

Neoinstitutionalist perspectives on regionalisation in Russia

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Veröffentlichungsversion / Published Version

Arbeitspapier / working paper

Empfohlene Zitierung / Suggested Citation:

Stack, G. (1998). *Neoinstitutionalist perspectives on regionalisation in Russia*. (Arbeitspapiere des Osteuropa-Instituts der Freien Universität Berlin, Arbeitsschwerpunkt Politik, 21). Berlin: Freie Universität Berlin, Osteuropa-Institut Abt. Politik. <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-440772>

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Graham Stack

Neoinstitutionalist Perspectives on
Regionalisation in Russia

21 /1998

**Arbeitspapiere des Osteuropa-Instituts
der Freien Universität Berlin**
Arbeitsbereich Politik und Gesellschaft

Graham Stack

**Transformations in Russia:
a neoinstitutionalist interpretation***

Heft 11/1997

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Osteuropa-Institut der Freien Universität Berlin
Arbeitsbereich Politik und Gesellschaft
Herausgeber: Klaus Segbers
Redaktion: Simone Schwanitz

ISSN 1434 – 419X

INTRODUCTION	5
1 REGIONALISATION FROM AN HISTORICAL-INSTITUTIONALIST PERSPECTIVE	6
1.1 Dependent Variable: The Production of Regionalisation	6
1.1.1 The Institutions of the Regions: The Regional Presidentialism	6
1.1.2 The Region as Institution	7
1.1.3 Social Capital in the Region	10
1.1.4 The Institution of the Regions: The Federation Council (FC)	12
1.2 Independent Variable 1: Institutionalisation as a Trash-Can Cascade	12
1.2.1 The Creation of the Regional Institutions as a Trash-Can Cascade	13
1.2.2 The Creation of the Federation Council	16
1.3 Independent Variable 2: The Region in the Soviet Union	16
1.3.1 The Administrative-Territorial Divide (ATD)	17
1.3.2 The Region in the "Sectional Society"	19
1.3.3 Social Capital in the Soviet Region	20
1.3.4 ATD as Herrschaft-Structure	21
2 REGIONALISATION FROM AN ECONOMIC-INSTITUTIONALIST PERSPECTIVE	22
2.1 Dependent Variable: The Reproduction of Regionalisation	22
2.2 Independent Variable: Evolution of Property Rights	22
2.2.1 The Administrative Market	22
2.2.2 Path-Dependent Change in Soviet and Post-Soviet Property-Rights	23
2.3 Intervening Variable 1: The Region as <i>Kryša</i>	26
2.4 Intervening Variable 2: Collective Action in the Region	27
2.5 Case Studies	28
2.5.1 Moscow	28
2.5.2 Ni žnij Novgorod	31
2.5.3 Sverdlovsk Oblast'	34
2.5.4 Krasnojarsk Krai	37
2.5.5 Republic of Sacha (Jakutien)	38
2.5.6 Primor'e Krai	39
2.5.7 Samara Oblast'	40
2.5.8 St. Petersburg	43
2.5.9 Republic of Tatarstan	44
2.5.10 Summary	47
3 CONCLUSION: THE POETICS OF THEORY	48
BIBLIOGRAPHY	51

Introduction

In this paper I analyse regionalisation in the Russian Federation as institutional change. Regionalisation I define as the capacity and preference of subjects of the Federation to ignore constitutional prerogatives. Regionalisation is thus an inconstancy and inconsistency in the distribution of competencies. The great interregional differences between prices and cost of living¹, financial flows between centre and region², the contrasting "interpretations" of the federal privatisation programmes³, contradictions between federal constitutions and regional charters⁴ comprise just a few instances of regionalisation. The question is: why has such regionalisation become a feature of politics in the new Russian state? My accounts analyse regionalisation both on the level of the regions and from an institutional perspective, which seems more satisfactory than simply deducing it from the weakness of the centre as a sort of "*smuta*" phenomenon.⁵

Institutions are systems of rules stable over time and drawing their strength from this stability, acting as "anchors in the flux of time". Neo-Institutionalism in all its different forms constitutes a specific understanding of social structure that focuses on the production and reproduction of rules and norms over time, regarding their role in stabilising expectations about the future as being central to the "problem of order" in society. The idea of the "virtuous circle" is of special significance: once created, rules hold sway due to their very existence, independent of their contents, as actors lock in to them. Necessarily, the question of how institutions change arises. In this paper I am interested theoretically in exploring the contrasting conceptualisations of institutional change by the two main currents in neo-institutionalist theory: historical neo-institutionalism (institution-centred, hereafter HI) and economic neo-institutionalism (actor-centred, hereafter EI).⁶ In HI the inquiry focuses on the state-structure in a broad sense⁷, in EI the institution par excellence is the code of property-rights as the most basic determinant of the incentives of actors.⁸ HI understands change as "punctuated equilibrium", i.e. as periods of stability, punctuated by crisis bringing about the new formation of institutions.⁹ EI, on the other hand, sees change occurring incrementally and evolutionary as a result of changing preferences of rational actors.¹⁰

I explore the relative explanatory potential offered by these theoretical schools by instrumentalising their paradigms in analysing the processes of regionalisation in the Russian Federation in the period up to 1997. The paper is therefore divided into two parts: an analysis in the language of historical institutionalism, followed by an analysis in the language of

¹ See Hanson 1995; idem 1993.

² See Treisman 1995; Kirkow 1996.

³ See Kovalevskii 1995; Schwanitz 1997.

⁴ See 'Kommersant', no. 8, 4/3/97.

⁵ For discussions of levels of analysis see Spiegeleire 1995; Buzan 1995.

⁶ Economic (Neo)-Institutionalism is also referred to in the literature as Rational-Choice or Actor Orientated (Neo)Institutionalism, Historic (Neo)institutionalism as Institution-Centred (Neo) Institutionalism. For an exegese of the differences between these two schools see Steinmo/Thelen 1992; Hall /Taylor 1996; Kato 1997.

⁷ The key-texts in historical institutionalism are Krasner 1984; idem 1988.

⁸ The key text in the school of economic Neo-Institutionalism is North 1990.

⁹ For this paradigm see Ikenberry 1988; Krasner 1989.

¹⁰ North 1990.

economic institutionalism. To clarify the argumentation and highlight the contrast between these two explanations I utilise a dependent/independent-variable paradigm. The dependent variables are respectively state-structure (HI) and the codification of property-rights (EI).

1 Regionalisation from an Historical-Institutionalist Perspective

1.1 Dependent Variable: The Production of Regionalisation

The HI account of institutional change considers institutions to govern human action:

An institutional perspective regards enduring institutional structures as the building blocks of social and political life. The preferences, capabilities and basic self-identities of individuals are conditioned by these structures.¹¹

Krasner envisages a sort of hierarchy of institutions, measured according to breadth (how much action do they influence?) and depth (how profoundly do they do so?):

Institutions that have high degrees of breadth and depth, that define the nature of actors and have many links with other institutions, are not up for grabs. They are taken for granted. Support does not have to be continually mobilised to sustain them. They are not challenged, either because actors accept them, as if given by nature (they do not even conceive of alternatives) or because particular behaviors and outcomes seem so fixed that the costs of changing appear to be prohibited.¹²

The institution which Krasner holds for the widest and deepest is the sovereign state. The structure of the state constitutes the dependent variable in this analysis of regionalisation as intrinsic to the new Russian Federation. First, it is necessary to look at the components of the institutional order which currently causes regionalisation before proceeding to examine the genealogy of this order. These components comprise: the institutions of the region, the region as institution, and the Federal Council (the institution of the regions).

1.1.1 The Institutions of the Regions: The Regional Presidentialism

A) The institutions of the region help make atoms out of the regions.¹³ Juan Linz has shown that rigid terms of office and 'winner-takes-all' elections discourage political organisation.¹⁴ With the regional 'presidentialism'¹⁵ is this all the more the case. Party formation or other political organisation does not occur, because it is more or less irrelevant for the acquisition and exercise of power. This combines with the effects of the 'hyperpresidentialism' at the centre. Instead, connections to sponsors are vital. The number of those in a given region with the political capital to 'qualify' for the post is strictly limited.

B) The politics, which this 'hyperpersonalisation' of the institution breeds, is in its very nature particularist and also tinged with authoritarianism. Gel'man has adopted O'Donnell's category of "delegative democracy" – the strong executive power and weak parties that have characterised new democracies in Latin America – for the "regional regimes".¹⁶ Politics must

¹¹ Krasner 1984, 67.

¹² *ibid*, 76-77.

¹³ It is useful to speak of regionalisation as an "atomisation" to emphasise the dual nature: the political domination of the region and the concomitant weakness of the federal centre.

¹⁴ Linz 1990.

¹⁵ See Heinemann-Grüder 1997.

¹⁶ Gel'man Stanovlenie regional'nykh režimov v Rossij, *Nezavisimaja Gazeta*, 13/9/96; O'Donnell 1994.

concentrate on the charismatic qualities of contenders. The candidate is his own programme. The *krepkij chozjajstvennik*¹⁷ (strong manager) – the offspring of this politics – promises with his (personal) know-how and know-who to restore stability in the region. This charismatic politics can only be particularist, since the personal "magical" is coupled with the region. The political discourse of the region cannot accommodate extra-regional themes:

Enough of the fruitless debates, enough of the political ambitions, enough of the plaguing of the inhabitants of the region (...) red, white, green-which colours haven't been on the flags of our regional politicians, but the main thing is something different: what can they do and what do they do to bring the region out of a dead-end? A depressed region should blossom.¹⁸

Whereas the power of O'Donnells delegative democrats is unstable, since in the face of intractable problems their myth quickly fades and broken promises cause disillusionment and bitterness, that of the regional "presidents" is intrinsically stable: on the one hand, the responsibility for intractable problems is assigned to the centre and consequently legitimates the Gubernator, who struggles manfully to set things right. On the other hand, through pursuing particularistic, populist politics (price-controls etc.), the Gubernator can attain a certain stability at the cost of macro-economic destabilisation, at which point the struggle for regional stabilisation starts over again.¹⁹ The promised 'stabilisation' turns out to be the stabilisation of the regional regime. The promises of the regional president are self-fulfilling, the regional population is a willing kidnaper victim that shares in the ransom.

C) The concept of 'regional stability' also includes political consensus, which the Gubernator actively manufactures through his mediation/intervention in all political organisation: independent political groups are either incorporated or indirectly or directly suppressed.

Currently certain curious – but as experience shows – very effective methods for winning over regional functionaries and activists of different movements and parties have become fashionable among Gubernators. They install chambers in which the representatives of any somewhat influential political organisation are represented, create accords for social unity in the region, and take further similar measures.²⁰

Moreover, continuity of administration also secures stability: the Gubernator exploits the blurred boundaries between person and position to secure his re-election. Gubernators lose, as a rule, by a small margin and win landslides.

The Gubernator regards the autonomy of communal government with extreme suspicion and accuses them of thwarting him in the fulfilment of his mission. The suppression of any such independent instances exacerbates the "atomness" of the region.²¹

1.1.2 The Region as Institution

A) The Federal Subject

1) Size: The smallness of the regional unit – averaging 1.9 million inhabitants – sets limits to its development as a political space. There is no other federal system with such small subjects, apart from Switzerland. This seemingly banal fact entails a host of implications:

¹⁷ See Medvedev 1997.

¹⁸ See Šutov 1997, 564. The quotation is from a campaign speech of the sitting governor Ajackov.

¹⁹ See Hanson 1993 for macro-economic stabilisation as collective good.

²⁰ See Šutov 1997.

²¹ See Wollmann 1996; Gazier 1994; Sakwa 1996, 225.

- Within the limits of the region, bundling of interests does not occur, since there are no broad interests, which must bundle to lobby. The very smallness of the region means furthermore that large single interests (i.e. giant factories) enjoy direct access to the regional instance and have no incentive to organise. Their political action is opportunistic and takes place behind-the-scenes.
- Such regions can be easily dominated by the political authorities. The communal administrations are too few to concertedly resist the control of the region, instances of political competition can be nipped in the bud. The space of the region encourages such behaviour: were it not possible, the Gubernator would have to adapt to political competition. As I shall further argue, the region is instead an eminently monopolisable space, a compact and controllable unit, an object (and a subject) of possible claims.²²

2) Urban hierarchy: This general lack of differentiation within the region is greatly exacerbated by the fact that the regional capital, with on average 40% of the urban population – ca. 25% of the total – dominates the region.²³ On the one hand, the regional administration must keep the communal self-government on the tightest of leashes lest the main city slips out of control. On the other, if the regional administration can achieve a high degree of control over the city, it has already won the battle for the region

By the same token, political cleavage in the region is translated into city-region conflicts over competencies, not least due to countryside-city conflicts. Such conflicts – labelled the *mor merov*, i.e. the bog of mayors – have been a feature of the regional scene.²⁴ Indeed, the majority of cases where such a conflict does not make its presence felt bear witness to the factual monopolisation of the region by its administration. In most of these conflicts, the regional authorities retain nevertheless the upper hand, considering the largest city being the seat of the regional administration. Political conflict is subsumed by this structural flaw.

3) Administration: The region is in its essence not a political, but an administrative unit. As a territorial instance of the state, it is responsible for a broad spectrum of administrative tasks, basically for the maintenance of its 'contents'. The maintenance of the region is extremely difficult. Especially in coping with the classic crises of winter and the harvest the regional authorities are under great pressure, since they must supervise the supply of the most elementary needs: food, electricity, heating, fuel. The real source of the political importance of the region is therefore its administrative character in times of crisis. Two further features must be mentioned:

- The region, due to its administrative nature, has a vital role in the regional economy, securing the conditions for its reproduction.
- Federal instances become 'regionalised', since they are usually dependent on the regional administration for the very basics: accommodation, payment etc.²⁵

²² Medvedev 1995, 6.

²³ Calculated on the basis of the OMRI Russian Regional Report.

²⁴ See Gelman 1996, also Kommersant' no. 8, 4/3/97, *Regiony prosjat ognja*.

²⁵ Wallich 1994, 9.

Political life is dominated by administrative themes, the most basic of which is the securing (obespečenie) of daily life. This further demobilises the region in two ways. Firstly, politics is particularistic, critics restricts itself to the success or failure of the administration to administrate. Secondly, the personalisation of politics is exacerbated: Administrative experience and proven capability are essential. Political newcomers are branded as inexperienced, therefore dangerous for the region. Supposed administrative know-how is, however, synonymous with know-who, with social capital.

Simply as head of administration, the Gubernator has in fact a great deal of power over the region, and can in effect drive out anyone refusing to comply with the rules of the game (*pravila igry*). The threat of constant obstructionism such as the cutting off of electricity, the refusal of licences, arbitrary taxation etc. force even powerful international structures such as Gazprom to enter into negotiations with the Gubernator of any region where they might operate.²⁶ Similarly, the regional media are defenceless against arbitrary administration.²⁷

In this way the institutions of the region and the region as institution combine to make an atom of the region.

B) The Federal Subjects

The reverse side of the smallness of the regions is, of course, their sheer number – 89. One basic result is that collective action between all regions as regions does not occur. Instead, regions act alone, or endeavour to build groups, which however because of the difficulty in overcoming interest divergences as well as free-rider dilemmas stay weak. Three such groups have been noted: 1) territorial groups 2) republics (status) 3) donor regions (financial).

The territorial groups have been formed on the basis of the Soviet economic zones. From the 8 groups, the *Sibirskoe Soglašenje* (SS) has attracted most attention, since Siberia has seemingly a well-defined interest in gaining a greater share of their natural resources. However, even in this case Hughes has argued that it was not a well-defined common interest but the overlapping of special interests within the group that strengthened the SS.²⁸ Heinemann-Grüder has pointed out how an unequal share of resources as well as ethnic differences hampered the middle-term consolidation of the association.²⁹ Sakha, the strongest of Siberian regions pursued its own interests while poor, agricultural regions – Altai Krai, Altai Republik, Republik von Burjatija, Chakassija – were free-riders.

Steven Solnick has portrayed the republics as an interest group which defends its status.³⁰ The clarity of their common interest overcomes the diversity of the group, which includes the richest and poorest of Russian regions. However, it is not necessarily clear that there is real collective action: the group is only recognisable as such by the common status of the

²⁶ See Segodnja 1/11/96 *Sidanko uvleklas' regional'noj diplomatiej*.

²⁷ See Kommersant' Daily 16/8/96 *Altajskie vlasti deljat mestnuju pressu*, also OMRI Russian Regional Report 11/12/96 *Local Press Runs Plummeting*.

²⁸ Hughes 1995.

²⁹ Heinemann-Grüder 1996.

³⁰ Solnick 1995.

republics, their common concern is purely defensive and, indeed, their status has never been seriously questioned, not least because the ordinary regions have not been able to act together to mount a concerted challenge to the republics' privileged status. The centre has a certain interest in preserving such asymmetries as a "divide and rule" strategy. Moreover, there is no need for collective action since – as Solnick describes – the two strongest republics – Tatarstan and Sakha – are willing and able to bear the costs themselves of protecting their status.

In the autumn of 1996 the donor-regions seemed to comprise a potentially powerful group.³¹ However, the centre can weaken such a group through the simple expedient of granting privileges to single regions: thus, in January 1996 Sverdlovsk was struck from the list of donors. Furthermore, the opaqueness of region-centre financial flows makes the establishing of a common interest difficult. Thus, Moscow is seemingly the largest payer into the budget and the main force behind the group. However, it is probable that the capital in fact extracts large rents from the centre, by virtue of its lobbying power. The Moscow Mayor is often rated as the most successful lobbyist in Russia. Since the budget is basically a zero-sum game, if one donor pays less in, it is probable that the others will have to pay more. The group is therefore unlikely to flourish.

C) The Federation

The number of the regions in conjunction with their atomisation and divergent preferences means that the centre cannot effectively enforce its prerogatives. Since the regions have not shown the ability to handle collectively, the only possible interaction between the single regions and the centre are ad-hoc agreements, also labelled as 'bargaining-federalism'³² or 'hyperfederalism'.³³ The fragmentation of the constitutional space is therefore a result not of a lack of institutionalisation, but of the action of players within an institutional framework.

The smallness of the regions has a further consequence: the majority are financially dependent on the centre. While this puts a fundamental strain on relations, it also puts a damper on separatist movements. Furthermore, none of the donor regions, and only a small minority of the other regions have an international border.

1.1.3 Social Capital in the Region

Putnam's institutionalist analysis of social capital shows how social networks can stabilise expectations and therefore make action possible that otherwise would not have occurred.³⁴ The peculiarity of this institution is that it exists only in and through the action of the participants. Instead of Putnam's distinction between horizontal and vertical relations I prefer to mate Bourdieu³⁵ with Olson³⁶ to distinguish between broad and narrow networks of ties. Although I concentrate here on social networks in regions, I would argue that, theoretically,

³¹ See OMRI Russian Regional Report 20/11/96 *Donor Regions Demand Change in Economic Policy*.

³² Kirkow 1997.

³³ Sipdirov 1995.

³⁴ Putnam 1993. As Putnam shows, this peculiarity means that the institution "trust" tends to dominate its actors, perpetuating itself over long periods of time.

³⁵ Bourdieu 1978.

³⁶ Olson 1992.

they can be understood as regions in themselves, since the action they render possible is basically monopolistic and oligarchic. The reasons for this are on the one hand the number of participants which is restricted due to the risk of defection and free-riding, and on the other the fact that social capital excludes.

Case studies have shown "the importance of context" – of regional networks – in determining the political development of the region. The analyses of Weiss and Moses of the Volga region of Saratov share a perception of the narrowness of social capital in the region.³⁷ In Moses' portrayal of developments until 1992, the hidden presence of a narrow network around Kuznecov – a sort of godfather figure from the regional nomenclatura – was decisive. The most important positions were taken by members of this group although Kuznecov himself had no official position. The excluding practice of social capital showed itself in the agitation against the returning Volga Germans. Narrow social capital gives rise to bitter conflicts because it must exclude in order to survive. After 1992, such conflicts escalated. Stoner-Weiss relates them to "narrow and personalistic"³⁸ *svazi*. Finally, the Gubernator Belych and six leaders of communal administrations were removed at one swoop due to corruption, a fact which also shows the eventual vulnerability of narrow social capital.³⁹

In contrast, in Nižnij Novgorod social capital is broad and produces consensus rather than conflict⁴⁰: Narrow social capital hides and agitates, broad social capital lets itself be 'misrecognised' by means of the reification of the region, what Bourdieu calls "di-vision".⁴¹ The elite's position is self-legitimizing: its members seem the only people capable of stabilising the region and protecting 'regional' interests at the centre. These 'facts' however ignore that these capabilities stem from their social capital which simultaneously prevents others from acceding to power. Maintaining regional stability implies preserving the stability of their position; behind the term "regional interests" lie in fact their own interests. In Sverdlovsk, there seems to be a similar consensus:

The successful mobilisation of power resources was attributable to the cohesion displayed by the regional elite during this process. Elite cohesion grew out of the informal ties that had existed among regional political and economic actors in the Soviet period. These informal ties cut across the post-communist political institutions facilitating the co-ordination of goals, strategies and tactics.⁴²

The prime example of a region 'colonised' by social capital is Primor'e. A narrow, but tightly-knit clique managed to drive out or suppress opposition as well as attain a certain regional hegemony, whereby their account of the critical state of regional affairs was believed by the local population rather than the account of Moscow politicians.⁴³ In Uljanovsk a Soviet 'clan' managed this even without the conflicts which arose in Primor'e:

The most notorious example of a dynasty from the Brežnev era, of patron-client relationships and an autarkal regional economy is to be found in the Oblast' Uljanovsk. The Gubernator of the region, Jurij Goratščov, First Secretary since 1973, has full control over the agrarian clan, himself appoints federal

³⁷ Moses 1994.

³⁸ Stoner-Weiß 1995, 155.

³⁹ OMRI Regional Overview: *Saratov Oblast'*.

⁴⁰ Stoner-Weiß 1995.

⁴¹ Bourdieu 1978.

⁴² Easter 1997, 635.

⁴³ Kirkow 1995; for "hegemony" see Segodnja 3/8/96 Legendy i mify Dal'nego Vostočka razdra žajut *Moskvu*.

officials, controls the creation of parties and can boast the lowest consumption prices in Russia between 1992 and 1994.⁴⁴

1.1.4 The Institution of the Regions: The Federation Council (FC)

The prerogatives of the FC are considerable. Primarily responsible for matters directly concerning the regions and republics, it has other prerogatives which, as Sakwa remarks, would more normally be entrusted to the lower house, such as the introduction of a state of emergency or military action abroad.⁴⁵ Legislation requires an absolute majority to then proceed to the President, thus relieving him often of the need to veto populist bills. A two-thirds majority in both houses is necessary to override the veto; with impeachment of the President the Upper House has the same weight as the lower.⁴⁶ Thus, the FC is a buffer for the President against the Duma.

In the absence of the party groupings which play a role in the Duma the main political question with respect to the FC is whether the regional representatives act together and thus instrumentalise the institution or merely use the FC as a forum to lobby alone.⁴⁷ Before the regional elections in 1996, the latter was the case. It is not yet clear whether the increasing corporate identity of the group of Gubernators and the gains, which collective action amongst the Gubernators could yield, might change this situation.

1.2 Independent Variable 1: Institutionalisation as a Trash-Can Cascade

The flip-side of institutional stability is eventual institutional crisis. The stickier the institution, the stickier its end. Krasner has drawn an analogy between institutional crisis and the concept of "punctuated equilibrium" taken from Stephen Gould's rethinking of evolution.⁴⁸ In crisis – literally a turning-point – contents of the old order fuse with improvisations to form a new order. Crisis is at once the end of one order and the birth of a new one.

Krasner points to two aspects of crisis:

- Crisis-ridden institutions rarely disappear, rather they undergo a rapid cascade of changes as serial solutions for the crisis are sought. I describe this sequence as a trash-can cascade; trash-can solutions are improvised ones, dictated by what is at hand rather than what is optimal. They are often characterised as "solutions" waiting for problems.⁴⁹
- "Latent" institutions, remaining stable despite the crisis, move forward to become the foundations of a new order.

Thus, this conceptualisation is congruent with the logic of historical institutionalism in that there is no Archimedes' point from which a new order is to be constructed, rather institutions are a rare resource never discarded, but recycled in new settings. There is no reason to expect

⁴⁴ Kirkow 1995b, 1010.

⁴⁵ Sakwa 1996, 131.

⁴⁶ *ibid.*

⁴⁷ Medvedev 1997.

⁴⁸ Krasner 1984, 240.

⁴⁹ See March/Olsen 1989.

that the new order will be flawless or intrinsically better than the past. The outcome of crisis is unpredictable and with hindsight can be seen to have been influenced by occurrences which at the time were hardly remarked upon.

These two components of crisis and change constitute my independent variables for the dependent variable state-structure.

1.2.1 The Creation of the Regional Institutions as a Trash-Can Cascade⁵⁰

A) Elections to the Soviets

Problem: Gorbačev's reform politics was confronted with increasing opposition and decreasing discipline in the Communist Party (CP). It became clear that the existing Party was the core of the problem.⁵¹

Resource: Gorbačev had created for himself a state position – the presidency – independent of the party.

Solution: The Soviets were a trash-can solution, i.e. one waiting for a problem. Gorbačev instrumentalised them to circumvent the party. One might say that the democratising wave of 1988/89 was triggered by these remnants of the revolution. This development was remarkably similar to the calling of the *Etats General* in 1789.

Trash-can solutions as a response to crisis are seldom stable: the *Etats General* institutionalised, yet isolated the Third Estate; the French Revolution ran its course from this point. The revival of the Soviets triggered on one hand a trash-can cascade in the regions, on the other hand, one can see with hindsight that it confirmed the Soviet regional division.

The sub-optimality of this improvised solution soon became clear: instead of a strengthening of central state power the new institutions were mostly taken over by the old executives in alliance with the *menedžers*, who far outnumbered the hoped-for new reformers in the new institutions.⁵²

The new-old institutions, while failing to strengthen the state, massively weakened the party in providing an exit option. The party was soaked up by the Soviets: a further effect of this was that oppositional forces were deprived of the common opponent that had been effective in uniting them for the elections in Moscow and Leningrad.⁵³ These developments – the 'coming to power' of reformers in Petersburg and Moscow and the decomposition of the party as a hierarchical structure elsewhere – played an important role in the failure of the coup in August 1991.

B) After the coup attempt: The individualisation of the institutions of the regions

Problem: The failing authority of the central (Russian) organs in the regions became clear as the first reform measures, especially changes in land-ownership and agrarian matters got

⁵⁰ For reasons of space I do not discuss the establishment of the republican presidencies or the mayoralties in the federal cities.

⁵¹ Sakwa 1996, 10.

⁵² Hahn 1991; McAuley 1992.

⁵³ See Orttung 1995, Colson 1995.

bogged down. The old regional leaders remained in control in most localities. During the coup most Soviets did not protest the imposition of a state of emergency and some directly criticised the Russian leadership.⁵⁴

Resource: After the failure of the coup El'cin seemed to have considerable resources at his disposal. His omission to introduce a new constitutional order at this point has often been remarked upon.⁵⁵ However, this omission is understandable within the logic of a trash-can cascade. There was absolutely no immediate reason to do so: the Soviet had been the closest ally of the presidency until that point and there had been no conceptualisation of what sort of order might replace it. In contrast, in the regions there was a problem, resource, and a sort of solution.

Solution: In the months before the coup plans had been made for the dispatching of Presidential Representatives (P.R.s) to the regions. The original thought was to maximise the resources of the reformers.⁵⁶ In most regions reform groups had been formed-often within the new Soviets. These were now to be institutionally "tapped": the doubled individualisation of the regional institutions – P.R.s and elected Gubernators – arose through just this desire to maximise scarce resources.

This blueprint was, however, finally realised quite differently. While P.Rs were almost all members of Demokratičeskaja Rossija, the first wave of appointments of Gubernators met with the intense opposition of the Soviets, as oppositional Soviet chairmen were displaced by recognised reformers in several regions. The example of Nemcov was to have become the rule: he drew attention to himself during the coup and was installed as Gubernator and P.R. in Nižnij Novgorod. It remained however an exception.

Since the abolition of the democratically-elected Soviets could not be countenanced, new institutions had to be built on to them. The Soviets obtained an input in the process of naming the Gubernators, which resulted often in the chairman of the Soviet assuming the newly created position. However, reform groupings in the Soviets could often also block the first choice of the Soviet and achieve at least the appointment of reform-orientated Nomenklatura members.⁵⁷

The function of the individuality of the institution was refigured in the face of these developments. In November 1991, the electability of the Gubernators was suspended and presidential representatives dispatched to all regions. The Gubernator was thus to become a hostage of the centre, who could be monitored and held responsible for the execution of presidential decrees.

Further development: The PRs rapidly lost all importance in the region, having no real roots. The usual competition between executive and legislative in many cases developed into a form of a dualistic fusion of powers.

C) After the dissolution of the Supreme Soviet

⁵⁴ Slider 1994.

⁵⁵ McFaul 1995, here 225; see as well Sakwa 1996, 20.

⁵⁶ Slider 1994, 256; Sakwa 1996, 212; see as well Mick 1994.

⁵⁷ See Moses 1994; Kirkow 1995; for Omsk: Young 1994.

Problem: The Soviets had again proved themselves unreliable during the events of October 1993. Around half of them had sided with the Supreme Soviet, a decision which was often also influenced by the regional rivalry with the Gubernator and instinct for institutional self-preservation.⁵⁸

Resource: After the dissolution of the Upper Soviet El'cin had a free hand relative to the regional Soviets. Since there was now, in contrast to 1991, in the region a factor—the Gubernator – with a clear institutional interest in the removal of the Soviets – the majority of Gubernators had indeed sided with El'cin – as well as the capacity to do so, the president could now leave it to them to disband the legislative bodies.

Solution: The Gubernators were not only resource, but also the solution to the problems of federal power in the region, since they constituted established authorities more or less loyal to the centre, which had in many cases already developed a fusion of power. They were consequently formally endowed – in practice often a confirmation of existing practice – with very broad powers including budgetary prerogatives. Thus, they were massively strengthened relative to the legislatures, which were to be restricted in size, and in which members of the administration could sit.⁵⁹ Moreover, the Gubernator was to remain unelected in the meantime, the centre theoretically retained the right to replace him at will.

D) After the presidential elections of July 1996

Problem: Due to the considerable powers of the Gubernators, reinforced by their membership of the FC, their legitimacy became problematic. More importantly, Gubernators themselves were pushing for elections to be held using their considerable powers to create support both for the holding of elections as well as for their own election and in some cases threatening to hold their own elections, if the centre prevaricated any longer. In a minority of cases individual Gubernators had already been elected, so the precedent was given. The centre was threatened with the loss of its monopoly on elections that had been fatal for the Soviet Union.

Resources: The immediate aftermath of the re-election of the president was a favourable time for proceeding with regional elections, since Moscow could devote its undivided attention to obtaining favourable results, i.e. the candidates would have to come to terms with the current administration and thus be more pragmatic; moreover, the Communists were weakened organisationally and financially through their participation and defeat in the presidential elections.

Solution: Gubernatorial Elections were held in the majority of regions in the Autumn of 1996, yielding a crop of "pragmaticians" and professedly unideological "managers", prepared to "co-operate with the centre in the furtherance of regional interests".

⁵⁸ Sakwa 1996, 212.

⁵⁹ Sakwa 1996, 129; Teague 1995.

1.2.2 The Creation of the Federation Council

Problem: After the dissolution of the Supreme Soviet a new constitution had to be introduced to consolidate El'cins position while not exposing it to similar threats such as that which had been posed by the Supreme Soviet.⁶⁰

Resource: The resource was on one hand this temporarily unchallenged supremacy of El'cins in the centre, which allowed him alone to shape the constitution to be put to the voters.

Solution: On the other hand, as argued, the Gubernators were – as the regional reform groups had been in 1991 – the President's allies, and a solution waiting to be instrumentalised. The double individualisation of 1991 corresponds to the double institutionalisation of the Gubernators in December 1993, in the regions and in the Federal Centre. During the 1993 negotiations over a constitution, the President created a Federal Council to put pressure on the Soviet, comprising representatives of the regional executives and legislatures and chaired by the president himself.⁶¹ After the dissolution of the Supreme Soviet, El'cin intended incorporating this body – comprising appointees of the president – directly into the new constitution.⁶² However, there was a clear risk that automatic membership of the Gubernators in this body might make unavoidable their election in their regions, thus endangering the loyalty of the Gubernators to the President and jeopardising his re-election. Provisional elections for the FC in which the Gubernators could take part and in which they might be fairly sure of victory were preferred to the possibility of holding full-scale regional elections before the presidential.

The FC was equipped with considerable powers, giving rise to an institutional conflict with the weak Duma. The FC is the unidentical twin of the "hyperpresidentialism", in that it, like the presidency, was born of the need to block anti-Yeltsin opposition movements using resources at hand.

The creation of the FC constitutes a classic example of the emergence and shaping of institutions through short-term political calculations as well as for the interaction of cascades – in this case of FC and Gubernators. Gubernatorial elections could not be postponed indefinitely. However, they could be put on hold until the re-election of the president was secured in 1996.

1.3 Independent Variable 2: The Region in the Soviet Union

As argued above, the same decision to reactivate the Soviets in order to circumvent the Communist Party which triggered off institutional cascades ending in regional presidentialism also confirmed the territorial division and inadvertently incorporated the Soviet regions in the foundations of the new state.

⁶⁰ Easter 1997. Easter's explanation for Hyperpresidentialism uses a sledgehammer to crack a nut.

Elster's is more elegant: where a president is responsible for the constitution, the constitutions will be built around a presidency; see Elster 1996.

⁶⁰ Sakwa 1996, 129.

⁶¹ Slider 1994.

⁶² Sakwa 1996, 131.

(...) Once a critical choice has been made it cannot be taken back. There may be a wide range of possible resolutions of a particular state-building crisis. But once a path is taken it canalises future developments.⁶³

Clearly, in the new context the regions stopped being the Soviet regions. Thus "[a] particular structural feature that evolved for one reason (...) can be put to very different use."⁶⁴ However, just as clearly the way they bore their politicisation – their development as federal subjects – was determined by their previous character. As Vladimir Kaganskij writes:

The regional system was not conceived for political activity: any "politics" further destabilised it and led to the autonomisation of its elements. (...) politics became a game played on a regional field and political forces had to fit into it – i.e. correspond to its constituent parts, the regions. Non-regional forces were increasingly marginalised.⁶⁵

To maintain an awareness of the contingency which characterised all these developments, it is useful to consider contra-factual outcomes. Among other semi-autonomous Soviet institutions, which could have come to the fore must be counted the military. Instead, the military have played a comparatively unimportant role. Under other circumstances, one might be faced today with militarised regions instead of a partially-regionalised military.

1.3.1 The Administrative-Territorial Divide (ATD)

In the most general terms, the Soviet Union was built around production for its own sake. According to Verdery, the power of the system was based on its monopolisation of the means of production rather than the reverse being true.⁶⁶ The contradiction she describes between power as the ongoing accumulation of the means of production and legitimacy through the expansion of consumption, I would rephrase in Polanyi's terms. One can speak of a self-regulating hierarchy premised on a fictional production: production for its own sake, an autonomous dynamic of accumulation of means of production at the centre. Similar to Polanyi's self-regulating market, this dynamo always endangered its own reproduction, thus forcing the development of some sort of defensive mechanism, a contra-movement. It is necessary to envisage a "double movement":

It (the double movement) can be personified as the action of two organising principles in society, each of them setting itself specific institutional aims, having the support of definite social forces and using its own distinctive methods.⁶⁷

One aspect of the contra-movement was the system of regional administration, that struggled to ensure the reproduction of the production system that the Moscow ministries comprised. The subordination of reproduction to production led paradoxically to a huge burden being placed on the system of administration. In the absence of non-state organisations state instances had to penetrate society and space:

The effective functioning of this system in the enormous Soviet landmass required a certain territorial arrangement. This was sought in the unique Soviet system of the "administrative/territorial division"(ATD), a universal structure, embracing the entire territory of the former USSR. ATD was "a system of multi-functional institutional units, a framework, in which all state functions were performed"(Kaganskij). ATD was created to control the Soviet space with all its "contents", to organise

⁶³ Krasner 1984, 240.

⁶⁴ Krasner 1984, 242.

⁶⁵ Quoted by Medvedev 1995, 15. I will not discuss Kaganskij's contention that regionalisation (initially in the Soviet context) was the "bourgeois revolution" that put an end to the ancien regime.

⁶⁶ Verdery 1995.

⁶⁷ Polanyi 1957, 132.

the operation of state institutions as well as the people's everyday existence. The whole spectrum of state activities (law enforcement, military draft, ideology, education, health care, housing, day-to-day management of local industry and agriculture etc.) was carried out entirely on the regional level and almost never went beyond it. All state functions were concentrated in the regions, which became focal points, vital centres, "the cells of guaranteed survival of the local population." Regions did indeed emerge as principal institutions of the state.⁶⁸

State administration was therefore predicated on essentially military occupation principals: concentrated power 'executed' the necessary tasks on a territorial "target". The region was no natural entity, but an instrument for the securing of system-reproduction.⁶⁹ One is therefore justified in speaking of "the region" and not the "regions". A seemingly banal consequence of this system of concentrated penetrative administration was the relatively small size of the regions, dictated by the necessity of achieving crisis management within its borders.

The breadth of administrative responsibilities was huge. Administration comprised the organisation of the daily life of the population. The term included the *kommunal'noe chozjajstvo*, the *bytovoe chozjajstvo*, the extensive and exhaustively documented party administration, coordination in the production sphere and policing.⁷⁰ These manifold tasks were executed by a single authority fixed on a region. This structure can be pictured as a triangle where any two terms require the third.

Table 1: Structure of the Administrative-Territorial Divide (ATD)

	Concentration of power in one person	
Comprehensive responsibilities		(small) target territory

Since the method of administration – determined by the subordination of reproduction to production – comprised a reactive crisis-management, the effective administration itself was reduced to a semi-informal core centred on the First Secretary – Hough's Prefect – but whose composition probably differed between regions according to economic specialisation.⁷¹ The effective method of administration was highly arbitrary, its genius was the telephone, not the typewriter.⁷² Ends justified means. Hough writes:

[I]t is important to note that to a considerable extent the local Party organs carry out their responsibilities by compelling administrators to break the law or to circulate some directive or plan indicator. (...) That so much of the work of the local Party Organ involves compelling or authorising officials to violate the law also helps to explain the real authority position of the local Party organs in Soviet society. Their ability to compel illegal action is testimony to the extent of their authority, but the necessity for them to function in this manner also produces the major limitations on their power.⁷³

⁶⁸ Medvedev 1995, 6.

⁶⁹ *ibid*, 7.

⁷⁰ Rutland 1993, 21.

⁷¹ See Hough 1969; Fainsod/Hough 1979.

⁷² Rutland 1993, 46.

⁷³ Hough 1979, 253.

1.3.2 The Region in the "Sectional Society"⁷⁴

In short, the special power of the region derived from its powerlessness relative to the sectors. The administrative structure I have outlined above only makes sense when the difficulty of the administrative tasks – in face of constant emergency – are kept in mind. Against this background, the region became the "life-cell" of the population. The most graphic illustration of this endemic emergency provides the pattern of "underurbanisation".⁷⁵

In his analysis of 1973 of political aspects of Soviet underurbanisation, Taubman distinguished between new cities, smaller cities and regional capitals.⁷⁶ Between 1926 and 1969, 94 new towns were founded most of which were company towns.⁷⁷ The enterprises as *zakazčiki* (orderers of goods) looked after their workers but neglected any balanced development of the town. A famous example of a company town was Magnitogorsk founded in the 30s but still infrastructurally underdeveloped in the 70s.

"Nonetheless" the mayor continued, "Magnitogorsk remains what it was ten years ago – a company town, a town where four major enterprises owned 65% of the housing; a city where the combine – controlled water supply system was still insufficient, but where a new reservoir-connector was in its fourth year of construction while industrial projects costing many times more were completed in much less time; a city where combine-run transport still produced endless complaints that the Soviet could not act upon."⁷⁸

Small towns offered their inhabitants 12% of the services per capita which large cities could, the price of their inability to attract industry.⁷⁹ Kuzma was a city with 13500 inhabitants:

As of 1965 no public buildings had been constructed in Kuzma for forty-eight years. The town's most impressive structures – former homes of nineteenth-century merchants – housed the school, clinic and cinema. Other buildings were flooded each spring as water rushed through city streets to the river. Kuzma industry was the local variety – a cannery, a small dairy, a brickyard and (...) a kerosene shop. (...) Young people were leaving Kuzma in search of vistas that the local school had opened but the town could not deliver.⁸⁰

In regional capitals, the same contradiction had opposite effect: the underdevelopment of the infrastructure produced, for instance, chaos at rush hour due to the lack of means of public transport.

The administration was responsible for the taming of the crisis without being allowed to restrain production in any way. Its formal and effective responsibilities exceeded its formal resources, therefore, it was forced to develop substitutes.

I have emphasised underurbanisation as one example of the permanent emergency which regional administration had to cope with. Besides this aspect, underurbanisation shaped the top-heavy urban hierarchy: the under-development of small cities and the over-development of large towns were both caused by the imperative on maximising investment by minimising infrastructural costs. Additionally, political centres could more easily win infrastructural investments, which in its turn attracted industrial investment.⁸¹

⁷⁴ Fortescue 1988.

⁷⁵ For the term see Konrad/Szelenyi 1977.

⁷⁶ Taubman 1973.

⁷⁷ *ibid*, 58.

⁷⁸ *ibid*, 60.

⁷⁹ *ibid*, 77.

⁸⁰ *ibid*, 79.

⁸¹ Huzinec 1978.

The regional administration mediated between the hard budget-constraints of the population and the soft budget constraints of the ministries.⁸² A part of this task consisted in the *šefstvo* (patronage) system, by which the Obkom (the Oblast party committee) asked the local enterprises for direct help to overcome difficulties, especially at harvest-time, and for construction work.⁸³ The region was draped around the enterprises, big enough to hold them in check, small enough to permit intensive co-operation. Furthermore, it was at regional level that the agriculture and village-life in general was conjoined with the industrial-urban scene. The regional centre – not rural raion centres – was the location for the majority of rural services (training, construction, food processing, technological development, health care, transport etc.) over and above the day-to-day needs. In 1977, 40% of Western Siberian villager's non-food commodities had been purchased in the city.⁸⁴

The Oblast' was also responsible for ensuring the supply of consumer goods. The "paradox of *podmena*"⁸⁵ entailed the obligation to 'extract' necessary goods and services for the region, without actually interfering in the plan.⁸⁶ Great effort was expended in the region in bringing production and consumers together.

[C]ontributing to the classification of consumer goods as a regional problem was that while heavy industry's output could be exaggerated into abstract national income figures, consumer goods and services faced a reality test: they had to be delivered to specific consumers living in particular locations. As one Soviet commentator put it, "people live, as it were, 'horizontally', not 'vertically'."⁸⁷

1.3.3 Social Capital in the Soviet Region

As I have shown, the reverse side of the fine-meshed territorialisation of the administration was the informality and improvisation of its execution. Maximising the investment rate placed huge demands on the mechanisms of reproduction while leaving minimal resources at its disposal. All potential substitutes were mobilised, no matter of what nature. Informality was from the very beginning incorporated in the Soviet system, to enable vital communication and co-operation between formally separated groups.⁸⁸ In the region strong ties between different groups had to exist.

This fact seems to have been recognised in the Centre since the majority of First Secretaries were appointed from within the Oblast' Nomenklatura. In 1980, 72 % of First Secretaries had been promoted from a post in the Oblast', 60% of the First Secretaries had spent their entire career in the Oblast', a further 21% most of their career.⁸⁹

Furthermore, the politics of personnel – the Nomenklatura system – was practically the only instrument for the middle-term direction of the region.⁹⁰ However, such networks could only ever be double-edged, helping the system but also helping themselves.⁹¹

⁸² Hough 1969; for the terms see Kornai 1996.

⁸³ Rutland 1993, 29.

⁸⁴ Trockovskij, A., Mučnik, I. 1982.

⁸⁵ For the term see Fortescue 1988; *Podmena* (substitution) was the theological term for excessive party interference in managerial matters.

⁸⁶ *ibid*, 21.

⁸⁷ Rutland 1993, 42.

⁸⁸ Easter 1996.

⁸⁹ Rutland 1993, 192.

⁹⁰ Hough 1969, 177.

1.3.4 ATD as Herrschaft-Structure

Institutions as scarce resources under whose sway social action takes place are often multifunctional. The ATD while being a counterweight to the structures of production, can also be regarded as an integral, reinforcing part of the power structure which gave rise to the 'self-regulating hierarchy'. The structure is similar to Galtung's structural imperialism, in which interaction is strictly vertical, between the individual peripheries and the centre, thus securing the centre a monopoly on communication.⁹² 90% of migration took place within the region.⁹³ This has surely had important consequences for the development of regional identities, on which however little research has been done.⁹⁴ Regional identity was soaked in the centre-region polarity, not in region-region differences. Meso-regional identities were not developed.⁹⁵ One might speculate that one consequence of this is the post-Soviet fusion of regionalism and nationalism, in as far as the Centre has become regarded figuratively and literally as foreign.

That an awareness of the deeply problematic regional structure has long been present in the centre indicate several plans for the replacement of the inherited regions by ten *zemli* (amongst other ideas), labelled by Stephen Solnick "a nation-wide redrawing of the map that would have unseated regional and republican elites alike."⁹⁶ The implementation of such plans has however never been seriously countenanced.

From a new institutional order, new actors emerge. The Gubernators/Mayors/Presidents comprise perhaps the most homogenous group of actors in the Russian Federation, certainly in comparison with the government and Duma. Unfortunately, there has been little systematic research to the corporate identity of this group.

Some characteristics can be named: they are almost exclusively men, and, with certain exceptions, Soviet-socialised, very often with a background in the production sphere. They are also usually natives of their region. Charisma seems to be an important quality, much remarked upon in Autumn 1996, and which might encourage a corporate identity – as "guardians of the Russian people/keepers of the Russian state."

The Krasnerian understanding of institutional change explains regionalisation as the reframing of the Soviet regions in a new state. The centripetal role of the party has been replaced by the centrifugal institutions of the Gubernator. The weakness of the Soviet region is the foundation of the current political strength of the federal subjects relative to the centre and to its own contents; the resources developed to protect against the strength of production now compensate for its weakness, simultaneously smothering independent political organisation at the grassroots and threatening macroeconomic stability, and thereby producing the reproduction of regionalisation. Regionalism is therefore at the heart of a Russian state shaped decisively by the contingencies of the Soviet collapse.

⁹¹ See Farmer 1993, 229; for the distinction between functional and dysfunctional corruption.

⁹² Galtung 1972.

⁹³ *ibid.*

⁹⁴ For an exception see Balzer /Vinokurova 1996.

⁹⁵ See Medvedev 1995, 8.

⁹⁶ Solnick 1996, 52; Teague 1995, 18-19; Sakwa 1996, 87.

2 Regionalisation from an Economic-Institutionalist Perspective

2.1 Dependent Variable: The Reproduction of Regionalisation

Expressing regionalisation in terms of its reproduction through action seems somewhat paradoxical, since it would seem that the reproduction of regionalisation should lead to the collapse of the Federation. However, if regionalisation is thought of not in terms of competition between single regions and the centre over prerogatives, but in terms of competition among regions over the centre i.e. as rent-seeking, thus inflationary⁹⁷, this contradiction is resolved. Regionalisation thus constitutes a "separatism".⁹⁸ The dependent variable is thus rent-seeking as a result of the code of property-rights and is best instrumentalised by the analysis of case-studies.

2.2 Independent Variable: Evolution of Property Rights

2.2.1 The Administrative Market

Theories of transaction costs and principal-agent theory contribute greatly to understanding the Soviet system. The question becomes "what form did trade take?", for as North replies to Polanyi, price-forming markets merely constitute a special case.⁹⁹ Simply put, such approaches conclude that the command economy quickly "degenerated" into a market in rights of use: The extensive growth, which the Stalinist hierarchy engendered, undermined the same hierarchy, since the costs of co-ordination and surveillance grew geometrically.¹⁰⁰ At the same time, the possibilities for extensive growth (arithmetical addition of new production factors, e.g. labour) were themselves naturally limited, and intensive growth was beyond the capability of the system due to the costs of co-ordination and surveillance of complex production processes. The rate of return fell. Thus, sanctions against horizontal transactions, maximised during the Stalin era, decreased, at the same time as the returns on hierarchical transactions fell. The command economy mutated into a bargaining economy, *torg* (bargaining) became the main form of economic transaction.

This very progression was made possible up to a point by the maintenance of the appearance of monolithicity: The monolithic nature – "signalled" by the Marxist-Leninist discourse¹⁰¹ – was, in the absence of a principal with encompassing interest (after Stalin)¹⁰² or any possible recourse to a third party¹⁰³, all that maintained the value of the multitude of administrative currencies circulating.¹⁰⁴ It was valid as "meta-information"¹⁰⁵, the self-fulfilling guarantee that things would stay changing the same. The decline of confidence in these valuta in the

⁹⁷ See Krueger 1974. The clearest example of inflation are the bilateral treaties, won at great effort by Tatarstan, then extended to Sverdlovsk as first Oblast', experiencing rapid inflation during the elections 1996, and now more or less meaningless.

⁹⁸ For a similar approach see Treisman 1997.

⁹⁹ North 1977.

¹⁰⁰ See Bruckner 1995, Naišul 1993, 1995; Kordonskij 1995.

¹⁰¹ For "signalling" see Bruckner 1995.

¹⁰² Olson 1992.

¹⁰³ Solnick 1996.

¹⁰⁴ See Naišul 1993 for the term "administrative currency".

¹⁰⁵ For metainformation – i.e. information about the reliability of information – see Geertz 1978.

Seventies was marked by a rise in corruption and increasing interest in hard currencies and goods. Their value was propped-up through energy export revenues until the mid-80s; as energy prices dived, bad money drove out the good: exchange in its previous form collapsed¹⁰⁶, but was reborn on the basis of the extended property rights of the agents, operating on the one hand with barter, with dollars on the other.¹⁰⁷

Agent's profit-curves differ according to the objects they control. Three basic types of objects can be identified: convertible (property, funds); souveranisable (territories) and privatisable (enterprises). Souveranisation takes place as the implosion of a "*matrješka*" hierarchy where agents in their turn face dissolution from below, if they do not act immediately on signs of weakness from the principal in the face of their own demands. One might offer this as an explanation for why the end of communism was brought about by the collapse of the USSR, in the words of V. Naišul why "the fish rotted from the head."¹⁰⁸

Privatisation however seen separate from connected conversion procedures, is (qualitatively) gradual and path-dependent, since it entails change in the property form (the enterprise). Therefore, managers assuming control of Soviet enterprises are not content with control, but require a continuation of subsidisation from the new state actors. This divergence in profit-curves bears responsibility for a crucial misunderstanding between souveranisising and privatising agents.

2.2.2 Path-Dependent Change in Soviet and Post-Soviet Property-Rights

A) Change in Soviet Property-Forms

The organisation of enterprises is a function of the incentives entailed in the structure of property rights. Property rights are therefore embedded in the organisation of the enterprise. An inefficient enterprise reacts slowly and clumsily, if at all, to relative price-changes; along what lines it changes depends on "how it is": change is path-dependent.¹⁰⁹ Since governed by the same institutional structure, the economy as a whole develops more or less path-dependently.

To illustrate the relationship between organisation and change, I will briefly examine the development of four Soviet property reforms.

The single-family apartment: It was the most efficient widespread Soviet property form, since the disposer had a clear incentive to maximise its value. Naišul describes the development of property rights around the apartment thus:

As far back as in the beginning of the seventies, the customary rights of a tenant of a state-owned apartment guaranteed against his eviction under all circumstances. An apartment could also be legally exchanged by mutual agreement for another one and inherited by relations living in it. This way de facto privatisation of all of the housing stock of the country took place. Ten years later, these customary norms were formally incorporated in the State Housing Code.¹¹⁰

¹⁰⁶ This is an adaptation of Solnick's "bankroll" analysis of the breakdown of the Soviet hierarchy; see Solnick 1996.

¹⁰⁷ Naišul 1993.

¹⁰⁸ Naišul 1995.

¹⁰⁹ For path-dependent change see North 1990; Bruckner 1995.

¹¹⁰ Naišul 1995.

This "allodisation" of apartments was so advanced that the formalisation of private property rights could follow in many cases (most notably Moscow) after 1992.

Kolchoz: The infamous inefficiency of Soviet agriculture can be related to the essentially contradictory property form. In contrast to industrial enterprises there developed no strong managerial structure.¹¹¹ This "inertia" can be ascribed to the basic contradiction between the rights of the agricultural workers and those of the farm which is basically conditioned by the possibility of division of the land amongst the workers. Such communal property forms are beset by gridlock: The Soviet agricultural property rights have changed little in the post-Soviet era, their roots might be traced back to *obščina*.

*Industrial enterprises*¹¹²: The lynchpin of the Soviet factory was the manager. He was therefore in a strong position to expand his rights over the enterprise beyond the official limits. The *chozjajstvenniki* (managers) created and drove on the development of the administrative market, changing the organisation of their factories as they did so, introducing *tolka či* (expeditors for supply-procurement) etc.

Communal apartments: The fate of the communal apartments in the historic districts of Petersburg and Moscow is of interest in this context. With booming property prices ever more are being bought by property dealers to be reconverted into private flats for the rich. This is possible in as much as the sums offered are sufficient for the inhabitants of the single rooms – the under-privileged – to buy themselves an apartment elsewhere.¹¹³ The fate of communal property forms is to be "swallowed up" by efficient ones.

B) Post-Soviet Property Forms

If industrial enterprises were previously de-jure state-owned, but with managers enjoying informal right on the administrative market, they are now de-jure privatised, de-facto partially state-influenced (rent-receiving). The interested parties are:

*Menedžer*¹¹⁴: His property rights base arise partly simply from his position: as "sitting tenant" he can defend the enterprise from outsiders.¹¹⁵ However, probably more important is the person of the *menedžer*: his rights arise from the tacit knowledge (know-how and know-who) which he employs to keep the enterprise afloat.¹¹⁶ This knowledge binds the *menedžer* to the enterprise as much as it binds the enterprise to him. Where *menedžers* have been displaced, the replacement has usually come from within the ranks of the enterprise. Meanwhile, his rights entitle him to a large part of the residual. In general, the *menedžers* now exercise the right to receive income from property but not to change property. For this purpose, the *menedžer* assigns himself an extremely high salary and introduces features such as satellite firms which channel off enterprise funds. While the *menedžer* has obviously a strong interest in keeping the firm above water – which demands maximal concentration –

¹¹¹ Rutland 1993.

¹¹² For post-Soviet enterprises see Gurkov/Asselberg 1995; Gimpel'son 1994; Cook/Gimpelson 1995.

¹¹³ Bater 1994.

¹¹⁴ I use the transliteration of the Russian spelling to avoid equating this actor with managers in the OECD sense.

¹¹⁵ Hanson 1997.

¹¹⁶ See Treisman 1995.

this interest does not necessarily extend to making a profit. Modernisation could jeopardise the enterprises rent-seeking chances (through reduced work-force and social ballast) as well as the position of the *menedžer* (making him at once vulnerable and expendable).

Workforce: Similarly, the rights of the workforce are predicated on position and person. As sitting tenants the *trudovoi kollektiv* – the work force as shareholders – is allied with the *menedžer* against outsiders. The rights which arise through person relate to the rent-seeking capability of the enterprise: the potential job-losses and social distress. The workforce receive payments and are interested in the survival of the enterprise along as no better employment is on offer, but not in its modernisation.

State: The confused muddle of legal ownership points to the absence of final ownership claims which itself indicates that a bundle of rights remain with the state. If one accepts that property rights are always in equilibrium, then one can assume that enterprises' budget constraints have not hardened, since in that case all involved would give up their claims.¹¹⁷ The state contributes rents – nowadays primarily in the form of toleration of tax-defaulting – , and receives a tribute of political passivity. The contract of the state with *menedžer* and workforce around the enterprise comprises the supply of rent in exchange for tax and political passivity.

This constellation of claims to the enterprise constitutes an evolution of Soviet rights. The *menedžer* has expanded his rights and won the *norma neuvol'nenija*¹¹⁸ -immunity from sacking – denied him previously. Conversely the previously-observed immunity from sacking valid for employees has now been qualified.¹¹⁹

This evolution can be expressed as a continuing decline in transaction costs which nonetheless remain extremely high. Just as a strong police/state is vital for the maximisation of transaction costs – the maintenance of hierarchy – a strong law/state is necessary for their minimisation – the maintenance of markets.¹²⁰ This decline has been driven on by the *menedžery* to the present point which might well constitute an optimisation of their possibilities, in that the administrative "bazaar" initially privileges position and person but subsequently privileges investments in information and new forms of networking.¹²¹ Further evolution might well leave the *menedžery* behind, as financial groups appropriate potentially profitable branches, and workforces desert moribund plants.¹²² Their most important margin is the possibility of obtaining state rents or of escaping from the state altogether (operating informally).

¹¹⁷ Barzel 1989.

¹¹⁸ See Naišul Segodnja 23/5/96 *O normach sovremennoj rossiskoj gosudarstvennosti*.

¹¹⁹ G. Klejner, referring to the privileging of person and position in this constellation of property-rights, has labelled the Russian economy an "economy of physical persons" (as opposed to legal persons). See Klejner 1996.

¹²⁰ Segodnja 6/6/96 *Ekonomi českaja politika dlja rossiskoj ekonomiki*, Segodnja 2/2/96 *Chorošego gosudarstva dolžno byt' ...skol'ko?*, Segodnja 24/7/96 *Ugroza ekonomii českaja bezopasnosti Rossij*, Segodnja 24/5/95 *Bez Gosudarstva sobstvennost' suščestvovat' ne možet*.

¹²¹ The Russian political economy I view as an "information game": "The central paradox of bazaar exchange is that advantage stems from surrounding oneself with relatively superior communications links, links that themselves are forged in a sharply agonistic interaction in which the existence of information imbalances is the driving force and their exploitation the end." Geertz, 1978, 221.

¹²² Linz/Krueger 1996, 415; McFaul refers to the post-privatisation allocation of property rights as "the first round", McFaul 1996.

2.3 Intervening Variable 1¹²³: The Region as *Kryša*

While property-right approaches portray equilibrium, rent-seeking explains how this equilibrium is reached.¹²⁴ I turn now to this aspect.

An important article about the emergence of Mafia structures in Sicily and Russia distinguishes usefully between demand for and supply of private police-protection.¹²⁵ Such protection is often referred to in contemporary Russia as *kryša*, literally "roof".¹²⁶ I extend the term to cover the provision of rent to protect property-rights. Among the leading suppliers of *kryša* in this broader sense are the regions, who can instrumentalise their territoriality to produce rents for their constituents.

Interaction between centre and regions constitutes a two-level game¹²⁷: the Federation and the regional authorities on one level and on the other the region and its constituents and the Federation and its constituents. In this game, three differences from Putnam's classic description can be identified:

- the Federation bears a final responsibility for the constituents of the region (thus, the cost of the war in Če čnja formally comprise the costs of the war and the reconstruction).
- The particular federal instance is not obliged to inform its constituents (i.e. other regions and federal instances) about the outcome of negotiations (the bilateral treaties were not published) and therefore has a broad win – set (i.e. the participant can afford to be generous in negotiations, since there are few constraints on his behaviour).
- The game is iterative (which increases the importance of the first condition).

Therefore, a region has a strong hand in negotiations if it has the concerted support of its constituents behind it, and therefore a narrow win-set. The federal instance is bound to recognise that sanctions against the regional authorities are useless, if the constituents persist in their opposition. It is instead obliged to reach a compromise, whose details are however kept secret from the Federations' own constituents, thus eliminating the need for embarrassing explanations. The territorial pairing of the regional authority and its constituents on one hand, the centre on the other, is decisive, since it makes for an iterative game: the demands and the win-set remain the same from one round to the next; the regional administration becomes a "taran, čtoby vybit' den'gi"¹²⁸ ('a ram to beat out money').

The regions also provide rents independently: "The essence of property-rights is the right to exclude", writes North.¹²⁹ Since challenges to the property-rights of the menedžery come mostly from outside (from portfolio groups and banks) the region can afford its enterprises direct protection. Additionally, the region provides rents through import and export

¹²³ An intervening variable specifies the causal chain linking the independent variable to the dependent variable: it is necessary to analyse in a case such as this, when the causation is indirect.

¹²⁴ Benson 1977.

¹²⁵ Varese 1994.

¹²⁶ Schlapentokh 1996.

¹²⁷ Putnam 1988.

¹²⁸ Artemev, R. Kommersant' Daily 29/8/95 *Stavki sdelany, stavki bity*.

¹²⁹ North 1982, 21.

restrictions and restrictive licensing practices, to name only a few possibilities.¹³⁰ However, the capacity to provide such rents depends in the last instance on the strength of the region vis-à-vis the centre. Hence, a strong region has far more room for manoeuvre.

2.4 Intervening Variable 2: Collective Action in the Region

The stronger the organisation of the constituents is, the better the position of the region relative to the centre (since the narrower its win-set). *Kryša* is therefore in fact as a function of the organisation of the regional constituents a collective good, which experiences all the problems connected with collective action.¹³¹ Within the region *kryša* is inclusive – the larger the group the better for all members.¹³² I will refer to such organisation as *tyl* (support, backing, lobby).

Collective action problems can be resolved quickest amongst a numerically small group: from this fact alone it is not surprising that collective action after the weakening of the ministerial structures occurs in regional groups. All-Russian lobbies, insofar as they have emerged at all, have been noticeably weak.¹³³

The probability of collective action corresponds with the potential gains on the one hand, the uniformity of interest amongst the constituents and their number on the other. A small number of similarly positioned constituents will organise quicker than a larger number with diverse interests. The potential reward, which relates to the pressure which the group can bring to bear on the centre, bases on objective factors, such as the economic importance of the region, the size, the geographical position, contacts in the centre and the competition between suppliers of *kryša* (city vs. region).

From this, one can logically conclude that organisation will be most likely in city -regions which are also political centres and have a large population. Urban-rural and region-city conflicts of interest do not occur, there are ample opportunities for lobbying. The "weight" of Moscow is therefore not surprising. In mono-cultural regions like Sakha or Samara organisation hardly even necessary. Since organisation is most likely where the rewards are highest, one can assume a double divergence between rich and poor regions: rich regions are politically far more "regionalised" than poor ones relative to the centre. Additionally, poor regions are more likely to experience a rural-urban conflict of interests. One can therefore expect a double-divergence between strong and weak regions.

The regional instance has consequently a vested interest in organising its constituents around it. The region is no "empty core", collective action is actively encouraged by the authorities by means of positive and negative selective incentives.

¹³⁰ See Pavlenko 1995.

¹³¹ For the following see Olson 1965.

¹³² See Mau/ Stupin 1997 for a similar approach, however one which treats on regional and federal lobbying as two separate games. In a two-level game the Gubernator's ability to introduce vote-winning measures is basically determined by his strength vis-a-vis the centre. Thus in the strongest regions the incumbents (Lužkov, Šajmiev, Nikolaev, Titov) are virtually unchallengeable.

¹³³ Cook/Gimpelson 1995.

Table 2: Collective Action in the Region

<i>kryša</i>	<i>tyl</i>	<i>chozjajn</i>
<p>Protection</p> <p>Region lobbies for rents for constituents</p>	<p>Back-up, support</p> <p>Constituents organise to push and support region's lobbying for rents</p>	<p>Boss</p> <p>Region uses selective incentives (inclusion/exclusion from rents) to organise constituents to its benefit and increase value of its <i>kryša</i></p>

Analogous to the Mafia, which supplies *kryša* while creating a demand for it, the region acts as a *chozjajn* (e.g. a manager, patriarch, boss) by extracting rents from the enforcement of selective incentives. Its role as *kryša* (protector) shades into its role as *chozjajn* (boss). The constant conflicts between region and constituents arise from the attempts of the region to push up the price of its *kryša*. Organisation in the region is taken over and managed by the region.

2.5 Case Studies

Regionalisation is a two-level game. Games in the region and games between regions and centre are interconnected. Preferences are determined by the property structure, capacity by organisation. In these case studies I sketch the specific configurations of *tyl*, *kryša* and *chozjajn*. The case-studies are diachronic, conflict-orientated and designed to show the reproduction of regionalisation. The chronological emphasis lies between 1994 and 1996, culminating in the more aggressive attitude of the centre under pressure of the IMF towards the regions of Autumn 1996, embodied in the Temporary Extraordinary Committee (VČK). Comparisons highlight differences in these constellations and correlating differences in centre-region relations. The regions I have chosen are almost all "strong", which is partly due to the nature of my sources, but also allows to determine what leads to "mature regionality".¹³⁴

2.5.1 Moscow

A) *tyl*

Advantages of the Capital: Out of all subjects of the Russian Federation, the best objective conditions for collective action are given in Moscow: basically similar constituents (e.g. no agriculture), a *kryša* monopoly plugged into the federal centre, and by far the largest population (8 million) of all federal subjects.

B) *kryša*

Industry: The capacity of the mayor Yuri Luzhkov to deliver rents can be shown by the example of the gigantic automobile-makers ZIL. With 70.000 employees and a productive-

¹³⁴ For these case studies I rely on secondary literature and (Moscow) newspaper sources.

capacity of 200.000 vehicles per annum, ZIL ranks among the biggest of Russia auto-manufacturers. After 1992 its position has become extremely unstable. In 1993, it produced 108.000 vehicles, 1994 a mere 26.000. In the same year, it suffered losses of 12 billion Roubles, its short-term debts multiplied by 15, long-term by five. It is clearly worse-off and worse-managed than other automobile concerns, especially VAZ.¹³⁵ Nonetheless, in 1994 and 1995 it was favoured with a whole series of state support-measures. That these were denied the other plants can be ascribed to the lobbying weight of Moscow.¹³⁶

A second automobile giant, AZLK, is located in Moscow. The VČK – the 'Temporary Extraordinary Committee' – installed in 1996 to improve tax collection did not touch the Moscow automobile giants (or any other Moscow factory) although they are notorious tax-defaulters.¹³⁷ Instead, it concentrated its attention on the Tatar Kamaz truck plant and AvtoVAZ in Samara (see below). The Russian automobile industry has however acted together successfully to enforce high import duties on automobiles.

Trade: Moscow – together with Petersburg and Ekaterinburg – has successfully blocked the demands of the agricultural lobby for high tariffs on food imports.¹³⁸ The asymmetry between high tariffs on automobile imports and low ones on foodstuffs highlights the lobbying weight of Moscow in the Federal centre.

Finance: Moscow has afforded the commercial banks *kryša* in the form of the system of plenipotentiaries and the tendering-out of accounts.¹³⁹ The creation of the plenipotentiary status for the capital had to be carried out in the face of considerable opposition from the Central Bank, since the Moscow accounts had made up one third of the resources of its daughter bank Narodnij Bank. The matter was finally decided in Moscow's favour in April 1994, in which year the Moscow funds were worth 17 trillion Roubles, the favoured banks thus massively improving their position.¹⁴⁰ This system is as much *chozjajn* as it is *kryša*, since the distribution of accounts is decided administratively and therefore includes an element of control. The Moscow financial-sector, especially the 'Most Group', is the single most important lobby in the city.¹⁴¹

C) chozjajn

Subsidies for capital-status: Although the financial flows between Moscow and the Federation are extremely unclear, it is estimated that in 1994 92,2% of Moscow's total demands were granted, while other regions received a mere 5%.¹⁴² Of especial importance has been the compensatory payments for the carrying-out of capital-city functions, which Moscow managed to push through in 1993, despite the fact that this status carries with it huge advantages with respect to investment, property prices etc. These subsidies amounted initially to 400 billion Roubles: by 1996, the *Merie* (mayor's office) was demanding 15.7 trillion

¹³⁵ Kommersant' 2/5/95 *Aktual'naja Tema/ZIL*.

¹³⁶ *ibid*, also Kommersant'-Daily 13/1/95.

¹³⁷ Kommersant' 22/10/96 *Belye Pjatna v Černych spiskach*.

¹³⁸ Kommersant', 26/1994, *Povest' o trech gorodach*.

¹³⁹ Kommersant' 28/11/95, *Pirog uspeli razdelit' do Ro ždestva*.

¹⁴⁰ Kommersant' 45/95 *Bezuslovnaja neobchodimost' primirenija*.

¹⁴¹ Kommersant'-Daily 16/3/95 *Most' me ždu meriej i kremlem*.

¹⁴² Artem'ev, R., Kommersant' Daily, 5/12/95 *Nestoja všč ajasja sensacija*.

roubles and received after tough negotiations 3.16 trillion (an increase certainly greater than the rate of inflation). Reputedly, there were additional hard-currency subsidies worth \$ 212.5 million in 1995.¹⁴³ Moscow is therefore of a different order than other regions in the resources it can distribute as *chozjajn*.

Privatisation: Moscow succeeded in implementing a special privatisation programme with important consequences for the development of the city's political economy, despite the bitter opposition of the deputy prime minister Čubajs and the Gosudarstvennyj Komitet Immuščestva (GKI, the state property committee).¹⁴⁴ The outbreak of this conflict was triggered by the suspension in Moscow on the 1. April 1994 of the privatisation of real estate and an accompanying freeze on the registering of privatised enterprises. Lužkov insisted on two points, which contradicted federal legislation:

- the land on which enterprises stood should not be sold with the enterprise but leased by the city.
- enterprises should be sold for the maximum price, even if no taker could be found immediately.

A presidential Ukaz (decree) of 6 February 1995 finally granted Moscow its own way with privatisation. Basically Moscow was allowed:

- to determine the starting price according to the last quartal-balance.
- to lease the enterprises their land, providing regulations pertaining to land use were observed.
- to ignore the time-limit set for completion of privatisation.
- to pay the 51% of the sale price not due to the region or Federation into a Moscow-Fund for the sanitation of enterprises, instead of it going directly to the enterprise itself.

The motives for the Moscow Privatisation Programme were one the hand that property prices in the city-centre had risen steeply, and on the other that the revenue from privatisation was to be maximised at the cost of the speed of the process. At the same time, a strong element of administrative control was built into the privatisation process, leverage was obtained over new and old owners alike to ensure observance of the *pravila igry* (rules of the game). Long-term leases were qualified by the requirement to comply with the administratively determined land-use.

In short, the Moscow privatisation provided *kryša* for the industry, in protecting the rights of the menedžery and for the banks, through the greatly increased financial resources of the city (rents, revenue from privatised and yet-to-be-privatised enterprises), which the banks were managing. At the same time, the power of the *Merie* as *chozjajn* relative to these groups grew.¹⁴⁵

¹⁴³ Artem'ev, R., Kommersant' Daily, 5/12/95 Nestoja všč časja sensacija.

¹⁴⁴ Kommersant' Daily 8/2/95, Kommersant' 14/2/95 vsje po drugomu.

¹⁴⁵ Segodnja 6/9/96 Moskva polučit ot privatizacij bol'se čem vsja Rossija.

Conflict over ZIL: The conflict around the automobile plant ZIL demonstrates further the links between land, management, ownership and control in Moscow.¹⁴⁶ The plant – founded before the First World War – still occupies a large site in the city centre. During the privatisation, the trading society MICRODIN acquired 14% of the shares for an extremely favourable price of \$6 million, although it did not dispose of the resources to even start a sanitation of the factory and the share packet did not suffice to obtain rights of control.¹⁴⁷ Property speculation was therefore conjectured to be the motive.

In the face of the catastrophic position of the plant it was generally recognised that the land had to be in possession of the factory, to be used as collateral for potential investors. The GKI and MIKRODIN demanded of the ZIL *menedžer* that they acquire the rights to the land from Moscow. In April 1995, the chairman of MIKRODIN Efanov took over the direction of the automobile plant, only to be replaced by a member of the old management in January of the following year. This was a prelude to Moscow's buy-back from MIKRODIN for \$ 6 million of the share-packet in July 1996, since which time the enterprise is in the care of the city. Thus, the rights of the *menedžery* were protected at the cost of becoming dependent on the *Merie*, who also maintained its claim to the rent from the land. This pattern of region protecting enterprise against investors wanting control-rights in return for increased control over the enterprise for itself has become classic.

The *Merie* understands itself increasingly as the " *menedžer* of last resort" whose interest in the management of firms can override those of the resident management.¹⁴⁸ Tellingly Saikin, former first-secretary of Moscow, was transferred from ZIL to the Moscow department for the sanitation of enterprises, signalling the return of the city as *menedžer*. Thus, the *kryša* becomes a *chozjajn*.

Conflict with banks: Similarly, the city has, by distancing itself from the banks, gained leverage over them.¹⁴⁹ Although the *tyl* of the banks was essential for gaining acceptance of the privatisation programme from which they stood to gain, the mayor Lužkov decided almost immediately to found a municipal bank, a decision which the increasing strength of 'Most Bank' might have inspired. The municipal bank has served mostly to give the *Merie* an option independent of the commercial banks, which continue to hold city funds, and, thereby, increase its leverage over them as *chozjajn*.

2.5.2 Nižnij Novgorod

A) tyl

¹⁴⁶ Kommersant' 6/2/95 Sju žet nedeli; Kommersant' 17/2/95 *Šum na ZILe*; 18/2/95 Kommersant' -Daily *Vsje sporjat, komu rulit'*; Kommersant' 30/4/96 Sju žet nedeli.

¹⁴⁷ Kommersant', 16/1995, *Gigantomania "Mikrodina"*.

¹⁴⁸ Kommersant' 11/2/97 *Arrestuem-budem žit', Partchozpassiv*.

¹⁴⁹ Kommersant' Daily 5/12/95 *Bezuslovnaja neobchodimost' primirenija*; Segodnja 30/9/95 *Moskovskie Banky dolžny podtverdit' blagonadežnost'*; Kommersant' 31/1/95 *Moskovskie trilliony menjajut upravljajuščich*; Kommersant' -Daily 21/9/95; *Bank Moskby polučil mnogo, no ne vsje*; Segodnja 13/10/95 *Monopolizirovat' obsluživanje bjudžeta Moskvu ne udalos'*; Kommersant' 28/11/95, *Pirog uspeli razdelit' do Roždestva*.

The military industrial complex (VPK): Kathryn Stoner-Weiss has drawn attention to the early formation of a core-group of VPK directors in the group and the importance of this for the political development of Oblast':

In Nižnij Novgorod, the presence of a core group of about twenty directors of large and economically important enterprises quickly crystallised as a formidable political force. Recognising the importance of opening a dialogue with this group of economic actors, shortly after taking office Gubernator Nemcov and *Oblast* Soviet chair E. Krestianinov cruised for a few hours down the Volga on a river boat with the region's leading enterprise directors. Their purpose was to present their policy platforms and to convince this core group of enterprise directors that only through collective action could they achieve these goals. In return, this core group of regional employers was assured access to regional policy instruments and resources. (...) Although many of these enterprises were to be privatised and some directors saw this as a threat to their control, in fact privatisation in the region was conducted in such a way that political authorities were able to steer enough shares to labour collectives and enterprise directors so that most were able to retain their positions. (...) In late 1991 and early 1992 the political leadership began negotiating semiformal agreements. These documents were referred to as 'social guarantees'. Some were specifically designed to soften the burdens of key economic actors. In return these economic actors were to provide political support and legitimacy to the political leadership.¹⁵⁰

B) chozjajn

GAZ: Noticeable by its absence from the group was the GAZ automobile plant factory, which with 100.000 employees dominates the oblast' centre Nižnij Novgorod.¹⁵¹ The *menedžer* Vidaev's actions during the privatisation – as much as Nemcov's reaction to his behaviour – bear witness to the fact that he was not closely linked with the administration. An investigation, which Nemcov initiated, ascertained that the director had misused a \$1.5 billion credit to buy up vouchers through third-parties. Nemcov could persuade the Prime Minister Černomyrdin – apparently Vidaev's sponsor – to fire Vidaev, after which the controversial shares-package was assigned to the region, and Nemcov consequently could appoint his own man Nikolai Pugin, former director of the Soviet automobile industry, to the post of *menedžer* of the key-enterprise in the region.¹⁵² These developments show the worth of Nemcov's *tyl*, which the successful "rough wooing" of VAZ greatly enhanced. This episode was the equivalent for Nemcov of what Lužkov's reworking of the privatisation was in Moscow: it hugely strengthened the region vis-à-vis the centre and vis-à-vis its constituents.

GAZ constitutes an exception among Russian vehicle manufacturers in that it received a thorough capital overhaul at the end of the 80s. This relatively advantageous position together with the strength of the administration as *chozjajn* have been able to attract investments, most notably an \$85 million credit from the European Bank for Reconstruction and Redevelopment (EBRD). GAZ has even succeeded in bringing a new truck model onto the market. Its brighter prospects allow the region to pursue a fairly liberal policy.

Norsi-Oil: Norsi-Oil is the most successful example of a trend for the formation of regional oil companies under the aegis of the Gubernator in the wake of the formation of vertically-integrated oil companies (VICs).¹⁵³ Norsi-Oil had to be protected by the region from the

¹⁵⁰ Stoner-Weiß 1995, 151.

¹⁵¹ Kommersant' 2/5/95 *Aktual'naja Tema* GAZ.

¹⁵² Kommersant' Daily 11/2/94, 24/2/94, 25/2/94, 4/3/94, *Nezavisimaja Gazeta* 25/2/94, 27/2/94, 28/2/94, Kommersant' 22/2/94 *Kak GAZ skupal sebja na aukcione.*

¹⁵³ *Segodnja* 31/7/96, *Nefjanoj otrasl' grozit o čerednoj peredel.*

VICs, from the state-holding Rosneft as well as from Tatneft, the largest customer. Norsi-Oil is the second-biggest oil-processing plant in Russia, and completely dependent on deliveries of crude oil from other companies, which has posed seemingly unsurpassable problems. The fact that it has developed from being one of the biggest tax-defaulters to paying regular tax shows the effectiveness of Nemcov's *kryša*.¹⁵⁴

The Oblast' administration has further formulated plans for the formation of a regional energy-sector financial-industrial group (FIG) to restore former chains of production in the Volga region. The core of this FIG was to be the Volžsko-Kamskaya Neftanaja Kompanija based in Nižnij Novgorod: Norsi-Oil, Lukoil, Alfabank, Oneksimbank und Rusintern were to participate. This FIG was to secure a regular supply of oil as well as payments, for which the resources of the Moscow banks were essential.

While regions are prepared to involve Moscow banks in regionally-based projects, they strive not to lose 'their' enterprises to Moscow-based projects. In autumn 1996, Nemcov exerted pressure to prevent the Moscow FIG Ruschim from appropriating three insolvent regional enterprises, which were earmarked for the above interregional project. As *chozjajn*, the region is concerned to stabilise the regional economy (tax) while integrating it as far as possible (*tyl*).¹⁵⁵

Organisation of tyl: the Oblast' managed to shift the ownership and control relations in the region in its favour. Nemcov no longer relied exclusively on the VPK directors, since he had succeeded in finding allies in the most powerful interests – the three biggest tax-payers:

- GAZ-Pugin was in control, the taxes constituted a quarter of regional revenue.
- Norsi-Oil was solvent again thanks to investment, new management and regular deliveries from Tatarstan.
- The RAOEES (electricity monopoly) daughter company Nižnovenergo under Nemcov's relative Boris Brevnov.

The news-magazine Itogi concluded that even were Nemcov's successor – after his departure for a cabinet post in Moscow – to be a communist, this alliance would continue to dominate the regions politics, and the Gubernator would find it in his own interest to comply with Nemcov's course.¹⁵⁶

Relations with the centre: Relations with the centre have been peaceful and marked by considerable peaceful concessions to the region. Besides the removal of Vidaev and the *kryša* over Norsi-Oil the financial arrangements with the centre attested to and enhanced the "regionality" of the region. In January 1996, the President conceded that the Oblast's federal taxes should be spent within the region and that – with the exception of the armaments industry – federal share packets in regional enterprises were to be transferred to the region.¹⁵⁷

¹⁵⁴ Kommersant' Daily 26/12/95 *Predpriyatje prisposablivetsja k svoemu osobu statusu*, Kommersant' Daily 29/3/96 *Samostojatel'nost Kompanij*.

¹⁵⁵ Segodnja 4/10/96 *Chvatka za sobstvennost' vsje bol'se uvlekaet Gubernatorov*.

¹⁵⁶ Itogi 1/7/97 *Nižnij-Kto sverchu*.

¹⁵⁷ Kommersant' Daily 18/1/96 *Nižegordskij gubernator predpočel den'gi političeskoj smostojatel'nosti*; Kommersant' Daily 30/1/96 *Nižegordskaja gramota došla do prezidenta*.

The regional administration gained concessions in the centre which increased its influence in the region.

2.5.3 Sverdlovsk Oblast'

A) tyl

VPK: The Sverdlovsk industry is characterised by a large core of defence industry (VPK) enterprises concentrated in Ekaterinburg. These enterprises are relatively uniform with regard to sector (machine-building) and their position (ageing capital base).¹⁵⁸ They have however shown less inclination to organise than the metallurgical branch and the regional banks.¹⁵⁹ Three reasons congruent with collective action theory can be offered:

- The size of the group makes collective action difficult.
- As the third biggest Russian city Ekaterinburg has its own plans, and has often expressed reservations about the politics of the region.¹⁶⁰ The VPK enterprises are concentrated in Ekaterinburg.
- Differences within the VPK – between enterprises on the list of strategically important enterprises and those not on this list, the former not facing privatisation and lobbying through ministerial structures.

Privatisation of the VPK: During the stage of the cash privatisation a not inconsiderable number of enterprises came under the control of Moscow groups. Indicative for the absence of a concerted Sverdlovsk industrial lobby is that the Gubernator Strachov was able to position himself on the side of federal/Moscow interests.¹⁶¹

*Financial sector*¹⁶²: The Sverdlovsk financial sector is of the same order of magnitude as Samara and Petersburg thanks to the industrial concentration. The core of the sector are the former Soviet state banks: six banks hold 2.8 trillion Roubles, Uralpromstroibank manages the accounts of 90% of the industrial plants and is the plenipotentiary of the EBRD. Former connections to the regional industry are still determining for the banks commercial activities. The banks seem to be orientated to the region rather than to the capital city: the three biggest were practically plenipotentiaries of the regional administration, whereas the city administration operates through its own municipal bank. Thus, the banks would appear to have the potential to constitute a powerful lobby on regional level.

The bank crisis of 1995 hurt the Sverdlovsk banks, as well; ground was lost to the Moscow banks, which began opening branches, buying up troubled regional banks, and using the information gained over regional enterprises to take control of them. This development was the cause for vocal concern especially on the part of Uralpromstroibank. In November 1995, profit-tax for banks was cut.¹⁶³

¹⁵⁸ Perevalov 1996, 7-8; see as well Schwanitz 1997.

¹⁵⁹ Mögel 1997, 18.

¹⁶⁰ Campbell 1995, 47.

¹⁶¹ Pervalov 1997, 14-16.

¹⁶² Kommersant' Daily 14/12/95 Mestnye Finansisty s čitajut ekspansiju moskvi čej neizbežnom zlom.

¹⁶³ ibid.

*Aluminium-Industry*¹⁶⁴: In 1992, the Sverdlovsk branch of the Russian aluminium-industry acted together to secure supply-chains against the break-up of the Soviet Union and thus established themselves as a regional group over and above their differing sectoral/ministerial allegiances. This organisation went on to lobby to secure the ownership relations through the transfer of share-packets (15-44%) to a Ekaterinburg holding ALKUR instead of auctioning them at investment auctions. The deputy prime-minister Soskovec was the sponsor in the centre. Thus they avoided the fate of the copper enterprises, which were taken over by Moscow-based bank Menatep.

The aluminium sector consists of ca. 15 companies scattered through out the region, often within company towns. The core of the group is the smelting plant UAZ, on which the whole chain depends, which however has been tempted by tolling contracts and suchlike. The aluminium sector is, similar to the banks, an eminently organisable group, however also vulnerable due to its dependency on UAZ.

*Conflict over ALKUR*¹⁶⁵: As I have shown, the core of the aluminium lobby, UAZ was also its potential Achilles heel, since the removal of control over it from within the region would cripple the whole Ural aluminium industry. Such a conflict broke out in the summer of 1995. This conflict was also an example of the extent with which regional politics are affected by world commodity markets: the sharp rise in world market prices for aluminium oxide caused a crisis in the east Siberian aluminium industry, which is dependent on deliveries from abroad. The otherwise disadvantaged Ural industry disposes of reserves of aluminium oxide, which suddenly became attractive to Moscow and foreign interests doing battle in Siberia.

In June 1995, ALKUR was included in a Moscow holding ALKOR behind which stood the bank Rossiskij Kredit, and which quickly moved to take over UAZ, clashing bitterly with the management, who had allied themselves with the American Ekaterinburg-based Renov Consortium and with Eduard Rossel, the challenger in the simultaneously occurring gubernatorial election. However, the conflict was quickly ended, mainly as ALKOR recognised that with Rossel's pending victory the situation had changed. In the breathing space, afforded by the retreat of the Moscow holding, the enterprises and region lobbied for the dissolution of the Soskovec-sponsored ALKOR, which was then granted by Alfred Koch, chairman of the GKI.

B) chozjajn

The regional economy: The regional administration denied UAZ its wish to transfer the ALKUR shares to a Ural financial-industrial group, instead acquiring itself all of the ALKUR shares, thus considerably strengthening the region's role in the aluminium industry.¹⁶⁶ Again, one sees how the region by acting as *kryša* for its constituents gains leverage over them. The

¹⁶⁴ See Bond 1994; Kommersant' Daily 16/8/95 *Aluminevye zvezdy privatizacij Urala* ; Kommersant' Daily 6/9/95 *Alkor: byt' ili ne byt'*.

¹⁶⁵ Kommersant' Daily 10/10/95 *Pretendenty na Ural'skij aljumij poljubovno dogovorilos'*¹⁶⁵ Kommersant' Daily 11/10/95 *Zavod priblizilsja k svoim aksjam*; Kommersant' Daily 10/10/95 *Pretendenty na Ural'skij aljumij poljubovno dogovorilos'*.

¹⁶⁶ Segodnja 4/10/96 *Sverdlovskoe pravitel'stvo vedet sebja kak "normal'nyj akcioner"*.

region actively supported the industry as a whole, supporting the loss-making bauxite-extracting enterprise SUVR, since it was integral to the chain of production.

The region has furthermore sought to make possible the creation of FIGs on a regional basis in the hope of thus being able to access Moscow capital for investment without losing control over enterprises or tax revenue from the region. A flagrant example for *chozjajn* constitutes the introduction of regional export duties for copper to stabilise regional supply chains in the autumn of 1996.¹⁶⁷

Conflict with the centre: 1995 proved to be a watershed in relations of the region with the centre as a result of the aluminium conflict, the banking crisis and the ever-worsening situation in the VPK, as subsidies from extra-budgetary funds, soft-credits and state-orders dried up.¹⁶⁸ Thanks to the support of the aluminium and banking lobbies, the Oblast' authorities had enough political weight to win over the support of the VPK enterprises. Maximising the gains from this increasing regionalisation of the mighty VPK enterprises demanded a strategy of opposition to the federal centre, since the enterprises' greatest resource was their size, especially the size of their labour forces, (i.e. their lobbying "weight" rather than their financial resources). Therefore the signing of a power-division treaty with the federal centre – a privilege until then reserved for republics – became the overriding aim of the regional administration. The terms of the treaty itself were perhaps not the only, or even the main goal; it would be significant as a formal status-sign, which eased informal access to federal resources informal.¹⁶⁹ The treaty would be a certification of the lobbying-power mobilised in the campaign for the treaty.

In January 1996, the first treaty between an Oblast' and the centre was signed, in which the financial relations, the disposal of property and political competencies were defined.¹⁷⁰ Of especial importance was the agreement on the payment of tax to the centre, which in the future was to be determined by means of ad-hoc negotiations. Tax transfers fell to 25% of their previous amount, 70% of the taxes for the first three months of 1996 remained within the region. The Oblast' was removed from the list of budget-donors. Secondly, a revision of the division of federal and regional property was declared necessary, the regional rights of use over federal property were to be expanded. Thirdly, the region acquired the right to a say in the naming of federal officials in the region and the right to appoint plenipotentiary banks.

*Privatisation*¹⁷¹: A revision of the privatisation was started in January 1996. The bankrupting of enterprises on grounds of tax debts to the regional budget was seen as a backdoor to deprivatisation and restructuring. Furthermore, the price for enterprises was to be set by the region and revised to take account of inflation. The region could hope for administrative control over the privatisation process as well as a maximisation of revenue. These measures followed the spirit of the Moscow privatisation programme.

¹⁶⁷ Kommersant' Daily 20/10/96 *Original'noe rešenie neoriginal'noj problemy.*

¹⁶⁸ Kommersant' Daily 22/8/96 Ural'skaja bjud žetnaja panika.

¹⁶⁹ Mögel 1997, 27.

¹⁷⁰ Easter 1997, 627; Kommersant' Daily 7/2/96 *Nezavisimij Rossel' prisoedinilsja k Moskve;* for further concessions from the centre see Mögel 1997, 27.

¹⁷¹ See Kommersant' Daily 9/12/95 *Sverdloskaja Oblast' u žesto čaet kontrol' za zemlej;* Kommersant' Daily 16/12/95 *Gubernator Rossel' na čal bor'bu s federal'nym vlastjam za kontrol' nad privatizacijej.*

2.5.4 Krasnojarsk Krai

A) tyl

The Aluminium-Industry: The aluminium industry is the backbone of the region, yet is crippled by the fact that control over the sector's core – the KrAZ Smelter – has been lost. This occurred in the crisis conditions of the immediate post-Soviet era, as enterprises turned to world markets to compensate for collapsing domestic demand. The easy profits thus gained – since production was still heavily subsidised by cheap energy – went hand-in-hand with a "criminalisation" of the industry as Mafia structures gained influence.

Western commercial structures partnered aluminium smelters in tolling arrangements to gain a guaranteed supply of raw materials and demand for products, thus "disembedding" KrAZ from the region.¹⁷² The aluminium industry as a whole with its huge energy needs has been at loggerheads with the regional power generators, originally built to service it.¹⁷³

The rest of the sector directly threatened by this development – especially KrAMZ, which depends on KrAZ for supplies, have turned to the region, which has tried repeatedly to bring KrAZ under its *kryša*, for instance through the imposition of a \$100 million fine in 1995 for non-payment of taxes.¹⁷⁴ The *Krai* has also tried to strengthen the integration of the East Siberian aluminium sector as a whole with a view to winning KrAZ back through interregional co-operation in the Sibirskoe Soglashenie and the formation of interregional FIGs. However the region has until now had little success.

The Nickel-Industry: The Noril'skij Nickel Works in the Taimyr Autonomous Okrug (AO) is the largest single producer of nickel in the world and its taxes comprise 30% of the revenue of the *Krai*. However the plant has stayed outside the *kryša* of the *Krai*.¹⁷⁵ Instead, the Kombinat has massively reduced its tax payments. Its political resources consist in the fact that it has its own city (Noril'sk), has good contact in the centre, and is not in the *Krai* itself, rather in the Taimyr AO, however directly subordinated to the *Krai*, and thus in a position to play the *Krai* and the *Okrug* off against each other.

B) chozjajn

Conflict with Noril'ski Nickel: In September 1995, these competing claims sparked open conflict between the Gubernator Zubov and the director of Noril'skij Nickel Filatov, in which, after mediation from Moscow, the *Krai* came off the worse, having to cede part of the concern's taxes to the AO.

Conflict with ONEKSIMBank: Noril'skij Nickels independence from a regional *kryša* had, however, unfortunate consequences. In December 1995, the state share-packet was entrusted to ONEKSIMBank in exchange for a credit worth \$ 170 million, one in a row of so-called

¹⁷² Nezavisimaja Gazeta 5/9/96 "Trans-World Group" vychodit iz teni; Itogi 4/3/97 Milicejskij Naezd na "metalli českuju privitaciju" Kommersant' Daily 22/6/96 Zaplanirovannoj sensacij ne proizočlo Kommersant' Daily 21/10/95 Prigovorenyje.

¹⁷³ Rozhanskij 1995.

¹⁷⁴ Segodnja 13/8/96 RAO Noril'skij Nickel stanovitsja žertvoj "administrativonogo raketa".

¹⁷⁵ Bond 1996; Kommersant' 23/7/96 Zapoljarnaja Atlantida.

"loans-for shares" auctions.¹⁷⁶ The management opposed this move vehemently and refused to co-operate with the bank's executives. The *Krai* sided with the bank, seeking to reach a favourable deal over tax payments. However, the bank was in no need of regional allies, and got its way with the resignation of Filatov – the Noril'skij Nickel director – in July 1996. The *Krai* sought to reverse this misfortune through lobbying at the centre and administrative harassment of the plant in the region but had no cards left to play.

2.5.5 Republic of Sacha (Jakutien)

A) tyl

*Diamond industry*¹⁷⁷: Diamond extraction constitutes the dominant industry of the republic. The Russian diamond industry is located virtually exclusively within the republic's boundaries, in which there is little else. 80% of the republic's taxes flow from the diamond extraction. Due to the geography of the republic the industry is massively dependent on the maintenance of a huge and costly infrastructure. Thus, industry and the republic are more or less two sides of the same coin.

The republic is important for the Russian economy: it accounts for 26% of the world production of diamonds with an annual value of ca \$ 1 billion.¹⁷⁸

B) chozjajn

Relations with the centre: In July 1992, El'cin agreed to the formation of a single corporation Almazj Rossija-Sacha (ARS) with full responsibility for all phases of extraction. Republic and Federation received equal shares (32%); however, altogether 68% of the shares stayed in the republic. Sacha received 20%-25% of the revenues from sale of diamonds to De Beers.¹⁷⁹

Tax transfers have been regulated on an ad-hoc, one-channel basis which constitutes a huge concession in the face of the arbitrariness of centre-region transfers. Federal revenues collected in the republic were to fulfill all budgeted federal expenditure in the republic before being transferred to the Centre.

The ownership relations and the tax agreements between republic and Federation had led in 1996 to a situation where the Federation hardly received any sums from the Republic. In 1995, 95.4% of ARS profits flowed to the republic. 26% of this sum (\$300 million) were federal taxes which stayed in the Republic.¹⁸⁰

*Conflict with the centre in 1996*¹⁸¹: In 1996, a hidden conflict took place between federal instances and Sacha/ARS. Many observers concluded that these were attempts on behalf of

¹⁷⁶ Kommersant' Daily *Noril'skij Nickel uchodit v Krasnojarsk* Kommersant' 25/2/97 *Gubernator poproboval sebja v drevnejšej professij*; Segodnja 13/8/96 RAO Noril'skij Nickel stanovitsja žertvoj

"administrativonogo raketa"; Kommersant' 13/2/96 *Bit'e nosudu v Noril'ske. Zvon metalla v Londone.*

¹⁷⁷ See Kempton 1996; Kommersant' 19/11/96 *Sju žet Nedeli* Segodnja 25/6/96 *Kompanija ARS-eto almaznij*

"Gazprom"; Segodnja 18/7/96 *Almaznye služannija: vsje protiv vsjech.*

¹⁷⁸ Kempton 1996, 592.

¹⁷⁹ Segodnja 25/6/96 *Kompanija ARS-eto almaznij "Gazprom"*.

¹⁸⁰ Kommersant' 19/11/96 *Sju žet Nedeli.*

¹⁸¹ See Segodnja 10/10/96 *Jakutskij vize-premier zasciščaet regional'nye interesy*; Segodnja 19/11/96 *Ne scest' almazov v podvalach VCK*; Segodnja 13/11/96 *ARS-Kto v Rossij ne bez grecha*; Segodnja 31/12/96

the centre to revise the financial relationship. The centre played its strongest card against the region – sabotaging the negotiations of ARS with De Beers. Direct confrontation with the region was carefully avoided. Negotiations between ARS and De Beers were indeed broken off at the end of the year, without a renewal of the contract regulating the purchase of Russian diamonds by De Beers, thus destabilising Sacha's financial position.¹⁸²

2.5.6 Primor'e Krai¹⁸³

A) kryša

In 1992, a joint-stock company PAKT was founded, in which the most important regional enterprises participated. Around 9% of the working population of the *Krai* was employed by PAKT members.¹⁸⁴

Conflict over kryša: The politics of the liberal reforming Gubernator Vladimir Kuznecov threatened the property rights of the PAKT managers. In April 1993, an ally of PAKT's but also a contact of El'cin – Evgenij Nazdratenko – replaced Kuznecov. He revealed his true colours by naming leading members of PAKT to top posts in his administration.

Privatisation: Thus, the managers of PAKT had organised themselves a *kryša*. In August 1993 Nazdratenko put a stop to the formal privatisation in "essential spheres of the economy", in which category he listed 64 regional and 108 federal enterprises.¹⁸⁵ At auctions behind closed doors PAKT acquired control over a large part of the regional economy for minimal prices.

B) chozjajn

Organisation of the economy: Simultaneously, the regional administration became active as *chozjajn* and extended administrative control over the regional economy. Friction emerged between Nazdratenko and the original PAKT structures, especially as the *Krai* invited ONEKSIMBank into the region to act as plenipotentiary.¹⁸⁶ The connections of the regional administration to the regional Mafia organisations also strengthened.¹⁸⁷ Thus, the administration became independent of PAKT just as PAKT was weakened by increasing divergence between the interests of the VPK enterprises and of the fishing/shipping concerns.

Conflict with the centre: The administration instrumentalised the strength of its *tyl* by entering into heated confrontations with the centre, and thereby "beating out" subsidies. The key issue were energy prices: the administration fixed them low; at the end of the chain the miners were left without pay and there were periodic power cuts. The federal subsidies acquired to pay the striking miners seem to have been "absorbed" by the administration. This conflict peaked in

Mirovajaalmaznaja obščestvenost' kak zerkalo rossijskich kataklizmov, Itogi 8/4/97 *Brilliantovyyj pirog*;
OMRI Russian Regional Report 18/12/96 *Sakha President Relies on Moscow Ties and Diamond Revenues to Secure Re-election*.

¹⁸² Itogi 8/4/97 *Brilliantovyyj pirog*.

¹⁸³ The following description relies heavily on Kirkow 1995.

¹⁸⁴ *ibid*, 341.

¹⁸⁵ *ibid*, 333.

¹⁸⁶ Segodnja 18/10/96 Primor'e na činaet v Moskve.

¹⁸⁷ Kommersant' 10/7/97 *Gubernator popal pod nadzor FSB*.

1996, when the centre openly accused the regional administration of embezzling subsidies for the miners and issued an ultimatum to restore order in the region.¹⁸⁸

Conflict with the centre over border policy: Primor'e has also instrumentalised its *tyl* by opposing and effectively ignoring federal policy on the Chinese border. Thereby the region gains another "bargaining chip" relative to the centre to be traded in for subsidies etc. Additionally, on a purely regional level of analysis, imports coming across the open border were threatening regional retail monopolies in the region.

Conflict with the mayor: The conflict with the mayor of Vladivostok constitutes the most bitter such conflict. The majority of the *Krai* population live in the capital, the region's dependency on the city's payments is consequently great. The mayor Čerepkov was the unexpected victor over the PAKT man Fadeev in 1993, since which time he has been subject to a campaign of extreme physical intimidation and defamation.

In September 1996, under the aegis of Čubajs – deputy prime-minister – the mayor was finally reinstated. This fact may be regarded as another attempt by central players (around Čubajs) in Autumn 1996 under the instigation of the IMF to roll back the regions; the strategy tailor-made for Primor'e was to undermine the *tyl* of the regional administration by strengthening the city administration.¹⁸⁹ Čerepkov's first steps consisted in organising his own *tyl* in an "economic council" and radically restructuring the city's financial arrangements, unseating ONEKSIMBank:¹⁹⁰

At the first organisational meeting [of the council] it became clear what the managers (chozjajstvenniki) wanted and what the mayor needed. The local producers needed maximal benefits, tax-rebates and mechanisms of settling payments to liquidate mutual non-payments. Viktor Čerepkov (...) urgently needs authoritative support, which he intends to obtain in return for creating a regime of benefits (I'got) for his new-found friends. And such support is already promised.¹⁹¹

2.5.7 Samara Oblast'

A) tyl

AvtoVAZ: The chief source of *tyl* for the Samara authorities is the AvtoVAZ vehicle plant in Tolyatti, which dominates the city of 0.7 mill inhabitants.¹⁹² In 1991 the plant and city sought to extract themselves from under the direct control of the Oblast'. However, since then the region and the plant have become almost as closely allied as the diamond industry and the Republic of Sacha.¹⁹³ AvtoVAZ accounts for three-quarters of the hard-currency revenue and 50% of the tax revenue of the Oblast'.¹⁹⁴

B) kryša

¹⁸⁸ Kommersant' 3/9/96 *Kraevoj Gubernator pošel po kraju.*

¹⁸⁹ Segodnja 18/10/96 Primor'e na činaet v Moskve.

¹⁹⁰ Kommersant' Daily 12/10/96 *Smena vlasti-eto vseгда peredel deneg.*

¹⁹¹ Kommersant Daily 15/11/96 *Kogda Gubernatory pla čut.*

¹⁹² Kommersant' 26/11/96 *Nesmetnoe Bankrotstvo.*

¹⁹³ Gelman; Kassimov; Ryzlenkov; Senatova 1995, 309.

¹⁹⁴ Hanson 1997.

In the course of the privatisation the GKI attacked AvtoVAZ's obstructionist tactics, which reduced the effectiveness of extra-regional auctions for VAZ shares. The old management nevertheless stayed unchallenged.¹⁹⁵

Characteristic of the business practices of the plant is the reploughing of any profits in productive capacity despite enormous tax arrears, the standard justification for this being the preparations for the next model, the *desjatka*. This behaviour is strongly reminiscent of Soviet business practices, where a project, once started, became a vehicle for extracting ever more funds from the centre.¹⁹⁶

AvtoVAZ has a factual monopoly in Russia for the manufacture of cheap cars, which is also protected by high import tariffs. Prices for its cars are in fact on a par with western prices. VAZ had successfully blocked attempts by western firms to set up production lines in Russia.¹⁹⁷

AvtoVAZ has worked together with the other Volga region automobile producers; however, since the enterprise's bank suffered losses in 1995 this co-operation has slackened. The finances of the enterprise are opaque, it hardly co-operates with tax inspectors. Payment of the workforce has been suspended on several occasions.¹⁹⁸

Conflict with the centre: In autumn 1996, AvtoVAZ was targeted by the VČK as a cynical tax-defaulter. At first, it tried to escalate the conflict and thus politicise it. The Gubernator Titov negotiated with Černomyrdin, refused however to pay the demanded arrears.¹⁹⁹

The centre's tactic was to ignore the region's *kryša* and to punish those enterprises which sought shelter behind the region. AvtoVAZ was thus threatened with bankruptcy and finally agreed to a further emission of shares, thus jeopardising the position of the management, consequently the relationship of the enterprise to the region.

C) chozjajn

Organisation of the Economy: The Oblast' has sought to anchor the car plant in the region. A plan was worked out in 1995 for the "Stabilisation of the regional economy on the basis of the automobile industry", which looked to the conversion of VPK enterprises and petrochemical concerns to suppliers of VAZ.²⁰⁰ The forming of production chains within the region also allows the region to support the spread of surrogate currencies, allowing tax evasion, and further integrating the regional economy around the administration; such a chain was introduced for instance in 1997 between the enterprises Samarenergo, Samaratransgaz, Sintezkauchuk, Novkuibyshushkii and Sinetezspirt.²⁰¹ The regional authorities have

¹⁹⁵ Kommersant' Daily 21/1/94.

¹⁹⁶ Kommersant' Daily 23/1/96 *Vladimir Kadannikov ne znaet, gde vzjat' deneg*; Kommersant' 26/11/96 *Nesmetnoe Bankrotstvo*; Kommersant' 10/12/96 *Poslednaja igra v mašinki*; Kommersant' 3/12/96 *Minfin sel v zoltuju žilu*.

¹⁹⁷ Kommersant' 19/12/95 *"Narodnyj avtomobil' umer. Da zdrastvuet inorodnyj avtomobil'.*

¹⁹⁸ Kommersant' 26/11/96 *Nesmetnoe Bankrotstvo*.

¹⁹⁹ *ibid*; Segodnja 5/12/96 *AvtoVAZ dali zadnij chod*; Kommersant' 10/12/96 *Cholostoj chod*.

²⁰⁰ Kommersant' Daily 9/8/95 *Samara Oblast' rešila stat' avtomobil'noj imperiej*.

²⁰¹ OMRI Russian Regional Report 25/3/97.

concentrated their attention on the technologically-advanced, hard-currency earning aviation industry²⁰², which is in fact party controlled by AvtoVAZBank.²⁰³

The administration also had recourse to the Moscow banks, especially after the 1995 bank crisis weakened the regional finance sector. Inkombank and Rossiskij Kredit were among the nine plenipotentiaries of the *Oblast'* appointed in 1996. The bank Menatep is of course strongly represented through the oil company YUKOS.²⁰⁴

Until the conflict over VAZ in 1996 relations between Samara and the centre have been good. The strength of Samara is evident in the fact that there is an informal single-channel system for tax transfers: as true for Nižnij Novgorod and Sakha the bargaining strength of a budget-donor allows it to retain a larger proportion of its revenue than a budget-recipient.²⁰⁵ However, the oil industry is integrated in the VIC Yukos and thus out of reach of the administration.

²⁰² Hanson 1997, 418; Kommersant' Daily 28/6/96 *Gubernator pomog prezidentu AO*; 21/9/96 .

²⁰³ Kommersant' Daily 21/9/96 *Upol'nomo čennost' kak sposob formirovannija FPG*.

²⁰⁴ Hanson 1997, 416.

²⁰⁵ Kommersant' Daily 28/10/95 *Neustupnyj Gubernator beskonfliktogo regiona*; Kommersant' Daily 13/4/96 *Samarskij posledovatel' Kejsa*.

2.5.8 St. Petersburg

A) tyl

Finance: The Administration of Mayor Sobčak tried to rely on the support of the Petersburg banks and other groups interested in a commercial development of the city to gain the authority needed to carry out a quick and effective privatisation leading to a development of the city along the lines of finance and services, tourism and high-technology branches. This policy, however, ensured the opposition of the massive Petersburg VPK (defence enterprises). This sector is also organised in a formalised lobbying association.²⁰⁶ The development of the financial sector stayed far behind Moscow – although protected against the Moscow banks – and was damaged by the 1995 banking crisis.²⁰⁷

VPK: Petersburg is Russia's second biggest industrial centre and is dominated by the VPK, which estimates place at 70-200 enterprises with 100.000-300.000 workers, 20-30% of the Russian VPK.²⁰⁸

The Petersburg VPK has demonstrated – in contrast to Sverdlovsk – a high degree of concerted action in opposing Sobčak over privatisation issues or criticising his neglect of lobbying at the centre on their behalf.²⁰⁹ The absence of the city-region conflict which allowed the Sverdlovsk Gubernator Strachov to side with Moscow interests seems to have permitted more effective organisation of the Petersburg VPK.

The change in administration as result of city elections in June 1996 was accompanied by a shift in emphasis from finance to lobbying on behalf of the VPK. The administration was now free to access the resources of the Moscow banks to balance the budget and help regional enterprises: Sobčak's strategy was turned on its head.²¹⁰

B) chozjajn

Privatisation: The Petersburg privatisation was praised as an example of the correct implementation of federal legislation. The reasons for this are, firstly, that the privatisation was a central part of the *chozjajn* politics and secondly, that Petersburg officials were highly influential in the forming of the federal programme.²¹¹

The proceeds from privatisation became a major source of revenue for the administration, accounting in 1995 for ca. 70% of income.²¹² To encourage privatisation and formal profit-seeking profit tax was brought down to 21%, the lowest rate in Russia.²¹³ Especially striking was the readiness of the city authorities to privatise the land despite rising prices, thus theoretically improving the chances of enterprises to attract investment capital.

²⁰⁶ Mögel 1997.

²⁰⁷ Kommersant' Daily 23/12/95 *Krizis bol'no udaril po bankam Sankt-Peterburga.*

²⁰⁸ Schwanitz 1997, 27.

²⁰⁹ Berezovskii/Cheryakov 1995, 431.

²¹⁰ Kommersant' 19/11/96 *Gubernatory delajut den'gi* Kommersant' Daily 2/10/96 *Moskovskie vsje-taki idut.*

²¹¹ Schwanitz 1997, 36.

²¹² Kommersant' Daily 27/2/96 *Peterburg: bez Čubajsa no ne s Lužkovym.*

²¹³ Kommersant' Daily 2/4/96 *Sorvat' priličnyj bank možno i s nizkimi stavkami.*

Privatisation of land: the mayor's office introduced changes to the federal privatisation in order to reap a higher share of the rent from increasing land prices.²¹⁴ In contrast to Moscow the *Merie* sought to sell land to the enterprises at far higher prices than originally stipulated. This met with initial opposition from the GKI (Federal State Property Committee). However, in May 1995, a compromise was struck which enabled the privatisation of land to proceed.

This policy met with only limited success, since many enterprises were not interested in taking up the offer, for fear of becoming too attractive for outside investors. Petersburg, therefore, lost greatly as *chozjajn* in comparison with Moscow due to its privatisation policy.

Relationship with the centre: In 1996, Sobčak opposed the centre over the transfer of land-taxes, with which Sobčak wished to replace profit tax as main regional tax source. Sobčak then refused to transfer 43 billion Roubles of land tax. Here, he probably also was strengthening his hand for the negotiating of a power-sharing treaty with the Federation.²¹⁵

2.5.9 Republic of Tatarstan

A) *tyl*

Tatneft ranks amongst Europe's largest oil-drilling companies.²¹⁶ In Russia, the enterprise, as the only strong regional TEK (energy sector) company, is the exception to the rule of the vertically-integrated companies. 40% of the shares and the 'golden share' are owned by the republic. The company was initially the chief resource of the republican leadership. KamAZ was the largest truck and motor producer in the USSR and is located in its own city of Naberežnye Čelny.²¹⁷ 61% of the social product is accounted for by industry, only 17.4% by agriculture.²¹⁸ Apart from the oil and vehicle sectors the VPK has an important place in the region.

B) *chozjajn*

Conflict with the centre: The first priority of the republic was to gain Moscow's recognition of Tatar ownership of natural resources. This was accomplished with the signing of two treaties in 1992 regulating economic relations. The *tyl* of the enterprise enabled the republic to acquire control of the resources which the enterprise itself worked. In this way the republic secured the independence of the enterprise and its control over it.²¹⁹

The Tatar privatisation was carried out in such a way as to ensure that managements were not displaced, that ownership stayed in the region and – a Tatar speciality – that as much control as possible over enterprises remained with the republican government.²²⁰

²¹⁴ Kommersant' Daily 31/5/95 *Prezidentskij ukaz primirit privatizatorov*; Kommersant' Daily 27/7/95 *Idei Karla Marksa umirajut v Smlol'nom*, Kommersant' Daily 22/11/95 *Privatizacija zemli: vopros, kotoryj mo žet rešit tol'ko vlast'*.

²¹⁵ Kommersant' Daily 27/2/96 *Federal'nyj nalog vzjat v zalo žniki*.

²¹⁶ Krjukov 1996.

²¹⁷ Noack 1996.

²¹⁸ *ibid.*

²¹⁹ See Noack 1996.

²²⁰ *ibid.*; Kovalevskii 1995.

With sovereignty over the natural resources and the privatisation process under their belt, Tatar authorities could consolidate their control of the regional economy. The Tatar VPK, initially sceptical of the sovranisation ??? of the republic since it feared the loss of subsidies and contracts, was won over.²²¹ The tightness of the republic's grip on the oil industry proved itself, however, dependent on the federal system of export quotas (see below).²²² Agriculture has remained almost completely under supervision of the republican government, securing the self-sufficiency of the republic. 25% of expenditure flowed to agriculture in 1996; resource rent is simply redistributed. However, at the beginning of 1997, the republican orders for wheat were cut back by 30%, a sign for the political effects of declining revenue from oil.²²³

In December 1995, the largest Russian joint-venture was launched between the Kamaz subsidiary plant ElAZ and General Motors. (see below) The republic has sufficient own resources to attract foreign investment by offering tax-breaks. By tempting investors with its own concessions, the republic then puts pressure on the Federation to match these sums. Thus, the republic and the Federation contributed respectively 120 billion Roubles to the ElAZ project.²²⁴

Tatarstan and Tatneft: Tatneft faces considerable difficulties. Firstly, oil drilling in Tatarstan is expensive. Reserves are reaching exhaustion and the oil is sulphurous. Furthermore, Tatarstan has no capacity for the refining of oil: in Soviet times the oil was refined in the Ukraine. Tatar oil is exported mixed with Tjumen oil, without which it loses value.²²⁵ Secondly, Tatarstan is of course reliant on the Russian pipe network for exports.

The republican oil-industry is therefore heavily dependent on the Russian context. The relations between the republic and the oil industry have changed in accordance with changes in the Russian export regime. With the export system the republic harvested most of the resource rent, the enterprise was reliant on the political leadership for hard currency. In 1995, the export quota system was completely abolished at IMF insistence. Henceforth, it was in the interest of Tatneft to maximise own exports so as to maintain hard currency revenues. The management consequently refused to pay taxes in kind any more. These developments lead to a sharp decline in republican revenues.²²⁶

The cooling of the relationship between the republic and Tatneft caused the republic to reorganise the industry, probably trying to tighten its control. Besides, the administration showed itself readier to concede a role to the transrussian vertically-integrated oil companies (VIKs) within the region. In 1996 Lukoil was permitted to supply the republic with petrol and other oil products, since Tatar FIGs around Tatneft had not been able to reliably supply the needs of agriculture and industry. Although Tatneft opposed this concession vigorously, it could only achieve the exclusion of Lukoil from any drilling.²²⁷

²²¹ Gel'man/Kassimov/Ryzlenkov/Senatova 1995, 308.

²²² Krjukov 1996, 39.

²²³ OMRI Russian Regional Report 30/1/97.

²²⁴ Kommersant' Daily 8/12/95 *Rossiiskij prem'er blagoslovil General Motors* Kommersant' Daily 16/4/96
Kazan' zavoevyvaet rossijskiju kaznu.

²²⁵ Krjukov 1996.

²²⁶ Kommersant' Daily 7/2/95 Kommersant' Daily 6/5/95 Kommersant' Daily 6/5/95.

²²⁷ Kommersant' Daily 25/1/96 *LUKoil i Tatneft-v raznyh vesovykh kategorijach.*

Tatarstan and KamAZ: The relationship between Tatarstan and KamAZ has moved in the opposite direction. Initially, KamAZ constituted something of a 'republic within a republic', lobbying for itself and together with the other automobile factories in the Federal centre.²²⁸ However, as subsidies, orders and credits became increasingly difficult to 'beat out of the centre' in this fashion, the resources which the republic could offer became increasingly attractive. The plant offered to distribute orders as far as possible within the region, and especially to increase payments into the budget if the republic could help with liquidity problems.

This new spirit of co-operation bore fruit during the negotiations for the ElAZ General Motors joint-venture, in which it was agreed that in the course of time KaMAZ should become the main supplier of the new plant. The republic supported KaMAZ's plans to rid itself of many loss-making satellite firms. Due to the plausibility of KaMAZ modernisation plans and the stabilisation of 1995, KaMAZ received a \$100 million credit from the EBRD in February 1996. The federal government agreed upon a row of support measures including the restructuring of KaMAZ's debts to the federal budget. However, the status of "consolidated tax-payer" – marking full redemption in the eyes of the federal authorities – was not awarded.²²⁹

Tatarstan and the VPK: In the summer of 1995, Tatarstan acted as *kryša* for the VPK in two conflicts. The debts of the Tatar VPK to Gazprom were written off in exchange for the transfer to Gazprom of the Tattransgaz (gas transport) enterprise. Later in the same year, possibly as a consequence of this demarche, Tatarstan ceased payment of taxes to the Federation until the centre had paid billions of Roubles of outstanding orders. 15 of the largest Tatar VPK enterprises were granted large tax breaks by presidential ukaz in February 1996 to match benefits offered by the republic itself.²³⁰

The core of the Tatar bank sector – the Ak Bars Bank – is directly linked to the political leadership. It distributes credits to industry and agriculture, issues promissory notes, and manages all extra-budgetary funds.²³¹

*Conflict with the centre*²³²: Ironically, the nearing of KamAZ to Tatarstan was sealed by the attack of the centre in late 1996. Tatneft and KamAZ found themselves on the list of the largest tax-defaulters. In 1996, KamAZ had paid nothing into the federal budget. While Tatneft paid up peacefully, KamAZ turned to the republican leadership for protection, and found itself being put on the black list of enterprises to be bankrupted. Only after difficult negotiations could President Šajmiev buy the enterprise free for 9 billion Roubles out of the republican treasury.

²²⁸ Kommersant' Daily 18/7/95 Avtozavod ne cho čet byt' gosudarstvom v gosudarstve.

²²⁹ Kommersant' Daily 16/4/96 *Kazan' zavoevyvaet rossijskiju kaznu*; Kommersant' Daily 1/3/96 *KamAZ mobilizuet svoi gosudarstvennye rezervy*.

²³⁰ Kommersant' Daily 9/8/95 Kommersant' Daily 15/7/95.

²³¹ Kommersant' Daily 2/8/95 *Bankovskaja politika po-kazanski-goskontrol' pljus protektionizm*.

²³² Segodnja 5/12/96 *AvtoVAZ dali zadnij chod*; Nezavisimimaja Gazeta 30/10/96 *KamAZ opustili s mirom*; Kommersant' 29/10/96 *VČK ili proigraješ'*; OMRI Russian Regional Report 5/11/96.

2.5.10 Summary

As I stated earlier, it seems to be the case that the richest regions are also the most "regionalised". It by no means follows automatically that a resource-rich region is powerful. The example of Tjumen' is crucial in this regard: it is fatally weakened by the curious coincidence that its immense reserves of natural gas are located in the one autonomous *okrug*, its oil in the other, which are respectively subservient to Gazprom and the relevant VIKs. Tjumen is in a way the negative-image of Sakha. Primor'e – a relatively disadvantaged region – is politically strong, whereas Kraznojarsk, with rich natural resources, has not fulfilled its promise. However, the more industrialised a region, the more regionalised, since industrial enterprises have freed themselves from ministerial structures to a greater extent than agricultural and are now grounded in the region. Where industrial/resource-rich regions are in disarray, it is due to the interference of world-markets, which weaken crucial enterprises, or to conflict between *kryšas*, i.e. between cities or autonomous *okrugs* and the regional authorities.

The politics, which regions pursue with relation to the centre are thus influenced by their objective features channeled through the strategies of the economic actors. Primor'e, whose main resource was its organisation, has mobilised this resource by grim opposition, Sverdlovsk, with a large potential weight, mobilised this through steady oppositional pressure on the centre, Sakha's enormous value to the Federation is filtered through its "monoculture" to win huge rents from the Federation with minimal conflict. The capital city opted out of the national privatisation programme, and thus immensely strengthened the city authorities' hand relative to its constituents Russia. In Kraznojarsk, economic instability has at once been cause and result of the weakness of the regional authorities. Shifting coalitions in the region are often caused by changes in the international context: pressure from the IMF to abolish export quotas or stabilise the currency or changing world market conditions – and these again effect Federation-Subject relations. Pressure from the IMF can narrow the win-set of the Federation in dealings with the regions far enough as to cause crackdowns on tax-debtors such as in Autumn 1996 – manifested by the installation of the VČK.

In a situation of "ripe regionality" the regional administration – the *chozjajzn* – gains an encompassing interest in his region, which implies a lengthening of its time-horizons. A preference for encouraging domestic and attracting foreign investment plays an increasing role, while the capacity for implementing policies to these ends by creating favourable conditions and providing credible guarantees is given, due to the dominant position of the *chozjajn* in the region. In this way the regional administration can – to a certain extent – compensate for the inability of the centre to secure stability. Such "regionality" implies however the ability to extract rents from the centre, thereby destabilising the macro-economy. In as much as the relevant regions – more or less the ones surveyed here – are strongly networked with each other, a possible development might be their acquiring an encompassing interest with reference to the whole Federation, thus helping to reintegrate Russia around a regional core.

3 Conclusion: The Poetics of Theory

That two schools of neo-institutionalist theory offer diametrically contrasting theories of change might afford the analyst the chance to enliven his empirical work by finding in a theoretical conclusion for one house and against the other. Here however I choose to give both the benefit of the doubt. What justification can there be for offering two tales of change? A reason for doing this – the most straightforward – can be found in an awareness of the tropological basis of social theory. Hayden White's classic analysis of historical narrative – *Metahistory* – is particularly useful in this respect.²³³ White has shown how historical vision is open to poetical analysis, employing for this purpose the classic tropes of metaphor, metonymy and synecdoche. Metaphor is the naming of a whole by another whole (literally a transferral), i.e. "my love is a rose"; metonymy the naming of a whole by one of its parts, as in the use of "fifty sails" for "fifty ships"; synecdoche the naming of a whole through one of its parts, in that the part takes on the presence of a whole, is therefore imbued with wholeness, as in the expression "he is all heart". According to White these tropes generate respectively a language of identity (metaphor), a language of extrinsicality (metonymy), and a language of intrinsicality (synecdoche).

My argument is that the influence of the latter two figures of speech-metonymy and synecdoche-in narrative, as described by White, clearly fits the sort of arguments with which the two schools of neo-institutionalism respectively work.

By metonymy, then, one can simultaneously distinguish between two phenomena and reduce one to the status of a manifestation of the other. And by such reductions (...) the phenomenal world can be populated with a host of agents and agencies that are presumed to exist *behind* it.²³⁴

Here, we can recognise the historical-institutionalist insistence that not only preferences, but the very existence and identity of actors is shaped by institutions. Alternatively, we see in synecdochally-inspired narration elements, which equate with the "invisible hand" and collective action dilemmas in exploring the relationship between micro and macro.

At the heart of the Organicist strategy [the mode of argumentation associated with the figure of synecdoche] is a metaphysical commitment to the paradigm of the microcosmic-macrocosmic relationship; and the Organicist historian will tend to be governed by the desire to see the individual entities as components of processes which aggregate into wholes that are greater than, or qualitatively different from, the sum of their parts.²³⁵

One might tentatively suggest instead of regarding action and structure as "existing" in any way they can be more usefully understood as figures of speech in narrative strategies, as synecdoche (action/intrinsicality) and metonymy (structure/extrinsicality). Metaphor – the language of identity – would in such an analysis cover the whole area of social theory associated with functionalism, involving concepts of equilibrium and harmony of sub-systems.

White's description of the "emplotment" which these tropes tend to generate also matches the contrasting theories of change to which I have already referred. White argues that synecdoche engenders comedy, whereas metonymy governs tragedy. Comic change consists of the actions of actors under circumstances of disharmony leading often unintentionally but unavoidably to

²³³ White 1973.

²³⁴ White 1973, 17.

²³⁵ *ibid.*, 15.

an eventual resolution. Change is effected by action and impelled towards the future. Tragedy, however, depicts acts as futile confronted with the arrangement of fate. Change occurs as agon culminates in crisis – literally a turning-point -, leading then to resolution. Comic change is strongly orientated to a point in the future at which resolution will be reached. Tragedy looks back on a past of imperfection and repeated failure, successive agons punctuated by crises.

The reconciliations which occur at the end of comedy are reconciliations of men with men, of men with their world and their society, the condition of society is represented as being purer, saner, and healthier.

The reconciliations that occur at the end of tragedy are much more sombre; they are more in the nature of resignations of men to the conditions under which they must labour in the world. These conditions are asserted to be inalterable and eternal and the implication is that man cannot change them but must work within them.²³⁶

The identification of the historical-institutionalist theory of change – "punctuated equilibrium" as tragic and the "incremental evolution" of Douglas North as comic is thus in no way "allegorical": "Punctuated equilibrium" *is* tragic, "incremental evolution" is comic, in the classic sense of these genres. White relates metaphor – the trope I have not explored in this paper – to romance, a tale of ripening and growth, terms which are associated with functionalism, systems-theory, modernisation theory. Thus, White's central argument holds true also for social theory, as he indeed expected it to do: "historical inspiration", or theoretical methodology is linguistic in nature and generates the tale which is then told, i.e. the empirical contents of the analysis. The "theories of change" which Krasner and North have developed through empirical work, were there from the very beginning in the logic of their starting position.

Hayden White's predecessor in this field, Northrop Frye, expressed the configurations outlined above in a slightly different manner.²³⁷ He analyses the four stories which can be told. Comedy he defines as a tale of those like ourselves. In social theory this equates to an actor-orientated approach. Tragedy is the tale of those of an order of magnitude greater than ourselves, which in social theory translates as structure/institution. Comedy is the tale of spring, Tragedy the tale of autumn. Romance is the tale of summer, of the unique victory of the protagonist over his world. This dovetails especially neatly with modernisation theory. Satire is the tale of winter, the trope of catharsis, according to White, based on ironic awareness of the tropological nature of language. This is the trope inspiring this paper. Inherent to the genres of both comedy and tragedy, writes Northrop Frye, is the tendency to project from within the narrative, as if extrapolating from the contents, a world-view, a philosophy, a theory of change.

Where does this leave the theoretical and empirical aspects of this paper? One might see here a confirmation of theory in the social sciences, on the one hand through its sound linguistic foundations, on the other by the way in which it – making a virtue out of a necessity – highlights these very preconditions of explanation through the alienating effect of theoretical language. Perhaps the energy of the tropes – the attractions and repulsions between them – is thus in my view best harvested by its harnessing at a meta-theoretical level through

²³⁶ *ibid.*, 9.

²³⁷ See Frye 1957.

dialogue.²³⁸ As Lotman argues, the gain from dialogue lies in the quality of information gleaned, rather than the quantity achieved through monologue, even if all that can be gleaned is an awareness of the partialness of any single account.²³⁹

²³⁸ As an example of a dialogical approach see Rosenau/DeRerian 1993.

²³⁹ For the distinction between quality and quantity of information see Lotman 1993.

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