

MOSCOW'S TESTING GROUND FOR NEW FORMS OF ECONOMIC AND POLITICAL LIFE

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We now face a problem of exceptional importance to the fate of civilization: the transition to the new society of that third of the human race which, a mere five years ago, was guided by state-administrative socialism as the model of a better society. Today, most citizens are convinced of the need for a transition to a different social model. What is it that we must ultimately do?

The Path toward Freedom

First, we must make the transition to a new type of economy. Its key feature will be multiple forms of ownership instead of the domination of state ownership. In this diversity, nongovernmental forms will prevail, that is to say, private and collective property. The state sector will remain as an important but subordinate element, mostly in the form of municipal property. This economy will have markets, competition, and all related structures—from convertible currency to a stock exchange.

Second, we must make the transition to a democratic state, which is based on a multiparty system as a necessary superstructure over pluralistic forms of ownership. Political freedom is both a precondition and a consequence of a market economy.

Third, we must accomplish the transition from the monopoly of a single state ideology to the right to freely choose any ideological views, from religion to atheism, from socialism to anticommunism. Only humanity-hating, racist, and other such viewpoints should be excluded.

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Fourth, we must overcome the imperial, essentially unitary ties between our peoples; we must overcome the state that is concerned about the development of nationalities only to the extent that it serves the fortification of the empire. All peoples must decide their own destinies, and the forms of their coexistence must stem from the freely expressed will of those peoples.

The Question of Implementation: Setting the Political Stage

We have achieved a certain mutual understanding with regard to the goals of reforms, and even the 28th Congress of the CPSU, in the sixth year of the perestroika launched by the party, was forced to recognize these goals (though far from all delegates cast their votes). But the question of *how to effect* the realization of these goals has yet to be resolved.

The initial idea was that perestroika would be led by the majority of the Politburo of the Central Committee of the CPSU, using the existing party *apparatus* as its instrument. One apparent argument in favor of this option was the *apparatus* was allegedly obedient and willing to follow any directive from the top.

But by late 1987 it was clear that this option would not work. The *apparatus*, it turned out, quickly realized that a successful perestroika would render it superfluous in its present form, and it was not active in the cause of change.

Then, the idea of restructuring the government and party *apparatus* itself was set forth. But while this idea was correct in itself, this proposed option of perestroika was doomed by the fact that, in most regions of the country, the *apparatus* itself was the dominant force. As a result, the idea of restructuring the *apparatus* turned into a project that suited the *apparatus* itself. A peculiar alliance emerged, composed of the leadership of the country, the Mikhail Gorbachev team, and the *apparatus* forces. This center-right bloc was dominant in the country until recently; in its new form, it has been institutionalized by the results of the 28th Congress.

This bloc can carry out change only in such forms and on such a timetable as the *apparatus* considers acceptable. As a result, the country can change only at the speed that suits the *apparatus*. And since the latter as a product of bureaucratic socialism is most compatible with a new social model, this means that of all the possible options of perestroika, the one that was used was the most realistic but also the least effective one. The entire group, as it were, had to move at

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the same pace as its weakest member. This situation could not but cause a wave of growing discontent throughout the country.

The elections to the republican and local councils were a reaction to the ineffectiveness of the center-right bloc. In these elections, the radical bloc was able to win the majority in the parliaments of several republics and in a number of local councils. New political zones emerged. A base was created for the emergence and acceptance of a new type of mechanism of *perestroika*.

What will this new option be like? The democrats assess the situation realistically; they do not believe in proposing a complete takeover of the leadership of *perestroika* by the radical forces. For the USSR today, this would be utopian. But this is not only a question of realism; it is a question of the essence of our stance. If we want a democratic, multiparty society, it would make little sense to replace the total control of one force with the total control of another, even if the former is very conservative and the latter, at present, radical. We know from our experience of 1917 how easily radicals and democrats turn into dictators.

Therefore, our policy is one of coalition building. We need a coalition of all the forces that stand for the accomplishment of all the goals of *perestroika* I outlined above. Analysis shows that this will be a center-left coalition. However, the radical forces will be shorn of their extremist fringe. On the other hand, the most realistic members of the *apparatus* from the conservative camp will join this bloc. At the present stage, this coalition must be headed by centrists.

So far, we have had no success in implementing this option, precisely because of the negative attitudes of the center. Mikhail Gorbachev is not yet quite ready for such a coalition. In Russia, Boris Yeltsin is trying to implement this option, but the center still regards him as a radical, and it is difficult for him to be a unifying force, though he is successfully moving along this track.

On a lower level, however—particularly in Moscow and Leningrad—a special kind of coalition has formed: a coalition without a center, a coalition of radical forces in the elected bodies with realistic members of the *apparatus*. This is not a center-left coalition dominated by the center, but a radical-*apparatus* coalition dominated by the democrats.

Which of these options will win? I am doing and shall do all I can to make the type of coalition we have in Moscow succeed. On the whole, however, I advocate a center-radical coalition as the most appropriate to the situation we now face. The real question is whether Mikhail Gorbachev will be able to take a step to the left toward such a coalition—or whether Boris Yeltsin will be able to

take a step to the right toward the same coalition. Both of them are facing difficult tasks.

In the meantime, here in Moscow, we are trying to carry out the kind of changes that are feasible within the limits of the authority and the opportunities of one city. They are complicated both by the status of our city as the capital of the USSR and of the Russian Republic, and by its size: nine million people in the city and another six million in the Moscow area.

Economic Reform in Moscow

We want to make the residents of Moscow owners of their housing as quickly as we can. The Moscow City Council has made a decision to turn over government-owned apartments to their tenants—if the tenants so desire, of course. This transfer will be free of charge within the limits of the average norms of housing space per person, with extra fees only for space above this norm. Moscow will have a housing market. We will create the conditions for abolishing the resident permit system, one of the bulwarks of state socialism. In a word, an important step will be made toward the economic and political freedom of the citizen.

Another important measure is the privatization of trade in Moscow. The Moscow City Council has made a decision to transfer state-owned stores and wholesale trading companies to private owners, cooperatives, and stock companies. Here, too, we intend to transfer the basic resources—buildings and equipment—free of charge. Our principle is this: Every citizen is entitled to his share in the country's wealth, and within the limit of this share in the heritage of socialism he should—as he parts from the state sector and becomes a private owner—receive everything free of charge, whether it is housing or a store. If the present staff of a store does not want to take it, it will be auctioned off.

The privatization of trade makes sense if the owner has the right to freely set prices. However, in the situation we have now, this would mean nothing but a price hike. Therefore, the Moscow City Council has the obligation to protect the interests of Muscovites, to avoid provoking anti-market hostilities among the population. For the solution, we are looking to the following scheme: fixed prices on a number of goods in special Moscow money and free prices in ordinary rubles. Every Muscovite can receive a portion of his salary in Moscow rubles. There will be a bank for the exchange of Moscow rubles and ordinary ones; there will also be a rate of exchange. This is the beginning of the process that will result in a convertible ruble.

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For the time being, we will have three levels: hard currency, Moscow rubles (backed with goods), and ordinary rubles.

And, finally, I would like to note the following measure: day-care centers will now charge full fees, while the funds that used to be spent by the Moscow City Council on maintaining day-care centers in the city will be given directly to the parents. Instead of the Moscow City Council, parents themselves will be in charge of day-care centers. Here, too, we will be making an important step toward the freedom of the family and the individual.

I could speak of other steps as well: the creation of a stock exchange, real estate auctions, the creation of the Moscow bank as a lending institution including hard-currency credit, and many other things.

A Society of Enterprise and Democracy

Here in Moscow, we see our task as one of making our city a testing ground for new forms of economic and political life, of giving the country models for solving its problems.

Our work is difficult. We are trying to solve a historically unprecedented task: to denationalize and privatize something that has never been private, that has been, from the very beginning, created as state property. And we must give this property to citizens who have never been private owners, in a country where no equivalent of the private sector exists, and where there is no experience of private enterprise.

In our work, we are counting on support and aid from Western countries. Today, Western aid to Moscow radicals not appointed by Gorbachev is, paradoxically, of much greater benefit to Gorbachev himself than is direct aid to the Ryzhkov government appointed by him. Aid to the federal government may be, as it repeatedly was in the past, simply wasted or consumed; or, worse yet, it may serve to maintain outmoded structures.

We believe that Western aid is needed immediately, but it must go to those structures in the USSR that are capable of making it an instrument of transition from a society of egalitarianism, bureaucracy, and passive consumption to a society of enterprise and democracy. Moscow is one such structure.

And we hope that this conference will be a contribution both to Western understanding of our problems and to the development of a Western strategy in dealing with the USSR that will help speed up our perestroika. We must, as soon as possible, make the USSR a

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real partner of Western countries, a partner in ordinary, mutually beneficial trade.

Of course, we could accomplish perestroika by ourselves. We can bear our own cross. But with the right kind of support from the West, our road will be an easier and shorter one.