

whatever reason, that the levers of power at the central government's disposal are just not connected to anything, and so it's time to look elsewhere.

Nikolai Shmelev is a respected pillar of the movement for genuine economic and democratic reform. Head of the USA and Canada Institute's economics department, novelist, member of the Congress of People's Deputies, and self-professed "economic liberal," he

toiled in the intellectual wilderness for years before Gorbachev's *glasnost* set him loose on the impossible task of rescuing the Soviet economy. Shmelev's disappointment with the present government is palpable.

He has long promoted a scheme, now shared by many other reformers in the country, to buy several tens of billions of dollars of Western consumer items to sell in Soviet stores. This would soak up the vast quantity of roubles now held in people's hands, avert hyperinflation during the transition to a market economy, and not incidentally, quickly improve the grim, deprived lives of ordinary citizens. He is perplexed by what he sees as the indifference of the Gorbachev government:

I know Mr. Gorbachev has begun to understand the enormity of the situation, but our government is so stubborn. I am afraid of this tradition of the Soviet leadership to despise its own people – just as the old aristocracy despised the people. They find it hard to spend such an enormous sum of money on medicine, pants, cosmetics, personal computers. Why? In our history we have spent our money on huge Egyptian pyramids – and now to spend it on such trifles?

AFTER OUR INTERVIEW, SHMELEV WAS OFF ON A trip to Bonn with Boris Yeltsin, the president of the Russian republic. This action itself says a lot. Yeltsin is widely seen, in the West at least, as a less appealing character than Gorbachev. But Yeltsin's stock is rising in public opinion polls, and most important for those who want to get things done, he is perceived by Russians as wanting to move more quickly and decisively than Gorbachev. An obvious advantage in a situation which cries out for someone to do something, but also a great danger. In desperate situations, "do something" can become "do anything" – a focus of power for opportunists and ideologists.

Regarding the opportunists of Russia's last great political upheaval in 1917, Adam Ulam, a pre-eminent historian of the Russian revolution, wrote that the Bolsheviks did not



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seize power, they picked it up. "Any group of determined men could have done what the Bolsheviks did in Petrograd in October 1917: seize a few key points of the city and proclaim themselves the government. But the government of what? ... the Russian empire was in full dissolution."

The sense of disarray in the Soviet capital makes historical comparisons of this kind unavoidable. The impression that governments at all levels are losing their grip is growing. One of Gorbachev's principal economic advisors, Abel Aganbegyan, admitted to the Soviet parliament recently that no one actually knows what is happening to the economy. In Leningrad, the council of a local district (essentially a city ward) debated the option of declaring independence and printing its own currency – for the moment, cooler heads prevail.

ON THE FACE OF IT SUCH ACTIVITY SEEMS ABSURD, yet it is driven by its own inner logic. The rouble has lost so much value – "empty money" was one common euphemism – that it no longer makes sense to work for them. People don't need roubles and neither do state enterprises and republics. An increasing proportion of wholesale trade occurs on the barter system: cotton for wheat, meat for oil – a reversion to feudal era economics and yet another sign of the disintegration of the state.

Packages of foreign cigarettes, preferably "Marlboro", are displacing the national currency, the rouble, as the medium of exchange, a daily indignity that cannot help but have a corrosive effect on what little remains of the popular sense of what it means to be Soviet.

Nicolai Shmelev is impatient with questions about what a functioning Soviet economy would look like after the immediate crisis. He is thinking in months and weeks, not years: "So what kind of economy would emerge from the present mess? God knows. We ourselves don't know. I have no comprehensive vision of what kind of society it will be in ten years. But I hope we have had enough suffering and enough madness."

To set against all the pessimism, a glimmer of light. Until the various new property laws come into effect, there remains only one tiny crack in the door of the state's complete monopoly over economic activity – the so-called "cooperative." Two years ago, according to Shmelev, there were about 100,000 co-op members in the country generating production that could be measured in millions of roubles. Today

there are five million co-op members with a turnover of some sixty billion roubles – restaurants, taxis, and other small businesses. These co-ops have operated in the face of a hostile state bureaucracy "strangling them," in Shmelev's words, and a large proportion of the population regarding them as exploiters and mafia. "A miracle," says Shmelev – "grass growing through the concrete."

IF WORLD EVENTS IN THE LAST EIGHTEEN remarkable months have taught us anything, it is to be circumspect about predicting what will happen next. But for observers of the Soviet economy, it is clear that the issue is not whether the USSR will be a wealthy nation by Western standards within ten or twenty years, rather, it is whether there will be a Soviet Union at all by the middle of the decade, or even by the end of next year. The disappearance of the Soviet state would not necessarily be a calamity for the world. It all depends on how it's done.

If it is smaller political units, republics or regions, that pick up the political reins and work with people to create local productive economies, why not. But such large-scale political upheavals have the nasty tendency to become violent and dangerous. The 1989 East European revolution was a rare event in that respect. So while the West has an enormous stake in how events unfold in the USSR, it is also the case that we have very little influence on the outcome – which is no reason not to worry about it.

"Why would a peace and security institute be interested in our economy?" a Russian friend asked me as we sped along in her state-supplied car with driver. "Because a country with 285 million impoverished, sullen, people and 30,000 hydrogen bombs is a menace to the world. We want you to be content and prosperous." When she translated for the driver, he laughed. □