

Four Hours with Putin



Two achievements of the Cato Institute of which I am most proud are our conferences in China and the U.S.S.R. in 1988 and 1990, respectively. In each case we held events devoted to free markets and individual liberty for what I believe was the first time in the history of either Communist regime. In Shanghai we brought Milton and Rose Friedman, George Gilder, Jim Dorn, and the late economist Don Lavoie. What a great event that was!

The energy among our Chinese attendees was palpable as they fol-

lowed Milton around like he was a rock star. There were so many questions for him that he asked us to hold a press conference so he could answer them all at once. We had to halt the conference as everyone wanted to listen to Uncle Miltie. And Gilder got a huge round of applause as he ended his speech with, "Let a billion flowers bloom!" With Tiananmen Square barely nine months away, I really didn't appreciate how courageous the Chinese speakers were.

The event in Moscow was also a stirring experience. We brought Nobel laureate Jim Buchanan, Charles Murray, Gilder and Dorn, and the future first winner of the Friedman Prize, the late Peter Bauer. Among the Soviet speakers were Moscow mayor Gavriil Popov, St. Petersburg mayor Anatoly Sobchak (the mentor to Russian president Vladimir Putin), and Grigory Yavlinsky, still one of Russia's leading liberals.

I had first gone to the Soviet Union in 1981 (and actually wrote an article predicting the collapse of the Evil Empire). Not much had changed by 1990. Communism had sucked the spirit out of the population. There were no products on the shelves, no energy in the streets, and, worse, no sense of hope. Well, perhaps a little hope, as I was able to present a bust of F. A. Hayek to Yevgeny Primakov, the chairman of the Council of the Union of the Supreme Soviet. The presentation took place at the Oktyabrskaya Hotel, used exclusively by the Communist Party Central Committee. We handed out Cato Institute pins to the hotel staff that had, in addition to our logo, printed in Cyrillic, "private property" on the top and "capitalism" on the bottom. That they were a hot item for the workers was probably a good indication that the end of communism was at hand.

All of which brings us to the remarkable week Cato had in Russia at the beginning of April. We held a two-day conference in Moscow, attended by some 300 people, half of whom came from outside Russia (there were two dozen nations represented), and a one-day event in St. Petersburg for about 250 people. Ian Vásquez of Cato and Andrei Illarionov, the libertarian economic adviser to Putin, put together an outstanding program. The theme was what developing nations need to do to create prosperous civil societies. Via video-

tape, Milton Friedman started each event off with an excellent admonition that the Russians, Eastern Europeans, Chinese, and Latin Americans in the audience look to the institutions in place in the United States and Great Britain one hundred years ago when the tremendous growth of our societies was creating the wealth that today allows us to waste it on unnecessary bureaucracies and regulations.

The many distinguished speakers included noted economist Al Harberger of UCLA; Daniel Yergin, coauthor of *The Commanding Heights: The Battle for the World Economy*; José Piñera, world leader in the fight for private Social Security accounts; Mart Laar, former prime minister of Estonia; Ruth Richardson, former finance minister of New Zealand; and Illarionov. But more impressive even than the conferences, at least to me, was the energy and vitality in the streets of both Moscow and St. Petersburg. It is hard to describe, but people had a bounce in their step and a smile on their face. Economic activity was everywhere. Retail stores of every variety were apparently flourishing and

restaurants offered wonderful food (in contrast to the forced diet of the 1990 conference). As Cato Club 200 member August Meyer, who has a major investment in a very successful Costco-type chain of superstores in St. Petersburg, put it, "It's like watching civil society bloom before your very eyes."

For me the highlight of the trip was a four and one-half hour meeting with President Putin at his residence outside Moscow. Nine of us from the conference went to the meeting, which

was covered by some 30 journalists. Among those at the meeting were Piñera, Yergin, and Richardson. José of course pushed Putin to simplify and radicalize the Social Security program in Russia. Yergin emphasized how important it was to believe in the power of ideas to change the world. Richardson urged the Russian president to speed up liberal reforms. And I said it was important to have confidence in the political and economic outcomes of a free society. I paraphrased the great Taoist philosopher Lao Tse to the effect that truly strong leaders leave the people alone. I also noted that to attract foreign capital, which Putin must do to double the Russian economy in 10 years, as he's pledged, Russia must have the perception and reality of the rule of law, uncorrupted courts, and protection of contracts.

Finally, I said that 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. I suggested that the outside world is concerned that Putin's administration has intimidated the media in Russia and that this would inhibit economic growth. Overall, President Putin struck me as a man of serious intelligence with a very strong presence. Putin said at one point, "You should come back next year. I want to make Moscow the center of liberal debate in Europe." A four and one-half hour meeting suggests he may well mean it.

—Edward H. Crane

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