

It's not the economy stupid..... it's society

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· Prosperity and economic recovery, in Russia and in Britain, depend on the renewal of a thriving civic society, based on community and mutual obligation, quite as much as on economic reform.

The legacy of Communism

Communism destroyed the Russian people's respect for authority. When the Communist leadership talked of bumper harvests the people knew that the shelves in every shop were empty. In every aspect of life the authorities were exposed as deceitful. During the Soviet era, Vladimir Bukovsky, the imprisoned former dissident, told the BBC:

"During my life in the Soviet Union, and I lived there 35 years, I have met fewer communists than I've met in two and a half, three years, living here [Britain]. Most people I've met, even those who officially are members of the party, are simply cynical people who have joined the party for better promotion, better wages, career and things like that...

I'm pretty sure that in the life of any individual in the Soviet Union there comes a moment when he suddenly understands all these things... because the propaganda suggests that everything is perfect in our society, as soon as you discover the smallest drawback, you are immediately in conflict with official propaganda: it must be a lie.... Maybe they are lying 100 per cent?" In Soviet Russia it simply did not pay to be honest.

In order to survive it was necessary to be willing to trade on the black market, to bribe or even steal.

The Tablet, the international Catholic weekly, wrote: "What Communism left behind was a legacy of cynicism and opportunism, in which appeals to public service and common goals had been discredited". To this legacy Boris Yeltsin stands accused of having added a toleration of corrupt oligarchies that have traded on shadowy links with public officials - particularly in abusing the country's rich energy resources.

I witnessed this crony capitalism - which also lies at the heart of many of the difficulties facing SE Asia - when I visited Moscow in June.

In the reaction of the IMF to Russia's latest difficulties there has been an understandable emphasis on urging the Kremlin to stay faithful to economic liberalisation. Whilst there is no alternative to liberalisation we are in danger of missing the scale of the challenge facing Russia's reformers.

Rebuilding civil society

The Soviet authorities not only discredited themselves and the rule of law but the tentacles of their totalitarian rule also poisoned, and sometimes killed, most institutions of society. The family was attacked as young communists were encouraged to inform on their parents. The only churches that survived were peopled by KGB-authorized priests. The ban on private property and the inflationary emasculation of savings meant that enterprise and thrift had no soil in which to grow.

Every civic institution and value was seriously eroded. Does this matter? Adam Smith would not have hesitated in answering 'yes'. Smith is widely and properly regarded as the intellectual father of capitalism but the Wealth of Nations (his 1776 book) cannot be fully understood, however, without a reading of the book he wrote seventeen years earlier - The Theory of

Moral Sentiments.

In 'Theory', he argued that the stability of any society depended upon the diversity of free institutions that existed between the individual and the state and the values that coloured those institutions. In the following century Alexis de Tocqueville recognised the same strength in America. It was the social enterprise that built families, libraries, prairie schools, churches and a thousand little clubs which turned the Wild West into the oasis of prosperity and liberty which America has slowly become.

If Russia is to prosper a similar social revolution is necessary. There has to be patience and there are no simple economic levers to pull. There also has to be an acceptance of diversity and pluralism - something not witnessed in recent attempts to restrict religious liberty.

More than money

Our own economy's success depends upon Judeo-Christian values and voluntary institutions as much as it depends upon the level of taxation or the liberalisation of trade. Last May we told the electorate that 'Britain was booming'. It was not enough to re-elect John Major because people were tired of an economics-centred philosophy that they thought was undermining the ties of community and tradition.

They were right to be worried although the Labour government they have elected is so obsessed with being 'modern' that its politicisation of every aspect of national life will rob civil society of its integrity and independence.

William Hague has made a number of important speeches this year that have not been reported as much as they deserve but testify to the intellectual renaissance of cultural conservatism. He has stressed the traditional family and the voluntary culture and he has said that Conservatives do believe in society.