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New Wine in Old Bottles: The Rebirth of Russia

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New Wine In Old Bottles: The Rebirth Of Russia

At a recent demonstration in Moscow, a protester held up a placard which read, “Lenin is life; Yeltsin is death.” This statement poignantly demonstrates the kind of dilemma in which Russians find themselves. The old infrastructure no longer exists and life for the average family has become an even more desperate scramble for survival than it was under the old communist system. Waiting in line for bread is preferable to not being able to buy bread. Except for a very few, the quality of life has worsened considerably. Moreover, most Russians now feel that the political system has failed them and they are disgusted with the endless political squabbling that seems to go nowhere.

The post-Gorbachev period produced a stalemate between President Boris Yeltsin and the parliament which, thanks to Gorbachev’s attempt to preserve the communist party’s dominance was made up of 2/3 former communists and bureaucrats.

The failed coup of August 1991, which was an attempt by the communists to oust Gorbachev and seize control of the country, did little to resolve the crisis of reform. Plans for constructing a true market style...
economy had to be put on hold as the political crisis deepened. Yet, Boris Yeltsin is committed to a philosophy of privatization of industry and the creation of a capitalist system that would encourage free enterprise because he believes that is the only way by which Russia and neighbors can become welcome competitors in the world economy. Yeltsin has proven to be a very tenacious individual. Feisty and pugnacious, he has shown himself to be a strong and determined leader. Nevertheless, he couldn’t accomplish much without legislation from a cooperative parliament.

By September 1993, Yeltsin and the Parliament were completely deadlocked. Alexander Rutskoi, Yeltsin’s Vice-President and Ruslan Khasbulatov, Speaker of the Parliament, led a revolt of hardliners against the President which paralyzed the government. Faced with this problem, Yeltsin declared the Parliament to be no longer legitimate and ordered the members out of the building.

During the first week of October, the stalemate escalated into an armed struggle in which the army used tanks to shell the White House (Parliament Building). The leaders of the revolt, including Rutskoi and Khasbulatov, surrendered and are now in prison facing trial for treason. Several people were killed during this episode.

For the Russian population facing unemployment, rising inflation and the loss of a social safety net, the crisis is very real indeed. While it can be argued that the former Soviet Union produced social and economic stability, the system also failed to provide an efficient and satisfactory quality of life. Daily shortages of food and other necessities became commonplace.

Factories, mines and oil fields also became so inefficient that their costs were greater than any profits they may have produced. Artificial wage and price controls created a make-believe world which could only be maintained by a dictatorship. This condition lent real meaning to the standing joke of the day, “We pretend to work and they pretend to pay us.” Serious shortages of consumer goods and housing stock led gradually to the recent political reforms. But these reforms have not been enough to really turn the country around.

Boris Yeltsin, already frustrated by an uncooperative Parliament convened a constitutional assembly. The result has been a new draft constitution which will be presented to the people on December 12, the same date on which new elections to Parliament are to be held.

The new Parliament will be made up of two houses, one directly elected by popular vote and the other selected from among the 13 blocs of parties now vying for support. The new constitution strengthens the President’s powers by giving him emergency powers. A constitutional court will also be part of the new setup. The President is elected directly by the people for a four year term (Yeltsin’s term of office expires in 1996). Yeltsin and his supporters hope that this new government will end much of the uncertainty and chaos which has been so prevalent and will provide the credibility with foreign powers that Russia so desperately needs.

On the positive side, despite all kinds of opposition, Boris Yeltsin’s government has been making progress. Inflation has been brought somewhat under control; it is now a little more than 20%, almost enough to satisfy the International Monetary Fund which guarantees loans. Yeltsin has pushed through much privatization and continues to chip away at state subsidization of inefficient industries. More than 74,000 private businesses have been established. As a result, a whole new class of entrepreneurs has arisen. Elegant shops and Mercedes dealerships that cater to this new class can be found in Moscow and Leningrad (all for cash, of course). New laws have been promulgated that make it easier for people to buy and sell property. Collective farmers may now break up their farms if they want to.

Since taking office, Yeltsin has secured loans and credits of more than $45 billion from 6 other industrial countries, including the United States. He has also made significant progress in relations with the other ten former Soviet Republics, convincing five of
them to join in a common currency and economic union. This would help resolve some of Ukraine’s problems for example, because their economy is in even worse shape than Russia’s. It is believed that the other ten will have no choice but to follow suit.

Most recently, Yeltsin has had Yegor Gaidar, one of the architects of market reform, rejoin his government. This move will help reassure foreign investors. Amoco oil has signed a contract to exploit the potentially rich Siberian oil reserves (which may rival those of the Middle East). Contracts have already been signed for the exportation of natural gas to western Europe.

In two years’ time, Yeltsin has made considerable progress in freeing Russia's economy from the grip of totalitarian economic practices. Much still remains to be done, however.

One of the problems retarding economic progress is the lack of credit. All transactions must be for cash. Therefore, little expansion of plants and businesses can take place. The legal structure is still uncertain at best. Contract law and a system of jurisprudence which can guarantee the sanctity of contracts is still yet to be created. Indeed, an entire legal system which can honor wills, real estate and many of the practices that we take for granted still awaits creation. The political system is in serious need of revision and there are as yet no serious political parties with programs or platforms so that the Russian people are forced to choose between personalities rather than parties. This lends credence to the popular belief that only a strong personality can rule Russia.

Another problem that has cropped up recently has been corruption. Lacking internal controls, former party officials and apparatchiks are free to take bribes and engage in what amounts to wholesale theft of public funds. There are many rumors that tens of millions of dollars in foreign aid are disappearing into the pockets of corrupt officials.

Freedom of the press has so far withstood attacks from those who would try to control it. Religious freedom reemerged as an important source of satisfaction to both the younger and older generations and continues to play an important role in providing hope for the future. The Russian Orthodox Church has regained its importance in the everyday life of the people. Although there continues to be anti-semitism, Jews in Russia can conduct their religious schools and activities without fear of the authorities.

There are, however, many dark forces which have been unleashed by the many changes in Russia. A native Mafia organization terrorizes businessmen who refuse to pay protection. Several businessmen have been murdered as an example to others. An increase in drug trafficking, prostitution and general hooliganism has also resulted from the more permissive aspects of the new Russia. The younger generation, which now prizes its newfound freedoms since the communist youth organizations were abandoned, has their elders shaking their heads in disapproval of what they see as decadence. Pollution and toxic wastes as a result of the shoddy practices of the Soviet regime continue to destroy the environment. For example, careless dumping of nuclear wastes in the Arctic Sea has created an environmental disaster in that fragile area.

In foreign policy, Boris Yeltsin has single-handedly made serious inroads. Positive reduction of armaments and the continued honoring of former treaties has helped enormously to shore up relations with the United States and end the Cold War. Yeltsin’s recent visits to Poland and the Czech Republic, which included public apologies for the Soviet actions in those countries, have also been reassuring to the west.

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Despite the temptation to give aid to the Serbs during the present civil war in what was Yugoslavia, Yeltsin has wisely refrained from any kind of intervention. He has also been honoring agreements to withdraw Russian troops from Lithuania.

There are many experts who believe that Russia's "hands off" policy in the Middle East may have made the recent peace agreements between Israel and the Palestinians possible. These demonstrations of peaceful intent have not gone unnoticed in the west.

Nevertheless, there is an air of uneasiness because of a recalcitrant parliament which refused to go along with many of Yeltsin's proposals. Constantly hamstrung by this gridlock, Yeltsin and his advisors could not make progress. That is why new elections and a new constitution should provide the confidence needed for the next major push towards a truly capitalistic environment.

What of the future? There is an old proverb that says, "Once learned, democracy is not easily abandoned." Although we have only seen a brief example of democracy in Russia, I believe that it is there to stay. While there are many enemies of freedom, most of the Russian people will come to prize their new liberties above all else. Russian intellectuals study western democratic institutions and ideas, especially in the United States. They have been profoundly influenced by what they have seen here.

Some fear that a renascent Russia under a more authoritarian system will once again seek to reestablish the Russian empire. Their fear that Russia will begin to throw its weight around once again in central Europe or in the Middle East is a valid one if the hard liners and chauvinists gain control. However, the world has shrunk and unless we truly believe that history repeats itself, we should not follow the nay-sayers. On the contrary, I believe that once the present troubles have ended, Russia and her neighbors will have a harmonious relationship with the rest of the world and become an important force for peace. What the world awaits is a viable government and political system for Russia that can truly make a difference in the quality of life for its people. The United States must do all it can to encourage the development of a democratic system in Russia if a new cold war is to be avoided.

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