

Russia in six years

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They were born in Tiflis in 1925.

Great Breakthrough

On 1 March 2018 in his pre-election address to the Federal Assembly, Vladimir Putin promised Russia a 'Great Breakthrough':

'... the speed of technological change is growing rapidly, going up sharply. Those who use this technological wave will break far ahead. Those who cannot do this, the wave will simply overwhelm, drown.'

The same thought was clearly expressed in his Inauguration speech of 7 May, elected again as president for the next six years, when he repeated his pre-election promise of an 'economic, technological breakthrough ...'

Not only as historians, but also as people who have lived long lives, we remember the words of another Russian-Soviet leader, similar in meaning, taking into account the time, uttered on 4 February 1931 at the All-Union Conference of Workers of Socialist Industry:

'We are 50 to 100 years behind the advanced countries. We must run this distance in ten years. Either we do it or we are dashed.'

This grandiose programme was carried out with great tension by two five-year plans according to a compulsory and detailed plan, the implementation of which was the law and priority for the entire country. During ten years, thousands of new factories and industrial plants were commissioned: factories, mines and power

plants. Peasant Russia was transformed into an industrial power.

During the 20th century, we witnessed several successful economic breakthroughs. There was Franklin Roosevelt's 'New Deal' in 1933-1938, which raised the United States from the devastation of the economic crisis and the 'Great Depression'. During the years from 1946 to 1950, Germany and Japan revived rapidly from the ruins of defeat in World War Two. Restoration of the economies of France, The Netherlands, Belgium and Norway, fragmented and plundered after their occupation in 1940, relied on the generous assistance of the Marshall Plan, announced by the United States in 1947.

Programmes of economic breakthrough were not always successful. Mao Zedong's 'Great Leap Forward', started in China in 1958, turned into a disaster for the people of that great country. In 1957, Khrushchev's programme for agriculture, entitled 'Catch up and outstrip America', ended in failure. Everyone remembers the sad fate of Gorbachev's *Perestroika*. During the 1990s, 'shock therapy' programmes failed; voucher privatization, pledge auctions for the distribution of state property to private owners and, finally, the 'GKO' financial pyramid, which led to default, were attempts at a breakthrough from socialism to capitalism undertaken by Boris Yeltsin. They brought down the welfare of the population and the economy of the whole country. President Putin's 'big breakthrough' has a better chance of success, although not all of his promises can be realized in such a short time. The developed and mandatory economic programme of new reforms is not yet available. The presidential decree 'On national goals and strategic tasks for the development of the Russian Federation for the period until 2024', signed on 7 May, is not a strict mandatory plan, supported by finance, concrete projects and economic calculations, but only intentions and instructions to the government.

Economic realities and breakthroughs

Economic programmes and human factors in 'breakthroughs', as we know, are not the same thing. Peter the Great, who raised Russia's industrial potential to unprecedented heights, achieved this through violence and coercion of serfs and all other classes of society. The economic and military power of the empire increased, while the standard of living of the population, which did not exceed 20-25 million people in the period 1700-1725, declined.

Economic transformation during 'Stalin's five year plans' was achieved

by coercion and mass repression. The development of large-scale industry occurred on the basis of violence and expropriations, the most famous of which were 'dekulakization' of wealthy peasants and confiscation of financial resources and property of small entrepreneurs who created thousands of useful and successful industries and trade enterprises in the consumer sector during the period of New Economic Policy (NEP) from 1922 to 1929. Many factories, including the legendary Moscow Automobile ZIS and the Stalingrad and Chelyabinsk Tractor Plants, were created through comprehensive importation of equipment from the US and under the guidance of American engineers.

'New Deal' Roosevelt was a success in the United States, thanks to government intervention in economic projects. To eliminate unemployment, a shortened 35-hour work week was legislatively introduced and an extensive programme of public works was launched, primarily on the construction of highways, railways and bridges. The dollar gold standard was abolished. The government could print any sums of dollars not backed by gold. A minimum wage for workers was introduced. This limited period of state socialism proved salutary for American capitalism.

The failures of other 'breakthroughs' also have objective explanations. Mao Zedong's 'great leap forward' ended in failure as it had no technical programme, nor were there sufficient financial, material and human resources. The same applies to Gorbachev's 'restructuring'.

The historical load carried by Russian science and technology

The first electronic computer was built in the United States in 1945. At the same time in the Soviet Union, cybernetics was declared bourgeois and idealistic pseudoscience. The division of many scientific branches into 'bourgeois' and 'socialist' continued until 1954. In computer technologies, the Soviet Union lagged behind the US for two technological generations. The last embargo on the sale of American computers to the Soviet Union was introduced by President Jimmy Carter in the 1980s. In the production and application of computer technology, Russia currently lags behind not only the US and Japan, but also China.

The collapse of the Soviet Union and the formation on its territory of 15 new states led to numerous discontinuities of the previously unified industrial economy and financial system. The scientific and creative intelligentsia suffered greatly from hyperinflation that arose in the Russian Federation in 1992. Funding of many scientific and technical developments was minimized or ceased altogether. Scientists' salaries

were not indexed to inflation. Inevitably, mass emigration of scientists, primarily young people, started. The losses to science in Russia, a 'brain drain', are estimated as hundreds of thousands of scientists. Soviet specialists in the fields of nuclear and missile technology, especially from the former union republics, found application in the development of these industries in India, Pakistan, North Korea, Israel, Iran and some other countries.

In Russia since 2000, on the other hand, there has been immigration of scientists from many Commonwealth of Independent States (CIS) countries, primarily Ukraine, Belarus, Kazakhstan, Georgia and Armenia. Millions of qualified specialists and workers, not only Russians who left CIS countries, helped to increase the scientific, technical and industrial potential of the Russian Federation in many important sectors. However, in the newest digital technologies, which until recently had a global character and spread independently of state borders, Russia, with the signs of a new Cold War and the introduction of various embargoes, discovered many problems. The 'breakthrough' programme should, first of all, ensure the independence of Russia and its allies from numerous sanctions and provocations, which have been growing since 2014.

Financial resources for the breakthrough

Any programme that envisages an increase in the wellbeing of the population, an increase in the birth rate and life expectancy, an increase in maternity benefits, and the growth of pensions for the elderly and disabled, the development of medical care, education and science, and the improvement of urban ecology requires extensive additional budgetary financing and accelerated growth in the production and export sectors of the economy. The same applies to developing transport routes. The budgets already approved by the State Duma for 2018-2020 have not promised a 'breakthrough' and were in deficit. Borrowings in foreign financial markets were envisaged.

Taking into account President Putin's new directives, it is planned to revise the budget for 2019, the revenue and expense items of which will be significantly increased. The current rise in world oil prices creates favourable conditions for this. Traditional methods of increasing budget revenues are common to all countries and they will undoubtedly be applied in Russia. First and foremost, the variety of taxes on income, sales, profits and property are increased. Additional budgetary funds will be released by increasing the retirement age, which is at present 55 years for women and

60 for men, the lowest in Europe.

Traditionally, increased budget revenues are achieved by higher prices for gasoline and diesel fuel, as well as for tobacco and alcohol. Subsidies for utilities will be abolished. Reducing military spending and assistance programmes to other states could provide Russia with additional substantial funds. Import substitution, started in 2014, will be expanded. In 2019, it is planned to put into operation new gas pipelines and increase gas exports, both to the West and to the East.

Other measures specific to Russia will also be used. First of all, there are special measures for the return of many billions of capital, which leaked to offshore and Western banks during the period of 'oligarchic' capitalism. This was not stopped even after 2000. Administrative expenses will also be significantly reduced; the vast apparatus at presidential, governmental and governors' levels will be reduced.

Putin's special reserves

Having been in power for almost 18 years, President Putin has constantly increased personal power and responsibility, preserving and even increasing throughout this time a high level of trust and support in Russian society. With Khrushchev, Brezhnev, Gorbachev and Yeltsin, everything was the other way round. The same can be said about Western leaders, especially American and British. In the modern world, the increase in the trust rating, with long terms of office, is demonstrated only by Xi Jinping in China, Nazarbayev in Kazakhstan, and Lukashenko in Belarus. Putin has not defined his ideology, besides emphasising his patriotism. He strengthened the influence of the Orthodox Church, but not at the expense of other religions. He encourages moderate Islam in Russia and in the Islamic autonomous areas of Russia. Putin was the first Russian leader to visit the main Catholic cathedral and the Old Believer temple in Moscow. He has repeatedly expressed respect for Judaism and Buddhism. In this respect the contrast between Putin and Donald Trump is quite obvious.

The main opposition to Putin is the oligarchs. However, their influence continues to decline. In 2000, 70 per cent of the Russian economy was controlled by oligarchic capitalism and only 30 per cent by the government. By 2018, the public sector of the economy dominated and acquired a more dynamic corporate structure. However, a significant number of young people, not familiar with the problems of even the recent past, and brought up with the internet and social networks, relate very coolly to Putin's policy. Opposition to Putin from this side, however, has little creative potential. The communist and liberal oppositions have weak

electoral support and do not offer alternative programmes.

The tasks set by Putin for the next six years are so great that they will only be solved by directly attracting private capital. This was how the Winter Olympics in Sochi in 2014 were financed; two-thirds of the costs for construction of the facilities were covered by private investment. The construction of the grandiose Crimean bridge across the Kerch Strait, started in 2015, is carried out by private equity company, Stroigazmontazh, the main shareholder of which is the oligarch Arkady Rotenberg. Construction of new high-speed railways is carried out by international consortia.

To implement major construction projects during the period 2018-2024, design offices with responsible administrators will be established, with extraordinary powers and working independently of the government and the state budget. In the same way, preparations were made for the 2018 World Cup. Over 70 per cent of these multibillion-dollar expenditures are extrabudgetary funds. But they will be returned. Investments by FIFA, the International Federation of Football Associations, and the flow of football fans and tourists make significant contributions to the economy of cities, both financial and political. The resultant infrastructures become state property.

Russia is now a young, new, yet ancient country. Unlike Lenin, who created the Soviet Union, tearing the country away from its 'imperial' past, Putin dates the history of the new Russia from Kievan Rus, its baptism in 988, or maybe even earlier. Most Western and world leaders, while defining their policy towards the Russian Federation, do not understand this. This is not understood by many Russian citizens. But for Russian historians this is already obvious.

Patriotic outlook, extending to the masses, unites many people around common spiritual and historical values. Russia is not only a state, but also an independent civilization, one of several, Chinese, Japanese, Arab, Indian and others surviving in the world. The independent French, German-Austrian, English, Greek, Spanish and other civilizations in the past have merged into a common 'Western' civilization in the last decades.

2024 is defined as a control, only because it coincides with the completion of the term of office of the Russian president elected in May 2018. However, it cannot be ruled out that with the success of a 'breakthrough', not even fully, Putin's powers could be extended. Examples from China, Kazakhstan, Belarus and Azerbaijan show that changes in constitutions are easier to accomplish than a change of power. But the main condition for such a scenario for the future is the success of the programme for improving people's welfare.