TITLE: PERSONALITIES ON THE BORDERLINE: NEW RUSSIANS AND THE DILEMMAS OF DEMOCRATIZATION

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EXECUTIVE SUMMARY

This project explores, in historical perspective, the difficulties underlying Russia's effort to move from authoritarianism to democracy. Most of the research focused on the failures of democratic transition during the period before and during the 1917 revolution. This report focuses on the contemporary period. It does not explicitly compare the present with the past, but is organized around what are perceived as consistent, underlying socio-cultural and socioeconomic impediments to the construction of a democratic order in both the earlier period and today.

One of the most important of the impediments examined involves what economic anthropologists call the "substantive" dimensions of market exchange. Specifically, the ways in which these dimensions have tended to create meanings at odds with the politically democratic representations of what is properly "public" and "private", and what this means in terms of "social adjustment". Playing on Alexander Radishchev's imaginary 18th century search for the "true Russia" and his hope that "enlightened Reason" would bring his people prosperity and happiness, the essay suggests that a present-day successor to Radishchev might find the contrast between "public" appearances and "private" realities as contradictory and confusing as it was in Catherine's time. The essay plays on the mixed organic metaphor "borderline personality", which is both a psychological term and a concept of social geography, to suggest the mixed meanings and ambiguous relationships that have historically constituted efforts to move across the border from authoritarianism to democracy: of appearance to substance, form to process, and even (as Radishchev might say) mind and reason to heart and soul.

The project traces, in broad outline, the processes whereby the post-Soviet "public" and "private" were reconstituted, and emphasizes the ways in which conditions of great scarcity transformed "deviant" behavior into "rational" action. In the process, it explores the socio-cultural effects of these transformations on the "patients" of shock therapy, itself a metaphor that suggests how dysfunctional borderline personalities "must" be treated. Examining the principal economic and social elements of shock therapy in terms of their relation to cultural values, the essay explores the degree to which they may have inadvertently strengthened resistance to the foundational values of democratic systems.

The most dramatic social outcome of this process was the reconstruction of the old Soviet elite into a "New Russian" economic oligarchy, much like the privileged positions early Bolsheviks expropriated from tsardom. In examining marketization, the essay details the "rationality" (logic) of this process, but also its contradictions in terms of the meaning of "democracy" itself and its implications in terms of social support. Using data from recent polls, it shows how this support has declined even as
Russia's economy has become outwardly more stable. It suggests by way of conclusion that the question "do New Russians have a right to be rich?" may well be the principal unsettled issue of the new order, one that will define the boundaries of democracy as Yeltsin's presidency comes to an end.
"If social customs and habits are not contrary to law, if the law sets up no obstacle to the progress of virtue, then the observance of the rules of social life is easy. But where does such a society exist?"

- Alexander Radishchev, *Journey From St Petersburg to Moscow, 1790*

I. Introduction

Russia's first imaginary transition to democracy, narrated as a romance by Alexander Radishchev at the time of Catherine the Great, was a cautionary tale about the power and weakness of Reason, the soul of freedom but a slave to impatience. In it, Radishchev travels from Western artifice to Russian essentialism, from the European facades that shrouded the despotism of Catherine's St. Petersburg to the nation's Muscovite heart, where "every man, born into a world equal to all others...all have reason and will." Along the way, the fairy Truth, "moved to pity by the groans of subject people," clarifies his vision. Everything thus appears "in its true form," including the goodness of his "very patient and long suffering people", the oppression of social hierarchy, the horrors of economic exploitation, the dangers of passion, and above all, the virtue of a civil order where full human rights were protected by Law. Not surprisingly, Radishchev soon found himself in Siberia.¹

A modern day Radishchev might travel a different road, but the good fairy Truth would still be a useful companion. The journey might start from Sheremetevo airport, the dimly lit emblem of late Soviet modernity, and wend its way to the post-Soviet-modern facades of Westernism that now surround the Kremlin. Like Catherine's knout, the interminable New Russian customs might inspire the quest. ("It is a terrible time", Radishchev reminds us, "when passions begin to stir but reason is still too weak to bridle them.") From Sheremetevo, the journey is literally a perilous one, down the furious six-to-eight-lane highway of near and future accidents leading straight to Red Square, still claimant as "authentic Russia's" political heart and soul.

Now, however, the scruffy village landscape is dotted with enormous, stark apartment buildings, some of them the famous "Khrushchev slums" (*khrushchoby*) clustered in imitation of the worst Chicago

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offers its poor, but housing not society's castoffs but its core. A cascade of Samsung, Toshiba, and West Cigarette billboards attempts to hide them, signaling for New Russia a rich and productive Western global order independent of the regimes that promote it. Where the old tank barriers used to be, marking the end of the German advance in 1941, there are new monuments to Camels, Chesterfield, and the Bank of Commerce and Industry. Were our Seeker of Authenticity to stop like Radishchev to hear the reason and will of long suffering people, the way would be strewn with litter, the entry halls dank, the lifts not working, the stairways dark, and Essential Russia unwilling to open its protective steel-clad doors.

Breaching the city's ring, our pilgrim would see the atmosphere brighten, the beacon of the New growing stronger. ("Russia Means Business," signs proclaim, inverting old rhetoric into new literalness.) Baskin and Robbins, Nina Ricci, and the American Grille compete for prominence with the early Brezhnev Minsk Hotel. At Pushkin Square, the great public space that became under Mikhail Gorbachev the center of vibrant political arguments, the world's busiest McDonald's overwhelms the landscape under an enormous neon Always Coca Cola! fixed where the old Slava! (Glory!) billboard used to be. Further down Tverskaia, formerly Gorky Street, formerly Tverskaia, past the Stalinist Central Telegraph building (now home of Russian Sprint) and the garish old Intourist Hotel with it's snazzy Patio Pizza promenade ("Twenty Four Hour Casino!" "Girls!" "Live Shows!" "Visitors Welcome!"), Yves Rocher, Dannon, Maxim's and other Western outposts line the sidewalks. At last our traveler is at the richly facaded heart of New Russia. Straight ahead, the magnificent Old Russian Kremlin stands across from the newly privatized State Department Store (GUM), anchored by Galeries Lafayette. Richly decorated windows reflect Lenin's constructivist tomb, as smartly dressed shoppers navigate the borderlines between the still guarded past and the hustling present. Claims for the smoothness of Smirnoffs ("Authentically Russian") and the rich, raw, lonesome flavor of Marlboros compete with the onion domes of old St. Basils.

Exhausted, our present day Pilgrim might carry the quest for essential Russia past armed guards in camouflage fatigues into the marvelously reconstructed Metropole Hotel, scene of the famous banquets in 1904 where liberals bravely demanded civil freedom. At a nightly rate six times Russia's average monthly salary, this Japanese-owned addition to Inter-Continental Hotels and Resorts offers final and total immersion into the New Russian world, a monument to virtue and civility -- absent of course, the good fairy Truth.

II. Democracy's Unsettling Appeal

The "changing face" of Moscow, as the city's spokesmen like to describe it, exemplifies the borderline personality of a Russia in transition. Like the building facades themselves, the organic metaphor suggests the mixed meanings and ambiguous relationships that have constituted Russian democratization: of appearance to substance, form to process, even (as Radischchev might put it), mind
As it has elsewhere, democratization initially came to late Soviet Russia as two sets of enabling myths. Neither was grounded in common social experience and neither involved concepts that reflected a common historical understanding. The first set was organized around a classic Western discourse of liberalism and personal freedom, realizable only within a clearly delineated civil order. Its provenance lay in 18th century Western liberal thought; and its key arguments, articulated by heroic Russian and Soviet dissidents from Herzen to Sinaevskii and Sakharov, lodged freedom in personal civil liberties, and individual rights in the innate capacity of human beings to reason out their own interests. Most important, the monopoly on determining what was "reasonable", so ruthlessly guarded by tsars and commissars, had to be broken. Rationality belonged to individuals acting first and foremost within open public borderlines.

Seventy years of Soviet history, however, imbedded interesting ambiguities in this liberal critique. Russia's intelligentsia was scathing in its attack on the irrationality of the state but also deeply dependent on it for status, prestige, and (not least of all) for welfare, a condition many could more readily abandon in words than in practice. The Academy of Sciences, the Writers' Union, institutes, sports clubs and a number of other imitative civic institutions gained much of their authority and prestige as purveyors of scarce goods, from comfortable apartments, chauffeured cars, and vacation villas to quality food, clothing, and medicine, much of it imported. (Once, just before the Soviet Union dissolved and medicine was in near complete "deficit" I came late to a talk in Moscow by a leading "democratic" economist after unsuccessfully chasing down an urgently needed drug for a sick friend for most of the day. As I exited his impassioned brief, I took a wrong turn and found myself at a guarded showcase crammed with every medicine imaginable, and available only him and his colleagues.) The urge to democratize thus carried with it particular presumptions about welfare. A rational New Russia did not imply the abandonment of prestige producing social supports.

This presumption was at least partially mitigated, however, by a second pervasive set of democratic myths, organized around the discourse of material abundance. About this there was at first no ambiguity whatever. Here the well known prophets were Milton Friedman, Gary Becker, and Jeffrey Sachs, although early perestroika reformers like Abel Aganbegyan were also very well versed in classically liberal economic theories. And here, too, not surprisingly, there was little recognition on the part of ordinary Russians that Russia's democratic transition would increase, rather than minimize, the inequalities of poverty and social privilege. On the contrary, in the early halting discourse about economic reform under Gorbachev, there was a deeply felt linkage between the opening of public space to these limited activities and the feelings of personal freedom. The "Lilia" cooperative in Moscow opened scores of small outdoor cafes, for example, where anyone could sit freely "in public" for the first time with a "Limonad" and a snack, and simply rest or chat. (At first, I learned from experience,
customers weren't sure this was "allowed".) The first cooperative restaurants, like Kropotkinskaia 36, allowed Russians to invite friends or colleagues to a relaxed and unsupervised "Western" evening out ("just like you do," as a colleague of mine confided at the time). McDonald's soon extended the privilege geometrically. In a euphoric moment, the private taste of freedom was gained both metaphysically and literally by New Russia's access to a good meal.

The connections between democratization and material abundance were particularly compelling in Russia at this time because of their linkage to the Reagan-Thatcher anti-socialist revolution, with its particular constructions of "welfare", "West", and "individual freedom". Each could be enlisted against communist monopolies of every sort. For those in Russia beginning to think of themselves as "new", this led, among other consequences, to the sudden privileging of radically conservative positions about "pure" market theory, views that gained rapid credence for several reasons. First, they were institutionally legitimized in the global commitments and practices of supra-governmental organizations like the World Bank and the IMF, and hence their acceptance was a necessary precondition for joining a global economy. Additionally, there was the media-refracted promise of great personal as well as social wealth, reflected in TV programs like *Santa Barbara*, representing global capitalism, and compelling especially to younger Russians in both relative and absolute terms. There were also the compelling arguments of the theories themselves, which came wrapped in a naturalizing set of metaphors about the "impossibility of being half-pregnant" and the Marlboro-manly values of individualism and risk. Much like early Bolshevik ideology, market economics represented a field of knowledge-power for which there was little training or understanding in Russia, and hence no serious analytical resistance. Finally, however, and to my mind most compellingly, the globalized ideology of the Reagan-Thatcher revolution itself bound markets to particular conceptions of being "free", conceptions which, in the event, have to do with of the release of state constraints on economic behavior (the ideology of deregulation) and a construction of the "civil" as a terrain, like land, up for grabs. Thus the ideology of economic reform was a particularly powerful instrument of political transformation. Indeed, to defend in the late 1980s the idea that the state itself might act in important ways to regulate market exchange in the interest of a common good, oxymoronically reassigned "rational choice" back from Russia's nascent civil sphere to the atrophied Soviet apparatus, that is, to the very institutions that were everywhere being publicly revealed as "irrational". Indeed, even to suggest that democratic states had vital regulatory functions over free market exchange now tagged one as an "old Russian" defender of the Soviet system and all its discredited values, as I personally learned to my discomfort.

Moreover, as democratization-cum-material abundance became linked to free (i.e. uncontrolled) markets, the enabling mythologies of civil rights were also to a large extent "economized" -- tied that is, to idealized "Western" values associated with free market exchange. When the modifier "free" is discursively attached to "markets", what is presumed is the creation of democratic understandings of
"fairness", "justice", "individualism", and even "social order" through the market's self-regulating processes. "Fairness" emerges as the mutual sense of satisfaction both participants experience when each gains from an exchange, and from the presumption that neither participant was coerced. Broad differentials in income and wealth are also naturalized and hence represented as "fair", since there is "nothing one can do about them" nor anything obviously wrong with one participant gaining more than the other if both are satisfied. The meaning of "justice" is similarly constructed around the enforcement of "fair" exchange, especially the state's guarantee of property rights. A society's legal infrastructure becomes a "system of justice" rather than simply a series of decrees when conflict is adjudicated, fraudulent exchanges are legally undone, and encroachments on human as well as property rights are defended by the state's own institutions in the name of individual freedom. The "right" of self-interest is also measured and protected by market processes, along with "social order", since it is the market, not social status or the state, which adjudicates competing claims to education, housing, leisure, health care, and all kinds of social goods. Since wealth (or profits) are fairly gained, the poor have no "right" to force its redistribution. Inequalities are naturalized. "Social" justice -- social democracy -- becomes individual liberty denied.

What is important for modern day Radishchevs about these complex mythologies is not their strengths or limitations as theories or models, but the relationship between their pretensions as instruments of New Russian democratization and Old Russia's competitive value systems. When normative constructions of capitalist economic theory become the "incontestable" underpinnings of particular conceptions about the "democratic" division of resources and wealth and the kinds of systems needed to support them, "democrat" soon connotes "non-Russian", and "democratization" implies the need to absorb a particular set of values however they correlate with local cultures. Here at one level is the epochal significance of the Soviet collapse, both in terms of the assumptions and aspirations of a global economy and the valorization of a "New, (non- and anti-socialist), (Western) World Order." But here as well one can begin to take measure of a particular problematic of post-Soviet democratization: the contention between the contradictory webs of value and meaning that constituted the frames of "democratic" identity, and which distorted for so many Russians the boundaries of "reality".

III. Reconstituting the "Private"

Among other uses, the classifications "public" and "private" define boundaries between socially appropriate behaviors.2 In Soviet Russia, the public/private boundary was always permeable and contested, but in particular ways which themselves helped define the nature and development of the

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Soviet system itself. In its monopolization of public formulations of the common good, its control over the use of public space, and especially in its artificial conflation of party interests with those of both the state and the public, the Soviet system paradoxically sharpened the very meaning of what was "authentically" the Russian private sphere. As Nikita Mikhalkov suggests in his film *Burnt By the Sun*, Stalinist violation of intimate "home" space was recognized even within the party as an obscene corruption by those who simultaneously defended total Soviet power and its monopoly on defining the public good. The material edge of public status located in the special privileges available only to party officials was defined (and stoutly protected) as an essentially "private" matter. A "socially adjusted" personality understood this.

The ways in which "privilege" was reconstructed as "corruption" with Gorbachev's coming to power was in this respect as much a challenge to the party's monopoly over public/private boundaries as the assault on the Soviet Constitution's Article 6 was to its monopoly over politics. (The very word *privilegia*, always a derogation, took on sharply scornful connotations around this time, as I once discovered to my embarrassment when I thanked a Russian audience for the "privilege" of addressing them.) As private voices at long last entered public space, claiming the civil right to personal freedom, the party's own "private" privileges were no longer protected by its monopoly on public discourse. Yeltsin's early popularity had as much or more to do with his demonstrative use of the metro and his noisy rejection of special health and welfare privileges to which he was "entitled" as it did with his (related) expulsion from the Central Committee. (At a moment in 1989 that captured all of the confusion of this process, I went to a special showing in of a film on Yeltsin that dwelled on his "ordinary" dress and work style and his modest Moscow apartment with its small but "homey" kitchen, where he sat for an interminable length of footage simply looking out the window -- an authentic "man of the people" to do Radishchev proud.)

The very public discrediting of state-protected (private) privilege in this remarkable period was itself a leap to personal freedom, an insistence on the right of individuals literally assembled in public space to reconstitute for themselves their values and interests. It was now that Pushkin Square in Moscow became a Hyde Park corner of intense political argument and dispute. So did the Arbat, the Kazan cathedral area along Nevskii Prospekt in Leningrad, and similar open places elsewhere. "Social deviance" here was noisily identified with dissidence, while "social adjustment" suddenly became a badge of communist co-optation. Argument and dispute was reflected everywhere: in the media, in art, the theater, in the increasing popularity of imperial Russian flags and symbols, in literature, on public wall boards, and especially in graffiti, which sang a song of liberation all its own. By 1990, the popular weekly *Argumenty i Fakty* had a circulation of over 24 million. It was the most widely read paper in the

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3. Article 6 granted a political monopoly to the CPSU.
world.

At exactly the same time, however, as many of us can vividly remember, commodities everywhere in Soviet Russia began to disappear. Essential foodstuffs were soon rationed in major cities and towns, including Moscow and Leningrad. In turn, deficietivity in sugar, matches, flour, medicine and other essential goods produced what might be called "rationally deviant" behavior. In the spring of 1990, for example, Moscow consumed an entire years worth of (cheap) natural gas since, without the scarce and expensive matches to light antiquated stoves and water heaters, Muscovites simply avoided the lines and left their burners on. About this time I returned to my hotel room from the archive to find a colleague had temporarily left two suitcases full of kitchen cleanser which she had "found" nearby and could not lug home. "I'm rich!" she declared, when she called me later to explain. Another colleague filled his living room with toilet paper and proclaimed his worries were over.

In fact, they were just beginning. As a team of Gorbachev's reformers under Leonid Albakin began to draw up plans for privatizing Soviet industry and ending price controls, the logic of market economics began to produce its culturally "illogical" results. Hoarding foodstuffs and other commodities in local areas was quite "rational", however "unreasonable" the consequence: scarcities forced up prices, and forced the creation of a new illegal "private" trade, one made easy in many places by the old channels of the (also illegal) "second" Soviet economy. Soon, trade and even "bizness" was synonymous with criminality in much of the public eye, and in the ambiguous terms Radishchev might use, "with good reason." Albalkin's plan was rejected by Gorbachev as too radical, but it was soon followed by Stanislav Shatalin's famous "500 Days" program, crafted largely by the liberal democrat Grigory Yavlinsky with the help of Jeffrey Sachs. Gorbachev rejected this as well, but not before Boris Yeltsin had loudly embraced its principles as the key to prosperity, identifying privatization and free markets with the consolidation of political democracy, and hence "democratic Russia" with the idealized wealth of global capitalism.

The rhetorical construction of private property and free markets as connoting new Russian values and wealth thus bore little resemblance to actual behaviors in Russia at this time. As Simon Clarke has lucidly argued, the notion of privatization as a legal transfer from state to private ownership has historically concealed a more important aspect of the process in the West: the assurance through a complex process of changes that the assets being privatized will be profitable for their new owners. In addition to various financial guarantees, privatization has consequently involved various "restructuring" that invariably results in the dismissal of "surplus" or "inefficient" workers or otherwise economize production. Ownership prerogatives must also be juridically defined and guaranteed, along with appropriate mechanisms governing additional future investments. In developed market economies, these
assurances of future profitability must precede privatization not the other way around. As privatization was initially formulated on the borderline between Soviet and post-Soviet Russia, however, it meant nothing of the sort. Without a pool of domestic or foreign private capital, state property had to be transferred in some form other than outright purchase or sale, or left in the hands of local state authorities. To preserve even elementary conditions of social welfare as well as to reduce the very real threat of civil disorder, transfers had to be made with a minimal amount of job or wage reductions. For the most part, privatization in Russia thus meant simply transferring de facto control over enterprises into what Clarke rightly describes as de facto ownership rights through a series of measures designed to secure their juridical protection. Enterprises were not sold to their new owners in any common understanding of that term, but new "ownership" rights soon provided legal authority for the control and use of their now "privatized" capital resources and output.

However necessary these transfers may have been in view of Russia's economic and social circumstances, and however much they constituted themselves an important aspect of widely desired political change, "privatization" thus reinforced socially deviant behavior, reconstructing the adaptive (bureaucratic) personalities of (old) local managers and party bosses into the (entrepreneurial) ones required by the new world of free market Reason. It was a process by and for insiders: to assure a modicum of employee welfare, a plentitude of managerial control, and the full authority of regional politicians, who themselves were formally directed to supervise the process in their areas. In a phrase, as Clarke has argued, the reconstitution of the private in Russia became legally sanctioned primitive accumulation. Private ownership, like Soviet privilege, was based on social theft.

IV. Shock Therapists and their Patients: Reconstructing the "Public"

Under the Soviets, the privative trait of Russian privacy, in Hannah Arendt's formulation, was the consciousness of being deprived in circumstances where individuality could be freely and openly expressed only within the restricted solitary space of the mind, the family, and occasionally the household, and then, especially for women, never consistently. The warmth and friendly coloration of Soviet home space in all of its mythologized forms, with its powerful intimacies and friendships, its private tragedies and truths, and especially its definition within a collective context of individuality, was a powerful if often illusive emotional redoubt that defended against the colorless conformities of formal public existence. In its most profound and influential meaning, privacy under the Soviets was located in

6. For a marvelous counter to the myth of the intimate hearth, see L. Petrushevskaya, In My Mother's House. A powerfully demythologizing film is "Ne legko byt' molodym" ("It's Not Easy to be Young")
the even more restricted realm of individual thought and feeling, a condition which helps to explain the extraordinary roles of great poets, artists, and musicians in Soviet life. The artistry of a Mandelshtam, Pasternak, or Plisetskaia touched common "private" understandings. Their very articulation in a formally de-politicized aesthetic both created and strengthened an understanding of the monopolized public, even as it also reinforced a sense of shared, and hence collective, experience.

While the commodification of post-Soviet public life was eagerly anticipated, the reconstitution of the "private" was thus also at odds with deeply rooted cultural meanings. Even in the worst moments of scarcity and anxiety in the early 1990s, the intimacies of home life remained, for many, an important if romanticized defense against the growing turbulence of life outside, a link to what was, for many, the best of an unlamented past. When the shock therapists began to arrive on their globalizing waves, however, even these defenses were assaulted. In varying forms and degrees, intimate spaces began to be commodified as well, along with the material and spiritual resources that sustained them.

Shock therapists came armed with logically unassailable theory, and convinced that IMF and World Bank experience in Latin American and Poland pointed the way to Russian success. While theoretical rationalities of market economies have always been subject to socio-cultural constraints, to refashion practice to accommodate local Russian circumstance, as economic gradualists were urging, was politically as well as theoretically untenable. Two plus two could not equal five if socialism was to stay buried. Better by far for New Russian Reason to tackle Old Russian Sensibility with aggression, and in terms of economic globalization, at least, defeat it.

As formulated already in the fall of 1991 by Gaidar, Sachs, Åslund, and others, and then introduced dramatically within days of Gorbachev's ouster with the liberalization of prices, shock therapy had six principal components: privatization of state owned enterprises; the creation of a broad based "private ownership" sector; unregulated prices; the end of state subsidies; rigorous budgetary constraints and a stable currency; and the opening of Russia to foreign trade and investment, which involved full monetary convertibility. The first and in many ways most important step -- the liberalization of prices -- created precisely the kinds of "shocks" that were expected. While local regulations continued to control the prices of bread, gas, and some other essential goods, prices on virtually everything else rose quickly, causing anxiety and, for those on fixed incomes, real hardship. In Moscow, St. Petersburg, and other major cities, public sidewalks became the scene of private misery as hard up residents lined side streets and subways with goods for sale, sometimes from their own meager store of possessions, more often from places where they had been purchased more cheaply. Metal kiosks sprang up like mushrooms. Overnight, new Russia became a flea market economy, a nation of traders.

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8. Ibid., pp. 4-7.
shocked by the way their "public" space was being transformed, as well as its assaults on their dignity.

Flea-marketization fed easily on scarcity and inflation, and while goods became more abundant, their prices rose instead of falling. The rational therapists understood why, but "ordinary" Russians found things quite mysterious. Most incomprehensible for most was the distribution in 1992 of the now (in)famous "privatization vouchers". These were handed out free in order to create "a broad private ownership sphere." The vouchers had a nominal value of 10,000 rubles ($10 at the then current exchange rate, around $1.75 at 1997 values), and could be sold or exchanged for specific shares in privatizing firms, which were assigned nominal valuations. "Private" ownership was to be formally acquired by using vouchers to pay off the state. Partly because this scheme was intrinsically complicated, partly because the value of the vouchers fell rapidly when many Russians rushed to turn them into cash, the system was easily manipulated. Knowledgeable people accumulated large nominal values cheaply. They profited enormously by selling them to their own firms, which bought them up with credits. Ordinary Russians did not know whether to hold or sell. Few could manage to buy. (Once in January 1993, on a bitterly cold and gloomy day, I passed two very forlorn voucher peddlers standing next to each other on Nevskii Prospekt. One carried a sign that said "I Buy Vouchers", the other, "I Sell Vouchers". I mentally urged them to exchange what they had, get out of the cold, and go home.)

When the vouchers were all ultimately surrendered, the "private" sector had expanded exponentially through the consolidation of ownership rights over formerly public (state) property by those who already controlled it. Even antiquated production capacity was now a source of wealth, given the capital costs, especially when new credits could be leveraged for remodeling. Hotels, restaurants, retail shops and even the venerable GUM department store all went very quickly. Oil fields turned into gold mines, natural (public) resources into vast (private) reserves of convertible currency. Compelled to buy their "privatizing" khrushchoby apartments by the absence of real alternatives, stalwart Soviet pensioners soon received monthly bills for elevators that did not work, static plagued telephones, and utility service that charged more for cold water than for hot. Rational explanations -- the cold water was purified, the hot merely heated -- only added to the wonderment. ("This may makes sense to you Westerners," a long time elderly friend remarked to me at the time, "but to me it is simply criminal.")

What was involved here was much more than the contrived nostalgia of old communists. (My friend was a stalwart defender of the "handsome" Yavlinsky, "the last honest man in Russia," she insisted, "because he still has no power.") It entailed ways in which the substantive dimensions of market exchange itself tended to create meanings as much at odds with the new democratic representations of the public as were those of Soviet socialism. Although theoretically voluntary, for example, it was hardly self-evident that "free" market exchange brought gains to all participants since most in the "market" simply had no choice. Big time buyers and sellers did incredibly well. So did anyone who could speculate without restraint. ("Price gouging" was an entirely untranslatable concept I concluded after more than one retreat to my pocket dictionary.) For a while in 1992, $8000 US dollars, the equivalent of
15 years average salary, could buy a reasonable Moscow apartment. Three years later this space would rent for upwards of $3000 a month. Teachers, professors, and research scholars with the wherewithal to trade could sometimes earn a month’s salary in a matter of hours. Workers, pensioners, and others lined up at the kiosks because they needed the goods at whatever amount this took from their incomes. For them and others, market transactions were far removed from any embedded conceptions of "fairness", popular or otherwise.

Nor was "self-interest" easily distinguishable from "selfishness", except again in theory, or competition any assurance that market price reflected "fair value." Such was the control that bosses had over the kiosk network and other retail systems that outside busy metro stations different vendors sold similar products at exactly the same price. To argue that the system was "undeveloped" or "imperfect" only highlighted the absence of effective laws and regulations; to insist on regulation was to appear to strengthen the very apparatus Russian democracy was trying to displace. Even the consolidation of private property rights to homes and apartments legitimized precisely the system of privilege that had "earned" the best flats for the party apparat and their supporters. What the market institutionalized here was the injustice and corruption of the past, not equal opportunities for the future. And again, "social adjustment" became moral deviance.

V. The New Russians: Speculation as an Art Form

Even in Western society, the word "speculation" has a negative edge. In Soviet Russia, it was not simply a crime, but broadly disrespected privately as well. In terms of internalized cultural values, if not Soviet actualities, one earned one's income, as well as its rewards. Those that did not, including eventually most of the communist apparatus, were regarded with genuine disdain. But Radishchev's Reason, once again the source of power and the slave to impatience, actually compelled speculation in democratizing Russia. At stake for many was their (and often their family's) survival. With inflation around 8% a month, and wages and pensions not only not indexed, but frequently not paid, most Russians had little choice but to "invest" what they could in banks and private investment forms offering exceptional rates of return. The highest flyers, advertising "guaranteed profits" of between 1000% and 1500% in garish TV ads and public transit posters, naturally attracted those most desperate about their incomes. Never mind that many guessed these were mostly "illegal" pyramid schemes. Gains early on were real and substantial. For talented players, they were astronomical. In 1993, MMM, the most notorious of these plans, sold almost a million shares at a nominal price of 1000 rubles. By May 1994, shares were being resold for 100,000 rubles each.

MMM soon collapsed. (In August 1994, the firms offices were closed and its head, Sergei Mavrodi arrested. In September, Mavrodi was elected from jail to an open seat in the Duma, and released, since he was now immune from prosecution. Many believed this was the only way to get their money back.) One year later, more than 40 million deceived Russian "investors" were owed some $4.4 billion dollars by
MMM and other "banks" that had reasonably seemed the only real hope for avoiding personal disaster. On both sides of the border between Yeltsin and his opponents, this was clearly what capitalism was about.

Indeed, among Yeltsin's strongest supporters were those with the personality skills to turn speculation into an art form: self-styled "New Russians" who soon became fabulously wealthy beyond all imagination. They emerged from the most privileged group of former apparatchikhi (who had skillfully manipulated the vouchers); the criminally rich like Mavrodi (who artfully played on real desperation); and well-placed (and generally well-educated) entrepreneurs, many quite young, who were clever enough to maneuver the markets and state officials in largely legal ways into personal wealth astounding by any measure. In contrast to the $12 a month national minimum wage, which Yeltsin's government resisted raising in 1995 to $13.50 in order to avoid "inflationary pressures," New Russians were soon able to drop as much as $8000 on a shopping trip, as much as $500 or more at a light lunch at "trendy" cafes like Moscow's "Manhattan Express," and $1500 for a bottle of wine at the new Moscow Maxim's. A "kottedzh" for $500,000 was "reasonable." By the winter of 1996-97, they dotted the Moscow countryside. According to one of their number, $50,000 a month on goods was not "excessive" either, since "Russians want the best cars, best clothes, best holidays: it's in our character." For Olga Sloutsker, the 30-year-old president of the World Fitness Corporation, "Cartier is only for day wear. For serious jewelry, I buy at Franklin Adler in Geneva." For Elena Kopyl, a professional "personal shopper," a growing clientele supported frequent trips to Paris, where she spent up to $15,000 per customer on the latest clothes and accessories. In an astoundingly rapid public transformation, New Russians were soon living in "gilded Gulags" surrounded by guards and security systems. Many had equally well-guarded second homes in London or Paris (and considered them political necessities). They thus added an additional element of physical encroachment to the materially and morally disrupted privacies of traditional Russian life. Their huge homes and dachas appeared suddenly on what had been thought of as public land; their restaurants encroached on public parks; their armor-plated Mercedes took over public sidewalks.

Paradoxically, both in self-representation and in affect, the power and wealth of these New Russians was ostentatiously coded "non-Russian", like Moscow's downtown facade. They personified

10. Ibid.
11. According to surveys done by **Izvestia** and **Imperial Magazine** in early 1995, the average age of the New Russians was 36. 70 percent had higher education, 72 percent were married, and 53 percent were Muscovites. A remarkable 86 percent were identified as "children of the intelligentsia", while 12 percent had served in the Communist Party, Komsomol, or KGB. Among those in the 20s and 30s, most had begun speculating during their high school days, buying and selling scarce goods. 40 percent were at some time involved in illegal business activities, and 22.5 percent had criminal records, and 25 percent were still linked with crime. 75 of the New Russians' wealth came from trade. M. Ingram, "Wealth has its Price, The Moscow Times, Jan. 23, 1995, p.6.
the blurred boundaries between what was "public" and "private", and the understanding, for some, of what was "authentically ours". Their self-aggrandizement was both supported and opposed by contesting elements of the state; their access, expertise, and social position a consequence both of state policy and individual effort; their excessive wealth, like privilege under Leonid Brezhnev, again protected from public challenge if now in the name of democracy. In the fall of 1995, Vox Populi polls revealed that 66 percent of the Russian population felt their country was "not headed in the right direction". 55 percent were "negative" toward democracy. Law, justice, fairness and human rights topped a list of cherished values. Democracy was seventeenth and New Russians had displaced the liberal intelligentsia as its stoutest defenders.

The resurrection of Yeltsin's presidency a scant year later was a miracle of modern medical and political science. (Less miraculous was the additional reincarnation in July 1997 of MMM, which again began receiving "investments" under the direction of Sergei Mavrodi's brother Viacheslav. The company's new motto was "the principle of mutual trust is higher than the principle of mutual liability.") What our present day Radishchev might find most significant about Yeltsin's "success", however, not to mention MMM's, is not that patience rather than impatience as now slave to Reason, nor that Reason without dollars is a limited source of freedom. Rather, its importance may lie in the uneasy relationship that has developed in post-Soviet Russia between the economization of social values and Russia's future prospects as a political democracy. And here, Russia's past has some troublesome warnings.

VI. Do New Russians have a Right to be Rich? Democratization as Predicament

Under both tsars and commissars, poverty, social hierarchy, and the institutionalization of privilege continually de-legitimized the political order even among those who did not suffer greatly from repression. Before 1917, liberal democracy promised to amplify a burgeoning market capitalism but collapsed in revolution when it failed to address economic and social needs successfully. While Lenin's Bolsheviks gave this process a powerful shove, the key to communist success was not simply demagoguery or organization, but the clear disparity between the promise and achievement of Russia's short-lived democratic order. By October 1917, the "invisible hand" was not on the tiller. Bolshevik "Reason" brutally displaced the political and socioeconomic rationalities of liberal democracy because the latter, indeed, were slaves to impatience and the former the source of a physical power.

Thereafter, as we know, poverty and privilege cultivated a powerful if largely moral opposition, but one not primarily opposed to state authority per se, nor formally based on alternative social values: Soviet state and society both agreed that poverty, socioeconomic deprivation, and privileged elites were morally wrong. So was unemployment, selfishness, speculation, indolence, and inadequate health and welfare. Political repression and odious constraints on personal freedoms obviously created deep resentments as well: the Stalinist holocaust was soon sublimated into a wide range of passive resistance, even among those whose outward personalities were models of social adjustment. Yet overt opposition
among Russians themselves, in contrast to other nationalities and ethnic minorities, was only weakly mobilized on these grounds. Instead, opposition grew only as the violation of civil liberties, the focal point of dissidence so eloquently represented by Sakharov and most visible to outsiders, became increasingly connected to less visible but deeply resented violations of social principles: a regime formally committed to distributive equities had instead institutionalized privilege and routinized social deprivation.

Yeltsin's regime has done the same. In the spring of 1997, as a number of Western analysts expressed regret at the appalling social costs of democratization ("a generational holocaust" is Jerry Hough's expression), establishment commentary in Moscow and Petersburg derided those "professional sufferers for the narod", as Russkaia Mysl' put it, who have always confused Sentiment and Reason. What Russia needed now was "not the ceaseless outpouring of criticism and complaint, but the painstaking, patient, good-intentioned, enlightened work, work to overcome the legacies of Sovietism."12

On May 1, thousands gathered in St. Petersburg and Moscow to express their disagreement with this path of "enlightened work". One month later, on the border between a determined resistance to the past and resilient expectations for the future, only a quarter of those queried in a national poll approved Yeltsin's performance. New elections to the Duma again promised to produce a communist majority. By July, the popularity rating of Yegor Gaidar's "Democratic Choice" had fallen from 13% a year earlier to 6%. Yavlinsky's "Yabloko" (still without power my elderly Petersburg friend keeps reminding me) remained about the same. According to Trud on June 21, 1997, opinion about the likelihood of new mass demonstrations against Russia's declining standards of living and in support of civil rights was evenly split. Meanwhile, on NTV, Vice-Premier Chubais recently insisted that Russia's future was rosy and even a slump was unlikely, leading one jokester to seek an "ear and eye specialist, since what I hear and what I see are so different."

Just as in the past, however, the issue is not whether Russia's economy is actually improving or in an extended process towards collapse. Nor is it whether there is a sufficient degree of personal freedom (many think there may be too much.) Rather, the question that is likely most to determine the future of New Russia is how its system of values reflects those embedded in society more broadly. In Russia's current circumstances, in other words, whether the New Russians have a right to be rich remains a principal unsettled question of the new order. So does whether "non-Russians" in a democratic and capitalist Russia (Chechens or Baptists, for example) have a right to be "free". To say "yes" to both questions involves a conceptualization of rights and a drawing of public/private borders without substantial moral (or constitutional) foundation. It is also to accept what is to many an "irrational" and arbitrary logic, one that vests reason in global capitalism, free markets, civil freedoms, and the opening of "democratic" space while also strengthening a hegemonic (and partially criminalized) "democratic"
state that wants to determine on its own in what ways people should be "free". It is hardly surprising that these contending and contradictory logics have become the basis for a contentious, contradictory, and increasingly murderous "democratic" politics.

Nor is it surprising that Russia's liberal democrats themselves, the core support within the Russian federation of late-Soviet and post-Soviet civil freedoms and democratic political reform, have found themselves in the most awkward position. For them, rapid privatization was a means of institutionalizing not the promised and unequal wealth of Western capitalism but democracy's civil protections. The ideological linkages between private wealth and personal liberty could not be critiqued, however, without implicitly supporting a stronger state. In accepting the logic of global marketization, liberal democrats became hostages, in effect, to the naturalization of increasing socio-economic differentiation and the subordination of distributive to civil equity. With 71% of Russia's wealthiest elite now identifying themselves as "democrats", it is little wonder that for those aggrieved by continued poverty and social deprivation the word "democrat" itself has become something of a curse, liberal democracy the apparent source of both private and public humiliation. This does not mean human rights and personal freedoms are not also very highly valued in contemporary Russia's borderline political culture. What it does suggest is a powerful underlying current of support for a regime structured to reflect equally well defined community and collective interests. Russian democracy is jeopardized not only by the government's collusion with criminality and its Yeltsin-dependent structural instability, but also because it privileges individual over social rights and personal over collective interests virtually without restraint.

VII. Conclusion

In post-Soviet Russia, consequently, as elsewhere in the world, our present day Seeker of Authenticity will find a democratic predicament. By vesting full rationality in the markets, and enjoining states from defining rights in ways that would fetter commodity exchange and the distribution of capital resources, the values of global capitalism have greatly strengthened the instrumental role of democratization in weakening and replacing non-capitalist authoritarian systems. They have also rationalized the devolution of power, even if local control in most places has been far from democratic governance. But as the importation of socio-economic institutions and relations have naturalized poverty and unemployment, facilitated the consolidation of wealthy and powerful elites, and attempted to legitimate extreme social differentiation, they have also clearly engendered a principled resistance to democracy itself. Now fully capable of using democratic practices to express itself, this resistance has gained strength not because of nostalgia for the bad old days, but because it is based on a principled defense of collective social well-being, rather than Marlboro-manly individuality, and because it can express itself in representations of what Radishchev might say is "authentically" Russian.

Hence democratization as predicament. While a strong Russian state has always been the greatest threat to the human rights and civil equities democracy is supposed to protect, successful
democratization in the context of global capitalism may ultimately require precisely the set of powerful state institutions that are the practical antithesis to civil rationality: capable of adjudicating contending claims between what is "private" and "public" according to norms that are culturally perceived as socially equitable; and with the power and will to enforce these decisions even when they run counter to more global economic logics and pretensions.