Russia’s moment of post-communist euphoria is long past; now the priority is staving off chaos. Tony Phillips looks at the enormous obstacles to the Western-style nirvana of the reformers, and the perilous position of Boris Yeltsin.

It has now been eight months since the aborted coup in the USSR abruptly terminated both the 70-year history of that state and its sovereign, the Communist Party. Under Boris Yeltsin’s populism and that of the emergent nationalist leaders elsewhere, the USSR, a feudal replica of a modern state, simply faded away. In its place was fashioned an association of new states which, if one chose to believe their rhetoric, were setting forth towards the mecca of Western-style social-democratic statehood. Yet with inflation raging at over 300% and the economy expected to contract by around 16% in the first quarter of 1992, they appear to have suffered a serious loss of direction.

A snapshot of the current situation in Russia presents us with irony and tragedy in equal proportion. Democracy and the market, supposedly the antidote to atomising totalitarianism, have so far succeeded only in wearing away social and communal links. The loss of the old way of life has created massive anxieties for many of the population and this is exacerbated and reinforced by increased shortages, raging inflation and an emerging bourgeoisie which is as cruel and avaricious as any of 19th century Western Europe. It is as if the primitive accumulation of Stalin is now to be undergone again, sotto voce, as his apparatchik heirs turn their talents to capitalist forms of exploitation and speculation. However, it is still early days in this process. By and large, it is true to say that no market mechanism has grown in the place of the old command system; rather, the economy is just melting down. Further to the failure of the market, democracy so far has frequently done little more than fuel a rampant nationalism which
threatens, and in some cases is negating, the human rights upon which democracy is built.

The old Soviet system was one of extreme centralisation. It was tied together by overlapping bureaucracies, the most important of which was the Communist Party bureaucracy. Over the period of his rule, Gorbachev progressively weakened these bureaucracies and attempted to substitute for them new social and economic (market) forces. The effects of this have, however, been two-sided. Old structures of power were eroded and individual human rights and desires received more attention. On the other hand, at the level of the social system, the predominant tendency has simply been the antithesis of the old system’s inherent centralism. The main direction in which change flowed under Gorbachev was not towards democratisation or even capitalism but simply towards decentralisation. The ideas of democracy and market played key ideological roles but in practice they were most successful when they were reinforcing decentralisation.

This tendency to decentralisation should not be assumed to have run its course simply because the Soviet party and state are no more. The dynamics of the present situation are still tied mightily into the past at all levels: cultural, economic and political. In a sense we might say that the Soviet system is like a train which has been derailed. The derailment may have been an emergency measure taken by the driver, but just because the train has left the rails doesn’t mean the catastrophe is over; there is still much carnage to come.

It is in the fury of this continuing disintegration of politics and economics, frequently accelerated by the ideologues who urge it on, that the reformists around Yeltsin are battling to plant a ‘civilised’ market economy and a stable
democratic system. So far they have had more luck with the latter than the former. Let me turn to the basic problems in the former Soviet Union at the moment.

While I am concentrating here on Russia, the bulk of the problems are best perceived through the prism of the national questions, both between and within republics. Russia, the heart of the old Soviet Union, faces political challenges both within its borders and in its dealings with those outside. Already, debates over how to treat the national question(s) are causing splits not just between non-democratic conservatives and democratic reformists, but also within the democratic ranks. For example, Anatoli Sobchak, Mayor of St Petersburg, and Alexander Rutskoi, Vice-President of Russia, both prefer a stronger stand on Russian sovereignty than does Yeltsin. Indeed, a split between Yeltsin and Rutskoi on just this question continues to be the subject of speculation in the Russian press. Yet all were heroes of the defeat of the coup.

The national question is creating the following problems, many of which will have to be dealt with in the short to medium term:

(i) Violence. In the south, in particular, age-old animosities combined with populist nationalism (of which old communists are often the most enthusiastic proponents) have spilled over into war. The tribal culture of some regions, combined with the massive quantities of arms now available, means that a series of wars between local militias is now as likely as state-directed conflict. Indeed, in small republics and regions the two become, Yugoslav-style, indivisible.

(ii) Migration. Violence, or the fear of it, has led many to abandon their homes and head for the safety of their national origins. Russians are a large proportion among those leaving non-slavic republics, though some non-slavic minorities have also sought refuge in Russia. The emigration of Russians from these provinces often leaves the republics depleted of human talent (a function of Russian imperialism: why train locals when you can import your own?) and of often less corrupt officials. By the same token, the arrival of non-Russian refugees in major Russian population centres has the potential to set off new ethnic tensions inside Russia. On top of all this it should be remembered that the economy was barely coping when people were staying put. Having to deal with hundreds of thousands of refugees as well as returning soldiers from Eastern Europe and the Baltic states, may push its resources beyond their limits.

(iii) Border disagreements. The Crimea is potentially the major explosive border dispute: it is capable of evoking political passions, and has at least three ethnic groups involved. The Crimean Tatars, deported by Stalin, want to go home and have been saying so in Red Square for many years now. The Ukrainians, led by a 'reformed' communist, claim it was given to them by Khrushchev. Moreover, a significant segment of the Crimean Soviet is made up of old communists, now Russian nationalists, who are appealing to the predominantly Russian population and the Russian government for rejoining Russia, or at least for considerably more local autonomy than they already enjoy. In terms of internal Russian borders the battle is more often waged by negotiation, and sometimes with economic weapons, and Yeltsin is currently pleading for a one-year moratorium on sovereignty claims by the numerous nationalities within the Russian Federal Republic. In Moldova, Nagorno-Karabakh and Georgia violence over border disputes has already broken out.

(iv) Division of assets. This tangle is too complex to go into in detail here, but just who does own the ships, the planes, the embassies, the gold reserves of the old USSR? The gold reserves may be the least of these problems since there appears to be none left. With all republics strapped for cash there is great tension on the issue, yet its complexity makes it highly unlikely that anyone will be satisfied.

(v) The financial system. This is an unholy mess. Russia controls the printing presses and thus the money supply, but threats and intentions by other republics to introduce their own currency (in particular from the Baltic states and Ukraine) could see Russia flooded with even more roubles. On top of currency squabbles are problems of tax evasion and newly-formed border controls. In such a situation smuggling and speculation are quick ways to a fortune and organised crime is growing by the day to take advantage of it.

(vi) Division of the armed forces. The disputes given most prominence so far are those between Russia and Ukraine over the Black Sea fleet and over the strategic nuclear arsenal. However, there are similar problems on nearly every level: over who should serve where, and who has the right to control ammunition and personnel for instance. Commanders have even offered their regiments for sale to the highest government bidder (provision of food and clothing is a good starting bid). A state is not a state until it has an armed force over which it has sole control. The size, composition and nature of the armed forces in the republics will be an important area of dispute for a while yet. In addition, it should be remembered that it is by no means clear that certain sections of the former Soviet army are not still political players in a revolution only half won.

(vii) Economic co-operation. This is last but not least. The general tendency towards national rivalry, underpinned by economic crisis and the demands of state-building, is eroding economic co-operation far more than it is helping it. Protectionism and trade war tactics are emerging as important economic weapons in the struggle between the republics and arguments that such a course is irrational and mutually impoverishing are falling on deaf ears. Large parts of the former Soviet Union appear destined to become completely economically localised and in some areas barter is already taking over. A series of competing states, impoverished and tied by trade lines away from each other toward developed nations (cf Africa and South America), is not impossible. Indeed, it may be that the future structure of the old USSR resembles a series of prosperous enclaves within a sea of poverty and underdevelopment. The links that bound the old economic actors together are
gone; it is not yet clear that the new political and economic rationales will rejoin them.

This then is a quick, and by no means exhaustive, sketch of the problems caused by nationalism in the former USSR. Within this context the problems confronted by the new powers are threefold. First, they are in practice state-building rather than reforming an old state. Thus they confront problems of borders, of taxation, of constitution and lawbuilding, all of which have taken modern states years to develop and which, in the current situation, are required to have been done yesterday.

Secondly, there is the question of the introduction of a market economy, something which in 19th century Western Europe historically more often followed the consolidation of states. In this they face not just an enormous economic problem compounded by their own lack of authority, but also a contradiction arising from their own reformist origins. Those now in power in Russia have set a course in the last few years which was concerned to remove the state from intervening in many spheres of human existence. However, contrary to classical liberal presumptions the market is not naturally exploding into flower now that state control has been removed. The economy is dying completely in some sectors and behaving in an extremely anti-social way in others. In order to survive, government intervention is essential for all the same reasons it is in the West. Strong government is needed to stabilise currency, to provide relief for the market’s victims, to provide infrastructure, to enforce workable rules for business.

Third, there is the problem of stabilising democracy. There are numerous problems at this level. There is a multitude of parties yet to settle into fixed policy positions or memberships; an electoral system which will encourage further fragmentation; the overhang of the old political culture favouring stern, executive, solutions to problems along with big-name political personalities to implement them; the existence of political parties who use the democratic arena to preach anti-democratic politics; and a legal vacuum relating to separation of the powers of government. This last applies not just to legislature and executive in the RSFSR but also to the power of governments on a vertical level. At lower levels of government everywhere the apparatchiks are still hanging on. From this power base they frustrate Yeltsin as they frustrated Gorbachev, feather their own nests and indulge in political attacks on the reformers. Their power is made greater because it lacks definition, which might constrain it, and is enhanced ideologically by the ethos of decentralisation.

It is within this context that Russian political debate is currently taking place. The current policy approach of the government has been aimed at three objectives: alleviating shortages via stimulation of the market; stabilising the rouble and bringing inflation under control; and consolidating a taxation base from which relief to victims of the market can be provided without the effects of massive inflation.

Yeltsin moved at the beginning of January to reduce price subsidies, and nearly all except for baby food, housing and energy will be gone by the time this goes to press. The result was a massive increase in prices but little else. This was partly due to corruption but it was underpinned by the monopoly nature of the old system. Under communism goods were allocated and produced on a functional basis. Not only was there often only just, or not, enough but there were only a few producers and distributors for each single item. Free prices now allow them to charge what they like without heed to any restraints, moral or legal. Competition which might drive down the price has little or no effect, especially given the scale of shortage. In some areas of the economy organised gangs will use violent tactics to keep it that way.

The other prong of the policy of freezing prices was privatisation, which was supposed to provide the competitive pressures crucial to price liberalisation. A shortage of capital combined with great resistance and simple time-wasting at lower levels of government are slowing this process almost to a halt. As prices have risen and some privatisation has taken place it would seem, according to some reports, that more food has appeared in the shops. However, it is available only at prices far beyond the reach of ordinary citizens. The average wage is around 400 roubles a month; free market meat costs 100 roubles a kilo, and free market butter 140 roubles a kilo. Moreover, the source of much of the food supply appears to be the slaughtering of productive livestock (dairy cattle, laying hens and so on) which are highly profitable to kill and sell and expensive to keep alive. If this is the case, future food prospects are very bleak indeed.

The third prong of Yeltsin’s strategy has been a temporary consumption tax of 28% which appears to be widely avoided by large sections of the market economy it was supposed to catch. So precarious is the revenue base that the Russian budget brought down at the beginning of the year only attempted to deal with the first quarter. Over the next month or two more ruinous figures could cause an even greater contraction in state services, with sombre implications for the millions of people who rely on them and vast destabilisation of the political situation.

For the time being at least the democrats remain in command in Russia. Yeltsin has probably the best advisers of any of the republican presidents and, while his popularity is set to dip below 45%, he, like Gorbachev before him as yet faces no clear challenger. His future hinges on his ability to hold together his coalition (Rutskoi is touted as the most likely to split it), on achieving respectable economic figures for the first quarter of 1992, on an easing of inflation, on more government revenue, on a supply of foreign capital via the IMF or World Bank (unlikely until June at earliest), on the behaviour of the other republics and nationalities,
and last but not least, on the patience of key sectors of the population. Particularly crucial will be the blue-collar working class, the population of the large cities and the army.

On the question of the future of democracy the prognosis is more complex. On the credit side the democrats have the mythical power of the August 1991 coup defeat, and an ideology with greater legitimacy. They are backed by a strong free press, a small but rich business class and (most important to date) the most political sectors of the working class. Indeed the population in general has a strong commitment to democracy—though they are more divided about economic reform.

However, there are other factors at work. Not only does the old apparat survive but so does the old culture, and Russian nationalism is part of that. The introduction of market relations will tear away at much of the old community spirit—and this community spirit can and will identify with Russian nationalism. Thus the democrats face a battle to identify Russian nationalism with their conception of a democratic state and a predominantly market economy, rather than with the nostalgia of their opponents.

Hence the battle for hearts and minds is taking place on a number of levels. Communists are currently joining with fascists in a number of ‘nationalist’ rallies deploring the market reforms. While some are open about their anti-democratic sentiments, more subtle minds within the conservative camp depict the others as extremists and push a softly, softly line. Their success so far has been limited but they may succeed in building a constituency.

Danger to democracy may also come from certain free market liberals who see a strong state as the only way to impose a new market system on the catastrophe that is the Russian economy. The stage is thus set for a number of unholy alliances between proponents of three different visions: a social-democratic mixed-economy Russia; an authoritarian developmental Russia of the South Korean or Chilean kind; or a heady reaction of Russian nationalism which would combine a nostalgia for the Tsarist past with a rejection yet again of both market and democracy. The latter is, I think, most unlikely, but those persuaded by it could provide useful allies for the authoritarians.

The forces at work in the former Soviet Union at present might truly be called historical. Democracy and the market have gained a foothold, but the pressures of decentralisation may well turn back the clock. On an international level new states have emerged or are struggling to do so and their size, power and relationship to the world economic and political system is yet to be determined. These processes are unmistakably those of modernisation. The last attempt to graft this on to the Russian Empire was communism; it remains to be seen if the new variant will take.

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