

Unlearned Lessons

Author¹:
R.S. GRINBERG

A*bstract:* This paper deals with the cultural premises of the social-economic dynamics in Russia. This involves cultural traditions, value reference points and moral aims accepted in the society. There seems to be substantial grounds to suppose that the appearance of radical reformers on the Russian political stage is a result of traditional and, as always, unjustified impatience of the Westernizing wing of the Russian intellectual elite that turned out to be at the helm in the country in the early 1990s. A great responsibility for the actualization and intensification of cultural enlightenment is laid upon the intelligentsia.

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Just in order to really assess the current market reforms in Russia, one cannot ignore the *cultural premises* of its social-economic dynamics. The culture, at that, is regarded in the broad sense of the word that could not be boiled down to functioning of an industrial branch or system of cultural-leisure institutions. *The point involves cultural traditions*, value reference points and moral aims accepted in the society. It is evident that precisely these things exert a considerable effect upon human behaviour in the course of the economic activity and, in the end, upon functioning of the economy system itself. Mechanical adoption of standards and laws that have formed in the cultural environment and other conditions may prove ineffective and even dangerous from the standpoint of social stability. With no particular risk of exaggeration one may state that the immense social price of

¹ Prof. R.S. Grinberg Director of the Institute for Economics (the Russian Academy of Science), a corresponding member of the Russian Academy of Science, Dr.Sc., e-mail: grinberg@unecon.ru.

the Russian transformation is mainly due to ignoring the cultural component in the design and implementation of social-economic programs.

Russia still exists in severe conditions of system transformation. And to all appearances, the end of the transition will not occur tomorrow or a day after tomorrow. Moreover, this is the transition to normality, which did not happen. Nevertheless, in spite of all the interruptions and even reverse motions there are still chances for a development of the country towards a civil society, pluralistic democracy and social market economy. One should be able to learn lessons of the recent past and *avoid new mistakes*. Unfortunately, we have to speak about such a danger. But heretofore I'll try to characterize the intermediate totals of the 'Russian transformation'.

What did we want and what do we have ?

One should admit that there is a range of *positive totals* in respect *to the market transformation*. Their obvious positive aspect relates to the fact that isolation of the country from the external world has been overcome, and mechanisms of command economics and of foreign trade monopoly have been demounted. As a result, humiliating goods and service shortages disappeared, their assortment broadened. With the cessation of the ideological war against 'consumerism' the people's right to 'cosiness' has been restored. What is the most pleasant is that the personal initiative formerly constrained is set free now. Business class is being formed which is expected to lay basis for the country's prosperity. Population swiftly gets rid of historically acquired dependency complexes. In spite of all kinds of predictions Russians quickly adopted a '*market way of thought and actions*'. So typical of the Soviet system, the equalization of personal incomes has been eliminated and notable progress of working discipline and ethics of labour has become obvious now: it makes sense to raise money since a possibility to change it easily to formerly unavailable goods and services has appeared. *In conclusion*, it is worth to note that after the 70 years of fundamentally different economic system the formal institutions of market economy, i.e. commercial banks, commodity and stock markets, currency exchanges, fundamentally new tax mechanisms, antimonopoly regulations, etc., have been created over a sufficiently short period in the country, which started to do their work of sorts. *Nevertheless the negative results* of market transformations are more gross and noticeable. They obviously prevail over the successful ones. The point is not only that the country *has lost half of its economic potential*. It is worse that processes of production simplification, *labour*

disintellectualization and social area degradation cannot be stopped so far. Here one should add an *outbreak of mass poverty*, which during the years of radical changes extended swiftly due to the dissolution of the not very rich by western criteria but still the middle class formed in the USSR. Over the period of the 1990s of the past century, Russia evidently moved away from the desirable socio-economic standards of Euro-Atlantic nations and approached the averaged *characteristics of a typical 'third world' country* with a great polarization of personal incomes. Calculations of all kinds and studies of material possibilities of Russian households indicate that in fact not more than a quarter of the country's population utilize the fruits of the reformatations carried out, and a half of the residents struggle for living even harder than in the soviet time.

Certainly an effectiveness of the native reforms is influenced by very powerful objective factors, making a system transformation more difficult in Russia, than in countries, our ex-partners in the Council for Mutual Economic Assistance. While in the countries of Central and Eastern Europe a socialistic existence lasted for 40 years and in most cases was imposed from the outside, in Russia socialism predominated for more than *70 years* and was so to speak a completely native and not 'imported' product. Then one should take into account that unlike the CEE countries the Russian reformers had a purpose to continue a system transformation against a background of the headlong disintegration of a formerly united state that was initiated by themselves. *Multiethnic composition* of the ex-USSR population under democratization of social life sufficiently facilitated the realization of nation-economic chauvinism which tends to ignore considerations of economic expedience. Whatever intentions of leaders of the new independent states were, the reality demonstrated that a break of the united economic space did not facilitate but rather aggravated a transition to the market economy of every sovereign republic of the ex-USSR, not excepting Russia. And finally, with reforms being started it was a military production that appeared to be a great burden to the economy reconstruction in Russia.

Nevertheless, with no risk of exaggeration one may state that the disappointing totals of the system transformation in Russia are *mainly made by hands and only on a second-priority basis predetermined* by the *special unfavourable starting conditions*. In any case, an extremely high social price of the reforms has become the main reason for the fact that the concepts of democracy, market and freedom themselves have been to a great extent *discredited in the Russian social conscience*.

A social solidarity loss, a social dissociation are the next sad total of the transformation of the Russian society. Among the constituents of the excessive

social price which had to be paid for the radical economic reforms in Russia there is a neglect of moral and psychological dimensions of a human being. Intensive elimination of a moral and ethical component from social existence does deform everyday life of man. Demographic studies show that more than two thirds of causes of depopulation in Russia are associated with those occurring during the post-soviet period social-psychological phenomena: social depression, apathy and aggression. Sharp turn of mass conscience towards enrichment at any price proved to be a severe psychological trauma for a considerable part of the Russian population and a source of both personal tragedies and social pathologies of all kinds.

Representatives of the former middle class who at the moment of the reform start were numerous enough (experts with high education, medium-level directors, employees, highly skilled workers) had the hardest time. In comparison with the other groups of population their living standard has decreased especially drastically.

Beginning with the end of the 1950s in the Soviet Union if not the elements then the certain prerequisites for a civil society began to arise, i.e. a wide stratum of teaching, engineering and scientific intelligentsia, medium-level management personnel, cultural workers have appeared. Special features of many representatives of this class were not only a social status, a high level of education and a cash income but also an independence of thinking, a high self-appraisal, ability to resist a political manipulation, self-respect, i.e. all the signs of class consciousness which distinguish a middle class from a middle consumer stratum. Representatives of this class were particularly noticeable in big industrial centres. Russia had at its disposal such locations of scientific and technical brainpower as well as of creative intelligentsia as Moscow, Leningrad, Novosibirsk, Sverdlovsk, Gorky, Kazan, Tomsk, etc., which put Russia in the forefront of the world hierarchy of intellectual countries.

However, innovative personnel potential was not engaged by the reformers in the creation of new Russia. Moreover, especially the representatives of the middle class experienced to the utmost the economic and social deprivation in the course of the realization of the reforms. Russian reformers tried to get rid of this social group as soon as possible. The majority of its representatives were thrown away at the wayside of the social life, a lot of them emigrated. Thus one of the main factors of a successful transition to a liberal market and a democratic state – a creative resource of the population – instead of being involved was destroyed to a great extent. Drastic weakening of scientific and technical and

human potential is irreplaceable from economic and social point of view, which Russia encounters during these 15 years.

It is important to emphasize such a significant social consequence of Russian reforms as a growing gap between the authorities and the people. Alienation of the population from the State machinery, which is typical of a totalitarian regime, not only didn't disappear but even became stronger as a result of the transformation during the 1990s. Actually the state has turned into a closed all-sufficient corporation, and a considerable part of the population, in the first place public sector employees, wage labourers, pensioners, children and invalids, have turned into a burden for the members of this corporation.

This is the list of main constituents of the social price which is being paid by the country for the radical market reforms. And now about their political totals.

In comparison with other European states, in Russia the liberal ideas traditionally had no wide social base. A resort to liberal values is typical only of particular periods of the Russian history in 19th-20th centuries. The decade covering the second half of the 1980s and the first part of the 1990s proved to be exactly the period of this kind. It is hardly possible to deny that in the Russian society of that time a popularity of ideas of personal liberty and private initiative increased headlong. By the beginning of the 1990s, they seized minds of a considerable if not the major part of the population, it being the most productive. In short, a wide social and psychological base for realizing liberal and democratic ideas occurred. As for the state authority, a serious opportunity for the development of democratic processes, the formation of the civil society, the creation of civilized liberal market economy was given to it.

But the Russian reformers not only did not take advantage of this unique opportunity; actually they used best efforts to defile the values of freedom in the public opinion. The situation in Russia of the 1990s caused an increasing negative and even hostile attitude towards both values of freedom and a concept of democracy itself in the public opinion. It became a synonym for stealing and corruption, and a liberal idea was compromised so strongly that already by the end of the 1990s a scale of aggressive non-admission of liberal and democratic values had created real prerequisites for the recurrence to an authoritarian regime. Discredit of democracy and creation of prerequisites to authoritarianism is the main social and political result of the Russian reformers' activity of the 1990s. Today the society reaps the fruits which it sowed. It is sad to state that the present political superstructure logically and irrefragably crowns the economic basis created during the years of the reforms.

'Magic thinking', or why are they "like that" ?

There seem to be substantial grounds to suppose that the appearance of radical reformers on the Russian political stage is a result of traditional and, as always, unjustified impatience of the Westernizing wing of the Russian intellectual elite who, as the fate willed, turned out to be at the helm in the country at the beginning of the 1990s. It is important to emphasize this today because at present, after a period of the 'storm and onslaught' it has become a good form if not to demonize the first team of the 'shock therapists' then, at least, to renounce them. Actually both the intelligentsia and the so-called common people simply adored the then young efficient reformers and, to be quite precise, their patron the first President of Russia who had promised to shortly 'make people happy'. It is only today rather difficult to find people who voted for Yeltsin and who unconditionally supported his young companions-in-arms. In the decisive 1991, everything was different. And if the *vox populi*, *vox Dei* maxim is right, then they could not be reproached at all. The thinking part of the people got caught into a trap of a neoliberal utopia, and unfortunately this part of the people played a decisive role in forming and spreading new social illusions.

It seems preposterous to condemn the radical reformers because they supposedly started the deregulation of the country's economy. By 1992, it was mostly deregulated in the result of the disastrous for everybody opposition of the Russian authorities and the Union's central authorities. Undoubtedly those reformers are right who state that, by the time of their taking the helm in their hands, the controllability of the economy; the soviet in general and the Russian in particular, had already been practically lost, whereas the commodity-money imbalance reached its immense swing. It is true, though, that they will have to admit that the country owned both these points mainly to their patron and to themselves.

To my mind, it is incorrect albeit quite widely spread in the society the indiscriminate criticism of the so-called shock therapy implying, in general opinion, the single-step price liberalization that occurred on the 2nd of January, 1992. For the market economy adepts, there should be no doubt in principle that most prices had to be liberated otherwise no mechanism of market self-regulation could be triggered. True, one could argue about the set-liberated price ratio under the then Russian conditions. But that would be an object for a separate talk. Be that as it way, reproaching the reformers for ignoring the monopolistic nature of the soviet economy would be unsound. Many people even now believe that first a competitive environment should have been formed and

only after its formation one could start the liberalization of prices. Such an idea is utopian through and through as it is in principle impossible to create competitive relations with the set prices.

As for the not alleged but real mistakes of the 'dramatis personae and performers' of the Russian reforms, it seems that so much has already been said and written than it would be difficult to add anything new. Still, a specific attention should be attracted to the world-outlook nature of miscalculations and omissions in the reform policy as well as in the economic policy in general. Unfortunately, this issue still has not lost its urgency.

I will begin with obvious inclination of both yesterday's and today's reformers towards the 'magic thinking' implying a mixture of failed hopes and widely spread wrong beliefs, illusions and myths. Among the illusions, I would emphasize first of all assuming current world-outlook imperatives of the West as a guide, the imperatives justifying the pursuit of its economic and social standards as well as the absolutization of the so called universal economic regularities disregarding the requirements of the 'place and time'. Here also belongs the conviction of the necessity of maximally high velocity of the changes as a decisive factor of their irreversibility with which the reformers used to explain their apprehensions of the communist revenge. In addition, the illusion pool should include a naively favourable attitude towards the ways in modern world economy where only friendly and mutually understanding relations seemingly reign. From the very beginning of the radical reforms, the following thesis was considered infallible: the rapid openness of the Russian economy is beneficial whereas a gradual and dosed one is harmful.

And now to the myths. First, there is a firm idea implying well-being of those world nations who succeeded in boiling the state participation in economy down to a minimum. The point is the anti-etatist syndrome penetrating the 'main bed' of modern economic thought but having almost nothing to do with the reality. Secondly, one should include here the creation of unconditioned regularity of the thesis of organic weakness of a state in the 'transitory' countries and in Russia in particular. This thesis implies that here the interference of the state in the economy life must be even more limited than in mature market economies. And thirdly, in the end, the adherence of reformers to the theory of a 'burden' should be regarded as a myth, the theory implying that Russia will sooner join the flowering West's bosom without the burden of the past: the weak satellites in the persons of the post-soviet republics. And somehow an idea prevailed that the new sovereign states, the former USSR republics, will not be able to survive without the new Russia.

Here, a kind of objection surfaces that all this is the past, that in the post-default Russia the economic policy has lost its strictly ideological trend and acquired an exclusively pragmatic character. It would be desirable, of course, but something impedes thinking so.

It is difficult to get rid of the sensation that the economic philosophy underlying the concrete policy has not changed up till now as compared with the beginning of the 1990s. The tendency towards the denationalization of economy goes on along all the lines even though powerful holdings are being created, but they are a topic of a separate discussion. The attempts to 'market' the whole Russian life are going on in spite of seemingly richest and sad experience of the 'limitless liberalism' that should long ago have become a source of some useful lessons.

With the persistence worthy of a better use ...

In compliance with the idea still existing here and in the West, the neoliberal plan of transforming the command economy into the market one created in the beginning of 1990s has failed in Russia just because various 'unexpected' circumstances interfered with it, although the plan itself was irreproachable. The various circumstances mean 'bad' communists who always strive for revenge, the populist leftist Parliament and, finally, the inert population that had been brought up in paternalism and that has not yet lost the hope to survive after the accomplished reforms.

It is worth noticing that even after the events of 1998 the official statistics by the International Monetary Fund on the reasons of the failure of the Russian reforms remained unaltered. The IMF Management unwillingly admitted some errors in their advice given to the Russian reformers: for instance, the consent for the fixed 'currency corridor' is considered to be an error. In general, however, 'if the Russians (here I almost literally cite Fischer, Smith and Camdessus) had fully followed the recommendation that they had worked out themselves albeit with our aid, then the reforms would have been successful'. And these recommendations are well known to be quite simple: the maximal privatization, the minimal level of inflation, the maximal openness for the outside world, and the minimum of the state interventionism.

Now everything indicates that a new wave of essentially cannibal liberalism is rolling on. Particularly the aiming of the economy authorities at further reduction of the budget expenses in social sector is obvious, the expenses having dropped as it is to the level inadmissible for our country. In 1990, there still existed some illusions of a spontaneous increment of off-budget support for social sphere

branches, some naive hopes that a part of the budget burden would be grasped by the newly-made private economic organizations. But now it is quite clear that there exists a strategic tendency towards the reduction of the number of organizations whose activity demands – and I emphasize this – uninterrupted state financing. The objective character of unprofitability of the social sphere of most organizations at any degree of maturity of the market economy is absolutely being ignored. Just from the facts of inherent unprofitability of this sphere, ensue the constitution guarantees and the budget responsibilities of a modern state for a systematic support of institutions of healthcare, fundamental science, culture and education. I would note here that such a support is realized on the regular basis in all mature market economies and in relatively successful post-socialist countries.

But our government does not wish to do this because of ideological but mostly because of fiscal reasons, and it seems to try to get rid of constitutional guarantees of the 'social' state (isn't it a mockery over the written Constitution ?) and to switch over to contract relations that in their nature are transitory. The result of such policy is more or less obvious and will not make one to wait too long: the degradation of the social sphere will headily move its collapse near, while the intentions to built a knowledge-based economy will remain just starry-eyed dreams.

Generally speaking, we all must take into consideration the one curious global intellectual phenomenon of today's. I mean the immense influence if not the total 'terror' of the main component of the basic bed of modern economy thought. And the content of this component in brief can be boiled down to the maxim as follows: 'state's mistakes are always worse than those of the market'. Hence, it seems better to 'overdo' with the deregulation than with excessive spreading of state's interventions comprising their unavoidable bureaucratic perversions. At the same time, a huge gap exists between the ideological component and the real practice of the very 'market-oriented' western countries. It suffices to say that now through the total state budget of the Organization of Economic Cooperation and Development, i.e. the richest states of the World, half of the gross domestic product will be distributed, while one hundred years ago this parameter did not exceed 10 percent. It is appropriate to note that one hundred years ago there existed no middle class, and that it appeared in the second half of the last century, i.e. just when the state's participation in the society economic life reached its apogee both in quantitative and in qualitative aspect.

It is quite obvious that the 'demonization' of state as such that started about 25 years ago is associated exclusively with the 'over-socialization' of mature market

economies, i.e. with a certain hypertrophy of the state's social functions. Nonetheless, limitation of the state interventionism there, mostly imaginary or at best insignificant, should be regarded as just a correction of the 'general prosperity State' and not as its dismantling.

But it seems that our reformers are interested in a made-up life rather than in the real life of the 'reference' countries. They must have ideologically pure regimes of free market where the State is reduced to the role of a 'night watchman' of the 18th century. It seems that for them any activity of the State is vicious except the provision of 'the unity of the game rules for all' and the compulsion to follow them. True, this quite easily combines with lamentations apropos of a 'weak' State and the wish to enforce the power authoritarianism. In brief, here in Russia the anti-etatist rhetoric is not just rhetoric. It is still a guide to action. And I see great danger in this.

The above said does not mean that the social policy demands no renovation. But it should be based on a different in principle world outlook idea in compliance with which just the development of the social sphere in its broadest sense predetermines the prospects of a stable economy growth and not the contrary as is assumed today by the federal and regional elites. When optimizing the social policy the development of its parameters will decidedly have to refuse to acknowledge a widely spread opinion that expenditures for social purpose are always a deduction from the national wealth and an obstacle for economy growth.

Experience of the West and successful post-socialist countries quite certainly confirms the truth of this thesis: correctly built priorities and the institutes of social policy do not interfere with economic activity at all and, on the contrary, do stimulate it simultaneously providing the necessary political support for the reforms. So, banal as it might sound, the main requirement of today is this: stop destroying the human potential and create the conditions for its revival and full development meaning the qualification-educational characteristics of man, his/her cultural level, real access to efficient healthcare and well-deserved social security.

Science has its significance

As far as I know, nowhere in the world do liberals or interventionists doubt the above noted and lasting during the whole 20th century tendency of advancing enlargement of the State's participation in economy of any social medium. Of course, there are differences from one country to another: somewhere the state

quota, i.e. national budget against gross domestic product ratio, is greater, somewhere it is less. But the fact of its growth during the most part of the last century is unarguable in the world scientific community. The arguments start when interpreting the fact itself of the 'effuse' State. Some believe that it is bad, others think it is good, the third parties – and I rank myself among them – urge to regard the systematic State activity as some objective regularity, meaning that here its certain ebbs and flows are also regular.

Here I would like to consider in more detail the issue of the role of economic science in social-economic development in general, and the theoretical knowledge against practical policy ratio, in particular. It is only at the first and superficial glance that the academic arguments seem to be unrelated to concrete economy policy. Whereas in fact the practicing politicians, their advisors and consultants in their activity and recommendations always follow willy-nilly a more or less integral theoretical construction. It exerts a powerful effect upon the made decisions that, depending on their content and perception, can be benevolent or not quite so.

Today it has become particularly evident that a keenness on incorrectly understood concept of economic freedom may give rise to effects absolutely opposite to the expected those and, in this way, to seriously interfere in invigoration of the situation in the country.

Now if, say, to proceed from correctness of assumption that 'the less of the State the better for the economy' or, as Mises wrote, any state activity is an evil imposed by some people on 'the right' or 'not right' state interventions.' In other words, once they are all harmful in principle, one should simply get rid of them. I think that it is not by chance that in Russia there are great problems with more or less consolidated influential force capable of revealing and implementing the society's interests.

The category 'social interest' itself turned out to be rather discredited which is, of course, quite understandable. It is difficult to expect something else after so long an oppression of the individual by the state under the conditions of the communist dictatorship. But to understand does not mean to accept. It was quite unnecessary to splash out a child along with dirty water. And it happened just so. And in the result, the place of hypocritical 'do first think of the fatherland and only then of 'yourself' has become occupied by no less hypocritical 'the egoism of each one is a good for everybody'. And it is quite unknown, at that, what precisely prevails in this latter formula: striving for unbridled freedom in compliance with purely world outlook motives or forced devotion to it by reason

of seemingly regular weakness of regime under conditions of the radical system transformation.

In general, it seems to me that unproportionally great influence of the radical liberalism in 'servicing' a concrete economic policy of Russia today is primarily associated with obsolete and therefore obviously inadequate understanding of modern mainstream in the economic theory. Considering the whole thing, the phase of simplified liberalism is either completed or draws to exhaustion. The newest theoretical views of macroeconomics character in the West and in the East unequivocally admit the presence of some specific social interest that is far from always considering only the interests of private economic subjects. In this connection, participation of the state in modern economy is subject to a new interpretation. It does not any longer interfere with the social medium economic life but acts there as an equal in rights market player striving to realize this social interest. And once the state becomes a market player, its activity should be subject to the rules of rational behaviour. In other words, at every given moment maximization of one or another social interest is reached with strictly limited resources. Hence a new and broader view of the market balance formation implying inclusion of the state into the group of independent market subjects, the state striving to maximize its own function of social usefulness. All this composes a certain integrated concept, which we (together with Professor A.Ya. Rubinstein) are presenting in a recently published book *The Economic Sociodynamics*.

Be as it might, if the social interest is perceived just as a sum total of personal interests and in no other way, the state with its various economy activity must unavoidably be pushed aside of the social structure. But the devil is known to hide in details. And some of them particularly brightly light the difference between the liberal-pragmatic and liberal-ideological approaches to the economic policy. I will try to indicate briefly what I mean.

Damnation or grace ?

During these last years, a golden rain of oil dollars poured all over Russia, which evoked among the influential 'pure' liberals if not panic then, at least, something like it. What a lot has been heard of this ! The impetuous increase of the export income seems to lead to the conservation of the existing structure of the management and to the acceleration of inflation, to the paralysis of people's creative energy, and so on, and so forth. An impression occurred that, with these high oil and other fuel and raw material prices, it would be better to import all this

rather than to export. In general, a thought was inculcated that 'money is evil', or something quite surrealistic like 'the income will soon stop because it is too large now'. From the standpoint of common sense, such 'unluckiness' is difficult to understand. It seems certain that there are so many unsolved problems and spheres in the country that it could be not too difficult to spend usefully the 'windfall profit' as the Anglo-Saxons say. Take just the reduction of an immense foreign debt, the renovation of the worn down to the limit city infrastructure, the construction of the borders with new independent states, let alone the governmental expenditures for some investment needs or for restoration of the social sector of the economy.

But no such luck. For the doctrinaire liberalism all this has no sense. And the matter is not that its adherents wrongly assess the consequences of the sudden improvement of balance of payment: inflation and the growth of real national currency exchange rate fraught with increase of the import and decrease of the export. Maybe even some grounds could be found (true, I do not see them) for discussing a danger of the notorious 'Dutch' disease. But we, however, endure such problems not for the first time. The world has long since encountered them and now uses a certain very reliable set of instruments for their solution. In all that, I somehow do not remember that anyone anywhere endured as strongly as we do the powerful inflow of freely convertible currency. In the rational and not ideological approach to the business, they rather enjoy it without forgetting to seize the super-income from economic subjects and direct them to various social needs. I will only refer here to the experience of Great Britain and Norway well-known to me. Whereas we, to all appearances, miss such an opportunity, and quite knowingly, too. Because the doctrinaire liberalism proceeds *a priori* from the statement that individuals will always spend money more effectively than the 'bureaucratic' state.

What is ahead ?

To all appearances, both the President and the Government are aware that in fact Russia has encountered a dilemma: whether it will remain mainly the exporter of fuel and raw materials, or it will be able to occupy a worthy place in the post-industrial global economy. From high places, they constantly speak of that in the last years when the country's dependence on the energy carriers and raw materials export has reached the critical level, and has now become a threat to its national security. It is also being stated that, while not decreasing the

volume of the raw material supply, it is necessary to change the structure of Russian industrial production and export constantly, year after year, towards complete product and, in the first place, the science-intensive product. But what means are supposed to be used for realizing this purpose ?

Within the group of persons responsible for the economic bloc in the Government, it is still assumed that modernizing the Russian economy will occur by itself, as a result of the activation of some market self-regulation forces. And in order not to hinder these forces the Government will focus its attention at completion of forming the law adequate to a civilized market economy, and take steps for the suppression of the so called informal, illegal economic relations and, consequently, for the creation of conditions for equal application of legal standards to all physical and juridical persons. In this connection, they quite justly speak of increasing the efficacy of the antimonopoly regulation, of loyalty in respect to private property and the contract rights, and of a considerable limitation of the 'economy of advantages and privileges' formed in the 1990s. Finally, it is envisaged to make a special emphasis on the measures for reducing the tax burden of investors combined with a course towards successive individualization and privatization of the social sphere (the so called structural reforms).

If the concrete policy will limit itself to just these tasks, and they are quite sensible except the antisocial tendency of the 'social' policy, and if one believes that, apart from dramatic increase of the oil world prices, the factors independent of these unexpected stimuli will contribute to the long-awaited economic growth of the country, it is hardly expectable to change radically the social-economic situation in the country. The Russian economy will henceforth be structurized in a purely spontaneous way, too; first, because of the interests of transnational corporations, and second, if, of course, the openness of the economy unexampled by its degree holds out.

The spontaneity of the formation of the economic structure in Russia in principle has no restraints as, contrary to the Central-East European countries, there is no threat of accepting the institutional standards of the European Union even because, if nothing else, it will not be the Union member even in a long-term prospect. One should understand that Russian economy just as economy of other states of the post-soviet territory becomes an object of other, more powerful economic players with no changes whatsoever of the EC institutional-legal skeleton here. The tendency of losing subjectness and, consequently, a primitivization of the Russian economy under such conditions becomes irreversible irrespective whether the breakthrough in following laws and in

stabilization of conditions for business management succeeds or not. Even if the positive economic dynamics holds on, the principal contribution to the dynamics will be made by the energy-raw material branches of industry possessing the export potential, while a considerable portion of the manufacturing industry will lose every prospect for a development.

There is still an alternative to the above variant of the event development, the alternative involving the activation of existing scientific-industrial potential for achieving and support of acceptable international level of competitiveness for selected branches and sectors of the Russian economics. But this alternative cannot be implemented spontaneously, without respective rational behaviour of the State. And this implies development and conduction of respective structural and innovation policy on behalf of the State. Incidentally, then only a chance will appear for deliberate structuring of the post-soviet territory or, at the least, its major portion. And only then will here our own competitive transnational corporations start to arise, the corporations capable of taking part in the globalization of the world economy as the subjects and not the objects of the process.

Avoiding the other extreme!

Under today's Russian conditions, one has to take the other extreme into consideration: a very probable growth of the state expansionism threatening to replace the boundless liberalism of the 1990s.

And there really exists such a danger, as in the Russian social medium an idea to initiate implementation of some majestic mobilization programme is ripening, the programme seemingly able to bring back the status of great power to the country. I must note that I rather doubt the wish of our people to start implementation of this majestic mobilization programme, noble as might be the goal of this programme. So the next attempt of "coercion of the people to happiness" will most likely fail.

Of course, in today's Russian society nostalgic feelings are widely spread as well as total irritation associated with the deplorable results of the reforms and the disintegration of great power. But this is a revenge rather for our own illusions and euphoria of the end of the 1980s to the beginning of the 1990s. Then "the people and the party were united" as has already been noted. The country wanted first of all not the bread but freedom, while the bread was to be added automatically, kind of by itself. They thought that the advantages of the socialist

conduct would be added up with amenities of market and democracy, and we all of us will quickly accommodate ourselves at the sunny side of life where the so called "golden billion" is already dwelling.

The occurring today disappointment in the ideals of market and democracy (let us hope, a temporary one) does not necessarily mean that the society experiences a yearning for revenge or a collective willingness to get involved in the construction of something majestic. Rather one should agree with those sociologists who state that mastering individualist values by the Russians has already taken place. True, it is not related to the development of the awareness in the spirit of the Protestant ethics but, rather, to so to say atomization of the social medium or, to say simpler, to the disconnection of the people mostly busy with plain survival.

As far as I know, implementation of all great "teleological" state-oriented projects in Russia, irrespective of whether they were utopian or realizable, were accompanied as a rule by the horrifying suppression of personal freedom. And on the contrary, as soon as a personal initiative got free and man obtained the right of choice, the state started to lose headily its majesty and sometimes even its sovereignty. It is far from necessary than even today we encounter the same fatal dilemma. History does not have the subjunctive mood but there always are some alternatives. Practical conclusion from the above said is obvious for Russia: to strengthen the state without sacrificing democratic values. It sounds almost as banality. But, as Friederich Nietzsche aptly said, "we pay most dearly for neglecting the banalities". I will only add that we pay as dearly for the unlearn lessons.

Through the prism of culture

The future of Russia is associated with the innovation economy, with the necessity of the soonest transition to the "innovation socially-oriented type of development" (in terms of the *Conception-2020*). Close attention, at that, is attracted to the exclusively foreground development of science and education. However, the quality of human potential as a driving force of the innovation economy depends not only on the level of education, experience and professionalism, but also on spirituality and mentality of man, his or her psychological and behavioural characteristics which was always the responsibility of culture. Culture forms the spiritual-moral orientation of the personality development, and in the innovation economy not only the personal but also the social responsibility of man dramatically increases, the man being a

generator of new knowledge. The principle "do not harm" must be laid in the basis of the processes of production and translation of new knowledge and information, as well as implementation of innovations in the reproductive sphere.

The reality, however, demonstrates *absence of demand for culture* including that within the system of social life management. Culture did not enter the list of the foreground national projects. The first mentioning of culture only appeared in the Russian President's Message to the Federal Assembly of the Russian Federation in 2007. On the one hand, in words, culture occupies the position of the most important resource of the development, on other hand, expenses for culture are still an unprotected budget article, while under conditions of taking the anti-crisis measures just this particular part of the budget expenses got one of the first into the category of those subject to sequestering.

Meanwhile, settlement of many problems of social life management solution of which with the traditional techniques reached a deadlock is in principle possible only in the cultural aspect. So that, in the light of culture, there appears another principal algorithm of solving the problem of national security as well as that of bureaucracy and corruption with which the whole authority vertical is filled.

Traditionally the *solution of the national security problem* is associated with the military presence, the strength of the armament units, the force control, etc. The reality, however, is such that external and internal threats go beyond the limits of purely economic or political confrontations oftener occurring because of the value contradictions, which directly concerns the human socio-cultural medium. Xenophobia, nationalism, chauvinism, religious separatism – they all are the links of a single chain the overcoming of which requires "re-forging the swords into ploughshares" as violence only gives rise to violence. People are separated with just external formalism, whereas culture in its true sense contains the largest possibilities of uniting people brought up in different cultural milieu, of smoothing up contradictions among the people on the basis of consistent values of life, aspiration towards the future, and healthy optimism.

At present in Russia the most dangerous internal threats which undermine the State system foundations internally are bureaucracy and corruption. Solving the problem of the bureaucratization of the whole administration system through a prism of culture rests upon a spiritual basis of labour. This is not an employment status and getting a job at any price for wages, not an occupation of a "field position", this is a creative realization of an individual, a profession chosen by the dictates of heart in compliance with one's possibilities and abilities.

Labour as a value, but not as a doom. This approach to the concept of labour will allow avoiding any illusion of activity, repeated duplication of functions and documents circulation difficulties, as well as the process of approval procedures in all areas of social life.

Solution of the bureaucratization problem will logically entail a solution of the corruption problem. In the light of culture an *elimination of corruption* needs not for a punishment and other coercive actions or prohibitive measures, but rather for such a value as confidence having been lost in the society at present. After all, opinion polls register terrible evidence: to the question whether "it is possible to trust people on the whole or one should be on the alert dealing with other people" only one quarter of the interviewed answered positively. To the question "during last year what kind of feelings have become apparent and grown stronger in folks surrounding you" 25 percent of the interviewed noted tiredness and indifference, 5 percent fear, 10 percent perplexity and 14 percent exasperations and aggressiveness. Is it possible "to transit to an innovative and social-orientated type of development" having such an attitude to life, to ourselves and to other people? Extirpation of the corruption will only be possible when socio-cultural mechanism eliminating causes of its occurrence are applied.

Among internal threats it is appropriate to mention here a high mortality rate which leaves a birth rate far behind. In addition, deaths from cardiovascular diseases, suicide, alcoholism, drug addiction, aggravation of mental disorders and as a result of increase in crime are an essential part of the present Russian reality. Medical approach or enforcement measures as the ways for solutions of these problems are just a top of an iceberg, a fight with the results, but not with the causes. The reason is the same: ignoring a crucial role of culture as a moving force of personal and social self-regulation, and spiritual ill-being of the Russian society.

In what manner should one apply socio-cultural mechanisms able to resist destructive processes in the society? The only right solution to the problem lies in the *vital necessity of cultural enlightenment* not only to keep broad layers of population informed with cultural values (that is, undoubtedly, of independent significance), but rather to prevent the dehumanization of the society and the neutralization of spirituality in people's life. Here one cannot do without the *development of a supranational idea* (being a multinational and multiconfessional state Russia cannot afford a development of a national idea on the basis of cultural values of a title nation). There is not doubt that during the Soviet period the notion of ideology has discredited itself by its close connection with Marxist-Leninist propaganda. But, for example, in the 1960s of the 20th century in Japan

within the realization of the cultural state concept this process was called "a production of values". It is obvious that the consistent value of life such as a family and childhood should be assumed as a basis for supranational idea. *The main reference point of the cultural enlightenment should be children, rising generation* because the country future in many respects depends upon the system of values, which is accepted as a basis of their upbringing and education. It is possible and necessary to create this future just now (not to say yesterday) by means of cultural enlightenment of children and adolescents.

A great responsibility for the actualization and intensification of cultural enlightenment is lied upon the intelligentsia. Unfortunately, in present Russia the concept of elite is discredited by its associations with the world of luxury, money, glamour and etc. In an undistorted reality a consistent attribute of elite is an orientation toward high standards of human behaviour and his/her style of life.

Therefore, the strengthening of the prestige and influence of scientists, educators, cultural workers (creators in the real sense in the word), significance of an intellectual labour in the society, including the revival of the public lectures system, made with the help of the whole Internet arsenal available and new IT will make it possible to trigger the cultural enlightenment mechanisms.

It should be noted that the present Russian society is divided into two parts, the line of demarcation being established in the ideological sphere. On one side of the scales there are millions of people deeply rooted in the Soviet past with its anti-personality social attitude, when a collective had suppressed an individual and the state had suppressed the society, on the other, millions of people of middle age and the young, brought up by the bold time of the 1990s, when individualism as a moving force of the market economy ran the show. The matter concerns not a contradiction in a world vision attitude of fathers and children (which is an absolutely normal and natural process, by the way) but a gap in an intergenerational continuity. Solidarity of the society, overcoming its drastic polarization in the direction of synthesis, a reasonable combination of personal and social features in a human being is only possible through cultural enlightenment.

Moreover, an ideological gap of intergenerational continuity has given birth to a collapse of information transfer system itself, as a 'teacher-pupil' connection has been mostly destroyed; this relates not only to the fields of education and science but to the Whole system of experience transfer from one generation to another. This is fraught with attempts to 'reinvent a bicycle' instead of inserting new knowledge into the structure of spiritual and mental accumulations aiming to

accelerate a process of introduction of innovations into the reproductive sphere and to modify a human potential of the society as a whole.

In the light of culture a *problem of gender relations* towards a greater inclusion of women in the system of important state decisions-making is seen differently. While in the countries with an advanced market economy there is a trend towards an empowerment of women in all fields of social life which is observed during the last decades, in Russia there is still an unofficial prohibition of participation of women in an administration power vertical. The theme of empowerment of women does not cover such extremes as the emancipation and feminism when a woman opposes herself to a man and takes upon herself unusual functions, but it concerns only an expediency of lawmaking initiatives passing through a prism of a mother consciousness as a keystone of a successful realization of the police of rational existence.

While at the turn of the 20th-21st cc. there was a necessity of a social imperative of a socioeconomic development, at the end of the first decade of the 21st c. one should think about a cultural imperative which constitutes a core of the policy of a rational existence. As A.S. Pushkin through one of his characters said: '...the best and the strongest changes are those which originate from improving of morals without any enforcement shocks'.