

## How to explain Russia's post-Soviet political and economic system

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**How to explain Russia's  
post-Soviet Political and Economic System**

**Heiko Pleines (ed.)**

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Heiko Pleines

## **Introduction**

This working paper contains the presentations of a panel held at the VII World Congress of the International Council for Central and East European Studies (ICCEES) in Berlin in July 2005. The panel, entitled “How to explain Russia’s Post-Soviet Political and Economic System?”, was one of the best visited panels of the congress and led to lively debates with the audience. As panel organiser I therefore asked the panelists whether they would agree to have their presentations published. I am very grateful that they all provided me with printable versions of their presentations within a very short time.

The analyses presented in this working paper provide a genuinely interdisciplinary view on Russia’s society since the end of socialism. A historian, Hans-Henning Schröder, describes the political sphere, a political scientist, Diana Schmidt, covers civil society, a sociologist and a geographer, David Lane and Denis Eckert, deal with the economic sphere. They all develop a comparative dimension to put the Russian case in context.

As the panel title suggests, all papers are concerned with general trends characterising the post-Soviet development of Russia. In order to describe these trends, the authors refer to analytical frameworks of reference provided by their specific discipline and research orientation. Nevertheless, as Valerie Bunce points out in her comment, a number of conclusions on the state of Russian society is supported by all four papers. The most important one seems to be that Russia is marked by a high degree of inequality, fragmentation and political alienation; this in turn questions the stability of the political, economic and social system which has emerged in Russia.

However, the main aim of all papers is not to depress the reader or to criticize developments, but to understand what is going on. Here, the authors provide an original, rich and broad overview of ways to analyse and interpret current trends. They present many interesting insights and data and integrate them into a general line of argument which offers a rather comprehensive answer to the question of how to explain Russia’s Post-Soviet Political and Economic System.

Nevertheless, I am sure that the paper-givers were not amazed by the fact that at the end of her comment Valerie Bunce presents a multitude of open questions. I hope this working paper will contribute to the debate about the state and development of Russia’s political and economic system not only with answers but also with questions.

## What Kind of Political Regime Does Russia Have?

### Transformation and political process?

As the Soviet Union collapsed at the end of 1991 and the new Russian government proclaimed their program of reform, it seemed that the new state was on the way to joining the democratic world. For, following the fall of the USSR and the clear failure of the Soviet political and economic model, most contemporaries could not see an alternative to democracy and the market economy. The governments of western states accepted without consideration the Yeltsin administration as democratic. In the discourse among the social sciences, a swift transition to a functioning democracy was expected. The theory of 'transformation' – the dominant interpretative concept of these years – seemed to prescribe the processes of the implementation of democracy and the market economy.

Today, a decade and a half after the disintegration of the Eastern Bloc and the fall of the USSR, we can see that though in many states (including Russia and most of the lands of the CIS) a change of system has taken place, it remains clear that this has not led to the establishment of a consolidated democracy. Recently, Alexander Solzhenitsyn stated with great bitterness in a television interview that democracy has never existed in Russia – let alone even the facade of democracy.<sup>1</sup>

The observation expresses in radical form something which many commentators have now established: that the process of democratisation in Russia has become exhausted and has not been completed. This insight forces the research, which has always placed the transition to democracy at the centre of its understanding of transformation theory, to revise its thinking. This is not a total surprise: it would be unjust to suggest that the proponents of transformation theory were blind to the actual developments in the countries in question.<sup>2</sup> Many of them have time and again pointed out that the process of transformation does not have to result in a stable democracy, and that it is perfectly feasible to imagine a number of possible paths of development. As early as 1994, G. O'Donnell stressed that – depending on historical conditions and the specific socio-economic problems – different paths of democratisation are conceivable and require a 'typology of democracies':

*Scholars who have worked on democratic transitions and consolidation have repeatedly said that, since it would be wrong to assume that these processes all culminate in the same result, we need a 'typology of democracies. Some interesting efforts have been made, focused on the consequences, in terms of types of democracy and policy patterns, of various paths to democratisation.' My own ongoing research suggests, however, that the more decisive factors for generating various kinds of democracy are not related to the characteristics of the preceding authoritarian regime or to the process of transition. Instead, I believe that we must focus upon various long-term historical factors, as well as the degree of severity of the socio-economic problems that newly installed democratic governments inherit.*<sup>3</sup>

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<sup>1</sup> 'Is our democracy under threat? After everything I have said, what sort of democracy is under threat? The power of the people? It is non-existent. It hasn't existed for a second. You can only take away what you have but if we don't have anything, there is nothing to take away from us. We have deprived the people of everything, absolutely everything. Starting from the first day of the Gorbachev era, and onward and onward. We have never had democracy. I have repeated many times, we don't have even a semblance of democracy.' From a TV Interview with Alexander Solzhenitsyn, TV RUSSIA, June 5, 2005 Source: www.fednews.ru (quoted in: Johnson's Russia List #9174, 10 June 2005, #1).

<sup>2</sup> On this, see J. Gans-Morse: Post-Communist Transitions and the Myth of a Dominant Paradigm, in: Post-Soviet Affairs, 20.2004, Nr. 4, pp.320–349.

<sup>3</sup> G. O'Donnell: Delegative Democracy, in: Journal of Democracy, 5.1994, pp.55–69 (p.55).

As it became clear in the course of the 1990s that in many countries of Eastern Europe – and in particular the successor states to the Soviet Union – the political change had taken a direction which did not follow the intended course of the transformation process and which in no way was aimed at a consolidation of democracy, concepts like ‘deficient democracy’<sup>4</sup>, and then later ‘hybrid system’<sup>5</sup> or ‘grey zone’<sup>6</sup>, became increasingly important.

As useful as these terms were for the categorisation of political states, they still possess a weakness in that they are descriptions of a state *ex negativo*. They describe regimes which are not democracies or which are neither democracies nor authoritarian systems. The choice alone of the words ‘hybrid system’ or ‘grey zone’ betrays the fact that the research on transformation does not have an adequate terminological apparatus at its disposal. Consequently, it must make do with a makeshift solution.

In this respect, the concept of ‘competitive authoritarianism’ represents a step forward. Lucian Way and Steven Lewitsky define this as a special case of the ‘hybrid system’ and apply it to regimes in which democratic institutions exist, but in which the rules were so often broken that democratic standards can not be met.<sup>7</sup> The juxtaposition of an authoritarian government and working democratic institutions creates a situation full of inherent contradictions, which to a great degree is instable. They describe in this way a model which allows one to understand political procedures in the process of transformation. The approach is not limited to the categorisation of regimes; it does not place the question of whether a democracy is successful in the foreground, but rather concentrates more on the investigation of the political process itself. Thus, they approach the thought which Gelman recently formulated in a study of the events in the area of Volgograd: ‘...democratisation’, he writes, ‘is just a by-product of the political process...’<sup>8</sup>. At the beginning of 2005, Richard Sakwa put this more cynically:

*Lenin’s slogan that ‘democracy is expendable, development is not’ appeared to have been resurrected in a type of Thermidorean postrevolutionary consolidation of the political regime.*<sup>9</sup>

<sup>4</sup> See W. Merkel: Defekte Demokratien, in: Demokratie in Ost und West. Für Klaus von Beyme Ed. v. W. Merkel; A. Busch., Frankfurt am Main 1999, pp.361–381; W. Merkel; A. Croissant: Formale und informale Institutionen in defekten Demokratien, in: Politische Vierteljahresschrift, XLI.2000, pp.3–30; W. Merkel; H.-J. Puhle; A. Croissant; C. Eicher; P. Thierry: Defekte Demokratie. Band 1: Theorie, Opladen 2003.

<sup>5</sup> See F.W. Rüb: Hybride Regime – Politikwissenschaftliches Chamäleon oder neuer Regimetypus?. Begriffliche und konzeptionelle Überlegungen zum neuen Pessimismus in der Transitologie, in: Zwischen Demokratie und Diktatur. Zur Konzeption und Empirie demokratischer Grauzonen, ed. by P. Bendel; A. Croissant; F.W. Rüb, Opladen 2002, pp.93–118.

<sup>6</sup> For a later reaction to this discussion, see T. Carothers: The End of the Transition Paradigm, in: Journal of Democracy, 13.2002, Nr. 1, S. 5–21; see the same author’s Debating the Transition Paradigm. A Reply to my Critics, in: Journal of Democracy, 13.2002, Nr. 3, pp.33–38.

<sup>7</sup> S. Lewitsky; L.A. Way: The Rise of Competitive Authoritarianism, in: Journal of Democracy, 13.2002, Nr. 2, pp.51–65, especially p.54 and 58; see also L.A. Way: The Sources and Dynamics of Competitive Authoritarianism in Ukraine, in: The Journal of Communist Studies and Transition Politics, 20.2004, Nr. 1, pp.143–161.

<sup>8</sup> V.J. Gel'man: Demokratizatsiya, strukturnyi pljuralizm i neustojchivyi centrizm: Volgogradskaja oblast', in: Politicheskie issledovaniya, 2000, Nr. 2, pp.111–132 (p.112); usings Przworski’s argument, to be found in: Przeworski, A.: Democracy as a Contingent Outcome of Conflicts, in: Elster, J.; Glagstag, R. (Ed.): Constitutionalism and Democracy, Cambridge/Mass. 1988; Gelman has repeatedly criticised the thoughtless use by western concepts of democratic theory; for example, see V.J. Gel'man: “Stolknovenie s ajsbergom”: Formirovanie kontseptov v izuchenii Rossiiskoi politiki, in: Politicheskie issledovaniya, 2001, Nr. 6, S. 6–17; the same author.: Postsovetskije politicheskie transformatsii: nabroski k teorii, in: Obshchestvennye nauki i sovremennost', 2001, Nr. 1, pp.55–69; for an early discussion of the limits of the transformation theory approach, see V. Bunce: Should Transitologists Be Grounded?, in: The Slavic Review, 54.1995, Nr. 1, pp.111–127; the same author: Paper Curtains and Paper Tigers, in: The Slavic Review, 54.1995, Nr. 4, pp.979–987.

<sup>9</sup> R. Sakwa: The 2003 – 2004 Russian Elections and Prospects for Democracy, in: Europe-Asia Studies, 57.2005, Nr. 3, pp.369–398 (p.391).

## The defining factors of politics in transition: state building and social change

If one places the analysis of political processes at the centre of scrutiny or inquires about the structural elements, actors, fundamental attitudes and behavioural patterns which influence it, one cannot limit the study to the political system and the form of economy. Certainly these are both important. After 1991, a change in the political system took place in Russia. This was enshrined in 1993 in the constitution, which is still in force today. This constitution and the powerful position of the president within it have been described often enough. It is the expression of socio-political power relations following the violent dissolution of the first Russian parliament and Supreme Soviet, which created a legal framework which barely suitable for the development of democracy. The system of a market economy, the introduction of which the Russian government pursued at the beginning of 1992, created through the restoration of the right of property, the liberalisation of the circulation of wares and capital, alongside the political upheaval of the period, a new framework for the national economy.

The changes in the political and economic system were only a part of broader historical events. Two further processes had a lasting influence on the unfolding of a new order after 1991 – processes, which are not given priority in transformation theory: the rebuilding of statehood in the context of a reduced Russia and the reconstitution of society. It was above all the latter, which through a deep division of society created the conditions by which the changing cartel of elites could exercise power and shape politics free of control from society. The reconstruction of Russian statehood has granted this cartel of elites increasing legitimacy since the end of the 1990s.

The building of a new state was at first an organisational problem, which had to be solved parallel to the reorganisation of the political and economic system. The new sovereign states, which appeared on the territory of the former Soviet Union, had to divide up the Soviet inheritance – land and natural resources, governmental institutions, infrastructure, armed forces (including their nuclear potential), international duties and not least citizens – and consolidate the new state structure. This procedure was made easier in that Russia had already constituted itself as an independent state system during the last years of the Soviet era and possessed an executive and legislature legitimated through election. The Russian leadership solved the most important problems in foreign policy which had arisen out of the fall of the USSR, through co-operation, which from time to time was charged with tension, with the other successor states and in dialogue with the international community. Internally, the Yeltsin leadership possessed enough authority in order to bind the newly self-confident regions in a federally organised state through protracted bargaining.<sup>10</sup> Only in the case of Chechnya was it impossible to work out a political solution and the attempt to integrate the region into the new Russia by force led to a civil war, which threatens to destabilise the whole Caucasus and which has damaged Russia's international position.

Mental accommodation to the new state has taken place with more difficulty than the solution of the political and organisational problems. As late as 1999, 77% of Russian citizens regretted the fall of the USSR according to an opinion poll of the market research institute, ROMIR.<sup>11</sup> The Russia of 1992 did not correspond to either the Soviet Union or the Tsarist empire. It possessed only three quarters of the territory of the USSR and just half of its population. It was also considerably smaller than the Tsarist empire before 1917. The state ideology could only draw on

<sup>10</sup> See V. Šlapentoch; R. Levita; M. Loiberg: From Submission to Rebellion. The Provinces versus the Center in Russia, Boulder, Col. 1997; P. Hanson: How Many Russias?. Russia's Regions and Their Adjustment to Economic Change, in: L'Evoluzione della Russia e i suoi rapporti con alcuni paesi Europei, ed. by Istituto Affari Internazionali. Laboratorio di Politico Internazionale. Gruppo Russia, Roma 1997, S. 35–44.; K. Stoner-Weiss: Local Heroes. The Political Economy of Russian Regional Governance, Princeton, N.J. 1997, 240 S.; P. Kirkow: Russia's Provinces. Authoritarian Transformation versus Local Autonomy?, Basingstoke / London 1998; A. Heinemann-Grüder: Der heterogene Staat. Föderalismus und regionale Vielfalt in Rußland, Berlin 2000; J. Perovic: Chancen und Gefahren des Regionalismus für Russland, Bern etc. 2001.

<sup>11</sup> [http://www.romir.ru/socpolit/actual/12\\_2001/cis.htm](http://www.romir.ru/socpolit/actual/12_2001/cis.htm), 11.12.2001.

Soviet and Tsarist concepts to a limited degree. A national identity, which would be able to integrate the new, smaller Russia had not yet been developed. The search for a 'Russian idea', which President Yeltsin tried to speed up through the announcement of a competition, belongs to this context,<sup>12</sup> but also the discussion on the flag, coat of arms and national anthem. Not until Putin became president was a compromise found, which tied together Soviet and Tsarist-Russian elements in the symbolism of the state.<sup>13</sup>

The efforts towards the development of a new statehood could not but have an influence on the political process. In the interaction of centre and periphery, the regional actors won a high degree of independence and influence on the politics in the centre. Not until the regional reforms of 2000 and 2004/5, introduced by Putin, were their roles again limited. The lack of a state ideology accepted throughout society offered room for a broad discussion of national identity, which referred to both the Russian and the Soviet past, and which was taken up and used by political movements and actors. The group rivalries and ideological tensions, which became visible in the context of these conflicts, gave the political process its particularity.

The other factor which lastingly shaped the development and orientation of Russian politics was the reconstitution of society in the context of the transition to democratic political procedures and the introduction of market distribution. With the transition to the market and the discontinuation of the party and Soviet hierarchy, which before had determined social position and level of consumption, property received a new importance as *ratio* social system. The social position was now measured according to income and wealth. In Russia, too, the phrase 'money matters' started to apply. A redistribution of public wealth within society went hand in hand with this change in values. The liberalisation of the economy and privatisation led to the descent of a large part of the population into poverty, while a minority became rich. Even information from the official Russian department for statistics shows that in the years 1990–1995 the financial situation of the fifth of the population with the highest income improved.<sup>14</sup> It is noteworthy that this process was fundamentally over by the middle of the 1990s. Later movements between the income groups are not large. This suggests that – if redistribution is a key process of transformation – the transition in Russia was completed around 1995/1996. The restructuring of power relations in society was by this time over. A continuation of democratic developments was only conceivable if it did not contradict the interests of the new elite.

A fundamental result of this process of redistribution of wealth was the creation of a new upper class, which had adapted itself to the new political and economic situation and understood how to take advantage of it. The groups which formed this stratum were according to background, education and behaviour markedly heterogeneous. After 1995, however, they were all equally interested in the preservation of the political and social *status quo* – that is in the maintenance of the power they had acquired. This created the preconditions for the emergence of a cartel of elites (the composition of which is constantly changing), which has decisively influenced Russian politics to this day. The influence of this grouping can be seen in the combination of forces in the central executive, the regional elites and high finance in the re-election of Yeltsin and the success in securing Putin's place as Yeltsin's successor in 1999. The political developments during the period of transformation can not be understood without them.

<sup>12</sup> For the wider context, see C. Uhlig: Nationale Identitätskonstruktionen für prosowjetisches Rußland, in: Osteuropa, 47.1997, Nr. 12, S. 1191–1206; A.M. Migranjan: Rossija v poiskach identichnosti (1985–1995), Moskva 1997; B. Sieber: "Russische Idee und Identität". "Philosophisches Erbe" und Selbstthematisierung der Russen in der öffentlichen Diskussion 1985–1995. Studien zur russischen Konservatismus Teil I, Bochum 1998 V. Vujacic: Perceptions of the State in Russia and Serbia: The Role of Ideas in the Soviet and Yugoslav Collapse, in: Post-Soviet Affairs, 20.2004, Nr. 2, pp.164–194.

<sup>13</sup> On this, see I. de Keghel: Die Moskauer Erlöserkathedrale als Konstrukt nationaler Identität. Ein Beitrag zur Geschichte des "patriotischen Konsenses", in: Osteuropa, 49.1999, Nr. 2, pp.145–159; by the same author: Die Staatssymbolik des neuen Russland im Wandel. Vom antisowjetischen Impetus zur russländisch-sowjetischen Mischidentität, Bremen Dezember 2003 (= Forschungsstelle Osteuropa an der Universität Bremen. Arbeitspapiere und Materialien. Nr. 53).

<sup>14</sup> See Figure 1-1: Distribution of income in the USSR and Russia, 1990–2003 and Table 1-1: Distribution of income in the USSR and Russia, 1990–2003, p.16.

The counterpoint to the creation of a new elite is the social decline of the majority of the population. For a large part of Soviet society, the period of political and economic reforms was connected with material loss and a drop in social status. This experience of decline has shaped Russian society. Even in 1999, 70% of those asked felt that they belonged to the under-class.<sup>15</sup> Russian society is now deeply divided. A numerically small group of the affluent and rich faces a large stratum of the population, which can only get by with difficulty. According to surveys of the Levada centre from December 2003, 15% of those questioned answered that their money was barely sufficient for foodstuffs, a further 36% had to economise in order to buy clothing and another 34% found it difficult to buy large consumer goods like a television or refrigerator.<sup>16</sup> A middle class, which according to behaviour and level of consumption corresponds to the western pattern – or at least is satisfied with their material situation – has so far only existed in its beginnings. The basic model is the sharp opposition within society of rich and poor: a fissure which will determine the next decade of Russian politics.

The restructuring of social hierarchy and the process of the redistribution of wealth markedly differentiates the transformation of the majority of ‘socialist’ states from the processes of transformation in Southern Europe and Latin America. Here, too, political and social change was connected, but there was not a comparably radical change in the social order. In Russia, society was reconstituted; this created new conditions which gave the political process a specific character. It is really only the elite groups which are politically active. The mass of the people was the object and not the subject of politics. The cartel of elites shaped the public and organised majorities, without the majority of the people receiving the chance to actively take part in politics.

This circumstance hindered the development of the institutions of civil society, which were traditionally weak anyway. In the Soviet Union, the monopoly of Communist party had effectively stopped public self-organisation. In contrast to Poland, there was neither an opposition elite nor organised groups which could bring together and realise public interests. This inheritance represented a burden which even under favourable conditions is difficult to overcome. Putnam, looking at Italy, has established that the development of a civil society is determined by historical experience:

*The civic community has deep historical roots. This is a depressing observation for those who view institutional reform as a strategy for political change. A president of Basilicata cannot move his government to Emilia, and the prime minister of Azerbaidzhan cannot move his country to the Baltic. ‘A theory of change that gives priority to ethos can have unfortunate consequences... It may lead to minimising efforts at change because people are believed to be hopelessly enmeshed in an ethos.’<sup>17</sup>*

Certainly, the American political scientist believes that even historically disadvantaged regions can undergo a change for the better: ‘Changing formal institutions can change political practice’.<sup>18</sup> However, this maxim is no real comfort in Russia given the existing power relations in society.

Social upheaval, the rebuilding of the state and the lack of a tradition of public self-organisation shape the political process in Russia. They create the preconditions which led to the fact that the character of politics following the fall of the Soviet regime was determined by cartels of elites, who were not subject to social control. The process of the redistribution of wealth split society into rich and poor. Political competition only took place between the different factions of elites, which acted within the framework of the institutions created by the constitution of 1993.

<sup>15</sup> See Figure 1-3, p.17: Change in Russian social structure between 1992 and 2000; Rafael Mrowczynski will submit his doctoral dissertation on the stratification of Russian society in the near future.

<sup>16</sup> Opinion poll conducted by VCIOM (now the Levada institute), December 20.–23, 2003 <<http://www.vciom-a.ru/press/2004011302.html>>.

<sup>17</sup> R.D. Putnam: Making Democracy Work. Civic Traditions in Modern Italy, Princeton, N.J. 1993, p.182.

<sup>18</sup> Ibid. p.184.

## The regime: stable and effective?

Fourteen years after the change in regime and twelve years following the adoption of the constitution, the political system in Russia seems to be comparatively stable, not least because it appears to have broad support among the population.<sup>19</sup> This does not mean that it has managed to establish a working parliamentary or presidential democracy. All commentators are agreed that this is not the case.<sup>20</sup> Nevertheless, the post-Soviet governments, based on a changing cartel of elites, have possessed political authority, performed the business of government and enjoyed, especially in the last few years, a high degree of public acceptance.

In view of this situation, Richard Rose, Neil Munro and William Mishler have argued that an analysis should not be orientated towards the traditional understanding of transformation, which measures the quality of politics according to how democratic it is, but rather towards a general model of political authority, regardless of whether the regime is democratic or not.<sup>21</sup> Rose and his co-authors are not alone in this approach. Other writers, too, (for example, Rudra Sil and Cheng Chen) are seeking new ways of looking at the post-Soviet system. Like Rose, Munro and Mishler, they both see the research on transformation based on theories of democracy as unproductive. They suggest placing the question of state legitimacy at the centre of their study.<sup>22</sup> As different as these starting points are, they both try to get away from the categorisation of transforming regimes in terms of theories of democracy and open up the discussion, which has become bogged down. Indeed, this broader approach enables one to make statements about the stability of the political system and its perspectives for development.

It is only possible to look at a few of the many questions which arise in the context of such a new approach in this paper. Two shall be dealt with, albeit briefly, here: the social acceptance of the regime and the effectiveness of Russian political making during Putin's period in office. Both aspects – acceptance and the efficacy of politics – interact: a high level of social acceptance makes political action easier and effective action in the solution of political problems can in turn increase acceptance. If both elements exist, then the regime gains stability and at the same time acquires prospects for the future.

The work of the executive is conveyed to the public through people and institutions. In the Russian case, one must look at two constitutional organs: the president and the cabinet of ministers (the second of which the public is aware of through the person of the prime-minister). Almost all polling institutes which deal with political and social topics have collected corresponding data, which on the whole concurs. The activity of the president is without exception seen positively.<sup>23</sup> In the polls regularly conducted by the Levada Institute (in the past, VCIOM), the overwhelming majority of respondents endorsed Putin's work. In January 2000, directly after he

<sup>19</sup> Only a few of the flood of publications on Putin's Russia can be mentioned here: H. Balzer: *Managed Pluralism: Vladimir Putin's Emerging Regime*, in: *Post-Soviet Affairs*, 19.2003, Nr. 3, pp.189–227; A. Brown (Ed.): *Contemporary Russian Politics. A Reader*, Oxford 2001; A.C. Kuchins (Ed.): *Russia after the Fall*, Washington, D.C. 2002; M. Mommsen: *Wer herrscht in Rußland. Der Kreml und die Schatten der Macht*, München 2003; R. Sakwa: *Putin. Russia's Choice*, London / New York 2004; L. Shevtsova: *Putin's Russia*, Washington, D.C. 2005.

<sup>20</sup> See above, p.7.

<sup>21</sup> Rose, Richard; Munro, Neil; Mishler, William: *Resigned Acceptance of an Incomplete Democracy: Russia's Political Equilibrium*, in: *Post-Soviet Affairs*, 20.2004, Nr.3, pp.195–218 (p.197). See *ibid.*, p.196:

'By contrast with theories of democratic consolidation, which focus on a single type of regime, a generalized model of political authority must recognize that political elites differ in the regimes they supply. For most of recorded history, political authority has been maintained by one or another undemocratic form of authority (Finer, 1997; Linz, 2000). From Belarus to Kazakhstan, the Commonwealth of Independent States today is full of new regimes whose leaders are trying, often with substantial success, to establish an equilibrium in favor of an undemocratic regime (see McFaul, 2002).'

<sup>22</sup> R. Sil; C. Chen: *State Legitimacy and the (In)Significance of Democracy in Post-Communist Russia*, in: *Europe-Asia Studies*, 56.2004, Nr. 3, pp.347–368; see *ibid.* p.347:

'...the debate over the prospects of democratic consolidation and civil society in Russia can be given new life only if subsumed within a more general problematique focusing on the level and sources of state legitimacy.'

<sup>23</sup> See appendix, Figure 1-4: 'How do you rate Putin's activity as president?', p.20.

became acting president, this was three quarters of those asked. During the elections of 2003–4, which had an intensively propagandistic impact on the electorate, this rose to four fifths. Not until 2005 did the approval rate fall to two thirds. Increasing worry about social reforms may have played a role in this. Altogether, the data signals an extremely high rate of approval for the president and his administration.

One can see a somewhat different picture if one looks at the assessment of the prime minister and the cabinet of ministers.<sup>24</sup> There have been three prime ministers between January 2000 and June 2005: Putin briefly held the office in January 2000; he soon handed it over to Kasyanov, who at first occupied the position in an acting capacity and after Putin's election as president took on the post regularly. In March 2004, a government reshuffle took place in which Kasyanov was replaced by Fradkov. As prime minister, Putin had a approval rate of 80%. His successor Kasyanov was seen by 40–50% of those questioned as worthy of support. Not until the turn of the year, 2002/2003, did the negative judgements outweigh the positive. The figures for Prime Minister Fradkov, who came into government in March 2004 through the change in government, are much lower than those for his predecessor. Following the conflict over social reforms in particular, more than half of those asked disapproved of him. If one looks at the evaluation of the whole government, then in general they correspond to the assessment of the prime minister; however, on the whole, they are a few points lower. Without exception, disapproval exceeds approval. In the first half of 2005, over two thirds of those questioned gave the government poor marks.

The discrepancy between the positive assessments of the president and the poor ones for the prime minister and cabinet is striking. At first glance, it is difficult to explain. The president chose the government; he controls it; it is directly answerable to him. Policy is jointly developed and implemented by the presidential administration and the cabinet. Strictly speaking, there is no reason that the president should not be held liable for the errors of his government. The perception of the public, however, obviously follows different rules.

A similar discrepancy is apparent when one looks at another area of inquiry. The Levada centre regularly asks which politicians the respondents trust.<sup>25</sup> According to this, since the beginning of his presidency, Putin has occupied a special position – between 40% and 50% of those questioned declared their trust in him. The next candidates, the emergencies minister Shoigu and the leader of the Communists Ziuganov, lay a good deal behind. While the Levada centre offered the answer 'I do not trust any politician' (until November 2003), this was the second most popular answer. Thus, Putin occupies a unique position in the public's esteem.

Two facts are worth mentioning about the trends of trust in the president. Firstly, no other politician benefits from a decline in Putin's ratings; if they do fall (for example, following the Kursk catastrophe in September 2000), the percentage of those questioned who claim to trust no politician rises. Secondly, the number of people supporting Putin, which was already significant, increased considerably between November 2003 and March 2004. Obviously, the extensive pro-Putin propaganda during the Duma and presidential elections had an effect. One can see from this rise that the high rate of trust is an excellent piece of image building.

If one then asks about trust in institutions,<sup>26</sup> it is clear how strongly the acceptance of the regime is mediated through the person of Putin. About half of those asked replied that they trust the office of president. All the same, 40% trust the church and 30% the army. The institutions which really constitute the political system, the executive on all levels, the representative bodies and the judiciary, enjoy practically no trust. The approval of political parties, the actual bearers of parliamentary democracy, is lower than the notoriously corrupt and despised Militia. The new Russian state in the form of the organs created by the constitution has little support among

<sup>24</sup> See appendix, Figure 1-5: 'How do you rate the activity of the Russian prime minister?', p.20; Figure 1-6: 'How do you rate the activity of the Russian government?', p.21.

<sup>25</sup> See appendix, Figure 1-7: 'Name five or six politicians who you trust', p.21.

<sup>26</sup> See appendix, Table 1-5: 'To what degree do the following institutions deserve trust?', p.22.

the population. Acceptance is only created through the person of the president. The difference between the high personal trust and low institutional trust is characteristic of the political system. It achieves a certain degree of legitimacy alone through the plebiscitary approval of the person of the president. Through this instrument, a potentially instable situation achieves a fragile balance. If Putin leaves the political stage, as according to the constitution should happen in 2008, or if his attraction fades away, then the political system will lose its borrowed legitimacy.<sup>27</sup>

The question of the effectiveness of the political system is far more difficult to answer than that about its acceptance. Putnam has pointed out that the assessment of the efficacy of governments is one of the fundamental questions of political science, but has also showed how difficult it is to answer.<sup>28</sup> On the one hand, one must determine which tasks a government actually has to accomplish. On the other, it is necessary to develop concepts with which it is possible to measure the level achievement in this. In this paper, one can only outline in which direction such an approach could be developed.

Russian politics does indeed have to deal with a long list of problems. These include those of a strategic nature: the development of democratic political processes, which is tied up with an increase in participation by society; the establishment of structures founded on the rule of law; the bridging of the crack in society between rich and poor and the completion of the transition to a working market economy. In addition, there are short-term, tactical tasks, which take in increasing gross domestic product, reducing poverty, the struggle against corruption, the stabilisation of the social system and ending the crisis in the army. The effectiveness of state policy is also measured in how far it is able to solve these problems.<sup>29</sup> However, this abstract list does not indicate whether the government, elites or people really are aware of these as problems as such and are interested in their solution. One can imagine that the predominant cartels of elites are not overly interested in an increase in participation by society. At least a part of the state apparatus benefits too much from corruption that it should be inclined to bring an end to it. The stabilisation of the social system, which must be accompanied by an increasing burden on the people, does not find deep sympathy among broad layers of the population. The question of which tasks should be defined as having precedence depends on different interests and is therefore difficult to answer abstractly. Therefore, in the following, two perspectives will be outlined: on the one hand, that of Putin's administration, which is expressed in their programmatic statements; on the other, that of broader society as a whole, whose expectations in the government are regularly investigated in opinion polls.

The official catalogue of tasks which the executive has set for itself is presented every year in the president's address to the federal assembly.<sup>30</sup> The character and stress change from year to

<sup>27</sup> On this, also see Sil's thoughts; Chen, in: *Europe-Asia Studies*, 56.2004, Nr. 3, pp.347–368.

<sup>28</sup> "Who Governs?" and "How well?" are the two most basic questions of political science. The former raises issues of distribution and redistribution: "Who Gets What, When, and How?" Such issues have been at the forefront of the discipline's debates in recent decades. By contrast, rigorous appraisals of institutional performance are rare, even though "good government" was once at the top of our agenda.' See R.D. Putnam: *Making Democracy Work. Civic Traditions in Modern Italy*, Princeton, N.J. 1993, p.63; for Putnam's thoughts on the evaluation of politics, see *ibid.* pp.63ff.

<sup>29</sup> See E.G. Jasin: *Alternativy i perspektivy. Glavy iz novej knigi Evgenija Jasina 'Prizhivetsja li demokratija v Rossii'*, 28.6. 2005 (= <http://www.polit.ru/research/2005/06/28/alternatives.html>), p.3; in 2005, Jasin listed the urgent, concrete objectives to be: 1) pension reform, 2) reform of the housing and utilities market, 3) educational reform, 4) reform of the health system, 5) military reform, 6) the replacement of social privileges with cash benefits and 7) administrative reform; *ibid.*

<sup>30</sup> *Poslanie Federal'nomu Sobraniju Rossijskoi Federatsii. 2005* <<http://president.kremlin.ru/appears/2005/04/25/1223type63372type8263487049.shtml>, 7. Juli 2005>; 2004 <<http://president.kremlin.ru/appears/2004/05/26/2003type6337271501.shtml>, 7. Juli 2005>; 2003 <<http://president.kremlin.ru/appears/2003/05/16/1259type6337244623.shtml>, 7. Juli 2005>; 2002 <<http://president.kremlin.ru/appears/2002/04/18/0000type6337228876.shtml>, 7. Juli 2005>; *Ezhegodnoe Poslanie Prezidenta Rossijskoi Federatsii Federal'nomu Sobraniju Rossijskoi Federatsii. 2001* <<http://president.kremlin.ru/appears/2001/04/03/0000type6337228514.shtml>, 7. Juli 2005>;

year, even if certain points repeatedly appear. In the year 2000, the first year of his presidency, Putin emphasised in his speech the necessity of strengthening the state and he dealt in detail with the reform of the federal structure. He mentioned as concrete tasks a tax reform, a party law, which would strengthen the parties and civil society, the creation of the framework for a working market economy, in which everyone would have an equal opportunity to compete. A realistic social policy and administrative reform were further points. The next year, the relationship between the centre and the regions stood in the foreground. Putin comprehensively dealt with legal reform and the necessary structural reorganisation of the economy. The material goals he set were administrative reform, legal reform and the restructuring of the management of state property. In reaction to the attacks in New York and Washington in September 2001, Putin introduced a new element in 2002, combating terrorism. Nevertheless, he also covered familiar areas such as administrative reform and legal reform. His concrete objectives were the reform of the housing and utilities market, the modernisation of the armed forces and the restructuring of the management of state property. The address of 2003 underlined the necessity of making Russia into a strong power. In this context, Putin demanded a two-fold increase in GDP, the reduction of poverty and once again the improvement of the army. Again, in 2004, the main theme was the strengthening of Russia's position in the world, but this time the president placed this in connection with democracy, a high standard of living and a developed civil society. He again demanded a doubling of GDP, the alleviation of poverty, the solution of the housing problem, the modernisation of the health system, the reform of the education system and, once more, military reform. The presidential address of 2005 presented Russia as a democratic state, oriented towards European values. He touched upon social policy and freedom for entrepreneurs. A new element was the strong criticism of the inefficient, corrupt bureaucracy.

Altogether, the speeches give an impression of the changing emphasis in Putin's policy; at the same time a number of themes remained constant: high economic achievement, an effective system of education, modern armed forces, a working legal system and a good social and health system are always set as policy goals. In this, the governmental program is not so far from the ideas of the experts.<sup>31</sup>

Whereas the president sets out the political objectives of his government, the expectations of the people can be scrutinised in opinion polls. Of course, hopes 'from below' and goals 'from above' are not formulated separately from one another. The government reacts to the mood of the people in the formulation of their programs. The people, in turn, takes up issues which the government puts forward and propagates. Both react towards perceived shortcomings. It is therefore not surprising that the two share common ground. Despite this, differences in emphasis can be seen. If one believes the information provided by the Levada centre,<sup>32</sup> then the people are interested above all in the improvement of their material situation, social safety and the fight against crime and corruption. Goals such as the modernisation of the army, preserving the right of property or a working market economy do not overly interest the people. Legal reform and the reorganisation of the education system do not belong to the objectives which are given much weight in the polls. Direct material and existential worries come to the fore. Politics is judged by the people on the basis of how far it deals with these concerns.

Between the aims of the executive and the expectations of the people there are differences in content, even if the first is more oriented towards 'input' and the second more towards 'output'. However, one can identify areas which are important in both cases and assess how successful politics is in these matters. This is not an evaluation of the effectiveness of the Putin administration in general – this would require a study of far broader scope than is possible in the short space available here – however, there are at least indications of how seriously the government takes their goals and how politics is perceived by the population.

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Poslanie Federal'nomu Sobraniju Rossiiskoi Federatsii.2000  
<<http://president.kremlin.ru/appears/2000/07/08/0000type6337228782.shtml>, 7. Juli 2005>

<sup>31</sup> See, for example, E.G. Jasin's analysis above, S. 13, footnote 29.

<sup>32</sup> See appendix, Table 1-2, p.18: 'In your opinion, which tasks should the government concentrate on?'

Two topics present themselves for this, the struggle against crime and material security. In both cases there exists data which provides information about success or failure. The state department for statistics has published statistics for crime between 1990 and 2004,<sup>33</sup> and provides a record of the development of the standard of living over the period 1992–2004.<sup>34</sup> The figures show that the government's performance in dealing with crime is unimpressive. After a sizeable increase in crime in the first years of transition, the number of crimes reached a high plateau. There has also been no marked success in reducing crime during Putin's term of office. There is a different picture for the standard of living. Following the social collapse of the first half of the 1990s, which saw a fall in real wages and high rates of poverty, the situation gradually improved during the Putin presidency. The number of people who live below the subsistence level is falling, real income is rising slowly and household consumption is increasing. The general standard of living still remains low, however the situation is improving noticeably. Thus, the government can not claim success in the realm of fighting crime. However, it can point to progress in the securing of material needs, although the question of whether this achievement is a result of political action remains open.

Therefore, we are dealing with a political system which, in the form of its institutions, is not really accepted as such by the people. One can imagine that the reason for this is the experience of decline during the period of transformation and the perception that the executive is often unsuccessful in important areas of policy.<sup>35</sup> In this respect, two central processes of the transition period, the collapse of the state, which was only gradually overcome through the rebuilding of statehood, and the redistribution of public wealth, which led to the division of society, continue to exert their influence. A political regime has developed in the process of transformation which replicates the power relationships in society. The mistrust between the elite and the rest of society is great. This fragile socio-political construct is only integrated through trust in the individual. The person of president, who as the 'good Tsar' corresponds to traditional expectations and is supported by intelligent control of the media, seems to be the only factor which really does achieve acceptance for the regime. All in all, this is not a good precondition for the creation of a stable political system. The tensions between the groups of elites and the latent social conflicts offer radicals a fertile breeding-ground. In contrast, forces which could promote democratic developments are weak.

*Translation: Christopher Gilley*

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<sup>33</sup> See appendix, Table 1-4, p.19: Crime rate in Russia, 1990–2003.

<sup>34</sup> See appendix, Table 1-3, p.18: Development of the standard of living, 1992–2004.

<sup>35</sup> Rose et al. have rightly pointed out that the motives for accepting the regime are complex; see Rose et al., in: *Post-Soviet Affairs*, 20.2004, No.3, p.204:

'Differences in approval of the new regime and endorsement of undemocratic alternatives may be influenced by: (1) socialization; (2) political values; (3) economic performance; (4) Putin's personal appeal; and/or (5) expectations.'

## Appendix: Graphics and Tables

Figure 1-1: Distribution of income in the USSR and Russia, 1990–2003

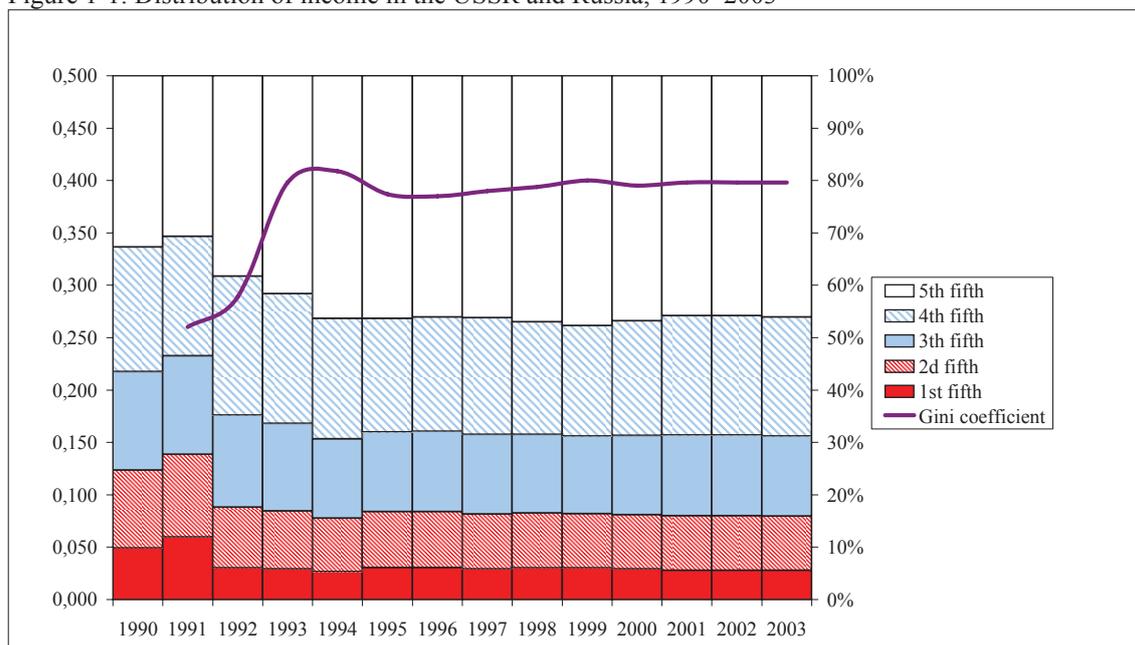
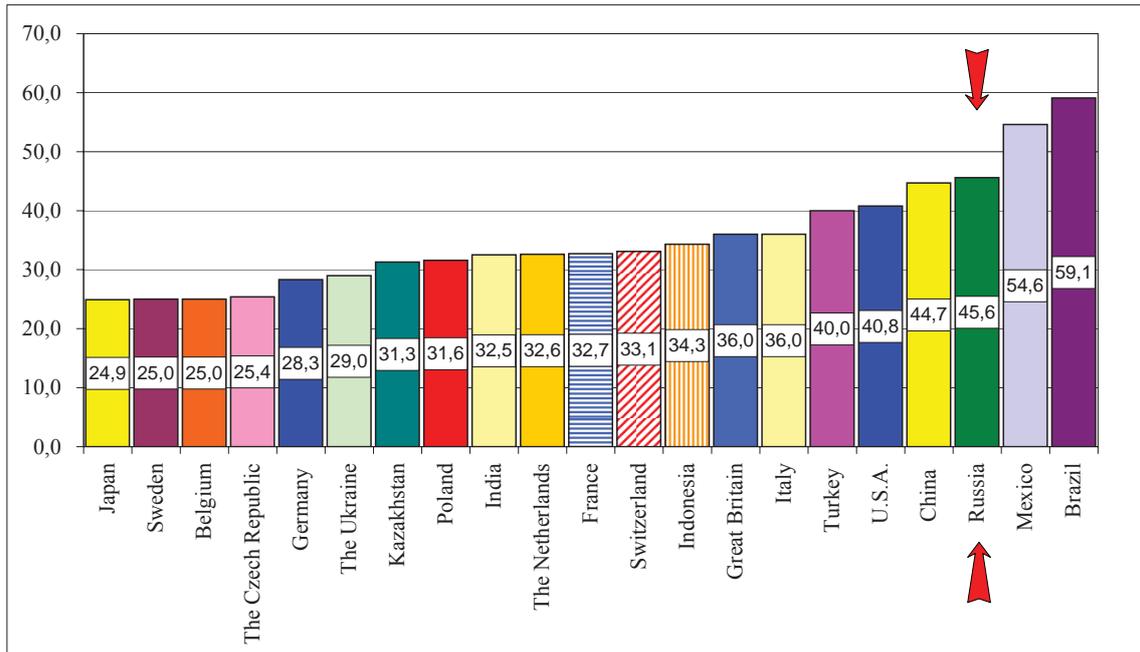


Table 1-1: Distribution of income in the USSR and Russia. 1990–2003

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1 <sup>st</sup> fifth (the poorest)	9.8%	11.9%	6.0%	5.8%	5.3%	6.1%	6.1%	5.8%	6.0%	6.0%	5.8%	5.6%	5.6%	5.6%
2 <sup>nd</sup> fifth	14.9%	15.8%	11.6%	11.1%	10.2%	10.7%	10.7%	10.5%	10.5%	10.4%	10.4%	10.4%	10.4%	10.3%
3 <sup>rd</sup> fifth	18.8%	18.8%	17.6%	16.7%	15.2%	15.2%	15.3%	15.2%	15.0%	14.8%	15.1%	15.4%	15.4%	15.3%
4 <sup>th</sup> fifth	23.8%	22.8%	26.5%	24.8%	23.0%	21.7%	21.8%	22.3%	21.5%	21.1%	21.9%	22.8%	22.8%	22.7%
5 <sup>th</sup> fifth (the richest)	32.7%	30.7%	38.3%	41.6%	46.3%	46.3%	46.1%	46.2%	47.0%	47.7%	46.8%	45.8%	45.8%	46.1%
Gini coefficient		0.260	0.289	0.398	0.409	0.387	0.385	0.390	0.394	0.400	0.395	0.398	0.398	0.398

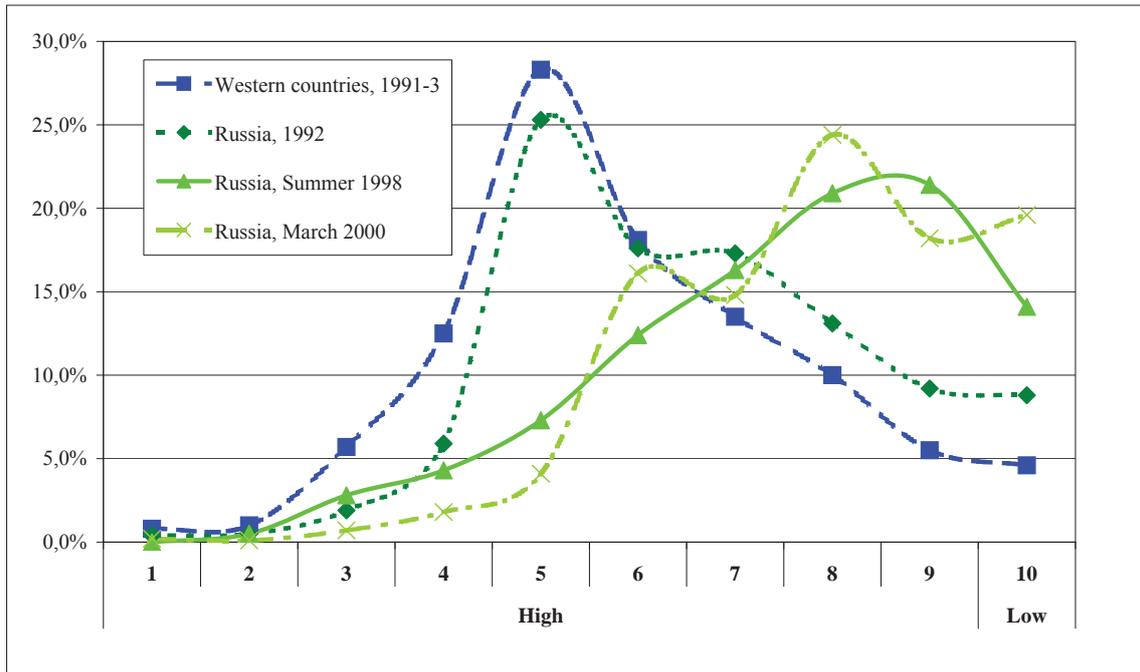
Source : Rossiiskii Statisticheskii Ezhegodnik 1995. Moscow 1995. p.88; Statisticheskoe obozrenie. 1995. No. 7. p.59; Rossiiskii Statisticheskii Ezhegodnik 2003. Moscow 2004. p.185; 2004. Moscow 2004. p.193

Figure 1-2: Social Inequality: Gini coefficient of selected countries



[http://hdr.undp.org/statistics/data/excel/hdr04\\_indicators.zip](http://hdr.undp.org/statistics/data/excel/hdr04_indicators.zip), 27. April 2005, Table 14.

Figure 1-3: The change in Russian social structure between 1992 and 2000



Source: M.K. Gorshkov; N.E. Tikhonova; A.J. Chepureno (Ed.): *Srednii klass v sovremennom rossiiskom obshchestve*, Moscow: RNISiNP / ROSSPEN 1999, p.84; Tikhonova, Conference paper BASEES 2000.

Table 1-2: 'In your opinion, which tasks should the government concentrate on?'

	1999	2000	2001	2002	2003	2004
Reducing prices	46%	46%	41%	44%	47%	45%
Tackling corruption	22%	37%	33%	34%	36%	40%
State control of prices	37%	35%	28%	31%	36%	36%
Regular adjustment of pensions and income	25%	35%	33%	38%	34%	34%
Fighting crime	18%	31%	27%	33%	29%	31%
Strengthening the rouble	40%	37%	28%	29%	33%	30%
Subsidies to agriculture	17%	31%	24%	20%	26%	27%
Paying overdue wages	55%	26%	20%	22%	22%	24%
Support for state-owned companies	18%	20%	15%	18%	18%	20%
Renationalisation of core industries	14%	17%	16%	19%	17%	19%
Reinforcement of defence capability	9%	15%	9%	16%	15%	15%
Civil concord and harmony	9%	14%	12%	14%	15%	12%
Guaranteeing the banking system and savings	7%	5%	5%	6%	6%	8%
Protection of private business	6%	7%	8%	9%	9%	8%
Increasing taxes	10%	7%	9%	9%	7%	7%
Improvement of the range of goods available	12%	3%	3%	3%	4%	3%
Other	1%	1%	1%	1%	2%	1%
Don't know	1%	1%	3%	1%	1%	1%

Source: poll conducted by the Levada centre <http://www.levada.ru./press/2004073007.html>, 2. August 2004

Table 1-3: Development of the standard of living, 1992–2004

	1992	1995	2000	2001	2002	2003	2004
Actual household consumption							
at current prices, until 2000: billions of roubles	7.9	871.6	3,813.5	5,013.8	6,394.5	7,701.8	9,375.1
in % of GDP	42.8%	61.1%	52.3%	55.8%	59.2%	58.1%	56.7%
in %, compared to the previous year*	97.3%	97.4%	105.9%	108.2%	107.7%	106.9%	110.0%
Real available income, in % compared to previous year	52%	85%	112%	109%	111%	115%	108%
Real paid wage, in % compared to previous year	67%	72%	121%	120%	116%	111%	111%
Income in relation to subsistence level (in %)**							
Average income per head	211%	195%	189%	205%	220%	244%	266%
Average nominal wage per head	281%	159%	168%	199%	222%	239%	263%
Average nominal pension	119%	101%	76%	90%	100%	102%	106%
People with incomes lower than the subsistence level							
- Millions of people	49.7	36.3	41.9	39.4	34.6	29.3	25.5
- % of the total population	33.5%	24.7%	28.9%	27.3%	24.2%	20.3%	17.8%

\* Comparative price.

\*\* On the basis of the current methodology calculated taking the socio-demographic sections of the population.

The procedure for the investigation of the subsistence level was adjusted in 2000.

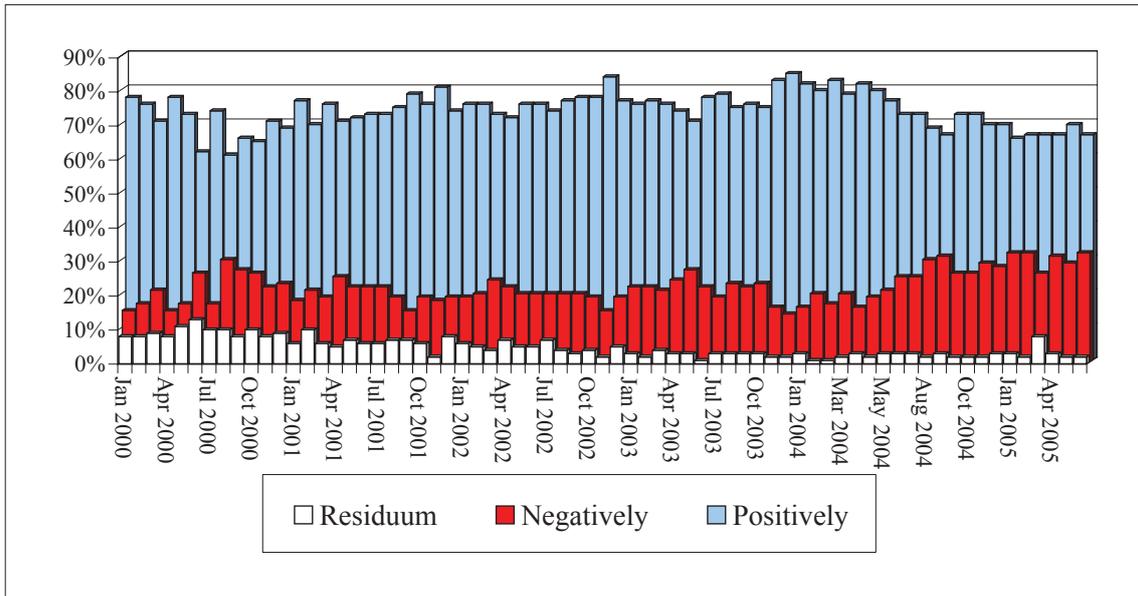
Source: <http://www.gks.ru/bgd/regl/brus05/lswPrx.dll/Stg/07-01.htm>, 29.6.2005

Table 1-4: Crime rate in Russia, 1990–2003 (in 1,000)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Murder	15.6	16.2	23.0	29.2	32.3	31.7	29.4	29.3	29.6	31.1	31.8	33.6	32.3	31.6	31.6
Grievous bodily harm	41.0	41.3	53.9	66.9	67.7	61.7	53.4	46.1	45.2	47.7	49.8	55.7	58.5	57.1	57.4
Rape	15.0	14.1	13.7	14.4	14.0	12.5	10.9	9.3	9.0	8.3	7.9	8.2	8.1	8.1	8.8
Robbery (grabež)	83.3	102.1	165.0	184.4	148.5	141.0	121.4	112.0	122.4	139.0	132.0	149.0	167.0	198.0	251.0
Aggravated robbery (razboj)	16.5	18.5	30.4	40.2	37.9	37.7	34.6	34.3	38.5	41.1	39.4	44.8	47.1	48.7	55.4
Theft	913.1	1,242.7	1,651.0	1,579.6	1,314.8	1,368.0	1,207.5	1,054.0	1,143.4	1,413.8	1,310.0	1,273.0	927.0	1,151.0	1,277.0
Drug related crime	16.3	19.3	29.8	53.2	74.8	79.9	96.8	186.0	190.1	216.4	244.0	242.0	190.0	182.0	150.0
Hooliganism	107.4	106.9	120.9	158.4	190.6	191.0	181.3	130.0	131.1	128.7					
Traffic offences	96.3	95.6	90.1	51.7	51.2	50.0	47.7	48.0	52.4	53.7	52.7	54.5	56.8	53.6	26.5
of which ended in death	15.9	17.1	17.5	17.0	15.8	14.4	13.1	13.2	14.4	15.1	15.4	15.5	16.1	17.6	16.0
Others	535.0	516.4	583.2	621.6	700.9	782.5	842.1	748.0	820.3	502.2	1,084.4	1,107.2	1,039.2	1,025.9	1,036.3
All registered crimes	1,839.5	2,173.1	2,761.0	2,799.6	2,632.7	2,756.0	2,625.1	2,397.0	2,582.0	2,582.0	2,952.0	2,968.0	2,526.0	2,756.0	2,894.0
All crimes (minus traffic offences)	2,077.5	2,670.9	2,747.9	2,581.5	2,706.0	2,577.4	2,349.0	2,529.6	2,528.3	2,899.3	2,913.5	2,469.2	2,702.4	2,867.5	

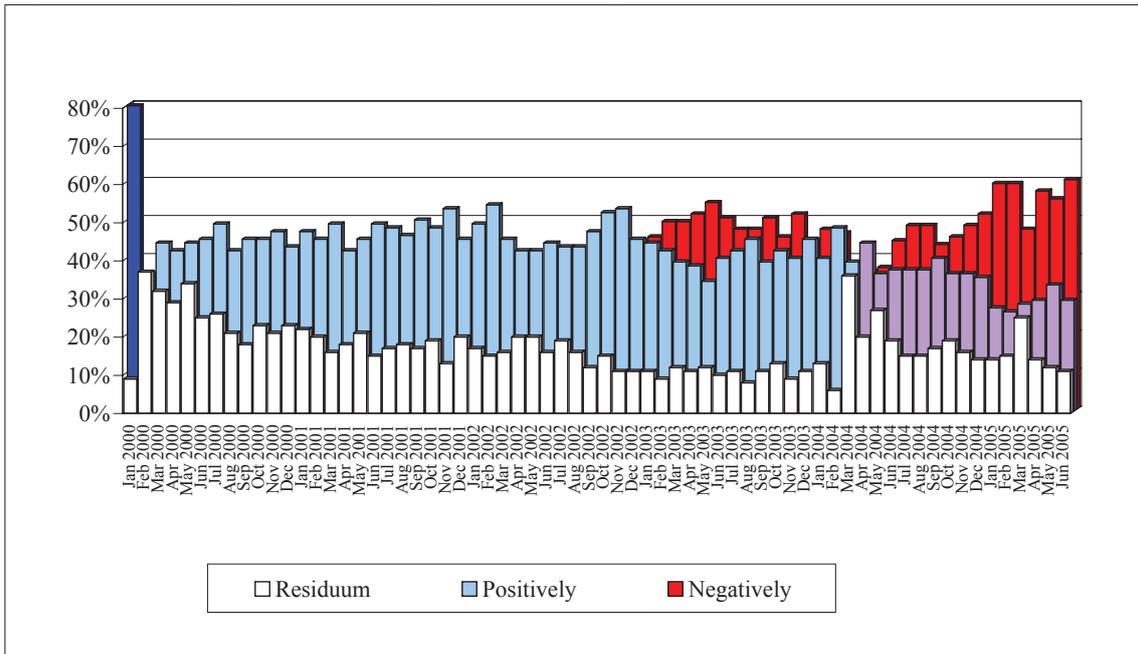
Source: Rossiiskii Statisticheskii Ezhegodnik 1997, Moscow 1997, p.269; Rossiya v tsifrach, Moskva 1999, p.145; Rossiiskii Statisticheskii Ezhegodnik 2000, Moscow 2000, p.243; <http://www.gks.ru/bgd/regl/bmus05/swPrx.dtl/Stgl/1-01.htm>, 29.6.2005.

Figure 1-4: ‘How do you rate Putin’s activity as president?’



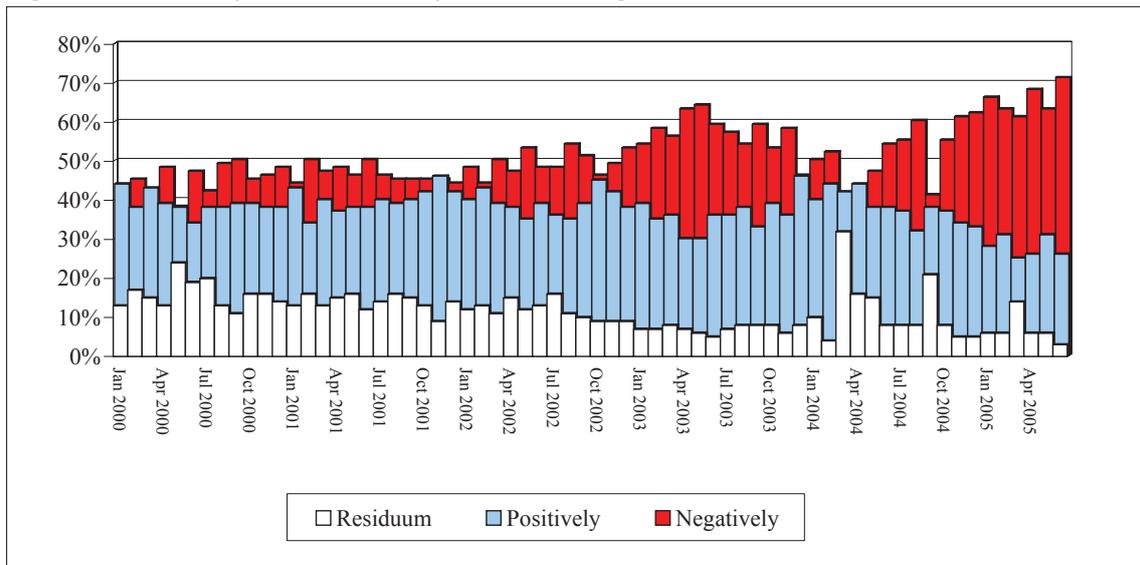
Source: <http://www.levada.ru./prezident.html>, 23.6.2005

Figure 1-5: ‘How do you rate the activity of the Russian prime minister?’



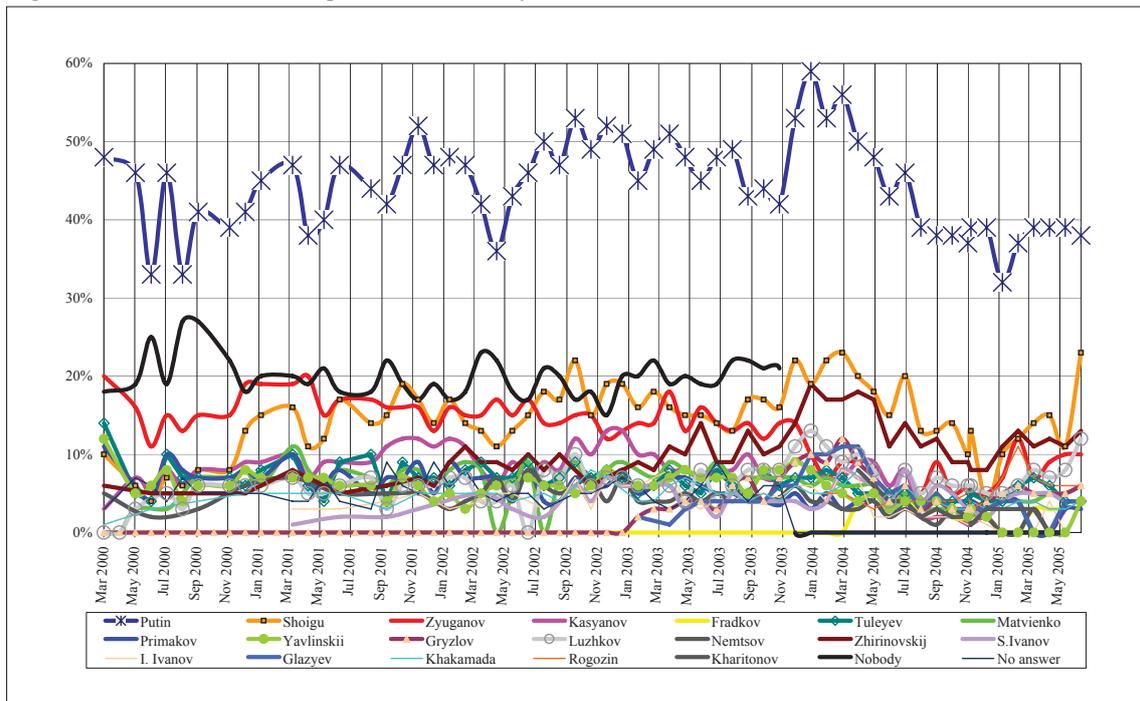
Source: <http://www.levada.ru./pravitelstvo.html>, July 4th, 2005 (until Jan 2000: Putin; Feb 2000–Feb 2004 Kasyanov; March 2004 until today: Fradkov)

Figure 1-6: 'How do you rate the activity of the Russian government?'



Source: <http://www.levada.ru./pravitelstvo.html>, 4. July 2005

Figure 1-7: 'Name five or six politicians whom you trust'



Sources: Opinion poll by VCIOM / the Levada centre, 2002-2005, [www.vciom.ru](http://www.vciom.ru); from September 2003: [www.vciom-a.ru/](http://www.vciom-a.ru/); from 2004: [www.levada.ru./politiki.html](http://www.levada.ru./politiki.html), 23.6.2005.

Table 1-5: 'To what degree do the following institutions deserve trust?'

	They deserve trust			They do not deserve complete trust			They deserve no trust whatsoever			Other answers		
	2002	2003	2004	2002	2003	2004	2002	2003	2004	2002	2003	2004
The president	45%	58%	56%	33%	29%	28%	9%	5%	8%	13%	8%	8%
The church	39%	40%	43%	22%	20%	22%	11%	10%	8%	28%	30%	27%
The army	35%	28%	30%	35%	32%	34%	16%	22%	20%	14%	18%	16%
The press, media	26%	23%	26%	44%	40%	45%	18%	23%	18%	12%	14%	11%
State security services	21%	20%	21%	36%	33%	32%	22%	21%	23%	21%	26%	24%
Regional government	20%	17%	19%	36%	36%	37%	28%	31%	29%	16%	16%	15%
Communal government	19%	16%	19%	37%	35%	37%	30%	36%	33%	14%	13%	11%
Federal government	20%	15%	17%	43%	44%	41%	20%	27%	26%	17%	14%	16%
The courts	-	11%	14%	-	32%	34%	-	30%	29%	-	27%	23%
The public prosecutor's office	-	11%	12%	-	30%	34%	-	30%	26%	-	29%	28%
The federal council	12%	8%	12%	40%	36%	36%	23%	24%	23%	25%	32%	29%
The Duma	10%	9%	11%	43%	43%	44%	30%	36%	34%	17%	12%	11%
Trade unions	11%	10%	11%	28%	22%	24%	29%	32%	31%	32%	36%	34%
The militia	14%	10%	10%	39%	34%	35%	36%	44%	43%	11%	12%	12%
Political parties	7%	5%	5%	31%	29%	29%	34%	39%	39%	28%	27%	27%

Source: Opinion poll of the Levada centre, <http://www.levada.ru/press/2004092702.html>, 28. September 2004

Diana Schmidt

## What Kind of Civil Society Does Russia Have?<sup>1</sup>

### Introduction

It is by now certainly impossible to remove the term ‘civil society’ both from the bulk of Western political science literature and from the terminology of international governance; it has become one of the main points in the agendas of most international organisations. Moreover, post-Soviet Russia has been at the fore of American and European democracy assistance. In this context, civil society development in the country has turned into a major focus of both political practice and scholarly study over the last 15 years. At the same time, it remains difficult to introduce the term into Russian scholarly debates and official discourses in a meaningful way. Recently, with increasing international interest in Russia’s deviance from the path of democratisation, there is renewed attention to the state of civil society development. Yet current attempts at drawing the balance are at best confusing. Russian civil society is attested to remain weak, internally fragmented, at a low level of development, to be co-opted, or even to be non-existent. Other stories underline that civil society in Russia does exist and is in fact building on long-standing traditions. Many agree that it seems problematic to compare Russian civil society with Western standards. All in all, in light of a comprehensive and puzzling range of diverse arguments, we must realise that our understanding of Russian civil society is still only partial.

Is this ambivalent picture a problem of lacking empirical evidence? Or, to the contrary, is it a problem of applying concepts, rhetoric and expectations, which have been heavily influenced by Western thought, to the Russian realities of civil society formation? Or, is it a problem of lacking communication between Western and Russian researchers and experts? Certainly, these three problems are intertwined: processes of civil society development in contemporary Russia are insufficiently analysed in the academic literature. Given the lack of empirical data and thorough insights, analyses often start from conventional assumptions that are in the minds of Western scholars and donors – with ex-post insights that these are difficult to apply in this case. On the other hand, Western concepts are often not applied by Russian scholars, with the *a priori* prejudice that they will not be relevant. These tendencies are leading many authors on both sides to the conclusion that there is not much to discuss about “civil society” in Russia. Unfortunately, this has often hampered constructive discourse between Western and Russian experts on the multitude of meanings attached to the concept of civil society according to different research traditions, recent experiences of non-/democratic governance as well as connotations with the different terms applied in different languages.

What kind of civil society does Russia have? This paper will not deliver a straightforward answer. It seeks to explore recent empirical developments as well as scholarly contributions of both Western and Russian origin, in order to provide a broader overview of relevant issues, approaches, and findings. While acknowledging that this paper in fact adds even more question marks to the debate, this is done in an endeavour to further a better understanding of where we find ourselves, empirically as well as analytically. This effort to identify and systematise recent controversial trends and concepts shall also assist in clarifying areas of disagreement, common interest and potential future collaboration. The purpose of the paper is thus not to rehash long-standing fundamental debates in the various literatures around civil society as such or its roles in

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<sup>1</sup> This paper also benefits from valuable insights gained through numerous discussions at conferences and in personal conversation with colleagues and practitioners from Russia and elsewhere. Particular thanks for insightful comments go to Valerie Bunce, Agnes Gilka-Bötzow, Guido Müntel and Dmitry Vorobyev. The first draft(s) would not have been written without the hospitality of the Centre of Independent Social Research, St. Petersburg, and the Centre of Independent Social Research and Education, Irkutsk. The financial contributions of Queen’s University Belfast, through a SPUR scholarship (Support Programme for University Research) and several internal travel grants, and of a BASEES grant for field research in Russia are gratefully acknowledged.

transformation/democratisation processes or globalising politics.<sup>2</sup> Nor does it summarise the comprehensive debates on civil society formation in Russia during the Perestroika or even Soviet periods.<sup>3</sup> Rather, it seeks to explore a variety of seemingly different stories on the particularities of civil society in present-day Russia. It thus localises existing boundaries between conceptual approaches, Western and Russian views and scholars and practitioners' discourses and underlines the benefit of stepping beyond such confines.

The paper starts with summing up the most recent empirical developments concerning civil society development puzzling both practitioners and analysts (section 1). It then proceeds to systematically review Western and Russian publications on these and related developments by categorising them into four main blocks (section 2): civil society within the context of transformation (2.1), as presenting a "third" independent sector (2.2.), as being part of a transnational civil society (2.3), and as comprising uncivil elements (2.4). These discussions are enhanced by insights gained from the author's own interviews<sup>4</sup> as well as participation in round tables and semi-closed meetings of representatives of Russian civic groups and administration. Finally, this assessment of trends in research and practice is carried over to a concluding discussion on the potentialities of cross-fertilisation between communities of Western and Russian researchers as well as scholars and practitioners (section 3).

## 1. What's the Problem with Civil Society in Russia?

Empirically, the latest developments in Russia are puzzling to practitioners involved in civil society building as well as to observers. Most of these events are contradicting the two main theses on Russian civil society: a) it would be fragmented or even absent, or b) it would continue to exist along longstanding traditions.

### 1.1. Tensions with foreign partners

Efforts of declared civil society promotion have been undertaken in Russia by both international and domestic actors since the late 1980s.<sup>5</sup> The emphasis of Western donors on fostering the growth of Russian civil society is reflected in an increasing number of practical guidebooks and NGO directories' annual project reports, Internet portals and local offices of foreign foundations in Moscow. However, it became obvious in interviews with representatives of foreign donors that by now most of them are disappointed or disillusioned with the meagre results. The strategies seem to have failed and the budgets wasted. The Soros Foundation closed down its offices in Russia in 2003, after having sought to assist Russia in the transition from a closed to an open society through OSI (Open Society Institute) over a period of 15 years.

The temptation to withdraw from Russia is sufficiently high also for other foreign multi-national or private foundations. Yet many of them acknowledge that their strategies were not tailor-made for the Russian context in that they had encouraged investment in short-term and small-scale projects without sustainable effects. As a result, while cutting their budgets, many donors are at the moment reconsidering their strategies and revising their civil society assistance

<sup>2</sup> Excellent reviews on the origins, usage and various meanings of the concept have been contributed by Hyden et al. (2004, chapter 3) and Keane (1988a, 1988b, 1998).

<sup>3</sup> For reflections on the civil society debate in Russian social/political science journals and monographs during the 1990s, see for example Belokurova (2001); Khlopin (2002); Mikhaleva & Ryzhenkov (2001b); Pro et Contra, special issue (1997).

<sup>4</sup> More than 130 interviews have been conducted by the author with representatives of local civic groups, business associations, individual journalists, activists and experts as well as representatives of Western donor organisations in Moscow, St. Petersburg and Irkutsk between 2001 and 2005. Additional interviews with Western donors or network partners were conducted in Berlin (2004) and Brussels (2005).

<sup>5</sup> For example, since 1988, the Open Society Institute (OSI) of George Soros sponsored the salary of Russian scientists, Internet facilities in universities, textbooks, independent media as well as artists and writers. Since 1993, the Charities Aid Foundation (CAF) has supported civil society development through grants, training and consulting. Since 1991, the EU has provided technical and financial assistance under the Tacis, EIDHR, and ECHO programmes.

programmes for Russia. For example, increasing emphasis is now given to supporting long-term network building among Russian civic organisations and between Russian and Western partners.<sup>6</sup> Programmes on the development of dialogue between civil society organisations and state authorities are being initiated.<sup>7</sup> The EU plans to widen the relations with Russia from intergovernmental dialogue towards more civil society cooperation in the near future.<sup>8</sup> However, so far there does not seem to be any clear strategy on how to proceed in practice. Given the constantly changing kaleidoscope of Russian civil society, the question whether foreign assistance has been in vain remains still unanswered.

## 1.2. Under authoritarian government

At the domestic level, a range of top-down measures for the purpose of building a civil society indicate increasing state control on this process. Many critics point to an authoritarian stance directed against CSOs,<sup>9</sup> researchers and journalists. Although there have been cases of scrutiny or direct repression, actual problems are posed by legislative and institutional reforms that present more subtle changes of operational conditions of CSOs or introduce new actors into the civic sphere itself. For example, constant changes to various laws, sub-laws, regulations and responsibilities are affecting many aspects of civil society development directly or indirectly. In general, this includes frequent amendments to the legislation on elections, on political parties, on the media, on taxes, or on the environment.<sup>10</sup> Most importantly, changes in and amendments to the election law that will ban political parties merging into blocks passed the 2<sup>nd</sup> Duma reading in June 2005. A proposal for a new tax code passed the first Duma reading in August 2004, which would also affect registration and funding procedures for CSOs.

Moreover, new institutions are being created from above that constitute a framework of civic activity or even represent parts of it. For example, a “Council for the Support of the Development of Civil Society Institutions and Human Rights” was established by president Putin in November 2004.<sup>11</sup> The Duma approved the creation of a Public Chamber (*Obshchestvennaia Palata*)<sup>12</sup> in May 2005, which is supposed to act as a collective ombudsman, and a “Commission to Study Practices for Guaranteeing Human Rights and Basic Freedoms and Monitoring Guarantees for them in Foreign States”<sup>13</sup> in June 2005. In March 2005, the *Ekologicheskii Forum* was founded at the federal level in order to provide environmental expertise according to

<sup>6</sup> For example, INTAS ([http://www.intas.be/index.asp?s=0\\_0&uid=](http://www.intas.be/index.asp?s=0_0&uid=)) or UN (<http://www.un.org/issues/civilsociety/index.asp>).

<sup>7</sup> For example: “The Development and Institutionalisation of Dialog between Citizens and the State in Russia,” a project held by the Charities Aid Foundation 2004–2007 (within the programme “The European Initiative for Democracy and Human Rights” under financial support of the European Committee), <http://www.cafonline.org/cafrussia/default.cfm?page=philanthropy>.

<sup>8</sup> Author’s interview, St. Petersburg, 2005.

<sup>9</sup> The term *non-governmental organisations (NGOs)* is commonly used to subsume organisations such as interest groups, advocacy groups and citizens’ associations operating in the sphere between the state and the market (i.e. being non-governmental and non-profitmaking). In this paper, Russian organisations falling in this category are more generally referred to as *civil society organisations (CSOs)*, in order to subsume the various kinds of “bodies of public independent activity,” which may officially register as associations, non-commercial organisations, non-commercial partnerships, foundations, movements, or establishments (e.g. Dorosheva, 2002). On the many forms and how they operate in practice, see Shvedov (2005).

<sup>10</sup> According to a Russian expert on environmental law, amendments to environmental legislation and regulations are being made practically every month, coming into effect with different time plans, thus keeping many experts and activists preoccupied constantly following all those changes and also making it practically impossible to monitor ‘correct’ implementation.

<sup>11</sup> This Council shall replace the former Commission on Human Rights.

<sup>12</sup> The Public Chamber is currently being formed and shall be fully staffed by the end of 2005. One-third of its 126 members will be selected by President Putin, the second third nominated by civil society organizations; the remaining 42 members will be selected by the first two thirds (RFE/RL, 17.05.2005).

<sup>13</sup> This Commission shall watch rights and freedoms in EU countries, the USA as well as in the post-Soviet space; its envisaged activities will be two-fold: Deputies will a) prepare reports on the observation of human rights abroad and b) prepare their own concept of democracy and freedoms (JRL #9168, 04.06.2005).

the requirements of “Citizen’s Environmental Impact Assessments” during new construction projects. In an effort to mobilise public participation as well as opinion, the Kremlin is supporting the growth of a civic youth movement<sup>14</sup> and has created an English language TV Channel, which is supposed to start broadcasting from September 2005. While currently raising serious concerns amongst Western observers, it should nevertheless be noted that not all of these measures come as abrupt reversals of democratisation efforts. At the beginning of his first presidential term, Putin claimed civil society formation to be one of his reform priorities. The Civic Forum in 2001, the first official gathering of Russian CSOs, government and president in the Kremlin, had already at the time provoked sceptical reactions, as it was perceived as an attempt of formal integration and controlled institutionalisation of the non-governmental sector by the government rather than a new form of dialogue and cooperation.<sup>15</sup> Nevertheless, many were hopeful that it might indeed fulfil the latter task by bridging an insuperable gap between the state and civic groups. At this Forum, the Public Chamber was already envisaged as well. By now, it has been officially introduced as an institution to strengthen democracy and as “an additional opportunity for the development of civil society in the country”.<sup>16</sup>

### 1.3. Independent or co-opted civil society?

Furthermore, there seem to be problems concerning the character of civil society itself. According to President Putin, the main problems of “non-political public organisations” in Russia may be summarised by the observation that not all of them are oriented towards standing up for people’s real interests: “For some of these organisations, the priority is to receive financing from influential foreign foundations. Others serve dubious group and commercial interests. And the most serious problems of the country and its citizens remain unnoticed.”<sup>17</sup> Certainly, Russian CSOs by character are service providers rather than membership-based associations. In fact, the problematic over-reliance on financial means from foreign donors is also acknowledged by part of the organisations themselves. More precisely however, the problem lies in the serious imbalance between foreign grants and lacking domestic support. Domestic funding sources, which would be normal prerequisites in Western countries, such as donations from companies or private individuals and fees from members, hardly exist. Initial expectations that Russian sources might increase have not materialised. During the 1990s, CSOs resorted to a wider mix of financing strategies, including funds from local government, business, or from commercial activities of CSOs (see Sevortyan & Barchukova, 2002: 22). While such alternative sources still exist, they remain of marginal or even decreasing importance to CSOs. The business community is rather resistant towards requests to finance initiatives of civic organisations. Proposals to increase support from the government often remain limited to groups close to or even set up by the Kremlin to assist specific political ambitions or provision of social services.

At the same time, for many local groups it is crucial that they be allowed to officially utilise state resources in form of regular working or sporadic gathering space, mostly in state university buildings. In some cases, CSOs may also participate in regular meetings of the local administrations, when decisions on locally relevant projects are made and organisations may obtain support from the municipal or regional budget. However, funding through foreign grants and local budgets is limited to project-related expenses and usually does not cover overheads or salaries, individual leaders and members of organisations usually sustain themselves through one or several activities on the side, including both professional (teaching, translating, consulting, juridical or journalist work) and totally unrelated jobs. In sum, an exclusive focus on the prevalent, yet seemingly ineffective, foreign funding is too short-sighted.

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<sup>14</sup> Officially, the Kremlin is denying any direct links to the *Nashi* movement, yet capacity-enhancing support became obvious in most recent actions.

<sup>15</sup> The Pros and Cons of this controversial event have been extensively discussed, e.g. (Dorosheva, 2003; Fein, 2002; Meier, 2003).

<sup>16</sup> Duma Speaker Boris Gryzlov, Moscow, 16.05.2005 (RFE/RL, 17.05.2005).

<sup>17</sup> President Putin in State of the Nation Address to the Federal Assembly 2004, quote from English transcript (JRL #8225, <http://www.cdi.org/russia/johnson/2004-state-nation.cfm>), original text in Russian, see [www.kremlin.ru](http://www.kremlin.ru)

In terms of orientation of their interests and activities, there are many civic groups that devote their efforts to social services on an every-day basis, for example to homeless children, veterans, handicapped or homeless people by setting up soup kitchens, crisis centres, support networks, night buses or telephone help lines etc. According to various estimations, 30 million people in Russia have benefited from free assistance through socially-oriented civic organisations, of which more than 300,000 – 350,000 existed in 2002 (e.g. Domrin, 2003; Dorosheva, 2002: 6). Certainly, not all of them are actually active or work on a charitable basis. There are examples of pseudo-NGOs that have been founded for the purpose of acquiring grants, or organisations that have abused project funding or made commercial profit. In addition, some organisations are working only irregularly, and many are simply devoting all their efforts to their own survival.

Regarding their standing vis-à-vis the state, CSOs claim that they are seeking dialogue and co-operation with, or at least no counteractions from, the state and local authorities, in the interest of both society and the state. In addition, the state would in fact receive supplementary resources for the solution of social problems and social policy development, e.g. information on various matters, expert knowledge, counselling and lobbying for the preparation of legal acts on the local level. Yet the corresponding interest in cooperation on the part of authorities would still be missing (Besprozvannaia, 2004: 109, 110). However, it has to be considered that many CSOs pay less attention to fostering their relations with authorities while they are preoccupied with non-political activities. Furthermore, these relations are often perceived as a difficult routine burden. Besides funding, bureaucratic obstacles have always been the main problem for both Russian and foreign organisations. All civic groups, charities, religious organisations, and other societal associations as well as their foreign partners are confronted with onerous requirements to register, and periodically re-register, with federal authorities.<sup>18</sup> While such hurdles have further increased over the last years, this entails two seemingly contradictory perspectives for the further development civil society. On the one hand, more restrictions to non-governmental activities in Russia are being created. On the other hand, new attention to these problems is being raised both on the part of foreign partners, looking for new forms of cooperation, and on the part of local NGOs, developing new forms of mutual assistance or protest.

#### 1.4. Living up to its own standards?

It may thus be concluded that not all foreign grants were lost, that civic initiatives are not completely curtailed and some activities have perhaps grown even more determined, especially those concerning proximate societal issues in Russia. Essentially, many events happen/ed only recently, which would count as the beginnings of 'real' bottom-up civil society formation, close to what foreign donors would have wished to see ten years ago, representing dynamics of horizontal and vertical organisation and arising from voluntary initiatives: There is a tendency towards increasing civic activism in the form of street protests and mass mobilisation, mainly in response to reforms affecting pensioners and students, since the beginning of 2005.<sup>19</sup> Yet there are also more strategic forms: In June 2005, representatives from grass-roots environmental associations went to create an ecological political party, the *Union of Greens*, as a "political wing to the green movement"<sup>20</sup> to run in the 2007 elections. The number of locally initiated referenda has been growing. Regular round tables are set up for a more systematic collaboration among the environmental organisations in the Leningrad *oblast'*, the very first of which was organised in June 2005. A civic *Movement Against Corruption* is currently in the process of registration, which is supposed to create a forum on the federal level to debate projects in the

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<sup>18</sup> All forms of civic associations are working on the legal basis of the Russian Constitution (1993, 1996, 2001) the Civil Code, and the federal laws "On Non-commercial Organizations" (1996), "On Civic Associations" (1995), "On Charitable Activities and Charitable Organisations" (1995) as well as the Federal Tax Code, several laws on the registration of legal bodies (2001, 2002), the laws on advertising, on classified information and on state secrets (1995, 2003). For details on the registration procedures and requirements, see Besprozvannaia (2004: 101, 102); Tereshshenko (2003).

<sup>19</sup> In this respect, revolutionary events in other post-Soviet countries are also influential, most of all the Rose Revolution in Georgia and Orange Revolution in Ukraine.

<sup>20</sup> Aleksei Yablokov, RFE/RL, Moscow, 6 June 2005.

regions, bringing together activists and experts from many parts of Russia and not relying on foreign grants.<sup>21</sup> The role of business in social investment and societal development is increasingly discussed.

In this light, it can hardly be said that Russian civil society remains fragmented or absent. Nor can it be claimed to continue its existence along enduring traditions. Rather, current evidence indicates the emergence of new strategies. This picture is rather complex and reflects action and adaptation on the part of all parties involved and in reaction to each others' changing courses. Russian CSOs are developing new ways of organising themselves in response to ebbing foreign funding and top-down governmental measures. Russian authorities proclaim to foster inter-sectoral dialogue and the provision of domestic funding opportunities, while showing increasing suspicion as regards grants provided by foreign foundations as well as Russian big businesses. Within the business sector, financial support from big companies is largely discouraged following the Yukos case; moreover, the fact that many big companies are officially obliged to finance local social and infrastructural projects reduces willingness to provide further resources to voluntary civic projects. At the same time, upper and middle class entrepreneurs are emerging as a source of support for inventive and original local projects.<sup>22</sup> Foreign donors are re-orienting their assistance away from concrete projects towards networking in general, from either business- or NGO-oriented strategies towards synergies between the two, or from financial towards operational aid. Moreover, some of the current dynamics come as unintended and unpredictable side-effects. What seems undemocratic at first turns out to be democracy-enhancing in practice – or vice versa. For example, the fact that governors are being appointed by the president does not automatically mean the end of electoral democracy or regional self-government. Instead, in some regions this causes conflicts between governors and local mayors, which local CSOs can actually utilise to the benefit of their own capacities or of the local authorities' power.<sup>23</sup> On the other hand, measures to enhance inter-sectoral dialogue can mean co-optation of civic experts for governmental aims in practice, while foreign grants in support of network building and dialogue may in fact create new cleavages. As many empirical trends seem to follow contradictory logics, it is interesting to how civil society in the Russian context is studied and conceptualised by scholars and analysts.

## 2. Scholars: Western vs. Russian Perspectives?

Western researchers tend to look for forms of civil society on the grounds of their hypotheses – and have difficulties finding them in contemporary Russia. Russian civil society is thus persistently criticised for its weakness, fragmentation, or even its non-existence. On the other hand, when Russian researchers undertake efforts to apply Western hypotheses on civil society to empirical phenomena in their country, they find that most of them are of little help in explaining Russian realities. Response on this research front thus often comes in the form of 'concept stretching' or insisting on specifically Russian hypotheses. Moreover, this discrepancy is quite well reflected in political practice: when German participants at the first meeting of the *Petersburger Dialog*<sup>24</sup> in 2001 posed the irritated question why representatives of Russian civil society were excluded from the meeting, it was stated by Gleb Pavlovsky that "there is no civil society in Russia"<sup>25</sup> – a statement that did not provide a satisfying answer to the West. Moreover, it was also much disliked by Russian CSOs as well as the Kremlin, with the former arguing that civil society does have long traditions in Russia, whereas the latter declared the intention to promptly install civil society in case of its absence (cf. Wehner, 2002).

<sup>21</sup> Author's interviews, July 2005.

<sup>22</sup> Author's interviews, May–August 2005.

<sup>23</sup> Author's case study, July 2005.

<sup>24</sup> *Petersburger Dialog*: bilateral partnership between Germany and Russia, initiated by and organised under the auspices of chancellor Schröder and president Putin. It aims at enhancing relations between *civil societies and governments* of both countries and transferring German civil society formation experiences to Russia.

<sup>25</sup> Gleb Pavlovsky, counselor of the presidential administration (quoted in Meier, 2003: 19)

The bulk of Western literature on civil society in general is enormous. Consequently, research on civil society in Russia is primarily guided by Western debates, which are based on long-standing concepts as well as changing approaches in the light of more recent developments in the post-communist world and in the sphere of global governance. Four main conceptual clusters can be distinguished in the Western literature, which turned out to be of major relevance when assessing the character of Russian civil society: 1) civil society in the context of post-communist transformation, 2) civil society as a “third sector” in addition to the state and the market sectors, 3) transnationalising civil society, and 4) a deviant form of uncivil society. In the following, a review on the latest contributions will be given along the lines of those four clusters. It has to be underlined that these different perspectives are interrelated and overlapping in many respects. This section does not aim at testing theoretical hypotheses or concepts. Rather, taking into account the empirical evidence outlined earlier, it seeks to gather and systematically discuss a wider range of recent conceptual contributions in this field, both Western and Russian.<sup>26</sup>

## 2.1. Civil Society and Transformation

In Western academic literature, civil society formation in Russia is generally seen within the context of post-Soviet transformation. This was for a long time based on the natural assumption that there would be a transition towards democratic consolidation.<sup>27</sup> From a normative perspective, the development and activity of a civil society is regarded as an essential cornerstone to back-up this democratisation process. Russia, however, is commonly categorised as one of those countries where no democratic traditions that may have existed prior to communist rule could be recovered, triggering the argument that “civil society had to be rebuilt from scratch” (McFaul, 2001: 320). At the same time, scholars have tried to explain the seemingly persisting weakness of Russia's civil society by emphasising the importance of three particular legacies: the communist experience, the failed democratisation under president Yeltsin, or the authoritarian governance climate under president Putin. Historical and cultural explanations regarding the distinctive weakness of civil society mainly emphasise the communist legacy, in particular Russian citizens' tendency to mistrust and avoid any public organisation (e.g. Howard, 2003). Other systemic explanations refer to the population's experience with the democratisation period throughout the 1990s, which may explain the rejection of democratic ideas and the idea of civil society in the Russian context. Perceiving the period of democratisation and pluralisation as a time of crisis and chaos, there has indeed been much support for the idea of a strong and effective state. What was wanted and needed was a ‘good government’, not necessarily a democratic one.<sup>28</sup> In retrospect, the fact that participation in overt political activity by civic groups had peaked in the late 1980s and early 1990s, is interpreted as part of a nationwide anti-communist movement and in the context of the general tendency at the time to disassociate oneself from the Soviet past (McFaul, 2001: 320). Most recently, attention is being re-directed to an equal relevance of “systemic or systematic” (Siegert, 2005: 2) obstacles to civil society formation. The Putin era is more and more acknowledged in scholarly debate as having an authoritarian trend, which may serve to explain the weakness of civil society initiatives as a consequence of systematic repression.

The debate from the perspective of transformation has paid much *impact*-oriented attention to what civil society may accomplish as a central pillar of a democratising society, based on concepts of representation, participation, and deliberation. The successes and failures of Russian civil society development have been assessed according to these envisioned results. Accordingly, over the last years, authors and observers have become increasingly concerned about their findings that civic groups have played a much smaller role than expected in the organisation and reformation of state policy and politics. However, few contributions have actually analysed the

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<sup>26</sup> On a more detailed review of recent Russian contributions, see also Schmidt (2005).

<sup>27</sup> On earlier critiques of the unidirectional concept of *transition*, in contrast to the more open-ended and comprehensive concept of *transformation*, see Dawisha (1997), also Carothers (2002).

<sup>28</sup> See, for example, Levada (2000), Tschepurenko (2001).

problems during the early stages of *civil society development* within this context of a comprehensive transformation process affecting all spheres of politics, economy, and society. While it has been overemphasised that civil society would positively influence the process of transition towards democracy, vice-versa mechanisms of how ongoing transformation could impact on civil society formation have rarely been addressed. Only now, some scholars have begun to argue that empirical insights “provide us with a more complicated depiction of Russian civil society” (Sundstrom & Henry, 2005, forthcoming), acknowledging that weak institutionalisation of CSOs, rather than their weak impact, would require more research attention. In this view, it can be argued that continuing patterns, inherited from Soviet times, include not only citizens’ general reluctance to participate in civic associations, but also the dominant role of the state as well as a need of CSOs to communicate with this state via connections with key individuals. As an earlier example for an exception, Kaufman (2003) documents how newly established organisations, regardless of their enthusiasm and former experience within a variety of cultural contexts, tend to be caught up in the process of transformation rather than leading this process in Russia. In addition, persisting legacies such as styles of communication, interaction and alliance building between individuals and across sectors may create problems and setbacks. Kaufman describes such complex challenges in the case of the Soros Foundation’s efforts to set up office in Moscow with the intention to finance civil society building and to serve as a “pioneering vanguard of a new economic culture” (ibid.: 226) – based on the idea of a market-oriented open sector generating profit for the benefit of charitable programmes. Unfortunately, this account is one of only a few and only refers to a period between the late 1980s and mid-1990s. Hence, more comparable in-depth studies on difficulties of CSOs and foundations would be desirable regarding the current situation.

Moreover, from a more structural perspective and in reference to cultural-historical arguments, the debate on civil society in Russia has paid much attention to its formation in the sense of *network building*. In critical response to the predominantly Western view that there would be no civic traditions in the sense of voluntarily organised non-state activity, some scholars and practitioners have emphasised that Russia’s present civil society would be rooted in previous traditions of self-organising community networks and regime-critical citizens’ initiatives (see e.g. Beichelt & Kraatz, 2000; Fein, 2002). Others argue that the general assumption that Russian citizens are apathetic and apolitical may lead analysts “to overlook the *civic organizing* that is occurring.” (Sundstrom & Henry, 2005, forthcoming, emphasis added). The argument persists that the weakness of Russian civil society may be explained by its fragmentation and atomisation, as it would exist only in “small islands” or “single dots” rather than network configurations.<sup>29</sup> Still, others describe how within such confined spaces patterns of collective problem solving may emerge, which are based on the persisting primacy of social connections in the daily lives of ordinary people (cf. also 2.3). Apart from that, there are forms of horizontal and vertical network building at local or regional levels<sup>30</sup> as well as of spontaneous mass mobilisation. While such patterns might not match a conventional ‘civil society’ concept, they seem to go in line with concepts like social capital, citizens’ associations, or social movements.

Among Russian scholars in general, a significant decrease in using the concept of ‘civil society’ was observed in the wake of ongoing transformation. A peak of Russian publications on the issue was reached during the 1990s, the time when the number of CSOs in Russia rapidly increased. It is no secret that this process was significantly initiated by Western civil society building efforts. Correspondingly, the Russian-language scholarly literature of that time consists for a substantial part of translated Western classics and contemporary leading monographs in the field. Apart from Western works, it comprises a variety of voices from different Russian communities of academics and activists, who want to contribute with their knowledge about and opinions on Western ideas, Russian experience or future possibilities. The decade of the 1990s may hence be referred to as the time of most intense discussion on this issue, including efforts to link conventional concepts to developments in the context of the Perestroika period. Russian

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<sup>29</sup> Author’s interviews, St. Petersburg, 2004/2005

<sup>30</sup> Author’s case studies in Leningrad, Irkutsk and Burjat regions.

publications appeared in newly emerging social and political sciences journals<sup>31</sup> and in the form of monographs. Some seminal reviews have assessed these debates on civil society during the 1990's (Belokurova, 2001; see also Dorosheva, 2002; e.g. Temkina, 1997). These scholars have also traced changes in dominant interpretations of civil society with reference to the changes in the Russian context. Belokurova (2001) finds that studies based on a 'political culture' approach have tended to be more pessimistic about Russian civil society development, while approaches with a focus on economic problems or state-society relations and social movements were more optimistic. As for the late 1990s, Khlopin (2002) also points to a presence of polarised opinions as well as to the rather abstract character of the discussion, supported by merely fragmented empirical interests and evidence. At present, and contradicting the thesis that civil society has ceased to exist in Russia, the interest in the concept seems to be reviving among Russian analysts (e.g. Carnegie Moscow Center, 2005a; Carnegie Moscow Center, 2005b) and practitioners.<sup>32</sup>

## 2.2. Civil Society as "Third Sector"?

Civil society is often understood to be a "third sector", operating independently of, but also mediating between, the two other societal sectors – the state and the market. The debate around this relationship, however, has been dominated by a focus on state-civil society relations, while a separate research focus is placed on state-business relations, in particular big businesses. A perspective on the remaining nexus of a three-sectoral constellation is largely missing: business-civil society relations.

With the dominant focus on the so-called third sector in its role vis-à-vis the state, concepts of independence, power, and a balance of forces became central to this debate. Mainly from a Western perspective and closely connected to the debate of civil society and transformation, it was hoped that Russian civil society would play an oppositional and influential role. With currently changing state-civil society relations and increasing acknowledgement of a non-democratic governance system, such a vantage point may now serve to confirm the presumed weakening of Russian civil society given the strengthening of the state. However, it is argued here that this debate may be more fruitfully linked to earlier conceptualisations of state-civil society relations within a context of authoritarian rule. This would allow shifting the focus from concepts of independence and influence more towards the locus of civil society as acting both outside and inside the state while the latter sector becomes the overwhelming one. For example, the central administration may be understood as a force that "destroys self-organised and autonomously defined political spaces and substitutes for them a state-controlled public arena *in which* any discussion of issues must be made in codes and terms established by the rulers" (O'Donnell & Schmitter, 1986: 48, emphasis added). This tendency seems to be supported by current evidence from the Russian case. Yet while these authors claim that the risks of acting *outside* this arena may be accepted by "only the most highly motivated individuals" (Ibid.: 48), a closer look at individuals and networks acting from within this arena, according to prescribed codes but in their own interest, may be worthwhile. Such approaches had generated valuable insights with a view to civil society and individual activists acting *from within* the Soviet state (e.g. Lewin, 1991), which would also have some relevance to the current situation in Russia, although not to the neglect of the intermediate Perestroika period. During this period, the history of state vs. citizens antagonism did not end but continued in a new way: from an "institution of violence" into an "institution of ignoring", pushing civil society off the public scene (FOM, 2001). Moreover, with the onset of the Putin era, some Russian activists were indeed optimistic about the course initiated. On this ground, the newly created frame of the Civic Forum was envisioned by many, even activists, as a potential solution to the problem of a (self-)imposed separation of civil society from the state and as a possibility for mutually beneficial cooperation between civil society and the state.<sup>33</sup>

<sup>31</sup> E.g. Pro et Contra (1997); on various core aspects related to the civil society debate, also *Sotsis* and *Polis* journals.

<sup>32</sup> Author's interviews, St, Petersburg / Moscow, 2005

<sup>33</sup> Confirmed in most of the author's interviews, Moscow and St. Petersburg, 2003/2004.

Moreover, the argument could be taken up again that “[a]uthoritarian rulers tend to interpret the ensuing lack of perceivable opposition as evidence of ‘social peace’ among previously conflicting classes and of ‘tacit consensus’ for their policies.” (O’Donnell & Schmitter, 1986: 48). This is in turn closely related to another perspective, which is based on democratic theory and also seems to be supported by current empirical evidence: In response to growing Western criticism of the increasing authoritarian governance style, president Putin has claimed repeatedly that he is seeking a more balanced system of government. He is grounding his argument more on the experience of chaotic democratisation throughout the 1990s, underlining the implied trends of changing power relations and dangers of increasing influence of economic clans in Russia’s regions. While his position is thus diverging from democratic visions based on pluralism, elections, decentralised governance and a liberal market system, it fits perfectly with democratic visions that see a balance of forces between competing groups, rather than a high level of economic development, as a crucial precondition, and monopolisation of governance as a key danger, for modern democracies (e.g. Whistler, 1993: 19). It also draws on hypotheses on the potentially negative influence of civil society on democratisation (e.g. P. C. Schmitter, 1997: 247,48), as will be discussed in more detail in section 2.4.

The relations between the business sector and civil society continue to be neglected in the literature on Russian civil society. A conventional Western perspective would usually conceptualise the third sector as separate from the second sector, which comprises corporations and business associations. More recently, as the concept of corporate social responsibility (CSR) is entering civil society debates, more attention is paid to the business sector in this field as well. However, in a Western context, this concept emerged primarily from the reaction of transnational companies to pressure from consumer movements. This is of less relevance to the Russian case, where the ‘common’ history of the governmental, business and civil society sectors is different in many respects. Importantly, Russia is one of the countries where efforts of building civil society were (and remain) not devoid of combining market-oriented and charitable ideas, as has been exemplified by the Soros foundation (cf. Kaufman, 2003) or Charities Aid Foundation (cf. Hinterhuber & Rindt, 2004). Some authors include businesses in their concept of civil society (cf. e.g. Rutland, 2005). Yet it should be noted that such an inclusive approach might not reflect the interrelations between the two sectors. For example, in the course of ongoing transformations business actors and CSOs, having emerged separately, often find each other on a common problematic playground where they discover common interests vis-à-vis the state, such as the removal of administrative barriers, media landscape, independent expertise, regulations concerning workers/employees, taxes, and regular inspections. This applies primarily to small and medium enterprises (SMEs). However, as already mentioned, research on the business sector in general is heavily focused on big corporations, including multi-national companies, and largely neglects the role of SMEs. Newly emerging SME-CSO partnerships are challenging a traditional understanding of civil society, which prefers to exclude industrial and trade organizations and other actors guided by private interests. Respective developments are thus only hesitantly included into the debate. The first national report on the role of business in social investment and societal development (Litovchenko, 2004), for example, was only published in November 2004. On the other hand, the business sector remains a main opponent of one of the most important parts of civil society in Russia – the environmental movement.

To conclude, a conception of society as composed of three sectors seems more appropriate if it would develop perspectives on the mutual interrelations between all of these sectors. Looking at the current trends of governance reform in Russia, it becomes evident that all three spheres are much more intertwined than is conventionally assumed. Given the dominant role of the state in leading comprehensive reforms, on the one hand, and the entanglement of state and businesses, as well as state and civil society, on the other, it is rather surprising that there is little research into the particular mechanisms of inter-sectoral relations (cf. also Petrov, 2005).<sup>34</sup> Moreover, new questions are arising around philanthropy supported by Russian corporations and how these

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<sup>34</sup> Interestingly, in contrast to the concept of state-capture, as predominant in the Western literature, analysts not only speak of business-capture in Russia, but even of NGO-capture.

trends may affect state-business-civil society relations. Furthermore, a view on civil society as a third sector within a domestic sphere of governance that excludes *international* influences on these domestic inter-relations seems too short-sighted in the contemporary global governance system. This leads to another frequent argument, namely that Russian CSOs in their current form constitute entirely new societal entities that emerged through Western promotion of democratisation and civil society principles and financial assistance programs, rather than resulting from bottom-up civil society formation or activism with sustained legitimisation on the part of the population.

### 2.3. Transnationalising Civil Society?

As a third possible way, civil society is analysed by considering the increasing integration of local/domestic CSOs into transnational activist networks. This discourse is rather young and further characterised by a heavy focus on *NGOs* as the main representatives of civil society. With a particular view to countries where communication between state and civil society is blocked while the state is violating commonly accepted norms, the subsequent involvement of international actors in alliance with domestic NGOs has been conceptualised by concepts such as the so-called 'boomerang effect' (Keck & Sikkink, 1998a) or the 'spiral model' of socialisation (Risse, Ropp, & Sikkink, 1999). Central to these approaches is the conceptualisation of NGOs as carriers of ideas across cultural boundaries for the benefit of transferring international norms into domestic contexts. This also applies to another body of literature, which brings together transnational networking and civil society development within countries undergoing transformations: studies on democratisation assistance. In addition to the role of ideas and norms, this debate also places much emphasis on the aspect of foreign funding in relation to domestic civil society development (e.g. Carothers, 1999; Henderson, 2003; Mendelson & Glenn, 2002).

Literature on transnational influences on Russian civil society is mainly of Western origin and, recently, very critical. "Managing civil society" (Crotty, 2003) is not any longer an issue related solely to state-civil society relations. Some analysts point to dysfunctions arising from transnational aid and networking grounded on foreign funding (see also contributions in Evans, Henry, & Sundstrom, 2005; Henderson, 2002, 2003). One of the main arguments is that the support from donors and transnationally active organisations, since it is often the only available source for funding, has significantly shaped the topical agendas and organisational capacities and actions of domestic NGOs. As a result, "[t]he version of civil society that has been brought into being by western design – the third sector – is far from what Russian activists desired and what donor agencies promised" (Hemment, 2004). Henderson (2003) argues that the financial ties between foreign donors and Russian NGOs may entail unintended consequences that disturb desired mechanisms of persuasion and pressure. She suggests that an involvement of domestic NGOs in rather asymmetrical or hegemonic relations may be expected – in effect a mirroring of unintended consequences of foreign aid, which Henderson terms "supply-driven civic development," "principled clientalism," and "guardian civil societies" (Henderson, 2003: 155–166). Furthermore, although rather marginal, some contributions have examined the limited fulfilment of Western expectations regarding the presumably positive effects of modern technological infrastructure, Internet communication in particular, on the transnational diffusion of democratic ideas and practices towards Russian NGOs (e.g. Lenhard, 2003; Schmidt, 2006, forthcoming).

It is important to note that financial assistance to the CSOs in Russia has two main purposes: supporting the development of a third sector as such as well as various topical objectives. This distinction is important to keep in mind when assessing the successes and failures of Russian civil society and/or of foreign donors. For example, with a view on environmental NGOs, Powell (2002: 141) comes to the conclusion that, if assistance to domestic environmental groups "is understood to comprise two separate but related goals – the development of post-communist third-sector groups and the progressive resolution of environmental issues – it is manifestly clear that greater progress has been achieved on the first front than on the second." Apart from that, foreign sponsored projects are often criticised for lacking connection to local needs and realities. At the same time, some argue that local circumstances may also condition (passive) project design, for example when local NGO workers adopt foreign ideas and say precisely

what foreign donors want to hear out of fear of losing their job or income (Powell, 2002: 142). Besides misdirection and a lack of contextualisation of foreign assistance, its behavioural impacts within local environmental movements have been attested as well, mostly in a negative sense: “Despite its claims to allow a grassroots to flourish, the third sector is a professionalized realm of NGOs, inaccessible to most local groups and compromised by its links to a neoliberal vision of development” (Hemment, 2004), (see also Crotty, 2003; Henry, 2002). This position needs to be somewhat mitigated. There is also recent evidence of local CSO communities that actively question the procedures and issue foci of their Western donors by engaging in discussion on these problems amongst each other and proposing more sensible approaches corresponding to their expertise and experience as well as to given local circumstances.<sup>35</sup>

Besides material explanations, normative perspectives stemming from the transnational advocacy and social movements literature prove their relevance, in particular in light of the current context of centralised governance in Russia. For example, taking into account mechanisms of issue framing and normative contexts of activists, Sundstrom (2005: 422) suggests that failure of foreign assistance might not be directly linked to political barriers. Rather, foreign assistance may lead to successful mobilisation if it is used to promote a universal norm, but may not do so if promoting non-universal norms that originate in the specific context of the foreign donors. Comparing the soldiers’ rights movement and the women’s movement in Russia, Sundstrom finds that CSO initiatives, which face more hostile political structures, may even experience greater public support and progress in changing state conduct than those which face more open political structures. Instead, depending on what kind of norms they support, they may also face resistance within society itself. Central to this approach is also the concept of trust, more precisely the problem of distrust, as Western-funded local groups are often suspect to local authorities and businesses as well as to the population. Sundstrom (2005: 423) argues that groups that “receive high levels of foreign assistance but pursue specific goals that are alien to the society, in which the NGOs are situated should be largely unsuccessful”. Thus, they are easily blamed for inefficiency and mismanagement, considered as money laundering devices, dubious enterprises seeking to evade taxes, elite-driven clubs, or alien institutions trying to impose foreign norms while abandoning traditional approaches and values (Henderson, 2003; Powell, 2002). Some argue that distrust directed towards reliance on foreign funding is essentially reinforced by a lack of information about third sector organisations and foundations (Dorosheva, 2002: 20). Yet existing myths that NGO are corrupt, money laundering, tax avoiding, profit making devices are only rarely discussed by Russian analysts (e.g. Dorosheva, 2002: 24, 25). In particular, respective scrutinising remarks of president Putin<sup>36</sup> have received some critical response through discussions among Russian activists and in some newspapers rather than entering scholarly debates.

Some of these arguments are not entirely new. Earlier studies on transnational activism have pointed to the challenges of far-flung networking, including aspects of location, access to resources, ambiguity and opportunism (e.g. Keck & Sikkink 1998b). From a Russian perspective, the interrelations between transnationalisation and compromising independence of Russian civil society organisations have already been problematised earlier. For example, in the midst of this process of emerging assistance structures, Yanitskii (1994; 1998), who extensively studied the Russian environmental movement during the Perestroika time, has criticised its Westernisation as a turn from self-replication of resources towards receiving financial assistance from the West.<sup>37</sup> Although he understands this strategy as a “logic of self-protection”, he critically points to the multiple risks involved. Summarising his main points, many parallels with today’s Western critics become obvious: Overall, he sees the character of social conduct, the mentality and the politics of the whole ecological community changing with trends towards a) more organisational services and communication, directed at the search for financial resources and technical support, rather than mass protest campaigns and public discussions, b) increasing lobbyism,

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<sup>35</sup> For example, anti-corruption coalition in Irkutsk, author’s research, 2005.

<sup>36</sup> E.g. State of the Nation Address to the Federal Assembly 2004, see [www.kremlin.ru](http://www.kremlin.ru).

<sup>37</sup> The following paragraph builds on Ianitskii (1994: 17; 1998: 28–29).

corporativism, and vertical structures due to a growing bureaucratic elite, which concerns itself with the exploration and allocation of resources, while the movement is losing its most important resource, i.e., the ability to react fast to a new problem, c) strengthening of the reformist and service character of single movement units while donors finance only “constructive” projects, but thereby also foster atomisation and disunity, d) isolating grant receivers who focus on the realisation of projects, weakening inter-group solidarity and strengthening inter-group competition through financing only concrete projects in a concrete timeframe, e) commercialisation and monopolisation among organisations, as those who are bigger and closer to the financial sources would have better chances to receive further grants, enhance their reputation, and to become more bureaucratised.

Yanitskii also contends that the fundamental idea of free association and civic initiatives is being profaned in this context. If environmental organisations are created for the purpose to receive grants, activists would be turned into mere employees within a “normal service hierarchy”, which replaces the idealistically emphasised links of friendship and brotherhood. Moreover, leading organisations would be transformed into “finance pumps”, in order to channel in resources from the West. In accordance with the Western critique described above, he also points to the danger that agendas are increasingly defined by Western donors, “replacing the objective interests of the citizens by the subjective interests of the resource allocators” (Yanitskii, 1994: 17), and that organisations are increasingly enhancing contacts with familiar Western organisations while decreasingly initiating mass campaigns with domestic fellow-organisations (Yanitskii, 1998: 29). Yet, in contrast to the more recent Western normative arguments that such organisations may be criticised as “creatures of foreign agitation and unsuited to Russian conditions” (Sundstrom & Henry, 2005, forthcoming), Yanitskii (1994: 17) envisions the possible result that organisations concentrate even more on local problems, while ‘thinking globally’ would become an unaffordable luxury. He argues that projects focusing on the ideology and strategy of the green movement would never be financed. Regarding the relation to the state, besides opting for either protest or cooperation, he suggests a third way for Russian organisations: distancing themselves from the state and searching for their own experts and professionals. In recent interviews it has become obvious that the problem of over-dependence on foreign grants is commonly acknowledged and the “logic of self-protection” (Yanitskii, 1994: 17) is probably more prevalent than ever. However, it has also become clear that a third way as envisioned by Yanitskii is difficult to accomplish as it is vital for Russian organisations to maintain links to both Western partners and to domestic / local authorities.

Despite the overall critical stance of this field of literature, it remains to be noted that some authors also underline “unexpected signifying possibilities” (Hemment, 2004) of a third sector introduced by Western efforts at the local level, as indicated by the many social services undertaken by local NGOs that would otherwise not have been possible. Numerous small organisations have emerged, which are concerned with social and health services, education, culture and religion. While these may be disconnected from the domestic political sphere and restricted to a confined local terrain, they rely on important international links. Soup kitchens run by an international food aid community and the Christian Church of Moscow may thus create sites of social stability and refuge, where provision of social support in various forms outweighs the importance of material resources (cf. Caldwell, 2004). Some neighbourhood-based urban movements may not rely on transnational networks but nevertheless provide a link between social activity and the implementation of new legal frameworks, such as housing property rights in Moscow (Shomina, Kolossov, & Shukhat, 2002). Others are not solely supported by Western donors but also by local sponsors and authorities (Hinterhuber & Rindt, 2004). In any case, the operational context constituted by the particular location of Russian organisations needs to be accounted for. Such analyses of local-level mechanisms are important steps to rethinking the ways in which relationships between social and economic practices, as well as legal and political aspects, at the local level may be theorised. Furthermore, these studies may supplement contributions on civil society's pertinacious weakness or mitigate statements which morally devalue Russian CSOs as scapegoats operating in the grey areas between state, market and international donor community.

## 2.4. Uncivil Society?

Another more recent field of study is emerging around the conception of *uncivil society* as a problematic type of or sub-sector within civil society. This may include groups with other than pro-Western, liberal democratic agendas or contentious social movements that are challenging conventional (Western) normative assumptions on civil society in general and within post-communist countries in particular (Kopecký, 2003). From a Western perspective, assumptions about the character of civil society in general were largely coloured by optimism, presuming virtues such as fairness, pluralism, tolerance, voluntarism, independence and an interest in public affairs with an orientation towards communicative action. On these normative and moral grounds, civil society appears problematic or malfunctioning to analysts if it is not per se progressive, breeds power monopolies or inequalities, and internal democratic deficits. Increasing attention is also being paid to these aspects in the Russian case.

In general, many analysts turned to “lamenting the undemocratic nature of civil society in Russia” (Sundstrom & Henry, 2005, forthcoming). According to Umland (2002), for example, the “civic public” or “civic community” in Russia is not only developing slowly – in addition, the diversification of this sector during the Perestroika era has proven to be not exclusively beneficial as this entailed the emergence of groups, movements and trends that are “unsupportive or explicitly critical of liberal democracy.” While he is referring to right-wing ultra-nationalist and fundamentalist extremism, others point to an emergence of Islamism following the dissolution of the USSR. In this context, radical groups are considered as uncivil because they benefit from complicated economic circumstances, corruption and repression in order to lobby their causes (Warkotsch, 2004). Furthermore, a significant increase in human trafficking in Russia is attributed to the operations of ‘uncivil’ groups and networks. Although not regarded as a part of civil society itself, it is commonly agreed that criminal groups affect civil society development, either by co-opting and threatening civic groups and journalists or by even providing security and funding to fulfil basic needs in society. They are thus “changing the playing field for NGOs, making them irrelevant in some cases and acting as mercurial benefactors to civil society organizations in other cases” (cf. Sundstrom & Henry, 2005, forthcoming). Moreover, organised crime is seen as a complex danger to democracy and civil society as it has transnational dimensions and may even operate within the law (Shelley, 2005) and “resembles more closely the structure of a company of the new economy, organised along network lines rather than the top-down structure of a traditional company” (Shelley, 2001: 248). Nevertheless, it should be noted that the mere *existence* of criminal groups may not simply be interpreted as “seriously impending channels of healthy contact between civil society and the state” (Ibid.). As illustrated in the case of illegal trafficking networks, in response to their development there is new counteraction in form of “special civil society” organisations and networks, although for the most part of Western or transnational origin.

Another trend is seen in ‘creating uncivil society’ on the grounds of this very debate, and in particular the global antiterrorism agenda. Governments may use the argument of the fight against terrorism to destroy their political opposition, gain control over civil society or foster suspicion of CSOs (on Russia, cf. Krastev, 2004). Moreover, some phenomena, which would generally count as being part of the civic or public sphere in Western democracies, fall into a conceptual twilight zone thanks to the particular characteristics attributed to them. For example, the media are for the most part state-outlets and/or corrupted ventures (cf. Oates & White, 2003). The same would apply to business actors, insofar as these are to be included into the civil society concept suggested by Rutland (2005) and as discussed above. The Russian business sector, with its features of political entrepreneurship and informal or corrupt relations, is predestined to be categorised as uncivil. Moreover, even pro-Western CSOs may be considered as uncivil, albeit in a milder form, on the basis of the argument that they have become increasingly disinterested in and disconnected from the state, seeking instead to pursue narrow agendas according to their foreign donors or private interests within their local communities (see also above).

Yet another peculiarity of the Russian civic sphere is the persisting importance of various forms of informal inter-personal networks. The most prominent example is the tradition of *blat*, which includes Soviet-time traditions of protectionism, the using of profitable connections, or illegal dealings. Some scholars consider this particular form of social interaction a form of “street level corruption” (Miller, Koshechkina, & Grodeland, 1997) or “grassroots corruption” (INDEM, 1998) and others as an informal exchange of favours that essentially opens access to scarce goods under conditions of economic shortages (e.g. Ledeneva, 1998). In this vein, albeit on a more theoretical basis, Kharkhordin (2000: 2) understands friendship networks in contemporary Russia as a “complicated set of transformed elements of Soviet society and new social ties,” which may present most fundamental means of social welfare, withstanding the temptations of jointly pursuing wealth and power on the one hand, or, in case of strong links to the worlds of government and business, may be regarded as “clan politics” on the other. He argues that the legacy of a *weak state* “has brought into existence a plethora of entities that use violent non-civil methods to ensure the more or less smooth functioning of businesses” (Kharkhordin, 2000: 3). Yet as even militant relations are penetrated by friendship ties, “[t]he central problem of contemporary Russian civil society thus may consist of making relations of uncivil violence conform to the principles of friendly networks” (Ibid.: 3). As regards the Russian context, the fundamental question persists whether the well-documented distrust of Russian citizens towards democratic institutions and continuing reliance on informal networks are necessarily an obstacle to the creation of civil society. It has been proposed that these informal networks “deserve study in their own right” (cf. Sundstrom & Henry, 2005, forthcoming). It should be added that such study needs to be linked to an analysis of how civil transactions accommodate the interplay between new realities and enduring features.

### 3. Conclusion: Separate, contradictory, or combinable views?

The four categories identified and discussed above are not supposed to present distinct phases of Russian civil society development in chronological order. It is obvious that the presentation of these categories does follow successive changes in the scholarly discourse, which in turn have tried to keep hold of empirical developments. Yet these various ways of understanding different aspects of civil society development are not either-or options. All four categories will certainly remain equally relevant in assessing Russian civil society in future analyses. CSOs will continue to develop survival strategies within a context of ongoing transformation, the third-sector perspective will remain relevant with increasing business-CSO-collaborations, and the significance of transnational as well as undemocratic features within this sphere should hardly be reversible.

Empirically, it becomes obvious that contemporary Russian civil society is neither a vanishing nor a traditional phenomenon, but rather in a process of evolving through a complex set of adaptive and original mechanisms. However, the questions remain open to what degree Russian CSOs are establishing new ways of citizen participation and service provision, along which strategies and in which areas foreign aid is effective, and in which ways activities of the state and business sectors impact on civic initiatives as well as on Western assistance. Conceptually, there is an obvious need to reconsider mismatches between such empirical trends in the Russian case and conventional Western approaches. However, how to accomplish this task remains an open question to the scholarly community.

*Concept stretching, combined with the rapid pace of change in Russia, may have discouraged serious efforts at assessing precisely how far Russia had actually gone toward realizing a genuine civil society.*

This argument was made by Stephen Fish (1996: 53) regarding the first efforts of studying civil society in post-Soviet Russia. In particular, Fish (1996: 52) had criticised that the foundation of much of this research, Sovietology approaches, did not know enough about the longstanding civil society debates. However, this paper has shown that the analysis of Russian civil society touches upon a variety of aspects, in addition to the original (Western) civil society debates and Sovietologist area studies. It is therefore argued here that this study requires combined efforts of various academic disciplines and that both Western and Russian approaches may still learn

much from each other. On the one side, it is acknowledged that Russian politology and regional policy studies, for example, have not yet developed to a stage at which respective tasks may be dealt with (Mikhaleva & Ryzhenkov, 2001a: 7). On the other side, scholars in the Western political, social and regional sciences are only starting to scrutinise their longstanding assumptions in the light of the puzzles of civil society formation given in the Russian case. Moreover, civil society studies, having evolved into a virtually global discipline by now, are further changing in the context of empirical developments on international and regional scenes.<sup>38</sup>

While trying to access the complex puzzle of contemporary civil society in Russia, there still remains an imbalance of dominating Western perspectives. There are numerous examples where Russian authors are engaging in familiarising themselves with Western propositions. But many of them remain without debate on their actual applicability to the rapidly changing Russian context, in the sense of critically studying Western models. It is thus often more a process of familiarisation which “also implies a shallow knowledge of Russian realities by the Russians themselves and a lack of efforts on their part to go beyond fitting these realities into what is often a straightjacket of alien theoretical concepts.” (Bogaturov, in Tsygankov & Tsygankov, 2004: 9). Similarly, with an eye to the current Russian scholarship in its position to dominating Western approaches in IR studies, Tsygankov & Tsygankov (2004) identify pluralisation, Westernisation and isolationism as the key trends. They argue that isolationism, meaning a rejection of concepts established in the West and a refusal to learn from each other, may lead to “stiffening creative indigenous thought” (Tsygankov & Tsygankov, 2004: 10) at the cost of acquiring deep knowledge about Russian realities. Westernisation, in turn, would mean “delaying or subverting indigenous impulses of epistemological development” (Tsygankov & Tsygankov, 2004: 9). As mentioned above, both trends can also be traced in the Russian civil society literature.<sup>39</sup> Conversely, the fact that Russian literature is often not accounted for in Western discourse also has a range of rather pragmatic reasons. It is first of all more difficult to explore, as it for a substantial part consists of grey literature, *samizdat* booklets, conference proceedings, or publications in Russian journals with a limited range of circulation, thus not easily available via Western formal distributive markets or over the internet. Apart from that, many experts on both sides remain separated from each other simply through a language barrier. Yet reconsidering this whole milieu of civil society studies with a critical perspective on given concepts and Russian developments does not have to be an impossible or unpleasant undertaking.

For instance, the fact that Western sponsors are heavily influencing the civil society sphere, both in practice and academic discourse, must not necessarily entail its Westernisation. Increasing presence of Western experts and researchers in Russia and international mobility of Russian researchers and activists does enhance dialogue through a new feature: an increasing number of co-authored or co-edited Western-Russian contributions. Some of them are helpful contributions into a direction towards identifying regularities of social norms and behaviour that are valid across cultures, but at the same time helping to avoid broad generalisations by systematically going into detail. Machura, Donskow and Litinova (2003), for example, examine the recent development of “legal culture” from a sociology of law perspective with a view to the social institution of lay judges, who act as links between society and the judiciary. They thus refrain from adhering to historical explanations for Russia’s notorious divergence from international norms. On the grounds of this wider debate on international influences on Russia’s domestic development, others examine in more detail domestic processes for evidence of convergence with Western legal norms and civil society development (Mackow, 2004) or the relations between individuals and advocacy group’s with the West (Bonet, 2004; Ruffin, Deutschler,

<sup>38</sup> In addition, see an earlier debate on the controversial pros and cons of area studies vs. comparative research on transformation processes in post-communist countries: Schmitter and Karl (1994), Bunce (1995b), Karl and Schmitter (1995), Bunce (1995a).

<sup>39</sup> A comparison of trends in IR and civil society studies may be of limited value as the former presents a discipline and the latter a field of study. Nevertheless, there are obvious and important parallels with a view to introducing the very core concepts into the Russian scholarly contexts.

Logan, & Upjohn, 1999).<sup>40</sup> Similarly, the role of businesses in societal development – in Russia and elsewhere – is increasingly reassessed with a view to global standards of corporate social responsibility (e.g. Litovchenko, 2004).

Furthermore, there are numerous publications that resulted from research projects conducted by Russian practitioners and experts with grants from foreign foundations. Some of them provide empirical data in the sense of action research, which is linking research and action within the civic sphere in an effort of creating mutually supporting effects. Apart from, yet often inspired by, conventional theoretical reasoning, such texts may address questions of what civil society / NGOs / third sector mean in the context of Russian realities (e.g. Dorosheva, 2002). Others issue practical guides on aspects of NGO management in the given legal context (Tereshshenko, 2003) or large scale surveys on the situation of NGO-governmental cooperation (Sevortyan & Barchukova, 2002). Many of these works thus support a transfer of knowledge between CSO and academic communities or are of practical interest to government officials, civic associations, the business communities, journalists, lawyers, or international agencies. Unfortunately, many practitioners issue handbooks which are addressed to and remain within their professional or personal circle. Moreover, Russian civil society tends to provide little original and in-depth information about itself to the wider public. There are only a few examples of insider accounts on the actual work of Russian organisations, which provide more insights by documenting in detail examples, experiences and how these may trigger the development of new strategies (e.g. Deutsches Institut für Menschenrechte, 2003). In general, NGO surveys mainly have the character of large catalogues, while in-depth-studies are often limited to presenting single case studies on one project or organisation. Comparative qualitative studies are missing.

Recent action research differs from earlier insider accounts, mostly American-Russian initiatives, which were primarily guided by the hopeful spirit of the late 1990s and a rather Western perspective on democratic consolidation. From a decidedly optimistic perspective, those largely took for granted civil society's abilities and prospects to ensure social, religious and political justice through an effective engagement with the Russian state, the role of mass education and the free press in inculcating new civic values or the role of the Orthodox Church as "a principal unifier of civil society" (Marsh & Gvosdev, 2002). By focusing on courageous insider experiences, one of the main ambitions of 1990s contributions was to go beyond existing problems and instead portray the human dimensions of civil society building efforts in order to underline the energy, commitment, courage and genius of individuals within a democratising Russian society (e.g. vanden Heuvel, 2000). As idealistic as these contributions might have been, they deserve a positive note as they brought together authors from various backgrounds, including Western and Russian academics, civil society activists and entrepreneurs.

While recent co-authored works are important steps to move beyond a separation between merely conceptual debates and merely descriptive accounts, they may assist in re-assessing normative biases. However, crucial deficits remain. First, in order to gain better insights into the country-specific contextual conditions for civic work, underlying socio-economic dimensions need to be better integrated. In particular systematic inter-regional comparative studies are still under-represented.<sup>41</sup> Second, the rapidly changing characteristics of administrative and market environments remain neglected issues in the literature on Russian civil society. Third, if normative values and moral qualities of Russian organisations are to be re-assessed, closer attention needs to be paid to the self-presentation as well as behind-the-scene activities of these organisations. One unaddressed question is which objectives, morality, and meaning these (mostly local) organisations want to carry. Moreover, questioning the legitimacy of CSOs, which claim to pursue goals that are in the public interest, would also necessitate combined research on organised civic

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<sup>40</sup> The two 2004 contributions are part of a co-authored volume (Motyl, Ruble, & Shevtsova, 2004), which seeks to examine how present developments in Russia and the dynamics of Russia's relations with the European Union, Eastern Europe, Central Asia, and the U.S. are changing in the light of the Putin and Bush presidencies and international aspects.

<sup>41</sup> Some rare exceptions are provided with the contributions in Carnegie Moscow Center (2005a) and Deutsches Institut für Menschenrechte (2003).

action as well as general public interest. Finally, in-depth empirical analyses on the complex interplay between emerging and persisting formal regulatory norms as well as informal values and rules is scarce. Providing a deeper understanding of the realities of civic interaction and civic culture, such studies could enrich ongoing rather abstract conceptual discussions and may offer the potential to engage Russian and Western students of civil society in a more intense dialogue. In any case, given the complex and often contradictory connections between changes in civil society formation, political transformation, economic development and international influences in contemporary Russia, an assessment of civil society requires more differentiated interpretation within various frameworks and perspectives than commonly acknowledged in conventional approaches.

However, the recapitulative discussion presented in this paper does not claim to be exhaustive. Many more Russian and Western scholarly contributions are available which could not be dealt with in the scope of this paper. Moreover, there are other conceptual or empirical issues that could not be explored, given the very limited scope, but which would certainly be relevant to look at in order to elaborate on the possibilities of analysing civil society in Russia and probably in other post-Soviet countries. In this respect, it may be criticised that this paper has not adopted a comparative approach towards assessing Russian civil society in relation to other post-Soviet contexts with the possible benefit of analogical reasoning or generalisation. At this stage, however, the main objective of the author is to disclose the complex character of the Russian puzzle in itself, in order to disclose a range of current empirical as well as conceptual trends. In this ambition, this paper aimed in particular at contributing to more effective cross-fertilisation across discursive and cultural boundaries within the debates on civil society in Russia (and beyond), namely between different conceptual approaches, between Western and Russian perspective, and between scholarly and practitioners' views.

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## Russia's Asymmetric Capitalism in Comparative Perspective

The disintegration of the state socialist system in central and eastern Europe after 1989 led the new leaders in these societies in alliance with those in the hegemonic capitalist world to create, on the ashes of state socialism, a social system having a capitalist market economy, a polyarchic polity and a pluralist civil society. These were the intentions of the political leaders thrust into power after 1989. What type of society has emerged is a matter of intellectual debate. In this paper I shall consider only one aspect of the transformation: the type of capitalism which has developed in the post-communist countries, and particularly Russia. Prior to the discussion of 'what type' of capitalism, is the definition of capitalism itself. This is of significance because many commentators dispute whether capitalism has been introduced in some of the post-communist countries.

### Types of Capitalism

Even before the 'varieties of capitalism' debate, which has evolved in the late 1990s, many have recognized different types of capitalism, and the ways modern capitalism evolved from other formations. Weber and Marx differentiated between booty capitalism, merchant capitalism, modern capitalism, monopoly capitalism and state capitalism; 'pariah' capitalism, pursued by marginal trading groups (such as Jews or Parsees in non-capitalist formations)<sup>1</sup>. The major distinction for Weber was between 'political capitalism' and modern capitalism. In the former, opportunities for profit are derived from 'the exploitation of warfare, conquest and the prerogative of political administration';<sup>2</sup> profits are made from various forms of political domination. This is what many contemporary untheorised commentaries on 'mafia capitalism' and bureaucratic domination have in mind when they consider the post-socialist countries.

Modern capitalism, Weber defined as '... the pursuit of profit and forever renewed profit, by means of continuous, rational, capitalistic enterprise'<sup>3</sup>. Capitalism is predicated on a market, formally free labour and a psychological predisposition to adopt rational economic conduct. By rational economic conduct he meant the making of profit and, for the labourer, the maximisation of income. The 'ethos of the capitalist economic system, the spirit of capitalism' entails the avoidance of spontaneous spending for enjoyment and the continual reinvestment of profits for accumulation of capital. Similarly, Marx emphasised the role of accumulation. For Marx, the capitalist mode of production involved the continual growth of the forces of production: this was ensured by the extraction of surplus value [profit] through market competition of autonomous productive units [capitals]<sup>4</sup>. Competition between companies (capitals) for profit, leads to antagonistic relationships between owners of the means of production and sellers of labour (class conflict).

For both Weber and Marx, the economic system and economic institutions were the critical variables, but capitalism and the capitalist mode of production are not limited to economic institutions. Analysis has to understand the ways the economy is embedded in political and social institutions which provide leadership, scientific innovation, social cohesion and/or forms of division and conflict. Important components promoting cohesion in society are the state, class and ideology. A sociological interpretation would consider the integrative mechanisms in soci-

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<sup>1</sup> See H.H.Gerth and C.W. Mills, *From Max Weber* London: Routledge and Kegan Paul 1948, pp.66–67.

<sup>2</sup> H.H. Gerth and C.W. Mills, *From Max Weber*. London: Routledge 1949, p.66.

<sup>3</sup> *The Protestant Ethic and the Spirit of Capitalism*. London: Unwin Books, 1970. p.17.

<sup>4</sup> This is 'a continuous connected process, of reproduction, [which] ... reproduces capitalist relationships: on the one side, the capitalist, on the other the wage-labourer' K. Marx, *Capital* Moscow: FLPH, 1958, Vol. 3. p.578.

ety, the institutions which maintain the cohesion of the system: a value system, a dominant bourgeois class, and associations not only promoting social, political and economic coherence but also sustaining a dynamic of development.

I would therefore propose to define modern really existing capitalism as: a system of production taking place for global market exchange, utilizing money as a medium which determines differentials of income, levels of investment and the distribution of goods and services; productive assets are privately (collectively or individually) owned, and profit leading to accumulation is a major motive of economic life. The state, which is embedded in a more or less pluralistic society, establishes an effective system of law which secures private property and rights of owners over the proceeds of production. A dominant legitimating ideology of polyarchy, which entails competition between parties and groups for influence over the legislature and executive arm of state government and a sphere of autonomy (including the economy) between the individual (or family) and the state. Individual states are located in a global market which itself exerts autonomous pressures on and limits the power of states.

Not all 'actually existing' capitalist countries share these features to the same extent or in the same ways, such variation forms the basis of the varieties of capitalism approach. Marx is rarely recognised as a forerunner of theories of 'divergent capitalisms', when comparing German capitalism to British capitalism, he pointed to the 'incompleteness' of capitalist development, and the 'passive survival of antiquated modes of production' in the former country<sup>5</sup>. Also he noted the ways in which the needs of social solidarity modified the interests of capital and led to the growth of socialistic elements within British capitalism<sup>6</sup>. In contemporary societies, there are many different categorisations of countries into types of capitalism depending on the criteria adopted by the writer<sup>7</sup>.

Peter Hall and David Soskice are the major contributors to this field. They emphasise the role of institutions in influencing behaviour. Institutions, they claim, act as socializing institutions, confer power on actors, and provide a 'matrix of sanctions and incentives'<sup>8</sup>. The work of Hall and Soskice takes as a defining factor the ways in which the activities of firms are coordinated. They consider two ideal types of coordination of modern capitalism: liberal market (LME) and coordinated (CME) (sometimes referred to as 'organised') market economies. The liberal market model applies in the 'Anglo-Saxon' societies – the USA, UK, Canada, Australia and New Zealand. Firms here operate through competitive markets in all areas of economic life, with price signals, supply and demand being crucial economic indicators. There is a high level of complementarity between institutions and processes. Such economic systems have high levels of stock market capitalization, low levels of employment protection, high rates of paid employment and high income inequality. The economy is characterised by mergers and acquisitions which are facilitated through the stock exchange, trade unions are weak and labour is insecure. The market is the primary instrument of economic coordination.

In the second form of economy (CME) firms are coordinated through many non-market relationships which include network monitoring based on exchange of private information, and collaborative (rather than competitive) relationships between firms. For Hall and Soskice, Germany, Denmark, France and Japan are examples of such systems. They have high levels of employment protection, low stock market capitalization, relatively lower numbers of working

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<sup>5</sup> Preface to the First German Edition, *Capital*, vol. 1 (1967) Moscow: FLPH, 1956 p.9.

<sup>6</sup> For instance he noted the role of the factory laws (The Ten Hours Bill) in England which limited the length of the working day as well as the role of the state in sanitation and housing.

<sup>7</sup> For an overview see: David Coates, 'Models of Capitalism in the New World Order: the UK Case', *Political Studies* (1999), vol. XLVII: 643–660. The major recent works are: Peter A. Hall and David Soskice (Eds), *Varieties of Capitalism*. Oxford: Oxford University Press 2001, Bruno Amable, *The Diversity of Capitalism*, Oxford: Oxford University Press 2003. David Coates, *Models of Capitalism*, Polity Press 2000.

<sup>8</sup> Hall and Soskice p.5.

hours and relatively low differentials of income inequality. Take-overs are relatively rare and trade-unions secure the interests of labour. Companies are coordinated through vertical or horizontal associations of firms. While Hall and Soskice point to differences between sub-types of these economies (between, for example, Japan and Germany in the CMEs and between Britain and the USA in the LMEs), the similarities, they contend, between the coordinating mechanisms and complementarity between them point to two generic types of economy.

Bruno Amable extends the analysis even further to include product-market competition, wage-labour and labour-market institutions, the financial intermediation sector and corporate governance, social protection and the welfare state<sup>9</sup>. On this basis, Amable devises five types of capitalism. (Summarised in Figure 3-1). A *market based* one is equivalent to Hall and Soskice's liberal market economy. The distinguishing features of the *social democratic* model are moderate employment security, high level of social welfare, widespread labour retraining, a coordinated wage-bargaining system. The *Continental European* system is similar to the social democratic model, but the welfare state is less developed, the financial system facilitates long-term corporate strategies, wage bargaining is coordinated, and labour retention is less possible than in the social-democratic type. The *Mediterranean model* has more employment protection and less social provision than the Continental European model; a workforce with limited skills and education does not allow for the implementation of high wages and high skills in industrial strategy. The *Asian model* (a variant of Coates's 'state' led capitalism) is 'highly dependent on the business strategies of the large corporations in collaboration with the State and centralized financial system...'<sup>10</sup>. Labour is protected through possibilities of retraining and careers within corporations. There is an absence of social protection and also sophisticated financial markets, stability is provided by the large corporation.

Figure 3-1: Amable's Five Models of Capitalism

Model	Country
Liberal Market	Australia, Canada, UK, USA
Asian	Japan, Korea
Continental European	Switzerland, Netherlands, Ireland, Belgium, Norway, Germany, France, Austria
Social-Democratic	Denmark, Finland, Sweden
Mediterranean	Greece, Italy, Portugal, Spain

Criteria:

Product markets: (regulated, deregulated),  
 Labour: markets (flexible, regulated),  
 Finance: (stock markets, banks, property ownership),  
 Welfare: (extent and type of welfare state),  
 Education (extent and public/private type).

Like the work of Hall and Soskice, these typologies have institutional complementarities. Different groups of societies have congruent economic, political and social institutions: they hold together as coordinated systems of capitalism. It is claimed that these models are useful to indicate the 'complementarity' between the institutional structure and type of economic activity. In Germany, bank capital enables long term investment to be made, the educational system produces highly skilled workers, promoting quality engineering and machine tools. The American and British financial system and the competitive labour market enable mobility of labour and innovative research and investment. Companies which perform badly on the market can be bought out and this leads to economic and commercial innovation and change, especially when

<sup>9</sup> Amable p.14.

<sup>10</sup> Amable p.15.

linked to financial markets with high propensities to make profits. The low educational qualifications of the Mediterranean work force, limitations on temporary work and long-term contracts lead to a lack of mobility and relatively high levels of unemployment which in turn perpetuate low pay industries.

While these models are useful tools for understanding capitalist societies, they are all based on stable and well established economies, sharing (though in different ways) the component parts of modern capitalism described above: a market system, private property, banking systems in support of entrepreneurship and accumulation, developed welfare, regulatory states, competitive political polyarchy and civil society. They are predominantly concerned with advanced capitalist countries having relatively high levels of market development and a long history as capitalist countries. Even the Asian model includes countries such as Singapore (27th in world rank of GDP) and Korea (52nd), which are currently higher than any former state socialist society, except Slovenia (46th). They do not consider societies in transformation moving from non-capitalist systems (as in central and eastern Europe), or industrial systems which operate on a non capitalist basis (China), without free markets, individual entrepreneurship or money based accumulation.

In the transformation of the post-socialist societies, non-capitalist features are taken from quite a different mould. They had forms of ownership and coordination quite unlike even undeveloped capitalist market societies. In the absence of a free market, the government was the major coordinator of the economy through extensive public ownership of resources, complete control over the issue of money and the direction of investment. Government direction largely determined levels of employment, wages, and division between personal and collective spending. The state socialist societies, before their disintegration, as a whole, had achieved relatively high levels of income and human development.<sup>11</sup> A notable feature of these states was that the Human Development Index had a ranking well above the ranking of gross domestic product, indicating that resources had been channelled by the state to provide for education and health<sup>12</sup>.

This reflected the weakness of the market and the positive role of the state in directing resources to human development. Of course, the state socialist societies were behind the top echelon of industrial states but they all had an advanced industrial base, high literacy and educational attainment and average life expectations of over 70 years – a consequence of adequate housing, food and health care. The 'legacy of socialism' provided a footprint quite different to that from which Western capitalist societies have evolved.

In post-communist economies, as well as other developing ones, many components of capitalism are compromised by alien features – non-market economic relationships, the absence of a complementary ideology – disdain for private property – and classes of entrepreneurs and capitalists. They are 'transiting' to capitalism. Analysis, then, must grasp not only the *type* of capitalism, but the extent to which capitalism has been constructed. To determine the scale of capitalism, we need to consider: the *extent* of private ownership of assets, the presence of a free market and price liberalisation, the accumulation of capital, exposure to, and participation in, the global economy, mechanisms for the coordination of capitalist firms, levels of income redistribution and inequality. (In this paper, however, the psychological, political and ideological have to be excluded).

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<sup>11</sup> Data used are life expectancy at birth, adult literacy, mean years of schooling and gross domestic product. United Nations Development Programme. Based on data for the 1980s (before the fall of state socialist regimes), seven countries were ranked in the top UNDP 'high human development' category of 53 states (Czechoslovakia (ranked 27), Hungary (30), USSR (31), Bulgaria (33), Yugoslavia (34), Poland (41) and Albania (49)), the rankings are out of a total of 163 countries. *Human Development Report 1991*, New York and Oxford: Oxford University Press, pp.119–121.

<sup>12</sup> The USA, Denmark, Germany, Turkey and only Romania from the socialist states all had negative deviations (that is their human development rank was below their gross domestic product rank), whereas Hungary, Yugoslavia, Poland and Albania (and especially China) had very significant positive ones.

In the early years of transformation in Russia, radical reformers like Chubais and Yavlinski wanted to reconstruct the state socialist economy on the basis of capitalism and turned to the West for policy advice. The most favoured model was what has become known as the ‘Washington consensus’<sup>13</sup>. Advisers from the West advocated a transition to an Anglo-American type of capitalism. This involved the introduction of markets for commodities, assets and labour, a low level of government intervention in the economy, exposure to foreign competition, monetary stability and a free exchange rate. Privatisation of economic assets was to be introduced to create a self-motivated business class. The stock exchange would become a crucial institution channelling investment to companies to meet consumer market demand. These policies would preclude the reproduction of the Communist administrative class which, it was claimed, would replicate the institutional features of state socialism.

The adoption of Anglo-American neo-liberalism was a rational strategy for the new radical reform leadership: it legitimated destroying the political and economic base of the old ruling classes as well as the formation of competing units on the domestic market; global competition would promote economic efficiency and industrial restructuring on the basis of comparative advantage. State activity was to be minimal, its role was to set the rules in which neo-liberalism was to operate. This meant divesting state ownership and lack of intervention in the market. The ruble had to be negotiable on world currency markets, and tariffs had to be minimal to allow foreign competition. Such an ‘institutional design’, moreover, ruled out other forms of capitalism such as that which had developed in Germany, Korea, Japan and Scandinavia.

How far was this policy successfully operationalised?

## The Uneven Transformation of State Socialism to Something Else

By 2002 a market had been successfully introduced; price liberalisation was either comprehensive or countries had only a small number of administered prices, at a level comparable to Western market economies. Only Belarus, Turkmenistan and Uzbekistan fell below these levels<sup>14</sup>. Most of the transition countries had a private sector contributing to more than 60 per cent of their GDP<sup>15</sup>. Privatisation<sup>16</sup> was less comprehensive: only 6 of the 27 countries had privatised 50 per cent or more of large-scale companies, and another 14 had achieved a 25 per level. For small-scale privatisation, the figures were much higher: 21 had reached the levels of advanced industrial economies, and another 4 had comprehensive programmes ready for implementation. These figures, even for the most advanced countries still show a considerable level of state ownership and production: the most privatised (Hungary, Slovakia, Czech Republic and Estonia) had, in 2002, 20 per cent of GDP from the state sector.

Combining private sector share of GDP and extent of privatisation, we may divide the post state socialist countries into three major blocks. The top group, with levels of privatisation scores of over 8 (i.e. by adding large- and small-scale privatisation) and GDP private sector over 75 per cent, contains Slovakia, Hungary, Estonia, Czech Republic, Poland, and Lithuania. A second group of states has 60 or more percent of GDP originating from the private sector and a privati-

<sup>13</sup> John Williamson, ‘What Washington Means by Policy Reform’. in J. Williamson (Ed.), *Latin American Adjustment. How Much has Happened?* Washington D.C. Institute for International Economics. 1990.

<sup>14</sup> EBRD, *Transition Report 2003*, London: EBRD, 2003, p.16.

<sup>15</sup> Here and following, data taken from EBRD 2003. The private sector’s share of GDP includes estimates drawn from both official and unofficial sources of the extent of informal or not reported economic activity.

<sup>16</sup> The EBRD estimated the extent of privatisation, on a scale with 0 being no privatisation and 4.5 (4+ in original) being comparable to advanced industrial countries. The data are shown separately for large-scale and small-scale privatisation (two scales 0 to 4+). I have aggregated into one scale – being a total of nine (I have translated the original - and + signs to -.5 and +.5). The definition of a ‘private’ company includes companies which are not part of the state sector, but they certainly include companies in which various government agencies (local authorities, ministries) hold stakes.

sation score of 6.5 or more: this group includes Bulgaria, Albania, Latvia, Russia, Armenia, Slovenia, Ukraine, Romania, Kyrgyzstan, Croatia, Macedonia, Georgia and Kazakhstan. A third group, with relatively little privatisation or only schemes in preparation, and less than 60 per cent of private production in GDP includes Azerbaijan, Moldova, Tajikistan, Bosnia, Uzbekistan, former Yugoslavia, Turkmenistan and Belarus. The incidence of privatisation and the private sector are highly correlated with a Pearson  $r$  of .92. In the following discussion I exclude the third group of countries as they do not pass a threshold to qualify as modern capitalist societies.

In terms of these basic criteria – price liberalisation, extent of the private sector – Russia is a hybrid system. Prices of retail goods are determined by the market, with some exceptions – energy being the most important. In respect of the private sector, Russia is still very far from Western advanced societies described in the varieties of capitalism literature. The proportion of GDP contributed by the private sector in 2002 was 70% (Hungary and Czech Republic 80 per cent); on a five point scale, privatisation of large enterprises was 3.5 (Hungary was 4), for privatisation of small enterprises the index was 4 (Hungary 4.5), price system, 4 (Hungary 4.5); foreign trade and currency exchange, 3.5 (Hungary 4.5); anti-monopoly policy 2.5 (Hungary 3); for banking reforms Russia had very low indexes – only 2 for the liberalisation of bank rates and 2.5 for the development of non-banking financial organisations (comparative figures for Hungary are 4 and 3.5)<sup>17</sup>. While Russia had discarded the system of state planning and is predominantly a market society, many areas of state control and production remain.

One of the major differences between the Anglo-American and Coordinated models of capitalism is extent of open trading of companies on the stock exchange. The extent to which companies have a transnational presence and are open to domestic and foreign ownership is dependent to a great extent on their stock market capitalization. This is a major feature of Anglo-American capitalism though less so for the German and Japanese. Stock marketisation in the countries own stock exchanges (enabling take-overs as well as the raising of capital), with European comparisons, is shown on Table 3-1.

Table 3-1: Stock Market Capitalization

Country	Percentage of GDP		No of listed domestic companies (2000)
	1990	1999	
Poland	0.2	19.1	225
Russia	0	18	249
Ukraine	0	2.9	139
Hungary	1.5	33.7	60
Czech	0	22.2	131
<i>Other countries</i>			
China	0.5	33.4	1086
Germany	22.2	67.8	933
Japan	98.2	104.6	2470
Turkey	12.6	60.7	315
UK	85.9	203.4	1945
USA	53.2	181.8	7651

Source: World Bank, *World development Indicators 2001*. pp.278–280.

[Derived from Standard and Poor's, *Emerging Stockmarkets Factbook 2000*, and other sources].

<sup>17</sup> EBRD, *Transition Report 2003*. Russian edition p.4. (Accessed at EBRD website).

Here we note the early start to stock market capitalization in Hungary and Poland. All countries between 1990 and 1999, including Western ones, have had a rapid increase in stock market capitalization. Russia and Ukraine were much behind the East European countries, where Hungary and Estonia (not shown in table) were in the lead.

There are two major groups of post-socialist countries: a small group above the average of low income countries – Hungary, Moldova, Russia and Estonia (the highest with 26.7) – at a level comparable to the average of Latin American countries, though below Turkey. Russia is one of this group, coming second after Estonia. However, Russia is a special case because its figure is derived mainly from a small number of very large energy companies (such as LUKOIL). However, the emerging capitalism was much less firmly set in the stock market in comparison to the UK, USA and Japan. The extent of stock market capitalization is much lower even than in ‘co-ordinated’ countries such as Germany and precludes any form of economic coordination through the stock market.

## The Global Perspective

One significant measure of the transformation of the former state socialist countries is the extent to which they have become part of the global market and participate in the global economy. Under state socialism, the presence of Soviet companies’ affiliates abroad (such as Aeroflot or Moscow Narodny Bank) was very small. In 1991, the whole of the CIS had only 68 parent corporations and 2,296 foreign affiliates.<sup>18</sup>

These data are for the early period of the transition to capitalism for the former state socialist countries. By 2001, the numbers of transnational companies had grown considerably. On an imperfect information base, on a world scale, there were 64,592,000 transnational companies with 851,167 foreign affiliates. Of these, only 850 companies were reported in the six central and eastern European countries, a total number of 255,442 affiliates of foreign companies however were operating in *all* the east and central European countries. (For the latest date available in 2003, Russia had only 7,793 foreign affiliates in its economy and Ukraine 7,362, compared to Poland’s 35,840)<sup>19</sup>. (though data for the countries of the former USSR were incomplete, the scale of the difference with the central European countries would still hold.)

The companies formed after the collapse of state socialism have little presence in the world of transnational companies. After the collapse of the USSR, its new export orientated companies, such as Lukoil (now the largest Russian transnational company), have sought a global dimension, though their opportunities initially were limited. The Russian government under Eltsin fixed a limit on foreign shares in Russian strategic companies (originally not more than 15 per cent of shares in Russia’s oil companies, for example, could be foreign owned) and the state in different forms owned (and still owns) a very large proportion of assets. The largest companies in Russia are located in the energy sector, which includes the top five companies by market value and 19 out of the top 50 companies<sup>20</sup>.

On a world scale, in the Financial Times 500 (2003)<sup>21</sup> Index (capital market value), the USA dominated with 240 companies, Japan followed with 48. Russia had only five companies, all in the energy sector: Yukos ranked 144, Gazprom 169, Surgutneftegaz 280, Lukoil 294, Sibneft-Siberian 375. No other former communist country appeared in the list. If we turn to revenues

<sup>18</sup> The developed countries have transnational corporations in thousands (in 1991, the USA 3,800, Germany 6,984), with foreign affiliates in tens of thousands. Individual countries like Germany, Brazil and China, had more foreign affiliates than all the former state socialist societies put together.

<sup>19</sup> *World Investment Report 2002: Transnational Corporations and Export Competitiveness*, UNCTAD, United Nations, New York, 2002. p.272.

<sup>20</sup> *Kommersant reyting*, 200 Krupneyshikh kompaniy Rossii. No 01 (01) 2003. pp.93–96.

<sup>21</sup> FT Global 500, published in Financial Times 28 May 2003.

earned as shown in the Fortune 500<sup>22</sup>, China had 11 companies, UK 33, Japan 88, the USA again topped the list with 197 companies; of the former state socialist countries, there were only two – both from Russia: Gasprom (rank 236, no profits data), Lukoil (422, for profits it ranked 74). Even in the top 500 European companies (capital market value), there were only 10 companies from the former state socialist bloc: Telekomunikacja Polska (rank 170), Surgutneftegaz (214), Lukoil (231), Gazprom (232), Cesky telekom (310), Matav (Hungary) (326), Yukos (Rus) (336), Unified Energy (Rus) (383), Mobile Telesystem (Rus) (464), PKN Orlen (Pol) (482). (Data for 2002 from FT website).

In terms of their foreign assets, the transnational corporations of the former state socialist countries are relatively minor companies compared to the Western TNCs. Of these, Russia has the top two in terms of foreign assets – Lukoil and Novoship. Their foreign assets are \$4,189 million dollars and 964 million respectively<sup>23</sup>, this compares to the world's top company (Vodafone) with foreign assets of \$221,238 million and General Electric (in second rank) with \$159,168 million dollars<sup>24</sup>. Other countries in the top ten central and east European states include the following in order: Latvia (Latvian shipping), Russia (Primorsk shipping), Croatia (Hvatska elektroprivreda), Slovenia (Gorenje Group), Russia (Far East shipping), Croatia (Plovidva) and Croatia (Atlantska Plovidva).

One further indication of the global reach of the companies founded after the fall of communism may be exposed by their listing on Western stock exchanges. This requires companies to attain certain internationally recognised legal and financial conditions which enhance the credibility of the company and makes it possible for companies to attract capital investment. Table 3-2 on the next page shows the number of companies registered on the London and New York Stock Exchanges in 2003. On the London Stock Exchange, in June 2003, 40 central and Eastern European companies are listed. On the New York Exchange, in total 472 foreign companies were listed, but of these only 6 originated from the former socialist countries of Central and Eastern Europe. The participation of the former state socialist countries again is small. The largest economy, Russia, has only three energy companies registered in London and five in New York, these included energy, telecommunications and food. China and Brazil have a much higher presence.

When one turns to foreign investment as a proportion of gross capital formation in the private sector, one sees a quite different picture. For high income countries, the proportion of capital formation derived from FDI is relatively low: Japan, less than 1 per cent, UK is exceptional with a higher (25.8%) level. China (10.1%) is lower than the average (13.2%) for middle income countries. Central and Eastern post-socialist countries (Czechia, Croatia, Hungary, Estonia, Poland, Slovakia, Latvia, Kazakhstan, Moldova, Bulgaria, Lithuania, Romania and Georgia) all have higher proportions of investment coming from abroad than middle income countries; and all (except Belarus and Slovenia) have very much higher dependency than even low income countries (average of 3.9 per cent). Those with a very low FDI as well as low rates of domestic investment are Ukraine, Georgia, Turkmenistan, Belarus, Russia and Slovenia. The low level of foreign investment as a share in capital formation is lower than one might expect: this may reflect the bunching of investment for big projects and also the high level of capital export<sup>25</sup>.

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<sup>22</sup> *Fortune* (European Edition) August 19, 2002. No 15

<sup>23</sup> World Investment Report 2002, p.112.

<sup>24</sup> *ibid* p.86.

<sup>25</sup> Table 5.2 WDI 2003: this is a three year average.

Table 3-2: Listing on London and New York Stock Exchanges (June 2003)

Country	London Stock Exchange	New York Stock Exchange
Poland	11	0
Russia	3	5
Hungary	4	1
<i>Other countries</i>		
China (excludes Hong Kong/China)	5	14
Japan	23	19
Turkey	9	1
UK	(2737)	52

On the London exchange:

Russia's three companies include: Tatneft, Gazprom, Lukoil.

Poland is more diversified: media agencies, banks (3), vehicle distribution, mineral extraction, construction, pharmaceuticals, oil and gas, software, telecommunication.

Czech: telecommunications (2), banks.

Hungary: computer services, building, chemicals (2).

China: oil, minerals, construction, electricity (2).

On the New York exchange,

China included: oil petrochemicals gas coal mining (6), aluminium production, transport (3), communications (2), power plants, chemical products manufacturing,

Hungary: telecommunications,

Russian Federation: Oil and gas, telecommunications (3), food.

Source: *NYSE website* (www.nyse.com), listed on 2 April 2003, *London Stock Exchange website* (www.londonstockexchange.com), listed on 6 June 2003.

## Levels of Investment

A key variable in capitalist development is the level of investment both domestically and from the world market. The provision of credit to the private sector is a key indicator of the propensity of a capitalist system to invest. The amount of domestic originated credit to the private sector (expressed as a percentage of GDP) and the amount of foreign direct investment (FDI) (as a percentage of gross capital formation) is shown on Figure 3-2.

In high income countries the average level of domestic credit to the private sector, as a percentage of GDP, in 2001 was 137.4; for middle income countries 57.9. The average for the post-socialist countries was 21, this is even below the average for low income countries, which was 24.1. Domestic credit, of course, includes advances to the domestic sector as well as small businesses, most investment for companies originates from internal sources. These data then show both the underdevelopment of the banks as well as the low levels of consumer credit. The banks were not functioning to create credit for investment which is a major component for modern capitalism<sup>26</sup>.

Figure 3-2 and Table 3-3 bring out the striking international differences between the levels of domestic credit to the private sector: all the industrial countries are clustered at the right hand of the chart, all have credit to GDP ratios of over a hundred: Japan has 190, China is also in this category (125). One feature these advanced countries all have is a very high level of domestic credit to the private sector. For the European transition countries, only the Czech Republic and

<sup>26</sup> On Russian banks, see David Lane, *Russian Banking*, Northampton, Mass. Edward Elgar: 2002, Chapter 1, especially pp.15–17.

Croatia (not shown on chart) are near the level of middle income countries and 13 are below the levels of even the low income countries.

Figure 3-2: Foreign Direct Investment (FDI) (Capital Formation) and Domestic Credit

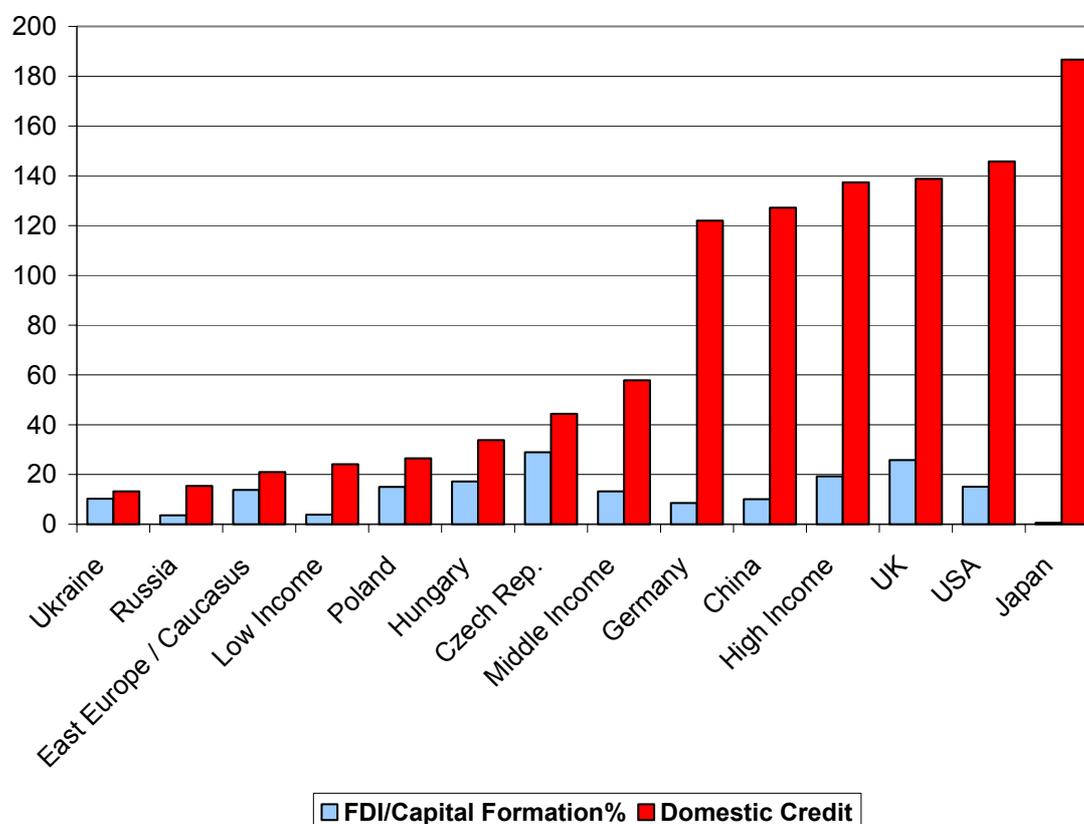


Table 3-3: Foreign Direct Investment (FDI) (Capital Formation) and Domestic Credit

	FDI/Capital Formation%	Domestic Credit
Ukraine	10,3	13,2
Russia	3,6	15,4
East Europe / Caucasus	13,8	21
<i>Low Income</i>	3,9	24,1
Poland	15	26,5
Hungary	17,2	33,8
Czech Rep.	28,9	44,4
<i>Middle Income</i>	13,2	57,9
Germany	8,5	122
China	10,1	127,2
<i>High Income</i>	19,2	137,4
UK	25,8	138,8
USA	15,1	145,8
Japan	0,6	186,7

Source: World Bank 2003, Tables 5.1 and 5.2

This discussion indicates that all the post-communist societies have a severe lack of domestically sourced investment in the private sector. (As there are still considerable public sectors in these countries discussion in this paragraph does not refer to all investment). However, foreign direct investment is much larger than for other countries at a similar level of gross domestic product. This is consistent with the policy of the last group of countries which had the least foreign sales of assets. For the post-socialist countries as a whole, however, the very low levels of internal investment and accumulation, indicates a serious drawback to their quest of becoming a modern-type capitalist country.

Foreign direct investment is only one aspect of the role of globalisation, also of importance is the contribution of foreign investment to gross domestic product and employment and the structure of exports. One informative index here is the transnationality index. The transnationality index provides a very good measure of the involvement of countries in the global economy. It is calculated as the average of four ratios: FDI inflows as a percentage of gross fixed capital formation for the past three years, FDI inward stocks as a percentage of GDP, value added of foreign affiliates as a percentage of GDP, and the employment of foreign affiliates as a percentage of total employment. A high index indicates a significant economic dependence on foreign countries. As shown in Table 3-4, in 1999, the USA had a low index (8.2) and the UK 14.5; the lowest of the developed countries was Japan with 0.6. As one might expect from the earlier discussion, Russia was low down the list with an index of 4.6 and Ukraine 4.8 – both similar to Turkey with 4.1; Hungary was much higher with 27.6 and the Czech republic with 17.6 which is even higher than China's 14.4, though Hong Kong (China) had an enormous dependency of 98.4 (disproportionately due to massive FDI inward stock).<sup>27</sup>

Table 3-4: Transnationality Index 1999

Japan	0.6 (lowest)
USA	8.2
Germany	10.6
UK	14.5
China	14.4
Czech Republic	17.6
Ukraine	4.8
Russia	4.6
Turkey	4.1
Hungary	27.6
Hong Kong (China)	98.4 (highest)

A high index indicates a significant dependence on foreign countries.

The index is a composite average of four ratios expressed in percentage terms: average of FDI inflows as % of gross capital formation; FDI inward stocks as % of GDP; value added of foreign affiliates as % of GDP; and employment of foreign affiliates as % of total employment.

Source: *World Investment Report 2002*, p.275

This is an average of four different components of transnational activities: FDI inflows as a percentage of gross fixed capital formation for the previous three years (which overcomes somewhat large inward takeovers or projects in any one year); inward stocks as a percentage of FDI in the given year (2000), value added of foreign affiliates as a percentage of GDP in a given

<sup>27</sup> Ibid., p.275.

year, and employment of foreign affiliates as a percentage of total employment.<sup>28</sup> The composition of exports measured in terms of primary and manufactured goods is a good indicator of modernisation of the economy. (Data for 1998–2000 indicate that Bulgaria, Moldova and Czechia had over 30 per cent of gross fixed capital formation from FDI flows, and Latvia, Lithuania and Croatia were between 20 and 30 per cent)<sup>29</sup>.

Developed and developing countries do not differ on average in terms of their transnationality indexes: for the former it is 21 and for the latter 20.05. The indexes for former state socialist countries, however, are much lower, with an average index of 13. Again there are important differences between the different blocks of countries. There is a small group of countries with a very low participation rate: Russia, Belarus, Ukraine have an index below 5. At the other end of the scale are the Czech Republic (24), Estonia (25) and Hungary (27) with rates above that of the average of high income countries (21). These figures are probably explained by the low foreign ownership in the first three countries – even in the energy extraction industries (due to legal restrictions), and very high levels of foreign ownership in the second. Consequently, the three former Soviet republics have much less dependency on international trade. If one considers the proportion of employment by foreign affiliates (as a proportion of all employment), Hungary has a figure of 27.4 per cent and Latvia 10.4 per cent; the figures for Russia, Ukraine and Belarus are 1.6, 0.7 and 0.3 per cent respectively<sup>30</sup> – for Belarus, the lowest in the world.

The former state socialist societies have an export profile most similar to low income countries. As a proportion of merchandise exports, primary commodities represent 45 per cent of low income countries exports, and in the CEE and former CIS, the figure is 42 per cent; high income countries, on the other hand, have an average in this category of only 15 per cent and middle income 35 per cent. There are, however, important differences between the post-communist countries. Bulgaria, Lithuania, Latvia, Russia, Moldova, Kazakhstan and Turkmenistan constitute a group with a share of primary exports higher than the middle income countries. At the other end, is a group with primary exports below the average level of high income countries: these include Slovenia (the lowest with 10 per cent), Czech Republic, Hungary, Slovakia (15 per cent) – just below the United Kingdom (with 17 per cent).

Russia, Kazakhstan, Ukraine, Moldavia and Turkmenistan are countries with a high level of export of primary commodities but with a low level of gross domestic product and investment generated by FDI. These countries are even more dependent on primary sector exports than even low income countries and are on a par with Columbia, El Salvador, Egypt, Morocco and Senegal.

The decline in the rankings in the Human Development Index for the previous state socialist societies is partly a consequence of the great rise in inequality and this in turn is highest for countries with a high proportion of export earnings from the primary sector. The top five primary sector exporting countries (Kazakhstan, Moldova, Azerbaijan, Turkmenistan and Russia) all have very high Gini coefficients. The correlation between share of primary exports and inequality is very high at +.689. This is probably explained by the low labour costs and low labour saturation in the oil and gas industries, and high incomes from oil exports being retained by few people, as a consequence of privatisation. Possibly, the 'Dutch disease' syndrome, in which a high exchange rate may depress agriculture and manufacturing and consequently lead to unemployment, may be at work in these countries.

The evidence indicates that the post-communist countries have moved into the world capitalist economic system. But they have not entered as members of the core states – rather they rest on the periphery. They have a negligible number of transnational companies. The Central European

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<sup>28</sup> World Investment Report 2003: 6

<sup>29</sup> World Investment Report 2002: 70

<sup>30</sup> *World Investment Report 2002*: 275. These data are not given in the 2003 edition.

states (Hungary and the Czech Republic) are highly dependent on transnational companies for investment, income and employment. While Russia receives a considerable amount of FDI for its energy industry, it and Ukraine remain largely self-sufficient (or self-deficient) with respect to gross capital formation, value added and employment.

A key variable in capitalist development is the level of investment both domestically and from the world market. As noted above in the discussion of capitalism, the provision of credit to the private sector is a key indicator of the propensity of a capitalist system to invest and to grow. The average for the post-socialist countries was 21, this is even below the average for low income countries, which was 24.1. The figures for Russia are among the lowest: 4 and 15. Domestic credit, of course, includes advances to the domestic sector as well as small businesses, most investment for companies originates from internal sources. These data then show both the underdevelopment of the banks as well as the low levels of consumer credit. The banks were not functioning to create credit.<sup>31</sup>

## Two Types of Post State-Socialist Capitalism

Following the disintegration of state socialism, a market system based on private ownership and production for profit has been constructed in all but three of the former state socialist societies. There is no chance of a return to state socialism. The measures of reform have secured a high level of irreversibility: the planning mechanism has been destroyed, and the lynchpin of the political system, the Communist Party apparatus, dissolved. Whether these countries have moved to a modern capitalist system is open to question. The consequences of transformation have led to three blocks of post state socialist countries: two of which are market orientated and have large private sectors and one small cluster of countries which preserve statist economies (Uzbekistan, Belarus and Turkmenistan, which are ignored in the following discussion). Despite the significant policies of destatisation, the post-communist societies all share in common a higher level of state control than market capitalist countries and most have stock market capitalization at the levels of very low income countries. In terms of social development, the post-communist states have fallen in the world rankings of human development.

Weber's claim that modern capitalism is distinguished by 'the pursuit of profit and forever renewed profit, by means of continuous, rational, capitalistic enterprise'<sup>32</sup> applies more to the first group than to the second. The first includes the central European countries – Slovenia, Czech Republic, Poland, Hungary, Slovakia and Estonia – all new members of, and having borders with, the European Union. These countries are approaching the levels of OECD countries with respect to marketisation and privatisation, they also have a very positive participation in the global economy. This group is closest to the continental type of market capitalism, though it is more state led. They all have a low level of stock market capitalization and more developed welfare states, making them distinct from the Anglo-American countries. They also have a much lower level of internal accumulation than advanced capitalist countries. Some, but not all, have very high exposure to the global market which acts as an exogenous source of economic change. They resemble, and are likely to identify with, the continental European system as they all have embedded welfare states derived from the state socialist period. Economic coordination here is not through stock exchange capitalism, but is dependent on the state and also on companies with an international presence. Tutored by the conditionality requirements of the EU and the IMF, they have developed not only the economic preconditions of capitalism, but also the

<sup>31</sup> On Russian banks, see D. Lane, *Russian Banking*, Cheltenham: Edward Elgar, 2002: Chapter 1, esp. pp.15–17.

<sup>32</sup> Weber, M. (1970) *The Protestant Ethic and the Spirit of Capitalism*. London: Unwin Books, p.17. See also, King, Larry (2003), 'Shock Privatization; The Effects of Rapid Large-Scale Privatization on Enterprise Restructuring', *Politics and Society*, Vol.31 No 1: 3–30. Lane, David (2002) *Russian Banking*, Northampton, Mass. Edward Elgar.

political and societal: an appropriate type of government, a civil society and an emerging bourgeois class structure.

A second model is that of a hybrid state/market uncoordinated capitalism. This is a relatively economically poor group which has had an unsuccessful period of transition: Russia, Ukraine, Kazakhstan, Georgia, and Moldova. These countries have exceedingly high income differentials, and high levels of poverty and unemployment. They have the characteristics of low income, primary sector exporting countries, with a very low integration into the global economy. They have particularly low levels of domestically sourced investment, though those with a large energy sector (such as Russia) have significant and disproportionate foreign direct investments. The form privatisation has taken may lead to relatively few owners in extractive industries, such as oil, giving rise to great wealth on the one hand and, because of relatively low employment rates and ineffective redistribution policies, to poverty on the other. Economic policy should be concerned not only with efficiency, but also with equity. The move to the market and private ownership has significantly diminished equity in the post-communist states – though less so for those bordering on the European Union.

The initial period of privatisation and destatisation led to a weakening of the state and consequently to a period of 'chaotic capitalism'. A chaotic social formation may be defined as a social and economic system which lacks institutional coordination and promotes social fragmentation: goals, law, governing institutions and economic life lack cohesion. Its characteristics are uncertainty about the future, elite disunity, the absence of a dominant and mediating class system, criminalisation and corruption, rent-seeking entrepreneurs, inadequate political interest articulation and an economy in decline characterised by inflation, unemployment and poverty.<sup>33</sup>

## A State-Led Scenario for Russia

As far as Russia is concerned, while this state of affairs has been attenuated somewhat by the leadership of President Putin, the economic system is far from being a modern wealth-creating one. It is a form of political capitalism.

In seeking greater stability for the future, the footprint of state socialism may 'fit' into a pattern of cooperative state-led capitalism. In the discussion of transformation to capitalism in the post-communist countries, it is surprising that so little mention has been made of non Anglo-American forms of capitalism, discussed at the beginning of this paper. Coordination in all modern economies is based on a combination of market, state, competitive and cooperative economic institutions. A possible scenario for the stability of Russia is an economy with a limited market economy, a regulative state and cooperative economic institutions in which management has an important place and in which ownership is in the hands of interconnected state and private businesses and financial institutions. This kind of state-led capitalism might ensure accumulation. Not only will the state directly channel economic rents earned from export-oriented industries such as armaments, precious metals and energy, but also private and semi-private companies will indirectly be financed through state institutions and banks. A state-led development policy would involve support for space and nuclear industries, computer soft-ware, arms production, aircraft. The private sector is unable to provide the long term finance required to develop these industries. The key components of such a state led system would be:

- *Driving forces*: State
- *Institutions*: Stakeholders: industrial management, leading capitalists, political elites, workers' collectives

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<sup>33</sup> I developed this concept in an earlier article covering the initial period of transformation in the Russian Federation. David Lane, 'What Kind of Capitalism for Russia? A Comparative Analysis', *Communist and Post-Communist Studies*, No 33 (2000), pp.485–504.

- *Culture*: Nationalist
- *Solidarity*: Social compact, welfare state

Such a policy is not without critics. A free market ideology and policy has been advocated by the Ministry of Finance, the Ministry of Economy, the Ministry for the Management of State Property and is supported by the IMF, leading Western governments, particularly the UK and USA and international interests in financial corporations. Also, successful companies in export industries, such as oil, who have been associated with radical market reformers in the government, have defined their interest with a global economy, foreign markets and external capital investment. In this context, outside political actors become a major determinant of the direction of economic change<sup>34</sup>. The ‘conditionality’ of support by international agencies such as the IMF and the European Union is usually in terms of a neo-liberal form of economy.

At a more theoretical and general level, major criticisms of this approach come from those who hold that a one-way convergence is taking place between the different types of capitalism I have considered. The direction of convergence is towards the competitive Anglo-American system. The globalisation of capitalism is inimical to a state-led negotiated form of capitalism. It is claimed that cooperative-type economies of the German type do not lead to innovation. The growth of countries like Germany and Japan has declined in the 1990s and at the beginning of the twenty-first century they are restructuring in the direction of competitive capitalism. Many contend that cooperative capitalism is a sure way to promote economic decline. Global convergence to a market-led capitalism, it is argued, is now under way and cannot be stopped without substantial costs to domestic economies. The political and economic space for state-led as well as ‘cooperative’ systems is limited. International financial organisations and international political gatekeepers, such as the IMF, OECD, World Bank and European Union, are able to impose their conditions on emerging countries. The argument here is that state-led corporatism is not efficient and is severely constrained by the forces of globalisation.

These arguments, I believe, are ‘overdetermined’. While there certainly are trends towards convergence, there are also divergencies<sup>35</sup>. Production in an economy as large as Russia is local in character and regional companies and political actors have considerable scope for action independently of the global economy. With the exception of the extractive industries, the globalisation of finance has had little effect on Russia. Governments may oppose free trade if it is not in their economic interests and maintain tariffs in support of home industries. As Joseph Stiglitz has pointed out, the developed countries demand trade liberalisation and the elimination of subsidies while maintaining trade barriers and subsidies for their own products.<sup>36</sup> The main advantages for adopting a model of organised market capitalism in Russia is that it may be able better to cope with competition on a world scale. Greater regulation (such as in the recent history of France) may lead to more effectively organised restructuring. A positive legacy of communism is high investment in human capital which is a considerable asset in transformation. My own conclusion is that a state-led corporatist economy is by no means perfect but is the best system for Russia.

<sup>34</sup> As Michel Camdessus has put it: ‘I cannot emphasise strongly enough that Russia cannot afford to take this [corporatist] route’, Russia and the IMF: Meeting the Challenges of an Emerging Market and Transition Economy. Address by Michel Camdessus, Managing Director of the International Monetary Fund at the U.S.-Russia Business Council, Washington, D.C. – April 1, 1998 <http://www.imf.org/external/np/speeches/1998/040198.htm>

<sup>35</sup> Further discussion see: H. Kitschelt, P. Lange, G. Marks and J.D. Stephens, ‘Convergence and Divergence in Advanced Capitalist Democracies’ in H. Kitschelt, P. Lange, G. Marks and J.D. Stephens (Eds), *Continuity and Change in Contemporary Capitalism*. Cambridge University Press 1999, pp.427–460.

<sup>36</sup> Joseph E. Stiglitz, *Globalisation and its Discontents*. New York: W. Norton, 2002.

## **Russia 15 Years Later: Contemporary Paradoxes in the Organization of Economic Space**

### **Introduction**

The 1990s left many an analyst with a dark view of the evolution of Russian economic space. As appearances would lead one to believe, one of the results of the transition to a market economy is, the formation of a highly polarized spatial structure, clearly divided between “winning regions” and “outsiders”.

- In the 1990s, the geographer Boris Rodoman violently denounced the phenomena of polarization brought about by the depression that, according to his analysis, led to the division of the country into three elements: the “capital areas”, the “provinces” and the “deep periphery”, cut off from all axes of modern communication<sup>1</sup>.
- A. Treivish, on the other hand, has emphasized the concentration of the value of industrial production, demonstrating that the industrial Russia of the depression years has shrunk, reducing itself to three large regions: Yamal-Volga-Ural<sup>2</sup>. Access to exportable resources has been a decisive factor in pushing an area over the line between the winners’ and losers’ side<sup>3</sup>.
- Lastly, let us cite A. Lynch, for whom Russia is not able to develop in a normal market economy context due to its enormous geographical constraints: distance and infrastructure costs, severe climate, the isolated locations of raw material deposits<sup>4</sup>. His expression “liberal economics, illiberal geography” lends weight to the hypothesis that the liberal wager is irreconcilable with the constraints particular to Russia and that there can hardly be any development in most of the territory.

To what extent can these diagnoses be verified? At what scale can they be considered relevant? Is a specific model emerging for organizing economic space in Russia? What are the social and economic consequences of this geographical polarization, which seems to be more accentuated than in other industrialized countries?

### **1. The Regional Concentration of the Production of Value**

The movement of the concentration the creation of value has been very clear since the beginning of the 1990s. Whereas in 1995 half of the Russian wealth was still produced in 13 regions, in 2001, 10 regions alone were able to produce half of the GDP. The most productive region being the city of Moscow, contributing 20% of the GDP!

The progression of Moscow is particularly surprising: the figures from 1994 onwards show a nearly constant progression, resulting in a doubling of the city’s contribution to the GDP. (see Table 4-1 on the next page)

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<sup>1</sup> Rodoman, B. (2002), “Prostranstvennâ polârizaciâ i pereorientaciâ” (pp.302–312), in *Polârizovannaâ Biosfera: – Smolensk: Ojkumena. – 336 pp.*

<sup>2</sup> Treivish, A. (1998), *Geografiâ rossijskogo krizisa*, working paper, Institute of Geography (Moscow).

<sup>3</sup> Bradshaw, M. and Treivish, A. (2000), “Russia’s regions in the *Triple Transitions*” in Hanson, P. and Bradshaw, M. (eds.), *Regional Economic Change in Russia*, Cheltenham: Edward Elgar, pp.17–42.

<sup>4</sup> Lynch, A. (2002) “Roots of Russia’s Economic Dilemmas: Liberal Economics and Illiberal Geography”, *Europe-Asia Studies*, vol. 54, no.1, pp.31–49.

Table 4-1: Regional GDP and contribution of regional GDP to Russian total (2001)

2001	Regional product*	% of the Russian total	Summarized %
1. Moscow City	1622 675.0	20.7	20.7
2. Khanty-Mansii	561 367.7	7.2	27.9
3. St Petersburg	275 442.6	3.5	31.4
4. Moscow region	266 999.0	3.4	34.8
5. Krasnoyarsk	237 041.5	3.0	37.8
6. Tatarstan	218 162.2	2.8	40.6
7. Sverdlovsk	214 845.0	2.7	43.4
8. Samara	204 072.0	2.6	46.0
9. Yamalo-Nenets	186 784.7	2.4	48.4
10. Bashkortostan	186 332.4	2.4	50.7

\*in millions of current rubles

Source: Goskomstat 2003

Table 4-2: Contribution of Moscow City to GDP (%)

Year	1994	1995	1996	1997	1998	1999	2000	2001
%	10.2	10.3	12.2	14.3	15.3	19.0	21.1	20.7

Source: Goskomstat 2003

Recent figures cited by J. Sapir attempt to show that, since the early 2000s, this trend has become more distinctive<sup>5</sup>. According to his analysis, the growing concentration of value production within a few regions is an alarm signal, indicating that Russia, captured within its production of raw material, has begun to function according to an under-developed economy and is incapable of making its productive system function satisfactorily.

The map on the next page, developed based on data published for the year 2001, demonstrates the results of this process on the scale of Russia as a whole: regional discrepancies in the distribution of wealth production are extreme, and the differences when compared to the map of population distribution are highly significant.

Having left behind depression of the 1990s, Russia combined several types of regional spaces:

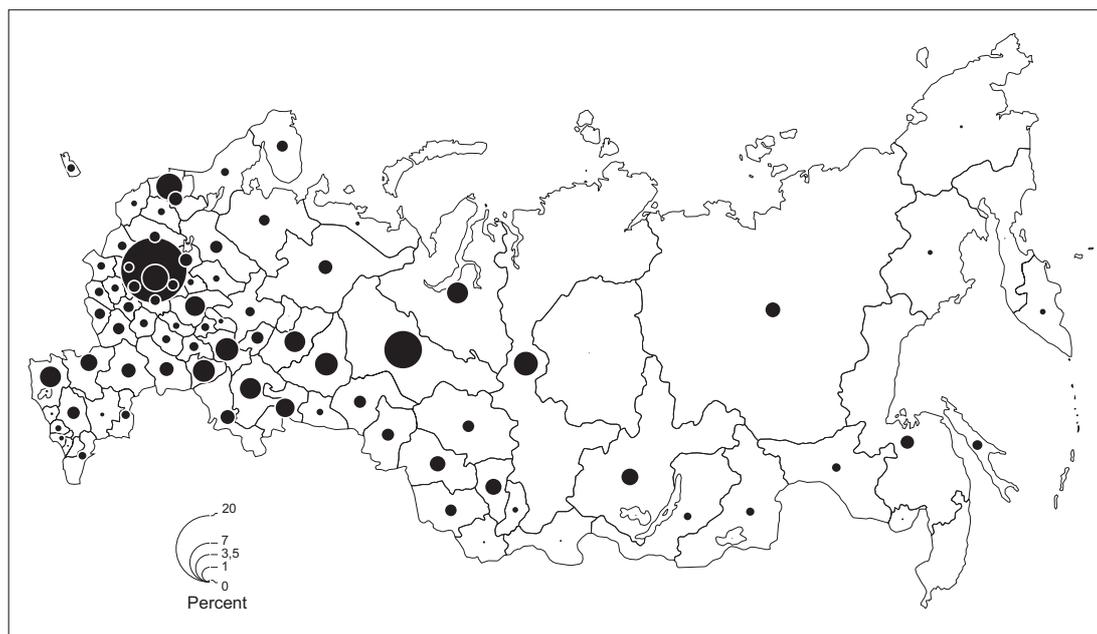
- The periphery (the poorest autonomous republics in particular) whose circumstances are comparable to those of underdeveloped and under-industrialized economies;
- a metropolitan system linked to the networks of global cities<sup>6</sup>;
- prosperous industrial regions that produce raw material and intermediate goods (primary aluminium, steel, copper) yet remain dependent on global factors;
- urban and industrial regions in constant structural depression.

Thus, Russia's economic heterogeneity must be called extreme.

<sup>5</sup> Sapir, J. (2005), *La croissance russe au péril de la "Maladie Hollandaise"*, working paper, CEMI-EHESS, <http://www.ehess.fr/centres/cemi/pages/documents/doc113-Sapir-Juin-05.pdf>

<sup>6</sup> Kolosov V., Vendina O., O'Loughlin J., "Moscow as an Emergent World City: International Links, Business Developments, and the Entrepreneurial City", *Eurasian Geography and Economics*, vol. 43, no. 3, pp.170–196

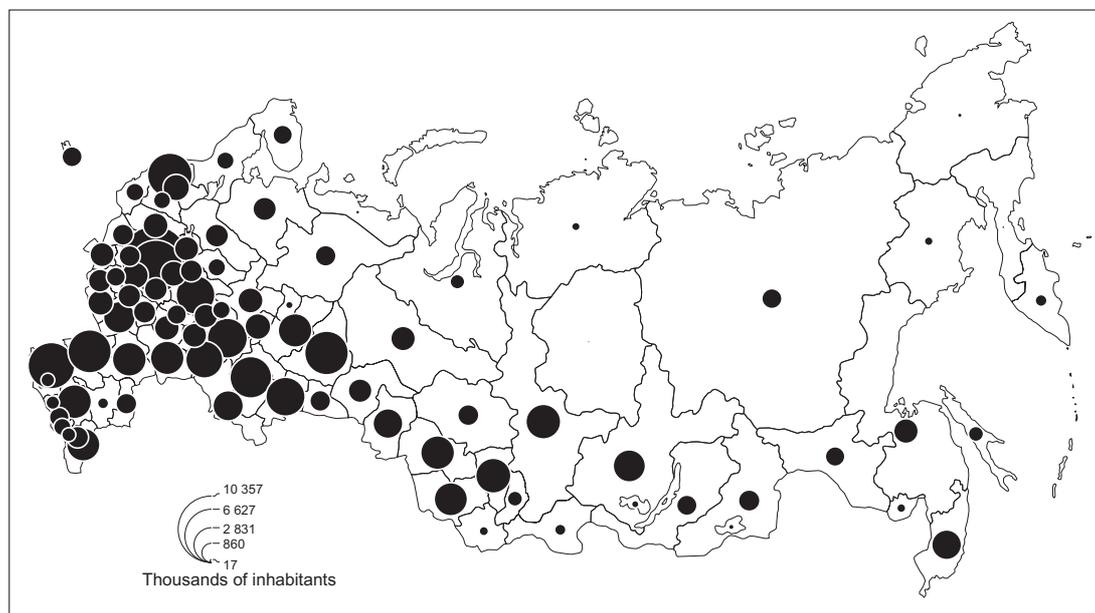
Figure 4-1: Contribution of Russian Regions to GDP, 2001



Data source: Goskomstat 2003

LJ, Atelier Cartographie, UTM

Figure 4-2: Total population by region (2002 Census)



Data source: Goskomstat

LJ, Atelier Cartographie, UTM

It is true that, in an increasingly globalized world, economic processes lead to an ever greater concentration of value creation and of economic decision-making. The Russian case can only be considered one spectacular variant of a global trend. Yet, in most developed states, mechanisms for a social and geographical redistribution of wealth compensate for these processes and guarantee a reasonable quality of life for most of the population. All the same, regional discrepancies in income per inhabitant are considerable in Russia. Many regions have a very low income per inhabitant: the gap between the poorest (Ingush Republic) and the richest (Moscow City) was 1 to 19 in 2000. The figures for 2002 show a relative decrease in the gap: the poorest (Ust-Orda Buryat Autonomous District) and the capital were “only” at a proportion of 1 to 12. The issue of the redistribution of national resources or of the geographical redistribution of wealth production nevertheless remains a crucial problem. How will Russia be able to confront persistent poverty in the South and the Far East? What are the evolutionary perspectives for central Russia, where the formidable accumulation of wealth in the Moscow area leaves the comparatively poor neighbouring ones behind, for which development proves difficult (Tver, Kaluga, Vladimir, Ivanovo)?

Will it be possible in the near future to redistribute growth generated in the regions and the “winning cities” through appropriate transfer mechanisms?

## 2. A Territory Divided Down to the Local Level

These issues which we just addressed on the level of Russian federal subjects are also relevant on a more local level. The territory’s heterogeneity is indeed just as tangible, if not even more so, within each subject. For many years, A. Treivish has emphasized the fact that *intraregional* variation in economic activity and standard of living is often stronger than *interregional* variation. According to his analysis, Russian territory is comparable to a leopard skin<sup>7</sup>.

The presence in any given location of a very profitable company creates an oasis of “well-being” within a very limited perimeter. Some cases have become all the more emblematic in contrast to the general depression in the region: thus we find the rich city of Sosnovy Bor (where a powerful nuclear station is located) in the *oblast* of Leningrad; the city of Cherepovets, where one of the main metalworking companies is based; Togliatti, capital of the national automobile industry, etc.

Such tendencies towards the local polarization of wealth production become even more striking with the common appearance of the city-company model. Many examples exist of cities dominated by a single activity and a singly company (city of Kondopoga – Karelia –, pulp and paper factory for instance), which becomes the main supplier of jobs, public equipment and local taxes<sup>8</sup>. Where the companies have succeeded, the “oases” have grown around them, but where the opposite is the case, many cities have been devastated by the closure of an activity or group. Fragility is a recurring factor in the economic geography of these highly specialized locations. The cities of Udmurtia, for example, are 80% dependent on the military industry and unable to pull out of the depression.

In a recent study, the World Bank has called attention to the fact that too many Russian companies rely on a single large production establishment, while these companies are structurally fragile and put the economies of the cities where they are based at risk<sup>9</sup>.

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<sup>7</sup> Treivish (1998), op. cit.

<sup>8</sup> Kortelainen J., Kotilainen J. (2003), “Ownership Changes and Transformation of the Russian Pulp and Paper Industry”, *Eurasian Geography and Economics*, vol. 44, no. 5, pp.308–402

<sup>9</sup> World Bank (2004), *From Transition to Development*, a Country Economic Memorandum for the Russian Federation, Washington: World Bank, 144 pp. <http://www.worldbank.org.ru>

### 3. The Fragmentation of Rural Space

In the countryside, the picture is just as complex. The entire agricultural sector is marked by multiple paradoxes: the importance of private plot agriculture despite the small acreage owned privately; holding onto large collective enterprises inherited from the Soviet system, etc. (Figure 4-3 and Table 4-3). The fact that the private plot agriculture has taken the place peasants were supposed to take in theory confirms the notion that the simple transfer of western models has led to unexpected results on Russian soil<sup>10</sup>.

Figure 4-3: Contribution of the main types of farming to agricultural production (%)

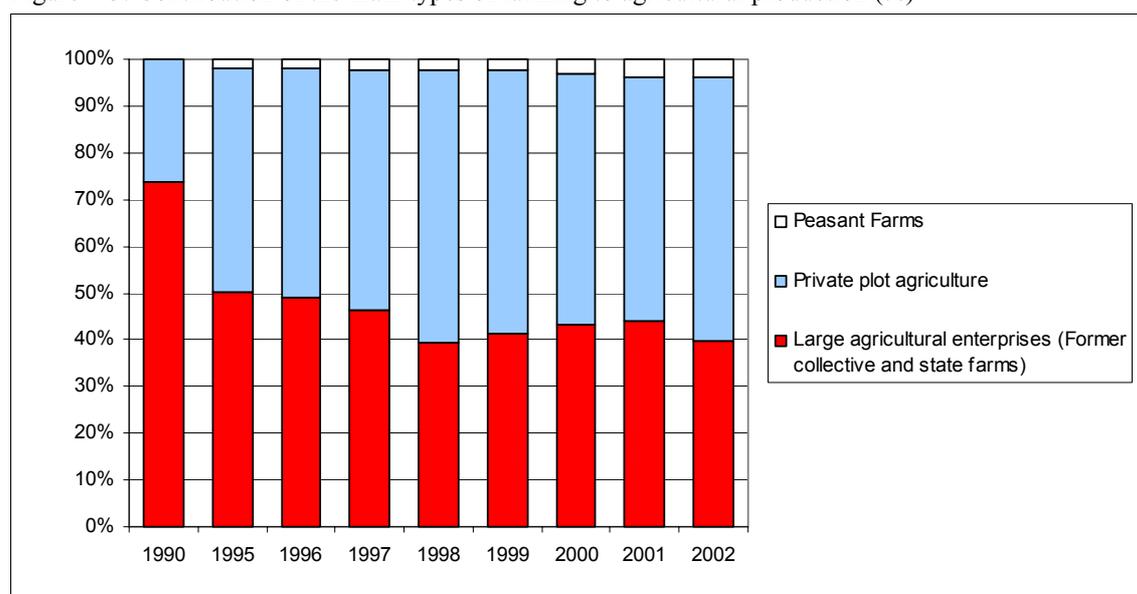


Table 4-3: Contribution of the main types of farming to agricultural production (%)

	1990	1995	1996	1997	1998	1999	2000	2001	2002
Large agricultural enterprises (Former collective and state farms)	<b>73.7</b>	50.2	49.0	46.5	39.2	41.2	43.4	43.9	<b>39.8</b>
Private plot agriculture	<b>26.3</b>	47.9	49.1	51.1	58.6	56.3	53.6	52.4	<b>56.5</b>
Peasant Farms	<b>0</b>	1.9	1.9	2.4	2.2	2.5	3.0	3.7	<b>3.7</b>

Source: Goskomstat 2003

#### The Regional Concentration of Production

Agricultural restructuring has, in part, reinforced the agricultural specializations of the regions – which was to be expected. Yet this is especially true for large-scale farming. In 2002, 16 regions contributed 70% of the grain harvest, whereas, in the late 1980s, it was still necessary to bring 21 regions together in order to reach the same results. This is because the great traditional granaries of the Southwest of the country (Rostov, Krasnodar, and Stavropol) and of the Volga (Tatarstan) have become stronger<sup>11</sup>.

The phenomenon of concentration is not universal, however. The geographical distribution of private bovine livestock has remained more or less constant, milk production being present everywhere: it would be difficult to identify the appearance of “milk belts” on a national scale.

<sup>10</sup> Nefedova, T. (2003), *Sel'skaâ Rossiâ na pereput'e*, Moskva: Novoe Izdatel'stvo, 408 p.

<sup>11</sup> Eckert, D. (2004), *Le monde russe*, coll. Carré Géographie, Paris: Hachette, 240 pp.

Potato production, become the practically exclusive speciality of private plot agriculture (officially producing 93% of the Russian total in 2002), is also widespread. Agricultural evolution has thus not given rise to particularly individualized, large agricultural regions.

### The Increase of Regional Discrepancies

Nonetheless, certain rather surprising facts may be noted. The large Moscow region continues to progress in the ranking of agricultural regions. In the late 1990s, it was fourth in value production despite its weak natural assets<sup>12</sup>! Its performance is notably superior to that on the good-quality agricultural lands of the neighbouring regions further south, even though they have a more favourable soil and climate. With the sudden arrival of a market economy and the significant increase in transportation costs, agricultural producers near Moscow have benefited from the proximity of the country's top urban market.

Yet the most striking phenomenon is the increasing contrast *within* the regions themselves. Contrary to Western Europe or North America, present-day Russia functions according to a model where a very dense rural population is tied to poor agricultural performance. One thus observes an agricultural efficiency gradient related to distance from large cities<sup>13</sup>. In central Russia, the differences in agricultural output between the immediate surroundings of the large cities and the distant rural peripheries always favour the outer semi-urban areas: output differences become evident of 4 to 6 times for grain yield or 3 to 5 for milk<sup>14</sup>.

It is thus necessary to take into account the polarization of space:

- Rural villages with a diversified economy that are well connected and located within a ring of 20 to 60 km around large urban areas, host the best agricultural enterprises. Most of the high-performance agriculture is concentrated in such places, being the work of large collective enterprises that rely on increasingly powerful food-processing companies.
- A second ring, in the 50 to 80 km range, represents a zone where pressure on real estate is generally lower and thus the general place of choice for farmers wishing to settle.
- The third ring, that of the distant peripheries (100 km and above), is where former state-enterprises collapse, where the number of bankruptcies is highest and where the subsistence economy has reclaimed its dues.

In the current context of a market economy, the fundamental factor is the accessibility of urban markets: road density and the quality of transport infrastructure play an essential role in the flow of agricultural production. Due to the very poor quality of secondary road networks, the relative advantage of farms located near large cities or on major arteries is decisive.

Agricultural Russia thus functions, in part, according to a spatial model of decreasing agricultural income, very similar to that identified at the beginning of the 19<sup>th</sup> Century by von Thünen, although in radically different socio-economical circumstances. The existence of an area of intensive agriculture around main cities may belong to the past in Western Europe and in North America, but it is a living reality in Russia<sup>15</sup>.

<sup>12</sup> Polán, P., Nefedova T. and Trejvis, A. (eds.), *Gorod i Derevnâ v Evropejskoj Rossii: sto let peremen*, Moskva, OGI, 560 p.

<sup>13</sup> Pallot, J. and Nefedova, T. (2003), "Geographical Differentiation in Household Plot Production in Rural Russia", *Eurasian Geography and Economics*, vol. 44, no. 1, pp.40–64.

<sup>14</sup> Ioffe and Nefedova, 2001, op. cit.

<sup>15</sup> Ioffe, G. and Nefedova, T. (2001) "Centr i periferiâ v sel'skom hozâjstve Rossijskich regionov", *Problemy prognozirovaniâ*, n°6, p 100–110.

## 4. Conclusion

I would thus like to emphasize the fact that Russian economic space is, at all levels, marked by territorial fragmentation. Rich regions and territories exist alongside poor regions, and the return of growth since 1998 does not really appear to have weakened this polarization. On the contrary, the transition to a non-productive economy, depending on the export of raw material, may very well make the situation worse, possibly destabilizing the country for a long time.

It is also obvious that fragmentation and polarization are factors to be considered at all levels and that Russian territory is also divided on the local scale: it is a veritable mosaic of active areas and closed off peripheries living in depression, all the result of years of restructuring. This growing polarization has been further accentuated by State transport policies, dedicating the core of its investments to the large transport corridors<sup>16</sup>.

It is thus clear that the ways of organizing Russian economic space are radically different from those that prevail in Western Europe or North America. Economic transition has not “mechanically” produced a type of geographical space comparable to the type existing in the liberal West. Factors particular to Russia appear to have produced creative and profoundly unequal spatial structures. It is not certain that the future will see the different forms of spatial organization converge in industrialized countries.

The challenge for the future is definitely not to stimulate uniform growth throughout Russia, but rather to establish redistribution mechanisms capable of attenuating regional wealth inequalities that, in the long term, threaten the cohesion of the country as a whole.

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<sup>16</sup> Eckert (2004), op. cit.

Valerie Bunce

## Commentary on the Papers

### Introduction

I learned a great deal from these papers, and I appreciate the opportunity, as a result, to serve as a discussant on this panel. My comments are divided into three parts. First, I highlight some common features to the four papers – commonalities which are surprising, given the complexity of the Russian landscape, but which are less surprising, given the division of disciplinary labours around a common puzzle. Second, I pose some questions that are relevant to most or all four of the papers. Finally, I offer some questions and observations specific to each paper.

### Common Themes and Arguments

All of the papers are, to put the matter succinctly, depressing. Whether viewed from the vantage point of politics, economics, society, or geographical space, the story is roughly the same. The Russian experience thus far is not a happy story of moving from state socialism to a “shining liberal future.” Instead, the Russian story features unusually large inequalities, socio-economic and political in form, that are expressed in terms of both class and spatial cleavages. What emerges from the analyses is a Russia with a core of money, power and activism surrounded by a huge periphery deprived of any of the three desired goods. Even more striking: Russia’s fragmentation and the considerable costs of the transition are joined with depoliticization. The situation is miserable, but people are not mobilized. Indeed, as the Schröder paper reminds us, Russian inequalities are joined with considerable public alienation from political institutions and political leaders – though President Vladimir Putin, despite his dictatorial actions, the war in Chechnya, and the human costs of the transition, still invites significant political support.

A second similarity among the papers – and one that is unusually welcome from a methodological standpoint – is that every author adopts a comparative standard in order to highlight important issues and trends. For example, Schmidt contrasts Russian civil society development with that of the West; Lane draws upon the literature on varieties of Western capitalism as well as the economic profiles of the developing and developed world; Schröder uses Western liberal democracy as one of his standards; and Eckert’s analysis of spatial inequalities in Russia brings in developed capitalist norms. All the comparisons, it is important to realize, speak to the peculiar consequences thus far of the Russian transition from state socialism. These peculiarities speak to certain distinctive givens in the Russian dynamic – for example, state socialism as the point of departure for the transition and the sheer size and low population density of the country – in interaction with the unexpected costs of powerful international influences – for instance, the impact of the “Washington consensus” on economic reform, the important (though again spatially segmented) impact of international NGOs, and the effects of globalization.

Finally, precisely because of the unusual character of Russian political and economic developments since independence in 1991, all the papers hint at the existence of what could be termed an unstable equilibrium. The language used says a great deal – when Schröder emphasizes a hybrid regime combining elements of dictatorship and democracy (though tilting more and more in the former direction) or when Lane emphasizes the asymmetric character of Russian capitalism. One emerges from reading these papers with a question. Can a single state or a durable, let alone effective economic or political regime emerge from such spatial inequalities in power and money; such political alienation; and such weak civil and political societies? Put differently, where is the glue that holds this haphazard structure together? Just as destabilizing is another characteristic: the lack of leadership alternatives to Putin. After twenty years of transition (dating transition from Gorbachev’s rise to power), Russia seems to resemble in some respects its

Soviet past – a sprawling, institutionally complex system lacking orderly procedures and precariously dependent on individual leaders. This would be worrisome, even if Russia looked more, for example, like Poland and other successful examples of transitions to democracy and capitalism in east-central Europe.

## General Questions

The very fragility of the Russian polity, economy and society, however, introduces a tension that runs through these papers. There is very little evidence of individuals or developments that might tip the system in a particular direction or, for that matter, destroy it or consolidate it; that is, render the system less vulnerable and more stable and self-reproductive. We do not see in these papers, despite their helpful use of comparison, plausible scenarios for either change or coherence. If there are no forces that challenge the current situation, then perhaps Russia may not be as fragile as the authors in some ways seem to assume. Put differently, Russia's distinctiveness may say less about its fragility than about its distinctive, but nonetheless sustainable responses to the processes of political and economic liberalization. Russia, therefore, may not be out of balance so much as inventing a new and relatively stable type of system.

Another question involves what we learn from the comparisons the authors offer. As every comparativist knows, the comparative standard utilized shapes the developments highlighted, the relationships uncovered, and the conclusions drawn. All the papers, albeit to different degrees, emphasize the West, and, what is more, the contemporary West. What would happen, however, if other comparative cases were deployed? Here, I can make some brief observations about each paper.

Let me turn, first, to the Schmidt paper. Here, I wondered what would happen if she were to turn her attention to international NGOs and civil society development in other transitional contexts. What might emerge is a conclusion that attributes the unevenness of Russian civil society and its considerable inequalities in influence and spatial development to the unusually wide gap between: 1) significant international penetration, and 2) unusually weak legacies of civil society dating from authoritarian rule. Yet another issue is the broad category of "the West." Here, one can pose the question – which West? Both the United States and Great Britain are quite distinctive in their civil society development – for example, the unusually permissive environment very early in their development made for the rise of a rich associational life. By contrast, associational life was not even legal in France until the Third Republic. Moreover, the philanthropical tradition in the United States is unique, precisely because it is both very old and very characteristic of the business community. Note, for example, Benjamin Franklin's autobiography – which strongly influenced, for example, Max Weber's analysis of capitalism.

In the David Lane paper, one wonders about the time frame used when analyzing the Western capitalist systems. Western countries might look very different and less coherent and perhaps not even in the same category as they currently occupy, if one were to go backward to the earlier decades of capitalist development. Of course, there is a tension here – Russian capitalism is young, but it has developed in a globalized world. In this sense, there is no comparison. However, greater sensitivity to the evolution of capitalism – a timeseries, rather than a cross-sectional perspective – might give some sense, at the very least, of sequences in the development of specific types of capitalist economies.

The Schröder paper places a good deal of emphasis on hybrid regimes. Here, we must remember that hybrid regimes were in fact the biggest category in the former communist world after 1989. Less common, especially in the first decade of transition, were full-scale dictatorships and democracies. Hybrid regimes, moreover, feature a common syndrome: 1) they are very competitive and highly polarized between communists and liberals (and a third group – nationalists, which often cross-cut the two); 2) they invariably feature an incomplete break with the authoritarian past (which is critical for both democratization and the construction of capitalism), and

3) they exhibit the worst economic performance in the region (longer and deeper recessions before recovery eventually begins to materialize). If hybrid regimes are of interest, then the comparison is between Russia, on the one hand, and, for instance, Ukraine, Kyrgyzstan, Slovakia, Bulgaria, Romania and Albania, on the other. It is interesting to note that, with the exception of Russia, virtually all these hybrid regimes have moved in recent years in a decidedly more democratic direction – for example, thanks to electoral revolutions that brought down dictatorial leaders. Might this also happen in Russia, despite Putin's dedication to preventing the electoral virus from infecting the polity he now controls?

One could also focus on post-dissolution cases. Like the Czech Republic and Serbia, Russia functioned as the core of the ethnofederal state during the communist era. This introduces another comparative possibility that moves us out of the field of postcommunist politics: India, Pakistan and Bangladesh. Of the three, only India has had a stable democracy, and it is also the only one of the three that has developed a strong political society; that is, unions and parties. Russia's failure to develop a party system to the degree one sees elsewhere in the postcommunist region, therefore, may be extremely important.

This leads to the Eckert paper. Here, one could suggest looking at other cases where there is weak state redistributive capacity, large spatial variations in sectoral profiles, and the presence of oil. Nigeria would be a particularly interesting case, given cultural diversity and ethnofederal state design.

## Specific Questions

Let me turn, first, to Diane Schmidt. A strength of this paper is that she poses important and original questions, such as *how* the transition has affected civil society development, rather than the reverse. That recognized, let me offer a few questions. Schmidt seems to assume a sequence, wherein the development of civil society shapes in turn the political behaviour of Russian citizens. However, there is another way to think about this linkage – as studies of social movements have sometimes observed. Actions and events can build civil society, rather than the reverse. This might be what happened, for example, with respect to the pensioner protests in Russia in January, 2005. Second, can we analyze civil society in the absence of political society? When we used to analyze civil society within the context of state socialism, we posited a trade-off: constraints on political society (the influence of unions and parties) forced individuals in relatively permissive political environments to focus on civil society. However, in the transitional setting, it can be suggested that weaknesses in one area go with weaknesses in the other. Put succinctly: Russians make little use of associations, unions or parties, though they engage in a considerable amount of informal networking. Finally, I would suggest to Schmidt that she unpack the external community. The United States Agency for International Development approaches civil society in radically different ways than, say, either the Charles Mott Foundation or Rockefeller Brothers – though all three have been important participants in democracy promotion.

There are several questions I would put to David Lane. First, how much variation is there in fact in Western capitalism, given the effects of globalization? I also wonder whether Lane may be a bit too soft on state socialism. It is true, for example, that the gains in literacy through communist rule were remarkable. However, the health crisis in Russia and Ukraine – for example, extraordinarily low male life expectancy – goes back at least thirty years. Third, perhaps the most important aspect of Russia (which is noted in the paper briefly) is that it is a petro-state. Most petro-states are authoritarian and have unusual economic structures. Finally, Lane calls for some form of organized capitalism for Russia. I am sympathetic to this argument, but sceptical. Organized capitalism usually arises in settings which are radically different from Russia – for instance, small countries that have well-organized civil and political society and that export finished products.

The Eckert paper does a stunning visual job of showing the spatial side of Russian inequalities. However, if we imagine that Russia is a region rather than a state, the inequalities seem less striking. Here, the comparison would be to the twenty-seven successor regimes in the postcommunist area. Indeed, from that vantage point, the gap in income is even larger – as Slovenia versus Uzbekistan indicates. Why has postcommunism generated such large differences among states? There are several “d” factors: 1) differences in the depth and duration of the economic crisis; 2) different regime trajectories (democracies do better economically), and 3) disintegration of the Soviet, Yugoslav and Czechoslovak states, which then highlighted through sovereignty significant inter-republican differences within these three states. Might the decentralization of Russia before Putin’s state-building efforts have had the same effect, with the eighty-seven subjects of the federation going in different political and economic directions?

Finally, let us turn to the Schröder paper. Here, I have four questions. First, was it indeed “impossible to work out a political solution to Chechnya,” as Schröder suggests on p.8? One could argue that both Yeltsin and Putin made choices that involved, for example, the triumph of military intervention over bargaining. Second, Schröder does an excellent job of laying out the absence of alternatives to Putin. However, one then wants to know: why has this happened? Third, similar data on low levels of institutional trust by the population exist in a number of other postcommunist countries – even Hungary, one of the clear “winners” of the transition. This introduces the question of why this situation is more dangerous in Russia. Finally, returning once again to the issue of the potential for change in the future: how different is Russia today from Ukraine in 2003?

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