

Transformations in Russia: a neoinstitutionalist interpretation

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Klaus Segbers

**Transformations in Russia:
a neoinstitutionalist interpretation**

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1 Introduction

Evaluations and interpretations of change in the Former Soviet Union (FSU) still differ significantly. Do we speak about politically motivated reforms or about structural changes, about intentions or processes, about mistakes or constraints, and so on. The same is true for identifying reasons for the changes: Were they primarily externally or internally conditioned, modifications or fundamental redirections – and, of course, are the changes happening for what-ever reason successfully, or did they fail?

These differences are due not primarily to a general problem in intellectually penetrating the post-Soviet transformations, but rather to competing pre-conceptions, different theories and heterogenous analytical tools employed by various experts and observers.

Basically, there are the following main approaches to interpret changes in the FSU. Some of them are connected to traditional paradigms of explaining the Soviet system¹. Most of them are hostage to an unrealistic overestimation of state interventionist capabilities.

The more serious research directions are the following:

- Studies focusing on the change of political institutions (in a narrow sense) and organizations, often with inbuilt assumptions on the „normality“ of Western structures of political regulation (democratization theories)². This branch ist relatively well developed and often intends to combine area competence with general political science interests. Part if this direction are studies on actors, especially parties and elites³.
- Analytical projects on the relations between the federal center in Russia (Moscow) and political territories/ regions (regionalization research)⁴.

¹ Meyer, Gert (1979), *Sozialistische Systeme*, Opladen; Gläßner, Gert-Joachim (1982), *Sozialistische Systeme*, Opladen.

² For a good overview see: Parrott, Bruce (1997), *Perspectives on postcommunist democratization*, in: Karen Dawisha, Bruce Parrott (eds.), *Democratic changes and authoritarian reactions in Russia, Ukraine, Belarus, and Moldova*, Cambridge. Cf. Merkel, Wolfgang (ed.)(1996), *Systemwechsel 2*, Opladen; Linz, Juan; Stepan, Alfred (eds.)(1996), *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe*, Baltimore; Diamond, Larry; Plattner, Marc (eds.)(1993), *The Global Resurgence of Democracy*, Baltimore; Przeworski, Adam (1991), *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America*, Cambridge; Przeworski, Adam (1995), *Sustainable Democracy*, Cambridge.

³ Cf. Segbers, Klaus; de Spiegeleire, Stephan (eds.) (1995), *Post-Soviet Puzzles. Mapping the Political Economy of the Former Soviet Union*, Vol. III, Baden-Baden; Bos, Ellen (1996), *Die Rolle von Eliten und kollektiven Akteuren in Transformationsprozessen*, in: Wolfgang Merkel (ed.), *Systemwechsel 1*, 81-110; Lapina, Natalia (1997), *Die Wirtschaftseliten im Kräftefeld der rußländischen Politik*, in: *Berichte des BIOst*, 16/1997, Köln; Petuchow, Wladimir; Wjunizkij, Wladimir (1997), *Die Rolle rußländischer Wirtschaftseliten im Jahre 1996*, in: *Berichte des BIOst*, 17/1997, Köln; Easter, Gerald M. (1996), *Personal Networks and Postrevolutionary State Building*, in: *World Politics*, 48.2, 551-578.

⁴ Segbers, Klaus; de Spiegeleire, Stephan (eds.) (1995), *Post-Soviet Puzzles. Mapping the Political Economy of the Former Soviet Union*, Vol. II, Baden-Baden; Schwanz, Simone, *Transformationsforschung: Area Studies versus Politikwissenschaft?* In: *Arbeitsberichte des Osteuropa-Instituts der FU Berlin*, 3.1997, Berlin; Projekt Siehl/ Cline (to be published in 1998):

- Studies an economic change, mostly on macroeconomic developments and policies, privatization strategies (often with a regional aspect), network relations and foreign economic performances of the transformation countries⁵.
- Research on the international context of the East European changes and its impact on these developments⁶.
- Cultural studies (in a broad sense), including deliberations on the supposed Russian *osobennost'* (*Sonderweg*), but also studies and preconditions for civil society (*social capital*)
- And, finally, deconstructivist attempts to discuss texts and interpretations of post-Soviet change⁷.

In contrast to most, but building upon some of these paradigms, in this paper I want to present an analytical approach which uses the concept of institutional change and which, in my view, avoids some problems produced or accentuated by alternate interpretations. I think that this approach is able to offer a sufficiently plausible framework for explaining change in the FSU. This approach requires something which still is a daring undertaking for many of us: A critical re-interpretation of the conventional assumptions regarding the the Soviet Union, its working conditions, its crises, its transformation and other aspects. I start with this attempt of reinterpretation. In a second step, I try to identify some of those institutions which are changing; and then, thirdly, the relevant structures and actors who define (stimulate and constrain) the changes, and who are themselves influenced by the ongoing transformations. The fourth step tries to address the relevant domestic and international structures, the framework for the ongoing changes, before the relevant actors are identified. A brief outlook on Russian international behavior under such conditions concludes this paper.

But the first step towards a fresh look at the current processes and events of change is a new glance at the Soviet Union itself, thereby challenging some traditional ways of conceptualizing it.

⁵ Peter Rutland, Business Lobbies in Contemporary Russia, in: *The International Spectator*, 32.1 (Jan.-March 1997), 23-38; Mau, Vladimir; Stupin, Vadim (1997), *The Political Economy of Russian Regionalism*, in: *Communist Economies & Economic Transformation*, 9.1, 5-26; Stark, David (1993), Path Dependency and Privatization Strategies in East Central Europe, in: *Transformation der Wirtschaftssysteme in Ostmitteleuropa*, München, 11-39; Harter, Stefanie (1997), *Wirtschaftliche Transformationen in Rußland: Ein Netzwerkansatz*, in: *Arbeitspapiere des Osteuropa-Instituts der FU Berlin*, 5. 1997, Berlin.

⁶ In generell: Wallerstein, Immanuel (1979), *The Capitalist World Economy*, New York; Cox, Robert (1986), *Social Forces, States, and World Orders: Beyond International Relations Theory*, in: Robert O. Keohane (ed.), *Neorealism and Its Critics*, New York; related to the transformation processes in the FSU: Deudney, Daniel; Ikenberry, John G. (1992), *The International Sources of Soviet Change*, in: *International Security*, 16.3, 74-118; Risse-Kappen, Thomas (1994), Ideas do not float freely: transnational coalitions, domestic structures, and the end of the cold war, in: *International Organization*, 48.2, 185-214; Evangelista, Matthew (1995), The paradox of the state strength: transnational relations, domestic structures, and security policy in Russia and the Soviet Union, in: *International Organization*, 49.1, 1-38; Altvater, Elmar (1996), *Der Megatrend der Globalisierung und die Spielräume regionaler Integration von Transformationsgesellschaften - Der globale Kontext regionaler Integration in Zentralasien*, Berlin, mimeo.

⁷ Epstein, Mikhail (1995), *After the Future. The Paradox of Postmodernism and Contemporary Russian Culture*, Amherst; Medvedev, Sergei (1995), *Deconstruction of the Text. At the Occasion of the 77th Anniversary of Soviet Discourse*, in: Segber, de Spiegeleire (1995), 83-120.

2 The USSR and its end

The West treated the USSR often as an alternative model of development. While the Soviet Union certainly deviated from classical examples of modernization – like the paths taken by the OECD countries --, it never really was a second, alternative world power. For this role, it lacked a sufficient economic base, and its culture did not develop the attraction to penetrate or dominate other cultures. The Soviet Union was mostly oriented towards the world market, by copying and simulating it, by permanently catching up with and, at the same time, distancing itself from this powerful regulator. In any case, the Soviet Union became increasingly dependent on the world market's laws.

Domestically and politically, it was never that much centralized as suggested by and described in Soviet and Western textbooks. In the fields of politics and economics and in social relations, there was ample room for competing interests, manoeuvring, and for *bargaining* between distinct groups and actors. These groups and actors, in detail to be described below, were active in at least four spheres. These fields also defined the real political spaces of the Soviet model: territories (union republics, regions etc.); the big economic sectors; patron-client-relations (often shaped by regional, generational or functional aspects); and, finally, societal organizations. Across these fields, network relations were instrumental as a structural feature of Soviet-type models. In these dimensions, thus, the four main groupings of influential players were active: regions, sectors, clans, and societal groups.

These groups did not act autonomously – in the sense of a civil society --, but often quite distinct from each other and from the state. The CPSU, then, was less a homogeneous actor than the place where these groups competed and negotiated. Tendencies of an all-encompassing bargaining system which was in place even in the times of stalinism increased after 1953 and finally led to a system of mediation (exchange) and regulation which we call *administrative market* (AM).

This interpretation of Soviet-type regulation through bargaining actors organized in the framework of the CPSU shapes the analytical focus in a certain way: It accentuates the *continuities between Soviet and post-Soviet regulative mechanisms against the supposed rupturous events* (the beginning of *perestroika* 1985, the end of the USSR 1991; by the way, one could also mention the revolutions of 1917); and, secondly, the focus of the analysis shifts from the state-level toward an institutional and actor-related level.

This view of Soviet history is not only able to deliver more adequate insights into the FSU; it also sharpens the view on post-Soviet realities. But to complete the necessary reinterpretation, another step is required: a fresh view on the crises which caused the collapse of the USSR, as well as on the factors which shaped the reactions on these challenges.

The decisive crisis of the traditional Soviet model was, beyond any doubt, caused by endogenous factors. The extensive mode of production of the classical Soviet economy, created in the late 20s, was unreversibly exhausted in the 70s. The reasons for this development were multifold (demographic trends, location of resources, of arable land, capital building etc.) and can be left aside here.⁸ The important point is that the stability of the

⁸ See Klaus Segbers, *Der sowjetische Systemwandel*. Frankfurt/Main 1989, especially chapter 4.

political regulation by the state which rested on the availability of resources for (re)distribution by the federal center in Moscow and of transfer payments from the state budget to the various competing regional and sectoral lobbies was undermined by the final crisis of the formally administered economy. In this situation, a fundamental regime change was inevitable. It was initiated by the election of M.S. Gorbachev, which became a – the – symbol of the pressure for a systemic change.

This significant change of the traditional Soviet system itself was constrained and partly shaped by international conditions. The ever increasing integration of the world economy, the significant role of international communication, the more and more effective international standards and regimes (patterns of consumption, human rights, economy of time etc.), the increasing weight of international transnational actors and regimes precluded effectively any options for isolated ways of coping with the Soviet crises.

Against this background, the most important and decisive directions of the systemic change were not unclear. On the contrary, they were more or less pre-determined: Towards a dominant regulation of the domestic economy by market relations, towards a definite integration into the world economy, and towards a broadening of participation channels and autonomy for the post-Soviet society (not to be confused with formal attributes of Western political regulation).

The post-Soviet developments, then, can analytically be described in a fruitful double formula: Regarding the domestic crises and international constraints, they are dependent variables which can and must be described; and they are at the same time independent variables, shaping the institutional change on the various levels and of the important groups of actors.

This kind of perspective determines a space for analysis which is relatively well founded, and which encourages more detailed analysis.

Starting from this point, I want to address – briefly – the following questions:

- What institutions are important and effective, and how stable are they? Here I suggest the approach of institutional change that started in the USSR and that has been accelerated since 1985, and which holds on today. This is the independent variable.

-- What are the domestic and international structures relevant for institutional change? The change itself is understood as a function of domestic and foreign constellations. It serves therefore as dependent variable.

-- What are the relevant actors? The change itself determines the relevant spheres of activity and the direction of their development, and it determines the space in which the relevant actors can move. The change is, then, the independent variable.

[-- What, finally, are realistic options in the West for influencing the changes in the FSU? How to place the change, which here is the dependent variable, in the international context?]

For answering these questions, transformation theories are useful. Comparative studies are especially fruitful in connection with institutional change approaches. But they also demonstrate important differences between actual transformations in Eastern Europe and systemic changes that took place in other regions and in other times. The changes in Eastern Europe and the FSU are more far-reaching than, let's say, in southern Europe in the 70s. Every transformation is comparable with others, but each of them also shows its specific features. In the case of the FSU, simultaneous changes in the political, economic, social and cultural regulation are going on. This observation is the reason for stressing the importance of path dependencies – and their description – in the case of the FSU, which can and must be described in the context of institutional change approaches.

3 Which institutions work, and how stable are they?

The conditions in which the historical changes in the FSU were embedded were heterogenous. All parts of the traditional Soviet model were touched and remodeled. But the accelerated changes of all institutions did not happen in a synchronous way. Rather, a key feature of the changes in the economy, politics, social life and culture was the lack of simultaneity and similarity. This colourful panorama was accompanied by the inevitable decomposition of the Soviet imperium. A consequence of this pattern of development is the multifaceted, ambiguous character of the transformations.

The appropriate way to understand the historic transformation in the FSU and its often confusing appearance is to frame all sorts of changes as elements of an ongoing, long-range process of adaptation and modernization. At the core of this process are not „reforms“ which must be conceptualized and implemented, but accelerated institutional changes. The much-beloved ruptures, events, „breaks“, coups and the like are, in this perspective, rather accompanying phenomena of the deeper institutional change.

Following this reasoning, we should not focus that much on formal norms and rules and actors (constitutions, laws, *ukazy*, presidents, political parties etc.), but rather on patterns of behavior, interests, and the rules which organize the relations between the relevant actors. These rules may be formalized or informal. The whole set of social and political rules and relations, including – but not identical with – organizations and symbols, we call institutions.⁹ In practice, they are binding for all players, and they are basically observed by them. Naturally, institutions also worked in the USSR.

This observation generates several questions: What happened to the rules of the game in the USSR? Where did the new rules observed today come from? On closer inspection, there are significant and interesting elements of continuity. This leads to another point: Gradual change of old norms and rules is more important than the effects of radical discontinuity and of rupture.

⁹ Following Douglass North, *Institutions, Institutional Change and Economic Performance*. Cambridge University Press 1990. Cf. also Holger Schulze, *Neo-Institutionalismus*. Arbeitspapiere des Osteuropa-Instituts (FU Berlin), 1997, Nr. 4, and Gerhard Göhler (ed.), *Institutionenwandel*. Leviathan-Sonderheft, Opladen 1997.

Our understanding is, that institutions constrain and stimulate the behavior of relevant actors. Actors act basically as utility maximizers. The respective utility is defined by the knowledge, information and horizon of each individual actor. It is not determined according to an externally defined utility of the whole community.

At the same time, there are clear limits for all sorts of attempts to steer, organize and influence the transformations. Contrary to many expectations – and ambitions –, events and processes in the FSU are not that much conceptualized and implemented on a macro-level, but they rather happen – as the result of (rational) choices by a multitude of actors pursuing their particular interests. The enormous amount of interactions on various levels that are meaningful for the institutional changes do rarely allow effective forms of coordination by a political center. This hampers „reformist“ as well as „anti-reformist“ endeavors.

Changes which are the result of the actions of actors in the framework of institutions are, at the same time, the result of external and internal structures and events. They usually unfold gradually (incrementally). Sometimes, they can accelerate and take the form of dramatic, seemingly radical changes.

These findings have some important and often overlooked consequences for the understanding of what is happening in Eastern Europe.¹⁰ Such an approach directs research on current transformations towards comparative projects: Institutional change takes place everywhere. At the same time, it enables the inclusion of specific aspects (path-dependent, historically and culturally conditioned), without resorting to unprecise sayings like Tyuchev's „Rossiju umom ne ponimat'...“.

What is necessary then is the identification of really relevant institutions, of the relevant units and levels of analysis, and, finally, the description of those structures which produce and constrain the current transformations.

Now I want to describe some important institutions – in the sense of norms and rules, formal and informal – who represent continuity and change of Soviet and post-Soviet regulations, which co-exist with each other. These institutions constitute the social context which, for better or worse, shapes social relations in Soviet and post-Soviet times. All of them have political and social, economic and cultural aspects and connotations.

I also intend to indicate the main directions of change in these institutions.

3.1 State and society: patrimonial relations and informal activities

Traditionally, political, economic and social relations in Russia and in the USSR were characterized by a dominant opposition between rulers (czars, politburo) and a formally disenfranchised society. Property rights were monopolized - formally or informally - by czars or by the politburo. The society and its groups were not entitled to claim or to gain property rights. This state of affairs had certain effects on the mentality of groups and individuals, on their world perception, their risk taking behavior and their inclination to develop initiative.

¹⁰ Cf. Paul Aligica, The Institutionalists' Take on Transition, in: Transition, Vol. 3 No. 4, 7 March 1997, 46-49.

The state was the *key actor*¹¹, while the society lacked strength and the ability to act in the political sphere – at least up into the 50s of this century. In accordance with the increasing differentiation of the economy and the partly integration into the world economy, relations between the state and the society also had to change - what they started to do. But, there still may be remnants of the old patrimonial attitudes (mind-settings) which hamper – or shape -- the current transformations.

At the same time, the boundaries between state and society were never really clearly fixed. This opened „a large middle ground of social groups and political formations“, that directly and indirectly shaped Soviet politics. As a result, institutional and „infrastructural weaknesses of the postrevolutionary (as well as the post-Soviet, K.S.) state were eventually overcome by the intersection of informal social structures and formal political organizations“. ¹²

Today, the state is either not effective in its actions, or it is not present or visible in the post-Soviet life. One could argue that to a certain extent the weaknesses of formal structures are compensated by informal strenghts of Soviet and post-Soviet societies. In the future, this may turn out as an even greater advantage when qualities related to communication, networking and bargaining will become decisive characteristics of the 21st century.

3.2 The key to the riddle: resources and property rights

Control and distribution of resources of all kind were, as described above, in fact not that much centralized in the USSR as usually suggested. After 70 years of – formally – central allocation and intense bargaining processes over resources, a direct access to them became possible, which even can be formalized: Rights to use and distribute resources which were acquired in Soviet times can now be turned into real *property rights*.

This, of course, necessarily leads to intense competition and struggles between regional, sectoral, political, social and functional actors, *pressure groups* and lobbies. Needless to say, that these battles don't follow exactly any rules of the game, which also are object of permanent modifications. The success or failure of the attempts by these groups to legalize their resources is a decisive factor in the shifting configuration of power between the various relevant *players*, between constitutional organs and the other interest groups in the federal center, and between and in the 89 "subjects of the federation". These interests and struggles are, for the time being, the single most important motive for all sorts of conflicts – whatever their formal pretext allegedly is: *It's the economy, stupid*.

These activities take place on the basis of a not inherently weak, but very heterogenous potential of a segmented economy. The economic sectors differ significantly by their respective level of monopolization (and rent-seeking capabilities), competitiveness on world

¹¹ See Vladimir Chervyakov, The Russian National Economic Elite in the Political Arena. In: Klaus Segbers, Stephan De Spiegeleire (eds.), Post-Soviet Puzzles. Mapping the Political Economy of the Former Soviet Union. Baden-Baden: Nomos, 1995, Vol. I, 205-282. Chervyakov and his friend and colleague Vladimir Berezovskii died in a tragic accident early in 1997.

¹² Gerald M. Easter, Personal networks and postrevolutionary state building. In: World Politics, 48 (July 1996), pp. 551-578, here: 556, 557

markets (and access to hard currencies), dependence on the domestic markets (and therefore dependency on federal and regional state budgets), intensity of privatization (and attractiveness for investments) and, finally, proximity to relevant political circles (and consequently in/dependency from political lobbies and constellations).

A significant part of this game is being realized between actors involved in shadow-operations, which are executed in non-formal ways. This is not an exception from the otherwise orderly rule, not all crime and mafia. About half of all economic operations are currently realized this way. „The shadow sphere does invest money into the economy, politics and law - and it reshapes in its own way the institutional system of property, power and society.“¹³ The institutional changes in the semi-systems of the official and the shadow economies, whose boundaries are vague anyway, are closely interconnected.

3.3 Ways of distribution and exchange of goods and services: *torgi*

It is no secret that the allocation of goods and resources in the USSR was regulated neither by a classical market nor by an ideal plan. The distribution of raw materials, the work force, of resources and goods was realized by a complicated and complex system of bargaining activities.

These operations – in Russian: *torgi* - took place among all functional and positional groups as well as among individuals. Informal relations, *blat*, networks -- horizontally as well as vertically organized - played an important role. In the seemingly humorous forms of „natural economy“, lines and circular exchange, this phenomenon was known far beyond the borders of the USSR.

It is helpful to imagine the Soviet society as an intersection of formal functions of individuals and of their real positions (status). Social relations, formalized in such a way, were the basic structure of all social, economic and political exchanges which took place. The dominant rationale of the participants in these exchanges was to enhance, to strengthen, or at least to hold their relative positions. For this purpose, a multitude of tools was used – and, thus, *blat* and other informal activities became a „way of life and an economic necessity“¹⁴.

This model of explaining the interests and exchange behavior of Soviet actors has become known as „administrative (administered) market.“¹⁵ It significantly differs from Soviet-type apologetic myths as well as from phantasies about working plans. It also differs from assumptions that nothing really worked in the Soviet Union. At the same time, it is compatible with approaches coined by the Hungarian economist Janos Kornai (economics of shortage,

¹³ Lev Timofeev, Kto nam dolzhen? Kto nam platit? In: Moskovskie Novosti, 1997, 28 (13.-20.07.), 5.

¹⁴ The phenomenon of *blat* is superbly described and analyzed by Alena V. Ledeneva, Practices of Exchange and Networking in Russia: Three Aspects of the Conceptualization of *blat*. Paper for the BASEES Conference, Panel „Informal Practices in Eastern Europe“, Cambridge, 12.-14.04.1997. See also Stefanie Harter, Wirtschaftliche Transformation in Rußland. Ein Netzwerksansatz. Arbeitspapiere des Osteuropa-Instituts (FU Berlin), 1997, Nr. 5.

¹⁵ See Vitalij Naishul, The Supreme and Last Stage of Socialism. The Center for Research into Communist Economies, London 1991; Simon Kordonskij, The Structure of Economic Space in Post-Perestroika Society and the Transformation of the Administrative Market, in: Klaus Segbers, Stephan DeSpiegeleire (eds.), Post-Soviet Puzzles: Mapping the Political Economy of the Former Soviet Union, Vol. 1, Baden-Baden 1995, S. 157-204.

soft budget constraints), with principal agent approaches and, in general, with insights generated by new political economists' interpretations.

Given that this reasoning is plausible, it underlines once more that the main interest regarding the changes in the FSU since 1985/91 should not that much focus on the introduction of the market, of democracy and so on. We rather should concentrate on how the vectors of the AM, and how its functional logic change. Administrative valuta gradually turns into real money. Positions of relevant actors shift and change. The collapse of the old center – the principal, i.e. the CPSU leadership generating and notifying statuses and rights – must be compensated somehow. For this reason alone, the new forms of *property rights* and their formalization are one of the most fruitful dimensions of institutional change and, therefore, for research.

That the reshaping and deepment of property rights is taking place by bargaining among the most relevant actors, that they more often than not have the form of *torgi*, is characteristic for the current stage of changes.

3.4 Communication among the actors: the role of the media

Contrary to many assumptions, the public was an important instrument also in Soviet times – even in its organized forms. It was an institution of regulation, which could be used in the framework of a harshly regulated grammar, the ideology, for nuances and for communicating certain interpretations. At the same time, it also produced – or had a section of – unofficial counter discourses: songs, holidays, and other forms of life.

Since 1985, in the difficult times of big and rapid changes, with many unclear and unfixed boundaries of right and wrong, success and failure, the mass media play a very important role in the games of distribution, positioning and all the activities in the framework of the AM. Quite naturally, the effects and functions of the mass media, their influence and the control of them are another important field of political and economic conflicts. This is especially true for the electronic/ TV-stations, which belong to the most critical objects of desire in all political camps and interest groups. Economic lobbies strive for the media -- not so much yet as sources of profit, but rather as channels for promoting their immediate interests, as the presidential elections in 1996 amply illustrated.

The so-called „bankers' war“ in summer of 1997, the various campaigns and innuendos against individual politicians and businessmen are proof for the increasing role of the media.

3.5 Space: expansion, contraction, and asymmetrical federalism

Space can – and probably must – be understood as a decisive factor for Russia. It seems to be so vast, immeasurable, that attempts to govern and regulate it may lead just to political excessiveness. „The inclinations of spread and settlement can be further described as horizontal and vertical, centrifugal and centripetal, spill-over and crystallization, femininity and masculinity..., heterarchy and hierarchy of Russian space.“¹⁶

¹⁶ Sergei Medvedev, *The General Theory of Russian Space: A Gay Science and a Rigorous Science*. Mimeo, Helsinki 1996, p. 10.

Space in Russia was and is a vast territory which determined time perceptions, mentalities, and architecture. For the economy and social relations, it was rather a determinant factor than an institution. The enormous spaces obviously led to a striving for ever more space, which in itself was accompanied by permanent problems of coordination. These required specific political, economic and social forms of regulation.

One of these determinants of regulating space was the dichotomy between the center and peripheries. Their interrelations were organized by strictly hierarchized, not logically or functionally structured administrative entities. These entities served primarily administrative purposes, but to a certain extent they also resembled cultural (ethnic) features. In sum, the territorial-administrative system had many traces of irrationality. The Soviet and post-Soviet borders between these entities often differed from historical, cultural, linguistic and other organic borders. The newly created contexts rested primarily on the political force of the center (which always also was simulated) and its options to redistribute resources and to produce thereby political loyalties.

The center was the central agent for modernization; it was the place where – theoretically - all power was concentrated, and where, at the same time, powerlessness was located. From the provinces' perspective, the center is far away, and it is wise to rely onto one's own strength and options, while, at the same time, one bows symbolically towards the center. This ambivalent relationship was a viable institution as long as the amount of available resources served the purpose of mediating spatial, federal and sectoral conflicts. The new and troubling factor is the non-availability of these resources, which therefore cannot any longer serve this mediating role.

At the same time, a new equilibrium between the center and the provinces is developing since 1996. Important indicators for this institutional change are: The formalization of interactions and dependencies in the form of treaties between the federal Moscow and the regions; the fact that almost all governors have been elected by now and that this makes their moves more legitimate and forceful; a new, enhanced role for the Council of Federation as a mediator between groups dominating the government and the State Duma, respectively.¹⁷ All these tendencies are elements of a new formalized division of responsibility, of spheres of influence between the main actors in the post-Soviet space.

3.6 Identity by position and activities in *byt*

More difficult is a phenomenon which at least partly is shaped by institutions (norms, rules etc.) – the Russians' common sense (as part of their identity). What are the basic orientations of Russians in their everyday life? They don't seem to reflect that much on this matter. They are busy trying to understand and adopt to the new rules of the game – and to develop survival and adaptation techniques. But, probably, some common features of „Russianness“ can be determined. One of the most interesting dimensions of the changes in Russia is the transformation of the *common places*¹⁸.

¹⁷ Cf. Sergei Medvedev, *Russia's Regional Elections: A Step Towards Federalism*. Mimeo, Helsinki 1997.

¹⁸ See for a stimulating discussion Svetlana Boym, *Common Places. Mythologies of Everyday Life in Russia*. Cambridge, London: Harvard UP, 1994.

For many people, this factor constitutes the most fundamental change in their lives. And to come to terms with it, one element is needed more than everything else: time. The new economy of time is irreversible, the logic of new functional conditions has been established. If the everyday lives can be organized in a more stable way, the people will be more ready to accept the irritations connected with the changes.

In this context we should not forget that also in Soviet times, all forms of individual and semi-autonomous activities took place. Without that capability, the USSR, given their systemic defects, would not have survived that long. The *tolkachi*, informal exchanges of goods, *blat*, the AM – all these phenomena were expressions of initiatives of individuals and groups under difficult conditions.

So it is less surprising than often assumed that now, under more stress than ever after 1945, these capabilities are even clearer developed. We meet this quality of individual activity in almost all sectors of society – in useful and healthy forms as well as in unwelcome forms (terrorism etc.). But „legality“ is not a productive issue here.

The basic mode of initiative is the increasing capability of self-reproduction, i.e. to adapt oneself to new rules and to develop specific forms of survival. The spectre of these qualifications includes businessmen as well as researchers, old *babushki* as well as mafia soldiers. And the main feature of the „new“, changing common places is their rationalization – as indicated by the fate of the famous kitchen situations.

To sum up, the presented six institutions are old and new at the same time. What has to be analyzed is the direction of change they are exposed to. (1) Relations between state and society stay tense, but the latter currently has more strength to keep the country more or less together. (2) Property rights are being established partly by formalizing old patterns, partly by redistributing access possibilities. (3) The rules of the game stay fluid, and distribution and exchange of resources are still mainly objects of *torgi*. (4) Communication between the relevant actors was and remains important, and the media became a prime target for competition. (5) Space is still a decisive factor for shaping almost everything in Russia and can hardly be effectively „organized“, but center-periphery relations seem to become more regular. And (6) common places become more rational, nor necessarily more civilized, and betray a surprising capability of most Russians to adapt to difficult new conditions.

4 Which - domestic and international - structures are important (decisive) for the transformations?

After having described crucial institutions which are currently being transformed, we now look at them as dependent variables and identify those factors which shape the direction, the speed and the forms of their changes.

A first important external factor are the combined processes of globalization and fragmentation. Communication, information, life- and consumption patterns, the production and exchanges of capital and services are more and more integrated. In many respect, bipolar and other models of the world have been replaced by the one model of one world. This not only makes interventions of nation states increasingly obsolete. The all-encompassing

character of this tendency prohibits effectively all isolated options of development and modernization. Opting out is not an option, or it seems to be a synonym for ignorance. But being included in the processes of globalization, acceleration and marketization of time, also means becoming an object of fragmentation of nation states, of social and societal contexts, of ways of living (Lebenswelten). Counter-strategies do not seem to find a realistic focus; instead, integration enhances phenomena like territorial regionalization, deregulations and fundamentalisms.

These two basic trends were already conducive for the late USSR which was confronted with world-wide dynamic processes of integration, competition and technologic developments. Given her old-fashioned, unproductive and lethargic regulation systems, she could not cope with these structural challenges. This is the external context which made dramatic domestic changes – accelerated and weakly directed institutional changes – unavoidable. This also was the structural setting which all reform attempts of domestic elites could – and can – not transcend.¹⁹

Fragmentation in the neighborhoods of Russia also shape Russian transformations. Most of the other successor states are weak and rather simulations of states. China on Russia's southern border is no longer an example of stability, given regionalization tendencies and ethnic conflicts in its northern provinces. Many contacts and activities – migration, trade, etc. – are controlled neither by the federal governments nor by regional administrations.

All attempts to create a Russian ideology and many folkloristic strategies by regional leaders to establish regional Russian identities cannot remake the effects of international information and communication inroads. By this way, by infos, ads and music, life patterns and life styles are transported -- from Mac World to Russia. The information lines leading out of Russia are less busy – they are frequented basically when there are scandals, accidents and coups... Journalists kidnapped somewhere in Chechnya as hostages and traded for cash are one of the recent examples how patterns set in Latin America or elsewhere are studied and tested in Russia as a measure for modernization.

Whatever individual perception capabilities of this international environment and its features are – most people share a feeling of stress. This feeling is enhanced by the fact that one important domestic factor for the ongoing transformations is that important parameters of the Soviet model are gone forever: The extensive mode of production, soft budget constraints, an affluent labor force, cheap and easily accessible resources – all these elements have vanished. The center as the „principal“ became increasingly helpless, it had less and less resources at its disposal, and it could not cope with the expectations of relevant „agents“.²⁰ The whole system collapsed because of the shortage of transferable resources and the subsequent defection of regional and sectoral interest groups and personal networks. This was the decisive internal background for the acceleration of modernization by integration into the

¹⁹ See Daniel Deudney, John G. Ikenberry: The International Sources of Soviet Change, in: International Security, Vol. 16.3 (1991), S. 74-118, and *ibid.*, Soviet Reform and the End of the Cold War: Explaining Large-Scale Historical Change, in: Frederic F. Floron, Erik P. Hoffmann (eds.), Post-Communist Studies and Political Science, Boulder, 1993, S. 205-238.

²⁰ Vgl. Steven Solnick, The Breakdown of Hierarchies in the Soviet Union and China: A Neoinstitutional Perspective, in: World Politics, Vol. 48.2 (1996), S. 209-238.

world system, which first produced *perestroika* and later the systemic institutional changes known to us.

The final internal crisis of the traditional Soviet mode of reproduction explains that and why fundamental changes of the economic, social, political and cultural regulations became necessary. The external conditions -- globalization and fragmentation -- define the *constraints* for the reactions and the space in which options of change had and have to operate. The ongoing institutional change is confronted with a double phenomenon: The legacy of the classic Soviet model by continuing effects of certain pre- and Soviet institutions, especially the AM; and external limits, which do not allow *opting out* strategies. Both effects together determine chances as well as risks of the Russian future.

These are the structural conditions which determine and shape institutional change in Russia. Who acts in this framework, and what are the interests at stake?

5 A Look at the actors: Which are relevant? What are their interests?

Any strong orientation on „high politics“ in the center - i.e. Moscow - leads to superficial impressions. What is required is the identification of the real players – actors – and their interests, preferences and resources -- a task to be repeated over and over again. This can and must be combined with the definition of relevant *units and levels of analysis*. Whatever specific results in a given moment will be – the federal executive (state) will be amongst the important actors, but it never will be the only relevant one.

For Western analyses, the definition of the real interests and the real players in the FSU-successor states is important. Here it is useful to start by repeating the thesis that the changes in the FSU cannot be traced back to a point zero (neither 1985 nor 1991), but they fit into a long-range tendency of modernization . Most of the actors who act now held important positions also in Soviet times. (For clarification: ideological intransigence of the old nomenklatura is not a point here). Now, these individuals and groups try to strengthen, enhance, legalize their positions, or at least to avoid their downgrading. These players build their preferences accordingly. Their moves drive the institutional changes.

Underneath this surface, irrespective of all polemics, ideologies and quarrels, there are just a few issues which really matter for relevant players, and which are the core of all fights. It is not surprising that the core interests are related to central elements of institutional change. While there are relatively stable and rather fluid interests, the list of the predominantly stable interests consists of the following:

- * To survive under new and difficult conditions of accelerated change. This is the central task of relevant actors in post-Soviet spaces. This interest is connected with a striving to shape, understand and exploit the rules of the game. Beyond these motives, there are hardly intentions and capabilities to actively influence and model the respective environments.
- * To influence the distribution of competences and leverages for distributing resources, including to formalize acquisitions legally. Therefore, disputes about the models, strategies, results and effects of privatization, about the privileges of the „natural monopolies“ and the interfaces/ intersections between federal, regional and sectoral property rights are so intense and tense. For the same reason, no one of the big players is interested in rebuilding Soviet-type operating conditions.
- * To politically move towards decisive federal and regional centers of influence and of power regarding the distribution of resources. This explains the great interest in presidential as well as in gubernatorial elections. Therefore, these elections are conflict-ridden far beyond their actual political significance.
- * To influence the relations between the politico-territorial and the national-territorial administrative units in the RF as well as the relations between them and the federal center. Status, competences and perspectives of the „subjects of the Federation“ are important issues for bargaining processes.

* To determine positions towards world markets and international agencies, in terms of opening up or protectionism.

* To protect the individual security of agents and actors – for many quite an important motive of behavior, by running for deputy seats in parliaments, or by hiring private guards.

This priority list implies that taking positions concerning international matters is of less importance, if not totally irrelevant. This is not a decisive resource for domestic interests, and thus is left beyond the scope of preferences building by most actors.

Other topics may come up as corollary issues, often drifting from group to group. As a rule, they are exploited by different, often competing groups, and they are used as measure (litmus test) for the political weight or the homogeneity of other groups. Terms like „reform-minded“, „democratic“, „patriotic“, „Russianness“ etc. cannot be defined in a meaningful way and are, therefore, ideal to be filled with whatever concepts or suggestion which promises to serve useful purposes. They are important not by themselves but because they function to enhance the primary interests and the positions of the relevant players. These terms have the value of gatekeepers for the main political discourse.

The relevant groups and individuals promote their respective interests not that much strategically but rather in a day-to-day manner. Time horizons are extremely short. It is important to act and react fast, to move quickly, to stabilize and enhance positions in a highly unstable environment – and this requires more ad-hocism than long-term moves. Many Western guesses regarding „deeper motives“ and hidden agendas of the important players miss this ratio of post-Soviet behavior and are, in their suggestions, often beyond the point.

What now are the relevant interest groups, of lobbies, networks and players? By leaving out the regional dimension – to be addressed later – we have identified the following main interest groups for Russia, Ukraine and Belarus' for the years 1994-96²¹:

²¹ The following list of groups is a – modified – result of a research project supported by the Körber-Stiftung (Hamburg). It focused on spaces, regions, interests, actors in Russia, Ukraine and Belarus'. For other results, see S. Klaus Segbers, Stephan De Spiegeleire (eds.), *Post-Soviet Puzzles. Mapping the Political Economy of the Former Soviet Union*. Baden-Baden: Nomos, 1995, 4 vls., especially vol. 3. The list was modified to take into account changes since 1995/96. I'm grateful for additional comments from Sergej Medvedev.

Economic interest groups

- Private sector
- 1 Banks
- 2 Exchanges, insurance companies etc.
- 3 Trade and retail organizations
- Export-oriented sectors (emanated from the state sector)
- 4 Oil and pipelines
- 5 Gas and pipelines
- 6 Aircrafts and aerospace (MIC I)
- 7 Non-ferrous metals
- 8 Gold and diamonds
- Domestic market-oriented sectors (emanated from the state sector)
- 9 Agroindustrial complex (AIC)
- 10 Coal industry
- 11 Transport (railroads - MPS)
- 12 Nuclear sector and electricity networks (EES)
- 13 Electronic and science-intensive branches (MIC II)
- 14 Other producers of weapons (MIC III)
- 15 Other processing industries

Central (federal) state structures

- 16 Executive structures (apparatuses of the president, the council of ministers, central economic agencies)
- 17 Central bank
- 18 Council of the Federation
- 19 State committee for property (GKI)
- 20 Apparatuses of the representative structures (*Federal /Sobranie/*)

Power apparatuses (agencies)

- 21 Ministry of Defense, General staff
- 22 Ministry of the Interior
- 23 Other power and security apparatuses
- 24 Border troops
- 25 Paramilitary private formations (ethnic, political, local, private)

Civic (societal) structures

- 26 Individual party leaders
- 27 Individual deputies in parliaments
- 28 Leaderships of trade unions and strike committees
- 29 Church hierarchies
- 30 Elite networks
- 31 Illegal structures
- 32 Ethno-elites
- 33 Federal (electronic) mass media

International interest groups

- 34 Foreign firms, capital groups
- 35 IMF, World Bank, G 7 and others

An additional important element of political configurations and power relations are regional actors, especially administrative elites of donor regions, intra-regional associations and big cities administrations.²² Regional administrative elites cooperate often with powerful sectoral interests groups, and they are present in the Federation Council and therefore in the political center. Furthermore, almost all of them are now elected by regional populations and therefore more independent from Moscow interventions.

All these main interest groups act independently, while they also, at least sometimes, build coalitions. The political space in the RF is the expression of the activities of all these actors. It cannot be reduced to formal structures. In many respects, the Russian government is still rather a coalition of certain groupings and lobbies who converge on some interests, than a

²² Cf. The second volume from Post-Soviet Puzzles (Fußnote 12).

coherent, administrative bloc. That is true even for the energetic new government established in spring 1997.

This picture of the political space betrays a significant fragmentation and, thus, expresses reality as it is. It becomes clear what groups and sub-groupings do exist, and what their main interests are. But, politically, this picture is too heterogeneous to serve as a tool for analytical and, even more so, political consequences. So it is useful to think about possibilities to cluster these groups into some main categories, bound together by certain and important common interests.

And indeed – expert polls, their quantitative analysis, case studies and other observations show that at least for the time from 1993 to 1996, three main positional groupings – or political camps -- can be identified in the Russian political landscape: stabilisers; redistributors; and fundamentalists/ individualists.

These categories also proved useful in a political sense, because the last elections (presidential elections 1991 and 1996, elections for the parliament in 1993 and 1995) showed that the political forces acted basically along the lines proposed here. At the same time it became visible again that the focus on groups like political parties and on individual activists is not fruitful at all when one is interested in determining the real players and their motives and behavior.

The *stabilizers* understood on time that huge transformations and changes were ahead. They acted accordingly and tried to exploit new options, often using their administrative positions in the *perestroika*-years. By origin and world views, they are heterogeneous. There we find directors of privileged state enterprises, regional administrators, heads or functionaries of industrial sectors, former *komsomol'cy*, but also new people, highly qualified, mobile and ready to use the opportunities offered by highly fluid operative conditions.

The main interest of this grouping is to avoid new *peredely sobstvennosti* (evaluations and redistributions of property rights) and to guarantee a basic stability of the political and economic ramifications as well as of the social situation.²³ Therefore, they favor the observation of the existing rules of the game (institutional norms, like the constitution, national and international formula of consensus, and in general – „not to rock the boat“) as long as these norms do not conflict with their basic goals. If that happens, norms are modified or suspended (like election rhythms etc.). The stabilizers would have to lose a lot when significant corrections if the basic determinants of the general political course would take place. That is the reason why they support the current regime, its individual representative, and why they want to secure a calm and guaranteed succession. The stabilizers are the main fundamentals of a continuing, gradual institutional change, and because of that they are the preferred partners of the dominant Western interests.

²³ It is useful to differentiate between two distinct forms of stability: Situative and strategic stability. What I have in mind here is a common interest of certain pressure groups to diminish the difference between these two meanings. Cf. Vladimir Pastuchov, *Paradoksal'nye zametki o sovremennom politicheskom rezhime*, in: *Pro et Contra*, Vol. 1.1 (Autumn 1996), 6-21, here p. 7 ff.

The most important elements of the stabilizers are: banks and other spheres of circulation, TEK, exporters, partly importers. Names of representatives: E'lcin, Chernomyrdin, Chubais, Nemtsov, Baturin, Berezovskii, Potanin, Gusinskii, Stroev, Shochin, Shaimiev, Rossel', Titov, etc. Most of the federal electronic media also belong here. In a certain sense, the stabilizers may be called the *partii vlasti*, the party of the new/ current power.²⁴

The *redistributors* differ from the stabilizers primarily by the wish to replace the latter. No other definition could be more exact. Their origin is also heterogeneous, but here one can find less new and young and energetic *vydvizhency*. The redistributors represent less privileged and consequently depressive regions and sectors, producers oriented towards the domestic markets, many people working in the middle and lower levels of the state sector, parts of the agricultural sector and a majority of the elder generation.

The CPRF is the main representative of these groups and interests. They overwhelmingly do not favor a return to Soviet conditions, but they want to become winners under the new conditions.

The power structures (apparatuses) are partly not interested in politics, partly fragmented.

Individualists, Opportunists and Fundamentalists are those who do not belong to one of the main two camps. They are extremely heterogeneous in any sense. Many of them are politically weak, with modest resources, and are eager to go with those who offer them something for support.

Following this categorization into three main camps, we can draw the following picture for the end of 1996/ early 1997 (groups who are ambivalent are printed in *italics*):

Stabilizers

- 1 Banks
- 2 Exchanges, insurances etc.
- 3 Trade and retail organizations
- 4 Oil and pipelines
- 5 Gas and pipelines
- 6 Aircrafts and aerospace (MIC I)
- 7 Non-ferrous metals
- 8 Gold and diamonds
- 16 Executive structures (apparatuses of the president, the council of ministers, central economic agencies)

²⁴ Cf. Vladimir Gel'man, *Shachmatnye partii rossiiskoj elity*, in: *Pro et Contra*, 1.1 (autumn 1996), 22-31, here p. 29f.

- 17 Central bank
- 18 Council of Federation
- 19 State committee for property (GKI)
- 20 *Apparatuses of the representative structures (Federal /Sobranie/)*
- 21 Ministry of Defense, General staff
- 22 Ministry of the Interior
- 23 *Other power and security apparatuses*
- 24 Border troops
- 25 *Paramilitary private formations (ethnic, political, local, private)*
- 26 *Individual party leaders*
- 27 *Individual deputies in parliaments*
- 29 Church hierarchies
- 30 *Elite networks*
- 31 *Illegal structures*
- 32 *Ethno-elites*
- 33 Federal (electronic) mass media
- 34 Foreign firms, capital groups
- 35 IMF, World Bank, G 7 and others

Redistributors

- 9 Agroindustrial complex
- 10 Coal industry
- 11 Transport sector (MPS)
- 12 Nuclear sector and electricity networks (EES)
- 13 Electronic and science intensive branches (MIC II)
- 14 Other weapons producers (MIC III):
- 15 Other processing industries
- 20 *Apparatuses of representative structures*
- 23 *Other security/ power apparatuses*
- 25 *Paramilitary formations*

- 26 *Individual party leaders*
- 27 *Individual deputies*
- 28 Leaderships of trade unions and strike committees
- 30 *Elite networks*
- 31 *Illegal structures*
- 32 *Ethno elites*

Other categorizations lead to similar results – at least in the basic ways of clustering relevant interests in winners and losers.²⁵

6 Post-Soviet Change and IR

Until now, it became clear that the pluralization of actors and spaces will be a constant factor for Russian politics. This necessarily leads to inconsistencies of domestic as well as of foreign politics. westliche (staatliche wie gesellschaftliche) Politik Interpretations- und Strategieprobleme auf. For Western policy options, this creates analytical and strategic problems: How to identify relevant actors? What are their basic interests? How to include them into contact strategies and into international regimes?

Given the dramatic changes of the international system which became visible and characteristic after 1989, the sometimes irritating panorama of Russian foreign policy rhetoric and behavior seems less extraordinary confuse as often assumed. A definite turn of elites towards domestic problems is a key feature of post 1989 politics everywhere.

In any case, foreign policy in Russia is, as such, not of much relevance. The interface between the interests of the dominant Russian actors (to accumulate capital and resources) and the rest of the world is –from the perspective of Russian players – significant only then and insofar, as primary interests of Russian actors are concerned.

This leads directly to the thesis that for the foreseeable future, Russian actors are not able to define concisely valid national interests and to build a national consensus around them. This is exacerbated by the absence of any immediate interest to actively shape politics beyond the immediate *concerns*. In consequence, we must accept the particularistic character of foreign policy related moves and behavior in Russia.

The Russian state is not – yet? -- in the position to act as the representative of national interests. Instead, its representatives engage in simulating them. Western politics which want to address this situation adequately have to take into account the fragmented situation as it is. By developing their political strategies, Western actors definitely have to take into account much more non-state actors in Russia. Only political strategies focusing also on these levels may be effective.

²⁵ See, for ex., Peter Rutland, *Business Lobbies in Contemporary Russia*, in: *The International Spectator*, 32.1 (Jan.-March 1997), 23-38, here pp. 25/6