The Ethic of Self-Reliance and the Spirit of Capitalism in Russia

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abstract: Oleg Kharkhordin (1994) argues that most Russian industrialists adhere to a corporate ethic of mutual aid that facilitates the creation of financial and industrial conglomerates united in a national market. He also emphasizes that sustained capitalist development requires the rise of a new individualistic ethic of samostoyatel'nost', or self-reliance, which he finds growing among Russian businesspeople. Contrary to Kharkhordin's assertions, I demonstrate the persistence of collectivist sentiment among state enterprise directors on the basis of a 1994 Moscow-region survey. I then use survey data to show that in the adult Russian population as a whole, self-reliance was a much less popular norm in 1995 than it was in 1989. Finally, I analyse a 1995 survey of Russian adults in order to demonstrate that entrepreneurial Russians are not especially inclined to espouse the samostoyatel'nost' ethic. I conclude that certain social-structural continuities between the Soviet and post-Soviet periods partly account for the persistent weakness of the samostoyatel'nost' ethic among most Russians, including entrepreneurs. An ethic of self-reliance may be necessary for sustained capitalist growth in Russia, as Kharkhordin suggests, but so is a transformation of power relations more massive than has taken place to date.

keywords: capitalism ♦ culture ♦ economic development ♦ entrepreneurs ♦ Russia

Introduction

This article takes issue with Oleg Kharkhordin's (1994) culturalist approach to understanding the current economic reform in Russia. Kharkhordin argues that most Russian industrialists adhere to a corporate ethic
of mutual aid. In Kharkhordin’s view – and contrary to widely held opinion – this collectivist ethic, rather than hindering capitalist growth, actually facilitates the creation of financial and industrial conglomerates united in a national market. Collective efforts helped Japan and South Korea to become economic success stories. They may, writes Kharkhordin, have similar salutary effects in Russia. Kharkhordin emphasizes, however, that in order to sustain capitalist development the corporate ethic must soon give way to a new individualistic ethic of samostoyatel’nost’, or self-reliance. He is therefore encouraged to find in the ideas and actions of some Russian businesspeople evidence that the transition to samostoyatel’nost’ is underway (see also Kharkhordin and Gerber, 1994).

I object to Kharkhordin’s argument on both empirical and theoretical grounds. Empirically, I first demonstrate the persistence of collectivist sentiment among state enterprise directors on the basis of a 1994 survey conducted in the Moscow region (N = 101). Then I use survey data to show that in the adult Russian population as a whole, samostoyatel’nost’ was a much less popular norm in 1995 than it was in 1989, contrary to what one might expect on the basis of Kharkhordin’s analysis of creeping individualism. Finally, I analyse data from a 1995 survey of Russian adults (N = 2000) in order to demonstrate that entrepreneurial Russians are no more inclined than non-entrepreneurial Russians to espouse ideas associated with the two distinct dimensions of the samostoyatel’nost’ ethic identified by Kharkhordin.

In a more theoretical vein, I conclude that certain social-structural continuities between the Soviet and post-Soviet periods account for the persistence of a corporate ethic (and the persistent weakness of the samostoyatel’nost’ ethic) among most Russians, including entrepreneurs. More generally, I argue that the Russian pattern of economic change in the post-communist era is associated with these structural continuities, and is not just a result of the absence of certain ‘cultural prerequisites to capitalist development’, as Kharkhordin maintains.

Samostoyatel’nost’ and the Development of the Capitalist Class

Russia was never a seedbed of individualism and self-reliance. On the contrary, in the 19th century, legions of populists argued that the peasant commune and collectivism as an ideology and a way of life were so deeply ingrained in the Russian psyche that the worst horrors of capitalist development might be entirely avoided in that country. In their view, capitalism and individualism were antithetical to Russian society and culture while there existed an elective affinity between Russian collectivism
and the spirit of socialism. Russia, the populists held, might therefore skip historical stages, proceeding directly from feudalism to socialism.

The first Russian Marxists disagreed. So did Lenin, who argued in his magnum opus, *The Development of Capitalism in Russia*, that capitalism had already sunk deep roots in Russia (Lenin, 1967 [1899]; cf. Brym and Economakis, 1994; Economakis and Brym, 1995). Nonetheless, Russian Marxists were well aware from the 1890s on that (in the words of the 1898 Manifesto of the Russian Social Democratic Labour Party) 'it is further east one goes in Europe, the more cowardly, mean and politically weak is the bourgeoisie, and the greater are the cultural and political tasks confronting the proletariat'. It followed that the 'Russian working class must and will bear on its own sturdy shoulders the cause of winning political freedom ... and thus with greater energy will continue the struggle against capitalism and the bourgeoisie for the complete victory of socialism' (Manifesto, 1974 [1898]: 35). There was, of course, a dilemma embedded in this argument. If the bourgeoisie was so feeble, what was to prevent the sturdy proletariat from taking state power immediately? By 1917, Lenin and the Bolsheviks had come round to a version of the populist idea. Russia, they argued, could skip stages after all and an immediate transition to socialism could begin. Thus, with the exception of the period of the New Economic Policy (1921–9), when out of bitter necessity the Soviet government 'felt compelled to retrieve the bourgeoisie from the garbage heap of history to help feed and clothe the Russian people' (Ball, 1987: xv), Russian capitalists fully lived up to their historical reputation as the country's 'forgotten class' (Bill, 1959).

It was not until May 1988 that the next legal charter for private enterprise – Mikhail Gorbachev's Law on Cooperatives – was implemented. However, a substantial capitalist shadow economy had originated by the late Khrushchev era. It blossomed under Brezhnev (Grossman, 1977; Katsenelboigen, 1977). Major operations were controlled by organized crime groups. By the late 1970s, as much as half of personal income in the USSR derived from non-state operations in home, automobile and appliance repair, used car sales, construction and other fields. There were even factories-within-factories where, say, raw cotton or wool was siphoned off from state enterprises and used to make clothing and linens that were subsequently marketed through illicit retail networks. By the mid-1980s, perhaps 20 million people were engaged in moonlighting apart from their state jobs. They often earned two to three times as much as people in the state sector offering the same services (Smith, 1990: 266–9).

Representatives of the state apparatus were officially and publicly antagonistic to the capitalist shadow economy. Often, however, their enmity was silenced by pay-offs (Vaksberg, 1991: 22–3). It is in fact no exaggeration to say that crime, capitalism and communism became closely intertwined. Konstantin Simis, a former defence lawyer for the Soviet
Ministry of Justice, who had many clients involved in the underground economy, put it this way:

[The criminal world . . . includes store and restaurant managers and directors of state enterprises, institutions, and collective and state farms. They are all members of this ruling monopoly – the Communist Party – and their principal professional activities are absolutely legal and aboveboard. . . .] It is characteristic of the system that the ruling district elite acts in the name of the Party as racketeers and extortionists of tribute, and that it is the criminal world per se who must pay through the nose to the district apparatus. Thus it happens that the system of organized regional crime combines with the political regime and the economic system of the country and becomes an inseparable component of them. (Simis, 1982: 87; cf. Anderson, 1994)

Not surprisingly, when a team of French and Russian sociologists conducted in-depth interviews with a small group of Russian businesspeople in 1992 and 1993 – four to five years after the legalization of private business by Gorbachev – they found that the typical Russian entrepreneur was a person whose present economic success was rooted in the state-controlled capitalism of the Soviet era (Gimpelson, 1993). Some contemporary businesspeople had been players in the Soviet shadow economy who laundered their illicitly earned money under Gorbachev and Yeltsin. Others had been ‘red directors’ of state enterprises and members of the party elite (the nomenklatura) who used party and state resources, personal connections and insider knowledge to gain control of enterprises that were being privatized. This process led many Russians to refer to privatization as ‘piratization’ (prikhvatizatsiya) (Applebaum, 1994: 11; Nelson and Kuzes, 1994; cf. Róna-Tas, 1994; Shkaratan, 1992). The only significant group of Russian businesspeople whose origins could not be traced to the state-controlled capitalist activities of the communist era was composed of highly educated specialists who were frustrated with stagnation and low pay in their professions and who entered business when the legal opportunity to do so arose. Between 1990 and 1993, the number of Russian scientists fell by 1.2 million, or nearly a third, and most of those leaving their profession went into business (Gimpelson and Magun, 1994; Morvant and Sigel, 1995).

Businesspeople whose contemporary success is rooted in the Soviet era may be innovative and enterprising – they could hardly have survived under communism without cunning and energy – but they are by no means self-reliant (samostoyatel’n’yi) in the sense of operating independently of government aid. From the beginning, they depended heavily on state corruption for their very existence. Later, the state passed laws allowing them to become Russia’s legally recognized capitalist class. It subsidized operations by having the Central Bank regularly pay off enormous interenterprise debts. (State subsidies still amount to about 22 percent of GDP for industry and 7 percent for agriculture; see Rutland, 1994: 1120).
The state failed to prevent organized crime from taking over 40 percent of all economic activity by 1993 (Handelman, 1994: 84) and as much as 50 percent of investment capital by 1994 (Osipov et al., 1994: 325). Even when the central state sought to break up the old system of central allocation by instituting price liberalization in 1992, there took place a kind of development, in which the limitations of the old centralized state allocation and trading system in its most primitive manifestations are reproduced in miniature at the local level by authorities who levy quotas on marketable items, barter them for goods from other regions and control supply allocations through state contracts (Hanson, 1993: 49).

One can cite plenty of data that appear to demonstrate how individualism, anti-statism and the desire for self-reliance blossomed under Gorbachev, even among enterprise directors in the state sector. Typically, one cooperative manager said in 1990 that ‘[t]he cooperative creates a different . . . mentality. . . . Working for a cooperative makes people independent, free. . . . [But the] whole system is built on dependence. . . . That’s what the bureaucrats don’t want to see change’ (quoted in Smith, 1990: 262). In 1991, a team of American and Russian sociologists conducted a survey on attitudes towards entrepreneurship and privatization in Russia. The more than 150 state enterprise directors in their sample not only strongly supported private over state enterprise, but were more supportive of private enterprise than any other category of the population (Nelson et al., 1992). This was no idiosyncratic finding. A 1992 nationwide poll of 2000 Russians found that while 53 percent of the population favoured the continuation of economic reforms, the figure was 79 percent among state-sector enterprise directors considered alone (cf. Kossov et al., 1992; Levada, 1992).

However, before concluding that state-sector industrial directors are champions of reform, individualism and self-reliance, it is useful to reflect on the larger ideological context in which these ideas are set. In order to do so, I refer to some results of a survey I organized in January-February 1994 of 101 state enterprise directors in the Moscow region. The directors acknowledged that the overwhelming majority, of their peers (69%) favoured economic reform while only a small minority (21%) opposed it. Moreover, directors’ support for reform parties far outstripped their support for anti-reform parties (55% pro-reform; 16% anti-reform). Yet, paradoxically, when asked which groups, institutions or strata can best lead Russia out of its current crisis, the modal response out of 10 possible answers was ‘a strong, authoritarian leader’ (32%). When asked to comment on the kind of economic system best suited to Russia, the modal response category was ‘the Chinese model’ (36%). Next was ‘the Swedish model’ (26%). Only 17 percent chose ‘the US model’. Nine percent chose ‘a planned socialist economy’. Most enterprise directors said that Russia’s
first economic priority should be ‘to resist declining production’. Two-thirds of them thought that the state should exercise more control over prices and be responsible for all social services, while most of them thought that the Central Bank should offer more credits to industry and only 20 percent thought that fewer credits should be given.

This may seem a rather odd and contradictory assortment of attitudes to hold simultaneously. How is it possible for state enterprise directors to favour reform and privatization, on the one hand, and heavy state involvement in, and protection of, industry, on the other? The answer, I think, is that they benefit from both policy packages. In the 1950s, C. Wright Mills found that the typical American businessperson was strongly in favour of letting fierce competition decide who should profit and who should fail in business – unless, that is, the competition threatened to drive him or her out of business, in which case the entrepreneur saw nothing wrong with state protection (Mills, 1951: 35–40). Analogously, Russian businesspeople today, including directors of state enterprises, are all in favour of privatization – they are, after all, its chief beneficiaries – but they also desire state credits, ineffective bankruptcy laws and other forms of state protection and dependency that shield them from the vagaries of the market. Statements about the samostoyatel’nost of Russian entrepreneurs, including those made and cited by Kharkhordin, should thus be taken as self-serving ideological statements rather than accurate descriptions of reality. Russian entrepreneurs want to be self-reliant only up to the point at which self-reliance ceases to be profitable; beyond that, they want all the state protection they can get, which in the Russian case is still quite a lot.

The situation is somewhat different for the general population. Ordinary Russians were always less enthusiastic about privatization than entrepreneurs. They had less to gain and the risks associated with private enterprise were potentially greater for them. The initial results of Russia’s transition to capitalism seemed to add substance to their anxieties. Retail prices skyrocketed about 1200 percent in 1992 and were still rising rapidly in the first half of 1995, during which time a 78 percent increase was recorded. In early 1995, GNP was half of what it was a decade earlier and was still falling at an annual rate of about 15 percent. Real unemployment stood at 18 percent in June 1995. Life expectancy for men fell from 64.9 years in 1987 to 57.3 years in 1994, the lowest among industrialized countries. Infant mortality more than doubled between 1990 and 1993. The number of deaths officially attributed to alcohol poisoning rose from 117,000 in 1987 to 262,000 in 1992, as alcohol consumption rose over 30 percent. More than a quarter of the population was living below the absurdly low officially defined poverty line by 1996. In 1991, the richest 10 percent of Russians earned 4.5 times more than the poorest 10 percent
of Russians. By 1994, the ratio was 15:1, making Russia one of the most
inegalitarian countries in the world (Morvant, 1995a, 1995b, 1995c, 1995d;
Morvant and Sigel, 1995; Prism, 1995; Jamestown Monitor, 1995a; Rutland,
1994: 1111; Sigel, 1995a, 1995b). Under these conditions, it is little wonder
that self-reliance as an ideological principle has become so unpopular; the
plain fact is that a growing number of citizens yearn for the economic
stability and superior standard of living offered by state dependency in
the communist era (Brym, 1995). Thus, in a 1989 survey of the Soviet
population, two American political scientists asked their respondents
which of the following statements they agreed with: (1) ‘The state and
government should be mainly responsible for the success and well-being
of people’. (2) ‘People should look out for themselves, decide for them-
selves what to do for success in life’. They found that 51 percent of their
respondents favoured state and government responsibility for people’s
well-being while 49 percent favoured self-reliance (Finifter and Mick-
iewicz, 1992: 862, 872). Six hard years later, I found in a survey of a rep-
resentative sample of Russia’s adult population that a mere 8 percent of
respondents favoured self-reliance as a strategy for achieving well-being
while fully 92 percent favoured state responsibility (Brym, 1996a).5 In
short, in the general population, the ethic of samostoyatel’nost’ is in rapid
decline.

**Samostoyatel’nost’ and Entrepreneurialism**

In this section, I offer a more rigorous test of Kharkhordin’s thesis using
data from the 1995 survey of Russian adults. I create two measures of
samostoyatel’nost’ and conduct multiple regression analyses in order to
determine the degree to which the measures are independently associated
with three indicators of entrepreneurialism. This yields a total of six tests
of the association between samostoyatel’nost’ and entrepreneurialism.
Finding statistically significant associations would support Kharkhordin’s
arguments. Finding statistically non-significant associations would falsify
his argument. As we shall see, five of the six associations are not statisti-
cally significant at the .05 probability level, while the sixth, although sta-
tistically significant, is not very strong and its meaning is ambiguous.
Kharkhordin notes:

[T]he word samostoyatelnost is most frequently used by entrepreneurs in two
senses. The first set of meaning [sic] conveys the word’s derivative origin from
the root sam (self, own): standing on one’s own, self-reliance, self-assertion, self-
fashioning. The second set is derived from the ‘samostoyatelny / dependent,
unfree’ opposition. In this sense, samostoyatelnost is understood as indepen-
dence from somebody else’s will or from this will embodied in institutional
constraint. (Kharkhordin, 1994: 421)
Using data from my 1995 survey of Russian adults, I created two scales that correspond to the two dimensions of *samostoyatel’nost* delineated by Kharkhordin. The first scale measures ‘locus of responsibility’. It combines scores on attitudes towards state versus private ownership of heavy industry, price setting by the state versus the market, and the employment of people by state guarantee versus market forces. Using mean-substitution for missing values, scores on the three items were standardized and added together to create the scale (Cronbach’s alpha reliability coefficient = .56; see the bottom half of Table 1 for question wording). The second scale measures ‘political freedom’. It combines scores on seven items measuring attitudes towards freedom of speech and the press, emigration, entrepreneurial activity, multi-party politics and strike action. It also includes a question about whether there is more or less political freedom now than before Gorbachev and a question about which party is likely to win the next parliamentary election. Using mean-substitution for missing values, scores on the seven items were standardized and added together to create the scale (Cronbach’s alpha reliability coefficient = .64; see the bottom half of Table 2 for question wording).

My three indicators of entrepreneurialism are (1) educational attainment, (2) the natural log of annual individual income, and (3) an index of entrepreneurial activity. Educational attainment is a plausible measure of entrepreneurialism because, as noted above, many highly educated Russians, disillusioned with low pay and poor working conditions in their chosen professions, have drifted into business. However, it is the weakest of my three measures because the majority of highly educated Russians are not involved in business. Annual income is a better indicator of entrepreneurial activity for the obvious reason that businesspeople generally earn more money than others; for example, respondents who reported occupations in trade and finance were the top money earners in the 1995 survey. I took the natural log of annual income to correct for a strong positive skew in the distribution. Finally, the index of entrepreneurial activity takes into account the fact that Russians are generally engaged not in one but in many different economic activities, only some of which are monetized and only some of which are governed by market forces (Rose, 1993). Accordingly, respondents were asked to indicate the main and second most important sources of their family’s livelihood. Their responses were first indexed as in Table 3, with higher values indicating higher levels of entrepreneurial activity. Then the values for main and second most important sources of livelihood were combined to yield an overall index of entrepreneurial activity.

Table 1 shows that I found a number of variables with statistically significant independent effects on locus of responsibility. Respondents who were more likely to believe that the individual should depend on himself or herself for well-being and success were also more likely to favour more
Table 1  Multiple regression of locus of responsibility scale

<table>
<thead>
<tr>
<th>Variable</th>
<th>b</th>
<th>se b</th>
<th>beta</th>
<th>t</th>
<th>sig t</th>
</tr>
</thead>
<tbody>
<tr>
<td>More Western influence needed</td>
<td>1.116562</td>
<td>.154271</td>
<td>.257072</td>
<td>7.238</td>
<td>.0000*</td>
</tr>
<tr>
<td>Political freedom scale</td>
<td>.124939</td>
<td>.019085</td>
<td>.237576</td>
<td>6.546</td>
<td>.0000*</td>
</tr>
<tr>
<td>Natural log year of birth</td>
<td>.024340</td>
<td>.004836</td>
<td>.178251</td>
<td>5.033</td>
<td>.0000*</td>
</tr>
<tr>
<td>Gender (male = high)</td>
<td>.677801</td>
<td>.148687</td>
<td>.150879</td>
<td>4.559</td>
<td>.0000*</td>
</tr>
<tr>
<td>Improved personal finances</td>
<td>.267834</td>
<td>.069485</td>
<td>.132900</td>
<td>3.855</td>
<td>.0001*</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-.3420407</td>
<td>.317912</td>
<td>-.10759</td>
<td>-1.759</td>
<td>.0802</td>
</tr>
</tbody>
</table>

beta in  partial  min toler  t  sig t
Education  .026995  .030170  .800473  .757  .4496
Natural log individual income  .038997  .044595  .824375  1.119  .2636
Entrepreneurial activity  -.001508  -.001489  .663041  -.037  .9702

Notes: N = 633; * = p < .0002; adj $R^2$ = .31078; F = 58.19666, p = .0000

Items for 'locus of responsibility' scale:
1. Some people think that large industrial enterprises should be owned by the state in order to ensure that they are used for the good of the whole people. Others think that large industrial enterprises should be owned privately because that increases efficiency and productivity. Do you agree or disagree that large industrial enterprises should be owned by the state? (1 = agree completely, 2 = agree somewhat, 3 = it makes no difference, 4 = disagree somewhat, 5 = disagree completely.)
2. Some people think that prices should be controlled by the state so that everyone will be able to afford necessities. Others think that the state should not control prices in order to stimulate producers and eliminate shortages of consumer goods. What is your opinion? (1 = agree completely that state should control prices, 2 = agree somewhat, 3 = it makes no difference, 4 = disagree somewhat, 5 = disagree completely.)
3. Some people think that the government should guarantee jobs for all people so that everyone has a stable income. Others think that the government should not provide job guarantees because in a market economy that ceases to be the responsibility of the state and becomes one’s own concern. What is your opinion? (1 = agree completely that state should guarantee jobs, 2 = agree somewhat, 3 = it makes no difference, 4 = disagree somewhat, 5 = disagree completely.)

Western influence on Russia and to score high on the political freedom scale. They were more likely to be young than old and more likely to be men than women. They were also more likely to report that the material situation of their family had improved over the preceding five years. These five variables are all statistically significant below the .0002 probability level and they explain over 31 percent of the variation in locus of
responsibility. Importantly, however, none of the three measures of entrepreneurialism attained statistical significance at the .05 probability level. In Russia in 1995, entrepreneurialism—whether measured by educational attainment, annual income or entrepreneurial activity—was not associated with believing that the individual should be responsible for his or her own welfare, net of other predictors.

Now consider the political freedom dimension of samostoyatel'nost'. Table 2 shows that Russians who are most in favour of political freedom tend to be younger and to believe that the West should exercise more influence over their country. They tend to live in Moscow and St Petersburg rather than in other urban areas, and in other urban areas rather than in the countryside. They are inclined to vote for parties other than the

| Table 2  Multiple regression of political freedom scale |
|-----------------|--------|--------|-------|------|-------|
| Variable               | b     | se b   | beta  | t    | sig t |
| Natural log year of birth | 2.643465 | .481338 | .231712 | 5.492 | .0000* |
| More Western influence needed | 1.712644 | .322517 | .212108 | 5.310 | .0000* |
| Rural/urban/metro | .965992  | .272567 | .140920 | 3.544 | .0004* |
| Anti-communist         | 1.797545 | .586993 | .122969 | 3.062 | .0023* |
| Education             | .268187  | .093370 | .122415 | 2.872 | .0042* |
| Jews harm Russia (no=high) | .527107 | .206530 | .099492 | 2.552 | .0110* |
| (Constant)            | -18.376906 | 1.813005 | -10.136 | .0000* |

<table>
<thead>
<tr>
<th>beta in</th>
<th>partial</th>
<th>min toler</th>
<th>t</th>
<th>sig t</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.003830</td>
<td>0.004171</td>
<td>0.762295</td>
<td>0.94</td>
<td>0.9255</td>
</tr>
<tr>
<td>0.088445</td>
<td>0.084291</td>
<td>0.653612</td>
<td>1.898</td>
<td>0.0583</td>
</tr>
</tbody>
</table>

Notes: N = 509; * = p < .0111; adj R² = .25804; F = 30.57571, p = .0000

Items for ‘political freedom’ scale:
1–5. Which of the following has brought more benefit and which more harm to the country? (A list of seven reforms followed, five of which were employed in the scale: freedom of speech and the press, the multi-party system, freedom of emigration, freedom of entrepreneurial activity and the right to strike. Responses were coded 0 = more harm, 1 = more benefit.)
6. If you compare life in Russia today with the way it was in the USSR before 1985, then what aspects of life in today’s Russia are better, the same or worse than in the USSR before 1985? (A list of 11 aspects of life in today’s Russia followed, one of which, ‘political freedom’, was employed in the scale, coded 1 = worse, 2 = same, 3 = better.)
7. Which party do you think has the best chance of winning the next Duma election? (0 = Communist, 1 = other.)

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Table 3 The index of entrepreneurial activity

<table>
<thead>
<tr>
<th>Value</th>
<th>Main source of livelihood</th>
<th>Value</th>
<th>Second source of livelihood</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pensions, stipends, allowances, compensations, humanitarian aid</td>
<td>1</td>
<td>Pensions, stipends, allowances, compensations, humanitarian aid</td>
</tr>
<tr>
<td>2</td>
<td>Own vegetable garden or orchard (produce for sale and own consumption)</td>
<td>2</td>
<td>Own vegetable garden or orchard (produce for sale and own consumption)</td>
</tr>
<tr>
<td>3</td>
<td>Wages from job</td>
<td>3</td>
<td>Wages from job</td>
</tr>
<tr>
<td>4</td>
<td>Income from additional jobs</td>
<td>4</td>
<td>Income from additional jobs</td>
</tr>
<tr>
<td>5</td>
<td>Personal business or personal savings or interest or capital gains from investments</td>
<td>5</td>
<td>Personal business or personal savings or interest or capital gains from investments</td>
</tr>
</tbody>
</table>

Note: If a respondent had valid scores on both the main and second most important sources of livelihood, the scores were combined according to the formula \((2a+b)/2 = c\), where \(a\) is the value of the main source of livelihood, \(b\) is the value of the second source of livelihood and \(c\) is the entrepreneurial activity index. If a respondent had a valid score on only the

Communist Party of the Russian Federation and to deny that representatives of the Jewish people harm Russia. \(^7\)

Contrary to Kharkhordin’s thesis, Russians who support political freedom do not tend to have higher incomes. Nor are they likely to be more involved in entrepreneurial activities. They are on average better educated than Russians who do not favour political freedom. Note, however, that although education is a statistically significant predictor of attitudes toward political freedom (at \(p < .005\)), its effect is modest. On average, and net of other effects, people with elementary school or less (the lowest education category in the survey) scored about 10 percent lower on the political freedom scale than Doctors of Science (the highest rung on the Russian academic ladder). \(^8\) Comparing the beta weights, we see that in standardized terms the effect of education on attitudes to political freedom is only about half as strong as the effect of year of birth. More important, as noted above, educational level is a poor indicator of entrepreneurialism since most highly educated Russians are not involved in business. Finding a relationship between educational level and support for political freedom may say more about the liberalizing effects of education than about the ideological effects of business activity.

Capitalism Without Samostoyatel’nost’

Kharkhordin used two main data sources as evidence for his claims about the spread of the samostoyatel’nost’ ethic in Russia: (1) the ‘Boeva report’,
which is based on interviews with 285 heads of major industrial enterprises in 1991 and 1992 (Boeva et al., 1992, 1993); and (2) the texts of in-depth interviews conducted by two Russian sociologists with an unspecified number of students in a school for young entrepreneurs at the Moscow Plekhanov Economic Academy in 1992. Boeva et al. (1992: 8) frankly admitted that their sample is unrepresentative of Russian enterprises and entrepreneurs. They emphasized that they calculated percentages only for illustrative purposes, not in order to generalize to all Russian enterprises and entrepreneurs. Whether the sociologists who interviewed the students at the Moscow school were similarly cautious is unclear since, to my knowledge, their work remains unpublished. It is certain, however, that students in a single elite school in the capital are by no means representative of all Russian businesspeople.

Bearing these sample limitations in mind, one is obliged to treat as speculative Kharkhordin’s (1994: 423) claim that:

[i]n contradistinction to the younger entrepreneurs who grew up as individualists, the majority of the older entrepreneurs initially adhered to Communist ideals to a greater or lesser extent. They have experienced an acute crisis of the collectivist ethic, and have intentionally accepted the individualist ethic after a prolonged and intensive quest for a solution to this crisis.

I found little evidence to support Kharkhordin’s argument in my surveys. I did find that the samostoyatel’nost’ ethic continued to be very weak among directors of state enterprises in the Moscow region in 1994. I also found that the samostoyatel’nost’ ethic was very feeble and waning in the general Russian population in 1995. Finally, five out of six statistical tests showed that increased entrepreneurialism was not associated with increased adherence to the samostoyatel’nost’ ethic among adult Russians in 1995; and the one successful test is of questionable validity.

A variety of factors account for the weakness of the ethic of self-reliance in Russia. According to economist Peter Rutland (1994: 1121), Russian firms become more market-oriented (and, I would add, their directors and managers more self-reliant) if they become privatized, lack monopoly power, are not burdened with social spending, produce for consumers or for export, produce a variety of goods and are dependent on imports. Let us consider just the first three of these factors in greater detail.

1. Partial Privatization
In Russia, privatization is far from complete. Fully one-third of enterprises are exempt from privatization for security reasons (the defence sector) or because they are controlled by specially privileged groups (the oil, gas and gold mining sectors). Many other firms are partly government-owned.
With government ownership come budget subsidies, cheap energy supplies, tax concessions, guaranteed orders and other practices that counteract market forces.

2. Continuing Monopolization
Russia’s economy is still the most highly monopolized in the world. A mere 500 firms – 0.5 percent of the country’s 100,000 enterprises – produce over 20 percent of the country’s output and in some sectors the dominance of giant firms is still higher (Jamestown Monitor, 1995b). Monopolization allows the owners of firms, not markets, to set prices and production quotas.

3. Persistent Social Spending
In the Soviet era, enterprises were responsible for providing employees with health care, child care, planned vacations, housing and even some food and clothing. These practices are still widespread. Enterprise directors are reluctant to stop acting as heads of mini-welfare states because privatization requires worker approval and workers themselves often hold voting shares in the company. Typically, workers agree to elect old managers (in the state-owned firm) as new directors (in the privatized firm) in exchange for guarantees that jobs and living standards will be protected. Again, this nullifies the effects of the market on enterprise behaviour.

As these examples suggest, the limited spread of an ethic of self-reliance is deeply rooted in the continuity of social structures between the Soviet and post-Soviet periods. At the political level, regimes have changed, parties have come and gone, coups and rebellions have been mounted and put down. At the level of class structure, new property relations have been established and the population has experienced massive downward mobility as well as some spectacular cases of upward mobility. But especially as concerns medium- and large-scale enterprises, power relations have remained largely intact and the structure of the economy has been fairly well preserved. The ‘eclectic mixture of socialism and democracy’ that characterizes the views of most Russians (Popov, 1995: 62) ultimately derives from this fact. Whether this social-structural continuity will lead to the growth of a healthy economic system that incorporates elements of both capitalism and socialism – a unique Russian model of economic development – is still unclear (see Myles and Brym, 1992). What can be stated with some confidence, however, is that the virtual absence of an ethic of samostoyatel’nost’ is associated with social-structural continuity.

None of this justifies dismissing Kharkhordin’s interpretation out of hand. Kharkhordin may be correct to argue that the further development of some form of capitalism in Russia requires the widespread adoption of
an ethic of self-reliance. However, it should also be evident that embracing such an ethic is by no means a sufficient condition for sustained capitalist growth, as Kharkhordin implies. Weber, it may be noted, understood this well. He wrote *The Protestant Ethic and the Spirit of Capitalism* in order to correct the one-sidedness of economic determinism, not to create an equally one-sided cultural determinism. In fact, in order to round out the picture he sketched in *The Protestant Ethic* . . ., he intended to study the impact of economics and politics on religion during the time of Calvin’s followers. We should not let Weber’s failure to write that essay prevent us from appreciating the full scope of his vision.

**Notes**

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1. However, even this stratum of the business class had to conform to the corrupt rules of the capitalist game in post-Soviet Russia (on which, see especially Handelman, 1995) if they were to survive and prosper. One well-known example is that of Serget Mavrodi, a PhD in mathematics, who created a financial pyramid known as MMM that robbed scores of thousands of ordinary Russians of their savings. The collapse of MMM was so devastating for so many people that it prompted the formation of a new political party known as The Party of Deceived Investors (*Partiya obmanutykh vkladchikov*).

2. Face-to-face interviewing was conducted by trained interviewers between 18 January and 9 February 1994 and supervised by Nikolai Popov of the Russian Centre for Research on Public Opinion (VTsIOM). Enterprises were selected so as to match the industrial structure of the Moscow region. The response rate was 55 percent. Due to the relative difficulty of securing the agreement of enterprise directors to participate in the survey, substitutions were allowed. Thus, while 67 respondents were directors, 27 were vice-directors and 7 were chief engineers.

3. Anti-reform parties include the Communists, Agrarians and Liberal Democrats. Reform parties include Russia’s Choice, YaBloko and the Party of Russian Unity and Accord (McFaul, 1994).

4. This is not to say that reforms per se were responsible for the immiseration of the Russian people. As I argue elsewhere (Brym, 1996b), it was the subversion of the reform movement by various elite groups that was principally responsible for the rapid decline in living standards.
5. For the questions used to create my ‘locus of responsibility’ scale, see the bottom half of Table 1. The scale was dichotomized for purposes of dividing respondents into those who favour individual vs state responsibility. The poll was conducted under the direction of Rozalina Ryvkina, Leonid Kosals and Nikolai Popov, all of whom are associated with VTsIOM. A stratified random sample of respondents was drawn. Respondents were interviewed face-to-face by 172 experienced and trained interviewers in 42 urban centres and 24 villages in European and Asian Russia. The average length of each interview was 58 minutes. The response rate was 76.6 percent. VTsIOM interview directors randomly selected 12 percent of respondents and contacted them by telephone or personal visits for verification and validation purposes. The sample matched closely the sex, age and 12 December 1993 voting distribution of the adult population of Russia, but it had to be weighted to match the educational distribution.

6. I took the natural log of year of birth to correct for non-linearity in the cross-tabulation between year of birth and the political freedom scale. Even without this correction, however, year of birth was a statistically significant predictor of attitude to political freedom.

7. Duch (1993) and Miller et al. (1994) justify including the political reform scale in the multiple regression of locus of responsibility, but not vice-versa.

8. The number of units of the independent variable that correspond to a unit change in the dependent variable is equal to 1/b, where b is the absolute value of the regression coefficient. Thus a change of 1/0.268187 (= 3.7) categories in the education variable corresponds to a unit change in the political freedom scale, which represents 4.7 percent of the range of the scale. A change across the entire range of the education variable, which spans nine categories, corresponds to a 10.1 percent change in the political freedom scale.

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