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978-0-521-84913-5 - Russia Since 1980: Wrestling with Westernization

Steven Rosefielde and Stefan Hedlund

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RUSSIA SINCE 1980

Russia Since 1980 recounts the epochal political, economic, and social changes that destroyed the Soviet Union, ushering in a perplexing new order. Two decades after Mikhail Gorbachev initiated his regime-wrecking radical reforms, Russia has reemerged as a superpower. It has survived a hyperdepression, modernized, restored private property and business, adopted a liberal democratic persona, and asserted claims to global leadership. Many in the West perceive these developments as proof of a better globalized tomorrow, while others foresee a new cold war. Globalizers contend that Russia is speedily democratizing, marketizing, and humanizing, creating a regime based on the rule of law and respect for civil rights. Opponents counterclaim that Russia before and during the Soviet period was similarly misportrayed and insist that Dmitri Medvedev's Russia is just another variation of an authoritarian "Muscovite" model that has prevailed for more than five centuries. The cases for both positions are explored while chronicling events since 1980, and a verdict is rendered in favor of Muscovite continuity. Russia will continue to challenge the West until it breaks with its cultural legacy.

Steven Rosefielde is Professor of Economics at the University of North Carolina, Chapel Hill; former Adjunct Professor of National Security Affairs, U.S. Naval Postgraduate School; and Adjunct Professor of Defense and Strategic Studies, Center for Defense and Strategic Studies, Missouri State University, Springfield. The author or editor of thirteen books on Russia and the Soviet Union, he has also published more than a hundred articles in journals such as the *American Economic Review*, *European Economic Review*, *Economica*, *Soviet Studies*, and *Europe-Asia Studies*. Professor Rosefielde is a member of the Russian Academy of Natural Sciences and was a Fellow of the Carnegie Corporation of New York from 2000 to 2003. He has served as a consultant to the Office of the Secretary of Defense. He has also advised several directors of the U.S. Central Intelligence Agency; the Central Economics and Mathematics Institute, Moscow, for more than a quarter-century; and the Center for Defense and Foreign Policy, Moscow, for more than a decade.

Stefan Hedlund is Professor of East European Studies at Uppsala University, Sweden. Before 1991, his research was centered on the Soviet economic system. Since then, he has been focusing on Russia's adaptation to post-Soviet realities. This has included research on the multiple challenges of economic transition as well as the importance of Russia's historical legacy for the reforms. His latest book, among sixteen authored and coauthored titles in English and Swedish, is *Russian Path Dependence* (2005). Professor Hedlund received a master's degree in economics from the University of California, Santa Barbara, and his doctorate in economics from the University of Lund, Sweden.

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Wrestling with Westernization

Steven Rosefielde

University of North Carolina, Chapel Hill

Stefan Hedlund

Uppsala University, Sweden



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In memory of my beloved son David Rosefielde

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Acronyms

ASUP	Automatic System of Management and Planning
CIA	American Central Intelligence Agency
CIS	Commonwealth of Independent States (former Soviet Republics)
CPSU	Communist Party of the Soviet Union (KPSS)
EU	European Union
FSB	<i>Federal'naia sluzhba bezopasnosti Rossiiskoi Federatsii</i>
GDP	Gross Domestic Product
Genshtab	Soviet Armed Forces General Staff
<i>glavk</i>	Main Sub-ministerial Department
<i>Gosarbitrazh</i>	State Arbitration Agency
<i>Gosbank</i>	State Bank
<i>Goskomstat</i>	State Statistics Committee
<i>Goskomsen</i>	State Price Committee
<i>Gosplan</i>	State Planning Agency
<i>Gossnabsbyt</i>	State Committee for Material-Technical Supply (wholesale procurement and distribution agency)
<i>Gosstandart</i>	State Standards Committee
<i>Gosstroii</i>	State Construction Agency
<i>GosTekhnika</i>	State Committee for New Technology
GRU	Main Intelligence Administration of the General Staff of the Russian Armed Forces
Gulag	State Concentration Camp System
IMF	International Monetary Fund
KGB	State Security Committee (secret police)
<i>khrozraschyot</i>	economic cost accounting (self-financing state enterprises)
<i>kolkhos</i>	collective farm
METI	Ministry of Economics Trade and Industry (Japan)

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Acronyms

MFT	Ministry of Foreign Trade
NEP	New Economic Policy
<i>nepmen</i>	private businessmen without property ownership right
NMP	Net Material Product
OECD	Organization for Economic Cooperation and Development
OPK	Defense Industrial Complex (alternative name for VPK)
<i>perestroika</i>	radical economic market reform
<i>piatiletki</i>	five year plans
Politburo	Political Bureau (Highest State Political Body)
<i>predpriatie</i>	enterprises
<i>prodrazverstka</i>	product requisitioning (without compensation)
RDT&E	Research Development Testing and Evaluation
<i>Sovkhoz</i>	State farm
<i>tekhpromfinplan</i>	enterprise technical, industrial, financial plan
USSR	Union of Soviet Socialist Republics
VPK	Military Industrial Complex
WTO	World Trade Organization

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Timeline

- 882 Oleg first Grand Prince of Kiev
- 1054 Death of Yaroslav the Wise
- 1147 First mention of Moscow
- 1169 Sack of Kiev by Andrei Bogolyubsky
- 1237–40 Mongol Storm
- 1240 Kiev destroyed by the Mongols
- 1385 Dynastic union between Poland and Lithuania
- 1389 Dmitry Donskoi defeats the Mongols at Kulikovo
- 1462 Ivan the Great becomes Grand Prince of Muscovy
- 1471 First war between Muscovy and Novgorod
- 1480 End of Mongol Yoke
- 1494 Defeat of Novgorod by Muscovy, closure of the Hansa Yard and arrest of German merchants
- 1547 Ivan the Terrible becomes first tsar
- 1558–82 Livonian war
- 1565–72 Oprichnina, partition of the land
- 1569 Commonwealth of Poland-Lithuania
- 1598 Death of Fyodor II, start of the *time of trouble*
- 1613 Mikhail Romanov elected tsar, end of the *time of trouble*
- 1645 Mikhail dead, succeeded by Alexei
- 1649 Ulozhenie law code, de facto recognizes serfdom
- 1682 Alexei dead, Peter the Great shares throne with Sophia
- 1689 Peter the Great becomes tsar in his own right
- 1700 Start of Great Northern War, defeat against Sweden at Narva
- 1703 Founding of St. Petersburg
- 1709 Defeat of Swedish King Charles XII at Poltava
- 1712 Government moves to St. Petersburg
- 1721 Peace with Sweden at Nystad, Peter the Great proclaimed Emperor

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Timeline

- 1725 Death of Peter the Great, Catherine I Empress
- 1762 Peter III Emperor for six months, mandatory service abolished for the gentry
- 1762 Catherine the Great Empress
- 1767 Legislative commission
- 1773–75 Pugachev rebellion
- 1785 Charter of the Nobility, introduction of property rights
- 1796 Death of Catherine the Great, Paul emperor
- 1801 Alexander I becomes emperor, following murder of Paul
- 1812 Napoleon invades Russia
- 1825 Nicholas I becomes emperor, Decembrist coup
- 1853–57 Crimean War
- 1855 Death of Nicholas I, Alexander II becomes emperor
- 1861 Emancipation of the serfs
- 1864 Judicial reform
- 1881 Alexander II dead in terrorist bombing, Alexander III emperor
- 1884 Criminal code, repression
- 1894 Nicholas II emperor, last of the Romanovs
- 1904 War against Japan
- 1905 Defeat by Japan, Bloody Sunday in St. Petersburg, October Manifesto
- 1906 Basic law, elections to a duma
- 1914–18 Great War
- 1917 February Revolution, October coup d'état
- 1921 Introduction of NEP
- 1924 Lenin dies
- 1928 First Five Year Plan
- 1930 Mass collectivization
- 1934 Victors' Congress
- 1936 Stalin Constitution
- 1936–38 Purges, show trials
- 1939 Molotov-Ribbentrop Pact
- 1941 Nazi Germany invades the USSR
- 1945 Victory over Germany
- 1953 Death of Stalin
- 1961 Cuban Missile Crisis
- 1964 Khrushchev ousted, Brezhnev becomes general secretary
- 1979 Soviet invasion of Afghanistan
- 1980 Olympic Games in Moscow
- 1982 Brezhnev dies, succeeded by Yuri Andropov

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Timeline

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- 1984 Andropov dies, succeeded by Konstantin Chernenko
- 1985 Chernenko dies, succeeded by Mikhail Gorbachev
- 1986 Chernobyl nuclear disaster, first summit meeting with Ronald Reagan
- 1987 Central Committee Plenum on radical reform
- 1989 Velvet revolutions in Central Europe, end of war in Afghanistan
- 1990 War of laws, USSR on brink of disintegration
- 1991 Boris Yeltsin president, failed coup, dissolution of USSR
- 1992 Russian reform
- 1994 First war in Chechnya
- 1996 Yeltsin reelected
- 1998 Financial meltdown in Moscow
- 1999 Apartment bombings, Putin prime minister, second war in Chechnya, Yeltsin resigns, designates Vladimir Putin as acting president
- 2000 Putin elected president
- 2004 Putin reelected president
- 2007 Putin designates Medvedev heir apparent, Medvedev designates Putin his future prime minister
- 2008 Medvedev elected president, Putin appointed prime minister

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Preface

Soviet civilization failed.¹ This was the verdict of its leaders, and the judgment of history. Whatever its merits may have been, they were eclipsed by the system's material and spiritual defects. What went wrong? Was Bolshevism a degenerate form of the Russian idea?² Is the Russian inferior? Or did the fault lie with socialism? Regardless of the answers, where should Russia be heading: toward American democratic free enterprise,³ European Union social democracy, Muscovy,⁴ slavophil anarcho-populism, or some Chinese-type fifth way?

¹ Peter Baker and Susan Glasser, *Kremlin Rising: Vladimir Putin's Russia and the End of Revolution*, Scribner, New York, 2005; John Lewis Gaddis, *The Cold War*, Allen Lane, London, 2005.

² Tim McDaniel, *The Agony of the Russian Idea*, Princeton University Press, Princeton, NJ, 1996; Igor Chubais, "From the Russian Idea to the Idea of a New Russia: How We Must Overcome the Crisis of Ideas," <http://www.aconet.org/wps/chi01>. Fyodor Dostoyevsky coined the term *the Russian idea*.

³ The term *democratic free enterprise* here and throughout the text refers to an ideal system in which consumer sovereignty prevails in competitively efficient markets and popular sovereignty determines public choice through fair ballots and other forms of democratic participation. The concept has been formalized by Abram Bergson in his works on welfare economics and coincides closely with what Paul Samuelson and others consider neoclassical economics. The terms *EU social democracy*, *slavophilism*, and *anarcho-populism* are used in the same ideal senses. America embraces democratic free enterprise as its credo but doesn't adhere strictly to it. Similar lapses between theory and practice apply to other systems. See Steven Rosefielde, *American Democracy: Icon and Mirage*, 2008, unpublished manuscript; Abram Bergson, "The Concept of Social Welfare," *Quarterly Journal of Economics*, 68, 2(May 1954): 233–52, Bergson, "Social Choice and Welfare Economics under Representative Government," *Journal of Public Economics*, 6, 3(1967): 171–90.

⁴ Authoritarian rent-granting governance regime established in the fifteenth century by Ivan the Great, Grand Duke of Muscovy. See chapter 1.

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Choosing the right course has been the burning question of Russian history since Peter the Great flirted with westernization in the late seventeenth century, succinctly expressed by Nikolai Chernyshevsky's rallying cry "*Chto delat?*" (What is to be done?).⁵ Should Russia westernize in a libertarian or socialist mode, trust in anarcho-populism, or, as slavophiles argued, follow a more spiritual trajectory?⁶

Westernizing intellectuals from the eighteenth century onward, such as Mikhail Tugan-Baranovsky, championed democracy and markets running the gamut from Smithian small government libertarianism to Meadean social democracy.⁷ The common denominators connecting these ideas were individual empowerment, happiness, sovereignty, and social justice. The good society for westernizers was one in which people were free to maximize their utility, constrained only by a Lockean social contract, including the rule of law and the democratic provision of collectivist public services.

Anarcho-populists shared similar goals, but distrusted capitalist markets, while slavophiles saw unbridled individual self-seeking as an Enlightenment anathema. They advocated communalist principles of social organization and mutual support instead. Slavophiles might concede that westernizers could accommodate communalism under their tent but were convinced nonetheless that the selfishness of westernizers would triumph over altruism.

However, most westernizers, anarcho-populists, and slavophiles concurred on one point. Bolshevism was reprehensible. Liberal westernizers in particular condemned communist criminalization of business, entrepreneurship, and private property. They rejected one-party authoritarianism, the curtailment of civil and religious freedoms, secret

⁵ Nikolai Gavrilovich Chernyshevsky (1828–89) was a Russian revolutionary democrat, socialist, and founder of Narodism (Russian populism). He wrote "*Chto Delat?*" (What is to be Done?) in the St. Peter and Paul Fortress after his arrest in 1862.

⁶ Slavophilism, sometimes called Russophilism, affirms the uniqueness of Russian culture, founded on Eastern Orthodoxy, stressing spiritual universalism, the Russian search for the City of God, not Russian provincialism. See Nikolai Berdyaev, "Slavophilism and the Slavic Idea," in *The Fate of Russia*, 1915, www.berdyaev.com/berdiaev/berd_lib/1915_202.html. Resistance to modernization is common in most traditional cultures, and the concerns raised are often valid.

⁷ M. I. Tugan Baranovsky, *The Russian Factory in the 19th Century*, Richard D. Irwin, Homewood, IL, 1970; James Meade, *The Just Economy*, George Allen and Unwin, London, 1978.

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Preface

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police repression, and structural militarization. Anarcho-populists and slavophiles cared little about state suppression of democratic free enterprise but bemoaned Soviet oppression of communality, mutual support, and orthodoxy.⁸

These criticisms weren't the whole story. Many liberals and socialists who acknowledged Bolshevism's flaws still found redeeming value, holding out hope that the system's vices would eventually be purged. However, this wishful thinking is no longer persuasive. Most who once maintained that Soviet communism might ultimately be better than democratic free enterprise accept the verdict of history.

Discrediting Soviet communism however has not settled the question of *Chto delat*. Russia's leaders remain ambivalent. They desire the advantages of western industrial modernization as they did during the Soviet era and seek the benefits of partial marketization but still cling to the Muscovite authoritarian martial police state (the other dominant face of the Russian idea). They embrace the rhetoric of liberalism and popular self-determination, while acting like autocrats. They know what should be done to achieve the ideas of the West and East, but what will they do? The answer for the last half-millennium has been to profess western, populist, or slavophil ideals but act as apostles of the authoritarian martial police state, despite its instability, vulnerability, and inferior economic potential. This still seems the most likely course, but the die isn't cast. For centuries, Muscovite engagement with modernity and the West has been a fitful tug of war between ruler self-interest and statesmanship, glossed with idealist rhetoric. The result at every critical juncture has been inferior, or even catastrophic, but the haphazard quest for a better system, incorporating successful elements from the outside world, goes on and could ultimately yield satisfactory results. Perhaps Russia can outgrow its addiction to rent-granting and emulate a more dynamic, commercially oriented authoritarian model like China's. This volume accepts Russia's multi-potentiality without cosmetic gloss. It elaborates the ingredients of the Russian drama, documenting the state of play and highlighting the gap between Kremlin claims and contemporary realities and trends pointing toward the perpetuation of Muscovy. It characterizes the events since 1980, including Leonid Brezhnev's reforms, Mikhail Gorbachev's Market Communism, Boris Yeltsin's Market Muscovy, and

⁸ A.V. Chayanov, *The Theory of Peasant Economy*, Richard D. Irwin, Homewood, IL, 1966.

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Vladimir Putin's imperial martial police state as a missed historical opportunity to westernize,⁹ permanently end the cold war, and foster prosperity with all Russia's neighbors. Perhaps Dmitri Medvedev or some other ruler will achieve better results after Putin vacates the stage, but progress won't be easy.

⁹ Putin has embraced Anatoly Chubais's advocacy of liberal imperialism. The state is autocratic. Russia may well have the world's largest army. The *Federal'naia sluzhba bezopasnosti Rossiiskoi Federatsii* or FSB (secret police) disciplines opposition and society.

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