 # 252

"America and the Russian Future"*

Transcript of a conference cosponsored by
The Embassy of the Russian Federation in the United States
and The Kennan Institute for Advanced Russian Studies.

Transcribed by Cynthia Lewis and Amy Smith

* The conference, inspired by an article of the same title written by George F. Kennan and first published in *Foreign Affairs* in April 1951, was held on 15 January 1993.

This transcript has been transcribed from a recording of the conference made by the Embassy of the Russian Federation in the United States. With the exceptions of Iurii Lvov, Il'ia Baskin, Ernst Neizvestny, Iurii Kariakin, and Valerii Pissigin, Russian participants in the conference spoke in English. The presentations of those who spoke in Russian have been transcribed from the simulateneous interpretation which accompanied their remarks.

Speakers did not review this transcript prior to its publication; the Kennan Institute apologizes for any inadvertent errors in its reporting of their remarks.

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Edited by Peggy McInerny with the assistance of
Cynthia Lewis and Amy Smith

The Kennan Institute for Advanced Russian Studies
The Woodrow Wilson International Center for Scholars

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TABLE OF CONTENTS

"AMERICA AND THE RUSSIAN FUTURE"
Embassy of the Russian Federation
1125 16th Street, N.W., Washington, D.C.
January 15, 1993

Conference Sponsors: Embassy of the Russian Federation in the United States
Foundation for Social Innovations, Moscow-New York
Kennan Institute for Advanced Russian Studies
of the Woodrow Wilson International Center for Scholars

Conference Conveners: Vladimir P. Lukin, Ambassador of the Russian Federation to the United States
James H. Billington, Librarian of Congress

Session I: Russia and America in the Future
9:00 - 10:30 AM
Panel Chair: Blair Ruble
Director, Kennan Institute for Advanced Russian Studies
Speakers: James Billington
Librarian of Congress
Vladimir P. Lukin
Ambassador of the Russian Federation to the United States

Session II: Capitalism in Russia?
11:00 - 12:30 PM
Panel Chair: Blair Ruble
Speakers: Iurii Lvov, President, St. Petersburg Bank
Il'ia Baskin, Member, Russian Federation Presidential Advisory Council on Entrepreneurship
S. Frederick Starr, President, Oberlin College

Session III: Spirituality in Today's Russia
2:00 - 3:30 PM
Panel Chair: James Billington
Speakers: Iurii Kariakin, Member, Russian Federation Presidential Advisory Council, Moscow
Ernst Neizvestny, Sculptor, Moscow/New York
Edward Keenan, Professor of History, Harvard University
Mikhail Tolstoy, Deputy, Russian Federation Parliament, and Head, Organization of Compatriots

Session IV: The Future of Democracy in Russia

4:00 - 6:00 PM

Panel Chair: Vladimir Pechatnov, Embassy of the Russian Federation in the United States

Speakers: Valerii Pissigin, Member, Russian Federation Presidential Advisory Council, and Vice President, League of Cooperatives and Entrepreneurs

Gennadii Alferenko, Chairman of the Board, Foundation for Social Innovations

Pëtr Gladkov, Institute of the USA and Canada, Russian Academy of Sciences; Vice President, Foundation for Social Innovations; and President, Russian Science Foundation

Martin Malia
Professor of History, University of California, Berkeley

Embassy Reception 6:00 PM

Conference Coordinators: Vladimir Pechatnov, Embassy of the Russian Federation
Blair Ruble, Kennan Institute for Advanced Russian Studies

"AMERICA AND THE RUSSIAN FUTURE"

SESSION I: RUSSIA AND AMERICA IN THE FUTURE

Blair Ruble: I would like to welcome everyone to what promises to be an interesting and exciting day. I suspect that at various points during the day the blood will be flowing much more quickly than perhaps it is now.

Two decades ago, George Kennan, James Billington, and Fred Starr took a walk in the Princeton Woods. This walk in the Princeton Woods was not nearly as famous as some other walks in the woods—certainly no one has written a Broadway play about it—but it was very fateful for us because the Kennan Institute for Advanced Russian Studies was born out of their conversation. The essential idea that emerged in Princeton was that in Washington D.C. there existed a need for an academic institution that would bring together specialists—both academic and non-academic—on Russian affairs. I've recently had an opportunity to review the founding documents of our Institute and it is now clear to me that the initial intentions of Billington, Starr, and Kennan were, in fact, far more ambitious.

What they hoped for was that the Institute, named after the nineteenth-century American Russianist and explorer George Kennan, would interact with scholars in Russia in a "normal" way. Such normalcy has been a long time in coming. This was really a radical idea at the time. If we go back twenty years, scholarly interactions between Americans and Russians took place in a rather cumbersome manner through institutional-to-institutional arrangements. What the founders of the Kennan Institute wanted was an institution in which Americans would interact with Russian colleagues much as Americans in an institute for advanced French studies would interact with their French colleagues. We've moved a long way in that direction in recent years and, in a way, this event is a capstone, because this is the first time we have cosponsored an event with the Russian Embassy.

I'd like to thank Ambassador Lukin for making this conference possible and to suggest that he is in many ways an honorary member of the walk in the Princeton woods. He should be thanked as well because it was his idea to organize this gathering today. He, like many of us, has been struck by the wisdom of George Kennan's articles of the late 1940s and early 1950s on Soviet-American relations and, in particular, George Kennan's 1951 article in *Foreign Affairs*, "America and the Russian Future."[1] We've made copies of that article available; they're on the table outside by the staircase in case you are interested.

I know that Ambassador Lukin will be offering his own perspective on that article, but I would like simply to restate the questions raised by George Kennan in 1951: "What sort of Russia would we like to see before us as our partner in the world community?" and "How should we as Americans conduct ourselves in order to promote the realization of, or at least advance towards, such a Russia?" These questions are as essential to the American debate on foreign policy now in the early 1990s as they were in the early 1950s. Certainly Russia is in a period of transition—an historic watershed—although there is not much agreement either there or here over what the meaning of this historic moment is. But we are also in a moment of transition here in the United States: a transition in administration and a debate over how we should interact with Russia. It is precisely because so much is uncertain that we felt this gathering would be both useful and important.

Now we all know that the United States has been involved in the Russian transition. Just this morning in the *Washington Post*, the headline in the "World News" section reads, "Russia Starts Drive to Privatize Industry, U.S. Underwrites Cost." Clearly, we've entered a new world, but there are real debates and differences of opinion both in Washington and Moscow over precisely what that new world should be. A year and a half after the failed coup in August 1991, we can detect the broad outlines of a major foreign policy debate in Washington, D.C. over American policy towards Russia. These differences are every bit as real as differences in the more visible debates in Moscow. Unlike previous

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[1] George F. Kennan, "America and the Russian Future," *Foreign Affairs* 3 (April 1951): 351-70 —Ed.

discussions on American policy toward Russia, the current argument doesn't proceed along any predictable lines. Longtime observers of the Russian scene find themselves in agreement with colleagues with whom they've had only heated discussions in the past. Meanwhile, longtime friends are shocked by the utterances of colleagues they always thought would support their positions. So it is not only in Russia that *perestroika* has shaken the cage.

Some analysts have become very pessimistic about the pace and direction of political and economic change in Russia. To state their argument in somewhat simplistic terms, Russia is on the brink of breaking apart. Ethnic and regional tensions are growing while economic reform is faltering. Last month's [December 1992] Congress of People's Deputies was a political disaster, not just because it led to the removal of Prime Minister Gaidar, but because it exposed the Russian Federation Parliament as an illegitimate institution, one out of touch with its own country, and exposed the weakness of President Yeltsin. Given the coming chaos, it would be folly for the United States to invest in or aid Russia.

On the other side are, well, let's call them the optimists, who put forward an equally simplistic characterization of their position. What they see is the emergence of regional powers within Russia, which they view as a sign of democracy and decentralization, not disintegration. A powerful, primal force has been released in Russia, with privatization and private economic activity surging up from below. Last month's session of the Congress of People's Deputies revealed a desire to pursue the politics of compromise—the very basis of democracy and an essential ingredient for any genuinely democratic polity in Russia. They then argue that what you see are forces emerging from below, compromise at the top. From their point of view, it would be folly for the United States *not* to be involved in trying to encourage development towards the Russia we would like to see.

I am confident that advocates of these positions will speak out during the rest of the day. There are plenty of people from both positions, and positions in between, in this room—and this is not a room full of shy people. Before turning to our initial speakers, however, I

would like to mention the critical role played by Vladimir Pechatnov of the Embassy of the Russian Federation in organizing today's sessions. He provided not just organizational skills, but also invaluable intellectual perspectives, and it's been a pleasure to work with him. I also would like to mention the Foundation for Social Innovations (there are materials about the Foundation on the table outside), as they made it possible for all the Russian participants to be here today. I would like to thank them for their collaboration and support.

I'd like to turn to our first speaker, James Billington. Dr. Billington is the thirteenth Librarian of Congress and a well-known authority on Russian history and culture. He has written often about Russia. His first book, *The Icon and the Axe*, is widely regarded as a must-read for any student of Russian affairs. His more recent book on the August 1991 coup, *Russia Transformed*, is finding a very large readership as well. He was educated at Princeton and Oxford, where he was a Rhodes Scholar, and taught at Harvard and Princeton before coming to Washington to direct the Woodrow Wilson International Center for Scholars, of which the Kennan Institute is a part. I have already mentioned his role in the founding of our Institute. I should also note that he will have to leave perhaps five minutes early because he has one of those meetings this morning that one can't avoid. However, he will be back with us for the entire afternoon.

James Billington: I would like to make roughly ten points and ask you to bear with me as I elaborate them from my notes.

Amidst all the chaos, cacophony, and confusion on the current Russian scene, one can find evidence for almost any set of conclusions. But the uncomfortable basic fact is that Russia is in the midst of an altogether unprecedented process of transformation that will never be understood through any of our current forms of analysis: political Kremlinology focused on personalities; macroeconomic analysis focused on programs; or historical analogies focused on past revolutions.

One: Russia is being both driven ahead (and riven apart) by the kind of deep psychological and cultural forces that come to the fore at

genuine break points in human history and are described better by creative artists than by social scientists. Andrei Siniavsky, still writing anonymously as Brezhnevian stagnation descended terminally over Russia in the late 1960s, prophesied then that the entire Soviet system would end through what he called "peristaltic metamorphosis in the entrails of God."

We are, indeed, now seeing not political "change" of a traditional evolutionary, or even revolutionary sort, but the convulsive physiological actions of a large, disturbed society. It is occurring in the entrails—the bowels more than the brains—extruding into Russian society a new vulgarity, venality, and corruption, yet at the same time providing its young democratic reformers (reviled as *demokraty* "shitocrats") with the fertilizer in which a new civil society is growing rapidly from the bottom up in this hitherto top-down autocracy.

But it is happening in the entrails of God. There are inescapable spiritual dimensions in a society where parishes are multiplying in the Orthodox and other churches more rapidly than priests can be found to handle them. The loss of a religious vocabulary in Western public discourse makes it hard for us to realize that evil has been transcended by repentance without revenge in post-Communist Russia; that innocent suffering in past *gulags* has been given redemptive value; and that the amazingly non-violent breakthrough of August 1991, which occurred on the Feast of the Transfiguration, was indeed a "miracle" through which ordinary people rediscovered a moral dimension to their lives. Democracy, which had seemed to die on the first day of the coup, was resurrected on the third day.

Two: Whatever the setbacks to reform in 1992, August 1991 began the revival of the Russian people and was, thus, a genuine turning point from which there is no turning back. The convulsion of Eastern Europe in 1989 and the Westernized republics of the USSR in 1990 reached its politically decisive climax in Russia in 1991. But the failed coup not only brought an unexpected, simultaneous end to the largest empire (the Soviet Union), the most influential secular religion (communism), and the most powerful political machine (the Soviet Communist Party) of the twentieth century; it also marked the resurgence of the hitherto quiescent

Russian people who had both created and been victimized by all three of these forces. The collapse of communism and the Soviet Union intensified the Russian search for a positive new identity.

Three: Just as the upheaval in Moscow provided the decisive moment in the dissolution of communism, so the still-uncertain outcome of the metamorphosis of the former Soviet Union depends crucially on the final outcome in Russia. The victory of democratic forces in Russia in August 1991 made the independence of all the other republics possible. These republics now have essentially holding governments led by the old *nomenklatura* party bosses. They have substituted nationalist for communist armbands and decorated them with democratic slogans. But they are authoritarians at heart, and whether or not their fragile regimes will become reasonably democratic depends primarily on whether or not democracy succeeds in Russia.

Four: The crucial question for determining the fate of Russia is not this or that personality or economic program but which of two basic identities will give post-communist Russia the geographic and historical coherence and unity it now lacks: authoritarian nationalism or open democracy?

Lecturing in Moscow on the search for a new Russian identity just before the coup attempt in August 1991, I described Russia as struggling between two forms of legitimacy: either the imperial-authoritarian heritage that glorifies the state and army and reimposes discipline from the top down; or a new, market-oriented democracy that builds participatory and accountable institutions from the bottom up. I suggested that the catharsis of the Soviet past would be either a nationalistic one, based on internal purges and external enemies, or a deeper, moral catharsis within individuals involving the rebirth of conscience and the transcending of violence. The events of August 1991 moved Russia rapidly from a crude attempt at the former to an amazingly swift victory of the latter. The democratic forces gained legitimacy, but had no clear program for reconstruction.

Five: Three political forces are currently struggling to preside over the Russian transformation: democratic reformers, authoritarian

nationalists, and the so-called "middle way" of authoritarian reformers. None, however, has yet combined legitimacy with effectiveness internally, and each is pushing Russia (consciously or unconsciously) toward an external model.

The nationalists have an increasingly popular form of legitimacy without any prospect of effectiveness. They would have Russia play a role inside the former USSR like that of Serbia in the former Yugoslavia. The authoritarian reformers (typified by the so-called "Civic Union") offer the minimal managerial effectiveness of old-line Party bosses without any legitimacy whatsoever. The secret model for many (and the likely result for Russia) is accelerated movement towards the Chinese combination of openness to the international economy with renewed internal repression.

The democratic reformers have legitimacy (Yeltsin is the only legitimate political leader) without, however, much effectiveness. Their aim is to recover Russia's lost spiritual and cultural traditions while moving Russia closer to western political and economic institutions. Particular interest in the American model is based not only on the classical Russian cultural tendency to borrow inwardly from the major power in the West that they outwardly oppose. It is also based on the rational belief of a new generation that the continent-wide, multi-ethnic, power-dispersing experience of the United States provides a more applicable Western model for solving Russian problems than the economically centralized and ethnically homogenous experience of most other major nations.

Since legitimacy provides the most indispensable foundation for rebuilding a society (even economically), the democrats have an inherent strategic advantage over the authoritarian nationalists. But the tactical ineffectiveness of the democratic reformers has dissipated much of their appeal. By not pressing rapidly for a new constitution and free elections after their victory in August 1991, the democrats failed to create the legal and law-making framework for translating popular legitimacy into institutionally effective rule.

Six: We do not realize the extent to which the over-all Western posture has demoralized the Russian democrats and helped legitimize the

nationalists. After heroically repudiating their recent past and peacefully giving up a great deal of their territory, Russians feel humiliated to see their leaders treated almost as beggars at international gatherings and their people patronizingly dismissed in Western commentary as genetically incapable of democracy. Russians feel—correctly—that they overthrew communism and, in so doing, performed a heroic deed (*podvig*), but that everyone in the West now seems to be taking the credit and responding only with "petty actions" (*malye dela*). "You spend billions on the sheiks of Kuwait," one Russian democratic leader put it to me in Moscow last month, "but give our democracy small change, as if we were street people whom you want to go away."

Russia, however, is too big to go away, and its democratic reformers have been devastatingly deflated by two messages that the West has unintentionally sent the Russians during their first year of attempted democratic rule. The first is the impression that the West does not much care if Russia does become either another Serbia—since we are not doing anything to check the Serbs—or another China, since we are pouring investment into China, despite its continued repression, rather than into Russia's chaotic freedom. The second deflating message is that we simply cannot be bothered, that they made the mess and must unmake it themselves, and that, anyway, we have problems of our own. The assumption behind this view is that the dangers have ended with the Cold War and that we will not have to worry about Russia for the ten years or so it will take them to get their economic act together. This view mistakes an awakened Russia for a third world country and overlooks a host of increasing dangers from spreading ethnic conflicts, dispersed strategic weapons, unstable nuclear power stations, etc. Most seriously of all, this dismissive attitude assumes that Russia, as presently set up, can somehow muddle through.

Seven: The sad fact is that democratic Russia cannot muddle through. Countries with strong institutions and a social consensus muddle through, but Russia has neither. Nor does Russia yet have real political parties, or even unifying, nationwide structures capable of supporting democratic development, such as Poland had in the Catholic Church and the Solidarity trade union movement.

The Russians as a people will, of course, survive. They weathered on to ultimate victory despite frequently poor leadership in the far more dreadful times of World War II. And, in the long run, the transformed, reform-minded younger generation is bound to prevail.

But Russia is unlikely to get through the next two years as an accountable, participatory political system with an open economy unless it operates far more effectively. If present trends continue, Russia will—at least for a time—probably discard democracy and adopt an authoritarian, nationalist framework for defining who they are and where they stand in the world. Though the break (*perelom*) with communism is irreversible, a new dictatorship is increasingly likely through a second coup or what Yeltsin has called a "creeping turnaround" (*polzushchyi perevorot*).

Reactionaries in Russia openly talk about the "Pinochet variant" and the "Chinese model" for reinstating order in society. The brilliant writer and advisor to Yeltsin, Iurii Kariakin, warned at a conference here in Washington that the danger in Russia would be not fascism on the Italian or Spanish model, but full-blown Nazism, complete with ethnic cleansing. Many ambitious, young political leaders who were formerly reformers are currently playing with extreme nationalist slogans—one of them even bragging that they will turn Yeltsin into "our Hindenburg."

Eight: It follows that Russia should be a priority—perhaps *the* priority—international strategic concern for America. Russia may, indeed, simultaneously represent both the greatest short-run danger and the greatest long-range opportunity for America. The *dangers* to the West are obvious should the former USSR become a giant, nuclear Yugoslavia; but the *opportunities* for America in particular are far greater than we have yet appreciated if an open, democratic Russia succeeds. Americans should be especially attracted by the size of Russia's emerging consumer market, its vast undeveloped energy resources, and the cooperative possibilities of helping to build a civil society and a market-oriented democracy in the geopolitical heartland of Eurasia.

The overarching purpose of the entrepreneurial maritime powers (first England, then the USA) has long been to prevent hostile authoritarian forces from gaining the kind of dominance in Eurasia that

could reduce the more open and democratic societies on the Eurasian periphery to marginality, if not vassalage. It would be tragic if, having won the Cold War, the free North Atlantic world were to lose the longer struggle to prevent continental autocracy from consolidating control over the maritime democracies.

Nine: The Eurasian heartland of the former USSR is still the key variable in determining which of the two futures the world will see by the year 2000.

Either (a), Russia will be democratic, relinked by trade with much of its former empire, with moderate new Muslim states of Central Asia helping stabilize the Middle East, with China following the Russian reform path after its own forthcoming generational leadership change, and with Germany confirmed as a democratic state. Or (b), Russia will be authoritarian, locked in nationalist conflict with other parts of its former empire, with its former Muslim republics becoming authoritarian for self-protection (tipping the balance in the Middle East toward the Iranian rather than the Turkish model). Russia would follow the Chinese path of internal repression combined with expanded external trade, and Germany will pull away from its post-war democratic identity towards the prevalent Eurasian pattern of autocracy.

There will be plenty of international rivalry and competition in either case; but if the latter pattern prevails over the former, America risks becoming a marginalized, regional power in North America—unconsciously evolving in the 1980s and 1990s into what the declining Soviet Union became in the 1960s and 1970s: a superpower only in a purely military sense.

Ten: Greater American and G-7 involvement in Russia is indispensable, particularly during the present crisis period. While a greater Western role cannot ultimately determine the future form that a resurgent Russia (and the other national republics) will take, the democratic West stands to be discredited for years to come if democracy fails in Russia.

The new generation of Russians needs to be rapidly exposed to the full range of private and localized institutions that make for an effective open and pluralist democracy. America should implement rapidly the exchanges envisaged in the Freedom Support Act and multiply private sector initiatives like the Soros Foundation's training programs and Jeff Sandefer's new program for bringing 10,000 young Russian managers for intensive training in enterprises all over America. Russians have been less exposed to America in the last 80 years than the people of any other great nation, and direct human contact with America is one investment that is sure to bring positive results whatever path Russia is to follow.

Concrete material help must also be given to the beleaguered Russian democrats in the months leading up to the next, April [1993] session of the reactionary Congress of People's Deputies by forgiving and rolling over some debt payments and providing a stabilization fund for the hyperinflating ruble. Some direct signals of friendship from President Clinton could help re-establish hope: a personal visit to Russia before April, pressure on the G-7 nations for greater common efforts at support, or perhaps even a treaty of friendship and long-range cooperation. Far from competing with domestic needs, increased immediate investment in Russia would mostly involve training and linkages that could also benefit Americans—and save us the massive additions we would have to make to our defense budget if Russia took an authoritarian turn.

Blair Ruble: I now have the great pleasure of introducing Ambassador Lukin. I've already mentioned the important role that he has played in bringing us all here today. Vladimir Lukin, Ambassador of the Russian Federation to the United States, in many ways represents the same traditions James Billington represents—combining scholarship with the world of practical affairs. Elected a People's Deputy of the Russian Federation in the spring of 1990, he has until recently been head of the Committee on International Affairs and Foreign Economic Relations of the Russian Federation Supreme Soviet. He coauthored the Declaration of State Sovereignty of the Russian Federation. Previously, he headed a group of policy analysts for the USSR Supreme Soviet and was Deputy Head of the Department of Policy and Planning of the USSR Foreign Ministry.

His academic work has focused on U.S. policy in the Asian and Pacific regions and he is the author of several books and numerous articles, having worked for twenty-one years at the Institute of USA and Canada before his entry into electoral politics. He in many ways personifies what we at the Wilson Center call the Wilsonian ideal: bringing together the world of affairs and the world of ideas into a single human being. It is with great pleasure that I introduce Ambassador Lukin.

Ambassador Lukin: Ladies and gentlemen, dear colleagues, first of all let me warmly welcome you here at our Embassy. It is an event, I hope the first and not the last one, when we gather here to discuss very freely and informally what we are interested in.

When I heard the previous speech of Professor Billington, a brilliant speech in my view, I thought of my own perverted Marxist-Leninist indoctrination. With the help of my friends, I recollected that we were educated on the Eleven Theses of Karl Marx and, if I am not mistaken, the Twenty-Seven April Theses by no less than Vladimir Ulyanov Lenin. But to tell you frankly, although there are many more theses of both Lenin and Karl Marx, I like Mr. Billington's theses on Russia much more.

You know we Russians are famous, especially during the Soviet period—we won a reputation for being modest and having a beautiful sense of self-restraint. That is why I limit myself only to short introductory remarks and only one thesis. I understand very well that all of our scholars, as part of this scholarship mafia, visit conferences not to hear others but to speak out; thus I will try to save time for everyone to speak out.

Well, for us, citizens of Russia, it is heartening to see, even on the eve of the American transition, which, of course, is very important in your politics, that a discussion on the Russian future has attracted such attention and such brilliant participation. The theme of the conference has been inspired by Professor George Kennan, who unfortunately was unable to be with us today, for he felt yesterday a little bit unhealthy, but

until the last minute he was to be with us. It was forty-two years ago—at the height of the Cold War—that Kennan asked in a prophetic article with the same title as our conference what was then an unthinkable question: "What kind of Russia would emerge after communism?" And I quote, "What sort of Russia would we, Americans, like to see before us as our partner in the world community?" Then with striking accuracy Kennan went on to summarize, and I quote again, "These, then, are the things for which an American well-wisher may hope from the Russia of the future: that she lift forever the Iron Curtain, that she recognize certain limitations to the internal authority of the government, and that she abandon, as ruinous and unworthy, the ancient game of imperialist expansion and oppression."[2]

Well, it may have taken much longer than all of us would have liked, but finally we're catching up with Kennan's vision of an open, non-totalitarian, non-imperial Russia. The future of which Kennan wrote then is becoming our present. I am happy that Mr. Kennan, in a broader sense, is with us now, and that he has witnessed these changes. But this new Russia is still very young and fragile, and Professor Billington drew attention to that. Her future is clouded, as we are again standing at historical crossroads. Russia is being reinvented and only God knows the ultimate result of this process. Analysis of this titanic transformation at our close distance is very difficult, rather like shooting a running boar, or maybe it is better to say a running bear, if only because the target is constantly moving and changing. Yet we must have at least a general sense of direction, although the Talmud says that if you do not know where you are going, any road will take you there.

As we all know, there are huge problems on all fronts of this transformation—economic, political, and in our relations with the outside world. I am sure many of these problems will be discussed today in more detail, but let me in my introductory remarks focus on just one, I repeat one, thesis. In my view, the one very important challenge facing us today is the search for a new or, perhaps it is better to say, renewed Russian identity. No nation or country, not to mention a great one, can survive without this basic sense of what it is and what its place in the world is.

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[2] Kennan, "America and the Russian Future," 362 —Ed.

Yet our habitual identity has been shattered by the recent upheavals. It is not something that can be mechanically reconstructed. National identities evolve organically as big trees over time, shaped and reshaped by historical circumstances. Sometimes they change very drastically, but never achieve—although they may occasionally aspire to—a total break from the past. Likewise, our new identity will be shaped both by history and the present, including today's efforts to negate most of our Soviet past and, at the same time, to regain the usable elements of our pre-Soviet history and maybe even some smaller parts of our Soviet traditions.

One of the pillars of that tradition has been the idea of Russia's unique mission in the world. Hence, the famous concept of Moscow as the Third Rome, which since the fifteenth century has been an amalgam of Russian statehood with a sense of Russia's universal mission. Let us not forget that this version of the Russian idea went far beyond nationalism or religion. Its underlying theme was the ideal of the global commonwealth, united by common, although, of course, very archaic, values. In a much more distorted and aggressive way the same impulse later came to be embodied in Soviet communism, which again was a peculiar combination of universalism first and nationalism second, although perhaps they changed places from time to time. This universalist and messianic side of the Russian political personality has coexisted uneasily with its antipode, the self-humiliating idea of Russia as a bastard of history which has nothing of value to offer to the world and whose best chance is, after due repentance, to follow the rest of the civilized community.

Today echoes of this eternal dichotomy resonate in our current intellectual debates on the Russian future. Extremists on both sides of this divide are feeding upon each other and, in general, upon the desperation of our current predicament. Yet we must find a new, healthy balance between the heterogeneous Russian mission, adjusting it to the current realities of our domestic and external situation. It seems fairly clear, at least to me, that the complete dissolution of Russia into some kind of multinational western structures is highly unlikely, if only because it doesn't work even for the longtime members of the Western

community who still retain their respective national identities—I mean not only the Americans, but the Germans, the Japanese, and others.

On the other hand, a deep separation from the rest of the world, a self-absorption, is neither realistic nor desirable. So remaining true to her better self, the new Russia must also become an organic part of the broader international community. It is not an entirely novel combination. Historically, Russia revealed herself most and achieved most in human terms when she actually interacted with the West. After all, her greatest contributions to human civilization were made in the nineteenth and early twentieth centuries. Still, to find this synthesis anew will not be easy. But it is necessary. How can traditional Russian values, including Orthodox Christianity, be combined with the predominant values of the modern western world, or, even more importantly, with the imperative of the internal advance towards the market and democracy? What is going to be the new meaning of enduring Russian universalism, devoid of imperialist inclinations or ideological pretensions? These are only some of the key questions which need to be resolved for the new Russian self-identity to emerge. This will be an arduous but extremely important task. A successful rejuvenation of the Russian spirit may inspire our people to great achievements, constructive achievements in all practical spheres. Failure to do so is likely to immerse Russia in self-victimization and despair, a Russia who will look for either revenge or suicide.

This is, first of all, a challenge for our intellectuals, but in meeting it we should always be aware of another curse of Russian history: the gap between the intellectuals and our people at large which either doomed many a noble vision or turned it into a nightmarish utopia imposed upon the people. The last one was the communist utopia. I think that one of the things which may cement this new sense of identity is the building of a new Russian house, not in a John le Carré sense, but in an authentic Russian meaning of the word *dom*. *Dom* is very peculiar word, which as many of you may know, means both house and home at the same time. The symbolism of *dom* in Russia is particularly rich. It embraces not only the sense of owning property and possessing a private space of your own, although this is very important, but also a sense of belonging, of having firm roots somewhere in Russia. It also implies

sharing with your neighbors a sense of having a stake in the larger community.

So it all begins with your own house—family, patriotism, personal rights and responsibilities, self-esteem, respect for others, as well as an ability to keep your household in order—for which there is a special Russian word—Professor Billington and others know this word: *domovitost'*. Individual home ownership used to be a venerable tradition in old Russia where, as our great poet Alexander Pushkin wrote, "even beggars after a hard day come back to their own log cabins." The cardinal mischief of the Bolsheviks was destroying this tradition for the sake of constructing a dream common house for all. But it became in reality an ugly dorm—*obshchiaga* (barrack-like), I would say in Russian—inhabited by ruthless dependents who owned nothing and felt no responsibility for the maintenance of this weird structure.

So now we must rebuild this sense of private ownership and belonging to a community in order to give everyone a stake in a stable and lawful public order. Only on such a microbase can another Russian house, that of a new Russian statehood, be built to replace the old imperial one. It cannot be an ethnic Russian house, of course, for that would mean a return to tribalism from the ethnic and linguistic diversity which has characterized Russia for ages. It must not be a *russkii*, but *rossiiskii dom*. It is impossible for me to translate these two words, but the difference between them is pivotal because *rossiiskii* means not ethnically, but, I would say, multi-ethnically Russian, based upon a civic and not nativist concept of allegiance in which different national and ethnic groups feel secure and equal to one another before common, effective laws. This Russian house would also be a democratic house, not in the sense of being a simple replica of an American or European democracy, but in its own way, combining the best of the Russian liberal democratic tradition with our new democratic experience and whatever is applicable from the rest of the modern democratic world. Being a democracy, Russia would pose no threat to her neighbors, new and old. So it would be a house of the good neighbor in its relations with the CIS and other adjacent countries.

Finally, a Russian house as a part of the world order, of the global house of world civilization, is very important for Russian self-perception. Here again, the rights and responsibilities of the members of this community go together, rights of participation and sharing, and responsibilities to live by the common rules. These rules are increasingly complex and important because our global habitat itself is more vulnerable and interdependent than ever before. Its shared survival requires a great deal of self-restraint, cooperation, and mutual protection. Self-restraint, which I mentioned in the beginning, is not a joke, but an objective, I would say. Otherwise, as one philosopher put it, "What is the use of the planet if there is no place to put up a house on it?"

This new international ethic is best observed by those countries which have a stake and a legitimate place in the global house of civilized nations. In the Russian case, the alternative to that would be a globally homeless Russia, devoid of rights, unrestrained by responsibilities, pursuing her interests with no regard for the interests of the others. Such a course of events would be disastrous both for the world and Russia herself. Conversely, a democratic Russia restored to her rightful place in the house of nations would pose no real threat to the other inhabitants. Of course, Russian national interests will continue to exist and be defended. As in any community, there will be legitimate differences and even, sometimes, conflicts. But these problems would be resolved by rules other than those, shall we say, used between Sadaam Hussein's Iraq and the United Nations. The new Russia would want and will be able to live by the rules of the civilized democratic community.

To sum up: a new Russian house in the broad sense of the word is not only needed, but is truly indispensable for Russians in both the direct and symbolic sense. Developing a new Russian identity may seem an esoteric exercise, but like everything done by human beings, a lot depends on their psychology. As we have seen more than once with a certain state of the human soul, even mutual economic and cultural space quickly turns into mutually crime-ridden space if there is no such understanding and reasonable self-perception. This is just one problem facing today's Russia, but who knows? Perhaps this will give us that small golden key with which we can open the big lock. So let us search for the solution together, including at this conference.

Finally, a few words about America and Russia. I can talk about the U.S.A. today only because I am much more confident about American prospects than our own. Russia is, and for sometime will remain, the main variable in Russian-American relations, although, of course, I do not underestimate America's problems. So the future of these relations, for better or worse, is much more up to Russians than Americans. If Russia stays and steadies on her democratic course, the future is likely to be bright, because for many objective reasons our two countries intrinsically, as well as historically, have very few conflicting interests. The Cold War was a temporary distortion of that tradition, we are now getting back to the historical norm in our relations. We are even improving on this norm because for the first time in history, democratic America encounters democratic Russia, and both countries have more in common than ever before. This does not mean that the future of our relations is guaranteed and will not require a serious effort on both sides. Building a new Russian house is up to us of course, but good neighbors help. Good neighbors help each other in an hour of need not only because it is right in the true biblical sense, but also because it is wise. To paraphrase Emerson, the only way to have a good neighbor is to be one.

I would ask you a very simple question. If in the beginning of the 1980s, then new President Ronald Reagan was asked, "Could you Americans collect, let us say, two hundred billion dollars to quickly produce such changes as the democratization of Russia, Russia's entrance into the world community, and getting a Russian government that would ask you to become friend, partner, and in the final account, ally?" I am sure that President Reagan would have thought for no more than one minute before saying, "Yes, I accept it." I would like this not to be forgetten during our current discussions on how many thousands we should find to keep the Russian and the CIS democracies afloat.

So it is in this spirit of common effort and friendly dialogue that we open this conference. We have a very distinguished group of American speakers, well-known observers of Russian affairs, and an interesting Moscow team of participants in those affairs which includes both scholars, journalists, and entrepreneurs—new entrepreneurs all closely involved in the current Russian transformation. I am sure this diversity

on our side will enrich our discussions today, in which the audience is warmly invited to join and participate. Thank you very much.

Blair Ruble: It seems to me that Ambassador Lukin has really posed the three central questions we'll be looking at today: What is Russia? What is Russia's place in the world? And, what is America's relationship to the process of answering the first two questions? We have time for a few comments from the floor. I will remind you, however, that in about five minutes Dr. Billington must leave and will be unable to reply to whomever is speaking at the time. He will be back to join us later in the day. The floor is now open for questions, comments, queries.

Question (unattributed): What is the incentive for the United State to help Russia? Can you give us a more positive way of looking at the value of helping Russia?

James Billington: I thought I had mentioned, although perhaps I did not dwell enough on, the positive side. I think from an economic view it is the enormous emerging market, from the geopolitical point of view, it is opportunity. You see, everyone keeps saying we have won the Cold War. Well, everyone won the Cold War because it is over, but we are at risk of losing a much longer battle which is the fundamental battle between the predominantly authoritarian tendencies of the great land-based empires of Eurasia and the fundamentally, entrepreneurial, open, freer societies of the more maritime powers, beginning with England and the United States. That has been the basis, one of the deeper bases, of diplomacy.

We have the chance now to install in the geopolitical heartland—it is not we who are doing so, but humanity which has the chance for the first time to install in the geopolitical heartland—what we want. The Russians do not want an exact imitation of the United States, but they want to get the benefits of the American experiment—which we conducted in relative isolation with relatively few dangerous people on our borders. That was not our inherent virtue, that was our good fortune—being in a

relatively open continent. It is a little different having the Canadians on your border then having Ghengis Khan or the Teutonic Knights around. That is not a question of virtue, that is a question of good fortune. They want the benefits of that.

Now it's in our interest both to develop a market, a market that's very compatible with the American one. If we develop these friendly relations simply from our self-interest, we are positioning ourselves well for a market that otherwise would be dominated by the Germans, the Japanese, and maybe even the Chinese, for that matter. So it's in our interest in an affirmative way for the long-term: there is a geopolitical benefit, there is an economic benefit, there is a psychic benefit. I would even say there is a cultural benefit because Russian culture in the modern era has been one of the most enriching and reviving spiritual forces in the whole history of what you might call European Christian civilization, if you can use that phrase. It's had some pretty bad exemplars and representatives in the twentieth century. It is also a reach beyond the purely European.

So I think it is an exciting frontier. I think we have a lot in common. You will find, I think, and the reporting has been very defective on this, that there are a lot of American initiatives that would make wonderful stories to report, stories about people who are doing things. Look at Nizhnii Novgorod. There is a vital, reviving, local economy. They sent forty-five people to Taylor University in northern Indiana. They've got all kinds of ideas, all kinds of interesting interactions. The people of Indiana are fascinated—they have a sense of kinship there. These positive stories never get told, but the American people are far ahead of the American establishment and even the reporting on what is happening in Russia. I have been involved with an initiative in which we found someone to both finance in the private sector and organize the bringing to the United States of thousands of Russians. Mr. Alferenko and the cosponsor of this meeting with the Kennan Institute has also been actively involved in helping on the Russian side.

So there is a lot going on. There is an instinctive feeling that there are areas of cooperation. There is a history—there has never been a war between us. We don't have conflicting boarders. It's not a condominium,

it's not a preferential alliance, but there is a great sphere of creative cooperation that can bring psychic, psychological, cultural, and economic benefits to this country and can seal the long-term, fundamental, geopolitical conflict for the future development of the world. If that isn't a positive agenda, I do not know what is, frankly.

Blair Ruble: We have time for one final comment or question before the break.

Two questions, inaudible, concerning Ambassador Lukin's speech before the December 1992 Congress of People's Deputies in which he purportedly criticized the pro-American bias of current Russian foreign policy, as was reported by *The Washington Post*.

Ambassador Lukin: First, I never told it to *The Washington Post*. I remember that my name was connected with the *Washington Post* article under the names of your respected veterans of journalism, Rowland Evans and Robert Novak. They speculated that such big names as General Gromov, General Shoposhnikov, and surprisingly, Vladimir Lukin, were participating in some sort of conspiracy to overthrow the Gaidar government. That is how I remember it, but I respect this paper so much that I began to believe that maybe I am involved in something like this, and my speech at the Seventh Congress in defense of Gaidar was just a cover-up for this operation.

As for your question, I really did speak at a conference in Moscow and parts of my speech were published in Russian in *Nezavisimaia gazeta* in Russia, which is not the *Washington Post*. To them I said that in the Russian political elite, not necessarily in the Russian Foreign Ministry to which I now belong, there are some people who are naively pro-American in thinking that we should second any American move without any discussion of whether it is good or bad, just because America is a democratic country. I considered and still consider this to be naive. But I do not and did not refer to our Foreign Ministry, or our Parliament, either. I know people who are inclined to such a mode of

thinking. I know that it is present within our political spectrum, although to a lesser and lesser degree, by the way. My feeling is that the best pro-Americanism in our country is a pro-Americanism that is durable, which takes into consideration that Russia is Russia and that Russia should be treated as a great power by Russians themselves, as I've tried to put it just now. If we say that we should follow America just because America is doing something, this will not even be a durable pro-Americanism. But if we say, let us discuss our national interests and, after a thorough discussion of our national interests, in my conviction in eighty-five percent of the cases we would agree that to be with the United States corresponds to our national interests, it will be a much more durable and solid pro-Americanism and will be more beneficial to American interests because it is a long-term guarantee of the continuation of this policy. That is my view.

Blair Ruble: I see from the comments about the *Washington Post* that Ambassador Lukin has been absorbed into Washington subculture. I never said it, but it is a great newspaper nonetheless.

SESSION II: CAPITALISM IN RUSSIA?

Blair Ruble: We need to get started. We have several speakers and we'll be working in two languages, so I'll keep the introductions short. This session will look at the future of capitalism in Russia—certainly there's a lot to talk about. What we've decided is that Pëtr Gladkov, who is President of the Russian Science Foundation—you'll be hearing from him later today—will introduce Iurii Lvov and Il'ia Baskin, as he knows them far better than I do and he can tell you a little bit about them. They will then speak and I will introduce Dr. Starr, and we'll move onto discussion.

Pëtr Gladkov: It is a great pleasure for me, ladies and gentlemen, to introduce Mr. Iurii Lvov and Mr. Il'ia Baskin to you. As the Executive Vice-President of the Foundation for Social Innovations, I've been working very closely with them on a series of projects, including the well-known space flight Europe-America 500, the first launch of a space craft arranged and paid for entirely by Russian private business organizations and business groups. Actually, this event was made possible partly by the generous contributions of Mr. Baskin and Mr. Lvov and it is thanks to them that we at the Foundation were able to arrange, organize, and play our part in the organization of this conference.

The first speaker will be Mr. Iurii Lvov, who is the President of the St. Petersburg Bank. This is considered the second biggest commercial bank in Russia and one of the most professional, western-type banks in the whole country. Mr. Lvov was born in 1945 to a working class family. He graduated from the Economic and Finance Institute in St. Petersburg in 1975. He holds a Ph.D in economics from the same institute. He's been the President of this bank since 1989. Mr. Il'ia Baskin is one of the leading entrepreneurs of the new wave of businessmen in Russia. He's by no means a representative of the so-called "businessmen" of Russia who are mostly hustlers on the streets trying to sell you second-hand watches, second-hand computers, or second-hand cars. He is dealing not in trade, but mostly in production, which is the most important thing for the Russian economy now. He started his business three years ago and since then he has been able to build a real empire, a very huge, big and

powerful holding company, very diversified. Another very important thing about Mr. Baskin—he will tell you his story which is very interesting—another interesting characteristic of Mr. Baskin's attitude is that he is thinking very seriously about the social responsibility of business. He has been very closely involved in the work of our Foundation for Social Innovations. He is our major contributor and our major partner. And now, I will give the floor to Mr. Lvov.

Iurii Lvov [transcribed from simultaneous interpretation]: Ladies and gentleman, I want to thank you very much for this opportunity to address such a distinguished gathering and to thank the distinguished representatives from the Kennan Institute, the Russian Embassy, Ambassador Lukin personally, and George Kennan. It is certainly very hard to digress or distract oneself with the problems that have been discussed in the first session. After a discussion centered on geopolitical problems and the place of Russia in the world, the place of America, too, and the evolution of the new world order, it's really going to be very hard for me to focus your attention on what I am going to say.

I represent typical structures or entities of the banking, insurance, and stock exchange capital in Russia, which really do exist today in reality and about which people know very little. Sometimes these are things that even the Russian government fails to notice and, of course, these are the structures that are important for American business. I would like to call your attention to the fact that the Russian banking system is the first branch of the national economy that was denationalized by decree of President Yeltsin (signed last August 1990). Following that, a two-tier banking system was created, reflecting in some ways the American banking system, with a Central Bank of Russia and the remaining banks being not state-owned.

Today, ninety percent of these enterprises are not state-owned and are engaged in the social infrastructure of the city. The St. Petersburg Bank began with four thousand clients, but over the past three years has increased that number to over eighteen thousand clients. The additional fourteen thousand clients are not state-owned enterprises, they are privately owned companies in St. Petersburg. It is their capital that

provides the base, the backbone, for the credit resources of the bank. Naturally, their resources go to the development of small- and medium-scale businesses. At the same time, the monopoly for foreign banking activity was eliminated, which was personified by the activity of the Vneshekonom Bank. Today our bank, like many other banks in Russia, is licensed to perform transactions on international currency markets of the international community. It guarantees and insures the movement of resources and capital itself. This year alone we have established over thirty-five direct correspondent relationships with banks of Europe, Asia, and America. In this endeavor we were supported by the Norway Bank of the State of Minnesota.

The privatization processes which are actively underway in Russia at this time involve significant capitalists from the banking, insurance, and the stock exchange businesses in Russia. It is these businesses which provide the capital for denationalization, the establishment of joint stock ownership companies and private companies. This increasingly and in reality constrains or places limitations on the actions of politicians, aimed at using painfully familiar and habitual methods of authoritarian pressure upon the economy in order to address short-term political objectives.

Unfortunately, the negative information and coverage in the press and in the media, both in Russia and in the West, revolves around what we call the politicization of various situations. The struggle between the Supreme Soviet and the government does not reflect at all the enormous number of examples which show the development of civilized market-oriented relations at the microlevel. We are concerned about this fact, and greatly so. This interferes with our work and does not help in our relationships with the real western partners that we do have both in Western Europe and America. We were ready yesterday and are ready today to go to the Russian market and, rather than providing assistance, to engage under mutually beneficial conditions and terms in constant business operations both in Russia and in other countries by using the scientific and technological potential, the intellectual and natural resource potential, of Russia.

We are engaged in a number of operations which would make it possible to change this, to alter the situation and change the perceptions

in the west and America about what is really going on at lower levels of the Russian economy. Today, we have real private capital which is ready. We are at the same time pursuing the social responsibility to engage in defense conversion programs. One should not overlook the fact that these problems are not only Russian problems, but American as well. We have tried to demonstrate how this could be possible and how this could be done.

My colleagues at the Foundation for Social Innovations, Mr. Alferenko, Mr. Gladkov—whom you already know—and Il'ia Baskin from the Joint Stock Ownership Company, *Garant*, and the St. Petersburg Bank, are not here today for personal reasons, but to represent thousands upon thousands of people who participate in those companies and in the Fund. Over the past month we have been able to establish a private capital fund in the amount of more than one billion rubles, a smaller portion of which is in hard currency, and we have been able to set up and implement the program which is called Flight America 500.

In so doing, we wanted to demonstrate to the Russian government and our American colleagues that already today Russia has civilized commercial structures and entities which are capable of implementing any type of joint projects, not only in the area of defense conversion, but in any sector of the national economy. At the same time we wanted to demonstrate and prove that we have an example of a transition period—the reconstruction and restoration of the Russian economy—in which private capital, joined with a strictly and rigidly controlled military space system, implemented a commercial project. [This project was implemented] by drawing on Russian national property within the framework of defense conversion—not for [the purpose of] producing frying pans, but in order to use real and actually existing potential in the national economy [for a project] not in the defense area.

I wanted to call your attention to the fact that politics can move to the right or to the left, but the practical economics of the last four years, let's say, unfortunately slowly, but surely and irreversibly, are moving toward the mainstream of civilized economic relations. We will be leaving this country this afternoon at three o'clock on the eve of a very important event in the life of America—the inauguration of President Clinton. We

are convinced that this development will be of historic importance in a progressive sense, not only for the domestic situation and life in the United States of America, but we are also convinced it will be very important for the internal situation in Russia. We believe in that and that is the reason we are here. Once again, thank you very much for this opportunity to address you. Thank you for your attention and patience.

Il'ia Baskin [transcribed from simultaneous interpretation]: I would like to add to the words which were spoken by Mr. Lvov with regard to all the people who participated in the conference and who have come here. I would like to tell you a little about a different side of business in Russia.

I represent some of those people who began to engage in business in 1988 in Russia. In 1988, after having worked for ten years in a major government enterprise where we employed more than two thousand people, I decided to give up this activity and take up a new one. Of those persons who knew me, some of them felt sorry for me, other people laughed, but there were very few who had any confidence in me, and in truth I did encounter very considerable difficulties in the beginning. The first question was, of course, how do you begin a business? Well, you begin in such a fashion that you don't get shot when the confiscations begin.

I knew there had always been a positive and good relationship and attitude towards children, so our firm began to sew children's clothing. I rented a two-hundred-square-meter basement and got a loan of fifty thousand rubles. My wife couldn't sleep at night because she would get to worrying about what we would do if we could not pay back the loan. Now, I borrow a lot more money at one time, but my wife has begun to sleep more calmly.

And so it took us eight months before we were producing our first products. In the first year, that was 1988, we produced twenty thousand children's dresses for a sum of sixty thousand rubles. One event took place here that had a very considerable effect on subsequent business. In Russia there is a newspaper called *Argumenty i fakty*. It is the most widely

sold paper in Russia. They published a letter from Wesley Bilson and Harold Williams from Los Angeles, who made a proposal that they wanted to render assistance to an entrepreneur. There were four thousand applications. Among those four thousand applications was that of myself and my wife. We made a proposal to sew children's clothing using the facilities of a former military facility. We won the competition. We won this competition of Mr. Williams and Mr. Bilson in which there was the participation of the American actor Paul Newman and the Soros Fund, and we purchased equipment to the tune of two hundred and fifty thousand dollars. It took about a year and a half and there were intense consultations, people came to visit us, and we likewise visited Los Angeles. Ultimately, I came to the understanding that the chief accomplishment was not the money we had been lent, but the experience which we accumulated.

We had the idea that perhaps clothing was produced in some special fashion in America—that it was all highly automated. But when we began to see how it was actually produced, began to get a hands-on feeling for it, we saw that things were much simpler than we had imagined. The American consultants came to visit us. They saw how we had positioned the equipment within our facility. They suggested that we rearrange the equipment and, without putting any extra money into that, we fulfilled their instructions and managed to double our production. The consultants, when they looked at the plans for the factory, said they would do some things somewhat differently and they proposed their own plans. As a result, if we speak of 1988, within that time we managed to save a half a year of time and half a million 1988 dollars; so the experience they imparted to us was precisely that start which was important to our business.

If we look now at the prospects for business in Russia, we can look at this Russian-American project which we are currently planning. We are hoping to send ten thousand people from Russia to America to study how businesses are run; we think this might be one of the chief stimuli for encouraging business. If we look at this group of ten thousand people, who we hope will return after one month, they will be able not only to continue business in Russia, but also to breathe a new breath of democracy into our country. We think we have to recognize that there

are a number of people who, unfortunately, are still overcome by the old concepts and the old approaches. We need a new breath of life.

If we just take people here and there, helter-skelter, this might not be a very successful project. But if we take, for example, three persons from each enterprise, or perhaps people in specific businesses, or specific regions, or perhaps larger geographic areas, then we would hope to create the necessary critical mass. Once they return to Russia, of course, they will be in need of bank credits. We hope that the Central Bank will be able help out in that fashion and they will be able to found their own businesses. We are hoping that America will likewise be able to allocate funds for the support of private business in Russia because heretofore it's been only talk.

A year and a half ago, I gave a talk at a conference in St. Petersburg on U.S. pension funds. We were talking about credits for private business. Mr. Silaev, who was then Prime Minister of Russia, was one of the speakers. A year and a half ago I said to him, "Well, the Americans gave me money to start up our factory for producing children's clothing and we did something. So how much money are you going to give?" And he said, "Well, the Americans are going to give us something." But now a year and a half has passed and I'd like to know—I don't think any money has actually been handed over at all.

Formerly, there was a Russian Iron Curtain and we were constantly told by Western businesses that they wanted to come see us, but we had the problem that we were not allowed to leave the country and had to continue to struggle for our right to [travel]. Now we see that the Iron Curtain has become impenetrable, but in the reverse direction. This is talk and only talk. It is politics and only politics. Personally, I have come to the conclusion that Russia will have to help itself and only Russia will help Russia.

Mr. Billington here was saying that Russia would not be able to resolve its own problems on its own, but I hold to the contrary view that Russia will be able to do that. In June, I met with Mr. Alferenko and we made this proposal on a satellite—that was on Thanksgiving Day. Everyone considered that we were engaged in utopian thinking and this

was not something that could be realistically pulled off. I immediately realized that this was a fully doable project, and when I discussed this proposal with my friend Iurii Lvov, we decided it was realistic and that we would be able to get the money.

We ourselves put up most of the money, but we did propose to certain American firms that they likewise participate. The project was drawn up in three and a half months. I think in America or any other country you would have needed two years to accomplish this. When we arrived in Seattle in November and told them of our intentions, people said, "We thought you were joking!"

For that reason, the potential is enormous; I think that we are fully capable of pulling off large projects. We are now working with Motorola on a telecommunications system and our General Director is Mr. Makarov, who is a former sailor in our navy. When we signed a contract with the Americans, we again had to deal with a good amount of skepticism, but as soon as the first half million dollars rolled in, all the skepticism disappeared; so I think for that reason perhaps America is not properly cognizant of Russia's potential in business.

I think what's important here is not so much to be constantly fixated on conversion of military objects, which is the way we are being pushed constantly, but first and foremost to convert people. I began by saying that in 1988 we began with the capital of one hundred and sixty thousand rubles and we made twenty thousand dresses. Last year we had a turnover of three and a half billion rubles. These were all consumer items. Chiefly, what was important here is that we were able to find new people from the military and Party workers who had been previously engaged not so much in ideology as in production. We realized that it was easier to teach the military business than the businessmen discipline. We consider that these are people who have yet to be corrupted by the situation, people who have clean consciences, who have potential, and this is perhaps our last chance.

It is no secret that corruption is rampant in Russia. For that reason we intend to transfer our operations to rural areas where there is either a minimal level of corruption or virtually none at all. Those people who

say that the so-called provinces, the rural areas—not the major urban areas—that they are the future, I think this is the correct view. Lately, we have seen a tendency towards amalgamation of enterprises. If two to three years ago people were intent upon working independently and getting ahead of the person next door, now they understand that if they really want to make progress, they are going to have to move in the direction of major business.

I think, therefore, if we look at this launch of the satellite which we pulled off, this is a very important original, or orienting, point. This has been a very important project on the whole. Likewise, we must take into account that our relations with the authorities are quite important. Regrettably, I have to state that there are different kinds of democracy nowadays. A lot of people are simply pretending to be democrats. It is a guise for them. For that reason we are intent nowadays on participating directly in elections. We see ourselves as an uncorrupt element of society. We think we have considerable potential. If we speak about elections, I think it is important that we do not repeat the mistakes of the past and compromise the very idea of democracy in the process.

Under the former Communist system it was very simple if you took bribes. If it became known, you were removed from your position. Nowadays, people have become impudent and do whatever they want. Only recently we purchased a department store in St. Petersburg. We considered the price to be roughly two billion rubles. People came to see us and said that if they got a bribe of five hundred million rubles, they would make sure the bottom line was a lot cheaper. Naturally we did not agree to that and threw them out of our offices. When we arrived at the auction, the price by that time had risen to six billion. That is why things have become so difficult. Yet, as a Russian saying goes, "As you walk down the road, that is the only way to get to the end." We are resolved to proceed along this path.

I want to come back to what Mr. Billington said: that no one could predict what's going to happen in Russia. But I would like to make a prediction as to Russia's future. Let's imagine that there is a plane with an American and a Russian on it. The Russian doesn't know English and he does not know how to pilot the plane. So the Russian knows that he's

either got to learn English or how to pilot the plane, otherwise the plane will crash and both the Russian and the American will perish. I think that the Russians will learn to pilot planes and they will teach the Americans Russian.

I think in practice Russia will not be able to get along without America. Neither can get along without the other. Of course, America has its own problems, but you need two people to carry a stretcher. Now our choice is: are we going to proceed with Europe or are we going to find a common path with America? I am not pandering to American interests because I'm here in America. After all, it was the Americans who helped me found my business, and they gave me two hundred and fifty thousand dollars which has made me a millionaire. I am grateful both to them individually and to America, but I do not want to be a rich man in a poor country. I want to be a rich man among equals, among peers. For that reason, I have already stated that I have returned that two hundred and fifty thousand dollars so that this money may be recirculated among other Russian entrepreneurs, so that they might be able to continue their work and we might have more millionaires in Russia. That way we will be able to carry the stretcher together. Thank you very much.

Ambassador Lukin: First, our Russian businessmen have demonstrated that something is happening in Russia despite all the pessimism. This is very good. Second, this famous space flight which they arranged shows that in such an enigmatic country as Russia, even the impossible sometimes becomes possible. Now we will ask them to demonstrate something else to us. In Russia, the possible should not be the impossible. This, I would say, is the main issue.

Blair Ruble: I now have the pleasure of introducing Dr. S. Frederick Starr, who is listed in the program as President of Oberlin College, but of course Fred is much more. He is a noted authority on Russian affairs, an author who has written on music, architecture, and is himself a musician. Dr. Starr was educated at Yale, Cambridge University in

England, and Princeton, where he taught for a number of years before coming to Washington, D.C. to establish the Kennan Institute.

He then moved on to Tulane University in New Orleans, where he was not only President for Academic Affairs, but became quite an expert on New Orleans lore and architectural history and, of course, jazz. He has an abiding interest in jazz, particularly New Orleans jazz. Fred is the only non-Russian laureate of *Literaturnaia gazeta.* His early predictions on the emergence of a civil society caught many people by surprise and, as I've already mentioned—perhaps best of all—he is really a rather accomplished clarinetist. Presumably, he won't take the clarinet out in the next five minutes but will talk about Russia.

S. Frederick Starr: The year 1992 was disastrous for the Russian economy, worse even than the Great Depression was for the West. Production plunged; domestic and international trade collapsed; and the ruble fell to a low of 450 to the dollar. During the last six months alone the money supply increased 150 percent, setting the stage for hyperinflation. During the year as a whole, consumer prices rose 1,200 percent, while pensions grew by only 300 percent, condemning many of the dependent elderly to misery. Even before 1992, the distribution of income was highly unequal, but over the year it worsened, producing begging babushkas and BMWs on the same street corner.

This bleak picture has led many to conclude that the much heralded Yeltsin-Gaidar reforms failed. In one sense, it is hard to disagree with those economists, including many Russians, who have reached this judgment. The stabilization program of January 1992 not only failed to stabilize the ruble, but in some respects further destabilized the economy as a whole. By year's end, large-scale monetary financing of the 1.5 trillion ruble deficit had been renewed. Smaller failures, from the collapse of oil production to the still-born birth of St. Petersburg's long-awaited Free Economic Zone, littered the economic landscape.

The Russian and Western press have duly noted the shortcomings of the official reform effort. In their eagerness to fix blame, some commentators have pointed fingers at the resolute and impassive Egor

Gaidar, at his Western advisors, at the IMF, and even at President Yeltsin himself for having purportedly sold out to his critics. Other commentators have sought deeper causes. They note, for example, that in Poland, a similar program of shock therapy actually succeeded. Russia, they gravely remind us, is not Poland.

In a deft segue from the specific to the general, our pundits go on to assure us that Russia's great experiment in free markets has been a bust and that capitalism in that country has failed. Those among them who take a longer view nod sagely and ask, "How could it have been otherwise, given Russia's entire heritage?" The guilty party is not Gaidar or the IMF, but Peter the Great, who confirmed Russia on the road of governmental, centralized development, rather than that of the free market. What Peter began, Count Witte concluded. During tsarist Russia's late nineteenth-century industrial boom, Witte maintained the state's grip on the economy, winked his eye at the formation of huge vertical monopolies, cozied up to extreme nationalists in the business circles of Moscow, and held back on the development of real property rights. Then came Lenin and the Bolsheviks. In a country with such a history, the pundits conclude, who could think of building a free market economy? Only the hopelessly naive.

Events this fall [Fall 1992] confirmed this analysis in the minds of many. A new prime minister, unconsciously quoting Napoleon's *mot* about Great Britain, announced that Russia would never become a "nation of shopkeepers." State capitalism seemed but a step away, and a new band of imperial ideologues and extreme nationalists seemed poised to take power.

But is this really what is happening? This is not the time to address every point of the argument, but as a long-time student of Russian affairs, I cannot resist noting how that country's history has been misused here. Surely, the economies of seventeenth-century France, nineteenth-century Prussia, and Meiji Japan were all built on statism and centralization, but this did not prevent any one of them from becoming successful, if diverse, capitalist economies today. Nor does the argument's blithe dismissal of independent currents in the tsarist era, and even under Soviet rule, do justice to the activities of millions of Russian

entrepreneurs, both urban and rural, many of whom paid for their efforts with their lives. The dismissive view of Russian private enterprise is, in short, built on a caricature of Russian history and the history of other countries.

I would argue instead that the economic disaster of 1992 does not reflect the supposed "failure" of reform so much as the epochal changes that overtook the USSR late in 1991. Russia's economic crisis is, first, the consequence of the collapse of the Soviet empire. As this occurred, a grossly inefficient but predictable system of intra-empire trade dissolved, first in Eastern Europe, and then among the countries of the former Soviet Union. As the empire collapsed, the one-hub system of communications and telecommunications also broke up, as few—even within Russia—wanted to sustain what had been a system dedicated less to development than to control.

Second, with the collapse of the empire and the emergence of a free Russia, the gargantuan Soviet military machine came undone. *The single most important cause of Russia's economic hardship in 1992 was the decline in military procurement by eighty-five percent.* A third of the industrial work force had been employed by the military, directly or indirectly, including eighty percent of research and development personnel and sixty percent of the machine-building industry. This meant that one out of every five Russian families were on the military dole. Along with pensioners, those are the families that are hurting most today.

Third, even though the Communist Party ceased to exist, the administrative system it created has lived on into the present. The old Soviet tax system still exists, but no longer works. With only forty percent of taxes being collected, such normal governmental functions as police, the courts, medical care, and welfare are starved for support. The old banking system still hangs on, but has become a liability, since it persists in allocating credit administratively rather than according to the market. The Central Bank, so crucial to the success of the private sector, has yet to be transformed and has no monetary policy at all. Yeltsin, so bold in other areas, has until very recently underestimated the importance of completing the political/administrative revolution he began.

No less important, most of the essential relationships of a capitalist economy have yet to find expression in law. Only in November [1992] did the term "private property" find its way into the much-amended Brezhnev constitution, and then by presidential decree. There is still no law on partnerships. Mortgage law, so essential for providing security for investments, is still in its infancy. Russia has recently joined the International Arbitration Convention, but means of resolving conflicts are woefully inadequate to the needs of a capitalist order.

In spite of all that was *not* accomplished at the recent Congress [the December 1992 session of the Congress of People's Deputies of the Russian Federation], its outcome can be judged favorably in one respect: it started the clock ticking on the completion and adoption of a new, post-Communist constitution. This, I would submit, is the single most important development that may occur in Russia over the next few months, and warrants all possible help and encouragement.

In spite of these staggering impediments, which are the heritage of the old regime and its collapse, Russian capitalism made impressive gains during 1992. Because the old State Statistical Committee (Goskomstat) is wholly incapable of monitoring independent economic activity, most of these gains took place unobserved, like Bishop Berkeley's tree. ("If I didn't see it, it doesn't exist.") Thanks to this, the very existence of most new entrepreneurial endeavors is underplayed or denied. Even the newspaper *Kommersant*, so eager to announce all progress in the economy, has thrown up its hands in despair at measuring the emerging private sector.

This said, let it be noted that at the very time the new Prime Minister was issuing warnings against Russia's becoming "a nation of shopkeepers," thirty thousand stores were being privatized, with more than that number slated for privatization this spring. Approximately 1.3 of 25 million Russian families with employed heads of households are now working in privatized firms. Mr. Rutskoi has manfully admitted the "failure" of his own agricultural reforms, yet fifteen percent of this fall's grain harvest was marketed not through the old state system, but through newly created private commodity exchanges. This is an amount equivalent

to the entire agricultural production of most countries represented in the United Nations.

How do the figures on the growing private sector look in the aggregate? A year ago twenty-one percent of Russia's non-agricultural labor force was employed in private or cooperative, non-state enterprises. That was double the percentage of a year earlier. While estimates on the situation today vary, the most authoritative figures from diverse sources all hover around forty percent, a momentous increase. *As to the total size of the private sector—and here I mean both privatized and new "start-up" firms—it accounted for at least twenty-five percent of non-agricultural Gross National Product before the issuance of vouchers, and today accounts for at least a third of the total.*

Let us grant credit where credit is due. The emerging private sector owes much to initiatives taken by the Yeltsin government. Prices in most areas have been marketized, and even the recently-announced price controls on certain consumer goods are more a step backwards after a sprint forward than an outright retreat. The same must be said of subsidies which, even after Mr. Chernomyrdin's measures are put into effect, will remain far lower than under the old regime. Many of Russia's large enterprises are so antiquated that they may never be privatized. Yet more than a few of the most effective firms, among them the sprawling Likhachev Automobile Works, are well on the way to new lives as private enterprises. Finally, while most legal reforms are on hold until a new constitution is passed, important changes in the law on intellectual property have been introduced, and to good effect.

Most important, Gaidar's vouchers, which many were so quick to ridicule, are showing surprising vitality. With a face value of ten thousand rubles each at the time of issuance, they sank quickly to five thousand rubles, but are now advancing. As of December 1st [1992], fifty-eight percent of people surveyed wanted to cash out and only fifteen percent wanted to buy more vouchers. By last week those wishing to buy had risen to twenty percent. These aspiring stockholders and investors are overwhelmingly the young, the educated, and the employed. A thriving secondary market in vouchers has now emerged.

Whatever credit is due the government, far more must go to the millions of ordinary Russians who have participated in what might be called "spontaneous marketization." *Indeed, capitalism is being built more through the initiative and entrepreneurship of ordinary Russian citizens than through governmental action.* It is advancing more rapidly "from below" than from above.

We all know that shady operators account for some of this activity and that criminality in Russia has reached Himalayan heights. Yet before concluding that only sordid villains engage in Russian capitalism, one should contemplate what would happen in our own country if all normal legal, regulatory, and police controls were suddenly suspended. Obviously, there would be more that a few scams and crooks would come out of the walls. But the fault in this case would lie not with the free market *per se*, but with the government for failing to provide a normal administrative and judicial order.

In Russia, police, regulatory, and legal functions have been left in the hands of wholly unprepared bureaucrats whose powers vis-à-vis the free market are unspecified and unconfirmed by any constitutional order and who receive virtually no pay because the government does not know how to collect taxes under a non-socialist system. It is all the more astonishing that under such conditions millions of young Russian entrepreneurs have gone ahead and created new enterprises. Many of these ventures have already failed, but thousands of other "start-up" firms are responding positively to market demands and thriving. Moscow, where military and Party personnel by the thousands face unemployment, is the headquarters for grumblers. In Nizhnii Novgorod, by contrast, the new forces have the upper hand. And not only there. A recent study in Novosibirsk reveals nearly 500 groups of varying quality that are trading in vouchers. In Rostov-on-the-Don, a thriving firm produces videotapes. In Khabarovsk, spontaneously privatized military enterprises have switched to producing barterable goods, and Koreans, Australians, and Japanese have rushed in to help them. A recent study on Yaroslavl' by Blair Ruble reveals the growth of a private housing market there. In his words, this market "is reshaping how Yaroslavians live their lives." Private construction and architectural firms have been formed to serve that market. Elsewhere, whole industries—including

telecommunications—are being demonopolized through local and private initiatives.

The transition in each case is extremely rocky. The Center for Economic Forecasting of the Ministry of Economics reports that virtually all meat and eggs are now being marketed privately. But meat prices have yet to respond to the market, with the result that for the time being meat is absent from Russian tables, while huge stocks pile up in warehouses. But I would submit that while such problems of transition are inevitable, they pale in comparison with the depth of the changes that have already occurred.

What conclusions can be drawn from this? That the revolution of 1991 unleashed vast pent-up entrepreneurial energies in Russia, thus refuting many of our smug characterizations of the social psychology of the Russian people; that during the past year a private sector larger than the entire GNP of all but a few dozen countries has emerged in Russia; that this sector is more responsive to public demand than the state sector and is creating value more successfully than the state sector; and that in spite of all the activity in the political realm, economic initiative in Russia today lies more with the new entrepreneurs than with the old state managers.

Many have argued that while all this may be true, the new world of free markets and entrepreneurs will stumble when it comes up against the brute reality of public opposition to capitalism. Russia, they claim, is a society uniquely dominated by egalitarian and collectivist instincts. Again, let's check the evidence. Of thirty-three polling organizations in Russia, ten have probed public opinion on this issue. All have found that while such opposition indeed exists, it is concentrated among those who are over fifty years of age, the less educated, and the more rural. By contrast, all surveys concur that the generation of those under forty, especially its more urban and better-educated members, has decisively cast its lot with the new order.

Well and good, some may say. But has not human suffering reached such depths that redressing it must take priority over everything else? Sitting comfortably in our studies, we may trace shortages and

hardship to demilitarization, the collapse of empire, and the incompleteness of the political-constitutional revolution. But the average Vanya and Masha have reached their limits and are bound to lay the blame on capitalism as such. Without denying the suffering or the conclusions to which some may be led, let me point out that the Russian Center for Public Opinion has found that while forty percent of Russians consider themselves badly off, fifty-two percent say their situation is "average," while forty-seven percent declare their fate to be "tolerable." Such figures may account for the very low level of strike activity in 1991 and the widely observed attitude of "wait and see" weariness. Meanwhile, every day that passes without a full-blown crisis means further grassroots change of the sort I have described here.

What steps, if any, can the United States take to foster the economic transformation that has begun in Russia? Here, briefly, are some suggestions:

First: *Establish a normal regimen for trade through unilateral actions and bilateral agreements.*

One, include Russia in the field of activity of the Overseas Private Investment Corporation and the Investment Guarantee Agency, and two, conclude a comprehensive trade treaty and a comprehensive tax treaty.

Second: *Undertake a program of aid.* One, defer debt payments, which requires the revision of G-7 rules; two, restructure Russia's outstanding debt to the United States, giving serious consideration to forgiving the Kerensky and Lend Lease debts, neither of which should be allowed to bar Russia's access to international financial markets; three, target aid on defense conversion. Mount a Pentagon-sponsored program for retraining former Red Army officers, using American businessmen and academics, meeting at abandoned United States Army bases in Germany; four, through the Department of Commerce, take measures to encourage and facilitate the efforts of American firms seeking to participate in the joint development of Russia's energy resources and also of firms capable of building up an infrastructure for modern agriculture in Russia (e.g. storage, transportation, processing); and five, facilitate private and public efforts to make available to local and central Russian

authorities American expertise in engineering, economics, law, and other fields germane to economic transportation.

Third: *Humanitarian Aid.* Through AID [United States Agency for International Development] or the Department of Health and Human Services, provide emergency pharmaceuticals to Russia, including urgently needed aspirin, insulin, etc.

Blair Ruble: I have a friend in Moscow who once told me that he loves reading the business newspaper *Kommersant* because it gives him the illusion that he lives in a normal country. As I was sitting here over the last hour or so, listening to discussions about a private space shot and commercial banks and civilized business structures, private capital, and so on and so forth, I had thought the that we were talking about a normal country. But deep down inside, there was a little voice inside of me that kept saying, "but we are talking about Russia." It is not exactly a normal country. I know that Fred chided the pessimists for their misuse of history and said that they criticize what is going on, but I would like to ask the panelists, does it not really matter what the economic policy is at the top? Is the Central Bank a liability—I think that is what Fred called it—or is it really an Iron Maiden that is sucking the economic life out of the kind of entrepreneurial activity we have all described? Why are the pessimists so pessimistic? Is there something there? How would you respond to their arguments? Does anybody want to respond to this? Don't the pessimists have a point?

Comment (unattributed): The problems in Russia are problems that all of our governments, not just the American government, but the entire West should be concerned about. All the things we are doing, we are doing after a pattern that we have done in the Western part of the world and in other places, too. Part of the problem of IMF approaches, EBRD approaches, government-to-government approaches is that we are strengthening some of the people and some of the unfortunate activities that are not taking Russia into an open market economy. We are not putting enough emphasis on strengthening the people where it is really hard, that is, in the regions, the cities, the former military-industrial

plants. One of the problems we have to think about is how do we get directly to those people, without going through these institutions.

James Billington: Well, in answer to the point that was made, my work has been centered on the Russian obstacles to getting aid which has already been allocated—and I stress here, for example, the World Bank's program for private sector development. If you look at the economic opportunities update that is published monthly by the World Bank, the identification mission that is scheduled for February 1993 shows that the consultation services are "to be determined" and the implementing agency on the Russian side is "to be determined." The fact is that the Germans made humanitarian aid available in large sums on January 1, 1992. It was drawn on only on October 1, 1992, because the other side did not carry out the responsibilities required of them. Private sector development involves support for small businesses and financial assistance. There are certain rules of the game in business, for example, oil, which have to be recognized by the other side, especially the international agencies, or private companies. Now the interaction we have in meetings like this has been very good, very constructive, but I am one of those people who is an optimist, and I say that Russia has advanced remarkably in a single year of sovereignty. But it is not a question of just delivering money without strings. There are certain procedures that must be followed, be it the public sector, international banking agencies, or American government, in order for aid to be effective. There is more money there already than people realize.

Martin Walker, Correspondent, *The Guardian*: I would like to ask what kind of cooperation you would like to form with American commercial and merchant banks and the Russian banks? [Concerning intra-Union trade] before the fall of the former Soviet Union, I wonder if you could address the prospects of continuing or providing some of that trade in Russia?

S. Frederick Starr: A very quick response to Martin Walker's question. There has been a lot of discussion about the possibility of clearing offices

for trade. The big thing that has really impeded intra-regional trade between the countries of the former Soviet Union until very recently has been the currency issue. That is by no means resolved, but the idea of using clearing mechanisms to process such trade shows much promise. I know the Balts are very enthused about that possibility and have been actively discussing it with the Russian government.

Iurii Lvov [transcribed from simultaneous interpretation]: I certainly fully share the view that has just been expressed—fixation upon a particular idea on both sides and the stereotypes on both sides. The stereotypes and approaches in terms of providing assistance through bureaucratic structures are certainly ineffectual because what is needed is finding direct contact with those who need assistance. Of course, it is important to have a structure or entities that will be able to be involved and to do that in practical terms. Seeing the inefficacy of the cooperation of the past two years, our entrepreneurs often consider those attempts on the part of various European funds and foundations, the World Bank—their passivity in that area—they tend to look at this whole situation as something tantamount to opening a second front during World War II. But this is not so. The fact of the matter is, the entire work is being pursued and carried out between bureaucratic structures, and perhaps we entrepreneurs are to blame for the fact that we are not engaged in creating those structures ourselves, or they might already exist, but we do not know it.

My colleague was mentioning the fact that it would be possible to send about ten thousand people for training in 1994 and I thank them for being invited. The three of us discussed this idea last night at the hotel. Why don't we try to start this cooperation through the Foundation for Social Innovations as a non-state, non-commercial entity, and think about creating a financial mechanism that would be effective in implementing various projects? Various options are possible. Conservative thinking results in a situation such as the area of assistance in rebuilding the banking activity in Russia. If you take the European Community Fund, the World Bank—all this capital landed in just seven banks in Moscow alone: it is the old pattern. It is ineffectual in terms of using the means and finances that have been allocated. Moscow alone does not determine

anything. What is needed is a more even allocation or distribution in terms of banking institutions across the entire territory of Russia.

There were real existing economic zones: for example, the Northwest Region, the Urals, the Siberian regions, Central Russia. They have banks there, too. And all of them are commercial banks. All of them are struggling with two problems: computer equipment and a system of banking management. These two areas are necessary not only for these two banks, but to Western banks as well, who try to join the Russian market, but do not or cannot work effectively. If the Party Regional Committee had true or good information in the past, today more or less authentic information is within the commercial banks of Russia only.

It is a bank which can say whether this or that enterprise is able or capable of engaging in productive activities, or whether there is a new level of skills or people that are going to be able to work with new technology, whether this or that client or candidate is honest, trustworthy. This is something that is becoming one of the most important criteria: the assessing of a client on the part of the commercial banks. We are actively using so-called "trust credit" without requiring any guarantees. The commercial banks, not state banks, are creating funds and directing them towards the establishment of small- and medium-sized businesses. The commercial banks are risking the capital of their clients day in and day out, without any government guarantees, having no laws that protect private investment. Even more than that, these laws do not protect a shareholder in a commercial bank, except for those which are determined by the Central Bank of Russia.

If today we talk about reconstruction or rebuilding our economy, the first thing to do is to rebuild the financial banking system in Russia. If that fails, no effective capital flows into any structure will be possible. Considering the question of cooperating with western banks, I will divulge a commercial secret. We, our St. Petersburg Bank, for the past three years have been looking for a partner with whom we would be able to establish, on the basis of our affiliate, a joint bank with small initial seed capital. This bank would become a bridge for an education and training system, a bridge with Western banks. We have had proposals from major American companies which have agreed to provide funds for the purpose of establishing such a bank. This is of less interest to us because we are

talking about a company, not a bank. What we need is not just capital, but experience and expertise—banking management expertise and financial management. It is the joining of banking structures that will eventually find the optimum path for directing resources into Russia on mutually beneficial terms and not distort the purposes for which these funds are directed.

Regrettably, what we see today is something else. Today, political acts are being pursued and undertaken in order, for example, to provide for the Credit Lyonnais Bank to be established in St. Petersburg—it will be opening a branch there. The Deutsche Bank, the Dresden Bank—which is operating independently—will be opening branches in St. Petersburg. I believe this is the most effective experience for the purpose of establishing a stable banking structure in Russia. Thank you.

Il'ia Baskin [transcribed from simultaneous interpretation]: I'll be brief. About forty minutes, no more. I fully agree with my colleague when he said that the only financial structures in existence today through which financial assistance will be effectively provided are the commercial banks. Unfortunately, out of the 17,000 commercial banks in existence in Russia, I can think of only about ten banks that would be able to do that. The sooner this happens, the better for both Americans and Russians.

About pessimists and optimists: I really find it difficult to say who we are. The optimists are saying there is no way things can be worse. The pessimists say worse things may come. Therefore, we believe that in Russia worse things cannot really come and we will not allow things to get worse.

In conclusion, I would just make this point. I simply do not understand Americans. Perhaps Americans have a different type of mentality, they think differently, but the fact is that they are late: they are late in pursuing business with Russia. My hope is that this conference will give a push in that direction and the ending will be a happy one.

SESSION III: SPIRITUALITY IN TODAY'S RUSSIA

James Billington: The subject for this session, as you know, is "Spirituality in Today's Russia"—*dukhovnost'* being a very broad, and in the Russian context, very rich term. I congratulate the organizers of our program for putting such a topic on; it's not usually part of these so-called hard-nosed discussions in Washington. We have a busy program so I will not take further time. We are going to lead with Ernst Neizvestny, the distinguished sculptor, a man of two worlds: first of Russia and, more recently, of America—New York. It's a great pleasure to turn the floor over to him. I understand he will be speaking in Russian.

Ernst Neizvestny [transcribed from the simultaneous interpretation]: I am aware that the Kennan Institute had predicted certain events that were and did take place in Russia. From my limited and personal perspective, I have done the same. Based on positive knowledge, science, and on the freedom of research, scientists or scholars are able to construct a philosophy of the future—one of freedom, society, and the human being. I believe that only space and time have as many terms and definitions as the term freedom or liberty. In fact, there have been no social, religious, nor intellectual movements which would have not taken freedom or liberty as their motto. Out of the multitude of notions and definitions of freedom, I have focused in my everyday life on two. The Marxist definition of freedom, understood as the freedom from necessity, and the definition of freedom taken from a children's book, *Sesame Street*, where freedom is defined as the opportunity to go or follow the direction in which you want to go. Between these two polar notions, my fantasy, my creativity, and my experience have been in constant motion. I believe that, perhaps, it is within the same limits, the same polar definitions, that every person moves back and forth. We have within us, asleep within our inner selves, a dualistic desire for freedom and liberty, and again a desire for stability and quiet. As a matter of fact, these are the two poles which define the drama of an individual life and the drama of history.

When I talk about freedom and "unfreedom," I talk like some kind of guinea pig. Just imagine a guinea pig that all of a sudden would start talking and tell you about the results of the experiment that has been performed on him. He would start like this, "I am this kind of a guinea pig: for fifty years I lived in a totalitarian society and for seventeen in America." I can make comparisons not as a theoretician, but as someone who was intimately involved in the process. Like Goya, I can say I have seen it. So what is the foremost tragedy of man? Aside from the fear of death or disease—which is actually a symbol of dying—an individual is afraid of being alone, and at the same time an individual is afraid of the same kind. It was really hard for Robinson Crusoe without Friday, but on the other hand, Robinson Crusoe had a lot of troubles and concerns while having Friday with him. So finding and striking a balance between *I* and *we* is the goal for which a person is looking and for which society is also looking.

There is no such thing as absolute morality. Paradise on earth is very relative. Sometime in the past, I had occasion to argue upon the same subject with Jean-Paul Sartre in my studio. This contemporary Luther, who wanted to combine things that cannot be combined—that is, realism and socialism—was trying to talk me into a proposition that the notion of freedom is an absolute category. To me this was ridiculous and immoral because freedom is a relative notion. On one given day, any person can experience various stages of freedom or non-freedom. I was a soldier. I had one kind of freedom. When I became an officer, I acquired a different kind of freedom. I was a Soviet sculptor and then I became an American sculptor. These are two different stages of freedom. Even on a given day, I go through various stages of freedom and unfreedom. Therefore the words that were spoken by Jean-Paul Sartre, like many Americans before him, look and sound immoral to me. They sound as if I were to say to an Indian dying of hunger that if he understands the need for his death, then he would be satisfied. It is a particular shame when such things are said to people who are in a situation such as the one in which I found myself in the Soviet Union.

Now, about freedom as a condition for creativity. There is a physical definition of light: how many watts, how much kinetic energy it produces. I would suggest a notion of Mozart for defining talent.

Everyone has talent or is talented from birth, even those whom we tend not to consider gifted. What is this about a genetic given? The genetic given is zero. Someone is born with ten zeros, someone else may be born with just one, but even an infinite number of zeroes does not produce a one. The figure is formed by adding other figures before the zero. And the figure ten—that is, one, then zero—is more than an infinite number of zeroes. But what is this figure? It is the place and time of birth—where, when, in what country and what society one is born. I am not talking in astrological terms but in purely social terms.

Freedom is a condition of creativity. Imagine the two experiments that have been staged. As Hitler said, and this also goes for the totalitarian regime in the Soviet Union, there is no such thing as personal happiness, only common happiness. This experiment failed. Another experiment, unheard of and unprecedented in history—the American experiment, actually—emphasized personal freedom exclusively. With all the errors and costs involved, it has survived. American society can be described or talked about in terms of the final phrase spoken by Faust: "Everything is over, and before me lies clear the ultimate conclusion of earthly wisdom. Only he is worthy of freedom and life who everyday finds courage to fight for them." This is very true of America, a country of permanent revolution, if one is to understand revolution not as a bloody development, but as a striving for and working for constant change, sometimes evolutionary change, sometimes change by leaps and bounds.

Since I am a sculptor, I will take it upon myself to suggest to you two topological images to compare the two societies. Imagine a piece of coral. Is this a plant or an animal? It is a plant-animal into which an enormous genetic code has been built. It is almost as mathematically exact and precise as the structure of crystal. But yet at the same time, coral is a moveable object—it moves. If a fish passes by, it changes. If the wind changes, it changes with it. It reacts to minute motions of the medium in which it exists. I do not mean that it does this ideally, but relatively it does this. This is an analogy for a free society.

Take another form, another image. Imagine a steel ball in which there are people. Those people dislike their existence as a matter of principle because, in reality, the human tragedy is the fact that the

existence an individual imagines is at variance with what really exists. Thus, in this ball, and of course I am referring to the totalitarian system in this case, you don't have people inside that ball who are happy, because man cannot be happy at all. Everybody is trying to change that ball.

The fact is that coral changes on its own, while the people inside that ball who want to change the ball are trying to change it from inside. In other words, they are trying to cut the ball in a spot they think is the right place to do it. The people on the right try to cut on the right, those on the left try on the left. Actually, they try to do the same in every direction. Finally, they cut that ball. Today we are dealing with the smithereens of that ball, all its tiny pieces. We are dealing with a mechanism. The challenge is to get that mechanism into an organic state. This is something metaphysical. Perhaps this challenge can be now resolved by a group of geniuses through whom that mark of history will be doing what it is supposed to do.

As a matter of fact, today when I speak about Russia, I see a drama being played out which has perhaps not been known in history at all. It seems to me that today we are living in a more historically important time than the year 1917, if only because of the fact that contemporary people tend to imagine and think in more romantic terms about yesterday. Remember Kipling, who said, "Romantics will forever be well." We are simply not conscious and do not see or recognize the enormous importance of what is going on. In order to shorten my presentation, and I wanted to say a lot, but if I were to stay within a pattern, I would say that the main problem from my perspective as a sculptor is the fact that we are living in a time of the centaur. And when I say centaur, I am referring to a dualistic creature which combines two beginnings—the human and the animal. While technical civilization is added to my centaur, we are still all centaurs. All that we have around us—glasses, aircrafts, computers—it is all technology, it is all equipment. We are dualistic creatures. So when we talk about positivists in business, I am mostly interested in that part of the conversation which involves man.

To conclude, I just want to tell you, and I know for a fact, that Russian reality has forged a particular new type of individual. An individual who not only has the negative side of *homo soveticus*, but a positive knowledge of esoteric qualities which are not dissimilar to those that pioneer America had. One has to look to the context of Russia, to this most important capital which matters most. One has to look for this capital with greater vigor and energy than for places where you have oil fields or gold deposits. That's basically the point I wanted to get across.

James Billington: We've had a rich fare from a Russian sculptor now living in America and we'll soon have one from a great Russian literary critic still living in Russia. In between, it's time to hear from the American side, from one of our premier historians of Russia, one who is particularly noted for dealing with deep history, the history that goes way back into the past, and for dealing with the primary documents of Russian history rather than just recycling the conversation as so many historians do. It's a great pleasure to have Professor Ned Keenan of Harvard University. I might also add that he's been an administrator at Harvard University, both a philosopher and a student as well as an administrator of the educational process. It's always a great privilege to lure him to Washington. I'm happy to turn the microphone over to Professor Ned Keenan.

Edward Keenan: Ladies and gentleman, it is not very easy to speak after the hit of the program. I now understand much better one of the most spectacular scenes in Aleksander's Zinoviev's novel called *The Yawning Heights* [*Ziiaushchie vysoty*]. No one who has studied and admired Russia as long as I have should have been surprised at what happened at roughly this same time yesterday, when my good colleague and former teammate, Blair, suggested that on balance it might make more sense to deliver in English a talk that I had prepared in Russian. I might have known. I apologize therefore, for this spare and unadorned English into which I have rendered it. Copies of the Russian original are available someplace outside this room.

I have no doubt that some inspiration possessed our hosts to invite me, of all people, to speak on this slippery subject and to deal with it in twenty minutes. One cannot say that too little has been written about Russian spirituality. For the most part however, what has been written is a part of the evidence and not of the analysis. So it is not impossible that an outsider might tease out some sense from this particular ball of yarn, even within twenty minutes.

The course has its hazards. On the one hand, the inescapable awkwardness of the foreigner who has the temerity to speak out about Russian self-perception. On the other, the most common stumbling block is, as the Italians say it, *aria fritta*—that is, to say nothing in order not to offend the national feelings of others. I have some more disclaimers. I am a medievalist, a specialist in Muscovite history. As a consequence, I tend to concentrate on the early period and the earliest manifestations of what we shall call Russian self-awareness. I do this not out of modesty alone: the latter periods are better known. It's also worth considering—that is to say, my choice of a medieval subject—that in recent years medieval matters have attracted the attention of incompetents who are particularly interested in today's theme.

Recent decades have produced a number of Western works that have described some general features of the rise and development of the complex of beliefs and convictions that some call national myths. The current package of wisdom runs roughly as follows: Human societies are constantly being formed, merged, and transplanted, usually on the basis of common language, although there is a clear chicken and egg problem here. It has become clear, however, that nations, as we now understand the word, are formed not spontaneously, but as the result of conscious and prolonged attempts by certain of their members to make sense of a number of common experiences. This experience, this process, is *sui generis* in each case, but has common features. Supra-ethnic political entities are formed. Semi-scholarly interpretations of a putative common past appear. Uniform, occasionally obligatory, belief systems and priestly hierarchies are introduced. Notions of national character take shape, and so on.

These ideas are not totally new. But there is something innovative in the comparativist idea that, like any other complex artifact of human invention, national cultures are artificial, historically conditioned, and far from natural. That is, notions of nations in general are no less artificial constructs than our individual, national myths. Still more interesting is the current reconsideration of the nature of the nation-state. Now most of us enlightened people are accustomed to think of the nation as a naturally occurring entity and that the formation of a nation-state is somehow the culmination of its natural development, its mature form. We have a tendency as well to think of the national state as the most advanced form of statehood. But both of these notions are questionable. One could well argue on the historical record that the most viable form of state is the multi-national empire. And as to whether a nation-state represents the natural culmination of the development of a demographic group, we must digress.

The fact of the matter is, if one sets aside the preconceptions that I have just listed, it can be said that it is not nations that need states to achieve their mature expression of nationhood, but states or rather, political organizations, dynasties, parties, and other militarized hierarchies that need peoples, populations, for the accomplishment of their needs. One could even put it this way: It is not nations that create states, but states that capture nations. They need "citizens" in their armies and in mass production of one or another kind. And having captured them, they begin to instill in them patriotic feelings. They begin to teach, typically, villagers and mountaineers who have never seen a city that they are "citizens" with all the rights thereunto and pertaining, including the right previously limited to the military elite of dying on the battlefield.

At the same time, typically, and this is a paradoxical thing, the old military political elite—often of foreign or other distinctive origin—commences to convince itself of something equally implausible, that they are of one flesh and blood with their nation. Such was the case, as Eugene Weber and others have written, in France, as it was in Germany, as it was in Russia. But I have gotten ahead of myself. How was it in Russia? How in particular with the notions of national self-definition?

Vogues for spirituality and Russian self-awareness come and go. For our purposes it might be helpful to recall some of the main phases, very familiar ones, but to be recalled nevertheless. I will recall them in reverse chronological order so as to end with the consideration of some of the characters of the period where these ideas seemed to have arisen. Most here are aware of the renewed interest in Russia, as elsewhere, in a *sui generis* group of writers at the turn of the century and somewhat later who were much preoccupied with questions of spirituality, "Russianness," and so on. I have in mind, Nikolai Losskii, Vladimir Solov'ëv, Pavel Florenskii, and later, Nikolai Berdyaev and others. I mention them only to identify a period of great interest in our subject. We are not concerned today with their contribution to the understanding of this or other possible worlds. I recommend, however, the evaluation of my dear and unforgettable teacher, Father George Florovskii, who showed mercilessly how little these authors understood both of German philosophy and of [Russian] Orthodox theology.

But this group itself was interested in an earlier group, the Slavophiles, from whom they borrowed many of their notions about the different essences of Russia and the West, of the marks of Russianness, the national spirit, and so on. And for their part, the Slavophiles, a handful of closely related and highly Europeanized gentry, got most of their notions about the spirit of the nation and the national spirit, the *volksgeist,* from the writings, and even from the lectures they attended, of the German romantics. It was there as well that they picked up an interest in the latest innovation of that age: folklore. But they borrowed as well from their Russian predecessors, from Radishchev and other imitators of European sentimentalism, the idea of the particularly spiritual nature of the Russian *volk;* from Karamzim, a general scheme of Russian history–statist, based in part on French and German Enlightenment history, and so on.

And for this generation, the predecessors, the Russian predecessors, were Lomonosov and Fonvizin, who not only resisted the aping of Western ways in eighteenth-century Russia, but in fact fought the excessive influence of emigré foreigners in Russia's political and cultural life after Peter the First.

So there you have it. All very familiar. All very clear. Russia and the West, the fateful Petrine revolution, the cultural revolution, stimulus and reaction. Reaction, it is to be noted, is in each case not a reaction on the part of the masses or even the middling sort, but a reaction on the part of a highly Europeanized elite. But everything in its place. We could find lots of other examples from around the world to juxtapose with the Russian case. But at the base of this all, in the minds of all these people, there lay an assumption that is by no means beyond dispute. The assumption is that sometime long ago before Peter, perhaps in the time of Ivan the Terrible, in the mists of time there abided an original and undenatured spirituality and Russian self-awareness. If it was not expressed, it was because of the absence of alien stimulus. This assumption is wrong on both counts. In fact there was a stimulus, but the notional entities we like to call spirituality and Russian self-awareness had not yet taken form. Preposterous? Let us see.

We'll start with the sixteenth and seventeenth century, the period of the formation and first maturity of a new political organization which we call the Muscovite state. What can we say about group awareness among Russians of that period? How did they compare themselves to other ethnic groups? What in particular did they think about their spirituality, about the characteristic features of Russianness? Now to be sure, we can know very little about the inner world of the great mass of citizens of that time, but something can be said of the tiny literate minority. And it turns out that such concepts were surprisingly undeveloped.

We can begin, perhaps, with the fact that the Russian word for this spirituality, *dukhovnost',* is apparently not attested in its modern meaning, in the meaning I take from the seventeen-volume dictionary: psychic or intellectual essence; inner spiritual life. It is not attested in this meaning in any Russian dictionary until our own century. The fact that it first appears in a French-Russian dictionary in 1830 supports the otherwise plausible conclusion that it is a calque, or notional translation, from the French *spiritualité,* but one should probably also consider the German, *geistige.* It might well be objected, however, that given the adjective, *dukhovnyi,* which did, of course, exist and which may have had the requisite meaning, although the evidence is not clear on this, native

speakers could have easily formed the abstract noun. But apparently they did not. In any case, no such word appears in the Academy Dictionary of Pushkin's generation—the volume in question appeared in 1809—nor, quite astonishingly, anywhere in Pushkin's work.

In the Academy Dictionary of 1892 the word appears with two meanings. The first, matters of belief and morality lying within the responsibility of the clergy, that is, the *dukhovenstvo.* And secondly, the quality associated with the adjective *dukhovnyi* in the first meaning. But the first meaning of *dukhovnyi* is immaterial, noncorporeal. Nothing to do with psychic, intellectual, and so on.

Now, in fact, the word is attested, this word form did exist in the late seventeenth century, but it had a very different, specific meaning, namely, the affairs of the clergy, things appropriate to the responsibilities and calling of a clergymen, and, in particular of a confessor—*dukhovnik.* As I discovered, to my chagrin, the nice, new Soviet dictionary of Old Russian actually took its meaning right out of the Academy Dictionary of 1892.

Much of the same can be said about *samosoznanie* (self-awareness), but the record is more complex and I will not burden you with it. I would rather go to another word with which it is very closely connected. It is appropriate here to consider the evolution and the meaning of the word *narod*, the modern Russian word for nation or people. This word form has a number of meanings in older times, both in Church Slavonic and in Old Russian. They are quite interesting. They used to mean kind, type, tribe, crowd, populace, mob, and things like that. Thus, for example, in the biblical story, humankind is called *narod Adamov*. My favorite in this case is the story of Noah's Ark where there is the phrase, "and the elephant went in and other animals and winged kind."

But the modern meaning—nation, nationality, population of a state, ethnic group—appears, as it would seem, only on the threshold of the eighteenth century, and perhaps even later. The earliest attested uses, moreover, are very ambiguous. One of them is a translation from Polish, *nacja*, that may have been done by a Belarusan or Ukrainian. In the other, which is clearly a Russian text, in which the author writes, "our

Orthodox Russian people," the word *narod* is crossed out in the manuscript and the word *rod* is put in. That was in the late seventeenth century.

We have one particularly indicative case in the seventeenth century where the context seems to cry out for the modern concept and word *narod,* but the author uses another word. In 1656, when Moscow conquered Vil'no for the first time, the new commandant of the town, having learned that a grandson of the famous defector, Andrei Kurbskii was living nearby, wrote to Kurbskii with an invitation to return to Russia and ordered him to "remember your own kind," using a word that to the modern ear has connotations of breeding and pedigree rather than national identity. Now it would be excessive revisionism to declare that Russians before Peter had not the slightest sense of who they were or how they were different from the Poles or Tartars or whatever. Of course they did. The point is that they did not have those notions of nation or Russianness that we might expect them to have had.

Let's talk of Ivan the Terrible for a moment. I have been studying Ivan for a long time. Although he was by blood—as poorly informed people like to say—only one-quarter Russian, he clearly distinguished Russians from others, including other Orthodox Eastern Slavs, Belarusans, and Ukrainians. Thus, for example, although he repeatedly permitted his Muslim allies to buy Christian and clearly Orthodox slaves in Moscow, when slaves ran away from the Nogai horde to newly-captured Astrakhan and his Muslim allies demanded that they be returned, Ivan, or his staff, because he was illiterate, ordered the commandant of the fort to return them except for Russians, whom he called *rusaki*. These were to be purchased instead; thus he clearly made a distinction, but not the confessional one that Slavophiles would lead us to expect.

In the same vein, after years of skepticism, I have now concluded that Ivan was personally pious, though of course he didn't write the text on which this view is traditionally based. But his Orthodoxy was not what we would call militant or exclusive. He was very relaxed about Islam, as we've already seen, and this is shown by the fact that his main spy in the camp of the Nogais was the private confessor, the mullah, of the Nogai

prince, whose pay manifests of five rubles a year we have now from the archives. One could go on at length. The point is the same.

Those literate Russians who have left us attributable, original texts in plain style had still not formed those notions that concern us today—the spirituality, the *narod*, nation, the Russian self-definition based on strict religious categories that we see in later times. And yet a few generations pass and everything is in place. A clear sense of national self-definition, a conviction that Russians are distinguished from all other nations by a single spirituality, and much else. How does this come about? How did Russians in the eighteenth and nineteenth centuries come up with these notions? Well, I have already reviewed the sort of later stages of this development. What I would like to do now is very briefly give you some ideas about what happened before, to set up the eighteenth and nineteenth centuries.

Here we have to distinguish between the process of formation of awareness and the contrary. Like many national myths, Russian self-conceptions developed primarily as a reaction to people and goods from Istanbul in the sixteenth and early seventeenth centuries. The crucial period, the first period, is not that of Peter, but that of Boris Gudonov, the famous basso profundo, and the Time of Troubles. In the first decades of the seventeenth century, we see hundreds, perhaps thousands, of Germans, so-called *nemetskie* of every stripe—English, Irish, Scottish Catholics, French Protestants, and other soldiers of fortune—in Russian service. There were probably more of these foreigners getting paid in the Kremlin than there were Englishmen in Cambridge at the time of the founding of Harvard College. They cashed their paychecks in the Kremlin and they gradually became Russified to some extent. They had to go each month for their *poluchka* and they had to sign for it—we have the signatures. They became Russified; the famous case is the ancestor of Lermontov, George Lermont, but there are lots of others. One of my favorites, a man who had a good ear for Russian dialect, is a man named James Shaw, who wrote, "James Shaw has received for me and my three *tovarishi* trois monthes pay."

These military advisors (as we would call them today), although they were not nearly so well-educated as some of the Western

ambassadors at the time, were sophisticated in their way. They knew languages. They had been around. In particular, and this is the crucial thing, they were painfully aware of the national and confessional conflicts of the Europe of their day. Conflicts that had turned them into refugees. Unlike their Muscovite hosts, who had been far from the fray, they had developed a highly acute sense of national and religious differences. And unlike the ambassadors who were kept in a type of Intourist house arrest, these foreign legionnaries had constant contact with their Russian hosts, whom they taught the military arts and crafts. We can easily imagine that in addition, they taught them the cardinal importance of every individual's national and confessional affiliation in post-Reformation Europe. It is very like the image Kliuchevskii paints of the talk in the bivouacs around Paris in the Napoleonic period.

A second, equally important wave of foreigners came from another quarter and brought a different message. I have in mind the Orthodox, and not entirely Orthodox, refugees, primarily clergymen, who came from Ukraine and Belarus in this same period, where the ubiquitous Jesuits were leading a dramatically successful counter-Reformation. Like the Western military advisors, these East Slavic religious advisors, who occupied a number of episcopal sees and important administrative posts in the Church hierarchy that was being quickly Westernized under Patriarch Filaret, saw a lot of Russians and worked with them. They were not isolated. They conveyed to their coreligionists their fear and loathing of Catholicism, as veterans of the front tell soldiers of their reserve about their war.

I should point out that these stimuli, although they prepared the ground for the appearance of a new cultural and behavioral phenomenon that we might properly call Russian self-awareness, were still insufficient to produce a clearly delineated sense of "Russianism," or how Russianism was different from other "isms." At this time, let us say until the end of the seventeenth century or even later, this sense does not take shape primarily because the Muscovite secular and political elite still viewed itself not as a national, but as a hereditary clan, or *riadovoi* elite. They still viewed their historical significance and their social essence not in the context of the destiny of some Russian nation as such, but rather in comparison with other traditional nobilities—Polish, Belarusan, Ukrainian,

Swedish, perhaps even Tartar. Thus, for example, it never would have even occurred to Prince Vasilii Vasilievich Golytsin or his distant cousins, Pëtr Tolstoy or Andrei Kurakin, in the late seventeenth century that, according to their nature and culture, or even their origin, they had more in common with their serfs than with the French travelers with whom they conversed in some kind of French, or Italian, or even Latin. And they probably would have gotten quite a kick out of the idea that what bound them to their Russian compatriots was a special spirituality, although, as we have seen, it might have been hard for them to find words to describe their bemusement.

I'll sum up. For the most part, the modern history of Russian notions of self and other is well known. As a rule these notions are generated by representatives of the more substantial gentry in general conformity with the main currents of European intellectual life. The extent to which Russian thinkers are prompted to think about these matters has some relation to the major events of their national history: the Napoleonic War, defeat in the Crimean War, revolutionary expectations of the turn of the century, and so on. Eventually each of these waves of activity spreads to broader groups, forming a thematic module in the national tradition. And each and every one of these new conceptions derives in greater or lesser measure from the unexamined proposition that in the days of yore, before massive contact with European ideas, once upon a time, there existed a pristine Russian people, distinguished by its intense spirituality, that had a very sharply defined self-perception.

This complex of misunderstandings can be defined as the original Russian soul myth, and so we conclude that Russian national myths are like those of all other peoples, as concerns their genesis, and a bit different in content. It should be noted by the way, that official Uvarov-style nationalism always occurred at a certain distance from the thinkers and interpreters of the Russian soul that I have mentioned, and vice-versa. There is a portion of the intelligentsia that was and is less cautious. On occasion it has directed the notion of Russianness against the state, in other circumstances it has turned its back on the notion in general.

As for the people, and here I use the word in its full-blown modern sense, the people in whose names so many of these selectively uplifting notions have been promulgated, although this people—I go now to the singular—knows its history and believes it in watered-down versions, it retains a healthy skepticism about those who base political programs on them. But then, the people probably has little time to think of such matters while standing in line for milk.

James Billington: Iurii Kariakin, who is just entering the room, is one of Russia's most distinguished literary historians and critics and commentators and a person in the great tradition of the broad moral concerns of the Russian intelligentsia. He played a very important role in the historic events of August [1991] and all of us who were there at the time knew that his was one of the names that was heartening to the many assembled there [at the Russian White House in Moscow]. He's now a member of the Russian Federation Presidential Advisory Council in Moscow and it's a great pleasure to turn the microphone over to Mr. Kariakin.

Iurii Kariakin [transcribed from the simultaneous interpretation]: First of all, I would like to express my sincere appreciation for the true interest, knowledge, and understanding of our affairs in Russia. Dostoevsky has a phrase, "the simplest things are understood only at the end." This end is coming and I will not hesitate to speak about very simple, basic things.

The chief problem of both Russia and world today is a problem of disorientation. We have lost our compass. Lost. We do not know where north, south, east, and west lie. A long time ago, at the very dawn of Soviet rule, it was noted that monuments began to be erected in honor of Lenin. You remember those monuments, I am sure. They all were pointing—I am sure you remember them because there were hundreds of thousands of them, perhaps more than there were people. They all pointed in different directions. And we ourselves misguided our own compasses to align with whatever direction in which a statue was pointing.

Egyptian pyramids, mosques, and churches are all very strictly constructed in the sense of their geographical orientation to the points of the compass. Our compass was the index finger. And we are victims of a delusion that, for a period of over seventy-three years, there was a single indicator of direction. Over the last six years Lenin has been taken down and we have lost all these index fingers to tell us in which direction to point ourselves. As concerns the points made in this room, both by former speakers and at this session, with regard to Westernizing and Slavophilism, this certainly has been the case; these are virtually two of the most important problems with which we have to struggle today. Perhaps this is a last reminder by fate as to the true essence of our people, as it were, personified—this idea of direction.

I have two figures in mind here: Solzhenitsyn and Sakharov. Brilliance finds itself expressed in the essence of the nation, of the people. These two figures are perhaps a reminder of the dual root of Russia. They are two wings—one wing is not enough for us to take flight. So all the history to which we nowadays refer to as history has a dual root. I have been following the mutual relations of these two geniuses and, likewise, their attitudes with respect to the revolution [of August 1991]. What we see here is a pattern of convergence, a convergence which continued even after the death of one of them. Perhaps the thing of most value for us is not their polemics; this is the type of polemics when people listen more than they talk, it is a polemics of great good will. I find very appropriate here the word contrapoint. I have in mind the musical term. We see here in this type of contrapoint a polyphonic type of effect where two musical images do not try to wipe each other out, but strengthen one another and achieve a cathartic effect. This is the ideal of human relationships both on an individual and international level. Fate has given us a reminder of this fact. As always, it has been an ironic fate that sent the Westernizer, Sakharov, east to the city of Gorky, and Solzhenitsyn, west to Vermont.

We have yet to get beyond the limitations of ancient history. First of all, we now have a condition of three "nevers." I will name these three nevers. We now see an end to an historical cycle which lasted a hundred or perhaps more than one hundred years: I have in mind Communism. We might say the beginnings here are with the germs in the test tube:

I have in mind the ideas in the heads of Marx and Engels. These germs were dispersed throughout the world and Russia. They managed to take control of virtually half of the world. This was an epidemic and now we can see the results. This is a remarkable case for a methodologist to study; to see the entire process in light of its results. As it is said in the Bible, "And ye shall recognize them by their clothes, and by their fruits, ye shall know them." So we see Communism as a triple execution. The first was the execution of private ownership—private property—and at the same time, any vital interest in labor. This was an execution of democracy. I will remind you of the words of Lenin, "We are a government. We are a power and an authority which denies any and all laws and our chief source of support is direct violence and force." The third execution was the execution of religion and, likewise, of conscience itself. All this has been proven over and over again. Communism virtually did in the planet.

Second, the collapse of Communism may and is currently even strengthening and amplifying this danger. The second "never" has to do with the fact that humankind has no experience of dealing with the transition from Communism to we know not what. Now for the third "never." Evidently in this transition from Communism to this unknown "x," the chief danger has turned out to be fascism, nazism. I would not use the word fascism, but more precisely, nazism. This is not an imagined danger. It is growing. There is talk about a struggle for power in our country now.

It is important not only that we realize, but that the West realize in addition that the struggle for power is the struggle for access to the button. We might end up with a sort of Sadaam Husseinism of the Russian variety. We have been intoxicated by a certain euphoria over the last few years. We have been rejoicing, but this was premature. We have to take into account a revelation which was made to the world, to our country, and to our President, who was not unaware of the situation, by two scientists who were working on bacteriological and chemical weaponry. The former dangers that we had so much in mind when we thought of nuclear weaponry were dangers which pale in comparison with this danger. I brought an article written by one of them. The man wrote the article in English and I hope it will be published. It is frightening to

read how this weaponry was and continues to be created, and under what conditions of secrecy and how irresponsible were the conditions of storage.

I want to speak about the specific situation which we have today and, as I said before, I am going to be speaking about very simple things. The problem is that we have yet to fully comprehend the danger that stands before us and threatens humanity. I was totally dumbfounded by a single fact in your history. When the bomb was being created in Los Alamos, a mathematician (who happened, incidentally, to be incidentally of Russian extraction) was asked to calculate whether the planet might not fracture. He did the calculations and said that that would not be the case. But his calculations were not checked and rechecked. What if that had been the case? Evidently the task that stands before you and before us is the identical task. So I would say we have—and I will invent my own term here—the duty of the last line.

Here is another amazing fact, a fact that surprised me at any rate. Twenty or thirty years ago the amount of knowledge in the world with regard to previous generations was doubling every ten years. By the 1980s we reached a doubling time of five years, and by the time we reach the end of the 1990s, the doubling period will be two years. We have to create a new discipline, a new science which would be based on this logic, where we might be able to study this final line, because we are getting too many of these final lines.

I would be so bold to express an hypothesis here which in my view is axiomatic in nature. The peculiarity of humankind which distinguishes it from other biological species, paradoxical as this might sound, is the absence of an instinct for self-preservation. This instinct at some time, some place, perhaps in the transition from ape to man, might have existed, but now we see that it is totally lost. I would like to quote someone and later on I will say who that person is. "Perhaps one can say that the destiny of humankind would appear to be the destruction of the planet prior to the destruction of his own biological species." This was Lamarck [Jean-Baptiste de Monet de Lamarck, French naturalist (1744-1829)—Ed.] in 1820. He himself, back in 1820, was horrified by the smoke

of the first industrial enterprises, by the pollution of the water, and he himself extrapolated this tendency further on.

If you were to conduct a poll, a sociological poll, and ask people what they understand by the apocalypse, they would say the death of living things. But that is not the case. Well, that is the case first of all, but it is not the entire story. The apocalypse is the threat of global death, and after that comes the Final Judgment. After that—and this is the most important—will come a new earth and a new heaven. Whether we are religious or atheistic in our orientation, this is a sort of universal truth that we must accept. Incidently, I was at an exhibition of medieval depictions of the apocalypse and I was amazed by the color schemes in them—they were all rose or pale blue, a sort of optimistic color scheme.

In conclusion, I would like to come to the image of that boat in which we all supposedly find ourselves and of which we are so tired of hearing. There was a time when this image captured all of our attention, but no matter what you say, we are in that boat. We lack a consciousness of the fact that if you and I are sitting at opposite ends of the boat and there is a hole at my end of the boat, that hole presents a danger to you as well as to me. This is the service which I mentioned as the last line, the bottom line. Will the bomb destroy and blow up the world or not? How can you be sure that if Lake Baikal were to disappear, the world would continue to exist? How about the Amazon rain forest? I will try to be brief here, but if we look at the question of national borders within the light of a Nazi-type threat, if we look at the question of a national apocalypse, this is an apocalypse which is quite different, altogether different, from that which we saw some fifty years ago.

I'd like to make one last, concluding remark. You are quite right about your description of the lack of national consciousness up to the sixteenth century. It was a brilliant analysis. It reminds me of a play of Molière. A character in the play learns from an educated person that to his amazement he has been speaking prose all his life. I would like to be so bold as to say that perhaps this is not just a matter of words, perhaps this is a formality. If we look at the selection of Orthodoxy, or Christianity, by Kiev and Russia, is this not itself an act of national consciousness? If we were to turn back to Kiev and Russia before the

Tartar invasion, we would be amazed at the international links and ties which this country had, ties perhaps unique in many ways. If we take your theory, perhaps this is the very necessary condition for such definition. Perhaps this self-consciousness did exist, although there was no word for it, and certainly it would be better that way then the reverse. Thank you.

James Billington: We are already a little over time and we have one more speaker, Mr. Pëtr Gladkov. What I am going to do with your permission is to ask him, with my regrets—he has the misfortune to be last—that he compress his statement a bit, as I would also like to hear a word from Mr. Mikhail Tolstoy. Mr. Tolstoy is a sudden arrival. He is the head of the Organization of Compatriots and a prominent deputy to the Russian parliament who really plays a very important, central role in the whole question of the definition of Russian identity in concert with the broader Russian community outside of Russia, as well as the politics inside Russia. So, I think a final comment from him would also be welcome. This will be at the expense of the discussion. I propose to have two relatively brief interventions and then we'll reach the long overdue break. We present first Mr. Pëtr Gladkov, who is from the Institute of the USA and Canada of the Russian Academy of Sciences and is also President of the Russian Science Foundation.

Pëtr Gladkov: I will be very concise because actually, I was mis-scheduled; I was supposed to be a speaker at the next panel.

James Billington: Mikhail, the last word is yours. The science of the last line.

Mikhail Tolstoy: We have heard the best example of Russian spirituality when we heard Ernst Neizvestny. We understand everything in our history due to our speaker from Harvard. I agree with Pëtr Gladkov that my theme is better for the next listening. I want to have as my example Ambassador Lukin, who made his speech in English, not Russian, and maximize the time I am taking here. I only want to add two objections

to Edward Keenan to the previous part. One private objection is about Peter Tolstoy, who was mentioned. You thought that he could not express his mind about his national identity. I think he could do it because he spent several years in jail in Turkey when he was Russian Ambassador. He understood what the difference was between being Russian and not Russian. His trouble and concern was to prevent a war between Russia and Turkey. He worked in this area, so he must have understood his national identity, and I think he did so.

And the second. Thank you, but there was a strange analogy in your speech when you mentioned the first period of immunization to foreigners in the period of *smuta,* when foreigners received their salary from the Kremlin. We need to remember Jeffery Sachs, counselor on economics to Yeltsin, receives his money from the Kremlin. Perhaps this is the third invasion of foreigners in Moscow after the Napoleonic War, so perhaps this analogy with *smuta* is very perceptive and gives us much more understanding of what has happened. I think you are not deep, but only on the surface of the image of the situation. I do not want to answer you, but to put to you the question so you have something to think about.

My activities in the Russian Parliament are activities around the problems of Russians abroad. Now regarding the future of Russia. Is Russian emigration in our past or is it our future? Only a year ago we thought that emigration was in our past, concerning history on different levels from the revolution to the late days of the emigration of the dissidents. But now, when we see twenty-five million Russians captured in the republics—all now pieces of the former USSR—we must decide if they are emigrants or not. Do they represent Russia or not? Do they need these terms such as spirituality of Russia or not? I think it is not only the color of blood, but for the Russians, it is the feeling of your participation, the dealings of such a great nation, great land, great empire, as Russia, the former Russia, USSR, and so on. Thank you.

James Billington: I know we have all had a rich discussion and ask you to join me in thanking not only the panelists, but our excellent interpreters, one of whom is himself a former Secretary of the Kennan

Institute. Before the last session, which will come up in just a few minutes, I think we owe a vote of thanks to the Kennan Institute for arranging a program that includes panels as wide-ranging, panels that delve into history as deeply as the one we've been privileged to have today. So, thank you.

Vladimir Pechatnov: It's time to begin our last, but not least, session of the day, which is devoted to Russian democracy. I am Vladimir Pechatnov from the [Russian Federation] Embassy and I am one of those who organized this conference today. We are glad to have you here and appreciate your patience and dedication. Until very recently, the combination of these words themselves, Russian democracy, seemed to be almost a contradiction in terms, or at best had some purely historical meaning. Now it exists in reality, although it is very fragile and young. There are endless debates, both in Russia and here in this country, about the prospects, the chances for Russian democracy in the future. Basically, it is the debate between those who see the glass half-full or half-empty. But today we would like to focus not only on the present status of democracy in Russia, but, in the true spirit of the Kennan article which inspired today's gathering, to think also about the future—to fantasize, if you wish, a little bit. And with us today to speak on this subject is an interesting group of both observers and participants, especially from the Russian side, in the democratic reconstruction of Russia.

Our first speaker is Valerii Pissigin, who is the youngest member of the Presidential Advisory Council and also Deputy-President of the League of Cooperatives and Entrepreneurs of Russia. He was born in 1957 and graduated from the University of Kazan as an historian. During recent years, the primary focus of his attention has been the creation of a business network for social responsibility in Russia, mostly on the local and regional level. Having this sort of experience, he became a member of the advisory group to our President. Let me just welcome Valerii and yield the floor to him.

Valerii Pissigin [translated from the simultaneous interpretation]: Ladies and gentlemen, I find myself in a somewhat difficult situation—having to switch from those complex and uplifting matters which were discussed by the distinguished previous speakers and return to a subject which is closer to the second session of our conference. I am referring to the discussion

of democracy—not as an opportunity for a young man to address an audience in the United States or somewhere else, not so much for the possibility to argue and be heard, but about democracy as a way of life. Mr. Starr put the problems in perspective very starkly and one could add to his presentation a number of sad and difficult pictures taken from our everyday life. But imagine people who are in the faraway provinces, in faraway towns, who are trying to get things done. I want to give a personal example. I travel a lot. I know the provinces and without inventing things or speaking in the abstract, I will try to give you a picture of Russian democracy. Certainly, with the proviso that we are talking about real democracy.

Let's take as an example our entrepreneurs who produce some mechanical things, that is, devices for opening gates. They have been able to find some people in America to help. Out of the existing regulations, there is the so-called value added tax which is twenty-eight percent of the total they must pay, plus a twenty percent customs duty. Then there is the thirty-two percent tax on profit which is owed to the government. The total figure is eighty percent in taxes. In addition, they have very expensive rent because they did not really have the money to buy the premises. Based on the local duties and bribes to the authorities and to the administration, the extremely high prices for electric energy and telephone services, one may conclude that business is something almost impossible in Russia.

Other entrepreneurs—and I am giving you a specific example that I know first-hand—are selling furs. If that same enterpreneur cuts a particular fur skin into pieces, he will have to pay thirty-two percent on each piece: thirty-two percent more will go to the government if he sews a fur hat. So how is it possible to work under these conditions? Businessmen ask these questions, "How can we open stores? How can we compete?" It is totally impossible. If I were to give the examples of epithets or descriptions that these entrepreneurs use to describe their situation, I think Ambassador Lukin would agree that these words would be unpalatable. Now then, we have a portrait of a person who goes forward and rents a basement, makes hats, buys furs, then leaves the building and sells them. He doesn't pay any taxes to the national budget

or anywhere else, except for the tribute he must pay to the local mafia for a spot on the local marketplace.

Entrepreneurship in Russia today is experiencing high inflation and has been for about a year. It is suffering from a totally disintegrating financial system and the actual absence of such a system. Yes, we have seventeen hundred commercial banks and they tell us that total seed capital is seventy billion rubles which, you will see if you convert it into dollars, is a purely symbolic amount. In addition, there is a lack of an interbanking system or a cashing service. I can tell you that bankers carry money in bags or in vodka cases from bank to bank. There still exits the totalitarian carcass which is the system of mutual payments which holds the country in its grip. Thus far, it has allowed only for minimal reform. Combined with the arbitrariness of the local authorities and crime, there exists a complete bouquet of factors that affect democracy—a democracy which is being dried up. This turns any talk of democracy into nothing.

How does the government react? The government says, "We are not going to make any exceptions for anyone." This is what the minister of our economy said on January 3d [1993] in response to a proposal by one of our leaders, an academic dean, about providing support for small- and medium-scale businesses. This minister is a representative of a government which calls itself democratic and around which there are so many arguments and wars raging. The question arises, "This is a minister of what kind of economy?" And the answer is obvious. He is the minister of precisely that economy in which the man to whom I referred earlier comes to buy furs and make hats clandestinely.

This all takes place within a country where there is still a state monopoly on property, where the government is trying to achieve no debt in its budget, where the exchange rate is 450 rubles to the dollar, with unemployment impending, and has all the problems of small- and medium-scale business and the attendant reaction of the government. All these things taken together convince me that, essentially, we simply do not have a government or system of executive power in Russia today. And if this is so, we cannot talk about any checks and balances between the two branches of power. It's a myth. It is once again a myth invented

by our reformers, however regrettably—a system which our reformers have been unable to establish.

In this context, I would like to call your attention to my main point. If there is no struggle between the branches of power, then one has to take a very careful look at precisely where full power is focused and where it is trying to realize itself. Then we will see that the new Russian bureaucracy yet has power unto itself in the Parliament, the legislature, and the committees which make executive decisions willy-nilly. The fact is that such an ancient entity as the Russian bureaucracy, in all its diversity and hues of red, white, green, and pink, has not changed and is not changing its essence as a type. But this is something that no one is trying to tackle. No one is examining or analyzing it. This is an entity which itself tries to embrace everything. For a year and a half, while there has been talk of democracy and people have been scratching the surface, trying to use certain manipulations, the entire *nomenklatura* has been trying to build itself into the existing system. The *nomenklatura* has not changed.

Because the reform which is ongoing in our country should not be an abstract thing, we should create an alternative non-governmental sector of the economy which would make it possible for people to realize themselves and to disperse not only capital and profits. These people have been able to grab not only the property, but the services of these structures. We didn't look into that seriously, and we are now reaping our just rewards. Under conditions of a monopolistic economy and a dominant state, or huge state monopolies, there simply cannot be branches of power. So the struggle between the executive and the legislative branches is not about where the dividing line lies, but about how to join these two together and make it a monopoly. What people are thinking about is not how to divide the authority, but how to grab it, together with the collateral package of executive authority.

Our writers are people of creative minds. For example, Daniil Granin has written that the *nomenklatura* is not in the habit of sharing power with any branches or authority. The trunk of this power is as direct and as strong as the barrel of a sub-machine gun. Of course, I can accuse and blame the opposition, the conservatives, and the reactionaries, but

I still tend to put the most blame on those, including myself, who had the unique opportunity, and I am referring to this in the past tense, to take some steps towards democracy. Having failed to address the global social problem, the reformers have called into question the very idea of democracy and have pushed their political opponents to action and a search for alternative ways to deal with the existing problems. If such major ministries like the Ministries of Internal Affairs, Security, Foreign Affairs, and Defense are excluded from the government, then the government elite becomes no more than just a team of economists, ceding the main lines to their opponents.

How do I see the future of Russia? That Russia is not going to be the same is obvious, but will it be democratic? This is a big question mark. I agree with Iurii Kariakin that this is not solely a question for Russia. It is a universal question for the whole globe, because a disruption of planetary stability will certainly render us unable to make the twenty-first century a peaceful one. The problems of entrepreneurs from the city of Penza to which I referred earlier will fundamentally determine the nature of the twenty-first century.

I happen to belong to those who believe that a new Russia will grow out of the provinces. There in the provinces, in the regions outside of the cities, we can witness very serious stirrings. The Moscow-type hysteria and exaltation that we see on the streets of the capital is not in evidence there, is not witnessed there. People do not talk much about democracy. Rather, they prefer day-to-day work. These provinces are still hostages of Moscow and its bureaucratic institutions. I believe that scientists and politicians, including American scientists and politicians, would do well to observe very closely the processes that are underway right now in Russia—the processes of the outflow of power. They should keep these processes under close scrutiny at all times, so they will always know with whom they are dealing. Thank you.

Vladimir Pechatnov: I think we heard a very interesting presentation describing not only the predicament of Russian democracy, but also showing some ways out of the present situation, especially with the emphasis on the local and regional levels.

Let me introduce Gennadii Alferenko. He was born in Siberia, where he has spent most of his life, educated in jurisprudence, but he early on became involved in social entrepreneurship. He was the organizer of the first truly voluntary society in Russia that I know of. That was 1970 and the Choreographic Society in Siberia. Then that spirit caught up with him and he became in the mid-1980s a founding father of the first real private social foundation in Russia, which has come to have its present name, the Foundation for Social Innovations. It actually started a whole chain reaction and sponsored the setting up of many similar bodies around the country—around 250 foundations of a similar sort. Mr. Alferenko's foundation initiated and sponsored many good causes, including today's conference. I am delighted to yield to Gennadii and have him speak from his own perspective.

Gennadii Alferenko: Toward the end of the evening I see some sadness in this very beautiful room. One could apply the old Russian phrase, "here is *Rus'* and the Russian spirit." Somehow we cannot do things without sadness or melancholy, we are purely Russian that way. I even noticed my energy ebb as the day progressed, but I was shocked that you, our American colleagues, are so patient and so gracious in having listened to our troubles and our problems, particularly in the provinces. You seem to have an interest in the fate of somebody who is doing something with a fur skin in a basement. The Russian Parliament is not interested in that. The Russian press is not interested in that either. This is my shocking revelation. I believe that for you to be so patient is just proof that the foundations of democracy and freedom remain fundamental for you.

I was born on a state-owned farm in Siberia in Village Number 42 and I have spent 38 years in Siberia. If democracy does not take hold in Russia, I will go back to Siberia and I will feel fine. Nothing will happen. But what is democracy now? Millions of people have been killed. Death and murder are becoming a daily norm of life in the former USSR. Just recently, someone killed the daughter of a friend whom I loved very much. She came to Siberia from St. Petersburg and at ten o'clock in the morning her only daughter, a ten-year-old girl, was killed in cold blood. The violence is becoming something that we have to face every day. And

unfortunately, there is nothing else in store for us. Albert Schweitzer is someone whom I admire in his concept of life—he used the words democracy, capitalism, socialism, and he also used a wonderful phrase—trepidation, reverence for life.

Today there is a lot of rethinking going on about what democracy actually is. People talk about the future of democracy in Russia. This reminds me of the old concept that Communists loved so well, the concept of the bright future. Three generations were sacrificed in order to build socialism and then communism. Millions have been shot. Happiness did not come about. The present is always somehow denied or negated, everything belongs to the future. Now new democratic leaders have come to power in Russia, and again they are claiming to be building a new bright future. Again the "ism" concept. When is the time to live? I don't want to build capitalism in Russia—I already built socialism, but I cannot buy shoes.

I have visited villages where people were happy to tell me that they have been able to buy coffins, because coffins are becoming more and more expensive. People are happy to see a coffin in their house, to know that they own something. If everybody who was working for the KGB, building communism and socialism, were given the opportunity to die honestly and told that we had a world confrontation with our fingers on the button and they were still unable to kill each other, and I could then tell all those people that all their lives were in vain, that they have been unable to do anything, to make any contribution, then the result would be violence and war.

I had the honor to travel with Boris Yeltsin in the fall of 1989. It was a trip that was organized by our Institution in particular, and an American sponsor. Before that Boris Yeltsin had only been to two countries, Nicaragua and Cuba. When I saw him with Jack Anderson, sitting alone in an office, everyone was afraid simply to call him or see him. Now thousands of democratic leaders are vying for his attention. I remember when he flew around the Statue of Liberty in New York: we were presented with a copy of the statue that we later placed in a capsule on the Space Flight 500 project. Yeltsin flew around the Statue of Liberty

and said, "I am free at last." See how simple it is? Just go around the Statue of Liberty and you will become free.

Another very important experience for me was, after visiting the Houston Space Center, finding myself in a supermarket. It was a lesson in capitalism. Yeltsin simply could not believe that eighteen brands of onions were very neatly washed, dried, and glistening through their water drops. He recalled at that moment all the members of the Politburo in charge of agriculture in Russia. When he was head of the Communist Party [organization] in Moscow, he recalled that he used to convene these onion meetings where they discussed how to wash onions and make them available. But now, as in the past, they are unavailable. This is life.

When you are in a crisis—and we are in a crisis—there are two ways to go: either towards catastrophe or towards new opportunities. I recall the first meeting that we had between American Vietnam veterans and our Afghan veterans. Now they have established a joint venture that produces wheelchairs for the disabled. It has been very successful. At that time those veterans were crying in the airport in Alaska, at the same time a reunion of families who had not seen each other for forty-something years was occurring. They also cried. Now they travel without visas to see each other and any Russian citizen is ready to become an Eskimo.

Chadaaev put it very aptly a long time ago when he said that Russia is setting an example of a direction in which one should not go. We have proved that brutally. A negative result in science is also a result. Your patience is the reward for our brilliant result. In the course of this brilliant experience we have lost our social memory. In other words, three generations after the 1917 revolution, people simply do not remember or have no idea about what private banks are or what entrepreneurship is. All of this has been lost. The future of Russian democracy, the establishment of a civil society, will be in place after two, perhaps three, generations will have worked hard to restore and rebuild truly democratic institutions, insuring two important rights: the right to life and the right to be free of need. If you have three quarters of the Russian population below the poverty line, they have no interest in having the right to free assembly or the right to free expression. They have a different definition

of democracy. They want a democracy that would insure their life, safety, and a bearable existence.

These problems only seem to be new to us, for other countries have gone through these periods as well—from totalitarianism to other forms of civilization. It happened in Chile, Greece, Portugal, and Latin America. There have been different situations but the megatrend was still the same—a movement towards a democratic, civil society. I respect Yavlinsky very much, but when I saw his work called the *500-Day Plan* [an economic reform plan prepared by the Gorbachev government in the USSR in 1990 under the direction of Stanislav Shatalin and Grigorii Yavlinsky—Ed.], I did not believe it because I know that it takes a few generations to develop democracy, not 500 days. Therefore, this is what is happening in Russia and the organizations which occupy the three branches of power—the power to rule, the power over business, and the power over the non-commercial sector. In that context it is very important to observe what kind of balance we have in our society. If power dominates society, then the individual is lost. There is no democracy. We do not have democracy in Russia because power, which is actually powerless, still dominates the society and is leading it to demise.

There was a very interesting article the other day which described how ninety-five parties were established in Russia. At one time Lenin said, "We have the Party and all others will simply vanish." The establishment of a civil society requires a very simple effort. Today, we observe the leaders who are trying to rebuild institutions and possess an institutional memory. There are people who have this wonderful formula, like our sculptor Mr. Ernst Neizvestny, who has an institutional sculptor's memory. Other people have economic memories. These are people not yet known who are very far away from the capital—we simply don't know them. The Russian Embassy has invited a lot of people that you do not know and, in this sense, our Ambassador took some kind of risk by giving out these names. These people, because of their historic work, will do something for Russia.

Therefore, our fund has a strategic program which we call "Leaders of the New Russia." We hold discussions, conferences, seminars, and

international workshops to which we invite innovative leaders from the executive, business, and non-commercial sectors. It is not a party. It is not a movement. It is a network. It is the work of the commoners and the officials; these are quiet leaders of Russia. They talk softly. They don't point any direction out as the way to go.

Every individual will fill his or her own place. This democratic society will come to us as a polyphonic structure where each voice is heard and is equal to others; where each voice is not trying to pontificate or humiliate the other; where there is no monologue, but a dialogue; where the voice of a prostitute is the same as the voice of the President. This is what I think a democratic situation is. Emerson put it quite plainly when he said, "Freedom of somebody to swing a fist should end with stuffing that fist in front of the nose of the other person." An aggressive statement or presentation is violence, too. Thus I end my statement.

Vladimir Pechatnov: Thank you, Gennadii, for a very eloquent and interesting presentation. Now we understand better why so many people follow you into your initiatives. I think you also reminded us of some very useful things, including the fact that we should not make a cult, even out of democracy, to say nothing of the subject of our discussion.

It is with special feeling that I introduce our next speaker, Dr. Pëtr Gladkov, who was born in the provinces like many of us here, came to Moscow to study, and became a respected staff member of our Institute of the United States and Canada. He was never entirely happy just pursuing research, although he was good at that—he always tended to be more socially active. That is how I think he arrived at his present stature, for he started as one of the brain trusters in Gennadii Alferenko's foundation and was one of the movers behind this conference from the Moscow end. Quite recently, he also became president of the first Russian Science Foundation, which is a research-supporting organization which is doing a very good job in analyzing Russia's present agenda—both domestic and foreign policy. Pëtr, the floor is yours.

Pëtr Gladkov: Thank you, Vladimir, for those very kind words. Actually, after having heard during the break a lot of compliments on my previous speech, I decided that I would try to repeat the success. So I will try to limit myself to some very brief, impressionistic comments along the lines that were pursued in the brilliant speeches of the participants of today's conference. I will actually try to make three points, and one of them will be to follow in the footsteps of Valerii Pissigin's description of the political situation in Russia. To that political description I would like to add a social and psychological dimension of the present situation in my country.

I may be wrong, I may be mistaken, but geopolitically, the dissolution of the Soviet Union represented the end of an entire historical metaperiod: the existence of the Russian Empire begun by Peter the Great. From this metahistorical point of view, Bolsheviks or non-Bolsheviks are not actually that important, because they were just continuing what was begun by Peter the Great. Under our meager life conditions in those seventy-three years after the revolution, especially in the 1970s and in the early 1980s, people lived a rather poor life. For them the only psychological explanation for their existence was that, after all, they belonged to a great power. This sense of belonging to a great power, this sense of being citizens of one of the greatest empires in the world, was actually for many people a reason for existence because without that, it would have been extremely difficult to survive.

With the dissolution of the Soviet Union, this sense of belonging just disappeared. The psychological vacuum that appeared in place of this sense of belonging has created a lot of dangers for any kind of democratic development in the country, because in this situation people have become extremely frustrated, socially and psychologically. There are actually two reactions to this: one is aggressive hyper-nationalism and the other is social apathy.

Another very important recent development has been the disappearance of the external enemy. The external enemy, in the name of America actually, existed for many years. It may be strange and surprising, but this disappearance somehow destabilized the domestic situation in the country. In the absence of an external enemy, people

tend to look for internal enemies and they turn their frustrations against their neighbors. Previously, there was someone to blame. Uncle Sam was to blame for everything. Now people have started to look for someone else much closer to home to blame as their enemy, whether they were the Jews—in Russia, the Jews have been considered responsible for everything—or whether they were the Russians in the former Russian republics. People who had been living together for years became enemies. Unless this situation is somehow resolved, there will be no way to build any kind of stable democracy in the country.

What are the solutions to this situation? Of course, there is economic reform and I will not repeat all those recipes and remedies that I know very well. I only want to stress the importance of stability in the country and the emergence of a middle class—an economically independent middle class, a strong group of people. Without this, everything that is going on in the country will continue forever. Why is the struggle in our Parliament so tough right now? Because those people who are sitting there deciding the fate of our country are not economically independent and they know that they are there for a very short period of time. They try to use this short period of time to become a little bit more economically independent. They try to use their positions to get as much money and property as possible before they get kicked out and other people like them take their places.

The only solution to our situation would be if the people who come to our Parliament are economically independent. Then they would not depend on the bribes that people give them because they would have independent fortunes. I think that this group, this delegation that we have brought here, represent these new political forces. These are people who try to combine business with social responsibility and try to become politically influential on the basis of economic independence.

Again very briefly, I would absolutely and completely agree with Valerii and Gennadii when they say that the future of democracy in Russia lies in the provinces, not in Moscow. Maybe I am biased like Gennadii, who is from Sovkhoz 42 in Siberia, and like Valerii Pissigin, who comes from Volga River region. I come from a small town in the Urals, Vladausk, and I lived in the city of Cheliabinsk, which used to be

and still is a pillar of the military-industrial complex. The same year I was born, in 1957, there was the famous explosion of the nuclear waste depot near Cheliabinsk—several hundred kilometers from there—so I may be a mutant, I do not know. But I still keep going back and forth to my native city because my wife is also from there, her parents still live there, and my kids spend all their vacations and summers there. I see what is going on there. I try to travel not only through the United States, but also throughout my country so I can look at what is going on. I absolutely agree that real work and real democratic efforts are being undertaken in the provinces. The future of the country is not being resolved during those political battles in the Kremlin, but in the quiet work of the small guy who decides to open his private bakery or create a private school. This is the real path towards democracy in my country. A new generation of leaders are working and preparing for the next elections. They are gathering money and political influence, and the new generation of political leaders who will come to power in my country in two to three years will be very different than previous leaders of our country. First, they will be financially and economically independent, and second, they will be real professionals—they will know what they are doing.

The third brief point concerns America, the role of America in what is going on in Russia. There has been a lot said about this subject. I just want to stress again the point that was made by Il'ia Baskin this morning, if I'm not mistaken, that America should not be late this time. From a business point of view, America is already late. The Germans are there, the South Koreans are there, and they are positioning themselves, they are putting their feet on Russian soil, and when the real opportunity comes they will be there in no time. Unfortunately, I must state here in this audience that American Sovietologists—or for lack of a better term, Russianoligists, Kremlinologists, CISologists, or whatever you call yourselves now that there is no Soviet Union—also tend to be late, like military generals who are always preparing for the last war. They are working and studying the elites, people who are already outlived, people from the past. New elites and new leaders have already appeared, yet the majority of American conferences and symposiums still use the same, I call it, international conference *nomenklatura.* You see all the familiar names. You see all the familiar faces. They do not represent anything anymore, but they are still coming. There is a very strong inertia.

When we were working to coordinate the arrangements for this conference—the Russian Embassy and our Foundation—we deliberately tried to present and show new people to you. There are a lot of new people, such as our business people, like Baskin and Lvov, who came here only for this morning's session. They flew in here yesterday evening and they are now on a plane back to Moscow. They do not have time to spend on conferences. They made their points, they listened, and then they left, because they are doing business, multi-million dollar business, and they have to be there.

New people are the answer to old questions concerning the future of Russia, of democracy in Russia. I think that if we try, we can put our modest efforts into this program which we call "Leaders for a New Russia." What this project is doing is trying to implement this brilliant idea of Dr. Billington of bringing ten thousand Russian entrepreneurs to America for one month of training in leading American corporations. Sometimes the small answers are the ones which will bring about big changes. Small is beautiful, even in Russia. Thank you very much.

Vladimir Pechatnov: As our last and very important speaker tonight we have someone...well, let me first tell you a very short story. Two years ago, we here at the Embassy were deciphering an article which appeared in the *New York Times*. It was signed by a mysterious Mr. "Z" and made quite a stir back in those days. We were here trying to decipher the author and the political significance of that event, decipher the forces standing behind that article. Moscow was really concerned, I may admit it now. Later, it became known that the author was Professor Martin Malia from Berkeley, and he became identified for much of the public as Mr. Z. Although a more attentive audience has always known him as one of the best historians in Russian history, one of the best experts on the Russian revolution, in particular, on political thought. He was educated at Yale and Harvard, he has had a remarkable teaching and research career, and has authored several first-rate books on the subject. We are very delighted to have Professor Malia here for this concluding presentation on Russian democracy.

Martin Malia: Thank you very much. Since you brought up the "Z" matter, I might as well say something that is not usually recognized about it. I did not sign the article "Z," I signed it "N. *Perestroikin*," playing on Lenin's way of signing "N. Lenin" instead of Ulianov. The reason it was anonymous was because it was written in late 1988 and early 1989 and it wasn't clear how things were going to turn out; the last time I had been in what was then the Soviet Union in difficult and exciting times was in 1962, and afterwards some of the people who had been indiscreet with me during 1962-63, among them Lidia Korneievna Chukovskaia, whom you all know quite well, had trouble. I didn't want anyone to have trouble this time, so I signed it "N. *Perestroikin*." When it landed in the lap of the *New York Times*, they thought "N. *Perestroikin*" was a real person, so they said there has to be a more obvious pseudonym and they picked "Z." That's what made it important. If they had just left things alone, no one would have paid much attention to it.

I'm very glad to be speaking after three Russian colleagues because together, all of the Russian colleagues here have made my task very easy. It should be clear after what we've heard that democracy in the psychological, cultural, and grassroots entrepreneurial sense exists in Russia and is irreversible. No future Russian government could undo the psychological changes we have seen exemplified today or this grassroots re-emergence of a civil society.

Democracy obviously means more than that. The term is basically a political one and to define it I think for the first time today, it means, in our age, constitutional government on the basis of universal suffrage. In some cases, you can have constitutional government without universal suffrage. Indeed, that is how constitutional government developed until very late in the nineteenth and early twentieth centuries, at least for most countries in Europe. A lot of people would say that Russia now, even though there may be this grassroots entrepreneurial activity, has no chance for developing a stable constitutional government on the basis of universal suffrage.

Indeed, this is the prevalent mood in the West today. We're really terribly impatient, indeed, fickle. A little over a year ago, after the botched putsch of August and the collapse of the Soviet Union at the

end of 1991, there was a bit of euphoria. It lasted a couple of months. People talked about Russia reborn, echoing a phrase of President Yeltsin. Today, by and large, it's Russia in ruins. Since the admittedly not very reassuring Congress of so-called People's Deputies last December [1992], we've even been treated in the elite press to apocalyptic pronouncements about the end of the whole experiment—it's all over. I submit we're being much too impatient after one year, only one year after the collapse of Soviet communism and the end of the Soviet Union. Hardly more than a year, and, unless there's a completely functioning market economy and constitutional government, it's all over!

Two reasons are usually adduced for this pessimism. One, Russia is basically a hopeless case. The Russian national tradition has always been autocracy above and servility below, whether it was the imperial regime or the communist regime in power. This is simply the Russian destiny. I intend to argue against this in a minute. The second thing one usually hears now is that the Yeltsin-Gaidar government is to blame for the admittedly growing economic, social, and psychological crisis that one now sees in Russia. It is their mistakes in policy, in particular, their economic shock therapy, that is the cause of the economic crisis, the loss of faith among a part of the population in democracy, and so forth. I intend to argue against that briefly also.

Well, first of all, democracy anywhere, in the sense in which I used it—constitutional government on the basis of universal suffrage, and that, of course, involves the rule of law—is everywhere a very recent thing. Most of Europe in 1914 was not democratic in that sense. Only the United States and France by the mid-nineteenth century were democratic in that sense. Not even Great Britain, that paragon of constitutional government, was democratic in the sense in which I just used the term until the twentieth century. Then, from 1914 to 1945, most European countries muffed their transition democracy. We have to think only of Germany, Japan, most of Eastern Central Europe, the Iberian peninsula, and so forth. It's only very recently, after World War II, that democracy in the sense in which I used it has become the accepted, civilized norm. Russia isn't all that far behind and the fact that the miracle didn't occur this year doesn't mean it's impossible. Moreover, Russia does have in her past things pointing towards the possibility, I'm not saying certitude, but

possibility, of a democratic outcome. The Russian tradition, historically speaking, was not monolithically autocratic. Never. Absolute monarchy was the norm everywhere in Europe until the end of the eighteenth and well into the nineteenth century.

From the time of Radishchev and Novikov, or at least Alexander the First, Pushkin, and the Decembrists, there was a resistance to autocracy, an opposition to autocracy. It's in the poetry and ideology of Pushkin and the activities of the Decembrists and it keeps growing throughout the nineteenth century. It is, roughly speaking, the Westernizer tradition. Well, let us remember that Westernizer in the Russian usage of that term doesn't mean simply servile imitation of Western Europe, but entrance into, participation in, a universal civilization of humanism, freedom, and rationalism. The West in Russia is simply viewed as the first case of this kind of development and it doesn't take much looking at Russian history to realize that from the Decembrists to Herzen; to Turgenev; to the Tver Zemstvo liberals of the 1860s; to the bureaucratic reformers that helped Alexander II emancipate the serfs, found the zemstvos, and create the independent courts; to the entire journalistic tradition of the second half of the nineteenth century; from Belinsky on down to the Kadet Party in the early twentieth century; that there is a Russian, liberal, rationalist, universalist, or Western, tradition. Now, they lost in 1917—they lost big. But so, too, did the German and Italian liberals, and the Spanish liberals—but they made a comeback.

My twist on this is that my colleagues doing Russian history in this country have, by and large, been negligent in talking about this tradition in Russia. Until sometime in the 1960s and 1970s, this was perhaps the dominant perspective. I studied Russian history with a professor at Harvard named Michael Karpovich who was the nephew of the very great historian, Presniakov, and he taught us the Westernizer-Kadet version of Russian history. But after the mid-sixties, it was displaced by what can only be called a Menshevik version of Russian history. These liberals were forgotten; the reformers in the Imperial government were forgotten; the Kadets were written off as people who were not responsive to the needs of the popular masses and that's why they lost; and Russian history in this country was retaught with a teleology culminating in October 1917. It was all workers, peasants, Marxists, and October 1917, with the Soviet

regime the logical culmination of Russian history. This is what we have been given.

Since Russian historians now are looking quite a bit to their Western colleagues to see what we've been doing, they're going to come upon this literature. There aren't enough things that we've turned out that will turn their attention to other aspects of the Russian tradition. I might add that the same thing is true of Western historical, especially Anglo-American historical, writing on the Soviet period. It was a worker's state. It was doing okay under Lenin and Bukharin, then Stalin got it off the rails. Gorbachev was supposed to get it back on the rails. It's a Leninist-Bukharinist version of Soviet history. Western historical writing won't be all that helpful in getting a new history curriculum started in Russia, and you will have to get one started there.

Obviously, of course, linking up with this particular aspect of the Russian past will not bring democracy to Russia now. Other things are involved. Creating democracy in Russia now is a much bigger job than it would have been if it had been possible to start, let us say, in 1914. I think in 1917 there was no chance of a stable, liberal democracy emerging from the chaos and breakdown of World War I, but as of 1914, there was some chance. It's more difficult now. Why? Because then Russia had a civil society, something of the rule of law, it had a market, banks, its elites were integrated into the world—that is, at that time, essentially the European community. It would have been easier then.

But now the task is much more difficult. Much more difficult than Spain or Chile, which were mentioned. Spain had a political despotism, it wasn't a totalitarianism, it was political despotism, but it had all the rest: a civil society, a market—not necessarily flourishing, but it had these things. It was sufficient to remove the political despotism and you had what people in Eastern Europe, Poland, Hungary, Czechoslovakia, and Russia in recent years have been calling a "normal" society. This is what Russia must make the transition to—a normal society of which democracy is only a part. In cases like Spain or Chile, or a whole bunch of Latin American countries, it was much easier than the problem now confronting Russia because the Soviet Union was a totalitarian system in a sense that these mere authoritarianisms were not. I notice that all our

Russian colleagues today use the once forbidden "T" word. The things I have heard here today even now could not be said in the annual Berkeley-Stanford meeting on whither Eastern Europe. Much too blunt.

What is special about the post-Soviet situation? I think I can best illustrate it by telling an anecdote that almost everyone here has probably already heard, but is very profound. It's been variously attributed to Lech Walesa in Poland and [the humorist] Mikhail Zhvanetsky in Russia. It is very easy to turn an aquarium into fish soup. But no one yet has found the recipe for turning fish soup back into an aquarium, as in an aquarium of whole, live fish. What it means is that the Soviet system was a total system where politics, economics, culture– everything–was politicized under a party-state dictatorship. When the total system collapses, you've got a total collapse, that is, everything goes at once, and therefore a total problem, that is, everything has to be rebuilt again at once. That is, everything has to be done first: you must create a political democracy, a rule of law, the mentalities that go with that, a market economy, and even, in the Russian case, a new nation-state. The old Soviet Union cannot serve as the framework for that. No wonder all these things couldn't be done in a year–this is the work of a generation. This is work into the next century some time, work that will require going through quite a number of crises of which the famous Congress of People's Deputies last December [1992] is just one. It's in this perspective that we should evaluate the alleged failure of the first year.

Very briefly, how to do that. Well, obviously, the Yeltsin-Gaidar government did not succeed in realizing all or even some of its most important, basic objectives. It did not stabilize the situation, that is, the economic situation, which was its first and broadest objective. It didn't stabilize the ruble, it didn't make it convertible. It didn't build all the institutions necessary to make a market function. It hasn't privatized much of anything. Having said that, none of the former Communist countries of Eastern Europe have privatized much of anything. They have plans for doing this, schemes for doing this, but not much has been privatized.

Just to illustrate how difficult it is to make this unprecedented transformation–even East Germany, which had an affluent, successful

West Germany to pick up the pieces—has proved to be an enormous problem. They haven't yet turned it into a functioning, market society. If they've got a political democracy, its only because the West Germans brought it with them. They didn't have to create it themselves. The Yeltsin-Gaidar government has not succeeded in doing that.

Nonetheless, they've made a very major breakthrough. By liberalizing prices, they have at last established, tenuously, but still established, real prices for the first time in seventy-four years, well, since the NEP [New Economic Policy of the 1920s] in Russia. They've created a situation where a monetized, not a planned, society is the norm. One of the reasons they didn't do better is that they hadn't expected to come to power that soon and they didn't have a program of transition ready when they came to power in August 1991. They put it together only in the fall of 1991. It turned out that their victory in August 1991 was bigger than their real strength in the country. Yeltsin took the decision to leave the old Parliament—the Supreme Soviet of the Congress of People's Deputies [of the Russian Federation]—in existence. He could have abolished it and had new elections, but he had more pressing things to do, among them, getting rid of the Soviet Union, getting rid of Gorbachev—things of a sort that had to be taken care of. So that instrument was left there. When the Gaidar monetarization—price liberalization and so forth—began to hit the country in the winter-spring [of 1991-1992], the forces that would later become the Civic Union came out of the woodwork and started using this Parliament as a brake on the revolutionary Yeltsin-Gaidar program of January 1992.

Beginning in April 1992, Yeltsin and Gaidar tried to appease these people with concessions, and the concessions led to loss of control of the money supply. The loss of control of the money supply, the inflation, the move towards hyperinflation, is not just the fault of Gaidar and Company. It has as much to do with the people who now make up the Civic Union—the *nomenklatura,* the industrialists, etc.—as with anything else. This is what made stabilization impossible. Nonetheless, the reign of real prices has been introduced, the monetarization of the society has been created. Moreover, that wasn't all the Gaidar program, there was the Chubais wing of the Gaidar program: privatization.

After the initial bold start of the winter of 1992, you have this retreat and loss of control of the money supply from April, to let's say, August of 1992. But beginning in August and culminating in October, you have the beginning of privatization. Now, it hasn't gone all that far, but every day it moves a little farther. Russia starts a drive to privatize industry, the tractor works in Volgagrad, formerly Stalingrad, among other things, are going to be auctioned off. Things continue to happen.

This is now the main plank of what is still more or less a Gaidar government with Gaidar being replaced by Boris Fëdorov; we shouldn't underestimate this. Chernomyrdin and Company have not taken over. Much of the old team is there and they are grinding ahead with this privatization. Their aim, as you all probably know, is to create an irreversible movement towards the market and private property to correspond with the irreversible changes in mentality that we have seen illustrated today. They still have a chance to do it. They're moving toward what will be the next crisis, April 11th [1993], when there will be a referendum, at last, on the principles for a constitution. Russia since August 1991 has been trying to move toward democracy with a Brezhnev constitution as amended by Gorbachev—they have no constitution. Its outlines will be decided in April.

From one of these half-successful, half-failed starts, like price liberalization, now to privatization, to the April [1993] drive for a constitution—from one crisis to another, the remnants of the old total order are being dismantled and new things are partially being put in place. That's a process that's going to go on for years—I said earlier, a generation. The West should stop being impatient and brace itself for this long haul. Also, the West should realize that since August [1991], it has done precious little—one of the reasons Yeltsin and Gaidar capitulated to the Congress of People's Deputies in April 1992 is that the famous twenty-four billion dollars they were promised hadn't been forthcoming. We bear a part of the responsibility for this; we clearly have an enormous stake in it.

There's no intrinsic reason that ultimately Russia cannot be made into a normal society in the way the rest of the European continent has been molded over the course of the twentieth century.

Vladimir Pechatnov: Thank you very much, Professor Malia, for, I think, a very balanced and realistic analysis of the situation. Somehow you managed to convince us, at least me, that the glass is both half-empty and half-full at the same time. You were right two years ago in your basic description of the Russian situation in the sense of the system not being reformable. I hope you are right today, but we will get back to this two years from now and see.

In closing, I would like to thank all of our speakers today, our attentive audience, and the Kennan Institute for its cooperation in making this conference possible. Thank you.