

# The Yeltsin Era in the Light of Russian History: Reform or Reaction?

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In Russian and Western debates about developments in the post-Soviet world, the term “reforms” has become a kind of magic fetish. The mere mention of reforms, like a shamanistic incantation, unleashes a storm of passions across the spectrum of public opinion. However, the specific meanings of the term are often as murky and diverse as the interests and goals of those who invoke the word. Profound and substantive differences exist over what is meant by “Russia’s reforms”—differences between Russians and Westerners, as well as between various intellectual and political camps in Russia itself. Thus, in the view of most present-day Western observers, as well as old-style Westernizers inside Russia (including most of the orthodox Marxists in the early twentieth century), reform has been deterministically linked to the idea of modernization and more generally to a belief in the linear progress of civilization. In this conception of history, all nations are perceived as developing, perhaps at different speeds, in the direction of a single universal standard. One of the popularizations of this doctrine was the much advertised essay by Francis Fukuyama on “the end of history.”<sup>1</sup>

However, it is clear that in late Soviet and post-Soviet Russia the number of proponents of the optimistic view of modernization and a linear perception of history has been shrinking. By contrast, an increasing number of Russian historians and social scientists have embraced variations of the cyclical paradigm of change. The roots of this approach go back to Heraclitus and, in modern times, to Giambattista Vico, whose teaching about the *corsi e ricorsi*, the ebbs and flows of history, was the first in modern Western thought to challenge the doctrine of universal and irreversible historical progress. Although few serious scholars would interpret the historical cycles as mere repetition without development, establishing parallels between distant periods of Russian history has long been characteristic of Russians’ view of their past, present, and even future. Note the widespread use of such terms as “Bolshevism” and “revolution from above,” which were coined in the twentieth century but are used to describe earlier as well as recent periods.

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The cyclical conception of Russian history was elaborated most eloquently by a wide-ranging intellectual of the Silver Age, Maximilian Voloshin (1877–1932). To him belongs the reconceptualization of Bolshevism as an extemporal idea that generalizes the whole pattern of leaps toward “modernization” via coercive revolutions from above. In Voloshin’s words, “Peter the Great was the first Bolshevik.” In our times, variations of the cyclical paradigm were adopted even by such unambiguous Westernizers as Alexander Yanov and Natan Eidelman. The latter, in his “‘Revoliutsia sverkh’ v Rossii,” saw the series of “revolutions from above” as a progressive spiral. It is worth noting that such a cyclical interpretation of a nation’s history is, although a prominent feature of Russian culture, not unique to Russia. It does not necessarily deny the idea of progress nor imply *perennial* backwardness on the part of a nation.<sup>2</sup>

To use a popular and easily recognizable metaphor, Russian history is often presented as a pendulum swinging back and forth—between progress and conservative backlash; between despotism, bloody police regimes and the anarchic Times of Troubles, which have periodically brought the country to the brink of disintegration and virtually destroyed the state. The initial impulse for the pendulum swings—both to the right (in the direction of dictatorship) and then to the left (toward the weakening of the state)—is often seen to be the recurrent attempts of Russian rulers to carry out a radical, top-down transformation of society.

It goes without saying that throughout five centuries of Russian history the major problems facing the various reformers, the correlation of social forces around different reformist programs, the international context, and many other factors have changed substantially. And yet, certain characteristics common to reform attempts across the centuries—similarities of methods and style of action, of ideological and cognitive parameters—suggest a clear cultural, institutional, and psychological continuity that can be seen as the reformers’ “path dependence,” as each new round of reforms was shaped by memory of the past and comparisons with similar previous experience. This provides a fertile ground for typological comparisons across time, notwithstanding our awareness that the comparisons are bound to be incomplete and in many ways one-sided.

The initial impulse common to many reformist programs has been a crisis of government revenues, the inability to secure the necessary fiscal base for political power, not only for long-term investment projects but sometimes even for resolving immediate tasks and fulfilling government’s daily functions.<sup>3</sup> This recurrent illness has dogged the Russian state at the major turning points of its history. But it has surfaced in its most painful forms during foreign policy crises. At such times, the inability to feed the army properly and to ensure the necessary or desirable level of military buildup has presented immediate threats to national security and thus pushed the usually complacent oligarchy toward modernization and reform. If reform was delayed, the government often yielded to the temptation of printing money, thus triggering inflation and serious disruptions in the economy. (This has occurred most notably in recent times, when Russia’s monetary system has become extremely vulnerable to the pressures of financial markets.) The consequent worsening of the revenue cri-

sis, coupled with increased social tensions, has exacerbated the security threat by widening the social gap between the officer corps and their troops, leading to the demoralization of the army, to public rejection of the elite's foreign policy goals, and soon to humiliating military defeats. This chain of events appeared in the cases of Ivan the Terrible's Livonian War, the start of the Northern War under Peter the Great, the Crimean War of 1853–56, the Russo-Japanese War of 1904–05, World War I in 1915–17, and the Afghan War of 1979–88. In such cases, fiscal bankruptcy and social upheaval, combined with military failure, threatened to paralyze state power and at times brought the state to the brink of demise (and in 1917, beyond it). Awareness of the depth and systemic nature of the crisis sooner or later paved the way to power for proponents of radical change.

Meanwhile, partly because of the lack of natural geographic barriers along Russia's amorphous western border, "the West"—too often misperceived as a monolith without internal contradictions—remained the major source of psychological insecurity, an object of both rivalry and imitation for the Russian elites.<sup>4</sup> This competition with the West in general, rather than with any specific country, imposed on the nation a burden of security concerns that was often excessive for the Russian population and for the organizational capacities of the state. In addition, it was to Western experience that Russia's rulers always turned in times of confusion, surprised as they were by the ability of Western governments to transform the economic activity of their citizens into a steady and reliable source of revenue for the treasury.

At the same time, the mainstream opposition groups also turned to the West for inspiration and support in their desire for a radical transformation of society—be it in the era of the Muscovy tsars (Prince Andrei Kurbski, Grigory Kotoshikhin), under the St. Petersburg empire (from Novikov and Radishchev to the Constitutional Democrats and socialists of the early twentieth century), or under Bolshevik rule (from the rebels of Kronshtadt to the activists of the democratic movement of the 1960s to 1980s). The antagonism between Slavophiles and Westernizers (often more emotional than substantive) that runs through Russian intellectual and political history has often led observers to perceive "reform" as a partisan slogan monopolized by the Westernizers—despite the fact that many of the reforms (or at least the most successful ones, such as the Great Reforms of 1857–66) contained a mixture of Westernizing and national ingredients.<sup>5</sup>

But even if we accept this narrow understanding of reforms as "turns toward the West" and attempts to "embrace Western values," we are bound to discover that the understanding of Western values in Russian history is many layered and riven with inner tensions. For different reformers and at various times, Western values could mean a high level of technological development, efficiency of government administration, the existence of autonomous economic actors (both private and collective), respect for human rights, social guarantees for the poor and dispossessed, and development of democratic institutions of governance. Even within Western civilization, the relationships between these features of modernity are sometimes contradictory. They are much more so in Russia, where almost

every historically significant reformist strategy has implicitly contained an “either-or” choice portending a tragic clash between diverse aspects of Westernization and development, some of which were targeted as major goals of reform at the expense of others.

In particular, the meaning of Westernization and reform was with rare exceptions a matter of profound disagreement among members of the ruling elite and educated Russians in general. In both strategic and value terms, each developmental breakthrough involved a choice between a strong state and a strong society as the end product of reform—or, to modify Lenin’s famous formula, a choice between the Prussian and American models of development. The first alternative implied that the paralyzing fiscal crisis was to be overcome by coercive extortion of revenues from the most vulnerable social groups, as occurred under Russia’s authoritarian rulers from Ivan the Terrible to Joseph Stalin. It aimed to create a powerful privileged layer of committed supporters of the regime, to supplant the inefficient or disloyal elites of the past and systematically carry out the confiscations and extortions on behalf of the authorities, as in the Great Reforms of the 1860s. In the second case, the efforts of reformers were directed toward stimulating the social and economic activity of the underprivileged, middle-income layers of the population in the hope that their confidence in the government, generated by its liberal policies, would help achieve the economic goals of the elite in a more “natural,” noncoercive way. Thus, two basic patterns of reform were established and institutionalized in Russian political culture: a violent, Bolshevik transformation of society from above versus the political and intellectual awakening of society by careful pushes toward self-organization and more active participation (within historically contingent limits) in defining the priorities of national development.

Undoubtedly, to fulfill its developmental tasks, Russia has required both efficient and authoritative bureaucratic administration and a vibrant, economically active, and politically influential civil society. Only a strong and legitimate government, endowed with a stable revenue base thanks to mutual trust and reciprocal cooperation with society, could sustain the long-term effort to create the infrastructure required for economic development of the largest country in the world. Only such a symphony of state and society could allow the necessary redistribution of financial and other material resources in accordance with the nation’s developmental priorities.

However, Russia’s perennial problem has been that the modernizing activity of the state and the self-organization of society have as a rule proceeded in inverse proportion to each other. The reformist programs that had as their cornerstone accelerated modernization, plus military and technological catching up in a real or imaginary race with the West (the reforms of Peter the Great, of Prime Minister Pyotr Stolypin, Stalin’s revolution from above), were carried out through authoritarianism and coercion. They involved brutal crackdowns on the “counter-reformist” or “counter-revolutionary” opposition, the wiping out of those social forms and ways of life that would not adapt to the new system, and the comprehensive unification and regulation of social relationships. Conversely, the eman-

icipation and increased autonomous activity of the unprivileged layers of society tended (though not always) to go hand-in-hand with a decline in the state's administrative capacity under the assault of radicalism of all kinds and on some occasions with the deepening of the systemic crisis that had triggered the reforms in the first place. The historical memory of these patterns, deeply ingrained and institutionalized in Russian political culture, has shaped the elites' perception of the entire set of issues related to the modernization and development of Russia, in the spirit of a zero-sum game between state and society.

The causes of this tragic contradiction between the two prime movers of national development could be the subject of a separate inquiry that would greatly

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exceed the scope of this article. The Achilles' heel of many modernization projects was the inability—or unwillingness—of “revolutionaries from above” to build on pre-existing social structures (beyond the limits of a narrow self-appointed elite) and to reach a common understanding with the most politically organized and active forces of

society on the goals, means, and priorities of national development. On the other side of the coin, there was exorbitant radicalism, impatience, and intolerance on the part of the advocates of a bottom-up transformation from within society. The famous Russian *mnogoukladnost'*, or “many layeredness”—the perennial coexistence of highly diverse economic forms and ways of life that have often been incongruent with each other and developed at different speeds and sometimes in different directions—manifested itself, in particular, in the existence of a *political and cultural counter-elite* made up of an advanced and “overeducated” minority. This group consisted of the educated clergy and the junior bureaucrats of the *prikazy*, or ministries, in pre-Petrine Russia, of the gentry and free professional intelligentsia in the eighteenth and nineteenth centuries, and of the Soviet-era intelligentsia who preserved the core value system of their predecessors with minor adjustments through all the disruptions and terror of Communist rule.

The majority of this counter-elite was not simply far better prepared to undertake a modernizing leap than the rest of the country's population. As a rule, the counter-elite had already advanced the cause of reforms for decades, notwithstanding repression, having acquired its heroes and martyrs in the process. As a result, by the time the top-down reforms actually started, they were seen as “too little, too late” and even meaningless in comparison with the expectations, the actual needs, and the sacrifices borne for so long by the counter-elite. For the latter, the old order had long since become a brake on its self-fulfillment and development and lost its last vestiges of legitimacy. Thus the counter-elite now viewed

the reforms primarily as a springboard for more comprehensive changes, and instead of constructively cooperating with the reformist government, it acted to erode the very ground under the feet of the reformers by fomenting revolutionary tensions in society.

Another factor worth mentioning was the traditionally weak sense of identification of key parts of society with the national state. Some of the most educated and active groups of the population viewed the tasks of development and even the nation's mission, if any, as quite independent from the existing form of government. The incongruity, or even split, between the nation and the government (which in fact precluded the full development of a nation-state of the European type) had become a fixture in public consciousness as early as the 1820s, when the publication of Nikolay Karamzin's classic, *The History of the Russian State*, was followed by the polemical counterhistory written by Nikolay Polevoy, *The History of the Russian People*.

In connection with this people-state dichotomy, most of the reform strategies put forward by the counter-elite on behalf of unprivileged classes were only partly related to the Russian state as such and typically included a much broader international or even universalist agenda. The latter could take the form of Russia's embracing Western civilization to the point of almost dissolving itself into it (as advocated by the mainstream Westernizers of the nineteenth century and to a lesser extent by Aleksandr Herzen, and more recently by the Sakharov wing of the Democratic Movement) or, alternatively, of radically reshaping Western and even global civilization (Vladimir Solovyov with his ecumenical utopia, the Tolstoyans, the Russian Marxists of the early twentieth century, and in many ways Aleksandr Solzhenitsyn in his Harvard speech). Striving for these global super-goals often led the reformist counter-elite to neglect the requirements of an efficient government and national security, or even, as in 1917, the imperative of the state's survival. No wonder that whenever a foreign policy conflict came on top of a domestic crisis, the reform-minded counter-elite was suspected by the authorities (and by all Russians concerned with the declining ability of the state to perform its functions) of being a tool of foreign interests possibly seeking to weaken or undermine Russia.

Meanwhile, at the other end of the spectrum, the patriotic and state-oriented parts of society found themselves identified as "foes of change" or "dark forces" in the eyes of the public opinion shaped by the counter-elite. They were treated as "splitters" and forced to the sidelines of public life by the proponents of radical change. This was the fate of such leading writers and public figures as Dostoyevski, Leskov, Konstantin Leontiev, and Vassili Rozanov in the nineteenth century, and many more in recent times. Ultimately, the two archenemies—a reform-minded government trying to secure the survival and protection of the state, and a reform-minded counter-elite dreaming of rebuilding the state from scratch in accordance with its own program—ended in a clash, with the government abandoning reform and resorting to a crackdown or, as in 1917, with the comprehensive obliteration of the status quo and of the Russian state as it previously existed.

### The Soviet Interlude

The social order erected by the Bolsheviks and designated by its opponents on the Right as “communist,” was based on government seizure of all revenue-generating property and the regulation of all economic activity, with the simultaneous subordination of government itself to the dictatorship of the party nomenklatura and its vigilant security services. Despite substantial differences from the past, the Soviet system and its political culture inherited a number of familiar traits from its predecessors, among them the much exacerbated conflict between the developmental functions of the central bureaucracy in promoting modernization and the autonomous initiative of unprivileged social groups.

The situation was complicated by the fact that the Bolshevik regime gradually set for itself an extremely high standard for its own legitimation. By the 1950s, its declared goals included building the most just and equitable system in the world, one that would at the same time be able to satisfy consumer demands and establish and sustain the USSR as a military superpower. The regime was obliged to aim for a high level of legitimacy because, given the negligible material rewards offered by the state to its employees (almost the whole workforce of the country) and the low efficiency of convict labor, the accelerated modernization undertaken by the Communist Party depended on the enthusiastic support of the strategically important urban strata. That support was, in turn, contingent on the attainability of the goals the party had proclaimed. It was this teleological dream that provided, in the eyes of millions both in Russia and abroad, the major if not the only justification for the abject poverty, the discrimination, the outright terror, and the recurrent expropriations that the Soviet regime imposed on most of its citizens.<sup>6</sup>

During the Soviet period, the centuries-old reform pendulum kept swinging back and forth. When the regime needed to stimulate initiative from below in order to avoid stagnation, it was repeatedly forced to stage “thaws,” that is, the partial or comprehensive liberalization of key policies. One of the goals of such thaws was to stir up ministerial bureaucracies and other agents of the command economy, such as the nomenklatura managers of state companies, by encouraging limited public criticism of the system’s shortcomings.<sup>7</sup> But almost every liberalization produced unintended side effects, as long-suppressed tensions threatened to blow the lid off the kettle and called into question whatever legitimacy the system had painfully achieved.

Among these unwelcome by-products were social conflicts between urban and rural dwellers (from the 1920s onward), between the authorities and the intelligentsia (on a permanent basis), among various ethnic groups, and between all of them and the central government (likewise), and finally, between the nomenklatura and the lower classes (at least from the 1960s). Each of these crises exposed the failure of the nomenklatura system to satisfy the demanding criteria for its legitimation; yet attempts made by Soviet rulers and ideologues to replace these criteria with less exigent ones—based on the imperial idea, on ethnic Russian nationalism, or on pragmatism of the “social contract” type—did not succeed. After the overthrow of Khrushchev in 1964 and the tacit abandonment of the communist

ideal by his oligarchic successors, the ideological basis of the Soviet system's legitimacy rapidly eroded, together with the system's economic and administrative efficiency. By the 1970s, the rapid economic and technological growth of Khrushchev's thaw, which had so impressed the West, had markedly slowed, yielding to low growth and then stagnation.

### **The Soviet Middle Class**

At this point, we need to address a central issue in the sociological analysis of the Soviet system: the nature and character of the middle class and how this class was divided regarding its goals and values. So far we have spoken about the *nomenklatura* and an unstructured mass of urban workers and peasants, with not much in between. Although this simple pyramidal model of Soviet society may have been more-or-less adequate for the age of Stalinism, at least since the 1960s the system has become substantially more complex.

Most importantly, the last decades of CPSU rule featured the upward social mobility of urban professionals, a development that was convincingly used to help explain the Gorbachev phenomenon.<sup>8</sup> It is an open question whether "middle class" is an appropriate term for this group, as it did not fulfill some economic criteria used in the West to define the middle class, such as entrepreneurial activity and the ownership of income-generating capital or property. On that basis, the shock therapists and radical reformers of the past decade asserted that a middle class had to be created from scratch, by means of social engineering.

However, the contemporary notion of the middle class in Western countries stretches beyond the confines of economic reductionism. Evidence suggests that modern Western professionals, such as employees of corporate and government bureaucracies, are not defined by entrepreneurship or property ownership, as was the middle class in the age of Marxism and Weberian sociology, and in many cases may altogether lack an independent economic base.<sup>9</sup> They are nevertheless categorized as a part of today's middle class, being typologically similar to their nineteenth-century predecessors in their mentality, expectations and sense of personal identity.

Clearly the Soviet middle class (as we will call it from now on, with all the caveats in mind) consisted of wage-earners in the all-encompassing public sector, who typically had no source of income that was autonomous from the state, possessed very little private property in strictly legal terms,<sup>10</sup> and was much less numerous, widespread, and affluent than its Western counterparts. Still, it was a new and important presence in late Soviet history. Moreover, by the late 1980s it had become more numerous, and therefore potentially more powerful, than what could be called the middle class in late imperial Russia, that is, the medium and small property owners and entrepreneurs, plus the *intelligentsia*.

While the middle class included the lower levels of the government bureaucracy, highly skilled workers in certain sectors of the economy, and a layer of semiprivate and for the most part illegal entrepreneurs, its predominant core was made up of the *intelligentsia* in the broad Russian meaning of the term—from people in academia, the arts, and the humanities to engineers, teachers, and physi-



cians. Although it would be an exaggeration to speak about a single ethos or *esprit de corps* for the intelligentsia as a whole, this social group did inherit the mentality and value system of a self-conscious counter-elite from its nineteenth-century predecessors.<sup>11</sup> Even though only a tiny minority of this broad layer opted out of the Soviet system and into the various branches of dissent, its intellectual and political activities reverberated throughout the system, and by the mid-1980s millions of people were at least tangentially involved in the illegal and semi-underground civil society. Indeed, discontent with the system was rapidly spreading beyond intelligentsia circles: thus 40 percent of those arrested in 1976–83 for dissident activities were employed in manual labor.<sup>12</sup> In light of all this, the democratic as well as nationalist groups in the antiestablishment movement that coalesced in the Gorbachev era should be viewed in the context of these stratas' quest for political representation, a quest initiated by the middle class.

Having said this, we should note that the middle class was clearly not immune to inner tensions, such as those between the entrepreneurial proclivities of some better-off urbanites in the shadow economy and the intrinsically egalitarian ethos of always siding with the poor and oppressed that defined the ideal type of the traditional intelligentsia. Further, the intelligentsia itself was riven with income and status inequalities, often as a direct consequence of long-term policies designed to divide the stratum that was traditionally seen as the most dangerous opponent of the authorities. Thus, the cultural elite of the major cities, which enjoyed connections abroad and was considered a strategically important group by the regime, was gradually included in the informal networks of *nomenklatura* privileges. At the same time, in the economy at large, wage premiums for those with education and skills were miserable, and professionals in such sectors as education and health had lower living standards on average than some groups of manual workers. Overall, 20 percent of the trained people with university education were in the lower part of the Soviet wage scale.<sup>13</sup> Yet, while this significant part of the Soviet intelligentsia often lived below the average middle class level in material terms, it was more reform-minded and imbued with modernizing attitudes than most "liberals."

On the economic side, the middle class used the relatively prosperous and stable 1960s and 1970s to amass a considerable amount of personal savings in government bank accounts. In the Gorbachev era, when denationalization and deregulation of the economy came on the agenda, these middle class savings were ripe to be channeled toward productive investment in industry, which in a broader framework of reasonable reform policies could have led to internally generated and sustainable growth along the lines of the postwar Japanese miracle. These savings also could have been used to acquire pieces of denationalized property and to set up private businesses. Yet the opposite happened: shock therapy and the hyperinflation triggered by Gorbachev's and Yeltsin's economic policies (which had IMF guidance) wiped out savings and polarized and ultimately destroyed the economic and political fortunes of the middle class.<sup>14</sup>

By the time Gorbachev assumed the Kremlin throne, people in the most diverse strata of Soviet society were eagerly, even tensely, hoping for a new swing

of the reform pendulum. All of the traditional features of systemic crisis mentioned above were plain to see. The informal “social contract” between regime and society—which had embodied a tacit joint understanding of the system’s main goals and the ways to achieve them, and had underlain the rapid economic development of the past—had fallen apart in full view of every attentive observer. The suppression of dissent and the discrediting of the reformist optimism of the 1960s had created an atmosphere of civic apathy in which people increasingly dropped out of the official system, and the system was quietly sabotaged at every level except the summit of the bureaucracy. The decline of the work ethic and the mass escape into private life with its material concerns were stimulated by the more and more conspicuous self-enrichment of specific groups in oligarchy circles and of their clients in the shadow economy. The stagnation of productivity, in the absence of either material or idealistic motivations for conscientious work in the public sector, led to mounting concerns about treasury revenues.

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A number of tasks in the development of basic infrastructure (transportation, housing, health care, and so forth) remained unfinished from the Stalin-Khrushchev period and needed top-priority government expenditure. However, the monied nomenklatura, consumption-oriented and obsessed with Western luxury merchandise, and its numerous clients in the large cities mounted formidable pressures on the state-controlled market for goods and services and on the black market for scarce imported goods. To satisfy these demands, the regime was compelled to divert resources away from infrastructure and basic industries to purchase more and more imports. Meanwhile, smaller cities were already experiencing severe shortages of basic goods, and their authorities increasingly resorted to food rationing. Inequalities of distribution and the pervasiveness of a double standard fueled the mutual mistrust in society, and the inability of the regime to provide Western consumer standards caused resentment and rage among the voracious Moscow elites and their clients. The widening gaps in the official distribution system were rapidly filled by the black market. The latter was often created and controlled through close cooperation between the criminal underworld and the commercialized parts of the ruling nomenklatura.<sup>15</sup>

### **Yeltsin as a Reformer in the Context of Russian History**

Although strictly speaking Boris Yeltsin became head of a sovereign state only on 12 December 1991, when the Russian Supreme Soviet ratified the Belaya Vezha Agreements on the dissolution of the USSR, in reality the Yeltsin era started at the time when Gorbachev’s perestroika found itself in a blind alley—in the

summer of 1990. The election of Yeltsin as chairman of the Russian Supreme Soviet on 29 May 1990, his stature as the most popular and trusted politician in the country, and the mass grass-roots movement standing behind him at that time—all this under conditions of chaos in the legal system and near-paralysis in the all-Union government—made Yeltsin the only legitimate national leader and the focus of diverse hopes and expectations among the most disparate social groups. Soon there was not a single political action of any consequence that could be carried out in Moscow without Yeltsin's consent. Given the unpopularity and ineptitude of the USSR authorities and the pivotal role of Russia in the Soviet Union, it was Yeltsin who, from the middle of 1990, bore the lion's share of responsibility for the fate of the country and its choice of direction. After being sworn in on 10 July 1991 as the first democratically elected president of Russia, he shared this responsibility with Russia's Congress of People's Deputies and Supreme Soviet, the only institutions that could have provided a counterweight to the rapid consolidation of one-man rule. But this lasted for only four months, until 5 November 1991, when the parliament—swayed by the "personality cult" that was built up around Yeltsin in the wake of the August coup—eagerly abdicated its share of responsibility by almost unconditionally transferring to Yeltsin a large part of their constitutional powers. The transfer was nominally for a one-year "emergency period," but as things turned out, the powers were ceded indefinitely.

It would be premature and foolhardy to deliver a clear-cut historical verdict on Yeltsin as a personality. When future historians assemble his portrait, they will blend in ways incomprehensible to us today the seemingly heroic figure on the tank in front of the White House, who surprised the world with his apparent courage when resisting the August coup, with today's Tsar Boris, a man at the mercy of petty passions, who poorly controls himself, not to mention Russia, and who has become the butt of thinly veiled mockery and contempt from domestic and foreign spectators. What follows here is but a preliminary attempt to contextualize the drama of Yeltsin's policies—in spite of all of their apparent inconsistencies and inner tensions—within the structural paradigm of Russian reforms sketched above.

Yeltsin's instinct for political survival, plus the historical memory of his entourage concerning the failure of previous reform efforts, seemed to suggest to him from the beginning the need for a calibrated mixture of liberating and centralizing, of society-oriented and state-oriented ingredients in his reform strategy. He arrived in power in 1990–91 equipped with a program for simultaneously dismantling the decrepit Union center and removing the rotten nomenklatura establishment, and at the same time asserting and strengthening the new Russian democratic state, which, although still in its infancy, was already endowed with a legal-rational and moral legitimacy that was unprecedented in Russian history. Unfortunately, the realization of the state-building program was seen by Yeltsin's inner circle primarily along the lines of setting up a rigid, top-down executive chain of command, firmly attached to the authoritarian charismatic person of the president. Yeltsin's problem—unique, given the specific conditions of the time, but typologically similar to that of most Russian reformers—was how to forge a

viable coalition of social forces that would be able to fulfill simultaneously the equally important tasks of dismantling the outdated system and building and consolidating the new one, while avoiding the perilous extremes of stifling innovation through too much centralization or making the country ungovernable through excessive decentralization.

In the political and institutional vacuum that emerged after the collapse of the CPSU in August 1991, there were two forces (in addition to the authority of Yeltsin and the Russian Congress) that defined the social and political landscape. One was the newborn civil society, made up mainly of members of the middle class and united around the democratic "populist," antiestablishment movement. (Within the latter, "Democratic Russia" was the most visible, but not necessarily the most representative component.) The other force was the party, Komsomol, and managerial nomenklatura, some segments of which were openly or covertly allied with the burgeoning underground empires of the shadow economy. These two forces had been in unstable equilibrium, but in August 1991 the balance abruptly shifted in favor of the anti-nomenklatura democrats. The latter, to whom Yeltsin in large measure owed his ascent to power and his legitimacy, possessed two things. They had destructive antistate potential, because most of them were indifferent to the prospect that the USSR might disintegrate and the government in Russia itself might be weakened, and some even welcomed this prospect. And they also had social reformist energy that potentially enabled Yeltsin to sideline the most decadent elements of the old elite and redistribute the national resources appropriated by it according to the priorities of the new stage of national economic development.

However, if the ruling elite were to be replaced and the radical reform program of the anti-establishment movement were to be carried out, the movement would grow in political influence. That scenario would threaten Yeltsin and his entourage by turning them into transitional figures, for whom competition with rising politicians from outside the nomenklatura could end in their own weakening or even in their retreat from the political stage. In particular, the impending emergence of new leaders of all-Union caliber out of the anti-nomenklatura movement would create new hurdles for Yeltsin in his drive to amass and consolidate power in the Kremlin. Therefore, from the very moment that Yeltsin came to share de facto power with Gorbachev (in the summer and fall of 1990), he found it in his interest to use the democratic movement not as a tool of creative social reform but as a tool of destruction, primarily to weaken the all-Union institutions that were propping up Gorbachev. In this way, instead of a profound social transformation that might have enabled the Union to be kept together, Yeltsin opted for dismantling the Union state, preserving the basic social structures of the nomenklatura system, and pursuing policies that even widened the gap between elite and society.

As could have been expected, the abrupt and chaotic dissolution of the Union, in which the leaders and activists of the Russian democratic movement were used as a battering ram, with all the ensuing disarray of the economy and disruptions of daily life, utterly discredited that movement, primarily in the eyes of its own rank and file followers, leading to its rapid disintegration and disappearance from

the political stage in 1992–93. Thus, by using the democratic momentum for destructive purposes, the new Russian rulers squandered powerful energies that could have been channeled toward rebuilding and fortifying state institutions from the bottom up (starting from local self-government, as advocated by, among others, Aleksandr Solzhenitsyn).

In the meantime, Yeltsin and his inner circle cultivated intimate relations with those groups in the Soviet elite that, having amassed wealth through corruption and abuse of power in the rotten institutions of the state and the party, sought the fastest possible transition to a “capitalist” system and wanted to safeguard monopoly positions for themselves in the newly created markets. It was the dia-

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logue and interaction with those groups that shaped the Yeltsin-Gaidar program of transition to the market, which despite the vociferous objections of its authors, is widely known in Russia (and likely to remain so) as “the shock therapy plan.” That program presupposed the creation of a new class of entrepreneurs not on the basis of the existing middle

class, with its modest and legally earned savings, but rather on that of the commercialized party-Komsomol elite and the networks of the shadow economy, which included organized crime.

The legalization of the black market was openly put on the agenda by many Yeltsinists such as Vitaly Naishul and Lev Timofeyev. The line of action entailed, besides removing legal barriers and speeding up the redistribution of state property among the nomenklatura that had so far proceeded covertly, the economic subversion and marginalization of those social strata that constituted the core of the democratic anti-nomenklatura movement. The key steps included the transfer of price-setting authority from state bureaucracies to semigovernmental trade monopolies (the so-called price liberalization of January 1992); the confiscatory devaluation of personal savings accounts mostly belonging to the middle class; the issuing to all citizens of transferable vouchers for the privatization of property, which were subsequently bought up by well-funded consortia of middlemen; and the imposition on most companies of a privatization scheme with a complex system of ownership that allowed the morally bankrupt managerial bureaucracy to become de facto private owners of most of the capital without taking full responsibility for the enterprises’ performance. Seen against the background of the democrats’ aspirations for social change from the bottom up, Yeltsin’s economic policies represented reaction or in terms of the cyclical paradigm of Russian history, a *counter-reform*.

By pursuing this line of action, Yeltsin, Gaidar, and their associates apparently hoped that in place of the radical grass-roots movement, with its inconvenient

pretensions to a policymaking role and its reformist idealism, they could acquire a more powerful and reliable social base among the new entrepreneurs, who would help them to consolidate the new regime and build new state institutions. Here again Yeltsin followed the old Bolshevik pattern of reforms applied by Ivan the Terrible, Peter the Great, and Joseph Stalin: he tried to create a privileged class of committed supporters of the regime by rapidly redistributing national resources in their favor at the expense of the majority of Russians and of the state treasury. Yet, as the preliminary balance sheet of Yeltsin's rule indicates, this solution turned out to be self-defeating. The new capitalist class—both the small-scale middlemen and speculators of 1991–93 vintage, and the financial oligarchy that dominated from 1994 on—proved to be unreliable allies and in some cases outright foes of Yeltsin's attempts to strengthen the administrative capacity of the government. Meanwhile, the deluded and disoriented participants in the aborted social revolution found themselves, with the demise of the democratic movement, thrown back to the Brezhnev era—with its bizarre blend of adaptive-conformist and nihilistic attitudes, with a sense of mistrust and enmity toward the powers that be, and with silent resentment against the appeals and wishful proclamations from above about economic growth, timely payment of taxes, and the preservation of law and order.

Meanwhile, driven by his desire for more and more power (as well as by the interests of his new allies), Yeltsin did not try to achieve a *modus vivendi* with the parliamentary opposition that coalesced in late 1991 and early 1992 in protest against the surreptitious and undemocratic way in which the USSR was disbanded and against shock therapy. That opposition, consisting mostly of his former allies in the democratic movement, with few exceptions favored a strong state and the building of administrative institutions and thus could have been turned into a loyal support base for Yeltsin's policy of state building. But Yeltsin preferred to bully the opposition and finally to throw it aside in 1993 by sending tanks to destroy the parliament. Then he attempted to carry out major elements of the opposition's program in the area of centralization and state building, relying in the process not on the state-oriented forces of society inside and outside the parliament, but on the police, army, and security establishment, as well as on courtiers loyal to him personally (Korzhakov, Grachev, Soskovets, and others).

In 1993–96, the country repeatedly found itself on the brink of becoming an authoritarian police state. However, the armed agencies lacked the resources to establish a full-scale dictatorship—not least because the Yeltsin regime, having tied itself to the predatory interests of the rejuvenated nomenklatura, could not offer society any constructive program capable of justifying and legitimizing the authoritarian scenario of state building. By early 1995, when the Grachev-Korzhakov clique bogged Russia down in the morass of the Chechnya War, nationalist rhetoric (together with the ideology of centralization and state building) became as widely discredited among Russians by Yeltsin's misuse of it as the slogans of the democratic movement had been previously. This misuse of nationalist ideals and manpower by the Yeltsin regime became indisputably clear when the nationalist groups lost many of their erstwhile supporters and slumped

to defeat in the Duma elections of December 1995. Finally, in June 1996, under the pressure of a financial cartel (the “seven bankers’ group”) and the Western and pro-Western advisers who were running his re-election campaign, Yeltsin purged from the Kremlin the entire group of military and security chiefs who in 1993 had ensured his triumph in the civil war with the parliament.

The preliminary outcome of this zig-zag evolution of the Yeltsin regime along the lines of the old zero-sum game between state and society is twofold: on one hand, we see an extremely debilitated system of state power that lacks genuine legitimacy and a reliable social base; and on the other, an equally weak and disorganized society existing in an intellectual void and deprived of adequate representation of its interests. In other words, if the Yeltsin reforms were initially targeted to the two perennial problems of Russia (either state building, or the development of society, or in the best case, both), they failed on all counts.

The privileged class of “New Russians” created through the social engineering of shock therapy and privatization has proved to be neither a defense nor a support for the regime against the mirages of popular revolt and plots by irreconcilable enemies of reform. Rather, it has revealed itself as the direct heir of the old Soviet elite. Perhaps the single core difference between the two is that the New Russians, unlike the old nomenklatura, are not restrained even by those largely ritual limits of ideological “correctness” that until the late 1980s governed social interaction and made possible the communication of values between various layers of Soviet society. This mutual understanding, however tenuous, allowed the rulers of the USSR to set in motion the forces necessary for at least partial attainment of national goals. In today’s Russia, by contrast, the communication between the government and the economic elites it has engendered looks more like bargaining between the envoys of foreign powers. Obviously, even in this kind of relationship, as in international politics, the factor of interdependence applies.

The Kremlin and the business magnates in finance and foreign trade still unite and mobilize in the face of common threats, such as the specter of an electoral victory by the opposition, even though the leading opposition forces, especially the Communist Party and to a lesser extent, Yabloko, have already been largely integrated into the system. The Kremlin and the magnates also work together to counter mass demonstrations against the government and shifts in the international situation that are unfavorable to the Russian elite. Yet, as the experience of 1994–97 fully demonstrates, the two sides are unable to reach a long-term agreement on the priorities of national development and on joint actions to achieve them. Thus, in the absence of major external shocks, it is likely that the state-centralizing and institution-building needs of the Kremlin, as well as the imperative to provide for a sustainable revenue base, will more and more diverge from the interests of the plutocratic clans.

In the meantime, the government finds itself not only without sustainable support in society but also without a recruiting ground from which to staff its bureaucracy with reliable personnel. As before Gorbachev, government service is widely viewed as an unworthy and even somewhat ignominious occupation for

educated professionals; at the same time, the brief tenure in government of such quintessential New Russians as Potanin and Berezovsky was riven with conflicts of interest and earned few positive comments even from their own camp. It is increasingly likely that Yeltsin's successors, in their search for an exit from the systemic crisis that has paralyzed the country, will be compelled to seek understanding and support from those same social strata that were the driving force of the abortive democratic revolution of 1988–91. In that case, the future leaders of Russia will have to reassemble piece by piece the social and human capital that was mindlessly dissipated by the Yeltsin regime in 1992–93. For their part, one hopes that the heirs of the civic movement of the 1980s will, unlike their predecessors, be more mindful than in 1989–91 of the perils of a weakened state unable to fulfill its basic functions. But such mutual understanding and cooperation between the forces of society and the state authorities will be possible only if and when both sides draw the appropriate lessons from the disastrous experience of the past and the present. That will require clear and widespread awareness of the fact that the Yeltsin regime and its allies in Russia and the West bear full responsibility for the imposition of an experiment that has been not only destructive for most Russians but has negated the original developmental goals of Russia's democratic movement and the Yeltsin regime itself.

#### NOTES

1. A pessimistic version of this same modernization doctrine is the belief that the most advanced level of development is attainable only by a few "chosen" nations, while most of the world is doomed to remain on the lower rungs of the historical ladder. This outlook, which goes back to such precursors of contemporary racism as Gobineau, has surfaced in a peculiar form among Westernizers in modern Russia, some of whom have since the late 1980s suggested that Russia has become a perpetual laggard behind the world's "advanced" countries. One of the earliest and most passionate critiques of modernization doctrine of all stripes can be found in the classic work by Miguel de Unamuno, *The Tragic Sense of Life* (1912; English translation—New York: Dover Publications, 1954), which affirmed the right of diverse cultures to establish their own, immanent criteria for development and achievement.

2. See, for example, Arthur Schlesinger, *Cycles of American History* (Boston: Houghton Mifflin, 1986).

3. In one of the earliest comprehensive programs of reform, "Conversations on Governance," compiled in the seventeenth century by a Russian intellectual of Croatian origin, Yuri Krizhanich, Part 1 begins with a discussion on how to raise state revenues; in *Politika*, Yuri Krizhanich, ed. (Moscow: Noyv Svet, 1997). Among the major harbingers of the Great Reforms in the 1850s was the alarming unpublished report by Yu. Gagemeister "On Russia's Finances," *Istoricheskii Arkhiv* 2 (1956).

4. This obsession with the West was ingrained so deeply that even setbacks in the southern and eastern theaters of foreign policy were still perceived in a framework of competition with the West and were followed by the strengthening of the Westernizing trend in elite and in society. Thus, the defeats in the Russo-Japanese or Afghan wars elicited little attention to relevant features of the social order of Japan or the Islamic countries (in both cases dismissed as "backward," which demonstrates the peculiar ethnocentrism of Russian Westernizers). The growth of Eurasianism in the 1920s had different roots, and its practical influence on subsequent bouts of reform has so far been negligible in comparison with that of the Westernizers.



5. Cf. Theodore Taranovski's comment that the reformers of the 1860s, in contrast with the Soviet reformers of the 1980s and early 1990s, "possessed a level of national self-confidence and of cultural and psychological distance from the West that permitted them to adopt and adapt creatively." T. Taranovski, ed., *Reform in Russian History: Progress or Cycle ?* (Washington, DC: Woodrow Wilson Center Press; New York: Cambridge University Press, 1995).

6. By expropriation we mean here not only the direct confiscation of property, but also administrative manipulation of the nominal value of the ruble during the 1920s, 1947, and 1961, and the attempts to increase government revenues by fostering hidden inflation, most notably in the 1980s, all of which repeatedly wiped out the incomes and savings of Soviet citizens.

7. In addition to the major reforms under NEP, Khrushchev, and Gorbachev, the limited "thaws" included brief relaxations of control over public life under Stalin (in 1939–40 and in the wake of the victory in World War II, in 1944–46), and the partial attempts at economic reform made by Kosygin (1965) and Brezhnev (1979).

8. Moshe Lewin, *The Gorbachev Phenomenon: A Historical Interpretation* (Berkeley: University of California Press, 1988).

9. On this evolution of the middle class in the United States, see C. Wright Mills, *White Collar: The American Middle Classes* (New York: Oxford University Press, 1951) and Max Lerner, *America as a Civilization: Life and Thought in the United States Today* (New York: Simon and Schuster, 1957).

10. The possession of housing and agricultural land, while strictly speaking treated as the renting of government property, had many gradations, and in a large number of cases came close to private ownership (though in shadow economy terms, not in legal terms).

11. Aleksandr Solzhenitsyn's pejorative labeling of those professionals who abandoned the ethos of the intelligentsia and allied themselves with the establishment as *obrazovantsy* (degree-grabbers) is evidence of the vitality of the intelligentsia standard as an ideal type.

12. Lyudmila Alekseeva, *Istoriya inakomyслиya v Rossii* (Moscow: Vil'nius Vest', 1992), 283.

13. H. Flakierski, *Income Inequalities in the Former Soviet Union and Its Republics* (Armonk, NY: M. E. Sharpe, 1993), 23.

14. Shock therapy's destructive effects on the middle class were clearly stated in an appeal to the presidential candidates in the 1996 elections, signed by Russian opposition economists and six American Nobel Prize winners in economics (*Nezavisimaya gazeta*, 1 July 1996).

15. See Lev Timofeyev, *Russia's Secret Rulers* (New York: Alfred A. Knopf, 1992).