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**JUNE 21–23, 2012**

**Realizing Russia's Potential**  
**STOLYPIN'S ECONOMIC POLICY: IS IT APPLICABLE IN TODAY'S RUSSIA?**  
**Panel Discussion**

**JUNE 23, 2012 — 10:00–11:15, Pavilion 5, Hall 5.3**

**St. Petersburg, Russia**  
**2012**

**Moderator:**

**Pavel Pozhigailo**, President, Foundation for Study of the Heritage of P.A. Stolypin

**Panelists:**

**Mary Schaeffer Conroy**, Emeritus Professor, Russian History, University of Colorado

**Sergei Karaganov**, Dean, Faculty of World Economy and International Affairs, National Research University of the Higher School of Economics

**Yaroslav Kuzminov**, Rector, National Research University of the Higher School of Economics

**Mikhail Leontiev**, Russian journalist, anchor, Odnako

**Vladimir Mau**, President, Russian Presidential Academy of National Economy and Public Administration

**Valery Muntiyani**, Government Commissioner of the Cabinet of Ministers of Ukraine for cooperation with the Russian Federation, the member states of the Commonwealth of Independent States, the Eurasian Economic Community, and other regional associations

**Maksim Shevchenko**, Journalist, anchor, Channel One

**Front row participants:**

**Eduard Prutnik**, Chairman of the Board, One World International Fund; President, Eurasian Union of Industrialists and Entrepreneurs

**Alexander Rahr**, Program Director, Berthold Beitz Center for Russia, Ukraine, Belarus, and Central Asia, German Council on Foreign Relations

**Valentin Shelokhaev**, Chairman of the Academic Council, Foundation for Study of the Heritage of P.A. Stolypin

**Igor Yurgens**, Chairman of the Management Board, Institute of Contemporary Development; Chairman of the Committee for pension system development and social insurance, Russian Union of Industrialists and Entrepreneurs

**P. Pozhigailo:**

Good morning!

I am happy to see so many friends of our Foundation gathered here today. Thank you all for coming to St. Petersburg.

Over the last year, we have conducted nearly 40 conferences in Kiev, Minsk, Moscow, and the Altai, and I see many of the same faces here today. In April, we celebrated the 150th anniversary of Stolypin's birth. In November, we will be unveiling a monument to the great reformer. For the last 12 years, our Foundation has been focused on studying Stolypin's legacy. I believe it was created at an ideal point in history, with the country now facing many of the same problems it faced 100 years ago.

This is why, in addition to focusing on Stolypin, in all our conferences we have been discussing Russia's history of reform as a whole, and of course with the current situation in the country. This conference will conclude our series of events. The only thing left after today is the unveiling of the statue.

I would like to give you a short historical introduction. Stolypin's appointment as Prime Minister in 1906 was completely unexpected. It was the result of the difficult situation facing Russia. It is possible that in a time of peace, Stolypin would have never become Prime Minister, much like, I would think, Rokossovsky would have never been freed from prison had the German army not reached Moscow. Russia's history is filled with similar examples.

I will quote one of Stolypin's contemporaries, who wrote:

"He inherited a difficult legacy from his predecessors. In 1906, 82 of Russia's 87 provinces were in a state of emergency. Revolution was spreading across the country, sweeping up the criminal element. The country was struck by a wave of terrorism. Explosions and outbreaks of revolt shook the streets. Acts of terror had taken the lives of 18,000 people, most of them civilians. And no one was left to protect them. The job of a police officer was becoming deadly: policemen survived an average of two months on the job. The state budget was crippled by colossal deficit. The government organs were riddled with fierce confrontations and

corruption; their authority was disintegrating. The Duma did not discuss a single pressing issue of the day. One strike after another swept the manufacturing sector, bringing factories and transport routes to a standstill. Rural areas were drowning in peasant lawlessness. Society was splintered, and a sense of despair, lack of faith in the future, general disillusionment with the state, a crisis of faith, and mass alcoholism pervaded the nation. The country had no figure that could unite it, no courageous individuals that could lead it.”

Two months before becoming Prime Minister, Stolypin wrote to his wife: “I am the Interior Minister in a bloodied, battered country that takes up one-sixth of the world, during one of the most difficult moments in history that happen once in a thousand years. Human strength is not enough here: what is required is deep faith in God, and undying hope that He will assist me and give me wisdom.”

Still, he plunged into his new job with staggering enthusiasm and confidence in himself and his opinions.

During his term as Prime Minister, eleven attempts were made on Stolypin’s life. One attempt was made here, in St. Petersburg, on Aptekarsky Island, and cost 34 people their lives. Nicholas II issued an order to erect a monument on the site of the attack.

Seven years after these events, leading contemporary French economist Edmond Théry published *La transformation économique de la Russie* (The Economic Transformation of Russia). The Foundation sponsored the Russian translation of the book. Théry’s book holds great interest for us as an official study of the situation in Russia commissioned by the French Ministry of Economy and Transport. The Ministry formed a committee in 1913, and Théry spent six months working in Russia, after which he delivered a report in the French Parliament.

Another brief quote:

“By 1913, as a result of measures implemented by Stolypin’s government, Russia was the world’s fastest growing economy, and its fifth largest in size. The state budget increased by 60%. Allocations of land to peasants and accessible credit have driven rapid growth in the agricultural sector. Consumption of food staples

increased by 50%. Large-scale development of land took place in Siberia and the Far East. Within five years 3.5 million people moved across the Ural Mountains.”

Thanks to these new settlers, Siberia’s population increased by 50%. Altai Territory was more or less built on Stolypin’s reforms: 2,000 new population centres sprung up in the first two years of resettlement. Reforms were accompanied by rapid population growth. In 12 years, the country’s population increased by 31.7 million people, with annual increases reaching 3 million. Théry wrote that if the trends of 1900–1913 continued for another 36 years, by 1948 Russia’s population would reach around 430 million people, overtaking the combined population of all the leading European countries (he estimated Europe’s population at that time to be 425 million). He believed that by the mid-20th century, Russia would dominate Europe politically, economically, and financially.

Within seven years, the country moved from the edge of ruin to stable prosperity – all this before aeroplanes, the Internet, and mobile communications. When we read about the trip Stolypin and Krivoshein made to Siberia, we must remember that they travelled by train: a pretty slow way to travel. And yet, look at what they achieved.

In addition to Stolypin’s economic reforms, our conferences examined the transformation that took place in local self-governance, the court system, and other areas. We believe approaches used at that time could be useful today.

What was the reason for Stolypin’s success? This was our conclusion: Stolypin might have been the first politician in Russia’s history to address the person, the individual. For Stolypin, the individual was the primary driving force behind reform. He planned to use these reforms to unchain the human potential of each individual and of the nation as a whole. Stolypin – a fine, honest, selfless man – practically sacrificed himself to give strong, passionate people in Russia an opportunity to fulfil their potential. In the early stages of the reform, Russia had around 15 million such people: the very people who would lead the country out of the mire in which it found itself.

I will introduce each speaker as we move through our discussion. I would especially like to thank Ms. Conroy of the University of Colorado Denver. In the 1960s, she became the first person in the world to write a thesis on Stolypin.

I give the floor to Vladimir Mau, Rector of the Russian Presidential Academy of National Economy and Public Administration. His Academy recently hosted one of our conferences. I am interested in hearing his remarks about reform in Russia in general, including the reasons for reform, the methods, and the results.

**V. Mau:**

Thank you very much. I have a scheduling question.

**P. Pozhigailo:**

I would ask our first speaker to limit his comments to five minutes: to simply set the tone for our discussion.

**V. Mau:**

Yesterday, I was told I would have 15 minutes.

**P. Pozhigailo:**

Fifteen?

**V. Mau:**

Ok, whatever you say.

**From the audience:**

Reform cannot be stopped.

**P. Pozhigailo:**

Vladimir, we will not cut you off: this topic really is very interesting. Afterwards, we will have short remarks. We are especially interested in parallels with the present

day. Everyone here today is already familiar with the essence of Stolypin's reforms, especially the reforms relating to local self-governance and redistribution of power. So we hope to hear some comparisons with the present situation in our discussion. Please go ahead, Vladimir.

**V. Mau:**

Thank you very much.

This really is a very interesting topic. It is fascinating to discuss Stolypin's reforms in the context of current economic reforms, because they are eternal. Here is a perfect example from the more recent past. If it had not been for the crisis, Gaidar would have never been appointed Deputy Prime Minister, let alone Prime Minister. Later, people would ask him, "When will you return to the government?" He would always say, "I hope we never have another situation in which I would be asked to return to the government."

It is true: in exceptionally tense times, the authorities look for, and often find, people who can take the action that, although it is obviously needed, few people are brave enough to take. The situation in which Stolypin implemented his policies was similar to the situation in Russia in the early 1990s and in Greece today, except that in Greece, the necessary decisions are not being made. Stolypin's reforms were clear enough, but exceptionally difficult in the socio-political sense. It was very difficult to shoulder responsibility for the necessary measures.

In this sense, Stolypin's political adversary Peter Struve characterized him in a very interesting way. Struve was a member of the Constitutional Democratic Party. He said that Stolypin was a conservative in outlook, a liberal in his political position, and a revolutionary in his actions. This is a bewildering, but completely fair, description. Despite the fact that Stolypin's appointment was related to the explosive conditions in the country at the time, his actions must be examined in the context of all attempts at modernization in Russia's history – or rather, in the context of 'catch-up' modernization in the true Gerschenkron sense. Then, we end up with this line-up of reformers: Speransky, Stolypin's distant predecessor; then Alexander II, Loris-

Melikov, Bunge, Witte, and Stolypin. The successive reforms from Alexander II to Stolypin force us to consider a very interesting logic behind reform, much discussed in the 1990s in relation to Russia and China: what kind of reform is necessary, political or economic, and in what order?

In Russia in the second half of the 19th century – we are talking practice, not theory, theoretically things could have been different – political reform preceded economic reform. Alexander II tried to implement reforms both on the political and on the economic front. I will remind you that these reforms included the emancipation of serfs, as well as military, judicial, university, monetary, and budgetary reforms. Monetary and budgetary reform failed; peasant reform laid the foundations for future development, but also for future social upheaval; judicial, land, and university reforms allowed the country to make a significant step forward. Whatever you might say about Alexander III's counter-reforms, compared to the leap forward taken by Alexander II, these were minimal, I would even say cosmetic. Russia's economic reform was made possible by political reform: the budgetary, and especially monetary, reforms implemented by Witte, followed by the peasant reform which was mostly implemented by Stolypin.

I would like to focus on a few very important points. First of all, these reforms required a clear industrial policy to regulate the newly created industrial society. Railway construction became the driving element of industrial policy, so crucial for any accelerated modernization process. The financial history of the railways, which is a history of corruption, of nationalization and privatization, is a separate topic, interesting even from today's perspective. First, the authorities thought that private railways would be better than state-run railways. Then, after a great deal of money was stolen, they decided that state railways would be better than private ones. The protectionism that was actively put into practice back in the times of Vyshnegradsky and Witte was still in place when Stolypin came to power.

Secondly, before conducting economic reform, Stolypin needed to ensure political consolidation and stabilization. I want to read a 1921 quote I particularly love, though Stolypin used to say the same thing. When in late 1921 the Soviet rulers

promised business owners that their bank deposits would be safe, one famous then-Soviet lawyer asked his entrepreneur friend, “So, will you take your money to the bank now?” His friend said, “No. You guarantee that deposits will be safe, not depositors’ lives.” This is a key issue in any economic reform. We can protect property as much as we want: it does not matter unless we can protect lives as well. Stolypin said in the Duma that the government has a responsibility – a sacred responsibility – to defend peace, law and order, and freedom: not just the freedom to work, but the freedom to live. All action taken in this area signals that it is order which is necessary for sweeping reform, rather than reactionary measures.

Moving on to the agrarian reform. This was one of the main thrusts of Stolypin’s reforms. The traditional version of the story is that Stolypin was trying to give land to peasants, and that was the reason for the resettlement policy. In reality, during the late 19th and early 20th century there were crucial discussions about the source of the agrarian crisis: was it land shortage or lack of private property? Stolypin believed it was lack of private property, and that the land shortage problem could be solved and political stabilization could be achieved by solving the problem of property ownership and transitioning from communal to private ownership. In some ways, this was similar to Thatcher’s reforms in the early 1980s. It was not the privatization of major holdings, which was not terribly successful, which was the main focus of these reforms, but the fact that they gave the British middle and lower middle classes the chance to own property in the form of houses, small shares in companies, and so forth. In this sense, Stolypin’s agrarian reform provided, first and foremost, a solution to the problem of private property, and consequently, the problem of land shortage – although Stolypin did not have the time to see the latter problem through.

Another important discussion of the time was focused on the advantages and disadvantages of private and state property. In the early 20th century, the majority of the intellectual elite believed that private property had become obsolete. Paraphrasing the Russian saying “God does not set the prices”, the famous contemporary economist Migulin wrote, “A faintly liberal market was established for

a brief time in the 19th century. Then it was replaced by monopolies.” The question was, what was better: the state, or groups of private monopolies? This generated talk of Prodamet, a trust of factories located in the south of Russia which never materialized; of state regulation of oil and coal prices; and of the creation of state monopolies to handle things like crops. Stolypin, with his somewhat old-fashioned liberal ideas, was a consistent supporter of the market.

I will read one more quote, this one from Bunge rather than Stolypin. As Minister of Finance under Alexander III, Bunge characterised the contemporary situation in a very peculiar and somewhat mocking way; and the true meaning of his words did not become obvious until about 40 years after his death. He wrote that after the liberal reforms of mid-19th century: “Intelligent people will once again start screaming about government inspection and supervision, and even about replacing the private sector with state activity. We continue to flourish in this respect even now, when people want the state to take a significant role in the sale and supply of bread to the country’s multi-million population... It seems that we cannot move forward without accepting that the government should plough, sow, and harvest, as well as publish all newspapers and magazines, write novels and short stories, and pursue arts and sciences.”

Bunge was joking. He spoke these words in the late 1880s. But 40 years later, this became reality for several decades, and we can only marvel at the Finance Minister’s foresight. Stolypin’s actions were largely an attempt to avoid this and prevent monopolization of the economy, whether by private or state companies.

Next, Stolypin’s relationship with the Duma. We were taught by Communist Party history books that Stolypin fought the Duma. In reality, Stolypin was the only Prime Minister who worked with the Duma, for which, by the way, he was hated by the Tsar’s court. When Kokovtsov took the post of Prime Minister, he explained to the Tsar that he would have difficulties because he had no support in the Duma and was not able to work with the Duma as well as Stolypin.

This experience tells us that a political leader must be above the fleeting concerns of the crowd or even the Parliament. Stolypin’s debate with Fedor Rodichev of the

Constitutional Democratic Party in which Rodichev referred to the gallows as 'Stolypin's necktie'. Stolypin challenged Rodichev to a duel, and Rodichev apologized.

**From the audience:**

He was a bad shot.

**V. Mau:**

I do not think Rodichev knew what he was saying.

**From the audience:**

No, his apology was absolutely genuine.

**V. Mau:**

Muravyov, Interior Minister under Alexander II, joked about his own connection to the gallows: he used the term 'Muravyov's collars'. Similarly, Rodichev used the phrase 'Stolypin's necktie' during the debate. This was understood as continuation of the old 1860s debate.

I want to make one more comment: a good Prime Minister needs a good Finance Minister. Stolypin's reign was the first time a Finance Minister became a Deputy Prime Minister. This was the beginning of the Cabinet in its modern form. Vladimir Kokovtsov, who held both positions, did a great deal to stabilize the economy. Minister of Agriculture Krivoshein had peculiar ideas about the need to print more money to stimulate economic growth. A 6% growth seemed too slow: he wanted 8%, or better yet, 10%. We are talking about manufacturing growth: the GDP indicator did not exist at that point. Everyone criticized Finance Minister Kokovtsov, saying that he was hoarding money (or, at that time, gold): why do that instead of investing, investing, investing? Overall, his actions also played an important role in fostering the macroeconomic conditions for growth.

I will skip the question of whether Stolypin's actions were successful. Much like with all reformers, this depends on your perspective. When asked whether the French Revolution was successful, Zhou Enlai said, "Too little time has passed for a final assessment."

I must share one anecdote. About 10 years ago, I spoke in one of Russia's provinces. The governor said in an attempt at flattery, "I hope, Vladimir, that you will follow in the footsteps of the great Russian reformers Speransky, Witte, and Stolypin." I said, "Thank you very much. The first was accused of state treason and exiled to Siberia; the second was removed from his post five months after he was appointed Prime Minister; and the third was simply killed." And that is the history of Russian reformers.

**P. Pozhigailo:**

Thank you.

I would like to give the floor to my friend and steadfast participant in all our discussions, Mikhail Leontiev. He requires no introduction; you all know him well. I am happy to see you here today.

**M. Leontiev:**

Thank you very much.

I will try to stick to the topic of the relevance of Stolypin's reforms, and of applying his experience in our present situation. Stolypin's reform had a very specific result: 1917. With all due respect and admiration for Pyotr Stolypin, this is where I think we should start.

Let us start by saying that the proposition, which you probably remember from many Soviet studies and school books, that Stolypin was not allowed to implement his reforms, and they had no results, is wrong. Stolypin's reforms, especially the agrarian reform, continued even after his death and achieved nearly all their objectives with excellent results. Alexander Chayanov, the most knowledgeable expert on the peasantry, wrote in 1917 that division of estate lands had no

economic significance, but had social and psychological significance, because over 90% of Russia's commercial grain production came from peasant farms. Estate lands had no economic significance. The process started by Stolypin took off. But it did not solve the issue which Lenin would call the central issue of the Russian Revolution: the agrarian issue. He was right to think so, because the problem lay in relative agrarian overpopulation.

We all know, even if only from literature, what happened in Europe when people from the countryside poured into the city, forming a huge army of the unemployed. Does the major Russian literature of the 19th century have an archetype of an unemployed city dweller who comes from the country? No. All these people remained in the village, putting severe pressure on village life. In the economic sense, all the necessary measures were taken. But not in the political sense. Chayanov also noted, quite correctly, that no amount of industrial development could solve the issue of agrarian overpopulation. Russia's industrial growth had gone as far as it could within the contemporary economic structure. The solution lay outside the boundaries of this structure.

What was Stolypin's problem, and how is his experience relevant today? It is relevant because overall, political problems cannot be solved within the limits of an existing economic model. Stolypin himself was a passionate supporter of this model, this structure; he could not solve the problems facing it. The person who managed to solve these problems is Stalin; and he did it in the most horrific way possible. One cannot imagine a more radical solution for the issue of agrarian overpopulation – the central issue of the Russian Revolution – than the one proposed by Stalin.

Chayanov, for example, believed in peasant cooperation, for one simple reason: he believed that cooperation was the most labour-intensive model. Privately owned farms did not provide the necessary level of employment. And what can be more labour-intensive than Soviet collective farms, especially once you exterminate the most effective producers?

We do not have the right to discuss the economy from within. Economists always complain that economic decisions cannot be substantiated. Why not? Because

there is no way to conduct an objective experiment. Economic issues have a strange tendency to turn into social, socio-political, and military issues. “Things were going so well; who would have thought?” This was the central lesson of the revolution of 1917. This is the main lesson of Stolypin’s measures. “Give us 20 years, and we will give you a great Russia.” But who is going to give you 20 years? Any fool could turn the Russia of that time into a great nation in 20 years. But the problem was, they did not have 20 years.

Stolypin the politician is extremely relevant today. This is the man who almost perfected the politics of reform, loyalty to his country and his people – insofar as the model allowed. The model did not provide a way to get out of the crisis. This means we must think and look at things from a perspective outside the model. This is the most important thing we have to learn from Stolypin.

In closing, I think Stolypin said that a government devoid of government tasks and government will did not deserve to exist. Not to point fingers or anything.

**P. Pozhigailo:**

Thank you, Mikhail.

It is true; at that time Stolypin faced a question of whether to distance himself from the Tsar. The Octobrist Party offered Stolypin the support of their faction.

**M. Leontiev:**

No, not from the Tsar.

**P. Pozhigailo:**

No, they asked him. But Stolypin did not go down that road. In a letter to his wife, he wrote about his doubts; but when he was shot, he blessed the Tsar with the sign of the cross.

**M. Leontiev:**

Our country is the successor of the country that was governed by Prime Minister Stolypin.

**P. Pozhigailo:**

So we have 20 years of peace.

**M. Leontiev:**

Maybe even 100 years of peace. This is a different story. Does our country have the ability to physically survive the current economic model? My firm belief is that it does not. Continued development driven by any reformer that supports this model will not give our country the ability to physically survive. This is a question of three to four years at the most, because foreign competition severely limits our country's chances of survival and its ability to maintain a semblance of social stability.

What effect will a three-fold decrease in oil prices have on our country? You saw what happened to our wonderful rouble a few weeks back. It behaved like a girl out of a Turgenev novel who suddenly grows pale and faints for no visible reason. What will happen when there is a reason? We all know full well what will happen.

**P. Pozhigailo:**

The currencies of all resource-mining countries fell, and many fell lower than ours.

**M. Leontiev:**

They fell, but nothing terrible happened to them.

**P. Pozhigailo:**

We will revisit this issue later. I would like to give the floor to a friend of the Foundation and my personal friend Sergei Karaganov, Dean of the Faculty of World Economy and Foreign Affairs of the National Research University of the Higher School of Economics.

## **S. Karaganov:**

First of all, I would like to offer a comment in defence of Pavel Pozhigailo's proposition. Russia has never had a better external environment than it does today. Ten years ago, we complained that the countries around us were terrible, just as we had 30 years ago. But in reality, we have very accommodating surroundings. As long as oil prices do not fall, we will have absolutely perfect conditions. This has never been true before, so we have a lot of room for manoeuvre.

We must all thank Pavel Pozhigailo on behalf of all Russians for bringing back Stolypin. I remember the early days of the project, about 12–14 years ago, when Pavel was banging his head against the wall. Since then, dozens of books have been published; foundations have been created; conferences have been held. Pavel returned Stolypin, one of Russia's greatest sons, to the forefront of our self-definition, reminding us of the right way to define ourselves. Of course Pavel lost money, but we all gained a great deal. And in the process, he made friends, earned respect, became a better person, and enriched the country.

Secondly, Vladimir Mau said more or less the same thing, so I will be brief. Stolypin's reforms were not just economic; they were comprehensive and political in nature. They changed everything, and most importantly, they changed the individual, which is what Pavel said earlier. This was the objective of his comprehensive reorganization. This reorganization included municipal reform, judicial reform, and aggressive suppression of dissent that took the form of mutiny. It was amazing reform: a complete reorganization of the entire country. He managed to achieve a great deal in a few years, which tells us that his path was successful. The Revolution of 1917 did follow on the heels of the First World War.

The third issue has been my favourite topic in recent years. Stolypin ran into the overpopulation problem just as Russia was facing the danger of losing the eastern provinces. He began resettling peasants to these provinces and created, or maybe recreated, or strengthened, a powerful branch of Russian civilization driven by strong, free people who relied on their own abilities. I am talking about the so-called Siberian civilization.

Today, we are facing a similar situation. We do not have the problem of agrarian overpopulation, but we have an excess of young educated people who cannot find a creative outlet for their abilities within the present structure (and unfortunately, as we can see here at the Forum, it does not seem to have any intention of changing). They either emigrate or revolt. Of course in these conditions, a new Siberian and Far Eastern development programme, which could even go as far as transferring some federal functions to these regions, is much more essential than it was during Stolypin's time, and is capable of bringing much more noticeable results. Let me remind you that back then, there was only one market, and Altai butter was shipped to Europe. These days, Siberian products can be shipped to the bottomless Asian markets at a great profit to our country. This aspect of Stolypin's political and economic reforms is, to my mind, of the utmost urgency today.

And one last comment. We are gathered here in St. Petersburg, in Russia; but had it not been for Stolypin, we would not be sitting in the Russian city of St. Petersburg. Without 'Stolypin's' divisions that saved Moscow from the German army, Russia would be much different now – if it existed at all. Do you remember the story about a few hundred thousand young, healthy, handsome men brought from Siberia to defend Moscow? Had they not defended it, the Russia we know today might not have existed, and of course St. Petersburg would have fallen and been destroyed. This is why I say, let us go to Siberia and to the Far East. Once a new generation grows up there, it will return to Moscow, like Khloponin and Prokhorov, and will save it once again, along with St. Petersburg.

**P. Pozhigailo:**

That is true, 90% of people who drove the German army away from Moscow in 1941 were the children of Stolypin's settlers. But God forbid we ever have to face the same problem.

**S. Karaganov:**

I am talking about saving it in the social sense.

**P. Pozhigailo:**

By the way, industry in the Urals was also largely founded during Stolypin's time in office. Stalin might not have had the time to build many of his factories, for example the ones in Siberia, by 1941 had these projects not been started by Stolypin's government.

I give the floor to Rector of Higher School of Economics Yaroslav Kuzminov. He will expand on the topic mentioned by Sergey at the end of his remarks.

**Y. Kuzminov:**

We think back to specific historical figures only insofar as we can draw parallels between their experience and the present situation. In this regard, Pyotr Stolypin is probably the most vivid symbol of a reformer's fate in Russia: more vivid than Speransky, and more closely connected to major social changes than Witte.

The actions taken by Stolypin and his government are a prime example of the gap, which has always existed in Russia, between reformers and the main social group which demands changes and in the name of which these changes are implemented.

They are an example of the fatal inability to foster mutual trust, build a dialogue, and finally, create a social movement that would back up the reform.

The many reasons for this also parallel our current situation: loyalty to those in power and a desire to preserve stability, which leads to reformers being excluded from the dialogue about the fate of society: the dialogue that, in Russia, has traditionally been the purview of subversive elements. As a result, virtually all reformers are driven to choose stability, preservation of the political system, and conservation of existing state entities, because reforms cannot be implemented without the state. The gap between them and the group that holds the trust of the intellectual leaders of the class in whose interest the reforms are being conducted, keeps growing wider.

Our present situation is similar to the one faced by Stolypin's Russia. Once again, we are facing two challenges: to ensure freedom and to provide a specific social

group with economic stability. We have pinned our hopes for economic growth on this social group: in the nearest or distant future, this group is expected to make a major contribution to our GDP growth. Back then, this group was the peasants: major producers, mostly small land owners. Today, it is the creative and entrepreneurial class, as well as the groups whose members are psychologically ready to become entrepreneurs. Today, much like in the past, the political representatives of these groups have no contact with the reformers, and more often than not, do not even try. Their actions are aimed at what I would call mobilization of public disavowal. Regardless of what they might profess, the political outcome towards which they objectively steer the country is revolution, social and economic collapse.

A radical solution to political conflict has historically been a hopeless proposition, and does not help the interests of the class concerned. Who suffered most from the Russian Revolution? Liberal intellectuals and peasants. The first group was cut in half; the second, according to various estimates, was cut by up to a third.

Of course we could say that we currently live in a different informational and cultural world. But this dualism is still here, and is growing. So far, the actions of the reform wing of the ruling structure seem even more impotent than the 1905–1907 political reforms. They smack of imitation and inspire no confidence in their political opponents. These opponents, for their part, do not put forward a single leader with a constructive platform. I am not even talking about negotiations with the government; I am talking about developing a substantive agenda. Putin wrote in his first article, “I am bad; the ruling class is bad; but what are we supposed to do? Let’s discuss what we are supposed to do.” But people do not want to hear about what needs to be done. What is important to them is the establishment of political disavowal.

Now, we have a situation in which the dialogue about the future of our society takes place in two completely unconnected circles. While one circle is focused on the desperately needed economic reform which is brewing, the other is focused on political reform. One side avoids political reform; the other side avoids economic reform. These are two different strata of the atmosphere.

We can draw other parallels. To ensure the country's stable development, Stolypin tried to prop it up by creating a class of independent property owners. Today, we see attempts to create a new class: creative people, people with an innovative approach whose interests would remain in line with the backbone of social development as defined by the ruling class. These diverse attempts include Medvedev's attempts to impose 'top-down' economic modernization, starting with corporations; and Putin's attempts to supplement the middle class with officers, doctors, and teachers, who tend to be more conservative than metropolitan intellectuals, by 2010. Current attempts to reform local self-governance are very similar to Stolypin's measures, and are just as ineffective in our present conditions for reasons that are economic rather than political: we have nothing to redistribute to the local authorities. But until we give them powerful fiscal resources, people will not care about voting for mayors. You can see that they keep voting the way they always did.

I would like to return to what Mr. Leontiev said earlier. He delivered brilliant remarks; I really enjoyed them. But there is a 'but'. Yes, Stalin solved the industrialization issue, thereby predetermining the country's positive economic and political development. People began to gather in cities, whereas before they had been stuck in the villages. The villages had been stagnating, clogged with great numbers of people who had no industrial or entrepreneurial skills. All they could do was divide things up.

So how did Stalin manage to solve the industrialization issue where Stolypin had been unable to? Joseph Stalin did not solve it by being a bank-robbing gunman. Had Stalin been in Stolypin's shoes; had the communists miraculously traded places with Stolypin before World War I, before the Revolutions, before the Civil War, they would have never achieved the same things. Before World War II, no one could have taken measures, especially those addressing the peasantry issue, as radical as those later taken by Stalin. Measures that went even one-tenth of the way would have been seen by the ruling class as an immediate revolution. It was not until a monstrous amount of blood had been spilled, not until 20 million people had

lost their lives and Russia lost one in two educated citizens capable of leading the protest movement, that these measures became possible.

Take a look at France and England: how did they handle the situation? Remember enclosure? Remember the huge amounts of blood spilled? You cannot overthrow an established socio-political equilibrium without a mountain of bodies. It is impossible.

This is why I do not believe it was Comrade Stalin's fault. Had Pyotr Stolypin lived long enough to become Russia's leader, he would have done the same, because this was the only way to create stable economic foundations in the country. He might have used different methods, but it would have been essentially the same. I will repeat: communist modernization was possible solely because no one had any strength left to resist.

**M. Leontiev:**

Can I say a few quick words?

**P. Pozhigailo:**

Thank you.

I am sorry, Mikhail, but we have literally 15–20 minutes left, and I want to give everyone an opportunity to speak. I would like to give the floor to Maksim Shevchenko. He requires no introduction; you all know each other very well.

**M. Shevchenko:**

This is a very interesting topic. The fate of reform in Russia and the tragic fate of Pyotr Stolypin are very revealing. Before we can understand Stolypin's reforms, we must briefly examine the nature of power in Russia and the central conflict that is always present in our country, regardless of the political system or the rhetoric used by this ruling system to justify its existence.

In Russia, power equals control over natural, financial, political, and human resources. Russia simply knows no other form of power. When it ascends to power,

any political party, be it communists, liberals, or monarchists, must reproduce the same model of rule, because in Russia, power primarily means control over resources. This is caused by infrastructure failures, the country's history of land ownership, and so forth.

Therefore for the ruling class, reform primarily means modernization of methods used to control and exploit these resources. Russia's ruling classes have no other understanding of reform. This is my proposition. It makes no difference whether these ruling classes are oppressive or liberal. Once in power, the most hard-core devotees of the market economy will still follow the same trajectory and will be unable to do anything new: otherwise they will become the destroyers of the system called 'Russia'.

As soon as free capital emerged in Russia in mid-19th century, it stood in opposition to the ruling class. It makes no difference whether the ruling class was the aristocracy, bureaucracy, or meritocracy: free capital has always been at odds with the ruling system. But paradoxically, Russia can only attract investments if it can guarantee stability. And stability in Russia is still achieved only through administrative models. Russia's crisis of government is permanent because, thanks to its sheer size, the bureaucracy machine is always affected by the human factor and infrastructure problems.

Therefore, Russia's free capital always stands at a crossroads of sorts: does it move in or out? Is Russia an investor or a place to invest in? The bourgeoisie, which in Russia has always been transnational because it depends on foreign partners and foreign markets, always returns to the same old structure. In the 19th century, in the early 20th century, throughout the Soviet era, this structure remained the same: it was based on the export of resources. No other types of investments in Russia offer the same quick and fixed income and clear a path to power.

Stolypin's reforms led to the emergence of a huge number of brand new market players. Bread, grain, and land played the same role in early 20th century that oil and gas play today. But Stolypin stood up to Russia's two main competing forces. He threw his weight behind the people, behind a great number of independent

shareholders who would go on to control production of the national capital. But who was Russia's largest land owner and largest grain producer? The Tsar and his family. Who exported grain and commodities? The capital that was primarily connected to the global market. They were already locked in competition that boiled over into a fight between, metaphorically speaking, the royal court and the parties: the Labour Group, the Constitutional Democratic Party, the Octobrist Party, and others. Stolypin brought a third side into the game, and this made Pyotr Stolypin's political and physical death inevitable.

Stolypin's death provided a heroic end to his great attempt that even Lenin valued greatly. Lenin was a direct political opponent of Stolypin, but he was also one of Russia's pre-eminent analysts of the means of capital production. I will refer you to one of Lenin's earlier works, *On Grain*. I believe that we cannot truly understand Stolypin without referring to Lenin, because I am sure Lenin and Stolypin conducted the same kind of analysis. Stolypin believed that the introduction of new producers of value and capital to the market threatened Russia's traditional structure as a nation and traditional governance methods. This was a revolutionary step. Revolution was unavoidable; I agree with Mikhail on this account. But it could have taken a less virulent form, if only the stubborn and incompetent government had not dragged the country into the criminal World War I.

In Russia, it somehow came to be called the Second Patriotic War, though the connection between the death of Archduke Franz Ferdinand in Sarajevo and Russian patriotism was unclear, as was the reason why Russian men should give their lives for some strait or other, killing Austrian or Prussian peasants in the Carpathian Mountains or Western Poland. I cannot, for the life of me, see the connection, and no one will ever convince me that joining the war was the right decision. The Bolsheviks offered people a rational, clear, and unambiguous answer: this was a criminal war.

I would also like to mention the so-called creative class that is currently seen as something of a new force. Russia's creative class has always been a by-product of the administrative structure or of transnational capital – the two forces always

fighting for control of Russia. The revolution wiped out the educated classes, but then immediately recreated them, because the creative class is created anew at each new stage of stabilization as investments are channelled into social modernization mechanisms.

Both my grandfathers were born into peasant families and died as professors. What is more, neither of them studied Communist Party history: one specialized in the methodology of teaching physics, and the other specialized in new geophysics methodologies. They were not part of the aristocracy; they had no connection to the pre-revolutionary intellectual class. This is why I disagree with Solzhenitsyn's invectives that pre-revolutionary engineers had been more educated than the Soviet engineers of the 1940s–1950s. Yes, of course the quality of education was better. But quality is the result of modernization of, and investment in, the education system.

Therefore, when you say that the ruling class does not establish a relationship with the creative class, I have to ask, can an alchemist establish an equal relationship with a Golem whom he considers a product of his actions? Russia's creative class was created by the Kremlin and by the forces that opposed it. It did not spring into existence all by itself. And if it loses relevance, a new creative class can be created. There is nothing historically incontrovertible about the creative class. It merely consists of people who in the 19th century were known as 'new people': professionals like journalists, lawyers, and managers. This social stratum produces revolutionaries: not liberals, but radical revolutionaries who are deprived of direct investments.

This, I believe, is the main problem with Russia and reform in Russia, a problem that cannot be solved at any level. This problem will remain. Infrastructure failures will remain; capital formation problems will remain, as well as the fact that in Russia, power always equals control.

**P. Pozhigailo:**

Good point: we have been talking about the Revolution of 1917 without mentioning the period between 1914 and 1917. In 1909, we had the Bosnian crisis: Foreign Minister Izvolsky told the Tsar that Russia would not be able to avoid a war with the Austro-Hungarian Empire. When the Austro-Hungarian Empire annexed Bosnia and Herzegovina, Stolypin managed to negotiate with the Germans: the Germans recognized the Tsar of Bulgaria, and war was averted. In 1937, while living in exile, Wilhelm II wrote that in 1909 Russia had had much stronger reasons to go to war than in 1914. In 1909, wrote Wilhelm, war had been averted thanks to Stolypin. Had Stolypin been alive in 1914, I am sure we would have found a compromise and avoided the war.

**From the audience:**

This is easy to explain. The problem was that by 1914, Russia was in deep debt to the Entente. Of course, once you borrow this much money, it is only natural that you begin paying back with the blood and flesh of Russians.

**From the audience:**

We have not mentioned one very important general factor: loans. This is a very insightful comment. A large part of Russia's political elite was incensed by the successes of Stolypin's reforms: they needed all of the government's measures to fail. I will mention two names. One is Admiral Rozhdestvensky, who knowingly led the Russian fleet to its death at Tsushima: I say knowingly because he was a traitor. The second is Guchkov, who mobilized virtually the entirety of Russia's military elite and knowingly led Russia into war and towards a military coup.

How can you reform a country whose political elites keep trying, whether knowingly or accidentally, to ruin their own country in the pursuit of their own ambitions? What happened in February 1917? A conspiracy. A plain old conspiracy, a coup. They thought they could get away with it. They controlled everything except the country's population.

You have to exterminate traitors, and then you have the mandate and ability to reform the country. If you do not plan to reform the country, then you do not need to exterminate traitors. If you want to reform the country, then you absolutely have to exterminate them.

**P. Pozhigailo:**

We have 15 minutes left. This really is a very interesting discussion.

Ladies and gentlemen, I have a feeling I will be one of the people who will save us all from mutual extermination. I ask you, out of deference to me, to abstain from mutual extermination, at least while you are here.

Now, I would like to offer my deepest gratitude to the Chairman of our Foundation's Academic Council, Doctor of Historical Sciences, Professor Valentin Shelokhayev. All these books have been written with his guidance. He has spent the last 12 years spearheading our academic research.

Valentin, you have literally a couple of minutes: I want to leave enough time for Mary to say a few words. You can stay where you are.

**V. Shelokhayev:**

I apologize: as a teacher, I am not used to speaking with my back to the audience. Since we have very little time, I will give you a few bullet points. Back in the day, Pavel and I wrote a book we called, not surprisingly, *Pyotr Stolypin: The Intellect and the Will*. These are the two key descriptors. Stolypin had a powerful intellect that allowed him to determine the bifurcation point at which Russia found itself at the time, and the path along which it needed to go. The reform programme we are discussing here today was, in effect, a 'road map', a plan for moving towards a specific target. Presently, this is crucial.

I believe Stolypin achieved two objectives of utmost importance. A great deal was said today about the first one: the attention he paid to people, to the individual. I am talking not so much about the agrarian reform, which, after all, is a technical process, but about the Decree of October 5, 1906, which gave peasants rights

equal to those of the rest of the population. Peasants, who made up more than 80% of the country's population, now had an opportunity to make conscious choices. Stolypin's second achievement was to unify the human potential and the potential of the nation. Stolypin's programme was focused on moving towards a state based on the rule of law and a civil society. The free individual was to become the nucleus of the civil society, and effective state governance was to become the main factor in creating a state based on the rule of law. Stolypin paid close attention specifically to the issues of governance and the formation of what we now call vertical power that would drive reform.

We talked about how the country's development paradigm had not changed. I think Stolypin was the one to lay the theoretical and methodological foundations for a shift in the country's development paradigm: from overcoming arrested development to continuous dynamic growth. To me, this is the true relevance of Stolypin's reforms.

**P. Pozhigailo:**

I thought the men might get into a heated argument, so I kept Mary's remarks in reserve. Now, let us see if she can broker peace between our Russian panelists.

**M. Conroy:**

I want to thank Pavel Pozhigailo for inviting me here, but as the lone American here, who wrote this book in 1976 about Stolypin, I had a longer prepared speech, but in the interests of just making some points from an American perspective, I wanted to say that the issue of property and bringing in the peasantry was extremely important, and that was a point made by Vladimir Mau – the fact that the establishment of the peasant as a property owner, and eliminating the socialistic farming in the small strips of the *obshchina*, was very important. The movement to Siberia started before Stolypin. An American, John Bookwalter, in 1899 described the sacks of wheat at the railway stations; the ranches, the cattle that were in Siberia in 1899. However, Stolypin accelerated this process, and it was in part to counter the accusations on the part of liberals in some cases, that the peasants did

not have enough land and that therefore they should. For instance, the *kadety* suggested that the peasants take over, in 1906, and that they take over land owned by their landlords – that the landlords give their land to the peasants. So, in order to counter this idea of seizing private property, there was a vast hinterland in Siberia. He was very much influenced by the American system of land grants that had started after the Civil War in the United States. The United States government in 1862, 1900, and in 1916, gave large grants of land to individuals who would live on the land, who would work the land, and they established agricultural schools and so forth to help these people. Stolypin, by his own admission, was influenced by this process and thought that moving the peasants to Siberia would be analogous to farmers in the Midwest Region, where I come from. It was west of the Mississippi River that these land grants were given. That is an important thing. As far as agrarian society versus industrialization is concerned, the whole world was agrarian until maybe the 1930s or 1940s. The United States was a predominantly agrarian country. That is not to say that Russia did not have industrialization, she did. She had a huge oil industry starting in the 1870s. She was the main exporter of iron in the 18th century to England. The United States and Russia (after the United States was established), had strong trade ties with each other. I will go on about that in just a minute. Russia also had a vibrant business community. She had retailers, stores, and other businesses, and these people are part of civil society. What is very important, and something that has not been discussed at this meeting, is that Stolypin preserved, as Shelokhaev mentioned, the idea of people participating in, of having a stake in the process. Stolypin preserved the institution of the *Gosduma* and the State Council, and it was a very difficult thing to do. In England, it had taken centuries for the House of Commons to develop, and here it was supposed to happen overnight. But the third *Gosduma* was very successful, actually. There were many reforms: education reform, insurance for workers – this was very important, and improvements for the Old Believers, who were discriminated against. So, there were many improvements that were made. As far as the Revolution of 1917 is concerned, it was instigated by these liberals who participated in the Duma.

Alexander Guchkov, Miliukov, Prince Lvov, who ran the *Zemstvo* Union during the war. So, although there were people further to the left, the Revolution of February–March 1917 was affected by the liberals, who had participated in the Duma, who had whetted their appetite, actually, for running the country and who were confident in their own ability to run the country during the war – they had more confidence in themselves than in the government. So, I just wanted to bring out these points. I had a whole talk prepared on the comparison between the United States and Russia at the time of Stolypin, and there were many commonalities. There was a lot of trade going on between the two countries, and Stolypin in part was influenced by what was happening in the United States. He studied this and he tried to in part apply these ideas to his own reform programmes. Thank you.

**P. Pozhigailo:**

Thank you, Mary, thank you for your research on Stolypin. It was really enlightening. Unfortunately, we have only three minutes left, which is too bad, because we have heard a great deal of interesting comments. I would like to ask Valery Muntiyan, Government Commissioner of the Cabinet of Ministers of Ukraine for cooperation with the Russian Federation and the member states of the Commonwealth of Independent States, to take literally one minute for his remarks. Valery is one of Ukraine's leading economists. And of course we would love to hear from Alexander Rahr.

A short comment, if you please.

**V. Muntiyan:**

Thank you for giving me one minute.

I believe Stolypin's ascent to power was not a random event, but rather a logical development. When we analyse Stolypin's actions, we must take into account the cyclical nature of social processes. Russia's typical cycle lasts 12 years.

What were Stolypin's valuable achievements? First of all, he proposed a new worldview – and a worldview is the foundation of policy. Secondly, he gave Russia

and Russian society a structured ideology built on new principles. No one has since been able to do the same. Thirdly, he proposed a strategy for overcoming a systemic crisis.

Is Stolypin's economic policy still relevant for Russia today, 100 years later? It is – and not only for Russia, but for every country, including the United States. We fear the crisis and try disingenuously to define it: first we decide it is financial; then, that it is also economic; then, that it is social as well. But Stolypin honestly and directly declared it to be a systemic crisis. Today, 100 years later, the cycle is repeating itself: we are reliving the same systemic crisis and stepping on the same garden rake. The crisis could result in war. This is why our rulers must have the foresight to make sure that this threat does not materialize.

Now, on to conclusions. Stolypin was successful in a number of ways. First, he gave the country a 12-year respite between the Revolution of 1905 and the Revolution of 1917. How did the rulers, the people, and the army use this respite? One of our panelists said it best: they betrayed its potential. What did the country need? A consolidated society. To this end, Stolypin began to lay the foundation of a civil society before he began his reforms. His objective was to excise serfdom and foster citizenship and individuality. His second success was in transforming the institutions of government in order to pull the country's ruling system out of the crisis. His third success was in modernizing the economy, with particular emphasis on the agro-industrial sphere. Why? Because of its multiplication effect: each 1% of capital invested offers a return of 2%. All countries began as agrarian nations: Roosevelt's USA; Marshall's Europe; Japan; China. Agriculture also lies at the core of Russia, especially today, when the UN estimates the number of starving people at 1.2 billion. Climate change will cause Russia's global position to soar higher than we can imagine.

For some reason, we tend to forget about Stolypin's next success: increasing labour productivity. He also modernized the banking and financial systems. For example, it was decided that the banks would invest 15% of their profits in capital reserves, and another 15% in the development of fixed capital funds. Stolypin's budget policy was

also successful. He realized that the country must establish not only gold, but also platinum reserves. This ensured macroeconomic stabilization, and as a result, after 1910 Russia had a surplus budget.

Now, the most important matter. Stolypin had what today's Russians do not have: he had faith in Russia. Faith is a great motivator. Faith is the only thing that can save us and move us forward in the face of challenges facing the country today. In addition, Stolypin warned against blindly following Western European practices. Today, Russia has everything it needs: we just need to protect our resources and use them effectively.

In addition, we must propose a new economic model. Today, neither the G20 nor the G8, nor any individual country, is able to come up with a new system, while the old system is already gone. First of all, the new model must address the entire noosphere, based on the principles proposed by Vladimir Vernadsky. Secondly, it must be innovative, because innovation is the only thing that can guarantee revenue growth of 88%: I have seen quantitative studies. And thirdly, it must be spiritual, focused on the individual, because the present crisis is primarily spiritual rather than economic: it is a crisis of knowledge, a crisis of worldview, a crisis of thought. This new model will ensure harmony between the human spirit and the economic development cycles. Thank you for your attention.

**P. Pozhigailo:**

Thank you very much. We are almost out of time.

Alexander Rahr. He requires no introduction; you all know him very well. Alexander, you have literally one minute.

**A. Rahr:**

Thank you very much for inviting me.

I am happy to see Stolypin's name return to the Russian political arena. As a representative of the Russian emigrant community, I can tell you that for years, Stolypin's son Arkady was one of the leaders of the White *émigré* community. He

died in 1990. We tried to interview him for one last long article about his father for *Literaturnaya Gazeta*. He had skilfully fostered the West's interest in his father's legacy. We all knew Stolypin's writings. Unfortunately, the last interview never happened. This is why I want to thank you for continuing this work.

A cycle of conferences titled *Bismarck and Stolypin* is currently being held in Germany, comparing two very similar individuals. Bismarck also carried out social reforms to narrow the gap between the haves and the have-nots. I believe his socio-economic policies delayed the revolution in Germany. The impact of the revolution that took place in Germany after World War I was less severe than the impact of the October Revolution on Russia. Had Stolypin been given a few more years, I think he would have finished implementing his reforms.

And one last thought: what would happen if we could learn (which we probably will in another hundred years) how to clone political leaders? If we could clone Stolypin and Bismarck, and if they could return to politics, would the Bismarck clone become Chancellor of Germany? I doubt it. He would have had to work with the Parliament, have a Twitter and Facebook presence, and cooperate with the global community and civil society. Such a powerful personality would never be allowed to advance. In Russia, Vladimir Putin would never appoint him to a government post.

Today, all societies require consensus. I will remind you that the German Parliament is currently voting on the fate of Europe, and the opposition, which serves as the opponent of the ruling party, votes with the Parliamentary majority on all major issues, because the challenge facing them today is to save Europe from a severe crisis. I think this is also a useful lesson for the future.

**P. Pozhigailo:**

I agree. Just before the conference, Sergey, Maksim, and I were discussing this very thing. Stolypin was appointed in 1905, when 84 provinces were ablaze. Had it not been for that, no one would have transferred this inconvenient, obstinate man from Saratov to St. Petersburg. Unfortunately, in Russia this has become a tradition. Rokossovsky would not have been freed in 1941 had it not been for the Germans.

In 1937, people like that were in low demand. In Russia, people like Rokossovsky or Chernyakhovsky have to wait until the German army reaches Moscow.

What happened to Stolypin in 1911, when everything had calmed down? People started saying, "We are sick of him; he is dissatisfied again; what is it that he wants? Things are back to normal; terrorism has been eliminated." So Stolypin was removed. What happened to the generals after World War II? The same thing.

I agree with you: Russia does have modern-day Stolypins. When problems arise, people like Stolypin have the potential to defend their country and prevent its slide into yet another crisis. But we do not currently have the necessary political wisdom.

I would like to give the floor to Igor Yurgens. In 2002, Igor took part in the celebrations dedicated to the 140th anniversary of Pyotr Stolypin's birth. Back then, we gathered in the Cathedral of Christ the Saviour. There were only a few of us there.

**From the audience:**

These are symbolic changes.

**P. Pozhigailo:**

You see, Mary's remarks did change the atmosphere in here.

**I. Yurgens:**

I will repeat what I said on the 140th anniversary. Why did Stolypin's policy fall short of complete success, and what was the reason for this tragedy? Let me read you two quotes from Stolypin himself.

The first one goes: "The autocratic rule and free will of the monarch is the most precious asset of Russian statehood, because, having shaped and maintained the existing establishment, only this rule and this will is called upon to rescue Russia in times of upheaval and threats to the State, and to return it to the path of order and historical truth." He could not betray his monarch, and remained loyal to him to the very end. But we know all about this monarch, and we know exactly what

happened. The same thing is happening today: we have no faith in the institutions, but cannot replace certain leaders out of a sense of treacherous loyalism.

The second quote, and we would not expect anything else from a man like Stolypin: “We must not graft a strange, foreign flower to our Russian trunk and our Russian roots.” He had unwavering trust in the Russian nation state. But Russia cannot be a nation state. And today, we see ourselves repeating the same mistake, despite the creation of the National Council.

Speransky began the battle to create state institutions. In a letter to Alexander I, he wrote that after the French Revolution, it would pay to at least take a closer look at the Western European institutions. After that, Karamzin wrote another letter to the Tsar, calling this nonsense, Western rubbish: all Russia needed was 50 honest governors and strong men. This battle ended with Arakcheyev’s military settlements. Because, you see, we have no need for foreign institutions.

The same happened with Stolypin. In his heart, he was a supporter of liberalism and fair reform, but he could not overcome his devotion to autocracy – the same thing we are struggling to overcome today. I am afraid that authoritarian rule practised in the age of the post-industrial digital revolution will rip our country apart.

**P. Pozhigailo:**

Like players in the *What? Where? When?* game show, for answering all our questions, we have been awarded a few bonus minutes. Therefore we can take the discussion to the audience. Does anyone have questions or comments? Please go ahead.

**M. Shevchenko:**

I just have one comment.

**P. Pozhigailo:**

Yes, Maksim.

**M. Shevchenko:**

I must remind you that Russia and the USA had their closest relationship during Stalin's rule in the 1930s. Industrialization of the Soviet Union would have been impossible without large-scale technological and financial assistance provided by American capitalists. The blood of Russian peasants is partly on the hands of the Americans who supported our industrialization.

**P. Pozhigailo:**

I will be so bold as to remind you of one thing: in one of his discussions with the Tsar, Stolypin said that they should take a bet on America, because it had no geopolitical conflicts with Russia. He planned to offer American banks a concession to develop mineral deposits in Eastern Siberia.

The Americans took issue with human rights, with the rights of Jews, and with freedom of religion. A new law about conversion to another faith was adopted. In addition, Stolypin became the first statesman in Russia's history to draft a bill abolishing all restrictions placed on Jews. Relations with America were not the only reason for this, and Stolypin was absolutely right.

I simply want to make sure we have a fair historical picture: the policy of working with America was implemented under Stolypin. Who else would like to say a few words? Please go ahead, Boris.

**B. Titov:**

As entrepreneurs, we are focused on our business, but there are many things which interest us, including the historical roots of entrepreneurship in Russia. We have heard many insightful theories and proposals today, and a great deal of analysis. Some theories were more difficult to grasp than others.

The main conclusion I can draw from today's discussion is that the central instrument Stolypin used to lead Russia out of the crisis was the liberation of the entrepreneurial initiative and the energy of the masses, and it was this that subsequently saved Russia. Alexei Kudrin and I were arguing just now about

whether we should focus on the budget and macro economy, or whether we should liberate entrepreneurial initiative.

This is what happened in 1991, when the economy simply disintegrated. Back then, the initiative of people who travelled the world like 'shuttles', importing cheap products and commodities, saved Russia and gradually secured economic growth. The same thing happened in 1998, when the state economic policy triggered a severe financial crisis: once again, spending cuts liberated entrepreneurial initiative, and the private sector saved the country once again.

Stolypin liberated business to fight the crisis: he did not crack down on budget policy or try to tighten the country's belt so he could use the reserve later. This is very relevant to the present situation. Of course we need smart financial policy, and we should not be squandering our resources. But the initiative must be liberated from the bottom up: then the economy will begin to grow.

One more conclusion: entrepreneurial initiative and the market, which combine to build new value from the ground up, must be incentivized, regulated, and directed in the early stages. I was very happy to hear Vladimir Mau speak about 'industrial policy' because this subject was very unpopular in Russia for a time. Stolypin was a great politician and economist who implemented industrial policy, and this policy yielded great results.

**P. Pozhigailo:**

Thank you. I agree with your points. I draw the same conclusions in my doctoral thesis.

Stolypin relied on people's creative potential. The whole point of modernization is to use reform to realize people's creative potential. This is how Stolypin operated, and it caused a cumulative effect. Revolutionary passionate energy was turned into creative energy because people's creativity finally found an outlet, not because thousands of people died at the gallows.

I believe today we have the same lack of self-realization. Remember 18 months ago, Nobel Laureate Novoselov spoke in Birmingham, explaining why he had left

the country? He said, "Russia has no creative atmosphere." By fostering a creative atmosphere in Russia based on the objective conditions necessary for an individual's personal development and realization of his or her creative potential, in business and in other spheres, we will be able to take another leap akin to the one taken 100 years ago.

**M. Shevchenko:**

This goes against the interests of Russia's two main competing forces because it leads to loss of control. This is Russia's biggest problem.

**P. Pozhigailo:**

We have three minutes left.

**V. Mingalev:**

Vadim Mingalev, General Director of the Eurasian Union of Industrialists and Entrepreneurs.

Today's speakers correctly identified the issues facing us, especially Valery Muntiyar, who proposed a comprehensive solution.

But the main point is that our enemies unfortunately realized that Stolypin had always relied on creative individuals in all areas. To a certain extent, Pyotr Stolypin's death was the handiwork of all those analysts who realized that his reforms would turn Russia into the strongest nation in Europe. Pavel, you mentioned this as well. The realization of people's creative potential, primarily in the sphere of entrepreneurship, and the creation of a middle class – all this was part of Stolypin's plan. Russia stood poised on the threshold of huge economic transformation, and certain people did not like that.

**P. Pozhigailo:**

Thank you. Since we are out of time, we can skip summarizing the panel.

The symbolic result of our work is that after three years, we have won the right to erect a statue of Stolypin. It will be erected outside the Russian White House, near the Prime Minister's office entrance, or in Ploshchad Svobodnoy Rossii near the Mayor's Office. We held a competition, and I served as Chairman on the jury. The top prize went to young sculptors. For the first time in the 20 years of modern Russian history, the top prize did not go to one of the dinosaurs. This really was the best proposal. This is a man who challenged Rodichev and fought a duel; he is the epitome of Russia. We believe that the statue has turned out very well.

When we discussed financing with Mr. Putin, he offered us money from the Federal Reserve. I said, "Maybe we should try to collect the money from private citizens?" I thought, if we cannot collect enough money, then we should not be erecting the statue in the first place. So we began to quietly disseminate information through the grapevine. As of today, we have received 1,500 donations, averaging between RUB 50 and RUB 200. We get donations from throughout the former Soviet Union, from Chukotka to Western Ukraine. A hundred of these 1,500 people are officials. Business Russia donated RUB 1 million. We have collected RUB 15 million. We need approximately RUB 25 million for the statue. We cut the cost to a third of the original estimate, and of course we fight for every rouble.

I would love to see the Stolypin monument built exclusively on public money, without taking a single rouble from the budget. Then no one will ever accuse us of letting the government erect the monument. I would like to encourage you to donate if you can: it does not matter how much, as long as you participate. You can find the bank account number at [www.stolypin.ru](http://www.stolypin.ru).

I will personally vouch for every rouble. Never before in my business career have I placed such rigorous demands on the people in charge of spending. The statue will be unveiled in November, and of course you are all invited. We plan to turn the car park into Stolypin Park.

With this, I would like to close our panel and thank all of you for taking part in our discussion. Thank you.