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Russian Midterm Paper: Was Russia’s democratization and liberalization successful after the collapse of the Soviet Union?

The 1970s saw many authoritarian regimes in the world being replaced by political systems more democratic in their outlook. In particular, South American and Southern European nations such as Brazil, Spain, Chile, and Portugal experienced dramatic changes during this time period in terms of their political processes and government institutions’ leanings towards a democratic structure. Similarly in the Soviet bloc, following the disintegration of the Soviet Union, many leaders announced their intent to institutionalize democracy within their states among which Russia was a particularly important test case. However, tracing Russia’s transition by analyzing various historical and contemporary events, factors, and influences, it is observed that the transition of Russia towards market liberalization and democracy has not been successful so far, and may require greater time for the purpose.

Among many Western leaders in the 1990s, the transition of Russia towards democracy was seen as the most important test case. For the Clinton administration, the transition of the former Soviet states towards a market economy and democratic political structure became one of the leading foreign policy objective. This was evident in a remark from Warren Christopher, the former US Secretary of State, who stated that “helping the Russian people to build a free society and market economy is the greatest strategic challenge of our time” (Evans). Russia is not just important because of its large population, land mass, and territory but due to its immense influence, strategic military capability, and the challenge it posed to the United States. Moreover, Russia was the successor of the Soviet Union, the main ideological and geopolitical rival to the U.S., for half a century. The symbolic implications of an ideological rival and superpower transitioning to democracy and liberalization would be profound.

In tracing the success or failure of Russia’s transition towards democracy and liberalization, Gorbachev and his policies remain of fundamental importance. The decrees issued and the initiatives taken by Gorbachev in rapid succession considerably weakened the administrative apparatus of the Communist party and the system that was in place for well over 70 years. The aim was to create an intra-party democratic scheme within the one-party system which redefined electing procedures and roles of party functionaries. However, his reform process was painstakingly slow and was marred by technical lapses, zigzag policies and fundamental contradictions owing to various political pressures and certain apprehensions on his own part (Dallin). The transition attempted at a separation of powers within the Communist party while introducing a system of checks and balances based on the ‘socialist’ system by amending constitutional procedures. Yet, even this careful and slow transition faced resistance by the constitutional court while the people lacked the political habits and culture necessary for democratization. Although the Soviet economy still carried potential for reform, the often-conflicting reforms introduced by Gorbachev aimed more at creating a modernized socialist system rather than to completely replace the Soviet economy with liberal capitalism (Shlapentokh; Cohen). Consequently, these economic reforms completely failed and led to growing inflation, budget deficits, falling production, and consumer shortages.

As Gorbachev’s gradual and reformist approach towards transition failed, Boris Yeltsin and his team sought to treat Russia’s chaotic economic and political environment with fast-track economic reforms through ‘shock therapy’. Gorbachev was seen by Yeltsin as wanting to combine things which were not combinable, and instead jolt the Russian economy with quick shocks aimed at liberalization (Evans). However, Yeltsin’s team adopted a confrontational strategy instead of a democratic-consensus building one throughout the 1990s. Yeltsin’s strategy involved introducing elements from right-wing U.S. conservatism to replace the planned economy created under the Communist regime. The public expectations were high, however, they soon turned into widespread discontent as Yeltsin’s market liberalization reforms also failed to materialize. Freeing the prices of goods led to a dramatic rise in the price of essential goods to the extent that people’s savings were wiped out and consequently, were met by increased frustration, societal polarization and fragmentation (Evans). Thus neither Gorbachev nor Yeltsin’s reform policies could help Russia transition to a democratic free-market economy.

The other reason why the democratization process remained unsuccessful in Russia was the negligible public resistance to non-democratic actions by successive leaders. It explains why Yeltsin in 1993 was able to fire at the parliament, filled with opposition members, with tanks or Vladimir Putin was able to eliminate three hundred hostages in a 2004 terrorist attack at a school in Beslan. Hence, the benefits outweighed the costs for these Russian leaders, something which lies in sharp contrast to the U.S., where a President would risk impeachment and loosing popular support for such actions. The tolerance of the public and the lack of resistance also allowed Yeltsin and Gorbachev to rearrange institutions and develop policies that suited their own interest. Even as selected appointments limited the political influence of the opposition, the Russian society remained passive and indifferent, allowing Yeltsin, Putin, and others sweeping access to powers, amend the constitution, and appoint governors to positions even if they lost the popular vote (Gel'man). Moreover, the general trend at various other critical junctures tended to prefer a more authoritarian rather than a democratic direction even as democracy remained part of the political agenda. However, these democratic elements served more as a smokescreen for various antidemocratic purposes and, as a result, any hopes towards a transition to real democracy remain bleak (Gel'man).

One of the key reasons why Russia could not transition towards market liberalization include the nature of macroeconomic reforms introduced during the 1990s period. Even if the reforms were sometimes sincere, they did not meet expectations mainly because of the absence of a proper institutional framework which a market economy needs to build itself on. Furthermore, other non-economic micro-level factors such as a lack of business ethics, civic responsibility, and a non-existent civil society were absent to make market liberalization successful (Ledeneva). The state remained a major shareholder in major industries and large corporations, and extra-legal practices were employed at nearly all levels which were a result of a substantially weak overall enforcement infrastructure. The government continues to fail in generating tax revenue, enforce agreements and laws, preserve a social safety net, and create the necessary conditions needed by a market economy to flourish. Since the private sector did not receive such services, this led it to develop alternate rules and institutions which often employ extra-legal to operate (Ledeneva). In the absence of a coherently functional legal framework, lack of transparency, and frequently changing rules, it is not possible for basic market institutions to work. The market system relies heavily on transparency, anti-corruption legislation, and a functional banking system to allow open competition and transparent corporate governance to take root.

Furthermore, corruption remained a major obstacle to Russia’s transition. In a society where nearly all institutions and agencies are involved in corruption, it is nearly impossible to eliminate it from the society. Russia’s economy remained tainted with corruption in both the Soviet and Post-Soviet era, and as a result, developed a reputation for non-transparency. Hence, in an economy where “rules of the game” are not understood or recognized, and businesses operate on rules other than that of free competition, it becomes increasingly difficult to set up a democratic and liberal economy. The weakness of the rule of law deters foreign investors and undermines efforts to battle tax evasion, capital flight, and abuse of corporate governance (Ledeneva). Although there have been attempts to improve the efficiency of the system by strengthening the rule of law, it largely failed at the implementation stage. However, that failure resulted more from a failure of the law to function coherently, rather than the core elements of rule of law being absent. When corrupt practices and dubious rules govern the ways in which corporations and businesses make profit, while the law fails to prevent concentration of ownership to ensure free competition, then a market economy cannot flourish. In addition, the implementation of antitrust and antimonopoly laws remains unsuccessful. Furthermore, the judiciary’s inability to tackle corporate misdeeds and the government institutions ‘inability to generate tax revenues prevent corrupt corporations from gaining and exercising excessive political influence (Desai). The interplay of these factors continue to serve as a major obstruction to Russia’s transition to a free democratic market economy.

In conclusion, there are several interconnected factors that lead us to conclude that Russia’s transition to market liberalization and democracy is yet to be successful. In the post-Soviet era, these factors relate to conflicting political reforms by Russian leaders that ignored democratic consensus and led to further deterioration of an economy, which could still potentially be reformed. A lack of pro-democratic political culture and indifference of the elite and public further contributed to the problem. In addition, corruption and inadequate macroeconomic reforms continued to obstruct a free market from flourishing in the environment. However, even as the transition remains unsuccessful, it is possible to assume that Russia just needs more time for its democracy to mature. Just as it the U.S. democracy was substantially different in the 1990s compared to the 1950s and women only gained the right to vote 80 years ago, Russia with its different political history may require further time to transition to a successful democratic and free market economy.

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