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Can Russia Be Great?

By Joseph S. Nye

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In the 1950s, many Americans feared that the Soviet Union would surpass the United States as the world's leading power. The Soviet Union had the world's largest territory, the third-largest population and the second-largest economy, and it produced more oil and gas than Saudi Arabia.

Moreover, the Soviet Union possessed nearly half of the world's nuclear weapons, had more men under arms than the United States, and had the most people employed in research and development. It detonated a hydrogen bomb in 1952, only one year after the United States, and it was the first to launch a satellite into space, in 1957.

In terms of soft power, communist ideology was attractive in post-World War II Europe, owing to its anti-fascist credentials. It was also popular in the Third World because of its identification with popular national-independence movements. Soviet propaganda actively fostered a myth of the inevitability of communism's triumph.

Soviet leader Nikita Khrushchev famously boasted in 1959 that the Soviet Union would overtake the United States by 1970 — or by 1980 at the latest. As late as 1976, Khrushchev's

successor, Leonid Brezhnev, told the French president that communism would dominate the world by 1995. Such predictions were bolstered by reported annual economic growth rates of about 6 percent and an increase in the Soviet Union's share of global output, from 11 percent to 12.3 percent between 1950 and 1970.

After that, however, the Soviet growth rate and share of global output began a long decline. In 1986, Soviet leader Mikhail Gorbachev described the Soviet economy as "very disordered. We lag in all indices." A year later, Foreign Minister Eduard Shevardnadze told his officials, "You and I represent a great country that in the last 15 years has been more and more losing its position as one of the leading industrially developed nations."

What is surprising in retrospect is how wildly inaccurate Western assessments of Soviet power were. In the late 1970s, a U.S. foreign policy interest group called " The Committee on the Present Danger" argued that Soviet power was surpassing that of the United States, and the 1980 U.S. presidential election between incumbent Jimmy Carter and Ronald Reagan reflected such fears. (Reagan won in a landslide victory.) Yet in 1991, the Soviet Union collapsed.

The end of the Soviet Union left Russia significantly shrunken territorially (76 percent of the Soviet Union), demographically (50 percent of its population), economically (45 percent of its output), and in terms of military personnel (33 percent of its armed forces). Moreover, the soft power of communist ideology had virtually disappeared.

Nonetheless, Russia had nearly 5,000 deployed nuclear weapons and armed forces of more than 1 million people, though its total military expenditure was only 4 percent of the world total (compared with 40 percent for the United States), and its ability to project power globally had greatly diminished.

In terms of soft power, despite the attractiveness of traditional Russian culture, Russia has little global presence. In the words of political analyst Sergei Karaganov, Russia has to use "hard power, including military force, because it lives in a much more dangerous world ... and because it has little soft power — that is, social, cultural, political and economic attractiveness."

Russia is no longer hampered by communist ideology and a cumbersome central-planning system, and the likelihood of ethnic fragmentation, though still a threat, has waned. Whereas ethnic Russians constituted only 50 percent of the Soviet Union's population, they now make up 81 percent of Russia.

The political institutions needed for an effective market economy are largely missing. Russia's robber-baron, corruption-ridden capitalism lacks the kind of effective regulation that creates trust in market relationships. The public health system is in disarray, mortality rates have increased, and birthrates are declining. The average Russian male dies at 59 — extraordinarily low for an advanced economy. Estimates by United Nations demographers suggest that Russia's population may decline from 143 million today to 121 million by mid-century.

Many Russian futures are possible. At one extreme, some view Russia as an industrialized banana republic whose corrupt institutions and insurmountable demographic and health

problems make decline inevitable.

Others argue that reform and modernization will enable Russia to surmount its problems and that its leadership is headed in this direction. Late in 2009, President Dmitry Medvedev issued a sweeping call for Russia to modernize its economy, wean itself off of a humiliating dependence on natural resources and do away with Soviet-style attitudes that he said were hindering its effort to remain a world power.

But, as Katinka Barysch of the London-based Centre for European Reform says, Russian leaders' concept of modernization is overly statist, particularly given that public institutions function so badly. "An innovative economy needs open markets, venture capital, free-thinking entrepreneurs, fast bankruptcy courts and solid protection of intellectual property," she says. Instead there are "widespread monopolies, ubiquitous corruption, stifling state interferences, and weak and contradictory laws."

Dysfunctional government and pervasive corruption make modernization difficult. Pyotr Aven, president of Alfa Bank, argues: "Economically, it looks like the Soviet Union more and more. There is a huge dependency on oil, a need for capital, a need for serious reforms, while the social burden is very strong. Stagnation is the main threat."

Whatever the outcome, Russia will continue to make itself known in the global arena because of its residual nuclear strength, its great human capital, its skills in cyber-technology and its location in both Europe and Asia. As such, Russia will have the resources to cause major problems for or to make major contributions to a globalized world. We all have an interest in Russian reform.

Joseph S. Nye Jr., a former U.S. assistant defense secretary, is a professor at Harvard University and author of the forthcoming book "The Future of Power." © Project Syndicate

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