

INTRODUCTION

FEW WOULD DISPUTE that the events of 1989–91 that originated in Moscow and culminated in the disappearance of the Soviet Union and the emergence of Russia as its main successor state marked a watershed in recent world history. Yet the true meaning and consequences of these events are subjects for a worldwide debate that is only beginning to unfold. While many Western observers—and a few fortunately positioned Russians—exulted in these changes and in the glowing prospects they saw for a new world order, Russia from at least 1990 has been sinking—from the socioeconomic, demographic, cultural, and moral points of view—into turmoil and decay. From late 1991–early 1992, a period marked by the first application of the medicine of radical deregulation, privatization, and an economic austerity regime prescribed by the International Monetary Fund (IMF)—a course of “treatment” that was known, perhaps for lack of a better term, as “shock therapy”—the country’s disease became markedly more severe. Whether the eventual bottoming out and upturn in the economy of 1999–2000 can be sustained remains to be seen.

The amount of destruction has exceeded that of the comparable American experience during the Great Depression and the industrial loss inflicted on the Soviet Union in 1941–45 by World War II. To give but a few figures: from 1991 to 1998, Russia’s gross domestic product (GDP) declined by 43.3 percent; in particular, industrial production fell by 56 percent, and the agricultural decline was even larger.¹ (For comparison, from 1929 to 1933, U.S. GDP shrank by 30.5 percent; between 1941 and 1945, the Soviet GDP declined by 24 percent.²) Meanwhile, capital investment in the Russian economy fell by a spectacular 78 percent between 1991 and 1995, and this decline has continued ever since. Of all the country’s economic activities, its high-technology industries—which are strategically important for the economic development and survival of major industrial nations—suffered the worst. Thus, for example, production in electronics fell by 78 percent between 1991 and 1995. Closely related to this collapse of domestic production, imports in 1997 made up half of the Russian consumer market until the ruble’s 1998 collapse reversed the trend. Inflation, which soared to 1,354 percent in 1992, was gradually but never fully tamed—declining to 11 percent in 1997, but rising sharply again in 1998 to 84 percent, and then declining again. It cut the average real incomes of working Russians by 46 percent in 1992; incomes managed to improve until 1998; but in 1998–99, the population’s real disposable income dropped by a third.³

Behind these figures lurk qualitative changes in Russia’s identity and its place in the world. Thus Russia has been precipitously losing its status as an intellectual great power—a status it enjoyed for a much longer time, and with much more benefit for itself and the rest of the world, than it enjoyed its status as a military giant. The number of Russian scientists (who once accounted for one-fourth of the world’s total) has shrunk from 3.4 million to 1.3 million from the late 1980s to the present. Although Russia’s economic reformers may believe that they saved money by cutting the funding for academia to one-twelfth of what it

was in 1985, Russia's net financial loss from the decline of its science amounts, by some estimates, to \$500–600 billion annually.⁴ For the first time in recent world history, one of the major industrial nations with a highly educated society has dismantled the results of several decades of economic development—however tortuous, costly, and often misdirected it may have been—and slipped into the ranks of countries that are conventionally categorized as “Third World.” To make this experience even more dramatic, this comprehensive national collapse occurred at the same time as the nation's leaders and some of their allies in the West promised Russians that they were just about to join the family of democratic and prosperous nations.

The consequences of this disastrous experience will not disappear in the foreseeable future. Moreover, some of them have dynamics of their own and are spreading fast across Russian borders. The major threat is that the Russian state may well become weakened beyond repair, while its core functions are being privatized by illegitimate and unaccountable forces, including corrupt officials and organized crime. According to estimates by the Russian State Statistics Committee, unregistered and untaxed economic activity accounts for some 25 percent of the national economy, while the Ministry of Interior estimates the sum at no less than 40 percent—figures surpassing the boldest dreams of the most fervent advocates of *laissez faire*.⁵ A report from the Center for Strategic and International Studies (CSIS) maintains that organized crime syndicates and criminal capital flight originating in Russia “constitute a direct threat to the national security interests” of the United States. The CSIS experts may have been somewhat alarmist, but they concluded that Russia may in certain respects be evolving into a “criminal-syndicalist state.”⁶ A survey of Western business executives conducted by Control Risks Group in November 1997 identified Russia as the world's most corrupt country, while surveys by Transparency International rate it only slightly better.⁷

Yet numerous critical observers inside and outside Russia fail to perceive that many of the roots of these unwelcome developments can be found in the reform policies designed and carried out from 1991 on—policies that the leading Western participants hailed and fostered with enthusiasm.

THE PURPOSE OF THIS BOOK

This book has several aims. The first and most basic is to share with the reader our understanding of how and why the rulers of postcommunist Russia (with the aid of their Western advisers and supporters) have taken their country in a direction that—predictably, in our view—led to tragic consequences for the country and its people. Believing that alternative courses existed and are still available—even though they would require more and more strenuous efforts of reason and will to achieve, given the continuing decay of the Russian state and

society—we will draw attention on occasion to alternatives advocated by some Russians and Westerners at various stages of the “reforms.” Thus we will also offer the reader some analysis and evaluation of those diverse opposition forces that expressed and advanced these alternatives on the Russian political stage, both within the so-called reform movement and in the camp that is usually viewed as “hostile” to reform.

The anti-Yeltsin opposition, which has often been dismissed in the West as “dark forces,” issued timely warnings about the perils of these reforms. Recently, Western observers have become increasingly aware of this fact. Yet one of the main riddles of the Yeltsin period (especially for those Western readers who fully or partly share our critique of shock therapy) has been the striking helplessness of the opposition of all stripes—its chronic inability or unwillingness to take advantage of the Kremlin’s obvious failures and to mobilize its resources in order to replace the regime or at least to make a durable and constructive impact on the government’s policies. Among all the European countries of the former Soviet bloc, Russia remains the last where the initial postcommunist regime is still hanging on—despite the fact that it is responsible for brutal economic and social disruptions on a scale that most nations in this group have managed to avoid. An enigma of contemporary Russian history has been the Yeltsin’s regime’s tenacity, even as the condition of nation, society, polity, and economy have deteriorated.

We will try to shed light on this paradox in the pages of this book. We will discuss how and why the “nationalist” (or, in Russian parlance, “patriotic”) opposition failed to establish itself as an influential force, despite many painful blows to the national feelings of most Russians, while the ruling elite and establishment media successfully appropriated most of its rhetoric; and why Gennadi Zyuganov’s Communist Party of the Russian Federation (CPRF), rather than any of the more principled and forward-looking political forces, filled the niche of opposition party No. 1 and thus fuelled a “Red Scare” in Russia and abroad. In conclusion, we will discuss what developments we think are likely to occur in the future, and consider the relevance of Russia’s recent experiment with reforms for the international community as a whole.

Let us say a few words about what not to expect from this book. It makes little sense for us to debate at length—though we will on occasion—with those Western experts and officials of governments and international financial institutions who still believe that the dynamic of postcommunist Russian development has been positive and that Russian society is more healthy and “advanced” today than it was during the last years of the Soviet Union. We will refrain from this mainly because the pitiful condition in which today’s Russia finds itself is a starting point for our analysis. Moreover, this condition has in fact become well known to the Russian and Western publics through the mass media and academic writings, and we assume it to be evident to most observers. To a large extent, Western sources—except for those coming, until recently, from international financial institutions and former Western advisers to the Kremlin

such as Jeffrey Sachs and Anders Aslund—agree with one another in describing the symptoms of the disease now afflicting Russian government and society.⁸ The key disagreements begin when discussion moves on to the diagnosis of and possible cures for the sickness. It is at this stage of the debate that a meaningful discussion becomes possible.

By emphasizing and exploring counterfactual opportunities that Russia has missed, we want to distance ourselves from those who express extreme and indiscriminate pessimism about Russia's ability to improve its lot. This sense of hopelessness—a mirror image of the missionary zeal and optimism projected by some Western enthusiasts of reform—is currently more widespread in Russia itself than elsewhere. The Russian mind, especially in today's conditions, strongly inclines toward a fatalistic view of history that sees the present ordeal through the grim lens of desperation and disbelief that any economic or moral betterment is possible. According to a January 2000 poll by the Public Opinion Foundation in Moscow, 77 percent of respondents characterized the Russian economy as "crisis-ridden," while only 15 percent believed it to be "normal."⁹ According to a joint survey conducted by Michigan State University and the Institute of Sociology in Moscow, a content analysis of the whole spectrum of the Russian media has demonstrated that more than 80 percent of the authors of relevant articles incline toward the most pessimistic outlooks concerning both the short- and long-term futures.¹⁰

Even occupants of the highest seats of power in Russia, including those who figured among the initiators of the ill-fated reforms, have been on a par with most Western observers and Russian citizens in their dark assessments of what is going on in the country. Strikingly gloomy comments on the regime's performance were regularly issued by none other than Boris Yeltsin, who in his address to the Russian parliament in March 1997, after six years as president, stated that the situation in the country was "on the brink" and that "people have reached the limits of their patience."¹¹ "Bandit capitalism" is the definition of the newly created social system in Russia offered by former first deputy prime minister Boris Nemtsov, one of those who embraced early on the radical "transition to the market."¹² In one of his books, the father of Russian shock therapy, Yegor Gaidar, acknowledges in his usual aloof manner that postreform Russian society is oligarchical and that "Unfortunately, the combination of imperial rhetoric, economic adventurism, and large-scale theft seem likely to become the long-term determinants of Russian realities."¹³ The speaker of the lower house of parliament (the State Duma), Gennadi Seleznev—until recently, a relatively clear-headed politician of the opposition camp—commented in the wake of the scandalous Sviazinvest auction that Russia has become a "bandit state."¹⁴

But if the immobilizing sense that the present course of events is preordained and irreversible is not surprising to find among the broad masses of the population, who with minor exceptions have no levers of influence on the ruling elite, the profession of helplessness by senior officials is a far more ominous

sign, suggesting a paralysis of will and a chronic lack of the qualities required for national leadership. "We wanted to make things better, but they've turned out the same as always"—this utterance by Viktor Chernomyrdin, which slipped out amid the conflagration of the Chechen war and has now entered popular folklore, epitomizes the extraordinary feeling of impotence of the prime minister of a nation with a thousand years of history that remained at the time an influential player in the modern world. A similar intonation of obediently accepting one's lot as a plaything of incomprehensible and ungovernable historical forces is also characteristic for a wide range of established opposition figures. This worldview seems to us one of the major reasons for the flabbiness of the regime's opponents and for the profound demoralization of their rank-and-file followers. We address this issue in subsequent chapters.

Yet as events have shown, both the missionary fervor of Western pro-Yeltsin radicals and the hopeless resignation of people being led like cattle to the slaughter (which is now typical for large segments of the Russian elite and society) are symptoms of a dangerous decline of analytical reasoning and a failure to learn from historical experience. This is why the lessons to be learned from the early stages of reform seem to have enlightened neither the lackluster opponents of the regime, nor the rulers of the country, nor their influential supporters in the West.

The present work is addressed to those people inside and outside Russia who share our conviction that Russia's recent decline into economic and social degradation and the squandering of its human capital can and should be reversed. This in turn requires the development of an enlightened international public opinion that would be able to exercise influence on governments and legislatures in major countries on which Russia is currently dependent. We hope that opinion groups will earnestly try to influence those governments and international financial institutions that were involved in the direct and indirect sponsorship of Russia's corrupt regime and its crony capitalists. Most of these organizations have roles to play in Russia's future relations with the outside world, relations that may have the potential for mutual advantage.

We believe that such a course would promise strategic benefits to the United States and Western Europe from the standpoint of their national interests. A future Russian government that was no longer under humiliating and ineffective Western tutelage from the IMF and a multitude of foreign creditors and took full responsibility for its actions should have a much better chance than its predecessors to undercut organized crime in its citadel, to head off a mass exodus of refugees caused by worsening conditions in Russia, and to avoid further alienation between the West and the silent majority of Russians (which probably includes future Russian leaders). Also, such a course would improve the chances that the former Soviet space would be anchored by a more stable Russia. This in turn would provide better hope both for the development of viable regional and global security arrangements and for the evolution of less tense, more cooperative relations between Russia and many key international organizations.

The strategy proposed here requires joint actions by responsible Russians and democratically minded Westerners, based on a qualitatively new and better informed grasp of what has happened in Russia over the past decade and of why the euphoric hopes of 1991 have yielded to such abrupt and painful disillusionment. It is in hope of advancing a thorough reevaluation of Russia's reforms and of the related stereotypes governing Western policy that we have written this book.

OUR DISCIPLINE AND ITS METHOD

Let us briefly describe our approach to the subject matter and the research methods employed for the present work. Earlier in this century, the study of politics as a sphere of inquiry remained for several decades a terrain of controversy where the practitioners of disciplines that claimed to be more advanced—primarily historians and economists—crossed swords over the right to define the rules and criteria of the most appropriate methodology. The banner of victory changed hands periodically, reflecting shifts in dominant trends and intellectual fashions in Western social thought, which in their turn shaped the professional careers of those students of modernity who bound themselves to one or another methodology imported from a neighboring discipline. In the late 1960s, during a major methodological debate and partly under the impact of Karl Popper's assault on the principles of historicism, economics seemed to assert itself finally and irreversibly as the law-giver and fashion-setter in all spheres of social knowledge. Among the factors behind this triumph of economic reductionism were the prevailing assumptions of the neopositivist worldview, according to which every sphere of knowledge is worth the honorable title of science only to the extent that its methods promise to achieve the certainty and predictability of the Newtonian universe. In its extreme form, this uniform standard required a formal quantification of the results of each and every piece of scientifically significant research and their definitive insertion in the iron chain of cause and effect.

Let us remark in passing that these formal, neopositivist criteria came to dominate the social sciences and even the humanities precisely at the time when they were being subjected to the most radical critique and revision in the citadel of positivism—in the epistemology of the “hard” sciences themselves.¹⁵ These considerations notwithstanding, quantitative methodologies borrowed from natural science via economics have remained, despite all powerful intellectual challenges, the mainstream of Western social science and the standard of scientific validity in many institutions and colleges that feature textbooks of statistics and econometrics as the required catechisms for students of society and politics.

With its epistemological criteria of validity, this dominance of economic reductionism has undoubtedly played some positive role by protecting empirical

knowledge against the perils of abstract metaphysics and opinionated journalism. However, it is increasingly evident that this approach exhausted its usefulness long ago, and that its persistence as a universal standard will harm the further advance of our knowledge about society. Among the deplorable legacies of the undisputed rule of formal "natural science" methodology is a certain inferiority complex in the social sciences and humanities, which, despite every exertion, have failed to conform to such artificially imposed criteria of truth. This set of methodological conventions was closely linked with the theories of rational choice, game theory models, and similar antihistorical constructs imported from economics, which treated society as a mechanistic sum total of individual consumers with a given and uniform system of "innate" and "rational" preferences and values. This framework, characterized by neglect for cultural and psychological factors and for the diversity of values within societies right down to the level of individuals, deprived social inquiry of its human dimension, paradoxically fostering the convergence of some major trends in Western social sciences with the species of Marxist sociology that even in the Soviet Union was often characterized as "vulgar."

Yet this perception of social reality turned out to be particularly seductive for a number of intellectuals East and West, in part because it generated euphoric illusions about the ease with which social engineering experiments could be carried out on entire nations. These assumptions and patterns of thought were shared by, among others, the theorists of Russia's economic transition and some "transitologists" who had been prominent in major universities and international financial institutions. Not unlike proponents of human cloning, they believed that the genes of Western economic agents that had taken shape under special historical conditions over centuries could be surgically transferred into the womb of a different social organism without producing a monster. It was their advice, touted as the latest fashion among advanced Western scholars, that the inexperienced and morally disoriented leaders of the postcommunist regimes rushed to put into action. The bitter harvest of these fallacies has been reaped by Russia and some of its East European neighbors. True, other such neighbors fared better. Poland, for example, eventually came through the pain of transition with relative success, but only after the basic elements of shock therapy and radical monetarism were either abandoned or diluted in a different program of structural reforms sponsored by the European Union that left considerable room for government intervention, including protectionism and industrial policies. Yet even in Poland, 61 percent of respondents expressed dissatisfaction with the outcomes of the transition process, a figure that points to more fundamental problems with the design of transition than purely economic failures. All this raises the question of whether or not there are some profound and paradoxical dissimilarities between Russia and Poland at this "metahistorical" level.¹⁶

We believe that in the context of the ongoing reassessment of some of the classical axioms of economic rationality, and of the growing awareness of their

limited scope of applicability, a return to history and to historicist conceptual frameworks of development and continuity has become an acute necessity for the social sciences. By this we do not imply that we subscribe to any “iron laws” about the irreversible and linear development of societies (as described by some of the opponents of historicism). *Homo historicus* is neither backward nor crippled by its past, as economists tend to imply. In reality, key turning points of history require human choices among a large if not infinite number of alternatives, whose character and limits have been conditioned by all the antecedent historical experience of a given society.¹⁷ Choosing among these alternatives, and the very awareness that they exist, is contingent upon the material, intellectual, and moral resources of the protagonists, their ideological preferences, their psychology and culture, and last but not least, the availability of leadership and willpower in the ruling group and in major social forces.¹⁸

In addition to what has been said so far, our understanding of the historical method implies a reliance upon empirical data and a careful examination of primary sources. Unfortunately, the predominant trend among political analysts in the West who analyze contemporary Russian politics is a one-sided reliance on those sources, which in their opinion express the dominant or mainstream attitudes. Often, this entails an excessive dependence on government documents, mass-circulation periodicals, and the writings of the most influential political groupings—to the detriment of evidence and sources that seem to be marginal, at least regarding the short term. One of us has already asserted the importance of taking into account the writings of social, political, and cultural forces that operate underground and seemingly lack serious prospects.¹⁹ As things turned out later, it was precisely the dissident movements and their intellectual offspring in the Gorbachev era, with all their faded and dog-eared mimeographed leaflets, that played a substantial—if not decisive—role in the history of the last decades of the Soviet regime and in preparing the ground for the attempt at a democratic revolution in 1988–1991.

However, we do not intend to ignore other trends and approaches of recent decades, including those of postmodernist scholars who, on the basis of their own worldview, also came to challenge neopositivism. In particular, we share with many of these schools of thought the simple, yet often neglected, idea that students of modern society are themselves an integral part of their subject matter; their analytical tools are part and parcel of the evidence about their society and the *Zeitgeist* with all its intellectual and other prejudices. In the same way, most of the so-called hard facts are not theory-neutral: The way they are selected and described betrays underlying assumptions, whatever standards of objectivity and personal detachment the researcher uses in treating empirical data. In scientific arguments it is often not the new facts that disprove an old theory, but, rather, facts discovered (or described anew) in the light of an innovative theory that confront an old theory based on a different set of facts.²⁰ Thus in social science, the careful interpretation of survey or election results depends on one’s

own theoretical assumptions about the nature of human preferences and opinions, about individual responses to external stimuli, about the limits of freedom and rationality of choice, about the meanings to different people of words in a questionnaire, and so on.²¹ Most of the so-called positive (or “value-free”) descriptions or explanations of social reality are bound to reflect the value premises of their author and thus carry ethical and normative implications, even if these implications are not obvious at first glance to the scholars themselves.

These and similar insights stand behind the renewed quest for a more honest social science, where the value premises are made explicit in various fields of our discipline, as expressed by Johann Galtung and other scholars. It should be kept in mind that these challenges to mainstream sociology, with its positivist theory of knowledge, are not limited to the innovations of postmodernism (as much prevailing opinion holds). They have a far longer pedigree, perhaps as long as the life span of positivism itself and of the Weberian criteria of objectivity in social science. (Consider in particular the antipositivist treatise of the founding father of modern Russian philosophy, Vladimir Solovyov.²²)

However, many of the extreme conclusions developed under postmodernist influence cannot but evoke a cautious response. In particular, we do not share the tendency to perceive nations and cultures as isolated and mutually impenetrable units—a tendency represented most strikingly, if not exclusively, in the once fashionable deconstructionist theories. This tendency also reverberates at the opposite end of the intellectual spectrum in Huntington’s theory about an unavoidable “clash of civilizations.” Such views hold that basic ideas about freedom and justice, democracy and human dignity, which have been developed by Western and other cultures, are a priori alien to the Russian and other mentalities. In our view, this theory is unconvincing. Moreover, its practical application may produce unfortunate and perhaps unintended results, such as new Iron Curtains that artificially insulate races and cultures.

We also do not believe that social theory is walled off from political reality and from practical attempts to improve this reality. This position does not need to be strongly defended in Russia, where traditionally (due to the manifest inclination of Russian intellectuals to conceive the world in its totality and interconnectedness) the constructs of social thought and theoretical interpretations of reality have immediately generated programs of action for the most thorough transformations of this reality. Twice in this century, determined and ruthless attempts to implement one or another set of prescriptions deduced from abstract theories in Russia via revolution from above—namely, Marxism in 1917 and neoclassical macroeconomics in 1991–92—have generated a wave of enthusiastic expectations among the masses which were followed by human suffering on a large scale. Yet for an audience in the West (where abstract theories also guide policymaking, but more often indirectly and unconsciously) the link between social thought and practical policies is not so obvious—partly because of that narrow specialization that leads to barely surmountable professional

barriers between theorists and practitioners in social fields. For them, Russia's recent experience of putting fashionable economic theories into practice may hopefully provide an enlightening lesson.

A BRIEF SUMMARY OF THIS WORK

In the layout of this work we intend to combine chronology with an issue-centered analysis. Following this introduction's presentation of the book's main themes, chapter 1 summarizes the cycles of Russian and Soviet history, with their common strands of reform and reaction. Chapter 2 gives a review and interpretation of some major developments in Western social theory of the twentieth century as they relate to the Russian case. We find most useful and relevant to our analysis the insights of major theorists that are focused on the issue of legitimacy and legitimation of power; the conflictual relationship between democratic and capitalist development in the general framework of the modernization paradigm, as well as the limitations of the paradigm itself; the problems of institutional choice between specific forms of government, such as presidential versus parliamentary; the various existing forms of nationalism in their relation to Russian national consciousness; theories of dependency in international relations; and, last but not least, the consequences of economic globalization for dependency and democracy.

Chapter 3 provides the immediate historical background to our subject by analyzing the rule of Mikhail Gorbachev as the prelude to Yeltsin's reforms. The focus of this chapter is on the various forms of a grassroots anti-establishment movement—of both the democratic and the conservative-nationalist tendencies. We conclude that the democratic wing of this movement, despite its numerous flaws and inner tensions, constituted the leading—if not the only—force of reform able to accomplish a comprehensive transformation from the bottom up and with a meaningful participation of the majority. We will discuss the strengths and weaknesses of the major anti-establishment groups, whose strategic deficiency stemmed from the fact that the democratic development of society lagged behind the capitalist development of the *nomenklatura*, the privileged top echelon of Communist Party members. The anti-establishment movement, and particularly its democratic branch, overlapped with but was by no means identical to the Democratic Russia (DR) movement that coalesced around Boris Yeltsin—a man who showed great skill as a populist leader, but had little commitment to democracy, the national interest, or the economic development of his nation. Among Yeltsin's following, genuine democratic idealists were thoroughly mixed with anarchic-libertarian enemies of any government presence, whether democratic or not; with commercialized *nomenklatura* elements; and with virtual criminals.

Chapter 4 presents our analysis of the logic and development of the August 1991 events culminating in the attempted hard-line coup against Soviet president Gorbachev. By focusing on this historic episode in some detail, we hope to

convey the texture of Russian politics in a major crisis. The failure of the perpetrators of the coup to mobilize the country's hard-line forces (including anti-establishment and reform-minded nationalists, who were opposed to the destruction of the Soviet Union and to a brutal imposition of nomenklatura capitalism) revealed the extent of weakness, social polarization, and lack of a viable political vision on the part of the hard-liners. For their part, ordinary people inspired by democratic ideals showed more cohesion by pouring into the streets of major cities in the thousands and confronting the plotters with the threat of a bloodbath, thus playing a substantial part in the defeat of the coup. This was the last moment when the democratic movement, if endowed with a more cohesive, far-sighted, and principled leadership, could have become the dominant force, established a contract with Yeltsin and his team, and defined the substance of the future reforms. Yet in the world of Russia's Byzantine shadow politics, where Yeltsin and elites of various political stripes struggled over their survival and the reallocation of power and wealth, the democrats—just like their ideological opposite numbers but social twins, the conservative nationalists—were manipulated like puppets on a stage, only with more contempt. Yeltsin's skilful maneuvering, which permitted him to stage a countercoup and to prevent Gorbachev from returning to power, owed more to his grasp of how elite politics worked than to any systematic mobilization of the democratic movement.

Chapter 5 examines the background, development, and concomitants of the shock therapy strategy that Boris Yeltsin adopted in October 1991 and that continued the Russian historical pattern of revolutions from above. The theory of shock therapy was promoted with crusading fervor by Yeltsin's freelance advisers, by a number of scholars, and by the functionaries of the IMF, with uneven support from top U.S. government officials. The essence of this theory was the administrative imposition of standards of economic development considered to be "Western" and universally applicable, ignoring the historical, cultural, and value differences between nations. We do not intend to evaluate Yeltsin's entire economic course on the grounds of economic theory as such; yet from political, social, and moral grounds it was clearly a disaster for both the nation and the state, and therefore for the purpose of economic development itself.

In the political and social context of 1991–92, Yeltsin's economic revolution helped to stave off the potential civic democratic revolution against the nomenklatura, which had threatened to erupt beyond the control of Yeltsin and his associates. The "free market" revolution from above and the democratic-populist revolution from below represented the two basic political and social alternatives, both of which implied a redistribution of power and property. As for the specific economic programs, although they obviously made some difference, each of them would serve primarily as a tool for the implementation of one of these major alternatives.

It cannot be denied that by late 1991 the limits of Yeltsin's choice in economic policy had become extremely narrow—primarily because of Yeltsin's own

previous policies of financial subversion of the Union government, a course that resulted in an acute dependency of the new regime on foreign loans and subsidies. The choice to be made in October 1991 was by no means between a bloody revolution and gradual reform (as later claimed by Yeltsin, Gaidar, and others), but only between various types of painful and disruptive structural change, with various degrees of mass participation. The type of transformation path ultimately chosen by Yeltsin hinged upon his choice of allies in society at large and coalition partners. After August 1991, such a choice was far from pre-ordained, as both the democrats and the nomenklatura were deeply divided (the latter split roughly into conservative rent-seekers in the raw materials sector, financiers, and trade middlemen, and growth-oriented managers in high-tech and other advanced industries). As we will see, the choice was made in favor of the commercialized nomenklatura and of its sympathizers in the West, at the expense of the middle class and of the democrats, putting the new Russia on the road toward a kind of liberal market authoritarianism—or, as we call it, market bolshevism. Although a different choice would have required a lot of moral force and statesmanship that were in short supply, we do believe that such a choice, along the lines sketched out in chapter 5, would have helped Russia to avoid the ominous course it has taken and would have given it better prospects for development than it has today.

Chapter 6 focuses on the rise of the first wave of opposition to Yeltsin's policies, which germinated within the democratic movement as early as 1990 and took its final shape in 1992–93, on the eve of the movement's collapse. These were the years when the democrats splintered between those who supported market authoritarianism, the disbanding of the Union, and shock therapy, and those who did not. The latter had a variety of complexions. Some attacked the government from the left, while others convincingly argued that Yeltsin's shock therapy had little to do with a genuine free market but amounted to a top-down expropriation and redistribution in disguise, in the Bolshevik style. A notable contingent of anti-Yeltsin democrats moved into the disunited camp of the nationalists and spearheaded the creation and activities of the National Salvation Front. What was common to them all was their inability to unite in a coalition. By late 1993, most of Yeltsin's democratic opponents—and an entire generation of talented and idealistic would-be leaders of Russia's body politic and civil society—had been pushed off the political stage, along with the democratic movement as a whole.²³

Their place was gradually filled by the forces of conservative, elitist, and sometimes antidemocratic opposition that had emerged from the Soviet nomenklatura and was therefore more moderate and more acceptable to the Kremlin; its most prominent element has been the Zyuganov-Podberezkin group that in 1993 gained control of the only mass-based national party after the collapse of Democratic Russia—the Communist Party of the Russian Federation. In fact, this was less an opposition to the Yeltsin regime than to the influence of the

democrats and to the remaining democratic elements in government. Without dropping the word "communist," which was attractive to the legions of elderly pensioners, they thoroughly revamped the party's ideology to make it conservative-traditionalist in content and only residually socialist. The overwhelming beneficiary of all this was the Yeltsin administration.

In chapter 7, we look in some detail at the crisis of September–October 1993 and its antecedents, which were in some ways a reiteration and a logical development of the events of August 1991. The crisis of 1993, which stopped just short of unleashing a civil war with an unpredictable outcome, exposed the glaring weaknesses of Russia's institutions, as well as the personalistic nature of power in the country. By 1993, the failures of shock therapy and the growing ability of the opposition forces to cooperate and to draw lessons from their mistakes created an executive-legislative impasse, which Yeltsin ended on September 21, 1993, by illegally suspending the constitution and dissolving the Russian parliament.

As the parliament itself had no credible leadership and no clear alternative set of policies, the majority of citizens kept neutral in this strife, which enabled Yeltsin to prevail by a mixture of cunning and force, given his initial advantage. In this effort, he secured neutrality and even some support from such would-be opposition figures as Zyuganov, Vladimir Zhirinovskiy, and some centrists, who had well-grounded hopes for a strong representation in the future parliament once the previous opposition was wiped out. When regional leaders and authoritative centrist politicians were about to step in as arbiters, and when uncritical support for Yeltsin in the West began to come under pressure from public opinion, Yeltsin's security services quickly and skillfully staged a provocation that unleashed violence on the part of the opposition, thus giving Yeltsin a pretext to proceed with a bloody crackdown on the parliament and the introduction of an authoritarian police regime.

These policies backfired on December 12, 1993, with the thumping defeat of the progovernment parties in the elections for the new parliament; in addition, as some evidence suggests, the regime had to resort to outright fraud in the referendum for the new Russian constitution to declare it valid. However, the election's winner, Zhirinovskiy, having started his career in 1990 as a politician covertly funded by the Soviet government to divide the opposition, was not too dangerous or unpredictable for the Kremlin. He even strengthened international support for Yeltsin by raising much anxiety in the West, where he was mistaken for a leader of the radical opposition. Again, as in August 1991, a combination of roles was played by the Westerners involved: While the support for Yeltsin's parliamentary coup (on the part of the Clinton administration and like-minded officials in other Western governments) encouraged him to go ahead and destroy the parliament, the Kremlin's fear of Western public opinion compelled the regime to preserve the basic formal features of a democratic constitutional order, including an elected parliament, with which Yeltsin, under different circumstances, seemingly would have been happy to dispense.

The events of late 1993 put an end to this revolutionary stage in Russia's most recent history. In this period, so rich in unfulfilled potentialities, a far-reaching transformation of the system from the bottom up, based on cooperation between society and government, might have been achieved. After the demise of both democratic and nationalist rivals of the nomenklatura and the dispersal of the parliament and most regional and local representative assemblies, the new oligarchical-criminal order could evolve with few if any constraints.

Chapter 8 covers a relatively long period—from late 1993 through Yeltsin's re-election in July 1996—when the country was by and large marking time. The central paradox of this period was Yeltsin's re-election for a second term as president, despite his ignominious defeat in the brutal two-year war against the Russian constituent republic of Chechnya, and despite his steady single-digit approval rating at the beginning of the re-election campaign in February 1996. Yeltsin's electoral "triumph" of 54 percent became possible thanks only to the breaking of the law on a spectacular scale (by exceeding the legal maximum spending limit many times over), to direct and indirect financing from abroad, to extreme monopolization of the mass media by a group of banks loyal to him, and to successful efforts to ward off the dangerous specter of a coalition between major opposition candidates.

Having isolated its rivals, the regime used the "Red Scare" tactic, forecasting civil war and a return of the Gulag if Yeltsin was not re-elected. Thus Russia yet again missed its chance to set a precedent for a democratic and orderly presidential succession (if Yeltsin had yielded power in case of his defeat). Zyuganov's potential victory would not have been a threat to democracy, because his political weakness and lack of foreign support would have compelled him to cooperate with some of his opponents among the democratic reformers and to govern by coalition—something that was not to be expected from Yeltsin.

In the same chapter, we also explore the following themes that were central to this period: how the system of court politics actually functioned; the ways in which parliament, opposition groups, and the rule of law were largely marginalized by this sort of politics; the rise to a position of great power of Boris Beresovsky and other "oligarchs"; the worrying development of corruption and criminality; and the role of the Chechnya war in deepening the alienation of the military and society and provoking the emergence of a military protest movement.

In chapter 9 we will analyze and interpret the second round of shock therapy, which was conducted in 1997–98 by the government team of Anatoly Chubais and Boris Nemtsov. We will examine how they tried to address some of the vices of the crony capitalism that had developed thanks to Chubais's Faustian bargain with the oligarchs in 1995, but were defeated by the oligarchs' power and also by the major financial crisis of 1997–98 that resulted from excessive Kremlin borrowing and from the plundering of the state treasury by Russia's ruling class.

In this chapter, we also examine Yeltsin's impulsive removal of his long-serving premier Chernomyrdin in March 1998 and the search for a successor

who would not only carry on Yeltsin's legacy but also, more important, shield the president from prosecution upon his leaving office. After a contentious succession of candidates, Yeltsin finally found the right man in Vladimir Putin.

Fearful that progovernment parties would do poorly in the Duma elections of December 1999, and intent on building up Putin so that he could win the presidency, the Kremlin engineered a new war against the Chechens. Putin's star rose fast, and the Kremlin's supporters performed adequately in the parliamentary contest. After Yeltsin resigned on New Year's Eve and was instantly granted immunity from prosecution, Putin succeeded him. In March 2000, he became president with 54 percent of the vote. However, it was not clear how much change Putin wanted, nor whether he could build enough power to implement serious change. Clear signs suggested, though, that Putin and part of the ruling class wised to establish a stronger, more repressive authoritarian order.

Finally, we conclude this work with an epilogue, which will provide a balance sheet of the Yeltsin era, using some theoretical criteria drawn from chapter 2, re-examine the issue of missed alternatives, and briefly discuss possible scenarios for the foreseeable future.