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We Just Want to Help

Should we hand out cash and advice, or watch Russia burn?

AH, FOR THE GOOD OLD DAYS WHEN WE USED TO WORRY about Russian strength—about Soviet tanks in Afghanistan or those hydra-headed Euromissiles. Neither was very pleasant, but at least we knew the options. We could boycott the Moscow Olympics or deploy our own Pershings to force the Brezhnevites to talk arms control. Now, the West is rattled by Moscow's weakness, as it has been ever since the Russian tricolor went up over the Kremlin on Christmas Day 1991. The difference, as the collapse of the Russian ruble shows, is dreadful. The only choice we have is between bad and rotten.

Should the West shovel more money into a bottomless pit lined with greed and sheer thievery? Not even certified Russophiles would agree. How shall we count the billions that have poured into this kleptocracy only to be drained into Swiss bank accounts and Riviera real estate?

So we should no longer do what we once could. But neither can we do what we should, even though the recipe is quite simple: descend upon Moscow accompanied by an army of professionals, each flanked by a close-combat expert for protection, to build a modern state from the putrid rubble of bureaucratic communism. Break the stranglehold of the Mafia. Construct a tax system that fills the government's empty coffers. Put laws on the books enshrining property rights and bankruptcy rules. Assemble an American-type securities and exchange commission with enforcement teeth. Teach bankers and businessmen the proper ways of accounting and disclosure. Haul into court the "oligarchs"—those thuggish "New Russians" who are feasting on the carcass of the Soviet command economy and who use their ill-gotten gains to buy politicians, then use these puppets to make even more money.

Alas, Russia is not a 19th century colony where Western intruders built administrations and infrastructures. Modernization since Peter the Great has been foreign-inspired, but home-grown. If Boris Yeltsin could not turn the trick in seven years, outsiders shouldn't even try.

So wash our hands of Yeltsin and Russia? Yes to the first, but still no to the second. The Russian President, once the West's darling, is beyond salvation and not worth it, to boot. Incapable of governing, he is in the game only for one last desperate throw of the dice to save his own and his family's skin.

He has used and misused everybody: his buddies in the West and his point men at home—from General Alexander Lebed to his latest victim Sergei Kiriyenko, his Prime Minister for all of five months. He has taken billions from the West, only to build Potemkin villages designed to fool his benefactors with phony reformist fervor. Now he is playing footsie with his worst enemies, the communists, whom he cravenly propitiated on Friday by serving them the heads of his last pro-Western stalwarts, Anatoli Chubais and Boris Nemtsov. Instead, he should have fired himself.

To let Yeltsin sink would almost be an act of mercy, and it would be richly deserved, too. But what about Russia? That the country is beyond outside help in matters fundamental is true. Except that we now have a far more frightful drama on our hands—call it "The Bears Are There."

Last year, the world economy barely weathered the epidemic among the Asian Tigers; this year, Japan has just about staved off the collapse of its banking system. But tail-spinning bourses around the world are signaling that the ruble debacle was one crisis too far. Although the overheated markets were due for a sharp correction anyway, the acrid smell of 1931 is wafting across the West. That was the fateful year when the default of the Austrian Creditanstalt triggered the Great Depression.

For their own sake, the rich nations should grab their spades and throw up a firewall around Russia. As they dither and dally, they should recall the long lines of desperate Russians seeking to wrest their meager savings from banks who have acted not as trustees but as frenzied speculators. Unless these little guys are reassured, they will be tomorrow's reserve army for the Pied Pipers of the extreme right and left.

To disperse that army will be well worth the infusion of Western liquidity—insurance money, really. But the deal will have to be hard and fast: the funds will go only to guarantee the holdings of small-timers, and they will be disbursed under the supervision of the IMF. No more dollars for the oligarchs. Instead, the assistance would act like a backfire—burning money the way firefighters torch a strip in the forest to contain a blaze. If the firewall holds, the world economy should be able to get away with a few blisters—a brutal market correction, perhaps, and no more.

Yet what about the fire on the other side? Yeltsin's new gambit—revving up the money presses and renationalization—will not work. Nor can his successors defy the harsh discipline of the global market. Perhaps the flames will do for Russia what a real fire does for a forest. It clears the ugly undergrowth, fertilizes the soil with the ashes, and gives sturdy young trees plenty of room to grow. ■

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