

C.V. Starr Lecture
Russia: Going in the Wrong Direction?
November 1, 2006

“If one wants to answer this question,” said Professor Padma Desai, referring to the title of her C.V. Starr Lecture on November 1, 2006, “I don’t think there is a ‘yes or no’ kind of answer.” Since the disintegration of the Soviet Union almost 15 years ago, Russia has traveled a bumpy path toward reforming its economy and political institutions, said Professor Desai, who is the Director of the Center for Transition Economies at Columbia University in New York. But some say that the country has been backtracking on many of these measures. During her lecture, which was also broadcast on the cable channel C-SPAN, Professor Desai examined the motivations and political context behind some of Russia’s policies, which have alarmed other governments around the world.

Professor Desai noted that her lecture drew valuable information from her recently published book called *Conversations on Russia: Reform from Yeltsin to Putin*, which is a collection of interviews with distinguished Russian policymakers, including current president Vladimir Putin, and also high-ranking Western policymakers and analysts. In describing her book, she said: “I like to think I have created an archival record of the period from Boris Yeltsin when he became president of Russia in 1992 to the continuing presidency of Vladimir Putin. And I think that whoever wants to look at this period of Russian history would want to look at my book because I have interviewed almost everyone who was the top policymaker in Russia under Yeltsin . . . It’s a rich set of interviews . . . It tells a continuing story of why the policymakers did what they did.”

Beginning with the presidency of Boris Yeltsin in the early-1990s, Professor Desai said that his biggest accomplishment was “demolishing the communist planned economy and the communist political arrangement.” The government, for example, privatized inefficient sectors of its economy. Growing foreign investment and the creation of new businesses helped to reduce unemployment and poverty levels. The government also introduced parliamentary elections and passed laws to create a more independent judiciary. Political reforms along with greater personal freedoms led to the creation of a lively mass media and growing numbers of domestic non-governmental organizations (NGOs). “Yeltsin planted the liberal idea in the land of Lenin and Stalin,” she said.

Despite these advances, Professor Desai noted that a large portion of the Russian public remained dissatisfied with reform. Corruption pervaded the country, and the income gap between a small group of rich oligarchs and the general population widened over the years. In trying to pinpoint the causes of some of these setbacks, Professor Desai said that President Yeltsin had “failed to lay down the proper institutions for a political system of our kind or for a market system, both of which require a very strong, durable institutional infrastructure.” But she added, “I wouldn’t come down hard on him for the failure.” Professor Desai said that any country that implements a new form of governance will go through many difficulties: “I do not think that a liberal system should be imposed on a country here and now, especially a liberal arrangement of the American kind. It has to grow in different circumstances . . . and at its own pace.”

When speaking about Russia’s current president, Vladimir Putin, Professor Desai described him as “different.” In recent years, analysts note that President Putin had been reversing several reform policies by undertaking measures to consolidate federal power. The government, for instance, abolished popular elections for governors. Election laws passed two years make it harder to form political parties. Russia also passed a law restricting the activities of domestic and foreign NGOs. Last year, President Putin signed a law criminalizing the slander of a public official. Critics say that the terms of the law remain vague and are open to abuse.

She said that President Putin began to backtrack on the country’s reforms because he wanted “to diminish the influence of power of the oligarchs” in order to bring more order to the country. “The

oligarchic influence was getting to be quite dominant in this huge country, in the legal life of the country, in the political life of the local regions and legislatures, and that some [federal] consolidation therefore in the interests of preserving order was necessary," she said. "Under Yeltsin, Putin felt that the oligarchs who took charge of Russia's big industrial assets and natural resources flouted Russian laws and could carry out their activities to suit their own interests." As a result, Professor Desai said that President Putin wanted to "reconfigure, redesign the contract between Russia's big business and state authority such that Russia's national interest can be fulfilled." Furthermore, in the aftermath of the Beslan school attack in 2004 (where almost 200 Russian children were killed by Chechen separatists), she said that President Putin believed that stronger federal authority was necessary in the face of terrorism.

Experts say that the Russian government has also undertaken greater efforts to control the economy. They cite the forced break-up of the country's once largest (and privately-owned) oil producer, Yukos, which sold assets to Rosneft, the state oil company. Viewing these actions in their totality, a prominent foreign policy think tank released a report which described Russia's policies as heading in the "wrong direction." But in response to these growing alarms, Professor Desai said, "I would not be frightened, so long as they keep the markets open." She also added that "none of these activities are nationalizations."

Despite the alarm that many governments have expressed concerning Russia's recent policies, Professor Desai said, "I don't think it makes sense to sort of put everything in a Putin bashing bucket and go after his policies because there are some which are positive aspects of what he is trying to accomplish and there are negative aspects." But does she think that the country is headed in a wrong direction? "I don't think that it has taken a U-turn and is going back," she answered. "In my view, the direction is the same."

But Professor Desai did express concern about the straining relationship between Russia and the United States in recent years. She noted that "there were a coincidence of values and interests from 1985 to 2000" between the two countries because, during that time, both sides agreed that the "communist system has to go, the planned economy has to go, the authoritarian political arrangements have to go." But these common interests "have gone under Putin," she said. "We have some common interests on nuclear proliferation and terrorist controls. But the [other] close relationships . . . they have almost evaporated."