

## Putin Meeting Caps Moscow Conference



**Cato senior fellow José Piñera gives copies of his pamphlets on Social Security privatization to Russian president Vladimir Putin. Putin met for four and a half hours with Piñera, Cato president Ed Crane, and other market liberals at his residence outside Moscow at the conclusion of Cato's April 8–9 conference, "A Liberal Agenda for the New Century: A Global Perspective."**

**A** four and one-half hour meeting with President Vladimir Putin was the highlight of the Cato Institute's third conference in Russia, "A Liberal Agenda for the New Century: A Global Perspective." Andrei Illarionov, Putin's senior economic adviser, assembled some of the world's leading free-market reformers, including former Estonian prime minister Mart Laar; José Piñera, architect of Chile's successful pension reform; and Cato president Ed Crane, for a marathon discussion of Russia's problems and the urgent need for free-market reforms.

A front-page article in the *Moscow Times*, headlined "World's Reformers Pay Putin a Visit," began this way:

President Vladimir Putin brainstormed with some of the world's leading practitioners of liberal economic reform late into the evening Friday as he steps up his drive to meet

his pledge of doubling GDP within 10 years. Among those gathered round an oval table for nearly four hours of discussion at Putin's tree-surrounded Novo-Ogaryovo residence were economists whose implementation of liberal reforms in their countries fueled the rapid growth Putin has been seeking to achieve here.

Calling on Putin to take more radical action were José Piñera, the former labor and social minister of Chile, often dubbed the "Father of Pension Reform" for pioneering private pension reforms that sparked rapid economic growth; and Ruth Richardson, New Zealand's former finance minister whose tough stance on curbing inflation and bureaucracy helped prompt an economic boom.

Participants reported that Putin said, "I

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hope very much that our economic and Central Bank specialists will take notice of the ideas voiced at the conference and use them to solve certain economic problems in this country.” In particular, he expressed interest in the pension reforms in Chile. “Obviously, Russia should use everything positive the world has amassed in this sphere to make the pension reform very successful,” Putin said.

Cato president Edward H. Crane told Putin that economic growth and foreign investment would require not just free-market reforms but “the perception and reali-



**Yaroslav Romanchuk, deputy chairman of the opposition United Civil Party of Belarus, and Fred Hu of Goldman Sachs, Hong Kong, emphasize the importance of capital freedom.**

ty of the rule of law, uncorrupted courts, and protection of contracts.” He also told Putin: “Another often overlooked aspect of attracting foreign investment is a free press. True, a free press is first and foremost a civil liberties issue. But foreign investors look to a free press in developing nations as an institutional protection for their investments.” Investors, Crane said, are concerned that the Putin administration has intimidated the media in Russia and that that would inhibit economic growth.

Putin wasn’t the only leader who listened to experts explain the ins and outs of liberal reform during the conference, which consisted of two days of discussion in Moscow—cosponsored with the Institute of Economic Analysis and the Russian Union of Industrialists and Entrepreneurs—and a day in Saint Petersburg cosponsored with the Leontief Centre. Participants from across the developing world, including Iraq, Poland, Mongolia, China, and Bulgaria, learned about which reforms work and which don’t from experts with first-hand experience implementing them in their own countries. In the keynote address, Illarionov presented a broad overview of the evidence that economic liberalization drives economic growth and thereby raises living standards. Comparing pairs of countries with similar geographic and demographic traits but different economic policies, he found that those that adopted the institutions of secure private property, the rule of law, and free trade prospered, while those that maintained closed economies and failed to protect property fell behind.

Other speakers confirmed Illarionov’s thesis with stories of their personal expe-



**Above: Daniel Yergin, coauthor of *The Commanding Heights: The Battle for the World Economy*, delivers a luncheon address on the influence of ideas and individuals in transforming the world.**

**Piotr Kaznacheev, adviser in the administration of President Putin, gives the case against endorsing the Kyoto Protocol on global warming.**

periences implementing market-oriented policies in their own countries. Laar, former New Zealand finance minister Ruth Richardson, and Kazakhstan first deputy prime minister Grigori Marchenko all described their successes in producing rapid economic growth through aggressive reductions in the size and scope of government and strengthening of market institutions. But Leszek Balcerowicz, president of the national bank of Poland and former Polish finance minister, emphasized that more than good policies are needed; economic reformers must also think about how best to sell those policies.

Conference participants also got to see first-hand how market forces have transformed Russia. Cato senior fellow Tom Palmer was struck by how much Moscow has changed since his last visit in 1990. “I remember from the Soviet time how drab, shabby, dirty, and utterly depressing Moscow was,” he said. “It’s now ablaze with advertising, signs, beautiful restaurants, and shops full of goods. Whereas during my last visit the streets were full of downcast and depressed people, the open gaiety and liveliness among those walking there today is quite remarkable. What a difference capitalism makes.”

The conference, organized by Illarionov along with Ian Vásquez, director of Cato’s Project on Global Economic Liberty, was Cato’s third in Moscow. In 1990 Cato held “Transition to Freedom: The New Soviet Challenge,” in conjunction with several academic institutes. Speakers included James Buchanan, Peter Bauer, George Gilder, and Charles Murray, along with such Russian leaders as the mayors of Moscow and St. Petersburg (still Leningrad at that time), liberal economist-turned-politician Grigory Yavlinsky, and future prime minister Yevgeny Primakov. A follow-up conference in 1991 featured Soviet émigré Vladimir Bukovsky, making his first trip back to his native land since his exile in the 1970s. Members of the Supreme Soviet gave speeches extolling private property, and Yavlinsky and Stanislav Shatalin discussed their 500-Day Plan for economic reform.

Papers from the 2004 conference can be read at [www.cato.org/russiaconference](http://www.cato.org/russiaconference). ■

**Reformer Leszek Balcerowicz, president of the National Bank of Poland and former finance minister of Poland, exhorts classical liberals to do a better job of selling their ideas.**



**Putin’s economic adviser, Andrei Illarionov, and Cato’s José Piñera held a press conference about how to improve Russia’s incipient pension reform.**



**The Moscow conference “A Liberal Agenda for the New Century: A Global Perspective” sparked spirited discussion among the participants.**