

support), nor to engage in any policy debates, in favor of an American-style approach based on creating “images.” Reportedly, there was close coordination between Pavlovsky, Putin’s campaign staff, and Gref’s Center during the election campaign.

Named to head the Center for Strategic Projects, Gref already had well-established relations with Putin, going back to Gref’s studies at the law faculty of St. Petersburg University (with which Putin and Putin’s early professor, St. Petersburg Mayor Anatoli Sobchak, were associated), and Gref’s later appointment as vice-chairman and then head of the St. Petersburg branch of the Committee on State Property, at a time when Putin was de facto running the city administration. Gref also developed close ties to Chubais, and appears to have been involved mostly in real estate deals.

From this time onwards, Gref became what he himself terms a “romanticist of privatization.” He admitted to a Russia interviewer, however, that there were naive errors in the original approach of the reformers, who did not take into account the “Russian mentality.” To explain what he meant by this, Gref said that when faced with a choice between “a bottle of vodka today or \$10,000 tomorrow,” the typical Russian will choose the vodka. Russian economic policies must be designed accordingly! Needless to say, Gref’s cynical view of the Russian population, whatever cultural weaknesses may exist, is the exact opposite of what is required to lead a true economic mobilization. To accomplish the latter, it is necessary to uplift the population, rather than adapting to its weak-

nesses; and to bring out the best in people, as Franklin Roosevelt once strove to do with his fireside chats.

The role of the state

Gref described the philosophy of the economic program the Center is developing for Putin in a nutshell, by saying, “We plan a liberal model with quite a lot of state regulation of the economy.” At the same time, he hastens to add that when Putin says, “I am for strengthening the role of the state,” the new Russian President allegedly means this only in the sense of “establishing the rules of the game,” and “creating equal conditions for competition.” Thus, a March 22 interview with Gref in the financial daily *Kommersant* contained the following exchange:

Q: In short, are you planning to strengthen the state in such a way as to give entrepreneurs more freedom?

Gref: Yes. Strengthening by way of the state’s withdrawal from what in principle it should not be involved in. And, at long last, the state should get down to its basic function—law enforcement, the judiciary, and administration.”

Here and elsewhere, Gref reveals his legalistic, essentially Hobbesian notion, typical of British liberalism, according to which the state is a mere umpire or referee for the economic game. He shows no understanding of a nation-state whose basic function is to serve as an instrument for the perfection of human society and the maximum possible development of the divine spark in every human being. Without that, by degrading the state to a mere legal framework, it is deprived

Some sanity inside the Washington Beltway

On March 27, one day after the Russian Presidential elections, a group of scholars and diplomats gathered at the Washington offices of the Atlantic Council of the United States to assess Vladimir Putin’s victory. In stark contrast with the usual “inside the Beltway” think-tank babblings, the speakers—the Atlantic Council’s E. Wayne Merry, Carnegie Endowment’s Thomas Graham, and McMaster University historian John Colarusso—argued against the buildup of a “cult of personality” around the newly elected Russian President, and the glib assumption that Russia will now go back to its “authoritarian, undemocratic” roots and become a new threat to security and stability in Eurasia.

Merry set the tone for the discussion by warning against any hasty conclusions about what path Putin will take. The only thing that is clear about the outcome of the Russian elections, he argued, is that the “Washington Consensus on Economic Policy” is dead in Russia—for-

ever. The 80% vote for Putin and Communist Party candidate Gennadi Zyuganov, Merry said, was a vote against the combined economic policies of the International Monetary Fund and U.S. Secretary of the Treasury Lawrence Summers. Merry later acknowledged that, unfortunately, the “Washington Consensus” may be dead in Moscow, but it is alive and well in the United States. Corrupt figures, like Jeffrey Sachs, whose Harvard Institute was caught profiteering off of its bad advice to the Yeltsin-era Russian governments, is fighting to retain control over Washington’s policy toward Russia.

No positive turn in U.S.-Russian relations will be possible, the speakers concurred, until this “Washington Consensus” is broken. In the past 18 months, they said, due to the U.S. bombing of Iraq, the war in Kosovo, NATO expansion, and the looming decision on a U.S. National Missile Defense system, U.S. relations with Russia hit rock bottom. In the context of the NMD issue, Graham and Merry urged President Clinton to avoid any decision on deployment, until the next President is in office. “If they start pouring cement for the silos in Alaska next spring,” U.S.-Russian relations will be “train-wrecked,” Merry warned.—*Jeffrey Steinberg*