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**THE RUSSIAN DEMOCRATIC TRANSITION: THE YELTSIN ERA AND
BEYOND**

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ANNO ACCADEMICO 2016/2017

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1. Introduction

The fall of the USSR, and consequently the attempted transition of the Russian state from totalitarian communist rule to a democratic form of state, is perhaps the defining moment of the end of the 20th Century, and the consequences of the political, economic, cultural shifts that it implies are still felt today.

The global balance of power shifted, ushering in an era of global unipolarism, and in Russia as well, power changed hands. The central state for the better part of a decade lost its defining, all-reaching power, and in the changing institutional arrangement, different power groups vied to fill the vacuum. During the later 2000s significant power consolidation has been witnessed on the part of the state centre and on the part of the Russian presidential executive, which reasserted itself as the institution to which all others are subordinate. In those transitional years, though, many radical changes were effected at once: a democratic constitution was adopted, market reforms were carried out, and coups were attempted, undermining the already precarious stability of a system that, unlike any other previous case, presented strong opposition to the post-communist transition.

It is my aim, with this work, to examine the turbulent events of the collapse of the USSR, starting approximately from the crisis that led to Gorbachev's ascent, culminating in his becoming the CPSU's General Secretary, and the first steps towards democratization, which ended up unwittingly causing the end of the Soviet state. It will further be of interest for me to observe the first years of the Yeltsin presidency and the structure of the Russian democratic state that emerged, what economic and political reforms were enacted, and finally provide a tentative evaluation, perhaps identifying the turning points that led democratic Russia from the very first steps to the path it is on today and what could be possibly some of the crucial missteps that doomed many of these efforts.

I believe that today, sufficient time has elapsed to re-discuss the academic perspective on the matter of the Russian transition. While immediately after the transition, the outlook was positive and the consensus was that reforms were headed in the right direction, more recent research has cast doubt on this conviction. The contrast is deep

enough as to warrant curiosity, on what new data or historical accounts may have emerged to warrant such a re-discussion.

Much has already been written on the subject, and the breadth of available sources is staggering. In order to better bring to light the contrast in views in the historical accounts, I have chosen to rely on accounts produced in different times, two of them, by Victor Zaslavsky, very soon after the collapse of the USSR, while the others were produced almost a decade later. To complement these sources, for the basic historical account I have also selected academic articles from the era, to provide a clearer, more detailed picture. As for the more detailed analysis of the Russian political system, I have selected research articles from a variety of experts, and have attempted to include as much as possible the perspective of Russian academics, as well as Russia experts from the West, so as to find a good balance of internal and external perspectives on the political evolution of the country.

In the first part of this work, I aim to create a historical outline of the events that transpired in the period. In the second part of the work I will look more closely at the economic conditions, and the reform endeavours, and attempt to outline the concurrent social changes. Finally, I will examine the evolution of the Russian democratic state, the institutional changes and struggles that characterised the transition, and the problems inherent to the nascent state, attempting to find out what steered the development of Russian democracy down its path, and to look for what elements have caused the process of democratization to stall.

2. Historical context – The fall

In order to evaluate the legacy left to Russia by its turbulent shift to a new form of government, it is important first of all to quickly recapitulate the main events: the process, set off by Gorbachev back in the late '80s, which resulted in the fall of the Soviet state, and consequently the ascendance to power of Boris Yeltsin in 1990 to the office of President of the Russian Federation, an office he continued holding, after one re-election campaign plagued by scandals in 1996, until the end of 1999, before being substituted by former prime minister Vladimir Putin. It is important to establish the historical legacy that the country inherited by the beginning of the decade 90-2000, and establish context for what took place.

At the end of the 1980s, the Soviet Union was faced with the deepest crisis of its history: its economy stagnated, its leadership had ossified into an impenetrable, anti-meritocratic gerontocracy, unable to produce capable leaders or even, in fact, leaders that had more than a few years left to live; the war in Afghanistan had only served to deepen the crisis, subtracting vital resources from commerce, and slowing down economic growth due to lowering market prices of Soviet exports and falling economic indices. The 'organized consensus' system, constituted during the Stalin era and consolidated during the Brezhnev era was now dissolving: due to the focus on commodity extraction and energy exports on the world market, the welfare of the Soviet economy was closely linked to commodity prices; as the prices for energy fell, so did the capacity of the Soviet Union to continue expanding its military-industrial complex (a key feature in the system) and increase the welfare of its citizens¹. This crisis represented an existential threat (although perhaps not as immediate as Zaslavsky implies: other authors suggest that the danger was farther in time than Gorbachev initially believed²), requiring the sort of radical structural reform of the Soviet state that Brezhnev was never able (or refused) to carry out.

¹ Victor Zaslavsky, *Storia del Sistema Sovietico: l'ascesa, la stabilità, il crollo*, Carocci Editore (1995), p.232

² John Gooding, *Perestroika as Revolution from Within: an Interpretation*, *The Russian Review*, Vol. 51, No. 1 (Jan., 1992), pp. 36-57, page

The Communist Party of the Soviet Union (hereafter, the CPSU), after electing frail old men like Andropov and Chernenko to the office of general secretary and seeing them die after holding office no more than a year, finally set its hopes on the reformer Mikhail S. Gorbachev, who was made General Secretary of the CPSU in 1985 and held the position until 1991. He immediately set about to implement radical reforms that predictably encountered the opposition of the conservative wing of the party, and of much of the bureaucracy. His policy, named *perestroika* (restructuring), was a set of reforms initially designed with the dual purposes of:

- renewing the managerial and administrative personnel within the Party apparatus through meritocratic criteria;
- Growth acceleration through extensive investment in heavy industry renovation and production, increased imports of machinery (at the expense of consumer goods);

2 years later, the unsustainability of this strategy became clear, in the form of rising inflation and increase in the oppressive weight of the military-industrial complex; the CPSU therefore accepted the necessity of ever more radical reforms, and sought to enact them through unprecedented means: a slow process of decentralization and democratization, designed to revive mass participation in politics and give new impulse to acceptance of the Soviet state by lessening coercion and regenerating a form of civil society³. The first semi-competitive elections to the then Russian Parliament, the USSR Congress of the People's Deputies (the CPD), were held in 1989, and as expected with a founding election, it entailed a rather large level of popular mobilization, with the formation of grassroots political organizations, spurred further by the announced toleration for moderately democratic parties and ideas.

Party registration was still subject to approval to local Communist Party bureau, but it was nevertheless an important step forward with regards to representative politics in the USSR⁴.

Another important development, as observed by Zaslavsky, was the formal rejection of the monopoly of political power of the CPSU, paving the way for different parties to

³ Victor Zaslavsky, *Storia del Sistema Sovietico: l'ascesa, la stabilità, il crollo*, Carocci Editore (1995), pp.234-236

⁴ Michael McFaul, Nikolai Petrov, Andrei Ryabov, *Between Dictatorship and Democracy: Russian Post-Communist Political Reform*, Carnegie Endowment for International Peace (2004), p.27

form up. This was a momentous change in policy, and the first step towards pluralism taken that would ultimately lead to the dissolution of the Soviet empire.

The democratization process was not initiated to liberalize the country, but rather, it was intended to provide Gorbachev with a way to shore up support for his policies: it would free up the USSR institutions from formal control of the conservative Party old guard, giving it instead to younger, newer elected officials, less beholden to the old power structures held up by the *nomenklatura*⁵. As Gooding (1992) points out, Gorbachev would need support in order to push forward his counter-ideology, his ‘revolution from within’, and such support could easily be found in the disaffected, apathetic popular masses of the Soviet Union, who would quickly grasp the opportunity to make their dissent manifest. As he eloquently puts it, the years of stagnation had been used to consolidate an alliance between the leadership and progressive intellectuals; another source of support could be found in “[a] broad constituency of people who were sure to favour economic-growth policies and the relaxation of political controls,” who would therefore need to “be enfranchised and brought within the political nation. Democratization was thus the indispensable condition of reform.”⁶ Gorbachev’s Communist opposition, by the time of the first democratic reforms, had coalesced around the figure of Yegor K. Ligachev. While an examination of his actions would be beyond the scope of this work, it is important to note his existence, and to acknowledge his role in the opposition. He was ultimately unable to stop Gorbachev and the Soviet collapse, and lacked the foresight to act early to prevent the democratization⁷.

The move towards free and fair elections was not immediate, the CPSU was reserved one-third of all CPD seats by way of reserved spots for members of ‘social organizations’. Furthermore, the difficulty of becoming registered for the ballots in many districts, the cumbersomeness of the process ensured that very few places would actually see contested elections. The result of these first elections, while a humiliation for the *nomenklatura*, did still result in a CPD composed of 85% Communist Party

⁵ *Ibidem* p. 28

⁶ John Gooding, *Perestroika as Revolution from Within: an Interpretation*, *The Russian Review*, Vol. 51, No. 1 (Jan., 1992), pp. 36-57, page 42

⁷ For more on Ligachev and the Communist opposition to Gorbachev, consult Jonathan Harris, *Ligachev on Glasnost and Perestroika*, *The Carl Beck Papers on Russian and East European Studies*, 1989

deputies. The transition towards democracy in the USSR was underway, however, as the elections had sparked massive public interest in country politics and voter turnout had been over 89% of all eligible citizens. Following this first success, Gorbachev attempted to capitalize: to free up the lower levels of government as well from CPSU control, elections would be held in the spring of 1990 for the soviets at the levels of republic, region, city and district. While their significance to Russian politics must not be understated, in that these would be the first truly democratic elections to be held in the USSR, it is not possible to provide here a more detailed account of the events and their political consequences⁸.

The Russian CPD that was newly created, tasked with the election of the Supreme Soviet, for the first time, had no reserved seats for CPSU social organizations. Although the process for nomination remained cumbersome, the formal guarantee of seats for the CPSU was gone. So was article 6 of the Soviet Constitution, which guaranteed a leading role to the CPSU in Soviet society. As a result, while new parties were still in the process of forming up, these elections were the first time two main fronts competed: democrats and communists. The democrats, which coordinated through the organization of Democratic Russia, opposed the status quo and, as he quickly found to his chagrin, Gorbachev himself. They were headed by Boris Yeltsin, who would go on to become president of the RSFSR in 1991, and other key figures of post-communist democratic politics. The CPSU itself only won 40% of the seats to congress, remained split between a reformist (centered around Gorbachev) and a conservative wing, and the remainder of seats either went to centrists or to the democratic opposition, who did not by any means intend to cooperate with Gorbachev⁹.

The underestimation of the importance of these elections and therefore the lack of control that Gorbachev exerted over them first lost him control of the Congress of the RSFSR, also allowed the satellite states of the federated subjects of the USSR to start drifting away: the quick popular mobilization that followed ‘opening up’ of Soviet

⁸ For more on the Russian regional elections, see Gavin Helf and Jeffrey Hahn, *Old dogs and new tricks: Party Elites in the Russian Regional elections of 1990*, *The Slavic Review*, Vol. 51, N. 3, (Autumn 1992), pp. 511-530

⁹ Michael McFaul, Nikolai Petrov, Andrei Ryabov, *Between Dictatorship and Democracy: Russian Post-Communist Political Reform*, Carnegie Endowment for International Peace (2004), pp. 30-32

politics was by no means constrained to the Russian Soviet Republic: in the federated subjects, the mobilization sparked by the elections was seen as a historic opportunity for ethnic nationalist parties, who quickly formed up and were easily able to gain control of their respective republics' Congresses and Supreme Soviets, often in alliance with the respective countries' democratic politicians, creating new fronts of external pressure and oppositions to Gorbachev, severely weakening his position and creating the preconditions for the 'velvet revolutions' of Eastern Europe¹⁰. The situation continued to escalate, culminating in 1991 with the War of Laws, in which the newly-created autonomous congresses of the Soviet Republics used their power to enact legislation to seize back control of the country from the centre, creating the system of 'parallel power' that would be an object of contention in the following years, due to the attempts by the Russian Federation to take back control. The very apex of this conflict was reached with the declarations of independence from the USSR by Lithuania (in 1990, the other Baltic states quickly followed suit), and even by the Russian Congress itself. The attempt towards repression of Baltic independence – by means of a law that imposed a referendum that would later be approved or rejected by the Soviet Congress after 5 years first, and through an economic blockade later, were met by hostility by the Western international community, who had historically refused to recognise the annexation of the Baltic states. And at a time where the Soviet Union depended economically on its exports, such hostility could warrant dire economic consequences. The attempt at repression even went so far as to adopt what Zaslavsky ironically terms the "Czechoslovak variant": KGB agents and internal agitators would form Committees for National Salvation, pro-communist parties ready to seize power and re-instate communist control. Still, none of these efforts would prove to be sufficient, as instability inside of Russia forced Gorbachev to focus his attention elsewhere. His political defeat on this subject would exert a heavy influence on successive events, and the push towards disintegration of the USSR came to full force during these years, and many federated subjects would not be brought back under the central authority of the Russian Federation until the late 1990s. Chechnya would go on, rather notoriously, to contest its independence, and the Russian central state would embroil itself into two

¹⁰ Victor Zaslavsky, *Storia del Sistema Sovietico: l'ascesa, la stabilità, il crollo*, Carocci Editore (1995), p.237

conflicts in order to retain control of the province¹¹. While the momentous consequences of these declarations of independence from the centre in the immediate, it would require a broader-scoped research to investigate the struggle for autonomy of the federal subjects¹².

By 1991, therefore, the situation had become untenable: the Russian Communist Party had all but lost control over the federated subjects of the USSR, and even over the RSFSR's own Congress. In a desperate bid to gain back the political power required to negotiate with the federated subjects, as well as to hold on to Communist leadership, Gorbachev staged the March 1991 referendum on the fate of the Soviet Union, to which Yeltsin insisted, the question over the creation of a post of a Russian presidency be added. The referendum resulted in sizeable majorities answering those questions in the positive, and in the elections that quickly followed (June 1991), Yeltsin was elected president.¹³ During these few key months, Gorbachev focused on negotiating a new Treaty of the Union with the federal subjects, continuing the War of Laws over national legislative competence, while on the internal front facing the threat posed by newly-elected President Yeltsin to his authority. Throughout, the main goal for the Communist General Secretary remained to preserve as much power as possible within the grasp of the central state. To this end, he sided with ethnic minorities within the republics, at the expense of national leaderships so as to preserve a role for himself of arbitrator between their conflicts. Due to the gradual erosion of the instruments of Soviet power that had recently been taking place, directives by the Supreme Soviet were often outright ignored by the republics, and therefore negotiations for the new Treaty of the Union took place on rather strangely equal terms, and the other nations were able to extract rather generous concessions from the centre. Gorbachev would spend the last months of his Secretariat negotiating with all the forces he had unleashed and that threatened to pull the Soviet Union definitively apart.¹⁴

¹¹ *Ibidem*, pp. 247-248

¹² For a more detailed account of this struggle, consult Tomila Lankina, *Local Self-government and titular regime control in Russia's Republics*, The Carl Beck Papers on Russian and East European Studies, Number 1602, August 2002

¹³ Michael McFaul, Nikolai Petrov, Andrei Ryabov, *Between Dictatorship and Democracy: Russian Post-Communist Political Reform*, Carnegie Endowment for International Peace (2004), pp.31-32

¹⁴ Victor Zaslavsky, *Storia del Sistema Sovietico: l'ascesa, la stabilità, il crollo*, Carocci Editore (1995), pp. 250-252

The Communist party elite, meanwhile, was becoming increasingly dissatisfied with these recent developments and with Gorbachev especially, fearing the outcome of his negotiations would be a Treaty disfavouring the central state overmuch. In August of 1991, key members of the military including the director of KGB, along with members of the current government, and with aid from members of the KGB arranged for a military coup to take place and seize back power from both Gorbachev and the Democratic Front. This so-called ‘gang of eight’ included Vladimir Kryuchkov, director of the KGB and Gennady Yanaev, Vice-President. Yeltsin, at the time currently president of the RSFSR, was able to mount the resistance that Gorbachev, confined to his dacha in Foros by the conspirators, could not¹⁵. The August putsch was unsuccessful, due also to its crucial lack of popular and military support. D. Volcic, an Italian journalist posted in Moscow at the time of the attempted coup, offers a colourful account of the events on those fateful days, emphasising how the putsch was a creation of the Communist old guard, and highlighting the split within the armed forces, which ultimately resulted in the conspirators’ surrender. Former KGB general O. Kalugin had previously dismissed the possibility of a coup, as it would inevitably be led by “frail, soft old men, only capable of employing half-measures”. In retrospect, such words appear almost prophetic. Kryuchkov and Luk’yanov, the de-facto leaders of the coup – and, coincidentally, the only two who had not accrued a reputation as drunkards – committed various mistakes in the proceedings that cost them power: they did not seize control of the means of communication, they did not secure the streets and allowed their adversaries – the Supreme Soviet and the Russian President – to regroup and to entrench themselves inside the Parliament building; they failed to secure military support for their action, as only 3 out of 15 divisions that could have acted actually did so. And finally, they failed to give the command to assault the White House, where the parliamentarians were holding out. Ultimately, their incompetence and half-measures allowed the democratic forces of the country to stay the course.¹⁶

The August Republic was thus born. Using his position of authority and credibility, Yeltsin decreed the dissolution of the CPSU. By this point, the only legitimate political

¹⁵ Stephen Kotkin, *Armageddon Averted: The Soviet Collapse 1970-2000*, Oxford University Press (2008), pp. 98-101

¹⁶ Demetrio Volcic, *Mosca: I Giorni della Fine*, Arnoldo Mondadori Editore (1992), pp.29-36

authorities left in the country were the president himself and the members of the CPD, especially the members of the Democratic Front. Gorbachev had sat out during the coup, and with the dissolution of the CPSU, he no longer wielded legitimate political power. His era was over.¹⁷ The reformers had now free rein to enact a process of democratic and market reform, in one of the countries that would prove most resistant to it. One of few questions left would be whether a founding election were to be held and whether a new constitution should be drafted immediately, therefore giving a clear answer to the question of by what authority would this process be started. Yeltsin, crucially, neither held new elections nor proclaimed a referendum over the constitution. None of these events would take place, in fact, until 1993, precipitating a constitutional crisis that ended in a military confrontation and coup attempt. This is a crucial turning point, and in analysing it the perspective of McFaul is invaluable: he posits that, had founding elections being held, had a constitutional referendum been held, it would have shown the willingness of these political actors to wield power in a constrained manner: they would show to having agreed-upon rules for the transfer of power, and perhaps would have set a better stage for a transition to democracy. Instead, the arbitrary exercise of power over the next 2 years with no popular legitimation laid bare the perception of power as an instrument of personal interests: as a simple instrument to preserve one's position within the political system. After such an example being set, successive political actors could hardly be blamed for taking a similar stance¹⁸. Extensive literature has been produced on the subject of the Russian transition towards democracy, and I will concern myself with further exploring the theme in a future chapter.

The newly empowered Yeltsin feared the institutional stability that Russia found itself facing, and also (rightly) feared retaliation from the Communist factions. He assessed that the greatest risk at the time was posed by conservative, anti-reform forces and set about drafting a constitution himself using the help of key aides, like Viktor Sheinis, Leonid Volkov and Valery Zorkin. The document's drafting was a difficult process,

¹⁷ Victor Zaslavsky, *Storia del Sistema Sovietico: l'ascesa, la stabilità, il crollo*, Carocci Editore (1995), p. 252

¹⁸ Michael McFaul, Nikolai Petrov, Andrei Ryabov, *Between Dictatorship and Democracy: Russian Post-Communist Political Reform*, Carnegie Endowment for International Peace (2004), p. 34, p.88

subject to much political negotiation, particularly over the contentious issues of the separation of power, checks over executive power and even who should in effect exert said executive power. This constitution would then be subject to a referendum in 1993, shortly after the second failed coup. The constitution itself would be representative of the dilemma of state-building faced by Yeltsin and his cohorts back in 1991.¹⁹ As Breslauer and Dale commented, there were several dilemmas of nation-building that faced the Russian leadership at the time. First of all, they were faced with the problem of the collapse of the Soviet empire: with more and more former socialist republics de facto, if not de jure independent, a first problem regarded “whether to accept the collapse of a Russia-centered empire; and if one accepted such a collapse, whether to tolerate any further diminution of the size of the Russian Federation.” After the question of what the new borders of the Russian Federation should encompass was settled, there still would remain the problem of how to handle the constitutional relationship between its institutions, a problem complicated by the political and institutional legacy that Russia had inherited. While the USSR, much in the likeness of the Tsarist empire, was based on a strong central executive, with nearly unlimited authority and a hierarchy of subordinated institutions below it, the actual situation during 1991 was different: thanks to Gorbachev’s reforms, the parliamentarily-elected Supreme Soviet wielded substantial authority and legitimacy, being enshrined as the inherited constitution’s highest authority²⁰. In fact, it would come to clash with the office of the President over the course of the next 2 years over what role should they respectively hold in constitutional relations. Put simply, the 1993 constitutional crisis would not only be a question of restoration of Communist rule as opposed to democratization and market reform (the famously termed ‘paradox of democratization’), which did play a fundamental role, but also a question of power-sharing arrangements and authority of parliament, which had transcended the historical weakness it had been previously characterized by and seemed ready to exert authority on equal terms alongside with the President. Such a situation would have reversed the traditional political culture that Sedov succinctly defines “a society characterized by an exaggerated subsystem of power and an atrophied system of

¹⁹ *Ibidem*, pp.59-61

²⁰ George W. Breslauer & Catherine Dale, *Boris Yel'tsin and the Invention of a Russian Nation-State*, *Post-Soviet Affairs* (1997), 13:4, 303-

rule of law”²¹.

With regards to the question of empire, it was the problem of continuing the struggle first carried forward by Gorbachev, to retain unity around a consolidated centre of power and a strong central authority that would exert power over the periphery. This we may term, as Breslauer did, the ‘federalist’ view. While during the negotiations Gorbachev’s positions shifted towards ‘confederalism’ as well, in a desperate attempt to hold the USSR together and prevent its collapse by placating regional leaders, however his rhetoric and his strategy established the course that Yeltsin would later follow in his own attempt at state-building. The keystone of this strategy would be the defence of Soviet Statehood (*gosudarstvennost’*, which in Russian refers to the state itself as an institution) and Soviet Nationhood (the *sovetskij narod*, which instead refers to the *people*) or, as Yeltsin would refer to them in continuity, Russian statehood and nationhood. The former’s importance and centrality was never put into question. A central, strong state would be desirable to prevent the Federation’s disintegration. However, the issue remained of which power relationships would modulate the interactions between the strong central state with the other institutions and with Russian sovereignty. The additional issue was raised of what would be Russia’s role in the federation going forward. Initially Yeltsin’s stance appeared to be firmly confederalist: he advocated for a Union “that the republics would join of their own free will and not by force”, while stressing the importance of strengthening statehood in his rhetoric. His objectives, however, were rather different: after obtaining the seat of presidency in the June 1991 elections, he set about strengthening executive power in Russia and attempting to free himself from any attempt at control by the Union institutions. The problem that received the most attention perhaps was that of the federal question, or, more precisely, the “constitutional relationship between central and regional authority”, therefore the political status of regional institutions within the Federation and the political status of various ethnic groups that inhabited those regions. The other issue to come to the fore was that of executive-legislative relations. This was also characterised

²¹ L. A. Sedov (2007) Traditional Features of Russian Political Culture in Their Current Perspective, *Russian Social Science Review*, 48:6, 47-63, p.48

as a problem of Russian statehood, with Yeltsin firmly advocating extension of executive power in order to claim as much independence as possible from the (former) Soviet centre, represented by the Supreme Soviet. The Speaker of the Russian Parliament, Ruslan Khasbulatov, advocated compromise instead, and attempted to preserve the function of the parliamentary organs²². With regards to the problem of nationhood, Yeltsin clarified his position over time, contrasting the position of ethno-nationalist factions within Russia by pointedly eschewing any reference to Russian traditions, a Russian people as an ethnicity (exploiting a peculiarity of the Russian language, which includes a distinction between *rususkij* as ethnically Russian, and *rossijskij*, which is more concerned with citizenship of the Russian state; Yeltsin focused on the latter) and overall for equal partnership with all ethnicities of the Union. He admonished that "Russian statehood, which has chosen democracy and freedom, will never be an empire"²³. A more in-depth examination of the institutional arrangements of the new Russian state will be the objective of a future chapter.

Yeltsin feared losing political initiative, after 1991. At least, Ryabov theorizes that such was the reason for not immediately convoking national elections. Yeltsin was determined to keep on managing the dismantling of the USSR, the transition towards market economy and the re-definition of Russian borders and authority. To this end, he also refused to directly address questions of institutional relationship between his office and that of the Supreme Soviet. He appointed Yegor Gaidar to the task of overseeing and enacting market reform. This policy in particular caused the polarization of Russian politics, with the CPD quickly coalescing around a position of clear opposition, especially with the beginning of market reform threatening the livelihoods of many political cadres, both working-class and among the *nomenklatura*. This was the beginning of the constitutional gridlock that would characterise the remainder of the August Republic, as both the Parliament and the President claimed jurisdiction over the issue of economic reform. The issue also remained of who would exert control over the government's activities, as it was dependent on the President for its approval, but also was supposed to be under oversight by the Supreme Soviet and the CPD. The

²² George W. Breslauer & Catherine Dale, *Boris Yel'tsin and the Invention of a Russian Nation-State*, Post-Soviet Affairs (1997), 13:4, 303-332

²³ *Ibidem*

constitution in use as of yet was the constitution of 1978, and provided little guidance as to regulating the rapidly changing political scenario. The conflict would clearly develop along policy lines, as well as ideological ones. The opposition between a parliament beholden to both the old and new apexes of state power (the Supreme Soviet and the President) against the Presidency and the extraordinary powers granted to it by the legislature back in 1990²⁴. This was not only an expression of inter-institutional struggle, but more in general an expression of the conflict between different political cadres attempting to eliminate opposition and secure executive power for themselves. This path ultimately led to continuity with old Soviet and even Imperial ideas of power, in that it was not meant to be shared or peacefully passed on, as it would be by necessity in a democratic form of government.

While the tug-of-war between the two institutions continued for most of 1992, with the Supreme Soviet and president both issuing directives and attempting to legislate over each other's jurisdiction, the constitutional crisis finally came to a head in 1993. After a referendum confirmed public confidence in both Yeltsin himself and his economic reform, (the latter was rather less endorsed, but still supported by 58% of the population) the parliament had refused to approve emergency decrees that Yeltsin had issued, a required passage for their transformation into fully-fledged law, and further attempted to impeach the president, while Yeltsin himself issued an illegal decree determining the disbanding of parliament. The parliament, whose majority was composed of conservative politicians opposed to Yeltsin and market reforms, used paramilitary support to stage an armed uprising. The resulting clashes ended with the defeat of parliament, and Yeltsin finally, unilaterally promulgated a new constitution, based on the presidential model and re-affirming the pre-eminence of the presidential office over the legislature. The December referendum was narrowly won and resulted in the approval of the constitution²⁵. The post-communist transition was almost complete, and over the following decade, the Russian state would be remodelled, dismantling the old Soviet institutions and controversially reforming the economy from a Communist command economy to a market economy. These reforms were altogether rife with

²⁴ Michael McFaul, Nikolai Petrov, Andrei Ryabov, *Between Dictatorship and Democracy: Russian Post-Communist Political Reform*, Carnegie Endowment for International Peace (2004), pp.88-89

²⁵ *Ibidem*, pp.34-37

allegations of corruption, as I will examine more carefully in the next section, and arguably not entirely successful, and may have contributed to the transformation of democratic Russia in an oligarchic political system.

Conclusion

In this first part, I have attempted to outline the principal historical developments that occurred from 1989 to 1993. I have determined how the desperate attempt by Gorbachev and Communist elite to preserve the Soviet system unleashed a force beyond their control, that quickly seized power and sought to disintegrate the Soviet Union instead. The unintended consequence of Soviet reform, then, was the Soviet collapse. It is difficult, however, to divorce these historical developments from the concurrent economic developments of the decade, when in fact they were likely linked, one reinforcing the other and concurring in the creation of the new Russia. I will attempt to analyse the economic policy and development of the perestroika era and its links to the Soviet collapse in the next chapter. Finally, it will be of interest to remark on the evolution of the Russian democratic system, the process of nation-building carried forward by Yeltsin and the perception of the system by its population.

3. Economic reforms – from perestroika to market reform

The Soviet Union, by the time Gorbachev came to power, was facing its worst crisis as of yet, and the situation was in no small part due to the problems of economic stagnation. The system Gorbachev inherited was inefficient, based on the preponderance of heavy, military and extraction industries, with few resources allocated to the betterment of civilian living standards²⁶. Even by the words of Soviet economist

²⁶ Victor Zaslavsky, *Storia del Sistema Sovietico: l'ascesa, la stabilità, il crollo*, Carocci Editore (1995), p.209-210

Abel Aganbegyan, writing in 1988, the situation was dire: “[...] for the last 15 to 20 years the Soviet Union's development has been unsatisfactory [...] Our national product, if you take its growth according to the five-year plans, increased by 41 per cent between 1966 and 1970, by 28 per cent from 1971 to 1975 and by 21 per cent 1976-80. Between 1981 and 1985 it increased by 16.5 per cent.” There had been remarkable slowdown in economic growth, and the living standards of Soviet citizens was now lagging far behind those of citizens in the First World, due in no small part to scarce resource allocation towards social causes like agriculture, housing, health and production of consumer goods²⁷.

A system of perverse incentives pushed Soviet industries to request more and more allocation of resources, while wasting inordinate amounts due to antiquated production processes and machinery. The only criterion to judge the success of a state company functioning in the absence of the market was its ability to reach production quotas fixed by the central planners. The compensation of their workers and managers was not directly related to their performance either, and resources were allocated through negotiation between management and the central planners. The former was encouraged to underreport performance potential, while the latter quickly slid into a pattern of programming quota increases based on the levels previously reached. Investment into new technologies was discouraged on two sides: the central planners would have to revise their allocation objectives, distributing resources differently and risking political backlash, while management was faced with the choice between continuing to waste resources on an obsolete process or risk not meeting the planned quota, should the technology adopted not pan out²⁸.

Another heavy issue faced by the Soviet economy during the late ‘80s was that of the weight of the military-industrial complex. The Soviet state relied heavily on its arms and heavy industries (Sector A of the economy, according to Soviet terminology),

²⁷ Abel Aganbegyan, *The Economics of Perestroika*, International Affairs (Royal Institute of International Affairs 1944-), Vol. 64, No. 2 (Spring, 1988), pp. 177-185

²⁸ Victor Zaslavsky, *Storia del Sistema Sovietico: l'ascesa, la stabilità, il crollo*, Carocci Editore (1995), p.200,201

which since the modernization pushes of the '50s had been in direct competition with their Western counterparts. Its weight on the economy continued to grow throughout the decades, starting from 59.5% of all production in 1940, by the beginning of the Second World War, reaching up to 76.3% in 1986. This increasing reliance came at the expense of the civilian sector, which in the same year accounted for less than a quarter of total production. Such an overreliance on the military industry may have appeared of dubious rationality on the one hand, seeing as the best Soviet armaments were easily demonstrated as inferior to their Western counterparts in the Afghanistan war (the Afghan rebels had access to Western armaments), but it served nonetheless the dual purpose of carrying the economy forward and securing the CPSU's hold on society, thanks to the politics of fear and the widespread belief that an invasion by Western forces could be likely²⁹.

The Soviet Union was furthermore still dependent on agricultural imports, and in fact, its agricultural production had been lagging behind despite population increases. Still Abenagyan, in 1988, wrote "From 1960 to 1970 agriculture grew by 21 per cent, in 1971-5 by 13 per cent, in 1976-80 by 9 and in 1981-5 by 6% - with a population increase of 4 percent"³⁰.

The problem of agricultural underproduction had already been tacitly acknowledged previously, during the Brezhnev era, when he concocted the scheme of 'oil for grain', essentially as a way to postpone dealing with the issue and not have to take any of the necessary steps towards reform of the system. Not only that, but the reliance on oil extraction and the reluctance to innovate the technologies involved resulted in heavy ecological costs, as well as inefficiency. In fact, predatory oil extraction techniques, such as the use of pumped high-pressure water in oil wells and going so far as to use nuclear explosions to extract oil, may have resulted in the loss of large quantities of raw oil, resulting in a momentary increase in production yields before catastrophically falling a few years later³¹. The Soviet bloc's role as an energy exporter further shielded it during the 70s' oil shocks, losing a crucial opportunity to reduce resource

²⁹ *Ibidem*, pp. 206,207; 211,212

³⁰ Abel Aganbegyan, *The Economics of Perestroika*, International Affairs (Royal Institute of International Affairs 1944-), Vol. 64, No. 2 (Spring, 1988), pp. 177-185

³¹ Victor Zaslavsky, *Storia del Sistema Sovietico: l'ascesa, la stabilità, il crollo*, Carocci Editore (1995), pp. 219, 220

consumption. Finally, the incompetence of Soviet central planners was perhaps made most manifest with regards to the ecological disasters of Chernobyl and of the Aral Sea's disappearance. In the former case, the use of unreliable technology, coupled with lack of discipline among those that were supposed to maintain it caused an unprecedented disaster, which polluted the atmosphere with 'more radioactive material than was released by the atom bombs at Hiroshima and Nagasaki'. In the latter case, insistence on the part of Soviet central planners on maintaining cotton cultivation on lands that lacked the water resources to support it resulted in the diversion of almost all immissary waters into the lake towards the irrigation of cotton plantations, resulting in its gradual disappearance³². According to Zaslavsky, the economic stagnation promoted by this economic system was not only due to its inefficiencies, but paradoxically due to the strength and highly advanced state of its military sector. It led to a 'coexistence [...] a peculiar symbiosis of advanced technologies and institutions of industrial society alongside with forms of labour organization and of social life typical of pre-modern systems'³³.

There is no doubt then, that economic reform would be needed, as also Abenagyan himself makes abundantly clear. It was necessary to enact drastic, radical reform, intervening on management, innovation, agriculture, production of consumer goods. There would be need to increase the population's standard of living. Gorbachev's perestroika was squarely aimed at these objectives, as I have previously noted, its aim was to reach them through the rationalization of the economy, increase national product and reform both state and industry management³⁴. There is no doubt, however, that such policies would be vehemently resisted. Social structures had, by that point, ossified around the current production arrangement, and the political preponderance of exponents of the military-industrial complex, which alone accounted for 35-40% of production in 1986 would make any attempt at redistributing resources extremely difficult. Equally, it would not be possible to continue with the substantial military spending in a context of economic stagnation. The reform plan initially aimed at

³³ *Ibidem*, p. 225

³⁴ Abel Aganbegyan, *The Economics of Perestroika*, International Affairs (Royal Institute of International Affairs 1944-), Vol. 64, No. 2 (Spring, 1988), pp. 177-185

industrial investment in machinery production and reinforcing the metallurgic and extraction industries, with concurrent renewal of the upper management staff. Gorbachev himself was quoted as promising that by 2000 “95% of Soviet industrial production would reach Western standards”³⁵. This technocratic mobilization came at the expense of the imports of consumer goods, which fell by a third. The unfortunate consequence, however, was the reinforcement of pre-existing patterns in the Soviet economy, the weight of the A sector continued to increase, to the point that, in 1987, less than a third of manufacturing workers were employed in the civilian sector, and production quotas for military goods in the civilian industries were higher than those for consumer goods. The result of ‘growth acceleration’, therefore, was to increase the account deficit, inflation and consumer good scarcity³⁶. Gorbachev at this point realised that the path forward would require radical reform of the system. It is important to underline that it is no longer making a command economy work better, but of outright transitioning towards a market economy, as Brown (2004) states. There also remained the problem, echoed by many commentators, that the command economy had operated for longer in Russia than many other socialist countries³⁷, and furthermore, that the size of the country and the inheritance of Soviet urban planning there would generate further problems for a market transition, as the costs of urban development in Siberia had been enormous, and as Brown (2004) himself puts it “entire cities, even if they have no prospect of becoming economically viable, cannot be shut down over night.”³⁸ Another indication of the failure of perestroika’s initial stages has been pointed out by Smirnov and Ershov, who analysed it in a 1992 study of public opinion reactions to economic reform policy, go so far as to define the policy as ‘catastrophic’. It is perhaps telling of the failure of perestroika, that already starting from its enactment in 1985, public attitudes towards the command economy versus market reform started to shift. By 1989 the pendulum was in full swing, and full expression of the phenomenon can be read as

³⁵ Victor Zaslavsky, *Storia del Sistema Sovietico: l’ascesa, la stabilità, il crollo*, Carocci Editore (1995), pp. 232-234

³⁶ *Ibidem*, p.235

³⁷ *Ibidem*, p. 238

³⁸ Archie Brown, *The Soviet Union: Reform of the system or systemic transformation?*, *Slavic Review*, Vol. 63, No. 3 (Autumn, 2004), pp.

the electoral victories of Leningrad mayor Sobchak and of President Yeltsin in 1991³⁹.

But just as economic policy during the Gorbachev era had led to unsatisfactory performance, and demands for transition away from a command economy, ultimately causing the collapse of the USSR, economic performance in the years of post-communist market reform did not hold true to the lofty promises. This was likely a result, at least in part, of the well-ingrained habits of a command economy, and the fact that it operated for a long time and was not imposed on unwilling populations, as it had been in most of Eastern Europe, which had always accepted socialism as an imposition from an alien body and only as long as the Soviet military was willing to back it up⁴⁰. In fact, it should be pointed out that market reform, and the hardships it imposed on the populace, were accepted in Eastern European post-communist countries, securing for their governments crucial support even in times of deep crisis⁴¹. In Russia, however, market reform was performed in a country that had long been shaped by the Communist system, and the reform policies were enacted far too quickly and haphazardly, leading to a deep crisis and downward social mobility for many in the population. This betrayal is eloquently summarized by Kotkin: “Most ordinary people had anticipated the onset of American-style affluence, combined with European-style social welfare. [...] But instead, the people got an economic involution and mass impoverishment combined with [...] the squalid appropriation of state functions and state properties by Soviet-era elites.”⁴²

The problem that many authors argue was the result of the failure of democratization may well be argued to be the problem that caused the failure of market reforms. The problem of ‘bad institutions’, wherein the necessary controls on executive figures for the enactment of reform were absent, and elite actors left completely unrestrained and undisciplined to abuse their power so as to seize as much wealth for themselves as they

³⁹ Alexander D. Smirnov, Emil B. Ershov, *Perestroika: a catastrophic change of economic reform policy*, The Journal of Conflict Resolution, Vol. 36, No. 3 (Sep., 1992), pp. 415-453, Sage Publications, Inc.

⁴⁰ Stephen Kotkin, *Armageddon Averted: The Soviet Collapse 1970-2000*, Oxford University Press (2008), p. 87

⁴¹ Lev D. Gudkov, Victor Zaslavsky, Rotislav Kapelyushnikov, *La Russia postcomunista: Da Gorbaciov a Putin*, LUISS University Press (2005), p.49

⁴² Stephen Kotkin, *Armageddon Averted: The Soviet Collapse 1970-2000*, Oxford University Press (2008), p.115

possibly could.

The economic situation started to deteriorate extremely quickly from 1991 onwards. While until then, the appreciable effects of reform had been no more than an economic slowdown, during the post-communist transition the situation grew catastrophically worse by the year. Indeed, in 1991 Russia had accrued around \$56.5 billion in foreign debt, and had moreover accepted full responsibility for it in a political exchange to succeed to the Soviet Union seat in the UN Security Council. It had lost the entirety of its gold and foreign currency reserves, precluding access to foreign loans. The budget deficit, meanwhile, in the institutional chaos of the August republic exceeded 20% of estimated GDP, threatening even worse performance in the following years. The official economy had declined 6% in 1990, then annualized -17% during the first three quarters of 1991 before stabilizing. To make matters worse, hyperinflation made itself manifest, at an estimated rate of 250% per month, to the point that enterprises started refusing currency payments and requiring to be paid ‘in kind’, a practice that also extended to wages paid out and would continue over the next few years⁴³. Salaries, pensions, life savings were vaporized by the ruble’s collapse.⁴⁴

In this context, it is hard to imagine what could have been done even in optimal conditions by economic experts in power to contain the damage. The situation however was not optimal: the state’s ability to have its will enforced was at its historic minimum, there was no stable Parliamentary support for the government action, and the collapse of the USSR had brought with it a split between the Russian Central bank and 15 other Republics’ Central Banks, all capable of emitting credits in the name of the former. And further, as previously pointed out, the Russian Parliament and Presidency were long embroiled in a conflict of authority, thus undermining what functional institutional control could be exerted. The country was faced with infrastructural paralysis, hyperinflation, and societal collapse. In this context, it is difficult to say which would have been the right path to take, and there existed little theoretical guideline. As the first reform minister, Y. Gaidar succinctly wrote: “[When] we began to make reforms, we were in a situation in which one could write a long list of the conditions missing that

⁴³ *Ibidem*, p.14

⁴⁴ Stephen Kotkin, *Armageddon Averted: The Soviet Collapse 1970-2000*, Oxford University Press (2008), pp. 119-121

therefore did not allow us to make reforms.”⁴⁵ The thankless task nevertheless fell to the aforementioned Yegor Gaidar, appointed by Yeltsin in 1991. With his team, he set about accomplishing this objective through a program the IMF dubbed ‘shock therapy’, with the aim to achieve monetary stabilizations while abolishing the remnants of the centrally planned economy, such as price controls and subsidies. Whatever his intentions, however, he soon violated the tenets of shock therapy, first acceding to demands for preservation of price controls over certain basic goods like milk, bread and fuel (Russia had to survive the winter, after all) in 1991. While he did end all price controls in 1992, he once-again proved unable to maintain a coherent policy with regards to industrial subsidies; inter-enterprise debts had been increasing at a staggering rate, reaching 3.2 trillion rubles in July 1992. Firms were issuing credits to each other, and by expanding debt unilaterally, they accrued leverage against the central government, and used it as a tool to extract the subsidies that had previously been denied to them. Industry credits therefore resulted in a break with the previous fiscal discipline, and inflation quickly and visibly jumped forward – from being contained to 7-9% a month in July 1991, it increased to 25% a month in the autumn. Gaidar did not last much longer: faced with increasing pressure from all sides, he was eventually forced into resignation in 1992⁴⁶. Shock therapy had failed, undoubtedly, but not for the reasons that were expected. The social pressure against it came not from workers but from managers. Elite directors of Soviet-era industries were able to turn their managerial clout into political and economic force, as they were in better position than any other force, thanks also to the ‘complicity’ of Soviet-era unions, which were subordinate and passive in attitude. Union passivity was itself a heritage of their role during the Soviet-era, as they never performed the functions that they do in liberal societies, of interest aggregation and mediation with management. On the opposite, they were organs of the Party-State, designed to mobilize the workforce towards the achievement of production quotas and at times to negotiate lower quotas. It is important to note that, in the Soviet era, strikes were outlawed, therefore depriving workers of

⁴⁵ Lev D. Gudkov, Victor Zaslavsky, Rotislav Kapelyushnikov, *La Russia postcomunista: Da Gorbaciov a Putin*, LUISS University Press (2005), p.49

⁴⁶ Stephen Kotkin, *Armageddon Averted: The Soviet Collapse 1970-2000*, Oxford University Press (2008), pp. 120-123

their traditional expression of grievance⁴⁷. In fact, the regulation of trade union activity was mostly enacted during 1993 and 1996, with the recognition of the right to strike, to mediate in labour disputes and with the introduction of collective bargaining. It is telling perhaps, that after the transition to market, many union leaders found employment not as worker organizers but in Human Resources departments of private companies.⁴⁸

Gaidar's successor, Viktor Chernomyrdin, pursued an equally anti-inflationary policy as Gaidar did. He finally managed to divorce the Russian Central Bank from the other Republics', preventing them from issuing ruble credits in the and replaced the Soviet ruble with a new ruble. He continued to pursue fiscal discipline, and was able to achieve gradual monetary stabilization, containing inflation from 2250% a year in 1992 to 224% in 1994 to a near zero rate by 1996⁴⁹.

It was in the aforementioned economic chaos that the liberalizations and privatizations of state property took place, an extremely controversial scheme in which well-connected 'businessmen' accrued enormous wealth for next to no cost to themselves, and which Kotkin unceremoniously describes as "chaotic, insider, mass plundering of the Soviet era"⁵⁰. The privatization policy was set up as the second part of Russia's transition to a market economy, and was drafted by Anatoly Chubais, funded by Western grants and approved into law in 1992 by the Supreme Soviet. This reform amounted to an institutionalization of the already-ongoing practice of asset-stripping state companies and appropriation by management of state property. Such 'self-privatizations', had been denounced by Yeltsin, but the government was unable to do much to stop them⁵¹. In its first stage, the privatization of state companies was meant to be accomplished with a voucher program: between 1992 and 1993 vouchers were issued to all citizens for the value of 10,000 rubles to be used in auctions for state property. Very large companies, like Yukos, Tyumen Oil, LukOil, Svyazinvest and so on, deemed

⁴⁷ Lev D. Gudkov, Victor Zaslavsky, Rotislav Kapelyushnikov, *La Russia postcomunista: Da Gorbaciov a Putin*, LUISS University Press (2005), pp. 33-34

⁴⁸ *Ibidem*, p. 35

⁴⁹ Stephen Kotkin, *Armageddon Averted: The Soviet Collapse 1970-2000*, Oxford University Press (2008), p.125

⁵⁰ *Ibidem*, p.124

⁵¹ *Ibidem*, p.129

of ‘strategic interest were excluded from this first wave of privatization. Firms were compelled to incorporate as joint-stock companies, and vouchers were made tradable, to permit the acquisition of large shares by outsiders. Foreign investors were excluded from bidding on the auctions, arguably to defend Russian patrimony from foreign acquisition, but this exclusion resulted in that same patrimony being valued much lower than it would have been on a market⁵². Around 40 times less, according to management admissions in later surveys. State property was sold off very fast, for a pittance, in an effort to make privatization an irreversible reality⁵³. Furthermore, the privatization scheme itself allowed to circumvent one of its objectives: avoidance of the collectivized ownership model design to exclude outside investment. Most firms being privatized chose to purchase a 51% controlling share of the company to be divided between the workers and managers. This allowed them to also effectively hinder any restructuring, and in fact led to worker-management collusion, whereby management would avoid layoffs and instead use administrative leave, vacation or reduced hours to maintain employment, while at the same time allowing worker use of company resources for private ends⁵⁴. This was part of the strategy of ‘adaptation without restructuring’. Firms made ample recourse to reduction of salary in order to avoid outright laying off employees during a phase of economic uncertainty and great instability. This behaviour was also encouraged by the law requiring three months’ worth of salary in unemployment insurance be paid to those laid off, pushing firms to instead put workers on administrative leave on minimum wage and unpaid leave even. It was, finally, a heritage of the paternalistic managerial culture of the Soviet-era, where workers and managers depended on each other for survival (of their respective jobs, of the company itself) and allowed managers to reinforce their control over the workforce⁵⁵.

Social effects of the transition were perhaps strongest with regards to the working class. was the end of the regime of substantial equality between specialised and unspecialised workforce, and furthermore a growing gulf in compensation between workers and

⁵² *Ibidem*, p. 130

⁵³ *Ibidem*, p.132

⁵⁴ Lev D. Gudkov, Victor Zaslavsky, Rotislav Kapelyushnikov, *La Russia postcomunista: Da Gorbaciov a Putin*, LUISS University Press (2005), p.16

⁵⁵ *Ibidem*, pp. 17-20

management. Specialised worker salaries began to increase, especially in the private sector; qualified workers were able to leverage their skills to obtain better conditions both in the public and private sector, for different reasons and with different results. The latter were able to leverage those qualifications in order to work within the private sector, for salaries on average 1.5 times higher than equivalent public sector positions could offer. The former leveraged their expertise in the usage and maintenance of old, obsolete machinery used in ex-Soviet state factories, combined with the concurrent closure of worker training schools, to bargain for higher salaries and increased job security, refusing to train substitutes and making themselves indispensable, often at the expense of newer entries in the workforce.⁵⁶ The increasing gulf in fringe benefits that separated high-qualified workers from mid-low qualification workers also made itself manifest with regards to the use of salary reduction measures, with administrative leave, unpaid leave, hour reductions and outright firing being used with higher incidence on that subsector of the workforce⁵⁷.

The result of the voucher-based privatization scheme was typically 60% employee and manager ownership, 20% ownership by individuals and voucher-based investment funds and the remainder state ownership. Workers' and unions' passivity ultimately led to the factual result of manager ownership and control. Managers started out with small personal stakes, but exploited voucher tradability to buy out workers' shares, using 'privatized' company funds for this end and purchase for themselves a large amount of shares. Other irregularities presented themselves as well, wherein insiders discouraged would-be bidders or outright prevented them from bidding in order to secure themselves a larger amount of shares per voucher⁵⁸. In conclusion, the first phase of the privatization policy resulted already in a higher concentration of economic power in the hands of management, much like in many Western countries.

However, the second phase of privatization, wherein the infamous 'loans for shares'

⁵⁶ Ibidem, pp.26-29

⁵⁷ Ibidem, p. 34

⁵⁸ Bernard Black; Reinier Kraakman; Anna Tarassova, *Russian Privatization and Corporate Governance: What Went Wrong*, 52 Stan. L. Rev.

scheme was enacted, had much more extreme results in that the state sold off controlling shares of large strategic interests, like oil, gas, energy and mining companies for a fraction of their value, on advice of corrupt bankers. The largest Russian banks, amongst whom we count Oneksimbank, Alfa Bank and MOST Bank had already arranged for profitable money-making schemes, managing funds on behalf of the Russian government that often never found its way to its intended recipients. The money was often used for investment, which in a period of high inflation and double- and triple-digit interest rates allowed quickly skyrocketing wealth accumulation, with often little or no interest paid to the state.⁵⁹

The loans-for-shares schemes was arranged thusly: the state sold shares of its strategic companies in auctions to whoever would lend it the most money. However, the right to manage the auctions was given to the largest banks, who then found it easy to rig the auctions, by participating as two consortia to meet a two-bidder requirement. They excluded any higher bidders or foreigners, and thusly secured ownership of extremely valuable companies for a fraction of their value. There were other rigged privatization schemes, but these should suffice to reach the conclusion that privatization in Russia was an outright failure, and caused multiple issues. A kleptocracy emerged in those fateful years, wherein individuals who exploited government connections or outright stole from the government itself were allowed to accrue immense wealth and essentially control state politics and media. It also caused widespread popular distrust in market reform and privatization, best exemplified by the creation of a Russian slang word made up as a portmanteau of stealing and privatizing – prikhvatizatsia⁶⁰.

Conclusion

From this part it should first and foremost be clear how the economic and political developments during Russia's democratic transition were inextricably linked. On the other hand, the late Soviet era economic stagnation furnished the prompt for radical reform and the beginning of a transition to democracy and to a market economy that

⁵⁹ *Ibidem*, p. 1473

⁶⁰ *Ibidem*, pp. 1742-1744

quickly spiralled out of control – with enthusiastic popular support for both of the measures no less! Then, when the actual transition happened, what was actually witnessed was a crisis – economic and humanitarian even - much unlike any other witnessed in recent history, with the majority of the population ending up severely impoverished, witnessing their salaries’ and pensions’ purchasing power wiped out, along with their savings, forcing them to return to barter. Unemployment skyrocketed, despite the best attempts to contain the phenomenon, formally and informally. Meanwhile a few select individuals managed to profit immensely from the privatization schemes during the transitions, and it was arguably through the ‘loans-for-shares’ scheme that Russia acquired its oligarchic class. There is no doubt that these developments had repercussions on the ultimate fate of the democratic transition, and in fact the mass concentration of media may have had an enormous impact on the turn towards managed democracy that Russia experienced by the second half of the ‘90s. In a climate of intense economic and social turmoil then, there should be no surprise that political turmoil would also follow. It is not a foregone conclusion that the democratic transition was doomed from the start, due to a Russian ‘peculiarity’ or due to defects inherent in the country’s political culture. As I will observe in the next section, the political evolution of the country, following closely the social and economic evolution, was influenced by the decisions of a few key actors, and perhaps, had some conditions been different, had some choices made been different, Russia could have become a different country today.

4. Institutional Transformation – the post-communist transition

There is evidence that the project of political and economic reform in post-communist Russia was not entirely successful. Russian thinkers also posited such an outcome, when speaking of the hypertrophy of executive apparatus and state control over society. There is an argument to be made, then, that what came to be after the collapse of the Soviet Union was not as much of a revolution as initially believed. Some go as far as to call it a missed opportunity, considering the preconditions for success were present⁶¹. Up until 1990-91, the population favoured economic and democratic reform by a majority, as was pointed out earlier, and the military and police apparatus were in disarray, possibly ever since glasnost' was introduced. A strong leader, in the form of president Yeltsin, was present, and had made the reforms into the lynchpin of his political agenda. Yet, key decisions taken in those crucial years steered the country differently. There were obstacles, too, no doubt. The country had long been under the Communist authoritarian regime, and there was, rather crucially, no consensus among the elites on where to take the country next. There was also no tradition of private property, and neither was a culture of civil society present both fundamental prerequisites for democratic life. Unlike in other post-communist transitions, the abolition of Communist Party monopoly on state power and on the organization of society had the consequence of severely weakening both the state and horizontal relations in society itself, with no alternative forces ready to take its place. The abolition of the Soviet state, therefore, resulted in powerless institutions. Furthermore, the country needed a new national identity⁶², as opposed to the old one, based on its superpower status and geopolitical ambitions, and new state institutions, to free itself from its legacy central state dominance.⁶³

There is no doubt that this in this particular scenario of instability, key actor's decisions could have a rather large effect on the outcome, and political allegiances evolved rather quickly, in a race to secure a position in the new system. Yeltsin, for instance, after coming to power on a reformist platform, quickly turned away from it. He exploited his

⁶¹ Liliia Shevtsova, *Dilemmas of Post-Communist Society*, Russian Social Science Review, 39:3, 4-20, 1998, p.6

⁶² *Ibidem*, p. 7-8

⁶³ George W. Breslauer & Catherine Dale (1997) *Boris Yel'tsin and the Invention of a Russian Nation-State*, Post-Soviet Affairs, 13:4, 303-332, p. 306

power as spokesman of the reformist movement to block any alternative to it. As I will also note below, his efforts with regards to expanding and cementing his personal power – the power of the President of the Russian Federation – within the constitution, also did much to undermine efforts towards democratization, although in this latter part he was aided by the factional divisions and strategic miscalculations on the part of his political opponents.

There was another issue: due to the aforementioned lack of elite consensus and lack of democratic culture within the country, the politics of post-communist reform quickly coalesced around elite interest groups from the former *nomenklatura* trying to secure power for themselves. Ultimately, while the Communist reactionaries had been defeated as early as the 1991 putsch was defeated, Viktor Sheinis argues that was simply a victory by one part of the *nomenklatura* over the other. The subsequent efforts at reform must be seen in a different light – they were more like self-serving plans meant to secure the interests and the consolidation of power of the victorious apparatchiks.⁶⁴

And indeed, if the reforms were meant to improve the living conditions of the average Russian, what happened instead was far from the average citizen's expectations: the dramatic decline in social status, the increases in inflation, joblessness, caused instead the opposition to coalesce around these crucial points. The problem was worsened by the fact that members of the old power elite exploited their connections to improve their conditions, while the vast majority of people suffered the consequences of a hitherto-unseen economic collapse. The effect of Yeltsin's victory was paradoxical: "Although it seemed as though all effective and potential institutionalised levers of antidemocratic power had been irreversibly destroyed, it soon became obvious that the nature and spirit of the August regime that was formed in the new post-Soviet Russia predetermined the restoration of such power."⁶⁵ The old *nomenklatura*, far from being weakened, was able to reinforce its hold on power, and to concentrate wealth in its own hands. While the market economy had become a reality, it remained a simple fact that entrepreneurship

⁶⁴ Viktor Sheinis, *August 1991: A Pyrrhic Victory?*, *Russian Social Science Review*, 49:1, 4-23 (2008), p. 11

⁶⁵ *Ibidem*

depended on the availability of state resources. Ultimately, the failure to control the reform efforts reflected the ultimate failure by the Soviet state to control its executives. During the privatization it simply became evident that holding executive office and controlling economic resources were strongly linked, and that positions of power were to be used for private gain. Not much of a difference from Soviet times, ultimately.⁶⁶

It is difficult not to see, then, how much of an influence a single man's leadership, combined with a powerful executive office (as was the case with the position Yeltsin held) could exert, so it is fair to spend a few words on his behaviour and the results of his policy. As it may already have been evident in the outline above, judging from his actions, Yeltsin himself proved to be not exactly a true democrat, committed to the ideals of compromise and dialogue. He instead chose a much firmer-handed approach to negotiations, and it is reported he was unwilling to come to terms. That is not to say he never negotiated, but rather that he was only willing to do so when absolutely forced to. Another issue with his leadership was likely his inability to engage with the routine, day-to-day administration of the country, and the enactment of reform. He gladly handed over those tasks to his delegates, Gaidar first and Chernomyrdin later. But he nevertheless sought to interfere in political life as much as he possibly could. Ultimately, as Liliia Shevtsova put it, "The consequences of Yeltsin's activities are contradictory and fit no single pattern. [...] he doubtless helped to undermine the previous system when he chose for himself the role of the rebel [...] But later he hindered the collapse of the communist regime and brought the process of transformation, begun before him, to its end, deliberately reserving leading positions in the new realities for the old ruling class."⁶⁷ It is likely that his virulent anticommunism may have been motivated as much by his own ideological convictions as it was by the system's previous rejection of him, and due to his ambition to wield power. In this light, his decisions, among which we count the effort to constitutionally concentrate power in his hands and to exert such a dominant influence on Russian politics may have been driven by a sense of pragmatism, aimed at fulfilling his own personal ambitions.⁶⁸

⁶⁶ Liliia Shevtsova, *Dilemmas of Post-Communist Society*, Russian Social Science Review, 39:3, 4-20, 1998, p. 5

⁶⁷ *Ibidem*, p. 15

⁶⁸ *Ibidem*

As previously noted, Yeltsin refused to adopt a new constitution immediately, and instead engaged in a prolonged power struggle with the Russian Parliament and the Supreme Soviet, a struggle which culminated with the 1993 constitutional crisis and the adoption of the 'super-presidential' system, which to this day is regarded as one of the least democratic features of the Russian constitution. But one must always remember that, although Yeltsin was the main proponent of this particular system, parliamentary factions also contributed to its adoption by working to delay the adoption of a document by the Russian parliament.

The constitution itself followed a troubled path. While the CPD of the RSFSR first set up a Constitutional Commission in June 1990 to work on a new draft, with the old 1978 constitution of the RSFSR as a starting point. This constitution was extensively modified over the following 3 years, with the different factions of the parliament negotiating over the various features of the new state, and popular and political upheavals both bringing in different modifications. While a version of the document was ready in 1991 already, Yeltsin feared submitting it to a referendum in a time where pushback against a 'soviet'-less state would be strong and well coordinated. The document, therefore, continued to undergo modifications for the next 2 years. Crucial features of the existing arrangement were already established in 1991, with the president of the RSFSR being highest office of the state, and head of the executive, empowered with the legislative initiative, with veto power over the parliament (override was possible by simple majority) and the nomination of the chair of the Council of Ministers (with parliamentary approval) and the ministers. Subsequently, an institutional struggle began, due to both Yeltsin's ambition and the Congress' political polarization in an anti-presidential sense. The President continued to accrue powers over the next few revisions – powers such as the ability to reorganize executive bodies, nominate the heads of regional governments and even issue decrees that contradicted the law, which would come into force if not rejected by the Supreme Soviet within 7 days. Tensions continued to grow, and Yeltsin attempted, throughout 1992 and 1993, to exonerate the Russian parliament from the political arena, overshadowing it with his own personal powers. The parliament itself attempted to retaliate, nominating Vladimir Isakov, former chairman of the Council of the Republic of the Supreme Soviet, to the chair of a new Committee for Constitutional Legislation, which then attempted to push through a

constitutional overhaul designed to strip the president of his executive powers and turn him essentially into a figurehead.⁶⁹

The constitution was therefore being used as just another weapon in the struggle between Yeltsin and the parliament, in an attempt to secure a larger share of the power. Due to this instrumental use of the constitution, and due to factional divisions (as different cadres attempted to negotiate to secure a place for themselves in the new order) within the parliament itself, no particular document was ultimately approved, leaving the stage open for Yeltsin's December 1993. Once the institutional confrontation came to a head and was solved by military means, there was no space left for discussion of any other document that had not been drafted by the winner of this confrontation, and the constitution thereby approved was one that reflected the new balance of power. The 'super-presidential' system was thus adopted⁷⁰.

This resulting arrangement has proven controversial, its anti-democratic features have been pointed out at length, and there is little doubt that there are contentious problems that endanger the health of the Russian democracy. However, it must not be forgotten that, at the time, it was likely the lesser evil. It is likely that the adoption of the constitution prevented civil war, and furthermore several key rules of the game with regards to democratic politics were established and followed by all actors, both willing and unwilling. It included separation of powers, political pluralism, private property and the preponderance of citizens' interests over those of the state. There were also problems: decision-making was often closed to the public, and the legislature did not have much influence over executive power. The president was granted exceptionally broad powers, and often used them to circumvent constitutional limits, especially through decrees. Courts were not yet able to defend the average citizen from abuses of arbitrary power by the state.⁷¹ The constitution itself envisaged a far weaker parliament than previously. It falls beyond the scope of this work to analyse deeply the functioning

⁶⁹ Michael McFaul, Nikolai Petrov, Andrei Ryabov, *Between Dictatorship and Democracy: Russian Post-Communist Political Reform*, Carnegie Endowment for International Peace (2004), pp. 63-65

⁷⁰ *Ibidem*, pp. 61-62

⁷¹ *Ibidem*, pp. 66-67

of the Russian Parliament.⁷²

In truth, one should never underestimate the role of political culture with regards to the effects it has on the functioning of a democracy. There are arguments that the transition could fail, simply based on the concepts of power held by the political elite. For instance, a key legacy of the Soviet era is one about the sharing of power – namely, that it is unnecessary. In fact, the conception of the rule of law, of judicial independence, checks and balances and so on, are less seen as fundamental elements of a democratic society, and more as tools in service of a higher end, and ideal society, thus implying that, should they fail to bring society closer to that ideal, they should be discarded in favour of more appropriate tools. This view is then compounded by the stamp left by Soviet political culture over the political process: the Soviet state was a totalitarian institution that wielded supreme power, all of it concentrated in its executive organs, with the Politburo at the top. Any political struggle of interests, whatever the basis for affiliation of the interest groups involved (be it clan, kin or ideological affiliation) was mediated by the state's institutions, and the authority it exerted was absolute. Even the Russian democrats, then, could not see anything more than a shift from absolute power to be wielded by the Party to absolute power to be wielded by the democrats.⁷³

The source of the absolute power had collapsed in 1991, leaving a fragmented political scenario with no such central authority to exert a coordinating influence. But as time passed and clans consolidated their authority over bureaucratic subordinates and coalesced around their leaders and their organizational links (of acquaintance, like the Chubais clan of St. Petersburg, or of territorial basis, like the heads of the republics and oblasts), they began to struggle for absolute power. In this view then, the political and institutional struggles were the result of the struggle for the clans not to divide any power. An example of the application of this perspective would be observing the origin of the conflict between the Speaker of the Supreme Soviet, R. Khasbulatov and Yeltsin. The former had first and foremost organized the parliament along Soviet guidelines, then set about claiming for himself the spot of most influential office in the country,

⁷² For more on the State Duma, consult

⁷³ A. V. Lukin (2000) *The Transitional Period in Russia*, *Russian Social Science Review*, 41:4, 5-31, p. 12

based on the attribution of many key powers to the parliament. Likewise, Yeltsin also considered himself the most important official, owing to the fact that he was elected by the entire population⁷⁴. Their inter-institutional struggle culminated in armed confrontation, and was eventually won by Yeltsin, as noted above, and what followed – namely, the promulgation of a ‘constitution of the winners’, as Sheinis calls it – shows that while Yeltsin and his faction called themselves democrats, there was ultimately little commitment to the ideals of compromise inherent of democracy. Another crucial error was made during those fateful years, and it was not on the part of the Russians themselves, but rather, on the part of the West. Unable to comprehend the factional divisions within Russian politics, the West simply accorded its support to those factions that proclaimed themselves as reformers more loudly. As opposed to emphasising sound processes and power-sharing, they unknowingly supported one faction’s supremacy over the others.⁷⁵

It should then be unsurprising to note that, with the creation of an oligarchic political system, an oligarchic economic system would follow closely in tow. During the controversial privatizations, and especially during the second round, a new class of wealthy, influential businessmen was created – the so-called ‘oligarchs’ – and they used their political clout to shift the balance of power away from both the state and the citizens. They wielded considerable influence from 1995-6 onwards, and their relation to the executive power – the ‘oligarchization’ of political power, as it were – may be considered the defining issue of the post-communist transition. As noted in the previous section, these oligarchs had been prominent members of the Communist *nomenklatura*, occupying positions of power that afforded them considerable clout when it came to securing controlling shares of Russian state industries. With the way giant petroleum, mining, telecom and media corporations were parcelled out to the largest banks, a new class of entrepreneur was created overnight, as their control over what the state previously defined ‘strategic interests’ now created strong pressures for their inclusion in politics and for their influence over the executive’s policy. Zudin (2000) observes how, in the fragmented reality of the transition years, two distinct elite groups emerged,

⁷⁴ *Ibidem*, p. 13

⁷⁵ *Ibidem*, p. 15

a business elite and a political, bureaucratic elite, whose interests soon began to converge. The aforementioned business elite then ‘established links with the state ahead of the rest of the entrepreneurial community. These links became its most important constituent elements.’ And further, ‘a small group of directors and businessmen became a part of the ruling stratum, which gave them access to the innermost reaches of the political system.’⁷⁶ Due to the informal nature of these links, it is difficult to say who wields more power, and the business elite itself has constructed little organizational structure to speak of. They coordinate – albeit loosely – and exert influence over government bodies primarily through informal channels. They may not be considered a lobbying in the traditional sense, because as opposed to pressuring government from outside, they find actual integration in government structures – in part, they are government itself. Indicative of their status, is the lack of organized lobby structures: were it necessary for them to actually organize in a formal way, it would mean a step down from the rather direct influence they are capable of exerting. In other words, it would mean that they had been excluded from the informal channels of influence they were previously using to convey their views. This system of oligarchic coordination presented two-fold problematic implications. The first is due to the preponderance of executive power and its link to wealth (as noted above): it encouraged a relation of mutual dependence between the business elite and the holders of executive offices (as noted by the formation of the Chernomyrdin and Chubais ‘cliques’, or by financier Boris Berezovsky being named deputy prime minister, to cite one example), reinforcing the pattern of concentration of power that has been previously been made evident⁷⁷. Another problematic implication is the fundamental instability of this sort of coordination: since agreements and interactions only occur within a very narrow subset of society, with no established procedures, they are subject to the balance of powers of the actors who negotiate them. Any shifts in that balance put to risk the continuation of cooperation. Another important flaw is the complete lack of legitimacy of businessmen-turned-politicians. The public is not inclined to accept the decisions corporate executives negotiate with politicians, and in fact hold the most unfavourable opinions

⁷⁶ Aleksei Iu. Zudin (2000) *Oligarchy as a Political Problem of Russian Postcommunism*, Russian Social Science Review, 41:6, 4-33, p.5

⁷⁷ *Ibidem*, p. 15

towards big business. Oligarchs lack the kind of popular legitimation that should be required in a democracy for their role in policy- and decision-making. According to a survey by the Public Opinion Foundation, only 2% of respondents answered affirmatively to the question whether ‘Big Business’ was making a positive contribution to harmony in Russian society. 12% of respondents actually responded in the negative.⁷⁸ The largest flaw, however, may be found in the extreme concentration of wealth and influence itself. What can be garnered from this analysis therefore, is that, as seen with the governmental crises that plagued the late 1990s, the oligarchic class showed that not only it possessed large amounts of wealth, but that it had considerable political clout, and was thus able to threaten the stability of the executive. A more detailed account of the economic power of the oligarchs can not be rendered here, unfortunately, but ample literature is available on it.⁷⁹

The unpreparedness of Russian society and politics to democratic life should not be understated, however. The lack of a liberal tradition, the lack of a civil society, combined with the aforementioned absolutistic attitudes towards power, and the overall oligarchic transformation of power relations in post-communist Russia all have had a likely contribution with regards to steering the country away from full democratization. Russian philosopher and émigré Ivan Il’yin had previously written, as regards the Russian revolution and the failed efforts toward democratization in 1917, that a country not ready for democracy will not stay the course, and that insisting on formal democracy as a universal political panacea would only lead to totalitarian dictatorship, as it had previously in Germany and Italy. Writing as far back as 1948, he surmised that even were the Communist regime to fall, the people of Russia had lived under a totalitarian yoke for so long, they would not be able to participate in an open society, as that would require showing characteristics that the Communist regime had long worked to suppress. He advocated that, before Russia be saddled with a democratic regime it would not be ready to accept, a different route should be taken, wherein a strong authoritarian government should be established, and the various liberties characterising a liberal democracy gradually introduced, before full democratization could take place.

⁷⁸ *Ibidem*, p. 8

⁷⁹ Sergei Guriev and Andrei Rachinsky, *The Role of Oligarchs in Russian Capitalism*, *The Journal of Economic Perspectives*, Vol. 19, No. 1 (Winter, 2005), pp. 131-150

While some of Il'yin's predictions may have been eerily accurate, as regards the problems of political culture, and maybe even as regards the fracturing of the USSR, one can see the relevance of his legacy today with the ideology of 'civilizational nationalism', the Russian people's 'special path,' which has started to grow in popularity following the economic collapse and the betrayal of the promises of the transition. This particular ideology is being carried forward after widespread popular disillusionment with the economic reforms and with the democratic system in general. This ideology surfaced – or rather, resurfaced under a new guise – in the 2000s, following both the stabilization of the Russian state, the strengthening of the executive power and a decade of economic suffering, leading to disillusionment with the 'foreign' experience of democracy. The idea underlying this ideology is that perhaps the failures that were experienced were the result of attempting to impose an 'alien' political mould on Russia. Starting from the idea of nationalism, where the people are the main source of state power and the main agent of the political system, it is then theorised that there exists a 'Russian civilization', which precludes the traditional paths to liberalization and even more blocks any attempt to impose our Western model, necessitating that Russia follow its own special path. There is no clear definition as to what civilization actually means, and references to Russian civilization are made in such a context that it may be more easily conflated with a concept of ethnic nationalism⁸¹. It is used to reinforce the common historical, cultural grounds that forms the basis of the Russian nations as is. As to what the special path entails, it is primarily a re-tread of a previous ideology, predominant during the Tsardom, which associated the concept of *sovereignty* as essentially autonomy from outside influence, and necessarily conflating sovereignty with domestic *autocracy*. There is also a crucial analogy with tsarist times today, in that this sort of ideology is being formulated and canonized at a very high elite level, before being diffused, although it finds fertile grounds no doubt. The reason for the resurgence

⁸⁰ Ivan Il'yin, *O Gryaduschei Rossii, Izbrannye stat'i*, Sv.-Troitskii Monastyr, 1991

⁸¹ Aleksandr Verkhovskii & Emil Pain (2015) *Civilizational Nationalism*, *Russian Social Science Review*, 56:4, 2-36, pp. 2-4

of this myth, Verkhovsky and Pain (2015) argue, is simple: political stagnation. Although it is true that the Russian state has stabilized, under a democratic constitution no-less, the process towards further institutional change has all but stopped. The elite have no desire to carry the reforms further – and with the track record reforms have been shown to have, it would be difficult to find the necessary popular and political support – but more importantly, the oppositions lack the necessary power and organization to push for or effect further changes. Thus, with political stagnation, both the ruling elite and the opposition find a shared myth to give cause to their (self-serving) fatalism. This is perhaps the reason for which the most ardent supporters of this ideology come from the most disparate camps: disillusioned liberals, hardline conservatives and even extreme-right movements all find themselves in agreement on variants of civilizational nationalism.⁸²

It is difficult to say whether civilizational nationalism in its current actually implies a return to full autocracy. In light of what happened above, it seems rather unlikely. The rules of the game have been established and accepted. There are procedures for institutional change, and there is popular participation in democratic life. The phenomenon of the development of Russian democracy along its special path, however, should retain a position of special interest, and warrants further research going forward.

It is important to note that the issues explored here are by no means an exhaustive and definitive account of the failure of Russia's democratic transition. There is also the problem of the legacy carried forward in the post-Yeltsin years, after he resigned from his post in 1999. Ample literature is available, showing how the next president, Vladimir Putin, has continued in many of the trends set by his predecessor, primarily as regards the consolidation of the central executive and the ideological justification of the political shift from democratization towards autocracy. It will be interesting, in the following years, to combine both the extensive social research that is being conducted to this day, with further political analysis and research, and see what new consensus can be reached on the topic of Russia as a democracy.

⁸² *Ibidem*, pp. 5-9

5. Conclusion

The collapse of the USSR and the subsequent democratic transition remain today a controversial period, and analysis remains a delicate proposition. However, in time, it has been possible to gather more evidence of what exactly occurred, and to paint a more complete picture of the period, putting it in a different light. While in the early years after the collapse, many welcomed the shift in the global balance of power towards mono-polarity, and many viewed the collapse of the USSR with favour, more recent perspectives have identified many problems that made themselves manifest, due to a rushed transition, due to lack of foundations for democratic politics, and due to the outright predatory behaviours exhibited as regards the economic reforms. It is in this context that a re-evaluation of the history of the democratic transition is most opportune, with more research available, it is possible to paint a new, rather different picture of what transpired. The idealistic, positive perspective has given way to a muted pessimism, tempered perhaps by the emergence of a harsher reality. While it was expected that Russia become a full-fledged liberal democracy, and be accepted in the Western liberal order, and just as the Russian people expected their lives to become closer to those of other Europeans, the reality was much different. The transitional years were unduly harsh, and Russians experienced economic collapse, witnessed the disintegration of the USSR into its independent federated components, and as they attempted to build new institutions was repeatedly faced with coups, trying to wrest control of the nation. Ultimately, while the democratic transition may not have been as successful as was hoped, it is important to remember that the rules of the game were established, and the political situation has since stabilized. While Russians may have become disillusioned with liberal democracy as was imposed on them in the 1990s, they are still in favour of finding their own 'special path' towards it. It is difficult to state that the transition was a complete failure, despite the issues it caused and those it carried forward, unresolved, from Soviet times. There is evidence, at the very least, that the efforts were not doomed from the start. Furthermore, given the circumstances many decisions were taken in – extreme political instability, the collapsing Russian economy, the near-powerlessness of state institutions – it is difficult to argue that many other paths were available. Ultimately, despite all these problems, it should be said that Russia still has control of its future, and is able to determine its own path. Russians have

faced the difficult task of rebuilding their own state and society, and have used their power of self-determination to move forward, and build a different state than had existed under Communism. That, alone, I believe should be considered a success. It is unfortunate that, along the path, the country was unable to stay the course that would have brought it towards full democratization. Perhaps the political class was not yet ready to face this task, and would have needed more time to internalize different conceptions of the state and power. Possibly, the privatization process could have stood to be enacted in a more equal, transparent and beneficial manner. The oligarchic class could have been prevented from forming, and the association between executive power and property ownership made less close. Perhaps, had the constitution been drafted through a more consensual process, rather than imposed from above as a result of a victorious military confrontation, it could have envisaged a different constitutional arrangement, with less overbearing presidential executive powers and a more powerful, autonomous Parliament. Ultimately, it is difficult to definitively attribute the failure in the democratic reforms to one single cause, like the constitutions or the oligarchs, or even to all of the above. The subject warrants further research, and with the wealth of literature that is still being produced, it should be possible to reach a more definitive answer, in time. The political changes brought about in the Putin era should also be helpful with regards to the study of the democratic transition, as they may help put in perspective some of the trends that were already started during the very first years of the transition. Further research can be carried out on the subject, especially with the re-emergence of Russia as a global power. It is important, today more than ever, to understand the country's system, and the forces that gave it the shape it has today.

6. Riassunto dei contenuti

Il lavoro di ricerca qui contenuto si pone l'obiettivo di osservare, alla luce del tempo trascorso e della ricerca finora pubblicata, i cambiamenti avvenuti durante il periodo del collasso dell'Unione delle Repubbliche Socialiste Sovietiche e i primi anni della transizione democratica, durante la presidenza di Boris El'tsin. Nella prima parte del lavoro, si ripercorrono le principali tappe storiche del periodo, in primis l'ascesa di Mikhail S. Gorbaciov, nel 1985, alla posizione di Segretario Generale del Partito Comunista dell'Unione Sovietica, l'avvio delle riforme di ristrutturazione economica e politica (*perestroika*) e il parziale allentamento del controllo sulla libertà d'espressione (*glasnost*). Si esamina il contesto storico e politico, si presentano i principali attori della scena politica – principalmente, lo stesso Segretario Generale Gorbaciov, il futuro presidente della Federazione Russa Yeltsin, il presidente del Congresso dei Deputati del Popolo della Repubblica Federale Socialista Sovietica Russa R. Khasbulatov e, in minor misura, i golpisti della “Gang of eight.”

Si nota lo stato di crisi – economica e politica - del sistema sovietico, a lungo andare insostenibile. Da un lato, l'insostenibile peso del complesso militare industriale all'interno dell'economia sovietica, settore che alla fine degli anni '80 assorbe il 73% della capacità produttiva, a discapito della produzione di beni di consumo, dei quali da sempre il paese soffre la scarsità, e degli investimenti nell'economia civile. Un quadro ulteriormente aggravato dall'intervento militare in Afghanistan, a causa del quale sempre più difficilmente lo stato sovietico riesce nella difficile impresa di bilanciare il miglioramento dello standard di vita per i suoi cittadini e il continuo investimento nella competizione per gli armamenti con l'Occidente. Dall'altro lato, una élite di partito oramai ossificata e incapace di esprimere leader di spessore alcuno, eleggendo alla carica di Segretario Generale uomini deboli e anziani, dalla salute precaria, che rivestiranno la carica per meno di un anno ciascuno. Dopo la morte dell'ultimo di questi leader deboli, conscia di una situazione ormai precaria, l'élite di partito elegge alla Segreteria Generale il riformista Gorbaciov, il quale si appresterà alle opere di riforma politica ed economica menzionate sopra.

Incontrando l'opposizione dell'ala conservatrice del PCSU, quest'ultima sostenuta da parte della dirigenza di partito e dall'esercito, e riscontrando difficoltà nell'attuare il suo

piano di riforme, si osserva come Gorbaciov tenti di spostare l'equilibrio dei poteri a suo favore, tramite un processo di sostituzione della dirigenza e tramite una prima, timida democratizzazione.

Con la creazione di organi esecutivi dotati di legittimazione e rappresentanza popolare (in virtù della loro formazione in seguito ad elezioni) – i Congressi dei Deputati di ciascuna Repubblica Socialista Sovietica, nonché il Congresso dei Deputati dell'Unione – il paese vive una forte spinta verso la politica democratica, con la formazione e rappresentazione per la prima volta di fazioni politiche diverse dal partito comunista, facenti fronte comune nel Fronte Democratico, capitanato da Jeltsin. La creazione di questi organi rappresentativi, nonostante il controllo esercitato dal PCSU sulle candidature, e le successive elezioni ai soviet di livello federale e regionale, rappresentano l'inizio di un processo del quale il PCSU non avrà presto più alcun controllo, culminante con le pressoché simultanee dichiarazioni di indipendenza di molti stati membri dell'Unione, necessitando quindi una rinegoziazione quasi emergenziale del Trattato dell'Unione, e infine con la dichiarazione d'indipendenza della Repubblica Sovietica Russa, segnando la disgregazione completa dell'Unione.

Nell'agosto del 1991, un ultimo disperato tentativo di riprendere in mano il potere da parte di golpisti appartenenti alla vecchia gerarchia comunista (la cosiddetta Gang-of-eight, fra quali è soprattutto d'interesse ricordare il ruolo di Vladimir Krjuchkov, direttore del KGB), insoddisfatta dell'operato di Gorbaciov, verrà sgominata e risulterà essere il punto di fattuale inizio della transizione democratica, risultando nella completa esautorazione dello stesso Gorbaciov come autorità politica e nel decreto esecutivo presidenziale riguardante la messa a bando del Partito Comunista dell'Unione Sovietica. Rimarranno in sospeso importanti questioni istituzionali, quali le relazioni fra potere legislativo ed esecutivo, la separazione dei poteri, il ruolo della figura presidenziale e la ricostruzione di un'identità nazionale russa, nonché la questione del recupero del controllo sui precedentemente soggetti federati dello stato sovietico. La questione della costituzione stessa rimarrà un punto di conflitto inter-istituzionale, in quanto Jeltsin e il Congresso della Repubblica Federale Sovietica Russa e il Soviet Supremo, de facto le uniche due autorità politiche legittime rimanenti, presenteranno modelli diversi: il primo, proposto dal parlamento, più vicino a modelli di democrazia liberale occidentali,

l'altro basato sulla supremazia dell'autorità presidenziale e su una notevole concentrazione di poteri nelle mani di quest'ultima figura. Il conflitto istituzionale culminerà in una "guerra" di atti volti da entrambe le istituzioni ad esautorare l'altra, e terminerà in seguito a un conflitto militare, con la sconfitta della fazione parlamentare e l'imposizione – e promulgazione tramite referendum – della costituzione "super-presidenziale" di Yeltsin.

Nella seconda parte del lavoro l'intento è di analizzare le condizioni economiche dell'economia sovietica all'inizio del periodo preso in esame, constatarne l'effettivo stallo di crescita, comportato, come detto sopra da un peso eccessivo del complesso militare industriale, dalla mancanza di investimenti nel settore civile e dall'eccessivo affidamento su tecnologie obsolete, e dalla pressione aggiuntiva esercitata sull'economia dall'impegno militare in Afghanistan e dal concomitante, ma non correlato, crollo dei prezzi delle materie prime – e specialmente degli esporti energetici quali carbone e petrolio - sui mercati mondiali, i quali precedentemente garantivano la tenuta fiscale dello stato. La situazione ha dunque generato la necessità di riforme che, seppur non intenzionalmente, hanno causato il collasso del sistema sovietico e la transizione a una democrazia. A partire dal 1990, con la nomina di Egor Gaidar alla carica di ministro dell'economia, inizia il difficile processo di transizione da un'economia pianificata ad una di mercato – processo ulteriormente complicato dal contestuale aggravamento delle finanze statali, con gravi perdite del PIL, esaurimento di riserve auree e di valute estere, caos monetario indotto dalla divisione dell'URSS e la concomitante creazione di 14 diverse banche centrali in grado di emettere crediti in rubli. A fronte del collasso economico, manifestatosi altresì con iperinflazione (dell'ordine del +250% mensile), lo stato russo tenta di riconquistare il controllo della situazione tramite politiche di disciplina fiscale, la parziale abolizione dei calmieri d'era sovietica e la riforma della banca centrale, emettendo dunque una nuova moneta separata dal precedente rublo. Nel frattempo, per molti anni, si continuerà a ricorrere al baratto per far fronte alle carenze della valuta ufficiale. Contestualmente, si avvia il processo di privatizzazione – sotto Gaidar prima e sotto Viktor Chernomyrdin, suo sostituto nominato nel 1992 – caratterizzato dal risultato del sostanziale consolidamento del potere politico della classe manageriale e dalla sua contestuale trasformazione in potere economico. I lavoratori vedranno ridotti i propri salari, e spesso saranno messi in

“vacanza” amministrativa nel tentativo di evitare licenziamenti di massa, e pagheranno la salvaguardia del proprio posto di lavoro con la vendita delle proprie quote azionarie delle aziende in cui lavoravano – i cosiddetti voucher – assegnati loro come parte del programma della prima ondata di privatizzazione. Iniziano già a formarsi i primi divari sociali, all’interno della classe operaia – distinzioni fra manodopera altamente e scarsamente qualificata – e fra la classe operaia e quella manageriale.

Durante la seconda ondata di privatizzazioni, la più controversa, lo stato russo si impegna a vendere all’asta le poche aziende statali sfuggite alla prima ondata – aziende ritenute d’interesse strategico, quali di telecomunicazioni, estrazione petrolifera e mineraria. Il procedimento, iniziato soprattutto su spinta delle principali banche russe, si rivela una “lottizzazione” delle suddette aziende strategiche, che vengono vendute in aste alle quali la partecipazione è permessa solo alle banche, che offrono in cambio prestiti allo stato, aggiudicandosi così quote di controllo su aziende strategiche a prezzi molto lontani da quelli di mercato. Nasce così la famosa ‘classe oligarchica’ russa. In conclusione, da questo secondo capitolo si evince come già dal lato economico fossero presenti le basi per il ri-consolidamento del potere – politico ed economico - della *nomenklatura* comunista, riciclatasi variamente negli organi dello stato o come imprenditori, sfruttando le proprie reti di conoscenze. Al contrario la maggioranza della popolazione russa vede tradite le proprie aspettative riguardo il cambiamento del sistema – con l’avvicinarsi di una élite politica ed economica sostanzialmente identica alla precedente – e con la distruzione di risparmi e una tale riduzione del proprio potere d’acquisto da vedersi costretta al ritorno al baratto.

Nella terza parte di questo lavoro l’obiettivo posto è di esaminare in maggior dettaglio i conflitti istituzionali della transizione postcomunista, passando attraverso la lotta per la costituzione, e si cerca di spiegare quali siano stati i principali motivi del sostanziale fallimento di gran parte delle riforme democratiche. Lo scontro istituzionale avviene a partire dal fallimento del golpe dell’agosto ’91, e si palesa con le contrapposte attività del presidente della Repubblica Yeltsin e del Parlamento, nella de facto assenza di linee-guida cui attenersi da ritrovarsi in documenti costituzionali. essendo ancora vigente la costituzione dello stato sovietico del 1978. Lo scontro trova il suo culmine nel 1993, anno in cui entrambe le parti tentano di varare atti legali che esautorano

l'altra, destinando il conflitto alla sua risoluzione manu militari. Gli scontri armati si risolvono a favore del presidente, che rimane quindi libero di promulgare il proprio modello costituzionale d'impronta presidenziale. Trattandosi di una "costituzione dei vincitori", si ritiene che la sua imposizione dall'alto, abbia contribuito a rafforzare una mentalità antidemocratica (probabilmente già presente) nella classe politica russa.

Si propone inoltre l'idea che la classe politica russa non fosse realmente intenzionata a conseguire una completa transizione democratica, in quanto la concezione del potere come potere assoluto rimaneva diffusa. L'eredità secolare dell'impero zarista, combinata con poco meno di un secolo di dittatura totalitaria, difficilmente avrebbero instillato nei leader post-sovietici le qualità necessarie per adattarsi a un regime democratico. L'idea della competizione pacifica per il potere, la condivisione del potere stesso, l'idea della separazione istituzionale dei poteri, e infine l'idea dei contro-bilanciamenti fra poteri statali – i cosiddetti "checks and balances" della tradizione democratica occidentale e più propriamente statunitense – erano pressoché assenti, e si ipotizza pertanto che la competizione politica fosse vista come una "lotta fra clan", reti informali aventi affiliazione per lo più su base territoriale (ad esempio, il "clan pietroburghese" di Anatolii Chubais), con mire rivolte al controllo totale dell'apparato statale e alla spartizione del potere solo fra i membri del clan stesso. In questo contesto, si rivela una mossa errata da parte dell'Occidente fornire supporto ad alcuni clan piuttosto che altri, in quanto la dichiarata posizione pro-democratica spesso non corrispondeva a reali intenzioni nella realtà.

Un altro aspetto problematico della transizione riguarda la creazione della classe "oligarchica" russa. Trattasi di una élite economica formatasi in seguito alla seconda ondata di privatizzazioni di industrie sovietiche – come precedentemente illustrato – che, in virtù delle sue posizioni apicali all'interno di imprese strategiche di enorme valore di mercato, trovano presto terreno fertile per la propria inclusione nei processi decisionali dell'esecutivo statale. Un ruolo indubbiamente dovuto, data la capacità economica di questi nuovi attori (che impiegano manodopera, che controllano industrie energetiche, d'estrazione petrolifera o compagnie di media), ma altamente problematico per un ordinamento democratico, in quanto trattasi di individui privi di legittimazione popolare e visti con diffidenza da parte dell'opinione pubblica. Il meccanismo di

“coordinazione oligarchica” contribuisce a minare le basi del funzionamento dello stato democratico, sottraendo i processi decisionali allo scrutinio pubblico e popolare, costruendosi invece un processo privo di procedure codificate o attori fissi, basato su una rete di contatti informali di attori in equilibri di forza in costante evoluzione, in grado sì di garantire un sistema più stabile, ma a discapito della trasparenza e della legittimazione popolare.

In conclusione, è difficile attribuire con certezza le responsabilità del fallimento della transizione democratica russa ad una singola causa preponderante. Indubbiamente, si può attribuire una responsabilità parziale a ciascuno dei problemi politici esaminati in questo lavoro, quali la costituzione imposta da una fazione vincitrice in seguito a un conflitto armato, o la formazione di una classe oligarchica che intrattiene rapporti di stretta cooperazione con la classe politica e che partecipa ai processi decisionali di più alto livello, od ancora la cultura politica ancora lontana da idee democratiche, e la concezione dell'esercizio del potere ancora in termini di potere assoluto, come nello stato sovietico. La materia indubbiamente richiede maggiori e più approfondite ricerche, e forse, in futuro, sarà possibile determinare con maggior certezza quali altri fenomeni fossero coinvolti nella trasformazione del paese. La questione assume particolare rilevanza nel contesto politico attuale, con il ritorno della Russia a rivestire il ruolo di un attore d'importanza globale. In questo contesto, è necessario conoscere a fondo la storia recente del paese, e quali forze e processi siano stati responsabili nel dare al paese la forma che ha oggi.

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