

Moscow Workshop Report

by Kate Cell

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ECAAR-Russia and ECAAR-US held a Moscow workshop on Sept. 30th and Oct. 1st, entitled "Inequality and Democratic Development." Funded by a major grant from the Ford Foundation's Media, Arts and Culture division, the workshop examined the related issues of income inequality, economic policy, freedom of expression and access to the media, and political development in Russia. Ruslan Grinberg, Director of the Institute for International Economic and Political Studies at the Russian Academy of Sciences, organized the meetings, which were also attended by Stanislav Menshikov, Oleg Bogomolov, and Alexander Nekipelov of ECAAR-Russia, James Galbraith, Michael Intriligator, Richard Kaufman, Marshall Pomer, and Kate Cell of ECAAR-US, and other Russian academics and journalists. Over four sessions in two days, the group held lively, sometimes heated debate on some of the most pressing issues facing Russia.

Alexey Sheviakov and James Galbraith presented papers on inequality in Russia, showing the degree to which wealth in the country has become polarized by geographic region, with Moscow, St. Petersburg, and certain oil-producing regions growing rapidly, while rural areas have slipped into deeper poverty. Drs. Intriligator and Menshikov pointed to the still-pressing needs for structural reform in the Russian economy, including the introduction of appropriate property tax legislation, a progressive rather than flat income tax, excess profits taxes on fuel, steel, and non-ferrous metals exports, and other measures to restore a middle class decimated over the last dozen years of privatization and economic stagnation.

Indeed, workshop participants drew a clear parallel between the loss of the middle class and the relative lack of protest against government policies. While measures and definitions differ, they agreed that only 15% of the Russian population can now be called middle class; most of the country's wealth including that from natural resources remains concentrated in the hands of a powerful few with very little benefit accruing to the vast majority of citizens.

A parallel concentration of power and resources is seen in the media, which after an initial flowering under Gorbachev's glasnost programs have increasingly come back under state control. Dr. Alexander Deikin, in a paper co-authored with Ruslan Grinberg, used several sources including Freedom House data to investigate the independence of the mass media in Russia and relations to its political and economic conditions. Drs. Deikin and Grinberg conclude that, while there is substantial freedom of expression in Russia today, full independence of the press does not exist and the situation is in fact becoming worse.

Dr. Tatyana Chubarova, also working with Dr. Grinberg, looked at the direct and indirect links between political democracy and inequality of income in the Commonwealth of Independent States. She pointed to methodological difficulties inherent in addressing these questions, concluding that the relationships between democracy and inequality are by no means simple and that ideological factors could explain the rise in inequality in the former socialist countries.

In addition to the papers, many of which were specially commissioned by ECAAR, the workshop served the very useful purpose of reuniting some of the original members of the Economic Transition Group, founded by Marshall Pomer and Alexander Nekipelov in 1994. After a dozen and more years of post-communist transition, many of the group's original recommendations are still valid today. Drs. Oleg Bogomolov and Michael Intriligator have agreed to draft a new Joint Statement of US and Russian Economists, based on the structural and institutional reforms suggested by the workshop's participants. Both ECAAR-Russia and ECAAR-US will distribute the statement widely in their respective countries.

Reminding the participants of ECAAR's core concerns of stability, security and peace, Richard Kaufman presented a new paper on "Proliferation, Preemption and Nuclear War Fighting." Mr. Kaufman provided an overview of the current state of US and Russian nuclear policy and global proliferation and nuclear threats, and his paper made extensive use of work done by Stanislav Menshikov on the Russian reaction to the US ballistic missile defense program.

The workshop remembered that ECAAR itself was founded after Dr. Robert Schwartz attended a Russian meeting of the International Physicians for the Prevention of Nuclear War and thought, "If the doctors have something to say about these issues, so do the economists." If, as Mr. Kaufman suggests, we are facing a new kind of nuclear arms race, ECAAR has already crossed national boundaries to discuss the economic and security implications and to plan its strategy accordingly.

Stanislav Menshikov, James Galbraith, and Michael Intriligator taped interviews for Moscow television. Journalists from a variety of Russian publications, including The Problems of Forecasting, Moscow News/Time, The World of Transformations, The All-Russia Economic Journal, The Social Networkhip, and Russia and the Modern World also attended the meetings.

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