's transition is producing both positive and negative outcomes. For some citizens, democracy and capitalism is working on their behalf, while for others it is stunting their growth. Russia's youth is particularly adaptive to the changing climate, especially on the economic front. More importantly, more people are beginning to take personal responsibility for—and pleasure in pursuing—success in their lives.<sup>17</sup> The cultural significance of this phenomenon is extraordinary. The concepts of personal satisfaction and responsible individualism are predominantly Western traits, yet they are flourishing in urban Russia. However, a "new Russia," one which is reformed, prosperous, and comfortable in its new clothing, will not emerge until these personal changes take place in ordinary citizens, namely those who live in Russia's villages and small towns. For them, the transition has been significantly more difficult than for those living in relatively wealthy and prosperous urban settings.

It is important to understand that while a handful of leaders or international experts cannot bring about these changes in every citizen, Russia's critical mass needs to take the lead in reforms by exhibiting new behaviors and values conducive to a successful, comprehensive, and permanent transition. Value and behavior adjustments, however, may take two or three generations before they are fully adapted to Russian society, culture, politics, and economics.

One indicator of the "normal" processes going on in Russia today and the ways in which their development represents actual extensions of the past is the example of Russian youth. The younger generations are untouched by the ideological training of the Soviet era and thus openly—almost inherently—demonstrate Western qualities in their behaviors and goals. Instead of planning for the future of the Russian nation, they plan for their own lives. Unlike the older generations, they are hopeful and flexible in their attitudes about the future. They purchase foreign textbooks about computers, business, management, and political science—subjects important in today's global economy. They indirectly prove that Russia's backwardness was a combination of state control, history, and cultural influences. Lacking ideological indoctrination, required participation in communist youth organizations (Komsomol), and threats from the state, Russia's youth is behaving freely and adapting quickly to their changing environment.

Some experts say that traditionally Russia's problems do not get resolved, they simply dissolve. This statement perhaps is too generic to describe the new situation in Russia today, especially since the younger generations are indeed "solving their problems." Perhaps the old mentality and culture of indifference and inaction also contributes to a solution. Because dissent from the older generations is silenced, the new generation is allowed to take active and intellectual control.

The overall transformations in Russia's collective mentality and contemporary culture have been influenced by a variety of factors. Increased relations with the West, a greater understanding of the rules of capitalism, and changes in the government's priorities have helped to create a more cohesive and goal-oriented nation. One must also not forget that the population made a profound decision to change from a communist, autocratic state to a free market democracy in 1991. This event signaled to Russia's leaders—and the world at large—that the people were willing to experience change. It is equally important to keep in mind that democratic ideas and ambitions had been circulating throughout the Soviet Union since the Hungarian Revolution in 1956 and the Prague Spring in 1968. Not until Gorbachev's leadership in the late 1980s were they finally able to materialize. It took another decade for the Russian people to embrace the notion that change requires preparing for instability—not for the country as a whole, but for each individual person.

Building on its cultural transformations, Russia is solidifying its political and economic position with regard to fostering a middle class society throughout its urban *and* provincial populations. As Vladimir Putin continues his effort to secure private property rights and improve administration, he is truly Russia's first "middle class president." According to Robert Cottrell, Russia is now a country focusing on the needs of small businesses, expecting a 4–8 percent economic growth rate in the years ahead, and creating new, low tax rates. He claims that "this is a pretty good set of circumstances for the growth of the middle class," which he defines as those "with an amount of private property significant to them."

Cottrell provides a tangible example of the growth of the middle class as evidenced by IKEA's generous investment in a Moscow shopping mall. While GOSCOMSTAT (State Statistics Committee) estimates that the top 20 percent of the population has a monthly income of only \$150 or more, IKEA believes that this amount is much higher—due to its lucrative sales in Russia. According to IKEA, the average amount of money spent by a customer in Moscow is equal to that in Stockholm and only 10 percent less than the average in the company's Paris store. The shopping mall intends to house the world's largest IKEA store, 250 shops, 10,000 parking spaces, and the biggest multiplex cinema in Moscow, and hopes to attract between 25–40 million visitors a year. More importantly, IKEA plans to develop malls in other cities as well. According to Cottrell, living standards in Russia's provincial cities have increased across the past 4–5 years, where now people have access to wine shops, Japanese restaurants, and other commodities usually associated with urban locales.

The burgeoning of the middle class has been less contentious economically than it has been for the Russian intelligentsia. They have suffered considerably throughout the transition. Not only do they receive demonstrably small paychecks from the state and universities, but they have also experienced a loss of respect. Catherine Nepomnyashchy remarked that members of the intelligentsia are now the big losers in Russia.

They are treated as “classless” citizens, or lumped in with the middle class; unable to absorb middle class standards, the intelligentsia is struggling to reconcile its former Soviet status of greater respect and its current dwindling position in capitalist society.

According to Ian Buruma, the Russian intelligentsia has a “nostalgia for the old days of sitting around and talking about Pushkin.” Though they did not get paid much, they enjoyed status. Now, the intelligentsia—which, according to Nina Khrushcheva, helped form Russia’s contemporary middle class—has no other choice but to get out into the market place and make money. While the intelligentsia complains about no longer being the “owner of thoughts,” they have helped to create a system where the new middle class is the “consumer of thoughts,” and done their job well: people now have a choice to either read Pushkin or eat at the restaurant “Pushkin.”

Robert Cottrell believes that a convergence between high culture, traditional for Russia, and popular culture has appeared on the horizon, creating a middle class with common ambitions that include property rights, consumerism, self respect, and especially education. Russia now has the highest number of students in college in ten years but, more dismally, parents spend about \$1.5 billion on bribes to ensure their children access to institutions of higher learning. However, Cottrell warned that Russia still has below-average living standards and that its economic indicators are at a “very low ebb in absolute terms.” On a more optimistic note, he states his belief that in 2002, Russia upgraded to “an improved mess.”

#### **GOVERNMENT AND REFORMS: FROM “WHO CARES?” TO “WHO’S RESPONDING?”**

Russia—once a unified empire—is now fragmented in its laws, sources of information, reforms, and economic conditions. As each region pushes for its own authority and jurisdiction, the federal government must exert itself in a more demanding and convincing way. On top of this fragmentation, Russia’s all-embracing communist identity was largely dissolved by the changing political and economic landscape of the 1990s. Russia has yet to fill this void with a new identity.

It is received wisdom that the transformation of a nation’s public consciousness often occurs at a much slower pace than its economic or political transformations. Without a common public set of goals, values, and norms, federal reforms in Russia will likely face more opposition than support. And, as previously stated, if there is no underlining political support from below, federal reforms are largely ineffectual. Without these imperatives, the changes in Russia’s society will dangerously continue without a public consensus, producing a volatile “homemade” version of market economics and democratic politics.

While most scholars and politicians, such as Ambassador Jack Matlock and former Prime Minister Sergei Kiriyenko, both Project guests, view society’s shedding of its communist mentality as one of the most important and noticeable transformations that has occurred in Russia since 1991, many worry about the repercussions of not having a new unique Russian identity, which should replace the old Russian idea of spiritual leadership. According to Kiriyenko, in the early 1990s the Russian government believed that throughout the reform period a new mentality would simply emerge based on universal human values.

However, the government failed to recognize that the majority of Russians blindly expected that by adopting universal human values (freedom, civil rights, etc.) they would instantly, and without great effort, achieve a standard of living equal to that of Western economies. Unfortunately, these two related concepts conflicted with one another and the latter prevailed: the dog-eat-dog world of capitalism dominated Russia's traditional "universal values" of communal love.

While official modifications to Russia's political and economic laws have been made to compensate for corrupt behavior, the main problem still lies in the public's ambiguous self-identity. Foreign investors and advisers mistakenly assume that if Russia simply implemented legal reforms, more investment would come into the country and thus resolve Russia's economic problems. Yet, as Kiriyenko sensibly pointed out, "economic laws need to be supported by proper business ethics and attitudes [of society]." Without a common understanding and acceptance of neo-liberal economics, wealth, and capitalism, society is unable to willingly support the laws needed to run an effective and prosperous economy. According to Kiriyenko, the new Russian government is not ignorant of this fact. Currently, it is trying to find the resources and funds to foster a new Russian identity.

Many Western scholars and politicians argue that President Putin's leadership is alarmingly more centralized than his predecessor's. However, Celeste Wallender justifies this centralization as an intention to "recapture" the state from Russia's oligarchs and regional leaders. In addition, according to Robert Cottrell, Putin's organizing principle of centralization of power is not necessarily malignant or a cynical drive for arbitrary power. Rather, "it may be the only way of reforming state institutions." By consolidating power within the executive apparatus, he can inspire national policies uninfluenced by narrow demands (i.e. regional and elite interests). Although some perceive Putin's actions as a dangerous trade-off between democracy and authoritarian rule, the reforms being implemented by the government point towards the former.

According to Stephen Holmes, the most pressing problem in Russia today is still its legal system. President Putin, in his first year in office, made significant changes to the legal code to strengthen federal powers and make it more responsible and cohesive in its actions. His goal in 2002 has been to strengthen the jurisdiction of governors and local authorities throughout the regions. By modifying federal legislation to give more power to municipal bodies, he is bringing decision-making powers closer to the people and allowing them more say in their daily lives and conflicts. Furthermore, the federal government is delegating more responsibility to civil society in the fields of education, social welfare, and human resources. The Russian government is slowly learning that such projects cannot be handled by the state alone and more authority needs to be given to the people and their chosen local leaders.

Many scholars agree that more positive changes have occurred in Russia over the past two years under Putin's leadership than under Yeltsin's earlier eight. Putin approaches change by gathering people who have a stake in the outcome of any policy and makes a decision based on a common solution. By looking for consensus—as opposed to Yeltsin's penchant for granting decrees—Putin's style of leadership is more conducive to ensuring that reforms will be supported and implemented, rather than ignored, as in the past. Moreover, the Putin government has a track record of setting realistic policy objectives (i.e. balancing the budget, reforming the tax and pension systems, and attending to small businesses) that aim to foster trust between

the government and its citizens.

Interestingly, Russian opinion polls reflect relatively little concern for freedom of speech issues—a sticky point for many Western analysts—whereas the importance of developing trust and improving government accountability ranks highly. However, while some understand this to be a sign of almost genetic Russian disregard for democracy and freedom, others, including a number of Project participants, see it in an entirely different light. Since press freedoms in Russia throughout the last ten years have slowly been eroded and abused by private interests (along with other democratic institutions), public indifference to Russia's current media debacles has little to do with genuine indifference to freedom. In the words of Stephen Kotkin, “much of what appeared as ‘news’ in Russian media was paid for outright, infomercials camouflaged as reporting... Commercial and political interests were able to purchase news column inches or news airtime to promote themselves and attack their enemies...”<sup>18</sup> This “buying of the news” is what the public responds to with indifference, so inured are they to the propaganda long dispensed by state media outlets.

#### INTERNATIONAL COMMUNITY: WALKING THE TIGHTROPE OF LEADERSHIP AND RESPONSIBILITY

According to Sergei Kiriyenko, the West was engaged in a somewhat deceptive strategy throughout the 1970s–1990s to promote universal human values. The West purported that if a nation embraced these human values, its economy would eventually “catch up” to those in advanced countries. During this time, however, the West continued to improve its economic models by incorporating new technologies and practices. Meanwhile, developing countries inherited obsolete forms of production and the gap between rich and poor nations widened. While Westerners need to demonstrate patience and flexibility in their philosophy of “it’s all about money and investments,” Russians have to realize that it *is* all about money. A common national mentality or identity, and a common understanding of what capitalism stands for, will be instrumental in adjusting Russia's traditional economic values and norms to fit more closely with the standards of global regulations.

The international community cannot continue to act as a silent partner in Russia's transition process. It must be scrutinized and held responsible for some of Russia's decisions and subsequent mishaps. Just as Russia must change in some of its ways, so must the West in its attitudes towards Russia. Western advisors and international organizations should first consider the cultural and historic traditions of a country before suggesting and/or imposing models of behavior and reform. By assessing a nation's culture and value system before offering advice, the results of particular reforms may be predicted and thus it may be decided in advance whether they should or should not be implemented. With caution and comprehensive research, good intentions will not be transformed into bitter resentment from both parties.

Several participants discussed the role of the international community with rare openness and self-criticism. They believe that international aid groups need to broaden their perspectives so as to incorporate non-Western cultures and methods into their transitional models. Michael Cohen suggests that the West needs to develop a way to analytically connect culture with political and economic performance. While this is a major feat for Western thinkers and policymakers, and goes beyond the call of “duty,” it is a crucial and pro-

ductive point. The ideal solution is to give donor countries a way to assess for themselves what is good for their people rather than to have outsiders with less understanding decide their future. Until then, international aid should not be conditional on certain expectations. To successfully handle obstacles that may inhibit or modify reforms (i.e. cultural norms, values, or religious beliefs) aid agreements should be flexible and accommodating rather than threaten punishment or abandonment if things do not go exactly as originally planned.

#### THE UNITED STATES: AN “ABOUT TIME” RELATIONSHIP

Following the tragedy of September 11<sup>th</sup> there was a hope among international experts that the United States would address and redefine its position in the world, especially its relations with other countries. For after this earth-shattering event, the U.S. could no longer act with its usual expectation of, according to Celestine Bohlen, “getting its own way.” America’s relations with Russia before September 11<sup>th</sup> were particularly weak. While Moscow concentrated on its own domestic agenda, Washington ignored the fact that Russia was an independent country with its own interests, domestic problems, and means of achieving its goals. Up until the attack, the U.S. continued to use Cold War stereotypes (and some argue it still does) in its foreign policy with Russia. All in all, the U.S. was blind to Russia’s drastically different problems, which largely stemmed from Russia’s own cultural demands and economic needs. Ignorant of these factors, the U.S. haphazardly offered inconsistent and damaging advice. Subsequently, trust between the two nations was particularly absent.

Prior to September 11<sup>th</sup>, Russia was in the process of forming serious economic and social relations with Western Europe. From its outdated and misguided security intelligence, the U.S. misperceived Russia’s relations with Europe as militant and scheming. The American view held that, through these increased relations, Russia was trying to split up the North Atlantic Treaty Organization. Distinguished members of the Project noted that nothing could be farther from the truth. Jack Matlock argued that if the U.S. *had* recognized Russia’s economic needs, including its scarcity of options, it would have had a better understanding of Russia’s involvement in Europe, and could have concentrated its security intelligence on other pressing international issues of the 1990s, i.e. terrorism.

America’s constant monitoring of and involvement in Russia’s democratic development relegated the nation to puppet status in American eyes. When Russia started to initiate its own structural reforms and international contacts, the U.S. was skeptical and inappropriately doubted Russia’s abilities to conduct itself reasonably, rationally, and democratically. Washington must learn to respect Russia as a civilized country and not judge its behavior and actions according to Cold War standards, especially if it wants to continue to have good relations with the Russian government, and more importantly, its citizens.

As the United States is suspicious of Russia’s activities and intentions, Russians are increasingly becoming suspicious of the sincerity of America’s friendship and resentful of its condescending attitude. In fact, the United States’ policies, before and after September 11<sup>th</sup>, suggest to Russians that it is *America* that is increasingly difficult to trust, as it prefers to act alone, rather than following common, multilateral interests.

In Spring 2002, the United States was voted off the UN Commission on Human Rights and the UN international drug monitoring board. The U.S. Congress blamed America's adversaries—China, Cuba, Sudan and others—for the insult, but in truth, secret UN votes enabled allies, as well as adversaries, to vent their mounting exasperation with U.S. policies. At the last session of the commission, the United States stood virtually alone in its opposition to resolutions supporting lower-cost access to HIV/AIDS drugs, acknowledging adequate food as a human right, and calling for a moratorium on the death penalty, while it continued to resist efforts to ban landmines.

Another example of America's lone superpower-mentality is the Bush administration's decision to ignore the Kyoto accords on global warming, shunning eight years of work by 186 countries. Subsequently, the U.S. is providing a bad example for Russia's infant democracy to follow. The United States also bade farewell to the Antiballistic Missile Treaty, while slashing spending on nuclear safety aid for Russia. It advocated war crimes tribunals against foreign "evildoers" abroad while opposing an International Criminal Court that might hold its own officials accountable. Russians are increasingly aware that U.S. leaders proclaim the value of law and democracy, yet reject the UN Security Council and ignore the World Court when their rulings do not suit them. In addition, the Senate refuses to ratify basic human rights treaties and the U.S. international business community even opposes efforts to eliminate child labor.

Given all this, many people do not realize that President Putin's decision to aid the U.S. in its war on terrorism was a politically bold step, especially since the United States (despite George W. Bush's friendly rhetoric) often continues to refuse to give Russia the benefit of the doubt.<sup>19</sup> While Putin's decision was in line with Russian interests and morally correct, the Russian people doubted that they would receive anything in return for their government's willingness to help.

Following Russia's initial aid and commitment to the war on terrorism, the U.S. relaxed its criticism regarding the Chechen War. However, as time grows between September 11<sup>th</sup> and the present, critical voices against Russia's war are resurfacing in the United States. Sergei Kiriienko remarked that Russians view this as "flippant behavior," and as a manifestation of double standards and even of "betrayal." America's view of its own war in Afghanistan and outward support for Israel does not differ much from the way Russian's see the state's attempts to keep its integrity. While some Project members believe that calls for uniformity and fairness in assessing the Chechen conflict are valid, one should not disregard the violations of human rights and international rules of war that Russian troops have been known to commit in Chechnya. In fact, Amnesty International's 2001 Annual Report supported both claims, reporting that human rights continue to be grossly violated in Russia,<sup>20</sup> and that the United States no longer has the solid moral ground to criticize other countries—as its own record in the past year has not been without fault.<sup>21</sup>

#### **FOREIGN POLICY: RUSSIA'S PRIORITIES FIRST**

Moreover, if we have learned anything about Russia since September 11<sup>th</sup>, its firm commitment to break away from the past should be lauded. By defusing both the NATO expansion and ABM treaty issues that were aggressively presented by the U.S., President Putin dispelled Russia's Cold War mentality. Instead of debating these events, he is moving ahead with more immediate and local concerns. Indeed, President

Putin has demonstrated excellent leadership by placing Russia's goals first and foremost in its foreign policy. He has quickly come to realize how economic relations affect foreign policy, forming both economic and political relations with Europe. He firmly believes that Russia is a part of Europe and wants to form this consensus on both cultural and geographical levels.

Over the past two years, Russia's domestic political and economic policies have grown in importance, and are exerting more pressure on foreign policy decisions. However, Russia is not planning to make a decision to craft either a "Western" or "Eastern" foreign policy. Instead, the government's choice, according to Celeste Wallander, is rather *not to choose*. According to her, Russia's foreign policy "isn't an epic choice between West and East. It's an attempt to manage the reality of Russia needing to have a variety of relations and a diversified foreign policy that gets different things from different countries."

The U.S. must do a better job of understanding that cooperation is a two way street, and that Russia has its own interests for cooperation. Indeed, Moscow will not cut off ties with other nations simply because they conflict with American foreign interests. Russia's foreign policy must reflect the nation's diversified interests and, more importantly, its diverse constituency. By satisfying multiple interests in its foreign policy, Russia's democratization process will enhance stability.

Even an important point of disagreement between the U.S. and Russia, such as the latter's relationship with Iraq, does not have to deteriorate into an ultimatum. The United States can secure Moscow's support for U.S. foreign policy toward Iraq by gently focusing on ways to expand security and intelligence cooperation, as was done in the early stages of the Afghan war. Meanwhile the United States can assure the repayment of Iraq's debt to Russia by any future post-Saddam government. Russia's market economy is first and foremost interested in protecting its multibillion-dollar interests in Iraq, regardless of who is in power in Baghdad. However, if asked to choose between Saddam Hussein's friendship and America's good will, President Putin will most likely support a U.S. policy to remove Saddam from power, and not jeopardize his Western record.

On the other hand, one should never forget that the military still plays a large role in influencing Russian foreign policy. Particularly, arm sales to China, India, and Iraq constitute an important—though somewhat controversial—foreign agenda. The military is heavily dependent on arms sales for funding. The military budget in 2000 was just under \$8 billion, though arms sales added another \$4 billion. Defense plants eat up a large portion of the military's budget and produce little, if nothing, for the economy while eroding the environment and wasting raw materials. However, these plants are located in regions that are important to prominent legislators in the Duma and Federation Council. Celeste Wallander argued that it is too costly politically and economically for Putin to transform the military at this moment both in his career and in Russia's current stage of evolution. Yet at the same time, the lack of research and development within the security sector leaves the nation ill-prepared to combat new security concerns, particularly terrorism.

Therefore, if the U.S. makes Russia's cooperation on the Iraq issue economically worthwhile it can actually help to strengthen Russia's democracy, its economic potential, and support Putin's pro-American policy. To make Moscow a full partner in the anti-Saddam coalition, the United States should:

- Offer to support the repayment of Iraq's Soviet-era debt (10–12 billion in total) by a future pro-Western government in Baghdad. Alternatively, Washington may consider brokering a deal in which the \$100 billion Soviet debt to the Paris Club is reduced by the amount of Iraq's debt to Russia when Saddam is removed.
- Offer to support Russian companies' contractual rights to Iraqi oil fields with the post-Saddam government. Russia fears that these contracts, worth potentially \$30 billion over 20 years, which are already being developed by LUKoil and other companies, could be annulled by a future government in Baghdad. The United States could improve its long-term security dividend and enhance Russia's role in the anti-terrorism coalition by recognizing existing Russian energy interests in Iraq.
- Begin a more transparent and reciprocal data exchange with Russia on black-market oil sales, arms trading, and military technology transfers, which ultimately replace commerce in Russian goods under the UN-sponsored oil-for-food program (worth between \$1 billion and \$1.5 billion a year). For example, Washington and Moscow should enhance the exchange of data on export licenses and illegal arms transfers to Iraq, including weapons of mass destruction (WMD) trade through Russian companies.

Sergei Kiriyyenko stressed that the West has ample reason to trust Russia in its pursuit of democratization and liberalization, especially after September 11<sup>th</sup>. Instead of rigidly deeming any Russian attempt to have its own national foreign policy as “un-American,” the United States should support those efforts as signs of the Russian state's maturity and independence. The government's current commitments and goals testify to the fact that Russia is not going to revert to an authoritarian system. According to Stephen Kotkin, the means and resources for achieving this reversal are few and far between. As Stephen Holmes said, “Ruling with an iron fist is not as easy as it sounds, especially when the iron is corroded and the arm has multiple fractures.”<sup>22</sup>

In support of this fact, the economy is faring better than most outside observers realize. Apart from the simple fact that for the third straight year the Russian economy has been growing by a stable average of 5 percent, the current situation is also boosted by the structural changes occurring in Russia today (see Table in Appendix II). Telecommunications and electronic industries are booming<sup>23</sup> (since 1998, the latter has been growing by as much as one-third annually). The chemical and metallurgical industries are converting to the production of more advanced products. Finally, the number of educational institutions is increasing markedly, as are the numbers of undergraduate and postgraduate students. Of course, this trend is not absolutely predominant, and whether or not it will be sustained will greatly depend on the efficiency of economic policy and on the government's ability to promote favorable and irreversible transformation.

Converted from a planned to market economy virtually overnight, the people have responded to the economic changes with startling patience and versatility. Deep-seated cultural norms and past bureaucratic behavior have disrupted the success of Russia's economy, but these setbacks are slowly being dealt with. More importantly, Russia is commencing reforms for private ownership of land and ascension to the World Trade Organization. It is sincere about its intentions to join NATO, which the world community finally acknowledged at the first NATO-20 meeting in Rome in May 2002. Moreover, President Putin's calm reaction towards President Bush's withdrawal from the ABM treaty marked an unprecedented gesture in

U.S.-Russian relations since the Cold War era.

### **RUSSIA AND CHINA: A CROSSROAD OR DIVIDE?**

Russia and China are often compared based on their respective roads to capitalism and free markets. Ian Buruma proposed that the two countries diverge based on their responses to the following conundrum: is it wiser to first reform a dictatorship on political grounds and then worry about the economy, or is it better to first tackle the economy, raise general prosperity, and then think about political reform?

In answering this pertinent question, it is necessary to raise two more: first, why does China lack a tradition of organized or unorganized dissent? Why are there no Chinese Sakharovs or Havel in its history? This also holds true in other Chinese-speaking countries (with the exception of Taiwan). Russia, in comparison, has a strong history of European traditions, including the role of the intelligentsia in political and social discourse.

The second question confronts the “cliché” that development of the middle class in any country helps political institutions grow. Buruma claims that business and corporate lobbies in Washington promote this concept because it is in their interests. Therefore, the Clinton administration strongly believed in this “developmentalistic view,” whereby the middle class creates business and open trade, and then “like some miracle, democracy will develop” regardless of a country’s traditions and culture.

One should be very skeptical about this formula considering even a brief history of the intellectual tradition in China. The Chinese intelligentsia has long been rooted in the order of the Confucian state. Confucianism was not simply a secular concept. During imperial times, there was a religious, cosmological order with the emperor in the center. Around the emperor was a class of educated elite, or mandarins, who rose via a meritocratic system that included examinations. This elite was a kind of clergy whose purpose was to define, disseminate, and promote Confucian virtues and morals. Their role was not to be independent of the state or criticize it. Thus, the educated elite was an integral part of the Confucian order of harmony and loyalty. Speaking one’s mind could result in having one’s head cut off. If an emperor departed from these virtues, the mandarins would “set him right and make him understand the error of his ways.”

In Russia, on the other hand, the educated elite was traditionally opposed to the ruler and his clergy. The Russian intelligentsia always challenged the order of religious harmony, including servitude and loyalty to the state. Such was the case of the Decembrist uprising in 1825, when a number of the brightest and noblest members of the Russian aristocracy went to the St. Petersburg Senate Square to rebel against Russian absolute monarchy. Barring Tiananmen and the occasional voice of opposition, China, unlike Russia, does not have a tradition of intellectual dissent in a Western sense.

The Confucian system in China came to an end in the late nineteenth century. But underneath all the horrendous changes that ensued, some things remained constant. After Mao Tse-tung left power in 1976 and the traditional idea of rule was restored, the educated elite was given its former status. Chinese intellectu-

als look back upon the 1980s as a golden age. The period was old-fashioned in its design as intellectuals were deemed “royal critics.” They did not criticize the state itself, but advised the Communist Party, as would the former mandarins to the emperor. Harmony is central to a Confucian state, and the new educated elite tried its best to make society—this time a communist one—more congruent.

Thus, Confucian philosophy by definition is undemocratic. “Democracy implies that you accept conflicts of interests,” Buruma explained during a Project seminar, and these conflicts are desirable in a healthy democracy. Democracy contains institutions that help resolve inevitable conflicts. Conversely, “harmony” hides these conflicts and they are never resolved. Interestingly, throughout Russia’s autocratic history, its conflicts were never resolved either—they just dissolved under the pressure of the great *Idea* of Russian spiritual superiority. However, subjected to international humiliation during the transitional years of post-communism and especially after the financial collapse of 1998, Russia ultimately stopped viewing its practical ineptness as a spiritual virtue and began a slow process of acquiring the skills and tools necessary for success in a modern world: technological training, competitive business practice, legal education, etc.

In researching his book on Chinese dissidents (*Bad Elements: Chinese Rebels from Los Angeles to Beijing* (Random House, 2001)), Buruma was time and again directed or led to places with Christian influences (i.e. Taiwan, Singapore, and Hong Kong). Buruma admitted that he was never willing to be convinced that there was something inherent in Christianity that makes people more “democratically inclined.” He added, “the history of Christendom doesn’t always point in that direction.” However, if there is a semi-religious, cosmological idea of political order presiding over the populace, where “everyone has to be inside it and loyal,” then it is “very difficult to find an independent basis to voice dissent which doesn’t make you disloyal or isolated as a lone voice.” He continued, “because of this concept of politics as order and harmony, any dissident can be branded as disloyal and anti-Chinese.” On the other hand, other religions, especially Christianity, allow one to express his/her ideas more freely and openly. And, unlike China, Russia is a Christian country.

If Christianity isn’t always the key to democracy, does a middle class promote better chances for democracy? Not necessarily, according to Buruma at least not in China. He states that the contrary is true for the Chinese case and, for example, in Singapore. Buruma also points out that the most successful examples of transition from a dictatorship to a democracy in East Asia have taken place in U.S. client states (i.e. the Philippines, Japan, and South Korea). He stated, “colonialism is a much underrated institution...it can actually help to nurture the liberal intelligentsia.”

It appears that some combination of the last two ingredients—Christianity and/or Western colonialism—is required, as they are widely deemed necessary contributors to the development of the middle class in a Western, democratic sense. In Russia, which is both Christian and Western (even anti-Westernism is defined by the Russians in Western terms), the middle class would more than likely oppose a loss of civil liberties. Since the fall of the Soviet Union, Russia has been able to build its emerging role upon these new-found freedoms.

However, even in Russia the occurrence of dissent does not automatically translate into “the establishment

of democratic institutions.” Before this can happen, the elite needs to come together and give voice to the discontent, especially to those at the bottom of society. While Buruma sees Russia as potentially approaching this ideal, he fears that this will not happen for a long time in China. If there is an economic crisis there, “the bottom will more than likely rebel and the urban elite will support the Communist Party.” If the rebellion of the poor is not led by the urban elite (as it was after the collapse of the Soviet Union) and “the two classes of society don’t get together, then the cycle we’ve seen throughout Chinese history, where one kind of authoritarian regime replaces another, will not be broken for a long time.”

Culturally, the effects of communism have manifested themselves differently in China than in Russia. According to Buruma, high culture has been almost entirely wiped out in China today. People who would have read Pushkin “were either killed or bullied...[culture] was so badly damaged that it can’t be revived [there] again.” Conversely, under Stalin, Russians still had the Bolshoi Theater, the classics to read, and “didn’t get [their] hands chopped off for playing Beethoven.”

## CONCLUSION

Some thirty years ago, James Billington warned, “most of Russian culture...acquires added meaning when set in the Russian context. Some understanding of the national context of individual creative activity is more necessary in the case of Russia than of many other national cultures.”<sup>24</sup> One of the key points in the debate of the 1990s was to what extent Russian problems were unique to the country; in other words, were they inherent in its historical experience, rooted in its cultural characteristics, and/or embedded in the nation’s identity? Also, to what extent were universal approaches and the experience of other countries applicable to the development and implementation of the post-Communist restructuring program?

When the reform process began in Russia, few people—if anyone at all—considered asking some basic questions:

- How should Russian cultural and social attitudes toward work, competition, individuality, law, and wealth creation be incorporated into Western policy recommendations?
- Are the Russian economists who spent their lives studying Western models—no matter how talented—sufficiently skilled to relate their initiatives to the Russian experience? Are they able to translate their models into practice in a way that is comprehensible to ordinary Russian citizens, who are more familiar with the concept of communal living?
- Did these economists and policymakers understand that explaining to the public is indeed one of the foremost rules of democracy?

At the end of the 1980s, the Soviet Union encountered four formidable challenges associated with four different transformational processes, which are described below. According to the Russian economist Vladimir Mau, these processes, which determined the country’s development throughout the 1990s, proved to be intertwined in Russia (while not necessarily interrelated); they substantially affected each other, and, more

importantly, the economic and political development of the country. In his commentary offered in the final stages of this Project, Mau suggested the following economic analysis of the transitional years:

- *First:* Russia was faced with the challenges of the post-industrial epoch. Transition from an industrial to a post-industrial society is accompanied by severe structural and macroeconomic crises, such as those Western countries experienced from the 1970s onwards. Thanks to the favorable conditions of world markets, the USSR could delay the beginning of structural adjustment, only to experience even more painful adjustment when there was no longer any escaping it. The structural crisis of the Soviet economic system led to the drastic decline of the post-1991 Russian economy, resulted from the same processes, which—with reference to Western countries in the 1970s—became known as stagflation.<sup>25</sup> Intense discussions about the nature of structural transformation continued throughout the 1990s. Some authors described the output drop in certain conventional sectors of the economy as de-industrialization, although a more in-depth analysis of the ongoing processes allows the nucleus of a new, post-industrial foundation to be discerned in the structural change that is going on currently in Russia (see Table in Appendix II).
- *Second:* A post-communist transformation occurred throughout Russian society. This was a truly unique experiment. Never in world history (including the history of economics) has there been a transition from a totally state-controlled economy to a market economy. Of course, the most difficult struggle was the transformation of ownership—privatization on a national scale. However, this sort of transition was not peculiar to Russia. Post-communist change was simultaneously going on in about 25 other countries. Moreover, Russia was not a pioneer in this respect: a number of countries had embarked on such a transition two or three years earlier, which provided the post-Soviet republics with some, although not very rich, experience.
- *Third:* Russia was faced with a full-blown macroeconomic crisis resulting from populist economic policies (beginning in the second half of the 1980s), which led to the breakdown of the fiscal and monetary systems, extremely high inflation, and output decline. It has to be mentioned, however, that the phenomenon of macroeconomic crisis and management has been thoroughly studied by the end of the twentieth century. In the post-war period many European, Asian, and Latin American countries had to grapple with similar problems. Moreover, Russia itself had the experience of surviving a macroeconomic crisis in 1922–1923.
- *Fourth:* The politico-economic, macroeconomic, and structural changes that Russia faced at the turn of the 1990s were accompanied by a full-scale social and cultural revolution.<sup>26</sup> By the time post-communist change began, practically every institution of the state had been all but destroyed, and their restoration was essentially the central political objective of the 1990s. Moreover, economic reform advanced only to the extent that the institutions of the state were restored, which made the pace of reform much slower than in most other post-communist countries. Among the countries undergoing post-communist transition revolutionary transformation was a uniquely Russian feature, though it was not entirely new to European history. Thus, Russia's development in the last decade was indeed quite distinctive. But this specificity was due not so much to cultural and historical factors as to the very fact that the above four processes were simultaneous. Individually, each of these processes had some historical precedent—some Russian, some not. What was unique was their combination in the same country at the same time. It is this combination that gave rise to the peculiar processes, which determined the specificity of Russian transformation and has puzzled many scholars dealing with issues of post-communism.<sup>27</sup>

This economic analysis confirms that Russia's historical development has occurred according to a Western model—although with a very different and overlapping timeframe. Therefore, policies must take into account existing cultural factors, though scholars must be wary of affording them wholesale and generic

importance. For the reasons explained in this paper, the reality of the reform process in post-communist Russia differed markedly from what the West anticipated. Deep-seated cultural predispositions and public attitudes heavily influenced the public's response to "marketization" and played a key role in shaping institutional responses (or lack thereof) to market reforms. Throughout the first eight years of transition, Russians were confused, misguided, and overwhelmed by the nation's cataclysmic political and economic adjustments. In this period, the West was associated with unpopular, elitist "radical reforms" that many Russians believe led their country to ruin. Disconnected from Russia's deeply held cultural and moral convictions, the bumpy path of reform made the process of change unbearable to most Russians, precisely because of the perceived "foreignness" of the policies being pursued.

Assuming that the Russian way is ultimately a Western way, creation of a middle class and the development of a private sector is indeed the final goal of the post-communist reform process. In addition, the promotion and strengthening of Western values concentrated on the middle and lower strata of society, remains central to the aims and principles of reform in Russia. The way to help common Russians recognize the worthwhile qualities of civilized capitalism and responsible liberalism is through the West's model, particularly that of the United States', though it must uphold what it preaches to others: responsible partnership with other countries, unequivocal support for international agreements, and observance of multilateral obligations.

On the nation-state level, President Putin encapsulates both the new (Western) values and the old (Russian) values and applies what he thinks is most effective when making decisions for Russia's future. Not letting go of the old beliefs, but also not using them dogmatically, he has thus far displayed flexible, progressive, and effective decision-making in his leadership—while not going beyond the Russian peoples' reach and capabilities. Although Russians should be wary of charismatic, personal leadership (Putin alone is obviously not strong enough for steering Russia into democracy), the fact that the current government is doing a better job in explaining its policies, both domestic and international, and putting Russia's interests first and foremost, is a positive step for Russian self-identity.

The past two years of reforms confirm that history does not occur in a vacuum. The reforms initiated by Vladimir Putin and his team from 2000–2002 are not the same as those in 1991. The world today is also not the same: post-IMF, post-WTO debate, post-financial crisis, post-September 11<sup>th</sup>, and most importantly, post-post-communist illusions. People no longer expect all the answers from the West, or from the United States, or from capitalism, or even liberalism. Whatever Russia does today, it does with its own eyes open.

To support the relevant success of the Russian reform period, we refer Ian Buruma's article, "What Beijing Can Learn From Moscow." He writes, "The Russians, like the people of India, at least have the institutions, however fragile and flawed, to give voice to their discontents. Russian democracy is far from perfect, and it could still come to grief. But so far it has proved more resilient than many people expected. In China, there is no institutional way for people to protest, and that is why China could easily explode one day, even as the poor, inefficient Russians stumble on."<sup>28</sup>

1. The changes that have occurred in Russia over the past 10 years are relevant for the world at large.
2. Culture matters, but so do a lot of other things; one should avoid cultural stereotyping in assessing a country's ability for democratic and economic development.
3. "Russianness" is not genetic and should be avoided when constructively discussing development and modernization processes in Russia.
4. Scholars should avoid over-generalizing Russia. It is critical to specify which area/sector is being examined in certain observations and analyses.
5. Western advisers and organizations should consider the cultural and historic traditions of a country before imposing models of behavior and reform.
6. The international community needs to broaden its perspective so as to incorporate other cultures and methods in transitional models.
7. In order for liberalism and capitalism to thrive in a country, culture has to work for, not against, institutions that are authentic for a specific society, although those institutions may not be necessarily "Western."
8. Economic laws need to be supported by society's business ethics and attitudes.
9. The moral values that control people in the West are non-existent in Russia; communal ethics have historically guided Russian behavior and relationships.
10. Russia's "philosophical" respect for non-rationality and sacrifice for a higher *Idea* hinders reforms, especially in the economic sphere; the value of human life must be taken more seriously in Russian society.
11. It may take two or three generations before Western values are completely assimilated into Russian society.
12. Economic changes force *people* to change their modes of behavior.
13. No modern market system can flourish outside a functioning legal system.
14. Capitalism should be understood as a system of trust within a framework of legality and modality.
15. Liberalism is not pure individuality.
16. Liberal economics does not necessarily bring liberalism.
17. Under capitalism, people are capable of taking responsibility for—and pleasure in pursuing—the success in their lives, and Russia is no exception.
18. Foreign direct investment is more important than aid because the latter tends to never reach the people who need it.
19. Foreign investors mistakenly assume that if Russia's laws are "corrected" more investment will come into the country and its economic problems will be resolved.
20. If foreigners continue to be easily cheated in Russia, then only the cheaters benefit from foreign direct investment. This cycle will eventually produce an "anti-rule of law constituency," indirectly propagated by foreign investors.

21. A weak state cannot protect the rights of and ensure wages to its employees.
22. The liberal order, as it pushes for property rights, is ironically abusing the Russian state and its people.
23. Post-communist liberal supporters essentially ended up stealing from the public and state in lieu of legal mandates and controls. While no direct *individual* rights were being abused, there was no legal precedence to monitor privatization.
24. Russia's current infrastructure was not constructed to support a market economy. Moreover, these deep-rooted structures cannot be changed overnight.
25. The trend of "take what you can" from the state began before 1991 as an unintended consequence of *perestroika*, when Soviet state institutions became more liberal and less stifling.
26. The 1990s should be coined as the "cannibalization of an era."
27. As heavy as the Soviet legacy was, it should not excuse the behavior of the people who ripped off the nation in the 1990s.
28. Despite Russia's turbulent past and the sudden collapse of the Soviet Union, Russians are still very proud of their national character, culture, and identity.
29. Russia is unfairly held to the standards of highly developed Western countries, one that states could not readily meet. But, when compared to the so-called "success states" of Eastern Europe, the nation is relatively successful.
30. The processes that have been going on in post-communist Russia are actually quite normal when compared to European and Russian history.
31. Russians should avoid using manufactured history and rhetoric to defend their current problems.
32. Russian pre-revolutionary history and Soviet history may contain answers and remedies for the nation's transition; they should not be ignored or judged "off limits."
33. It is important to acknowledge that a professional, middle class existed in Russia before the 1930s (which was then victimized by Stalin's purges), and then reappeared in the 1960s during the Khrushchev Thaw. Therefore, the creation of the middle class in the 1990s had historical precedence.
34. It is important not to link nationalism with socialism—Russia has a rich history of nationalists who supported capitalism. Similarly, today Russians are becoming increasingly concerned with their nation's economic progress; they now place a high value on nationally produced products.
35. Russia has a rich pre-revolutionary history of a working economy, peasant entrepreneurship, and a respected press.
36. The Soviet economy produced negative value both economically and politically.
37. The Soviet Union was the world's largest ever military and police state.
38. Soviet factories were viewed as "communities," rather than enterprises geared to make a profit.
39. The privatization of Soviet factories in the 1990s was facilitated by factory managers rather than by economic ministries or experts from the West.
40. Though frequently disregarded by scholars, it is important to note that beneath the Soviet state existed a society that operated on a "normal" human level.
41. If, in fact, Russian society was relatively normal, scholars should concentrate on *how* the oppressive form of Soviet governance came into being, rather than relying on ideological justifications.
42. Just because the Soviet Union collapsed does not mean that a nation and its people collapsed as

well.

43. The Cold War was not a fiction, but the Soviet Union was as much a state as a state of mind.
44. No other empire of this magnitude had collapsed this peacefully.
45. The ideas that were forming since 1956 in Hungary and 1968 in Czechoslovakia came to power in the 1980s and thus made it possible for the system to dismantle peacefully.
46. The Soviet Union did not self-liquidate under the pressure of military competition. It collapsed under the weight of Gorbachev's ideas, his political commitments, and his sense of social justice.
47. The collapse of the Soviet Union did not stop in 1991; it was only just beginning.
48. By studying the Soviet legacy, rather than democratization and oligarchs, one will have a better sense of the processes underway throughout the 1990s.
49. During reforms, Russia believed that a new mentality would simply emerge based on universal human values. However, by sharing common human values, people also desire to share the same standards of living.
50. Russia's younger generation is much more hopeful and flexible about the future than the older generation.
51. Russian youth want to improve their own lives. They tend not to worry about the future of the state, or the world. They worry, primarily, about their own well being within their state or the world.
52. The number of Russians abroad has been steadily decreasing since 2000 and more are returning to their native land.
53. Before 1998, Russia's problems often did not get resolved—they simply dissolved. The state and its people have been forced to take more responsibility as a result of the financial crisis.
54. Russia—once a unified empire—is now fragmented in its laws, information, reform, economics, and political life.
55. Russia's irresponsible and unsystematic government in the 1990s was the result of the Soviet Union not putting into place a real functioning bureaucracy.
56. Even today, Russia's dramatic reforms and the adaptive behaviors that society created in order to deal with the change did not (and still do not) always produce expected results.
57. The government retains a residue of autocratic rule, as it can make life in Russia unpredictable—as opposed to an individual making his/her own life unpredictable.
58. President Vladimir Putin's promise of the rule of law is meaningless in Russia without constituencies that support this initiative.
59. Political will alone is unable to maintain reforms and a market economy. These initiatives require the support of an engaged populace.
60. The Russian government should concentrate on bringing society closer together: culturally, economically, and politically.
61. Disdain for the central government and decreasing authority in local government are causing people to be indifferent toward Russian politics and reforms.
62. People seek protection in criminal bosses rather than government operatives; stable, organized, local authority and governance is still rare in Russia.
63. The Russian government is trying to bring decision-making closer to the people. In doing so, it is modifying federal legislation to strengthen the power of municipal bodies.

64. Imperialist attitudes no longer have room in the current administration's goals; these attitudes are equally absent in society at large.
65. Under Vladimir Putin's leadership, more things have changed in the past two years than in the earlier eight.
66. In order to change the mentality of Russian society a critical mass is needed.
67. A "new Russia" will not emerge until changes take place in the ordinary citizen (mainly those living in villages and small towns).
68. Transformation of a nation's public consciousness often occurs at a much slower pace than its economic or political transformations.
69. While official corrections and modifications took place in Russia's political and economic laws, the main problem still lies in the people's ambiguous self-identity.
70. Russia's key problem today is finding the necessary resources and funds to build a new identity.
71. Russia's most important and noticeable transformation has occurred in its public consciousness: society has largely shed its old communist mentality.
72. While Russian society had shed its communist identity, a new one has not yet fully developed in its place.
73. Russia has democracy but it does not have the institutions to make it work properly and effectively.
74. Russia accepted democracy but at the same time inherited an anti-liberal, hyper-executive state.
75. The importance of democratization in Russia was inflated beyond its actual worth; having political parties, contented elections, and a parliament do not necessarily make for a cohesive state.
76. The emphasis on democratization throughout the 1990s led to disillusionment for the Russian people, since freedoms often bordered on anarchy.
77. While most people simply blamed the oligarchs for the problems of democratic reforms, the oligarchs were actually a symptom, not a cause, of the complex problems inherited along with the mentality of an autocratic empire.
78. President Putin's "recapturing" of the state from oligarchs and corrupt actors enables him to assert his own national policies in place of regional and elite interests.
79. The West was engaged in a somewhat deceptive strategy to promote universal human values throughout the 1970s–1990s: it promised that if nations embraced common, liberal human values they would eventually "catch up" with economically advanced countries.
80. As the West embraced new technology and innovation in their economies, developing countries inherited obsolete methods of production and the gap between rich and poor nations widened.
81. While universal values are important and are promoted vigorously on the international state, in practice they frequently take a backseat to more pressing political or economic concerns.
82. The West tends to dictate universal values to developing countries like Russia, while not always playing by its own rules.
83. The West is applying double standards to Russia in its criticism of the war in Chechnya. This statement is not an endorsement of the war in Chechnya, but rather an indication of the West's failure to recognize Chechen terrorists as a legitimate threat to Russia's security.
84. President Putin's decision to aid the U.S. in its war on terrorism after September 11 was in line with Russian interests and morally correct.

85. Russia's lack of research and development within its security sector is ill-preparing the nation to combat new security concerns, particularly terrorism.
86. The West can trust Russia not to turn back to an authoritarian system because of its current commitments and goals to democracy and liberalism.
87. Russia is a part of Europe and Vladimir Putin is trying to develop this consensus on both cultural and geographical levels.
88. Russia's foreign policy is now inextricably tied to Russia's economic interests in Europe.
89. Russia is deciding to be neither Western nor Eastern because it has various interests in all parts of the world; its foreign policy reflects the nation's diversified interests.
90. As the United States fails to pay attention to Russia's legitimate economic and political interests in Europe, it often unfairly perceives Russia's involvement there as confrontational and scheming.
91. Russia's relations with the U.S. have not been as smooth as those with Europe and other countries. The U.S. stubbornly fails to recognize that Russia has its own interests and will not unnecessarily cut ties with other countries that are paramount to Russia's goals.
92. Arms sales to China, India, and Iraq are very important to Russia's foreign policy. Helping to assure repayment of Iraq's debt to Russia, rather than merely criticizing the relationship, is a better role for the United States.
93. It is too costly both politically and economically for Putin to transform the military because defense plants are located in strategic regions.
94. The U.S. needs to stop using Cold War stereotypes in its foreign policy and recognize Russia as a different country with its own interests, domestic problems, and means for achieving these goals.
95. Future U.S.-Russian cooperation should be implemented because it makes sense. Cooperation should not be based on "pity" recognition or superficial acceptance of Russia as has been the practice during the years of transition.
96. Russia has an intellectual right to take part in world affairs on the same level as Western powers.
97. Putin had denuded Russia's Cold War mentality by mollifying both the NATO expansion and ABM Treaty issues presented by the U.S.
98. The United States won the Cold War because of its open and democratic government, not because it had more missiles. Russia's current administration has accepted this formula as a condition for political success.
99. Russia's domestic political and economic situation now has greater importance in effecting foreign policy.
100. A changing Russia still remains the same Russia.

## APPENDIX II

**Table:** Some indicators of social and economic development in the 1990s (1991 = 100% unless stated otherwise), %.

	1992	1998	1999	2000
<b>Education</b>				
Number of universities	103.3	176.1	180.8	185.9
Number of university students	95.5	130.3	147.5	171.6
Number of university graduates	104.4	123	136.3	156
Number of faculty members	1993=100%	115.4	121.7	125.5
<b>Production</b>				
Video-cassettes	107.7	1157	944	807.5
Share of sophisticated products in the paint and varnish industry	72	82	85	86
Share of electric arc steel and oxygen-converter steel in total steel production, %	50	72	72	73
Share of continuous casting steel products, %	28	52	50	49.7
Production of aluminum	99.4	111.4	117	120.6
<b>Transport</b>				
Cars per 1,000 population	107.9	192.1	201.7	208.5
Metalled roads per 1,000 square meters of territory	103.3	111.1	111.3	111.6
<b>Tele-communications</b>				
Number of general access telephone lines	101.6	123.8	130.7	135.2
Number of household telephone lines per 100 households	105	137.6	147.6	155.5
Total length of long-distance telephone channels	106.3	252.8	351.1	509.1
Share of digital telephone channels in total long-distance telephone channels, %	1.5	56.9	69.1	76.9
Number of registered fax-machines	206.2	1706 (1997)		
Number of pagers	100	3838	4118	5065
Number of cellular phones	100	12695	23600	55524

Source: Goskomstat

## NOTES

1. Nina L. Khrushcheva, *Cultural Contradictions of Post-Communism: Why Liberal Reforms Did Not Succeed in Russia* (New York: Council on Foreign Relations Paper, 2000), pp. 8-17.
2. For more detailed explanation of those issues see: *Cultural Contradictions...*, pp. 18-23.
3. Anatoly Chubais, "The Last Thing You Needed was Chubais! Instead of Preface," in Anatoly Chubais, ed., *Privatizatsiya po-russki* [Privatization Russian Style] (Moscow: Vagrius, 1999), pp. 28-29.
4. *Cultural Contradictions...*, p. 23.
5. All individuals, quoted in this paper without reference to a publication or their professional affiliation, are Project participants. See page ii.
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7. Alexander Herzen, *My Past and Thoughts* (Berkeley: University of California Press, 1982), p. 285.
8. Stephen Holmes, "Simulations of Power in Putin's Russia," *Current History*, October 2001, vol. 100, No. 648, p. 311.
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10. Yurii Plyusnin, "A New Russia – Or the Same Old Russia?" in Heyward Isham, ed., *Russia's Fate Through Russian Eyes: Voices of the New Generation* (New York: Westview Press, 2001), p. 31.
11. For more information, see Stephen Kotkin's *Armageddon Averted: The Soviet Collapse 1970–2000* (Oxford University Press, 2001).
12. Quotation from Alexander Herzen in *Russkie o Russkikh. Mneniya russkikh o samikh sebe* [Russian Opinions About Themselves] (St. Petersburg: Petro-Rif, 1992), p. 49.
13. See, for example, Isaiah Berlin, *Russian Thinkers* (London: The Hogarth Press, 1978).
14. Konstantin Aksakov, *Sobranie sochinenii v trekh tomakh* [Collected Works in 3 Volumes] (Moscow, 1910), vol. 1, pp. 291-292.
15. Alexey Khomyakov, *Sobranie sochinenii v trekh tomakh* [Collected Works in 3 Volumes] (Moscow, 1916), vol. 3, p. 75.
16. Stephen Holmes, "Cultural Legacies or State Collapse?" in Michael Mandelbaum, ed., *Post-Communism: Four Perspectives* (New York: Council on Foreign Relations, 1996), p. 49.
17. For more on this see essays from Heyward Isham, ed., *Russia's Fate Through Russian Eyes: Voices of the New Generation* (New York: Westview Press, 2001).
18. Stephen Kotkin, *Armageddon Averted*, p. 167.
19. One such example is the U.S. refusal to repeal the outdated Jackson-Vanik Amendment. The Amendment to the Trade Reform Act (Title IV of the Trade Act) was approved by the U.S. Congress in 1974 in response to the poor record of Soviet Jews immigrating to Israel. Today, when Russian Jews travel and immigrate freely, the Congress still refuses to grant Russia a Permanent Normal Trade Relations (PNTR) status. Though China, with its far worse human rights record, was given PNTR in 2001, Russia remained an unrecognized "market economy" until June 2002, when the Commerce Department finally granted Russia "market" status, following the European Union decision of a week before.
20. <http://web.amnesty.org/web/ar2002.nsf/eur/russian+federation!Open>.
21. <http://web.amnesty.org/web/ar2002.nsf/amr/usa!Open>.
22. Stephen Holmes, "Simulations of Power in Putin's Russia," p. 310.
23. In the 1990s, the electronics industry introduced about 700 new state-of-the-art products and started manufacturing 800 new consumer products. In 1999, output growth was 46 percent, in 2000, 37.7 percent. Exports of electronic products have grown dramatically over recent years to \$70 million–\$80 million annually, mainly to non-CIS countries. (See B. Smirnov, "Bolshiye perspektivy mikrotekhnologiy i skhem" [Great Future for Micro-technology] in *Krasnaya Zvezda*, March 17, 2001; B. Smirnov, "Rossiyskaya elektronika—bogach i bednyak" [Russian Electronics—the Rich and the Poor] in *Krasnaya Zvezda*, April 17, 2001.)
24. James H. Billington, *The Icon and the Axe* (New York: Vintage Books, 1970), p. IX.
25. Description of the Russian crisis as the crisis of an industrial society is found in a number of works (see: Z. Bauman, "A Post-Modern Revolution?" in *From a One-Party State to Democracy* (Amsterdam: Rodopi, 1993); J.B. Rosser, M.V. Rosser, "Schumpeterian Evolutionary Dynamics and the Collapse of Soviet-Block Socialism" in *Review of Political Economy*, vol. 9, 1997).
26. For more detail see Vladimir Mau and Irina Starodubrovskaya, *The Challenge of Revolution* (Oxford University Press, 2001).

27. Vladimir Mau, "Economic and Political Results for 2001 and Prospects for Strengthening Economic Growth." Paper presented at the Miami University Conference "Russia Ten Years After: Taking Stock" (April 7-8, 2002). Cited with author's permission.
28. Ian Buruma, "What Beijing Can Learn From Moscow?" *New York Times Magazine*, September 2, 2001.